ASA INTERNATIONAL

Gradual recovery of operations

ASA International Group plc
Annual Report & Accounts 2021

Our purpose

We have a strong commitment to financial inclusion and socioeconomic progress.

Our vision

A society without poverty

Who we are

ASA International is one of the world's largest international microfinance institutions providing small, socially responsible loans to low-income entrepreneurs, most of whom are women, across Asia and Africa.

ASA International is listed on the premium segment of the London Stock Exchange.

For more information visit:
www.asa-international.com

Highlights

2.4m
Clients

$6.4m
Net profit (USD)

2,044
Branches

$403.7m
Outstanding Loan Portfolio (USD)

$430.7m
Gross Outstanding Loan Portfolio (USD)

5.2%
PAR>30 days

- ASA International Group plc's, ('ASA International', the 'Company' or the 'Group') operational and financial performance significantly improved with pre-tax profit increasing from USD 2.6 million in FY 2020 to USD 25.7 million in FY 2021.
- 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 27.2 million) for expected credit losses ('ECL') into the Income Statement, of which USD 25.5 million was due to India.
- Moratoriums peaked at USD 48.3 million in June 2021 with 237k clients, mainly in India, benefiting from the moratorium and reduced to USD 28.7 million by year-end 2021.
- At 31 December 2021, the Group had approximately USD 91 million of unrestricted cash and cash equivalents, with a funding pipeline reaching approximately USD 192 million.
- The Group successfully raised USD 191 million in fresh debt to fund its operations in 2021.

Approval of Strategic Report
The Strategic Report for the year ended 31 December 2021, set out on pages 1 to 56, was approved by the Board of Directors on 29 April 2022.

By order of the Board,

Dirk Brouwer
Chief Executive Officer, ASA International Group plc
29 April 2022

ASA International is a microfinance leader with operations in Asia and Africa. The Company has a strong and well established commitment to improving financial inclusion and enabling socioeconomic progress.

Our clients are engaged in services, trading, manufacturing and agricultural business activities

Our clients

The Group's clients are low-income mostly female micro-entrepreneurs who are over 18 years of age and earn on average around USD 3.20 per day. They do not have access to credit from traditional banks to start or grow their businesses. Their businesses are active across services, trading, manufacturing and agricultural activities in predominantly urban/semi-urban areas.

The Company engages with them through frequent client group meetings and at the branches, which are situated in or near the communities where its clients live and work, and are the centre of their ecosystem. The Company targets 1,360 clients per branch.

Read more on pages 19 and 32

Our colleagues

The Company employs 13,047 staff members, most of whom started post-graduation with ASA International as their first employer. Their local field staff have been trained in-house and work alongside highly skilled senior managers who offer on-the-job coaching and mentoring. They are eligible for promotion to more senior positions over time.

The Company's operating procedures require staff to provide services in a responsible manner and prevent inadvertent over-borrowing of clients. In the Group's risk control framework, branch staff and area, regional and district managers form a key part of the first line of defence at the microfinance institution level and are responsible for client retention and credit risk.

Read more on pages 20 and 32

Our products and services

The Company provides small socially responsible loans, without joint liability, for income-generating activity only. The operating subsidiaries offer various collateral-free loans to start or grow businesses, often including small and small business loans. The average disbursement of the bulk of the loans (six to twelve-month loans) is USD 296. Only when a loan has been fully repaid, clients are eligible to apply for a new loan, based on an assessment of client needs, creditworthiness and business potential. There is a maximum increment and loan limit for each loan cycle, including follow-on loans. These follow-on loans are, on average, 20% to 50% larger than the previous loan. Where it is customary and allowed under the current licence, a security deposit is taken.

The Company regularly benchmarks loan interest rates against equivalent providers in its countries of operation and charges average market rates that depend on the country, product and loan term.

In the countries where the Company has a deposit-taking licence, it may offer deposits, in addition to loans. Over the next few years, the Company plans to gradually introduce digital financial services, on a country-by-country basis, which would include offering online loans, accounts, payments and deposits, and other digital value-added services to support the growth of clients' small businesses.

Read more on pages 10, 11 and 14.

2.4m
Clients

13
Countries

13k
Employees

Corporate head offices:
Amsterdam, The Netherlands
Dhaka, Bangladesh

Registered head office:
London, United Kingdom

Regional head offices

West Africa

The Group has operations in three countries: Nigeria, Ghana and Sierra Leone.

Branches: 440
Nigeria: 263
Ghana: 133
Sierra Leone: 44

457,302
Clients

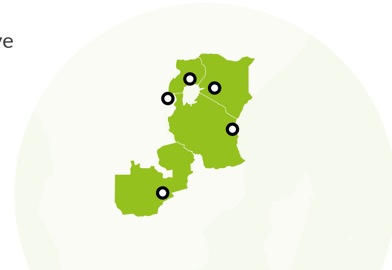
$94.2m
Outstanding Loan Portfolio (USD)

Read more on page 40

East Africa

The Group has operations in five countries: Tanzania, Uganda, Kenya, Rwanda and Zambia.

Branches: 406
Tanzania: 143
Uganda: 103
Kenya: 112
Rwanda: 30
Zambia: 18



416,898
Clients

$64.9m
Outstanding Loan Portfolio (USD)

Read more on page 42

South Asia

The Group has operations in three countries: India, Pakistan and Sri Lanka.

Branches: 778
India: 387
Pakistan: 325
Sri Lanka: 66

1,106,469
Clients

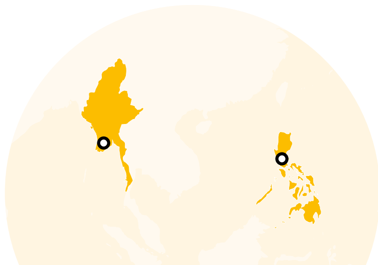
$182.3m
Outstanding Loan Portfolio (USD)

Read more on page 36

South East Asia

The Group has operations in two countries: the Philippines and Myanmar.

Branches: 420
The Philippines: 324
Myanmar: 96



400,021
Clients

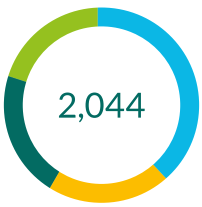
$62.3m
Outstanding Loan Portfolio (USD)

Read more on page 38

Clients

- South Asia – 1,106,469
- South East Asia – 400,021
- West Africa – 457,302
- East Africa – 416,898

Branches



- South Asia – 778
- South East Asia – 420
- West Africa – 440
- East Africa – 406

Outstanding Loan Portfolio (USD)

- South Asia – $182.3m
- South East Asia – $62.3m
- West Africa – $94.2m
- East Africa – $64.9m

Read more about the KPIs on page 48

Moving ahead with our long-term growth strategy

In February 2021, the Board was deeply shocked by the death of Mr Shafiq Choudhury, co-founder, Chairman and latterly President of the Company. He had been an inspiration to the Company and all its employees, and was a wise and gracious colleague on the Board. It is our task to build on his impressive legacy.

The external environment during 2021 remained very challenging due to the ongoing consequences of the Covid pandemic. India, in particular, suffered a devastating wave in the middle of the year, leading to lockdowns and consequent economic hardship for our clients, which significantly impacted our collection ability. We have, as a result, had to take further significant provisions, which have materially impacted Group results. We have reduced the size of our business in India and are focusing intently on loan recovery.

Most of our other key markets showed steady recovery during the year other than Myanmar, where political disruption has compounded the effects of Covid. As a result, I am pleased to say that our overall Group performance improved compared with the previous year, as the quality of our overall loan portfolio continued to recover.

> In the second year of the pandemic, we had the confidence to move ahead with our long-term growth strategy, in particular by starting to invest in a digital financial services platform.

We are in no way complacent about the evolution of the pandemic and remain concerned about possible new variants, and low vaccination rates in a number of our countries. In addition, there is the potential negative impact of food and energy inflation on the Group, accentuated by the conflict in Ukraine. However, we have had the confidence to move ahead with our long-term growth strategy, in particular by investing in a digital financial services platform which will, in due course, enable our clients to strengthen their businesses as smartphone usage becomes increasingly prevalent. This strategy also requires us to continue our progress in securing banking or deposit-taking licences in key countries, in order to offer deposits to the wider public. The digital strategy remains a priority in the coming years. In addition, sustainability has become a key Board focus. A good start has been made in assessing the Company's carbon footprint and climate-related risks; however, more work is required.

I have been immensely impressed by the unstinting work of the management team and of all our employees, particularly our loan officers, who have often worked in the most challenging circumstances to support our clients and thus sustain and grow our business. At the core of our business is the close relationship between our field staff and clients and the communities in which they live. This bond is strengthened by our many community projects; for example, in the Philippines, where our relief goods provide essential assistance to communities at times of natural disaster, unfortunately prevalent in that country.

On behalf of the Board, I would like to extend my heartfelt thanks to all our staff and our shareholders, lenders, and other key stakeholders for their engagement and support. We continue to pursue our vision, committed to our purpose of supporting the advancement of financial inclusion by being at all times a socially responsible employer and provider of services to our clients and their communities.

Finally, I must note that Praful Patel will be retiring from our Board at the Annual General Meeting in June 2022, after nine years of service. We have benefited hugely from Praful's wise counsel, which he has assured us we will still be able to tap from time to time. Meanwhile, we are pleased to welcome Karin Kersten to the Board as an Executive Director.

Guy W. Dawson

Guy Dawson
Chairman, ASA International Group plc
29 April 2022

On 12 February 2021, ASA International's co-founder and President and the founder and President of ASA NGO Bangladesh, Md Shafiqual ('Shafiq') Haque Choudhury, passed away.

A year after his passing, Enamul Haque, the Company's Chief Operating Officer, and Aminur Rashid, the Company's Executive Director, Operations, share their experiences of his loss. They were colleagues of over 30 years and close friends of Shafiq.

"Shafiq is widely recognised as an important pioneer and global leader in the field of microfinance and financial inclusion. His dynamic and visionary leadership was revealed in many ways, such as his confident and bold decision making, know-how of the field, and methodical guidance within the microfinance sector.

His legacy and leadership lives on. Having worked with him for decades, his coaching remains with us. We have been left well-trained with an immense strength and capacity to deal with the ongoing challenges.

He is dearly missed as he was always in close touch with colleagues, also about personal and family life. He was always standing up for people, always advocating for his social mission.

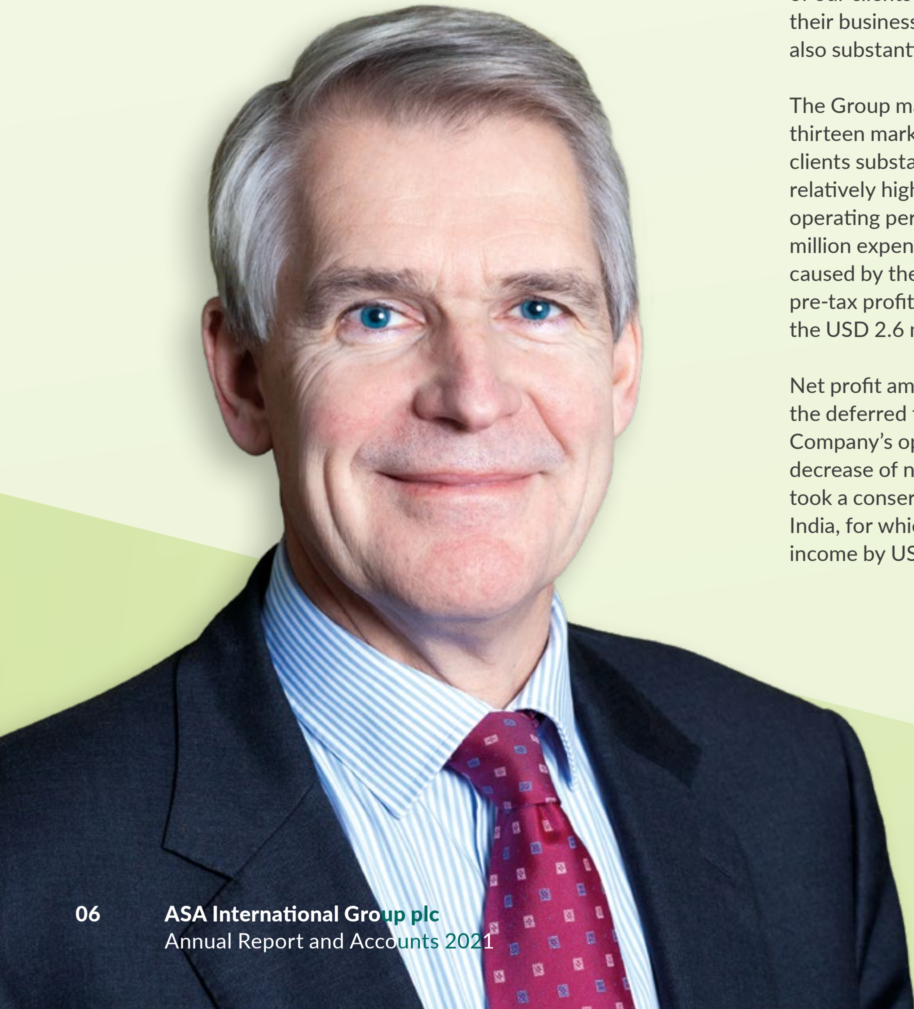
Besides transforming the world of microfinance, Shafiq was an inspiring leader and devoted mentor."

