

## Press release

### **ASA International Group plc May 2021 business update**

Amsterdam, The Netherlands, 17 June 2021 - ASA International, ('ASA International', the 'Company' or the 'Group'), one of the world's largest international microfinance institutions, today provides the following update of the impact of COVID-19 on its business operations as at 31 May 2021.

- Liquidity remains high with approximately USD 105m of unrestricted cash and cash equivalents across the Group.
- The pipeline of funding deals under negotiation totalled approximately USD 162m.
- With the exception of India, Sri Lanka, the Philippines, and Myanmar, all other operating companies achieved collection efficiency of more than 90% and 7 out of 13 countries achieved collection efficiency of more than 95%.
- India collections decreased to 67% mainly due to lockdowns in most states following the second wave of COVID-19 affecting the whole country.
- Sri Lanka collections reduced to 57% due to the implementation of new lockdowns.
- The Philippines collections increased to 89% despite the implementation of various regional lockdowns.
- Collections in Myanmar increased to 67% despite the ongoing disruptions following the military's takeover of the Government.
- Portfolio quality remained challenging, particularly in India and the Philippines with benchmark PAR>30 for the Group, including off-book loans and excluding loans overdue more than 365 days, slightly increasing to 14.0% from 13.3% in April 2021, and PAR>90 slightly increasing to 11.6% from 10.6% in April 2021. The Group's operating subsidiaries, excluding India, the Philippines and Myanmar, collectively have been able to maintain PAR>30 at 3.6%.
- Disbursements as percentage of collections exceeded 100% in 5 countries with much lower percentages seen in India, Sri Lanka, and Myanmar.
- The number of clients remained around 2.5m, while Gross OLP decreased to USD 470m (8% higher than in May 2020 and 2.4% lower compared to April 2021), across the Group.
- The moratoriums granted in May amounted to USD 1.3m, primarily related to ongoing disruption of the operations in Myanmar.

### **Health impact of COVID-19 on staff and clients**

- The immediate health impact of COVID-19 on the Company's operations remained low with only 203 of over 12,500 staff members confirmed as infected since March 2020, but with no deaths. Since March 2020, confirmed infections amongst 2.5m clients increased from 2,107 at the end of April 2021 to 4,977 as at 31 May 2021, resulting in 56 deaths since the start of the pandemic. Of the 56 client deaths across the Group, 23 are from India, with 18 of those deaths occurring in May 2021.

## Funding

- Unrestricted cash and cash equivalents remained high at approximately USD 105m.
- The Company secured approximately USD 6m of new loans from local and international lenders in May 2021.
- The majority of the Company's USD 162m pipeline of future wholesale loans are supported by (agreed) term sheets and/or draft loan documentations. The terms and conditions of the remaining loans are being negotiated with lenders.

## Collection efficiency until 31 May 2021<sup>(1, 2)</sup>

Countries	Jan/21	Feb/21	Mar/21	Apr/21	May/21
India	82%	84%	87%	87%	67%
Pakistan	98%	99%	99%	99%	99%
Sri Lanka	97%	90%	91%	93%	57%
The Philippines	75%	80%	85%	84%	89%
Myanmar	89%	78%	59%	55%	67%
Ghana	99%	100%	100%	100%	99%
Nigeria	95%	97%	96%	95%	94%
Sierra Leone	95%	89%	96%	93%	92%
Kenya	97%	98%	100%	100%	99%
Uganda	87%	93%	99%	100%	100%
Tanzania	99%	100%	100%	100%	100%
Rwanda	93%	91%	96%	95%	96%
Zambia	100%	100%	100%	100%	99%

<sup>(1)</sup> Collection efficiency refers to actual collections from clients divided by expected collections for the period; since any moratorium on the repayment of loans are only granted to clients after the end of the month, the collection efficiency is not affected by the grant of such moratorium.

<sup>(2)</sup> As of December 2020, the definition of collection efficiency has been amended in view of the increased amount of overdue collection and advance payments in various countries to: the sum of actual regular collections, actual overdue collections and actual advance payments divided by the sum of expected regular collections, actual overdue collections and actual advance payments. This also means that collections efficiency no longer can exceed 100%.

