Appendix 1 – Preliminary results for the year ended 31 December 2020

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		USD'000	USD'000
Interest income calculated using Effective Interest Rate (EIR)	4.1.	131,339	156,560
Other interest and similar income	4.2.	10,747	9,692
Interest and similar income		**142,086**	**166,252**
Interest and similar expense	5.	(40,445)	(39,200)
Net interest income		**101,641**	**127,052**
Other operating income	6.	10,460	13,621
Total operating income		**112,101**	**140,673**
Credit loss expense	7.	(27,250)	(4,249)
Net operating income		**84,851**	**136,424**
Personnel expenses	8.	(51,608)	(48,324)
Depreciation on property and equipment	16.	(1,782)	(1,898)
Depreciation on right-of-use assets	17.	(4,428)	(3,892)
Other operating expenses	9.	(24,961)	(27,679)
Exchange rate differences		506	(295)
Total operating expenses		**(82,273)**	**(82,088)**
Profit before tax		**2,578**	**54,336**
Income tax expense	11.	(3,518)	(18,595)
Withholding tax expense	11.7.	(455)	(1,244)
(Loss)/Profit for the period		**(1,395)**	**34,497**
(Loss)/Profit for the period attributable to:			
Equity holders of the parent		(720)	34,011
Non-controlling interest		(675)	486
		(1,395)	**34,497**
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		(2,130)	(4,348)
Movement in hedge accounting reserve	22.	322	(281)
Others		(3)	341
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax		**(1,811)**	**(4,288)**
(Loss)/Gain on revaluation of MFX investment	15.	6	(7)
Actuarial gains and losses on defined benefit liabilities	8.1.	(896)	(217)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		**(890)**	**(224)**
Total comprehensive (loss)/ income for the period, net of tax		**(4,096)**	**29,985**
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent		(3,338)	29,052
Non-controlling interest		(758)	933
		(4,096)	**29,985**
Earnings per share	38	**USD**	**USD**
Equity shareholders of the parent for the period:			
Basic earnings per share		-0.01	0.34
Diluted earnings per share		-0.01	0.34

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		USD'000	**USD'000**
ASSETS			
Cash at bank and in hand	12.	90,165	84,526
Loans and advances to customers	13.	380,122	412,304
Due from banks	14.	73,279	37,259
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	15.	238	232
Property and equipment	16.	4,617	5,331
Right-of-use assets	17.	5,195	5,882
Deferred tax assets	11.2.	11,303	3,865
Other assets	18.	13,600	10,525
Derivative assets	19.	708	-
Goodwill	20.	33	34
TOTAL ASSETS		**579,260**	**559,958**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	21.	1,310	1,310
Retained earnings	22.	147,291	148,011
Other reserves	22.1.	(718)	(147)
Foreign currency translation reserve	23.	(43,091)	(41,044)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**104,792**	**108,130**
Total equity attributable to non-controlling interest	31.6	2,281	3,039
TOTAL EQUITY		**107,073**	**111,169**
LIABILITIES			
Debt issued and other borrowed funds	24.	342,186	322,837
Due to customers	25.	80,174	78,108
Retirement benefit liability	8.1.	5,446	3,373
Current tax liability	11.1.	2,502	6,416
Deferred tax liability	11.3.	-	76
Lease liability	17.	3,629	3,981
Derivative liabilities	19.	2,147	1,823
Other liabilities	26.	33,855	32,081
Provisions	27.	2,248	94
TOTAL LIABILITIES		**472,187**	**448,789**
TOTAL EQUITY AND LIABILITIES		**579,260**	**559,958**

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Issued capital	Redeemable preference shares	Retained earnings	Other reserves	Foreign currency translation reserve	Non-controlling interest	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January 2019	**1,310**	**66**	**121,300**	**17**	**(36,249)**	**2,106**	**88,550**
Profit for the year	-	-	34,011		-	486	**34,497**
Other comprehensive income:	-	-	-		-	**-**	**-**
Actuarial gains and losses on defined benefit liabilities	-	-		(217)	-	-	**(217)**
Foreign currency translation of assets and liabilities of subsidiaries	-	-		-	(4,795)	447	**(4,348)**
Movement in hedge accounting reserve	-	-		(281)	-	-	**(281)**
Other comprehensive income (net of tax)	-	-		334	-	-	**334**
Total comprehensive income for the period	**-**	**-**	**34,011**	**(164)**	**(4,795)**	**933**	**29,985**
Redemption of redeemable preference shares	-	(66)	-		-	-	**(66)**
Dividend	-	-	(7,300)	-	-	-	**(7,300)**
At 31 December 2019	**1,310**	**-**	**148,011**	**(147)**	**(41,044)**	**3,039**	**111,169**
At 1 January 2020	**1,310**	**-**	**148,011**	**(147)**	**(41,044)**	**3,039**	**111,169**
Loss for the year	-	-	(720)		-	(675)	**(1,395)**
Other comprehensive income:							**-**
Actuarial gains and losses on defined benefit liabilities	-	-		(896)	-	-	**(896)**
Foreign currency translation of assets and liabilities of subsidiaries	-	-		-	(2,047)	(83)	**(2,130)**
Movement in hedge accounting reserve	-	-		322	-	-	**322**
Other comprehensive income (net of tax)	-	-		3	-	-	**3**
Total comprehensive income for the period	**-**	**-**	**(720)**	**(571)**	**(2,047)**	**(758)**	**(4,096)**
Dividend	-	-	-		-	-	-
At 31 December 2020	**1,310**	**-**	**147,291**	**(718)**	**(43,091)**	**2,281**	**107,073**

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		USD	**USD**
OPERATING ACTIVITIES			
Profit before tax		2,578	54,336
Adjustment for movement in:			
Operating assets	28.1.	(42,513)	(101,289)
Operating liabilities	28.2.	10,443	24,721
Non-cash items	28.3.	38,202	17,400
Income tax paid		(16,871)	(21,601)
Net cash flows used in operating activities		**(8,161)**	**(26,433)**
INVESTING ACTIVITIES			
Purchase of property and equipment	16.	(981)	(2,613)
Proceeds from sale of property, plant and equipment		31	(196)
Net cash flow used in investing activities		**(950)**	**(2,809)**
FINANCING ACTIVITIES			
Proceeds from debt issued and other borrowed funds		171,749	221,295
Payments of debt issued and other borrowed funds		(151,524)	(171,563)
Payment of principal portion of lease liabilities		(4,389)	(4,228)
Dividend paid		-	(7,300)
Net cash flow from financing activities		**15,836**	**38,204**
Cash and cash equivalents at 1 January		65,545	58,106
Net increase in cash and cash equivalents		6,725	8,962
Foreign exchange difference on cash and cash equivalents		(537)	(1,523)
Cash and cash equivalents as at 31 December	28.4.	**71,733**	**65,545**
Operational cash flows from interest			
Interest received		131,341	165,549
Interest paid		39,944	41,268

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1. CORPORATE INFORMATION

ASA International Group plc ('ASA International', 'Group') is a publicly listed company which was incorporated by Catalyst Microfinance Investors ('CMI') in England and Wales on 14 May 2018 for the purpose of the initial public offer of ASA International Holding. ASA International Group plc acquired 100% of the shares in ASA International Holding and all its subsidiaries on 13 July 2018 in exchange for the issue of 100 million shares in ASA International Group plc with a nominal value of GBP 1.00 each.

Investment strategy

ASA International is an international microfinance holding company with operations in various countries throughout Asia and Africa.

Abbreviation list

Definitions	Abbreviation
A1 Nigeria Consultancy Limited	A1 Nigeria
ASA Consultancy Limited	ASA Consultancy
ASA International Cambodia Holdings	ASAI Cambodia Holdings
ASA International Group plc	ASAIG
ASA International Holding	ASAIH
ASA International India Microfinance Limited	ASA India
ASA International Microfinance Limited (formerly "ASA Limited")	ASA Kenya
ASA International N.V.	ASAI NV
ASA Leasing Limited	ASA Leasing
ASA Lanka Private Limited	ASA Lanka
ASA Microfinance (Myanmar) Ltd	ASA Myanmar
ASA Microfinance (Rwanda) Limited	ASA Rwanda
ASA Microfinance (Sierra Leone)	ASA Sierra Leone
ASA Microfinance (Tanzania) Ltd	ASA Tanzania
ASA Microfinance (Uganda) Limited	ASA Uganda
ASA Microfinance Zambia Limited	ASA Zambia
ASA NGO-MFI registered in Bangladesh	ASA NGO Bangladesh
ASA Pakistan Limited	ASA Pakistan
ASA Savings & Loans Limited	ASA S&L
ASAI Investments & Management B.V	ASAI I&M
ASAI Management Services Limited	AMSL
ASHA Microfinance Bank Limited	ASHA MFB
Association for Social Improvement and Economic Advancement	ASIEA
C.M.I. Lanka Holding (Private) Limited	CMI Lanka
Catalyst Continuity Limited	Catalyst Continuity
Catalyst Microfinance Investment Company	CMIC
Catalyst Microfinance Investors	CMI
CMI International Holding	CMII
Lak Jaya Micro Finance Limited	Lak Jaya
Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa
PagASA ng Pinoy Mutual Benefit Association, Inc.	MBA Philippines
Pagasa Consultancy Limited	Pagasa Consultancy
Pagasa Philippines Finance Corporation	PPFC
Pagasa Philippines Finance Corporation and Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa Philippines
Pinoy Consultancy Limited	Pinoy
Proswift Consultancy Private Limited	Proswift
PT ASA Microfinance	PT ASA Microfinance
PT PAGASA Consultancy	PT PAGASA Consultancy
Microfinance Institution	MFI
Reserve Bank of India	RBI
State Bank of India	SBI
Sequoia B.V.	Sequoia

2. ACCOUNTING POLICIES

ACCOUNTING POLICIES

2.1 General

The unaudited preliminary consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for derivative instruments, which have been kept at fair value. The unaudited preliminary consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD' 000), except when otherwise indicated.

After the issue of the financial statements the Company's owners or others do not have the power to amend the financial statements.

2.1.1 Basis of preparation

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with all IFRS disclosure requirements. The Company's 2020 Annual Report and Accounts will be prepared in compliance with IFRS. The unaudited preliminary announcement does not constitute a dissemination of the annual financial report and does not therefore need to meet the dissemination requirements for annual financial reports. A separate dissemination announcement in accordance with Disclosure and Transparency Rules (DTR) 6.3 will be made when the annual report and audited financial statements are available on the Company's website.

The information for the year ended 31 December 2020 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). A copy of the accounts for the year ended 31 December 2019 was delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified but made reference to a material uncertainty in respect of going concern and did not contain statements under section 498 (2) or 498 (3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 December 2020 is not yet complete. The Directors expect the auditors' report to be unqualified and to make reference to a material uncertainty in respect of going concern due to the impact of COVID-19 and expect not to contain a statement under section 498 (2) or (3) of the Act. These accounts will be finalized on the basis of the financial information presented by the Directors in these preliminary results and will be delivered to the Registrar of Companies following the Company's annual general meeting.

These unaudited preliminary consolidated financial statements have been prepared on a going concern basis. It should be noted that in the 2019 Annual Report and Accounts, approved on 2 June 2020, the Directors concluded that the potential impact of the COVID-19 pandemic and the uncertainty over possible mitigating actions represented a material uncertainty that may have cast significant doubt over the Group's ability to continue as a going concern. In assessing going concern covering 12 months from the date of the approval of the annual consolidated financial statements and given the financial impact of the spread of COVID–19, which has an impact on the Group, management has analysed the Group's financial position and updated its budget and projections for the period up to the end of May 2022 (the 'Assessment Period'). The conclusion of this assessment remains consistent with that of the prior year - the Directors have concluded that there is a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

The Group has updated its detailed financial model for its budget and projections (the 'Projections') in line with current market conditions. Management used the actual numbers up to December 2020 and updated the operating projections for the Assessment Period. These Projections are based on a detailed set of key operating and financial assumptions, including the minimum required cash balances, capital and debt funding plan per country and consider the economic conditions of individual countries during the pandemic and includes management's estimation of increased credit and funding risks and a conservative view of reduced demand for new microfinance loans.

The Group is well capitalised and has USD 101 million of unrestricted cash (including fixed deposits) as of 31 December 2020. Also, the Group has a strong funding pipeline of USD 199 million, with over 70% having agreed terms and which can be accessed in the short to medium term at the time of approval of the annual consolidated financial statements. This continues to reaffirm the confidence lenders have in the strength of the Group's business model and management's ongoing strategies to steer the Group through the current pandemic. It should be noted that the majority of this additional funding contains loan covenants and there is a risk of covenant breaches in certain stress scenarios, consistent with the risks detailed in the remainder of the going concern assessment. The Group is confident it will generate positive cash flows and will be able to fully fund the projected loan portfolio until May 2022.

The increase in overdue loans is mainly due to four countries (India, the Philippines, Uganda, and Kenya) which faced significantly longer lockdowns and other measures related to COVID–19. This resulted in covenant breaches in certain subsidiaries. No lender has requested an early repayment of the loans for any of the current breaches. The Group has already received waivers from most of the lenders (see note 24.1 for details).

Under the Projections, the Group expects further breaches of loan covenants across the going concern period. These covenants mainly relate to arrears levels (portfolio at risk greater than 30 days, or 'PAR>30'), risk coverage ratios, cost to income ratio, and provisioning ratios on account of higher expected credit loss provisions required due to the impact of COVID-19. These breaches have not historically resulted in the immediate repayment request from lenders and these further evidences the supportive attitude of lenders during the challenges faced by COVID-19.

During the unprecedented situation of the COVID-19 pandemic, the Group has reached out to its lenders to seek waivers or no-action letters regarding prospective covenant breaches and in most of the cases received waivers or no-action letters from the lenders. Other lenders have confirmed that they are willing to provide waivers, but will only do so in case of actual breaches and subject to formal internal credit committee approvals.

Based on the received waivers, ongoing discussions, prior experience, and new funding commitments received since the outbreak of COVID-19, we have a high degree of confidence that we will obtain all the required waivers.

In the event the waivers are not provided by the funders, there may be cases where covenant breaches are considered as events of default under the loan agreements which could lead to the debt being called due and potentially significant liquidity challenges. It should also be noted that whilst the Group has a strong cash position, there are certain restrictions on intra-Group cash movements and there is a risk that further restrictions are imposed by local governments in response to the economic pressures imposed by the COVID-10 pandemic. However, given the unprecedented worldwide situation of COVID–19 and based on prior experience and recent discussions, we expect that a period would be provided by the funders for rectifying the breach of covenants before calling a default under the loan agreements. It is noted that none of the lenders initiated any debt calls during 2020.

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2. ACCOUNTING POLICIES

2.1.1 Basis of preparation (continued)

In terms of mitigations, the Group could shrink its operations in certain countries by focusing on the collection of existing loans and through curtailing disbursements, as we did in India during the 'Andhra Pradesh crisis'. This would serve to significantly increase the available cash in the business although the timing of collections through this method could be delayed due to potential future lockdown measures or other governmental interventions across the Group's territories. This is not a preferred action but can be utilised to create liquidity in any country operation when unexpected repayments are requested by lenders. Further, the holding entities within the Group did not provide parent guarantees to funders of the operating entities, which protects the Group against cross defaults.

As of 31 December 2020, the total outstanding debt at the holding level (ASA International Holding and ASAI International NV combined) is USD 68.5 million which is part of the USD 342.2 million consolidated debt for the Group. The debt from the international funders and most of the covenants under the respective loan agreements for the USD 68.5 million are based on consolidated group statements. Waivers have been obtained by the Group in respect of expected covenant breaches on all loans to the holding companies from international funders up to December 2020. As stated above, international funders have been supportive of the Group and the microfinance sector in general during this pandemic. In the absence of waivers, breach of covenants that are not rectified within the time specified in the respective agreements, as applicable, would cause an event of default under the loan agreements.

In addition, the Group prepared a downside analysis with a stress assumption on the operations of four of its main subsidiaries (ASA India, PPFC, ASA Myanmar, and ASA Nigeria) and the related mitigating actions. The downside analysis of its business was carried out to see the sustainability of the operation if additional stress is provided to the operation in addition to the existing management assumptions. These assumptions included an additional 10% write-off of its portfolio over the base case (approved budget) assumption, 10% reduction of customer, 30% lower additional borrowings, and extended lockdown due to political instability in Myanmar.

The Projections and above downtrend point analysis show that the Group remains compliant with the regulatory requirements in the operating countries where these are applicable.

Whilst the Projections are formed from management's best estimation of the potential impact on the Group of the current pandemic, it is acknowledged that there remains significant uncertainty as to how the COVID-19 pandemic will continue to affect borrowers, businesses, and lenders across its operating countries, as certain countries, are seeing further waves of infections. Although in most of the operating countries the initial phase of vaccination has started, it is expected that the process will take at least 2022 to vaccinate a major part of the population.

Management and the Board of Directors extensively challenged the Projections and downtrend analysis and its underlying assumptions including the above considerations and factors. They also considered the remaining uncertainties around possible new lockdown periods, higher write-offs, and the risk of not obtaining waivers for prospective covenant breaches. They also considered that in recent months most countries have completely lifted or relaxed COVID-19 lockdowns, which has allowed the field operations to re-open their branches, with collections and new disbursements gradually returning to customary levels.

The Directors have assessed that there is a risk that restrictions on the movement of people leads to a decline in the business activities of the Group's borrowers and the Group's ability to collect on its loans which could lead to increased credit losses on the loan portfolio and cause the Group to breach covenants on its borrowings. Unless covenant breach waivers are obtained the debt may be called due which could materially impact the ability of the Group to meet its debt obligations. Although the Group has a history of negotiating covenant waivers and recovering from natural disasters and debt relief programmes, across particular locations, the unprecedented nature of the COVID-19 pandemic makes it difficult to assess its likely scale of debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt will be forthcoming. As a result, the Directors have concluded that this represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

Nevertheless, having assessed the Projections, downtrend analysis, and mitigations described above the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months from the date of approval of the consolidated financial statements, and through to 31 May 2022. For these reasons, they continue to adopt a going concern basis for the preparation of the unaudited preliminary consolidated financial statements. Accordingly, these unaudited preliminary financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern.

ACCOUNTING POLICIES (continued)

2.1.2 Statement of compliance

The Group and Parent Company unaudited preliminary financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, the Group unaudited preliminary financial statements are required to be prepared in accordance with IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The preparation of the unaudited preliminary consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of 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.

2.1.3 Basis of consolidation

The unaudited preliminary consolidated financial statements comprise the unaudited preliminary financial statements of the Group and its subsidiaries as at 31 December for each year presented. The financial statements of subsidiaries are similarly prepared for the year ended 31 December 2020 applying similar accounting policies. All intra–Group balances, transactions, income and expenses and profits and losses resulting from intercompany transactions are eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The Company has control over a subsidiary when it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The results of subsidiaries acquired or disposed of during the year are included (if any) in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. No subsidiaries were acquired or disposed of in 2020.

Non–controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non–controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these unaudited preliminary consolidated financial statements are set out below:

2.2.1 Foreign currency translation

The unaudited preliminary consolidated financial statements are presented in USD, which also is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances –Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to 'Exchange rate differences' in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies – As at the reporting date, the assets and liabilities of subsidiaries are translated into the Group's presentation currency (USD) at the rate of exchange ruling at the reporting date except investment in subsidiaries and issued capital which are translated at historical rate, and their statement of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year. Currency translation differences have been recorded in the Group's consolidated statement of financial position as foreign currency translation reserve through other comprehensive income.

1 ACCOUNTING POLICIES (continued)

2.2.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets – initial recognition and subsequent measurement

(1) Date of recognition

Purchases or sales of financial assets that require the delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) Initial recognition and measurement

The Group recognises a financial asset in its statement of financial position, when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(3) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

Financial assets at amortised cost (loans and advances to customers, other loans and receivables, cash at bank and in hand and due from banks);

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and

Financial assets at fair value through FVTPL (derivatives).

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes Loans and advances to customers, Other loans and receivables, Cash and cash equivalents and due from banks.

Financial assets designated at fair value through OCI without recycling (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Investments at FVOCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the Investments at FVOCI reserve. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derivatives are initially recognised at FVTPL. However, as the group applies cash flow hedge accounting the impact is later moved to FVOCI.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the right to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4. ACCOUNTING POLICIES (continued)

2.2.3 Financial instruments (continued)

b) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) on Loans and advances to customers, Related party receivables, Cash at bank and Due from banks.