Md Shafiqual Haque Choudhury
(1949-2021)

Deeply missed. Forever in our thoughts.

We continued to focus on providing a safe working environment for our colleagues and worked with them and other stakeholders to support clients to ensure their sustainable recovery.

Strategic progress while supporting clients to recover



Business review 2021

Due to the continuing impact of Covid in many of our operating countries in 2021, the operating environment remained challenging. We continued to focus on providing a safe working environment for all our staff and enable them to stay close to our clients during these difficult times. The pandemic continued to have significant implications for our staff and clients with the death of two of our 13,047 staff and 685 of our clients due to Covid in 2021. I express my gratitude to all of our colleagues in our head offices and in the field in all our countries for their commitment, hard work and for always keeping their focus on supporting our clients in these difficult operating circumstances.

Financial performance

I am particularly pleased that all but two of our major operating subsidiaries recovered to, or exceeded, pre-Covid operating and financial performance in 2021. Despite the ongoing challenges we face in India and Myanmar, the performance of most of our other operating countries, including, particularly, Ghana, Pakistan and Tanzania, was excellent in terms of portfolio quality, growth and profitability. Most of our clients in these countries faced significantly less disruption to their businesses compared to 2020. ASA Nigeria and Pagasa Philippines also substantially improved their operating performance in 2021.

The Group maintains a diversified risk profile with operations across thirteen markets in Asia and Africa. As the impacts of Covid on our clients substantially vary per country, the Company benefits from this relatively high level of diversification. As a result of the improved operating performance in 2021 and despite a substantial USD 37.5 million 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 25.7 million, which was substantially better than the USD 2.6 million generated in 2020.

Net profit amounted to USD 6.4 million, 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 2.3 million. 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.

Due to the combination of significant write-offs and reduced loan disbursements in India, the Group's net OLP decreased by 3% to USD 404 million with the number of clients stable at 2.4 million. In 2021, we opened 79 branches (+4%), the number of clients per branch decreased by 4% to 1,165 and the Average Gross OLP per Client decreased by 3% to USD 181. The Group's operating subsidiaries, excluding India, collectively have been able to reduce PAR>30 to 1.7%. Ghana, Pakistan and Tanzania led the recovery with substantial OLP growth and high portfolio quality, with PAR>30 at less than 0.5%.

India

Given the challenging environment in India, ASA India reduced the disbursements of new loans and prioritised the recovery of existing loans. Reduced loan disbursements and significant write-offs caused OLP to go down by 34%. ASA India benefited from the Reserve Bank of India ('RBI') approved moratoriums, which were offered to many of its clients in September 2021, following the major adverse impact on our clients' businesses as a result of the widespread Delta variant. This, combined with significant write-offs in the year improved PAR>30 from 31.9% to 19.7%. As a result of the adverse impact of the Delta variant, ASA India maintained a very cautious business profile with (i) selective disbursements of fresh loans, (ii) a strong focus on the recovery of overdue loans, and (iii) strict cost control. Since the beginning of 2022, we already have seen the positive benefits of this strategy with loan repayments of overdue loans steadily increasing. In addition, the RBI announced new regulation for all participants in the microfinance sector in India, effective 1 April 2022. The Group's assessment is that this is a positive development for ASA India as it creates a level playing field in the microfinance sector. The key changes include (i) the removal of the interest rate cap and margin cap, (ii) lenders will be restricted to provide microfinance loans to clients up to a maximum of 50% of the client's household income, and (iii) restrictions for banks which provide microfinance loans to use client savings as security collateral.

Digital Financial Services

In 2021, we made substantial progress in designing and developing a digital financial services ('DFS') platform for the Group. The objectives for building this DFS platform are as follows:

- Enable our existing microfinance clients to online transact and communicate by means of a proprietary application (the 'ASA App') designed for use by a client through their smartphone.
- The main function of the ASA App will be for clients to (i) receive loans, (ii) pay loan instalments, (iii) communicate with their designated loan officer, group leader and other group members, (iv) deposit funds into an interest-earning ASA deposit account, (v) make payments to third parties, such as, for instance, utility bills, school fees, etc, (vi) purchase goods for their specific business activity.
- Enable the broader public to deposit funds through our ASA App, complemented by our newly acquired Temenos Core Banking System ('CBS'), at competitive rates compared to any of our local banking peers.
- Since April 2021, the Group appointed a team of experienced DFS advisors, app and wireframe developers, a DFS development firm and an expert supplier market place ('SMP') development firm.
- Concurrently, the Group recruited, in support of our existing IT department with 60 staff based in Dhaka, a strong team of senior managers with substantial experience in (a) implementing and integrating DFS, CBS, SMP and other external payment gateways with the ASA App and (b) establishing a robust client support and fulfilment function, which conforms with the Group's existing business processes and meets our clients' needs.

The Group already started with the implementation project of (i) DFS, CBS and SMP in Ghana and (ii) CBS in Pakistan. The aim is to start the proof of concept of DFS by the first quarter of 2023, followed by full implementation in Ghana.

Competitive environment

The competitive landscape has not changed much across the Group. Our strongest competitors are in India, the Philippines, Nigeria, Tanzania and Uganda. In most other markets, we face less competition from traditional microfinance institutions. Up until now, we have not noticed significant competition from pure digital lenders.

Funding

The Group successfully raised USD 191 million in fresh debt to fund its operations in 2021 and remains well capitalised with USD 91 million of unrestricted cash (including fixed deposits) as of 31 December 2021. Also, the Group has a strong funding pipeline of USD 192 million fresh loans, with over 58% having agreed terms and which can be accessed in the short to medium term at the end of April 2022. This reaffirms the confidence lenders have in the strength of the Group's business model and management's ongoing efforts to successfully steer the Group through the Covid pandemic.

Outlook

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 forex movements will not have a major adverse impact on the Group.

Dividend

The Board has decided not to declare a dividend for the year 2021 due to the ongoing impact of Covid on the Group's financial performance during 2021. The Company will keep its dividend policy under review until next year.

Dirk Brouwer
Chief Executive Officer
29 April 2022

The ASA Model of microfinance is replicated in communities within the thirteen countries of operation. In every new country the Group executes a greenfield strategy, building gradually long-term sustainable organic growth. Over time gradually also adding digital financial services.

Socially responsible business model

Benefits for stakeholders

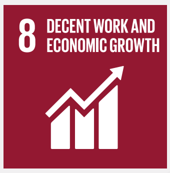
Stakeholders	Impact in 2021
Clients and prospects • Financial inclusion. • Empowering women. • Socioeconomic progress. • Client protection principle.	**979.8m** Total loans disbursed **91%** SP14 **5.5%** Client Economic Yield ('CEY') **96.2%** Female clients
Colleagues • Job creation. • Training and development.	**13,033** Colleagues based in Bangladesh, Asia & Africa **85%** Employee satisfaction **42,907** Hours training
Communities • Clients trading in the community. • Community projects.	**0.4m** Community project spend **79** Branches added
Countries • Company taxes paid. • Increased spending.	**19.3m** Taxes Contribution to economic development of country through clients' increased income.
Regulators and industry bodies • Sustainable lending environment.	Through membership at industry bodies and central banks, contributing to a sustainable microfinance environment.
Shareholders • Long-term attractive USD returns. • Advanced financial inclusion.	**Nil** Dividend In light of the Company's financial results, the Board has decided not to pay a dividend for 2021.

UN SDGs

The Company's strategy and core operations contribute to the delivery of five UN SDGs:

Alleviating poverty by financially including low-income micro-entrepreneurs through loan provision.

Achieving gender equality by empowering predominantly women with access to business loans and providing gender neutral opportunities for employment and promotion.



Promoting sustainable economic growth and fair job creation by increasing self-employment opportunities and supporting trading businesses that boost the local economy.

Supporting industry, innovation, and infrastructure by establishing Company offices and operations in thirteen countries.

Reducing inequality by driving socioeconomic progress in primarily low-income communities where clients live and work.

Read more in our ESG report on pages 16 to 31

Sustainable growth

The Group aims to achieve sustainable growth and increased financial inclusion by continuing to grow its loan portfolio, broadening its products and services and adding digital financial services. In addition to the branch model with a proven credit methodology, client group meetings and active field presence, a digital channel via smartphones and other mobile devices will be developed. This will enrich the high-touch services for existing clients while at the same time attracting new client groups.

For the Group's approach to ESG and progress, see the ESG report on pages 16 to 31

Strategic pillars

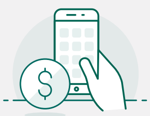
Grow loan portfolio through branch network

By increasing the number of clients per branch, increasing loan volumes per client, opening branches in existing countries and by greenfield branches in new countries, the Group continues to expand its operations organically. By diversifying into more markets, the Group strengthens its risk profile.

- Increase the number of clients per branch in existing branches.
- Gradually increase the loan size per client in existing branches.
- Increase the number of bank/deposit-taking licences.
- Open new branches in existing countries of operation.
- Greenfield branches in new countries.

2021 progress

- 1,165 clients per branch.
- The OLP/client increased in twelve out of the thirteen countries, particularly increasing in Sierra Leone and Nigeria.
- The Pakistan operations were inspected by State Bank of Pakistan as the final step prior to approval for issuance of the microfinance bank licence.
- 79 new branches began operations in existing countries.
- Due to the pandemic no commencement yet of new operations in new countries.
- Laid the foundation for the sustainability governance structure.



Add digital services, integrated with branch model

By digitising processes (including loan applications, on-boarding, customer care and client group communication) and offering clients digital financial services (such as online loans, accounts, payments and deposits) and other digital value-added services to support the growth of clients' small businesses, the Group aims to further improve its customer service, client retention as well as attracting new client groups.

- Digitise operational processes.
- Offer digital financial services, such as online loans, accounts, payments and deposits.
- Introduce client app once successfully piloted.
- Provide value-added services to support the growth of clients' small businesses, attracting new client groups.
- Continue to strengthen the proprietary Microfinance Management System AMBS, to ensure a smooth switch to the new comprehensive core banking system for full deposit-taking in selected markets.
- Build a state-of-the-art Security Operations Center ('SOC') to monitor cyber security threats around the clock.

For a feature about the digital loan payment developments in Tanzania, see pages 12 and 13

2021 progress

- Board approval of digital strategy.
- Commenced development of client app for digital financial services.
- Purchased licence for comprehensive core banking system for attracting deposits from the wider public, which also meets regulatory requirements.

