



LEADERSHIP IN GLOBAL MICROFINANCE

ASA International Group plc
UK Private Wealth Virtual Investor Meetings
1 & 2 July 2021

Dirk Brouwer
Chief Executive Officer



Our investment proposition

ASA International is one of the world's largest international microfinance institutions providing socially responsible loans to low-income female entrepreneurs across Asia and Africa

Socially responsible lender committed to financial inclusion

- ▶ Av. USD 300 disbursement for **6-12 months loans** against **market based interest rates**
- ▶ **Collateral free loans** and moratoriums in case of emergency situations (e.g. COVID-19). Where it is customary and allowed, a security deposit is taken
- ▶ Group selection **without joint-liability**
- ▶ Loans for **income generating purpose** only and a thorough client selection process prevents over-leveraging of clients
- ▶ **Full repayment** via instalments before qualifying for new loans / repeat loan cycles have set limits
- ▶ Field staff is **not incentivised** by bonuses

Experienced management team executes proprietary ASA Model

- ▶ MT members on average have **20 years of experience** in microfinance and many Country Heads are former ASA NGO-MFI (Bangladesh) staff
- ▶ The ASA Model is **low-cost, decentralised, scalable and easy to replicate** in existing and new markets, adjusted for local application
- ▶ **Proprietary, in-house AMBS** supports scalability and provides the platform for introduction of digital financial services
- ▶ **Field staff is trained inhouse**
- ▶ **3 lines of defence** risk management framework

Emerging market exposure and superior credit methodology

- ▶ Addressable market of **~338m potential clients** in existing countries, of which ~120,8m borrow from informal sources²
- ▶ Embedded growth across the branch network. **~ 31% of branches < 3 years old**
- ▶ **RoA -0.2%¹** and **PAR>30 dpd 13.1%²**
- ▶ **Twelve** out of thirteen microfinance institutions have a **licence**, five of which **deposit-taking licences**
- ▶ Diversified risk profile across **13 high-growth markets** in Asia and Sub-Saharan Africa
- ▶ Managing credit risk through **'high-touch' model** and **14 day** client selection and assessment

Strong commitment to financial inclusion and socioeconomic progress



Attractive returns, with a diversified and managed risk profile

Note: (1) Return on assets (ROA) is calculated by dividing the net profit after tax by the average of total asset. ROA is displayed as a percentage.; (2) PAR>30 is the percentage of gross on-book OLP that have one or more instalment repayments of principal past due for more than 30 days, but less than 365 days, divided by total outstanding on-book gross loan portfolio. Credit exposure of the India off-book BC portfolio is capped at 5% of the outstanding portfolio amount. The off-book DA portfolio has no credit exposure.

Enhancing economic activities in communities

Clients achieve healthy weekly returns

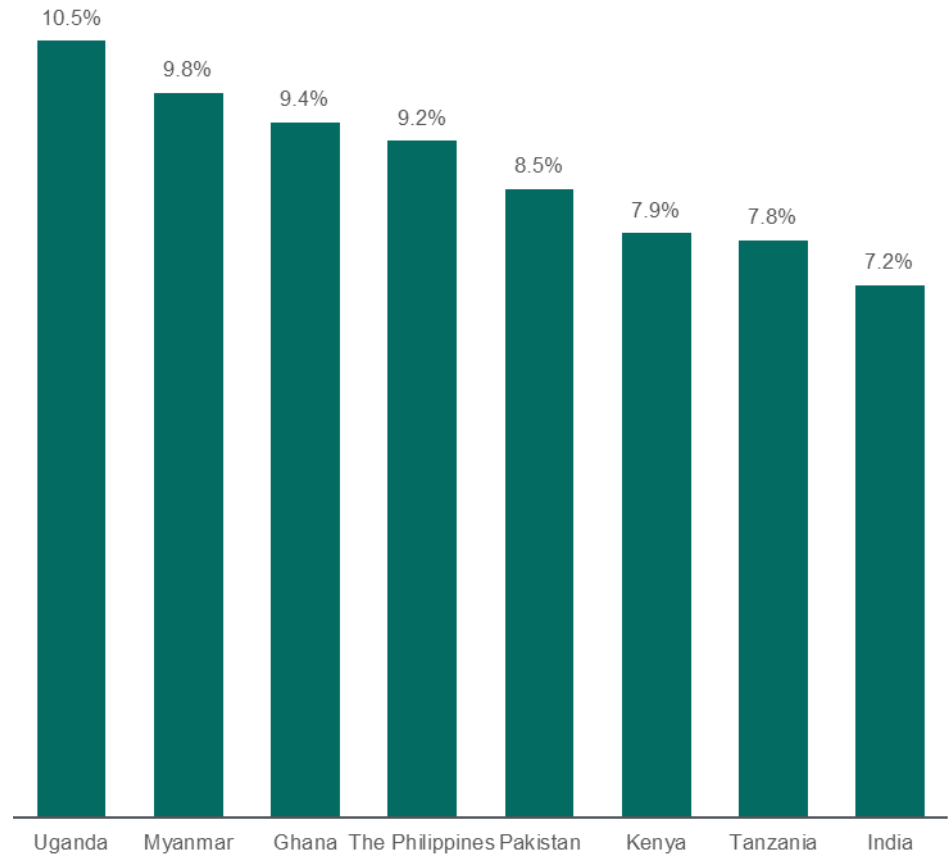


Virtuous cycle of wealth creation



Positive impact on the community

Clients' weekly return on capital¹



Source: ASA International Client Economic Yield Survey Report 2018-19.

