



# 2020

Annual Accounts



**Agora  
Microfinance**  
BANKING FOR CHANGE

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**Mission ~**  
**To maximise the social returns in microfinance while providing a fair and attractive financial return to investors**

# Management Board's Report

The Management Board of Agora Microfinance N.V. (hereinafter referred to as the "Company") herewith presents the annual accounts for the accounting year ending on 31 December 2020.

## General

The Company was incorporated on 9 December 2011 by the founding shareholders. The Company currently has three individual shareholders.

The Group consists of the following fully consolidated legal entities:

- **Agora Microfinance India Limited ("AMIL"), India** – 94%
- **Agora Microfinance Zambia Limited ("AMZ"), Zambia** – direct ownership 88% and indirectly 99%
- **Moringaway, Mauritius** – 100%

## Principal objectives

The Company's objectives are:

- |  |  |
|--|--|
| <p><b>A</b> to make microfinance investments by:</p> <p><b>1</b> establishing, acquiring and disposing of microfinance companies and enterprises, acquiring and disposing of interests in them and administering them or having them administered, conducting or having the management of companies and enterprises conducted and financing them or having them financed;</p> <p><b>2</b> acquiring, possessing, managing, selling, exchanging, transferring, alienating, issuing shares and other certificates of participation, bonds, funds, promissory notes, debentures, convertible loans, bills of exchange and other evidences of indebtedness and other securities;</p> | <p><b>B</b> to contract, and to grant money loans and to give security for the fulfilment of the obligations of the corporation or of third parties;</p> <p><b>C</b> to enter into risk management transactions, including exchange traded and over the counter derivatives to hedge risks the Company or microfinance institutions affiliated with the Company are exposed to;</p> <p><b>D</b> the representation and the management of the interests of third parties;</p> <p><b>E</b> to act as principal agent, commission agent, manager and/or administrator, everything that is related to the foregoing.</p> |
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## Management Board's Report (continued) For the year ended 31 December 2020

### Overview of activities

The Group showed a Net profit after tax of USD 12,898,237 for the year 2020 (2019: USD 725,436) with a total debt to equity ratio of 22% (2019: 42%). Total Interest income increased from USD 3,531,223 in 2019 to USD 3,966,585 in 2020 which was driven by the growth in AMZ's loan book. AMZ increased its Loan book by 9% while AMIL showed a 15% decrease of its Loan book. The Company increased its stake in AMIL by making further equity investments of USD 824,552 and at year end held 94% (2019: 92%) of the total share capital. The Company also made further equity injections into AMZ of USD 800,347 and AMZ also launched its Employee Share Ownership Plan (ESOP). In July 2020, the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian Co-operative representing staff and management. At year end the Company and Moringaway together held 99.3% of the total share capital in AMZ.

The positive result of the Company was predominately driven by the gain on sale of AMK. Much of the year was mired in surviving the effects of Covid-19 (hereafter: the pandemic), with stoppages in operations, severely reduced mobility and above all, the health and financial impact on our clients. Nevertheless, we can say with satisfaction that despite all the challenges and setbacks, the Group made substantial progress towards its longer-term goals. Individually, AMIL and Moringaway realised an overall loss after tax of USD 628,559 (2019: a profit of USD 63,206) and USD 242,004 (2019: a profit of USD 30,837) respectively, while AMZ realised a healthy profit of USD 229,624 (2019: USD 334,410). Further details of each company are provided below.

The impact of the pandemic in Zambia was more limited than other countries around the world. AMZ's operations slowed down substantially for about 2 months during April-May, and the economy was also impacted by lockdowns, but the slowdown did not last too long after and we could see more normalcy begin to return by the time we got to the second half of the year. As a result, AMZ was able to catch-up with its annual plans by the close of the year and finished strongly with good growth alongside a stable financial performance. Amongst its new initiatives during the year, the most notable was its migration to a new core-banking system with an eye for further digitisation of processes as well as greater integration within information systems. These allowed for AMZ to move to a completely digital process for client on-boarding, which paves the way for greater efficiencies in its service delivery.

When the pandemic struck and India went into a lock-down in mid-March 2020, the epicentre of the pandemic was Mumbai, where most of AMIL's activities are situated. It saw a complete break applied to its activities for a long period lasting until August 2020, and a slow return to business thereafter. Things have picked up at a faster pace since September 2020, and AMIL is now able to see the impact of the pandemic more clearly than was possible a few months ago. During this period, AMIL has carried out several activities to manage the current challenges but also to prepare for 2021 and beyond. A large part of the credit for its resilience is due to its coordinated response which has included its Board, leadership, management and staff, who have planned every stage of the recovery together throughout this period.

A special word of appreciation is due for the staff of AMIL at branches and in the head office, who have weathered substantial challenges and bottlenecks to keep the business operating despite the unprecedented nature of the challenges posed by the pandemic.

Moringaway showed mixed results for the 2020 year. Its successfully managed to increase its loan book, but unfortunately these gains were offset by its currency losses. Moringaway is currently working towards greater diversification of its loan book across regions, countries and also by offering a mixture of hard currency loans as well as local currency loans. On 2 December 2020 Moringaway's application for a Credit Finance Licence was approved by the Financial Services Commission of Mauritius. Over the past years, the Agora Group has been engaged in a targeted experiment and the licence now enables the full launch of Moringaway as an institutional debt provider to Microfinance Institutions (MFIs). The goal of the debt initiative is to provide short-to-medium term debt to promising MFIs that meet the dual objective of reaching unbanked populations, while keeping the social objectives of microfinance central to their philosophy.

In 2020 the Company sold its remaining stake to in AMK to The Shanghai Commercial and Savings Bank Limited (SCSB). On 16 June 2020 the National Bank of Cambodia (NBC) approved the sale and the transaction was fully completed on 31 August 2020. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. Further information relating can be found in Note 1 of the financial statements.

### Staffing

At the year end 2020 the Group had a total staff strength of 308 full time employees (2019: 255 staff) spread over the Group as follows:

- 98 in AMIL (2019: 85 staff)
- 208 in AMZ (2019: 168 staff)
- 1 in Moringaway (2019: 1 staff)
- 1 staff member employed by the Company in the Netherlands (2019: 1 staff member)

### Investment and Management Policies

The Company pursues investment management policies based on its objective of balancing its social and financial goals. Its investment policy includes the maintenance of healthy solvency and adequate leverage levels in its subsidiaries, and could include a mix of its own investments as well as facilitation of capital through new investors depending on the level of capital and expertise required. New investments are backed by detailed due diligence and valuations are carried out using DCF and/or Net Asset based valuation models.

Once an investment is made, the Company assigns its key resources to the active management of the subsidiaries through their role in the Boards and Committees of the subsidiaries. The investment management is carried out through hands-on governance support and oversight on strategy development and execution, as well as on compliance, risk management, ALCO, Nominations and Remunerations, Social Performance and other related aspects of the business.

AMIL and AMZ hold Microfinance Licences and are regulated by the Reserve Banks in their respective countries. Moringaway holds a Global Business Licence and was issued with a Credit Finance Licence on 2 December 2020. It is regulated by the Financial Services Commission in Mauritius.

### Risks and Risk Management

The Company's activities are exposed to a variety of risks, the main ones being currency, political/regulatory, operational and market risks. In addition, capital and liquidity risks also have a bearing on the Company's ability to continue its investments. The Company monitors these risks as part of its core activity, and has various strategies in place to mitigate such risks. Further information relating specifically to Financial Instruments can be found in Note 11.

The Company's Directors are responsible for risk identification, monitoring and control. In particular the risks that arise within its subsidiaries also have a direct bearing on the Company. Each of its subsidiaries manages their risks through the involvement of staff and management, their Management Board and associated committees. As a subsidiaries become more mature, separate risk departments are created, with each department having its own mandate to promptly identify and redress risks as and when they arise. In less mature subsidiaries the identification and mitigation of risks usually lies within the mandate of the senior management and the internal audit/control departments, and is overseen by the Management Board and the Risk or Audit and Finance Committees.

### Overall Risk Profile 2020

**Operational & Credit Risks:** These risks manifest mainly in the form of loan losses, as the loan book of the subsidiaries is the main income-earning asset. Such risks are managed through the systems and structures at the subsidiaries, overseen by their respective Boards and committees. The Company recognises loss allowances on its Loans and advances using Expected Credit Losses. The loss allowances of the Company and Moringaway has been assessed at close to nil, while loan allowances as a percentage of the total loan book is 1% for AMZ and 11% for AMIL.

**Political & Regulatory Risks:** The main driver of political and regulatory risk for 2020 was driven by the regional and country wide lockdowns which restricted activity of the Group and its clients. Most lockdowns were lifted towards the end of 2020 and operations were able to resume. The Zambian environment remained stable during the year, even though there are some concerns around the Zambian government's debt management and also the planned August 2021 elections. No other significant new political or regulatory risks materialised.

**Currency Risks:** The Group is exposed to currency risk denominated in a currency other than the respective functional currencies of group entities. The functional currencies in the subsidiaries are their respective local currencies. Some of the Company's operating currencies showed significant volatility during the year, particularly the Zambian Kwacha which devalued against the US dollar. The presentation currency of the Group is USD. The group manages risk by keeping funds as much as possible in USD and converting funds into local currencies only when necessary. Further information can be found in Note 11 Financial Instruments.

### Overall Risk Profile 2020 (continued)

**Capital and Liquidity Risks:** The Company's business depends on a mix of borrowings and equity capital raises to fund operations. The Company has sufficient liquidity for its short-to-medium term operational needs. The Company's subsidiaries manage their liquidity through a range of instruments, including equity and borrowings. As on the report date AMZ and AMIL maintain capital adequacy levels in excess of their respective national regulations.

**Market Risks:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments. While we discuss currency risks separately, interest-rate risks can potentially also create some uncertainty in the business. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. On the asset side, this relates to the loan pricing methods followed by the group's subsidiaries. On the liabilities within the Group, there is no current exposure to floating interest rates and the primary risk lies with interest rate movements for its subsidiaries at the time of their renewal of existing borrowing lines. Such market risks can manifest themselves in the loss of clientele, downward pressure on pricing or in extreme cases to client over-indebtedness.

### Risk Management Structure and Systems

**Operational and Credit Risks:** The first line of defence within the subsidiaries is their management supported by their respective second and third line risk management and internal audit departments. The management is regularly monitoring operational risks and discloses its risk profile and mitigation strategies to the board on an on-going basis. The Management Board and their relevant committees, especially the Risk Committee, Audit and Finance Committee and the Asset-Liability Committee are tasked to provide oversight on the risk management practices of the management. AMIL and AMZ have an Audit and Finance Committee of the Board, and once operations become more mature, a Risk Committee and a Board Asset-Liability committee will be introduced to better supervise risk management.

**Currency Risks:** Due to the nature of its business the Company is exposed to currency risks in its investments. The Company monitors its currency exposure on a regular basis but there are no hedging or other risk mitigating arrangements deployed to reduce currency risks as these mechanisms will only come into play once the portfolio of investments has grown to a considerable size and when hedging options can be cost effective. For the time being, a large portion of the Company's assets are denominated in dollars and therefore its currency risks are limited. Moreover, strong operational results are also a way of compensating for potential currency losses.

**Capital and Liquidity Risks:** The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Group and cash flows. In qualifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Group and also from the available financial institution facilities.

**Market & Interest Rate Risk:** To manage the interest-rate risks arising on the asset side of the business, the Company's subsidiaries keep a close watch on market developments and the interest-rate movements through their respective market research functions. The interest-rate risk in India is limited on account of a hard interest-rate cap that exists at present, which results in relatively uniform pricing of loans in the market. In Zambia, on the other hand, AMZ remains a leader in pricing of small rural loans on account of its efficiency, increased scale and careful product design.

### Risk Management Structure and Systems (continued)

On the liability side of the subsidiaries' balance sheet, floating interest rates are currently not in force on any of the borrowings, and therefore the fluctuations in interest rates manifest primarily at the time of loan renewals. While this can potentially be a real risk for subsidiaries, our experience has shown that the movements are typically on account of hedging costs (FX risk) rather than significant changes to the underlying pricing mechanism used by lenders (LIBOR + margin). Interest rates quoted in USD/EUR have been consistent over the last 5 years in India and Zambia, though this does not provide guarantees for the future. Therefore at present the subsidiaries' focus their efforts of managing hedging costs more carefully, through back-to-back arrangements or sometimes taking on USD/EUR exposure for short periods (in Zambia) due to prohibitive hedging costs.