KPIs

74%
Client retention
2020: 78%
2019: 75%

1.2m
New clients
2020: 0.89m
2019: 1.7m

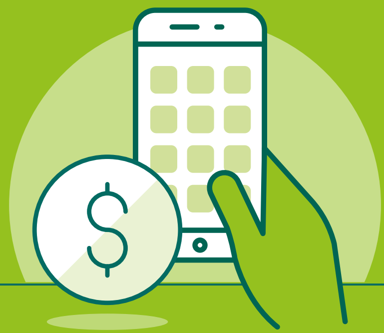
79
New branches
2020: 70
2019: 230

$181
Average gross loan per client
2020: USD 187
2019: USD 186

2022 priorities	Longer-term focus
• In nine markets, continue to grow 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 negatively impacting the quality of the loan portfolio. • Further pursuing microfinance bank/deposit-taking licences in Pakistan, Tanzania and other East African countries. • New markets are being analysed in Africa. • The Sustainability Committee has kicked-off in 2022 and the Sustainability Working Group, which started in 2021, will continue to propose and implement the climate-related strategic decisions to drive improvement.	• A high-quality portfolio remains the highest priority. • Continue to grow client base and loan portfolio through branch network. • Securing and operating central bank regulated deposit-taking financial institutions to strengthen deposit-taking capacity. • It is expected to continue to commence operations in new markets at a sustainable rate.
• Continue to run and improve AMBS in all other countries with gradual integration with core banking software by Temenos. • Pilot value-added services in Ghana. • Implementing core banking system which will allow for attracting deposits from the public in Ghana and Pakistan (upon receipt of licence by State Bank of Pakistan). • Preparational phase for a client app in Nigeria. • Pilot client app in Ghana, following extensive market and client surveys as well as central bank approval. • After a successful pilot, prepare for national introduction of the client app in Ghana. • In 2022, the Philippines, Myanmar, Tanzania and Ghana will be included in the Group ISO 27001 certification process. The remaining operating subsidiaries will be included in 2023.	• Offering deposits to the wider public and adding other digital financial services in all operations, on a country-by-country basis, depending on local demand and starting in the operations with bank/deposit-taking licences. • Fully digitise business and ramp up IT platform to meet highest standards for regulated deposit-taking institutions. • Complete full digitisation of our business without losing high-touch branch model. • Complete development of client app and market introduction across the Group while expanding to a broader customer base. • Continue to develop and add value-added services in selected markets. • Build up in-house IT capacity to service digital financial services and core banking system. • Recruit and train staff to meet digital business requirements.

The Company offers a secure environment to disburse loans to its clients through mobile money transactions.

Our cashless transactions provide clients a safe environment



ASA Tanzania's cashless transactions
ASA Tanzania started adopting cashless transactions in its operations via the mobile payment service M-PESA in 2016. This service has proven beneficial in its country-wide operations; as of 2021, approximately 95% of their clients own a mobile phone with a digital wallet.

Collections and disbursements
Currently, the loan officer collects the loan instalments of the entire group in cash during the client group meeting and deposits the loan instalments in one electronic group transfer to the designated M-PESA account of the branch, a method also employed by ASA Kenya. While the collection process is not cashless on the client's side, this is almost entirely the case during the disbursement process. Besides the loan processing fee and security collected in cash, the loan is disbursed to the client's M-PESA account in 95% of the cases. The Company bears the charges for the M-PESA transactions.

Trade-off
Although the frequency of attendance of client group meetings might be affected and not all clients have a verified mobile number yet, implying they cannot make digital financial transactions, cashless payment methods are positively welcomed by ASA Tanzania and their clients, as it minimises fraud and risk and provides security to clients. Considering that cash can attract physical theft from the clients and the office, mobile money is perceived to be safer. Moreover, cashless transactions save cash management costs and time and reduce corruption as it is more transparent. In addition, the freed-up time for clients can be spent on their business.

95%
of clients in Tanzania own a mobile phone with digital wallet

Future-proof
The prevalent challenges related to cashless transactions for ASA Tanzania are the full implementation on an operational level and the all-embracing adoption by clients. Nonetheless, the development of the fintech environment in Tanzania looks convincing as payment aggregators, which have the infrastructure to support mobile payments, are progressively entering the digital financial services landscape. As digital payments are widely used and becoming increasingly popular, the Company is in a good position to perform financial transactions via digital devices.

> I appreciate that the loan from ASA is secure, as I receive the full amount on my phone and can return home safely.

Antusa Kimaro
Small business owner

Antusa's experiences

Antusa Kimaro has been a client of ASA Tanzania since September 2019. During her first loan cycle, she received a loan of TSh 400,000. Currently, she is on her fifth cycle of TSh 1,500,000. Before her loan, Antusa was struggling to put food on the table. Since she had plenty of land, she decided to start a small business in chicken poultry farming. After putting her initial worries aside, she took out a loan. "I appreciate that the loan from ASA is secure, as I receive the full amount on my phone and can return home safely." Antusa now has 200 chickens and collects six trays of eggs daily. She recently even expanded her business with two milk cows. "The loan has given me life; a chance to maintain my house, feed my children and send them to school."

Location
Tanzania

Branch
Tegeta branch 02

Business
Chicken poultry rearing

UN SDGs

What makes us different

Socially responsible services

Through the ASA Model of Microfinance

Through its heritage and close association with ASA, the Association of Social Advancement, based in Bangladesh, the Company has a long heritage in the microfinance industry. From inception, the Group benefited from early access to ASA NGO Bangladesh's know-how, industry technical expertise and experts. The Group was founded to adapt the ASA Model to fit the diverse countries in Asia and Africa in which it has established its microfinance institutions. The ASA operating (lending) model is focused around six distinctive features, emphasising the Company's social responsibility commitment to clients and staff:

- Loans with market-based interest rates.
- Group selection without joint liability.
- Collateral-free loans with a moratorium on loan repayments in emergency situations.
- Loans for income-generating activity only.
- Full repayment before qualifying for new loans and repeat loan cycles with set limits.
- Training and development of operating staff in house and no bonus incentive.

30yrs
Microfinance experience

5.5%
CEY

Read more on page 18 of the ESG report
Our history on https://www.asa-international.com/about-us/our-history/

Diversified risk profile

Due to presence in thirteen emerging and frontier markets

The Group's risk profile is diversified across thirteen high-growth markets in Asia and Africa. The impact of principal risks on its business is different from country-to-country, which benefits the Group.

The risk management features embedded in the ASA Model, such as managing credit risk, have a positive impact on the Group's returns and risk profile. In 2021, as a result of the pandemic, health, regulatory, credit and growth risks were predominantly impacted.

The addressable market is large, which is estimated at c.344 million prospects in existing countries of operation, according to estimations by the World Bank. The Company is well placed to capture this significant breadth of market opportunity by continuing to increase its penetration in current as well as in future markets in Asia and Africa.

344m
Prospects

1.1%
Return on Assets ('ROA')

Nil
Dividend

For more information see Principal risks on pages 52 to 56 and Addressable market on https://www.asa-international.com/about-us/addressable-market

Outstanding credit methodology

As a result of staying close to clients

Managing credit risk is an integral part of the Company's operating model. Loan officers foster close client relationships, allowing for quickly identifying repayment or other issues, as well as disbursing new, higher loans to qualified clients.

The client selection and assessment process may take up to 14 days for a first cycle loan, ensuring only clients committed and able to grow their businesses are accepted and protecting clients from being over-leveraged.

74%
Client retention rate

5.2%
PAR>30 dpd

14 days
Client assessment and selection process

Highly scalable

Decentralised business model

The Group's experienced management team makes sure the Company executes the ASA Model in a disciplined way across all markets. The operations are highly standardised through the use of an operations manual and are almost identical across all operations. Client selection and loan sizes are decided on a branch level.

In addition to the branch model, a digital channel will be introduced via smartphones and other mobile devices, market-by-market over the coming years. Over time, the Company aims to offer deposits and other digital financial services in all operations, on a country-by-country basis, depending on local demand and starting in the operations with deposit-taking licences.

In order to be able to offer clients and the wider public online deposits over time, which are a low-cost way of funding, the Company aims to obtain licences in all countries.

38%
Deposit-taking licences

19%
Of branches <3 yrs old

For more information see Our strategy on pages 10 and 11 and Regulatory environment on pages 46 and 47

In the ESG report, the Company discloses ESG aspects of its business and relevant performance progress to reflect the evolving information needs of its stakeholders.

Conducting our business responsibly

2021 progress in environmental, social and governance areas

Environment

Environment relates to areas which have an environmental impact. This is bilateral; the impact of the Company on the environment and the impact of the environment on the Company.

Social

Social indicates the Group's management of relationships with colleagues, clients and communities.

Governance

Governance relates to areas that support good governance practices and facilitate the Group being considered a responsible business.

Read more about the governance framework on pages 66 to 70

Non-financial information statement

As a socially responsible lender, the Group has a wide range of policies and procedures, as well as surveys in place, to ensure that the Company and its staff comply with all environmental, social and legal requirements, including respecting human rights, and adhering to the highest professional and ethical standards in dealing with clients, suppliers, communities and each other.

ESG	Our policies and practices	Description
	**Exclusion list**	Read more on page 28
	Environment and Social Management System ('ESMS')	Read more on page 28
	Environmental policy	Read more on page 28
	Emergency Preparedness and Response Plan ('EPRP')	Read more on page 28
	**Client Protection Principles ('CPP')**	Read more on page 19
	Client Economic Yield ('CEY') survey	Read more on page 19 See page 49 for KPIs
	Client Complaint Resolution Committee ('CCRC')	Read more on page 19
	Client and employee satisfaction survey	Read more on pages 19 and 21 See page 49 for KPIs
	Grievance Mitigation Committee ('GMC')	Read more on page 21
	Health and safety	Read more on page 21
	**Whistleblowing**	Read more on page 74 See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/
	Child Labour and Protection	See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/
	Sexual Harassment Elimination	See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/
	Non-Discrimination	Read more on page 79 See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/
	Code of Conduct	See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/
	Anti-Bribery and Anti-Corruption	Read more on page 74 See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/
	Anti-Money Laundering	Read more on page 74 See Policies and Practices on our website https://www.asa-international.com/responsibility/our-policies-and-practices/

For more information on Policies and Practices, visit our website https://www.asa-international.com/responsibility/our-policies-and-practices/

Read the remaining reporting requirements on the business model on page 08 and the principal risks on pages 52 to 56.

Diversity and gender

The Company employs a diverse workforce, with 33.4% female employees.

Read more on page 21

Gender diversity	Male	Female
Number of Board Directors[1]	6	1
Number of Independent Directors of subsidiaries[2]	14	8
Number of senior employees,[3] other than Board Directors[4]	147	36
Number of employees, other than Board Directors and senior employees	8,542	4,322

1 Includes Non-Executive Directors, excluded from Group headcount calculations. Figures as at 31 December 2021.
2 Not including Directors appointed on the Board of the plc.
3 Senior employees identified as material risk-takers who are not Directors or subsidiary Directors.
4 Includes subsidiary Directors who are excluded from Group headcount calculations.

Socially responsible

In line with ASA International's purpose, the social aspect of ESG is engrained in its daily operations. The Company is determined to continuously act in a socially responsible way, protecting the interests of its stakeholders and adhering to human rights. The operating lending ASA Model is at the heart of how the Company serves clients, community and colleagues.

UN Sustainable Development Goals ('SDGs')

Through its responsible business model, the Group actively supports the UN's sustainable development agenda, working most actively towards the following SDGs.

SDG 1 – No poverty: The Company is committed to making an important social impact being a microfinance institution, providing socially responsible financial services, such as loans, targeted at predominantly low-income female, small business owners. The Company is driven by advancing financial inclusion, by expanding female low-income micro-entrepreneurs, with little or no access to formalised credit resources, increasing self-employment opportunities, and thereby, alleviating poverty.

SDG 5 – Gender equality: As women generally have good loan repayment behaviour and money management, the Group is convinced that by empowering women through business loans, the Group enhances these women's independence and decision-making stature at home and in their communities. Additionally, the Company is committed to providing gender-neutral opportunities for employment and promotion.

SDG 8 – Decent work and economic growth: The Company provides socially responsible employment opportunities to employees and services to its clients. The increased earnings of the Group's clients are used to expand their businesses. Many clients buy and sell goods and the increased trading activity boosts the local economy.

SDG 9 – Industry, innovation and infrastructure: The Company supports industry, innovation and infrastructure by increasing the access of small-scale enterprises to financial services and through the establishment of an extensive branch network and operations across thirteen countries.

SDG 10 – Reduced inequalities: By providing working capital loans to women, the Group encourages the use of disposable income for the fundamental needs of the household, such as education, health, nutrition, sanitation and housing, which drive economic development. All these activities lead to more socioeconomic progress in communities of operation in Asia and Africa.

See also Socially responsible business model on page 08

Socially responsible model

The ASA Model is a propriety operating lending model built around six distinctive features, emphasising the Company's social responsibility commitment to clients, colleagues and communities, which forms a firm foundation for the Group to be a responsible, inclusive, ethical and sustainable company:

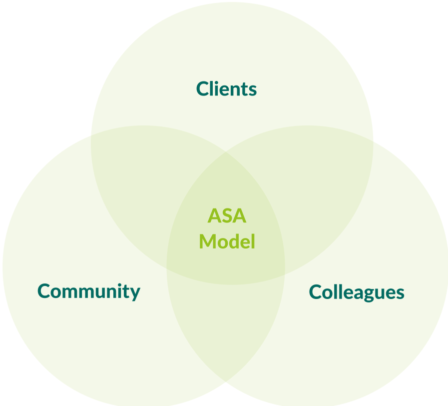
- Loans with market-based interest rates.
- Group selection without joint liability.
- Collateral-free loans with a moratorium on loan repayments in emergency situations.
- Loans for income-generating activity only.
- Full repayment before qualifying for new loans and repeat loan cycles with set limits.
- Training and development of operating staff in house and no bonus incentive.