Note: (1) Calculated as average weekly income / average working capital for a self-reported sample of about 1% of ASA International's total clients on their 3rd loan cycle or above.

Our community branch model...

The branch is the centre of the Group's ecosystem

Target ~1,600¹ clients per branch with ~12km radius and 20,000 target demographic

Lending to individual micro-entrepreneurs with loan disbursement in branch

Branch activity strictly monitored by area and regional manager, with on & off-site supervision, fraud & misappropriation unit and internal audit

Decentralised model allowing for cost efficiency, quick decision making and replicability

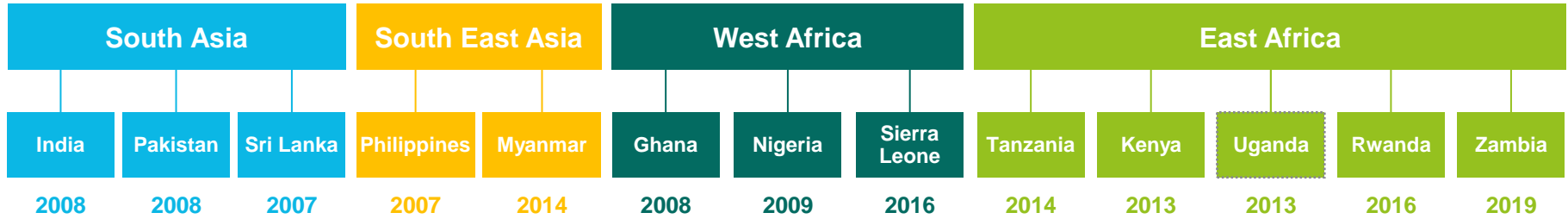
Primary loans comprise the majority of the outstanding loan portfolio (>90%), with small business / SME loans as the remainder²

Decentralised, scalable, standardised and low-cost

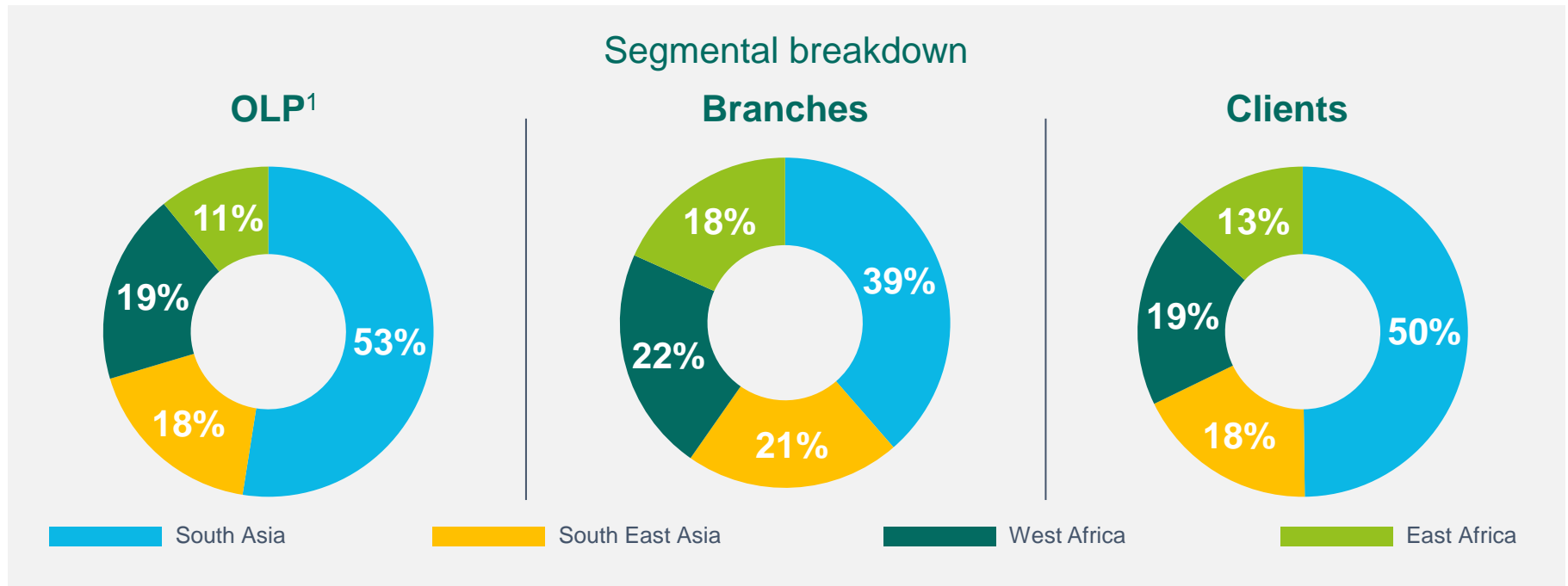


Note: (1) Generally higher in India and Pakistan; (2) Based on ASA International audited management data as at 31-Dec-2020.