### Risk Mitigation

**Established microfinance strategy:** The Group has been in the business of microfinance since 2011, and has an established and a proven track-record. Its operations are growing in Zambia and were seeing growth in India before the onset of the pandemic. The Group's approach to microfinance is to establish operating systems that mitigate risk exposure in operations. Its long-term loan losses as well as profitability profile confirms that its approach to microfinance is viable and is managed within acceptable risk levels.

**Systems and processes:** The Company ensures, through its role in the governance of the Subsidiaries that appropriate levels of risk management processes and systems are in place. The establishment of such systems is relevant to the context and complexity in each subsidiary but the focus on risk management remains important within these institutions. The subsidiaries follow processes appropriate to their size, scale and complexity. The Company oversees this aspect closely through its representation on the governance of the Subsidiaries.

**Operating policies:** The Company ensures that its Subsidiaries follow responsible lending practices and thereby maintain the credit risk in their operations within acceptable limits. Each of the subsidiaries work with established policies for lending, which includes amongst other things, a focus on geographical and market diversification, risk exposure limits by sector, cash-flow based loan assessments, checks and balances in lending decisions and ongoing monitoring/audits. These practices help in managing the credit risk inherent in the business. The pandemic has seen new challenges with the introduction of lockdowns and moratoriums which has had adverse effects on the loan losses for AMIL. In reaction, AMIL is pushing to diversify its loan book by focusing on geographical expansion and growth in new areas on operation.

### Result for the period

The Group showed a Net profit after tax of USD 12,898,237 for the year 2020 (2019: USD 725,436) with a total debt to equity ratio of 22% (2019: 42%). The positive result was predominately driven by the gain on sale of AMK.

The gain on sale of AMK substantially increased the liquidity of the Group. The Company plans to invest its own equity, coupled with ongoing support from the subsidiaries' Lenders which will enable the Group to expand its current operations and also make further inroads to its expansion. At the holding level, the Company does not carry borrowings on its balance sheet and the entire asset base is funded by shareholder capital and retained earnings. The subsidiaries have comfortable solvency levels in excess of the regulatory requirements in their countries of operations.

### Management opinion on going concern

The directors have assessed the ability of the Company to continue as a going concern and believe that the business will be on a going concern basis in the year ahead.

### Financial and Non-Financial (Social Performance) Indicators

The principal financial indicators relevant to the Company's operations relate to efficiency, portfolio quality, solvency and liquidity. As at 31 December 2020, equity as a percentage of total assets for the Group was 82%, 31% for AMZ, 36% for AMIL and 39% for Moringaway. Most of these indicators are applicable more to the subsidiaries than to the Company itself. Through their reporting systems, the performance of the subsidiaries on their key financial indicators is reviewed and monitored on a monthly basis.

### Financial and Non-Financial (Social Performance) Indicators (continued)

The Company monitors its own stand-alone performance on profitability and tracks indicators such as Return on Equity and Return on Assets.

The Company translates its social objectives into its non-financial Indicators and monitors aspects such as outreach to the unbanked/rural populations, and over time aims to evaluate the impact of its financial services on the income or consumption levels of end-users (clients). In addition it monitors other social performance aspects such as client satisfaction and retention, staff satisfaction, and gender representation amongst clients and staff. Some of the above indicators are not easily quantifiable and are evaluated through qualitative assessments.

### Environmental Factors

The Company's subsidiaries are signatories of environmental exclusion lists as part of their borrowing contracts with lenders. These exclusion lists usually prohibit lending to polluting industries. Since the typical customer of the subsidiaries is a small farmer, there is little risk of the Company's investments leading to the financing of polluting industries. The subsidiaries also pro-actively lend to clean energy related livelihoods when the opportunity arises.

### Research and development information

There was no expenditure incurred for research and development during the year (2019: Nil).

### Codes of Conduct

The Company is governed by the Articles of Association. The 'Articles' define the corporate governance structure and mandate of directors. Furthermore, the Company is a signatory to the Universal Standards of the Social Performance Task Force. The Company and its subsidiaries are signatories to the Client Protection Principles of the SMART Campaign.

In addition, AMIL is a signatory to the Fair Practices Code of the Microfinance Association of India (MFIN), a self-regulatory body recognised by the Reserve Bank of India. Each of the subsidiaries also follow their own, voluntary code of conduct that guides their work.

### Information supply and computerisation

The Group is continuously striving to strengthen its information supply and security and stay up to date with new technologies. With the broadening and increasing distribution channels, this is becoming an important emerging risk. The Group takes this threat seriously and has implemented a broad range of controls to identify and mitigate risk to its customer and business. During 2020, AMZ has migrated to a new core-banking system with an eye for further digitisation of processes as well as greater integration within information systems. These allowed for AMZ to move to a completely digital process for client on-boarding, which paves the way for greater efficiencies in its service delivery.

### Financing

The Group is financed with a combination of equity and debt. The debt held by the subsidiaries includes financial products from local and international financial institutions. The cash balances of the Company has increased significantly due to the AMK Sale. The funds will be utilised for future growth in both new and existing markets.

### Post balance sheet events

On 23 April 2021 the Company made a further equity investment into AMZ of USD 449,500, thereby increasing its ownership to 90%.

On 21 June 2021 the Company made a further equity investment into Moringaway of USD 3,000,000. The funds will be used by Moringaway to grow its debt portfolio.

There are no other events after balance sheet that need to be included in these accounts.

### Future developments

The Company will continue its microfinance investment activities and expects its current investments to grow organically while at the same time looking for new opportunities as and when they arise. The expected future developments for 2021 and beyond include amongst other things, further equity investments into AMIL and AMZ, intercompany financing, possible new acquisitions, and further development and diversification of the portfolio. Moringaway will continue focusing on building its portfolio.



## Management Board's Report (continued) For the year ended 31 December 2020

### Future developments (continued)

The pandemic has had significant impact on the Company and its subsidiaries and this will continue into 2021 and beyond. Management at all levels are paying close attention to the development of the pandemic and are continuing monitoring its impact on the financial position and operating results of the Company. AMIL is the hardest hit and is currently battling the latest outbreak which began in mid-March 2021. New cases in the areas that AMIL operates now appear to be stabilising and the vaccination program is being rolled out.

The Group is looking to continue to create long-term impact, now with a renewed focus in Sub-Saharan Africa. We hope to achieve this through creating and supporting high quality financial institutions that serve the less reached/banked populations in a sustainable manner. Through a mix of acquisitions, partnerships, and greenfield operations, we will look to expand our operations and reach multiple markets in the coming years. We will seek partnerships with institutions that share some of the same principles of financial inclusion as us, and where new capital and expertise holds promise to propel them forward in a substantive way.

In 2021 the Company recruited a Financial Controller based in the Netherlands and plans to increase its staffing level as and when its business activities increase.

**Amsterdam, 23 June 2021**

#### Managing Directors:

Ms. R.J. Peat

Mr. R.W. van Hoof

## Supervisory Board's Report

### Governance

The Company has a corporate governance structure that reflects and protects its mission and meets all relevant legal obligations. The two-tier governance structure of the Company comprised of a three-member Supervisory Board and a two-member Management Board.

### Supervisory Board

The Supervisory Board supervises and reviews the activities and the decisions of the Management Board and the functioning of the organisation's operations. In addition, the Supervisory Board provides advice and guidance to the Management Board. In formulating the strategy for realising Agora Microfinance's mission, the Management Board engages the Supervisory Board at an early stage. Its supervision is based on internal and external reports on, amongst others, the company's business, operations, impact, risks and financial performance, augmented by presentations, conversations and visits.

Members of the Supervisory Board are appointed and reappointed by a General Meeting, based on the recommendations of the Supervisory Board.

### Management Board

The members of the Management Board have a shared overall responsibility for the management of the company. Members of the Management Board oversee the overall operations, and their investments are advised by the Financial Advisor (Agora Microfinance Partners LLP). There were no changes to the Management Board during the year. The Management Board members are accountable to the Supervisory Board on who's recommendation they have been appointed by the General meeting of the company.

### Meetings of the Supervisory Board

All regular meetings of the Supervisory Board are held jointly with the Management Board. The Supervisory Board regularly reviews the financial and operational performance of the Company, business and strategic plans, performance of the Management Board, identified and/or emerging risks, and approves proposals for new investments that the company intends to make.

### Meetings of the Supervisory Board (continued)

The Supervisory Board followed closely the impact of the COVID-19 crisis. Together with the Management Board, we considered short- and mid-term plans for continued support of our subsidiaries, and through them the populations that we serve. Furthermore, the tightening regulatory conditions in the markets where we operate, along with the impacts of COVID-19 were high on the Supervisory Board's agenda.

### Conclusion

The Supervisory Board reviewed and approved the 2020 Audited Financial Statements and the Management Board report. These documents were evaluated by and discussed with the Management Board and the independent auditor. The Supervisory Board has advised the shareholders to adopt the 2020 Audited Financial Statements at the Annual General meeting and discharged the members of the Management Board for their management of the Company during 2020 and the members of the Supervisory Board for their supervision.

The Supervisory Board would like to thank all stakeholders and the Management Board for their efforts. The Supervisory Board supports the Management Board and in their continuing efforts to make a positive difference to the communities that we serve.

The Supervisory Board is confident that the Company will be able to meet the challenges in the coming years and will continue to be a frontrunner in the development of frontier markets.

### Amsterdam, 23 June 2021

#### Supervisory Board:

Mr T. Chetan

Ms. M.S. Mungra

Mr. G.E. Bruckermann

## Consolidated Balance Sheet

As at 31 December 2020 (before proposed appropriation of net result and expressed in USD)

	Notes	31 Dec 20 USD	31 Dec 19* USD
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	2	1,054,224	1,769,422
Tangible fixed assets	3	736,175	730,870
Financial fixed assets	4	2,472,895	13,040,230
<b>Total fixed assets</b>		<b>4,263,294</b>	<b>15,540,522</b>
<b>Current Assets</b>			
Short term loans and advances	5	8,948,799	8,928,997
Interest receivable		495,023	240,470
Trade and other receivables	6	2,159,242	1,949,404
Cash and cash equivalents	7	26,841,434	6,276,893
<b>Total current assets</b>		<b>38,444,498</b>	<b>17,395,764</b>
<b>Total assets</b>		<b>42,707,792</b>	<b>32,936,286</b>
<b>Equity and liabilities</b>			
<b>Group equity</b>			
Shareholders' equity	8	34,940,324	22,995,872
Minority interests		153,385	182,573
<b>Total group equity</b>		<b>35,093,709</b>	<b>23,178,445</b>
<b>Non-current liabilities</b>			
Non-current borrowings	9	2,723,979	3,137,536
<b>Total non-current liabilities</b>		<b>2,723,979</b>	<b>3,137,536</b>
<b>Current liabilities</b>			
Interest payable		128,774	175,367
Current part of non-current borrowings	10	4,429,637	5,827,899
Accrued expenses and other liabilities	13	331,693	617,039
<b>Total current liabilities</b>		<b>4,890,104</b>	<b>6,620,305</b>
<b>Total equity and liabilities</b>		<b>42,707,792</b>	<b>32,936,286</b>

The notes on pages 18 to 56 are an integral part of these financial statements.

\* Adjusted for comparison purposes, refer to page 18.

**Consolidated Profit and Loss Account and Statement of Comprehensive Income**  
For the year ended 31 December 2020

	Notes	2020 USD	2019 USD
Interest income	14	3,966,585	3,531,223
Interest expense	15	(1,559,784)	(1,550,686)
<b>Net interest income</b>		<b>2,406,801</b>	<b>1,980,537</b>
Other financial income	16	1,822,692	1,631,917
Other financial expenses	17	(1,333,452)	(233,197)
<b>Net other finance income</b>		<b>489,240</b>	<b>1,398,720</b>
<b>Net margin</b>		<b>2,896,041</b>	<b>3,379,257</b>
<b>Total operating expenses</b>			
General and administrative expenses	18	(4,253,612)	(3,831,318)
		(4,253,612)	(3,831,318)
<b>Net result</b>		<b>(1,357,571)</b>	<b>(452,061)</b>
Sale of AMK	19	14,373,659	(9,467)
<b>Result before tax</b>		<b>13,016,088</b>	<b>(461,528)</b>
Income tax expense	23	(896,744)	(135,229)
Share of result from participating interests	4	778,893	1,322,193
<b>Result after tax</b>		<b>12,898,237</b>	<b>725,436</b>
<b>Minority Interest</b>			
Result Minority Interest on investments	26	38,217	(5,440)
<b>Group Net Result</b>		<b>12,936,454</b>	<b>719,996</b>
Translation differences on foreign operations	32	(992,002)	(521,619)
<b>Total of items recognised directly in shareholders' equity</b>		<b>(992,002)</b>	<b>(521,619)</b>
<b>Total result of the legal entity</b>		<b>11,944,452</b>	<b>198,377</b>

The notes on pages 18 to 56 are an integral part of these financial statements.