During the lockdowns in 2020 and 2021, the Group made some temporary adjustments to the execution of some aspects of the operating model, as a consequence of the impact of Covid on the repayment capacity of loans by clients, whilst remaining committed to its socially responsible lending principle. In countries where lockdowns or restrictions on gatherings persisted, the client group meetings were split into smaller groups, in some cases collections were made via the group leader or loan officers went door-to-door. To protect clients, moratoriums were granted in emergency situations and there was a larger focus on collecting outstanding loan instalments rather than disbursing new loans in order to reassess the earning capacity of clients.

UN SDGs

Through our responsible business model, the Group most actively supports five SDGs.

Breakdown of social



91% SPI4

5.5% Client Economic Yield

93% Client Satisfaction Rate

Read more on our KPIs page 49

Protecting our clients

The Company is committed to financial inclusion and socioeconomic progress and to serve the best interests of its clients. In order to ensure, monitor and measure this, the following policies, practices, tools and indicators are adopted.

Policies and practices

Prevent over-borrowing

The Group's loan officers not only assess the repayment capacity of a potential client, but also the earning capacity of the client's business. Moreover, they assess how the Group's loans could increase the client's earnings.

Competitive pricing

The Group regularly benchmarks loan interest rates against equivalent providers in its countries of operation and charges average market rates that depend on the country, product and loan term. The interest rates offered are generally similar to those offered by other lending institutions for the same duration and loan size.

Client Protection Principles ('CPP')

As the Company is fully transparent in the pricing and terms and conditions of its loans, it adopted the CPP, developed by SMART Campaign, a leading industry body in the financial inclusion industry, to consider client protection in all aspects of the business. CPP describes the minimum protection that microfinance clients should expect from their providers, and also the protection that an institution should maintain to serve the best interests of its clients. The Client Protection Principles are evaluated by the Client Protection Standards as part of the Social Performance Indicator assessment.

Universal Standards for social performance

The Group's average scores on the six dimensions of the Universal Standards as part of the SP14 assessment.

Balance financial and social performance	88%
Treat employees responsibly	97%
Treat clients responsibly	96%
Design products that meet clients' needs	88%
Commitment to social goals	84%
Define and monitor social goals	95%

Tools and indicators

Social Performance Indicator ('SPI4')

SPI4 is one of the most widely used social assessment tools for microfinance institutions ('MFIs') and helps MFIs evaluate their implementation of the Universal Standards for social performance management. On average, the Group scored 91% out of 100%, scoring highest (96% and 97%) on treating clients and employees responsibly. The data reflects a balanced performance demonstrating a strong execution on all dimensions.

Client Complaint Resolution Committee ('CCRC')

Through the CCRC clients can provide direct feedback on services or lodge complaints about inappropriate behaviour or treatment by any of the Group's staff. This is facilitated through, inter alia, client complaint boxes in the branches. Every quarter a report is shared with senior management by the CCRC with the nature of complaints and actions taken. In 2021, a total of 574 complaints were received and resolved across the Group. All complaints were related to operational issues, such as follow-up requests regarding loan applications, requests to reconsider a loan denial and postponement of instalments. The reported issues were resolved through policy discussions and clarifications with clients.

Client satisfaction survey

This survey is conducted by interviewing three clients per loan officer, a total of 15,000 clients, to estimate the clients' satisfaction with the facilitation and actual products and services delivered. Facilitation includes, amongst others, the loan approval process, interest fee and insurance. Overall, a high satisfaction of 93% has been measured, an increasing trend since 2017. Clients are particularly satisfied with the loan duration, the continuity of the products and services meeting their needs and how these are explained by loan officers.

Client Economic Yield ('CEY')

The annual CEY survey assesses the financial benefit the loans provided to clients. The survey samples approximately 1% of total clients on their third or higher loan cycles. The CEY Key Performance Indicator is calculated by deducting the clients' weekly interest costs from their average weekly income derived from their business activity funded by the Company's loans. In 2021, the Client Economic Yield was 5.5%.

Supportive and safe workplace

The Company promotes three principles in its interactions with others:

01 **Maintain integrity which includes being honest, trustworthy, consistent and open, as well as always acting in accordance with the highest ethical standards.**

02 **Show respect to others, actively listen, respond appropriately, work effectively with diverse peoples, and be willing to learn from others.**

03 **Be accountable in responsibilities and committed to ensuring quality services, and find solutions through self-initiatives.**

Supporting our colleagues

Recruiting young talent

The Company focuses on hiring young college graduates interested in working with low-income communities. These recruits are generally from rural or semi-urban backgrounds. In 2021, a total of 3,781 colleagues were recruited in the operating subsidiaries across the Group. Some subsidiaries still have less recruits than usual due to the impact of Covid, but most of them have recruited more than the previous years as a result of expansion.

Fostering employee development

Training of employees and new recruits is primarily on-the-job. In 2021, 6,626 employees in the operating subsidiaries underwent the Pre-Service Orientation ('PSO') training, which takes approximately 12 days. During PSO, they learn the Company's heritage, mission, core values, code of conduct, HR policies and financial processes, amongst others. This training is followed by continuous on-the-job training from colleagues, and regular in-branch mentoring and coaching from more experienced senior staff members, such as regional and district managers. Training remains an important element, also when employees progress into more senior roles. Training can include anti-money laundering, diversity and inclusivity, quality improvement, skill development, crisis management and role-specific training. In 2021, 12,924 training attendees were recorded.

Encouraging growth and advancement

Promotion in the operating subsidiaries is offered to those who have successfully incorporated the core principles of the ASA Model and have demonstrated leadership skills in the field. There is a preference to promote those that have joined the Company as their first job and have successfully climbed through the ranks. This not only supports the successful growth of the Company but also offers a material incentive to employees, which ultimately strengthens the capacity of the Company to expand. With a staff retention rate of 80%, the turnover is low and many employees remain and grow within the Company. In 2021, 1,339 promotions were recorded across the Group. In 2021, most common was the promotion from loan officer to (assistant) branch manager, occurring over 700 times across the Group.

85%
Employee satisfaction rate

12,924
Training attendees

80%
Employee retention rate

Tools and indicators

Employee satisfaction survey

A total of 3,939 colleagues, over 30% of the Company's employees, participated in the annual satisfaction survey, resulting in a satisfaction rate of 85%. The staff satisfaction is broken down into professional, facility and department service satisfaction. The results show that the vast majority work well together, feel like they are treated fairly and that their tasks help them grow professionally.

Providing a safe work environment

There are a number of policies and practices in place to secure a working environment that endorses the welfare of employees and safeguards the integrity of the Company.

Policies and practices

Health and safety

The Group monitors and controls health and safety risks, regularly provides safety and awareness training to employees, takes preventive measures and emergency or corrective actions on workplace incidents or illness, and maintains safe equipment and infrastructures at the workplaces. Each operating subsidiary has formed a health and safety committee and an integrated occupational health and safety checklist with risk categories to ensure regular supervision and monitoring throughout the Company. In response to the pandemic, the Company took various temporary measures, such as creating awareness for safety measures, discouraging gathering in groups and offered social-distance-proofed work spaces.

Since March 2020, the number of staff members confirmed as infected by Covid increased to 459 of over 12,800 staff, with two deaths, as per December 2021.

Whistleblowing

Employees are encouraged to report any activity that may constitute a violation of laws, regulations or Company policy via a complaint box or to the Chairman of the Audit and Risk Committee locally, as well as at Group level. Examples of concerns are improper or unethical business practices, health, safety and environmental issues or violations of the code of conduct. In April and May 2021, training sessions were initiated and posters continue to be disbursed across the Group to raise awareness on this topic. No incidents have been reported across the Group in 2021.

Colleagues at a branch in the Philippines

Grievance Mitigation Committee ('GMC')

The Group has established an effective grievance mechanism for all employees throughout the Company, allowing them to raise any work-related concerns or complaints without fear of reprisal. It provides a fair and quick means of dealing with complaints. It also serves as an outlet for frustrations and disconnects. In 2021, a total of six appeals and two direct complaints have been received across the Group. All six appeals have been dismissed. Regarding the two direct complaints, one has been resolved with action and the other one is in a stage of investigation. The Committee has made two recommendations after scrutinising the reported 'actions taken' in response to the complaints.

Diversity

The Company aspires to be an inclusive and (gender) diverse organisation. As a global company, active in 15 countries, the Company celebrates its culturally diverse workforce. In terms of gender, in 2021, the operating subsidiaries represented 33.2% of the Group's overall female representation, broken down in East Africa: 10.5%, West Africa: 9.0%, East Asia: 9.2% and South Asia: 4.6%. Due to cultural reasons in South Asia and safety issues related to travelling alone, hiring women still appears to be a challenge in this region, which impacts the Group's overall gender representation. The female representation at the senior leadership level is 20%. In terms of age, 55% of the Company's employees are under 30 years old and 0.6% over 50.

See page 17 for Non-financial information statement for more figures

Edgar's experiences

"On the night of 16 December 2021, after completing our daily routine, the entire province suffered a power outage as the wind and rain picked up and uprooted trees. As the water rapidly rose, we secured all our equipment in a safe place and fled to a higher space, the branch neighbour's second floor. Returning to the branch was not an option as the water was neck-deep.

We had been informed about the typhoon in the news and our management had already urged us to take precautionary measures. We prepared by ensuring the safety of our team by advising them to return early from the field, charging flashlights, moving electrical equipment to higher ground, and buying non-perishable food.

As the water subsided, we started to clean and retrieve our things. There was no electricity or internet, and there were long lines in front of banks, gas stations, water refilling stations, and grocery stores. Although we had money to buy food, most stores were closed.

After securing the safety of the branch, we gathered information regarding the situation of other team members and our clients. We received relief goods which we packaged and distributed to our clients. I am relieved for the support and that staff and clients were not left empty-handed."

Location
The Philippines

Branch
Kabankalan, Visayas

Job Title
Branch manager

UN SDGs

±4
Disaster preparation drills conducted yearly

As an island located in 'the ring of fire', a path along the Pacific Ocean characterised by active volcanoes and frequent earthquakes, natural disasters are unfortunately no exception in the Philippines. The team must always be prepared.

Resilience in the face of adversity

Pagasa Philippines' disaster management
On a yearly basis, the Philippines experiences approximately 20 typhoons, five earthquakes and volcanic eruptions remain unpredictable. To deal with these frequently occurring calamities, Pagasa Philippines has implemented an extensive disaster management plan demonstrating that effective communication is key.

Preparing for natural disasters
The Disaster and Risk Management Committee ensures that the Company is prepared for the eventuality of a disaster by reviewing the exposure to risk from time to time and guaranteeing various policies and practices are in place that indicate measures to be taken before, during and after a calamity. Practices consist of assigning sub-committees who take on different responsibilities when a disaster occurs, training and deploying emergency-specific and general guidelines. Training includes drills, such as earthquake and fire drills, initiated by the government's Disaster Risk Reduction and Management programme.

In the event of a disaster, clear guidelines are disseminated to the branches and shared with field staff. Emergency hotline numbers are posted at the branches and clients are prepared through group meetings and an SMS text sent to group leaders. Staff and clients are reminded or made aware of what to do during a calamity and familiarised with the closest government evacuation facility.

During the disaster, the situation is monitored around the clock; updates are given by field staff and guidance and support is provided from the head office in Quezon City if required.

Responding and coping with the aftermath of calamities
In the aftermath of a disaster, the impact is determined through collecting data. Affected clients and staff members and damage to branches are assessed and reported. Through the various committees set up beforehand, disaster relief is mobilised. Supplies are brought to the branches and necessities such as non-perishable foods are distributed to clients and communities through community programmes.

Staff who lost belongings can apply for financial assistance and affected clients are provided with a moratorium. Furthermore, assessments are executed on the status of clients' businesses and additional support is recommended. For instance, if all stock is damaged, a rehabilitation loan can be offered on top of an existing loan, or clients can withdraw from their Loan Capital Build-Up savings, designed for uncertain times.

