Press Release

ASA International Group plc reports 2019 Full Year results and COVID-19 impact update

Amsterdam, 3 June 2020 - ASA International Group plc (LSE: ASAI), one of the world's largest international microfinance institutions, today announces its full year results for the twelve-month period from 1 January to 31 December 2019 and provides an update on the impact of COVID-19 on its business.

Key performance indicators

(Amounts in USD millions)	2019	2018	Δ 2018 – 2019	Δ Constant currency
Number of clients (m)	2.5	2.2	*17%*	
Number of branches	1,895	1,665	*14%*	
Net profit	34.5	24.5	*41%*	*49%*
Normalised net profit [(1)]	34.5	32.4	*7%*	*12%*
Outstanding Loan Portfolio ("OLP") [(2)]	467.4	378.5	*24%*	*28%*
Dividend per share (in US¢) [(3)]	NIL	7.3		
PAR > 30 days[(4)]	*1.5%*	*0.6%*		

(1) Adjusted for one-off items. For 2018, these mainly relate to IPO costs

(2) Includes off-book Business Correspondence loans and Direct Assignment loans and excludes interest receivable and the unamortized loan processing fee

(3) in view of COVID-19 the decision on the declaration of dividend has been deferred to later in the year

(4) PAR>30 is the percentage of OLP that has one or more instalment of repayment of principal past due for more than 30 days divided by the total outstanding gross loan portfolio.

FY 2019 Highlights

- South Asia delivered strong growth with clients up 17%, but with profitability down 5%.
  - Due to signs of the markets overheating in North East India, ASAI India decided to have a more cautious approach to the growth of operations. Consequently, slower OLP growth led to lower interest income growth.
  - Continued adverse political and regulatory conditions in Sri Lanka curbed operational growth and caused a substantial increase of PAR>30 to 10% leading to a higher credit loss expense.
- South East Asia continued to expand with clients up 11% and net profits up by 38%.
  - Myanmar had an improved cost to income ratio. The efficiency gain stems from higher than expected average loan sizes translating into higher interest income while operating expenses remained at budgeted level. Better performance of the

MMK vis-à-vis the USD also resulted in higher USD translated results than initially expected.

- West Africa continued to expand with clients up 5%, but with net profit down 6%.
  - Challenging market conditions in Nigeria due to weak economic growth with reduced demand and a more challenging operating environment due to security concerns led to a lower OLP growth and an increase in credit loss expense. Additionally, the implementation of a mandatory employee gratuity scheme, which also covered previous years, had a substantial, adverse, one-off impact on profitability despite the stable rate of the NGN against USD.
  - A significant provision taken on deposits held with a local bank in Ghana which was declared insolvent, and a 16% devaluation of the GHS against the USD resulted in lower USD translated results than expected.
- East Africa delivered strong growth with clients up 44% and net profit up 69%.
  - Uganda more than doubled net profits with high client and loan growth. In addition, the UGX performed better than expected vis-á-vis the USD.
- With the exception of Sri Lanka, the loan portfolios of all MFIs continue to maintain a strong portfolio quality with the overall PAR>30 at 1.5%.
- The roll-out and implementations of real-time ASA Microfinance Banking System ("AMBS"), our proprietary core banking system, continued at a rapid pace and is scheduled to be completed by the end of June 2020.
- Decision on dividend has been deferred until later in the year due to the impact of the COVID-19 outbreak.

Outlook

In view of the uncertainty around the level and duration of the disruption created by the COVID-19 outbreak, and as previously announced in the COVID-19 impact announcement on 30 March 2020, the Company has withdrawn its earnings guidance for 2020.

Dirk Brouwer, Chief Executive Officer of ASA International, commented:

"The performance of the Group was good in 2019 with double-digit client and loan growth. East Africa had an excellent year with client and USD portfolio growth in excess of 40% and 55%, respectively, while keeping PAR>30 at less than 1%. We faced more challenging market conditions in India, Nigeria and Sri Lanka, which caused PAR>30 of the Group to increase to 1.5%, which nevertheless remains best-of-class in the global microfinance sector. With the exception of the Pakistan Rupee and the Ghanaian Cedi which depreciated by 11% and 16% in 2019, our operating currencies depreciated more or less as expected. As a result, the Group's earnings growth for the year was 7%, which, whilst below our initial expectations, in view of the more challenging market circumstances we faced in some countries, slightly exceeded our revised expectations as announced on 25 February 2020."