**Consolidated Statement of Cashflows**  
For the year ended 31 December 2020

	Notes	2020 USD	2019* USD
<b>Operating Activities</b>			
Result before tax		13,016,088	(461,528)
<b>Adjusted for:</b>			
Gain on AMK Sale	19	(14,373,659)	9,467
Depreciation and amortisation	2 & 3	573,907	546,777
Impairments (loan losses)		567,015	49,748
Provision Business Correspondence collections		156,075	-
Interest expenses		1,559,784	1,550,686
Interest income		(3,966,585)	(3,594,918)
Foreign Exchange Loss		589,582	(186,948)
<b>Operating cashflows before changes in operating assets and liabilities</b>		<b>(1,877,793)</b>	<b>(2,086,716)</b>
<b>Changes in operating assets and liabilities</b>			
Loans to customers	4	(2,908,270)	(3,285,316)
Other assets		(542,876)	1,221,089
Other liabilities		43,334	39,811
		(5,285,605)	(4,111,132)
Income tax paid		(118,742)	(41,774)
Interest received		3,652,841	3,469,087
Interest paid		(1,553,119)	(1,436,922)
<b>Cash from operating activities</b>		<b>(3,304,625)</b>	<b>(2,120,741)</b>
<b>Investing Activities</b>			
Proceeds from sale of AMK, net of withholding tax	19	25,259,354	-
Investment/ disposal of deposits	4	162,208	(392,705)
Investments in property and equipment	3	(475,541)	(443,446)
Investment in software	2	(1,754)	(491)
<b>Cash from investing activities</b>		<b>24,944,267</b>	<b>(836,642)</b>



**Consolidated Statement of Cashflows** (continued)  
For the year ended 31 December 2020

	Notes	2020 USD	2019* USD
<b>Financing Activities</b>			
Proceeds from borrowings	9	4,364,205	7,169,069
Repayment of borrowings	9	(4,936,901)	(4,288,055)
Payment of lease liabilities	21	(153,638)	(145,258)
<b>Cash from financing activities</b>		<b>(726,334)</b>	<b>2,735,756</b>
<b>Net increase in cash and cash equivalents</b>		<b>20,913,308</b>	<b>(221,627)</b>
Cash and cash equivalents at the beginning of the year	7	6,276,893	6,813,001
Exchange rate & translation differences on cash and cash equivalents		(348,767)	(314,481)
<b>Cash and cash equivalents at the end of the year</b>		<b>26,841,434</b>	<b>6,276,893</b>

The notes on pages 18 to 56 are an integral part of these financial statements.

\* Adjusted for comparison purposes, refer to page 18.



# Notes to the Consolidated Financial Statements

The notes to the consolidated financial statements are numbered i) to xi), followed by 1 to 27.

## i) Group affiliation and principal activity

Agora Microfinance N.V. (hereinafter referred to as the "Company") was incorporated under Dutch law on 9 December 2011 and is registered under number 54114268 in the Trade Register, having its legal address in Strawinskylaan 4117, 1077 ZX Amsterdam, The Netherlands. The principal activity of the Company is to make microfinance investments. The Company's shareholders are individual investors. These financial statements contain the financial information of both the Company and the consolidated companies of the Company ('the Group').

## ii) Financial reporting period

These financial statements cover the year 2020, which ended at the balance sheet date of 31 December 2020.

## iii) Basis of presentation

The consolidated financial statements of the Company are part of the statutory financial statements of the Company and are in compliance with the provisions of the Netherlands Civil Code, Book 2, Part 9. The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

## iv) Going concern

The financial statements of the Company have been prepared on the basis of the going concern assumption.

Accounting policies for the measurement of assets and liabilities and the determination of the result.

## v) General

The figures for 2019 have been reclassified for comparison purposes. The reclassifications are as follows:

- In 2019 Deposits with banks of USD 1,644,804 has been reclassified from Cash and cash equivalents to Trade and other receivables.
- In 2019 Deposits with financial institutions of USD 392,705 has been reclassified from Trade and other receivables to Financial fixed assets.
- In 2019 the overall effect on Deposits with financial institutions in Trade and other receivables is to increase the balance by USD 1,252,099 (USD 1,644,804 less USD 392,705).

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

## Notes to the Consolidated Financial Statements (continued) For the year ended 31 December 2020

## v) General (continued)

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed. Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises, of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises, of which the size can be measured with sufficient reliability. Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership to the buyer.

## Functional and presentation currency

The financial statements are presented in United States Dollars ('USD'), which is the Company's functional currency.

## vi) Use of estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The following accounting policies are in the opinion of management the most critical in preparing the financial statements and require judgements, estimates and assumptions: Financial instruments and the related Expected Credit Losses assessment.

## vii) Consolidation scope

The consolidated financial statements include the financial data of the company and its group companies as at 31 December 2020. Group companies are legal entities and are fully consolidated as from the date on which control is obtained and until the date that control no longer exists.

Group companies are participating interests in which the Company has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether the Company has control, potential voting rights are taken into account that can be exercised in such a way that they will provide the Company with more or less influence. For an overview of the consolidated group companies, refer to note 28.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

Minority interests in group equity and group net income are disclosed separately. Prior year data is presented as per audited accounts.

vii) Consolidation scope (continued)

**Business combinations**

A business combination is a transaction whereby the group obtains control over the assets and liabilities and the activities of the acquired party. Business combinations are accounted for using the 'purchase accounting' method on the date that control is transferred to the group (the acquisition date). The transaction price is the cash consideration or equivalent agreed as part of the acquisition, or the fair value of the consideration transferred at the acquisition date. Transaction costs that are directly attributable to the business combination are allocated to the transaction price. In case of deferred payment of the consideration, the transaction price is the discounted value of the consideration. The group recognises the identifiable assets and liabilities of the acquiree at the acquisition-date. These assets and liabilities are recognised individually at their fair values, provided that it is probable that future economic benefits will flow to the group (assets) or settlement will result in an outflow of resources embodying economic benefits (liabilities), and the cost or fair value of it can be measured with reliability. Refer to the accounting policy under the heading 'Intangible fixed assets' for the recognition of positive or negative goodwill resulting from a business combination.

An agreed possible adjustment to the purchase price that is contingent on future events is included in the purchase price if the adjustment is probable and the amount can be measured reliably. It is also possible that a previous estimate of the adjustment to the purchase price must be revised. Such adjustments to the purchase price, that are recorded as changes in estimates, will also result in an adjustment to (positive or negative) goodwill. The adjusted goodwill is amortised prospectively from the date of the adjustment of the purchase price. Comparative figures are not adjusted.

**Consolidation method**

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group. In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. For a transaction whereby the Company has a less than a 100% interest in the selling group company, the elimination from the group result is allocated pro rata to the minority interest based on the interest of the minority in the selling group company. Subsidiaries are consolidated in full, whereby minority interest is presented separately within group equity. If losses to be allocated to the minority interest exceed the minority interest within equity of the consolidated entity, the difference, including any further losses, is fully charged to the majority shareholder, except to the extent that the minority shareholder has the obligation to, and is able to, compensate for the losses.

The minority interest in the result is deducted from group result on a separate line item in the consolidated profit and loss account.

viii) Principles for the translation of foreign currencies

**Transaction in foreign currencies**

At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange difference arise. Non-monetary assets and liabilities denominated in foreign currency that are measured based on historical cost, are translated into the functional currency at the exchange rates at the date of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at current value, are translated into the functional currency at the exchange rates when the current value is determined. Exchange rate differences that arise from this translation are directly recognised in equity as part of the revaluation reserve.

viii) Principles for the translation of foreign currencies (continued)

**Foreign operations**

The assets and liabilities that are part of the net investment in a foreign operation are translated to the presentation currency at the exchange rate on the reporting date. The revenues and expenses of such a foreign operation are translated to the presentation currency at the exchange rate on the transaction date. Currency translation differences are directly recognised in the translation reserve within equity. Goodwill resulting from the acquisition of a foreign operation and fair value adjustments made at the acquisition date are translated to the presentation currency at the exchange rate at the transaction date. When a foreign operation is fully or partially sold, the cumulative amount that relates to that foreign operation is transferred from the translation reserve to the profit and loss account.

The following rates have been applied for the various currencies:

	2020	2019
EUR/USD	1.22	1.12
USD/KHR	4045	4075
USD/UGX	3646	3690
USD/INR	73.81	71.34
USD/ZMW	21.14	14.03

USD: United States Dollar; EUR: Euro; KHR: Khmer Riel; INR: Indian Rupees; UGX: Uganda Shilling; ZMW: Zambian Kwacha

ix) Changes in accounting policy

The Company has initially applied IFRS 16 from 1 January 2019, which is possible as per the Netherlands Civil Code. The Company decided to implement this policy to standardised the accounting policies used by all Group companies. The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

As a lessee the Company, Moringaway, AMIL and AMZ leases office space at its various locations. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises Right-of-use assets and Lease liabilities for most of these assets i.e. these leases are on balance sheet.

Based on the new accounting principles, the Company recognised Right-of-use assets and Lease liabilities as at 1 January 2019. It is not expected that the change in accounting policy will a significant quantitative impact. The impact on transition is summarised below:

In USD	1 January 2019
Right-of-use assets	115,537
Lease liabilities	(128,040)
Retained earnings	12,053

**x) Accounting policies**

**a) Financial instruments**

Financial instruments include investments in shares and bonds, trade and other receivables, cash items, loans and other financing commitments, derivative financial instruments, trade payables and other amounts payable. These financial statements contain the following financial instruments: financial instruments held for trading (financial assets and liabilities), loans and receivables (both purchased and issued), equity instruments, other financial liabilities and derivatives. The Company does not use derivative financial instruments (derivatives) or hold a trading portfolio.

Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. Financial instruments are derecognised if a transaction results in a considerable part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party. Financial instruments (and individual components of financial instruments) are presented in the consolidated financial statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognised in the profit and loss account. Financial instruments embedded in contracts that are not separated from the host contract are recognised in accordance with the host contract. Derivatives separated from the host contract are, in accordance with the measurement policy for derivatives for which no cost price hedge accounting is applied, measured at cost or lower fair value.

Financial instruments are initially measured at fair value, including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are directly recognised in the profit and loss account at the initial recognition.

After initial recognition, financial instruments are valued in the manner described below.

**Loans granted and other receivables**

Loans granted and other receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. Purchases and sales of financial assets that belong to the category loans granted and other receivables are accounted for at the transaction date.

**Non-current and current liabilities and other financial commitments**

Non-current and current liabilities and other financial commitments are stated after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account. Redemption payments regarding non-current liabilities that are due next year, are presented under current liabilities.

**Impairment of financial assets**

The Company has opted to determine and account for impairments and bad debts regarding financial instruments based on the 'expected credit loss' model from IFRS 9 Financial Instruments as endorsed by the European Union and hence management has decided to use this option in this financial statements as permitted by RJ 290.

**x) Accounting policies (continued)**  
**Impairment of financial assets (continued)**

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably. Objective evidence that financial assets are impaired includes significant financial difficulty of the issuer or obligor, breach of contract such as default or delinquency in interest or principal payments, granting to the borrower a concession that the Company would not otherwise consider, indications that a debtor or issuer will enter bankruptcy or other financial restructuring, the disappearance of an active market for that financial asset because of financial difficulties or observable data indicating that there is a measurable decrease in the estimated future cash flow, including adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, and the disappearance of an active market for a security.

Indicators for subjective evidence are also considered together with objective evidence of impairments, such as the disappearance of an active market because an entity's financial instruments are no longer publicly traded, a downgrade of an entity's credit rating or a decline in the fair value of a financial asset below its cost or amortised cost.

**Financial instruments and contract assets**

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

x) Accounting policies (continued)

**Measurement of ECLs**

The Company computes the ECL as follows:

Expected Credit loss = Probability of Default \* Loss given Default \* Exposure at Default

With the definitions for each input being:

**Probability of Default:** The Company uses the industry default rate applicable at the point in time of computing the impairment. The rate can be adjusted depending on Management's judgment on the performance of the Company compared to the sector.

**Loss given Default:** This rate is determined based on historical performance of the loan book. A five-year period is considered retrospectively in order to obtain an average of the risk migrations of the individual loans and to determine any significant increase in credit risk for each loan. This allows the Company to obtain a product risk profile that can be applied to new disbursements.

