FY 2021 results presentation | audiocast

ASA International Group plc | 26 April 2022

Dirk Brouwer
Chief Executive Officer

Karin Kersten
Executive Director, Corporate Development

ASA INTERNATIONAL

Highlights – FY 2021

A year of recovery in most markets

Branches
+4%

OLP[1]
-3%

PAR>30 dpd[2]
5.2%

Pre-tax profits
+897%

Net profit
+556%

EPS
USD 0.09

ECL expenses
USD 38m

Cash
USD 91m

- **Improved operational and financial results** with pre-tax profit increasing from USD 2.6m in FY 2020 to USD 25.7m in FY 2021.
- The recovery from the pandemic was led by strong operational and financial performance of **ASA Savings & Loans in Ghana**, **ASA Pakistan** and **ASA Tanzania**, which delivered substantial OLP growth, PAR>30 of less than 0.5%, and substantially increased profitability.
- **The Philippines, Nigeria** and **Kenya** also made significant positive contributions to the **Group's net profitability**.
- **PAR>30 strongly improved** from 13.1% to 5.2% (after the restructuring of loans outstanding of approximately 38% of clients in India) by the end of December 2021.
- **Higher ECL expenses** due to the increased credit risk of the loan portfolio in 2021 caused by the adverse impact of Covid on the Group's clients' businesses. The Group charged USD 37.5 million (FY 2020: USD 27.2m) for expected credit losses ('ECL') into the Income Statement, of which USD 25.8 million was due to India.
- **Moratoriums** peaked at USD 48.3m in June 2021 with 237k clients, mainly in India, benefiting from the moratorium, and reduced to USD 28.7m by year-end 2021.
- **High liquidity** (USD 91m in unrestricted cash and cash equivalents at year-end 2021).

Notes: (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.

Overview key financial metrics

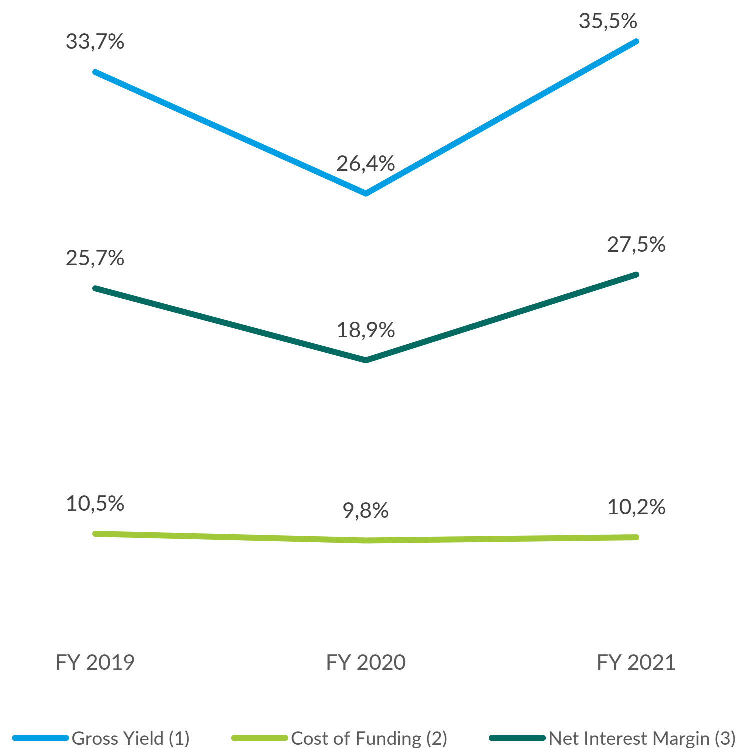
	USDm	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change cc(6)
KPIs	Number of Clients (millions)	2.4	2.4	2.5	0%	
	Number of Branches	2,044	1,965	1,895	4%	
	Average Gross OLP / client	181	187	186	-3%	3%
	PAR>30dpd (1)	5.2%	13.1%	1.5%		
	Cost / Income (TTM) (2)	77%	98%	60%		
	RoAA (TTM) (2)	1.1%	-0.2%	6.7%		
	RoAE (TTM) (2)	6.0%	-1.3%	34.5%		
Income Statement	Profit before tax	25.7	2.6	54.3	897%	890%
	Net profit (3)	6.4	-1.4	34.5	556%	523%
Balance sheet	OLP (4)	403.7	415.3	467.4	-3%	3%
	Gross OLP	430.7	445.3	471.4	-3%	3%
	Total Assets	562.6	579.3	560.0	-3%	
	Client Deposits (5)	87.8	80.2	78.1	10%	
	Interest bearing debt (5)	314.4	337.6	317.8	-7%	
	Total Equity(6)	103.4	107.1	111.2	-3%	

