



## Press release

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

Amsterdam, The Netherlands, 20 July 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 30 June 2021.

- Liquidity remains high with approximately USD 108m of unrestricted cash and cash equivalents across the Group.
- The pipeline of funding deals under negotiation totalled approximately USD 163m.
- With the exception of India, Sri Lanka and Myanmar, all other operating companies achieved collection efficiency of more than 94%.
- India collections decreased further to 55% due to lockdowns in most states following the second wave of COVID-19 affecting the whole country.
- Sri Lanka collections for the month dropped to 38% following nationwide lockdowns.
- The Philippines collections increased to 99% following improvements in the operating environment due to fewer restrictions on movement of people.
- Collections in Myanmar increased to 70% despite the ongoing disruptions following the military's takeover of the Government.
- Portfolio quality remained challenging, particularly in India with benchmark PAR>30 for the Group, including off-book loans and excluding loans overdue more than 365 days, increasing to 14.8% from 14.0% in May 2021, and PAR>90 slightly improving to 11.1% from 11.6% in May 2021. The Group's operating subsidiaries, excluding India, the Philippines and Myanmar, collectively have been able to maintain PAR>30 at 3.5%.
- Disbursements as percentage of collections exceeded 100% in 5 countries with much lower percentages seen in India, Sri Lanka, and Uganda, due to amongst others lockdowns.
- The number of clients remained around 2.5m, while Gross OLP decreased to USD 459m (11% higher than in June 2020 and 2.5% lower compared to May 2021), due to amongst others the lockdowns in India.
- The moratoriums granted in June amounted to USD 48.3m, primarily due to loan restructuring of distressed clients in India as per the Reserve Bank of India ('RBI') guidelines.

#### **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 247 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 4,977 at the end of May 2021 to 7,262 as at 30 June 2021, resulting in 73 deaths since the start of the pandemic. Of the 73 client deaths across the Group, 32 are from India, with 9 of those deaths occurring in June 2021.

## Funding

- Unrestricted cash and cash equivalents remained high at approximately USD 108m.
- The Company secured approximately USD 34m of new loans from local and international lenders in June 2021.
- The majority of the Company's USD 163m pipeline of future wholesale loans are supported by (agreed) term sheets and/or draft loan documentation. The terms and conditions of the remaining loans are being negotiated with lenders.
- The Group is exploring the possibilities to raise some local (Indian) equity capital to strengthen the balance sheet of ASA India, in view of the increasing amount of ECL provisions in India.

## Collection efficiency until 30 June 2021<sup>(1, 2)</sup>

Countries	Jan/21	Feb/21	Mar/21	Apr/21	May/21	Jun/21
India	82%	84%	87%	87%	67%	55%
Pakistan	98%	99%	99%	99%	99%	99%
Sri Lanka	97%	90%	91%	93%	57%	38%
The Philippines	75%	80%	85%	84%	89%	99%
Myanmar	89%	78%	59%	55%	67%	70%
Ghana	99%	100%	100%	100%	99%	99%
Nigeria	95%	97%	96%	95%	94%	96%
Sierra Leone	95%	89%	96%	93%	92%	94%
Kenya	97%	98%	100%	100%	99%	99%
Tanzania	99%	100%	100%	100%	100%	100%
Uganda	87%	93%	99%	100%	100%	95%
Rwanda	93%	91%	96%	95%	96%	96%
Zambia	100%	100%	100%	100%	99%	100%

<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 collection 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 55% compared to the previous month, due to the increased disruptions to operations following lockdowns in most States, as a result of the severe second wave of COVID-19, which affected disbursements and also caused the Group to explore the possibilities to raise some equity capital for ASA India (see the Funding paragraph).
- Collections in Sri Lanka reduced to 38% due to the implementation of new lockdowns.
- In the Philippines collections improved significantly to 99%, as some local and regional restrictions on movement of people were partially lifted.
- Collections in Myanmar increased to 70% 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.