CHIEF EXECUTIVE OFFICER'S REVIEW

Business review 2019

In 2019 we delivered strong client and portfolio growth, respectively 17% and 24% (28% on a constant currency basis). Net profits expanded by 7% (12% on a constant currency basis). Profit growth was affected due to our actions to reduce lending in the north-eastern Indian market due to overheating of the microfinance market, the worsening security situation and sluggish economic growth in Nigeria, and some other one-off events in other countries. This was partially offset by strong performance of our operations in East Africa and Myanmar.

We continued with the roll-out of AMBS, our proprietary, real-time banking system, in order to improve quality and efficiency of our client services and in preparation for the gradual introduction of digital financial services benefiting our clients.

We have seen positive developments on the regulatory front with (i) ASA Pakistan securing an in-principle approval from the Central Bank to transform into a microfinance bank, (ii) ASA Myanmar receiving approval for taking voluntary savings from clients and (iii) ASHA MFB (Nigeria) obtaining the approval for the acquisition and merging of the activities of ASIEA NGO into its nationwide microfinance bank, with the merger process executed on 1 April 2020.

Besides strong client growth, client retention remained high with the bulk of our clients continuing to generate substantial profits as reflected by our annual client economic yield study.

Staff satisfaction also remained high. We now employ 12,480 staff members, most of whom started working at ASA International immediately after their university graduation.

The competitive environment has not changed much during the year. Competition remains highest in India and the Philippines where our strongest competitors are three microfinance institutions which also follow the ASA model of microfinance as taught by ASA NGO Bangladesh more than 15 years ago. In most other markets, we face less competition of traditional microfinance institutions. As of now, we have experienced limited competition of digital lenders in any of our markets, as the loans and services offered are not particularly targeted to our client base as of yet. Digital lenders are often perceived by our client group as lenders of last resort who employ aggressive loan collectors, charge very high interest rates and have little or no connection to the local communities.

We carefully managed our assets and liabilities throughout the year by maintaining (i) a minimum foreign currency mismatch, (ii) a shorter duration of our assets vis-à-vis our liabilities, and (iii) securing an increasing amount of deposits in countries where we are allowed to do so.

Overall forex developments in 2019 were not as adverse as in 2018, despite the Pakistani Rupee depreciating by 11% and the Ghanaian Cedi depreciating by more than 16% in 2019.

Q1 2020 Trading update

Q1 operational performance has been in line with expectations with the opening of 42 new branches bringing the total to 1,937, and serving 2.5m clients. Due to a sluggish last two weeks in March, net profits were lower than initially expected in what traditionally is the slowest quarter of the year

COVID-19 update

Lockdowns in Pakistan, Ghana, Kenya, Nigeria, Myanmar, Rwanda, Sri Lanka, Sierra Leone, Tanzania and the Philippines have ended or relaxed, which enabled us to re-open our branches and resume our field activities. The only two countries which have not resumed operations yet are India, which plans to start collections on 1 June, and Uganda. Collection efficiency up to 28 May has been relatively strong and is increasing in the countries that have resumed operations.

Collection efficiency (1)

Country	19-26 April	27 April-3 May	4-9 May	11-16 May	18-23 May	25-30 May
India	Nil(2)	Nil	Nil	Nil	Nil	Nil
Pakistan	55%	60%	69%	83%	90%	90%
Sri Lanka	1%	1%	6%	14%	30%	40%
The Philippines	Nil	Nil	Nil	Nil	Nil	28%
Myanmar	Nil	Nil	Nil	64%	75%	89%
Nigeria	Nil	Nil	Nil	85%	91%	Nil - Eid(3)
Ghana	100%	95%	99%	99%	101%	102%
Sierra Leone	87%	99%	80%	91%	91%	96%
Kenya	Nil	Nil	27%	41%	45%	77%
Tanzania	Nil	Nil	Nil	Nil	74%	94%
Uganda	Nil	Nil	Nil	Nil	Nil	Nil
Rwanda	Nil	Nil	Nil	Nil	49%	66%
Zambia	87%	99%	93%	95%	97%	98%

(1) Collection efficiency refers to actual collections from clients divided by expected collections for the period
(2) Nil implies no collections during the period
(3) Nil – Eid refers to no branch operations due to official Eid holidays

Dividend

In view of the spread of COVID-19 to and the expected disruption of all our markets, the Board has decided to suspend the 2019 dividend approval until a final decision later in the year.

Dirk Brouwer, Chief Executive Officer of ASA International, commented:

"We are pleased that almost all countries have emerged from the lockdowns and resumed operations. Fortunately, collection efficiency has been relatively high and is gradually increasing. This gives us confidence that, assuming operations normalize over time, we may come out of this crisis stronger and strategically well-positioned for ongoing sustainable growth.

Assuming the spread of COVID-19 does not accelerate and there are no further restrictions on our operations, we expect that business activities in most of our operating countries will normalize during the course of the year.