Notes: (1) 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; (2) TTM refers to trailing twelve months; (3) Net profit was reduced due to a conservative approach of not recognizing a deferred tax asset for the tax losses carried forward by ASA India and the IFRS requirement for the provision of deferred taxes on future dividend payments by some of the Company's operating subsidiaries; (4) 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; (5) Excludes interest payable; (6) Constant currency ('CC') implies conversion of local currency results to USD with the exchange rate from the beginning of the period; (6) Despite the positive net profit, the total equity decreased in 2021 due to the significant FX translation losses amounting to USD 11.6m in 2021.

Gross yield, cost of funding and margin development

Return to pre-pandemic levels

GROSS YIELD, COST OF FUNDING AND NET INTEREST MARGIN

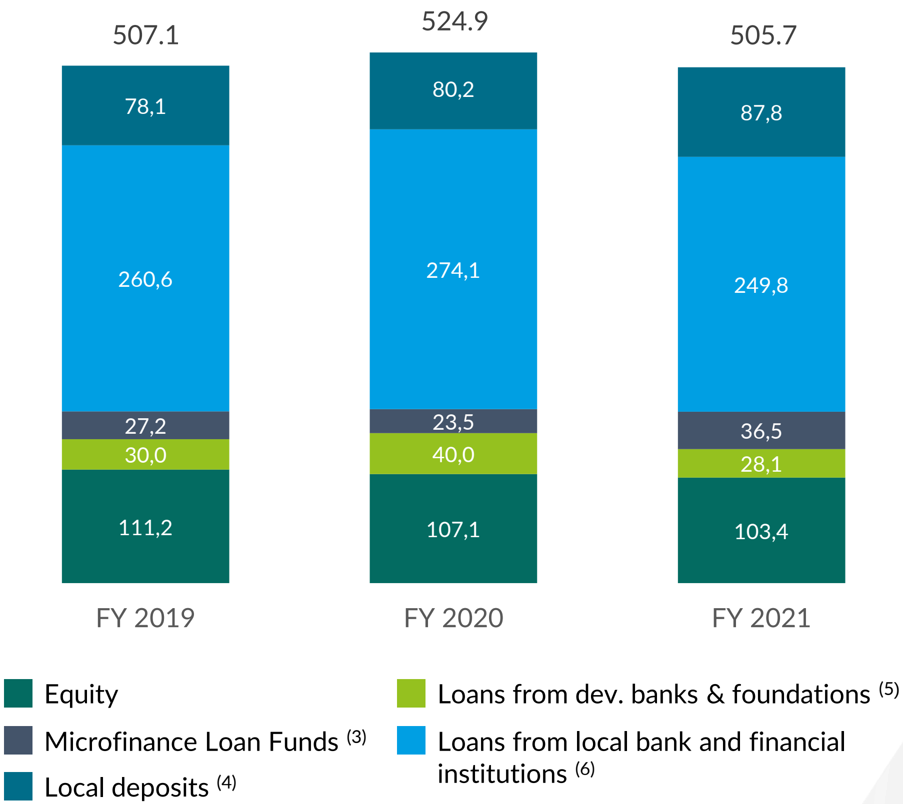


- Net interest margin and gross yield returned to pre-Covid-19 levels, due to the (i) EIR method introduced since December 2020 in most markets allowing for accrued interest during lockdowns and holidays, and (ii) increase in loan disbursements across 2021 (USD 944m vs USD 680m in 2020) with most of the disbursements attributable to operating MFIs with higher yields.