**Exposure at Default:** This is considered as the actual portfolio expected to be lost once default occurs. This has been taken as the actual outstanding portfolio as at a particular review date.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

**Write-off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

x) Accounting policies (continued)

**Offsetting financial instruments**

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously. If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

b) **Intangible fixed assets**

Intangible fixed assets are only recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Intangible fixed assets are measured at acquisition or construction cost, less accumulated amortisation and impairment losses.

Expenditures made after the initial recognition of an acquired or constructed intangible fixed asset are included to the acquisition or construction cost if it is probable that the expenditures will lead to an increase in the expected future economic benefits, and the expenditures and the allocation to the asset can be measured reliably. If expenditures do not meet these conditions, they are recognised as an expense in the profit and loss account.

The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

**Goodwill**

Goodwill represents the excess of the cost of the acquisition of the participating interest (including transaction costs directly related to the acquisition) over the Company's interest in the net realisable value of the assets acquired and the liabilities assumed of the acquired entity, less cumulative amortisation and impairment losses. Internally generated goodwill is not capitalised. Goodwill paid upon the acquisition of foreign group companies and subsidiaries is translated at the exchange rates at the date of acquisition. The capitalised positive goodwill is amortised on a straight-line basis over the estimated useful life, determined at 10 years. In case of a full or partial sale of a participating interest, the positive goodwill that can be allocated to the sold part is written off proportionally (in case of capitalised goodwill).

c) **Tangible fixed assets**

Tangible fixed assets are recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of that asset can be measured reliably.

Land and buildings, plant and equipment, other fixed operating assets, tangible fixed assets under construction and prepayments on tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. The cost comprises the price of acquisition or manufacture, plus other costs that are necessary to get the assets to their location and condition for their intended use. Expenditure is only capitalised when it extends the useful life of the asset. The cost of self-constructed assets includes the cost of materials and consumables and other costs that can be directly attributed to the construction. In addition, the cost of construction includes a reasonable part of the indirect costs and interest on loans for the period attributable to the construction of the asset.

Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, taking into account any estimated residual value of the individual assets. No depreciation is recognised on land, tangible fixed assets under construction and prepayments on tangible fixed assets. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

**x) Accounting policies (continued)**

**d) Financial fixed assets – Participating interests with significant influence**

Participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under this method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes recognized directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests. The group's share in the results of the participating interests is recognized in the Profit & Loss statement. If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve.

If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the participating interest, are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognized only if and to the extent that the accumulated share of the previously unrecognized loss has been reversed.

**e) Impairments and disposal of fixed assets**

**Impairments of fixed assets**

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

**f) Impairments and disposal of fixed assets**

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated. Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash-generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit). An impairment loss of goodwill is not reversed in a subsequent period. Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet
- intangible assets that are amortised over a useful life of more than 20 years (counting from the moment of initial operation/use)

**Disposal of fixed assets**

Fixed assets available for sale are measured at the lower of their carrying amount and net realisable value.

**x) Accounting policies (continued)**

**g) Cash and cash equivalents**

Cash at bank and in hand are carried at face value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies. Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets.

**h) Shareholders' equity**

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution. Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense. The purchase of own shares is deducted from other reserves.

**i) Share premium**

Amounts contributed by the shareholders of the Company in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire or acquire shares of the Company. Costs and capital taxes associated with the issue of shares that are not capitalized are deducted from share premium, after taken into account tax effects. If the share premium is insufficient for such deductions, the amounts are deducted from Other reserves.

**j) Minority interest**

Minority interests are valued at the proportionate share of third parties in the net value of the assets and liabilities, determined in accordance with the Company's measurement principles.

**k) Provisions**

A provision is recognised if the following applies:

- the Company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

**l) Non-current liabilities**

The valuation of non-current liabilities is explained under the heading 'Financial instruments'.

**m) Current liabilities**

The valuation of current liabilities is explained under the heading 'Financial instruments'.

**xi) Principles of determination of result**

**a) Interest income and similar income and interest expenses and similar charges**

Interest income is recognised in the profit and loss account on an accrual basis, using the effective interest rate method. Interest expenses and similar charges are recognised in the period to which they belong.

Premium, discount and redemption premiums are recognised as interest expense in the period to which they belong. The allocation of these interest expenses and the interest income on the loan is the effective interest rate that is recognised in the profit and loss account. On the balance sheet, the amortised value of the debt(s) is recognised (on balance).

The amounts of the premium that are not yet recognised in the profit and loss account and the redemption premiums already recognised in the profit and loss account, are recognised as an increase in debt(s) to which they relate. Amounts of the discount that are not yet recognised in the profit and loss account are recognised as a reduction of the debt(s) to which they relate.

**xi) Principles of determination of result (continued)**

**b) Employee benefits/ pensions**

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the Company.

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

**c) Leasing**

The Company has opted to determine and account for Leasing based on the IFRS 16 as endorsed by the European Union as permitted by RJ 292. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee, at commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a Lease liability at the lease commencement date. The Right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the Right-of-use asset reflects that the Company will exercise a purchase option. In that case the Right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the Right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Company has elected not to recognise Right-of-use assets and Lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**d) Corporate income tax**

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

**xi) Principles of determination of result (continued)**

**d) Corporate income tax (continued)**

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the financial year, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. If the carrying amount of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. For taxable temporary differences, a provision for deferred tax liabilities is recognised. The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realise or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognised, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For taxable temporary differences related to group companies, foreign branches, associates and interests in joint ventures, a deferred tax liability is recognised, unless the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

For deductible temporary differences regarding group companies, foreign branches, associates and interests in joint ventures, a deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference can be utilised. Deferred tax assets and deferred tax liabilities are offset in the balance sheet if the company has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

**e) Share in result of participating interests**

The share in the result of participating interests consists of the share of the group in the results of these participating interests, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised. The results of participating interests acquired or sold during the financial year are measured in the group result from the date of acquisition or until the date of sale respectively.

**f) Cash flow statement**

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value. Cash flows in foreign currency are translated into USD using the weighted average exchange rates at the dates of the transactions. Foreign exchange differences with regard to cash and cash equivalents are presented separately in the cash flow statement.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities. The consideration of acquired group companies is presented under the cash flows from investment activities, for the considerations paid in cash and cash equivalents. The cash and cash equivalents obtained through the acquired group companies at the acquisition date, are deducted from the consideration paid.

Transactions that do not include an exchange of cash and cash equivalents, such as finance leases, are not included in the cash flow statement. The payment of finance lease terms is allocated for the part related to the repayment of the lease obligation to the cash flows from financing activities and is allocated for the part related to the interest component to the cash flows from operational activities.



**Notes to the Consolidated Financial Statements** (continued)  
For the year ended 31 December 2020

**g) Determination of fair value**

The fair value of a financial instrument is the amount for which an asset can be sold or a liability settled, involving parties who are well informed regarding the matter, willing to enter into a transaction and are independent from each other.

- The fair value of listed financial instruments is determined on the basis of the exit price.

- The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

**h) Related parties**

Transactions with related parties are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

**i) Commission income**

Income from Business Correspondence services is recognized as and when the services are rendered as per agreed terms and conditions of the contract.

**j) Subsequent events**

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

**Notes to the Consolidated Financial Statements** (continued)  
For the year ended 31 December 2020

**1 Acquisitions and Disposals**

**AMK Sale**

On 31 August 2020 the Company sold all of its remaining share capital in AMK to The Shanghai Commercial and Savings Bank Limited (SCSB). As a result, the Company no longer holds any share capital in AMK. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. For further information on the gain on sale refer to note 19.

**2 Intangible fixed assets**

**Summary**

<i>(in USD)</i>	2020	2019
Intangible fixed assets consists of:		
Goodwill	1,021,227	1,721,261
Software	32,997	48,161
<b>Total Intangible fixed assets</b>	<b>1,054,224</b>	<b>1,769,422</b>

Movements in intangible fixed assets were as follows:

**Goodwill**

<i>(in USD)</i>	AMK	AMIL	AMZ	Moringaway	Total
<b>Cost</b>					
At 1 Jan. 2020	1,291,185	939,167	135,649	760,758	3,126,759
Additions	-	-	-	-	-
AMK Sale	(1,291,185)	-	-	-	(1,291,185)
<b>At 31 Dec. 2020</b>	<b>-</b>	<b>939,167</b>	<b>135,649</b>	<b>760,758</b>	<b>1,835,574</b>
<b>Accumulated Amortisation</b>					
At 1 Jan. 2020	774,709	494,222	41,472	95,095	1,405,498
Amortisation	86,079	93,917	13,565	76,076	269,637
AMK Sale	(860,788)	-	-	-	(860,788)
<b>At 31 Dec. 2020</b>	<b>-</b>	<b>588,139</b>	<b>55,037</b>	<b>171,171</b>	<b>814,347</b>
<b>Net Book Value</b>					
At 31 Dec. 2020	-	351,028	80,612	589,587	1,021,227



2 Intangible fixed assets (continued)

Goodwill (continued)

(in USD)	AMK	AMIL	AMZ	Moringaway	Total
<b>Cost</b>					
At 1 Jan. 2019	1,291,185	939,167	135,649	760,758	3,126,759
Additions	-	-	-	-	-
<b>At 31 Dec. 2019</b>	1,291,185	939,167	135,649	760,758	3,126,759
<b>Accumulated Amortisation</b>					
At 1 Jan. 2019	645,591	400,305	27,907	19,019	1,092,822
Amortisation	129,118	93,917	13,565	76,076	312,676
<b>At 31 Dec. 2019</b>	774,709	494,222	41,472	95,095	1,405,498
<b>Net Book Value</b>					
At 31 Dec. 2019	516,476	444,945	94,177	665,663	1,721,261

Software

(in USD)	AMIL	AMZ	Total
<b>Cost</b>			
At 1 Jan. 2020	21,262	86,880	108,142
Additions	677	1,077	1,754
Transfers	-	12,177	12,177
Translation	(711)	(29,227)	(29,938)
<b>At 31 Dec. 2020</b>	21,228	70,907	92,135
<b>Accumulated Amortisation</b>			
At 1 Jan. 2020	17,907	42,074	59,981
Amortisation	1,338	12,572	13,910
Translation	(599)	(14,154)	(14,753)
<b>At 31 Dec. 2020</b>	18,646	40,492	59,138
<b>Net Book Value</b>			
At 31 Dec. 2020	2,582	30,415	32,997

2 Intangible fixed assets (continued)

Software (continued)

(in USD)	AMIL	AMZ	Total
<b>Cost</b>			
At 1 Jan. 2019	21,274	102,457	123,731
Additions	491	-	491
Translation	(503)	(15,577)	(16,080)
<b>At 31 Dec. 2019</b>	21,262	86,880	108,142
<b>Accumulated Amortisation</b>			
At 1 Jan. 2019	16,206	29,183	45,389
Amortisation	2,084	17,328	19,412
Translation	(383)	(4,437)	(4,820)
<b>At 31 Dec. 2019</b>	17,907	42,074	59,981
<b>Net Book Value</b>			
At 31 Dec. 2019	3,355	44,806	48,161

There are no limited property rights to the intangible fixed assets. Nor are there any obligations relating to the acquisition of intangible fixed assets. The useful life of intangible fixed assets is between 3-6 years. Amortization is charged on a straight-line basis.

