CreditAccess
Asia

# Annual Report FY 2018/19

For the year ended 31 March 2019

# Directors Report

*"CreditAccess is approaching 10 years in business and the accomplishment of the first "life-cycle" of the initiative: not only in terms of size - from 0 to 12,000 employees and 3 million customers – but furthermore in terms of maturity and public recognition. Today CreditAccess is an emerging multinational financial group, well respected within the global micro-finance and MSE lending industry, gaining visibility and appreciation in capital markets too."*

## Vision

"*To be the preferred business partner of Asian households lacking access to formal credit, enriching their lives by providing convenient and reliable solutions, matching their evolving needs"*

## General information

CreditAccess Asia N.V. ("CreditAccess" or "CAA" or the "Company") is a well-established company of healthy and secure financial standing, attracting funds globally and providing through its Operating Companies working capital loans between € 100 and € 4,000 and other financial services to small, informal businesses and unbanked workers, in India and Southeast Asia. Our clients are mainly women running retail shops, small-scale traders and family farmers.
We deploy our assets in a region of close to 2 billion individuals and around 265 million unbanked people and businesses, representing the hidden backbone of the local economies where we operate.

## Core activities

### Products & Services

CreditAccess Group (the "Group") offers straightforward and transparent loan products:

- Micro-lending products (based on the group-lending methodology) to informal businesses, with a typical loan size between € 100 and € 500;
- Retail-lending products (based on the individual-lending methodology) to small businesses, with a typical loan size between € 500 and € 4,000.

In addition to credit services, CAA distributes as corporate agent life insurances products and, to a limited extent, health insurance and pension services.

### Geographical areas

CAA's head office is located in the Netherlands and has a regional head office in Bangkok. The Operating Companies ("OpCos") are located in India, Indonesia and the Philippines. CAA commenced operations in India in 2008 and then expanded to Southeast Asia.

The three Operating Companies are:

- CreditAccess Grameen Limited in India ("CA-GR" or "CA-Grameen")
- PT Bina Artha Ventura in Indonesia ("CA-ID" or "CA-Indonesia")
- CreditAccess Philippines Financing Company Inc. (trading name "OnePuhunan") in the Philippines ("CA-PH" or "CA-Philippines")

### Customers

The Group's core customers are low-income, self-employed individuals, usually managing a small trade business or operating in agriculture and earning between € 2 and € 10 a day. In addition, the Group serves a higher customer segment, composed of small businesses, usually generating income between € 10 and € 100 per day.

## Business Strategy

The Group envisions achieving the following medium term strategic and financial goals by FY 2020:

- 6 million customers
- € 2.5 billion loan portfolio
- 22% return on average equity

Furthermore, the company aims for an initial public listing on the stock exchange by June 2021.

## Future outlook

The market outlook remains positive. The financial inclusion process is underway across the Southeast Asia region and the capacity for expanding our outreach is still extremely large.

Recent general elections in India and Indonesia have reconfirmed a stable political environment and we do not currently see any imminent threats even while we keep monitoring all internal and external risks which may hamper our plans.

The Indian market enjoys perfect conditions for microfinance; a vast unbanked population, a remarkable credit culture, a well-regulated market, a strong credit bureau and a rather sophisticated financial market understanding and appreciation of the opportunity to provide financial resources to the sector. The Indian microfinance market is currently worth $ 19.5 billion, and the prospect market stays at $ 274 billion. CA-Grameen, focusing on the rural unbanked segment, is positioned in a perfect spot where 75 million people demand fair credit solutions.

Considering the current market share and our growing strategy, we envisage that we can expand our outreach to 10 million clients by 2025 via organic growth in the countries where we operate.

Regarding Southeast Asia, we will go on expanding our operations across Indonesia and the Philippines and continue exploring opportunities in Vietnam and possibly other countries.

# Course of events during the financial year

In 2018, CreditAccess reached 10 years in business. CreditAccess Group has grown to be a well-known and trusted financial services provider in India and Southeast Asia. Today it is an emerging multinational financial group, well respected within the global microfinance and MSE lending industry, gaining visibility and appreciation in capital markets too.

## Highlights

The financial year which has just ended on 31 March 2019 will remain a cornerstone of the CreditAccess story. Two historical achievements above all:

- Our flagship subsidiary CA-Grameen was listed on the main Indian stock exchanges and crossed USD 1 billion market capitalization;
- All of our businesses closed the FY 2018-2019 showing healthy profits and the Group achieved all-times high profits after tax, positioning the company to a superior level: € 378 million equity (FY17/18: € 194 mln), € 1,106 million total assets (FY17/18: € 726 mln) and € 36.3 million net profit (FY17/18: € 29.2 mln).

CreditAccess has seen impressive levels of growth and profitability in the past years, especially in FY 2018-2019, which took place despite exposure to several extraordinary incidents in its countries of operation, such as civil unrest and natural disasters, which eventually had limited impact on the companies' results. The proven resilience of the core business combined with the unique ability to leverage a still largely untapped "financial inclusion" market opportunity, has paved the way to gaining positive recognition in the public capital markets.

After the successful listing of Equitas Holdings in May 2016, the IPO of CA-Grameen was finalized in August 2018, at a size of € 141 million, which was well received by the capital market with an oversubscription of 2.2 times from investors around the world. CA-Grameen performed extremely well, recovering completely from the impact of demonetization.

CA-Indonesia grew significantly in FY 2018-2019 in terms of profit and portfolio. After 6 years as CEO at CA-Indonesia, Christian Banno handed-over the CEO position to Anand Raghavender. The transition has been smooth and Mr. Banno will remain active in the Group, in senior management role. CA-Philippines also grew over the FY 2018-2019, registering a full year profit and an a significant increase in portfolio.

The Group achieved a significant milestone, in reaching € 1 billion in consolidated assets. This highlights the enormous potential for the Operating Companies of CreditAccess.

## Financial Results - Consolidated key financial information

| Figures in EUR million | FY15/16 | FY16/17 | FY17/18 | FY18/19 |
|---|---|---|---|---|
| **Interest income and fees** | **74.3** | **114.9** | **138.1** | **186.2** |
| *YoY growth %* | *n.a.* | *54.8%* | *20.2%* | *34.8%* |
| Interest expenses and fees | (37.3) | (53.5) | (51.5) | (59.8) |
| **Net Interest Margin** | **36.9** | **61.4** | **86.6** | **126.4** |
| *YoY growth %* | *n.a.* | *66.4%* | *41.0%* | *46.0%* |
| Other income | 0.5 | 0.8 | 1.9 | 7.8 |
| Credit loss expenses | (1.0) | (15.2) | (23.7) | (11.0) |
| **Net intermediation Margin** | **36.4** | **47.0** | **64.7** | **123.2** |
| Operating expenses | (31.3) | (41.5) | (52.9) | (65.1) |
| **Operating profit** | **5.1** | **5.5** | **11.9** | **58.1** |
| Taxation on result | (5.2) | (9.1) | (6.3) | (21.9) |
| **Net Profit After Taxes** | **(2.9)** | **0.6** | **29.2** | **36.3** |
| *YoY growth %* | *n.a.* | *n.a.* | *2,522.9%* | *24.4%* |
| Fixed Assets | 23.1 | 24.7 | 20.9 | 21.9 |
| Gross loan portfolio outstanding | 357.4 | 486.0 | 667.9 | 936.4* |
| Impairment allowance | (0.9) | (16.4) | (16.0) | (12.0) |
| Net loan portfolio outstanding | 356.6 | 469.6 | 651.9 | 924.3* |
| *YoY growth %* | *n.a.* | *31.7%* | *38.8%* | *41.8%* |
| Cash and cash equivalents | 54.7 | 71.3 | 34.4 | 125.6 |
| All other assets | 73.0 | 63.7 | 18.9 | 33.7 |
| **Total assets** | **507.3** | **629.3** | **726.1** | **1,105.6** |
| Shareholders' equity | 81.7 | 205.9 | 193.8 | 378.1 |
| *YoY growth %* | *n.a.* | *152.0%* | *(5.9%)* | *95.1%* |
| Finance debt | 389.4 | 409.4 | 516.8 | 693.2 |
| All other liabilities | 35.9 | 13.5 | 14.9 | 33.3 |
| Post employment benefit obligation | 0.4 | 0.5 | 0.6 | 0.9 |
| **Total liabilities and Shareholders' equity** | **507.3** | **629.3** | **726.1** | **1,105.6** |

* This is excluding off-balance sheet portfolio of loans to customers; when including off-balance portfolio (Mar19: € 65.1 million) the YoY growth is 52%.

## Financial Results - Key financial information of the Operating Companies

| | CA-Grameen | | | | CA-Indonesia | | | | CA-Philippines | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Figures in EUR million** | FY15/16 | FY16/17 | FY17/18 | FY18/19 | FY15/16 | FY16/17 | FY17/18 | FY18/19 | FY15/16 | FY16/17 | FY17/18 | FY18/19 |
| **Interest income and fees** | **63.9** | **96.3** | **112.7** | **152.1** | **7.3** | **11.0** | **15.0** | **21.3** | **2.6** | **7.2** | **10.4** | **14.5** |
| *YoY growth %* | *n.a.* | *50.7%* | *17.0%* | *35.1%* | *n.a.* | *50.6%* | *37.0%* | *41.7%* | *n.a.* | *173.6%* | *44.8%* | *39.2%* |
| Interest expenses and fees | (29.4) | (43.1) | (47.0) | (50.9) | (1.5) | (2.1) | (3.6) | (5.3) | (0.0) | (1.0) | (2.0) | (2.6) |
| **Net Interest Margin** | **34.6** | **53.1** | **65.7** | **101.3** | **5.7** | **8.8** | **11.4** | **16.0** | **2.6** | **6.2** | **8.5** | **11.9** |
| *YoY growth %* | *n.a.* | *53.8%* | *23.5%* | *54.3%* | *n.a.* | *53.7%* | *29.6%* | *40.1%* | *n.a.* | *137.5%* | *37.1%* | *40.9%* |
| Other income | 0.3 | 0.1 | 1.0 | 5.9 | 0.1 | 0.6 | 0.1 | 0.0 | 0.1 | 0.5 | 0.8 | 0.4 |
| Credit loss expenses | (0.6) | (14.5) | (22.7) | (8.8) | (0.3) | (0.3) | (0.4) | (1.4) | (0.2) | (0.4) | (0.6) | (0.9) |
| **Net intermediation Margin** | **34.3** | **38.8** | **43.9** | **98.4** | **5.5** | **9.1** | **11.2** | **14.7** | **2.5** | **6.3** | **8.7** | **11.5** |
| Operating expenses | (16.9) | (22.8) | (27.7) | (37.2) | (5.9) | (8.7) | (11.0) | (13.5) | (5.8) | (7.9) | (9.7) | (10.8) |
| **Operating profit** | **17.4** | **16.0** | **16.2** | **61.2** | **(0.4)** | **0.4** | **0.1** | **1.2** | **(3.2)** | **(1.6)** | **(1.1)** | **0.7** |
| Taxation on result | (6.2) | (5.7) | (5.8) | (21.7) | 0.1 | (0.1) | (0.0) | (0.3) | 0.9 | 0.3 | (0.4) | (0.2) |
| **Net Profit After Taxes** | **11.2** | **10.3** | **10.4** | **39.5** | **(0.3)** | **0.3** | **0.1** | **0.9** | **(2.3)** | **(1.3)** | **(1.5)** | **0.5** |
| *YoY growth %* | *n.a.* | *n.a.* | *1.4%* | *278.3%* | *n.a.* | *n.a.* | *(65.2%)* | *830.2%* | *n.a.* | *n.a.* | *n.a.* | *n.a.* |
| | | | | | | | | | | | | |
| Fixed Assets | 4.5 | 4.4 | 3.1 | 3.5 | - | 1.0 | 1.0 | 1.0 | 1.1 | 1.2 | 1.3 | 1.2 |
| Gross loan portfolio outstanding | 334.0 | 444.9 | 617.4 | 855.6* | 16.9 | 24.0 | 32.3 | 51.6 | 6.5 | 14.5 | 18.1 | 29.1 |
| Impairment allowance | (0.5) | (15.6) | (14.7) | (9.9) | (0.1) | (0.2) | (0.3) | (0.8) | (0.3) | (0.6) | (1.0) | (1.4) |
| Net loan portfolio outstanding | 333.6 | 429.3 | 602.7 | 845.8* | 16.8 | 23.8 | 32.0 | 50.8 | 6.2 | 13.9 | 17.1 | 27.8 |
| *YoY growth %* | *n.a.* | *28.7%* | *40.4%* | *40.3%* | *n.a.* | *41.2%* | *34.6%* | *58.9%* | *n.a.* | *124.8%* | *23.4%* | *61.9%* |
| Cash and cash equivalents | 24.2 | 47.9 | 16.2 | 73.8 | 2.7 | 1.5 | 1.8 | 6.9 | 1.8 | 2.8 | 1.7 | 3.5 |
| All other assets | 18.8 | 15.0 | 11.5 | 23.6 | 2.2 | 5.3 | 4.5 | 4.9 | 1.7 | 2.2 | 1.5 | 2.1 |
| **Total assets** | **381.1** | **496.5** | **633.5** | **946.7** | **21.7** | **31.6** | **39.2** | **63.6** | **10.8** | **20.1** | **21.8** | **34.5** |
| Shareholders' equity | 64.2 | 131.3 | 174.8 | 304.3 | 8.0 | 8.7 | 7.3 | 8.4 | 5.5 | 6.7 | 4.2 | 4.9 |
| *YoY growth %* | *n.a.* | *104.5%* | *33.1%* | *74.1%* | *n.a.* | *9.2%* | *(16.7%)* | *16.1%* | *n.a.* | *20.5%* | *(37.1%)* | *17.3%* |
| Finance debt | 307.8 | 358.6 | 451.9 | 621.5 | 11.4 | 14.2 | 26.7 | 45.8 | 0.9 | 11.9 | 16.0 | 27.1 |
| All other liabilities | 8.9 | 6.4 | 6.6 | 20.3 | 2.3 | 8.6 | 5.0 | 9.2 | 4.2 | 1.4 | 1.4 | 2.2 |
| Post employment benefit obligation | 0.1 | 0.2 | 0.2 | 0.5 | - | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |
| **Total liabilities and equity** | **381.1** | **496.5** | **633.5** | **946.7** | **21.7** | **31.6** | **39.2** | **63.6** | **10.8** | **20.1** | **21.8** | **34.5** |

* This is excluding off-balance sheet portfolio of loans to customers; when including the off-balance sheet portfolio (Mar19: € 65.1 million) the YoY growth is 51%.

## Business Growth

The Group achieved two significant milestones: CA-Grameen became the largest non-bank microfinance company in India by portfolio size[1] and the group's total assets crossed the € 1 billion mark for the first time.

All Operating Companies enjoyed stellar growth during the year both from an operational perspective (clients, branches, employees etc.) and from a financial perspective (loans to customers, gross income, net interest income etc.). In terms of Gross Portfolio, CA-Grameen posted a +49% YoY growth including off-balance sheet portfolio (FY17/18:+39%), CA-Indonesia +60% (FY17/18:+35%), CA-Philippines +61% (FY17/18:+24%). In absolute terms most of the growth came from CA-Grameen and it was driven by 33% growth in customer acquisition and the rest aided by increases in average ticket size. While the large majority of the loan portfolio follows the group lending methodology, we have seen significant demand for higher ticket lending products, namely the retail lending, based on the individual credit assessment methodology.

These products were specifically designed and introduced by the Group to cater for the upper segment of microfinance customers, enabling the Group to continue serving its clients over an extended period of time. The retail lending portfolio at March 2019 is 6% of the Group portfolio, up from 2% in March 2018.

Besides the quantitative growth, there are also several qualitative dimensions to the growth. The Operating Companies kept a clear focus on rural borrowers (>80%) as opposite to urban borrowers and on geographical diversification by opening branches in new regions and reducing concentration in the historical regions. CA-Grameen expanded from 4 states in India to 9 states and from 132 districts to 157 districts.

| | CA-Grameen | | | CA-Indonesia | | | CAPhilippines | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mar-19 | Mar-18 | % | Mar-19 | Mar-18 | % | Mar-19 | Mar-18 | % |
| Gross Portfolio (€) | 920,763,540 | 617,435,527 | 49% | 51,593,674 | 32,316,961 | 60% | 29,119,661 | 18,099,002 | 61% |
| Avg. p/customer (€) | 373 | 334 | 12% | 148 | 101 | 46% | 145 | 105 | 38% |
| Customers | 2,470,000 | 1,851,000 | 33% | 349,000 | 319,782 | 9% | 201,000 | 172,779 | 16% |
| Branches | 670 | 516 | 30% | 326 | 287 | 14% | 208 | 142 | 46% |
| Employees | 8,064 | 6,306 | 28% | 2,901 | 2,720 | 7% | 1,598 | 1,566 | 2% |

## Profitability

The Group achieved an all-time high net profit of € 36.3 million (FY17/18 € 29.4 million). This is exceptionally positive if we consider that the net result has virtually no impact from non-core business activities. In fact, whilst CAA sold some shares of CA-Grameen at the IPO in August 2018, the capital gain on this sale equated to € 40 million net of taxes, has not been booked through profit or loss but through equity as per IFRS standards. On the other hand, the net result for FY 2017-2018 was impacted by the realized capital gain, equal to € 23.8 million, on the sale of the financial participation in Equitas Holdings (India).

The top line interest income and fees came in at €186 million, with an increase of +35% (FY17/18: +20%), while interest expenses and fees and the operating expenses increased at a slower pace of 16% (FY17/18: -4%) and 23% (FY17/18: +27%) respectively. The other income increased significantly on account of the upfront recognition of gains from the sales of loans to customers through direct assignments performed by CA-Grameen. The gains in the Profit or Loss for the FY 2018-2019 were € 5.7 million (FY17/18: € 0). On the other hand, the equity infusion at IPO permitted CA-Grameen to proportionally reduce the recourse to interest bearing finance debt which helped in maintaining interest expenses and fees at a low level.

The credit loss expenses reduced significantly from last year -54% (FY17/18:+56%), the improvement has to do with overstated provisioning made in the prior financial year especially in India in the aftermath of demonetization which provided an abundant cushion for write-offs during the current financial year.

Remarkably, all Operating Companies on a standalone basis reached full year profitability, showing sound profitability indicators while witnessing an accelerated growth which intrinsically comes with substantial expenses for the setting up of new branches, hiring new staff and enrolling new clients.

The return on equity of CA-Grameen was compressed to 16% in FY 2018-2019 (FY17/18: 7%) on account of the abundant equity raised at the IPO in August 2018, resulting in a very comfortable capitalization of the company at 32% at 31 March 2019 (Mar18: 28%). In the coming quarters CA-Grameen is expected to leverage its capital to optimal levels which will result in a better ROE.

| | CA-Grameen | | CA-Indonesia | | CA-Philippines | |
|---|---|---|---|---|---|---|
| | Mar-19 | Mar-18* | Mar-19 | Mar-18 | Mar-19 | Mar-18 |
| Profit After Tax (€) | 39,524,296 | 10,448,942 | 946,907 | 101,794 | 466,204 | -1,482,710 |
| Return on Average Assets (incl. off balance sheet) | 5.1% | 2.0% | 2.3% | 0.4% | 2.0% | -9.1% |
| Return on Average Equity | 16.5% | 6.8% | 12.1% | 1.3% | 10.2% | -27.3% |
| Capital Adequacy (incl. Sub. Debt) | 32.1% | 27.6% | 19.2% | 18.5% | 21.6% | 19.3% |
| Debt to Equity | 2.0 | 2.6 | 5.4 | 3.7 | 6.0 | 3.8 |

*

* Profit After Tax March 2018 has not been restated subsequent to the change of impairment methodology, as per IFRS 9, that resulted in a decrease of impairment allowance at March 2018. This could have resulted in the increase in profitability (via restatement of Profit After Tax March 2018), instead the effect is captured in retained earnings related to prior year.

[1] Based on June 2019 figures

## Quality of Portfolio

The Group adopted IFRS 9 methodologies across all companies to compute and report the quality of the loan portfolio. This represents not only an accounting change but also a significant cultural change whereby management had to shift from “incurred credit loss” models to “expected credit loss” models, taking into account forward looking element within the computation of the impairment allowance. Further details are provided in note 2 of these financial statements.

We believe that Operating Companies have applied the new standard with a sound approach. Furthermore, they have all been working on accelerating the write-off of delinquent accounts. The combined effect of portfolio sanitation and appropriate provisioning, resulted at March 2019 in low Gross NPA and nil Net NPA.

**India** CA-Grameen is the first NBFC-MFI in India to move from 90 days past due to 60 days past due as definition of Non Performing Asset, showcasing the management’s appropriate approach.

The operations in India have fully recovered from the long tail of the demonetization event in November 2017, the impacted portfolio has gone back to standard and has been partially written off. The portfolio originated post demonetization has witnessed quality performance level that is comparable to pre-demonetization levels.

CA-Grameen scaled up the individual lending products, which now counts 5% of the portfolio (FY17/18: 1%), and the portfolio quality of this new vertical is highly satisfactory.

**Indonesia**

Over the past years, the local management made tremendous efforts to reverse the worsening trend of portfolio quality which had continued for a few years. Eventually, the NPA levels stopped increasing and showed positive signs of improvements.

The credit risk is largely covered through a credit insurance contract entered into by CA-Indonesia and a local insurance company. The local management decides the timing and the quantity of portfolio to be insured based on quantitative and qualitative parameters.

**Philippines**

The quality of the group lending portfolio remains outstanding with an historical credit loss of less than 1%. During the financial year CA-Philippines has scaled up the retail lending up to 12% (FY17/18: 8%) of the portfolio however the quality of the originated portfolio has not been satisfactory. CA-Philippines has therefore revamped the products and the processes before resuming expansion mode on this vertical.
The GNPA of CA-Philippines is overly high due to technical difficulties of the company to process the write-offs in a timely manner, in the accounting. As a result, this company completed very little write-off of the delinquent clients since its inception but instead the delinquent accounts backlog is still reported in the books.

The allowance created by CA-Philippines is sufficient to cover 100% of the Gross NPA.
More details on quality of portfolio are given in note 17.

| | India | Indonesia | Philippines |
|---|---|---|---|
| | Mar-19 | Mar-19 | Mar-19 |
| Gross NPA | 0.61% | 2.49% | 3.36% |
| Net NPA | 0.0% | 0.0% | 0.0% |
| Credit Loss | 1.20% | 3.20% | 3.70% |

| | India | Indonesia | Philippines |
|---|---|---|---|
| | Mar-18 | Mar-18 | Mar-18 |
| Gross NPA | 0.9% | 3.0% | 3.3% |
| Net NPA | 0.0% | 0.0% | 0.0% |
| Credit Loss | 4.1% | 1.4% | 3.7% |

Gross NPA: It is the ratio of loans to customers that are more than 90 days past due (60 days past due for CA-Grameen) by portfolio outstanding.
Net NPA: It is the ratio of Gross NPA minus Impairment Allowance by portfolio outstanding.
Credit Loss: It is the ratio of credit loss expenses by the yearly average gross portfolio outstanding.

## Interest-bearing debt

The Group’s strategic priority is to ensure the business expansion and proper asset-liability management. The Group net interest-bearing debt amounted to € 693 million at 31 March 2019, a net increase of 34% compared to FY 2017-2018.

Currently, the Group’s borrowing needs are financed by 60+ lenders, mainly consisting of local and international banks, international MIVs (Microfinance Investment Vehicles) and DFIs (Development Finance Institutions). During FY 2018-2019, CA-Grameen performed several securitization and direct assignments in the local market, which led to a great response to the instruments issued by this company.

The Group keeps expanding the lenders’ base, while increasing the weight of the international lenders.

The Group targets funding in the operating currency, with the only exception of CAA, which can source funding in another currency because it has the internal capability to hedge the currency risk. In the medium term, the Company is aiming for further diversification of its funding sources, to maintain a healthy asset-liability management and finally to minimize the cost of funding. The cost of borrowing has shown an improving trend in FY 2018-2019 and we are of the opinion this will continue on account of the ameliorating performance of the business and of the higher recognition of the group by the debt and equity capital markets.

CA-Grameen improved the credit rating of its bank facilities from “A Stable” at March 2018 to “A+ Stable” at March 2019, rating agency ICRA Ltd (India), which is Moody’s Indian subsidiary.

## Liquidity and solvency

Subsequent to the IPO of CA-Grameen, the Group has maintained a very strong capital and cash position with consolidated closing Debt to Equity of 1 to 2.49 (FY17/18 1:1.5) and TIER I capital of 34% (FY17/18 27%).

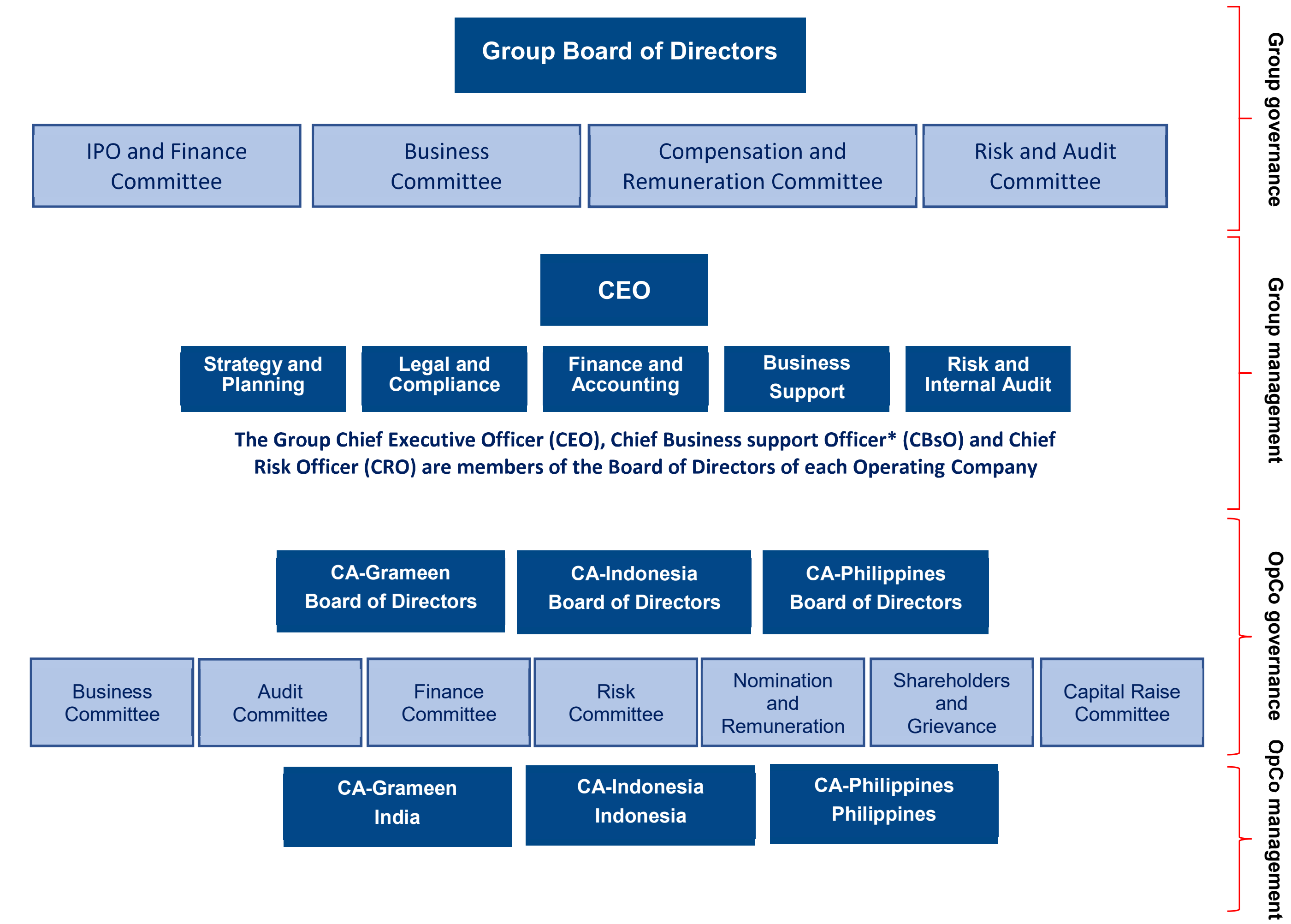
The asset-liability structure is consistently postive due to the nature of loan products offered by the Group that is tipically shorter than 24 months, whereas the financial resources mobilized by the Group have a maturity beween 2 and 5 years. As a result the assets exceeds liabilities in all maturity buckets up to 24 months.