Notes: (1) Calculated as interest income / average interest earning assets (cash + due from banks + net customer loans); (2) Calculated as interest expense (less lease liabilities) / average interest bearing liabilities (debt + customer deposits); (3) Calculated as net interest income / average interest earning assets.

Strong unchanged funding profile

FUNDING BREAKDOWN[1, 2]



- The funding profile of the Group has not materially changed in FY 2021. The Group also 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 (6-12 months for the bulk of the loans).
- As of 31 December 2021, the Group had around USD 91m of unrestricted cash and cash equivalents, with a funding pipeline reaching approximately USD 192m
- The Group has credit relationships with more than 60 lenders throughout the world, which provide reliable access to competitively-priced funding for growth.
- Some subsidiaries did not fulfil certain covenant ratios amounting to USD 111m as of 31 December 2021 out of which waivers for USD 36.7m have been subsequently received. The pending waivers relate primarily to our India operations where local lenders usually provide waivers after the end of the statutory accounting period (31 March 2022).

Notes: (1) Excludes interest payable; (2) Most USD loans from international lenders that are lent onwards to subsidiaries are hedged in local currency; (3) Comprised of Blue Orchard/MIFA, Oikocredit and Symbiotics; (4) Includes security collateral and restricted security deposits; (5) Comprised of OPIC/DFC (2016), BIO (Since 2019) and OeEb; (6) Comprised of term loans from banks and financial institutions at the subsidiary level.

March 2022 business update

Collection efficiency

- Collection efficiency ('CE') increased or remained broadly stable compared to the previous month in all countries.
- CE in India improved to 81%, despite the overdue collections and moratoriums provided to clients.
- CE in India, excluding instalments due from clients receiving the one-time loan restructuring, increased to 116%.
- Most clients in India continue to make payments on their loans due.

COLLECTION EFFICIENCY[1]

Country	Collection efficiency until 31 March 2022					
	Oct/21	Nov/21	Dec/21	Jan/22	Feb/22	Mar/22
India	70%	69%	74%	76%	76%	81%
Pakistan	99%	99%	99%	99%	100%	100%
Sri Lanka	91%	92%	94%	93%	93%	94%
The Philippines	97%	97%	97%	98%	98%	99%
Myanmar	68%[2]	75%[2]	78%[2]	78%[2]	72%[2]	72%[2]
Ghana	100%	99%	99%	99%	99%	100%
Nigeria	96%	97%	96%	95%	96%	96%
Sierra Leone	93%	92%	92%	92%	92%	94%
Kenya	100%	100%	100%	99%	100%	100%
Uganda	94%	98%	100%	100%	100%	100%
Tanzania	100%	100%	100%	100%	100%	100%
Rwanda	97%	97%	97%	97%	97%	97%
Zambia	99%	99%	99%	100%	100%	98%

Notes: (1) Collection efficiency refers to actual collections from clients divided by realizable collections for the period. It is calculated as follows: the sum of actual regular collections, actual overdue collections and actual advance payments divided by the sum of realizable regular collections, actual overdue collections and actual advance payments. Under this definition collection efficiency cannot exceed 100%; (2) Collections are impacted by the ongoing lockdowns and civil unrest in some areas of our operations.

March 2022 business update

Update on India

- Adjusted collection efficiency in India, including regular and overdue collections as well as advance payments, increased to 113% as a percentage of the regular, realizable collections, including advance payments.
- This adjusted collection efficiency metric illustrates that most clients in India continue to make payments on their loans due.
- Since January 2022, the recovery of written-off loans has significantly increased with up to USD 1.1m recovered in the first 3 months of the year (USD 84k for Jan – Dec 2021) out of USD 16.7m in loans written-off between 2020 - 2021

ADJUSTED COLLECTION EFFICIENCY[1]

Country	Adjusted collection efficiency until 31 March 2022		
	Jan/22	Feb/22	Mar/22
India	100%	101%	113%

BAD DEBT RECOVERY[2]

Country	Bad debt recovery until 31 March 2022 (in USD thousands)		
	Jan/22	Feb/22	Mar/22
India (on-book)	115	467	548
India (off-book)	2	5	6
India (total)	**116**	**472**	**554**

Notes: (1) Adjusted collection efficiency equals i) regular and overdue collections as well as advance payments divided by ii) the regular, realizable collections, including advance payments; (2) Exclude interest exemption amount.