In preparation for the resumption of field operations, we adjusted our operating procedures by restructuring our client groups meetings into smaller groups (4-5 clients maximum) and/or organizing the collection of loan installments through the group leader. Based on prior experience with restrictions in conducting client meetings due to natural calamities and/or other disruptive events, we expect that the long-term operational and financial impact of these changes will be limited.

In addition, we encourage clients to pay loan installments via mobile phone operated or online payment platforms, which already is taking place in Kenya and Tanzania via m-pesa. With the roll-out of AMBS, our core banking system, expected to be completed across all our operating entities by July 2020, we plan to accelerate the integration of low-cost payment platforms, such as m-pesa, with AMBS. Once integrated with AMBS, we will be able to seamlessly disburse loans and collect regular loan installments through mobile phone or digital payment platforms. While the transaction cost remains relatively high, we believe that the benefits for our clients and the Group in the new post COVID-19 environment outweigh the additional cost.

We also are reviewing other payment options as is being pursued in India where we already disburse all loans into our clients' bank accounts and now are in the process of securing direct debit instructions for the payment of loan installments as well.

We are confident that our ability to source funding for our operations will not be jeopardized by COVID-19. We are in active and positive dialogue with all our major lenders, the majority of whom are large, global microfinance investment funds and government owned development finance institutions who have long and established relationships with us and who are as committed as we are to increase financial inclusion. Many of our existing lenders already confirmed that they are ready to continue funding our operations with new loans. Since 1 March 2020, we secured over USD 25m of new loans and, as of the end of May, we have more than USD 108m of loan agreements in the pipeline across the Group, subject to final negotiation and agreement. In addition, as of 28 May 2020, we maintain USD 91.8m of unrestricted cash and cash equivalents across the Group available for lending to our clients."

Webcast and conference call

Management will be hosting an audio webcast and conference call, with Q&A today at 14:00 (BST).

To access the audio webcast, please go to www.asa-international.com or use the following link: https://brrmedia.news/edf5w

In order to ask questions, analysts and investors are invited to dial into the conference call. Please use the dial-in details below, including room number and participant pin:

Location	Phone Number
United Kingdom	+44 33 0606 1122
Netherlands	+31 20 795 6615
India	+91 22 7127 9511
Singapore	+65 3138 8791
United States	+1 646 813 7960 Freephone: (800) 939-0944

For more international access numbers please visit International Access Numbers

Room number: 698474 and Participant Pin: 5414

The Financial Statements for the period ended 31 December 2019 are available in our Annual report on: www.asa-international.com

2019 Annual report

Today, we published our 2019 Annual Report, which is available on www.asa-international.com

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Statutory accounts

The financial information in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2019 will be delivered to the Registrar of Companies in England and Wales in accordance with section 441 of the Act. The auditor has reported on these accounts. Its report was unqualified and makes reference to a material uncertainty in respect of going concern due to the impact of COVID-19 and did not contain a statement under section 498(2) or (3) of the Act.

GROUP FINANCIAL PERFORMANCE

(In USD thousands)	2019	2018	Δ 2018 - 2019	Δ Constant currency
Net profit	34,497	24,454	*41%*	*49%*
Normalised net profit [(1)]	34,497	32,352	*7%*	*12%*
Cost/income ratio [(1)]	*60%*	*55%*		
Return on average assets (TTM) [(1)]	*6.7%*	*7.3%*		
Return on average equity (TTM) [(1)]	*34.5%*	*37.7%*		
Earnings growth (TTM) [(1)]	*6.6%*	*20.1%*		
OLP [(2)]	467,429	378,468	*24%*	*28%*
Total assets	559,958	473,055	*18%*	
Client deposits [(3)]	78,080	63,944	*22%*	
Interest-bearing debt [(3)]	317,810	277,137	*15%*	
Share capital and reserves	111,169	88,548	*26%*	
Number of clients	2,534,015	2,174,116	*17%*	
Number of branches	1,895	1,665	*14%*	
Average outstanding loan per client (USD)	184	174	*6%*	
PAR > 30 days	*1.5%*	*0.6%*		
Client deposits as % of loan portfolio	*17%*	*17%*		

[(1)] Adjusted for one-off items. For 2018, these mainly relate to IPO costs.
[(2)] Includes off-book Business Correspondence loans and Direct Assignment loans and excludes interest receivable and the unamortized loan processing fee
[(3)] Excludes interest payable