- Collection efficiency across the Group increased or remained broadly stable compared to the previous month in all countries, with the exception of India and Sri Lanka.
- Collections in India decreased to 67% compared to the previous month, due to the challenging environment following the increased disruptions to operations following lockdowns in most states, as a result of the severe second wave of COVID-19.
- Collections in Sri Lanka reduced to 57% due to the implementation of new lockdowns.
- Collections improved to 89% in the Philippines despite the imposition of various local and regional lockdowns following a recent spike in COVID-19 cases.
- Collections in Myanmar increased to 67% compared to the previous month, despite disruptions to the ordinary life of citizens caused by the military's takeover of the Government and ongoing nation-wide protests.

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## Loan portfolio quality up to and including May 2021<sup>(3, 4)</sup>

	Gross OLP (in USDm)			Non-overdue loans			PAR>30		
	Mar/21	Apr/21	May/21	Mar/21	Apr/21	May/21	Mar/21	Apr/21	May/21
India (total)	182	177	167	69.4%	70.0%	47.3%	25.8%	24.3%	27.8%
Pakistan	74	76	76	96.7%	96.9%	97.0%	2.8%	2.3%	1.8%
Sri Lanka	9	9	9	89.4%	89.0%	36.3%	4.9%	6.0%	7.7%
Philippines	53	54	54	76.2%	75.7%	76.8%	22.5%	21.7%	20.8%
Myanmar	31	26	24	48.9%	48.8%	58.2%	4.4%	3.1%	0.9%
Ghana	47	47	46	99.5%	99.4%	99.3%	0.3%	0.3%	0.3%
Nigeria	33	34	32	91.5%	91.3%	90.5%	5.3%	5.3%	5.3%
Sierra Leone	5	5	6	92.1%	91.9%	92.2%	4.6%	4.6%	4.5%
Kenya	15	16	17	84.9%	86.0%	86.9%	14.0%	13.0%	12.1%
Uganda	8	9	9	81.1%	84.9%	87.4%	18.7%	14.9%	12.4%
Tanzania	24	25	27	97.7%	97.9%	98.1%	2.1%	1.9%	1.7%
Rwanda	3	3	3	85.8%	87.4%	89.0%	10.3%	9.7%	8.9%
Zambia	<u>1</u>	<u>1</u>	<u>1</u>	<u>98.4%</u>	<u>98.6%</u>	<u>98.4%</u>	<u>1.6%</u>	<u>1.4%</u>	<u>0.7%</u>
<b>Group</b>	<b>484</b>	<b>482</b>	<b>470</b>	<b>80.3%</b>	<b>81.1%</b>	<b>73.1%</b>	<b>14.3%</b>	<b>13.3%</b>	<b>14.0%</b>

	PAR>90			PAR>180		
	Mar/21	Apr/21	May/21	Mar/21	Apr/21	May/21
India (total)	18.5%	18.4%	21.9%	5.9%	8.4%	12.5%
Pakistan	2.6%	2.1%	1.7%	2.1%	1.8%	1.4%
Sri Lanka	3.9%	3.6%	4.0%	2.9%	3.0%	3.1%
Philippines	3.9%	19.1%	20.1%	1.8%	2.2%	2.5%
Myanmar	3.4%	2.3%	0.6%	1.9%	1.7%	0.3%
Ghana	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%
Nigeria	4.2%	3.9%	3.7%	3.2%	3.1%	2.8%
Sierra Leone	3.2%	3.2%	3.2%	2.0%	1.9%	1.8%
Kenya	13.8%	12.7%	11.8%	13.5%	11.5%	11.3%
Uganda	18.4%	14.9%	12.4%	2.8%	7.3%	10.1%
Tanzania	1.9%	1.7%	1.6%	1.5%	1.5%	1.4%
Rwanda	8.4%	7.8%	7.1%	3.2%	5.0%	5.4%
Zambia	<u>1.5%</u>	<u>1.3%</u>	<u>0.4%</u>	<u>0.7%</u>	<u>1.0%</u>	<u>0.2%</u>
<b>Group</b>	<b>9.3%</b>	<b>10.6%</b>	<b>11.6%</b>	<b>3.7%</b>	<b>4.6%</b>	<b>6.0%</b>

<sup>(3)</sup> PAR>x is the percentage of outstanding customer loans with at least one instalment payment overdue x days, excluding loans more than 365 days overdue, to gross outstanding loan portfolio including off-book loans.