March 2022 business update (Cont'd)

Loan portfolio quality

- PAR>30 for the Group remained broadly stable in March.
- Credit exposure of the India off-book BC portfolio of USD 37.4m is capped at 5%. The included off-book DA portfolio of USD 1.6m has no credit exposure.
- Gross OLP and PAR>30 include the off-book BC and DA model in India.

LOAN PORTFOLIO QUALITY

Country	Gross OLP (in USDm)			PAR>30			PAR>30 less PAR>180		
	Jan/22	Feb/22	Mar/22	Jan/22	Feb/22	Mar/22	Jan/22	Feb/22	Mar/22
India (total)	111	107	103	*19.3%*	*17.1%*	*15.4%*	*11.1%*	*10.2%*	*9.3%*
Pakistan	81	83	83	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*	*0.2%*
Sri Lanka	8	8	6	*6.6%*	*6.9%*	*6.6%*	*3.9%*	*4.1%*	*4.0%*
The Philippines	46	47	47	*2.5%*	*2.7%*	*2.8%*	*2.0%*	*1.9%*	*1.6%*
Myanmar	21	21	21	*1.6%*	*23.3%*	*29.8%*	*1.0%*	*22.7%*	*29.3%*
Ghana	46	44	41	*0.3%*	*0.3%*	*0.3%*	*0.3%*	*0.2%*	*0.2%*
Nigeria	37	37	37	*5.4%*	*5.8%*	*6.2%*	*3.4%*	*3.6%*	*3.9%*
Sierra Leone	7	7	7	*8.7%*	*9.5%*	*9.5%*	*6.5%*	*7.1%*	*6.8%*
Kenya	17	18	18	*1.0%*	*1.1%*	*1.0%*	*0.5%*	*0.6%*	*0.5%*
Uganda	10	10	11	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*0.9%*	*0.4%*
Tanzania	36	37	38	*0.4%*	*0.4%*	*0.4%*	*0.2%*	*0.1%*	*0.2%*
Rwanda	3	3	3	*4.8%*	*5.1%*	*5.1%*	*3.0%*	*3.2%*	*3.1%*
Zambia	2	2	2	*0.8%*	*1.1%*	*1.4%*	*0.5%*	*0.8%*	*1.1%*
Group	**425**	**424**	**417**	***6.4%***	***6.8%***	***6.7%***	***3.8%***	***4.6%***	***4.6%***

Notes: (1) Gross OLP includes the off-book BC and DA model, excluding interest receivable and before deducting ECL provisions and modification loss; (2) 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 OLP including off-book loans. Loans overdue more than 365 days now comprise 3% of the Gross OLP; (3) The table "PAR>30 less PAR>180" shows the percentage of outstanding client loans with a PAR greater than 30 days, less those loans which have been fully provided for.

March 2022 business update (Cont'd)

Clients and OLP development

- Number of clients broadly stable at 2.4m. Continuing strategic focus in India on only collections and the currency depreciation in Sri Lanka and Ghana, caused a decrease in Gross OLP to USD 417m (2% lower than in February 2022 and 13% lower than in March 2021).