...has been rolled out internationally



Segmental breakdown



Note: (1) Excludes interest receivable and the unamortized loan processing fee and includes off-book Business Correspondence loans and Direct Assignment loans.

Our clients and branches

Same ASA Model for similar clients across 13 markets in Asia and Africa



Our clients



Our branches

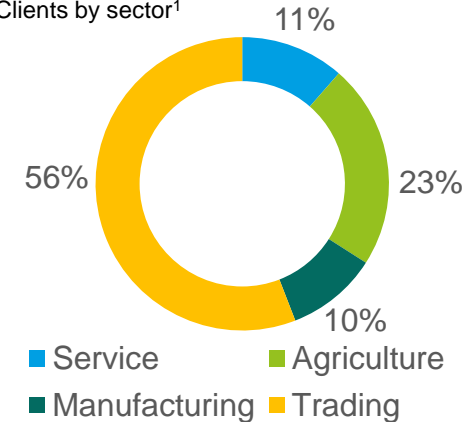


Typical client profile

- ▶ Female
- ▶ Income broadly around US\$3.20 per day
- ▶ Strong social ties with local community
- ▶ Predominantly urban / semi-urban
- ▶ Similar enterprises in services, trading, manufacturing, agriculture

Similarity in borrower activities

Clients by sector¹

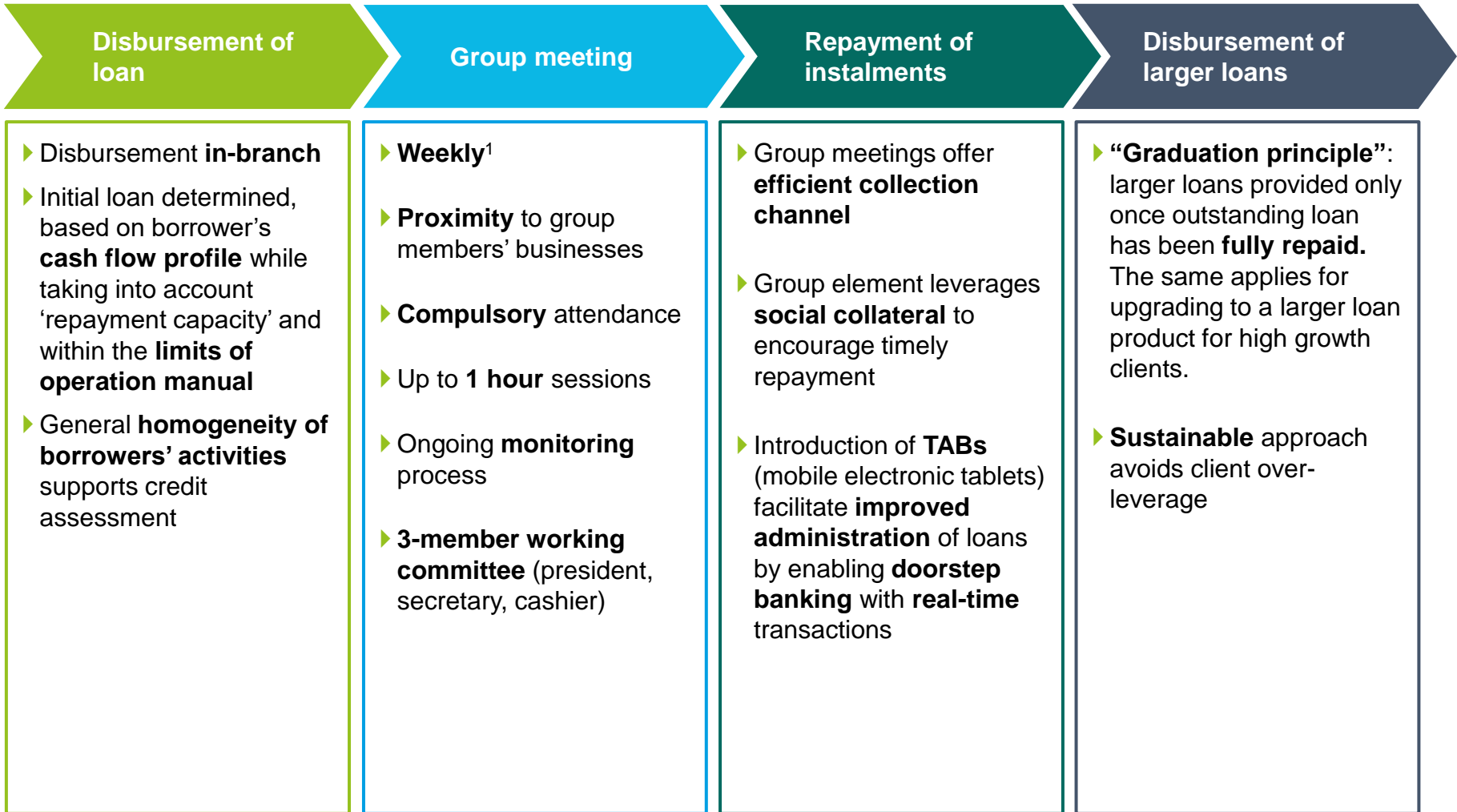


Service: restaurants, hairdressers, tailors, etc.
Trading: selling and trading shops (e.g. groceries)