Regional performance

South Asia

(In USD thousands)	2019	2018	Δ 2018 - 2019	Δ Constant currency
Net profit	14,098	14,872	-5%	*-1%*
Cost/income ratio	*50%*	*45%*		
Return on average assets (TTM)	*6.1%*	*7.1%*		
Return on average equity (TTM)	*26.6%*	*35.3%*		
Earnings growth (TTM)	*-5%*	*-2%*		
OLP [(1)]	254,361	211,470	*20%*	*26%*
Total assets	252,034	213,570	*18%*	
Client deposits [(2)]	2,082	73	*2742%*	
Interest-bearing debt [(2)]	177,257	156,707	*13%*	
Share capital and reserves	58,703	47,314	*24%*	
Number of clients	1,234,638	1,053,889	*17%*	
Number of branches	751	638	*18%*	
Average outstanding loan per client (USD)	208	202	*3%*	*7%*
PAR > 30 days	*2.0%*	*0.8%*		
Client deposits as % of loan portfolio	*1%*	*0%*		

[(1)] Includes off-book Business Correspondence loans and Direct Assignment loans and excludes interest receivable and the unamortized loan processing fee

[(2)] Excludes interest payable

Client and OLP growth was high in 2019. Due to the substantial currency depreciation in Pakistan (PKR down 11% against USD) and slower than expected growth in India, coupled with disruptions to our business in Sri Lanka (debt relief program, Easter Sunday bombings), South Asia's USD net profits were down 5% (1% down on a constant currency basis)

- Net profit down 5*%* (1% down on a constant currency basis)
- OLP up 20% (26% up on a constant currency basis)
- Number of clients crossed 1.2 million, up 17%
- Number of branches up 18%
- OLP/Client in USD up by 3%
- The quality of the loan portfolio declined with PAR>30 increasing from 0.8% to 2.0%

- Cost/Income ratio increased by 500 *bps* to 50% due to (i) rapid branch expansion undertaken in India during the year, (ii) increased funding costs, and (iii) lower than expected performance in Sri Lanka
- Return on average assets was down 1% to 6.1% due to (i) the higher proportionate growth of the Indian operations, (ii) some excess liquidity in Pakistan related to the microfinance bank application and (iii) the increased cost of funding in Pakistan
- Return on average equity down by 8.7% to 26.6% due to lower profits and higher capital

India

ASAI India continued to expand its operations:

- Number of clients up from 564k to 732k (up 30%)
- Number of branches up from 300 to 399 (up 33%)
- OLP up from INR 6.9bn (USD 99m) to INR 9.0bn (USD 126m) (up 25% *in INR*)
- Off-book portfolio grew from INR 2.6bn (USD 36.7m) to INR 4.0bn (USD 55.9m) (up 56% *in INR*). This now includes INR 437.5m (USD 6.1m) of the portfolio transferred under a direct assignment (DA) agreement to State Bank of India
- OLP/Client down from INR 13K to INR 12K (down 3.8% *in INR*), while PAR>30 increased from 0.7% to 1.5%
- ASAI India continues to benefit from its strong business correspondent relationship with IDFC First Bank and the ongoing support of its many international and local lenders, including State Bank of India
- Due to signs of the markets overheating in North East India, management decided to have a more cautious approach to the growth of ASAI India's operations

Pakistan

ASA Pakistan continued to expand its operations:

- Number of clients up from 419k to 439k (up 5%)
- Number of branches up from 270 to 281 (up 4%)
- OLP up from PKR 9.3bn (USD 66.9m) to PKR 9.7bn (USD 62.5m) (up 3% in *PKR*), which was adversely affected by less available funding during Q4
- OLP/Client down from PKR 22.4K (USD 160) to PKR 22.2K (USD 143) (down 1*%* in *PKR)*
- PAR>30 increased from 0.3% to 1.9%, due to government restrictions to collect instalments from clients of two branches

Sri Lanka

Lak Jaya experienced a very difficult year due to political activism around a government's debt relief program and the Easter Sunday bombings, which affected the portfolio quality and demand for loans:

- Number of clients down from 71k to 63k (down 11%)
- Number of branches up from 68 to 71 (up 4%)
- OLP up from LKR 1.68bn (USD 9.2m) to LKR 1.7bn (USD 9.4m) (up 2*%* in *LKR*)
- OLP/Client up from LKR 25K (USD 134) to LKR 29K (USD 161) (up 19*%* in *LKR*)
- PAR>30 increased from 4.1% to 9.7% due to adverse political and regulatory conditions in Sri Lanka which affected client repayment habits across the sector

- Management’s primary focus is on client retention, cost control and improving the portfolio quality
- After having become a deposit-taking microfinance company in 2018, deposits increased from LKR 13.4K (USD 73K) to LKR 377K (USD 2.1m)