At year end the Group reported a sound cash and cash equivalent balance of € 125 million (FY17/18: € 34 million).

For more info see sections 5.1 Capital risk management and 5.4 Liquidity Risk

## Organisation and Governance structure

The Group has a dual level governance structure, the first level is at the Company level and second level is at each Operating Company level. Each level has its own board and committees to steer, supervise, control and monitor the business. The management team of the Group connects the two levels of governance to provide effective control and management.




## Board of Directors

The holding company is managed by a one-tier board which reports to the General Meeting of Shareholders. Only the CEO is an Executive Director, while all other Board members are Non-Executive Directors The composition of the board has not changed this financial year and comprises of the following:

| Board members | Date of appointment |
|---|---|
| Mr. K.J.M. Slobbe (Chairman) | 12-06-2014 |
| Mr. P. Brichetti (CEO) | 12-06-2014 |
| Mr. G. Siccardo | 11-10-2014 |
| Mr. F.G.M. Moccagatta | 11-10-2014 |
| Mr. D.R. Mintz | 24-12-2015 |
| Mr. F. Carini | 24-03-2017 |
| Mr. J.L. Epstein | 24-03-2017 |
| Ms. E.C.M. Boerhof | 14-12-2017 |

The Company aims to have a gender balance by having at least 30% men and at least 30% women amongst its Board members. However, due to the fact that the Company needs to balance several relevant selection criteria when composing its Board (including, but not limited to, gender balance, executive experience, experience in the financial services and general industry), the composition of the Board - one female and seven male Board members - did not meet the gender balance objective in financial year FY 2018-2019.

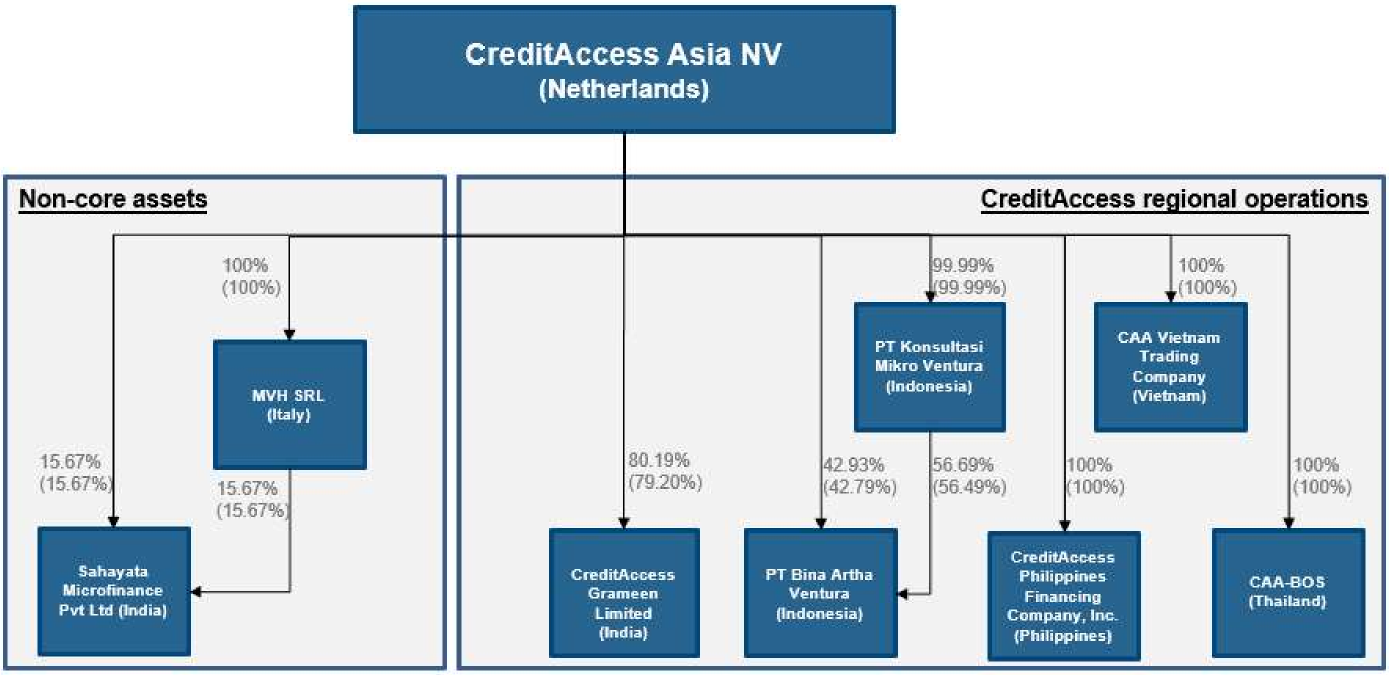
We will continue our mission to eventually have more gender balance among our board members, by continued effort in having female potential candidates apply in case of a board vacancy.

### Compensation of Directors

All members of the board of the Company are remunerated based on the compensation policy as adopted by the General Meeting of Shareholders held on 10 October 2017. The compensation is based on a fixed base fee per board and committee position and the actual amounts are disclosed in note 31 of the FS.

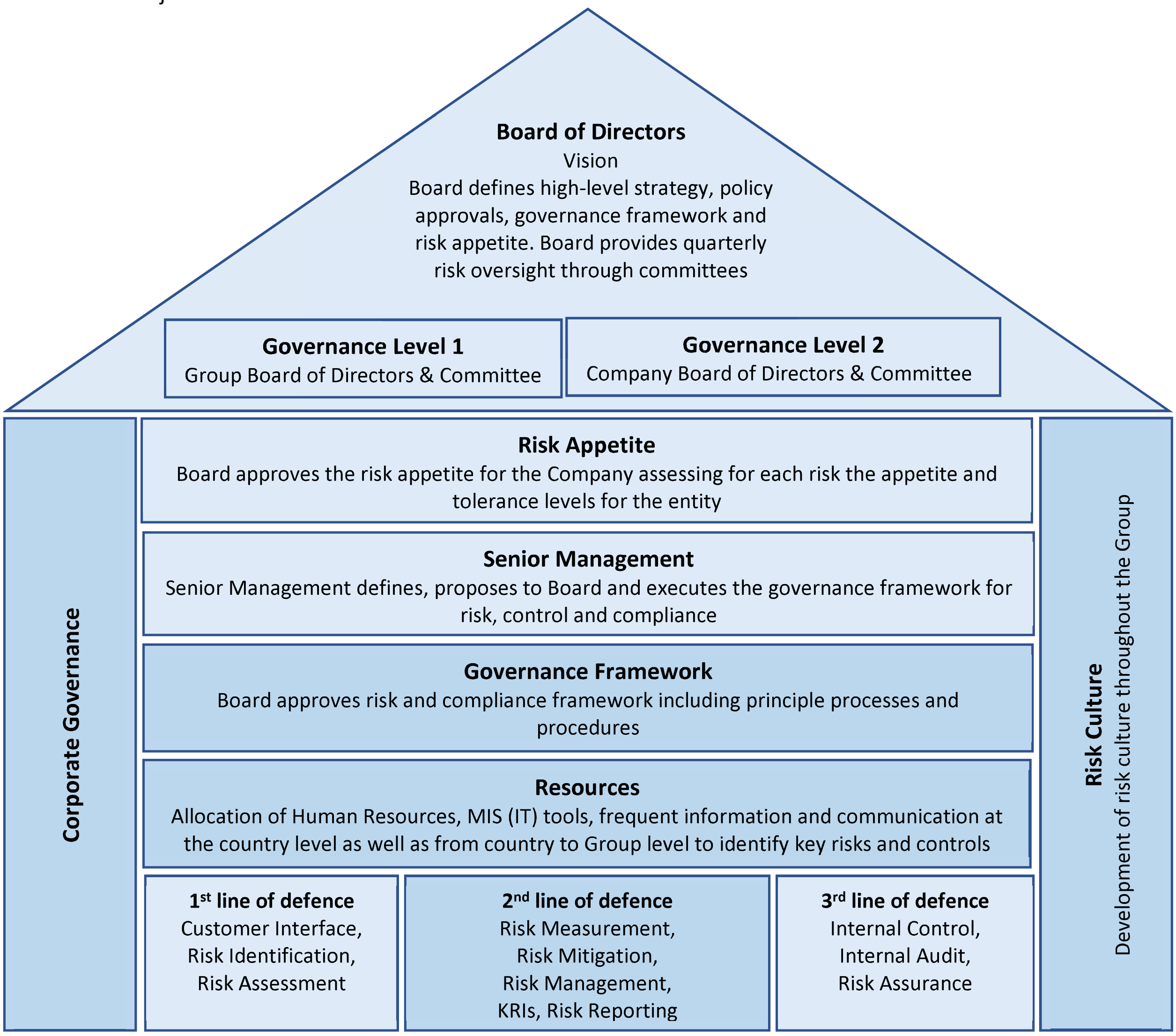
There are no loans outstanding, paired or waived and no advance payments and guarantees granted to any of the (former) members of the Board in FY 2018-2019.

## CreditAccess Group Structure at 31 March 2019



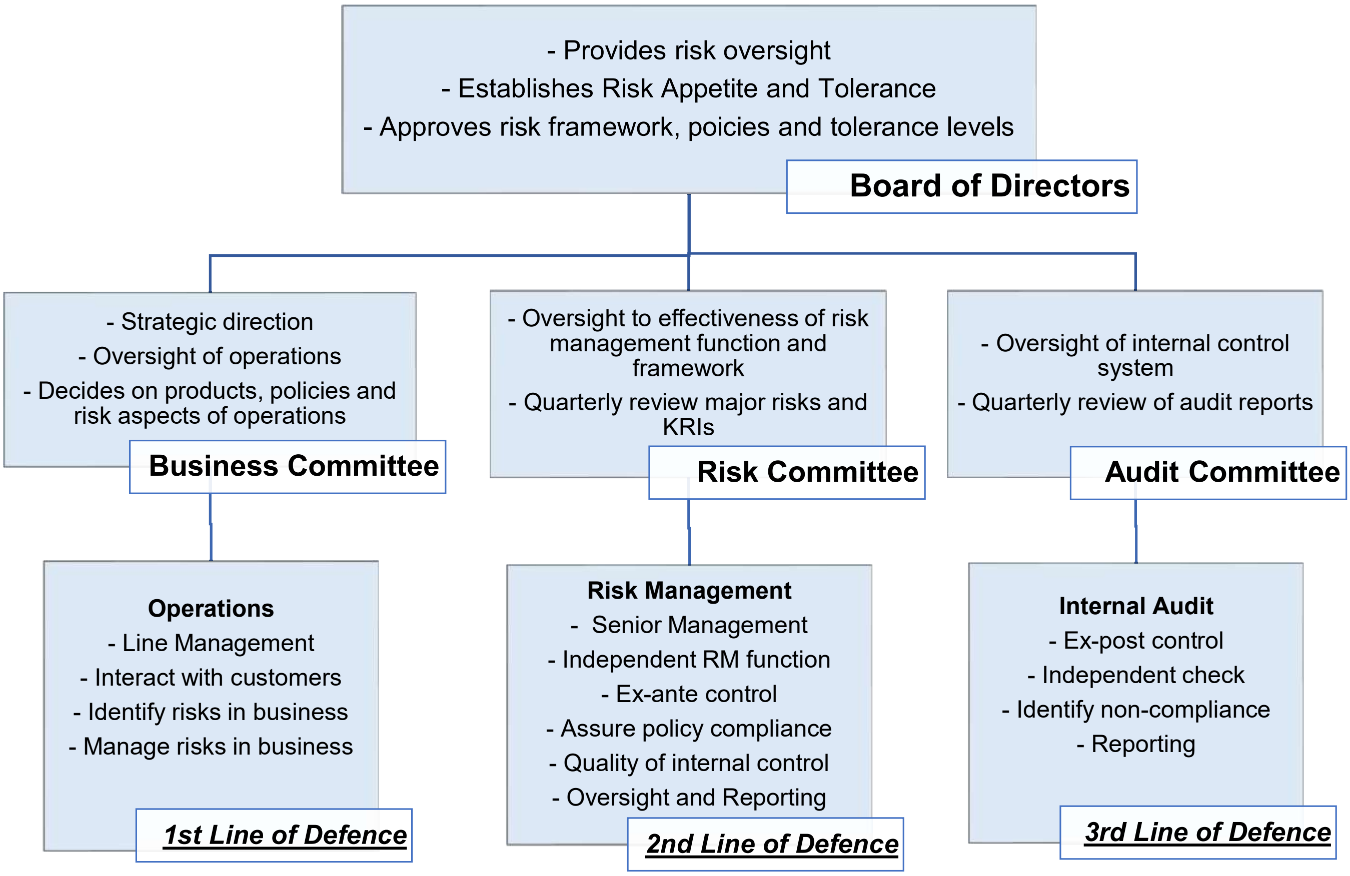

## Risk management framework

The Group follows a comprehensive risk framework which is a systematic approach adopted to mitigate risks associated with the accomplishment of objectives, operations, revenues and regulations. The risk framework defines the risk governance structure, determines the risk appetite and tolerance, and provides the three lines of defence model that ensures proactive mitigation and helps achieve stated objectives.



## Three Lines of Defence

The risk governance of operating companies is organized in three lines of defence:




While the Group accepts the risks inherent to microfinance business it aims to manage these risks in an efficient, effective and compliant way. The table below provides various types of risks that the Group's business is exposed to. More extensive table presenting risk mitigation by group companies is provided in note 5 of this report.

| Risk Type | Definition | Risks Categories |
|---|---|---|
| **FINANCIAL RISK** | Risk or loss resulting from any type of risk associated with financing and financial transactions. | Capital Risk<br>Credit Risk<br>Interest Rate Risk<br>Foreign Currency Risk<br>Liquidity Risk |
| **OPERATIONAL RISK** | Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. | People Risk<br>Process Risk<br>Systems (Technology) Risk<br>External Event Risk |
| **STRATEGIC RISK** | Risk of loss that failed business decisions, or lack thereof, may pose to a company. | Political Risk<br>Reputational Risk<br>Regulations Risk<br>Internal Policy Compliance Risk<br>Country Risk<br>Business Plan Risk including Market Dynamics Risk |

## Corporate social responsibility

The Group is compliant with local laws and regulations. In addition, group wide policies have been implemented over and above the local requirements.

The Company aims for the highest level of transparency, integrity, fairness and professionalism in all its operations.

The Group strives to:

- Execute social leadership programmes for top management and all operational leaders;
- Continue with social and environmental programmes and exchanging best practices across the Operating Companies, and
- Increase transparency of HR and social performance data.

The Group uses internationally recognised customer protection principles. These principles guide all employees in conducting the core business of providing responsible financial services to the Group's customers. In addition to adding value by offering access to financial services, the Group also provides additional benefits to its customers and their families through specific socially responsible initiatives that are undertaken directly by the Operating Companies. The overall aim is to help customers to improve their standard of living.

## Financial and non-financial performance indicators regarding environment and personnel

Expansion of our operating companies on an annual basis is on the rise:

- 27% increase in new branches. Current total is 1,204 (FY17/18: 945);
- 19% increase in full time equivalent personnel. Current total is 12,563 (FY17/18: 9,747);
- 29% increase in customers. Current total is 3,020,000 (FY17/18: 2,343,885);
- 50% increase in overall financing to customers. Current total is € 1 billion (FY17/18: € 668 million).

## Board of Directors:

### Executive Board:

P.Brichetti (Chief Executive Officer of the Company)

### Non-executive Board:

K.J.M. Slobbe (Chairman of the Company)

F. Carini

J. Epstein

D.R. Mintz

F.G.M Moccagatta

G. Siccardo

E.C.M Boerhof

The financial statements were approved for issue by the Board of Directors on 9 July 2019.

# Financial Statements

## Consolidated statement of profit or loss and other comprehensive income/(loss)

### Statement of profit or loss

| | Note | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|---|
| Interest income and fees | 6 | 186,236,774 | 138,134,827 |
| Interest expenses and fees | 7 | -59,800,458 | -51,545,576 |
| **Net interest income and fees** | | **126,436,316** | **86,589,251** |
| Other income | 8 | 7,752,795 | 1,864,088 |
| **Total income** | | **134,189,111** | **88,453,339** |
| Credit loss expenses | 9 | -10,957,491 | -23,705,809 |
| **Gross result** | | **123,231,620** | **64,747,530** |
| Personnel expenses | 10 | 42,135,296 | 32,465,804 |
| Depreciation and amortization | 11 | 3,038,238 | 2,696,210 |
| Other operating expenses | 11 | 19,915,337 | 17,710,332 |
| **Total operating expenses** | | **65.088.871** | **52,872,346** |
| **Operating result before value adjustments** | | **58,142,749** | **11,875,184** |
| Results from foreign currency denominated transactions | | 39,552 | -176,405 |
| Realised gains from disposal of available-for-sale investments | | - | 23,794,909 |
| **Total value adjustments** | | **39,552** | **23,618,504** |
| **Result before taxation** | | **58,182,301** | **35,493,688** |
| Taxation on result | 12 | -21,901,198 | -6,256,905 |
| **Net result for the period** | | **36,281,103** | **29,236,783** |
| **Net result for the year attributable to:** | | | |
| Owners of the parent | | 31,376,047 | 29,119,329 |
| Non-controlling interest | | 4,905,056 | 117,454 |
| | | **36.281.103** | **29,236,783** |

### Statement of other comprehensive income /(loss)

| | Note | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|---|
| ***Items that will or may be reclassified to profit or loss:*** | 27 | | |
| Cumulative gains/(losses) from disposal of available-for-sale investments | | - | -32,066,553 |
| Foreign exchange gains/(losses) arising on translation of foreign operations | | -8,498,719 | -27,692,301 |
| Cash-flow hedge reserve - Effective portion of changes in fair-value | | -148,480 | 15,506 |
| Net change in cost of hedging | | -103,221 | - |
| Remeasurement of defined benefit pension schemes | | 28,816 | -27,120 |
| Net fair-value changes from loans to customers at fair-value through OCI | | -1,652,089 | - |
| Income tax relating to components of other comprehensive income | | 568,040 | 13,019 |
| **Other comprehensive income/(loss) for the year, net of tax** | | **-9,805,653** | **-59,757,449** |
| **Total comprehensive income/(loss) for the year** | | **26,475,450** | **-30,520,666** |
| **Total comprehensive income/(loss) for the year attributable to:** | | | |
| Owners of the parent | | 21,974,903 | -30,638,120 |
| Non-controlling interest | | 4,500,547 | 117,454 |
| | | **26,475,450** | **-30,520,666** |

# Consolidated statement of financial position

| | Note | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 13 | 17,300,801 | 17,452,408 |
| Tangible fixed assets | 14 | 4,595,223 | 3,468,261 |
| Financial assets at fair value through profit or loss | | 25,734 | 24,908 |
| *Loans to customers – Gross* | | *277,539,726* | *194,793,323* |
| *Impairment allowance* | | *-3,177,494* | *-4,657,974* |
| Loans to customers - Net | 17 | 274,362,232 | 190,135,349 |
| Deferred tax assets | 24 | 6,455,420 | 7,272,125 |
| Other assets | 19 | 5,420,856 | 1,621,067 |
| **Total Non-current assets** | | **308,160,266** | **219,974,118** |
| **Current assets** | | | |
| *Loans to customers – Gross* | | *658,814,676* | *473,058,167* |
| *Impairment allowance* | | *-8,843,824* | *-11,316,016* |
| Loans to customers - Net | 17 | 649,970,852 | 461,742,151 |
| Derivative financial instruments | 18 | 3,116 | 167,007 |
| Other assets | 19 | 21,837,348 | 9,782,956 |
| Cash and cash equivalents | 33 | 125,640,122 | 34,426,354 |
| **Total current assets** | | **797,451,438** | **506,118,468** |
| **Total assets** | | **1,105,611,704** | **726,092,586** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Finance debt | 22 | 233,520,466 | 242,793,895 |
| Deferred tax liabilities | 24 | 9,384 | 329,968 |
| Post employment benefit obligations | 29 | 945,146 | 559,994 |
| Other liabilities | 21 | - | 41,154 |
| **Total Non-current liabilities** | | **234,474,996** | **243,725,011** |
| **Current liabilities** | | | |
| Finance debt | 22 | 459,707,427 | 274,039,952 |
| Derivative financial instruments | 18 | 1,810,369 | 37,554 |
| Other liabilities | 21 | 31,508,744 | 14,488,048 |
| **Total current liabilities** | | **493,026,540** | **288,565,554** |
| **Total liabilities** | | **727,501,536** | **532,290,565** |
| **Assets minus liabilities** | | **378,110,168** | **193,802,021** |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | 25 | 41,942,188 | 41,942,188 |
| Share premium | 26 | 138,536,809 | 138,536,809 |
| Treasury shares | 26 | -321,452 | -321,452 |
| Revaluation reserve | 26 | -539,977 | 113,882 |
| Translation reserve | 26 | -26,692,013 | -18,847,035 |
| Merger reserve | 26 | 798,915 | 798,915 |
| Cash flow hedge reserve | 26 | -132,973 | 15,506 |
| Cost of hedging reserve | 26 | -103,221 | - |
| Other reserves | 26 | 108,941,112 | 10,016,583 |
| Retained earnings | 26 | 55,396,243 | 19,588,068 |
| **Controlling interest** | | **317,825,631** | **191,843,464** |
| **Non-controlling interest** | 16 | **60,284,537** | **1,958,557** |
| **Total equity** | | **378,110,168** | **193,802,021** |
| **Total equity and liabilities** | | **1,105,611,704** | **726,092,586** |

# Consolidated statement of cash flows

| | Note | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Result before taxation | | 58,182,301 | 35,493,688 |
| *Adjustments for:* | | | |
| Impairment allowance on loans to customers | 9 | 10,957,491 | 23,705,809 |
| Depreciation of tangible fixed assets | 14 | 1,745,570 | 1,236,797 |
| Impairment of property, plant and equipment | 14 | - | - |
| Amortisation of intangible assets | 13 | 1,292,668 | 1,459,413 |
| Impairment of intangible assets | 13 | - | - |
| Goodwill impairment charge | 15 | - | - |
| (Profit)/loss on disposal of tangible fixed assets | | 7,724 | 22,901 |
| Stock options | | 742,334 | 634,318 |
| Employee benefit obligations | | -7,122 | 355,402 |
| Finance expenses | | 2,166,039 | 1,931,510 |
| Unrealised foreign exchange (gain)/loss | | -201,495 | 181,626 |
| Results from financial instruments | | - | - |
| Working capital movements: | | | |
| Other receivables | 19 | -11,906,168 | 1,155,675 |
| Other payables | 21 | 15,692,962 | 3,240,389 |
| Others | | 50,679 | -47,440 |
| Bond interest paid | | -3,140,667 | -1,820,000 |
| Income taxes paid | | -22,486,331 | -8,958,268 |
| Loans disbursed to customers | | -1,138,601,634 | -917,278,714 |
| Loans repaid from customers | | 886,766,658 | 630,544,769 |
| **Net cash flow from operating activities** | | **-198,738,991** | **-228,142,125** |
| **Cash flow from investing activities** | | | |
| Purchases of tangibles and intangibles | | -3,112,508 | -2,578,910 |
| Proceeds from sale of tangibles and intangibles | | 48,949 | 40,008 |
| Net proceeds from sale of shares in subsidiary, while still maintaining control | | 56,450,626 | - |
| Net proceeds from transfers of financial assets | | 1,303,258 | |
| Net proceeds from sale of available-for-sale investments | | - | 10,854,560 |
| Net proceeds / (placements) of margin money deposits and other liquid investments | | - | 1,068,315 |
| **Net cash flow from investing activities** | | **54,690,325** | **9,383,973** |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of ordinary shares | | - | 17,200,000 |
| Net proceeds from issue of shares by subsidiaries to non-controlling interest holders | | 74,218,498 | - |
| Proceeds from borrowings | | 583,678,712 | 383,523,133 |
| Repayments of borrowings | | -425,993,206 | -186,647,789 |
| Acquisitions of subsidiaries, net of cash acquired | | - | -25,880,936 |
| **Net cash flow from financing activities** | | **231,904,004** | **188,194,408** |
| **Net increase/(decrease) in cash and cash equivalents** | | **87,855,338** | **-30,563,744** |
| **Cash and cash equivalents at the start of the period** | | **34,426,354** | **71,280,913** |
| Net foreign exchange (losses)/gains on cash and cash equivalents | | 3,358,430 | -6,290,915 |
| **Cash and cash equivalents at end of the period** | 33 | **125,640,122** | **34,426,354** |

# Consolidated statement of changes in equity

| Figures in EUR | Share capital | Share premium | Treasury shares | Revaluation reserve | Translation reserve | Merger reserve | Cash flow reserve | Cost of hedging reserve | Other reserves | Retained earnings | Total equity attributable To owners of the company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 March 2018** | **41,942,188** | **138,536,809** | **-321,452** | **113,882** | **-18,847,035** | **798,915** | **15,506** | **-** | **10,016,583** | **19,588,068** | **191,843,464** | **1,958,557** | **193,802,021** |
| Impact from adoption of IFRS 9, net of tax | - | - | - | - | - | - | - | - | - | 4,432,128 | 4,432,128 | - | 4,432,128 |
| **Adjusted opening balance** | **41,942,188** | **138,536,809** | **-321,452** | **113,882** | **-18,847,035** | **798,915** | **15,506** | **-** | **10,016,583** | **24,020,196** | **196,275,592** | **1,958,557** | **198,234,149** |
| Capital increases/decreases (note 25) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total contributions by owners** | **41,942,188** | **138,536,809** | **-321,452** | **113,882** | **-18,847,035** | **798,915** | **15,506** | **-** | **10,016,583** | **24,020,196** | **196,275,592** | **1,958,557** | **198,234,149** |
| Net result for the year | - | - | - | - | - | - | - | - | - | 31,376,047 | 31,376,047 | 4,905,056 | 36,291,103 |
| Other comprehensive Income/(loss) for the year (note 27) | - | - | - | -653,859 | -7,844,978 | - | - | - | - | - | -8,498,837 | - | -8,498,837 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-653,859** | **-7,844,978** | **-** | **-** | **-** | **-** | **31,376,047** | **22,877,210** | **4,905,056** | **27,782,266** |
| Share-based payments (note 30) | - | - | - | - | - | - | - | - | 202,679 | - | 202,679 | - | 202,679 |
| Increase from sale of shares in CA-Grameen on IPO (note 16) | - | - | - | - | - | - | - | - | 98,721,850 | - | 98,721,850 | - | 98,721,850 |
| Net change in cash-flow hedge reserve (note 18) | - | - | - | - | - | - | -148,479 | - | - | - | -148,479 | - | -148,479 |
| Net change in cost-of-hedging reserve (note 18) | - | - | - | - | - | - | - | -103,221 | - | - | -103,221 | - | -103,221 |
| **Total other movements** | **-** | **-** | **-** | **-** | **-** | **-** | **-148,479** | **-103,221** | **98,924,529** | **-** | **98,672,829** | **-** | **98,672,829** |
| **Movements in NCI (note 16)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **53,420,924** | **53,420,924** |
| **31 March 2019** | **41,942,188** | **138,536,809** | **-321,452** | **-539,977** | **-26,692,013** | **798,915** | **-132,973** | **-103,221** | **108,941,112** | **55,396,243** | **317,825,631** | **60,284,537** | **378,110,168** |

# Consolidated statement of changes in equity (continued)

| Figures in EUR | Share capital | Share premium | Treasury shares | Revaluation reserve/ Available-for-sale reserve | Translation reserve | Merger reserve | Cash flow hedge reserve | Other reserves | Retained earnings | Total equity attributable to owners of the company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **31 March 2017** | **39,639,182** | **123,639,815** | **-321,452** | **31,700,924** | **8,848,479** | **798,915** | **-** | **10,349,970** | **-9,531,261** | **205,124,572** | **736,088** | **205,860,660** |
| Capital increases/decreases (note 25) | 2,303,006 | 14,896,994 | - | - | - | - | - | - | - | 17,200,000 | - | 17,200,000 |
| **Total contributions by owners** | **2,303,006** | **14,896,994** | **-** | **-** | **-** | **-** | **-** | **-** | | **- 17,200,000** | **-** | **17,200,000** |
| **Comprehensive income/(loss) for the year** | | | | | | | | | | | | |
| Net result for the year | - | - | - | - | - | - | - | - | 29,119,329 | 29,119,329 | 117,454 | 29,236,783 |
| Other comprehensive Income/ (loss) for the year (note 27) | - | - | - | -31,587,042 | -27,695,514 | - | - | -476,159 | - | -59,758,715 | - | -59,758,715 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-31,587,042** | **-27,695,514** | **-** | **-** | **-476,159** | **- 29,119,329** | **-30,639,386** | **117,454** | **-30,521,932** |
| **Other movements** | | | | | | | | | | | | |
| Share-based payments (note 30) | - | - | - | - | - | - | - | 142,772 | - | 142,772 | - | 142,772 |
| Net change in cash-flow hedge Reserve (note 18) | - | - | - | - | - | - | 15,506 | - | - | 15,506 | - | 15,506 |
| **Total other movements** | **-** | **-** | **-** | **-** | **-** | **-** | **15,506** | **142,772** | **-** | **158,278** | **-** | **158,278** |
| **Movements in NCI (note 16)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | | **- 1,105,015** | **1,105,015** |
| **31 March 2018** | **41,942,188** | **138,536,809** | **-321,452** | **113,882-** | **-18,847,035** | **798,915** | **15,506** | **10,016,583** | **19,588,068** | **191,843,464** | **1,958,557** | **193,802,021** |

# Notes forming part of the consolidated financial statements

## Notes forming part of the Consolidated Financial Statements

### 1. General

CreditAccess Asia N.V. (the "Company" or "CreditAccess" or "CAA") was incorporated on 20 March 2014 and has its legal seat in Amsterdam, the Netherlands. The Company is registered at the Chamber of Commerce in Amsterdam under number 60281758 and has its registered address at Strawinskylaan 1043, tower C-10, 1077 XX Amsterdam.
The principal activities of the Company are the holding and financing of CreditAccess Group of companies. The main activity of the Group is providing financial services to micro- and small businesses and self-employed people in emerging countries.