Source: ASA International Client Economic Yield Survey Report 2018-19 (clients by sector)

Notes: (1) Based on the results of a survey conducted by ASA International on a sample of 12,226 clients in 2018-19 across India, Pakistan, Sri Lanka, Philippines, Myanmar, Nigeria, Ghana, Sierra Leone, Kenya, Tanzania, Uganda, Rwanda, and Zambia. Sample composed of 1% of active borrowers in their 3rd loan cycle or above.

Loan disbursement and collection



Note: (1) Monthly collection in Pakistan and bi-weekly in Myanmar for ASA International as per local market practice.

Product portfolio

Loans, deposits and insurance products



		Loans		Deposits		
		Primary	Small Business / SME	Security ¹	Savings	Insurance ²
South Asia	India	✓ ³	✓			✓
	Pakistan ⁴	✓	✓			
	Sri Lanka	✓	✓	✓		✓
South East Asia	The Philippines	✓	✓	✓		✓
	Myanmar	✓	✓	✓	✓	
West Africa	Nigeria	✓	✓	✓	✓	
	Ghana	✓	✓	✓	✓	
	Sierra Leone	✓	✓	✓		
East Africa	Tanzania	✓	✓	✓		✓
	Uganda	✓	✓	✓		✓
	Kenya	✓	✓	✓		✓
	Rwanda	✓	✓	✓	✓	✓
	Zambia	✓				

Primary Loans: Smaller businesses within the low income target group; usually trading and service oriented businesses
Small Business / SME Loans: A larger enterprise with employees; may be production oriented with a fixed place of business

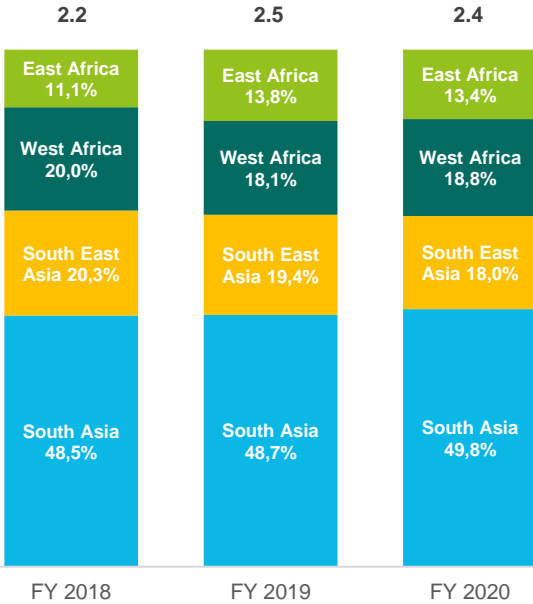
Source: ASA International unaudited management data as at 31- Dec-20.

Notes: (1) All clients must also have an additional guarantor, in addition to any security deposits; (2) Loan insurance offered in India, Philippines, Kenya and Uganda; Death risk premium offered in Philippines, Ghana and Tanzania; Contributions to loan disaster fund in Sri Lanka; (3) Business Correspondent loans in India predominantly classified as Primary loans; (4) On 3 January 2020, ASA Pakistan received a no-objection certificate by the State Bank of Pakistan for transforming ASA Pakistan (non-deposit taking) into ASA Microfinance Bank (MFB).

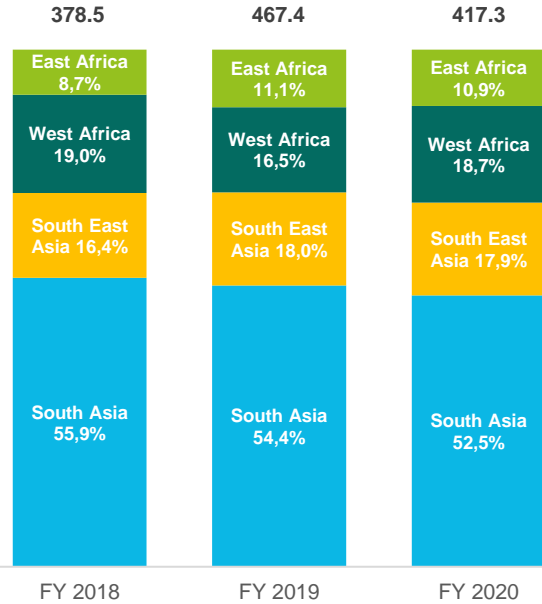
Our diversified portfolio



CLIENTS (m)



OLP¹ (USD m)