South East Asia

(In USD thousands)	2019	2018	Δ 2018 - 2019	Δ Constant currency
Net profit	5,349	3,881	*38%*	*32%*
Cost/income ratio	*74%*	*75%*		
Return on average assets (TTM)	*4.8%*	*4.4%*		
Return on average equity (TTM)	*29.1%*	*25.1%*		
Earnings growth (TTM)	*38%*	*10%*		
OLP [1]	84,205	62,118	*36%*	*31%*
Total assets	125,750	95,015	*32%*	
Client deposits [2]	22,995	17,801	*29%*	
Interest-bearing debt [2]	72,419	54,306	*33%*	
Share capital and reserves	21,453	15,353	*40%*	
Number of clients	491,813	442,254	*11%*	
Number of branches	405	369	*10%*	
Average outstanding loan per client (USD)	173	141	*22%*	*17%*
PAR > 30 days	*1.0%*	*0.5%*		
Client deposits as % of loan portfolio	*27%*	*29%*		

[1] Excludes interest receivable and the unamortized loan processing fee

[2] Excludes interest payable

Client and OLP growth were high in South East Asia in 2019, supported by the strengthening of both currencies against USD. Myanmar had a particularly strong year increasing its contribution to Southeast Asia's net profit by more than 50%. Earnings growth in the Philippines was held back by an increase in PAR>30 and higher operating expenses

- Net profit up 38% (32% up on a constant currency basis)
- OLP up 36% (31% up on a constant currency basis)
- Number of clients up 11%
- Number of branches up 10%
- OLP/Client in USD up by 22%
- PAR>30 up slightly from 0.5% to 1.0%
- Cost/Income ratio marginally down from 75% to 74%
- Return on average assets increased from 4.4% to 4.8%
- Return on average equity increased from 25.1% to 29.1%

The Philippines

PPFC continued to expand:

- Number of clients up from 314k to 340k (up 8%)
- Number of branches up from 288 to 315 (up 9%)
- OLP up from PHP 2.1bn (USD 40.8m) to PHP 2.7bn (USD 52.7m) (up 25% in *PHP*)
- OLP/Client up from PHP 7K (USD 130) to PHP 8K (USD 156) (up 16% in *PHP)*
- PAR>30 increased from 0.4% to 1.3%

Myanmar

ASA Myanmar achieved strong client and branch growth, increasing:

- Number of clients up from 128k to 152k (up 19%)
- Number of branches up from 81 to 90 (up 11%)
- OLP up from to MMK 33.0bn (USD 21.3m) to MMK 46.8bn (USD 31.5m) (up 42% *in MMK*)
- OLP/Client up from MMK 259K (USD 168) to MMK 310K (USD 209) (up 20*% in MMK*)
- PAR>30 decreased from 0.6% to 0.4%

West Africa

(In USD thousands)	2019	2018	Δ 2018 - 2019	Δ Constant currency
Net profit	15,935	16,872	-6%	*2%*
Cost/income ratio	*45%*	*38%*		
Return on average assets (TTM)	*17.3%*	*20.4%*		
Return on average equity (TTM)	*45.7%*	*56.6%*		
Earnings growth (TTM)	*-6%*	*29%*		
OLP [(1)]	77,200	71,840	*7%*	*18%*
Total assets	95,240	88,359	*7%*	
Client deposits [(2)]	38,195	35,958	*6%*	
Interest-bearing debt [(2)]	11,919	13,315	*-10%*	
Share capital and reserves	37,452	32,246	*16%*	
Number of clients	459,022	435,660	*5%*	
Number of branches	423	414	*2%*	
Average outstanding loan per client (USD)	170	165	*3%*	*11%*
PAR > 30 days	*1.5%*	*0.5%*		
Client deposits as % of loan portfolio	*49%*	*50%*		

[(1)] Excludes interest receivable and the unamortized loan processing fee

[(2)] Excludes interest payable

West Africa's performance was lower than expected due to a combination of (i) challenging market conditions in Nigeria with reduced demand and increased security concerns, and (ii) the banking sector crisis in Ghana, which required ASA Savings & Loans to make some provisions on bank deposits, (iii) a one-off provision for employee benefits by ASA Nigeria, and (iv) higher than expected currency depreciation in Ghana.