The Group means and includes all consolidated subsidiaries of CreditAccess as mentioned in note 3.2.

This Annual Report covers the financial year 2018/2019.

### 2. Application of new and revised International Financial Reporting Standards (IFRS's)

#### a) New standards, interpretations and amendments effective from 1 Jan 2018

1. IFRS 9 Financial Instruments (issued in 2014) Adopted from 1st April 2018. Refer to details in this note and later in notes note 2.2, note 3.4, note 5, note 9 and in note 17.
2. IFRS 15 Revenue from Contracts with Customers (including the clarification to IFRS 15 in April 2016) Standard does not impact the Group since the income generated by the Group is measured in accordance with IFRS 9.
3. Amendments to IFRS 2 - Classification and Measurement of Share-based Payment Transactions. See note 30.

Other new standards and interpretations are not applicable to the Group for the year ended March 31, 2019.

#### b) New standards, interpretations and amendments not yet effective

As of 31 March 2019, the following standards and interpretations have been issued, however, these are not yet effective and/ or have not yet been adopted by the EU and the Group. Information on standards expected to be relevant to the Group financial statements is provided below. Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the standards. New standards, interpretations and amendments which are not adopted or listed below, the Group expects those not to have a material impact on the CreditAccess financial statements.

The new pronouncements issued as at 31 March 2019 are:

| New Pronouncements |
|---|
| IFRS 16 Leases |
| IFRIC Interpretation 23 Uncertainty over Income Tax Treatments |
| Prepayment Features with Negative Compensation – Amendments to IFRS 9 |
| Long-term Interest in Associates and Joint Ventures – Amendments to IAS 28 |
| Plan Amendment, Curtailment or Settlement – Amendments to IAS 19 |
| AIP IFRS 3 Business Combinations – Previously held Interests in a joint operation |
| AIP IFRS 11 Joint Arrangements – Previously held Interests in a joint operation |
| AIP IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity |
| AIP IAS 23 Borrowing Costs – Borrowing Costs eligible for capitalization<br>Definition of a Business – Amendments to IFRS 3<br>Definition of Material – Amendments to IAS 1 and IAS 8 |
| The Conceptual Framework for Financial Reporting |
| IFRS 17 Insurance Contracts |
| Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 |

#### 2.1. IFRS 16 Leases

The new standard IFRS 16 'Leases' has been issued in January 2016 by the IASB and requires lessees to recognise assets and liabilities for most leases. The standard will be effective for annual periods beginning on or after 1 January 2019.

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Based on our preliminary assessment impact of this standard is limited to the buildings and vehicles the Group is renting/ leasing.

On the adoption of IFRS 16, the impact of the new standard is estimated as below:

Impact on the statement of financial position (increase/ (decrease)) for the next financial year:

| | EURO |
|---|---|
| **Assets** | |
| Property, plant and equipment (right-of-use assets) | 1,195,663 |
| Prepayments | 9,458 |
| **Liabilities** | |
| Lease liabilities | 1,223,331 |
| Deferred tax liabilities | 2,408 |
| **Net impact on equity** | **-20,618** |

Impact of the statement of profit or loss (increase/(decrease)) for the next financial year:

| | |
|---|---|
| Operating lease expenses (included in Other operating expenses) | 886,033 |
| Depreciation expense (included in Operating expenses) | -851,346 |
| **Operating profit** | **34,687** |
| Finance costs | -87,487 |
| **Profit for the year** | **-52,800** |

## IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

It is expected to have limited impact on the financial statements of the Group.

## Prepayment Features with Negative Compensation - Amendments to IFRS 9 (effective from 1 January 2019).

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the
SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.
The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract, such as a change in law or regulation leading to the early termination of the contract.

It is expected to have limited impact on the financial statements of the Group

## Long-term interests in associates and joint ventures - Amendments to IAS 28 (effective from 1 January 2019).

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

It is expected to have limited impact on the financial statements of the Group

## Plan Amendment, Curtailment or Settlement - Amendments to IAS 19 (effective from 1 January 2019).

The amendments to IAS 19 Employee Benefits address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period.

It is expected to have limited impact on the financial statements of the Group

## 2015-2017 cycle (issued in December 2017) (effective from 1 January 2019).

Amendments from the 2015-2017 annual improvements cycle includes
IFRS 3. Business Combinations
IFRS 11. Joint Arrangements
IAS12. Income Taxes
IAS23. Borrowing Costs

The amendments are expected to have limited impact on financial statements.

## Definition of a Business - Amendments to IFRS 3 (effective from 1 January 2020)

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are expected to have limited impact on financial statements.

### Definition of Material - Amendments to IAS 1 and IAS 8 (effective from 1 January 2020)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'
The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are expected to have limited impact on financial statements.

### The Conceptual Framework for Financial Reporting (effective from 1 January 2020)

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

The framework is expected to have limited impact on financial statements.

### IFRS 17 'Insurance Contracts' (effective from 1 January 2021)

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The standard is expected to have a limited impact on the financial statements.

### Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.
The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments are expected to have a limited impact on the financial statements.

## 2.2. IFRS 9 First year disclosures:

Reconciliation between a) the carrying amounts under IAS 39 and b) the balances reported under IFRS 9 as of 1 April 2018 is as follows:

| | IAS 39 | | Re-measurement | IFRS 9 | |
|---|---|---|---|---|---|
| | Category | Measured amount as at 31Mar2018 | Resulting from ECL adoption | Amount As at 1Apr2018 | Category |
| **Assets** | | | | | |
| Loans to customers - Net | Loans & Receivables | 650,935,045 | 6,995,847 | 657,930,892 | Amortized Cost |
| Loans to customers - Net | Loans & Receivables | 942,455 | - | 942,455 | FVTOCI |
| Interest receivable on loans to customers | Loans & Receivables | 968,366 | 58,312 | 1,026,678 | Amortized Cost |
| Financial assets at FVTPL | FVTPL - designated | 24,908 | - | 24,908 | FVTPL |
| Derivative financial instruments | FVTOCI | 167,007 | - | 167,007 | FVTOCI |
| Cash and cash equivalents | Loans & Receivables | 34,426,354 | - | 34,426,354 | Amortized Cost |
| Deferred Tax Assets in relation to above | governed byIAS12 | 7,272,125 | -2,569,053 | 4,703,072 | governed by IAS12 |
| **Liabilities** | | | | | |
| Finance debt | Amortized Cost | 516,833,847 | - | 516,833,847 | Amortized Cost |
| Derivative financial instruments | FVTOCI | 37,554 | - | 37,554 | FVTOCI |

Fair value of loans to customers falling under the criteria for hold to collect and sell (i.e. for FVTOCI) were similar to amortized cost, therefore, no re-measurement of opening balance of loans to customers was considered under IFRS 9. Further details are provided in note 3.4. A detailed split of loans to customers into FVTOCI and Amortized cost is provided note 17.

The impact of transition from IAS 39 to IFRS 9 on Retained Earnings is, as follows:

| | Retained Earnings EURO |
|---|---|
| **Closing balance under IAS 39 as at 31 March 2018** | **19,588,068** |
| Recognition of IFRS 9 ECL on loans to customers | 6,995,847 |
| Recognition of IFRS 9 ECL on interest receivable on loans to customers | -382,393 |
| Impact of recognition of stage 3 loans on interest receivable on loans to customers | 440,705 |
| Deferred Tax in relation to recognition of ECL under IFRS 9 | -2,569,053 |
| **Opening balance under IFRS 9 as at 1 April 2018** | **24,073,174** |

The following table reconciles the opening Loan Loss Provision allowances under IAS 39 to the ECL impairment allowance under IFRS 9:

| | Loan loss provision under IAS 39 per 31 March 2018 | Re-measurement | ECL under IFRS 9 per 1 April 2018 |
|---|---|---|---|
| Impairment allowance for loans to customers as per IAS 39 / Financial assets at amortized cost under IFRS 9 | -15,973,988 | 6,995,847 | -8,978,141 |
| Impairment allowance for interest receivable as per IAS 39 / under IFRS 9 | - | -382,393 | -382,393 |

For ECL allowance estimation summary see note 5.
For credit loss expense see note 9.
For gross carrying amount and ECL allowance movements see note 17.

# 3. Summary of significant accounting policies

## 3.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with a) International Financial Reporting Standards (IFRSs), including International Accounting Standards (IASs), promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB as adopted and endorsed by the European Union and with b) Section 2:362(9) of the Netherlands Civil Code.

These consolidated financial statements are based on the 'going concern' principle.

The financial year of the Company and the Group runs from 1 April to 31 March.

The consolidated financial statements and notes thereto are presented in EURO which is also the Company's functional currency. Amounts are rounded to the nearest Euro, unless otherwise stated.
Foreign exchange rates against Euro applicable to the Group are:

| | As per 31Mar19 | As per 31Mar18 | Average 01Apr18/ 31Mar19 |
|---|---|---|---|
| INR (India) | 77.719 | 80.296 | 80.967 |
| IDR (Indonesia) | 15,998.64 | 16,933.98 | 16,647.61 |
| PHP (Philippines) | 59.075 | 64.374 | 61.259 |
| VND (Vietnam) | 26,058 | 28,108 | 26,792 |
| THB (Thailand) | 35.632 | 38.478 | 37.545 |

Source: Dutch Central Bank

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in applying the Group's accounting policies.

The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

### Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis unless otherwise stated.

### Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted).
- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs.
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that have a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group reports the following items at fair value:

- Derivative Financial instruments (note 18).
- Loans to customers based on business model test (note 17).

For more detailed information in relation to the fair value measurement of the items above, refer to the applicable notes and to note 3.2 under "Financial instruments measured at fair value".

## 3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its controlled entities (including structured entities) and are prepared using consistent Group accounting policies.
Based on IFRS 10, the control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than the majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings to the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year, are included in the consolidated statement of profit or loss from the date the Company gains control until the date the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

All intragroup assets and liabilities, equity, income, expenses and cash-flows relating to transactions between consolidated entities are eliminated in full on consolidation.

Information related to CA-Grameen in Group's financial statements and in CA-Grameen Company reports may not be

homogeneous and may differ owing to differences between applicable Indian Accounting Standards and the EU-IFRS.
The list of all consolidated entities of CreditAccess is as follows:

| Consolidated entities: | Abbreviation | Place, country | Shareholding as at 31 March 2019 | Shareholding as at 31 March 2018 |
|---|---|---|---|---|
| CreditAccess Grameen Ltd. | CA-Grameen | Bangalore, India | 80.19 % | 98.88 % |
| PT Konsultasi Mikro Ventura | KMV | Jakarta, Indonesia | 99.99 % | 99.99 % |
| PT Bina Artha Ventura | CA-Indonesia | Jakarta, Indonesia | 99.62 % | 99.59 % |
| CreditAccess Philippines Financing Co. Inc. | CA-Philippines | Pasig City, Philippines | 100.00 % | 100.00 % |
| MVH S.R.L. | MVH | Brescia, Italy | 100.00 % | 100.00 % |
| CAA Vietnam Trading Company Ltd. | CA-Vietnam | Ho Chi Min City, Vietnam | 100.00 % | 100.00 % |
| CAA BOS Ltd. | CAA-BOS | Bangkok, Thailand | 100.00 % | 100.00 % |
| CreditAccess Asia N.V. | CAA or CreditAccess or Company | Amsterdam, Netherlands | 100.00 % | 100.00 % |

| Non-consolidated entities: | Place, country | Shareholding as at 31 March 2019 | Shareholding as at 31 March 2018 |
|---|---|---|---|
| Sahayata Microfinance Pvt. Ltd. | Udaipur, India | 31.34 % | 31.34 % |

The shareholding percentage of CreditAccess is reported on non-diluted basis, i.e. not counting stock option schemes for which equity shares may be issued at a future stage and on direct plus indirect ownership. PT Konsultasi Mikro Ventura, PT Bina Artha Ventura and MVH S.R.L. prepare their statutory accounts for a period that is different from that of the consolidated financial statements. These subsidiaries prepare statutory financial statements for the period ending 31 December, except for MVH S.R.L., which prepares the statutory financial statement for the period ending 30 June.

Sahayata had discontinued operations during prior financial years. CreditAccess is putting effort in trying to initiate its liquidation and dissolution but, being a minority shareholder, it doesn't have control of such entity. The Group does not consolidate Sahayata and it's equity shares are reported at a value of 0 euro

Changes in shareholding of subsidiaries are explained as follows:

- Ownership in CA-Grameen Ltd changed owing to IPO and secondary sale of shares by CAA and owing to exercise of stock options by the employees of CA-Grameen. The details of the IPO and the secondary sale transactions are provided in note 16. CAA did not lose control over the entity subsequent to such sale of shares in CA-Grameen.
  The Group follows the policy that “changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). When the proportion of the equity held by non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent”.

- Ownership in CA-Indonesia changed slightly on account of KMV purchasing small quantities of shares of CA-Indonesia from former employees.

The Group didn’t acquire nor dispose of any subsidiary during FY2018-2019.

*Non-controlling interests*

The total comprehensive income and equity of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

## 3.3 Changes in accounting policies and disclosures

### New and amended standards and interpretations

In these financial statements, the Group has applied IFRS 9 and IFRS 7, effective for annual periods beginning on or after 1 January 2018, for the first time. The Group has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

### IFRS 9 Financial Instruments:

IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018.
The Group has not restated comparative information for 2017/18 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for FY2017-18 is reported under IAS 39 and is not comparable to the information presented for FY2018-2019. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 April 2018 and are disclosed in note 2.2

*Changes to classification and measurement*

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity’s business model for managing the assets and the instruments’ contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVTOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets FVTPL

The Group's classification of its financial assets and liabilities and the quantitative impact of applying IFRS 9 as at 1 April 2018 is disclosed in note 2.2

*Changes to the impairment calculation*

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. Impairment details are provided in note 2.2, note 5, note 9 and in note 17.

### IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 *Financial Instruments: Disclosures* was updated and the Group has adopted it, together with IFRS 9, for the year beginning 1 April 2018. Changes include transition disclosures as shown in note 2.2, detailed qualitative and quantitative information about the ECL calculations such as the assumptions and inputs used are set out in note 3.4 and note 17 and reconciliations from opening to closing ECL allowances are presented in note 17.

## 3.4 Significant accounting policies

### Recognition of interest income/expenses.

*The effective interest rate method*

Under both IFRS 9 and IAS 39, interest income is recorded using the effective interest rate (EIR) method for all financial instruments. The EIR is the rate that exactly discounts contractual future cash flows through the contractual life of the financial instrument to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

*Interest income /expenses and fees*

The Group calculates interest income/expenses by applying the EIR to the gross carrying amount of financial assets/liabilities.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of cash flows. The adjusted carrying amount is then calculated based on the revised cash flow and the original effective interest rate.

*Other income from operations*

Other income earned from services provided to customers are recognised depending on the type of service/income such as (a) fee income charged in compensation for services other than giving loan to customers and (b) donations and grants income.

### Recognition of expenses

Expenses are accounted for in the period they relate to, regardless of whether these have already resulted in payments in that particular period. Herewith any relation between recognised revenue and associated cost is taken into account.

Expenses that are directly attributable to the fee and commission income are included in the cost of revenues. Revenue and expenses that relate to the same transaction or other event are recognised simultaneously. Expenses can normally be measured reliably when the other conditions for the recognition of revenue have been satisfied. However, revenue should not be recognised when the expenses cannot be measured reliably; in such circumstances, any consideration already received for the sale of the services or goods is recognised as a liability.

### Results from foreign currency denominated transactions

Transactions entered into by the Group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur.

Foreign currency monetary assets and liabilities are translated at the rates ruling on the reporting date.

Exchange differences arising when monetary items are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements are reported in profit or loss in the period, with the exception of exchange differences arising on monetary items that form part of the reporting entity's net investment in a foreign operation which are recognised, in the consolidated financial statements that include foreign operations, in other comprehensive income; they will be recognised in profit or loss on disposal of the net investment.

### Results from financial instruments

Results arising from trading activities include all gains or losses from changes in fair value and related interest income or expense and dividends from financial assets and financial liabilities.

### Current Taxation

Income tax on profits is recognized as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise.

Current tax for the current and prior periods is recognised as a liability to the extent that it has not yet been settled, and as an asset to the extent that the amounts already paid exceed the amount due.

## Financial Assets

### Recognition of financial assets

Financial assets are initially recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Initial measurement of financial assets:

All financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

### Subsequent measurement of financial assets:

IFRS 9 divides all financial assets that were previously in the scope of IAS 39 into two classifications - those measured at amortised cost and those measured at fair value.

### Debt instruments:

*At amortized cost*

A debt instrument that meets the following two conditions must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss under the fair value option:

- Business model test: The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Where assets are measured at fair value, gains or losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognised in other comprehensive income (fair value through other comprehensive income, FVTOCI).

*At FVTOCI*
A debt instrument that meets the following two conditions must be measured at FVTOCI, unless the asset is designated at FVTPL under the 'Fair value through profit or loss' option:

- Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*At FVTPL*
All other debt instruments must be measured at fair value through profit or loss (FVTPL).

*'Fair value through profit or loss' option*
Even if an instrument meets the two requirements to be measured at amortised cost or FVTOCI, IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

## Equity instruments:

*At fair value*
All equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss, unless designated at FVTOCI under 'Other comprehensive income' option. There is no 'cost exception' for unquoted equities.

*'Other comprehensive income' option*
If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at FVTOCI with only dividend income recognised in profit or loss.

## Group's Financial Assets

The Group's financial assets include loans to customers, cash and cash equivalents and other assets.

*Loans to customers*

Loans to customers are initially recognised at fair value plus transaction costs that are directly attributable to their issue and are subsequently:

1. carried at amortised cost using the EIR method, if (a) are held within a business model whose objective is to hold assets in order to collect contractual cash flows and (b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the loans to customers, which are reported net, such allowances are recorded in a separate allowance account with the loss being recognised under the credit loss expenses in the consolidated statement of profit or loss.
On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance.

2. carried at FVTOCI, if (a) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Due to securitization and assignment deals during FY2018-2019 CA-Grameen reports a portion of loans to customers at FVTOCI.

Loans included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, CA-Grameen recognizes interest income, impairment losses & reversals in the statement of profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is recognised as interest income using the EIR method.

CA-Grameen identified the segment of the loans to customer in order to hold, collect and sell (i.e. securitize or assign) and hence disclosed as FVTOCI, based on following criteria:
1- Income generating loans, and
2- Loan that are 0 day past due.

Further details on securitization and assignment deals are disclosed in the section "transfers of financial assets" in this note. The quantitative details of the split of loans to customers into amortized cost and FVTOCI are provided in note 17.

## Impairment of loans to customers

The Group applies IFRS 9 from 1 April 2018.

*Impairment methodology*
IFRS 9 fundamentally changes the loan impairment methodology. The standard replaces IAS 39's incurred loss approach with a forward-looking Expected Credit Loss approach. The Group estimates impact of allowance for expected losses for loans to customers.

*ECL measurement*
To calculate the ECL, the Group estimates the risk of a default occurring on the financial instrument following the "General approach" of the IFRS 9 and defines a model in line with the standard's requirements towards the assessment of ECL allowance.

ECL = PD% x LGD% x EAD + Overlay

Inputs into measurement of ECL:
Probability of Default (PD);
Loss Given Default (LGD);
Exposure At Default (EAD);
and
Forward looking information (Overlay)

*Probability of Default*
PD describes the probability of a loan to eventually falling into stage 3 (as defined later in this report). PD %age is calculated for each loan account separately and is determined by using available historical observations estimated for each impairment stage.

*Impairment stages*

Following the General approach, the management has distributed the total outstanding portfolio of the Group into three impairment stages as at the reporting date:

Stage 1- Performing loans: Includes loans that have not had Significant Increase in Credit Risk (SICR) since initial recognition or that have low credit risk at the reporting date. Management allocates to this stage the loans for which no single instalment is either overdue or overdue maximum up to 30 days (max 15 days in case of CA-Grameen).
Management is of the opinion that short delays in the repayment may be due to contingent issues (e.g. inability to attend the repayment meeting due to business or personal circumstances) that are not indicator of the unwillingness or inability of the debtor to repay the loan.

Stage 2- Underperforming loans: Includes loans that have had Significant Increase in Credit Risk since initial recognition but that do not have objective evidence of impairment at the reporting date. Management allocates to this stage the loans overdue more than 30 days and only up to 90 days (for CA-Grameen 15-60 days overdue).

Stage 3- Nonperforming or default loans: include the loans that are more than 90 days past due (60 days past due for CA-Grameen) on the respective credit obligation to the Group. Management defines the default loans as:

A financial asset is in default when there is available information that:
a) the borrower is unlikely to pay its credit obligations in full; or
b) the loan is more than 90 days overdue (60 days overdue for CA-Grameen)

The loans falling into each stage will be treated as below:
a) For Stage 1 loans, 12-month ECLs are recognised i.e. credit loss expected in the next 12 months.
b) For Stage 2 loans, Lifetime ECLs are recognised i.e. credit loss expected in the remaining lifetime of the loans.
c) For Stage 3 loans, Lifetime ECLs are recognised i.e. credit loss expected in the remaining lifetime of the loans.

*Significant Increase in Credit Risk*

IFRS 9 requires financial assets to be classified in Stage 2 when their credit risk has increased significantly since initial recognition. Group entities assess each of its customers and loans individually by means of a qualitative assessment process that is based on current and historical past-due status, indebtedness of the client, credit bureau checks, the client's business and particularly whether the loan amount had been utilized for the purpose the loan was requested. Group entities are able to identify changes in credit risk since initial recognition on individual customers and loans through internal methodologies and procedures, however the management is of the opinion that no other indicator except 30 days overdue (15 days overdue in CA-Grameen) points toward Significant Increase in Credit Risk.

This is in line with the IFRS 9 that there is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due. The Group entities have policies, procedures and software in place to calculate and report overdues consistently.

*Loss Given Default:*

Loss Given Default is the maximum amount of loss that the Group suffers in case a loan defaults. It is derived as 1-recovery rate and is expressed in %age.
Recovery rate is calculated as total outstanding amounts at observation date minus the total outstanding amounts at the loan default date.

Operating Companies where insurance is obtained to reduce the credit risk impact, the expected insurance benefit is taken by reducing the Loss Given Default for insured loans.

*Exposure At Default:*

Exposure At default is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

*Forward looking information*

The Group incorporates forward-looking information in the measurement of the ECL using the quantitative and qualitative approaches as applicable to each operating company.

## Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

## Transfers of financial assets

An asset is transferred if either the Group has transferred the contractual rights to receive the cash flows, or the Group has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:

1. the Group has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset,
2. the Group is prohibited from selling or pledging the original asset (other than as security to the eventual recipient),
3. the Group has an obligation to remit those cash flows without material delay.

Once the Group has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Group has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Group must assess whether it has relinquished control of the asset or not. If the Group does not control the asset then derecognition is appropriate; however if the Group has retained control of the asset, then the Group continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

CA-Grameen entered into two types of transactions for transfer of own originated financial assets, namely securitization and direct assignment during the financial year 2018-2019 for the primary purpose of funding and liquidity management. CA-Grameen continues to perform collection service for both direct assignment and securitization deals in exchange of a service fee agreed with the counterparties.

In securitization transactions, CA-Grameen sold the legal title of the assets to SPVs which in turn have issued securities to investors. CA-Grameen's interests in the securitized assets was retained through provision of credit enhancements in the form of cash deposit and/or portfolio over-collateral. In all these cases, CA-Grameen retains substantial risk and reward of the assets in such a manner that the transfers do not fulfill the derecognition criteria under IFRS 9 and hence the transferred assets are reported as on-balance sheet assets in loans to customers. For details refer to note 20. However, the Group does not exercise control over the SPVs (which are controlled by independent Trustees) and hence does not consolidate the SPVs.

Following are the loans to customers transferred through securitization:

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| No. of SPVs sponsored by the CA-Grameen for securitization transactions. | 7 | - |
| Number of loans | 780,112 | - |
| Coupon rate range | 8.7%-9.4% | - |
| Cash collateral | 4,864,591 | - |
| Outstanding amount of securitized loans to customers as at end of the year | 25,888,602 | - |

No loan in securitization deals have defaulted as at 31 March 2019.

In direct assignment transactions, CA-Grameen sold legal and economic title of loans directly to third parties as true sale whereby the transfers qualified for the derecognition criteria under IFRS 9 and are considered as off-balance sheet exposure, hence not reported on the consolidated balance sheet.

Following are the loans to customers transferred through direct assignment during the financial year:

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Number of assignment deals | 4 | - |
| Number of derecognized loans | 451,830 | - |
| Aggregate consideration received | 92,113,318 | - |
| Outstanding amount of assigned loans to customers as at end of the year (off balance sheet) | 65,122,474 | - |
| Income recognised in statement of profit or loss | 5,681,655 | - |
| Coupon rate range | 8.9%-9.8% | - |
| Minimum Retention Requirement | 7,941,009 | |

No loan in assignment deals have defaulted as at 31 March 2019.

On direct assignment a gains/(loss) on transfer of financial assets (in the form of excess spread) is recognised, at the time of transfer, in other income section in the statement of profit or loss.

The Group has not purchased / sold any non-performing financial assets in the current and previous year.

## Other assets

Other assets include the receivables related to the loans to customers such as interest receivable, penalty receivable, insurance receivable and cash collateral receivable etc.
Other assets include also the security deposits for rental premises, advances to staff, prepayments, tax receivables, interest receivable on term deposit & liquidity management instruments, dividend receivable and technical assistance receivable etc.

At the end of each year, the impairment on receivables is assessed and deducted (if any) from the carrying amount of such receivable.

## Externally acquired intangible assets

An intangible fixed asset is an identifiable non-monetary asset without physical substance. Externally acquired intangible asset is a resource that is controlled by the Group as a result of purchase from external party and from which future economic benefits are expected to flow to the Group.

At initial recognition Intangible Assets are measured at cost. The cost of intangible assets consists of all cost involved that are directly attributable to purchase, create, produce and prepare the asset so that it is ready to be used in accordance with the intent of the management.
After initial recognition intangible assets should be carried at cost less accumulated amortization and impairment allowance.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

| Intangible asset | Useful economic life | Valuation method |
|---|---|---|
| Trade name and customer relations | 5 years | Multi-Period Earnings Method |
| Software | 5years | Straight-line basis |
| Websites | 2 years | Straight-line basis |

## Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

## Tangible fixed assets

Tangible assets are assets, with physical substance, which have been purchased in the ordinary course of business and are held for use in the production of services or for administrative purposes and which are expected to be used for more than one year. Tangible fixed assets include land and building, vehicles, computer equipment, office equipment, furniture and fittings, electrical equipment and leasehold improvements. Tangible assets are initially recognised at cost which includes all costs necessary to bring the asset to working condition for its intended use.