Depending on the absolute damage and the response by governments and other parties, recovery of operations takes approximately one to two weeks.

Destructive typhoon Rai
Typhoons are a regular occurrence during the monsoon season, but can differ significantly in severity. Typhoon Rai (locally known as 'Odette'), which occurred in December 2021, was considered a category five storm or 'super typhoon'. It made five landfalls and had maximum sustained winds of 195 km/hr and gustiness of 270 km/hr. The absolute damage: 9 million people displaced, 36 million homes damaged or destroyed, and 514 municipalities affected. 83 branches of Pagasa Philippines across Mindanao and Visayas archipelago were affected.

> Because we were informed and guided on what to do, we were all safe. There were no casualties and the Company assets were secured. I have never experienced such extreme flooding in this area, so I have learned to not be complacent, as the climate is unpredictable.

Edgar Se-It
Branch manager

Our community programmes

Considering the branches of the Group's operating subsidiaries are very much part of the communities in which they are located, social impact initiatives are executed in the communities, as part of the Group's commitment to social welfare. The initiative of these projects predominantly lies with the field staff at the community branch level as they are in regular contact with the clients and community and understand their needs. The Company's operating subsidiaries allocate between 0.5% and 1% of their profit (except where regulation requires otherwise, as in India, where it is 2%) to these activities. The projects themselves are highly regarded by colleagues, clients and the wider community. The projects focus on health, education or disaster management.

Health

Contributing to the health and well-being of the community, especially to that of the most vulnerable, is a vital aspect of improving their lives. The Company conducts many different projects in this field, such as wheelchair distributions, sanitary towels and medical equipment donations, health camps, a vaccination programme and early-cancer-detection services in collaboration with reputable health organisations. To reduce waterborne diseases, the installation of water filters, tanks, treatment plants and boreholes at schools or in the communities are organised.

For a feature on the vaccination programme by ASA India, see pages 26 and 27

Clean water and sanitation in Nigeria

Approximately 30% of the Nigerian population does not have access to safe drinking water. To address this issue, ASA Nigeria has installed a total of 30 boreholes in the past years, of which five in 2021. Besides economic and time-saving benefits, the water boreholes help to reduce waterborne diseases such as typhoid, cholera, and the symptoms of diarrhoea, improving the health and productivity of the entire community.

Read more on https://india.asa-international.com/responsibility/vaccination-program/

UN SDGs

3 Good health and well-being · 6 Clean water and sanitation · 17 Partnerships for the goals

Impact indicators 2021

- 5 water boreholes installed.
- 1,149 vaccinations provided.
- 104 health camps conducted.

Education

Receiving quality education is a key factor in advancing financial inclusion and socioeconomic progress, and in escaping poverty, since higher levels of education are associated with increased financial independence and greater ability to create wealth and participation in the economy. Therefore, various projects have been initiated which encourage learning and development, such as scholarship funds, skill development training, distributing study materials and a tutoring programme.

Tutoring programme in India

To address the educational gap in society, ASA India provides tutoring to students via their 85 ASA Pathsala's. During the lockdowns in 2020 and 2021, ASA India conducted a survey amongst clients and found that many students were willing to study online, but did not have smartphones or tablet computers. Thus, 250 tablets were distributed to students which they can share to follow the online classes together.

Read more about the initiative on https://india.asa-international.com/responsibility/community-programmes/

UN SDGs

4 Quality education · 5 Gender equality · 10 Reduced inequalities

Impact indicators 2021

- 486 attendees of online ASA Pathsala classes.
- 250 tablets distributed to students.
- 1,227 students received a scholarship fund.

> We have the responsibility to make an effort to act as a support system, responding to the immediate and basic needs of our clients and adjacent communities.

Enamul Haque
Chief Operating Officer, ASA International

Disaster management

Efforts are made to respond to current emergencies, contributing to clients' safety in times of despair through capacity building. This mostly involves providing necessary resources to build upon the resilience of clients.

Due to the severe health risks and country regulations related to the pandemic, most operating subsidiaries have focused on Covid support efforts in 2021, accounting for 27% of the spent budget and 89% of the reached beneficiaries. This support often included distribution of essentials to ensure safety and hygiene, such as soap and reusable masks.

Relief for victims of fire/demolition in Kenya

Displacement from or demolition of one's home or business due to fire accidents or demolitions as part of road constructions are not infrequent in Kenya. In October 2021, to support the recovery process of clients and families affected by these incidents, cooking essentials were distributed to 50 families' victims of the fire and large umbrellas were used as a temporary business set-up to five clients whose kiosk structures were demolished.

For more information visit our website

Relief for victims of typhoon in the Philippines

Typhoons are a regular occurrence during the monsoon season in the Philippines. In December 2021, two island groups were left in tatters due to typhoon Rai. As food is very scarce during calamities, those affected favour receiving non-perishable foods. Pagasa Philippines provided food packs, consisting of rice, canned goods and noodles, to 12,055 clients.

For a feature on how employees in the Philippines prepared and responded to Typhoon Rai, see pages 22 and 23

UN SDGs

1 NO POVERTY | 2 ZERO HUNGER | 3 GOOD HEALTH AND WELL-BEING

Impact indicators 2021

- 981k beneficiaries of Covid-related relief efforts.
- 478k vaccination awareness brochures distributed.

2021 performance

$0.4m
USD spent

27%
Spent on Covid

1.1m
Beneficiaries

1,846
Initiatives

Vaccination to protect the people is proceeding more rapidly in some countries than others, with all the consequences thereof. ASA India takes action to boost the vaccination rate on a community level.

Contributing to the health and safety of the communities

Contribution to the community

Throughout the world, the Covid pandemic impacted the lives of many and the economy as a whole. In India, the lockdowns, which were implemented over various stages in all states since March 2020, restricted the movement of all people and immensely impacted the livelihoods of especially the low-income people by further complicating their pursuit for a more regular income. Their small businesses often rely on local public transport and on buying and selling goods in public spaces. An additional challenge for these people has been adhering to advised and/or mandatory measures, such as frequently washing hands with soap and sanitiser, maintaining basic hygiene and social distancing, due to the high population density in the urban areas and the lack of available resources in the rural areas where many low-income people reside.

The Covid situation in India

The mass vaccination programme in India began in January 2021. It is mandatory to register for vaccination using an ID card such as Aadhar, Voter I card, a driving licence or passport, on the government-approved website or app (Cowin and Aarogya setu). The vaccines are available at government-approved vaccination facilities such as public hospitals, municipalities and centres free of cost or for a fee from registered private hospitals and centres.

With our free Covid vaccination camps for clients and their families, we make our contribution and commitment towards a safe and healthy society.

Anjan Dasgupta
Managing Director, ASA India

Considering India's social, economic and geographic profile, completing the vaccination has proven to be a large and challenging task. At the time ASA India's Covid vaccination camp took place, a vaccine was not widely available and accessible everywhere, the registration was somewhat technical and required a computer or smartphone, and not everyone was willing to take the vaccine. This resulted in a meagre 3.6% vaccination rate of India's population.

Considering that the lives and businesses of low-income people were affected by two lockdowns, the vaccine seemed the safest option 'to get back to normal' and was largely welcomed by them.

ASA India's first Covid vaccination camp

Considering the above, ASA India decided to initiate a free Covid vaccination camp in an area nearby Kolkata with a high population density, where many people needed and wanted a vaccination but could not easily arrange it on their own. The Rajarhat area in Kolkata was selected for the first free vaccination camp for over 400 of the Company's clients, their husbands and a few staff members who live in the vicinity and had not been vaccinated yet.

To adhere to the restrictions related to the lockdown, a suitable venue with ample space was found in a school building. To contribute to an efficient rollout of the programme, ASA India joined forces with Narayana Health, a nationally reputed health care organisation in India and already a partner of ASA India for the H.O.P.E. cancer programme. Narayana Health covered the vaccine cost, a stand-by ambulance and a professional vaccination team. ASA India covered the day charge of the stand-by doctor and took care of the programme management: organising food, logistics, beneficiary selection, ensuring the beneficiaries reach the venue, and that their registration on Cowin was completed. Moreover, the mobile van, which ASA India previously donated to Narayana Health as part of project H.O.P.E, was used to transport the vaccine at the required temperature.

For updates on more recent camps conducted visit the responsibility page on our website

Community testimonials

Beneficiary experiences

"I was contacted by the staff of ASA India and was told about the vaccination initiative. I wanted to opt for a vaccination, but was not able to arrange this before ASA India contacted me. Another MFI I have taken a loan from had not given me the same support. My registration on Cowin was done smoothly, and I was satisfied with the entire process", Ruby, a client of ASA India, states.

Also, Prasenjit Mallick, a husband of one of the borrowers, said he was pleased with the smooth arrangement of the camp and the Company's initiatives to accommodate and support the community in these difficult times.

Through this programme, ASA India contributed to the health and safety of the communities and the country's health resilience as a whole. Considering the programme's success and the positive feedback from the beneficiaries, more vaccination camps have been conducted.

Location
India

State
West Bengal

Community
Rajarhat area in Kolkata

UN SDGs

3 GOOD HEALTH AND WELL-BEING
17 PARTNERSHIPS FOR THE GOALS

3.6%
Vaccination rate in India at the time of ASA India's 1st vaccination camp

Environmentally responsible

For the Group, acting in an environmentally responsible manner means taking into consideration both the impact of the Company on the environment as well as the impact of the environment on the Company. Climate change is stressing the need for action.

Mitigation of emissions

In terms of the Company's impact on the environment, the Company is committed to identifying how they can mitigate their Greenhouse Gas ('GHG') emissions. An assessment has been conducted to identify its highest emissions and senior management is engaging with the operating subsidiaries concerning feasibility studies to reduce emissions. Several energy efficiency actions have been set out in the SECR report, as well as the Group's current GHG emissions.

Policies and practices

Environment and Social Management System ('ESMS')

The Company's ESMS provides an outline of various environmental and social management plans, policies and procedures comprising ESMS with their implementation procedure and responsibilities. The objective of ESMS is to avoid, eliminate, off-set, or reduce to acceptable levels, any adverse environmental and social effects, and to achieve environmental and social benefits with good governance practice. The system is consistent with IFC standard 1 and 2, SMART Campaign, Universal Standards for Social Performance Management and other relevant standards in the industry.

Environmental policy

The environmental policy promotes actions the Company's staff must comply with to reduce and prevent harmful impact on the environment. The environmental policy will be reviewed and supported with the climate action plan in 2022.

Exclusion list

The exclusion list contributes to the prevention of the Group's financing of businesses that disproportionately exploit or have a harmful impact on biodiversity or the broader environment. Where appropriate, the exclusions are aligned with international conventions.

Adaptation to climate change

The Group acknowledges that the changing climate will have an impact on the Company's operations and that this risk needs to be addressed. The Company is committed to aligning with the Task Force for Climate-related Financial Disclosures ('TCFD') to disclose to investors and stakeholders how it plans to deal with this topic.

Read more on page 29

Policies and practices

Emergency Preparedness and Response Plan ('EPRP')

The objective of the EPRP is to protect resources, clients and staff, to safeguard critical information, and to guarantee the continued availability of essential operations and services. The EPRP discusses strategies and plans through which the Company manages and responds to emergencies.

Read more on pages 22 and 23

Tools and indicators

Natural Calamity Impact Assessment ('NCIA')

For 2021, the impact of natural calamities, such as floods and earthquakes, on the resources and the overall operation has been assessed across the Group. This data provides the Company with insights into its vulnerability to such calamities. The analysis is of significance to comprehend where and to which extent adaptation is necessary to mitigate risks. The assessment confirms that the Philippines is most frequently affected by natural calamities, the majority of which are seasonal tropical storms.

UN SDGs

Through our responsible business model, we are actively supporting the UN's sustainable development agenda, working towards the SDGs.

Progress statement: Task Force on Climate-Related Financial Disclosures ('TCFD')

The Company is committed to align with the Task Force on Climate-Related Financial Disclosures ('TCFD') to provide transparent data to investors and other stakeholders about the material risks and opportunities of climate change for the Company. The Group is preparing for full disclosure in the 2022 Annual Report. In this first TCFD report, the Group explains its current position, the progress made towards alignment, expectations and, most significantly, identifies where additional work is required to adhere to full disclosure. This statement is set out on the basis of the four core elements of the TCFD.

