Press release

ASA International Group plc reports H1 2021 results

Amsterdam, The Netherlands, 21 September 2021 - ASA International Group plc, ('ASA International', the 'Company' or the 'Group'), one of the world's largest international microfinance institutions, today announces its half-year results for the six-month period from 1 January to 30 June 2021.

Key performance indicators

(UNAUDITED) (Amounts in USD millions)	H1 2021	FY2020	H1 2020	FY 2019	YoY % Change	YTD % Change	YTD % Change (constant currency)
Number of clients (m)	2.5	2.4	2.3	2.5	*7%*	*5%*	
Number of branches	2,036	1,965	1,956	1,895	*4%*	*4%*	
Profit before tax	7.5	2.6	-2.5	54.3	*400%*	*192%*	*167%*
Net profit[1]	1.4	-1.4	-1.5	34.5	*197%*	*203%*	*170%*
OLP[2]	415.0	415.3	388.6	467.4	*7%*	*-0.1%*	*2%*
Gross OLP	456.9	445.3	411.7	471.4	*11%*	*3%*	*5%*
PAR > 30 days[3]	*12.3%*	*13.1%*	*3.0%*	*1.5%*			

[1] Net profit was substantially reduced by the provision of deferred taxes for future dividend payments by some of the Company's operating subsidiaries and the non-deductibility of part of the Group expenses.
[1] Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, excludes interest receivable, unamortized loan processing fees, and deducts modification losses and ECL provisions from Gross OLP.
[2] PAR>30 is the percentage of on-book OLP that has one or more instalment of repayment of principal past due for more than 30 days and less than 365 days, divided by the Gross OLP.

H1 2021 Highlights

- The Company's operational and financial performance substantially improved with pre-tax profit increasing to USD 7.5m in H1 2021 from USD 2.6m in FY 2020.
- The recovery of our operations was led by strong operational and financial performance in Ghana, Pakistan and Tanzania, which delivered substantial OLP growth, PAR>30 of less than 2%, and substantially increased profitability.
- Our operations in the Philippines, Nigeria and Kenya also made significant positive contributions to the Group's net profitability.
- The challenging circumstances in India caused the Company to make an additional ECL expense of USD 15.3m (H1 2020: USD 3.8m) and a USD 6.8m ECL expense in all other countries than India (H1 2020: USD 4.5m), which reduced pre-tax profitability accordingly.
- Following the end of the recent lockdowns in our operating countries (Sri Lanka, India, the Philippines, Myanmar and Uganda), the Group granted certain clients a temporary

moratorium of the payment of one or more loan instalments (which, in effect, extended the related loans for the moratorium period), which peaked at USD 48.3m in June 2021 with 237K clients, mainly in India, benefiting from the moratorium.
- PAR>30 decreased from 13.1% to 12.3% (after the restructuring of loans outstanding of approx. 30% of clients in India) by the end of June 2021.
- As of 30 June 2021, the Group had approximately USD 108m of unrestricted cash and cash equivalents, with a funding pipeline reaching approximately USD 163m.
- The Group successfully raised USD 117m in fresh debt to fund its operations.

Outlook

The Company expects the operating environment to remain challenging in many countries for the second half of 2021 as vaccination rates have remained relatively low and only recently began to improve in various countries, especially India. Assuming that the disruption caused by Covid-19 reduces during the second-half of the year, the Group's operating and financial performance is expected to further improve in the second half of 2021 compared with 2020, but with performance largely dependent on developments in India. We expect that in 2022 the Group's operational and financial performance should further improve, subject to the unpredictable course of the pandemic.

Dirk Brouwer, Chief Executive Officer of ASA International, commented:

"While the operational environment remains challenging, we are pleased that in the first half of 2021 we have seen positive developments in terms of portfolio quality, growth and profitability in some of our major operating countries. While the course of the pandemic remains unpredictable as we recently witnessed caused by the Delta variant of Covid-19 in India, Sri Lanka, Myanmar and to a lesser extent the Philippines, we are hopeful that with increased vaccination the operating environment for our clients continues to improve in all our operating markets.