Loans and advances to customers

Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12M ECL) and stage 2 loans (lifetime ECL) for the ECL calculation. For disclosure purposes normally stage 1 loans are defined as loans overdue between 1-30 days. Stage 2 loans are overdue loans between 31-90 days. In 2020, in response to the challenges raised by COVID-19, the Group provided payment deferral periods to a proportion of its borrowers which resulted in delays in scheduled payments and increased arrears levels arising from collection difficulties. Payment deferral periods varied from country to country, and sometimes within country, and were implemented due to local governmental decisions and the decisions of local management to support the borrower population. In order to factor in this information, the Group introduced a 'last payment date' datapoint into the significant increase in credit risk (SICR) and ECL calculations. The objective of such is to identify how many days the client has not paid any single instalment irrespective of whether s/he was under payment moratorium or not. See note 2.5.2 A for more details. To avoid the complexity of calculating separate probability of default and loss given default, the Group uses a 'loss rate approach' for the measurement of ECLs. The 'loss rates' are a provision matrix that is based on historical credit loss experience, adjusted for forward–looking factors specific to economic environment.

The Group considers significant increase in credit risk when contractual payments are 30 days past due. In addition, Loans and advances are treated as credit impaired (stage 3) when contractual payments are 90 days or more past due. These thresholds have been determined based on the historical trend and industry practice where the Group operates.

Write-off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group considers financial assets as bad when those are over 365 days past due. As per the Group policy all bad assets are written off. The write-offs occur mainly two times in a year (June and December). However, the management (group and or subsidiary) can write-off loans earlier in case of national calamity or any regulatory reasons subject to Board approval. Management monitors post write-off amounts for the previous two years to determine whether any of such amounts are recoverable. Any recovered amount is recognised as other income.

Cash at bank, Due from banks and Related party

For Due from banks and Related party receivables, the Group used the S&P matrix for default rates based on the most recent publicly made available credit ratings of each counterparty. In the S&P matrix for default rates, there is no specified default rates for each of our external counterparties. Thus, ASAI applied the default rate for all financial institutions. Then, the Group calculated the adjusted probability of default ('PD')/default rates by accommodating management estimates. However, for non-credit rated external counterparties; the PD/default rate is determined by choosing the riskier one between the midpoint of credit ratings of Banks the Group has business with and a similar level rated entity . Management collects the credit ratings of the banks where the funds are deposited and related parties (where applicable) on a quarterly basis and calculates the ECL on such items based using the default rate identified as above. The Group considers credit risk to have significantly increased when the credit ratings of the bank and the related parties have been down-graded which in turn increase the probability of default. The Group considers that the closure of a counterparty bank, dissolution of a related party or a significant liquidity crisis or any objective evidence of impairment such as bankruptcy to be indicators for stage 3.

c) Financial liabilities–initial recognition and subsequent measurement

(1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include Debt issued and other borrowed funds, Due to customers, Lease liabilities, Other liabilities and Derivative financial instruments.

(2) Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost (Debt issued and other borrowed funds, Due to customers and Lease liabilities); and
- Financial liabilities at FVTPL (Derivative instruments).

Financial liabilities at amortised cost

Debt issued and other borrowed funds, Other liabilities and Due to customers are classified as liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, Debt issued and other borrowed funds including Due to customers are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by considering any discount or premium on the issue and costs that are an integral part of the effective interest rate.

5. ACCOUNTING POLICIES (continued)

2.2.3 Financial instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.4 Derivative instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and cross currency interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Group uses forward currency contracts and cross currency interest rate swaps agreements as hedges of its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve. The forward points and foreign exchange basis spreads are amortised throughout the contract tenure and reclassified out of OCI into P&L as interest expenses.

2.2.5 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

(1) Interest and similar income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income based on the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate of a financial instrument including transaction costs, and all other premiums or discounts. Interest income is presented net of modification loss (note–2.5.4).

The Group charged interest to clients in certain countries for providing moratoria during Government instituted lockdown periods and clients' request. The additional interest is recognised on accrual basis in India, Pakistan and Sri Lanka where the Group have been able to obtain clients consent and it is customary to charge additional interest to the clients for providing moratoriums.

The Group recognises interest income on the stage 3 loans on the net loan balance.

(2) Dividend income
Revenue is recognised when the Group's right to receive the payment is established.

2. ACCOUNTING POLICIES (continued)

2.2.5 Recognition of income and expenses (continued)

(3) Amortisation of loan processing fees

Revenue from amortisation of loan processing fee is recognised on accrual basis in the period to which they relate. The loan processing fee charged to clients is allocated to the total loan period and recognised accordingly.

(4) Other income

Other income includes group member's admission fees, document fees, sale of passbook, income on death and multipurpose risk funds and service fee from off–book loans under BC model.

Group member's admission fees, document fees and sale of passbook fees are recognised on receipt as the then admission and sale can constitute as satisfactory performance obligation.

The Group collects fees for the death risk fund or multipurpose risk fund in the Philippines, Ghana, Sri Lanka, Kenya, Uganda, Myanmar and Tanzania. These fees cover settlement of the outstanding loan amount and other financial assistance when the borrower dies or is affected by natural calamities. The collections are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. The judgement used to recognise the liability is disclosed in note 2.5.6.

Service fees from off–book loans under the BC model is recognised on the basis of receipt as the amount is received only after completion of the service.

2.2.6 Cash and cash equivalents and Cash at bank and in hand

Cash and cash equivalents as referred to in the statement of cash flows comprises unrestricted cash in hand, current accounts with various commercial banks and amounts due from banks on demand or term deposits with an original maturity of three months or less. The cash flows from operating activities are presented using the indirect method, whereby profit or loss is adjusted for the effects of non–cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows.

Cash in hand and in bank as referred in the statement of financial position comprises cash and cash equivalents and restricted cash relating to Loan Collateral Build Up (LCBU) in the Philippines.

2.2.7 Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

1.Furniture & Fixtures:	5 Years
2.Vehicles:	5 Years
3.Office equipment including IT:	3 Years
4.Buildings:	50 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' or 'Other operating expenses' in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

2.2.8 Taxes

(1) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ACCOUNTING POLICIES (continued)

2.2.8 Taxes (continued)

(2) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be set-off: (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the Group has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

2.2.9 Dividend distribution on ordinary shares

Dividends on ordinary shares will be recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group. Dividends for the year that were approved after the reporting date will be disclosed as an event after the reporting date.

2.2.10 Short–term employee benefits

Short–term benefits typically relate to the payment of salaries and wages. These benefits are recorded on an accrual basis, so that at period end, if the employee has provided service to the Group, but has not yet received payment for that service, the unpaid amount is recorded as liability.

2.2.11 Post-employment benefits

2.2.11.1 Defined benefit plan

The Group maintains a defined benefit plan in some subsidiaries which leads to retirement benefit obligations. The defined benefit obligation and the related charge for the year are determined using assumptions required under actuarial valuation techniques. These benefits are unfunded.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding an amount included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of (i) the date of the plan amendment or curtailment, and (ii) the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under Operating expenses in the consolidated statement of comprehensive income (i) service costs comprising current service costs, past–service costs, gains and losses on curtailments and non–routine settlements and (ii) net interest expense or income. Reference is made to note 2.5.5.

2. ACCOUNTING POLICIES (continued)

2.2.11 Post–employment benefits (continued)

2.2.11.2 Defined contribution plan

Defined contribution plans are post–employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Similar to accounting for short–term employee benefits, defined contribution employee benefits are expensed as they are paid, with an accrual recorded for any benefits owed, but not yet paid. The expenses of the defined contribution plan are incurred by the employer. The contributions are to be remitted by the entities to the fund on a monthly basis. Employees are allowed to withdraw the accumulated contribution in their accounts from this fund as per the terms and conditions specified in the fund acts.

2.2.12 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non–controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating unit (CGU) (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.2.13 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. For Right of Use Assets ('ROU') the fair value is determined based on estimated rental payments using incremental borrowing rate 'IBR' used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to see if there is impairment. The sensitivity analysis on account of IBR changes is shown in note 17.

2.2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. ACCOUNTING POLICIES (continued)

2.2.15 Liability for death and multipurpose risk funds

The Group collects 1–2% of disbursed loan amounts for Death Risk Funds or Multipurpose Risk Funds in certain markets (the Philippines, Myanmar, Ghana, Tanzania, Uganda, Kenya and Sri Lanka). These funds cover settlement of the outstanding loan amount and other financial assistance when the borrower dies or is affected by natural calamities. The collected amounts are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. Reference is made to note 2.5.6 on the key judgement used.

2.2.16 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as goodwill, at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) In the principal market for the asset or liability; or (ii) In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the unaudited preliminary financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.2.17 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.2.13 Impairment of non-financial assets.

Lease liabilities

(1) Initial measurement

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less (if any) lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. There are no obligatory extension clauses in the rental agreements. Although some lease contracts comprise the optional extension clauses, these are not included on initial recognition because it is not always reasonably certain that the Group will take the option. In calculating the present value of lease payments, ASA International uses the incremental borrowing rate at the lease commencement date due to the reason that the interest rate of implicit in the lease is not available. The incremental borrowing rate is calculated using a reference rate (derived as country specific risk-free rate) and adjusting it with company specific financing spread and integrating lease specific factors. Refer to section 2.5.10 on accounting estimates and assumptions used to determine the IBR rates.

(2) Subsequent measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

2. ACCOUNTING POLICIES (continued)

2.3. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited preliminary consolidated financial statements are consistent with those followed in the preparation of the Group's unaudited preliminary consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have a material impact on the unaudited preliminary consolidated financial statements of the Group.

2.3.1 Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the unaudited preliminary consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

2.3.2 Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark–based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the unaudited preliminary consolidated financial statements of the Group as there are no hedged exposures related to IBOR that go beyond the cessation date for any currency.

2.3.3 Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states 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 amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the unaudited preliminary consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.3.4 Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the unaudited preliminary consolidated financial statements of the Group.

2.3.5 Amendments to IFRS 16 COVID–19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID–19–Related Rent Concessions – amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID– 19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID–19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID–19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no material impact on the unaudited preliminary consolidated financial statements of the Group.

2.3.6 Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2020 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

2.4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's unaudited preliminary financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

ACCOUNTING POLICIES (continued)

2.4.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non–life, direct insurance and re–insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The Group is assessing the impact of implementing IFRS 1**7.**

2.4.2 Amendments to IAS 1: Classification of Liabilities as Current or Non–current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non–current. The amendments clarify:

What is meant by a right to defer settlement?
That a right to defer must exist at the end of the reporting period
That classification is unaffected by the likelihood that an entity will exercise its deferral right

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

2.4.3 Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

2.4.4. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2.4.5 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss–making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

2.4.6 IFRS 1 First–time Adoption of International Financial Reporting Standards – Subsidiary as a first–time adopter

As part of its 2018–2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First–time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

2. ACCOUNTING POLICIES (continued)

2.4. Standards issued but not yet effective (continued)

2.4.7 IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2.5 Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, judgements and estimates are applied in determining the amounts recognised in the unaudited preliminary financial statements. Significant use of judgements and estimates are as follows:

2.5.1 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease. Any periods covered by an option to extend the lease is not considered unless it is compulsory to be exercised.

2.5.2 Allowance for expected credit loss (ECL) in loans and advances

The Group calculates the allowance for ECL in a three step process as described below under A to C. The Group reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statement. In particular, judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc. Actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry the Group operates, i.e., micro credit to low income clients, the loan portfolio consists of a very high number of individual customers with low value exposures. These characteristics lead the Group to use a provisioning methodology based on a collective assessment of similar loans. The Group's policy for calculating the allowance for ECL is described below:

A) Determination of Loan staging

The Group monitors the changes in credit risk in order to allocate the exposure to the correct staging bucket. Given the nature of the Group's loan exposures (generally short term exposures, <12 months) no distinction have been made between stage 1 (12 months ECL) and stage 2 loans (Lifetime ECL) for calculating the ECL provision. For disclosure purposes, the Group previously defined stage 1 loans as loans overdue between 1-30 days overdue and Stage 2 loans between 31-180 days. However, in 2020 due to COVID-19, the Group provided significant moratoriums to the clients which resulted in clients’ overdue days remaining static (and not increasing due to a lack of payment) and the time since the last payment was made increasing. Although the client is on an agreed payment deferral the credit risk increases, albeit not at a rate equivalent to arrears levels increasing. As a result, loans which are in arrears by more than 30 days and less than 91 days or have more than 30 days but less then 91 days since their last payment, are classified as stage 2. The stage comparison between 2019 and 2020 is shown below:

<table>
<tr><td rowspan="2"></td><td></td><td></td><td colspan="5">For FY 2020</td><td rowspan="8"></td><td>For FY 2019</td></tr>
<tr><td></td><td></td><td colspan="5">Bucket based on last payment days</td><td></td></tr>
<tr><td rowspan="6">Bucket based on overdue age</td><td></td><td></td><td>Within 7 days</td><td>7-30 days</td><td>31-90 days</td><td>91-180 days</td><td>>180 days</td><td></td></tr>
<tr><td>Current</td><td></td><td rowspan="2">Stage 1</td><td colspan="4" rowspan="2">Stage 2</td><td rowspan="2">Stage 1</td></tr>
<tr><td>1-30 days</td><td></td></tr>
<tr><td>31-90 days</td><td></td><td colspan="5">Stage 2</td><td rowspan="2">Stage 2</td></tr>
<tr><td>91-180 days</td><td></td><td colspan="5" rowspan="2">Stage 3</td></tr>
<tr><td>> 180 days</td><td></td><td>Stage 3</td></tr>
</table>

2. ACCOUNTING POLICIES (Continued)

2.5 Significant accounting judgements and estimates (continued)

2.5.2 Allowance for expected credit loss (ECL) in loans and advances (continued)

B) Calculating ECL for stage 1-2 loans

For avoiding complexity of calculating separate probability of default and loss given default, the Group use a 'loss rate approach' for the measurement of ECLs under IFRS 9. Using this approach, the Group developed loss-rate statistics on the basis of the amounts written off over the last five years. The historical loss rates include the impact of security deposits held by the Group, which reduces the resulting write-off. ECL as per historical loss rate comes to USD 731K. Doubling the historical loss rate would add USD 731K to the ECL.

The forward-looking element in the ECL is built by looking at the write-offs trend in the most recent three-year period. ECL as per forward looking element comes to USD 1.04 million. Changing the write-off trend to two years, rather than three years for forward looking assessment, would add USD 251K to the ECL.

C) Assessing the existence of stage 3 loans

As a change in accounting estimate the Group has adjusted the threshold at which it considers a loan to be credit impaired from 180 days at 31 December 2019 to 90 days at 31 December 2020. This change was implemented, in part, in response to challenges raised by COVID-19 and the increasing risk profile in the portfolio, and the knock-on impact of how the Group views loans in arrears more than 90 days. As the ECL applied to stage 3, at this stage in the ECL calculation, is calculated based on the balance of loans in excess of 180 days, the change in the ECL applied as a result of this change in accounting estimate is nil. ECL for stage 3 loans comes to USD 5.6 million. It should be noted that the additional risk arising in stage 3 is further captured in the management overlay, discussed below. An alternative assessment of stage 3 provisions would be to apply a 75% loss rate across the entire stage 3 population, being all loans more than 90 days past due. This would increase the ECL on the stage 3 population to $18.9 million.

D) Management Overlay

Due to the expected impact on our clients of recent government and regulatory actions related to COVID-19, like lockdowns and moratoriums, the Group considered an additional management overlay. Given the unavailability of reliable information as to the impact of the COVID-19 pandemic on borrowers and the recoverability of loans that have been subject to payment moratoria, there is significant uncertainty in the selection of the assumptions as to the expected credit loss calculation. The Management Overlay is calculated using the assumptions described below. The output is then compared to the ECL arising out of the modelled provision in points B and C above. Any additional ECL resulting from the matrix calculation is recorded as part of the Management Overlay. The overlay encompasses the below components:

Step-1: The OLP as of December 2020 have been segregated based on number of overdue days for each country to analyse the risk exposure for each bracket. Note that there is some judgement in whether loans are written-off when they are over 365 days past due, although this is generally the practice across the Group, and where loans have not been written off they are provided for in accordance with the matrix below.

Step-2: The buckets are further segregated based on the last payment date of each individual loans so that any impact of moratoriums on the overdue calculation can be factored into the expected credit loss calculation.

Step-3: Each country management then assessed the risks associated with loan portfolio under different overdue and last payment brackets independently and provided their estimates for expected write-off percentages for each part of the portfolio in the matrix. The longer the overdue/last payment brackets, the higher the credit risk exposure. They considered the customers' historical defaults including previous calamities and the related write-offs, current field experience of loan officers and operational supervisors who have frequent contact with the clients during this pandemic. While analysing this expected credit risk matrix, customers' future expected payment behaviour and the performance of competitors have been considered therein. All the individual country assessments were then discussed between local management and Group senior management where the assessments were further discussed, challenged and agreed. The management at a Group and local level applied expert judgement in defining the expectations of losses in each of the positions in the overdue/last payment matrix, provided above.

Step-4: If After estimating total ECL provision as of 31 December 2020 by using the above expected credit risk matrix, additional provision under management overlay was taken for each country if the total estimated loss as per matrix exceeds the estimated loss under step 2 and 3 above. The additional provision under management overlay was only taken if the outcome of the matrix analysis was higher than the Step 2 and 3. The provision was not reduced when the matrix analysis showed a lower required ECL provision.

On top of this ECL Matrix assessment, an additional provision of USD 8.07 million were recorded in relation to expected credit losses in ASA India, which is equivalent to 10% of OLP<90 days in West Bengal and Assam state in India. This additional provision was taken considering underlying reasons which were not yet visible in the ECL Matrix. These risk factors are mainly driven by the threat of government intervention and political activism in Assam and West Bengal due to the upcoming provincial election in both of these states, which may lead to restrictions on some of the customary operating procedures of MFIs, such as restrictions on the collection of loan instalments at the client's doorstep. In addition, the portfolio in the southern districts of West Bengal is still impacted by the difficulties faced by clients after the cyclone 'Amphan' in May 2020, but is not showing as long overdue because of the COVID–19 related government–instructed moratoriums to clients. Total ECL as per management overlay comes to USD 16.8 million.

2. ACCOUNTING POLICIES (continued)

2.5.2 Allowance for expected credit loss (ECL) in loans and advances (continued)

The matrix can be visualised as below:

<table>
<tr><th></th><th></th><th></th><th colspan="5">Bucket based on last payment days</th></tr>
<tr><th rowspan="7">Bucket based on overdue age</th><th></th><th></th><th>Within 7 days</th><th>7-30 days</th><th>31-90 days</th><th>91-180 days</th><th>>180 days</th></tr>
<tr><td>Current</td><td></td><td rowspan="2">0.01%-1.2%</td><td rowspan="2">0.03%-20%</td><td rowspan="4">20%-50%</td><td rowspan="4">50%-75%</td><td rowspan="4">100%</td></tr>
<tr><td>1-30 days</td><td></td></tr>
<tr><td>31-90 days</td><td></td><td colspan="2" rowspan="2">0.03%-20%</td></tr>
<tr><td>91-180 days</td><td></td></tr>
<tr><td>181-365 days</td><td></td><td colspan="2">20%-50%</td><td>50%-75%</td><td colspan="2">100%</td></tr>
<tr><td>>365 days</td><td></td><td colspan="2">50%-75%</td><td colspan="3">100%</td></tr>
</table>

E) Business Correspondence ("BC") portfolio, Direct Assignment ("DA") Portfolio and Securitisation portfolio of ASAI India

A similar assessment has been performed for the off–book Business Correspondence ('BC') portfolio of ASA India (see note 13 for details on the BC portfolio). The provision rates for the on–book BC portfolio are the same as for ASA India's regular portfolio. For the off–book BC portfolio, similar process was followed subject to maximum provision of 5% of OLP, which is the maximum credit risk exposure for ASA India as per the agreement with IDFC First Bank. ECL for off book BC portfolio comes to USD 2.2 million.

The portion of the DA portfolio of ASA India which is on-book has also been treated the same as regular portfolio. No provision for the off-book portion of the DA portfolio was made because, as per the agreement with the State Bank of India, ASAI has no credit risk on this part of the DA portfolio.

The securitisation portfolio's of ASA India been assessed in line with ASAI India's own portfolio.

F) ECL on Interest receivable

A similar assessment (2.5.2.B - 2.5.2.D) was conducted for the interest receivable from customer to determine the expected credit loss on the interest outstanding as of 31 December 2020. ECL for interest receivable comes to USD 1.07 million.