- Net profit was down 6% (2% up on a constant currency basis)
- OLP up 7% (18% on a constant currency basis), which was affected by (i) higher than expected depreciation of the Ghanaian Cedi (GHS down 16%), and (ii) weak economic growth and increased security concerns in Nigeria
- Number of clients up by 5%
- Number of branches up 2%
- OLP/Client in USD up by 3%
- PAR>30 increased from 0.5% to 1.5%
- Cost/Income ratio up by 769 *bps* to 45.3*%,*
- Return on average assets down 313 b*ps* to 17.3*%*

- Return on average equity down by 1089 *bps* to *45.7%*

Ghana

Despite a banking crisis In Ghana, ASA Savings & Loans continued to successfully expand, while maintaining a high portfolio quality:

- Number of clients up from 149k to 165k (up *11%*)
- Number of branches up from 120 to 123 (up *3%*)
- OLP up from GHS 185.2m (USD 38.1m) to GHS 237.4m (USD 41.6m) (up 28*%* in *GHS*)
- OLP/Client up to GHS 1.4K (USD 253) (up 16% in *GHS)*
- PAR>30 remained low at 0.2%
- ASA S&L Ghana received permission to open additional 10 branches

Nigeria

ASHA Nigeria and ASIEA ('ASA Nigeria') faced difficult market circumstances and consequently realized little growth in 2019:

- Number of clients up from 259k to 260k (up 0.4%)
- Number of branches up from 262 to 263 (up 0.4%)
- OLP up from NGN 11.5bn (USD 31.7m) to NGN 11.9 bn (USD 32.7m) (up 3*% in NGN*)
- OLP/Client increased from NGN 44.8 (USD 123) to NGN 46.7 (USD 129) (up 4*% in NGN*)
- PAR>30 increased from 0.9% to 2.7%
- ASA Nigeria received approval from the central bank for the acquisition of ASIEA NGO by ASHA MFB, which merger was executed on 1 April 2020.

Sierra Leone

ASA Sierra Leone continued to successfully expand with high client and branch growth:

- Number of clients up from 28k to 34k (up 22%)
- Number of branches up from 32 to 37 (up 16%)
- OLP up from SLL 17.4bn (USD 2.0m) to SLL 28.1bn (USD 2.9m) (up 62% *in SLL*)
- OLP/Client from SLL 625K (USD 73) to SLL 827K (USD 85) (up 32*% in SLL*)
- PAR>30 increased from 1.1% to 5.1%, due to a substantial fraud in in one of its branches

East Africa

(In USD thousands)	2019	2018	Δ 2018 - 2019	Δ Constant currency
Net profit	6,160	3,647	69%	*67%*
Cost/income ratio	*62%*	*64%*		
Return on average assets (TTM)	*12.6%*	*11.5%*		
Return on average equity (TTM)	*51.0%*	*47.9%*		
Earnings growth (TTM)	*68.9%*	*262%*		
OLP [1]	51,664	33,040	*56%*	*56%*
Total assets	59,356	38,556	*54%*	
Client deposits [2]	14,808	10,153	*46%*	
Interest-bearing debt [2]	25,835	17,190	*50%*	
Share capital and reserves	15,476	8,687	*78%*	
Number of clients	348,542	242,313	*44%*	
Number of branches	316	244	*30%*	
Average outstanding loan per client (USD)	149	137	*9%*	*8%*
PAR > 30 days	*0.6%*	0.4%		
Client deposits as % of loan portfolio	*29%*	31%		

(1) Excludes interest receivable and the unamortized loan processing fee

(2) Excludes interest payable

East Africa realized high growth, while maintaining a high return on assets and a high-quality loan portfolio:

- Net profit up 69% (67% up on a constant currency basis)
- OLP increased by 56% (56*%* on a constant currency basis), due to the continued expansion of all operations across the segment
- Number of clients up 44%
- Number of branches up 30%
- OLP/Client in USD up by 9%
- PAR>30 decreased from 0.4% to 0.6%
- Cost/Income ratio improved by 212 *bps* to 62%
- Return on average assets up 110 *bps* to 12.6*%*
- Return on average equity up 310 *bps* to *51.0%*

Kenya

ASA Kenya substantially increased its operations:

- Number of clients up from 74k to 101k (up 38%)
- Number of branches up from 70 to 90 (up 29%)
- OLP up from KES 1.2bn (USD 12.1m) to KES 1.8bn (USD 17.6m) (up 46% *in KES*)
- OLP/Client slightly increased from KES 17K (USD 165) to KES 18K (USD 175) (up 6*%* in *KES*)
- PAR>30 increased from 0.7% to 1.3%

Tanzania

ASA Tanzania successfully expanded its operations:

- Number of clients up from 79k to 123k (up 55%)
- Number of branches up from 76 to 102 (up 34%)
- OLP up from TZS 28.0bn (USD 12.2m) to TZS 47.0bn (USD 20.5m) (up 68% in *TZS*)
- OLP/Client up from TZS 355K (USD 155) to TZS 384K (USD 167) (up 8% in *TZS*)
- PAR>30 improved from 0.2% to 0.1%