South Asia

% Loans	RoAA
52.5%	-1.7%

South East Asia

% Loans	RoAA
17.9%	-2.7%

West Africa

% Loans	RoAA
18.7%	13.2%

East Africa

% Loans	RoAA
10.9%	1.8%

Mitigating operational and financial risks

Regulatory risk

Political risk

Credit risk

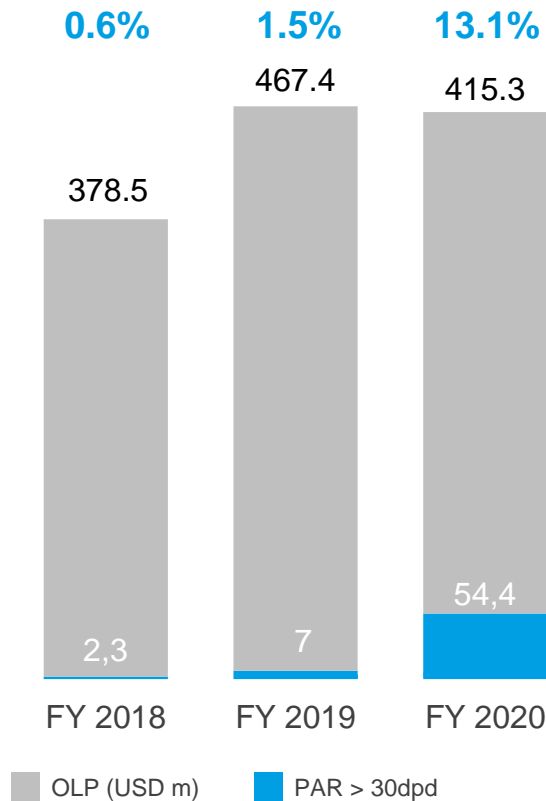
Currency risk

Funding risk

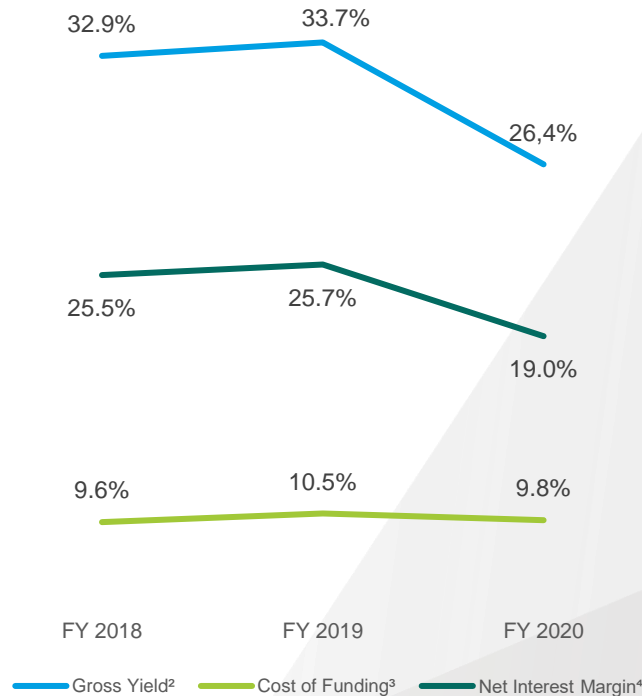
Note: (1) Excludes interest receivable and the unamortized loan processing fee and includes off-book Business Correspondence loans and Direct Assignment loans.

Asset quality & margin development

OLP AND PAR > 30DPD¹



GROSS YIELD, COST OF FUNDING AND NET INTEREST MARGIN

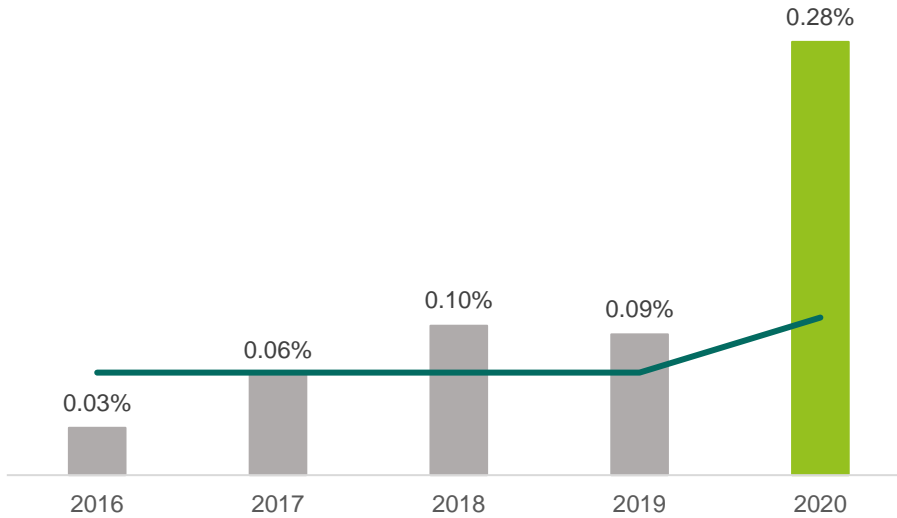


- ▶ Loan portfolio quality decreases with PAR>30 increased to 13.1%.
- ▶ Net interest margin and gross yield decline due to payment holidays provided during lockdowns, moratoriums, increased overdue, modification loss on interest income, and the increase of cash balance.
- ▶ Decrease in cost of funding since 2019 as benchmark interest rates declined in 2020.