Based on the above assessment the total provision for expected credit losses for loans and advances to customers can be summarised as follows:

Particulars	2020 USD'000	2019 USD'000
ECL as per historical default rate	785	750
Forward considerations	1,078	535
ECL under stage 3 loans	6,555	2,923
Management overlay	19,072	50
	27,490	**4,258**

	2020		2019	
Allocated to:	Gross outstanding USD'000	ECL USD'000	Gross outstanding USD'000	ECL USD'000
Own Portfolio (note 7.2, note 13.1 and 13.3)	396,605	24,171	415,348	3,980
On book BC portfolio		-	172	10
Off book BC portfolio (note 13.1 and note 27)	44,982	2,248	49,785	21
Interest receivable (note 13.1 and note 13.3)	14,688	1,071	3,890	247
	456,275	**27,490**	**469,195**	**4,258**

2. ACCOUNTING POLICIES (Continued)

2.5 Significant accounting judgements and estimates (continued)

2.5.3 Write-off

The Group uses judgement to determine bad loans which are written off. Based on management experience in the local market and the microfinance industry practice, loans over 365 days past due are bracketed as bad, unless there are specific circumstances that lead local management to believe that there is a reasonable expectation of recovery. All bad loans are written off for accounting purposes. From an operational perspective all overdue loans are monitored for recovery up to two years overdue.

2.5.4 Modification of loans

The Group decided to treat the period of the lockdowns instituted by the National Government and/or local authorities of each of our operating Entities due to COVID-19 as a payment holiday with no attempt by individual branches to collect loan instalments during the lockdown period. In addition, after the lockdown, the Group granted a temporary moratorium of payments to selected clients by senior management of the operating entities subject to approval by the Group management. In addition, in all operating countries except India, Pakistan and Sri Lanka no interest was charged to the clients for the extended period resulting from this payment holiday. The main objective of these payment holiday was to provide clients a temporary relief due to disruption of their livelihood on account of COVID-19. Extending only the loan term is not considered as a substantial modification and therefore does not result in derecognition and the original effective interest rate is retained. The catch-up adjustment or modification loss is then calculated as the difference between the carrying amount of the loans and the discounted value of the modified cash flows at the original effective interest rate. The modification loss is an adjustment to the carrying value of the loans and advances to customers and interest income. Any interest received for the outstanding loan balance during the lockdowns was considered in the calculation of the modification loss. Management have refined the calculation of modification loss from the half year to the year end. The modification loss amounted to USD 3.53 million for the year ended 31 December 2020 and is disclosed in note 13.

2.5.5 Defined benefit plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff turnover and retirement age. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used in December 2020 and December 2019 are as follows:

Assumptions defined benefit plan

	2020					2019				
	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	Pagasa Philippines	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	Pagasa Philippines
Discount rate	6.7%	9.8%	6.8%	8.0%	3.9%	10.0%	11.3%	7.1%	14.0%	5.2%
Salary increment	10.0%	8.8%	9.5%	7.5%	3.0%	10.0%	10.3%	9.5%	11.5%	5.0%
Staff turnover	16.6%	23.4%	21.2%	5.0%	54.0%	21.0%	31.0%	24.6%	6.3%	53.0%
Retirement age	60 Yrs	60 Yrs	55-62 years	60 Yrs	60 Yrs	60 years	60 years	55-62 years	60 years	60 Years

The parameter most subject to change is the discount rate. Management engages third-party actuaries to conduct the valuation. The defined benefit costs have been disclosed in note 8.2. The sensitivity analysis of the plan on account of any change in discount rate and salary increment is disclosed in note 8.3. Sensitivity analysis for changes in other two assumptions were not done as the effect is determined immaterial.

2.5.6 Liability for death and multipurpose risk funds

At the end of each period, management uses significant assumptions to reassesses the adequacy of the liability provided. These include estimated number of borrowers deaths among the total number of borrowers by applying the local mortality rates at the end of the period, outstanding loan amount per borrower and other financial assistance to the family where applicable. The mortality rate is based on historical mortality rates of the borrower for last three years for the specific countries. As of December 2020, mortality rates were 0.37% in Sri Lanka, 0.26% in Ghana, 0.17% in Uganda, 0.26% in Tanzania and 0.19% in Kenya. The liability is disclosed under note 26. No sensitivity analysis is done as the amount is not material.

2. ACCOUNTING POLICIES (Continued)

2.5 Significant accounting judgements and estimates (continued)

2.5.7 Business correspondence and partnership models

The portfolios under the Business correspondence and partnership models in ASA India (BC model) are recognised on the statement of financial position when the agreed exposure to credit risk on these portfolios exceeds expected credit risk. The Group performs a sensitivity analysis to estimate the expected credit risk considering various adverse situations in India, probability of occurrence for these situations and three scenarios (optimistic, realistic and pessimistic) for the estimated write-offs for each situation. The overall credit risk on loans managed by ASA India is analysed below 5%. Based on this analysis the portfolios for MAS, Reliance and IDBI are recognised on the statement of financial position as the agreed exposure is higher than 5%, while the portfolio for IDFC First Bank is not recognised on the balance sheet due to the fact that the agreed exposure is below the expected credit risk. More information is available in note 13.

2.5.8 Securitisation agreements

ASA India has entered into several securitisation agreements during 2018 and 2019. The loans to customers under the securitisation agreements do not qualify for derecognition as ASAI India provides cash collateral for credit losses and thereby the credit risk is not substantially transferred. Hence, the loans to customers continue to be recognised on the balance sheet of ASA India under Loans and advances to customers and the purchase consideration is presented under borrowings.

Interest income from the customers continues to be recognised as interest income and the related portion of the interest which is transferred to the counterparty is presented as interest expense. The outstanding loan portfolio as per end of 2020 under the securitisation agreements amounts to USD 320K (31 December 2019: USD 3.2 million) and the related liability amounts to USD 325K (31 December 2019: USD 4.3 million). The loan portfolio is disclosed under note 13 'Loans and advances to customers' and the liability is disclosed under note 24 'Debt issued and other borrowed funds'. The loan portfolio balance at the start date of the relevant securitisation agreements as per end of 2020 amounts to USD 3.5 million (31 December 2019: USD 23.1 million) and the related liability amounts to USD 3.5 million (31 December 2019: USD 23.1 million). The cash collateral provided under these agreements amounts to USD 305K million (31 December 2019: USD 1.8 million) is disclosed under note 14 'Due from banks'. The agreement ended in January 2021.

2.5.9 Direct Assignment

ASA India entered into two Direct Assignment agreement (DA) with State Bank of India (SBI) in 2019 and 2020, through which the entity has sold a pool of customers loans amounting to USD 16.5 million against a purchase consideration of USD 14 million. The balance (15%) is kept as minimum retention as per guideline issued by Reserve Bank of India (RBI). Based on the agreement the 85% loans are derecognised on the books on the ground that the entity transferred substantially all the risks and rewards of ownership of financial assets. 15% remained on-book . Further information is available in note 13.

2.5.10 Leases – estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

IFRS 16 describes the accounting for an individual lease and a discount rate that should be determined on a lease-by-lease basis. However, as a practical expedient, an entity may apply IFRS 16 to a portfolio of leases with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying a portfolio approach instead of a lease-by-lease basis would not differ materially from applying this standard to the individual leases within that portfolio. If accounting for a portfolio, an entity shall use estimates and assumptions that reflect the size and composition of the portfolio.

The Group applied a discount rate per country based on leases with similar characteristics applying a portfolio approach instead of a lease-by-lease approach which had no material impact for the Group. The starting point for estimating the reference rate is the local risk-free rate. The Group developed an approach to determine IBR that is closely aligned with the definitions and requirements prescribed in IFRS 16. In this approach the Group first determined the country risk free rate and adjusted that with the Group specific financing spread and lease specific adjustments to consider IBR rates.

The Group used country sovereign rates to determine the risk-free rate. If no sovereign risk-free rate is available, a build-up approach is applied that adjusts the USD based United States Treasury bond for (i) the Country Risk Premium, to capture country specific risk, and (ii) the long-term inflation differential, to capture any currency risk**.**

The Group specific financing spread is determined based on (i) the Group specific perspective / credit rating, (ii) the credit rating of the legal entities (lessees) of ASA International, and (iii) the market interest rates / yields on industry specific bonds.

2. ACCOUNTING POLICIES (Continued)

2.5 Significant accounting judgments and estimates (continued)

2.5.10 Leases – estimating the incremental borrowing rate (IBR) (continued)

The lease specific adjustment depends on the type / nature of asset, and relates to the fact that a secured bond will have a lower yield compared to an unsecured bond. However, the yield difference varies based on the type / nature of the asset that is used as collateral. The IBR used for different entities in 2020 is as follows:

Country	Lease Currency	Credit Rating	Approach reference rate	IBR at different lease duration (year)			
Tenure of lease				1	2-4	5-6	7-9
Ghana	GHS	BBB+	Local	20.7%	21.4%	21.8%	22.0%
Nigeria	NGN	BBB+	Local	4.5%	7.5%	10.6%	10.6%
Sierra Leone	SLL	BB-	Build-Up	16.7%	18.9%	19.1%	19.9%
Kenya	KES	BBB	Local	10.4%	10.8%	11.2%	11.5%
Rwanda	RWF	BB	Build-Up	2.9%	4.9%	4.7%	5.0%
Tanzania	TZS	BBB	Build-Up	4.1%	5.7%	4.8%	5.0%
Uganda	UGX	BBB	Local	11.8%	14.5%	15.6%	16.3%
Zambia	ZMW	BB-	Local	31.8%	32.2%	32.7%	33.1%
Bangladesh	BDT	B+	Build-Up	6.2%	9.2%	7.6%	8.6%
India	INR	BBB	Local	6.1%	6.4%	6.8%	7.0%
Pakistan	PKR	BBB+	Build-Up	12.5%	10.7%	8.7%	9.0%
Sri Lanka	LKR	BB+	Local	9.1%	9.3%	10.0%	10.5%
Myanmar	MMK	BB	Build-Up	7.3%	9.1%	8.9%	9.4%
Philippines	PHP	BBB	Build-Up	4.0%	4.1%	4.3%	4.4%

2.5.11 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As of 31 December 2020, unused tax losses of USD 7.9 million were not recognised to calculate the deferred tax asset in ASA International Group Plc and ASA Zambia as currently it is not probable when these entities will generate taxable profit. The Group has concluded that subsidiaries in question do not have a taxable temporary difference and at the moment future taxable profit for these subsidiaries cannot be readily ascertained. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 1.6 million.

2.5.12 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For Property and equipment, the fair value less costs of disposal calculation is based on available data from for similar assets or observable market prices less incremental costs of disposing of the asset. For "ROU" the fair value is determined based on estimated rental payments using incremental borrowing rates used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to see if there is impairment.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into reportable segments based on its geographical areas and has five reportable segments, as follows:

- West Africa, which includes Ghana, Nigeria and Sierra Leone.
- East Africa, which includes Kenya, Uganda, Tanzania, Rwanda and Zambia.
- South Asia, which includes India, Pakistan and Sri Lanka.
- South East Asia, which includes Myanmar and the Philippines.
- Non-operating entities, which includes holding entities and other entities without microfinance activities.

No operating segments have been aggregated to form the above reportable operating segments. The Company primarily provides only one type of service to its microfinance clients being small microfinance loans which are managed under the same ASA Model in all countries. The reportable operating segments have been identified on the basis of organisational overlap like common Board members, regional management structure and cultural and political similarity due to their geographical proximity to each other.

The Executive Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operational profits and losses and is measured consistently with profit or loss in the unaudited preliminary consolidated financial statements. Transfer prices between operating and non-operating segments are on an arm’s length basis in a manner similar to transactions with third parties and are based on the Group's transfer pricing framework.

Revenues and expenses as well as assets and liabilities of those entities that are not assigned to the four reportable operating segments are reported under 'Non-operating entities'. Inter-segment revenues, expenses and balance sheet items are eliminated on consolidation.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2020 or 2019.

3. SEGMENT INFORMATION (continued)

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2020

As at 31 December 2020	West Africa	East Africa	South Asia	South East Asia	Non-operating entities	Total segments	Adjustments and eliminations	Consolidated
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
External interest and similar income	42,295	21,710	53,294	24,770	17	142,086	-	142,086
Inter-segment interest income	-	-	-	-	1,857	1,857	(1,857)	-
External interest expense	(4,058)	(3,987)	(22,177)	(5,699)	(4,524)	(40,445)	-	(40,445)
Inter-segment interest expense	(170)	(384)	(382)	(779)	(142)	(1,857)	1,857	-
Net interest income	**38,067**	**17,339**	**30,735**	**18,292**	**(2,792)**	**101,641**	**-**	**101,641**
External other operating income	1,653	1,525	4,651	2,528	103	10,460	-	10,460
Inter-segment other operating income[1]	-	-	-	-	32,059	32,059	(32,059)	-
Other inter-segment expense	(864)	(1,004)	(127)	(478)	(3,651)	(6,124)	6,124	-
Total operating income	**38,856**	**17,860**	**35,259**	**20,342**	**25,719**	**138,036**	**(25,935)**	**112,101**
Credit loss expense	(1,233)	(860)	(19,427)	(5,680)	(50)	(27,250)	-	(27,250)
Net operating income	**37,623**	**17,000**	**15,832**	**14,662**	**25,669**	**110,786**	**(25,935)**	**84,851**
Personnel expenses	(12,130)	(9,764)	(14,641)	(10,349)	(4,724)	(51,608)	-	(51,608)
Exchange rate differences	(89)	24	(192)	842	(79)	506	-	506
Depreciation of property and equipment	(391)	(335)	(526)	(347)	(1,568)	(3,167)	1,385	(1,782)
Amortisation of right-of-use assets	(870)	(900)	(1,315)	(1,114)	(229)	(4,428)	-	(4,428)
Other operating expenses	(4,876)	(4,371)	(4,696)	(8,041)	(2,977)	(24,961)	-	(24,961)
Tax expenses	(5,824)	(585)	1,178	981	277	(3,973)	-	(3,973)
Segment profit	**13,443**	**1,069**	**(4,360)**	**(3,366)**	**16,369**	**23,155**	**(24,550)**	**(1,395)**
Total assets	**107,748**	**59,802**	**253,360**	**119,152**	**387,488**	**927,550**	**(348,290)**	**579,260**
Total liabilities	**58,715**	**43,489**	**200,128**	**98,893**	**144,622**	**545,847**	**(73,660)**	**472,187**

Explanation: Segment profit is net profit after tax

[1] Inter-segment operating income includes intercompany dividends, management fees and share in results of the subsidiaries.

3. SEGMENT INFORMATION (continued)

The following table present operating income and profit information for the Group's operating segments for the year ended 31 December 2019

As at 31 December 2019	West Africa	East Africa	South Asia	South East Asia	Non-operating entities	Total segments	Adjustments and eliminations	Consolidated
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
External interest and similar income	45,678	24,532	62,558	33,458	25	166,252	1	166,263
Inter-segment interest income	-	-	-	-	2,593	2,593	(2,593)	-
External interest expense	(3,227)	(3,090)	(23,825)	(5,550)	(3,457)	(39,199)	(1)	(39,200)
Inter-segment interest expense	(495)	(605)	(443)	(840)	(210)	(2,594)	2,593	(1)
Net interest income	**41,906**	**20,837**	**38,290**	**27,068**	**(1,090)**	**127,053)**	**(1)**	**127,052**
External other operating income	2,009	2,332	4,751	4,469	416	13,978	(356)	13,622
Inter-segment other operating income[1]	-	-	-	-	69,230	69,230	(69,230)	-
Other inter-segment expense	-	-	(77)	(2,869)	(3,822)	(6,768)	6,768	-
Total operating income	**43,915**	**23,169**	**42,965**	**28,669**	**64,775**	**203,493**	**(62,819)**	**140,674**
Credit loss expense	(1,322)	(208)	(2,836)	(612)	(112)	(5,090)	841	(4,249)
Net operating income	**42,953**	**22,962**	**40,169**	**28,057**	**64,662**	**198,403**	**61,678**	**136,425**
Personnel expenses	(12,418)	(8,636)	(12,754)	(10,555)	(4,022)	(48,385)	61	(48,325)
Exchange rate differences	(208)	(39)	10	199	(257)	(295)	-	(295)
Depreciation of property and equipment	(494)	(365)	(599)	(298)	(142)	(1,898)	-	(1,898)
Amortisation of right-of-use assets	(765)	(803)	(1,202)	(859)	(264)	(3,892)	-	(3,892)
Other operating expenses	(5,595)	(4,333)	(5,563)	(9,032)	(3,499)	(28,021)	342	(27,679)
Tax expenses	(7,179)	(2,626)	(5,923)	(2,163)	(1,641)	(19,532)	(307)	(19,838)
Segment profit	**15,935**	**6,160**	**14,098**	**5,349**	**54,838**	**96,379**	**61,881**	**34,498**
Total assets	**95,240**	**59,356**	**252,034**	**125,751**	**320,076**	**852,438**	**(292,496)**	**559,962**
Total liabilities	**57,788**	**43,880**	**193,331**	**104,298**	**109,554**	**508,851**	**(60,062)**	**448,789**

Explanation: Segment profit is net profit after tax
[2] Inter-segment operating income includes intercompany dividends, management fees and share in results of the subsidiaries.

4. INTEREST AND SIMILAR INCOME

The interest and similar income consist of interest income on microfinance loans to customers, and interest income on bank balances and fixed-term deposits.

	Notes	2020 USD'000	2019 USD'000
Interest income calculated using EIR	4.1.	131,339	156,560
Other interest and similar income	4.2.	10,747	9,692
		142,086	**166,252**

4.1. **Interest income calculated using EIR**	2020 USD'000	2019 USD'000
Interest income on loans and advances to customers	131,324	155,894
Interest income from clients from on-book BC Model (ASA India)	15	666
	131,339	**156,560**

Interest income includes a modification loss for the changes in the expected original cash flows discounted at the original EIR due to payment holidays provided to clients on account of COVID-19 lockdowns and moratoriums. The amount of the modification loss is USD 3.53 million and further disclosed in note 13.

4.2. **Other interest and similar income**	2020 USD'000	2019 USD'000
Interest income on short-term deposits	3,703	3,115
Amortisation of loan processing fees	5,874	6,192
Other interest income	1,170	385
	10,747	**9,692**

Other interest income includes additional interest charged to borrowers for the payment extension provided during Government instituted national lockdown periods in addition to the fixed interest amount in the loan agreements.

5. INTEREST AND SIMILAR EXPENSE

Included in interest and similar expense are accruals for interest payments to customers and other charges from banks.

	Notes	2020 USD'000	2019 USD'000
Interest expense on loans		(32,656)	(31,484)
Interest expense on security deposits & others		(4,100)	(3,921)
Interest expense on lease liability		(276)	(395)
Commitment and processing fees		(266)	(274)
Amortisation of forward points of forward contracts and currency basis spread of swap contracts	36.	(3,147)	(3,126)
		(40,445)	**(39,200)**

6. OTHER OPERATING INCOME

	2020 USD'000	2019 USD'000
Member's admission fees	1,200	1,719
Document fees	554	980
Proceeds from sale of pass-books	144	185
Income from death and multipurpose risk funds	3,329	5,246
Service fees income from off-book BC model (ASA India)	4,166	3,903
Distribution fee MBA Philippines	603	745
Other	464	843
	10,460	**13,621**

Other includes a number of small items that are smaller than USD 100,000 on an individual basis.

7. EXPECTED CREDIT LOSS EXPENSE

	Notes	2020 USD'000	2019 USD'000
ECL on loans advances	13.2.	(23,411)	(3,188)
Expected credit loss recovered/(expensed) on on-book BC model	13.3.	10	46
Impairment loss	7.1.	149	(445)
Other expected credit loss expense		(3,998)	(662)
		(27,250)	**(4,249)**

7. EXPECTED CREDIT LOSS EXPENSE (continued)

The key assumptions applied for the expected credit loss provision and related expense are explained in note 2.5.2. Other expected credit loss includes loss allowance provided against interest receivable from customers and BC model which are off-book and loan and interest exemptions for settlement of customer loans in case of death or disability.

	2020 USD'000	2019 USD'000
7.1. Impairment loss		
Impairment of bank balance	303	(285)
Impairment of due from bank	(48)	(32)
Impairment of receivable from related parties	(106)	(128)
	149	**(445)**

The loss includes impairment of receivable for ASAI Cambodia Holdings, ASA Leasing, ASA Lanka. Credit loss provided previously on GN Bank

in Ghana has been released as all funds has been received. There was no material change in credit risk in any banks or related party balances.

