



Press Release

Business update in response to COVID-19

Amsterdam, 29 June 2020 - ASA International Group plc (LSE: ASAI) (“ASA International”, the “Company” or the “Group”), one of the world’s largest international microfinance institutions, today provides the following update on the impact of COVID-19 on its business operations.

- The immediate health impact of COVID-19 on the Company’s operations remains low.
- Liquidity remains high with approximately USD 110m of unrestricted cash and cash equivalents across the Group as of 26 June 2020.
- The most relevant waivers for expected temporary PAR>30 covenant breaches have been secured.
- Since the beginning of March 2020, the Group secured approximately USD 45m of new loans from international and local lenders and the current pipeline of funding deals being negotiated totals approximately USD 200m.
- Despite challenging operating conditions, collection efficiency continued to improve in all our operating countries.
- Selected moratoriums on loan repayments in certain countries provide clients most affected by COVID-19 more time to strengthen their income generating capacity.

Health impact of COVID-19 on our communities

- Since 3 June 2020, the immediate health impact of COVID-19 on the Company’s operations remained low with none of our 12,500 staff members confirmed as infected and the number of confirmed infections amongst our 2.5m clients increased to 50, which, up until now, resulted into 2 casualties.
- While the infection rate in our operating countries continue to increase, the speed of growth and the absolute number of known infections and casualties remain low in comparison to Europe and the U.S.A. This is illustrated by the relatively few casualties in each of our operating countries as percentage of the size of the population which ranges between zero to 19 casualties per million population in our operating countries compared to 108 to 840 casualties per million in the U.S.A. and the wealthiest European countries.

Funding

- The Company secured waivers from almost all major international and many local lenders regarding the expected temporary breach of the PAR>30 covenant across many of our operating entities due to COVID-19, at least until the end of 2020 by which time the Company expects to have remedied this temporary covenant breach.

- Unrestricted cash and cash equivalents increased from USD 91.8m on 28 May 2020 to USD 110m by 26 June 2020, due to a combination of fresh loans and, for the time being, higher collections of loan instalments than disbursements of new loans to our clients.
- With the business environment continuing to normalize, disbursements are expected to gradually exceed collections in all our major operating countries.
- The Company has been able to continue funding its operations with fresh loans from a wide range of local and international lenders since the start of the COVID-19 crisis. From early March to end of June 2020, the Company secured approximately USD 45m of new loans from these lenders.
- The Company also has a USD 200m pipeline of future wholesale loans of which more than 60% are supported by (agreed) term sheets and/or draft loan documentation and the terms and conditions of the remaining 40% are currently being negotiated with lenders.
- The resumption of our field operations has increased the Company's operational flexibility and de-risked its operations due to the substantially longer tenor of our liabilities than our assets.

Collection efficiency ⁽¹⁾

- Collection efficiency across the Group continues to increase with 7 out of 13 operating countries reporting collection efficiency near or in excess of the mid-nineties as of 27 June 2020.

Country	19-26 April	27 April-3 May	4-9 May	11-16 May	18-23 May	25-30 May	31 May-6 June	7-13 June	14-20 June	21-27 June
India	Nil ⁽²⁾	Nil	Nil	Nil	Nil	Nil	19%	37%	40%	47%
Pakistan	55%	60%	69%	83%	90%	90%	93%	95%	92%	94%
Sri Lanka	1%	1%	6%	14%	30%	40%	69%	66%	93%	91%
The Philippines	Nil	Nil	Nil	Nil	Nil	28%	59%	64%	66%	69%
Myanmar	Nil	Nil	Nil	64%	75%	89%	91%	95%	95%	97%
Nigeria	Nil	Nil	Nil	85%	91%	Nil - Eid ⁽³⁾	92%	93%	94%	94%
Ghana	100%	95%	99%	99%	101%	102%	100%	99%	100%	100%
Sierra Leone	87%	99%	80%	91%	91%	96%	94%	94%	95%	98%
Kenya	Nil	Nil	27%	41%	45%	77%	70%	71%	76%	88%
Tanzania	Nil	Nil	Nil	Nil	74%	94%	97%	98%	98%	98%
Uganda	Nil	Nil	Nil	Nil	Nil	Nil	Nil	22%	33%	40%
Rwanda	Nil	Nil	Nil	Nil	49%	66%	63%	77%	79%	83%
Zambia	87%	99%	93%	95%	97%	98%	97%	98%	98%	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

- Collection efficiency has gradually improved in all operating countries since the end of the lockdowns.
- Once collection efficiency reaches more than 90%, the repayment discipline of all clients in a lending group tend to further improve.
- Collection efficiency needs to reach 98% plus to maintain a high portfolio quality, which takes time and is dependent on the local circumstances, including, for instance, a government imposed moratorium of loan repayments, restrictions on the movement and/or congregation of people, curfews, and/or financial distress.

Selected moratorium on loan repayments

- Clients in India have the option to defer loan repayments as result of a government imposed moratorium, which will last until the end of August 2020; this is expected to slow down the improvement of collection efficiency until such date.
- Due to government imposed curfews, other operational restrictions as well as reduced earning capacity due to COVID-19, ASA Myanmar is not able to collect all loan instalments from clients yet and therefore has granted a limited moratorium on the payment of these loan instalments, which represent approximately 7% of ASA Myanmar's outstanding loans.
- Due to a lack of available public transport for our field staff and temporary closures of public market places, ASA Kenya and ASA Rwanda have granted certain clients a limited, temporary moratorium on the payment of loan instalments, which represent, respectively, 14% and 12.6% of ASA Kenya's and ASA Rwanda's loan portfolio.
- Our subsidiary in Sri Lanka has granted a limited and temporary moratorium for the repayment of loan instalments to clients whose business activities are most affected by COVID-19, including, amongst others, tourism, school canteens, bookshops near schools, small restaurants, beauty salons and barber shops. The moratorium amount represents approximately 10% of Lak Jaya's loan portfolio. With the opening of schools and an expected gradual increase in tourism the repayment capacity of these clients is expected to improve.

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About ASA International Group plc

ASA International is one of the world's largest international microfinance institutions, with a strong commitment to financial inclusion and socioeconomic progress. The company provides small, socially responsible loans to low-income, financially underserved entrepreneurs, predominantly women, across South Asia, South East Asia, West and East Africa.

ASA International Group plc

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