In some of our major markets, such as Ghana, Pakistan and Tanzania we already witnessed strong growth, relatively high profitability combined with a solid portfolio quality. Some of our other established subsidiaries, such as Nigeria and the Philippines, also substantially increased their operational performance and profitability in the first half of 2021. The major challenge we currently face is how to improve the quality of our loan portfolio in India. Our field staff In India, actively supported by our senior management, continue to work very hard to gradually recover these overdue loans. We are grateful for the continued and consistent financial support we received from almost all our lenders in India and are pleased with the resilience shown by our clients who make such efforts to rebuild their businesses and service their loans, and, of course, our staff who leave no stone unturned to encourage our clients to continue servicing their loans."

CHIEF EXECUTIVE OFFICER'S REVIEW

Business Review H1 2021

The Company's operational and financial performance substantially improved in markets such as Pakistan, Ghana, and Tanzania, which delivered substantial OLP growth and better portfolio quality. However, operations in India, Philippines, Sri Lanka, Myanmar and Uganda were affected by the highly infectious Delta variant of Covid-19 and the associated disruption this caused to our clients' businesses.

In India, Myanmar and Uganda, we remained focused on the collection of outstanding loan installments rather than the disbursement of new loans. In India, moratoriums were granted to approximately 30% of ASA India's clients under the recent one-time debt restructuring scheme of the Reserve Bank of India. As at 30 June 2021, we have made provisions for expected credit losses of USD 28m in India, which represents 18% of our OLP in India. However, in Pakistan, Ghana, Nigeria, Tanzania and Kenya, the Group gradually and carefully started to increase its loan disbursements as demand from clients remained high. This resulted in a 3% increase of the gross outstanding loan portfolio at a Group level, from USD 445.3m by year-end 2020 to USD 456.9m as of 30 June 2021. Gross OLP per Client decreased from USD 187 to USD 182.

After halting branch openings during most of 2020, the number of branches increased from 1,965 at FY 2020 to 2,036 (+4%), mainly in Tanzania and Pakistan. The number of clients has returned to 2.5m, up from 2.4m (+5%) and the number of clients per branch increased from 1,212 to 1,231.

To anticipate a future with increasingly cashless transactions and broaden its digital offerings to clients, the Group continued with the development of a digital financial services ('DFS') platform and is on track to launch a pilot in Ghana by the middle of 2022, and, if successful and upon Central Bank approval, this will be followed by the launch of a range of digital financial services to all clients in Ghana during the second-half of 2022.

The Group maintained a minimum foreign currency mismatch, and benefited from the shorter duration of assets vis-à-vis liabilities, which enabled us to draw some liquidity from the field at the height of the second wave of the Covid-19 infections.

Compared to 2019 and 2020, operating currencies remained relatively stable vis-à-vis the US dollar, with the exceptions of Sri Lanka, Myanmar, Nigeria, and Zambia which have seen significant depreciation of their currencies.

ECL provision

During H1 2021 the Company increased its provision for expected credit losses ('ECL') from USD 27.5m to USD 43.4m for the combined OLP including the off-book BC portfolio. USD 4.1m was also written-off from the loan portfolio in H1 2021 from the FY 2020 ECL provision. The related ECL expense amounted to USD 22.1m in H1 2021 compared to USD 8.3m in H1 2020. This increase mainly relates to a movement of OLP to higher arrears bands and a resulting increase in the Stage 3 population – focused in certain territories. These movements were captured via the management overlay which was put in place for the 31 December 2020 year-end to respond to the additional risk raised by Covid-19. Management has applied its previous experiences from natural calamities and other disruptive events like the Andhra Pradesh crisis and demonetisation in India, as well as the current developments in each of its operating companies, to determine the assumptions for the ECL calculation. The USD 43.4m ECL provision is concentrated in India (64%) and the Philippines (14%), with the remainder spread more evenly across the other countries as percentage of each countries outstanding loan portfolio or as aggregate amount. Following the removal or relaxation of restrictions in certain countries, collections only gradually improved as regional restrictions continued in the Philippines, India and Sri Lanka. The assumptions for the ECL provision include significant uncertainty. As such, the resulting outcome of losses on the loan portfolio may be materially different. Further details on the ECL calculation are provided in note 2.3.1 of the Interim Financial Report.

Dividend

Due to the impact of Covid-19 on the Group's financial performance H1 2021, and the continued uncertainty, the Company will keep its dividend policy under review until next year.

Management appointment post 30 June 2021

The Group appointed Karin Kersten as Corporate Development Director as of 1 October 2021. Karin will strengthen the Group's management team and joins the Company from ABN AMRO Bank, where she had a distinguished career and most recently was Managing Director Trade & Commodity Finance.