After initial recognition, a tangible asset shall be carried at its cost less any accumulated depreciation and any accumulated impairment allowance.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of tangible fixed assets so as to write off their carrying value over their expected useful economic lives.

Following useful life policy is recommended by the Group:

| Category of tangible assets | Useful life |
|---|---|
| Buildings | 30 years |
| Furniture and fittings | 10 years |
| Office equipment | 5 years |
| Computer equipment | 3 years |
| Electrical equipment | 10 years |
| Vehicles | 8 years |
| Leasehold improvements | Lower of 10 years or lease term |

## Impairment of non- financial assets (excluding deferred tax assets)

Impairment tests on goodwill is undertaken annually at the financial year end. An impairment is necessary in the event that the carrying amount of a specific Cash Generating Unit (CGU) exceeds the estimated recoverable amount/ fair value of such CGU. The recoverable amount is measured as the greater of value in use (i.e. discount cash flow) and fair value less cost to sell.

Tangible assets, intangible assets, trade and other receivables are all reviewed for impairment whenever triggering events indicate that the carrying amount of the assets may not be recoverable. Where the carrying amount of such asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains or losses on disposal of assets are determined by reference to their carrying amount and are reported in operating profit.
Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its CGUs. Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill

Impairment charges are included in profit or loss, except to the extent when they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

## Financial liabilities

### Recognition of financial liabilities

Financial liabilities are initially recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Initial measurement of financial liabilities:

All financial liabilities are initially measured at fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

### Subsequent measurement of financial liabilities

Adoption of IFRS 9 doesn't change the basic accounting model for financial liabilities followed by the Group under IAS 39. Two measurement categories continue to exist: FVTPL and amortised cost.
Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

### Group's Financial Liabilities

The Group's financial liabilities include finance debt and other liabilities.

### Finance debt

Finance debts are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.
Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of profit or loss in the period to which they relate.

*Post-employment benefit obligations*

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets on the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognised directly in other comprehensive income. The re-measurements include:

- Actuarial gains or losses;
- Return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss and include current and past service costs as well as gains or losses on curtailments.

Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

*Other long-term service benefits*

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non- current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

## Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options on the date of grant is charged to the statement of profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest on each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of profit or loss is charged with the fair value of goods and services received.

## Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group 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.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable income will be available against which the difference can be utilised.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company, or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or
- To realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## Other liabilities.

Other liabilities include interest payable on borrowings, payable to creditors on ordinary business transactions, insurance, tax payable and other accruals. See note 21 for details.

## Hedge accounting

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Group started using hedge accounting during the last financial year and applied the hedge accounting requirements of IAS 39

A valid hedge relationship exists when a specific relationship can be identified between financial instruments in which the change in value of one instrument, the 'hedge instrument', is correlated highly negatively to the change in value of the other, the 'hedged item'. To qualify for hedge accounting, this correlation must be within 80% to 125%, with any ineffectiveness recognized in the profit or loss account.

Due to the international scope of operations, CAA gives loans to subsidiaries denominated in the subsidiary's local currency. As a result, CAA is exposed to the risk of volatility in cash flows from movements in foreign currency exchange rates. CAA is exposed to fluctuations in the value of the Euro against a number of foreign currencies. CAA uses derivative financial instruments (i.e. forward currency contracts) to hedge its exposure to foreign currency exchange rate fluctuations relating to settlement of intercompany loans for which CAA applies hedge accounting.

Such forward currency contracts are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value.

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

1. the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
2. at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
3. the hedging relationship meets all of the hedge effectiveness requirements [IFRS 9 paragraph 6.4.1]

Only cash flow hedges of balance sheet positions are relevant to the Group.

Until settlement of the derivative the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in OCI, with the spot element of respective contracts being accumulated in a separate component of equity under Cash-flow hedge reserve, while the forward element being accumulated in a separate component of equity under Cost of hedging reserve.

When the hedged item affects the profit or loss account any remaining gain or loss is treated as hedge ineffectiveness which is recognised in profit or loss.
When the Group discontinues hedge accounting for a cash flow hedge, if the hedged future cash flows are still expected to occur, the amount that has been accumulated in the cash

flow hedge reserve remains there until the future cash flows occur; if the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified to profit or loss [IFRS 9 paragraph 6.5.12].

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

## Capital Disclosures

### Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's shares and Convertible Preferred Equity Certificates (CPEC) are classified as equity instruments.

### Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as reserve ("treasury shares").

## Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash in hand and at banks except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received, and income taxes are included in cash from operating activities. The purchase consideration paid for the acquired Group company has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired Group company have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash flow from financing activities and as interest paid under cash flow from operating activities.

## Current versus non-current

Assets and liabilities with a maturity date within one year are classified as current. Assets and liabilities with a maturity date of more then one year are classified as non-current.

## Offsetting of financial instruments

Assets and liabilities are offset and reported net insofar the Group has a legally enforceable right to set-off the recognised amounts and intents to settle them on a net basis.

## Provisions

Provisions are recognized when:

1. The Group has a present legal or constructive obligation as a result of past events; and
2. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3. A reliable estimate of the amount of the obligation can be made.

## Financial instruments measured at fair value

The following table gives an overview of the financial instruments valued at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (note 3.1).

Loans to customers at FVTOCI was measured using significant level 2 inputs.

| | Level 2 | |
|---|---|---|
| | 2018/2019 EURO | 2017/2018 EURO |
| **Financial assets** | | |
| Derivative financial instruments | 3,116 | 167,007 |
| Loans to customers at FVTOCI | 707,891,629 | - |
| Total | 707,894,745 | 167,007 |
| **Financial liabilities** | | |
| Derivative financial instruments | 1,810,369 | 37,554 |
| Total | 1,810,369 | 37,554 |

Derivative financial instruments refer to currency forward contracts that are traded on the Over The Counter market. The fair value of currency forward contracts is determined using standardized model observable inputs (Level 2 of the Fair Value Hierarchy), such as spot and forward currency exchange rates, applied to notional amounts and to the expiration dates stated in the applicable contract

Fair Value of loans to customer has been estimated based on the segment of loans that is eligible for securitization or assignment/sale comprising of fulling performing loans (with zero past due days) that are lent to customers for income generating purposes. The discount rate used to estimate the present value of the cash flows is lending rate as at reporting date. For further details see note 3.4 and note 17. The fair value reflects the value as if loans were issued at reporting date.

## 4. Critical accounting judgements and estimation uncertainty

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable and appropriate under the circumstances, the results of which form the basis of the judgments about the carrying values of assets and liabilities that cannot be determined, without undue cost or effort, from other sources. Although these estimates are based on management's best knowledge of current events and actions, there is an inherent risk that actual results could differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

### 4.1 Critical judgements in applying accounting policies

Hedge Accounting
A valid hedge relationship exists when a specific relationship can be identified between financial instruments in which the change in value of one instrument, the 'hedge instrument', is correlated highly negatively to the change in value of the other, the 'hedged item'.

### 4.2 Assumptions and estimation uncertainties

Impairment of intangible fixed assets
For the goodwill of PT Konsultasi Mikro Ventura: estimate of future cash flows and determination of the discount rate (see note 15).

Impairment of loans to customers
Estimate of expected credit loss (see note 17).

Share based payments
Estimate of fair value of share based payments (see Note 30).

Recognition of deferred income tax assets
Availability of future taxable income against which tax losses carried forward can be used (note 24).

Measurement of defined benefit obligations:
Key actuarial assumptions (note 29).

## 5. Risk management

| Risk Type | Definition | Risks | Application for the Group |
|---|---|---|---|
| **FINANCIAL RISK** | The Group is exposed to financial risks such as credit risk, interest rate risk, foreign currency risk and liquidity risk that impact its earnings | Capital Risk | Risk of loss of part or all of an investment. |
| | | Credit Risk (transaction and concentration risk) | Risk that the Group will incur a loss because its clients or counterparties fail to meet their financial obligations towards the Group.<br><br>Refer note 5.2 for Group's measurement and mitigation of the credit risk.<br><br>Credit risk includes portfolio concentration risk that is the risk of financial losses related to the composition of the overall loan portfolio, caused by inadequate portfolio diversification. The Group has low appetite for this risk and hence it follows a strong diversification strategy.<br><br>Operating Companies monitor and analyse the concentration risk and the trends (in terms of gross loan portfolio and portfolio at risk both for amount and number of clients) at various levels such as:<br>• By product and methodology<br>• By geography (i.e. by branch/area/district/region/state)<br>• By economic sector and<br>• By loan cycle.<br><br>At Group level, the concentration risk in various countries is monitored by the Board. |
| | | Interest Rate Risk | Risk that the Group's earnings and profitability will be affected by fluctuations in the market interest rates.<br><br>Refer to note 5.3(a) for Group's measurement and mitigation of the interest rate risk. |
| | | Foreign Currency Risk | Risk of loss to the Group that may arise from open positions in foreign currencies due to adverse movements in foreign exchange rates.<br><br>Refer to note 5.3(b) for Group's measurement and mitigation of the foreign currency risk. |
| | | Liquidity Risk | Risk that the Group will be unable to meet its payment obligations as and when they fall due under normal and stressed circumstances. Group takes following measures to mitigate this risk:<br>- Diversified funding resources,<br>- Asset-Liability management (e.g., maturity mismatches, static and dynamic scenarios),<br>- Effective fund management,<br>- Maximum cash holding cap, and<br>- Cash flow analysis.<br><br>Refer to note 5.4 for Group's measurement and mitigation of the liquidity risk. |

| | | | |
|---|---|---|---|
| **OPERATIONAL RISK** | Risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. | People Risk | People risk may arise due to staffing inadequacy, loss of key personnel, employee errors, lack of information awareness, information and communication, other human resource issues and wrongful acts. In order to mitigate people risk, a Nomination and Remuneration Committee of Board is in place in all Operating Companies and at CAA.<br>Dedicated HR function in all Operating Companies ensures efficient organizational structures, fair compensation policies, standard recruitment and remuneration practices, induction trainings, healthy workplace, excellent code of conduct, customer oriented culture, and sufficient training and development. |
| | | Process Risk | Process risk may arise due to flawed/inefficient business/ operational/ financial processes, loose internal controls, inappropriate/inadequate/inaccurate reporting processes etc.<br>In microfinance major process risk factors include cash handling, lending process exposures and transmitted reputational risks.<br>Risk mitigation by the Group includes:<br>• Use of policies, procedures and system for a strong control environment<br>• Adoption of the core control standards<br>• Proactive monitoring and reporting of operational risks (analysis of internal audit/control findings, internal loss collection and analysis, risk & control self-assessment, business process mapping, operational predictive Key Risk Indicators) |
| | | Systems (Technology) Risk | Sources of systems (technology) risk include general technology problems, hardware failures, software failures, security issues, system failures, system maintenance issues, network failure and interface failure, hacking, data theft, virus schemes etc.<br>Group companies mitigate this risk through well established IT functions, strong and recognized core banking systems, use of policies and procedures for data access, information security processes (e.g., access rights, logical access, information classification, equipment protection), strong network, software installation, data privacy, back-up and through audit trails.<br>Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) are tested and an annual IT risk and audit assessment is conducted through a specialized service provider in all our countries. |
| | | External Event Risk | Sources of external event risk include natural disasters and non-natural (man-made) disasters.<br>Group prepares itself for such risks through putting in place a business resiliency and continuity plan, by conducing scenario analysis and by following the appropriate policies on risk mitigation and management strategies. |
| | | | Microfinance companies mainly run on human interaction in the field through designed processes using available tools and technologies. Therefore, the Group is clearly exposed to all operational risk types described above. |
| **Why Operational Risk is critical for MFIs** | | | The Group for its low appetite for operational risk, has extensive governance and internal control environment. Operating Companies mitigate this risk through internal control systems, automation, IT innovation and internal audit. |
| **Roles and Responsibilities** | | Three lines of defence | The Group uses the three lines of defence structure to measure and manage all the risks. Refer to note 5.1 for the details of three lines of defence. |
| **Core Control Standards** | | | The Group follows the following core control standards to mitigate and manage the operational risks.<br>• Segregation of duties and rotation<br>• Annual leaves and adequate compensation<br>• Compliance with all regulatory requirements<br>• Code of business conduct/code of ethics |

| | | | |
|---|---|---|---|
| | | | • Internal and external reporting & communication<br>• Oversight and independent monitoring<br>• Legal agreements<br>• Documented job descriptions<br>• Regular trainings<br>• Adequate and competent staff<br>• Maintain adequate records<br>• Protection of staff, information and property<br>• Passwords/access rights<br>• Data and record protection<br>• Compliance reviews/internal audits |

| | | | |
|---|---|---|---|
| **STRATEGIC RISK** | Risks of loss that failed business decision, or lack thereof, may pose to a company | Business Plan risk including Market Dynamics Risk | Risk of loss that might arise from the poor decisions and substandard execution of decisions by inadequate resource allocation or from failure to respond well to changes in business environment.<br>Group mitigates this risk though a detailed business plan exercise taking into account all the market dynamics and planning accordingly the internal resources allocation.<br><br>Market dynamics risk is the risk of loss due to failure to respond to changes in business environment.<br>The Group uses the following measures to mitigate such risk:<br>- Clear responsibility assigned for scanning the market environment and the changing technological context for potential disruptions<br>- Scenario analysis<br>- Stress testing for strategic initiatives (products, process) and analysis of the downside scenarios<br>- Consultative strategic planning process (this year we organized a 2-day workshop for each country on strategic planning, innovation and disruptors). |
| | | Political Risk | Political risk is the risk of negative impact on business operations due to political changes and interference.<br>We provide loans under group lending model to women and low-income households without any collateral. This exposes our Operating Companies to risks from intentional default by customers (contagious risk) arising from external factors such as political interventions and community influence. |
| | | Reputational Risk (includes but not limited to Integrity risk from code of conduct) | Reputation risk arises from ethics violations, safety issues, security issues, poor quality of controls and poor customer relations. There is a reputational risk linked to how our business is perceived in terms of responsible lending and fair pricing, transparency and for code of conduct.<br><br>The Group has a low appetite for reputation risk where such risks could prompt key stakeholders to intervene in the decision making or running of the day to day business.<br><br>Risk arising from unethical contacts with customer.<br>The Group has implemented a code of conduct and embedded it in the HR culture via regular trainings.<br>The mitigants that the Group follows are:<br>- Low cost operations and low pricing for customers<br>- Customer centric approach, high customer retention<br>- Systematic customer awareness activities<br>- High social focused activities<br>- Adherence to client protection guidelines<br>- Robust grievance redressal mechanism<br>- Adherence to regulatory guidelines in letter and spirit<br>- Strong compliance officers<br>- The Group has implemented a code of conduct and embedded it in the HR culture via regular trainings. |

| | | |
|---|---|---|
| Regulatory Risk | External Regulations risk | Regulatory risk is the risk of a change in regulations and laws that might affect the industry or business. Investment in developing countries poses the risk of changing regulations that can significantly change the framework of an industry and also the cost-structures. The Group has low appetite for regulatory risk. Group ensures through compliance, accounting and audit to adhere to regulatory guidelines in the true letter and spirit. |
| | Internal policy compliance risk | The audit function in each Company helps identifying the policy non-compliance which is communicated to the operations through Audit Committee.<br>The compliance is ensured through a follow up process. |
| Country Risk | Country Risk | Country risk arises from country-specific events that adversely impact the Group's exposure in a specific country. Within the Group, country risk is broadly defined. It includes all relevant factors that have a common impact on Group's portfolio in a country such as economic, banking and currency crises, sovereign default and political risk events. The assessment of the country rating is based on a benchmark of external rating agencies and other external information.<br><br>Most recent rating of countries where the Group operates is provided below: |

| | India | Indonesia | Philippines |
|---|---|---|---|
| Fitch Ratings | BBB- (stable) | BBB (stable) | BBB (stable) |
| Moody's | Baa2 (stable) | Baa2 (stable) | Baa2 (stable) |
| S & P | BBB- (stable) | BBB (stable) | BBB+(stable) |

Source: Trading Economics

## Risk governance

The Group has in place a structured risk governance, ensuring an effective level of alignment between oversight and management responsibility for risk.

The Group has two levels for risk governance:

**1st level of Governance - Group**

Group Board of Directors
Group Business Committee
Group Risk & Audit Committee

**2nd level of Governance - Company**

Company Board of Directors
Company Business Committee
Company Risk & Audit Committee

### At Group level – 1st level of governance

*Group Board of Directors (Group BoD) Group Risk and Audit Committee (Group R&A Committee)*

This Committee is mandated by the Group Board to assist in fulfilling its oversight responsibilities regarding the effectiveness of the risk management (including compliance) and internal control framework performed across the operating subsidiaries of the Group.

- - The Committee conducts quarterly review of the Key Risks Indicators (KRIs) and the status of the mitigation measures adopted for each Operating Company for the most relevant and strategic risks. For this purpose the Group CRO participates at the Risk and Audit Committees meetings and the Board meetings of the Operating Companies and provide recommendations and feedback on all risk related matters on behalf of the Group R&A Committee.
- - The Group CRO submits to this Committee a quarterly Risk Oversight Report (including credit risk management) which typically covers:
- - The status and evolution of the Risk Management and Internal Control Framework of the Operating Companies.
- The KRIs dashboard and status of mitigation measures adopted by each Operating Company for the most relevant and strategic risks.
- - Information about any critical issues and risks at the Operating Companies and the effective risk management and mitigation and the plan to improve the internal controls.
- - The role of this Committee is not to directly control and monitor the risks of the businesses, because these activities are already carried out by the Board and the Risk Committee of the Operating Companies and through their local management team. The Group delegated the responsibility to

review and approve all the policies (including the credit policies) including all risk management policies to the Board of Directors and their Risk and Audit Committees of each individual company.

## At Operating Company level – 2nd level of governance

*Board of Directors - at Operating Company level*

*Board Risk Committee - at Operating Company level*

This Committee assists the Board to evaluate, monitor and steer the risk profile of the Company in accordance with the risk appetite. The Board Risk Committee is to meet at least four times in a year and in all cases before the meeting of the board of directors. Specifically the Risk Committee stands responsible for:

- Advise on and evaluating yearly Risk Management Plan for approval by the Board. The Risk Committee is to oversee the risk management plan approved by the Board.
- Revise and approve the identification of the major risks by the management (based on the risk profile of the Operating Company) who has to monitor closely and to report to the Committee.
- Revise, approve and quarterly monitor the strategies with respect to managing these major risks.
- Oversee working of risk management practices and strategies by approving Key Results Expected and reviewing the same on an annual basis.

*Board Audit Committee - at Operating Company level*

The Audit Committee assists the board in the dissemination of financial information and in overseeing the controls in financial and accounting processes in the company. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems and financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the Company. The Audit Committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of statutory auditor.

## Risk profile and appetite

The risk appetite articulates the type and quantum of risk that the Group is willing to accept in pursuit of its strategy. The Group has to accept the risks that are required or necessary to conduct its core business of providing loans to customers. It is therefore needed to have a risk appetite that supports a stable organisation that can continue in the long run. The Group actively pursues credit risk resulting from loans to customers. Other risks cannot always be avoided, but the Group mitigates these risks as much as possible. The risk appetite is subsequently translated into the different risk metrics which define the tolerance for the individual risk types. The Board determines what risks the Group may assume, the appetite levels for these risks and the principles for calculating and measuring such risks.

The Group's risk profile consists of financial risk, non-financial risk and strategic risks that are further categorized into concentration risk, counterparty credit risk, market risk, liquidity risk, reputational risk, operational risk and compliance risk.

Overall, Group's risk appetite is low to moderate. Maintaining relatively tight caps on risk exposures is seen as the most conducive approach to providing cost-appropriate mass-market financial services in a socially inclusive manner. The Group rejects any speculative, short-term, high-risk/high-return approach to financial services delivery. The cornerstones of Group's business model are customer service, outreach and financial inclusion, innovation, technology, proactive risk management and sustainable growth. For example, Group will not engage in activities or otherwise enter into risks that do not have a clear relationship to the mission of the institution and support the Group in delivering on its promise to shareholders and customers of integrity, social advancement, economic empowerment and sustainable profitability.

The stated mission and fundamental risk appetite will guide the Group in developing its strategy, in considering decisions about new products or new markets and in setting appropriate exposure limits in each of the risk areas.

The risk based roles and responsibilities in the Operating Companies are organized in adherence to the 'three lines of defence' principle to ensure appropriate levels of segregation.

*First Line Of Defence*

The first line of defence is the operations team or customer interface who is responsible for risk identification, assessment and mitigation of business risk.

The operation team at the Company level executes the credit policies and procedures for the Company ensuring that proper system of internal controls and effective and efficient processes are followed in true letter and spirit. As a direct interface with customers, operations team is responsible for client onboarding, credit worthiness assessment, credit risk assessment and client retention. Operations staff identify and measure significant changes in such risks, implement control activities and report to the stakeholders.

*Second Line Of Defence*

The second line of defence includes senior management on first line of defence, accounting function, HR, MIS, compliance and risk management functions.

- Senior management provides insight into and oversight of Company's policies and procedures. Senior management also oversees the performance of first line of defence.
- The accounting team ensures proper record-keeping in accordance with local standards and IFRS, hence providing financial management, compliance, consistency, control and transparency.
- Human Resource team at each company level ensures efficient organizational structures, fair compensation policies, standard recruitment and remuneration practices, healthy workplace, excellent code of conduct, customer oriented culture, and sufficient training and development.
- Management information systems provide support in decision making and control over performance through information, analysis and reporting.
- Compliance ensures internal policy compliance, stakeholders' covenants compliance as well as regulatory compliance at each Company level.
- Risk management refers to the implementation of risk framework that defines the responsibilities of risk identification, measurement, mitigation, management and risk oversight in the companies. It provides ex-ante control, defines the risk appetite and tolerance for the Company, assures policy compliance, provides procedures and determines the risk control at each company level.

*Third Line Of Defence*

Third line includes the internal audit at the Company level and also the Group audit and risk functions that provide oversight to the Company's policies and procedures in audit and risk arenas.

Internal audit regularly performs, independently, the systematic and disciplined auditing procedures in order to assess, evaluate and improve the status of implementation of policies and procedures in all the operational, financial and risk areas. Internal audit identifies the non-compliance and report to the audit committee and to the management the findings from such audits.

The Group is exposed through its operations to the following financial risks:
- Capital risk;
- Credit risk;
- Fair value or cash flow interest rate risk;
- Foreign exchange risk;
- Other market price risk; and
- Liquidity risk.

There have been no substantive changes in the Group's exposure to financial instrument risks and its objectives, policies and processes for measuring and managing such risks.This note explains how these risks impact the financial statements.

## 5.1 Capital risk management

The Group aims to optimize the business which can only be achieved with a sound financial framework in place, combining healthy long-term profitability, sound capital adequacy and maximising the return to stakeholders through the optimisation of the debt and equity balance. Therefore, the Group seeks to maintain a strong capital position, by means of an integrated capital planning and control, regularly reviewed by the Asset & Liability Committee at each Operating Company level. Capital management risk is therefore considered low. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of net debt (borrowings as detailed in note 22 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 25 and note 26).

The Group is not subject to any externally imposed capital requirements at consolidated level. CA-Grameen is subject to compliance with statutory requirements on 'Capital to risk assets ratio' ("CRAR"), as imposed by the Reserve Bank of India ("RBI") of a minimum of 15%. As per the audited statutory financial statements of 31 March 2019 the CRAR of CA-Grameen is reported well above the statutory requirements at 35.26% (31 March 2018; 28.94%)

When reviewing and approving the business plan of each subsidiaries the Group sets the target capitalization at the level of each subsidiary. The capitalization is measured as the ratio between the total assets of the subsidiary minus its cash, cash equivalents and liquid investments versus its equity. Another parameter that is used to measure and monitor the leverage of subsidiaries is the ratio Finance Debt over Equity (D:E). During FY2018-2019 the Group has maintained a moderate leverage ratio between 249% and 150% and the Group may leverage further and expand the business without needing to fund raise additional equity capital.

| | 31 March 2019<br>EUR | 31 March 2018<br>EUR |
|---|---|---|
| Borrowings | 693,227,893 | 516,833,847 |
| Less: cash & cash equivalents | -125,640,122 | -34,426,354 |
| **Net debt** | **567,587,711** | **482,407,493** |
| | | |
| Total equity | 378,110,168 | 193,802,021 |
| Adjustments | 236,194 | -15,506 |
| **Total adjusted equity** | **378,346,362** | **193,786,515** |
| | | |
| **Debt to adjusted equity ratio** | **150%** | **249%** |

## 5.2 Credit risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument, whether a customer or otherwise, fails to meet its contractual obligations toward the Group. Credit risk is the core business risk of the Group. The Group therefore has high appetite for this risk but low tolerance and the governance structures including the internal control systems are particularly designed to manage and mitigate this risk. The Group is mainly exposed to credit risk from loans to customers (including loans transferred to SPVs under securitization agreements, excluding loans sold under assignment presented as off balance sheet assets).

Operating companies of the Group are credit-only Institutions and they are predominantly involved in Group Lending. The credit risk may arises due to, over borrowing by customers or over lending by other financial institutions competitors, gaps in joint-liability collateral and repayment issues due to external factors such as political, community influence, regulatory changes and natural disasters (storm, earthquakes, fires, floods) and intentional default by customers.

To address credit risk, Operating Companies have stringent credit policies for customer selection. To ensure the credit worthiness of the customers, stringent underwriting policies such as credit investigation, both in-house and field credit verification, is in place. In addition, operating companies follow a systematic methodology in the selection of new geographies where to open branches considering factors such as the portfolio at risk and over indebtedness of the proposed area/region, potential for micro-lending and socio-economic risk evaluation (e.g.; the risk of local riots or natural disasters). Loan sanction and rejections are carried out at the head office of each operating company. In India, a credit bureau rejections analysis is also regularly carried out.
Credit risk is being managed by continuously monitoring the borrower's performance if borrowers are paying on time based on their amortization dues. Operating companies ensure stringent monitoring and quality operations through both field supervision (branch/area/region staff supervision, quality control team supervision) and management review. Management at the each company's head office closely monitors credit risk through system generated reports (e.g., PAR status and PAR movement, portfolio concentration analysis, vintage analysis) and Key Risk Indicators (KRIs) which include proactive actionable thresholds limits (acceptable, watch and breach) developed by the Risk Management Committee, revised and ratified at the Risk Committee at the Board level.

Some of the main strategies to mitigate credit risk are:

1. Maintain stringent customer enrolment process,
2. Undertake systematic customer awareness activities/ programs,
3. Reduce geographical concentration of portfolio,
4. Maximum loan exposure to member as determined from time to time,
5. Modify product characteristics if needed (e.g., longer maturity for group clients in case the loan is above a certain threshold),
6. Carry out due diligence of new employees and adequate training and induction,
7. Decrease field staff turnover,
8. Supporting technologies: credit bureau checks, GPS, automated KYC checks and biometric.

Further, the credit risk in CA-Indonesia is insured for circa 75% of the loss amount on all insured customers, both principal and interest. Therefore, the LGD for Bina Artha Ventura reduces by 75% for all insured loans. Details of LGD can be seen in note 17 of these financial statements. The insurance is for both principal and interest and can be claimed on all loan's overdue above 180 days. The maximum cover is

75% of the loss amount and any subsequent recoveries made on such loans, after the claims are received, are reimbursed to insurance company up to 75% of the recovered amount.

The exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the country in which the customers are located, as these factors may have an influence on the credit risk.

Break down of the loans to customers by stages and by country are provided in this note whereas breakdown by maturity and movement schedules of carrying amount and impairment allowance are provided in note 17.

As at reporting date, the impairment allowance is 1.28% of the gross loan and advances to customers. A further 100 basis points increase in the impairment (resulting in 2.28%) on gross outstanding loans to customers would have a negative impact of 9,363,544 on profit before tax.

Cash and cash equivalents and derivative instruments contain an element of risk of the counterparties being unable to meet their obligations. This financial credit risk is monitored and minimized per type of financial instrument by limiting Group's counterparties to a sufficient number of major financial institutions.

The Group maintains the idle liquidity with primary institutions of the country where they operate. The gross amount of financial assets represents the maximum credit exposure. The probability of credit risk on cash and cash equivalent is considered negligible, since the counterparties are reputable entities with high quality external credit ratings.

The Group has no outstanding commitments towards its customers.

Further, disclosures regarding other receivables, which are neither past due nor impaired, are provided in note 19.