7.2. The following table provides the movement of the Expected credit loss for customers (including On-book BC) for the period of January to December 2020:

	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Total USD'000
Opening Balance during the period	**(916)**	**(1,224)**	**(1,851)**	**(3,990)**
Charge during the year	(1,358)	(6,797)	(15,245)	(23,400)
Transfer:				
Stage 1 to Stage 2	244	(244)	-	-
Stage 2 to Stage 1	1	(1)	-	-
Stage 1 to Stage 3	128	-	(128)	-
Stage 2 to Stage 3	-	8	(8)	-
Write off	-	-	3,219	3,219
Fx impact	-	-	-	-
Closing Balance during the period	**(1,901)**	**(8,258)**	**(14,013)**	**(24,171)**

Movement of the Expected credit loss for customer for the year January to December 2019 is as follows:

	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Total USD'000
Opening Balance during the period	**(650)**	**(426)**	**(740)**	**(1,816)**
Charge during the year	(300)	(900)	(1,942)	(3,142)
Transfer:	-	-	-	-
Stage 1 to Stage 2	8	(8)	-	-
Stage 1 to Stage 3	6	-	(6)	-
Stage 2 to Stage 3	-	83	(83)	-
Write off	-	-	879	879
Fx impact	20	27	41	89
Closing Balance during the period	**(916)**	**(1,224)**	**(1,851)**	**(3,990)**

8. PERSONNEL EXPENSES

Personnel expenses include total base salary expenses and employee benefit plans:

	Notes	2020 USD'000	2019 USD'000
Personnel expenses		(46,531)	(43,520)
Defined contribution plans		(3,385)	(2,865)
Defined benefit plans	8.2.	(1,692)	(1,939)
		(51,608)	**(48,324)**

	Notes	2020 USD'000	2019 USD'000
8.1. Retirement benefit liability			
Retirement benefit liability as at beginning of period		3,373	1,469
Payments made during the period		(413)	(177)
Charge for the period	8.2.	1,692	1,939
Actuarial gains and losses on defined benefit liabilities (OCI)		896	217
Foreign exchange differences		(102)	(75)
Retirement benefit liability as at end of the period		**5,446**	**3,373**

8. PERSONNEL EXPENSES (continued)

ASA India, ASA Pakistan, Lak Jaya, Pagasa Philippines and ASA Nigeria are maintaining defined benefit pension plans in the form of gratuity plans at retirement, death, incapacitation and termination of employment for eligible employees. The funds for the plans in ASA Pakistan, Pagasa Phillipines and Lak Jaya and ASA Nigeria are maintained by the entity itself and no plan assets have been established separately. The funds for the plan of ASA India are being maintained with Life Insurance Corporation of India and the entity's obligation is determined by actuarial valuation. ASA Nigeria also maintains retirement benefits in the form of gratuity. There are no other post-retirement benefit plans available to the employees of the Group.

	2020	2019
	USD'000	USD'000
8.2. **Charge for the period**		
Current service cost for the period	(1,282)	(1,793)
Interest cost for the period	(349)	(146)
Impact from change in assumptions (see note 2.5.5)	(61)	-
	(1,692)	**(1,939)**

8.3. **Sensitivity analysis**

A quantitative sensitivity analysis for significant assumptions as at 31 December 2020 and 31 December 2019 is shown below.

Assumptions		**Discount rate**		**Future salary increases**	
Sensitivity level	**Year**	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
		USD'000	**USD'000**	**USD'000**	**USD'000**
Impact on defined benefit obligation	2020	(714)	1,329	1,316	(722)
	2019	(291)	345	355	(314)

9. OTHER OPERATING EXPENSES

The other operating expenses include the following items:

	Notes	2020	2019
		USD'000	USD'000
Administrative expenses	9.1.	(20,668)	(22,295)
Professional fees	9.2.	(1,957)	(3,043)
Audit fees	9.3.	(1,630)	(1,167)
International travel		(298)	(624)
Other		(408)	(550)
		(24,961)	**(27,679)**

	2020	2019
	USD'000	USD'000
9.1. **Administrative expenses**		
Office expenses	(2,814)	(3,077)
Transport and representation expenses	(7,079)	(7,848)
Gas, water and electricity	(1,120)	(1,225)
Telecommunications and internet expenses	(2,285)	(1,937)
VAT/ Output tax/ Service tax	(1,907)	(3,144)
Bank charges	(1,353)	(1,693)
Other administrative expenses	(4,110)	(3,371)
	(20,668)	**(22,295)**

Other administrative expenses include several small items that are smaller than USD 150,000 on an individual basis.

	2020	2019
	USD'000	USD'000
9.2. **Professional fees**		
Technical assistance fees to ASA Bangladesh	-	(61)
Legal services fees	(397)	(417)
Other professional fees	(1,560)	(2,565)
	(1,957)	**(3,043)**

Other professional fees include fees for various consultants on tax, IT, accounting and, actuary valuation services.

9. OTHER OPERATING EXPENSES (continued)

9.3. Fees payable to Group auditors is analysed as below:

	2020 USD'000	2019 USD'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	(884)	(780)
Fees payable to the Group's auditor for the other services:		
Audit of the accounts of subsidiaries	(246)	(200)
Audit related assurance services	(225)	(181)
Total audit and audit related assurance services	(1,355)	(1,161)
Other assurance services	(275)	(6)
	(1,630)	**(1,167)**

10. EXCHANGE RATE DIFFERENCES

The Company incurred certain foreign exchange losses on monetary assets denominated in currencies other than the Company's functional currency.

	2020 USD'000	2019 USD'000
Foreign currency losses	(3,952)	(1,934)
Foreign currency gains	4,458	1,639
	506	**(295)**

11. INCOME TAX AND WITHHOLDING TAX EXPENSE

	2020 USD'000	2019 USD'000
Income tax expense		
Current income tax	(11,009)	(19,789)
Income tax for previous period	(28)	(143)
Changes in deferred income tax	7,519	1,337
	(3,518)	**(18,595)**

11.1. **Current tax liability**

	2020 USD'000	2019 USD'000
Balance as at beginning of period	6,416	7,263
Tax charge:		
Current period	11,009	19,789
Previous period	28	143
Tax paid	(14,784)	(20,423)
Foreign exchange adjustment	(167)	(356)
Balance as at end of period	**2,502**	**6,416**

11.2. **Deferred tax assets**

	2020 USD'000	2019 USD'000
Balance as at beginning of period	3,865	2,588
Change during the period	7,515	1,430
Foreign exchange adjustment	(77)	(153)
Balance as at end of period	**11,303**	**3,865**

Deferred tax assets are temporary differences recognised in accordance with local tax regulations and with reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

11.3. **Deferred tax liability**

	2020 USD'000	2019 USD'000
Balance as at beginning of period	76	69
Change during the period	(74)	40
Foreign exchange adjustment	(2)	(33)
Balance as at end of period	**-**	**76**

11. INCOME TAX AND WITHHOLDING TAX EXPENSE (continued)

11.4. Deferred tax relates to:

Deferred tax relates to:	Deferred tax assets 2020	Deferred tax liabilities 2020	Income statement 2020	Deferred tax assets 2019	Deferred tax liabilities 2019	Income statement 2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Allowance for ECL	4,881	-	4,069	1,100	-	697
Provision for retirement liabilities	1,634	-	497	1,066	-	584
Provision on FX loss	-	(482)	(1,785)	884	-	(367)
Unused tax losses	1,469	-	1,176	304	-	304
Other temporary differences	1,253	654	2,080	463	24	163
IFRS 16 Lease	-	(172)	(234)	-	53	(43)
Modification loss	1,695	-	1,715	-	-	-
Other comprehensive income/Revaluation of cash flow hedge	371	-	71	48	-	53
	11,303	**-**	**7,589**	**3,865**	**77**	**1,391**

11.5. Reconciliation of the total tax charge

	2020	2019
	USD'000	USD'000
Accounting result before tax	**2,578**	**54,335**
Income tax expense at nominal rate of consolidated entities	(2,142)	(16,572)
Over/ (under) provision for income tax previous year	(28)	(143)
Net allowable /(Non allowable) expenses	223	(353)
Deferred tax recognised/(not recognised) on losses	(624)	(467)
Exempt income	1,476	125
Consolidation adjustment	(1,731)	-
Other permanent differences	(691)	(1,186)
Total income tax expense for the period	**(3,518)**	**(18,596)**
Weighted average nominal rate of consolidated entities	83%	30%
Consolidated effective tax rate	136%	34%

11.6. Income tax per region

	2020	2019
	USD'000	USD'000
Corporate income tax- West Africa	(5,824)	(7,663)
Corporate income tax- South Asia	1,177	(7,093)
Corporate income tax- East Africa	(585)	(1,565)
Corporate income tax-South East Asia	1,025	(1,855)
Corporate income tax- Non operating entities	689	(139)
Total income tax per region	**(3,518)**	**(18,315)**

11.7. Withholding tax expense

	2020	2019
	USD'000	USD'000
Withholding tax on interest income, dividend, royalties and service fees	(455)	(1,244)
Total withholding tax expense	**(455)**	**(1,244)**

Interest income, dividends, royalties and service fees are subject to withholding tax in certain jurisdictions. The applicable withholding tax rates vary per country and per type of income.

12. CASH AT BANK AND IN HAND

	2020	2019
	USD'000	USD'000
Cash at bank	90,012	84,397
Cash in hand	153	129
	90,165	**84,526**

An amount of USD 18.4 million (2019: USD 19.0 million) of cash at bank in the Philippines is restricted as per Securities and Exchange Commission ("SEC") regulations as it relates to Loan Collateral Build Up ("LCBU", the collection of security collateral from clients of a lending company). LCBU is placed into a segregated account.

13. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers are net of allowance for expected credit loss.

	Notes	2020 USD'000	2019 USD'000
Gross loan portfolio	13.1.	396,605	415,348
Allowance for expected credit loss	13.2.	(25,242)	(4,228)
Interest receivable on loans to customers		14,688	3,890
Unamortised processing fee		(2,396)	(2,868)
Loan portfolio on-book BC model (ASA India)		-	172
Allowance for expected credit loss on-book BC model (ASA India)	13.4.	-	(10)
Modification loss		(3,533)	-
Net loan portfolio		**380,122**	**412,304**

Interest receivable on loans to customers is realisable in line with the loan repayment schedules.

During 2016 and 2017 ASA India started to operate under Business correspondent and partnership model (BC) for four BC Partners: Reliance Capital, IDBI, MAS and IDFC First Bank. ASA India operates as agent in a pass-through arrangement, whereby ASA India selects borrowers based on the selection criteria of the BC Partners. After approval of the selected borrowers, the BC Partners disburse the loans through ASA India and ASA India collects the interest and repayments from the borrowers on behalf of the BC Partners. In exchange for these services, ASA India receives service fees and processing fees.

The loans to borrowers of IDFC First Bank and related funding are not recognised on the balance sheet since ASA India has a limited liability for the non-performing loans under this agreement. The loans to borrowers and related funding for the other three BC Partners are recognised on the balance sheet similar to its own loan portfolio and funding thereof. The service fees for the IDFC portfolio are reported under "Other operating income" in note 6. Interest income and interest expense for the other three loan portfolios are presented in line with its own portfolio.

Under the agreements with the BC loan Partners, ASA India is liable for payment of non-performing loans, which is regarded as a financial guarantee. This liability for IDFC First Bank is reported under "Provisions" in note 27. This liability for the other three BC Partners is deducted from the related loan portfolio. This liability is based on Group ECL policy as explained in note 2.5.2 taking into account any limits in the liability towards the BC Partners, because it is the best estimate for the expected outflow of cash at reporting date. The related expense is reported under credit loss expenses in note 7.

ASA India provided security deposits to the BC partners as collateral for the financial guarantees provided. These security deposits are reported under "Due from banks" in note 15. Other receivables and payables related to the BC model are reported under "Other assets" and "Other liabilities". More information is available in note 2.5.

ASA India has entered into a new Direct Assignment ("DA") agreement with State Bank of India ("SBI:) in 28 January 2020. This time, the entity transferred a pool of its loans to customers amounting to USD 8.2 million to the SBI against a purchase consideration of USD 7 million which is 85% of the loan portfolio. 15% is retained by ASA India as the Minimum Retention Rate ("MRR") as per the guidance of RBI. ASA India will continue to collect the instalments from all the borrower and transfer the amount to the SBI where the SBI will retain collections from 85% of the clients and adjust that with the purchase consideration (borrowings) and repay collections from 15% of the customers to ASA India. The 85% of the pool is hence not recognised in the books of ASA India as the company transferred all significant risks and rewards of such loans to the SBI. The gain on transfer amounting to USD 372K is recognised as other interest income in note 4.2.

The outstanding loans to borrowers under the BC model and DA model which are not recognised on the balance sheet at 31 December 2020 amounted to USD 45 million and USD 3.7 million respectively (2019: USD 49.8 million and USD 6.1 million).

The modification loss of USD 3.53 million is explained in note 2.5.4.

13.1. The following table explains the movement of Gross loan portfolio (including on book BC) between the stages:

	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Total USD'000
Gross carrying value at 1st January 2020	**408,391**	**4,208**	**2,922**	**415,521**
New assets originated	680,772			**680,772**
Assets realised	(686,973)	(2,925)	(2,484)	**(692,382)**
Transfers:				
Stage 1 to Stage 2	(51,176)	51,176	-	-
Stage 2 to Stage 1	12	(12)	-	-
Stage 1 to Stage 3	(26,972)	-	26,972	-
Stage 2 to Stage 3	-	(1,735)	1,735	-
Write off-	-	-	(3,219)	**(3,219)**
Fx impact	(4,932)	1,490	(645)	**(4,087)**
Gross carrying value at 31 December 2020	**319,122**	**52,202**	**25,281**	**396,605**

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

	Stage 1	Stage 2	Stage 3	Total
	USD'000	USD'000	USD'000	USD'000
Gross carrying value at 1st January 2019	**341,358**	**1,418**	**836**	**343,612**
New assets originated	965,352			**965,352**
Assets realised	(878,352)	(1,143)	(568)	**(879,767)**
Transfers:				
Stage 1 to Stage 2	(4,352)	4,352	-	-
Stage 1 to Stage 3	(3,289)	-	3,289	-
Stage 2 to Stage 3	-	(275)	275	-
Write off-	-	-	(879)	**(879)**
Fx impact	(12,622)	(144)	(31)	**(12,797)**
Gross carrying value at 31 December 2019	**408,391**	**4,208**	**2,922**	**415,521**

13.2. Allowance for Expected credit loss

	Notes	2020	2019
		USD'000	USD'000
Balance as at beginning of the period		(4,227)	(1,837)
ECL on loans and advances	7.	(23,410)	(3,188)
ECL for overdue interest receivable on loans from customers		(824)	(168)
Exchange rate differences		-	87
Write-off of loans		3,219	879
Balance at end of the period		**(25,242)**	**(4,227)**

The key assumptions applied for the expected credit loss provision are explained in note 2.5.2.

The provision for expected credit losses has increased due to the increased credit risk profile across the portfolio arising out of the local lockdowns and various moratoria introduced and economic hardship due to COVID-19 pandemic. This has led to increased arrears and an increased credit risk associated with the length of time that the Group has not been able to collect upon the loans outstanding. Management have estimated the impact of these factors through a management overlay, the mechanics of which are described in note 2.5.2. Management considered this to be a reasonable best estimate given the available evidence of the impact of these factors on the recoverability of the loans outstanding.

13.3. The breakdown of the allowance for expected credit loss is as follows:

	2020	2019
	USD'000	USD'000
ECL on OLP	(24,171)	(3,980)
ECL on Interest receivable	(1,071)	(247)
	(25,242)	**(4,227)**

13.4. Allowance for ECL on-book BC model

		2020	2019
		USD'000	USD'000
Balance as at beginning of the period		(11)	(59)
Credit loss (expense)/recovered	-	10	46
Exchange rate differences		1	2
Balance at end of the period		-	**(11)**

With all other variables constant, a 10% sensitivity in the loss rate for management overlay will impact the ECL provision as below:

	Change in loss rate	
	1% +	1%-
	USD'000	USD'000
ECL on OLP	26,603	21,882
ECL on Interest Receivable	1,203	941
	27,806	**22,823**

14. DUE FROM BANKS

	Notes	2020 USD'000	2019 USD'000
Due from banks		52,814	16,827
Escrow bank account at Citibank	14.1.	20,465	20,432
		73,279	**37,259**

14.1. **Escrow bank account at Citibank**

In certain countries in which the Group operates, non–resident capital gains tax ('NRCGT') regimes have been enacted in recent years which may give rise to an NRCGT liability if there is a change of control (as defined by relevant local tax authorities) of more than 50% of the underlying ownership of a subsidiary of the Company resident in that country as measured over a rolling three–year (a 'COC'). In each case, the liability is payable by the local subsidiary. A COC of certain of the Group's subsidiaries resulting from the offering to certain institutional and professional investors in view of the admission of the Group to the London Stock Exchange in 2018 (the 'Global Offer'), or thereafter, may trigger NRCGT liabilities in certain jurisdictions for the affected subsidiaries. In connection with the potential NRCGT liability, CMI, being the selling shareholder at the time of the listing of the Group on 13 July 2018, agreed upon admission to place USD 20 million (the 'Escrow Amount') of its net proceeds from the sale of shares in the Global Offer in an escrow account for the sole benefit of the Company (the 'Escrow Account'). The Escrow Amount may be applied to fund NRCTG liabilities in accordance with the escrow deed dated 29 June 2018 between, inter alia, CMI and the Company. The Escrow Account is established in the name of the Company and is therefore presented as part of 'Due from banks. The beneficial ownership of these funds, including any interest accrued thereon and less any expenses, rests with CMI because the Company will need to return all remaining funds to CMI in accordance with the terms of the escrow deed. Therefore, the same amount is presented as a liability to CMI under 'Other liabilities.

15. EQUITY INVESTMENTS AT FVOCI

	2020 USD'000	2019 USD'000
MFX Solutions, LLC		
Balance at the beginning of the period	232	239
(Loss)/Gain on revaluation	6	(7)
Balance at the end of the period	238	**232**

The Group purchased 153,315 shares of MFX Solutions, LLC USA on 7 April 2017. This represents 1% of the total number of issued shares of 15,331,330. The purchase price per share was USD 1.3045. The investment has been classified as equity investment and valued at fair value. The fair value has been classified as level 2. The Group opts to report the changes in fair value through OCI.

16. PROPERTY AND EQUIPMENT

Property and equipment consists of land and buildings, office furniture, equipment and software. Depreciation policies are described in detail in the accounting policies. The movements are as follows.

	2020	2020	2020	2020	2020	2019	2019	2019	2019	2019
	Furniture & fixtures	Vehicles	Office equipment including IT	Buildings	Total	Furniture & fixtures	Vehicles	Office equipment including IT	Buildings	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost at the beginning of the period	1,867	371	8,042	1,149	11,429	1,503	335	6,305	935	9,078
Accumulated depreciation at the beginning of the period	(1,123)	(250)	(4,623)	(102)	(6,098)	(925)	(238)	(3,334)	(75)	(4,572)
Carrying value at the beginning of the period	**744**	**121**	**3,419**	**1,047**	**5,331**	**578**	**97**	**2,971**	**860**	**4,506**
Additions during the period at cost	160	33	697	91	981	384	58	1,992	180	2,614
Foreign currency adjustment	(14)	(6)	(99)	66	(53)	(20)	(12)	(215)	34	(213)
Disposal during the period	(14)	2	(19)	-	(31)	-	(10)	(40)	-	(50)
Depreciation during the period	(251)	(50)	(1,453)	(28)	(1,782)	(241)	(43)	(1,590)	(24)	(1,898)
Adjustment of depreciation for disposals	6	-	129	-	135	34	23	189	-	246
Foreign currency differences	2	2	39	(7)	36	9	8	112	(3)	126
Carrying value at the end of the period	**633**	**102**	**2,713**	**1,169**	**4,617**	**744**	**121**	**3,419**	**1,047**	**5,331**
Cost at the end of the period	1,999	400	8,621	1,306	12,326	1,867	371	8,042	1,149	11,429
Accumulated depreciation at the end of the period	(1,366)	(298)	(5,908)	(137)	(7,709)	(1,123)	(250)	(4,623)	(102)	(6,098)
Carrying value at the end of the period	**633**	**102**	**2,713**	**1,169**	**4,617**	**744**	**121**	**3,419**	**1,047**	**5,331**

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	2020	2019
	USD'000	USD'000
Right-of-use assets at the beginning of the period	5,882	5,553
Additions during the period	3,588	4,167
Amortisation during the period	(4,428)	(3,892)
Exchange rate differences	153	54
Right-of-use assets at the end of the period	5,195	5,882

	2020	2019
	USD'000	USD'000
Lease liability at the beginning of the period	3,981	3,723
Interest expense of lease liability	276	395
Additions of lease liabilities during the period	3,588	4,167
Payment of lease liabilities	(4,389)	(4,227)
Exchange rate differences	173	(77)
Lease liability at the end of the period	3,629	3,981

The Group recognises leased office premises under Right of Use Assets.

