OUR STRATEGY

Sustainable growth

The Group's objective is to increase financial inclusion whilst delivering sustainable growth and returns for shareholders.

The growth strategy of the Group is based on the following strategic pillars:

1. **Expansion strategy**: growing its loan portfolio and expanding the Company's geographic footprint. By further building organically upon its greenfield strategy, and by diversifying into more markets, the Group strengthens its risk profile.
2. **Funding strategy**: aligning the growth in assets and liabilities and reducing the cost of funds by becoming fully regulated, deposit-taking institutions in all markets.
3. **Digital strategy**: enhancing its digital platform and staying competitive by being at the forefront of any digital finance initiatives.

For a feature about our digital services in Kenya, see pages 36 to 37

To mitigate the impact of COVID-19, the Company focused on its clients, delivering operational efficiency and cost savings across the business, as well as preserving cash. Simultaneously, contingency plans were adjusted across all regions.

The Group's priorities to address the impact of COVID-19 in 2021:

- Strengthening client interaction by (smart) phone or other digital devices, collecting through the group leader where possible, increasing digital collections, switching from weekly to bi-weekly or monthly collection where appropriate.
- Staying in close contact with its lenders.
- Continuing with its community projects, where possible, with a focus on disaster relief efforts, in support of its clients.

Read more on pages 13, 18 and 19

STRATEGIC PILLARS	2020 PROGRESS
Grow loan portfolio • Increase the number of clients per branch in existing branches • Gradually increase the loan size per client in existing branches	• The number of branches across the Company increased by 4% from 1,895 to 1,965 enabling to reach 2.4 million clients. The number of clients per branch decreased to 1,212. The net outstanding loan portfolio decreased 11% to USD 415.3m. The Gross OLP/Client increased from USD 186 to USD 187.
Expanding geographic footprint • Open new branches in existing countries of operation • Gradual expansion of geographical footprint in new countries	• 70 new branches began operations in existing countries. • Due to COVID-19 the Company has not commenced operations in new countries.

Link to risk
1 Regulatory risk
2 Credit risk
3 Liquidity risk
4 Exchange rate/currency risk
5 Growth risk
6 Information and technology risk
7 Human resources risk
8 Competition risk
9 Interest rate risk
10 Social and environmental risk
11 Reputational risk

2021 PRIORITIES	LONGER-TERM FOCUS	KPIs	LINK TO RISK
• In all countries, the Company continues to focus on the health and safety of its staff and clients and further adjust field operating procedures if and when new disruptions occur. • A high-quality portfolio is the Group's highest priority. The Company remains cautious and is focused on reducing the amount of overdue loans. In the month of April of 2021, Moratoriums on loan repayments were granted to clients and amounted to 0.3% of the Group's Gross OLP. The Company will continue to provide moratoriums only in those countries where clients are unable to repay their loans due to measures such as restrictions instituted by governments. These moratoriums are treated as a 'payment holiday'. • In a number of existing operating countries, the Group continues growing the branch network, client base and loan portfolio (per client) at a sustainable rate, making sure that clients continue to be able to repay their loans and branch staff can manage client and loan portfolio growth without impacting negatively the quality of the loan portfolio.	• The Group plans to continue growing its client base and loan portfolio in existing countries as well as in new countries.	**77.6%** **CLIENT RETENTION** 2019: 75% 2018: 73% **0.89m** **NEW CLIENTS** 2019: 1.7m 2018: 1.5m **USD 187** **AVERAGE GROSS LOAN PER CLIENT** 2019: USD 186 2018: USD 174	1 2 3 4 5 6 7 8 9 10 11
• The Company will look at new markets, however due to COVID-19, the focus in the short term is on fully restoring the current businesses.	• The Group expects to continue expanding their branch network, in existing countries as well as exploring opportunities in new countries.	**70** **NEW BRANCHES** 2019: 230 2018: 278	1 2 3 4 5 6 7 8 9 10 11

OUR STRATEGY CONTINUED
SUSTAINABLE GROWTH CONTINUED

STRATEGIC PILLARS	2020 PROGRESS
Align growth in assets and liabilities • Grow the deposit base of the Company's microfinance institutions to provide an alternative, stable, low-cost source of funding by securing deposit-taking licences in certain existing geographies	• Myanmar received a full deposit-taking licence in February 2020, which allowed the Company to collect voluntary savings. • In January 2020, the Company received a no objection certificate from the State Bank of Pakistan to transform into a microfinance bank, subject to meeting various conditions. In 2020 the Company progressed with fulfilling the conditions in order to receive the licence. • ASA Tanzania started the process with the central bank to upgrade the licence to a deposit-taking MFI.
Enhance digital platform • Proactive adoption and development of digital financial services and other technology offerings, to improve customer service and to increase client retention and productivity • Competitive advantage of direct client connection (high-touch model) combined with digital penetration, which increases collection capability and allows for a better balance of affordability and profitability • Utilise strong IT platform as a potential enabler for further growth; be at the forefront of any digital finance initiatives; leverage increasing smartphone/internet penetration within the customer base	• AMBS real-time implementation completed in all countries, gradually introducing doorstep banking and other digital financial services.

Link to risk

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2021 PRIORITIES	LONGER-TERM FOCUS	KPIs	LINK TO RISK
• Pakistan expects to complete its transformation into a microfinance bank before the end of June 2021. • Securing a deposit-taking MFI licence in Tanzania. • Continue to explore similar options in operating countries in East Africa.	• To become fully embedded in the local financial community in each of The Group's operating countries by, if possible, securing and operating central bank-regulated, deposit-taking financial institutions.	**USD 415.3m** **NET OLP** 2019: USD 467.4m 2018: USD 378.5m **USD 80.2m** **GROSS DEPOSITS** 2019: USD 78.1m 2018: USD 63.9m **USD 337.6m** **TOTAL DEBT** 2019: USD 317.8m 2018: USD 277.1m	1 2 3 4 5 6 7 8 9 10 11
• Progress with the finalisation of the integrated financial consolidation package for the Group. • Completing various IT projects including asset management system, internal audit management system and continuing to improve and build IT infrastructure to meet Information Security Management System as per ISO 27001 standard and strengthening business continuity plan at the country level. • Preparing for the roll out of digital financial services, including loans, current and savings accounts, and payment services, but also offering B2B solutions for its core banking functions, in view of complete digitisation of existing processes.	• The Company will pilot its digital financial services in at least two markets in view of offering a client app in all markets as soon as smartphones and internet connections are available to its clients. • The Group aims to enhance the application of the ASA Model with a state-of-the-art IT backbone that delivers first-class digital services. This results, amongst others, in increasingly cashless transactions and access to client information anytime, anywhere. The Company aims to introduce digital financial services based on local demand with the objective to further improve the efficiency and quality of its services, seize new market opportunities and further empower operating staff.		