Notes: (1) Days past due; PAR >30dpd calculated as a proportion of gross customer loans; (2) Calculated as interest income / average interest earning assets (cash + due from banks + net customer loans); (3) Calculated as interest expense (less lease liabilities) / average interest bearing liabilities (debt + customer deposits); (4) Calculated as net interest income / average interest earning assets.

Low historic write-offs

Write-offs¹



► Average write-offs ratios: 0.10%

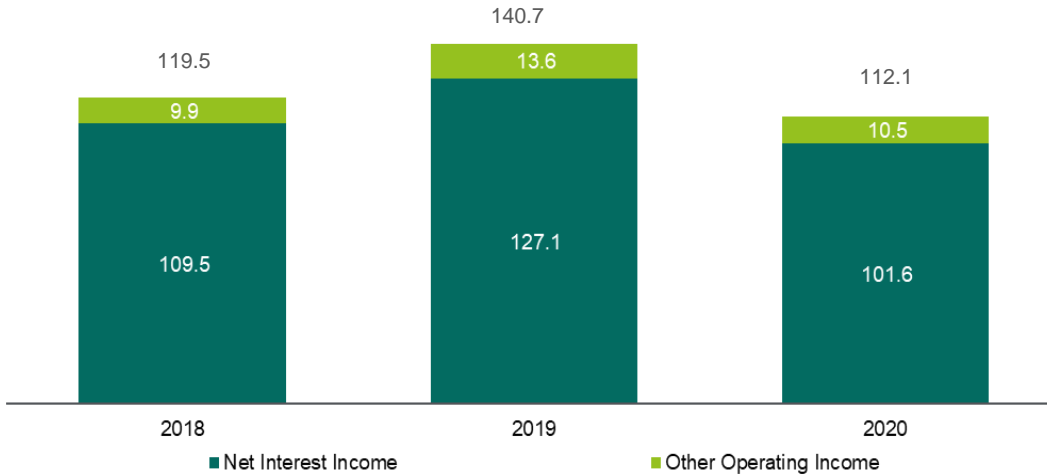
Disciplined and binary provision policy



Notes: (1) Calculated as total write-offs / loans disbursed; (2) Not past due; (3) 0.28% standard provision in FY 2020 in accordance with IFRS9; (4) Dpd: days past due.

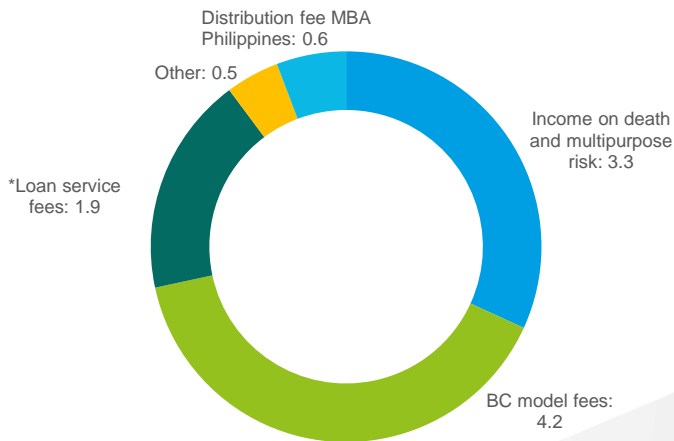
Robust revenue generation

Breakdown of operating income (USD m)



- ▶ Operating model is a low-cost and scalable business model, which provides scope to grow revenues as branch network matures.

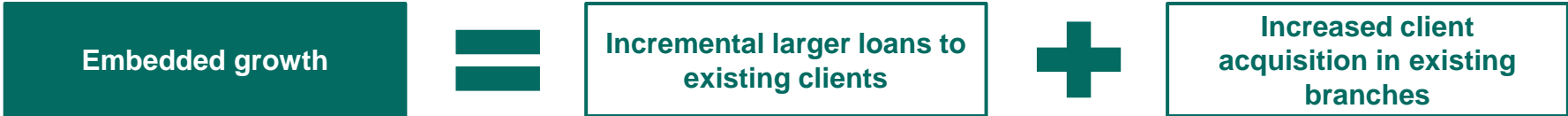
Split of other operating income (USD m)



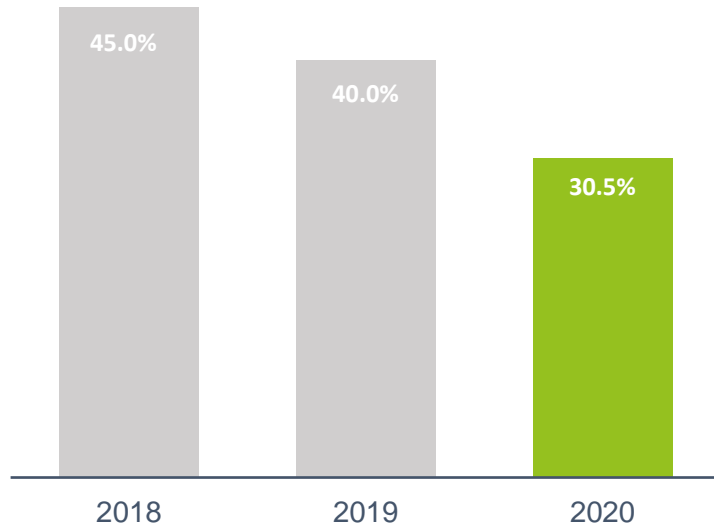
- ▶ Total other operating income: USD 10.5 million