<sup>(4)</sup> Gross loan portfolio includes the off-book BC and DA model, excluding interest receivable and before deducting ECL provisions and modification loss.

- PAR>30 increased to 14.0% primarily due to the decreased collections for India and Sri Lanka.
- PAR>90 increased to 11.6% for the Group primarily due to the large amount of long-term overdue in India and the Philippines in the absence of the granting of any further moratoriums.
- Credit exposure of the India off-book BC portfolio of USD 42.6m is capped at 5%. The included off-book DA portfolio of USD 2.2m has no credit exposure.

## Disbursements vs collections of loans until 31 May 2021<sup>(5)</sup>

Countries	Jan/21	Feb/21	Mar/21	Apr/21	May/21
India	90%	104%	131%	71%	3%
Pakistan	97%	99%	99%	102%	89% <sup>(6)</sup>
Sri Lanka	95%	116%	92%	43%	17%
The Philippines	113%	101%	96%	88%	91%
Myanmar	144%	55%	71%	30%	76%
Ghana	94%	112%	118%	99%	91% <sup>(6)</sup>
Nigeria	68%	105%	109%	109%	108%
Sierra Leone	89%	109%	110%	95%	101%
Kenya	97%	113%	107%	100%	100%
Uganda	46%	99%	99%	105%	99%
Tanzania	78%	97%	102%	107%	109%
Rwanda	60%	73%	86%	95%	106%
Zambia	137%	140%	115%	107%	142%

<sup>(5)</sup> Disbursements vs collections refers to actual loan disbursements made to clients divided by total loans collected from clients in the period.

<sup>(6)</sup> Slowdown in disbursements due to official EID holidays in second week of May.

- With the business environment continuing to gradually improve in many countries, disbursements of new loans continued to stabilise or increase in amount and as a percentage of weekly collections, with the exception of India and Sri Lanka.

## Development of Clients and Outstanding Loan Portfolio until 31 May 2021

Countries	<u>Clients (in thousands)</u>			<u>Delta</u>		<u>Gross OLP (in USDm)</u>			<u>Delta</u>		
	<u>May/20</u>	<u>Apr/21</u>	<u>May/21</u>	<u>May/20-</u>	<u>Apr/21-</u>	<u>May/20</u>	<u>Apr/21</u>	<u>May/21</u>	<u>May/20-</u>	<u>May/20-</u>	<u>Apr/21-</u>
				<u>May/21</u>	<u>May/21</u>				<u>USD</u>	<u>CC<sup>(7)</sup></u>	<u>USD</u>
India	741	747	735	-1%	-2%	179	177	167	-7%	-10%	-6%
Pakistan	423	454	462	9%	2%	59	76	76	30%	22%	1%
Sri Lanka	62	56	56	-10%	-1%	10	9	9	-11%	-5%	-4%
The Philippines	341	325	331	-3%	2%	53	54	54	2%	-3%	0%
Myanmar	144	125	120	-17%	-4%	31	26	24	-23%	-10%	-9%
Ghana	136	158	158	16%	0%	33	47	46	42%	42%	-2%
Nigeria	242	257	253	4%	-2%	25	34	32	24%	33%	-6%
Sierra Leone	32	39	40	26%	1%	3	5	6	85%	95%	3%
Kenya	86	105	109	27%	3%	13	16	17	25%	26%	4%
Uganda	98	85	86	-12%	2%	9	9	9	0%	-6%	6%
Tanzania	113	137	141	25%	3%	17	25	27	59%	59%	7%
Rwanda	20	18	18	-13%	-1%	3	3	3	10%	17%	5%
Zambia	3	8	9	167%	13%	0	1	1	201%	269%	4%
<b>Total</b>	<b>2,442</b>	<b>2,514</b>	<b>2,518</b>	<b>3%</b>	<b>0%</b>	<b>436</b>	<b>482</b>	<b>470</b>	<b>8%</b>	<b>7%</b>	<b>-2.4%</b>

<sup>(7)</sup> Constant currency ('CC') implies conversion of local currency results to USD with the exchange rate from the beginning of the period.