Webcast and Conference call

Management will be hosting an audio webcast and conference call, with Q&A today at 14:00 (BST).

To access the audio webcast and download the 2021 H1 results presentation, please go to the Investor section of the Company's website: Investors | Asa (asa-international.com).

or use the following link: https://webcasting.brrmedia.co.uk/broadcast/613f40d278fd89639eae0fa8

The presentation can be downloaded before the start of the webcast.
In order to ask questions, analysts and investors are invited to submit questions via the webcast or dial into the conference call. Please use the dial-in details below. For dial-in from other locations, please contact Investor Relations.

You will be asked to provide the following information:

Confirmation code: 1433485

Title of the conference: ASA International Half-year Results 2021

Speaker name: Dirk Brouwer

Location	Phone Number
United Kingdom	+44 (0)330 336 9434
United States	+1 929-477-0324 +1 323-794-2093
Netherlands	+31 (0)20 703 8259
South Africa	+27 11 844 6054
India	+91 11 6310 0156 +91 22 6310 0143
Singapore	+65 6320 9075

2021 Interim Financial Report

Today, the Company published the Interim Financial Report for the 6 months period ended 30 June 2021 on Investors | Asa (asa-international.com).

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GROUP FINANCIAL PERFORMANCE

(UNAUDITED) **(Amounts in USD millions)**	**H1 2021**	**FY2020**	**H1 2020**	**FY 2019**	**YoY % Change**	**YTD % Change**	**YTD % Change (constant currency)**
Profit before tax	7,522	2,578	-2,509	54,336	*400%*	*192%*	*167%*
Net profit	1,442	-1,395	-1,487	34,497	*197%*	*203%*	*170%*
Cost/income ratio	*85%*	*98%*	*108%*	*60%*			
Return on average assets (TTM)(1)	*0.5%*	*-0.2%*	*-0.5%*	*6.7%*			
Return on average equity (TTM)(1)	*2.8%*	*-1.3%*	*-2.8%*	*34.5%*			
Earnings growth (TTM)(1)	*197%*	*-104%*	*-109%*	*6%*			
OLP	415,009	415,304	388,649	467,429	*7%*	*-0.1%*	*2%*
Gross OLP	456,925	445,257	411,697	471,420	*11%*	*3%*	*5%*
Total assets	585,300	579,260	530,984	559,958	*10%*	*1%*	
Client deposits (2)	86,922	80,174	74,488	78,080	*17%*	*8%*	
Interest-bearing debt (2)	334,565	337,632	301,094	317,810	*11%*	*-1%*	
Share capital and reserves	105,020	107,073	104,131	111,169	*1%*	*-2%*	
Number of clients	2,506,110	2,380,685	2,331,563	2,534,015	*7%*	*5%*	
Number of branches	2,036	1,965	1,956	1,895	*4%*	*4%*	
Average Gross OLP per client (USD)	182	187	177	186	*3%*	*-3%*	*-0.2%*
PAR > 30 days	*12.3%*	*13.1%*	*3.0%*	*1.5%*			
Client deposits as % of loan portfolio	*21%*	*19%*	*19%*	*17%*			

(1) TTM refers to trailing twelve months.
(2) Excludes interest payable.

Regional performance

South Asia

(UNAUDITED) (Amounts in USD millions)	H1 2021	FY2020	H1 2020	FY 2019	YoY % Change	YTD % Change	YTD % Change (constant currency)
Profit before tax	-8,187	-5,537	-179	20,020	*-4481%*	*-48%*	*-52%*
Net profit	-6,414	-4,360	594	14,098	*-1179%*	*-47%*	*-51%*
Cost/income ratio	*335%*	*134%*	*99%*	*50%*			
Return on average assets (TTM)	*-5.5%*	*-1.7%*	*0.5%*	*6.1%*			
Return on average equity (TTM)	*-24.4%*	*-7.8%*	*2.0%*	*26.6%*			
Earnings growth (TTM)	*-1180%*	*-131%*	*-92%*	*-5%*			
OLP	207,362	217,843	226,401	254,361	*-8%*	*-5%*	*-4%*
Gross OLP	237,031	238,738	234,139	256,578	*1%*	*-1%*	*0.2%*
Total assets	232,999	253,360	229,747	252,034	*1%*	*-8%*	
Client deposits	2,588	2,610	2,363	2,082	*10%*	*-1%*	
Interest-bearing debt	170,556	183,756	159,136	177,257	*7%*	*-7%*	
Share capital and reserves	47,277	53,232	57,777	58,703	*-18%*	*-11%*	
Number of clients	1,231,989	1,185,656	1,191,888	1,234,638	*3%*	*4%*	
Number of branches	788	758	766	751	*3%*	*4%*	
Average Gross OLP per client (USD)	192	201	196	208	*-2%*	*-4%*	*-4%*
PAR > 30 days	*17.4%*	*21.3%*	*3.6%*	*2.0%*			
Client deposits as % of loan portfolio	*1%*	*1%*	*1%*	*1%*			