*Loan service fees = member's admission fees, document fees and proceeds from passbooks

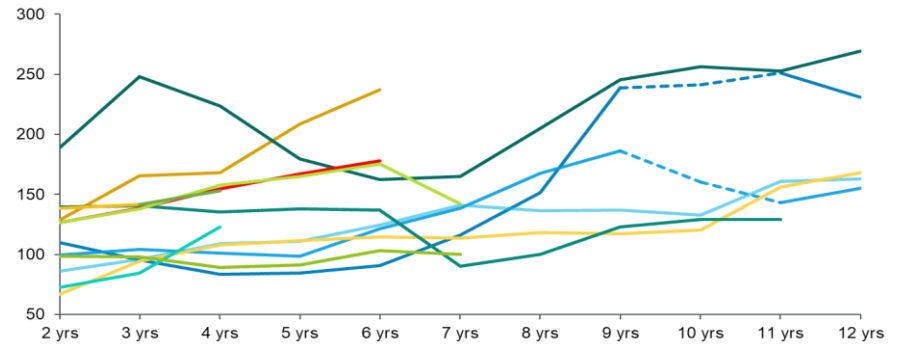
Embedded growth potential in existing network... with ~31% of branches less than three years old



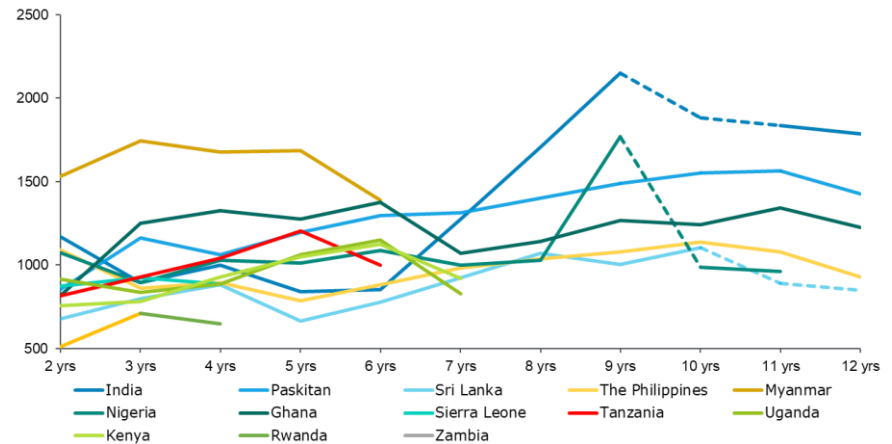
**Branch maturity across the group:
% of branches < 3 years old**



Gross OLP per Client



Number of Clients per Branch



Source: ASA International Annual report data as at 31-Dec-20

...with a large addressable market

Massive market opportunity of ~338.1m prospects



- ▶ ~338.1m prospects in existing operating countries, with ~120.8m currently borrowing from informal sources
- ▶ Significant breadth of opportunity which ASA International is well-placed to capture
- ▶ Room for significant upside growth through increased market penetration

<i>Amounts in million</i>		Working age population (15+)¹	Financial institution	Informal Sources	Non-borrowers	Total	Existing customers²
ASIA	India	1019.7	17.3	73.1	122.8	213.2	0.7
	Pakistan	144.0	0.6	8.6	15.4	24.6	0.4
	The Philippines	76.7	1.1	4.8	4.1	9.9	0.3
	Myanmar	40.5	0.6	0.8	1.8	3.2	0.1
	Sri Lanka	16.7	0.2	0.2	0.6	1.0	0.1
	Total	1296.9	19.8	87.4	144.8	251.9	1.6
AFRICA	Nigeria	116.5	2.2	14.1	24.8	41.1	0.3
	Tanzania	33.7	0.7	4.7	7.7	13.1	0.1
	Kenya	33.0	2.1	5.0	4.0	11.1	0.1
	Uganda	24.7	1.3	4.6	3.0	8.9	0.1
	Ghana	19.5	0.3	0.8	1.7	2.9	0.2
	Rwanda	7.8	0.3	1.9	1.1	3.2	0.0
	Sierra Leone	4.8	0.1	0.8	0.9	1.8	0.0
	Zambia	10.3	0.4	1.5	2.0	4.0	0.0
Total	250.4	7.4	33.4	45.3	86.1	0.8	
TOTAL	1547.2	27.2	120.8	190.1	338.1	2.4	
Reference	Bangladesh	120.6	2.9	8.7	20.0	31.7	