Below table shows maximum on balance sheet credit risk exposure:

| | **EURO** |
|---|---:|
| Loans to customers | 936,354,402 |
| Cash and cash equivalents | 125,640,122 |
| Other financial assets | 4,975,556 |
| **Total** | **1,066,970,080** |

Consolidated summary table for Expected Credit Loss (ECL) for the Group is as below:

| **Stages** | **Exposure At Default (EAD) EURO** | **Probability of Default (PD) w-avg.%** | **Loss Given Default (LGD) w-avg.%** | **ECL without overlay EURO** | **Management Overlay EURO** | **ECL with overlay EURO** |
|---|---:|---:|---:|---:|---:|---:|
| Stage 1 | 929,878,941 | 1.06% | 68.85% | 6,768,756 | -501,305 | 6,267,451 |
| Stage 2 | 3,677,329 | 35.08% | 68.85% | 888,177 | - | 888,177 |
| Stage 3 | 7,773,688 | 100.00% | 68.85% | 5,353,586 | - | 5,353,586 |
| **Total as at 31 March 2019** | **941,329,958** | | | **13,010,519** | **-501,305** | **12,509,214** |

At 31 March 2019, consolidated ECL allowance as percentage to EAD is equal to 1.38% before management overlay or 1.33% after management overlay. Further details on ECL estimation approach and definitions are given in note 3.4.

EAD split into Principal and Interest Receivable on loans to customers is as below:

| **Consolidated** | **Principal Outstanding EURO** | **Interest Receivable EURO** | **Exposure At Default EURO** |
|---|---:|---:|---:|
| Stage 1 | 925,443,600 | 4,435,341 | 929,878,941 |
| Stage 2 | 3,615,886 | 61,443 | 3,677,329 |
| Stage 3 | 7,294,916 | 478,772 | 7,773,688 |
| **Total** | **936,354,402** | **4,975,556** | **941,329,958** |

ECL Split into Principal and Interest Receivable is as below:

| **Consolidated** | **Impairment on Principal Outstanding EURO** | **Impairment on Interest Receivable EURO** | **Total Impairment allowance EURO** |
|---|---:|---:|---:|
| Stage 1 | 6,730,276 | 38,480 | 6,768,756 |
| Stage 2 | 874,455 | 13,722 | 888,177 |
| Stage 3 | 4,914,143 | 439,443 | 5,353,586 |
| Overlay | -497,556 | -3,749 | -501,305 |
| **Total** | **12,021,318** | **487,896** | **12,509,214** |

No comparatives are given above since last year was presented according to IAS 39. Summary of disclosure provided last year is as below:

| 31 March 2018 | India | Indonesia | Philippines | Total |
|---|---|---|---|---|
| **Gross loans and advances to customers** | | | | |
| Loans with 0 days overdue | 609,560,989 | 30,774,216 | 17,230,268 | **657,565,473** |
| Loans overdue up to 30 days | 1,664,805 | 236,898 | 150,513 | **2,052,216** |
| Loans overdue by 31-90 days | 1,430,368 | 323,651 | 127,566 | **1,881,585** |
| Loans overdue by 91-180 days | 1,908,215 | 386,560 | 143,357 | **2,438,132** |
| Loans overdue by more than 180 days | 2,871,149 | 595,635 | 447,298 | **3,914,082** |
| **Total** | **617,435,526** | **32,316,960** | **18,099,002** | **667,851,488** |
| **Impairment allowance** | | | | |
| Beginning balance | 15,577,751 | 191,343 | 645,375 | **16,414,469** |
| Additions during the year | 22,720,643 | 385,547 | 604,787 | **23,710,977** |
| Adjustments re written-off accounts | -21,406,165 | -212,371 | -156,081 | **-21,774,617** |
| Foreign exchange and other movements | -2,192,916 | -42,652 | -141,273 | **-2,376,841** |
| **Ending balance** | **14,699,313** | **321,867** | **952,808** | **15,973,988** |
| **Carrying amount** | **602,736,213** | **31,995,093** | **17,146,194** | **651,877,500** |

## 5.3 Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency denominated financial instruments. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

### *5.3(a) Cash flow interest rate risk*

Interest rate risk arises as an associated risk from the Group's primary business. Overall interest rate risk appetite for the Group is considered at low level.

The Group is exposed to cash flow interest rate risk mainly from borrowings at a variable rate.

As at 31 March 2019 a significant portion of Group's external borrowing bears floating interest rate. During FY2018-2019, the Group's borrowings at variable rate were denominated in INR and IDR, whilst fixed rate borrowing were denominated in INR, IDR, PHP and EUR currencies.

Operating Companies analyse the interest rate exposure on a quarterly basis and perform sensitivity analysis by applying simulation techniques in order to monitor and control the current and projected interest rate margin.

As at reporting date, if interest rate on INR, IDR, PHP and EUR denominated interest-bearing assets and liabilities are estimated to be 100 basis points higher/lower, all other variables held constant, profit before tax would have an estimated decrease/increase of EUR 50,521 (31 March 2018; EUR 466,786) respectively.

In this sensitivity test the assumptions for a rate change is applied to:

a) Regenerated loans to customers after maturity of existing ones, for the remaining term estimated by using weighted average maturity for all loans to customers maturing within one year
b) Cash and cash equivalents estimated to be invested for 4 months
c) Fixed rate borrowings obtained after maturity of existing ones, for the remaining term estimated by using the weighted average maturity of liabilities maturing within one year
d) All variable rate borrowing for 12 months

The management considers that 100 basis points will be the likely change in INR, IDR, PHP and EUR interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

The Company is of the opinion that the interest rate sensitivity analyses is not fully representative of the quantum of risk that the Group is exposed to. Indeed, the Group has the tools and ability to maintain over time a stable interest rate margin and therefore minimising the interest rate risk.

This conclusion is based on the reason that the combined effect of the short- term duration of the loan book together with a double-digit growth of the portfolio is such that a large portion of the Group portfolio is recycled on quarterly basis. The Group applies a fixed interest rate on the loans to customers, however fresh loans bear an interest rate that factors in the prevailing cost of funding at the time of the disbursement.

The interest rate profile of the Group's interest-bearing financial instruments measured at amortised cost is as follows:

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | 936,354,401 | 695,596,663 |
| Financial liabilities | 389,384,740 | 326,984,759 |
| **Variable rate instruments** | | |
| Financial assets | - | - |
| Financial liabilities | 303,843,152 | 203,278,636 |

A 100 basis-point increase/decrease of the variable interest rates borrowings only, would decrease/increase the consolidated pre-tax profit by EUR 3,038,432 (2017/2018: EUR 2,032,786).

### *5.3(b) Foreign exchange risk*

Foreign exchange risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. Currency risk arises as an associated risk from the Group's primary business and the Group does not actively take trading positions. Group's appetite on market risk is low and direct currency risk is largely hedged to remain within conservative boundaries. Overall interest rate risk for the Group is considered at medium level. The Group is not exposed to currency risk on debt financing instruments, neither on loans to customers which are all denominated in the functional currency of the respective entity. However, CAA N.V. grants loans to subsidiaries denominated in the subsidiary's local currency. As a result, CAA N.V. is exposed to the risk of volatility in cash flows from movements in foreign currency exchange rates against EURO. CAA N.V. hedges the foreign currency exchange rate risks on intercompany loans which are denominated in foreign currencies through the use of forward foreign currency exchange contracts with broadly matching terms e.g. nominal amount, period of risk exposure).
The exposure is the nominal amount of loan balances as at balance sheet date. CAA N.V. may choose to hedge full or portion of the foreign currency exposure. CAA N.V. may also choose to hedge or not the interest on the loan.

The effectiveness of all outstanding hedge contracts is monitored on a regular basis throughout the life of the hedges.

The Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. Only products and services purchased from abroad may lead to foreign currency denominated expenses and liabilities. The Group's net exposure to foreign exchange risk was as follows:

| | Functional currency of individual entity | | | |
|---|---|---|---|---|
| | **EUR 2018/2019 in EURO** | **IDR 2018/2019 in EURO** | **PHP 2018/2019 in EURO** | **Total 2018/2019 in EURO** |
| **Net foreign currency (Un-hedged)** | | | | |
| **Monetary financial assets/(liabilities)** | | | | |
| Denominated in EUR | - | 9,813 | 47,821 | 57,634 |
| Denominated in IDR | 3,750,319 | - | - | 3,750,319 |
| Denominated in USD | 719,947 | 3,618,976 | -9,288 | 4,329,635 |
| Denominated in PHP | 2,539,145 | - | - | 2,539,145 |
| **Total net exposure** | **7,009,411** | **3,628,789** | **38,533** | **10,676,733** |

| | **EUR 2017/2018 in EURO** | **IDR 2017/2018 in EURO** | **PHP 2017/2018 in EURO** | **Total 2017/2018 in EURO** |
|---|---|---|---|---|
| **Net foreign currency (Un-hedged)** | | | | |
| **Monetary financial assets/(liabilities)** | | | | |
| Denominated in EUR | - | 14,325 | 10,708 | 25,033 |
| Denominated in IDR | 3,543,172 | - | - | 3,543,172 |
| Denominated in USD | 128,784 | 84,781 | -5,044 | 208,521 |
| Denominated in THB | 212 | - | - | 212 |
| **Total net exposure** | **3,672,168** | **99,106** | **5,664** | **3,776,938** |

The effect of a 10% strengthening of the local currencies against EUR at the reporting date on the consolidated unhedged foreign currency denominated net assets carried at the reporting date would, all other variables held constant, result in an increase in pre-tax profit of EUR 190,219 (2017/2018: EUR 377,694) and a 10% weakening in the exchange rates would, on the same basis, decrease pre-tax profit by EUR 190,219 (2017/2018: EUR 377,694).

*5.3(c) Other market price risk.*

At the reporting date, the Group does not hold assets that are exposed to market price risk. The Group fully sold the equity investment in Equitas Holding during FY2017-2018.

## 5.4 Liquidity risk

Liquidity risk arises from the Group's management of working capital and the repayment obligations of principal and interest on debt instruments. It explains the risk that the Group may encounter difficulty in meeting its financial obligations as they fall due.

The Group's risk appetite is to maintain enough liquidity to meet its obligations and to ensure that each operating company disburses loans to its borrowers and repay loans to its lenders and therefore is considered at medium level.

The Boards of Directors of the subsidiaries are responsible to ensure that the relevant company will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, the policy is to seek equity and long term debt to finance the loans to customers.

Each Operating Company receiving debt financing has an Asset and Liability policy and a committee in charge of its supervision and application.

The liquidity risk policies of each Group entity are maintained and applied locally by the treasury function, whilst the Assets and Liabilities committees are responsible to verify full compliance to the policy periodically. At the end of the financial period, the cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Loans to customers have shorter maturities compared to financial liabilities. Shorter maturities of assets allow sufficient flexibility to be liquid for all the liabilities at their maturity.

The following table shows liquidity gap by categorization of the balance sheet per contractual maturities of the carrying amounts of assets and liabilities. It presents, per instrument, the timing of the cash flows of undiscounted principal as well as of the fair market values, wherever required, as described in balance sheet and accompanying notes to the accounts. Expected cash flows resulting from undrawn commitments are not included in the liquidity gap.

| At 31 March 2019 | Up to 3 months EURO | Between 3 and 12 months EURO | Sub-total current EURO | Between 1 and 2 years EURO | Between 2 and 5 years EURO | Over five years EURO | Maturity undefined EURO | Sub-total non-current EURO | Total EURO |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Intangible fixed assets | - | - | **-** | - | 440,428 | 806,861 | 16,053,512 | **17,300,801** | **17,300,801** |
| Tangible fixed assets | - | - | **-** | - | 2,074,256 | 2,520,967 | - | **4,595,223** | **4,595,223** |
| Financial assets at fair value through profit or loss | - | - | **-** | - | - | 25,734 | - | **25,734** | **25,734** |
| *Loans to customers – Gross* | *207,350,677* | *451,463,999* | ***658,814,676*** | *276,629,274* | *910,452* | - | - | ***277,539,726*** | ***936,354,402*** |
| *Impairment allowance* | *-3,256,829* | *-5,586,995* | ***-8,843,824*** | *-3,166,672* | *-10,822* | - | - | ***-3,177,494*** | ***-12,021,318*** |
| Loans to customers - net | 204,093,848 | 445,877,004 | **649,970,852** | 273,462,602 | 899,630 | - | - | **274,362,232** | **924,333,084** |
| Derivative financial instruments | - | 3,116 | **3,116** | - | - | - | - | **-** | **3,116** |
| Deferred tax assets | - | - | **-** | 903,197 | - | 5,552,223 | - | **6,455,420** | **6,455,420** |
| Other assets | 13,347,728 | 8,489,620 | **21,837,348** | 2,751,458 | 353,702 | 2,315,696 | - | **5,420,856** | **27,258,204** |
| Cash and cash equivalents | 125,640,122 | - | **125,640,122** | - | - | - | | **-** | **125,640,122** |
| **Total assets** | **343,081,698** | **454,369,740** | **797,451,438** | **277,117,257** | **3,768,016** | **11,221,481** | **16,053,512** | **308,160,266** | **1,105,611,704** |
| **Liabilities** | | | | | | | | | |
| Finance debt | 73,320,922 | 386,386,504 | **459,707,426** | 152,007,513 | 81,512,953 | - | - | **233,520,466** | **693,227,892** |
| Post employment benefit obligations | - | - | **-** | 254,396 | - | 550,163 | 140,587 | 945,146 | **945,146** |
| Deferred tax liabilities | - | - | **-** | 9,384 | - | - | - | **9,384** | **9,384** |
| Derivative financial instruments | - | 1,810,369 | **1,810,369** | - | - | - | - | **-** | **1,810,369** |
| Other liabilities | 25,193,891 | 6,314,854 | **31,508,745** | - | - | - | - | **-** | **31,508,745** |
| **Total liabilities** | **98,514,813** | **394,511,727** | **493,026,540** | **152,271,293** | **81,512,953** | **550,163** | **140,587** | **234,474,996** | **727,501,536** |
| **Equity** | - | - | - | - | - | - | 378,110,168 | 378,110,168 | 378,110,168 |
| **Total equity and liabilities** | **98,514,813** | **394,511,727** | **493,026,540** | **152,271,293** | **81,512,953** | **550,163** | **378,250,755** | **612,585,164** | **1,105,611,704** |
| **Gap per bucket** | **244,566,885** | **59,858,014** | **304,424,899** | **124,845,964** | **-77,744,937** | **10,671,318** | **-362,197,243** | **-304,424,899** | - |
| Cumulative Gap | 244,566,885 | 304,424,899 | 304,424,899 | 429,270,863 | 351,525,925 | 362,197,243 | - | - | - |
| Cumulative Gap %age | 248% | 62% | 62% | 67% | 48% | 50% | - | - | - |

| At 31 March 2018 | Up to 3 months | Between 3 and 12 months | Sub-total current | Between 1 and 2 years | Between 2 and 5 years | Over five years | Maturity undefined | Sub-total non-current | Total |
|---|---|---|---|---|---|---|---|---|---|
| | EURO | EURO | EURO | EURO | EURO | EURO | EURO | EURO | EURO |
| **Assets** | | | | | | | | | |
| Cash and cash equivalents | 34,426,354 | - | **34,426,354** | - | - | - | - | - | **34,426,354** |
| Other receivables | 968,366 | 8,796,050 | **9,764,416** | - | - | - | - | - | **9,764,416** |
| Derivative financial instruments | - | 167,007 | **167,007** | - | - | - | - | - | **167,007** |
| Loans and advances to customers (net) | 144,049,556 | 317,692,595 | **461,742,151** | 182,061,566 | 8,073,617 | 166 | - | **190,135,349** | **651,877,500** |
| Trade receivables | 18,540 | - | **18,540** | - | - | - | - | - | **18,540** |
| Long Term receivables | - | - | - | - | 1,621,067 | - | - | **1,621,067** | **1,621,067** |
| Deferred tax assets | - | - | - | - | - | - | 7,272,125 | **7,272,125** | **7,272,125** |
| Financial assets at fair value through profit or loss | - | - | - | - | - | - | 24,908 | **24,908** | **24,908** |
| Available-for-sale investments | - | - | - | - | - | - | - | - | - |
| Tangible fixed assets | - | - | - | - | - | - | 3,468,261 | **3,468,261** | **3,468,261** |
| Intangible fixed assets | - | - | - | - | - | - | 17,452,408 | **17,452,408** | **17,452,408** |
| **Total assets** | **179,462,816** | **326,655,652** | **506,118,468** | **182,061,566** | **9,694,684** | **166** | **28,217,702** | **219,974,118** | **726,092,586** |
| **Liabilities** | | | | | | | | | |
| Trade and other payables | 7,537,075 | 5,851,492 | **13,388,567** | 3,900 | 37,254 | - | - | **41,154** | **13,429,721** |
| Finance debt | 51,311,961 | 222,727,991 | **274,039,952** | 152,005,353 | 90,788,542 | - | - | **242,793,895** | **516,833,847** |
| Derivative financial instruments | - | 37,554 | **37,554** | - | - | - | - | - | **37,554** |
| Tax and social security | 474,026 | 625,455 | **1,099,481** | - | - | - | - | - | **1,099,481** |
| Post employment benefit obligations | - | - | - | - | - | - | 559,994 | **559,994** | **559,994** |
| Deferred tax liabilities | - | - | - | - | - | - | 329,968 | **329,968** | **329,968** |
| **Total liabilities** | **59,323,062** | **229,242,492** | **288,565,554** | **152,009,253** | **90,825,796** | **-** | **889,962** | **243,725,011** | **532,290,565** |
| Equity | | | - | | | | 193,802,021 | 193,802,021 | **193,802,021** |
| **Total equity and liabilities** | **59,323,062** | **229,242,492** | **288,565,554** | **152,009,253** | **90,825,796** | **-** | **194,691,983** | **437,527,032** | **726,092,586** |
| **Gap per bucket** | **120,139,754** | **97,413,160** | **217,552,914** | **30,052,313** | **-81,131,112** | **166** | **-166,474,281** | **-217,552,914** | **-** |
| Cumulative Gap | 120,139,754 | 217,552,914 | 217,552,914 | 247,605,227 | 166,474,115 | 166,474,281 | - | - | - |
| Cumulative Gap %age | 203% | 75% | 75% | 56% | 31% | 31% | 0% | 0% | 0% |

# Notes to the financial statements

## 6. Interest income and fees

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| **By geographical area:** | | |
| India | 150,403,270 | 112,654,419 |
| Indonesia | 21,297,775 | 15,029,017 |
| Philippines | 14,508,204 | 10,424,467 |
| Others | 27,525 | 26,924 |
| **Total** | **186,236,774** | **138,134,827** |

Interest income and fees contains interest income on loan to customers, on investments, bank and saving accounts, loan processing and loan administration fees. The interest income and fee is calculated on the effective interest rate basis.

This section does not include the interest and fee income from off-balance sheet portfolio.

## 7. Interest expenses and fees

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Interest on external borrowing | 57,968,839 | 51,461,806 |
| Interest on bank overdrafts | 106,535 | 1,391 |
| Other fees and expenses | 1,725,084 | 82,379 |
| **Total** | **59,800,458** | **51,545,576** |

Interest expenses consist of interest and other costs (e.g. disbursement fees, upfront fees, admin fees, monitoring fees, commitment fees etc) that an entity incurs in connection with the borrowing of funds (e.g. loan, overdraft, securitization not allowed for derecognition).
Interest expenses is calculated on the effective interest rate basis.
Other fees and expenses mainly consist of the amortisation of forward point in relation to hedge accounting.

## 8. Other income

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Gains from direct assignments of loans to customers | 5,681,655 | - |
| Profits from sale of mutual funds and similar investments | 1,303,258 | - |
| Miscellaneous proceeds | 767,882 | 1,864,088 |
| **Total** | **7,752,795** | **1,864,088** |

In FY2017-2018, the profits from sale of mutual funds and similar investments, amounting to EUR 540,000, were reported in interest income. This relates to liquidity surplus of CA-GR, which is invested short-term to yield income.
Miscellaneous proceeds relates mainly to proceeds from the distribution of third party services, technical assistance and donations. In FY2017-2018, recoveries of written-off loans, amounting to EUR 875,114, was included in this section under miscellaneous proceeds.
Gains from direct assignments of loans to customers is recognized upfront at the time of sale of the assets to third parties (refer to note ‘Transfer of financial assets’). This refer to assets that are derecognized as a result of the sale. For details refer to note 3.4 “Transfer of financial assets”.

## 9. Credit loss expense

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Impairment expense on loans to customers | 10,670,177 | 23,705,809 |
| Impairment expense on interest receivable on loans to customers | 1,485,668 | - |
| Recoveries of written-off loans to customers | -805,981 | - |
| Credit insurance premium expense | 378,531 | - |
| Credit insurance recovery income | -770,904 | - |
| **Total** | **10,957,491** | **23,705,809** |

Recoveries of written-off loans to customers for FY2017-2018 of Euro 875,114 was reported in other income.
Credit insurance premium expense for FY2017-2018 of Euro 206,108 was reported in operating expenses.
Credit insurance recovery income for FY2017-2018 of Euro 988,182 was reported in other income.

## 10. Personnel expenses

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Wages and salaries | 37,277,802 | 28,852,898 |
| Social security costs | 1,580,786 | 1,370,205 |
| Share-based payment expenses (see note 30) | 742,920 | 634,318 |
| Pension costs – defined contribution plans | 927,091 | 742,487 |
| Pension costs – defined benefit plans (see note 29) | 542,759 | 536,967 |
| Other staff costs | 554,499 | 94,854 |
| Other post-employment benefits | 504,439 | 234,075 |
| **Total** | **42,135,296** | **32,465,804** |

Key management personnel compensation: key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of CreditAccess Asia. Compensation is disclosed under the Related Parties (note 31).

The average number of employees Full Time Equivalent (FTE) based on their function:

| | 2018/2019 FTE | 2017/2018 FTE |
|---|---|---|
| Field staff | 11,541 | 8,870 |
| Back office staff | 1,093 | 877 |
| **Total** | **12,634** | **9,747** |

The average number of employees (full time equivalent) based on their geographical location:

| | 2018/2019 FTE | 2017/2018 FTE |
|---|---|---|
| Netherlands | 11 | 8 |
| India | 8,064 | 5,417 |
| Indonesia | 2,901 | 2,720 |
| Philippines | 1,649 | 1,566 |
| Thailand | 9 | 6 |
| Vietnam | 0 | 30 |
| **Total** | **12,634** | **9,747** |

## 11. Expenses by nature

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Amortisation of intangible assets (note 13) | 1,267,716 | 1,305,103 |
| Depreciation of tangible assets (note 14) | 1,754,629 | 1,367,117 |
| Others | 15,893 | 23,991 |
| Sub total | 3,038,238 | 2,696,210 |
| Travel and lodging | 5,966,080 | 4,486,031 |
| Rental | 3,106,785 | 2,521,063 |
| Communication and IT | 1,802,359 | 1,234,314 |
| Office expenses | 1,139,840 | 1,025,434 |
| Taxes (other than Corporate Income Tax) and licenses | 1,361,955 | 1,288,703 |
| Staff training and benefits expenses | 1,012,984 | 615,065 |
| Repairs and maintenance | 923,906 | 678,060 |
| Other professional fees | 736,460 | 1,573,507 |
| Utilities | 540,745 | 435,203 |
| Donations | 465,561 | 540,185 |
| Directors fees | 429,418 | 332,385 |
| Bank charges | 423,507 | 525,072 |
| Audit and accounting | 326,111 | 252,530 |
| Legal fees | 121,274 | 223,016 |
| Insurances | 109,289 | 333,549 |
| Marketing and advertising | 50,635 | 46,604 |
| Pre operating expenses | 23,231 | 88,709 |
| Other operating expenses | 1,375,197 | 1,510,905 |
| Sub total | 19,915,337 | 17,710,332 |
| **Total** | **22,953,575** | **20,406,542** |

Insurance expenses does not include expenses relating to third party insurance products distributed by the Group to the customer. In FY2017-2018, insurance expenses included premium expenses paid by CA-Indonesia in order to obtain credit risk insurance coverage on loans to customers (EUR 206,180) while for FY2018-2019 the credit risk insurance premium are presented in credit loss expense section.
Taxes (other than income tax) and licenses mainly consists of non-recoverable Indian Goods and Service Tax, local stamp-duties and similar fees.

### Auditor's fees

The fees listed below relate to all services provided by Ernst & Young Accountants LLP (the Netherlands) and EY member firms to CreditAccess Group worldwide. Ernst & Young Accountants LLP is the external auditor of CreditAccess Asia N.V., as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act ('Wet toezicht accountantsorganisaties' or 'Wta').

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Audit annual accounts | 198,196 | 144,039 |
| Other audit assignments | 19,761 | 19,867 |
| Other non-audit services | 4,940 | 5,298 |
| **Total** | **222,897** | **169,204** |

## 12. Tax expense

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| **(i) Tax expense and share of tax of equity accounted associates and joint ventures** | | |
| **Current tax expense/(income)** | | |
| Current tax on profits for the period | 22,481,101 | 7,409,512 |
| Adjustment for under provision of prior periods | - | 5,098 |
| **Total current tax** | **22,481,101** | **7,414,611** |
| **Deferred tax expense/(income)** | | |
| Origination and reversal of temporary differences (note 24) | -253,420 | 374,826 |
| Recognition of previously unrecognised deferred tax assets | -326,483 | -1,532,532 |
| **Total deferred tax** | **-579,903** | **-1,157,705** |
| **Total** | **21,901,198** | **6,256,905** |

The reasons for the difference between the actual tax charged for the period and the standard rate of corporate tax applied to profits for the period are as follows:

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| **Result before taxation** | **58,182,301** | **35,493,688** |
| Tax using the Company's domestic tax rate of 25% (2017/2018: 25%) | 14,545,575 | 8,873,422 |
| Difference in tax rates foreign jurisdictions | 6,105,537 | 1,536,400 |
| Remeasurement of deferred tax positions | 8,266 | -372,201 |
| DTA not recognized (because of uncertainty of compensation)9 | 654,020 | 641,003 |
| Adjustment in respect to prior years | - | 28,720 |
| Impairment allowance relating to loans to customers | 1,640,258 | -1,927,917 |
| Gains from disposal of available-for-sale investments | - | -5,948,622 |
| Tax impact of conversion from local GAAP to IFRS | -1,433,809 | 2,877,062 |
| Other expenses not deductible/(income not taxable) | 381,351 | 549,038 |
| **Total tax expense** | **21,901,198** | **6,256,905** |

The impairment allowance on loans to customers is a non-deductible expense in subsidiaries.

The derecognition of the deferred tax assets is related to the fact that tax losses may be no longer refundable and therefore loss compensation will not be realized~~. It also includes the effect from deferred tax assets being not recognised because of uncertainty of recovery~~. Net proceeds in relation to the IPO of CA-Grameen are recognized through equity, while these are not subject to tax, because of the Dutch participation-exemption.

| | 2018/2019 | 2017/2018 |
|---|---|---|
| **Effective tax rate** | **37,6%** | **17.6%** |

Effective tax rate for FY2017-2018 was highly impacted by the fact that some companies in the Group reported profits, while other companies reported losses and the Group is not allowed to declare corporate income tax on consolidated basis. Furthermore, additions to the loan loss allowance are not deductible from taxable income unless the impaired asset is written off. As a result, movements in the loan loss allowance cause temporary differences and lead therefore to movements in the deferred tax position thus affecting the Effective Tax Rate.
In FY2017-2018, the result before taxation was influenced significantly by the gains from disposal of available-for-sale investments, i.e. Equitas Holdings Ltd (India).

## Estimates and assumptions

The Group companies are subject to income tax in the jurisdictions where they run business and judgements are required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the management's belief that the tax return positions are supportable, it also acknowledges that certain positions may be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessments on deferred tax relies on estimates and assumptions on future results based on the business plan of the operating companies. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

## Unrecognised DTA

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management believes it is probable that these assets will be recovered.

Total unused tax losses for which no deferred tax assets has been recognised amounts to EUR 18.8 mln (31 March 2018; EUR 22.8 mln). Further details are provided in note 24.