- Pakistan continued to grow its OLP while maintaining a strong portfolio quality since the end of 2020.
- Due to the second wave of infections of Covid-19 and associated lockdowns, operations were substantially disrupted in India and Sri Lanka.
- A shrinking OLP along with increased provisions for expected credit losses in India as well as currency depreciation in Sri Lanka (LKR down 8% YTD against USD) led to South Asia's USD net loss widening to USD 6.4m.

India

ASA India shrank its operations over the past six months:

- Number of clients down from 714k to 710k (down 1% YTD)
- Number of branches up from 400 to 409 (up 2% YTD)
- OLP declined from INR 7.3bn (USD 101m) to INR 6.5bn (USD 87m) (down 12% YTD *in INR*)
- Off-book portfolio declined from INR 3.4bn (USD 46.4m) to INR 3.0bn (USD 39.1m) (down 14% *in INR*). This now includes INR 178.3m (USD 2.4m) of the portfolio transferred under a direct assignment (DA) agreement to State Bank of India
- Gross OLP/Client down from INR 17K to INR 16K (down 5% YTD *in INR*)
- PAR>30 decreased from 31.9% to 28.6%
- USD 48m in moratoriums granted to 226k clients whose loans were restructured in line with RBI guidelines

Pakistan

ASA Pakistan grew its operations over the past six months:

- Number of clients increased from 416k to 468k (up 12% YTD)
- Number of branches up from 292 to 313 (up 7% YTD)
- OLP up from PKR 10.0bn (USD 62.5m) to PKR 11.7bn (USD 73.7m) (up 16% in *PKR*)
- Gross OLP/Client up from PKR 24.8K (USD 155) to PKR 25.5K (USD 161) (up 3% YTD in *PKR)*
- PAR>30 decreased from 4.0% to 1.5%
- No moratoriums granted to clients

Sri Lanka

Lak Jaya continued to feel the negative impact of Covid-19 over the past 6 months:

- Number of clients down from 56k to 54k (down 3% YTD)
- Number of branches remained at 66
- OLP down from LKR 1.6n (USD 8.4m) to LKR 1.5bn (USD 7.3m) (down 7% YTD in *LKR*)
- Gross OLP/Client up from LKR 30.2K (USD 163) to LKR 30.6K (USD 153) (up 1% YTD in *LKR*)
- PAR>30 increased from 7.6% to 12.2%
- Up to USD 413k in moratoriums granted to 26k clients

South East Asia

(UNAUDITED) (Amounts in USD millions)	H1 2021	FY2020	H1 2020	FY 2019	YoY % Change	YTD % Change	YTD % Change (constant currency)
Profit before tax	950	-4,348	-6,424	7,511	*115%*	*122%*	*116%*
Net profit	1,452	-3,366	-3,969	5,349	*137%*	*143%*	*137%*
Cost/income ratio	*92%*	*135%*	*464%*	*74%*			
Return on average assets (TTM)	*2.5%*	*-2.7%*	*-6.7%*	*4.8%*			
Return on average equity (TTM)	*14.7%*	*-16.1%*	*-38.3%*	*29.1%*			
Earnings growth (TTM)	*137%*	*-163%*	*-274%*	*38%*			
OLP	71,279	74,214	68,847	84,205	*4%*	*-4%*	*4%*
Gross OLP	79,037	80,832	77,714	84,886	*2%*	*-2%*	*6%*
Total assets	120,013	119,152	111,870	125,750	*7%*	*1%*	
Client deposits	24,572	24,000	23,726	22,995	*4%*	*2%*	
Interest-bearing debt	66,656	66,412	59,140	72,419	*13%*	*0.4%*	
Share capital and reserves	19,454	20,259	19,964	21,453	*-3%*	*-4%*	
Number of clients	455,197	428,645	448,707	491,813	*1%*	*6%*	
Number of branches	422	415	416	405	*1%*	*2%*	
Average Gross OLP per client (USD)	174	189	173	173	*0.3%*	*-8%*	*-0.2%*
PAR > 30 days	*14.1%*	*4.1%*	*1.8%*	*1.0%*			
Client deposits as % of loan portfolio	*34%*	*32%*	*34%*	*27%*			

- Philippines improved its collection efficiency and returned towards growth of its OLP, although its low portfolio quality required a significant ECL provision.
- In Myanmar, client and OLP growth stalled due in large part to disruptions brought on by civil unrest and Covid-19.