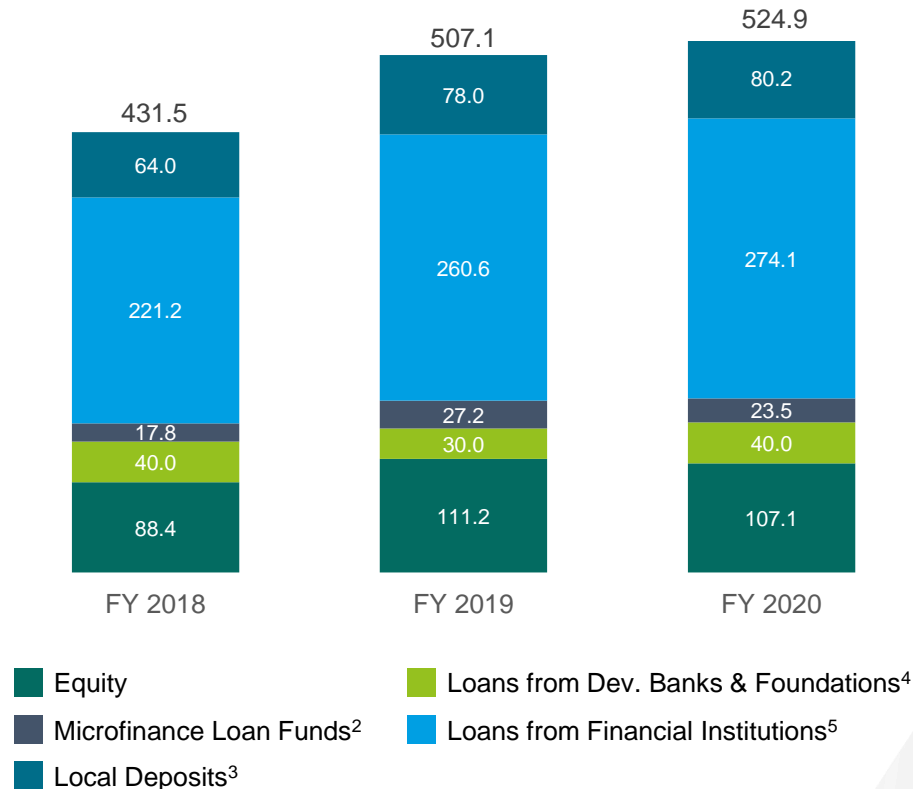
Source: ASA International annual report as at 31-Dec-20; World Bank Database.

Notes: Addressable market is defined as the total adult women population with earnings below US\$3.20 (2011 PPP) per day (as per World Bank low middle income poverty line); (1) Calculated by applying % of population with income <US\$3.20 per day to number of women above 15 years old; (2) ASA International number of clients includes clients of Business Correspondence models. ASA International has an additional number of non-borrowing clients (such as savers in Ghana) who make small deposits prior to receipt of a loan.

Strong funding profile with disciplined ALM



FUNDING BREAKDOWN¹ (USD m)



- ▶ 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 4 – 24 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.
- ▶ Some subsidiaries were unable to fulfil some ratios as required in the contracts for credit lines amounting to USD 172.7 million. Almost all lenders provided waivers for these breaches of covenant clauses, with the exception of USD 14.5m pending waiver confirmations.
- ▶ The lenders have not requested any early repayment of the loans as of date.

* Most USD loans from international lenders that are lent onwards to subsidiaries are hedged in local currency

Notes:(1) Excludes interest payable; (2) MIVs comprised of Blue Orchard, Symbiotics, and Oikocredit loans; (3) Includes security collateral and restricted security deposits in the Philippines; (4) Comprised of OPIC (2019 and 2020 FY), Belgian Investment Company for Developing Countries (2019 and 2020 FY), and Austrian Investment Company for Developing Countries (2020 FY) loans; (5) Comprised of term loans from MIVs, banks and financial institutions at the subsidiary level, and funding from on book BC partners for ASAI India; (6) Deposit-taking licenses already in force in Ghana, Myanmar, Nigeria and Rwanda

Our growth strategy

is based on three pillars



GROW LOAN PORTFOLIO AND EXPAND GEOGRAPHIC FOOTPRINT

Increase financial inclusion through **sustainable growth of loan portfolio**

Increase number of **clients per branch**

Gradually increase volume of **loans per client**

Open **new branches** in existing countries of operation

Gradual **expansion of geographical footprint** in **new countries**



ALIGN GROWTH IN ASSETS AND LIABILITIES

Secure **deposit-taking licenses** which provides a stable low cost of funding



ENHANCE DIGITAL PLATFORM

Leverage our **proprietary real-time banking platform** for digital financial services

Provide higher quality, client friendly and **affordable** services at **lower cost**

Stay alert and timely adopt **digital finance innovations**

- ▶ In 2021, the Company expects the operating environment to remain challenging in many countries.
- ▶ Assuming that the disruption caused by COVID 19 reduces through the rest of the year, the Group's operating and financial performance should improve meaningfully in 2021 compared with 2020, with the extent of that improvement depending in particular on developments in India.
- ▶ It is expected that in 2022 the Group's operational and financial performance will begin to normalise, subject to the unpredictable course of the pandemic.

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