Country	Clients (in thousands)			Delta		Gross OLP (in USD m)			Delta		
	Mar/21	Feb/22	Mar/22	Mar/21-Mar/22	Feb/22-Mar/22	Mar/21	Feb/22	Mar/22	Mar/21-Mar/22 USD	Mar/21-Mar/22 CC[1]	Feb/22-Mar/22 USD
India	737	498	476	-35%	-4%	180	107	103	-43%	-41%	-4%
Pakistan	442	530	541	22%	2%	74	83	83	11%	33%	-1%
Sri Lanka	58	52	52	-9%	1%	9	8	6	-37%	-7%	-29%
The Philippines	319	295	299	-6%	2%	53	47	47	-11%	-5%	0%
Myanmar	131	111	112	-14%	0%	30	21	21	-28%	-9%	2%
Ghana	155	161	162	5%	1%	47	44	41	-11%	15%	-6%
Nigeria	258	245	241	-6%	-2%	33	37	37	13%	23%	0%
Sierra Leone	39	43	42	6%	-2%	5	7	7	31%	52%	2%
Kenya	102	120	123	20%	2%	15	18	18	24%	30%	4%
Uganda	83	93	95	15%	1%	8	10	11	29%	26%	5%
Tanzania	133	185	190	43%	3%	24	37	38	59%	60%	3%
Rwanda	18	18	18	-1%	-1%	3	3	3	21%	25%	3%
Zambia	7	16	16	133%	4%	0.6	2	2	253%	188%	1%
Total	**2,481**	**2,368**	**2,368**	**-5%**	**-0.01%**	**480**	**424**	**417**	**-13%**	**-3%**	**-2%**

Note: Constant currency ('CC') implies conversion of local currency results to USD with the exchange rate from the beginning of the period.

Regulatory update

Progress to become fully Central Bank regulated institutions, with the capacity to mobilise deposits

Pakistan

State Bank of Pakistan completed the inspection of ASA Pakistan in 2021. ASA Pakistan is now awaiting the final license.

India

On 14 March 2022, the RBI announced the new regulation for the microfinance sector in India, applicable to all banks and NBFC-MFIs. The Group's preliminary assessment is that this is a positive development for ASA India as it creates a level playing field in the microfinance sector. Key changes include the removal of the interest rate cap and margin cap, loans shall be collateral-free (also for banks providing microfinance loans), and lenders will be restricted to provide microfinance loans to clients up to a maximum of 50% of the client's household income.

As of 1 April 2022, ASA India offers an average interest rate of 24.5%, ranging from 23% to 27%, subject to the assessed risk of the loan.

Sri Lanka

In Sri Lanka measures have been taken including restricting loan sizes in order to prevent clients from over-borrowing due to the current economic crisis.

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 continue to impact the operations.

Tanzania and Kenya

ASA Tanzania and ASA Kenya are preparing the application for a deposit-taking licence to be submitted to the central bank in 2022.

Sustainable growth and increased financial inclusion

By growing loan portfolio, broadening services and adding digital financial services

GROW LOAN PORTFOLIO THROUGH BRANCH NETWORK	Increase number of clients per branch	Increase loan volume per client	Open new branches in existing countries	Greenfield branches in new countries
ADD DIGITAL SERVICES, INTEGRATED WITH BRANCH MODEL	Digitise processes: loan applications, on-boarding, customer care, client group communication	Offer digital financial services: online loans, accounts, payments, deposits	Offer other services to support the growth of clients' small businesses	Meet IT regulatory requirements to attract deposits from the wider public
LEADING TO SUSTAINABLE GROWTH / INCREASED FINANCIAL INCLUSION	Sustainable growth of loan portfolio	Additional revenues from payments and deposits	Deposits and value added services attract new client groups	Increased deposits are a lower cost of local funding