Due to the COVID-19 global pandemic many countries had instituted country-wide lockdowns which may have impacted the economic conditions of the respective countries. Hence, the IBRs used to calculate the IFRS 16 balances may have changed since the lockdown started. The lockdown period started in April 2020 and therefore, any contract with a start date on or after 1 April 2020 might have a different IBR than those entered before the lockdown.

Between April-December 2020, the Group entered into 579 new contracts (excluding the new contracts of Ghana, Nigeria and Tanzania as they have fully prepaid contracts and are not impacted by IBRs). A sensitivity analysis on the impact of a 50% increase in the IBR rates for those contracts gives a total impact in the net asset of negative USD 7K and in net profit of negative USD 7K, which is insignificant. Based on the above, management has decided not to take in any impairment on the ROU as of 31 December 2020.

18. OTHER ASSETS

The other assets comprise of the following:

	Notes	2020	2019
		USD'000	USD'000
Receivables from related parties	18.1.	397	720
Prepayments		2,227	2,378
Employee advances		2,214	1,827
Advance income tax		3,432	1,800
Security deposit		137	102
Receivables under on-book and off-book BC model (ASA India)		2,187	452
Insurance claim receivable		577	570
Interest receivable on due from banks		550	603
Securitisation and DA gain receivable		307	376
Other receivables	18.2.	1,572	1,697
		13,600	10,525

Prepayments and employee advances are in line with security against housing contracts, funding agreements and employee receivables.
Advance income tax will be set off against current tax payable after completion of the tax assessment.

18.1. **Receivables from related parties**

	2020	2019
	USD'000	USD'000
CMI	-	173
ASA Bangladesh	-	189
Sequoia BV	52	-
MBA Philippines	225	220
ASAI Cambodia Holdings	108	108
Catalyst Investment Management services	6	-
CMI International Holding	6	-
Catalyst Continuity	-	16
ASA Social Services Ltd.	-	13
CMIC	-	1
	397	720

The receivables from related parties are short term in nature and do not accrue interest.

18.2. Other receivables include various advances in relation to employee's insurance, receivable from VAT and service tax authorities etc.
Individually none of the advances are over USD 150K.

19. DERIVATIVES

	2020 USD'000	2019 USD'000
Forward contracts	-	-
Swap agreements	708	-
Derivative assets total	708	-
Forward contracts	(2,147)	(1,659)
Swap agreements	-	(164)
Derivative liabilities total	(2,147)	**(1,823)**
Total Derivatives at fair value	**(1,439)**	**(1,823)**

19.1. **The Group is holding the following foreign exchange forward contracts:**

As of 31 December 2020	Maturity				
	<30 days	**1-3 months**	**3-12 months**	**>12 months**	**Total**
Pakistan					
Notional amount (in USD)	-	4,000	22,800	-	26,800
Average forward rate (USD/PKR)	-	168	174	-	342
Carrying amount (in USD)	-	(166)	(787)	-	(953)
Myanmar					
Notional amount (in USD)	1,000	-	800	3,000	4,800
Average forward rate (USD/KYAT)	1,630	-	1,808	1,944	5,382
Carrying amount (in USD)	(215)	-	(238)	(620)	(1,073)
Tanzania					
Notional amount (in USD)	-	4,000	-	-	4,000
Average forward rate (USD/TZS)	-	2,372	-	-	2,372
Carrying amount (in USD)	-	(70)	-	-	(70)
Sierra Leone					
Notional amount (in USD)	-	-	-	2,000	2,000
Average forward rate (USD/PHP)	-	-	-	13,396	13,396
Carrying amount (in USD)	-	-	-	(51)	(51)

As of 31 December 2019	Maturity				
	<30 days	**1-3 months**	**3-12 months**	**>12 months**	**Total**
Pakistan					
Notional amount (in USD)	667	4,000	21,842	-	26,509
Average forward rate (USD/PKR)	169	148	169	-	
Carrying amount (in USD)	(29)	203	(891)		(717)
Myanmar					
Notional amount (in USD)	3,000	-	3,500	3,800	10,300
Average forward rate (USD/KYAT)	1,628	-	1,717	1,839	
Carrying amount (in USD)	(285)	-	(352)	(228)	(865)
Tanzania					
Notional amount (in USD)	-	-	2,500	-	2,500
Average forward rate (USD/TZS)	-	-	2,482	-	
Carrying amount (in USD)	-	-	(77)	-	(77)

Please see note 36 for more information.

19.2. **The Group also holds the below swap contracts:**

		2020 USD'000	2019 USD'000
Cross-currency interest rate swap	Notional value	16,482	16,141
	Carrying value	708	(164)

At 31 December 2020, the Group had two cross-currency interest rate swap agreements in place.

A swap agreement with a notional amount of USD 3 million was entered on 25 July 2019 by ASA India whereby ASA of interest of 11.8% in Indian Rupee (INR) and receives interest at a variable rate equal to six months LIBOR +4.3% on swap is being used to hedge the exposure to changes in the cash flow of its six months LIBOR +4.3% USD loan

A swap with a notional amount of Euro 10 million on 9 December 2019 by the same whereby ASA India pays a fixed rate of interest of 12.55% in Indian Rupee and receives interest at a variable rate equal to six months EURIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six months EURIBOR +4.3% Euro loan.

The applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows using future exchange rates and discounting them with the appropriate interest rate curves. These derivative contracts are classified as Level 2 financial instrument.

20. GOODWILL

Goodwill arose from the acquisition of Lak Jaya by CMI Lanka in 2008.

	2020 USD'000	2019 USD'000
Balance at the beginning of the period	34	33
Foreign exchange differences during the period	(1)	1
Balance at the end of the period	**33**	**34**

For the year 2020, an impairment assessment on the remaining goodwill concluded that goodwill remains unchanged. The main factors considered for this assessment are (i) expected growth in profitability (ii) quality of the loan portfolio and (iii) regulatory status of Lak Jaya, the subsidiary of CMI Lanka.

21. ISSUED CAPITAL

	2020 USD'000	2019 USD'000
ASA International Group plc 100 million shares of GBP 0.01 each	1,310	1,310
	1,310	**1,310**

No movements in issued capital during 2019 and 2020.

22. RETAINED EARNINGS

Total retained earnings are calculated as follows:	2020 USD'000	2019 USD'000
Balance at the beginning of the period	148,011	121,300
Dividend declared	-	(7,300)
Result for the period	(720)	34,011
Balance at the end of the period	**147,291**	**148,011**
Profit for the period		
Attributable to equity holders of the parent	(720)	34,011
Non-controlling interest	(675)	486
	(1,395)	**34,497**

Part of retained earnings relates to NGOs which are consolidated in these unaudited preliminary financial statements. The retained earnings of these NGOs cannot be distributed to their respective members. Retained earnings relating to NGOs amounted to USD 1.5 million at 31 December 2020 (2019: USD 17.2 million). The reduction during 2020 relates to the acquisition of assets and liabilities of ASIEA by ASHA MFB in Nigeria as per 1 April 2020.

ASA S&L, ASA India and ASHA Nigeria have statutory requirements to add a percentage of the net profits to a legal reserve. Therefore, part of retained earnings cannot be distributed to shareholders. Retained earnings relating to these legal reserves amounted to USD 13 million in December 2020 (2019: USD 11.6 million).

No dividend is declared in 2020.

22.1. OTHER RESERVES

Total other reserves are calculated as follows:	Notes	2020 USD'000	2019 USD'000
Balance at the beginning of the period	-	147	17
Actuarial gains and losses on defined benefit liabilities	8.1.	(896)	(217)
Movement in hedge accounting reserve		322	(281)
(Loss)/Gain on revaluation of MFX investment	15.	6	(7)
Others		(3)	341
Balance at the end of the period		**(718)**	**(147)**

23. FOREIGN CURRENCY TRANSLATION RESERVE

The translation of the Company's subsidiaries and overseas branches from local currency into the Company's presentation currency (USD) results in the following currency translation differences:

	2020 USD'000	2019 USD'000
Balance at the beginning of the period	(41,044)	(36,249)
Translation of assets and liabilities of subsidiaries to USD	(2,047)	(4,795)
Balance at the end of the period	**(43,091)**	**(41,044)**

24. DEBT ISSUED AND OTHER BORROWED FUNDS

	Notes	2020	2019
		USD'000	USD'000
Debt issued and other borrowed funds by operating subsidiaries	24.1.	269,132	260,643
Participation agreements Blue Orchard-managed funds (ASAIH)	24.2.	-	3,500
Loan from Symbiotics-managed funds (ASAIH/ASAI NV)	24.3.	20,000	14,500
Loan from Oikocredit (ASAIH)	24.4.	3,500	9,167
Loan from OPIC (ASAIH)	24.5.	20,000	20,000
Loan from BIO (ASAIH)	24.6.	10,000	10,000
Loan from OeEb (ASAIH)	24.7.	10,000	-
Loan from Citi (ASAINV)	24.8.	5,000	-
Interest payable on third-party loans		4,554	5,027
		342,186	**322,837**

24.1. Break down of borrowings by operating subsidiaries are shown below:

	2020	2019
	USD'000	USD'000
ASA India	139,109	130,654
PPFC	50,340	52,271
ASA Pakistan	36,037	35,899
ASA Tanzania	8,232	8,414
ASA Kenya	7,786	8,358
ASA S&L	4,619	6,560
ASA Myanmar	11,697	5,853
ASA Uganda	3,354	4,601
Lak Jaya	4,310	4,429
ASA Nigeria	2,782	2,951
Others	866	654
	269,132	**260,644**

Most of the loan agreements are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. Some subsidiaries did not fulfil some of the ratios as required in contracts. Out of total loans of USD 342 million, USD 198 million had breached loan covenants as at year end. The Group was able to receive waivers from most of the lenders. As of 31 December, balance for credit lines with breached covenants and does not have waivers is amounting to USD 31.5 million. Due to these breaches of covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding loan amounts. The outstanding balance is presented as on demand as at 31 December 2020.

The lenders have not requested any early repayment of the loan as of the date when these unaudited preliminary financial statements were approved by the Board of Directors. Management is in the process of renegotiating to get waivers for the remaining balance.

24.2. Participation agreements Blue Orchard-managed funds (ASAIH)

ASAIHH entered into three participation agreements with MIFA – a fund managed by Blue Orchard ("MIFA") – pursuant where to ASAIH sold and assigned the interest in its shareholder loans to ASAI Pakistan for a total amount of USD 10 million ("Participation Agreements"). All instalments and interest under the shareholder loans are paid by ASA Pakistan to ASAIH and from ASAIH to MIFA, whereby ASAIH is only acting as a pass-through. The amount has been repaid in 2020.

24.3. Loan from Symbiotics-managed funds (ASAIH/ASAINV)

ASAIH entered into loan agreements with three investment funds managed by Symbiotics SA in November 2018 for a total amount of USD 5 million (the "Symbiotics loans"). ASAIH took a new loan of USD 5 million on July 2019 at 6.25%. In October 2019, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA for a total amount of USD 4.5 million at 6.15%. In March 2020 ASAI NV received an additional USD 5.5 million at 6.15% . All the loans will be repaid within three years of disbursement.

24.4. Loan from Oikocredit (ASAIH)

ASAIH entered into an agreement with Oikocredit in 24 July 2015 for a direct loan amount of USD 7.5 million and a credit line of USD 2.5 million (the "Oikocredit loans"). The term of the Oikocredit loans is five years. As of 31 December 2019, the outstanding balance was USD 1.7 million. On 12 July 2018, ASAIH entered into a new agreement with Oikocredit for a credit line of USD 7.5 million which has been fully drawn as of December 2019. The term of this credit line is five years. Interest on the loans is six-month LIBOR or 3.5% whichever is lower plus a margin of 3% for the direct loan and 2,5% for the credit line.

24.5. Loan from OPIC (ASAIH)

ASAIH entered into an agreement with OPIC in 2016 for a loan amount of USD 20 million, of which USD 5 million was drawn in December 2016, USD 5 million was drawn in July 2017 and another USD 10 million was drawn on November 2017. The term of this loan is five years. Interest amounts to the US Treasury Constant Maturity Yield plus 4.25% per annum.

24. DEBT ISSUED AND OTHER BORROWED FUNDS (continued)

24.6. **Loan from BIO (ASAIH)**

ASAIH entered into a USD 10 million subordinated loan agreement with Belgian Investment Company for Developing Countries SA/NV ("BIO") on December 2019. The term of this loan is seven years. Interest amounts to Libor plus 5.9% per annum.

24.7. **Loan from OeEB (ASAIH)**

ASAIH entered into a USD 15 million loan agreement with Oesterreichische Entwicklungsbank Ag ("OeEB") in March 2020 of which USD 10 million is drawn up to June 2020. The loan is repayable at eight equal instalments and the term of this loan is five years. Interest amounts to Libor plus 3.5% per annum. ASAI NV is also a co-borrower of the loan. The Loan is subject to certain covenant clauses in respect of certain ratios. As of June 2020, some of the required ratios was not fulfilled. The Group already received waivers for from lender against such breaches.

24.8. **Loan from Citi (ASAI NV)**

ASAI NV entered into a USD 10 million loan agreement with CITIBANK, N.A., JERSEY BRANCH ("Citi") on October 2020. The term of this loan is 30 months. Interest amounts to Libor plus 4.55% per annum. ASAIH is also a co-borrower of the loan.

25. DUE TO CUSTOMERS

Clients of the Company's subsidiaries contribute to a "security deposit fund". These deposits can be withdrawn partly by clients but not in the full amount unless the client has fully repaid the outstanding loan balance.

	2020	2019
	USD'000	USD'000
Clients' security deposits	68,103	66,279
Clients' voluntary savings	12,071	11,801
Interest payable on deposits and savings	-	28
	80,174	78,108

Clients can deposit voluntary savings where the subsidiary has a licence to do so. The rate of interest on client security deposits and client voluntary savings amount to 8% in Ghana and 7% in Nigeria. In ASA Myanmar the interest rate on voluntary savings is 10% and for compulsory savings 14%. ASA Rwanda provides 6% interest on voluntary savings.

26. OTHER LIABILITIES

Other liabilities are as follows:	Notes	2020	2019
		USD'000	USD'000
Security deposits		2,366	1,539
Other deposits		518	806
Liability for death and multipurpose risk funds		354	254
Accrued expenses		1,362	886
Accrued audit fees		928	891
Taxes payable, other than corporate income tax		1,465	1,781
Amount due to employees		1,354	1,530
Amount due to related parties	26.1.	518	1,050
Liability to CMI regarding Escrow Account at Citibank		20,465	20,432
Liabilities under on-book and off-book BC model (ASA India)		1,638	701
Liabilities under off-book DA model (ASA India)		502	-
Other liabilities	26.2.	2,385	2,211
		33,855	32,081

Security deposits mainly relate to deposits taken from employees as a form of security. Other deposits relate to various smaller deposits in different countries.

26.1. Amount due to related parties

	2020	2019
	USD'000	USD'000
CMI	1	747
Sequoia BV	60	68
MBA Philippines	457	125
	518	1,049

26.2. Other liabilities include various smaller accruals and provisions for various entities in the Company. Individually none of the payables are over USD 150 K.

27. PROVISIONS

	2020 USD'000	2019 USD'000
Provision for financial guarantees under off-book BC model (ASA India)	2,248	21
Provision for service tax (ASA India)	-	73
	2,248	**94**

Provision for financial guarantees include expect loss provided against off-book BC portfolio in India. As at 31 December 2020, stage 3 loans under this portfolio is USD 2.98 million.

The provision for financial guarantee under off book BC model is made based on the risk percentage of the Group on such portfolio. ASA India uses the risk percentage for each BC contract to determine the risk for the entity and then uses the Group provisioning policy on such risk adjusted amount to calculate the provision required. For details on group ECL policy see note-2.5.2

28. ADDITIONAL CASH FLOW INFORMATION

	2020 USD'000	2019 USD'000
28.1. Changes in operating assets		
Loans and advances to customers	(2,374)	(87,554)
Movement in due from banks	(36,587)	205
Movement in restricted cash	1,551	(3,530)
Movement in right-of-use assets	(3,588)	(9,720)
Other assets excluding income tax advances	(1,515)	(690)
	(42,513)	**(101,289)**

	2020 USD	2019 USD
28.2. Changes in operating liabilities		
Due to customers	2,768	17,019
Other liabilities	2,469	1,043
Retirement benefit	(413)	(177)
Movement in lease liability	3,588	7,890
Movement in provisions	2,031	(1,054)
	10,443	**24,721**

	2020 USD'000	2019 USD'000
28.3. Non-cash items included in the statement of comprehensive income		
Depreciation on:		
- Property and equipment	1,782	1,897
- Right-of-use assets	4,428	3,892
Interest expense on lease liability	276	395
Credit loss expense	27,250	4,249
Write-off of loans	3,342	879
Fair value movement of forward contracts	(62)	3,854
Charge against defined benefit plan	1,692	1,939
Foreign exchange result	(506)	295
	38,202	**17,400**

	2020 USD'000	2019 USD'000
28.4. Reconciliation of cash and cash equivalents		
Cash and cash equivalents as per cash flow statement	71,733	65,545
Restricted cash for Loan Collateral Build Up ('LCBU') in PPFC	18,432	18,981
Cash at bank and in hand as per balance sheet	**90,165**	**84,526**

29. RISK MANAGEMENT

29.1 General

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to certain risk limits and other controls as described in the paragraphs below. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is, amongst others, exposed to operational risk, financial risk, legal and compliance risk, and strategic risks.

The independent risk control process does not include business risks such as changes in demand, technology and industry. These changes are monitored through the Group's strategic planning process.

29.2 Risk management structure

The Group's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The Group's risk management framework is based on its three lines of defence model, which has been adopted at both the Group level and at each of the subsidiaries. The Group's objectives in using the three lines of defence model include: identifying risk areas and minimising loss; protecting its clients by minimising financial risk; protecting the interests of its shareholders and investors; preserving its branches, data, records and physical assets; maintaining its business and operational structure; enforcing a standard operational procedure for managing risk; and providing guidelines in line with internationally accepted risk management principles. The first line of defence is the team, person or department that is responsible for executing particular tasks/activities, as well as for mitigating any related risks. The second line of defence is comprised of management of the respective departments and personnel that oversee the first line of defense and provide expertise in risk management to help develop strategies, policies and procedures to mitigate risks and implement risk control measures. The third line of defence is the Internal Audit department, which evaluates and improves the effectiveness of the risk management, control and governance processes through independent verification of risk control measures. The Internal Audit department is based in the country head office of each of the Group's microfinance institutions and audits each branch twice a year.

The Group's risk management philosophy is to promote a comprehensive risk management strategy to maintain a sustainable financial institution. This strategy is achieved by adapting an integrated approach to risk management where clear communication and consensus establish the foundation of the Group's risk management philosophy. To ensure that the Group's philosophy is implemented across its various departments, there is a clear segregation of duties between operational and risk management functions in the country head office of each of the Group's microfinance institutions as well as at the Group level.

The Group's risk culture is based on its values, beliefs, knowledge, attitudes and understanding of risk across its various countries. The Group assesses its risk culture by identifying and evaluating its quantifiable and non-quantifiable risks. The Group's risk management principles allow it to effectively balance its risk and reward by aligning its risk appetite with its business strategy.

The Group evaluates its risk appetite on a quarterly basis. The Group first identifies and reports its risk appetite at the microfinance institution level, where a financial target is established and a risk appetite statement is produced by each microfinance institution and submitted for consideration to senior management at the Group's corporate headquarters. At the Group's corporate headquarters, each microfinance institution's risk appetite report is evaluated, and the Group establishes an overall risk appetite that is later implemented across its countries.

The Group's key risk management areas are operational risk, financial risk, legal and compliance risk and strategic risk.