### 3 Tangible fixed assets

#### Fixed Assets

	Leasehold Improvements	Right-of-use Assets	Motor Vehicles & Bikes	Computer and Office Equipment	Construction in Progress	Total (in USD)
<b>Cost</b>						
At 1 Jan. 20	102,666	313,938	376,635	368,605	18,354	<b>1,180,198</b>
Additions	54,935	106,011	144,862	169,733	-	<b>475,541</b>
Disposals	-	(2,307)	(7,649)	-	-	<b>(9,956)</b>
Transfers	-	-	-	-	(12,177)	<b>(12,177)</b>
Translation	(27,378)	(40,948)	(68,876)	(68,326)	(6,177)	<b>(211,705)</b>
<b>At 31 Dec. 20</b>	<b>130,223</b>	<b>376,694</b>	<b>444,972</b>	<b>470,012</b>	<b>-</b>	<b>1,421,901</b>
<b>Accumulated Depreciation</b>						
At 1 Jan. 20	20,584	105,580	171,901	151,263	-	<b>449,328</b>
Depreciation	20,259	90,517	65,840	67,432	-	<b>244,048</b>
Disposals	-	-	(7,650)	-	-	<b>(7,650)</b>
<b>At 31 Dec. 20</b>	<b>40,843</b>	<b>196,097</b>	<b>230,091</b>	<b>218,695</b>	<b>-</b>	<b>685,726</b>
<b>Net Book Value</b>						
At 31 Dec. 20	89,380	180,597	214,881	251,317	-	<b>736,175</b>
<b>At 31 Dec. 19</b>						
At 1 Jan. 19	31,585	-	197,647	198,751	37,210	<b>465,193</b>
Additions	67,105	-	190,952	167,038	18,352	<b>443,447</b>
IFRS 16 change	-	313,938	-	-	-	<b>313,938</b>
Disposals	(2,518)	-	-	(6,886)	-	<b>(9,404)</b>
Transfers	8,729	-	-	22,822	(31,551)	<b>-</b>
Translation	(2,235)	-	(11,964)	(13,120)	(5,657)	<b>(32,976)</b>
<b>At 31 Dec. 19</b>	<b>102,666</b>	<b>313,938</b>	<b>376,635</b>	<b>368,605</b>	<b>18,354</b>	<b>1,180,198</b>
<b>Accumulated Depreciation</b>						
At 1 Jan. 19	12,295	-	118,956	110,810	-	<b>242,061</b>
Depreciation	10,300	105,580	52,945	43,037	-	<b>211,862</b>
Disposals	(2,011)	-	-	(2,584)	-	<b>(4,595)</b>
<b>At 31 Dec. 19</b>	<b>20,584</b>	<b>105,580</b>	<b>171,901</b>	<b>151,263</b>	<b>-</b>	<b>449,328</b>
<b>Net Book Value</b>						
At 31 Dec. 19	82,082	208,358	204,734	217,342	18,354	<b>730,870</b>

### 3 Tangible fixed assets (continued)

#### Fixed Assets (continued)

The Group leases office space which typically run for a period of 1 year to 3 years with an option to renew the lease after that date. Lease payments are renegotiated every time after the lease term to reflect market rentals. Previously, these leases were classified as operating leases. The useful life of Right-of-use assets is the length of the lease.

There are no limited property rights to the tangible fixed assets and no security in the form of tangible fixed assets has been provided for liabilities. Nor are there any obligations relating to the acquisition of tangible fixed assets. The useful life of the fixed assets is as below.

Leasehold improvements	Length of the lease
Motor vehicles and Bikes	3 to 8 years
Computer and Office Equipment	2 to 4 years

### 4 Financial fixed assets

#### Summary

(in USD)	2020	2019*
Financial fixed assets consists of:		
Participating interest	-	10,518,324
Loans and advances	2,242,398	2,129,201
Deposits with financial institutions	230,497	392,705
<b>Total Financial fixed assets</b>	<b>2,472,895</b>	<b>13,040,230</b>

\* Adjusted for comparison purposes, refer to page 18.

Deposits with Financial institutions are deposits held by the Company that are not readily available within 12 months.

#### 4 Financial fixed assets (continued)

##### Participating interest (continued)

The details of Participating interest and Loans and advances are shown below.

<i>(in USD)</i>	2020	2019
Opening balance	10,518,324	9,398,871
Share of result in participating interest	778,893	1,322,193
Sale participating interest	(11,145,232)	-
Currency translation	(151,985)	(202,740)
<b>Balance as at 31 December</b>	<b>-</b>	<b>10,518,324</b>

During 2020, the Company sold its remaining stake to in AMK to SCSB. For further information on the sale of AMK refer to note 1.

Details of capital interests were as followed:

Name	Registered office	Share in issued capital
AMK MFI Plc	Phnom Penh, Cambodia	0% (2019: 15%)

##### Loans and advances

<i>(in USD)</i>	2020	2019
<b>Long term loans and advances</b>		
Balance as at 1 January	11,178,132	7,950,954
Movement during the year	669,789	3,227,178
Gross advance to customers	11,847,921	11,178,132
<i>Less provision for bad debts</i>		
Balance as at 1 January	(119,934)	(128,185)
Movements during the period	(536,790)	8,251
<i>Total provision for bad debts</i>	(656,724)	(119,934)
<b>Balance as at 31 December</b>	<b>11,191,197</b>	<b>11,058,198</b>
Less: Current portion of borrowings	(8,948,799)	(8,928,997)
	<b>2,242,398</b>	<b>2,129,201</b>

#### 4 Financial fixed assets (continued)

##### Loans and advances (continued)

<i>(in USD)</i>	2020	2019
The outstanding Loan and advances have been granted by the following companies to third parties:		
Holding Company	499,193	497,358
AMIL	1,086,524	1,273,731
AMZ	281,681	358,112
Moringaway	375,000	-
<b>Balance as at 31 December</b>	<b>2,242,398</b>	<b>2,129,201</b>

Loans and advances with a maturity of greater than one year are shown as Long term loans and advances while those with a maturity of less than one year are shown in Note 5 Short term loans and advances.

AMIL's offers a range of microfinance products including Group Business Loans, Group Housing Loans, Group Education Loans, Group Emergency Loans, Group Top up Loans, Individual Loans and Small Medium Enterprise Loans. The duration of the loans range from 6 to 48 months, with the most common term being between 12 and 24 months.

AMZ offers a range of microfinance products including Village Bank Loans, Small Group Business Loans, Small Group Agriculture Loans, Individual Agriculture Loans, Individual Micro Business Loan and Small Medium Enterprise Loans. The duration of the loans range from 6 to 36 months, with the most common term being between 12 and 24 months.

On 3 September 2019, the Company entered into a local currency term facility agreement with a third party. The loan is for UGX 1,835,270,000 (equivalent to USD 499,193). The floating interest rate is fixed at the beginning of each quarter, with the current rate being 20% per annum. Due to the pandemic the terms of the loan were amended and the repayment date extended from 3 September 2021 to 3 March 2022. For further information refer to note 28.

On 30 October 2020, Moringaway entered into a USD 500,000 senior debt term facility agreement with a third party. The principal amount is USD 500,000 and interest is payable at the end of each quarter. The interest rate is fixed at 10% per annum and is repayable in eight equal instalments from 30 September 2021, with the last instalment due on 30 June 2023. The loan is guaranteed by the Shareholder of the third party Borrower. The Loans and advances payable in one year amounting to USD 125,000 have been reclassified to the short term Loans and advances (refer to note 5).

## 5 Short term Loans and advances

<i>(in USD)</i>	2020	2019
Balance as at 1 January	9,048,931	6,890,220
Movement during the year	556,592	2,158,711
Gross advance to customers	9,605,523	9,048,931
Less provision for bad debts	(656,724)	(119,934)
Closing balance 31 December	<b>8,948,799</b>	<b>8,928,997</b>
The outstanding Loan and advances have been granted by the following companies to third parties:		
AMIL	4,237,587	4,347,564
AMZ	5,242,937	4,701,367
Moringaway	125,000	-
Less provision for bad debts	(656,724)	(119,934)
Balance as at 31 December	<b>8,948,799</b>	<b>8,928,997</b>

## 6 Trade and other receivables

<i>(in USD)</i>	2020	2019*
VAT receivable	5,972	25,629
Deposits with financial institutions	1,586,911	1,579,679
Receivable from Business Correspondence collections	156,727	-
Provision Business Correspondence collections	(156,727)	-
Prepayments	306,447	168,807
Income tax paid in advance	127,685	58,882
Other receivables	132,227	116,407
<b>Balance as at 31 December</b>	<b>2,159,242</b>	<b>1,949,404</b>

\* Adjusted for comparison purposes, refer to page 18.

Deposits with Financial institutions are deposits held by the Company that are readily available to the Company within 12 months.

The provision relates to a business correspondence agreement that AMIL entered with a third party to render services related to acquisition and management of new loans. As a part of the agreement, AMIL has given a guarantee to the counterparty to bear credit losses on all loans sourced by the Company for the counterparty. During the current period, AMIL has made a payment of INR 11,568,502 (USD 156,727) to the counterparty towards shortfall in collections received on these loans. In the absence of certainty of recoverability of this amount as a result of the Pandemic, the Company has made a provision of 100% on this receivable.

Other receivables include staff advances, accruals and statutory advanced payments. The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

## 7 Cash and cash equivalents

<i>(in USD)</i>	2020	2019*
Cash at banks	26,086,466	6,271,910
Deposits with banks	754,968	4,983
<b>Balance as at 31 December</b>	<b>26,841,434</b>	<b>6,276,893</b>

\* Adjusted for comparison purposes, refer to page 18.

Cash at banks is available on demand and is held in current accounts or savings accounts. Cash and cash equivalents that are not readily available to the Company are presented under Trade and other receivables or Financial fixed assets, depending on their maturity date.

## 8 Group equity

For a detailed explanation of the share of the Company in group equity, reference is made to note 33 Shareholders' equity in the separate financial statements.

### Minority Interest

<i>(in USD)</i>	2020	2019
AMIL	137,733	182,573
AMZ	15,652	-
<b>Balance as at 31 December</b>	<b>153,385</b>	<b>182,573</b>
The movements in minority interests are as follows:		
Balance as at 1 January	182,573	183,295
Third-party share in result	(38,217)	5,440
Revaluation	9,029	(6,162)
<b>Balance as at 31 December</b>	<b>153,385</b>	<b>182,573</b>

The Company acquired majority (controlling) stake in AMIL in 2013. The Company owned a 94% equity stake in AMIL at year end.

During 2020, AMZ launched its Employee Share Ownership Plan and on 31 July the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. This has been reflected as a minority interest. At year end the Company and Moringaway held 99.3% (2019: 100%) of the total share capital in AMZ.

## 9 Non-current Borrowings

<i>(in USD)</i>	2020	2019
Borrowings	7,153,616	8,965,435
Less: Current portion of borrowings	(4,429,637)	(5,827,899)
<b>Non-current borrowings</b>	<b>2,723,979</b>	<b>3,137,536</b>
The Non-current Borrowings have been obtained by the following companies:		
AMIL	780,070	862,263
AMZ	313,193	1,817,320
Moringaway	1,630,716	457,953
<b>Balance as at 31 December</b>	<b>2,723,979</b>	<b>3,137,536</b>

Lease liabilities amounting to USD 221,000 (2019: USD 226,622) are included under Borrowings.

Borrowings carry customary covenants including solvency ratios, debt to equity ratios, return on assets, write-off ratios and unhedged foreign exchange positions.

AMIL has secured third party debt repayable in eighteen and thirty six equated monthly instalments from the date of disbursement with an maximum rate of interest of 17% per annum. The debt is secured by first pari passu charge over all loan receivables and margin money deposit. The borrowings due within one year are shown in Current liabilities.

AMZ has unsecured third party debt, with interest rates ranging from 8% to 28.4% per annum. The borrowings are due within 1 - 5 years. Any borrowings due within one year are shown in Current liabilities.

Moringaway has unsecured third party debt denominated in Euros and USD, with interest rates ranging from 3.5% to 6.5% per annum. The borrowings are due within 1 - 4 years. Any borrowings due within one year are shown in Current liabilities.

## 10 Current part of non-current borrowings

<i>(in USD)</i>	2020	2019
Current portion of borrowings	4,429,637	5,827,899
<b>Balance as at 31 December</b>	<b>4,429,637</b>	<b>5,827,899</b>
<i>The Current borrowings have been obtained by the following companies:</i>		
AMIL	2,250,514	3,429,286
AMZ	1,346,139	1,784,897
Moringaway	832,984	613,716
<b>Balance as at 31 December</b>	<b>4,429,637</b>	<b>5,827,899</b>

The Current liabilities for AMIL, AMZ and Moringaway represents the current portion of Non-current Borrowings. For the conditions relating to the current borrowings reference is made to Note 9 for further details.

## 11 Financial instruments

### General

During the normal course of business, the Company uses various financial instruments that expose it to credit risk and other risks such as market, currency, interest, cash flow and liquidity risks. To control these risks, the Company has risk management structures and systems in place that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure.

### Management of credit risk

The Company makes allowance for impairment in line with the requirement of IFRS 9. Management evaluates credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering their financial position, past experience and other factors.