Update digital strategy

Proof of Concept scheme in Ghana by Q1 2023 to provide digital services

Progress

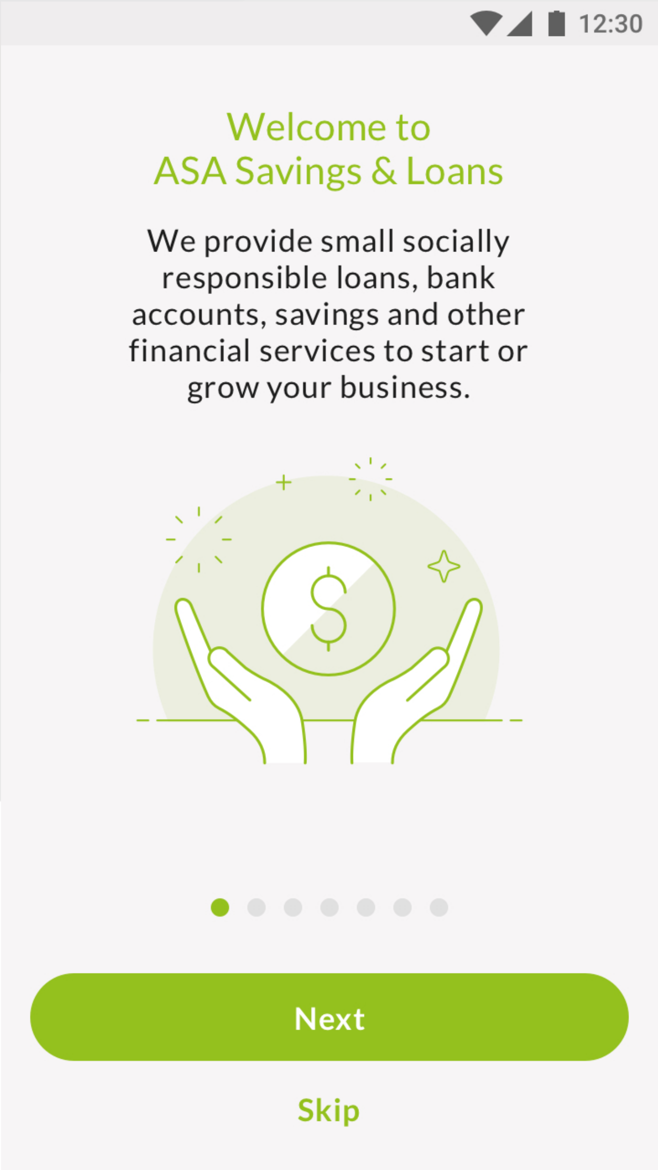
1. **Core banking system acquired**
   Acquired Temenos core banking software for the Group to be able to attract future savings from the public (aiming at lower cost of funding).

2. **Offering digital financial services**
   Building a digital financial services application for the Group with a full banking experience for smartphone users.
   - Clients will be able to access or service their (loan) account, to transact online and to open a deposit account to save money.

3. **Adding additional services: supplier market place**
   Building a digital supplier market place to support clients to grow their businesses, by enhancing the logistics and pricing of their supplies.

Timeline

- Implementation of Temenos software started in 2022 in Ghana and Pakistan.
- A pilot of the supplier market place is planned to start before the proof of concept of Digital Financial Services in Ghana in H2 2022.
- A proof of concept scheme is scheduled in Ghana by the first quarter of 2023 subject to technical availability and approval of the Bank of Ghana.
- Market introduction in Ghana subject to successful proof of concept.



Summary and outlook

Summary

- All but two of the Company's major operating subsidiaries recovered to or exceeded pre-covid operating performance in 2021.
- Despite the ongoing challenges in India and Myanmar, the performance of most of the other operating countries, including, particularly, Ghana, Pakistan and Tanzania, was excellent in terms of portfolio quality, growth and profitability.
- As a result of the improved operating performance in 2021 and despite a substantial USD 37.5m expense for expected credit losses ('ECL') which was primarily caused by the ongoing challenges we faced in India, the Group realised pre-tax profits of USD 25.7m, which was substantially better than the USD 2.6m generated in 2020.
  - 2021 net income amounted to USD 6.4m, which was adversely affected by the deferred tax provision on future dividend payments by some of the Company's operating subsidiaries in the current year. This resulted in a decrease of net income by USD 2.3m. Furthermore, the Company took a conservative approach to the tax losses carried forward of ASA India, for which no deferred tax asset was recognised. This reduced net income by USD 5.6 million.

Outlook 2022

- Whilst the impact of the Covid pandemic on the Group's operating subsidiaries remains unpredictable, it is expected that the Group's operating and financial performance should substantially improve in 2022, based on the positive developments during the second half of 2021 and first quarter of 2022. This is assuming that the impact of expected food, commodities and energy inflation and related FX movements will not have a major adverse impact on the Group.