The Philippines

Pagasa Philippines operations grew over the last 6 months despite the impact from COVID-19:

- Number of clients up from 299k to 336k (up 12% YTD)
- Number of branches up from 322 to 326 (up 1% YTD)
- OLP up from PHP 2.2bn (USD 45.3m) to PHP 2.4bn (USD 49.3m) (up 11% YTD in *PHP*)
- Gross OLP/Client decreased from PHP 8.1K (USD 168) to PHP 8.0K (USD 164) (down 1*%* YTD in *PHP)*
- PAR>30 increased from 6.4% to 19.9% following a reduction of the amounts of moratoriums granted
- Up to USD 36k in moratoriums granted to 1.6k clients

Myanmar

ASA Myanmar saw a decline in clients and OLP over the trailing six months:

- Number of clients down from 129k to 119k (down 8% YTD)
- Number of branches increased from 93 to 96 (up 3% YTD)
- OLP down from to MMK 38.4bn (USD 28.9m) to MMK 36.1bn (USD 21.9m) (down 6% YTD *in MMK*)
- Gross OLP/Client up from MMK 316K (USD 237) to MMK 332K (USD 202) (up 5*%* YTD *in MMK*)
- PAR>30 increased from 0.5% to 0.7%
- Up to USD 5.1m in moratoriums granted to 235k clients

West Africa

(UNAUDITED) (Amounts in USD millions)	H1 2021	FY2020	H1 2020	FY 2019	YoY % Change	YTD % Change	YTD % Change (constant currency)
Profit before tax	15,859	19,268	7,375	23,113	*115%*	*-18%*	*-18%*
Net profit	10,826	13,443	5,297	15,935	*104%*	*-19%*	*-20%*
Cost/income ratio	*39%*	*49%*	*55%*	*45%*			
Return on average assets (TTM)	*20.0%*	*13.2%*	*11.2%*	*17.3%*			
Return on average equity (TTM)	*45.5%*	*31.1%*	*28.5%*	*45.7%*			
Earnings growth (TTM)	*104%*	*-16%*	*-25%*	*-6%*			
OLP	81,905	77,835	56,647	77,200	*45%*	*5%*	*8%*
Gross OLP	84,007	79,499	60,237	78,078	*39%*	*6%*	*9%*
Total assets	122,729	107,748	93,962	95,240	*31%*	*14%*	
Client deposits	43,506	39,788	34,809	38,195	*25%*	*9%*	
Interest-bearing debt	9,427	10,255	11,212	11,919	*-16%*	*-8%*	
Share capital and reserves	58,204	49,033	37,003	37,452	*57%*	*19%*	
Number of clients	446,727	447,122	389,453	459,022	*15%*	*-0.1%*	
Number of branches	440	433	431	423	*2%*	*2%*	
Average Gross OLP per client (USD)	188	178	155	170	*22%*	*6%*	*9%*
PAR > 30 days	*2.4%*	*2.7%*	*3.1%*	*1.5%*			
Client deposits as % of loan portfolio	*53%*	*51%*	*61%*	*49%*			

- West Africa's operational and financial performance continued to improve despite the market environment still being challenging due to Covid-19.
- A depreciation of NGN (7% down against USD in H1 2021) impacted profitability and OLP growth in USD terms.