Governance

Progress

The Group's governance structure provides clear oversight and ownership of the Group's sustainability strategy and management of climate-related risks and opportunities ('CRROs'). Board oversight is ensured by including three executive Board members, the Chief Executive Officer and two Executive Directors, in the Company's newly created Sustainability Committee on Board level. The CRROs are assessed and managed internally across functions by the Sustainability Working Group ('SWG') established in 2021. The working group involves members of management from risk, finance, operations and investor relations.

Position and ambition

The Sustainability Committee has kicked-off in 2022 and will continue to meet regularly to discuss progress and performance on climate-related topics. The SWG will continue to propose and implement the climate-related strategic decisions to drive improvement. Operating subsidiaries will be requested to take more responsibility and, where appropriate, form sustainability committees at a local level.

Strategy

Progress

Climate change is a part of the Company's approach to sustainability approved by the Board in 2021. The Company is in the process of reassessing and determining the CRROs and translating these into concrete mitigation proposals and energy efficiency actions in a climate action plan.

Position and ambition

As the risk assessment is being conducted, areas of focus are likely to include the risks arising from acute and chronic climate impact and compliance matters related to transitioning into a low carbon economy. Areas of focus will also include the mitigation of such risks and exploring opportunities to reduce the overall carbon footprint of the Company.

Monitoring of climate impact and a detailed assessment will be completed in 2022, including the impact on business strategy, financial planning and effective management and mitigation. Scenario analysis is not yet considered.

Read more on pages 101 and 127

Risk Management

Progress

After thorough deliberation at the Group level, six out of the Company's eleven principal risks have been identified as most likely to be directly or indirectly affected by climate-related risks. These are regulatory risk, credit risk, liquidity risk, growth risk, health and environmental risk, and reputational risk. In order to assess these risks in terms of likelihood and impact, an assessment template has been developed for collecting relevant information from the subsidiaries with an aim to prepare a detailed climate-related risk assessment for the year 2022.

Read more about risk management on pages 50 and 51

Position and ambition

The Group has identified the major areas of risks that are likely to be affected by climate change; defined the climate-related risk management procedures; and developed templates for assessing climate-related risks for the year 2022. The aim of the Group is to successfully integrate climate-related risk management practices into the Group's three lines of defence model of risk management; proactively assess and monitor the level of the risks related to climate change; and ultimately formulate strategies to mitigate these risks and reduce the carbon emissions of the Company across all the subsidiaries.

Metrics and Targets

Progress

The Company discloses its GHG emissions according to scopes 1 and 2, and to a certain extent scope 3 in the Streamlined Energy and Carbon Reporting ('SECR') report.

Read more about what is included in the scopes in the SECR report on pages 30 and 31

Position and ambition

As the Company strengthens its climate-related risk management, it is in the process of extending its scope 3, reporting and adopting metrics and targets to ensure performance can be measured. It aspires to disclose suitable targets which align with its climate strategy and risk management in the next reporting year. Alignment with widely adopted and relevant external frameworks and initiatives is being explored.

2021 Streamlined Energy and Carbon Reporting ('SECR')

The Group is required to report annual global GHG emissions in line with the UK government's Streamlined Energy and Carbon Reporting ('SECR') guideline, implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These regulations came into force on 1 April 2019 and require organisations to publicly report on carbon emissions and energy use.

The Group's emissions calculations and reporting follow the Greenhouse Gas Protocol Corporate Standard (operational control approach) covering its energy usage in 2021.

In 2021, the Group continued to collect data on energy use and business travel for operations covering 15 regions, including 13,047 full-time employees ('FTEs') and 2,044 branches (including the Company's headquarters in the Netherlands and Bangladesh). The table includes the Group's energy use and associated carbon emissions in 2021, broken down by scopes 1, 2 and 3.

Energy efficiency actions

Action taken in 2021	Planned action in 2022
Installation of LED lighting across subsidiaries still under discussion at Group level. A significant amount of LED lights have been installed in 10 of 15 regions.	Discussion to be completed and plan to be shared across all regions.
Continued monitoring and servicing of buildings to ensure energy efficient operations. This includes annual utility maintenance and cleaning of air conditioning systems and checking for any misuse of the water supply, electricity and office cars.	Action to be continued.
Continue to raise awareness on climate issues and necessary precautions through reporting and discussions at Group level. Addressed during client group meetings at subsidiary level.	Continue raising awareness and review the implementation of the Group's environmental policy.
Reduced paper use and endorsed printing policy in all regions. Policy implementation on e-waste yet to be implemented.	Complete implementation of e-waste policy.
Continued encouragement of the use of public transport across regions. All air travel must be approved through official procedures to confirm it is necessary.	Start recording and reporting on air travel to determine the impact on the Company's GHG emissions.
Solar panels installed in two regions.	Conduct feasibility study of solar panels in all regions and, if applicable, encourage the use of solar panels for Company buildings.
Sustainability taken into account during supplier selection of Core Banking System vendors.	Critically assess the regional energy suppliers and, where feasible, gradually consider more sustainable suppliers.

Methodology and scope

The Group is responsible for the internal management controls governing the data collection process, data aggregation, any estimations and extrapolations applied (as required), the GHG calculations performed and the emissions statements.

Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Scope and subject matter

The boundary of reporting includes all operating subsidiaries and facilities owned, leased or actively managed by the Group, as well as business travel in Company-owned vehicles or employee-owned or hired vehicles where the Company is responsible for purchasing the fuel.

Energy and GHG sources included in the process

- **Scope 1**: Direct emissions from owned or controlled assets of the Company. Emissions from combustion of fuel in owned or controlled vehicles and generators have been included.
- **Scope 2**: Indirect emissions from the generation of purchased electricity consumed by the Company. A location-based method has been applied.
- **Scope 3**: All other indirect emissions which are a consequence of the activities of the Company, but occur from sources not owned or controlled by the Company. Mileage claims for commuting have been included. Emissions that arise from client businesses have not been included.

Flight travel and fugitive emissions from refrigeration (e.g. air con) is omitted from the report due to lack of data. ASA International Group plc is working with building managers to develop a more complete data set in this area.

Types of GHGs included, as applicable: CO_2, N_2O, CH_4, HFCs, PFCs, SF_6 and NF_3.

The figures were calculated using UK government 2021 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Particulars	2021	2020*
Energy consumption used (kWh)		
Electricity (kWh)	4,854,153	3,889,098
Gas (kWh)	1,057,564	1,029,459
Transport fuel (kWh)	34,990,655	30,566,505
Other energy sources (kWh)	1,187,806	860,035
Total (kWh)	**42,090,178**	**36,345,097**
Emissions (tCO_2e)		
Scope 1		
Emissions from combustion of gas (tCO_2e)	223.45	215.20
Emissions from combustion of fuel for transport purposes (tCO_2e)	4,608.05	3,927.32
Emissions from combustion of fuel for generators (tCO_2e)	277.55	200.94
Scope 2		
Emissions from purchased electricity (tCO_2e)	1,030.68	825.77
Scope 3		
Emissions from travel in rental cars or transport (tCO_2e)	242.15	214.23
Total location based tCO_2e	**6,382**	**5,383**
Intensity ratio		
Number of full-time employees within financial year (FTE)	13,881	12,628
Intensity ratio: tCO_2e from Scope 1, 2 and 3/FTE location based	0.46	0.43

* The data for 2020 has been reviewed, recollected and revised.

Verification

Internally by the Company.

Engaging with our stakeholders

The Board continues to uphold the highest standards of conduct by respecting the needs and views of its stakeholders and the environment. The disclosures set out on this page demonstrate how the Company has regarded the matters set out in Section 172(1) (a) to (f).

Our stakeholders	How we engage	How the Board engages and is kept informed	What matters most
Clients	• Clients receive loans at the branch office. • Branch staff meet clients at client group meetings. • Branch staff visit clients' businesses. • Senior management visits clients. • Field staff remain in contact with clients via mobile phones.	• Senior management reporting to Audit Committee. • Monthly business updates. • Reporting of client surveys and committees. • Progress on community projects.	• Clients' ability to repay their loans. • Loans should offer an economic benefit for the clients. • Feedback opportunity or file complaints. • Market-based interest rates. • Transparent policies and procedures. • Moratoriums, if needed. • Offering focused community projects.
Colleagues	• Experienced senior managers coach more junior staff. • Senior management is represented on operating subsidiaries' boards. • Meetings with senior management at head office level.	• Meetings between the Chair of the ARC, CFOs and Internal Audit staff. • Non-Executive Directors' attendance at operating subsidiaries' board meetings. • Senior management reporting in Board meetings. • Reporting of Committee meetings. See page 74 for Board activities relating to its fulfilment of duties under Section 172.	• A healthy and safe working environment. • A fair salary and benefits programme. • Employee development, training and opportunities for promotion. • Feedback opportunities. • Having an active role in local community projects. • Awareness of the need for increased gender diversity.
Communities	• Branches are embedded in the communities. • Field staff work closely with community members. • Group meetings and client referrals are part of the local communities. • Investment and engagement in community projects.	• Senior management reporting in Board meetings about community feedback. • Budget spend and impact studies of community projects.	• Empowering female entrepreneurs. • Commitment to improving clients' and families' socioeconomic progress. • Engagement with community members. • Offering relief support in times of hardship.
Lenders	• Meetings and field trips with local and international financiers. • Updates by the CEO following the publication of important Company news.	• Senior management reporting in Board meetings on funding matters. • Securing liquidity. • Securing a stable and reliable funding position. • Overseeing progress of extending waivers, no-action letters in case of potential covenant breaches.	• To stay updated about the performance of the business. • Avoiding concentration of funding sources. • Relationship building with new and existing parties. • Negotiating the best possible terms.
Shareholders and investors	• Business updates. • Audio webcasts and financial results announcements. • Investor and analyst meetings. • A dedicated investor website. • Investor conferences, roadshows and field trip visits.	• Adopt shareholder and investor feedback in the Group's strategy. • CEO updates in Board meetings and regular IR updates to the Board. • Analyst reports. • Provide feedback on RNS announcements and Annual Report. • Annual General Meetings.	• To stay updated about the performance of the business and the Group's long-term goals, strategy and execution. • A constructive dialogue. • Share viewpoints on the Group's strategy. • Compliance and transparency to ensure investor confidence. See Engaging with shareholders on page 70.
Regulators and governments	• Updates of the reporting regulations. • Country Heads' meetings with regulatory bodies. • Relationships with local town councils, local law enforcement agencies, government agencies and local microfinance practitioner networks.	• Senior management reporting in Board meetings. • Overseeing full compliance with reporting requirements, local rules and regulations. • Making sure the Company supports a sustainable lending environment for clients. • Discussing new regulations proposed.	• Full compliance with reporting requirements, local rules and regulations. • Positively engaging with initiatives taken by local governments and regulatory bodies.

Read more in the CEO review on page 06 and strategy on page 10

Decision making during the year

Case study: Developing a digital client platform

Background
During the year, the Company's senior management has been studying the opportunities and market readiness for the introduction of digital financial services across the Group. Such digital financial services would include the digitisation of processes, such as loan applications, on-boarding, customer care and client group communication, as well as offering online loans, accounts, payments and deposits.

S172 considerations
In 2021, the Board noted and discussed the reasons for introducing digital financial services, alongside the existing branch model. The Board considered, amongst others, the attraction a digital financial services platform would have on existing and new client groups, considering the market readiness and client surveys conducted in Ghana, and the additional value the other services of the digital platform would bring to grow clients' businesses, such as, amongst others, helping clients to save time when restocking their businesses, reducing their transport costs and the environmental impact of travel.

In order to prevent any execution risk, the Board requested management to further develop a detailed action plan to source the necessary expertise and knowledge required to execute this new strategy across the Group.

Other considerations and discussions included how to meet the regulatory requirements such as banking licences and IT requirements, given the Company would expand its services to offer deposits to the public at wide over time, which may help to further diversify the funding profile of the Group by reducing the costs of funding over time.

To meet the new business requirements and the IT requirements by regulators, the Board agreed to upgrade the current systems to a more comprehensive core banking system.

Outcome
The Board noted that the management team approved of the digital financial services pilot in Ghana and also approved to develop a plan to implement the new platform across the Group, to be introduced on a country-by-country basis, over time.

A pilot scheme has been planned, starting in Ghana in 2022. If successful and upon the approval of the Bank of Ghana, this will be followed by the launch of a range of other digital financial services in Ghana to support the growth of ASA Savings & Loans clients' small businesses. If successful, other countries will follow, starting with those countries where the Company has or aims to have a banking licence (Nigeria, Pakistan, Kenya, Tanzania etc.).