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

	Gross OLP (in USDm)			Non-overdue loans			PAR>30		
	Apr/21	May/21	Jun/21	Apr/21	May/21	Jun/21	Apr/21	May/21	Jun/21
India (total)	177	167	155	70.0%	47.3%	57.5%	24.3%	27.8%	31.4%
Pakistan	76	76	75	96.9%	97.0%	98.4%	2.3%	1.8%	1.5%
Sri Lanka	9	9	8	89.0%	36.3%	62.7%	6.0%	7.7%	12.1%
Philippines	54	54	55	75.7%	76.8%	76.6%	21.7%	20.8%	20.0%
Myanmar	26	24	24	48.8%	58.2%	64.7%	3.1%	0.9%	0.7%
Ghana	47	46	46	99.4%	99.3%	99.2%	0.3%	0.3%	0.3%
Nigeria	34	32	33	91.3%	90.5%	90.8%	5.3%	5.3%	5.1%
Sierra Leone	5	6	6	91.9%	92.2%	93.5%	4.6%	4.5%	4.3%
Kenya	16	17	17	86.0%	86.9%	87.6%	13.0%	12.1%	11.4%
Uganda	9	9	9	84.9%	87.4%	69.7%	14.9%	12.4%	12.7%
Tanzania	25	27	28	97.9%	98.1%	98.1%	1.9%	1.7%	1.6%
Rwanda	3	3	3	87.4%	89.0%	89.5%	9.7%	8.9%	8.4%
Zambia	<u>1</u>	<u>1</u>	<u>1</u>	<u>98.6%</u>	<u>98.4%</u>	<u>98.9%</u>	<u>1.4%</u>	<u>0.7%</u>	<u>1.1%</u>
<b>Group</b>	<b>482</b>	<b>470</b>	<b>459</b>	<b>81.1%</b>	<b>73.1%</b>	<b>78.0%</b>	<b>13.3%</b>	<b>14.0%</b>	<b>14.8%</b>

	PAR>90			PAR>180		
	Apr/21	May/21	Jun/21	Apr/21	May/21	Jun/21
India (total)	18.4%	21.9%	21.8%	8.4%	12.5%	17.1%
Pakistan	2.1%	1.7%	1.3%	1.8%	1.4%	1.1%
Sri Lanka	3.6%	4.0%	4.0%	3.0%	3.1%	2.8%
Philippines	19.1%	20.1%	19.4%	2.2%	2.5%	2.6%
Myanmar	2.3%	0.6%	0.5%	1.7%	0.3%	0.2%
Ghana	0.3%	0.3%	0.2%	0.3%	0.2%	0.2%
Nigeria	3.9%	3.7%	3.4%	3.1%	2.8%	2.3%
Sierra Leone	3.2%	3.2%	3.2%	1.9%	1.8%	1.7%
Kenya	12.7%	11.8%	11.1%	11.5%	11.3%	10.8%
Uganda	14.9%	12.4%	12.6%	7.3%	10.1%	12.1%
Tanzania	1.7%	1.6%	1.5%	1.5%	1.4%	1.3%
Rwanda	7.8%	7.1%	7.1%	5.0%	5.4%	5.6%
Zambia	<u>1.3%</u>	<u>0.4%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>0.2%</u>	<u>0.8%</u>
<b>Group</b>	<b>10.6%</b>	<b>11.6%</b>	<b>11.1%</b>	<b>4.6%</b>	<b>6.0%</b>	<b>7.3%</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 for the Group increased to 14.8%, primarily due to the decreased collections in India and following restructuring of loans for clients by offering moratoriums to clients impacted by the recent lockdowns.
- Credit exposure of the India off-book BC portfolio of USD 38.7m is capped at 5%. The included off-book DA portfolio of USD 2.3m has no credit exposure.

## Disbursements vs collections of loans until 30 June 2021<sup>(5)</sup>

Countries	Jan/21	Feb/21	Mar/21	Apr/21	May/21	Jun/21
India	90%	104%	131%	71%	3%	5%
Pakistan	97%	99%	99%	102%	89% <sup>(6)</sup>	102%
Sri Lanka	95%	116%	92%	43%	17%	0%
The Philippines	113%	101%	96%	88%	91%	88%
Myanmar	144%	55%	71%	30%	76%	87%
Ghana	94%	112%	118%	99%	91% <sup>(6)</sup>	99%
Nigeria	68%	105%	109%	109%	108%	109%
Sierra Leone	89%	109%	110%	95%	101%	118%
Kenya	97%	113%	107%	100%	100%	93%
Uganda	46%	99%	99%	105%	99%	53%
Tanzania	78%	97%	102%	107%	109%	96%
Rwanda	60%	73%	86%	95%	106%	81%
Zambia	137%	140%	115%	107%	142%	170%

<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, Sri Lanka and Uganda, due to amongst others the lockdowns.