29. RISK MANAGEMENT (Continued)

Risk category	Definition	Risks	Description
Operational	The risk of loss resulting from inadequate or failed internal processes, human behaviour and systems from external events.	*Growth risk*	All risk and challenges associated in the Group's operational expansion
		Fraud and integrity	Fraud and misappropriation
		Information and technology	Maintenance of effective technology and security of systems
		Human resources	Likelihood of negative results due to a failure within its human resource department
		Transaction risk	Human or system errors within the Group's daily product delivery and services
		Social, Health and environmental risk	Global and regional economic conditions and natural disasters
		Risks related to the disclosure of confidential or sensitive information	Loss or theft of confidential or sensitive information
Financial	The Group experiences financial risks such as credit risk, liquidity risk, exchange rate/currency risk and interest rate risk. The Group encounters impacts on the Group's earning.	*Credit risk*	Risk that the Group will incur a loss because its clients or counterparties fail to discharge their contractual obligations
		Interest rate risk	Risk that the Group's profitability or result of operations will be affected by fluctuations in interest rates
		Liquidity risk	Risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances
		Exchange rate/currency risk	Possibility of financial loss to the Group arising from adverse movements in foreign exchange rates
Legal (regulatory) and compliance	Financial and other losses the Group may suffer as a result of regulatory changes or failure to comply with applicable laws and regulation.	*Regulatory: changes in local regulations and including political risks*	Anticipating and responding to changes in laws or regulations and political changes
		Legal and compliance	Compliance with applicable laws and regulations
		Interest rate caps	Anticipating and responding to change limits on (i) the amount of interest or fees charged to customers, or (ii) our net interest margin
		Foreign ownership	Risks associated with foreign ownership or shareholder concentration restrictions
		Legal uncertainty	Anticipating and responding to lack of legal certainty in some jurisdictions. Risk inherent to investing in emerging markets, including nationalisation, expropriation or confiscatory taxation, and political instability
Strategic	Current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the environment.	*Competition risk*	Risk that Group might face by not responding to the competitive environment or failing to ensure our proposition meets customer needs
		Reputational risk	Risk to earnings or capital arising from negative public opinion

29.3 Operational Risk

Operational risks can be substantial where large amounts of cash are distributed to, and collected from, a large group of clients through extensive branch networks. Examples of certain operational risks include fraud or misappropriation, and other operational and managerial errors and/or omissions as well as information technology risk, human resources risk, and social and environmental risk. The Company requires its subsidiaries and associates to develop and implement prudent systems to substantially mitigate operational risk, including proper control measures, sufficient and qualified management staff, and proactive corporate governance. By means of proactive measures and frequent monitoring, which is part of the standardised operational procedures adopted by all MFIs, risks can be identified and controlled at an early stage. COVID-19 has contributed largely towards health hazard and operational movement. The Group has taken adequate steps in maintaining all health and safety guidelines and regular off-site monitoring.

29. RISK MANAGEMENT (continued)

29.3 Operational Risk (continued)

Information and technology risk

Information and technology risks are not uncommon in microfinance institutions. The Group regularly analyses risks that arise from password hacking or sharing, changes in its data and varying roles of its users. To mitigate its potential information and technology risks, the Group ensures that its staff have appropriate technical support and computer skills. Furthermore, the Group has implemented disaster management strategies, quality control and ensures that it has data security policies in place.

Human resource risk

Human resource risk is the likelihood that an organisation would experience negative results due to a failure within its human resource department. This may occur due to lack of proper recruitment techniques or training or low staff retention rates. The Group evaluates its human resource risk by observing the availability of skilled staff within its compensation bands as well as compliance and regulatory issues that impact staff, including visas or work employment permits needed for its expatriate staff and the impact of its health and safety policies.

Social and environmental risk

Social and environmental risk may be caused by the Group itself, by its clients or because of natural disasters. The Group monitors and evaluates its social and environmental risk by assessing each microfinance institution's natural environment, each target client's business sector and the number of clients involved in businesses that may lead to harmful impacts on the environment. The Group generates reports on any social and environmental policy violations and the number of client and staff complaints it receives and resolves. Furthermore, the Group evaluates the number of branches located in zones or areas prone to natural disasters and keeps track of the proportion of loans classified as more than 30 days overdue within those zones or areas.

The Group requires its microfinance institutions to develop and implement prudent systems to substantially mitigate operational risk, including proper control measures, sufficient and qualified management staff, and proactive corporate governance. By means of proactive measures and frequent monitoring, which is part of the standardised operational procedures adopted by all the Group's microfinance institutions, risks can be identified and controlled at an early stage.

Proven microfinance methodology

The microfinance model followed by the Group is based on several core principles: (i) standardised loan products (ii) basic voluntary deposit services, (iii) effective and rigid procedures for cost–effective delivery of microcredit and limited deposit services, and (iv) zero–tolerance on the late repayment of loan instalments. Each of the microfinance operating entities owned and/or controlled by the Group, have adopted and implemented an internal operational manual. The operational manuals set forth the principles and guidelines for managing the microfinance portfolios in the various countries. It contains detailed procedures regarding the credit methodologies and operating procedures.

These procedures that are largely similar for all MFIs lending to micro–entrepreneurs, have the following features including but not limited to:

- Lending predominantly to low–income, female micro–entrepreneurs.
- Group selection without joint liability.
- Loans granted exclusively for income generating activities.
- Full repayment via instalments before eligibility for new loan.
- No incentive or bonus payments for operating staff.
- Frequent client interactions through weekly collections.
- Ongoing assessment of client needs, benefits and satisfaction.
- Repeat loan cycles with set limits.
- Low ticket size.
- Standardised credit approval lending procedures, and standardised internal monitoring and audit procedure

The principles and procedures described above are based on the credit methodologies and operating procedures that are part of the ASA Model of microfinance.

General risk mitigation

Risk concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Group is focused on maintaining a diversified loan portfolio, by means of operating in different geographic areas (also within each country). Identified concentrations of credit risks are controlled and managed locally according to the operational procedures above. The Group does not, in principle, use collateral nor guarantees, to reduce its credit risks (apart from the client security deposit where permitted).

29. RISK MANAGEMENT (continued)

29.4 Financial risk

29.4.1 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual which includes setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Maximum exposure to credit risk

The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Group's statement of financial position except off book BC portfolio where the risk is determined as per contract with BC partners. As mentioned above, the Group reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various countries and continents. At present the Group invests in West Africa, East Africa, South Asia and South East Asia.

Maximum exposure to credit risk

	2020	2019
	USD'000	USD'000
Cash and cash equivalents (excluding cash in hand)	90,012	84,397
Loans and advances to customers	380,122	412,304
Customer security deposit	(68,103)	(66,279)
Off-book portfolio (BC model) [1]	2,248	2,488
Due from banks	73,279	37,259
Other assets	8,649	6,347
Maximum credit exposure	**486,207**	**476,516**

[1] Credit risk on off-book BC model portfolio is restricted to 5% of the outstanding

Customer security deposits are cash collateral and are presented as part of Due from customers in the statement of financial position. These security deposits are considered as collateral for the loans to customers and therefore reduce the credit risk on these loans.

There are no significant concentrations of credit risk through exposures to individual customers, specific industry/sectors. However, India holds 34% of the Group's credit exposure in 2020 (2019: 35%). Management regularly monitors the concentration risk and manages loan distribution if required.

Geographic distribution of maximum credit exposure as at 31 December 2020.

	Cash and cash equivalents (excluding cash in hand)	Loans and advances to customers	Customer security deposit	Due from banks	Other assets	Off-book portfolio (BC model)	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	7,617	78,767	(29,546)	16,590	995	-	74,423
East Africa	8,955	45,056	(12,998)	2,486	258	-	43,757
South Asia	24,453	180,701	(2,610)	30,738	5,409	2,248	240,939
South East Asia	32,805	75,598	(22,949)	3,000	1,506	-	89,960
Non-operating entities	16,182	-	-	20,465	481	-	37,128
Maximum credit exposure	**90,012**	**380,122**	**(68,103)**	**73,279**	**8,649**	**2,248**	**486,207**

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.1 Credit Risk (continued)

Geographic distribution of maximum credit exposure as at 31 December 2019.

	Cash and cash equivalents (excluding cash in hand)	Loans and advances to customers	Customer security deposit	Due from banks	Other assets	Off-book portfolio (BC model)	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	9,308	77,538	(27,350)	4,084	1,026	-	64,606
East Africa	4,671	50,933	(14,040)	1,085	186	-	42,835
South Asia	31,544	198,848	(2,082)	11,657	3,054	2,488	245,509
South East Asia	35,123	84,986	(22,807)	-	1,245	-	98,547
Non-operating entities	3,752	-	-	20,432	834	-	25,018
Maximum credit exposure	**84,398**	**412,305**	**(66,279)**	**37,258**	**6,345**	**2,488**	**476,515**

The Group provides direct lending to customers through the MFIs (owned and controlled by it). In addition, the Group accepts savings in the countries where it has a deposit taking licence.

Credit risk from lending as at 31 December 2020

	Due from banks1	Gross Loans and Advances to Customer	Total lending	Total direct lending/IFRS 9 stages		
				Stage 1	Stage 2	Stage 3
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	16,590	79,499	96,089	76,888	620	1,991
East Africa	2,485	46,189	48,674	40,057	2,476	3,656
South Asia	30,738	190,086	220,824	149,086	23,931	17,069
South East Asia	3,000	80,831	83,831	53,091	25,175	2,565
Non-operating entities	20,465	-	20,465	-	-	-
Total	**73,278**	**396,605**	**469,883**	**319,122**	**52,202**	**25,281**
ECL provision	-	-	24,171	1,901	8,258	14,013

[1]Due from banks are neither past due nor credit impaired

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.1 Credit Risk (continued)

Credit risk from lending as at 31 December 2019

	Due from banks[1]	Gross Loans and Advances to Customer	Total lending	Total direct lending/IFRS 9 stages Stage 1	Stage 2	Stage 3
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	4,084	78,078	82,163	76,654	660	764
East Africa	1,085	51,878	52,963	51,529	215	134
South Asia	11,657	200,679	212,336	196,230	2,956	1,492
South East Asia	-	84,886	84,886	83,978	377	532
Non-operating entities	20,432	-	20,432	-	-	-
Total	**37,258**	**415,521**	**452,780**	**408,391**	**4,208**	**2,922**
ECL provision	**-**	**-**	**3,990**	265	1,225	2,500

[1] Due from banks are neither past due nor credit impaired

Overview of modified loans

ASAI provided moratoriums to customer during the lockdown period instituted by the local and national government. The modification itself was not deemed to be an indicator of SICR.

The summary of the lockdown period and affected loan portfolio is shown below:

	Countries	Lockdown level	Start date	End date	Lock Down (weeks)	Clients under lockdown (in '000)	OLP under lockdown (in USD'000)
1	**India**	National	23/03/2020	31/05/2020	11 weeks	490	122,906
2	**Pakistan**	National	25/03/2020	09/05/2020	6 weeks	438	60,342
3	**Sri Lanka**	National, but organized regionally	20/03/2020	11/05/2020	7 weeks	62	9,805
4	**The Philippines**	Initially national, mostly localized and regionwide in Luzon, Visayas and Mindanao	15/03/2020	30/06/2020	15 weeks	341	52,772
5	**Myanmar**	Localised	03/04/2020	10/05/2020	5 weeks	150	33,643
6	**Nigeria**	Localised	30/03/2020	04/05/2020	5 weeks	252	28,555
7	**Ghana**	Localised	30/03/2020	20/04/2020	3 weeks	154	38,502
8	**Sierra Leone**	National	05/04/20 03/05/20	07/04/2020 & 05/04/20	6 days	35	3,408
9	**Kenya**	National	27/03/2020	11/05/2020	6 weeks	100	15,402
10	**Tanzania**	Localised	07/04/2020	17/05/2020	6 weeks	118	18,363
11	**Uganda**	National	30/03/2020	02/06/2020	10 weeks	98	9,404
12	**Rwanda**	National	22/03/2020	18/05/2020	8 weeks	21	2,853
13	**Zambia**	None				-	-

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.1 Credit Risk (continued)

Overview of modified loans (continued)

In addition, the Group provided temporary moratoriums to selected clients based on need. . Moratoriums provided per month in addition to the lockdown period is shown below:

	Clients under moratoria in '000					
Countries	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
India	182	166	-	-	-	-
Pakistan	-	-	-	-	-	-
Sri Lanka	9	-	-	23	-	11
Myanmar	65	60	100	95	81	58
The Philippines	8	15	32	65	9	86
Ghana	10	-	-	-	-	-
Nigeria	-	-	-	-	-	-
Sierra Leone	1	-	-	-	-	-
Kenya	27	-	-	-	-	-
Tanzania	-	-	-	-	-	-
Uganda	60	50	4	-	-	-
Rwanda	5	3	-	-	-	-
Zambia	-	-	-	-	-	-
Total	**367**	**294**	**136**	**183**	**90**	**155**

	OLP under moratoria (in USD'000)					
Countries	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
India	5,379	3,666	-	-	-	-
Pakistan	-	-	-	-	-	-
Sri Lanka	237	2	23	250	-	190
Myanmar	2,102	2,245	3,913	4,884	3,880	2,229
The Philippines	231	373	802	1,803	227	3,951
Ghana	431	-	-	-	-	-
Nigeria	-	-	-	-	-	-
Sierra Leone	20	-	-	-	-	-
Kenya	799	-	-	-	-	-
Tanzania	-	-	-	-	-	-
Uganda	1,567	1,180	158	-	-	-
Rwanda	123	74	-	-	-	-
Zambia		-	-	-	-	-
Total	**10,889**	**7,540**	**4,896**	**6,937**	**4,107**	**6,370**

The table below includes Stage 2 and 3 assets that were modified with the related modification loss suffered by the Group.

	In USD'000	
Particulars	Stage 2	Stage 3
Gross Amortised cost	4,208	2,922
Net modification loss	(1,188)	(327)
Amortised cost after modification loss	**3,020**	**2,595**

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Most subsidiaries of ASAI are now able to attract third-party funding and various local currency and USD loans are in place.

Liquidity management is evaluated at the microfinance institution level and on a consolidated Group basis. Each of the Group's microfinance institutions are required to meet the financial obligations of its internal and external stakeholders. Failure to manage liquidity risks may cause the Group to lose business, miss opportunities for growth, or experience legal or reputational consequences. To mitigate its liquidity management risk, the Group has established liquidity management policies, published in its operation manual, finance manual and its treasury manual.

The Group is confident it will be able to meet the payment obligations under the aforementioned loans for various reasons, including but not limited to:

- The main class of assets are loans to customers. Due to the nature of the microfinance business the Company is engaged in these loans to customers have short-term maturities, hence the Company is in a position to generate a constant stream of cash inflows. The Company is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.
- As at 31 December 2020 the Company had a cash balance of USD 90.2 million (2019: USD 84.5 million).
- The Company is able to fund its operations and budgeted growth of its loan portfolio from new loan facilities supplied by third parties, security collateral and/or savings provided by its clients, and internally generated cash flows.

The table below shows undiscounted cash flow analysis of liabilities according to when they are expected to be recovered or to be settled.

Liabilities FY2020 in USD'000	On demand	<3 months	3-12 months	**Sub-total 1-12 months**	1-5 years	Over 5 years	**Sub-total >12 months**	No fixed maturity	**Total**
Debt issued and other borrowed Fund	32,496	26,347	125,928	**184,771**	142,143	15,272	**157,415**	-	**342,186**
Due to Customers	10,891	35,447	33,610	**79,948**	226	-	**226**	-	**80,174**
Lease liabilities	-	28	424	**452**	2,659	518	**3,177**	-	**3,629**
Derivative liabilities	-	451	1,025	**1,476**	671	-	**671**	-	**2,147**
Other Liabilities	588	6,376	2,862	**9,826**	635	-	**635**	23,394	**33,855**
Provisions	-	-	2,248	**2,248**	-	-	**-**	-	**2,248**
	43,975	**68,649**	**166,092**	**278,721**	**146,334**	**15,790**	**162,124**	**23,394**	**464,239**

Liabilities FY2019 in USD'000	On demand	<3 months	3-12 months	**Sub-total 1-12 months**	1-5 years	Over 5 years	**Sub-total >12 months**	No fixed maturity	**Total**
Debt issued and other borrowed funds	10,383	12,957	125,108	**148,448**	174,389	-	**174,389**	-	**322,837**
Due to customers	7,941	27,086	42,914	**77,941**	167	-	**167**	-	**78,108**
Lease liability	-	27	471	**498**	2,893	590	**3,483**	-	**3,981**
Derivative Liabilities	-	112	1,319	**1,431**	392	-	**392**	-	**1,823**
Other liabilities	442	4,239	4,090	**8,771**	118	-	**118**	23,192	**32,081**
Provisions	-	-	72	**72**	22	-	**22**	-	**94**
	18,766	**44,421**	**173,974**	**237,161**	**177,981**	**590**	**178,571**	**23,192**	**438,924**

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.2 Liquidity risk (continued)

The table below shows undiscounted cash flow analysis of assets according to when they are expected to be recovered or to settled.

Assets FY2020 in USD'000	On demand	<3 months	3-12 months	**Sub-total 1-12 months**	1-5 years	Over 5 years	**Sub-total >12 months**	No fixed maturity	**Total**
Cash at bank and in hand	68,763	2,771	18,631	**90,165**	-	-	**-**	-	**90,165**
Loans and advances to customers	29,~~338~~388	51,589	266,069	**347,046**	33,076	-	**33,076**	-	**380,122**
Due from banks	-	44,~~653~~753	5,843	**50,596**	2,218	-	**2,218**	20,465	**73,279**
Equity investments at FVOCI	-	-	-	**-**	-	-	**-**	238	**238**
Derivative assets	-	-	-	**-**	708	-	**708**	-	**708**
Other assets	-	2,647	7,633	**10,280**	3,125	-	**3,125**	195	**13,600**
	98,511	**101,760**	**298,176**	**498,087**	**39,127**	**-**	**39,127**	**20,898**	**558,112**

Assets FY2019 in USD'000	On demand	<3 months	3-12 months	**Sub-total 1-12 months**	1-5 years	Over 5 years	**Sub-total >12 months**	No fixed maturity	**Total**
Cash at bank and in hand	63,966	-	20,269	**84,235**	291	-	**291**	-	**84,526**
Loans and advances to customers	1,278	65,412	305,770	**372,460**	39,844	-	**39,844**	-	**412,304**
Due from banks	-	3,919	9,400	**13,319**	3,508	-	**3,508**	20,432	**37,259**
Equity investments at FVOCI	-	-	-	**-**	-	-	**-**	232	**232**
Derivative assets	-	-	-	**-**	-	-	**-**	-	**-**
Other assets	-	371	8,087	**8,458**	1,941	112	**2,053**	14	**10,525**
	65,244	**69,702**	**343,526**	**478,472**	**45,584**	**112**	**45,696**	**20,678**	**544,846**

Changes in liabilities arising from financing activities:

FY 2020	**1 January 2020**	**Cash flows**	**Non cash movement**	**Foreign exchange movement**	**31 December 2020**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt issued and borrowed funds	322,837	20,225	-	(876)	342,186
Lease liabilities	3,981	(4,389)	3,864	173	3,629
Total liabilities from financing activities	**326,818**	**15,836**	**3,864**	**(703)**	**345,815**

FY 2019	**1 January 2019**	**Cash flows**	**Non cash movement**	**Foreign exchange movement**	**31 December 2019**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt issued and borrowed funds	280,082	49,732	-	(6,977)	322,837
Lease liabilities	3,723	(4,227)	4,562	(77)	3,981
Total liabilities from financing activities	**283,805**	**45,505**	**4,562**	**(7,054)**	**326,818**

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.3 Foreign exchange rate risk

Currency risk is the possibility of financial loss to the Group arising from adverse movements in foreign exchange rates. Currency risk is a substantial risk for the Group, as most loans to MFIs and borrowers are in local currency in countries where currency depreciation against the USD is often considered less predictable. At present the Group manages currency risk mainly through natural hedging, i.e. by matching the MFI's local currency assets consisting of the MFI's loan portfolio with local currency liabilities. The Group's risk policy allows the Group treasurer the possibility of hedging with instruments such as swaps and forward contracts if and when appropriate. In order to mitigate the foreign exchange risk on foreign currency loans, ASA India, ASA Pakistan, ASA Myanmar, ASA Sierra Leone and ASA Tanzania has entered into hedging agreements. The Group applies hedge accounting to the foreign currency loans and related hedge contracts. Reference is made to note 36.