## 11 Financial instruments (continued)

### Credit quality analysis

The table below sets out information about the credit quality of loans and advances to customers and the allowance for impairment/loss held by the Company against those assets. The carrying amount of loans and advances to customers represents the main credit exposure. The maximum exposure to credit risk on these assets at the reporting date was:

<i>(in USD)</i>	2020	2019
Stage 1 – Performing	9,508,940	11,047,045
Stage 2 – Not late	1,775,640	23,211
Stage 3 – Late	563,341	107,876
<b>Total</b>	<b>11,847,921</b>	<b>11,178,132</b>

### Impairment losses

Impaired loans and advances are loans and advances for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreements. The aging of loans and advances to customers at reporting date was:

<i>(in USD)</i>	2020	2019
Neither past due nor impaired	8,904,268	11,002,574
Past due 1-29 days	604,672	44,471
Past due 30-59 days	1,029,792	14,899
Past due 60-89 days	745,848	8,312
Past due 90-180 days	417,216	14,488
Past due >180 days	146,125	93,388
<b>Gross</b>	<b>11,847,921</b>	<b>11,178,132</b>
Provision for impairment	(656,724)	(119,934)
<b>Total</b>	<b>11,191,197</b>	<b>11,058,198</b>

## 11 Financial instruments (continued)

### Other Risks

**Currency Risks:** The Group is exposed to currency risk denominated in a currency other than the respective functional currencies of group entities. The functional currencies in the subsidiaries are their respective local currency. Some of the Company's operating currencies showed significant volatility during the year, particularly the Zambian Kwacha which devalued against the dollar. The presentation currency of the Group is USD. The group manages risk by keeping funds as much as possible in USD and converting funds into local currency only when necessary. The net currency position in USD as of 31 December 2020 is presented below:

	Assets USD	Liabilities USD	Net Position USD
USD	28,891,498	(333,693)	28,557,805
EUR	284,532	(1,492,791)	(1,208,259)
KHR	1,520	-	1,520
INR	6,158,212	(2,683,061)	3,475,151
ZMW	6,847,399	(3,104,538)	3,742,861
UGX	524,631	-	524,631
<b>Total</b>	<b>42,707,792</b>	<b>(7,614,083)</b>	<b>35,093,709</b>

The pre-tax result as of 31 December 2020 would be USD 22,962 higher/lower, in case the exchange rate of the ZMW against USD would increase/decrease by 10 percent, leaving all other variables constant.

The pre-tax result as of 31 December 2020 would be USD 62,856 higher/lower, in case the exchange rate of the INR against USD would increase/decrease by 10 percent, leaving all other variables constant.

The interest income as of 31 December 2020 would be USD 10,592 higher/lower, in case the exchange rate of the UGX against USD would increase/decrease by 10 percent, leaving all other variables constant.

The interest expense as of 31 December 2020 would be USD 5,734 higher/lower, in case the exchange rate of the EUR against USD would increase/decrease by 10 percent, leaving all other variables constant.

## 11 Financial instruments (continued)

### Other Risks (continued)

**Capital and Liquidity Risks:** The Company's business depends on a mix of dividends, borrowings and equity capital raises to fund operations. The Company has sufficient liquidity for its short-to-medium term operational needs. The Company's subsidiaries manage their liquidity through a range of instruments, including equity and external borrowings. As on the report date all subsidiary companies maintain capital adequacy levels well in excess of their respective national regulations. The undiscounted contractual financial obligations and rights as of 31 December 2020 are:

	2020 1 year or less USD	2020 Total USD	2019 1 year or less USD	2019 Total USD
<b>Financial liabilities</b>				
Borrowings	4,429,637	7,153,616	5,827,899	8,965,435
Trade and other payables	460,467	460,467	792,406	792,406
<b>Total</b>	<b>4,890,104</b>	<b>7,614,083</b>	<b>6,620,305</b>	<b>9,757,841</b>
<b>Financial assets</b>				
Loans and advances	8,948,799	11,191,197	8,928,997	11,058,198
Deposit with financial institutions	-	230,497	-	392,705
Interest receivable	495,023	495,023	240,470	240,470
Trade and other receivables	2,159,242	2,159,242	1,949,404	1,949,404
Cash and cash equivalents	26,841,434	26,841,434	6,276,893	6,276,893
<b>Total</b>	<b>38,444,498</b>	<b>40,917,393</b>	<b>17,395,764</b>	<b>19,917,670</b>
<b>Net amount as at 31 December:</b>	<b>33,554,394</b>	<b>33,303,310</b>	<b>10,775,459</b>	<b>10,159,829</b>

The remaining financial liabilities and financial assets fall in the bracket of 1-5 years.

## 11 Financial instruments (continued)

### Other Risks (continued)

**Market Risks:** Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and deposits. While we discuss currency risks separately, interest-rate risks can potentially also create some uncertainty in the business. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. On the asset side, this relates to the loan pricing methods followed by the group's subsidiaries. On the third party liabilities within the Group, there is no current exposure to floating interest rates and the primary risk lies with interest rate movements for its subsidiaries at the time of their renewal of existing borrowing lines. Such market risks can manifest themselves in the loss of clientele, downward pressure on pricing or in extreme cases to client over-indebtedness.

### Risk Management Structure and Systems

**Operational and Credit Risks:** The first line of defence within the subsidiaries is their management supported by their respective second and third line risk management and internal audit departments. The management is regularly monitoring operational risks and discloses its risk profile and mitigation strategies to the board on an on-going basis. The Management Board and their relevant committees, especially the Risk Committee, Audit and Finance Committee and the Asset-Liability Committee are tasked to provide oversight on the risk management practices of the management. AMIL and AMZ have an Audit and Finance Committee of the Board, and once operations become more mature, a Risk Committee and a Board Asset-Liability committee will be introduced to better supervise risk management.

**Currency Risks:** Due to the nature of its business the Company is exposed to currency risks in its investments. The Company monitors its currency exposure on a regular basis but there are no hedging or other risk mitigating arrangements deployed to reduce currency risks as these mechanisms will only come into play once the portfolio of investments has grown to a considerable size and when hedging options can be cost effective. For the time being, a large portion of the Company's assets are denominated in dollars and therefore its currency risks are limited. Moreover, strong operational results are also a way of compensating for potential currency losses.

**Capital and Liquidity Risks:** The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the balance sheet, the funding requirements of the Group and cash flows. In qualifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Group and also from the available financial institution facilities.

**Market & Interest Rate Risk:** To manage the interest-rate risks arising on the asset side of the business, the Company's subsidiaries keep a close watch on market developments and the interest-rate movements through their respective market research functions. The interest-rate risk in India is limited on account of a hard interest-rate cap that exists at present, which results in relatively uniform pricing of loans in the market. In Zambia, on the other hand, AMZ remains a leader in pricing of small rural loans on account of its efficiency, increased scale and careful product design.

## 11 Financial instruments (continued)

### Risk Management Structure and Systems (continued)

**Market & Interest Rate Risk (continued):** On the liability side of the subsidiaries' balance sheet, floating interest rates are currently not in force on any of the borrowings, and therefore the fluctuations in interest rates manifest primarily at the time of loan renewals. While this can potentially be a real risk for subsidiaries, our experience has shown that the movements are typically on account of hedging costs (FX risk) rather than significant changes to the underlying pricing mechanism used by lenders (LIBOR + margin). Interest rates quoted in USD/EUR have been consistent over the last 5 years in India and Zambia, though this does not provide guarantees for the future. Therefore at present the subsidiaries' focus their efforts of managing hedging costs more carefully, through back-to-back arrangements or sometimes taking on USD/EUR exposure for short periods (in Zambia) due to prohibitive hedging costs.

### Risk Mitigation

**Established Microfinance Strategy:** The Group has been in the business of microfinance since 2011, and has an established and a proven track-record. Its operations are growing in Zambia and were seeing growth in India before the onset of the pandemic. The Group's approach to microfinance is to establish operating systems that mitigate risk exposure in operations. Its long-term loan losses as well as profitability profile confirms that its approach to microfinance is viable and is managed within acceptable risk levels.

**Systems and Processes:** The Company ensures, through its role in the governance of the Subsidiaries that appropriate levels of risk management processes and systems are in place. The establishment of such systems is relevant to the context and complexity in each subsidiary but the focus on risk management remains important within these institutions. The subsidiaries follow processes appropriate to their size, scale and complexity. The Company oversees this aspect closely through its representation on the governance of the Subsidiaries.

**Operating Policies:** The Company ensures that its Subsidiaries follow responsible lending practices and thereby maintain the credit risk in their operations within acceptable limits. Each of the subsidiaries work with established policies for lending, which includes amongst other things, a focus on geographical and market diversification, risk exposure limits by sector, cash-flow based loan assessments, checks and balances in lending decisions and ongoing monitoring/audits. These practices help in managing the credit risk inherent in the business. The pandemic has seen new challenges with the introduction of lockdowns and moratoriums which has had adverse effects on the loan losses for AMIL. In reaction, AMIL is pushing to diversify its loan book by focusing on geographical expansion and growth in new areas of operation.

## 12 Off-balance sheet assets and liabilities

### Letter of comfort

The Company has facilitated three commercial Bank loans to AMIL by offering a letter of comfort to the lenders. The outstanding amounts of the loans was USD 280,626 as at 31 December 2020 (2019: USD 578,590).

### Guarantees

The Company guaranteed two third party loans during 2020. One relates to a loan to AMZ for ZMW 20,000,000 (USD: 946,072) and the other relates to a loan to Moringaway for EUR 300,000 (USD 366,000).

### Contingent liability

As at 31 December 2018, AMIL recorded a contingent tax liability in regards to a demand from India's Tax Authorities. The demand is for the USD 213,097 (2019: USD 220,469) and AMIL is in the process of disputing the amount. Management believes that it is unlikely that the amount will need to be paid.

### Commitments

There were no material capital commitments as at 31 December 2020 (2019: nil).



### 13 Accrued expenses and other liabilities

<i>(in USD)</i>	2020	2019
Accrued expenses & other liabilities	215,233	493,040
Other statutory obligations	116,460	123,999
<b>Total</b>	<b>331,693</b>	<b>617,039</b>

Accrued expenses & other liabilities includes audit fees, staff welfare and other general expenses.

### 14 Interest income

<i>(in USD)</i>	2020	2019
<b>Holding Company</b>		
Interest income	144,257	67,717
<b>Consolidated subsidiaries, interest income on loans</b>		
AMIL	1,347,866	1,341,963
AMZ	2,463,767	2,116,294
Moringaway	10,695	5,249
<b>Total</b>	<b>3,966,585</b>	<b>3,531,223</b>

### 15 Interest expense

<i>(in USD)</i>	2020	2019
<b>Consolidated subsidiaries</b>		
AMIL	(594,426)	(655,129)
AMZ	(863,353)	(874,524)
Moringaway	(102,005)	(21,033)
<b>Total</b>	<b>(1,559,784)</b>	<b>(1,550,686)</b>

### 16 Other financial income

<i>(in USD)</i>	2020	2019
<b>Consolidated subsidiaries</b>		
<b>AMIL</b>		
Loan processing fee income	27,333	63,695
Other income	108,686	121,735
	136,019	185,430
<b>AMZ</b>		
Loan processing fee income	1,643,920	1,395,250
Other income	42,753	51,237
	1,686,673	1,446,487
<b>Total</b>	<b>1,822,692</b>	<b>1,631,917</b>

Loan processing fees include transaction and service fees which are accounted for as the services are received. Other income includes interest on fixed deposits, insurance brokerage fees and mobile money income.