Uganda

ASA Uganda successfully continued to expand in terms of branches, clients and OLP while maintaining a high-quality loan portfolio:

- Number of clients up from 77k to 101k (up 32%)
- Number of branches up from 72 to 88 (up 22%)
- OLP up from UGX 25.9bn (USD 7.0m) to UGX 38.0bn (USD 10.4m) (up 47% in *UGX)*
- OLP/Client up from UGX 340K (USD 91) to UGX 377K (USD 103) (up 11% in *UGX*), which are expected to remain lower than in Kenya and Tanzania due to generally lower income levels in Uganda
- PAR>30 maintained at 0.1%

Rwanda

ASA Rwanda successfully increased its operations and has become profitable in 2019:

- Number of clients up from 13k to 21k (up 61%)
- Number of branches up from 26 to 30 (up 15%)
- OLP up from RWF 1.6bn (USD 1.8m) to RWF 2.8bn (USD 3.0m) (up 75% in *RWF*)
- OLP/Client up from RWF 122K (USD 138) to RWF 133K (USD 141) (up 9*% in RWF*)
- PAR>30 increased from 0.7% to 0.8%

Zambia

ASA Zambia commenced operations in January 2019 and successfully established its first branches:

- Number of clients reached 2k
- Opened six branches in its first year of operations
- Realized OLP of ZMW 2.5m (USD 179k)
- OLP/Client reached ZMW 1.2k (USD 86)

Regulatory Environment

ASA International operates in a wide range of jurisdictions each with their own regulatory regimes applicable to microfinance institutions. At this time, the Company continues to pursue deposit-taking licenses in countries such as Pakistan and Tanzania, or merging non-regulated activities into its regulated activities as is the case of Nigeria.

Key Events

India

- Additional capital of USD 5 million was injected into ASAI India by its shareholders during the year post receipt of the NBFC MFI registration with the Reserve Bank of India.

Pakistan

- On 3 January 2020 ASA Pakistan received a no-objection certificate ("NOC") by the State Bank of Pakistan for transforming ASA Pakistan (non-deposit taking) into ASA Microfinance Bank (MFB), subject to meeting certain requirements set by the central bank.

Sri Lanka

- In August 2018, the government of Sri Lanka announced a debt relief program for microfinance loans of less than the equivalent of approximately USD 650 in drought relief affected districts of Sri Lanka. Although the direct impact of this measure on Lak Jaya was limited, political activists have tried to extend the debt relief program to other districts across the country, which eroded the repayment discipline of clients across the country which after-effects still persisted in 2019.
- In April 2019, Lak Jaya received the license under the Microfinance Act. Around the same time, the government of Sri Lanka introduced an interest rate cap of 35% per annum on microfinance loans.

Myanmar

- ASA Myanmar secured the approval of the Central Bank of Myanmar for taking deposits in January of 2020.
- The Central Bank of Myanmar cut the maximum lending rate on microfinance loans from 30% to 28% per annum.

Nigeria

- The Central Bank approved the merger between ASHA Nigeria and ASIEA.

Tanzania

- ASA Tanzania in the process of finalising application for non-deposit taking microfinance institution under the new Microfinance Act.

Key events after 31 December 2019

- The competition authorities in Nigeria approved the merger between ASHA Nigeria and ASIEA which merger was effective as of 1 April 2020.
- ASA Myanmar received the approval for collecting voluntary savings from clients.

Regulatory Capital

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2019, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

Asset/Liability and Risk Management

ASA International has strict policies and procedures for the management of its assets and liabilities as well as various non-operational risks to ensure that:

- The average tenor of loans to customers is substantially shorter than the average tenor of debt provided by third party banks and other third-party lenders to the Group and any of its subsidiaries
- Foreign exchange losses are minimized by having all loans to any of the Group's operating subsidiaries denominated or properly hedged in the local operating currency and all loans to any of the Group's subsidiaries denominated in local currency are hedged in US dollars
- Foreign translation losses affecting the Group's balance sheet are minimised by preventing over-capitalisation of any of the Group's subsidiaries by distributing dividends and/or repaying capital as soon as reasonably possible

Nevertheless, the Group will always be exposed to currency movements in both (i) the profit & loss statement, which will affect the translation into USD of local currencies of its local operating subsidiaries and (ii) the balance sheet, due to gradual erosion of capital of each of its operating subsidiaries translated in USD, in case the US dollar strengthens against the currency of any of its operating subsidiaries.