Ghana

ASA Savings & Loans operations improved with OLP above pre-Covid levels with excellent portfolio quality:

- Number of clients down from 158k to 156k (down 1% YTD)
- Number of branches up from 129 to 133 (up 3% YTD)
- OLP up from GHS 248.3m (USD 42.3m) to GHS 267.5 m (USD 45.6m) (up 8% YTD in *GHS*)
- Gross OLP/Client up to GHS 1.7k (USD 293) (up 9% YTD in *GHS*)
- PAR>30 decreased from 0.4% to 0.3%
- No moratoriums granted to clients

Nigeria

ASA Nigeria saw an improvement of operations with OLP also above pre-COVID levels in NGN:

- Number of clients down from 253k to 251k (down 1% YTD)
- Number of branches maintained at 263
- OLP up from NGN 12.0bn (USD 31.2m) to NGN 12.7bn (USD 30.8m) (up 5% YTD *in NGN*)
- Gross OLP/Client up from NGN 50k (USD 129) to NGN 53k (USD 129) (up 8% YTD *in NGN*)
- PAR>30 decreased from 5.5% to 5.0%
- No moratoriums granted to clients

Sierra Leone

ASA Sierra Leone continued to successfully expand with client, branch and OLP growth:

- Number of clients up from 36k to 40k (up 9% YTD)
- Number of branches up from 41 to 44 (up 7% YTD)
- OLP up from SLL 43.6bn (USD 4.3m) to SLL 57.1bn (USD 5.6m) (up 31% YTD *in SLL*)
- Gross OLP/Client up from SLL 1.2m (USD 123) to SLL 1.5m (USD 146) (up 20% YTD *in SLL*)
- PAR>30 declined from 4.4% to 4.3%
- No moratoriums granted to clients

East Africa

(UNAUDITED) (Amounts in USD millions)	H1 2021	FY2020	H1 2020	FY 2019	YoY % Change	YTD % Change	YTD % Change (constant currency)
Profit before tax	2,293	1,652	234	8,785	*881%*	*39%*	*39%*
Net profit	1,414	1,069	333	6,160	*324%*	*32%*	*32%*
Cost/income ratio	*79%*	*90%*	*97%*	*62%*			
Return on average assets (TTM)	*4.4%*	*1.8%*	*1.2%*	*12.6%*			
Return on average equity (TTM)	*17.6%*	*6.7%*	*4.3%*	*51.0%*			
Earnings growth (TTM)	*325%*	*-83%*	*-87%*	*69%*			
OLP	54,464	45,413	36,753	51,664	*48%*	*20%*	*19%*
Gross OLP	56,850	46,188	39,607	51,878	*44%*	*23%*	*22%*
Total assets	73,954	59,802	55,856	59,356	*32%*	*24%*	
Client deposits	16,256	13,776	13,591	14,808	*20%*	*18%*	
Interest-bearing debt	36,917	26,292	24,245	25,835	*52%*	*40%*	
Share capital and reserves	16,728	16,313	15,408	15,476	*9%*	*3%*	
Number of clients	372,197	319,262	301,515	348,542	*23%*	*17%*	
Number of branches	386	359	343	316	*13%*	*8%*	
Average Gross OLP per client (USD)	153	145	131	149	*16%*	*6%*	*5%*
PAR > 30 days	*6.5%*	*13.2%*	*1.7%*	*0.6%*			
Client deposits as % of loan portfolio	*30%*	*30%*	*37%*	*29%*			

- East Africa saw an improvement in operational performance and profitability due to continued growth in Tanzania and improvements in the operating environment in Kenya and Rwanda.
- Uganda operations declined in the first of half of 2021 due to the return of national and regional lockdowns.

Kenya

ASA Kenya expanded its operations over the six-month period:

- Number of clients up from 92k to 112k (up 22% YTD) and above pre-Covid-19 levels
- Number of branches up from 100 to 105 (up 5% YTD)
- OLP up from KES 1.4bn (USD 12.7m) to KES 1.7bn (USD 15.7m) (up 22% YTD in KES)
- Gross OLP/Client up from KES 15K (USD 142) to KES 16K (USD 150) (up 4% YTD in KES)
- PAR>30 decreased from 21.9% to 11.4%
- No moratoriums granted to clients

Uganda

ASA Uganda saw a contraction in operations over the last six months following further lockdowns due to Covid-19 infections:

- Number of clients up from 81k to 85k (up 5% YTD)
- Number of branches up from 98 to 103 (up 5% YTD)
- OLP down from UGX 29.3bn (USD 8.0m) to UGX 28.0bn (USD 7.9m) (down 4% YTD in *UGX)*
- Gross OLP/Client down from UGX 366K (USD 100) to UGX 357K (USD 100) (down 2% YTD in UGX)
- PAR>30 decreased from 29.1% to 12.7%
- No moratoriums granted to clients