17 Other financial expense

<i>(in USD)</i>	2020	2019
<b>Holding Company</b>		
FX Results	19,617	(40,114)
Bank charges	(6,115)	(5,748)
<b>Total</b>	<b>13,502</b>	<b>(45,862)</b>
<b>Consolidated subsidiaries</b>		
<b>AMIL</b>		
FX result	(35,372)	-
Bank charges	(13,515)	(13,768)
Addition loan loss provision	(536,411)	(24,907)
Provision for Business Correspondence	(156,075)	-
Loan fee, other miscellaneous expenses	-	(43,365)
	<b>(741,373)</b>	<b>(82,040)</b>
<b>AMZ</b>		
FX result	(92,584)	23,747
Bank charges	(14,704)	(15,680)
Addition loan loss provision	(30,604)	(24,981)
	<b>(137,892)</b>	<b>(16,914)</b>
<b>Moringaway</b>		
FX result	(465,626)	(84,881)
Bank charges	(2,063)	(3,640)
Addition loan loss provision	-	140
	<b>(467,689)</b>	<b>(88,381)</b>
<b>Total</b>	<b>(1,333,452)</b>	<b>(233,197)</b>

18 General and administrative expenses

<i>(in USD)</i>	2020	2019
<b>Holding Company</b>		
Investment advisor fee	(532,800)	(420,000)
Depreciation & amortization	(269,637)	(312,676)
Auditor's fees	(81,616)	(63,049)
Legal and professional fees	(26,723)	(98,000)
General and administration fees	(25,245)	(15,959)
Staff	(90,039)	(97,448)
Premises costs	(5,103)	(2,854)
Other cost	(16,451)	(48,869)
	<b>(1,047,614)</b>	<b>(1,058,855)</b>
<b>Consolidated subsidiaries</b>		
<b>AMIL</b>		
Staff	(445,594)	(371,704)
Other premises costs	(2,739)	(2,784)
General Administration	(59,193)	(87,399)
Depreciation & amortization	(66,336)	(50,901)
Travel cost	(17,219)	(24,215)
Insurance	(2,453)	(2,363)
Consultancy, legal and audit	(105,254)	(110,823)
	<b>(698,788)</b>	<b>(650,189)</b>

18 General and administrative expenses (continued)

<i>(in USD)</i>	2020	2019
<b>Consolidated subsidiaries (continued)</b>		
<b>AMZ</b>		
Staff	(1,273,720)	(1,003,162)
Other premises costs	(111,219)	(52,635)
General Administration	(439,453)	(425,690)
Depreciation & amortization	(237,934)	(183,200)
Travel cost	(270,748)	(218,584)
Insurance	(10,358)	(9,232)
Consultancy, legal and audit	(68,809)	(132,162)
	<b>(2,412,241)</b>	<b>(2,024,665)</b>
<b>Moringaway</b>		
Staff	(35,221)	(14,315)
Premises costs	(600)	(300)
General Administration	(2,534)	(3,475)
Travel cost	(6,360)	(8,488)
Investment advisor fee	(20,054)	(42,641)
Consultancy, legal and audit	(30,200)	(28,390)
	<b>(94,969)</b>	<b>(97,609)</b>
<b>Total General and administrative expenses</b>	<b>(4,253,612)</b>	<b>(3,831,318)</b>

The total amount of personnel expenses, depreciation and amortisation is shown below:

<i>(in USD)</i>	2020	2019
Personnel expenses	(1,844,574)	(1,472,314)
Depreciation and amortisation	(573,907)	(546,777)
	<b>(2,418,481)</b>	<b>(2,019,091)</b>

19 Sale of AMK

<i>(in USD)</i>	2020	2019
Share Sale proceeds (gross)	26,120,019	-
Net Asset Value of shares sold	(11,145,232)	-
Release of goodwill *	(430,396)	-
Release of currency translation reserves	(58,056)	-
Less stamp duty and other related expenses	(112,676)	(9,467)
<b>Total gain on sale</b>	<b>14,373,659</b>	<b>(9,467)</b>

During 2020, the Company sold its remaining stake to in AMK to SCSB. On 16 June 2020 the National Bank of Cambodia (NBC) approved the sale and the transaction was fully completed on 31 August 2020. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. In relation to the sale, withholding tax of USD 747,989 was paid by the Company and this has been recorded as income tax expense. For further information on the AMK sale refer to note 1.

\* For further information refer to note 2 Intangible Fixed-assets

20 Personnel

At the year end 2020 the Group had a total staff strength of 308 full time employees (2019: 255 staff) spread over the Group as follows:

- 98 in AMIL (2019: 85 staff)
- 208 in AMZ (2019: 168 staff)
- 1 in Moringaway (2019: 1 staff)
- 1 staff member employed by the Company in the Netherlands (2019: 1 staff member)

21 Leases as lessee

The Group leases office space. The leases typically run for a period of 1 year to 3 years with an option to renew the lease after that date. Lease payments are renegotiated every after the lease term to reflect market rentals.

Previously, these leases were classified as operating leases. Information about leases for which the Company is a lessee is presented below:

Right-of-use assets

<i>(in USD)</i>	2020	2019
Balance as at 1 January	208,358	-
Additions to Right-of-use assets	106,011	313,938
Depreciation charge for the year	(90,517)	(105,580)
Derecognition to right-of-use assets	(2,307)	-
Translation	(40,948)	-
<b>Balance as at 31 December</b>	<b>180,597</b>	<b>208,358</b>

## 21 Leases as lessee (continued)

### Lease liability

<i>(in USD)</i>	2020	2019
Non-current portion of lease liability	82,756	121,089
Current portion of lease liability	138,244	105,533
<b>Balance as at 31 December</b>	<b>221,000</b>	<b>226,622</b>

### Amounts recognised in profit or loss

<i>(in USD)</i>	2020	2019
Interest on Lease liabilities	51,029	40,213
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	5,703	5,745
<b>Total amount recognised in profit and loss</b>	<b>56,732</b>	<b>45,958</b>

### Amounts recognised in cashflow statement

<i>(in USD)</i>	2020	2019
<b>Total cash outflow for leases</b>	<b>153,638</b>	<b>145,258</b>

## 22 Governance

The two-tier governance structure of the Company comprised of a three-member Supervisory Board and a two-member Management Board. Members of the Management Board oversee the overall operations, and their investments are advised by the Financial Advisor (Agora Microfinance Partners LLP). The Supervisory Board supervises, provides advice and guidance and reviews the activities and the decisions of the Management Board and the functioning of the organisation's operations. There were no changes to the Management Board or the Supervisory Board during the year.

## 23 Tax on result

The tax expense recognised in the profit and loss account for 2020 amounts to USD 896,744 (2019: USD 135,229). In relation to the AMK sale, withholding tax of USD 747,989 was paid by the Company and this has been recorded as income tax expense.

The numerical reconciliation between the applicable and the effective tax rate is as follows:

<i>(in USD)</i>	%	2020	%	2019
Result before tax		13,016,088		(461,528)
Income tax using the applicable tax rate in the Netherlands	25%	3,254,022	20%	(92,306)
Tax effect of:				
• Other applicable tax rates abroad	0.4%	55,864	-8%	34,819
• Results under the participation exemption	-27%	(3,548,008)	-0.4%	1,893
• Withholding tax paid on AMK sale	6%	747,989	-	-
• Non-deductible expenses	1%	81,347	-15%	67,750
Tax losses not recognised	2%	305,530	-27%	123,073
<b>Tax expense</b>	<b>7%</b>	<b>896,744</b>	<b>-29%</b>	<b>135,229</b>

The Holding Company has carry-forward tax losses of USD 6,552,661 as at 31 December 2020 (2019: USD 6,639,846) for which no deferred tax asset for unused tax loss carry-forward has been recognised.

## 24 Audit fees

<i>(in USD)</i>	KPMG Accountants N.V. 2020	Other KPMG network 2020	Total KPMG 2020
Audit of the financial statements	67,040	37,546	104,586
	<b>67,040</b>	<b>37,546</b>	<b>104,586</b>
	2019	2019	2019
Audit of the financial statements	57,496	26,319	83,815
	<b>57,496</b>	<b>26,319</b>	<b>83,815</b>

The fees were charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Netherlands Civil Code.

## 25 Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged. There have been no transactions with related parties that were not on a commercial basis. Refer to note 38 for further information on the remuneration of managing and supervisory directors.

The Company pays an Investment advisor fee to Agora Microfinance Partners LLP. The amount paid during the year amounts to USD 532,800 (2019: USD 420,000). Refer to note 18 for further details.

## 26 Result Minority interest

<i>(in USD)</i>	2020	2019
AMIL	38,906	(5,440)
AMZ	(689)	-
	<b>38,217</b>	<b>(5,440)</b>

During 2020, AMZ launched its Employee Share Ownership Plan and on 31 July the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. This has been reflected as a minority interest. At year end the Company and Moringaway held 99.3% (2019: 100%) of the total share capital in AMZ.

## 27 Subsequent events

On 23 April 2021 the Company made a further equity investment into AMZ of USD 449,500, thereby increasing its ownership to 90%.

On 21 June 2021 the Company made a further equity investment into Moringaway of USD 3,000,000. The funds will be used by Moringaway to grow its debt portfolio.

There are no other events after balance sheet that need to be included in these accounts.

# Separate Financial Statements



## Separate Balance Sheet

As at 31 December 2020 (before proposed appropriation of net result and expressed in USD)

(in USD)	Notes	31 Dec 2020	31 Dec 2019*
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed-assets	2	1,021,227	1,721,261
Financial fixed-assets	28	6,746,369	16,486,368
<b>Total fixed assets</b>		<b>7,767,596</b>	<b>18,207,629</b>
<b>Current assets</b>			
Interest receivable	29	42,018	7,333
Trade and other receivables	30	1,371,131	1,281,617
Cash and cash equivalents	31	25,858,104	3,610,956
<b>Total current assets</b>		<b>27,271,253</b>	<b>4,899,906</b>
<b>Total Assets</b>		<b>35,038,849</b>	<b>23,107,535</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Issued and paid-up share capital	32	350,121	321,397
Share premium		6,450,525	6,450,525
Currency translation reserve		(3,076,375)	(2,084,373)
Other reserves		18,279,599	17,588,327
Unappropriated result for the year		12,936,454	719,996
<b>Shareholders' equity</b>		<b>34,940,324</b>	<b>22,995,872</b>
<b>Current liabilities</b>			
Accrued expenses	33	98,525	111,663
<b>Total current liabilities</b>		<b>98,525</b>	<b>111,663</b>
<b>Total Equity and liabilities</b>		<b>35,038,849</b>	<b>23,107,535</b>

The notes on pages 60 – 67 are an integral part of these separate financial statements.

\* Adjusted for comparison purposes, refer to page 60.

## Separate Profit and Loss Account

For the year ended 31 December 2020

(in USD)	Notes	2020	2019
Interest income	34	148,739	62,395
<b>Net interest income</b>		<b>148,739</b>	<b>62,395</b>
Other financial income/ (expenses)	35	(1,362)	(11,484)
<b>Net other finance income</b>		<b>(1,362)</b>	<b>(11,484)</b>
<b>Net margin</b>		<b>147,377</b>	<b>50,911</b>
Other operating income	36	52,500	52,500
General and administrative expenses	37	(1,047,650)	(1,058,851)
		<b>(995,150)</b>	<b>(1,006,351)</b>
<b>Share of result of participating interests</b>			
Sale of AMK	19	14,373,659	(9,467)
AMK	28	778,893	1,322,193
AMIL	28	(580,820)	58,342
AMZ	28	202,488	273,889
Moringaway	28	(242,004)	30,479
		<b>14,532,216</b>	<b>1,675,436</b>
<b>Result before tax</b>		<b>13,684,443</b>	<b>719,996</b>
Tax on result	23	747,989	-
<b>Result after tax</b>		<b>12,936,454</b>	<b>719,996</b>

The notes on pages 60 – 67 are an integral part of these separate financial statements.

## Notes to the Separate Financial Statements

### General

The separate financial statements are part of the 2020 statutory financial statements of the Company. The financial information of the Company is included in the Company's consolidated financial statements.

In so far as no further explanation is provided of items in the separate balance sheet and the separate profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

The figures for 2019 have been reclassified for comparison purposes. The reclassifications are as follows:

- Deposits with Financial Institutions of USD 1,187,195 has been reclassified with USD 4,883 going to Cash and cash equivalents and USD 1,182,312 to Trade and other receivables.

### Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account.

### Participating interests in group companies

Participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

### Share of result of participating interests

This item concerns the Company's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

### Financial instruments

In the separate financial statements, financial instruments are presented on the basis of their legal form.

## Notes to the Separate Financial Statements (continued) For the year ended 31 December 2020

### 28 Financial fixed assets

(in USD)

#### Other participating interest

AMK - Equity

#### Consolidated participating interest

AMIL - Equity

AMZ - Equity

Moringaway - Equity

Loans and advances

#### Balance as at 31 December

Details of each investment are shown on the next pages.

#### AMK - Equity

(in USD)

Opening balance

Sale participating interest

Revaluation

Share of result in participating interest

#### Balance as at 31 December

During 2020, the Company sold its remaining stake to in AMK to SCSB. On 16 June 2020 the National Bank of Cambodia (NBC) approved the sale and the transaction was fully completed on 31 August 2020. As per the agreement, the Company sold 15% of the total share capital in AMK for USD 26,120,019, showing a gain on sale of USD 14,373,659. In relation to the sale, withholding tax of USD 747,989 was paid by the Company and this has been recorded as income tax expense. For further information on the AMK sale refer to note 1.