The Group signed an agreement in December 2021 to purchase the licence of the financial inclusion core banking software system developed by Temenos for all its operating subsidiaries, with implementation having started in 2022 in Ghana and Pakistan.

Link to strategy

- Add digital services, integrated with branch model

Key stakeholders considered

- Clients
- Colleagues
- Regulators
- Shareholders

Significantly improved operational and financial performance

The recovery was led by strong operational and financial performance of ASA Savings & Loans in Ghana, ASA Pakistan and ASA Tanzania.

Key performance indicators

(Amounts USD millions)	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change (constant currency)
Number of clients (m)	2.4	2.4	2.5	*0%*	
Number of branches	2,044	1,965	1,895	*4%*	
Profit before tax	25.7	2.6	54.3	*897%*	*890%*
Net profit[1]	6.4	-1.4	34.5	*556%*	*523%*
OLP[2]	403.7	415.3	467.4	*-3%*	*3%*
Gross OLP	430.7	445.3	471.4	*-3%*	*3%*
PAR>30 days[3]	*5.2%*	*13.1%*	*1.5%*		

1 Net profit was reduced due to a conservative approach of not recognising 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.
2 Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, excludes interest receivable, unamortised loan processing fees, and deducts modification losses and ECL provisions from Gross OLP.
3 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.

FY 2021 highlights

- The Company's operational and financial performance significantly improved with pre-tax profit increasing from USD 2.6 million in FY 2020 to USD 25.7 million 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.
- Pagasa Philippines, ASA Nigeria and ASA Kenya also made significant positive contributions to the Group's net profitability.
- Due to the increased credit risk of the loan portfolio in 2021 caused by the adverse impact of Covid on the businesses of clients, the Company charged USD 37.5 million (FY 2020: USD 27.2 million) for expected credit losses ('ECL') into the Income Statement, of which USD 25.5 million was due to India.
- Following the end of the lockdowns in India, Sri Lanka, 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 48.3 million in June 2021 with 237k clients, mainly in India, benefiting from the moratorium and reduced to USD 28.7 million by year-end 2021.
- PAR>30 decreased 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.
- At 31 December 2021, the Group had approximately USD 91 million of unrestricted cash and cash equivalents, with a funding pipeline reaching approximately USD 192 million.
- The Group successfully raised USD 191 million in fresh debt to fund its operations in 2021.

Outlook

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 forex movements will not have a major adverse impact on the Group.

Group financial performance

(Amounts USD thousands)	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change (constant currency)
Profit before tax	25,705	2,578	54,336	*897%*	*890%*
Net profit	6,358	-1,395	34,497	*556%*	*523%*
Cost/income ratio	*77%*	*98%*	*60%*		
Return on average assets (TTM)[1]	*1.1%*	*-0.2%*	*6.7%*		
Return on average equity (TTM)[1]	*6.0%*	*-1.3%*	*34.5%*		
Earnings growth (TTM)[1]	*556%*	*-104%*	*6%*		
OLP	403,738	415,304	467,429	*-3%*	*3%*
Gross OLP	430,698	445,257	471,420	*-3%*	*3%*
Total assets	562,554	579,260	559,958	*-3%*	
Client deposits[2]	87,812	80,174	78,080	*10%*	
Interest-bearing debt[2]	314,413	337,632	317,810	*-7%*	
Share capital and reserves	103,443	107,073	111,169	*-3%*	
Number of clients	2,380,690	2,380,685	2,534,015	*0%*	
Number of branches	2,044	1,965	1,895	*4%*	
Average Gross OLP per Client (USD)	181	187	186	*-3%*	*3%*
PAR>30 days	*5.2%*	*13.1%*	*1.5%*		
Client deposits as % of loan portfolio	*22%*	*19%*	*17%*		

1 TTM refers to trailing 12 months.
2 Excludes interest payable.

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

"We currently expect that the operating environment will further improve in most of our operating countries in the current financial year. There has been an improvement of the situation in India, where the regulator introduced radical changes to the regulation of the Indian microfinance sector effective 1 April 2022. These changes are a positive development for the Company as it enables ASA India to price its loans based on the risk profile thereof and create a level playing field for NBFC-MFIs and banks active in the microfinance sector. The improvement in India has been partially offset by the continued challenging operating environment in Myanmar due to Covid and the military takeover, and in Sri Lanka which is currently suffering from an economic crisis."

South Asia

$182.3m

Outstanding loan portfolio (USD)

Regional head offices

(Unaudited) (Amounts USD thousands)	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change (constant currency)
Profit before tax	-8,229	-5,537	20,020	-49%	-49%
Net profit	-12,393	-4,360	14,098	-184%	-189%
Cost/income ratio	154%	134%	50%		
Return on average assets (TTM)	-5.5%	-1.7%	6.1%		
Return on average equity (TTM)	-27.3%	-7.8%	26.6%		
Earnings growth (TTM)	-184%	-131%	-5%		
OLP	182,329	217,843	254,361	-16%	-11%
Gross OLP	201,405	238,738	256,578	-16%	-11%
Total assets	198,393	253,360	252,034	-22%	
Client deposits	2,464	2,610	2,082	-6%	
Interest-bearing debt	146,522	183,756	177,257	-20%	
Share capital and reserves	37,506	53,232	58,703	-30%	
Number of clients	1,106,469	1,185,656	1,234,638	-7%	
Number of branches	778	758	751	3%	
Average Gross OLP per Client (USD)	182	201	208	-10%	-4%
PAR>30 days	9.6%	21.3%	2.0%		
Client deposits as % of loan portfolio	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 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 Pakistan and Sri Lanka (PKR down 11% and LKR down 9% YoY against USD) led to South Asia's USD net loss widening to USD 12.4 million.

Awards

Country: India

Name of accolade:
SKOCH order-of-merit

Year: 2021

India

ASA India shrank its operations over the past 12 months:

- Number of clients down from 714k to 541k (down 24% YoY).
- Number of branches down from 400 to 387 (down 3% YoY).
- OLP declined from INR 10.7 b to INR 7.2 billion (-33%).
- Off-book portfolio[1] declined from INR 3.4 billion (USD 46.4 million) to INR 2.7 billion (USD 35.7 million) (down 22% in INR). This now includes INR 133.9 million (USD 1.8 million) 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 7% YoY in INR).
- PAR>30 decreased from 31.9% to 19.7%.
- USD 22.9 million monthly average of moratoriums granted to 126k monthly average of clients whose loans were restructured in line with RBI guidelines.

1 See note 13.1 to the consolidated financial statements for details on the off-book portfolio.

Pakistan

ASA Pakistan grew its operations over the past 12 months:

- Number of clients increased from 416k to 512k (up 23% YoY).
- Number of branches up from 292 to 325 (up 11% YoY).
- OLP up from PKR 10.0 billion (USD 62.5 million) to PKR 13.8 billion (USD 77.7 million) (up 38% in PKR).
- Gross OLP/Client up from PKR 24.8k (USD 155) to PKR 27.3k (USD 154) (up 10% YoY in PKR).
- PAR>30 decreased from 4.0% to 0.2%.
- No moratoriums granted to clients.

Sri Lanka

Lak Jaya continued to feel the negative impact of Covid over the past 12 months:

- Number of clients down from 56k to 53k (down 5% YoY).
- Number of branches remained at 66.
- OLP increased from LKR 1.56 billion (USD 8.4 million) to LKR 1.57 billion (USD 7.7 million) (up 1% YoY in LKR).
- Gross OLP/Client up from LKR 30.2k (USD 163) to LKR 32.0k (USD 158) (up 6% YoY in LKR).
- PAR>30 decreased from 7.6% to 6.0%.
- USD 58k monthly average of moratoriums granted to 4k monthly average of clients.

South East Asia

$62.3m

Outstanding loan portfolio (USD)

○ Regional head offices

(Unaudited) (Amounts USD thousands)	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change (constant currency)
Profit before tax	34	-4,348	7,511	*101%*	*81%*
Net profit	-339	-3,366	5,349	*90%*	*69%*
Cost/income ratio	*97%*	*135%*	*74%*		
Return on average assets (TTM)	*-0.3%*	*-2.7%*	*4.8%*		
Return on average equity (TTM)	*-1.8%*	*-16.1%*	*29.1%*		
Earnings growth (TTM)	*90%*	*-163%*	*38%*		
OLP	62,328	74,214	84,205	*-16%*	*-4%*
Gross OLP	66,784	80,832	84,886	*-17%*	*-5%*
Total assets	105,872	119,152	125,750	*-11%*	
Client deposits	20,956	24,000	22,995	*-13%*	
Interest-bearing debt	60,392	66,412	72,419	*-9%*	
Share capital and reserves	16,827	20,259	21,453	*-17%*	
Number of clients	400,021	428,645	491,813	*-7%*	
Number of branches	420	415	405	*1%*	
Average Gross OLP per Client (USD)	167	189	173	*-11%*	*1.5%*
PAR>30 days	*2.1%*	*4.1%*	*1.0%*		
Client deposits as % of loan portfolio	*34%*	*32%*	*27%*		

- Pagasa Philippines improved its collection efficiency and returned towards growth of its OLP.
- In Myanmar, client and OLP growth stalled due in large part to disruptions brought on by civil unrest and Covid.

The Philippines

Pagasa Philippines operations grew over the last 12 months despite the impact from Covid:

- Number of clients down from 299k to 289k (down 4% YoY).
- Number of branches up from 322 to 324 (up 1% YoY).
- OLP up from PHP 2.2 billion (USD 45.3 million) to PHP 2.3 billion (USD 44.6 million) (up 5% YoY in PHP).
- Gross OLP/Client increased from PHP 8.1k (USD 168) to PHP 8.2k (USD 161) (up 2% YoY in PHP).
- PAR>30 decreased from 6.4% to 2.5%.
- USD 3k monthly average of moratoriums granted to 136 monthly average of clients.

Myanmar

ASA Myanmar saw a decline in clients and OLP over the trailing 12 months:

- Number of clients down from 129k to 111k (down 14% YoY).
- Number of branches increased from 93 to 96 (up 3% YoY).
- OLP down from MMK 38.4 billion (USD 28.9 million) to MMK 31.5 billion (USD 18.1 million) (down 18% YoY in MMK).
- Gross OLP/Client up from MMK 316k (USD 237) to MMK 324k (USD 182) (up 3% YoY in MMK).
- PAR>30 increased from 0.5% to 1.1%.
- USD 834k monthly average of moratoriums granted to 41k monthly average of clients.

West Africa

$94.2m
Outstanding loan portfolio (USD)

Regional head offices

(Unaudited) (Amounts USD thousands)	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change (constant currency)
Profit before tax	35,583	19,268	23,113	*85%*	*89%*
Net profit	25,019	13,443	15,935	*86%*	*90%*
Cost/income ratio	*37%*	*49%*	*45%*		
Return on average assets (TTM)	*20.6%*	*13.2%*	*17.3%*		
Return on average equity (TTM)	*45.4%*	*31.1%*	*45.7%*		
Earnings growth (TTM)	*86%*	*-16%%*	*-6%*		
OLP	94,201	77,835	77,200	*21%*	*29%*
Gross OLP	95,879	79,499	78,078	*21%*	*28%*
Total assets	134,719	107,748	95,240	*25%*	
Client deposits	46,548	39,788	38,195	*17%*	
Interest-bearing debt	7,100	10,255	11,919	*-31%*	
Share capital and reserves	61,222	49,033	37,452	*25%*	
Number of clients	457,302	447,122	459,022	*2%*	
Number of branches	440	433	423	*2%*	
Average Gross OLP per Client (USD)	210	178	170	*18%*	*25%*
PAR>30 days	*2.6%*	*2.7%*	*1.5%*		
Client deposits as % of loan portfolio	*49%*	*51%*	*49%*		

- West Africa's operational and financial performance continued to improve despite the market environment still being challenging due to Covid.
- A depreciation of NGN (7% down against USD in FY 2021) and SLL (12% down against USD in FY 2021) impacted profitability and OLP growth in USD terms.