## Development of Clients and Outstanding Loan Portfolio until 30 June 2021

Countries	<u>Clients (in thousands)</u>			<u>Delta</u>		<u>Gross OLP (in USDm)</u>			<u>Delta</u>		
	<u>Jun/20</u>	<u>May/21</u>	<u>Jun/21</u>	<u>Jun/20- Jun/21</u>	<u>May/21 - Jun/21</u>	<u>Jun/20</u>	<u>May/21</u>	<u>Jun/21</u>	<u>Jun/20- Jun/21</u> USD	<u>Jun/20- Jun/21</u> CC <sup>(7)</sup>	<u>May/21 - Jun/21</u> USD
India	727	735	721	-1%	-2%	171	167	155	-9%	-11%	-7%
Pakistan	409	462	468	14%	1%	54	76	75	39%	31%	-1%
Sri Lanka	56	56	54	-2%	-3%	9	9	8	-4%	3%	-3%
The Philippines	308	331	335	9%	1%	48	54	55	15%	13%	1%
Myanmar	140	120	119	-15%	-1%	30	24	24	-20%	-5%	0%
Ghana	134	158	157	17%	-1%	34	46	46	36%	38%	-2%
Nigeria	225	253	251	12%	-1%	24	32	33	38%	46%	3%
Sierra Leone	30	40	40	31%	0%	3	6	6	93%	103%	5%
Kenya	78	109	113	44%	3%	12	17	17	35%	37%	1%
Uganda	96	86	85	-11%	-1%	9	9	9	-5%	-10%	-9%
Tanzania	104	141	147	42%	4%	15	27	28	82%	82%	3%
Rwanda	20	18	17	-13%	-2%	3	3	3	9%	13%	0%
Zambia	<u>3</u>	<u>9</u>	<u>10</u>	182%	10%	<u>0</u>	<u>1</u>	<u>1</u>	246%	332%	21%
<b>Total</b>	<b>2,332</b>	<b>2,518</b>	<b>2,517</b>	<b>8%</b>	<b>0%</b>	<b>412</b>	<b>470</b>	<b>459</b>	<b>11%</b>	<b>12%</b>	<b>-2.5%</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 mainly in India, Gross OLP decreased 2.5% to USD 459m in June 2021 compared to the previous month.

## Selected moratoriums<sup>(8)</sup> on loan repayments until 30 June 2021

<u>Countries</u>	<u>Clients under moratorium (in thousands)</u>			<u>As % of</u>
	<u>Apr/21</u>	<u>May/21</u>	<u>Jun/21</u>	<u>Total clients</u>
India	0	0	226	31%
Pakistan	0	0	0	0%
Sri Lanka	1	0	11	20%
The Philippines	0	0	0	0%
Myanmar	60	56	0	0%
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>61</b>	<b>56</b>	<b>237</b>	<b>9.4%</b>

<u>Countries</u>	<u>Moratorium amounts (USD thousands)</u>				<u>June moratoriums as % of OLP</u>	<u>As % of total moratoriums</u>
	<u>Apr/21</u>	<u>May/21</u>	<u>Jun/21</u>	<u>Total since Mar/20</u>		
India	0	0	48,201	63,018	31%	55%
Pakistan	0	0	0	0	0%	0%
Sri Lanka	16	0	134	2,168	2%	2%
The Philippines	0	0	0	26,404	0%	23%
Myanmar	1,315	1,290	0	12,354	0%	11%
Ghana	0	0	0	0	0%	0%
Nigeria	0	0	0	957	0%	1%
Sierra Leone	0	0	0	50	0%	0%
Kenya	0	0	0	4,830	0%	4%
Uganda	0	0	0	4,857	0%	4%
Tanzania	0	0	0	266	0%	0%
Rwanda	0	0	0	578	0%	1%
Zambia	0	0	0	0	0%	0%
<b>Total</b>	<b>1,331</b>	<b>1,290</b>	<b>48,334</b>	<b>115,482</b>	<b>10.5%</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 relate primarily to approximately 30% of the clients in India, who were offered to benefit from the one-time debt restructuring scheme established by the RBI. See [RBI COVID-19 Restructuring Guidelines](#).
- Moratoriums granted in Sri Lanka were due to disruption in operations following national lockdowns.
- The moratorium amount across the Group was USD 48.3m, which represents 10.5% of the Group's Gross OLP.

## Key events in June 2021

- In India, RBI released a [Consultative Document on Regulation of Microfinance](#) on 14 June 2021. RBI proposes a harmonisation of regulations for all entities operating in the microfinance sector. If adopted, the new regulations would create the same operating environment for NBFC-MFIs, Small Finance Banks, NBFC and Universal Banks operating in the microfinance sector. The Consultative Document proposes amongst others the removal of existing caps for NBFC-MFIs on the number of total lenders (two NBFC-MFIs, three in total), ticket sizes, tenures, and loan pricing (10% margin cap), which were up until now only applicable to NBFC-MFIs.

Please note that, while the Company's operational performance appears to gradually normalize in most countries except for India and Sri Lanka, 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.

ASA International Group plc

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