	2020	2019
<b>Other participating interest</b>		
AMK - Equity	-	10,518,324
<b>Consolidated participating interest</b>		
AMIL - Equity	2,087,418	1,938,618
AMZ - Equity	1,903,939	1,608,899
Moringaway - Equity	1,585,819	1,923,169
Loans and advances	1,169,193	497,358
<b>Balance as at 31 December</b>	<b>6,746,369</b>	<b>16,486,368</b>

	2020	2019
<b>AMK - Equity</b>		
(in USD)		
Opening balance	10,518,324	9,398,871
Sale participating interest	(11,145,232)	-
Revaluation	(151,985)	(202,740)
Share of result in participating interest	778,893	1,322,193
<b>Balance as at 31 December</b>	<b>-</b>	<b>10,518,324</b>

28 Financial fixed assets (continued)

AMIL – Equity

<i>(in USD)</i>	2020	2019
Opening balance	1,938,618	1,649,632
Acquisition of new shares	824,552	286,738
Share of result in participating interest - AMIL	(580,820)	58,342
Revaluation	(94,932)	(56,094)
<b>Balance as at 31 December</b>	<b>2,087,418</b>	<b>1,938,618</b>

The Company made an additional investments into AMIL during the year as indicated above. The new investment increased the Company's equity stake from 91% to 94%. The legal address of AMIL is Unit No 710, Seventh Floor, Vashi Infotech Park, Plot No. 16, Sector 30A, Vashi, Navi Mumbai 400703, India.

AMZ – Equity

<i>(in USD)</i>	2020	2019
Opening balance	1,608,899	995,092
Acquisition of new shares	800,347	593,133
Share of result in participating interest - AMZ	202,488	273,889
Revaluation	(707,795)	(253,215)
<b>Balance as at 31 December</b>	<b>1,903,939</b>	<b>1,608,899</b>

The Company made additional investments into AMZ during the year as indicated above. The new investments increased the Company's direct equity stake from 84% to 88%. On 31 July 2020 the employees of AMZ were issued 0.7% of the total share capital in AMZ via a Zambian based Co-operative. At year end the Company and Moringaway held 99.3% of the total share capital in AMZ (2019: 100%). The legal address of AMZ is First Floor, Mama Betty Building, Suite 112 Foxdale Courts Office Park, 609 Zambezi Road, Lusaka, Zambia.

28 Financial fixed assets (continued)

Moringaway – Equity

<i>(in USD)</i>	2020	2019
Opening balance	1,923,169	1,902,260
Share of result in participating interest - Moringaway	(242,004)	30,479
Revaluation	(95,346)	(9,570)
<b>Balance as at 31 December</b>	<b>1,585,819</b>	<b>1,923,169</b>

The Company owns 100% of the shares in Moringaway. The legal address of Moringaway is 11th Floor, Tower 1, NeXTeracom Building, Cybercity, Ebene, Mauritius.

Loans and advances

<i>(in USD)</i>	2020	2019
Term facility	499,193	497,358
Loan to subsidiary	670,000	-
<b>Balance as at 31 December</b>	<b>1,169,193</b>	<b>497,358</b>

On 3 September 2019 the Company entered into an unsecured Local Currency Equivalent of USD 500,000 term facility agreement with a third party. The principal amount is UGX 1,835,270,000 and interest is payable at the end of each quarter. Due to COVID-19 the terms of the loan were amended and the repayment date extended by 6 months from 3 September 2021 to 3 March 2022. The floating interest rate is fixed at the beginning of each quarter, with the current rate being 20% per annum. The loan is guaranteed by the Shareholder of the Borrower.

On 13 May 2020 the Company entered into an unsecured USD 2,000,000 Line of Credit Agreement with Moringaway. Two disbursements were made during 2020, the first on 26 May for USD 120,000 and the second on 11 November for USD 550,000. The maximum amount of the facility is USD 2,000,000 and interest is payable at the end of each quarter. The interest rate is fixed at 3% per annum and is repayable on 30 September 2025.



## 29 Interest receivable

(in USD)	2020	2019
Accrued interest income	42,018	7,333
<b>Balance as at 31 December</b>	<b>42,018</b>	<b>7,333</b>

## 30 Trade and other receivables

(in USD)	2020	2019*
VAT receivable	5,972	25,629
Other receivables and prepayments	149,478	73,676
Deposits with financial institutions	1,215,681	1,182,312
<b>Balance as at 31 December</b>	<b>1,371,131</b>	<b>1,281,617</b>

\* Adjusted for comparison purposes, refer to page 60.

Deposits with Financial institutions are deposits held by the Company that are readily available within 12 months. The Other receivables and prepayments mainly relate to prepaid advisory fees and outstanding service fees.

## 31 Cash and cash equivalents

(in USD)	2020	2019*
Cash and cash equivalents	25,103,237	3,606,073
Deposits with banks	754,867	4,883
<b>Balance as at 31 December</b>	<b>25,858,104</b>	<b>3,610,956</b>

\* Adjusted for comparison purposes, refer to page 60.

Cash at banks is available on demand and is held in current accounts or savings accounts. Cash and cash equivalents that are not readily available to the Company are presented under Trade and other receivables or Financial fixed assets, depending on their maturity date.

## 32 Shareholders' equity

The Company's authorised capital, amounting to EUR 1,000,000 (2019: EUR 1,000,000), consists of 10,000,000 shares of EUR 0.10 each, of which 2,876,692 shares have been issued. The issued and paid up capital as at 31 December 2020 amounts to 2,876,692 shares valued at EUR 287,670 (the equivalent of USD 350,121 at the year end exchange rate).

(in USD)	Issued and paid-up share capital	Share premium	Currency translation reserve	Other reserves	Unappropriated result for the year
Opening balance	321,397	6,450,525	(2,084,373)	17,588,327	719,996
Profit appropriation 2019	-	-	-	719,996	(719,996)
Translation reserves	-	-	(992,002)	-	-
Revaluation share capital	28,724	-	-	(28,724)	-
Result for the period	-	-	-	-	12,936,454
<b>Closing balance at 31 Dec. 20</b>	<b>350,121</b>	<b>6,450,525</b>	<b>(3,076,375)</b>	<b>18,279,599</b>	<b>12,936,454</b>
<b>Total Shareholders' equity 31 December 2020</b>					<b>34,940,324</b>
Total Shareholders' equity 31 December 2019					22,995,872

### 32a Appropriation of result of 2019

The financial statements for the reporting year 2019 have been adopted by the General Meeting on 12 October 2020. The General Meeting has adopted the appropriation of profit after tax as proposed by the Management Board.

### 32b Proposal for profit appropriation of 2020

The Management Board proposes, with consent of the Supervisory Board, to the General Meeting to appropriate the profit after tax for 2020 amounting to USD 12,936,454 to the Other reserves. The 2020 result after tax is presented as unappropriated result in shareholders' equity. The Company can only make payments to the shareholders and other parties entitled to the distributable profit in so far as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the legal reserves and statutory reserves under the articles of association to be maintained.

## 33 Accrued expenses

(in USD)	2020	2019
Accrued expenses	98,525	111,663
<b>Balance as at 31 December</b>	<b>98,525</b>	<b>111,663</b>

Accrued expenses includes legal fees, tax advisory fees and audit fees.

### 34 Interest income

<i>(in USD)</i>	2020	2019
Interest income	105,916	29,862
Interest income - Deposits with AMK	42,823	32,533
<b>Total</b>	<b>148,739</b>	<b>62,395</b>

### 35 Other financial income/ (expenses)

<i>(in USD)</i>	2020	2019
FX Results	4,752	(5,736)
Bank charges	(6,114)	(5,748)
<b>Total</b>	<b>(1,362)</b>	<b>(11,484)</b>

### 36 Other operating income

<i>(in USD)</i>	2020	2019
Service fees	52,500	52,500
<b>Total</b>	<b>52,500</b>	<b>52,500</b>

Service fees include fees charged to Group Companies

### 37 General and administrative expenses

<i>(in USD)</i>	2020	2019
Investment advisor fee	(532,800)	(420,000)
Depreciation and amortization	(269,637)	(312,676)
Auditor's fees	(81,616)	(63,049)
Legal and professional fees	(26,723)	(98,000)
General and administration fees	(25,245)	(15,959)
Staff	(90,039)	(97,448)
Premises costs	(5,103)	(2,854)
Other cost	(16,487)	(48,865)
<b>Total</b>	<b>(1,047,650)</b>	<b>(1,058,851)</b>

The staff expenses includes social security charges of USD 37,472 (2019: USD 43,024). The Company has 1 employee (2019: 1) who is located in The Netherlands.

### 38 Remuneration of managing and supervisory directors

The Company has three Supervisory Directors (2019: 3) and two Managing Directors (2019: 2). On 19 October 2020 a Supervisory Agreement was entered into and the remuneration relating to this agreement of EUR 2,500 (USD 2,925) was waived for 2020. On 20 April 2020 a Directorship Agreement was entered into and the remuneration relating to this agreement of EUR 2,500 (USD 2,925) was waived for 2020. The Managing Directors received USD 90,039 (2019: 113,407) in respect of their services as Directors, this is excluding the waived remuneration.

### 39 Financial instruments

The risks relating to financial instruments relate predominantly to the subsidiaries. Refer to note 11 for further details.

### 40 Off-balance sheet assets and liabilities

#### Letter of comfort

The Company has facilitated three commercial Bank loans to AMIL by offering a letter of comfort to the lenders. The outstanding amounts of the loans was USD 280,626 as at 31 December 2020 (2019: USD 578,590).

#### Guarantees

The Company guaranteed two third party loans during 2020. One relates to a loan to AMZ for ZMW 20,000,000 (USD: 946,072) and the other relates to a loan to Moringaway for EUR 300,000 (USD 366,000).

### 41 Subsequent events

On 23 April 2021 the Company made a further equity investment into AMZ of USD 449,500, thereby increasing its ownership to 90%.

On 21 June 2021 the Company made a further equity investment into Moringaway of USD 3,000,000. The funds will be used by Moringaway to grow its debt portfolio.

There are no other events after balance sheet that need to be included in these accounts.

#### Amsterdam, 23 June 2021

#### Managing Directors:

Ms. R.J. Peat  
Mr. R.W. van Hoof

#### Supervisory Board:

Mr. T. Chetan  
Ms. M.S. Mungra  
Mr. G.E. Bruckermann

## Other information

Auditor's report

The Auditor's report is included on page 68.

## Independent Auditor's Report

To: the General Meeting and the Supervisory Board of Agora Microfinance N.V.

### Provisions in the Articles of Association governing the appropriation of profit

In accordance with Article 23 of the Articles of Association, Distribution of Profits:

The amount of distributable profits shall be at the unrestricted disposal of the General Meeting, to be used for distribution of dividends, to be carried to reserves or to be used for such other ends fitting the Company's objects as that meeting may resolve. From the profits shown in the Company's adopted annual accounts any amount as the Supervisory Board may deem necessary may be added to the Company's general reserves of the Company. In calculating the amount of profits to be distributed on each Share, only the amount of the compulsory payments on the nominal amount of the Shares shall be regarded.

The Company shall only be capable of making distributions to Shareholders and other persons who are entitled to profits that qualify for distribution up to a maximum of the Distributable Reserves. In the calculation of the distribution of profits the Shares which the Company holds in its own Share capital shall be disregarded.

Distribution of profits shall take place after confirmation and adoption of the Annual Accounts showing that this is allowed.

The Supervisory Board shall have power to make one or more interim dividends payable and/or to make one or more distributions out of a reserve of the Company payable up to a maximum of the Distributable Reserves.

### Independent Auditor's report

#### Report on the audit of the accompanying financial statements

##### Our opinion

We have audited the financial statements 2020 of Agora Microfinance N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Agora Microfinance N.V. as at 31 December 2020 and of its result for the year 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the consolidated and separate balance sheet as at 31 December 2020;
- 2 the consolidated profit and loss account and statement of comprehensive income and separate profit and loss account for the year 2020;
- 3 the consolidated statement of cashflows for the year ended 31 December 2020; and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

##### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Agora Microfinance N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Report on the other information included in the annual accounts

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Board's report;
- other information pursuant to Part 9 of Book 2 of the Dutch Civil Code (Supervisory Board's report and other information).

Based on the following procedures performed, we conclude that the Management Board's report:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the Management Board's report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## Independent Auditor's Report

To: the General Meeting and the Supervisory Board of Agora Microfinance N.V.

### Description of the responsibilities for the financial statements

#### Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Description of the responsibilities for the financial statements (continued)

#### Responsibilities of the Management Board and the Supervisory Board for the financial statements (continued)

The Management Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Supervisory Board is responsible for overseeing the Company's financial reporting process.

#### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;

- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and the risk profile of the group entities. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

**Amstelveen, 23 June 2021**  
**KPMG Accountants N.V.**

G.L. Brewster RA, Partner



**Agora  
Microfinance**

BANKING FOR CHANGE

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