Tax on each component of other comprehensive income is as follows:

| | 2018/2019 | | | 2017/2018 | | |
|---|---|---|---|---|---|---|
| | **Before tax EURO** | **Tax EURO** | **After tax EURO** | **Before tax EURO** | **Tax EURO** | **After tax EURO** |
| **Fair-value through OCI:** | | | | | | |
| *(i) Net fair-value changes from loans to customers at FVTOCI* | -1,652,089 | 576,773 | -1,075,316 | | | |
| **Available-for-sale investments:** | | | | | | |
| *(i) Transferred to profit or loss on sale* | - | - | - | -32,066,553 | - | -32,066,553 |
| **Cash flow hedges:** | | | | | | |
| *(i) Gains/(losses) recognised on hedging instruments* | -251,701 | - | -251,701 | 15,506 | - | 15,506 |
| *(ii) Transferred to profit or loss for the year* | - | - | - | - | - | - |
| *(iii) Transferred to initial carrying amount of hedged items* | - | - | - | - | - | - |
| **Exchange (losses)/gains on the translation of foreign Operations** | -8,498,719 | - | -8,498,719 | -27,692,301 | - | -27,692,301 |
| **Share of associates' other comprehensive income** | - | - | - | - | - | - |
| **Actuarial gain on defined benefit pension schemes** | 28,816 | -8,733 | 20,083 | -27,120 | 13,019 | -14,101 |
| | **-10,373,693** | **568,040** | **-9,805,653** | **-59,770,468** | **13,019** | **-59,757,449** |

## 13. Intangible assets

| | Client base and trademark EURO | Goodwill EURO | Software EURO | Intangible assets under development EURO | Total EURO |
|---|---|---|---|---|---|
| (i) Cost | | | | | |
| At 31 March 2017 | 5,379,186 | 18,005,324 | 1,578,140 | 436,765 | 25,399,415 |
| Additions - externally acquired | 11,050 | - | 241,180 | - | 252,230 |
| Disposals | - | - | -9,971 | - | -9,971 |
| Foreign exchange rate movements | -731,024 | -2,631,586 | -246,237 | -43,723 | -3,652,570 |
| Reclassifications | - | - | 260,713 | -260,713 | - |
| **At 31 March 2018** | **4,659,212** | **15,373,738** | **1,823,825** | **132,329** | **21,989,104** |
| At 31 March 2018 | 4,659,212 | 15,373,738 | 1,823,825 | 132,329 | 21,989,104 |
| Additions - externally acquired | - | - | 276,327 | 160,001 | 436,328 |
| Additions - internally developed | - | - | - | - | - |
| Disposals | - | - | -6,435 | - | -6,435 |
| Foreign exchange rate movements | 140,130 | 679,774 | 89,654 | 11,074 | 920,632 |
| Reclassifications | - | - | -31,940 | - | -31,940 |
| **At 31 March 2019** | **4,799,342** | **16,053,512** | **2,151,431** | **303,404** | **23,307,689** |
| (ii) Accumulated amortisation and impairment | | | | | |
| At 31 March 2017 | 3,229,057 | - | 614,468 | - | 3,843,525 |
| Amortisation charge | 990,923 | - | 314,180 | - | 1,305,103 |
| Impairment Losses | - | | - | | - |
| Disposals | - | - | -9,971 | - | -9,971 |
| Foreign exchange movements | -497,575 | - | -104,386 | - | -601,961 |
| **At 31 March 2018** | **3,722,405** | **-** | **814,291** | **-** | **4,536,696** |
| At 31 March 2018 | 3,722,405 | - | 814,291 | - | 4,536,696 |
| Amortisation charge | 915,250 | - | 352,466 | - | 1,267,116 |
| Impairment losses | - | - | - | - | - |
| Disposals | - | - | -6,435 | - | -6,435 |
| Foreign exchange movements | 161,687 | - | 47,224 | - | 208,911 |
| **At 31 March 2019** | **4,799,342** | **-** | **1,207,546** | **-** | **6,006,688** |
| (iii) Net book value | | | | | |
| At 31 March 2018 | 936,807 | 15,373,738 | 1,009,534 | 132,329 | 17,452,408 |
| **At 31 March 2019** | **-** | **16,053,512** | **943,885** | **303,404** | **17,300,801** |

The client base and trademark originates from the purchase price allocation on acquiring the controlling interest in CA-Grameen in March 2014. It is amortised on a straight line basis over the useful economic life of 5 years, financial year 2018/2019 being the last year. Goodwill is further disclosed in note 15.

Intangible assets under development relates mainly to the core banking IT System (Temenos T24) at CA-Grameen.

## 14. Tangible fixed assets

| | Leasehold Improvements | Office Equipment | Fixtures and fittings | Computer equipment | Vehicles | Total |
|---|---|---|---|---|---|---|
| | EURO | EURO | EURO | EURO | EURO | EURO |
| (i) Cost or valuation | | | | | | |
| At 31 March 2017 | 1,139,125 | 613,552 | 959,993 | 1,935,254 | 1,100,625 | 5,748,549 |
| Additions | 851,294 | 340,340 | 297,603 | 640,638 | 198,831 | 2,328,707 |
| Disposals | -156,627 | -12,643 | -2,842 | -18,760 | -21,689 | -212,561 |
| Reclassifications | - | 15,796 | -15,127 | -669 | - | - |
| Fair value gain (loss) recognised in other comprehensive income | - | - | - | - | - | - |
| Foreign exchange movements | -213,736 | -113,381 | -160,705 | -335,585 | -193,389 | -1,016,796 |
| **At 31 March 2018** | **1,620,056** | **843,664** | **1,078,922** | **2,220,878** | **1,084,378** | **6,847,899** |
| At 31 March 2018 | 1,620,057 | 843,664 | 1,078,922 | 2,220,878 | 1,084,378 | 6,847,899 |
| Additions | 572,208 | 1,185,579 | 265,064 | 545,423 | 107,995 | 2,676,269 |
| Disposals | -3,407 | -48,261 | -9,606 | -66,844 | -20,421 | -148,539 |
| Reclassifications | - | 494,350 | - | -494,350 | - | - |
| Fair value gain (loss) recognised in other comprehensive income | - | - | - | - | - | - |
| Foreign exchange movements | 112,546 | 126,681 | 69,940 | 99,709 | 94,563 | 503,439 |
| **At 31 March 2019** | **2,301,404** | **2,602,013** | **1,404,320** | **2,304,816** | **1,266,515** | **9,879,068** |

## 14. Tangible fixed assets (cont.)

| | Leasehold Improvements | Office Equipment | Fixtures and fittings | Computer equipment | Vehicles | Total |
|---|---|---|---|---|---|---|
| | EURO | EURO | EURO | EURO | EURO | EURO |
| (ii) Accumulated depreciation and impairment | | | | | | |
| At 31 March 2017 | 477,637 | 271,774 | 563,800 | 975,140 | 334,259 | 2,622,610 |
| Depreciation | 346,431 | 128,610 | 192,817 | 479,706 | 219,553 | 1,367,117 |
| Revaluations | - | - | - | - | - | - |
| Impairment losses | - | - | - | - | - | - |
| Re-classified to non-current assets held for sale | - | 1,929 | -1,660 | -269 | - | - |
| Disposals | -82,881 | -10,093 | -2,952 | -21,181 | -9,544 | -126,651 |
| Foreign exchange movements | -90,499 | -48382 | -95,129 | -179,023 | -70,405 | -483,438 |
| **At 31 March 2018** | **650,688** | **343,838** | **656,876** | **1,254,373** | **473,863** | **3,379,638** |
| At 31 March 2018 | 650,688 | 343,838 | 656,876 | 1,254,373 | 473,863 | 3,379,638 |
| Depreciation | 516,156 | 364,178 | 248,485 | 396,486 | 229,324 | 1,754,629 |
| Impairment losses | - | - | - | - | - | - |
| Reclassifications | - | 321,972 | - | -321,972 | - | - |
| Disposals | -628 | -40,948 | -6,489 | -53,704 | -5,524 | -107,293 |
| Foreign exchange movements | 54,423 | 56,430 | 42,630 | 55,008 | 48,380 | 256,871 |
| **At 31 March 2019** | **1,220,639** | **1,045,470** | **941,502** | **1,330,191** | **743,043** | **5,283,845** |
| (iii) Net book value | | | | | | |
| At 31 March 2018 | 969,369 | 499,826 | 422,046 | 966,505 | 610,515 | 3,468,261 |
| **At 31 March 2019** | **1,080,765** | **1,556,543** | **462,818** | **974,625** | **520,472** | **4,595,223** |

## 15. Goodwill and impairment

The carrying amount of goodwill is allocated to the cash generating units (CGUs) as follows:

| | Goodwill carrying amount 2018/2019 EURO | Goodwill carrying amount 2017/2018 EURO |
|---|---|---|
| **CreditAccess Grameen Limited** | | |
| - Opening balance | 8,655,374 | 10,014,798 |
| - Exchange difference | 286,994 | -1,359,424 |
| Sub-total | 8,943,368 | 8,655,374 |
| **PT Konsultasi Mikro Ventura** | | |
| - Opening balance | 6,718,364 | 7,990,526 |
| - Exchange difference | 392,780 | -1,272,162 |
| Sub-total | 7,111,144 | 6,718,364 |
| **Total** | **16,053,512** | **15,373,738** |

The Group is required to test, on an annual basis, whether recognised goodwill has suffered any impairment.

For CA-Grameen, after the IPO executed in August 2018, the traded stock price is used to compute the Fair Value.

For KMV, the recoverable amount has been measured through the discounted cash flows from financial projections up to March 2025, whereby up to March 2023 are explicit and approved by its board of directors and for the remining period have been extrapolated.

The major assumptions for KMV are as follows: growth rate year-on-year 15% (31 March 2018; 15%) and discount rate 27.5% (31 March 2018; 27.5%). The growth rate assumptions above apply only to the period beyond the explicit projections which have been based on past track record and on future expectations in the light of anticipated economic and market conditions. The discount rate is applied to all cash flow projections and these reflect management's assessment of the risk profile of KMV.

The management has measured sufficient head room for both CGUs and hence resulted in no impairment. Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts of CA-Grameen and KMV are based would not cause the carrying amount of the same to exceed the estimated recoverable amounts of the respective CGU.

## 16. Non-controlling Interests (NCI)

**CreditAccess Grameen Limited**
As per 31 March 2019 the Company holds 80.19% of CA-Grameen or 115,109,041 shares (31 March 2018; 98.88% / 126,985,513 shares). In August 2018, CA-Grameen performed an Initial Public Offering whereby CA-Grameen raised fresh capital by issuing 27,001,396 shares to the market, while CreditAccess Asia N.V. sold 11,876,485 shares.

The impact of the capital raise and of the sale on the consolidated financial statements is as follows:

| | FY2018/2019 EURO |
|---|---|
| **Impact on statutory accounts of CAA of the capital raise by CA-Grameen** | |
| Increase of CreditAccess' value (via investments in subsidiaries) on account of controlling interest portion (80.19%) of share capital and share premium paid by third parties to CA-Grameen on IPO | 60,373,686 |
| | **60,373,686** |
| **Impact on statutory accounts of the sale of shares in CA-Grameen by CAA** | |
| Net proceeds from sale of shares via cash and cash equivalents | 57,194,023 |
| Reduction of investments in subsidiaries for the carrying amount of sold shares | -16,406,825 |
| Reversal, through profit or loss, of operating expenses attributable to the sale | -743,397 |
| Reversal, through translation reserve / OCI (foreign exchange gains/(losses) on translation of foreign operations) of related foreign exchange impact. | -1,695,637 |
| | **38,348,164** |
| **Net increase through equity** | **98,721,850** |

The impact of the IPO transaction has been recorded as follows:

| | Primary issuance from CA-Grameen | | Sale of shares from CAA | | Eliminations in consolidation | FY2018/2019 Total impact |
|---|---|---|---|---|---|---|
| | CA-Grameen | CAA | CA-Grameen | CAA | | |
| **Euro million** | | | | | | |
| **Statement of financial position** | | | | | | |
| Cash and cash equivalents | 75.3* | - | - | 57.2 | - | 132.5 |
| Investments in subsidiaries | - | 60.3 | - | -16.4 | -43.9 | - |
| **Total** | **75.3** | **60.3** | **-** | **40.8** | **-43.9** | **132.5** |
| Share capital | 1.9 | - | - | - | -1.9 | - |
| Share premium | 73.4* | - | - | - | -73.4 | - |
| Other reserves | - | 60.3 | - | 38.4 | - | 98.7 |
| Translation reserve | - | - | - | 1.7 | - | 1.7 |
| Result for the period | - | - | - | 0.7 | - | 0.7 |
| | 75.3 | 60.3 | | 40.8 | -75.3 | 101.1 |
| Non-controlling interest | - | - | - | - | 31.4 | 31.4 |
| **Total** | **75.3** | **60.3** | **-** | **40.8** | **-43.9** | **132.5** |
| **Statement of profit or loss** | | | | | | |
| Other operating expenses | | | | | | |
| -Equity advisory | - | - | - | -0.7 | - | -0.7 |
| **Total** | **-** | **-** | **-** | **-0.7** | **-** | **-0.7** |

* The amounts are net of IPO related expenses borne by CA-Grameen equal to EUR 2.4 million.

Summarised financial information of CA-Grameen is provided below:

| Statement of comprehensive income | FY2018-2019 EURO | FY2017-2018 EURO |
|---|---|---|
| Interest income and fees | 150,403,270 | 112,654,419 |
| Interest expenses and fees | -50,862,642 | -46,999,331 |
| **Net interest income and fees** | **99,540,628** | **65,655,086** |
| Credit loss expenses | -8,777,103 | -22,720,643 |
| Total operating expenses | -37,397,777 | -27,702,006 |
| **Net result after taxation** | **39,089,587** | **10,448,942** |
| Attributable to: | | |
| Controlling Interest | 34,184,627 | 10,331,914 |
| Non-controlling Interest | 4,904,960 | 117,028 |
| **Total comprehensive income** | | |
| Attributable to: | | |
| Controlling interest | 33,485,132 | 10,331,914 |
| Non-controlling interest | 4,500,441 | 117,028 |
| **Statement of cash flows** | | |
| Cash flows from operating activities | -168,181,905 | -232,092,010 |
| Cash flows from investing activities | -881,311 | 690,893 |
| Cash flows from financing activities | 223,845,113 | 204,636,939 |
| **Net cash inflows/(outflows)** | **54,781,897** | **-26,764,178** |

| Financial position | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Assets | 946,655,110 | 633,543,702 |
| Liabilities | 642,355,793 | 458,738,845 |
| Equity | 304,309,317 | 174,804,857 |
| **Accumulated non-controlling interests** | **60,283,676** | **1,957,814** |

| The total non-controlling interest at year-end consists of the following: | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| CreditAccess Grameen Limited | 60,283,676 | 1,957,814 |
| PT Konsultasi Mikro Ventura, incl. PT Bina Artha Ventura | 861 | 743 |
| **Total** | **60,284,537** | **1,958,557** |

Figures above are in EU IFRS without restatement of prior years and hence different from figures reported on standalone basis by CA-Grameen under Ind-AS.

## 17. Loans to customers

| | 31 March 2019 IFRS9 EURO | 31 March 2018 IAS39 EURO |
|---|---|---|
| **Non-current portion:** | | |
| Joint liability group loans | 255,584,196 | 189,722,369 |
| Individual loans | 21,955,530 | 5,070,954 |
| **Non-current portion - Gross** | **277,539,726** | **194,793,323** |
| Less: impairment allowance | -3,177,494 | -4,657,974 |
| **Non-current - Net** | **274,362,232** | **190,135,349** |
| **Current portion:** | | |
| Joint liability group loans | 624,090,562 | 463,771,214 |
| Individual loans | 34,724,114 | 9,286,953 |
| **Current portion - Gross** | **658,814,676** | **473,058,167** |
| Less: impairment allowance | -8,843,824 | -11,316,016 |
| **Current - Net** | **649,970,852** | **461,742,151** |
| **Total loans to customers - Net** | **924,333,084** | **651,877,500** |

Comparative figures for 31 March 2018 are presented in accordance with IAS 39. Remeasurement under IFRS 9 of opening balance of ECL is given in note 2.2.

| | 31 March 2019 IFRS9 EURO | 31 March 2018 IAS39 EURO |
|---|---|---|
| Loans to customers - Gross | 936,354,402 | 667,851,488 |
| Less: Impairment allowance | -12,021,318 | -15,973,988 |
| **Loans to customers - Net** | **924,333,084** | **651,877,500** |

| | CreditAccess Grameen | | Bina Artha Ventura | Credit Access Philippines | Consolidated |
|---|---|---|---|---|---|
| | FVTOCI EURO | Amortized Cost EURO | Amortized Cost EURO | Amortized Cost EURO | Total EURO |
| Loans to customers - non-current, Gross | 229,832,549 | 41,142,222 | 6,564,955 | - | 277,539,726 |
| Impairment on non-current loans | -2,544,178 | -624,961 | -8,355 | - | -3,177,494 |
| Loans to customers - non-current, Net | 227,288,371 | 40,517,261 | 6,556,600 | - | 274,362,232 |
| Loans to customers - current, Gross | 483,423,600 | 101,242,696 | 45,028,719 | 29,119,661 | 658,814,676 |
| Impairment on current loans | -5,348,858 | -1,340,401 | -756,056 | -1,398,509 | -8,843,824 |
| Loans to customers -current, Net | 478,074,742 | 99,902,295 | 44,272,663 | 27,721,152 | 649,970,852 |
| Loans to customers - Gross | 713,256,148 | 142,384,918 | 51,593,674 | 29,119,661 | 936,354,401 |
| Impairment on loans to customers | -7,893,035 | -1,965,362 | -764,411 | -1,398,509 | -12,021,317 |
| **Loans to customers - Net** | **705,363,113** | **140,419,556** | **50,829,263** | **27,721,152** | **924,333,084** |

Discounted cashflow method was used for the fair valuation of loans to customer falling in hold to collect and sell category (referred in note 3.4 i.e. FVTOCI) and the discount rate used is the prevailing lending rate of CA-Grameen on 31 March 2019 i.e. 21%. The fair value of FVTOCI was similar to amortized cost at the start of the year and hence no gain/(loss) on remeasurement, required under IFRS 9, was recognized in opening balance for FVTOCI.

The carrying value of the current and non-current portion of loans to customers presented at amortized cost approximates the fair value.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans to customers (principal only) is, as follows:

| | Stage 1 EURO | Stage 2 EURO | Stage 3 EURO | Total EURO |
|---|---|---|---|---|
| **Gross carrying amount as at 31 March 2018** | 659,256,930 | 1,850,670 | 6,743,889 | 667,851,489 |
| New assets originated | 1,166,388,741 | - | - | 1,166,388,741 |
| Assets repaid or derecognized (excluding write offs) | -920,312,538 | -205,035 | -1,602,545 | -922,120,118 |
| Transfers to Stage 1 from other stages | 18,049 | -9,696 | -8,353 | - |
| Transfers to Stage 2 from other stages | -1,682,195 | 2,869,972 | -1,187,777 | - |
| Transfers to Stage 3 from other stages | -11,527,951 | -1,032,528 | 12,560,479 | - |
| Amounts written off | - | - | -9,498,632 | -9,498,632 |
| Foreign exchange adjustments | 33,302,468 | 142,598 | 287,855 | 33,732,921 |
| **As at 31 March 2019** | **925,443,504** | **3,615,981** | **7,294,916** | **936,354,402** |

| | Stage 1 EURO | Stage 2 EURO | Stage 3 EURO | Overlay EURO | Total EURO |
|---|---|---|---|---|---|
| **ECL allowance as at 1 April 2018 (IFRS 9)** | 4,038,357 | 686,819 | 4,208,660 | 44,305 | 8,978,141 |
| New assets originated | 10,175,950 | - | - | -517,363 | 9,658,587 |
| Assets repaid or derecognized (excluding write offs) | -5,117,328 | -72,704 | -194,603 | -20,489 | -5,405,124 |
| Transfers to Stage 1 from other stages | 232 | -57 | -175 | - | - |
| Transfers to Stage 2 from other stages | -373,072 | 399,397 | -29,907 | 3,582 | - |
| Transfers to Stage 3 from other stages | -2,424,191 | -140,520 | 2,554,990 | 9,721 | - |
| Impact on year end ECL of exposures transferred between stages during the year | 177,836 | -33,089 | 7,668,751 | - | 7,813,498 |
| Amounts written off | - | - | -9,498,632 | - | -9,498,632 |
| Foreign exchange adjustments | 252,490 | 34,610 | 205,059 | -17,312 | 474,847 |
| **As at 31 March 2019** | **6,730,274** | **874,456** | **4,914,143** | **(497,556)** | **12,021,317** |
| **Net carrying amount as at 31 March 2019** | **918,713,228** | **2,741,527** | **2,380,773** | **497,557** | **924,333,084** |

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to interest receivable on loans to customers is, as follows:

| | Stage 1 EURO | Stage 2 EURO | Stage 3 EURO | Total EURO |
|---|---|---|---|---|
| **Gross carrying amount as at 31 March 2018** | 780,922 | 33,400 | 10,321 | 824,643 |
| New assets originated | 18,775,726 | - | - | 18,775,726 |
| Assets repaid or derecognized (excluding write offs) | -14,787,894 | -11,654 | -46,647 | -14,846,195 |
| Transfers to Stage 1 from other stages | -9,094 | 3,134 | 5,960 | - |
| Transfers to Stage 2 from other stages | -96,580 | 106,729 | -10,149 | - |
| Transfers to Stage 3 from other stages | -426,450 | -74,146 | 500,596 | - |
| Foreign exchange adjustments | 198,711 | 3,979 | 18,692 | 221,382 |
| **As at 31 March 2019** | **4,435,341** | **61,442** | **478,773** | **4,975,556** |

| | Stage 1 EURO | Stage 2 EURO | Stage 3 EURO | Overlay EURO | Total EURO |
|---|---|---|---|---|---|
| **ECL allowance as at 1 April 2018 (IFRS 9)** | 23,591 | 21,037 | 337,765 | - | 382,393 |
| New assets originated | 105,953 | 32,388 | 144,956 | -3,602 | 279,695 |
| Assets repaid or derecognized (excluding write offs) | -47,584 | -15,653 | -66,649 | - | -129,886 |
| Transfers to Stage 1 from other stages | - | - | - | - | - |
| Transfers to Stage 2 from other stages | -29,859 | 30,398 | - 539 | - | - |
| Transfers to Stage 3 from other stages | -16,080 | -47,073 | 63,153 | - | - |
| Impact on year end ECL of exposures transferred between stages during the year | 898 | -7,764 | -54,060 | - | -60,926 |
| Foreign exchange adjustments | 1,559 | 390 | 14,818 | -146 | 16,621 |
| **As at 31 March 2019** | **38,478** | **13,723** | **439,444** | **-3,748** | **487,897** |
| **Net carrying amount as at 31 March 2019** | **4,396,863** | **47,719** | **39,329** | **-3,748** | **4,487,659** |

No comparatives are given above since last year information was presented according to IAS 39. Movement disclosure provided last year is as below:

| | 2017/2018 EURO | 2016/2017 EURO |
|---|---|---|
| **Opening balance** | **16,414,469** | **861,893** |
| Adjustments re written-off accounts | -21,769,449 | -323,154 |
| Additions during the year | 23,705,809 | 15,178,393 |
| Foreign exchange and other movements | -2,376,841 | 697,337 |
| **Ending balance** | **15,973,988** | **16,414,469** |

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| On balance sheet – loans to customers – Net | 924,333,084 | 651,877,500 |
| Off balance sheet – loans to customers – Net | 65,122,474 | - |
| **Total** | **989,455,558** | **651,877,500** |

The off balance sheet loans to customers represent the portfolio sold to third parties. The Group provides the collection services on off balance sheet loans to customers.

## 18. Derivative financial instruments

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| **Derivative financial assets** | | |
| Non deliverable forward contracts | 3,116 | 167,007 |
| **Derivative financial liabilities** | | |
| Non deliverable forward contracts | -1,810,369 | -37,554 |
| **Total** | **-1,807,253** | **129,453** |

Foreign exchange risk arises when a Group's company enters into transaction(s) denominated in a currency other than its functional currency. Where the risk is considered to be significant, the treasury will enter into a matching hedging contract with a primary financial institution according to the prevailing foreign exchange risk policy.

The Company has entered into hedging derivative financial instruments to hedge its exposure to foreign currency exchange rate fluctuations deriving from intercompany loans amounting to EUR 22.9 mln (31 March 2018; EUR 9.3 mln)

| It relates to 24 forward contracts as follows: | **EUR** |
|---|---|
| PHP 1,004.4 million notional amount, with a total fair-value of | -1,023,984 |
| IDR 143,192.7 million notional amount, with a total fair value of | -783,269 |
| | **-1,807,253** |

Settlement dates if NDF range between April 2019 and April 2020.

Hedge effectiveness is 100% as profit or loss effect of derivative offsets 100% the profit or loss effect of the loan, bringing net effect to zero.

The impact on equity is as follows:

| | Cash flow hedge reserve | | Cost of hedging reserve | |
|---|---|---|---|---|
| | 2018/2019 EURO | 2017/2018 EURO | 2018/2019 EURO | 2017/2018 EURO |
| **Opening balance** | **15,506** | - | **-** | - |
| Hedge transaction settled during the period | -15,506 | - | - | - |
| New hedge transactions concluded and still outstanding | -132,973 | 15,506 | -103,221 | - |
| | -148,479 | 15,506 | -103,221 | - |
| **Closing balance** | **-132,973** | **15,506** | **-103,221** | **-** |

## 19. Other assets

### Non-current

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Security deposits | 1,316,050 | 703,346 |
| Cash collateral against long-term borrowing | 347,405 | 594,156 |
| Tax and social security | 1,702,346 | - |
| Staff loans and advances | 223,541 | 255,472 |
| Prepayments | 1,706,448 | 13,105 |
| Others | 125,066 | 54,988 |
| **Total non-current** | **5,420,856** | **1,621,067** |

The carrying value of these long-term receivables approximates the fair value. Security deposits consist of cash collateral for rent of offices and branches.

### Current

| | | |
|---|---|---|
| Net interest receivable | 4,700,636 | 968,366 |
| Trade receivables | - | 18,540 |
| Security deposits | 134,775 | 1,174,678 |
| Advances | 531,251 | 1,196,193 |
| Prepayments | 1,403,712 | 2,195,687 |
| Collateral against borrowing | 4,952,227 | 1,193,323 |
| Collateral for hedging transactions | 2,690,000 | 860,000 |
| Staff loans and advances | 615,724 | 402,386 |
| Due from credit insurance | 230,491 | 55,541 |
| Tax and social security | 257,185 | 660,823 |
| Others | 6,321,347 | 1,057,419 |
| **Total current** | **21,837,348** | **9,782,956** |

The increase in Others is on account of income on assignment deals which is yet to be received, at CA-Grameen.

The carrying values of the current assets approximate the fair values.
Financial assets included do not contain impaired assets.

## 20. Transfers of financial assets

This note refers to the transferred financial assets that remain fully recognized in the financial statements of the Group and are included in loans to customers.

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| **Securitizations** | | |
| Carrying amount of transferred assets measured at fair value through other comprehensive income | 20,658,252 | - |
| Carrying amount of associated liabilities (Debt securities - measured at amortised cost) | 20,437,192 | - |
| Fair value of assets | 20,658,252 | - |
| Fair value of associated liabilities | 20,519,900 | - |
| **Net position at fair value** | **138,352** | **-** |

## 21. Other liabilities

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| **Non-current liabilities** | - | |
| Trade and other payables | - | 41,154 |
| **Sub-total non-current** | - | **41,154** |
| **Current liabilities** | | |
| Trade payables | 3,659,005 | 803,919 |
| Accrued interest payable on borrowings | 6,141,696 | 2,321,050 |
| Employee liabilities | 3,712,931 | 2,685,532 |
| Insurances | 10,032 | 237,621 |
| Donations | 516,075 | 652,953 |
| Client responsibility fund | 6,556,724 | 3,889,335 |
| Other liabilities | 8,079,100 | 2,416,152 |
| Accrued expenses | 1,161,017 | 382,005 |
| Tax and social security | 1,672,164 | 1,099,481 |
| **Sub-total current** | **31,508,744** | **14,488,048** |
| **Total** | **31,508,744** | **14,529,202** |

The carrying values of all above liabilities approximate the fair values.

The 'Client responsibility fund' relates to collateral as security on loans to customers in CA-Indonesia only. This is equal to two instalments (approximately 8%) for group-lending, and one instalment (approximately 10%) for individual lending.

Insurances relate to life insurance claims and premiums originated by insurance products distributed by CA-Grameen.
The increase in Other liabilities is on account of the collection amount payable to assignment parties at CA-Grameen.

Employee liabilities are further detailed in note 23.

## 22. Finance debt

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Non-Current Finance debt | 233,520,466 | 242,793,895 |
| Current Finance debt | 459,707,427 | 274,039,952 |
| **Total Finance debt** | **693,227,893** | **516,833,847** |

The book value of the of the current and non- current portion approximates the fair value, because there are no sharp changes to the interest rate environment and to the credit-risk of Group companies from the date of securing the finance debt and the closing date.