- With disbursements decreasing in India, Gross OLP decreased 2.4% to USD 470m in May 2021 compared to the previous month, but ended up 8% higher than May 2020 in USD with strong growth in Pakistan, Ghana, Nigeria, and Tanzania of our more established operating countries.

## Selected moratoriums<sup>(8)</sup> on loan repayments until 31 May 2021

<u>Countries</u>	<u>Clients under moratorium</u>			<u>As % of</u>
	<u>Mar/21</u>	<u>Apr/21</u>	<u>May/21</u>	<u>Total Clients</u>
India	0	0	0	0%
Pakistan	0	0	0	0%
Sri Lanka	0	1,321	0	0%
The Philippines	793	0	0	0%
Myanmar	63,074	60,156	55,910	47%
Ghana	0	0	0	0%
Nigeria	0	0	0	0%
Sierra Leone	0	0	0	0%
Kenya	0	0	0	0%
Uganda	0	0	0	0%
Tanzania	0	0	0	0%
Rwanda	0	0	0	0%
Zambia	0	0	0	0%
<b>Total</b>	<b>63,867</b>	<b>61,477</b>	<b>55,910</b>	<b>2.2%</b>

### Moratorium amounts (USD thousands)

<u>Countries</u>	<u>Mar/21</u>	<u>Apr/21</u>	<u>May/21</u>	<u>Total since</u> <u>Mar/20</u>	<u>May</u>	<u>As % of Total</u> <u>Moratoriums</u>
					<u>moratoriums</u> <u>as % of OLP</u>	
India	0	0	0	15,038	0%	22%
Pakistan	0	0	0	0	0%	0%
Sri Lanka	0	16	0	2,051	0.0%	3%
The Philippines	16	0	0	27,027	0%	40%
Myanmar	1,356	1,315	1,290	12,363	5%	18%
Ghana	0	0	0	0	0%	0%
Nigeria	0	0	0	954	0%	1%
Sierra Leone	0	0	0	50	0%	0%
Kenya	0	0	0	4,841	0%	7%
Uganda	0	0	0	4,873	0%	7%
Tanzania	0	0	0	266	0%	0%
Rwanda	0	0	0	570	0%	1%
Zambia	0	0	0	0	0%	0%
<b>Total</b>	<b>1,372</b>	<b>1,331</b>	<b>1,290</b>	<b>68,033</b>	<b>0.3%</b>	<b>100.0%</b>

<sup>(8)</sup> Moratoriums relate to clients who have received an extension for the payment of one or more loan instalments during the month.

- Moratoriums on loan repayments were granted primarily to clients in Myanmar and amounted to USD 1.3m in total, which represents 0.3% of the Group's Gross OLP.
- Moratoriums granted in Myanmar were due to disruption in operations following the military's takeover of the Government and ongoing nation-wide protests.

## Key events after 31 May 2021

- On 7 June 2021, ASA Tanzania received the non-deposit taking license by the Central Bank of Tanzania, which will allow it to proceed with applying for a full deposit taking license.
- on 11 June 2021, the Assam Government in India announced their intention to waive loans of microfinance clients on a limited basis, for loans taken before 31 December 2020. Discussions remain ongoing within the government and with the microfinance industry association (MFIN) to determine the full extent of the waiver program.
- In June, (partial) lockdowns and restricted movements are still ongoing in most of the states where ASA India is present, which continues to impact collection efficiency.

Please note that, while the Company's operational performance appears to gradually normalize in most countries, the risk of additional challenges to our operations should not be underestimated due to (i) the still relatively high infection rates, (ii) the current lack of available vaccines in most of our operating countries, (iii) the risk of the introduction of more infectious COVID-19 variants in our operating countries as have been observed in the United Kingdom, South Africa, Brazil, the Philippines and India, and (iv) the associated disruption this may cause to the businesses of our clients.

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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.

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