Funding

The funding profile of the Group has not materially changed during 2019:

In USD millions

	31 Dec 19	**31 Dec 18**	**31 Dec 17**
Local Deposits	78.0	64.0	53.2
Loans from Financial Institutions	260.6	221.2	200.4
Microfinance Loan Funds	27.2	17.8	27.5
Loans from Dev. Banks & Foundations	30.0	40.0	40.0
Equity	111.2	88.4	83.0
Total Funding	**507.1**	**431.4**	**404.1**

The Group maintains a favourable maturity profile with the average tenor of all funding from third parties being substantially longer than the average tenor at issuance of loans to customers which ranges from 6-12 months.

The Group and its subsidiaries have existing credit relationships with more than 50 lenders throughout the world, which has provided reliable access to competitively-priced funding for the growth of its loan portfolio.

Key events after 31 December 2019

- ASA International Holding signed a loan facility agreement for USD 15 million with the Oesterreichische Entwicklungsbank AG on 2 March 2020. The term of the loan is five years. The first drawdown of USD 10 million was made on 31 March 2020
- ASA International N.V. drew an additional USD 5.5 million on 12 March 2020 from the existing facility agreement signed with Symbiotics managed funds in October 2019

Impact of foreign exchange rates

As a USD reporting company with operations in thirteen different currencies, currency movements can have a major effect on the Group's USD financial performance and reporting.

The effect of this is that (i) existing and future local currency earnings translate into less US dollar earnings, and (ii) local currency capital of any of the operating subsidiaries will translate into less US dollar capital.

Countries	*2018*	*2019*	*Δ 2018 - 2019*
Pakistan (PKR)	139.4	154.8	(11%)
India (INR)	69.5	71.3	(3%)
Sri Lanka (LKR)	183.0	181.4	1%
The Philippines (PHP)	52.5	50.7	3%
Myanmar (MMK)	1,543.8	1,487.0	4%
Nigeria (NGN)	364.3	362.5	0%
Ghana (GHS)	4.9	5.7	(16%)
Sierra Leone (SLL)	8,616.8	9,782.7	(14%)
Kenya (KES)	101.8	101.4	0%
Uganda (UGX)	3,715.6	3,665.4	1%
Tanzania (TZS)	2,298.3	2,298.0	0%
Rwanda (RWF)	883.0	943.2	(7%)
Zambia (ZMW)	12.0	14.1	(18%)

During 2019, the US dollar particularly strengthened against PKR +11% and Ghana +16.3%, which had a substantial impact of the USD earnings contribution of these subsidiaries to the Group. It also led to a substantial increase in foreign exchange translation losses, particularly due to ASA Pakistan's relatively high capital base related to its planned transformation into a microfinance bank. The total contribution to the foreign exchange loss reserve during 2019 amounted to USD 4.8m of which USD 2.4m related to the depreciation of the PKR and USD 2.4m to depreciation of the GHS.

Impact of implementation of IFRS 16

IFRS 16 supersedes IAS 17 Leases and applies to annual reporting periods beginning on or after 1 January 2019. ASA International and its subsidiaries have rental lease agreements for 14 group and country head offices as well as for its 1,895 branches. The branch offices are usually simple residential apartments.

The Group applied the practical expedient to the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The Group applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated. The 2018 numbers are presented as previously reported, under IAS 17 and related interpretations. This includes recognising a lease liability at 1 January 2019, measured at the present value of the remaining lease payments and discounted at the incremental borrowing rate. A right-of-use asset has been recognised at 1 January 2019 measured at an amount equal to the lease liability and adjusted by any prepaid or accrued lease payments relating to that lease contained in the statement of financial position immediately before 1 January 2019. There was no material impact on the retained earnings due to the transition.

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/decrease) is as follows:

Statement of Financial Position	IAS 17 31.12.2018 USD	IFRS 16 Impact USD	IFRS 16 01.01.2019 USD
Assets			
Right-of-use assets	-	5,553,290	5,553,290
Prepayments	1,773,170	(1,773,170)	-
Total Assets	**1,773,170**	**3,780,120**	**5,553,290**
Liabilities			
Lease liabilities	-	3,723,124	3,723,124
Prepayments owing	-	56,996	56,996
Total Liabilities	**-**	**3,780,120**	**3,780,120**

Statement of Profit or Loss	IAS 17 31.12.2019 USD	IFRS 16 31.12.2019 USD
Rent expense	4,178,140	-
Depreciation of right-of-use assets for existing contracts	-	3,892,323
Total operating expenses	**4,178,140**	**3,892,323**
Interest expense of lease liability for existing contracts	-	395,186

Deferred tax impact	-	43,479
Total	**4,178,140**	**4,330,988**

Forward Looking Statement and Disclaimers

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