Tanzania

ASA Tanzania managed to significantly expand its operations over the last six months:

- Number of clients up from 121k to 147k (up 22% YTD)
- Number of branches up from 121 to 135 (up 12% YTD)
- OLP up from TZS 49.6bn (USD 21.4m) to TZS 63.3bn (USD 27.3m) (up 28% YTD in TZS)
- Gross OLP/Client up from TZS 413k (USD 178) to TZS 436k (USD 188) (up 6% YTD in TZS)
- PAR>30 decreased from 2.5% to 1.6%
- No moratoriums granted to clients

Rwanda

ASA Rwanda saw an increase in OLP despite having fewer clients over the last six months:

- Number of clients declined from 19k to 17k (down 11% YTD)
- Number of branches maintained at 30
- OLP down from RWF 2.9bn (USD 2.9m) to RWF 2.8bn (USD 2.8m) (down 4% YTD in *RWF*)
- Gross OLP/Client up from RWF 151K (USD 153) to RWF 167K (USD 170) (up 11% YTD in RWF)
- PAR>30 decreased from 10.1% to 8.4%
- No moratoriums granted to clients

Zambia

ASA Zambia managed to expand its operations:

- Number of clients increased from 5k to reach 10k
- Number of branches increased from 10 to 13
- OLP up from ZMW 7.9m (USD 372k) to ZMW 18.6m (USD 823k)
- Gross OLP/Client up from ZMW 1.6k (USD 76) to ZMW 1.9k (USD 86)
- PAR>30 declined to 1.1%
- No moratoriums granted to clients

Regulatory environment

The Company operates in a wide range of jurisdictions each with their own regulatory regimes applicable to microfinance institutions.

Key events 2021

India

- In June, RBI proposed new uniform regulations for all lenders in microfinance, including banks, which had fewer restrictions so far compared to Non-Banking Financial Company Microfinance Institutions ('NBFC-MFIs').
- In August, ASA India and other MFIs signed the 'Assam Microfinance Incentive and Relief Scheme 2021', a Memorandum of Understanding with the government of the State of Assam, with the objective to give incentives and relief to borrowers, who availed small loans from different MFIs in Assam. The specific objectives of the Scheme are as follows:
    - providing relief to stressed borrowers to encourage and help them to regularise their repayments;
    - providing partial/full relief from repaying loans to destitute borrowers with no capacity to repay; and
    - incentivizing borrowers for making regular repayments and maintaining good credit discipline.

Pakistan

- State Bank of Pakistan completed the inspection of ASA Pakistan in August. ASA Pakistan is now awaiting the final license (which may contain certain conditions to be fulfilled by ASA Pakistan to fully avail of the deposit taking license).

Sri Lanka

- The microfinance sector has not yet fully recovered from three major events that occurred during the past years, including (i) the introduction of the government backed debt relief programme for microfinance loans in drought affected districts of Sri Lanka in 2018, that eroded the repayment discipline of clients across the country, whose after-effects still persisted in 2019, (ii) the 2019 Easter Sunday bomb attack and the knock-on effect on the economy, and (iii) the spread of Covid-19 in 2020. In addition, due to overall interest rate cuts by the Government in the financial sector following the economic downturn due to Covid-19, there is concern that the interest rate cap of 35% introduced 2020 may be further reduced.
- Nationwide curfew and lockdowns were imposed from 20 August until 21 September.

The Philippines

- In the Philippines, the capital region of Manila was placed under a strict lockdown from 6 August until 20 August.

Myanmar

- Disruptions and civil unrest in Myanmar following the military's takeover of the Government in February 2021 with nationwide protests and any related governmental measures are impacting the operations.
- Public holiday declared from 17 July up to 10 September.

Ghana

- The suspension on dividends which was imposed in 2020 was removed by the Bank of Ghana in April 2021. Dividends can be declared subject to certain requirements and approval by the Bank of Ghana.

Tanzania

- ASA Tanzania received a non-deposit taking license in June 2021 and is preparing the application for a full deposit taking license.

Regulatory Capital

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 30 June 2021, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

Asset/Liability and Risk Management

ASA International has strict policies and procedures for the management of its assets and liabilities as well as various non-operational risks to ensure that:

- The average tenor of loans to customers is substantially shorter than the average tenor of debt provided by third party banks and other third-party lenders to the Group and any of its subsidiaries.
- Foreign exchange losses are minimized by having all loans to any of the Group's operating subsidiaries denominated or duly hedged in the local operating currency and all loans to any of the Group's subsidiaries denominated in local currency are hedged in US dollars.
- Foreign translation losses affecting the Group's balance sheet are minimised by preventing over-capitalisation of any of the Group's subsidiaries by distributing dividends and/or repaying capital as soon as reasonably possible.