The currency profile of the Group's borrowings is as follows:

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| EUR | 27,900,000 | 31,500,000 |
| INR | 621,528,982 | 451,873,573 |
| IDR | 34,584,377 | 21,402,748 |
| PHP | 9,214,534 | 12,057,526 |
| **Total** | **693,227,893** | **516,833,847** |

The Company has repaid in February 2019 the EUR 20 mln IPO Incentive Bond which was issued on 31 October 2014. The bond was originally issued for the amount of EUR 40 mln while on 24 March 2017 50% or EUR 20 mln has been converted into equity of the Company already. The bond was measured at amortized cost based on the effective interest rate of 9.31% per annum, whilst the nominal interest rate was equal to 6.5% per annum. The Company paid an additional one-off fee of 5% on the maturing amount of EUR 20 mln as the company has not performed an IPO.

### Breach of loan covenants

All loans given to Group entities contain operational, financial and legal covenants. A breach of one or more covenants by the borrower may empower the lender to request an acceleration of the repayment of the outstanding amount of principal and interests. The Group companies have substantially respected all covenants, as a result of which it was received no request to accelerate the repayment of any outstanding loan. Some minor covenants have been breached for which waivers have been obtained by relevant counterpart.

### Pledged assets

The Group (mainly CA-Grameen) has placed deposits as collateral for borrowings. Reference is made to note 19 for the related amounts. The terms and conditions stipulate that these securities shall be held by the lender on account of borrower for the repayment of the said loan and/or any other amount payable by the borrower to the lender, while the lender is authorised to withdraw/utilise/appropriate the proceeds, interest due thereon or of any other fixed-/short-term deposit opened in renewal/reinvestment thereof whether before or after due date thereof towards repayment of loan or any other amount without reference to the borrower.

The terms and conditions stipulate the borrower to authorise and irrevocably appoint the lender and/or its officer as its attorney to do whatever the borrower may be required to do in the exercise of all or any of the powers conferred on the lender including to recover,
receive, collect, demand, sue for any of book debts, money receivables, money outstanding, claims, bills, supply bills of the borrower while the borrower shall bear the expenses that may be incurred in this regard. The lender or any person or persons appointed or nominated by it shall have the right at all times with or without notice to the borrower and if so required as attorney for and in the name of the borrower to enter in all premises, where the hypothecated assets including the premises where the books of accounts or other records documents etc. relating to the hypothecated assets are lying or left and to inspect value and take particulars of the same and/or to take abstracts from such books of account etc and the borrower shall produce all such records, books, vouchers, evidences and other information as the bank or the person(s) appointed or nominated as aforesaid by the lender may require.

### Bank borrowings

The Group has undrawn committed borrowing facilities available at financial year end, for which all conditions have been met, as follows:

| 31 March 2019 | Floating rate EURO | Fixed rate EURO | Total EURO |
|---|---|---|---|
| Expiry within 1 year | 859,448 | 20,629 | 880,077 |
| Expiry within 1 and 2 years | 794,338 | 1,053,491 | 1,847,829 |
| Expiry in more than 2 years | 121,729 | 628,759 | 750,488 |
| **Total** | **1,775,515** | **1,702,879** | **3,478,394** |

| 31 March 2018 | Floating rate EURO | Fixed rate EURO | Total EURO |
|---|---|---|---|
| Expiry within 1 year | 2,553,054 | - | 2,553,054 |
| Expiry within 1 and 2 years | 9,963,136 | - | 9,963,136 |
| Expiry in more than 2 years | 460,120 | - | 460,120 |
| **Total** | **12,976,310** | **-** | **12,976,310** |

## 23. Employee benefit liabilities

Liabilities for employee benefits comprise:

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Accrual for annual leave | 1,060,830 | 683,332 |
| Other employee payables (salaries, bonus etc.) | 2,652,101 | 2,002,199 |
| **Total** | **3,712,931** | **2,685,531** |
| Categorised as: | | |
| Current | 3,712,931 | 2,685,531 |
| Non-current | - | - |
| **Total** | **3,712,931** | **2,685,531** |

## 24. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the local tax rates (India: 34.94%, Netherlands: 25%, Indonesia: 25%, Philippines: 30%).

The movement on the deferred tax positions is as shown below:

| | Asset 2018/2019 EURO | Liabilities 2018/2019 EURO | Asset 2017/2018 EURO | Liabilities 2017/2018 EURO |
|---|---|---|---|---|
| **Opening balance – Carrying amount - IAS 39** | **7,272,125** | **329,968** | **7,651,418** | **743,882** |
| Re-measurements due to IFRS 9 | -2.569,053 | - | - | - |
| **Opening balance – Re-stated – IFRS 9** | **4,703,072** | **329,968** | **7,651,418** | **743,882** |
| *Recognised in profit or loss account* | | | | |
| Tax benefit | -40,984 | | -409,272 | 9,207 |
| Amortisation of Intangibles | - | -318,792 | - | -341,862 |
| Others | 52,120 | - | -114,213 | - |
| *Other reconciling items* | | | | |
| Foreign currency translation | 259,339 | -1,792 | -1,118,712 | -81,259 |
| Impact of difference between tax depreciation and depreciation/amortisation charged to profit or loss account | -26,101 | - | 59,110 | - |
| Impact of disallowance of leave encashment | 132,168 | - | 74,374 | - |
| Impact of allowance against other assets | 91,963 | - | 87,849 | - |
| Impact of allowance against standard and non-performing loans to customers | 1,275,282 | - | -1,888,066 | - |
| Impact of conversion from Indian GAAP to IFRS | -1,567,933 | - | 2,845,016 | - |
| Tax charge (credit) relating to components of other comprehensive income | 555,790 | - | - | - |
| Others | 1,020,704 | - | 84,621 | - |
| **Closing balance** | **6,455,420** | **9,384** | **7,272,125** | **329,968** |

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the management believe it is probable that these assets will be recovered.

Increase in Others is on account of IPO expenses at CA-Grameen.

Details of deferred tax assets and liabilities (after offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

| | Asset 31 March 2019 EURO | Liability 31 March 2019 EURO | Net 31 March 2019 EURO | (Charged)/ credited to profit or loss 2018/2019 EURO | (Charged)/ credited to equity 2018/2019 EURO |
|---|---|---|---|---|---|
| Tax losses carried forward | 349,854 | - | 349,854 | 141,428 | - |
| Temporary differences on property and equipment | 203,259 | - | 203,259 | 78,129 | - |
| Employee retirement benefit liabilities | 59,193 | 9,384 | 49,808 | 20,837 | - |
| Other liabilities and provisions | 192,036 | - | 192,036 | 102,698 | - |
| Other temporary and deductible differences | 523,512 | - | 523,512 | 33,234 | - |
| Impact of conversion from Indian GAAP to IFRS | 15,296 | - | 15,296 | -1,646,197 | - |
| Intangible assets | - | - | - | 318,792 | - |
| Impairment allowance | 5,112,270 | - | 5,112,270 | 1,530,982 | - |
| Tax charge (credit) relating to components of other comprehensive income | - | - | - | - | - |
| Tax asset/(liabilities) | 6,455,420 | 9,384 | 6,446,036 | 579,903 | - |
| Effects of offsetting | - | - | - | - | - |
| **Net tax assets/(liabilities)** | **6,455,420** | **9,384** | **6,446,036** | **579,903** | **-** |

| | Asset 31 March 2018 EURO | Liability 31 March 2018 EURO | Net 31 March 2018 EURO | (Charged)/ credited to profit or loss 2017/2018 EURO | (Charged)/ credited to equity 2017/2018 EURO |
|---|---|---|---|---|---|
| Tax losses carried forward | 667,152 | - | 667,152 | -374,826 | - |
| Temporary differences on property and equipment | 117,898 | - | 117,898 | 59,087 | - |
| Employee retirement benefit liabilities | 51,666 | 12,571 | 39,095 | 448 | - |
| Other liabilities and provisions | 80,467 | - | 80,467 | - | - |
| Other temporary and deductible differences | 384,264 | -4,059 | 388,323 | 118,928 | - |
| Impact of conversion from Indian GAAP to IFRS | 1,987,340 | - | 1,987,340 | 2,845,016 | - |
| Intangible assets | - | 321,456 | -321,456 | 341,862 | - |
| Impairment allowance | 3,983,338 | - | 3,983,338 | -1,832,810 | |
| Tax charge (credit) relating to components of other comprehensive income | - | - | - | - | - |
| Tax asset/(liabilities) | 7,272,125 | 329,968 | 6,942,157 | 1,157,705 | - |
| Effects of offsetting | - | - | - | - | - |
| **Net tax assets/(liabilities)** | **7,272,125** | **329,968** | **6,942,157** | **1,157,705** | **-** |

A deferred tax asset has not been recognised for the following:

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Unused tax losses | 18,840,086 | 22,761,601 |

The unused tax losses expire as follows:

| Country | Amount | Expiry |
|---|---|---|
| Vietnam | EUR 0.9 mln | 2022-2024 |
| Netherlands | EUR 17.9 mln | 2024-2028 |

## 25. Share capital

**Authorised capital**

| | 31 March 2019 Number | 31 March 2019 EURO | 31 March 2018 Number | 31 March 2018 EURO |
|---|---|---|---|---|
| Ordinary shares of 1 euro each | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| **Total** | **100,000,000** | **100,000,000** | **100,000,000** | **100,000,000** |

All issued shares are fully paid up.

| **Issued and fully paid capital** | 2018/2019 Number | 2018/2019 EURO | 2017/2018 Number | 2017/2018 EURO |
|---|---|---|---|---|
| *Ordinary shares of 1 euro each* | | | | |
| **Opening balance** | **41,942,188** | **41,942,188** | **39,639,182** | **39,639,182** |
| Issue of share capital | - | - | 2,303,006 | 2,303,006 |
| **Closing balance** | **41,942,188** | **41,942,188** | **41,942,188** | **41,942,188** |

## 26. Reserves

The following describes the nature and purpose of each reserve within equity:

| Reserve | Description and purpose |
|---|---|
| *Share premium* | Amount subscribed for share capital in excess of nominal value. |
| *Treasury shares* | Treasury shares represent own Ordinary equity shares at purchase price. The total number of shares held in treasury is 283,000. |
| *Revaluation reserve/ Available-for-sale reserve* | The revaluation reserve referred to available-for-sale reserve, which relates to gains/losses arising on financial assets classified as available-for-sale, net of applicable income taxes. After disposal of the AfS-investments the remaining amount relates to the share in OCI of subsidiaries. |
| *Translation reserve* | Gains/losses arising on retranslating the net asset value of consolidated entities whereby the functioning currency is different from the Group reporting currency i.e. EUR. |
| *Merger reserve* | A merger reserve was recognised as the difference between the carrying amount of assets and liabilities acquired against (i) the value of paid up capital (including share premium) of the outstanding shares of the acquired entity (in case of the reverse merger in 2014 with Microventures Finance Group, SA, Luxemburg) or (ii) the amount of the investment in the acquired entity as carried in the books of CreditAccess (in case of the merger in 2015 with MFA SARL, Luxemburg and Microventures Investments SA SICAR, Luxemburg). |
| *Cash flow hedge reserve* | The Company uses derivative instruments, primarily forward contracts, to hedge foreign currency exposures arising from loans to subsidiaries. (See policy note 3.4) The spot element of the cash flow hedges for effective hedges is recognised in the cash flow hedge reserve, until the settlement of the derivative. |
| *Cost of hedging reserve* | The Company uses derivative instruments, primarily forward contracts, to hedge foreign currency exposures arising from loans to subsidiaries. (See policy note 3.4). The forward element of the cash flow hedges for effective hedges is recognised in the cost of hedging reserve, until the settlement of the derivative. |
| *Other reserves* | CreditAccess launched the public listing of its flagship subsidiary CA-Grameen Limited in India. The IPO size was EUR 141 million and comprised a primary issuance (EUR 79 million) and a secondary sale by CreditAccess Asia N.V. (post IPO ownership then reduced to 80.19%, against pre IPO ownership of 98.88%). The proceeds of the secondary sale amounted to EUR 57.2 million, net of local taxes, and resulted in an increase of EUR 38.8 million in Other reserves. The impact and further details are disclosed in note 16.<br><br>Other reserves includes also the amount of EUR 8,909,100 pertaining to 3,898,380 Convertible Preferred Equity Certificates with the face value of EUR 1.00 each which have been reclassified from liability to equity in accordance with amended terms and conditions in FY 2015-2016. The CPEC holder does not have voting rights in the Company General Meeting of Shareholders. There are no restrictions on the distribution of dividends of the Company. |
| *Retained earnings* | It represents the cumulative profits/losses of prior periods and the current period. It also includes re-measurements required on account of changes in accounting policies adopted by the Group. |

## 27. Analysis of amounts recognised in other comprehensive income

| | Revaluation reserve | Cash flow hedge reserve | Cost of hedging reserve | Translation Reserve | Retained earnings |
|---|---|---|---|---|---|
| | EURO | EURO | | EURO | EURO |
| **Period up to 31 March 2019** | | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | |
| *Available-for-sale investments* | | | | | |
| Valuation (losses)/gains on available-for-sale investments | - | | | | |
| Transferred to profit or loss on sale | - | | | | |
| Exchange differences arising on translation of foreign operations | -653,741 | | | -9,540,615 | |
| Reversal on sale of shares CA-GR | | | | 1,695,637 | |
| Effective portion of changes in fair-value on cash-flow hedges | | -148,479 | | | |
| Net change in cost of hedging | | | -103,221 | | |
| Tax relating to items that may be reclassified | | | | | |
| | **-653,741** | **-148,479** | **-103,221** | **-7,844,978** | |
| **Period up to 31 March 2018** | | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | |
| *Available-for-sale investments* | | | | | |
| Valuation (losses)/gains on available-for-sale investments | - | | | | |
| Transferred to profit or loss on sale | -31,700,924 | | | | |
| Exchange differences arising on translation of foreign operations | | | - | -27,695,514 | |
| Effective portion of changes in fair-value on cash-flow hedges | | 15,506 | | | |
| Tax relating to items that may be reclassified | | | | | |
| | **-31,700,924** | **15,506** | **-** | **-27,695,514** | |

## 28. Commitments and contingent liabilities

This relates to commitments mainly in relation to the future value of minimum lease payments for offices and branches and committed expenditure for (in-) tangible fixed assets.

Amounts are due as follows:

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Not later than one year | 982,000 | 752,000 |
| Later than one year and not later than five years | 820,000 | 675,000 |
| Later than five years | - | - |
| **Total** | **1,802,000** | **1,427,000** |

On 4 February 2015 the Tax Police of Brescia (Italy) started a tax audit on MVH S.R.L. with reference to direct taxes and VAT for fiscal years 2010 to 2015. On 23 October 2018, the Tax Police served a tax audit report on MVH which summarizes the findings of the audit, as follows:

- First finding: failure to apply withholding taxes on dividends paid by MVH to CreditAccess for an amount equal to (i) EUR 733,441 (26% of the dividends equal to EUR 2,820,928) for fiscal year 2015 and (ii) EUR 3,670,943 (26% of the dividends equal to EUR 14,119,013) for fiscal year 2016. According to the Tax Police, CreditAccess could not be considered the beneficial owner of the dividends since it was allegedly a conduit company interposed between MVH and other entities that could not have benefited from the withholding tax exemption under Article 27-bis of Presidential Decree No. 600 of 29 September 1973;

- Second finding: failure to tax the unrealized capital gains of the business allegedly transferred abroad by MVH in the fiscal year 1 July 2016 – 30 June 2017, for a total amount of corporate income tax equal to EUR 4,448,006 (27.5% of the taxable base equal to EUR 16,174,568). In the Tax Police's view, the transactions carried out by MVH and CreditAccess starting from 2014 would represent a complex transaction, without economic substance, aimed at centralizing the entire business of MVH to the Dutch parent company and at obtaining an undue tax advantage.

The Tax Police transmitted the audit report to the Italian Revenue Agency, Brescia (Italy), which is competent for the assessment proceeding.

MVH, through its tax advisors, filed on 20 May 2019 a memorandum to the tax office whereby the allegations of the Tax Police are rejected in full and evidence is provided on the economic substance of the transactions performed and on the absence of any tax advantage.

The management believe that the allegations of the Tax Police are groundless and hence decided to make no provision with regards to this matter.

## 29. Defined benefit schemes

### (i) Defined benefit scheme characteristics and funding

The Group operates three post-employment defined benefit schemes for its employees in India, Indonesia and The Philippines.

Scheme A
It provides employees in India with a pension on retirement

Scheme A is funded by the Company and employees contribute to the scheme. Contributions by the Company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement. Scheme A is insured. The insurer is responsible for the administration of the plan assets and for the definition of the investment strategy.
The Plan assets consist for 100% of investments with the insurer.

The scheme A pension plan in the insurance contract does not contain real assets, the plan asset is the value of the insurance contract (accrued benefits against discount rate). There is no direct relation between the value of the insurance contract and the value of CreditAccess or any other Group companies.

Scheme B
It provides employees in Indonesia a pension on retirement.

Scheme C
It provides employees in The Philippines a pension on retirement.

Schemes B and C are unfunded.

All three schemes are legally separate from the Group.

The schemes are exposed to a number of risks, including:
- *Investment risk:* movement of discount rate used (high quality corporate bonds) against the return from plan assets.
- *Interest rate risk:* decreases/increases in the discount rate used (high quality corporate bonds) will increase/ decrease the defined benefit obligation.
- *Longevity risk:* changes in the estimation of mortality rates of current and former employees.
- *Salary risk:* increases in future salaries increase the gross defined benefit obligation.

**Estimates and assumptions**
The costs, assets and liabilities of the defined benefit schemes operating by the Group companies are determined using methods relying on actuarial estimates and assumptions. The Group takes advice from independent actuaries relating to the appropriateness of the assumptions.

### (ii) Defined benefit obligation - actuarial assumptions

The principal actuarial assumptions used in calculating the present value of the defined benefit obligation include:

| | Scheme A (India) | Scheme B (Indonesia) | Scheme C (Philippines) | 2018/2019 (weighted average) | 2017/2018 (weighted average) |
|---|---|---|---|---|---|
| Discount rate | 7.62% | 6.81% | 5.95% | 7.03% | 7.20% |
| Growth in future salaries | 10.00% | 5.00% | 5.00% | 7.81% | 6.97% |

Other relevant inputs are;

| | 2018/2019 | | | 2017/2018 | | |
|---|---|---|---|---|---|---|
| | Scheme A (India) | Scheme B (Indonesia) | Scheme C (Philippines) | Scheme A (India) | Scheme B (Indonesia) | Scheme C (Philippines |
| Retirement age | 60 years | 55 years | 60 years | 60 years | 55 years | 60 years |
| Mortality rate | IALM 2006-08 Ultimate | 100% TMI2011 | 1994 GAMT | IALM 2006-08 Ultimate | 100% TMI2011 | 1994 GAMT |
| Disability rate | 5% of mortality rates | 10% TMI2011 | 1952 DT | 5% of mortality rates | 10% TMI2011 | 1952 DT |
| Average age | 27.38 years | 28.13 years | 29.8 years | 27.34 years | 27.97 years | 29.2 years |
| Valuation method | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |

(iii)-a Reconciliation of post employment defined benefit obligation and fair value of scheme assets, in aggregate

| | Defined benefit obligation | | Fair value of scheme assets | | Net defined scheme liability | |
|---|---|---|---|---|---|---|
| | 2018/2019 EURO | 2017/2018 EURO | 2018/2019 EURO | 2017/2018 EURO | 2018/2019 EURO | 2017/2018 EURO |
| **Opening balance** | **1,132,841** | **898,541** | **572,847** | **419,064** | **559,994** | **479,477** |
| Current service cost | 366,384 | 297,502 | - | - | 366,384 | 297,502 |
| Interest cost/(income) | 58,692 | 39,717 | - | - | 58,692 | 39,717 |
| Past service cost and settlements | 117,683 | 199,748 | - | - | 117,683 | 199,748 |
| Included in profit or loss | 542,759 | 536,967 | - | - | 542,759 | 536,967 |
| Return on plan assets | - | - | 50,378 | 33,182 | 50,378 | -33,182 |
| Actuarial changes arising from changes in demographical assumptions | 141,468 | -38,390 | -37,983 | - | 179,451 | -38,390 |
| Actuarial changes arising from changes in financial assumptions | - | 56,941 | - | - | - | 56,941 |
| Experience adjustments | -113,047 | -160,517 | - | 7,273 | -113,047 | -167,790 |
| Included in other comprehensive income | 28,421 | -141,966 | 12,395 | 40,455 | 16,026 | -182,421 |
| Employer contributions | - | - | 218,341 | 190,514 | -218,341 | -190,514 |
| Benefits paid | -32,295 | -20,408 | -32,295 | -20,408 | - | - |
| Other Movements | -32,295 | -20,408 | 186,046 | 170,106 | -218,341 | -190,514 |
| Foreign exchange differences | 71,996 | -140,293 | 27,288 | -56,778 | 44,708 | -83,515 |
| **Closing balance** | **1,743,722** | **1,132,841** | **798,576** | **572,847** | **945,146** | **559,994** |
| **Represented by:** | | | | | | |
| - Scheme A (India) | | | | | 531,830 | 220,104 |
| - Scheme B (Indonesia) | | | | | 158,920 | 218,423 |
| - Scheme C (Philippines) | | | | | 254,396 | 121,467 |
| **Total** | | | | | **945,146** | **559,994** |

(iii)-b Reconciliation of post employment defined benefit obligation and fair value of scheme assets, per country

| | Scheme A - India | | | Scheme B - Indonesia | | | Scheme C - Philippines | | |
|---|---|---|---|---|---|---|---|---|---|
| | Defined benefit obligation 2018/2019 EURO | Fair-value of scheme assets 2018/2019 EURO | Net defined scheme liability 2018/2019 EURO | Defined benefit obligation 2018/2019 EURO | Fair-value of scheme assets 2018/2019 EURO | Net defined scheme liability 2018/2019 EURO | Defined benefit obligation 2018/2019 EURO | Fair-value of scheme assets 2018/2019 EURO | Net defined scheme liability 2018/2019 EURO |
| **Opening balance** | **792,950** | **572,846** | **220,104** | **218,423** | **-** | **218,423** | **121,467** | **-** | **121,467** |
| Current service cost | 322,793 | | 322,793 | 43,591 | - | 43,591 | - | - | - |
| Interest cost/(income) | 58,692 | | 58,692 | - | - | - | - | - | - |
| Past service cost and settlements | - | | - | - | - | - | 117,683 | - | 117,683 |
| Included in profit or loss | 381,485 | - | 381,485 | 43,591 | - | 43,591 | 117,683 | - | 117,683 |
| Return on plan assets | - | 50,378 | -50,378 | - | - | - | - | - | - |
| Actuarial changes arising from changes in demographical assumptions | 141,468 | -37,983 | 179,451 | - | - | - | - | - | - |
| Experience adjustments | - | - | - | -113,047 | - | -113,047 | - | - | - |
| Included in other comprehensive income | 141,468 | 12,395 | 129,073 | -113,047 | - | -113,047 | - | - | - |
| Employer contributions | - | 218,341 | -218,341 | - | - | - | - | - | - |
| Benefits paid | -32,295 | -32,295 | - | - | - | - | - | - | - |
| Other Movements | -32,295 | 186,046 | -218,341 | - | - | - | - | - | - |
| Foreign exchange differences | 46,797 | 27,288 | 19,509 | 9,953 | - | 9,953 | 15,246 | - | 15,246 |
| **Closing balance** | **1,330,405** | **798,575** | **531,830** | **158,920** | **-** | **158,920** | **254,396** | **-** | **254,396** |

### (iv) Sensitivity analysis

A sensitivity analysis extrapolating the impact on the defined benefit obligation as a result of reasonable changes in key assumptions at the end of the reporting period, keeping all other assumptions constant, is as follows:

| Impact on defined benefit obligation | 31 March 2019 EURO |
|---|---|
| 1% increase in discount-rate | -144,580 |
| 1% decrease in discount-rate | 172,831 |
| 1% increase in the salary increase rate assumption | 155,473 |
| 1% decrease in the salary increase rate assumption | -133,144 |

### (v) Others

The expected contributions to the plan for the next Annual Reporting period amounts to EUR 485,647

The fair values of each major class of plan assets are as follows:

| | 31 March 2019 EURO |
|---|---|
| Cash and cash equivalents | - |
| Investments quoted in active markets | - |
| Unquoted investments | - |
| Others; Assets under insurance schemes | 798,575 |
| | **798,575** |

## 30. Share-based payment

CreditAccess Asia N.V. continued an equity-settled share-based remuneration scheme for key management personnel and senior employees across the whole Group.
Under this program participants may be granted up to 1,200,000 options, annually in maximum 5 consecutive years.
The actual number of options granted will be decided upon by the Board, based on the achievement of the Group financial targets and individual KPI's.
On November 2016, the Company has granted a first tranche consisting of 161,908 options (First Grant) with vesting period starting retroactively from 31 March 2016. On 7 September 2017 the Company has granted a second tranche consisting of 195,922 options (Second Grant) with vesting period starting retroactively from 31 March 2017. On 1 December 2018, the Company has granted a third tranche consisting of 314,348 options (Third Grant) with vesting period starting retroactively from 31 March 2018.

Vesting is subject to a minimum of 36 months of service of the key manager and the Company execution of a Qualified IPO or the Liquidity Event, as described in the Governance Policy of the Company.
The Exercise Period of each Grant commences on the Vesting Date and expires at the end of the 48$^{th}$ month from the Vesting Date of such Grant.
No amounts are paid or payable by the recipient upon grant of the options. The options carry neither rights to dividends nor voting rights. When exercisable each option can be converted into one equity share of the Company.
The Company does not have any re-purchase obligation regarding the issued options. Customary good leaver clauses apply.
The fair-value of the options granted was determined using a Black-Scholes method of valuation with the following key assumptions: strike price EUR 8.75, underlying stock price EUR 8.75, dividend yield 0%, discount rate 0%, volatility of the stock equal to CA-Grameen stock volatility at 35.1%.

| Options | 2018/2019 Weighted average exercise price (EUR) | 2018/2019 Number | 2017/2018 Weighted average exercise price (EUR) | 2017/2018 Number |
|---|---|---|---|---|
| Outstanding at beginning of period | 6,25 | 357,830 | 4.79 | 161,908 |
| Granted during the period | 8,75 | 314,348 | 7.46 | 195,922 |
| Forfeited during the period | - | - | - | - |
| Exercised during the period | - | - | - | - |
| Lapsed during the period | 6.46 | -7,624 | - | - |
| **Outstanding at end of period** | **7,43** | **664.554** | **6.25** | **357,830** |

The weighted average exercise price of options outstanding at 31 March 2019 was EUR 7.43 and their weighted average remaining contractual life was 5.24 year. Of the total number of options outstanding at 31 March 2019, none had vested and none were exercisable. At 31 March 2019 there were still 535,446 options available for grant.

| Grants | Options granted | Grant date | Grant effective date | Vesting – and exercise period (from Grant effective date) | Strike price EUR | Fair-value at grant date (IPO probability adjusted) EUR |
|---|---|---|---|---|---|---|
| Grant 1 | 161,908 | 01-Nov-2016 | 31-Mar-2016 | 7 years | 4.79 | 2.11 |
| Grant 2 | 195,922 | 07-Sep-2017 | 31-Mar-2017 | 7 years | 7.46 | 1.36 |
| Grant 3 | 314,348 | 01-Dec-2018 | 31-Mar-2018 | 7 years | 8.75 | 1.49 |

The amount charged to the profit or loss account through 'Other reserves' amounts to;

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Third Grant | 59,964 | - |
| Second Grant | 69,656 | 39,312 |
| First Grant | 73,059 | 73,069 |
| | | 112,381 |
| Re-allocation prior period | | 30,391 |
| | **202,679** | **142,772** |

Furthermore CA-Grameen, India, operates an equity-settled share based remuneration scheme for its employees. Details are as follows:

| Options | 2018/2019 Weighted average exercise price (EUR) | 2018/2019 Number | 2017/2018 Weighted average exercise price (EUR) | 2017/2018 Number |
|---|---|---|---|---|
| Outstanding at beginning of period | 1,07 (INR 85.56) | 2,087,250 | 0.62 (INR 43.37) | 1,646,500 |
| Granted during the period | - | - | 1.36 (INR 102.67) | 1,492,000 |
| Forfeited during the period | 0,53 (INR 43) | -22,050 | - | - |
| Exercised during the period | 0,53 (INR 43) | -226,469 | 0.57 (INR 42.68) | -1,013,750 |
| Lapsed during the period | 0,53 (INR 43) | -58,059 | 0.57 (INR 42.68) | -37,500 |
| **Outstanding at end of period** | **0.55 (INR 42.64)** | **1,780,672** | **1.07 (INR 85.56)** | **2,087,250** |

The exercise price of options outstanding at 31 March 2019 ranged between EUR 0.35 (INR 27) and EUR 1.56 (INR 120.87) with weighted average exercise price of EUR 1.21 (INR 94.37) and a weighted average remaining contractual life of 4.66 years. As at 31 March 2019, 636,255 options had vested and were exercisable. The fair-value of the options granted was determined using a Black-Scholes method of valuation.