While the Group faces significant translation exposure on its equity investments in local MFIs (as the functional currency of the Group is USD), the policy is not to hedge equity investments since the currency translation gain and loss on the latter do not affect the net profit of the Group.

In summary, the Group takes a number of measures to manage its foreign currency exposure:

- Investments are only made in countries that show a reasonable level of macroeconomic stability. A detailed macroeconomic and socio-political assessment is carried out before the Group decides to invest in a certain country.
- The Group endeavours to procure its MFIs to secure local currency loans (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.

Simulation: Foreign currency translation reserve

	FX translation reserve Actual	FX translation reserve after -10% rate	Movement	FX translation reserve Actual	FX translation reserve after -10% rate	Movement
	2020	2020	2020	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	(22,987)	(27,440)	(4,453)	(20,998)	(24,392)	(3,395)
East Africa	(1,477)	(2,967)	(1,490)	(839)	(2,246)	(1,357)
South Asia	(18,402)	(23,979)	(5,110)	(16,863)	(21,987)	(5,125)
South East Asia	137	(1,745)	(1,882)	(2,035)	(3,985)	(1,950)
Non-operating entities	(362)	89	(17)	(308)	(314)	(5)
Total	**(43,091)**	**(56,042)**	**(12,952)**	**(41,043)**	**(52,924)**	**(11,832)**

Analysis of the actual exchange rate fluctuations against the USD for the period 2020 shows different trends for the all operating currencies. The annual exchange rate fluctuations are between -1% and 33%, but most moved within -1% to 9%. For the simulation of foreign currency effects the Company has therefore assumed a maximum 10% movement year on year in these currencies as compared to USD.

The following overview shows the actual foreign currency exchange results by country for 2020 as well as the simulation of the impact of a 10% downward movement of the FX rates on the foreign exchange results.

As at 31 December 2020 a 10% downward movement of FX rates against the USD has a negative impact on the foreign currency exchange result of USD 0.8 million (2019: USD 1.5 million). The higher impact on the result of the Company results from increase in short term intercompany USD loans which cannot be hedged.

Simulation: Foreign exchange profit and loss

	Foreign exchange profit and loss actual	Foreign exchange profit and loss after -10% rate	Movement	Foreign exchange profit and loss actual	Foreign exchange profit and loss after -10% rate	Movement
	2020	2020	2020	2019	2019	2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	(94)	(212)	(117)	(208)	(449)	(241)
East Africa	24	(604)	(628)	(39)	(347)	(308)
South Asia	(192)	(204)	(12)	10	154	144
South East Asia	842	797	(45)	199	(455)	(654)
Non-operating entities	(74)	(114)	(40)	(257)	(739)	(482)
Total	**506**	**(337)**	**(842)**	**(295)**	**(1,836)**	**(1,541)**

29. RISK MANAGEMENT (continued)

29.4 Financial Risk (continued)

29.4.4 Interest rate risk

Interest rate risk is the risk that profitability is affected by fluctuations in interest rates. The greatest interest rate risk the Group experiences occurs when the cost of funds increases faster than the Group can or is willing to adjust its lending rates. The Group's strategy in evaluating and managing its interest rate risk is to consider any risk at the pre-investment stage, to conduct a cost of funds analysis and to consider interest rates in particular, where there is a limit on the amount of interest it may charge, such as in India and Myanmar.

The credit methodology of the MFIs determines that loans to microfinance clients have short-term maturities of less than one year and at fixed interest rates. Third-party loans to MFIs, sourced from both local and international financial institutions, mostly have relative short terms between one and three years. 27% of the consolidated debt has variable interest rates. Depending on the extent of the exposure and hedging possibilities with regard to availability of hedging instruments and related pricing, the Group might actively hedge its positions to safeguard the Group's profits and to reduce the volatility of interest rates by using forwards, futures and interest rate swaps. The very short tenor of the loans provided to microfinance dampens the effect of interest rate fluctuations. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

			2020		2019	
	Increase in Basis points	**Decrease in Basis points**	Effect on profit before tax		Effect on profit before tax	
			USD'000	**USD'000**	**USD'000**	**USD'000**
USD	+100	-100	397	(425)	527	(527)
PKR	+100	-100	127	(127)	137	(137)
INR	+100	-100	159	(159)	213	(213)

29.5 Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting. In terms of non-hedged loans, the Group has loans linked to USD LIBOR which will mature after cessation date. The Group is in the process of amending contracts of those affected loans.

The treasury and risk department have started the process to monitor and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The department reports to the Company's board of directors and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

Derivatives

The Group holds cross currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to either Euribor or LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

ISDA is currently reviewing its standardised contracts in the light of IBOR reform and plans to amend certain floating-rate options in the 2006 ISDA definitions to include fallback clauses that would apply on the permanent discontinuation of certain key IBORs. ISDA is expected to publish an IBOR fallback supplement to amend the 2006 ISDA definitions and an IBOR fallback protocol to facilitate multilateral amendments to include the amended floating-rate options in derivative transactions that were entered into before the date of the supplement. The Group currently plans to adhere to the protocol if and when it is finalised and to monitor whether its counterparties will also adhere. If this plan changes or there are counterparties who will not adhere to the protocol, the Group will negotiate with them bilaterally about including new fallback clauses.

29. RISK MANAGEMENT (continued)

29.5 Managing interest rate benchmark reform and associated risks (continued)

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2020. The Group's hedged items and hedging instruments continue to be indexed to Euribor or LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts and the Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future.

In terms Group's LIBOR cash flow hedging relationships, all the contracts will mature before the anticipated cessation date of June 2023. In terms of non-hedged loans, the Group has loans linked to USD LIBOR which will mature after cessation date. The Group is in the process of amending contracts of those affected loans.

29.6 Legal and compliance risk

Legal and compliance risks in the countries that the subsidiaries or MFIs are active in will be mitigated through continuous monitoring of the regulatory and legal environment, through inter alia tier-one law firms and the local corporate secretaries and compliance officers in certain countries. In most countries the relevant microfinance subsidiary also maintains direct relationships with the regulator, including central banks. In addition, the Group believes it is, through its local and international network, well positioned to identify any relevant changes in the law that will have a material impact on any of the businesses it invests in. A number of investments in the MFIs are made by ASAI NV in the Netherlands. The Netherlands has entered into an extensive network of Bilateral Investment Treaties that offer compensation in case any of such investments are nationalised or expropriated by a country in which an investment is made. Currently the investments in the Philippines, Sri Lanka, Uganda, Kenya and Ghana are owned by ASAI NV, an indirectly owned but wholly controlled subsidiary of the Group.

Product transparency is also key to the Group's strategy in mitigating its legal and compliance risk. Because the education and knowledge levels of the Group's target clients are low, the Group aims to be transparent in its products and prices. The Group established a Legal and Compliance department headed by the General Counsel. The General Counsel assigns and supervises all legal matters involving the Group. The General Counsel, Deputy General Counsel and Group Compliance Manager establish and maintain an operationally independent Compliance function at the corporate level led by the Group. Whilst the General Counsel bears overall responsibility for the Compliance function, the General Counsel has delegated day-to-day responsibility for managing the Compliance function to the Group Compliance Manager who performs the compliance duties independently. The Group Compliance Manager is responsible for overseeing and implementing the Group compliance framework, including the Group compliance policy (the Compliance Policy). The Compliance Policy sets out the principles and standards for compliance and management of compliance risks in the Group. The Group seeks to reduce compliance risks taking into account the nature, scale and complexity of the business and ensures the policies are in alignment with the Group strategy and its core values.

29.7 Strategic risk

Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the environment. The Group evaluates its strategic risk by analysing its cost reduction and growth, its liquidity management and its competition and reputational risk.

Competition and reputational risk are frequent in the microfinance industry. The Group defines reputational risk as the risk to earnings or capital arising from negative public opinion. The Group believes that reputational risk may impact its ability to sell products and services or may limit its access to capital or cash funds. To mitigate any competition or reputational risk, the Group evaluates the introduction of highly subsidised competitors, movements in average borrowing rates, and information sharing with different agencies.

30. COMMITMENTS

The Group agreed certain commitments to BC Partners under the BC model in ASAI India. Reference is made to note 13. As per the current model ASAI India holds 5% risk on the portfolio managed on behalf of IDFC. Similar commitments were agreed with MAS Financial Services Ltd in India. As of 31 December 2020, the risk of the Group on such BC portfolio stands at USD 2.2 million (2019: USD 2.5 million).

There are no other contingent liabilities at the balance sheet date except for the pending litigation claims disclosed in note 33.

31. RELATED PARTY DISCLOSURES

31.1 Key management personnel

In 2017 ASAI Management Services Ltd ("AMSL") was incorporated by the Company in Bangladesh and from 1 April 2018 all staff deployed in Dhaka are on the pay-roll of AMSL or ASAIH. The Dhaka office is managed by a team of seasoned microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting microfinance institutions across Asia and Africa. In addition to supervising the performance of the Group's local microfinance institutions, executive management in Dhaka is primarily responsible for finance and accounts, risk management, audit, IT, human resource management, and corporate secretarial functions for the Group. The Amsterdam office, which hosts executive management (including the Chief Executive Officer), provides specialised accounting, finance, legal, corporate and compliance functions along with investment, treasury, (international) tax and funding, as well as the management of business development projects. All Amsterdam based staff are on the payroll of ASAI NV. In 2020, all Dhaka based Directors were also brought under the payroll of ASAI NV.

The remuneration for the Non-Executive Chairman, CEO and Executive Director are paid by ASA International Group plc.

Remuneration of Directors

In 2020, the Directors of the Group received total compensation of USD 1.2 million (2019: USD 1.2 million).

Total remuneration to key management personnel of the Group

	2020	**2019**
	USD'000	**USD'000**
Short-term employee benefit	2,018	1,919
Post-employment pension and medical benefit	-	-
Termination benefit	-	-
Share based payment transaction	-	-
	2,018	**1,919**

Total remuneration takes the form of short-term employee benefits. In 2020, total remuneration paid to key management personnel of the Group amounted to USD 2.0 million (2019: USD 1.9 million).

No retirement benefits are accruing to Directors under defined benefit schemes. The aggregate of emoluments and amounts receivable under incentive schemes of the highest paid Director was USD 425K.

31.2 Reporting dates of subsidiaries

All of the Group's subsidiaries have reporting dates of 31 December, with the exception of ASAI India, Proswift, Pinoy, Pagasa Consultancy and ASA Myanmar (where the market standard reporting date is 31 March). These entities have provided financial statements for consolidation purposes for the year ended 31 December.

31. RELATED PARTY DISCLOSURES (continued)

31.3 Subsidiaries

	Country of Incorporation	2020 ownership	2019 ownership
ASAIH subsidiaries:			
ASA Consultancy	Ghana	100%	100%
ASA India	India	74.70%	74.70%
Pagasa Consultancy	India	99.99%	99.99%
Pinoy	India	99.99%	99.99%
Proswift Consultancy:	India	99.99%	99.99%
ASA India	India	15.31% [1]	15.31%
Pagasa	The Philippines	N/A [2]	N/A [1]
PT PAGASA Consultancy	Indonesia	99.00%	99.00%
A1 Nigeria	Nigeria	100%	100%
ASHA MFB	Nigeria	99.99%	99.99%
ASIEA	Nigeria	N/A [3]	N/A [2]
ASA Pakistan	Pakistan	99.99%	99.99%
ASA Tanzania	Tanzania	99.99%	99.99%
ASA Myanmar	Myanmar	99.99%	99.99%
ASA Zambia	Zambia	99.99%	99.99%
ASA Rwanda	Rwanda	99.99%	99.99%
ASA Sierra Leone	Sierra Leone	99.99%	99.99%
ASAI NV subsidiaries:	The Netherlands	N/A	N/A
PPFC	The Philippines	100%	100%
ASA Leasing	Sri Lanka	100%	100%
ASA S&L	Ghana	100%	100%
CMI Lanka	Sri Lanka	99.99% [4]	99.99% [3]
Lak Jaya	Sri Lanka	97.14%	97.14%
ASA Lanka	Sri Lanka	100%	100%
ASA Kenya	Kenya	100% [5]	100% [4]
ASA Uganda	Uganda	99.99%	99.99%
AMSL	Bangladesh	95%	95%
ASAI I&M	The Netherlands	100%	100%

1 *Calcutta High court approved the merger of ASA India and Proswift on 19 December 2020. Final Confirmation is pending.*
2 *ASAI officials/representatives control the governing body and the Board.*
3 *ASAHA MFB purchased the assets and liabilities of ASIEA . The process was completed by 1 April 2020.*
4 *This refers to the beneficial ownership only. The legal ownership is held by CMI.*
5 *ASAIH holds 0.5% of the shares.*

31.4 Relationship Agreement

Relationship agreement with the Controlling Shareholder Group

The Group, CMI, Catalyst Continuity and Mr. Dirk Brouwer and Mr. Md. Shafiqual Haque Choudhury (CMI, Catalyst Continuity Ltd and Mr. Dirk Brouwer and Mr. Md. Shafiqual Haque Choudhury jointly the “Controlling Shareholders”) have entered into a relationship agreement (the “Relationship Agreement”), the principal purpose of which is to ensure that the Group will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates and that all transactions and relationships between the Group and the Controlling Shareholder Group are at arm’s length and on a normal commercial basis.

For so long as the Group has a controlling shareholder, the articles allow for the election of any independent Director to be approved by separate resolutions of (i) the shareholders' and (ii) the shareholders excluding any controlling shareholder. If either of the resolutions is defeated, the Group may propose a further resolution to elect or re-elect the proposed independent Director which (a) may be voted on within a period commencing 90 days and ending 120 days from the original vote, and (b) may be passed by a vote of the shareholders voting as a single class. Furthermore, in the event that the Group wishes the Financial Conduct Authority of the United Kingdom (“FCA”) to cancel the listing of the shares on the premium segment of the official list maintained by the FCA or transfer the shares to the standard listing segment of the official list of the FCA, the Group must obtain at a general meeting the prior approval of (i) a majority of not less than 75% of the votes attaching to the shares voted on the resolution and (ii) a majority of the votes attaching to the shares voted on the resolution excluding any shares voted by a controlling shareholder.

In all other circumstances, each of CMI and Catalyst Continuity has, and will have, the same voting rights attached to the shares as all other shareholders.

31. RELATED PARTY DISCLOSURES (continued)

31.5 Other related parties

A list of related parties with which ASA International has transactions is presented below. The transactions in 2020 and 2019 and the balances per the end of the year 2020 and 2019 with related parties can be observed in notes below. Related party transactions take place at arm's length conditions.

Name of related party	Relationship
CMI	Major shareholder (2020: 30.4%, 2019: 30.4%)
Sequoia	Service provider to the Company
ASA NGO Bangladesh	Service provider to the Company
MBA Philippines	Business partner
IDFC	Minority shareholder in ASA India
ASAICH and CMIIH	Subsidiaries of CMI
CMIMC	Holding company of founders CMI
CMIC	Investment manager of CMI
CMII	Subsidiary of CMI
ASA Social Services	Service provider to the Parent
CIMS BV	Service provider to the Parent

		Income from related parties USD'000	Expenses to related parties USD'000	Amount owed by related parties USD'000	Amount owed to related parties USD'000
CMI	31 December 2020	-	-	-	20,466
	31 December 2019	-	-	173	21,179
CMIC	31 December 2020	-	-	-	-
	31 December 2019			1	
Sequoia	31 December 2020	158	71	52	60
	31 December 2019	109	127	-	68
ASA Bangladesh	31 December 2020	-	-	-	-
	31 December 2019	-	61	189	-
MBA Philippines	31 December 2020	603	-	225	457
	31 December 2019	745	-	220	125
ASAICH	31 December 2020	-	-	108	-
	31 December 2019	-	-	108	-
CMIMC	31 December 2020	-	-	-	-
	31 December 2019	-	-	-	109
IDFC	31 December 2020	4,166	-	2,187	1,638
	31 December 2019	3,903	-	450	701
Catalyst Continuity	31 December 2020	-	-	-	-
	31 December 2019	-	-	16	-
CIMS BV	31 December 2020	-	-	6	-
	31 December 2019	-	-	-	-
ASA Social Services	31 December 2020	-	-	-	-
	31 December 2019	-	-	13	-
CMII	31 December 2020		-	6	-
	31 December 2019	-	-	-	-

31. RELATED PARTY DISCLOSURES (continued)

31.6 Non-controlling interest

The Company reports non-controlling interest ("NCI") in its subsidiaries ASA India and Lak Jaya. The NCI in ASA India, having its principal place of business in India, amounts to 9.99%. ASA India did not pay any dividend in 2020. The NCI in Lak Jaya, having its principal place of business in Sri Lanka, amounts to 2.86%. Lak Jaya did not declare any dividend in 2020.

The summarised financial information of Lak Jaya and ASAI India as at 31 December 2020 is as follows:

	31 December 2020		**31 December 2019**	
	Lak Jaya USD'000	**ASA India USD'000**	**Lak Jaya USD'000**	**ASA India USD'000**
Current assets	11,275	163,656	12,196	164,318
Non-current assets	607	6,133	517	2,436
Current liabilities	7,722	145,586	7,681	135,724
Non-current liabilities	467	2,435	440	1,940
Net operating income	1,718	2,072	3,481	16,589
Profit	(805)	(6,520)	136	4,823
Non-controlling interest	106	2,175	131	2,907

The following table summarises financial information for each subsidiary that has material non-controlling interest to the Group. The voting rights are similar to NCI's shareholding percentage in India but in the case of Lak Jaya the Group holds 91.3% of the voting rights. The amounts disclosed for each subsidiary are before inter-company eliminations:

	31 December 2020		**31 December 2019**	
	Lak Jaya USD'000	**ASA India USD'000**	**Lak Jaya USD'000**	**ASA India USD'000**
Total no. of shares	10,704,955	195,950	10,704,955	195,950
Shares held by ASAI Group	10,398,950	176,369	10,398,950	176,369
Shares held by NCI	306,005	19,581	306,005	19,581
NCI %	2.860%	9.994%	2.860%	9.994%

	31 December 2020		**31 December 2019**	
	Lak Jaya USD'000	**ASA India USD'000**	**Lak Jaya USD'000**	**ASA India USD'000**
Summarised statement of financial position:				
Net assets	3,694	21,768	4,592	29,090
Net assets attributable to NCI	106	2,175	131	2,906
Summarised statement of profit or loss and other comprehensive income:				
Net operating income	1,718	2,072	3,481	16,589
Profit after tax	(805)	(6,520)	136	4,823
Profit allocated to NCI	(23)	(652)	4	482
Dividend paid to NCI	-	-	-	-
Summarised statement of cash flow:				
Cash flow from operation activities	177	3,624	1,660	(22,053)
Cash flow from investing activities	(3)	(77)	(29)	(326)
Cash flow from financing activities	(225)	(9,535)	(1,612)	42,395
Net cash flow attributable to NCI	(1)	(598)	1	2,000

Reference to note 31.3, the remaining shares in Pagasa Consultancy, Pinoy, Proswift Consultancy, A1 Nigeria, ASHA Nigeria, ASA Pakistan, ASA Tanzania, PPFC, ASA Uganda, CMI Lanka and AMSL is held either by employee's nominated by the Group or by ASAI I&M, CMI or CMII. Hence those are not treated as non-controlling shares.

32. SUBSEQUENT EVENTS DISCLOSURE

Most of the loan agreements are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. Some subsidiaries did not fulfil some of the ratios as required in contracts. Out of total loans of USD 342 million, USD 198 million had breached loan covenants as at year end. The Group was able to receive waivers from most of the lenders. As of 31 December 2020, the balance for credit lines with breached covenants without waivers is USD 31.5 million, which are fully drawn. The Group has received waivers amounting to USD 10 million and fully repaid loans amounting to USD 6.9 million after the balance sheet date. The Group is in discussions with the lenders for waivers on the remaining balance and expects those waivers will be in place in the second quarter of 2021.

The Company expects the operating environment to remain challenging in many countries. Although we assume that the disruption caused by COVID-19 will continue to reduce over time, the pandemic will still have a material impact on the financial performance of the Group in 2021 in terms of overdue and write-offs on the loan portfolio, the disbursement of new loans, and the profitability of the Group as some subsidiaries are facing new waves of infections. We expect that in some markets the overdue will remain temporarily high.