Creating hope. Changing fortunes.

Appendix

South Asia

Clients
-7%

Branches
+3%

OLP
-16%

- **ASA Pakistan** had a very good year and continued to grow its business with the number of clients up 23%, number of branches up by 11% and OLP grew by 38%. PAR>30 improved to 0.2%.
  - ASA Pakistan continues to await final approval from the State Bank of Pakistan for a microfinance banking license, having met all outstanding requirements.
- **ASA India** operated in a challenging environment. Disbursements of new loans declined with the focus on recovery of loans. Reduced loan disbursements and significant write-offs led to OLP decreasing by 33%.
  - Number of clients was down 24%.
  - With moratoriums being offered to clients and significant write-offs, PAR>30 improved to 19.7%.
- **Lak Jaya** (Sri Lanka): number of clients decreased by 5%, OLP increased by 1%, number of branches was unchanged, and PAR>30 improved to 6.0%.

Note: Regional OLP growth rate is in YoY USD and country OLP growth rate is in YoY LCY.

South East Asia

Clients	Branches	OLP
-7%	+1%	-16%

- Pagasa Philippines' number of clients was down 4% with its loan portfolio increasing by 5%. PAR>30 improved to 2.5%.
- ASA Myanmar struggled to increase collection efficiency to satisfactory levels following the military's takeover of the Government, leading to nation-wide protests and lockdowns.
- The number of clients in Myanmar decreased by 14% and its loan portfolio decreased by 18%. PAR>30 increased from 0.5% to 1.1%.

Note: Regional OLP growth rate is in YoY USD and country OLP growth rate is in YoY LCY.

West Africa

Clients	Branches	OLP
+2%	+2%	+21%

- **ASA Savings & Loans (Ghana)** had another excellent year and was the best performing operating subsidiary of the Group, with operating performance exceeding pre-Covid levels.
  - Client numbers slightly increased by 0.3% , OLP increased by 22% and Gross OLP/Client increased by 21%. PAR>30 improved from 0.4% to 0.3%.
- **ASA Nigeria** performed well with client numbers increasing by 0.3% and OLP increasing by 32%. Gross OLP/Client increased by 31% and PAR>30 improved to 4.6%.
- **ASA Sierra Leone** increased its number of clients by 24%. OLP increased by 75% and Gross OLP/Client increased by 39%, enabling the company to contribute positively to the Group's profitability.
  - PAR>30 deteriorated to 7.5% due to the increased OLP/Client. Management is working on improving PAR>30.

Note: Regional OLP growth rate is in YoY USD and country OLP growth rate is in YoY LCY.

East Africa

Clients	Branches	OLP
+31%	+13%	+43%

- **ASA Kenya** expanded its operations as number of clients increased by 29% and branches by 12%. OLP increased by 32%. Gross OLP/Client slightly increased by 2%. PAR>30 significantly improved from 21.9% at year-end 2020 to 1.1%.
- **ASA Tanzania** significantly expanded its operation as number of clients increased by 43% and branches by 18%. OLP increased by 59% and Gross OLP/Client increased by 11%. PAR>30 improved from 2.5% at year-end 2020 to 0.5%.
- **ASA Uganda's** number of clients increased by 13% and number of branches by 5%. OLP increased by 9% and Gross OLP/Client increased by 3%. PAR>30 significantly improved from 29.1% at year-end 2020 to 3.8%.
- **ASA Rwanda's** number of clients declined by 6% and branches remained stable. OLP increased by 19% and Gross OLP/Client increased by 28%. PAR>30 improved from 10.1% at year-end 2020 to 4.5%.
- **ASA Zambia** increased its number of clients, branches, loan portfolio and Gross OLP/Client. PAR>30 improved from 5.8% at year-end 2020 to 0.3% in 2021.

Note: Regional OLP growth rate is in YoY USD and country OLP growth rate is in YoY LCY.

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