The share-based remuneration expense (note 10) comprises:

Cash and cash equivalents for purposes of the statement of cash flows comprises:

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Equity-settled schemes | 742,234 | 634,318 |

During the current or previous period, the Group did not enter into any share-based pay employees of the group as detailed in the note above.

## 31. Related party transactions

### Subsidiaries

The financial statements include the financial statements of the Company and its direct and indirect subsidiaries listed in the following table on a non-diluted basis:

| Company | Country | Ownership 31 March 2019 | Ownership 31 March 2018 |
|---|---|---|---|
| CreditAccess Grameen Ltd. | India | 80,19 % | 98.88 % |
| PT Konsultasi Mikro Ventura | Indonesia | 99,99 % | 99.99 % |
| PT Bina Artha Ventura | Indonesia | 99,62 % | 99.59 % |
| CreditAccess Philippines Financing Company Inc. | Philippines | 100,00 % | 100.00 % |
| MVH S.R.L. | Italy | 100,00 % | 100.00 % |
| CreditAccess Vietnam Trading Company | Vietnam | 100,00 % | 100.00 % |
| CAA BOS Ltd. | Thailand | 100,00 % | 100.00 % |

### Significant transactions within the Group

Apart from the transactions disclosed in note 40,42 and 45, there have been no significant inter-company transactions.

All related party transactions have been entered at arm's length conditions.

There have been no significant transactions with any shareholders of CAA N.V.

## Remuneration of the key management personnel

The amounts disclosed below are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

Key Management Personnel consist of: the Chief Executive Officer, being the sole executive director of the Company, and the non-executive directors of the Company.

The non-executive directors receive a fixed annual remuneration. The Company did neither provide post-employment benefits, long-term employee benefits and termination benefits nor share-based payments, bonuses and profit shares to non-executive directors.

The remuneration of the CEO consists of annual fixed remuneration and long term variable remuneration. During the financial year, the CEO has been granted 162,500 options, (FY 2017-2018: 62,500) under the equity-settled share based remuneration scheme of CreditAccess as further described in note 30.
The expenses recognized related to these options for FY 2018-2019 amounted to EUR 30,998 (i.e. EUR 0.1908 per each option)

Mr. P. Brichetti, Mr. G. Siccardo and Mr. F.Carini and
Mr. K. Slobbe hold equity interest in the Company.

| Non-executive directors | Remuneration 2018/2019 EURO | Remuneration 2017/2018 EURO |
|---|---|---|
| Mr. K.J.M. Slobbe (chairman) | 50,000 | 50,000 |
| Mr. D. Mintz | 43,500 | 43,500 |
| Mr. J. Epstein | 43,000 | 43,000 |
| Mr. F.G.M. Moccagatta | 41,000 | 41,000 |
| Mr. G. Siccardo | 38,500 | 38,500 |
| Mr. F. Carini | 36,000 | 36,000 |
| Mrs. C.Engstrom | - | 32,854 |
| Ms. E.C.M. Boerhof | 41,500 | 8,646 |
| | **293,500** | **293,500** |
| **Executive directors** | | |
| Mr. P. Brichetti (CEO) | 332,200 | 308,240 |
| | **332,200** | **308,240** |

## 32. Subsequent events

On 9 July 2019, CreditAccess Asia N.V. entered an agreement with Indian counterparties to establish life insurance business in India. While CreditAccess Asia N.V. aims to not exercise control over the new company, it will be the largest shareholder with a 49% stake. The new company shall seek a life insurance license from the Insurance Regulatory and Development Authority of India. Upon receiving the license and fulfilment of the business plan, CreditAccess Asia N.V. is committed to contribute up to 735 million INR (9.5 million EUR at EUR/INR 77.719) capital to the life insurance company

## 33. Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Cash at bank and in hand available on demand | 88,962,203 | 34,170,332 |
| Short-term deposits | 36,677,919 | 256,022 |
| **Total** | **125,640,122** | **34,426,354** |

# Company statement of profit or loss

| | Note | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|---|
| Interest income and fees | 35 | 2,535,232 | 3,006,276 |
| Interest expenses and fees | 36 | -3,586,697 | -2,035,148 |
| **Net interest income and fees** | | **-1,051,465** | **971,128** |
| Other income | | 53,156 | - |
| **Total income** | | **-998,309** | **971,128** |
| Credit loss expenses | | - | - |
| **Gross result** | | **-998,309** | **971,128** |
| Personnel expenses | 37 | 1,657,894 | 1,319,627 |
| Depreciation and amortisation | | 20,099 | 17,416 |
| Other operating expenses | 38 | 674,948 | 2,043,744 |
| **Operating expenses** | | **2,352,941** | **3,380,787** |
| **Operating result before value adjustments** | | **-3,351,250** | **-2,409,659** |
| Result from foreign currency denominated transactions | | 40,968 | -175,966 |
| Realised gains from disposal of Available-for-sale investments | | - | 23,794,909 |
| Share in result of subsidiaries | | 34,686,329 | 7,910,045 |
| | | **34,727,297** | **31,528,988** |
| **Result before taxation** | | **31,376,047** | **29,119,329** |
| Taxation on result | | - | - |
| **Result for the period** | | **31,376,047** | **29,119,329** |

# Company balance sheet

| (before appropriation of result) | Note | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible fixed assets | 39 | 16,053,512 | 15,405,944 |
| Tangible fixed assets | | 51,187 | 69,325 |
| Investments in subsidiaries | 40 | 258,043,641 | 185,300,628 |
| Investments in equity securities | 41 | - | - |
| Non-current loans receivable - related parties | 42 | 17,971,227 | 5,314,758 |
| **Total Non-current assets** | | **292,119,567** | **206,090,655** |
| **Current assets** | | | |
| Accounts receivable – related parties | 42 | - | 26,595 |
| Current loans receivable - related parties | 42 | 11,214,558 | 3,992,295 |
| Other current receivables - related parties | 42 | 878,175 | 43,584 |
| Other assets | | 2,910,721 | 1,062,484 |
| Derivative financial instruments | | 3,116 | 167,007 |
| Cash and cash equivalents | 43 | 41,137,959 | 13,813,543 |
| **Total current assets** | | **56,144,529** | **19,105,508** |
| **Total assets** | | **348,264,096** | **225,196,163** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Finance debt | 47 | 3,100,000 | 21,500,000 |
| Other liabilities | 44 | 650,316 | 1,630,343 |
| Other liabilities - related parties | 45 | 23,002 | 43,463 |
| Derivative financial instruments | 46 | 1,810,369 | 37,554 |
| Taxation and social security premiums | | 54,778 | 100,011 |
| **Total Current liabilities** | | **5,638,465** | **23,311,371** |
| **Current assets minus current liabilities** | | **50,506,064** | **-4,205,863** |
| **Assets minus current liabilities** | | **342,625,631** | **201,884,792** |
| **Non-current liabilities** | | | |
| Finance debt | 47 | 24,800,000 | 10,000,000 |
| Other liabilities | | - | 41,154 |
| **Total non-current liabilities** | | **24,800,000** | **10,041,154** |
| **Total liabilities** | | **30,438,465** | **33,352,525** |
| **Assets minus liabilities** | | **317,825,631** | **191,843,638** |
| **Capital and reserves attributable to owners of the company** | 48 | | |
| Share capital | | 41,942,188 | 41,942,188 |
| Share premium | | 138,536,809 | 138,536,809 |
| Treasury shares | | -321,452 | -321,452 |
| Merger reserve | | 798,915 | 798,915 |
| Translation reserve | | -26,692,013 | -18,847,035 |
| Revaluation reserve | | -539,977 | 113,882 |
| Cash flow hedge reserve | | -132,973 | 15,506 |
| Cost of hedging reserve | | -103,221 | - |
| Other reserves | | 109,406,089 | 10,481,560 |
| Retained earnings | | 54,931,266 | 19,123,265 |
| **Total equity** | | **317,825,631** | **191,843,638** |
| **Total equity and liabilities** | | **348,264,096** | **225,196,163** |

Notes to the Company financial statements

## 34. Accounting policies for the Company financial statements

The Company financial statements of CreditAccess Asia N.V., which form part of the consolidated financial statements for 31 March 2018 of the Company, have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code. Pursuant to Section 362(8) of this Code, the same accounting policies were used as in the consolidated financial statements.

Assets and liabilities are measured, foreign currencies translated and profit determined in accordance with the same accounting policies of the consolidated financial statements as described earlier in this report.

The carrying amount of the current portion of financial instruments approximates fair value.

In the Company financial statements, subsidiaries over which the Company has significant control are recognised using the equity method of accounting. If the share of losses of CreditAccess Asia N.V. exceeds the value of the ownership interest in a subsidiary, the book value of the subsidiary is reduced to nil in the balance sheet and further losses are no longer recognised except to the extent that CreditAccess Asia N.V. has legally enforceable or constructive obligation.

Reconciliation between a) the carrying amounts under IAS 39 and b) the balances reported under IFRS 9 as of 1 April 2018 is as follows:

| | IAS 39 | | Re-measurement | IFRS 9 | |
|---|---|---|---|---|---|
| | **Category** | **Measurement amount as at 31 March 2018** | **Resulting from ECL adoption** | **Amount As at 1 April 2018** | **Category** |
| **Assets** | | | | | |
| Loans to subsidiaries | Loans & Receivables | 9,307,053 | - | 9,307,053 | Amortized Cost |
| Interest receivable on loans to subsidiaries | Loans & Receivables | 43,584 | - | 43,584 | Amortized Cost |
| Derivative financial instruments | FVTOCI | 167,007 | - | 167,007 | FVTOCI |
| Cash and cash equivalents | Loans & Receivables | 13,813,543 | - | 13,813,543 | Amortized Cost |
| **Liabilities** | | | | | |
| Finance debt | Amortized Cost | 31,500,000 | - | 31,500,000 | Amortized Cost |
| Derivative financial instruments | FVTOCI | 37,554 | - | 37,554 | FVTOCI |

No remeasurement required since there is no impairments under IAS 39 as well as under IFRS 9. For further details, refer to note 42.

On the adoption of IFRS 16 (reference to note 2.1), for rent of office premises, the impact of the new standard on CAA N.V. is estimated as below:

Impact on the statement of financial position (increase/(decrease)) for the next financial year:

| | EURO |
|---|---|
| **Assets** | |
| Property, plant and equipment (right-of-use assets) | 118,922 |
| **Liabilities** | |
| Lease liabilities | 123,463 |
| **Net impact on equity** | **-4,541** |

Impact of the statement of profit or loss (increase/(decrease)) for the next financial year:

| | |
|---|---|
| Operating lease expenses (included in Other operating expenses) | 88,519 |
| Depreciation expense (included in Operating expenses) | -86,489 |
| **Operating profit** | **2,030** |
| Finance costs | -6,571 |
| **Profit for the year** | **-4,541** |

## 35: Interest Income and fees

The Company earns interest income mainly on loans provided to subsidiaries;

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Interest on loans to India | - | 2,655,618 |
| Interest on loans to Philippines | 1,236,537 | 208,185 |
| Interest on loans to Indonesia | 1,298,081 | 148,708 |
| Others | 614 | -6,235 |
| **Total** | **2,535,232** | **3,006,276** |

## 36. Interest expenses and fees

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Interest on IPO Incentive Bond | 1,604,860 | 1,824,187 |
| Interest on Global bond (Mediobanca) | 508,851 | 102,759 |
| Interest on other external borrowing and similar expenses | 1,472,986 | 108,202 |
| **Total** | **3,586,697** | **2,035,148** |

## 37. Personnel expenses

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Personnel expenses (including CEO) comprise: | | |
| Wages and salaries | 1,350,293 | 1,119,478 |
| Social security costs | 104,922 | 87,778 |
| Share based payments to employees and the CEO | 202,679 | 112,371 |
| **Total** | **1,657,894** | **1,319,627** |

The average number of employees (full time equivalent, rounded) was 11 (2017/2018: 8)
See note 30 for more information on the share based payments.

## 38. Other operating expenses

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| Directors fees | 293,500 | 289,782 |
| Other professional fees | 181,741 | 111,409 |
| Travel and lodging | 167,206 | 198,746 |
| Audit and accounting | 152,457 | 114,786 |
| Rental and office expenses | 99,277 | 103,464 |
| Communication and IT | 87,369 | 23,653 |
| Staff training and benefits expenses | 50,944 | 80,218 |
| Business advisory | 59,603 | 333,379 |
| Legal fees | 49,407 | 125,194 |
| Marketing and advertising | 28,452 | 42,526 |
| Bank charges | 6,539 | 3,074 |
| Equity advisory | -551,463 | 551,463 |
| Other operating expenses | 49,916 | 66,050 |
| **Total** | **674,948** | **2,043,744** |

Equity advisory includes the retrospective effect of the allocation of expenses related to the IPO of CA-Grameen incurred during FY2017/2018. Refer to note 16 for additional details.

## 39 Intangible fixed assets

Intangible fixed assets include Goodwill amounting to EUR 16,053,512 (31 March 2018; EUR 15,373,738).

The movements during the period are as follows:

| | 2018/2019 EURO | | | 2017/2018 EURO | | |
|---|---|---|---|---|---|---|
| | | | Goodwill | | | Goodwill |
| | Cost | Accumulated amortisation and impairment | Net book value | Cost | Accumulated amortisation and impairment | Net book value |
| **Opening balance** | **15,373,738** | **-** | **15,373,738** | **18,005,324** | **-** | **18,005,324** |
| Acquired through business combinations | - | - | - | - | - | - |
| Amortisation and impairment | - | - | - | - | - | - |
| Foreign exchange rate movements | 679,774 | - | 679,774 | -2,631,586 | - | -2,631,586 |
| **Closing balance** | **16,053,512** | **-** | **16,053,512** | **15,373,738** | **-** | **15,373,738** |

See note 15 for more information on Goodwill.

## 40. Investments in subsidiaries

The movements during the period are as follows:

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| **Opening balance** | **185,300,628** | **155,279,723** |
| Movements due to IFRS 9 re-measurements | 4,431,540 | - |
| Additions arising from direct acquisitions | 1,021,620 | 47,661,575 |
| Capital reductions | -489,228 | -490,000 |
| Sale of shares (while maintaining controlling interest) | | |
| - Carrying amount of shares sold in CA-Grameen (see note 16) | -16,406,825 | - |
| - Value step-up related to share-premium of CA-Grameen on IPO (see note 16) | 60,373,686 | |
| Share in result of subsidiaries | 34,686,329 | 7,910,045 |
| Share in participations, directly through equity | -653,858 | 3,351 |
| Exchange rate differences | -10,220,251 | -25,064,066 |
| **Closing balance** | **258,043,641** | **185,300,628** |

CreditAccess launched the public listing of its flagship subsidiary CA-Grameen in India. The IPO was successfully completed in August 2018, welcomed by the capital market with an oversubscription of 2.2 times from investors all over the world (23 anchor investors from the US, Asia and the UK and overall around 150,000 investors).
The IPO size was EUR 141 million and comprised a primary issuance (EUR 79 million) and a secondary sale by CreditAccess Asia N.V. (EUR 63 million). At the issue price of INR 422 (EUR 5.24) per share, CA-Grameen had a market capitalization after listing of EUR 766 million.
CreditAccess Asia N.V. held 98.88% of CA-Grameen Limited before listing, which reduced to a current 80.19% after listing. Further details are disclosed in note 16.

20% of the current holding is subject to a lock up period of 3 years after listing, while the remainder is locked up for a period of 1 year after listing.
All convertible debt instruments have been converted in FY2017-2018.

## 41. Investments in equity securities

This related to the investment in Equitas Holdings Pvt Ltd (India) which was fully sold during FY2017-2018.

| | 2018/2019 EURO | 2017/2018 EURO |
|---|---|---|
| **Opening balance** | **-** | **42,917,761** |
| Net gains recognised through revaluation reserve | - | - |
| Sale of investments | - | -42,917,761 |
| **Closing balance** | **-** | **-** |

## 42. Receivables – related parties

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| PT Bina Artha Ventura: Non-current loans | 11,250,956 | 5,314,758 |
| PT Bina Artha Ventura: Interest on loans | 403,416 | 8,653 |
| PT Bina Artha Ventura: On-charged expenses | - | 26,595 |
| CreditAccess Philippines: Non-current loans | 6,720,271 | - |
| CreditAccess Philippines: Current loans | 11,214,558 | 3,992,295 |
| CreditAccess Philippines: Interest on loans | 474,759 | 34,931 |
| **Total** | **30,063,960** | **9,377,232** |

CreditAccess Asia N.V. applies paragraph 107a of the Dutch Accounting Standard 100. Under this para the Company eliminates the expected credit losses on loans to subsidiaries in the Investment in subsidiaries line item in the financial statements. The expected credit loss for the year is insignificant.

## 43. Cash and cash equivalents

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Cash at bank and in hand available on demand | 41,137,959 | 13,813,543 |

The amount consists of direct available bank current-account balances and petty-cash.
Cash collateral for derivative instruments is included in Other assets.

## 44. Other liabilities

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Trade payables | 40,903 | 100,048 |
| Accrued interest on borrowings | 232,594 | 1,181,631 |
| Other liabilities and accrued expenses | 376,819 | 348,664 |
| **Total** | **650,316** | **1,630,343** |

## 45. Other liabilities - related parties

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| PT Konsultasi Mikroventura: On-charged expenses | 23,002 | 43,463 |
| **Total** | **23,002** | **43,463** |

## 46. Derivative financial instruments

| | 31 March 2019 EURO | 31 March 2018 EURO |
|---|---|---|
| Non-deliverable forward contracts – assets | 3,116 | 167,007 |
| Non-deliverable forward contracts – liabilities | -1,810,369 | -37,554 |
| **Total** | **-1,807,253** | **129,453** |

This relates to the fair-value of concluded non-deliverable forward contracts. Further details are disclosed in note 18.

## 47. Finance debt

The movements during the period are as follows:

| Financial year 2018/2019 | Non-current EURO | Current EURO | Total EURO |
|---|---|---|---|
| **Opening balance** | **10,000,000** | **21,500,000** | **31,500,000** |
| Issued bonds | 4,800,000 | - | 4,800,000 |
| Senior loans received | 10,000,000 | 3,100,000 | 13,100,000 |
| Repayments | - | -21,500,000 | -21,500,000 |
| **Closing balance** | **24,800,000** | **3,100,000** | **27,900,000** |

Non-current part consists of;

- Global-bond issued via BNY-Mellon; EUR 14.8 million. Maturity; 21 December 2021; Senior debt; Uncollateralized.
- Loan from 'ASN-Microkredietpool'; EUR 10 million. Maturity; 15 December 2021; Senior debt; Uncollateralized.

Current part consists of:
- Loans from Responsability; EUR 0.8 million, Maturity 20 May 2019, EUR 0.8 mln, Maturity 11 June 2019, EUR 1.5 million, Maturity 12 September 2019; Senior debt; Uncollateralized.
- IPO incentive bond (EUR 20 million) was repaid in February 2019.

The fair value of the non-current finance debt amounts to EUR 24.96 million (31 March 2018; EUR 10.09 million), discounted at the internal effective interest rate of the transactions.

Financial debt is contracted with unrelated counterparties at commercial terms and conditions.

For the debt outstanding as at 31 March 2019, the average contracted interest rate is 3.41%.

The movements during the prior period are as follows:

| Financial year 2017/2018 | Non-current EURO | Current EURO | Total EURO |
|---|---|---|---|
| **Opening balance** | **20,010,780** | **-** | **20,010,780** |
| Issued Bonds | 10,000,000 | - | 10,000,000 |
| Senior loans received | - | 1,500,000 | 1,500,000 |
| Transfer to short-term (IPO incentive bond due Feb 2019) | -20,000,000 | 20,000,000 | - |
| Movements through profit or loss account: | | | |
| Interest | -10,780 | - | -10,780 |
| **Closing balance** | **10,000,000** | **21,500,000** | **31,500,000** |

## 48. Equity

The share capital of the company is disclosed in note 25.

| The movements during the year are as follows: | Issued and paid-up capital | Share premium | Treasury shares | Merger reserve | Revaluation reserve | Translation reserve | Cash flow hedge reserve | Cost of hedging reserve | Other reserves | Retained earnings / Accum.losses | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | EURO | EURO | EURO | EURO | EURO | EURO | EURO | EURO | EURO | EURO | EURO |
| **31 March 2018** | **41,942,188** | **138,536,809** | **-321,452** | **798,915** | **113,882** | **-18,847,035** | **15,506** | **-** | **10,481,560** | **19,123,265** | **191,843,638** |
| Impact from adoption of IFRS 9, net of tax | - | - | - | - | - | - | - | - | - | 4,431,954 | 4,431,954 |
| **Adjusted opening balance** | **41,942,188** | **138,536,809** | **-321,452** | **798,915** | **113,882** | **-18,847,035** | **15,506** | **-** | **10,481,560** | **23,555,219** | **196,275,592** |
| Capital in-/decreases | - | - | - | - | - | - | - | | - | - | - |
| Other movements during the year (refer to page 17; '*consolidated statement of changes in equity*) | - | - | - | - | -653,859 | -7,844,978 | -148,479 | -103,221 | 98,924,529 | - | 90,173,992 |
| Net result for the year | - | - | - | - | - | - | - | | - | 31,376,047 | 31,376,047 |
| **31 March 2019** | **41,942,188** | **138,536,809** | **-321,452** | **798,915** | **-539,977** | **-26,692,013** | **-132,973** | **-103,221** | **109,406,089** | **54,931,266** | **317,825,631** |

| | Issued and paid-up capital | Share premium | Treasury shares | Merger reserve | Revaluation reserve | Translation reserve | Cash flow hedge reserve | Cost of hedging reserve | Other reserves | Retained earnings / Accum.losses | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | EURO | EURO | EURO | EURO | EURO | EURO | EURO | | EURO | EURO | EURO |
| **31 March 2017** | **41,139,476** | **123,639,815** | **-321,452** | **798,915** | **32,165,901** | **8,848,479** | **-** | **-** | **10,349,970** | **-9,996,064** | **206,625,040** |
| Capital increases | 2,303,006 | 14,896,994 | - | - | - | - | - | - | - | - | 17,200,000 |
| Capital decreases | -1,500,294 | - | - | - | - | - | - | - | - | - | -1,500,294 |
| Other movements during the year | - | - | - | - | -32,052,019 | -27,695,514 | 15,506 | - | 131,590 | - | -59,600,437 |
| Net result for the year | - | - | - | - | - | - | - | - | - | 29,119,329 | 29,119,329 |
| **31 March 2018** | **41,942,188** | **138,536,809** | **-321,452** | **798,915** | **113,882** | **-18,847,035** | **15,506** | **-** | **10,481,560** | **19,123,265** | **191,843,638** |

## 48. Equity (continued)

The Revaluation reserve related to the change in value of the investments in equity-securities (i.e. Equitas Holdings Pvt Ltd, India) and the share in OCI of subsidiaries, while the Translation reserve relates to retranslating the net assets of foreign subsidiaries into EUR.

Within Other reserves an amount of EUR 214,062,510 (31 March 2018: EUR 9,264,564) is to be considered as restricted- /legal reserve ("Wettelijke reserve") relating to applicable items as per Dutch civil code, book 2:373-4 and Dutch reporting standards ("RJ 240.229").
This relates mainly to the legal reserves of subsidiaries, a positive balance of the translation reserve and the revaluation reserve.

## 49. Commitments and contingent liabilities

This Company has future obligations for its rented office amounting to EUR 216,000 (31 March 2018: EUR 261,000). An amount of EUR 89,000 (31 March 2018; EUR 74,000) is due within one year and EUR 127,000 (31 March 2018; EUR 187,000) is due between 2 and 5 years.

## 50. Subsequent events

On 9 July 2019, CreditAccess Asia N.V. entered an agreement with Indian counterparties to establish life insurance business in India. While CreditAccess Asia N.V. aims to not exercise control over the new company, it will be the largest shareholder with a 49% stake. The new company shall seek a life insurance license from the Insurance Regulatory and Development Authority of India. Upon receiving the license and fulfilment of the business plan, CreditAccess Asia N.V. is committed to contribute up to 735 million INR (9.5 million EUR at EUR/INR 77.719) capital to the life insurance company

## 51. Proposed appropriation of the result

The result of EUR 31,376,047 for the year ended 31 March 2019 is shown as 'Result for the period' until the shareholders of the Company approve the FY2018-2019 financial statements and the appropriation of result.

At the general meeting of the shareholders a proposal will be put forth to approve the financial statements and to add the FY2018-2019 net result after taxes to 'Retained earnings.

Amsterdam, 17 July 2019
CreditAccess Asia N.V.

**Executive Board:**
P. Brichetti (CEO)

**Non-executive Board:**
K.J.M. Slobbe (Chairman of the Company)
E.C.M. Boerhof
F. Carini
J. Epstein
D.R. Mintz
F.G.M. Moccagatta
G. Siccardo

# Other Information

**Statutory rules concerning appropriation of result**

Article 21 of the Company articles of association:

1. The net result after tax is at the free disposal of the general shareholders' meeting.

2a. The Company can only pay out the amount of profit, which is approved for distribution, to the shareholders and other recipients. The distributions are only allowed by law when the shareholders' equity is greater than the paid up and requested amount of the accumulated retained capital including retained earnings.
2b. Profit distributions occur after the approval of the financial statement at which can be distributed if permitted, by law and the shareholders.
2c. No distributions are allowed from the Company's paid up share capital.

3. When calculating the amount available for profit distribution the share capital which the Company maintains is not taken into account, unless the shares are charged for beneficial interest or in cooperation with the entity certificates are issued.

4. The Company may only pay out interim dividends when article 21.2a is fulfilled.

# Independent auditor's report

To: the shareholders and board of directors of CreditAccess Asia N.V.

## Report on the audit of the financial statements for the year ended 31 March 2019 included in the annual report

### Our opinion

We have audited the annual financial statements for the year ended 31 March 2019 of CreditAccess Asia N.V., based in Amsterdam, the Netherlands. The annual financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of CreditAccess Asia N.V. for the year ended 31 March 2019, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of CreditAccess Asia N.V. for the year ended 31 March 2019, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 March 2019
- The following statements for the year then ended: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet for the year ended 31 March 2019
- The company profit and loss account for the year then ended
- 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 CreditAccess Asia 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 other information included in the annual report

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

- The directors report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- 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.

Management 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.

## Description of responsibilities for the financial statements

### Responsibilities of management for the financial statements

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

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

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

Our objective is to plan and perform the audit assignment 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.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 management
- 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- 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/or the risk profile of the group entities or operations. 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 management 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.

Amsterdam, 17 July 2019

Ernst & Young Accountants LLP

signed by R.A.J.M. Emmerink

NETHERLANDS

CreditAccess Asia N.V.
WTC Amsterdam Tower C-10
Strawinskylaan 1043
1077 XX Amsterdam
The Netherlands

Email: info@creditaccess.com
Telephone: +31 (0)20 8080654

INDIA

CreditAccess Grameen Ltd.
No.49, 46th Cross, 8th Block, Jayanagar
Bangalore 560071 - Karnataka
India

Email: info@grameenkoota.org
Telephone: +91 80 22637300

INDONESIA

P.T. Bina Artha Ventura
Grha Niaga Thamrin 3rd Floor
JI. KH Mas Mansyur RT 016 RW 009
Kelurahan Kebon Melati
Kecamatan Tanah Abanq
Jakarta 10230
Indonesia

Email: communication@bina-artha.net
Telephone: +62 21 21392294-95 ext. 100

PHILIPPINES

42nd Floor, One San Miguel Avenue
Office Condominium, San Miguel Avenue corner Shaw Blvd.
Ortigas Center, Pasig City
Metro Manila
Philippines

Email: info@onepuhunan.com.ph
Telephone: +63 2 2340845