The Reserve Bank of India proposed new uniform regulations for all lenders in microfinance, including banks, which had fewer restrictions so far compared to NBFC-MFIs. This may have a positive impact on NBFC-MFIs, including ASA India. There is a threat of government intervention, including possible loan and/or interest waivers, in the microfinance sector in the State of Assam following aggressive lending practices in the certain districts of the State.

Disruptions and civil unrest in Myanmar following the military's takeover of the government in February 2021 with nationwide protests and any related governmental measures could have a material impact on our performance in that country.

ISDA has published new fallbacks for derivatives linked to key interbank offered rates (IBORs) in January 2021 to ensure a viable safety net is in place in the event an IBOR becomes permanently unavailable while firms continue to have exposure to that rate. The fallbacks for a particular currency will apply following a permanent cessation of the IBOR in that currency. For derivatives that reference LIBOR, the fallbacks in the relevant currency would also apply following a determination by the UK Financial Conduct Authority that LIBOR in that currency is no longer representative of its underlying market. In each case, the fallbacks will be adjusted versions of the risk-free rates identified in each currency. The Group plans to adhere to the protocol.

At the current time, it is not possible to estimate the financial impact on the Group of the above mentioned post-balance sheet events. The Group has performed several scenario forecasts to establish its going concern assessment and these are detailed in note 2.1. These incidents have been treated as post-balance sheet non-adjusting events.

33. CONTINGENT

LIABILITIES ASAI India

A demand was raised by income tax authorities after the disallowance of some expenditures such as the misappropriation of funds, gratuity etc. for the assessment years (AY) 2011-2012 and 2012-2013. The disallowance amount for AY 2011-2012 is USD 177K and for AY 2012-2013 is USD 69K. The matters are pending before the Commissioner of Taxes (Appeals) and no provision has been created.

A demand has been raised by the income tax authorities for USD 1.1 million for the AY 2012-13 in December 2019 which has been challenged before the concerned assessing officer. ASAI India has also applied for a stay order of the demand. No provision is created for such demand as management concludes that the merit of such demand is low.

Lak Jaya

A demand was raised by the Department of Inland Revenue ('IRD') for 2016-2017 and 2017-2018 amounting to USD 332K and USD 412K respectively by disallowing certain expenses. The Company has filed an appeal and submitted necessary documentation. The matter is pending to commissioner of IRD. No provision is taken in the financial statement against such demand as management concludes that the merit of such demand is low.

ASA Uganda

Demand was raised by the Uganda Revenue Authority ('URA') for 2016–2020 amounting to USD 288K by disallowing certain expenses. The management filed an appeal to the Appellate tribunal against such order. The matter is resolved in March 2021 at USD 57K.

34. CAPITAL MANAGEMENT

The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge KT13 0TS, United Kingdom. The Company listed its shares on the premium listing segment of the London Stock Exchange on 18 July 2018. The Group is not subject to externally imposed capital requirements and has no restrictions on the issue and re-purchase of ordinary shares.

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2020, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

35. FINANCIAL INSTRUMENTS

The table below shows the classification of financial instruments, as well as the fair value of those instruments not carried at fair value.

	Carrying values		Fair values	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	USD'000	USD'000	USD'000	USD'000
ASSETS				
Equity investments at FVOCI	238	232	238	232
Derivative assets	708	-	708	-
Loans and advances to customers	380,122	412,304	380,122	412,304
Due from banks	73,279	37,259	73,279	37,259
Other assets	7,057	5,401	7,057	5,401
Cash at bank and in hand	90,165	84,526	90,165	84,526
LIABILITIES AND EQUITY				
Financial liabilities measured at amortised cost				
Debt issued and borrowed funds	342,186	322,837	342,186	322,837
Due to customers	80,174	78,108	80,174	78,108
Derivative liabilities	2,147	1,823	2,147	1,823
Other liabilities	33,855	32,081	33,855	32,081

- The carrying amounts of Cash and cash equivalents, Due from banks, Due to customers, Other assets and Other liabilities approximate the fair value due to the short-term maturities of these items;
- Loans and advances to customers are carried at amortised cost net of ECL. Furthermore, the term of the loans to the microfinance borrowers are short (six to twelve months). Due to these circumstances, the carrying amount approximates fair value;
- Regarding the "Debt issued and other borrowed funds", this amount reflects the loans from third parties on holding level as well as the loans provided by third parties directly to the subsidiaries of ASA International. The loans are held at amortised cost. The carrying amount is the best approximation of the fair value.

36. HEDGE ACCOUNTING

Forward contracts

The Group applies hedge accounting to USD and Euro loans provided to subsidiaries reporting in foreign currencies and the related forward contracts. The foreign currency risk exposure of the USD and Euro loans and the potential negative impact on net result of the subsidiaries are being mitigated by way of these forward contracts. Any positive impact is therefore also limited. ASA International has only entered into non-deliverable forward contracts. Management considers the hedges as cash flow hedges. The formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are documented in the individual files and memos for every forward contract.

Swap

At 31 December 2020, the Group had two cross-currency interest rate swap agreements in place.

1) A swap with a notional amount of USD 3 million was entered on 25 July 2019 by ASAI India whereby ASAI India pays a fixed rate of interest of 11.8% in Indian Rupee (INR) and receives interest at a variable rate equal to six months LIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six months LIBOR +4.3% USD loan.

2) Another swap with a notional amount of Euro 10 million on 9 December 2019 by the same whereby the ASAI India pays a fixed rate of interest of 12.55% in INR and receives interest at a variable rate equal to six months EURIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six months Euribor +4.3% Euro loan.

36 HEDGE ACCOUNTING (continued)

The Group applies the qualitative approach for prospective testing effectiveness because the critical terms of the hedged items and hedging instruments are identical. The Company applies a rollover hedge strategy when no forward instruments are available at reasonable pricing for the full term of the hedged item. In those cases, the Company accepts a rollover risk. Retrospective effectiveness is measured by comparing the change in the fair value of the actual derivative designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward contracts and swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap and forward contracts are identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:
• Different interest rate curve applied to discount the hedged item and hedging instrument
• Differences in the timing of the cash flows of the hedged items and the hedging instruments

The Group assessed it had no ineffectiveness during 2020 in relation to the foreign currency hedges.

Reference is made to note 29.4.3 for the strategy for currency exchange risk. Additional information on the hedged items and hedging instruments as per 31 December 2020 is provided below:

As at 31 December 2020	**ASA Pakistan**	**ASA Sierra Leone**	**ASA Myanmar**	**ASA Tanzania**	**ASA India**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Fair value of Derivative assets	-	-	-	-	708	708
Fair value of Derivative liabilities	953	51	1,073	70	-	2,147
Notional amount hedged foreign currency loans	26,800	2,000	4,800	4,000	16,482	54,082
Period in which the cash flows are expected to occur:						-
cash flows in 2021	26,800	-	1,800	4,000	609	33,209
cash flows in 2022	-	2,000	2,000	-	15,872	19,872
cash flows in 2023	-	-	1,000	-	-	1,000
Total cash flows	**26,800**	**2,000**	**4,800**	**4,000**	**16,481**	**54,081**
Expected period to enter into the determination of profit or loss:						
amortisation of forward points in 2021	955	335	414	41	32	1,777
amortisation of forward points in 2022	-	289	153	-	29	471
amortisation of forward points in 2023	-	-	11	-	-	11
Total amortisation of forward points	**955**	**624**	**578**	**41**	**61**	**2,259**
Amounts recognised in OCI during the period:						
for amortisation of forward points/currency basis spread	2,209	44	734	129	31	3,147
for adjustment of net interest on swap	-	-	-	-	994	994
for changes in fair value of the forward contracts/ swaps	(1,061)	(51)	(1,412)	(149)	283	(2,390)
for recycling of FX result of foreign currency loans	(862)	(17)	870	(38)	(1,382)	(1,429)
Total amounts recognised in OCI during the period	**286**	**(24)**	**192**	**(58)**	**(74)**	**322**

36 HEDGE ACCOUNTING (continued)

As at 31 December 2019	ASA Pakistan	PPFC	ASA Myanmar	ASA Tanzania	ASAI India	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Fair value of Derivative assets	-	-	-	-	-	-
Fair value of Derivative liabilities	717	-	865	77	164	1,823
Notional amount hedged foreign currency loans	26,508	-	10,300	2,500	16,141	55,449
Period in which the cash flows are expected to occur:	-	-	-	-	-	-
cash flows in 2020	26,508	-	6,500	2,500	644	36,152
cash flows in 2021	-	-	1,800	-	641	2,441
cash flows in 2022	-	-	2,000	-	14,856	16,856
Total cash flows	**26,508**	**-**	**10,300**	**2,500**	**16,141**	**55,449**
Expected period to enter into the determination of profit or loss:						
amortisation of forward points in 2020	1,420	-	590	80	33	2,123
amortisation of forward points in 2021	-	-	266	-	33	299
amortisation of forward points in 2022	-	-	32	-	30	62
Total amortisation of forward points	**1,420**	**-**	**888**	**80**	**96**	**2,484**
Amounts recognised in OCI during the period:						
for amortisation of forward points/currency basis spread	1,932	-	990	204	3	3,129
for adjustment of net interest on swap	-	-	-	-	117	117
for changes in fair value of the forward contracts/ swaps	1,482	(37)	(1,255)	(262)	(164)	(236)
for recycling of FX result of foreign currency loans	(3,488)	3	381	102	(290)	(3,292)
Total amounts recognised in OCI during the period	**(74)**	**(34)**	**116**	**44**	**(334)**	**(282)**

As at 31 December 2019	Changes in fair value of hedging instruments		
	Effective portion: Recognised in OCI	Hedge ineffectiveness: Recognised in income statement	Total
	USD'000	USD'000	USD'000
Cash flow hedge			
Forward contracts	396	-	396
Cross-currency interest rate swap	(74)	-	(74)
	(322)	**-**	**(322)**

As at 31 December 2019	Changes in fair value of hedging instruments		
	Effective portion: Recognised in OCI	Hedge ineffectiveness: Recognised in income statement	Total
	USD'000	USD'000	USD'000
Cash flow hedge			
Forward contracts	52	-	52
Cross-currency interest rate swap	(334)	-	(334)
	(282)	**-**	**(282)**

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Loans and advances to customers are based on the same expected repayment behaviour as used for estimating the EIR. Debt issued and other borrowed funds reflect the contractual repayments except for debts, where no waivers has been received against breached covenants. Those borrowings are presented on demand.

As at 31 December 2020	**Within 12 months**	**After 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**
Assets			
Cash at bank and in hand	90,165	-	90,165
Loans and advances to customers	347,046	33,076	380,122
Due from banks	50,596	22,683	73,279
Equity investment at FVOCI	-	238	238
Property and equipment	-	4,617	4,617
Right-of-use assets	1,145	4,050	5,195
Deferred tax assets	-	11,303	11,303
Derivative assets	-	708	708
Other assets	10,280	3,320	13,600
Goodwill	-	33	33
Total assets	**499,232**	**80,028**	**579,260**
Liabilities			
Debt issued and other borrowed funds	184,~~171~~771	157,415	342,186
Due to customers	79,948	226	80,174
Retirement benefit liability	89	5,357	5,446
Current tax liability	2,502	-	2,502
Lease liability	452	3,177	3,629
Derivative liabilities	1,476	671	2,147
Other liabilities	9,826	24,029	33,855
Provisions	2,248	-	2,248
Total liabilities	**281,312**	**190,875**	**472,187**
Net	**217,920**	**(110,847)**	**107,073**

As at 31 December 2019	**Within 12 months**	**After 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**
Assets			
Cash at bank and in hand	84,235	291	84,526
Loans and advances to customers	372,460	39,844	412,304
Due from banks	13,319	23,940	37,259
Equity investment at FVOCI	-	232	232
Property and equipment	-	5,331	5,331
Right-of-use assets	1,085	4,797	5,882
Deferred tax assets	-	3,865	3,865
Derivative assets	-	-	-
Other assets	8,458	2,067	10,525
Goodwill	-	34	34
Total assets	**479,557**	**80,401**	**559,958**
Liabilities			
Debt issued and other borrowed funds	148,448	174,389	322,837
Due to customers	77,941	167	78,108
Retirement benefit liability	32	3,341	3,373
Current tax liability	6,416	-	6,416
Deferred tax liability	7	69	76
Lease liability	498	3,483	3,981
Derivative liabilities	1,431	392	1,823
Other liabilities	8,771	23,310	32,081
Provisions	72	22	94
Total liabilities	**243,616**	**205,173**	**448,789**
Net	**235,941**	**(124,772)**	**111,169**

38. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

There are no share options which will have a dilutive effect on EPS. Therefore, the Company does not have dilutive potential ordinary shares and diluted earnings per share calculation is not applicable.

The following table shows the income and share data used in the basic and diluted EPS calculations:

	2020	2019
	USD'000	USD'000
Net profit attributable to ordinary equity holders of the parent	-720	34,011
Weighted average number of ordinary shares for basic earnings per share	100,000,000	100,000,000
Earnings per share	**USD**	**USD**
Equity shareholders of the parent for the year:		
Basic earnings per share	-0.01	0.34
Diluted earnings per share	-0.01	0.34

The Company has applied the number of shares issued by ASA International Group plc as at 31 December 2020 and 31 December 2019. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of the unaudited preliminary financial statements which would require the restatement of EPS. No dividend is declared for the year 2020 (2019: USD 7.3 million).

The following table shows the dividend per share:

Dividend per share	0.00	0.07

UNAUDITED PRELIMINARY STATUTORY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 USD'000	2019 USD'000
Interest and similar income		2	15
Dividend income		1,000	30,683
Net revenue		**1,002**	**30,698**
Personnel expenses	39.	(1,177)	(1,167)
Professional fees	39.1.	(1,404)	(1,430)
Administrative expenses		(1,236)	(103)
Exchange rate differences		(5)	119
Total operating expenses		**(3,822)**	**(2,581)**
Profit before tax		**(2,820)**	**28,117**
Profit/Total comprehensive profit for the period, net of tax		**(2,820)**	**28,117**

UNAUDITED PRELIMINARY STATUTORY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 USD'000	2019 USD'000
ASSETS			
Cash at bank and in hand		359	1,345
Due from banks	14.1.	20,465	20,432
Investment in subsidiaries	40.	120,684	120,684
Other assets	41.	274	127
TOTAL ASSETS		**141,782**	**142,588**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	42.	1,310	1,310
Retained earnings	44.	92,508	95,328
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**93,818**	**96,638**
LIABILITIES			
Other liabilities	45.	47,964	45,950
TOTAL LIABILITIES		**47,964**	**45,950**
TOTAL EQUITY AND LIABILITIES		**141,782**	**142,588**

UNAUDITED PRELIMINARY STATUTORY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Issued capital	Redeemable preference shares	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000
At 1 January 2019	**1,310**	**66**	**74,511**	**75,887**
Profit for the period	-	-	28,117	**28,117**
Total comprehensive loss for the period	**1,310**	**66**	**102,628**	**104,004**
Redemption of redeemable preference shares	-	(66)	-	**(66)**
Dividend	-	-	(7,300)	**(7,300)**
At 31 December 2019	**1,310**	**-**	**95,328**	**96,638**
At 1 January 2020	**1,310**	**-**	**95,328**	**96,638**
Profit for the period	-	-	(2,820)	**(2,820)**
Total comprehensive loss for the period	**1,310**	**-**	**92,508**	**93,818**
Dividend			-	-
At 31 December 2020	**1,310**	**-**	**92,508**	**93,818**

UNAUDITED PRELIMINARY STATUTORY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		USD'000	**USD'000**
OPERATING ACTIVITIES			
Profit before tax		(2,820)	28,117
Adjustment for movement in:			
Operating assets	46.	(180)	1,626
Operating liabilities	46.	1,514	(21,098)
Non-cash items	46.	-	-
Net cash flows used in operating activities		**(1,486)**	**8,645**
FINANCING ACTIVITIES			
Dividend paid		-	(7,300)
Loan received		500	-
Net cash flows used in financing activities		**500**	**(7,300)**
Net increase in cash and cash equivalents		(986)	1,345
Cash and cash equivalents at the beginning of the period		1,345	-
Cash and cash equivalents as at 31 December		**359**	**1,345**

Separate unaudited preliminary financial statements

The accounting policies applied in the unaudited preliminary statutory financial statements are similar to those used in the unaudited preliminary consolidated financial statements except for investments in subsidiaries. Investments in subsidiaries are accounted in the unaudited preliminary separate financial statements, using the cost method.

At each reporting date it is determined whether there is objective evidence that the investment in the subsidiaries is impaired. If there is such evidence, a calculation will be made for the impairment amount as the difference between the recoverable amount of the subsidiaries and its carrying value.

39. TOTAL OTHER OPERATING EXPENSES

Total operating expenses include the following items:	Notes	2020 USD'000	2019 USD'000
Personnel expenses		(1,177)	(1,167)
Professional fees	39.1.	(1,404)	(1,430)
Administrative expenses		(1,236)	(103)
		(3,817)	**(2,700)**

39.1. Professional fees

	2020 USD'000	2019 USD'000
Audit service fee	(976)	(989)
Other professional fees	(428)	(440)
	(1,404)	(1,429)

40. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries	2020 USD'000	2019 USD'000
ASA International Holding	75,195	75,195
ASA International NV	45,489	45,489
	120,684	120,684

Name of Company	Country	Nature of Business	2020 Ownership	2019 Ownership
ASA International Holding	Mauritius	MFI Holding Company	100%	100%
ASA International NV	Netherlands	MFI Holding Company	100%	100%

41. OTHER ASSETS

The other assets comprised the following:	2020 USD'000	2019 USD'000
Other receivables	244	104
Advances and prepayments	30	23
	274	127

42. ISSUED CAPITAL

100 million ordinary shares of GBP 1.00 each and after capital reduction of GBP 0.01 each. No movement occurred during 2020 and 2019.

43. REDEEMABLE PREFERENCE SHARES

50,000 redeemable preference shares of GBP 1.00 each.

	2020	2019
	USD'000	USD'000
Movements in redeemable preference shares		
Amount at the beginning of the period	-	66
Issuance of redeemable preference shares	-	(66)
Balance at the end of the period	**-**	**-**

The redeemable preference shares were issued to CMI on 15 May 2018 to ensure sufficient paid-up share capital to apply for a trading certificate. The issue was on an "undertaking to pay" basis which provided that CMI would pay for these shares on 15 May 2023 or, if sooner, upon a written demand by the Company. On 30 May 2019, all of these redeemable preference shares were redeemed by the Company in compliance with the requirements of the Company's articles of association and the Companies Act 2006.

44. RETAINED EARNINGS

	2020	2019
	USD'000	USD'000
Total retained earnings are calculated as follows:		
Balance at the beginning of the period	95,328	74,511
Capital reduction	-	-
Dividend	-	(7,300)
Result for the period	(2,820)	28,117
Balance at the end of the period	**92,508**	**95,328**
Profit for the period		
Attributable to equity holders of the parent	(2,820)	28,117

45. OTHER LIABILITIES

	Notes	2020	2019
		USD'000	USD'000
Short-term liabilities			
Accrued audit fees		542	489
Accrued cost		199	76
Other payables intercompany		3,052	1,747
		3,793	**2,312**
Long-term liabilities			
Intercompany loan		500	
Escrow liability to CMI	14.1.	20,465	20,432
Purchase price for ASAI NV to ASAIH		23,206	23,206
		44,171	**43,638**
		47,964	**45,950**

46. ADDITIONAL CASH FLOW INFORMATION

	2020	2019
	USD	USD
Changes in operating assets		
Due from banks	(33)	(294)
Other assets	(147)	1,920
	(180)	**1,626**
Changes in operating liabilities		
Other liabilities	1,514	(21,098)
	1,514	**(21,098)**
Changes in non-cash items		
Foreign exchange result	-	-
	-	-

47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

As at 31 December 2020	Within 12 months	After 12 months	Total
	USD'000	USD'000	USD'000
Assets			
Cash at bank and in hand	359	-	359
Due from banks	-	20,465	20,465
Investment in subsidiaries	-	120,684	120,684
Other assets	274	-	274
	633	141,149	141,782
Liabilities			
Other liabilities	3,793	44,171	47,964
Net	(3,160)	96,978	93,818

As at 31 December 2019	Within 12 months	After 12 months	Total
	USD'000	USD'000	USD'000
Assets			
Cash at bank and in hand	1,345	-	1,345
Due from banks	-	20,432	20,432
Investment in subsidiaries	-	120,684	120,684
Other assets	127	-	127
	1,472	141,116	142,588
Liabilities			
Other liabilities	2,312	43,638	45,950
Net	(840)	97,478	96,638