Nevertheless, the Group will always remain exposed to currency movements in both (i) the profit & loss statement, which will be affected by the translation of profits in local currencies into USD, and (ii) the balance sheet, due to the erosion of capital of each of its operating subsidiaries in local currency when translated in USD, in case the US dollar strengthens against the currency of any of its operating subsidiaries.

Funding

The funding profile of the Group has not materially changed during H1 2021:

In USD millions

	30 Jun 21	31 Dec 20	30 Jun 20	31 Dec 19
Local Deposits	86.9	80.2	74.5	78.1
Loans from Financial Institutions	280.6	274.1	232.8	260.6
Microfinance Loan Funds	14.0	23.5	28.3	27.2
Loans from Dev. Banks & Foundations	40.0	40.0	40.0	30.0
Equity	105.0	107.1	104.1	111.2
Total Funding	**526.5**	**524.9**	**479.7**	**507.1**

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 6-12 months for the bulk of the loans.

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 did not fulfil certain covenant ratios as required in the contracts for credit lines amounting to USD 158m in H1 2021. The Group has already received waivers from its lenders against all breaches except for loans amounting to a total of USD 54m.The balance is presented in our financial statements as on demand as at 30 June 2021. However, waivers for the majority of these loans have been approved and are in the final process of documentation. No lender requested early repayment of any of the remaining loans.

The Company has also received temporary waivers, no action and/or comfort letters from most of its major lenders for the remainder of 2021 due to expected portfolio quality covenant breaches. The impact of these potential covenant breaches was further assessed in the evaluation of the Company's going concern as disclosed in note 2.1.2 of the Interim Financial Report, where the Directors have concluded that there is a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

The Group is exploring possibilities to raise some local (Indian) equity capital to strengthen the balance sheet of ASA India, in view of the increasing amount of ECL reserves in India.

Impact of foreign exchange rates

As a USD reporting company with operations in thirteen different currencies, currency movements can have a major effect on the Group's USD financial performance and reporting.

The effect of this is that (i) existing and future local currency earnings translate into less US dollar earnings, and (ii) local currency capital of any of the operating subsidiaries will translate into less US dollar capital.

Countries	H1 2021	FY 2020	H1 2020	FY 2019	*Δ H1 2020 - H1 2021*	*Δ FY 2020 - H1 2021*
India (INR)	74.3	73.0	75.3	71.3	1%	(2%)
Pakistan (PKR)	158.1	160.3	168.0	154.8	6%	1%
Sri Lanka (LKR)	199.5	185.3	186.4	181.4	(7%)	(8%)
The Philippines (PHP)	48.8	48.0	49.8	50.7	2%	(2%)
Myanmar (MMK)	1647.0	1330.7	1382.2	1487.0	(19%)	(24%)
Ghana (GHS)	5.9	5.9	5.8	5.7	(1%)	(0%)
Nigeria (NGN)	411.4	384.6	387.7	362.5	(6%)	(7%)
Sierra Leone (SLL)	10252.6	10107.0	9748.9	9782.7	(5%)	(1%)
Kenya (KES)	107.9	109.0	106.6	101.4	(1%)	1%
Uganda (UGX)	3557.5	3647.7	3733.5	3665.4	5%	2%
Tanzania (TZS)	2319.1	2317.2	2316.7	2298.0	(0%)	(0%)
Rwanda (RWF)	986.5	986.4	954.2	943.2	(3%)	(0%)
Zambia (ZMW)	22.7	21.1	18.2	14.1	(25%)	(7%)

During H1 2021, the US dollar particularly strengthened against LKR +8%, MMK +24%, NGN +7%, and ZMW +7% as a result of the impact of COVID-19 on the individual countries and global economy. This had an additional negative impact on the USD earnings contribution of these subsidiaries to the Group and also contributed to an increase in foreign exchange translation losses. The total contribution to the foreign exchange translation loss reserve during H1 2021 amounted to USD 4.0m of which USD 1.5m related to the depreciation of the NGN, and USD 2.2m to depreciation of the MMK.

Forward Looking Statement and Disclaimers

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