Awards

Country: Sierra Leone

Name of accolade:
'Sierra Leone Business Awards 2020-2021'
by Corporate Events Limited

Year: 2021

Ghana

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

- Number of clients up from 158.0k to 158.4k (up 0.3% YoY).
- Number of branches up from 129 to 133 (up 3% YoY).
- OLP up from GHS 248.3 million (USD 42.3 million) to GHS 301.7 million (USD 48.9 million) (up 22% YoY in GHS).
- Gross OLP/Client up from GHS 1.6k (USD 269) to GHS 1.9k (USD 310) (up 21% YoY 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 up from 253k to 254k (up 0.3% YoY).
- Number of branches maintained at 263.
- OLP up from NGN 12.0 billion (USD 31.2 million) to NGN 15.9 billion (USD 38.5 million) (up 32% YoY in NGN).
- Gross OLP/Client up from NGN 50k (USD 129) to NGN 65k (USD 157) (up 31% YoY in NGN).
- PAR>30 decreased from 5.5% to 4.6%.
- 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 45k (up 24% YoY).
- Number of branches up from 41 to 44 (up 7% YoY).
- OLP up from SLL 43.6 billion (USD 4.3 million) to SLL 76.1 billion (USD 6.7 million) (up 75% YoY in SLL).
- Gross OLP/Client up from SLL 1.2 million (USD 123) to SLL 1.7 million (USD 154) (up 39% YoY in SLL).
- PAR>30 increased from 4.4% to 7.5%.
- No moratoriums granted to clients.

East Africa

$64.9m
Outstanding loan portfolio (USD)

Regional head offices

(Unaudited) (Amounts USD thousands)	FY 2021	FY 2020	FY 2019	YoY % change	YoY % change (constant currency)
Profit before tax	6,605	1,652	8,785	*300%*	*297%*
Net profit	4,631	1,069	6,160	*333%*	*326%*
Cost/income ratio	*75%*	*90%*	*62%*		
Return on average assets (TTM)	*6.5%*	*1.8%*	*12.6%*		
Return on average equity (TTM)	*25.5%*	*6.7%*	*51.0%*		
Earnings growth (TTM)	*333%*	*-83%*	*69%*		
OLP	64,881	45,413	51,664	*43%*	*42%*
Gross OLP	66,629	46,188	51,878	*44%*	*44%*
Total assets	83,602	59,802	59,356	*40%*	
Client deposits	17,843	13,776	14,808	*30%*	
Interest-bearing debt	41,201	26,292	25,835	*57%*	
Share capital and reserves	19,973	16,313	15,476	*22%*	
Number of clients	416,898	319,262	348,542	*31%*	
Number of branches	406	359	316	*13%*	
Average Gross OLP per Client (USD)	160	145	149	*10%*	*10%*
PAR>30 days	*1.3%*	*13.2%*	*0.6%*		
Client deposits as % of loan portfolio	*28%*	*30%*	*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, Uganda and Rwanda.

Kenya

ASA Kenya expanded its operations over the 12-month period:

- Number of clients up from 92k to 119k (up 29% YoY) and above pre-Covid levels.
- Number of branches up from 100 to 112 (up 12% YoY).
- OLP up from KES 1.4 billion (USD 12.7 million) to KES 1.8 billion (USD 16.1 million) (up 32% YoY in KES).
- Gross OLP/Client up from KES 15k (USD 142) to KES 16k (USD 140) (up 2% YoY in KES).
- PAR>30 decreased from 21.9% to 1.1%.
- No moratoriums granted to clients.

Tanzania

ASA Tanzania managed to significantly expand its operations over the last 12 months:

- Number of clients up from 121k to 174k (up 43% YoY).
- Number of branches up from 121 to 143 (up 18% YoY).
- OLP up from TZS 49.6 billion (USD 21.4 million) to TZS 79.0 billion (USD 34.3 million) (up 59% YoY in TZS).
- Gross OLP/Client up from TZS 413k (USD 178) to TZS 460k (USD 200) (up 11% YoY in TZS).
- PAR>30 decreased from 2.5% to 0.5%.
- No moratoriums granted to clients.

Uganda

ASA Uganda saw a growth in operations over the last 12 months:

- Number of clients up from 81k to 92k (up 13% YoY).
- Number of branches up from 98 to 103 (up 5% YoY).
- OLP up from UGX 29.3 billion (USD 8.0 million) to UGX 31.8 billion (USD 9.0 million) (up 9% YoY in UGX).
- Gross OLP/Client up from UGX 366k (USD 100) to UGX 378k (USD 107) (up 3% YoY in UGX).
- PAR>30 decreased from 29.1% to 3.8%.
- No moratoriums granted to clients.

Rwanda

ASA Rwanda saw an increase in OLP despite having fewer clients over the last 12 months:

- Number of clients declined from 19k to 18k (down 6% YoY).
- Number of branches maintained at 30.
- OLP up from RWF 2.9 billion (USD 2.9 million) to RWF 3.4 billion (USD 3.3 million) (up 19% YoY in RWF).
- Gross OLP/Client up from RWF 151k (USD 153) to RWF 193k (USD 187) (up 28% YoY in RWF).
- PAR>30 decreased from 10.1% to 4.5%.
- No moratoriums granted to clients.

Zambia

ASA Zambia managed to expand its operations:

- Number of clients increased from 5k to reach 15k.
- Number of branches increased from 10 to 18.
- OLP up from ZMW 7.9 million (USD 372k) to ZMW 36.4 million (USD 2 million).
- Gross OLP/Client up from ZMW 1.6k (USD 76) to ZMW 2.5k (USD 151).
- PAR>30 declined to 0.3%.
- No moratoriums granted to clients.

Awards

Country: Uganda

Name of accolade:
Best Microfinance (Tier-4) Visionaries award by the Uganda Microfinance Regulatory Authority

Year: 2021

Awards

Country: Kenya

Name of accolade:
Pacesetter MFI of the Year 2021 by the Annual Industry Leadership Award Team

Year: 2021

Regulatory environment

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

Key events 2022

India

- On 14 March 2022, the RBI announced the new regulation for the microfinance sector in India, applicable to all banks, NBFC-MFIs and other participants in the microfinance sector. 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. The 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 where repayment with interest is limited 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 24.50%, ranging from 23% to 27%, subject to the assessed risk of the loan.

Pakistan

- The State Bank of Pakistan completed the inspection of ASA Pakistan in August 2021. ASA Pakistan is now awaiting the microfinance bank licence.

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

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

Kenya

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

Regulatory capital

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 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 minimised 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 and 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 FY 2021:

In USD millions	31 Dec 21	31 Dec 20	31 Dec 19
Local deposits	87.8	80.2	78.1
Loans from financial institutions	249.8	274.1	260.6
Microfinance loan funds	36.5	23.5	27.2
Loans from dev. banks & foundations	28.1	40.0	30.0
Equity	103.4	107.1	111.2
Total funding	**505.7**	**524.9**	**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 60 lenders throughout the world, which has provided reliable access to competitively priced funding for the growth of its loan portfolio.

On 14 April 2022, the Company drew an additional USD 4.0 million from the existing facility agreement signed in November 2021 with Symbiotics, a leading impact platform for impact investing managed funds.

During 2021, a number of loan covenants, particularly related to portfolio quality, were breached across the Group. As of 31 December 2021, the balance for credit lines with breached covenants that did not have waivers amounted to USD 111 million, out of which waivers for USD 36.7 million have been subsequently received. The majority of the waivers which are pending relate to our India operations where a majority of our lenders are local institutions, who usually provide waivers after the end of the statutory accounting period (31 March 2022).

Based on the received waivers, ongoing discussions, prior experience, and new funding commitments received, the Group has a high degree of confidence that all the required waivers will be obtained. It should be noted that none of the lenders have initiated any accelerated calls to any of the Group's outstanding obligations during 2020 and 2021.

The Company has also received temporary waivers, no-action and/or comfort letters from some of its major lenders for the remainder of 2022 due to expected portfolio quality covenant breaches (primarily PAR>30). The impact of these potential covenant breaches was further assessed in the evaluation of the Company's going concern as disclosed in note 2.1.1. of the full year 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:

- On 14 April 2022, the Company drew an additional USD 4.0 million on 14 April 2022 from the existing facility agreement signed in November 2021 with Symbiotics, a leading impact platform for impact investing managed funds in November 2022.
- ASA International N.V. signed an agreement with Temenos.

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 generally (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	FY 2021	FY 2020	FY 2019	Δ FY 2020 – FY 2021
India (INR)	74.4	73.0	71.3	(2%)
Pakistan (PKR)	177.5	160.3	154.8	(11%)
Sri Lanka (LKR)	202.9	185.3	181.4	(9%)
The Philippines (PHP)	51.1	48.0	50.7	(6%)
Myanmar (MMK)	1778.5	1330.7	1487.0	(34%)
Ghana (GHS)	6.2	5.9	5.7	(5%)
Nigeria (NGN)	411.5	384.6	362.5	(7%)
Sierra Leone (SLL)	11289.0	10107.0	9782.7	(12%)
Kenya (KES)	113.2	109.0	101.4	(4%)
Uganda (UGX)	3546.2	3647.7	3665.4	3%
Tanzania (TZS)	2303.7	2317.2	2298.0	1%
Rwanda (RWF)	1031.8	986.4	943.2	(5%)
Zambia (ZMW)	16.7	21.1	14.1	21%

During FY 2021, the US Dollar particularly strengthened against PKR +11%, MMK +34% and SLL +12%. 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 FY 2021 amounted to USD 11.0 million of which USD 3.8 million related to the depreciation of the PKR, USD 2.9 million related to the depreciation of the MMK, and USD 1.4 million to depreciation of the NGN. This compared to a total contribution to the foreign exchange translation reserve of USD 2.0 million in 2020.

Forward-looking statement and disclaimers

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of any securities, nor any solicitation of any offer to purchase, otherwise acquire, issue, subscribe for, sell, or otherwise dispose of any securities. The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Regulatory environment

South Asia

India

ASA India commenced operations in 2008 as a non-banking financial company. IDFC FIRST Bank owns 9.99% of the shares of ASA India, with the remaining shares owned by ASA International. ASA India has branches in West Bengal, Tripura, Assam, Bihar, Meghalaya, Uttar Pradesh and Odisha state.

Regulatory environment

ASA India is regulated by the RBI and is registered as an NBFC-MFI, which licence was received in July 2018 and is subject to regulations issued by the RBI.

Between 1 April 2021 and 1 January 2022, interest rates that ASA India could charge were limited to a maximum of 21.47% and a net interest margin (calculated as interest income plus fees less interest expense) of 10%, as well as a 1% limit on processing fees. Between 1 January and 1 April 2022 interest rates were limited to 21.65%. Effective 1 April 2022, new regulations for the microfinance sector are applicable. The 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.

Pakistan

ASA Pakistan commenced operations in 2009. It has branches in two provinces (Punjab and Sindh), with the largest number in Punjab Province.

Regulatory environment

ASA Pakistan is currently still supervised by the Securities and Exchange Commission of Pakistan, and operates as a lending company. ASA Pakistan submitted an application for a microfinance bank licence to the State Bank of Pakistan which, once awarded, will enable it to take deposits. Upon receipt of a microfinance bank licence, ASA Pakistan will be regulated by the State Bank of Pakistan. In January 2021, ASA Pakistan received extension in the validity of the No Objection Certificate ('NOC') until 30 April 2021. In February 2021, the Securities and Exchange Commission of Pakistan issued a new certificate of incorporation, changing the name to ASA Microfinance Bank (Pakistan) Limited, along with the approval of the revised memorandum of association. State Bank of Pakistan completed the inspection of ASA Pakistan in August. ASA Pakistan is now awaiting the final licence.

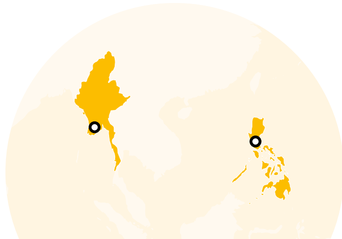
Sri Lanka

Lak Jaya was acquired in 2008. Its branches are generally equally distributed among 24 districts, with Colombo having the largest number. 2.86% of the share capital in Lak Jaya is held by local investors.

Regulatory environment

Following receipt of the microfinance company licence in 2019, the Company is subject to certain prudential capitalisation and liquidity requirements and is regulated by the Central Bank in Sri Lanka. A 35% interest rate cap applies to loans by microfinance institutions.

South East Asia



The Philippines

Pagasa Philippines, established in 2007, has branches in eight regions (South Luzon, NCR, Central Luzon, North Luzon, North Mindanao, South Mindanao, West Mindanao and Visayas), with the largest number of branches in Luzon.

Regulatory environment

Pagasa Philippines is licenced as a finance company and provides only credit.

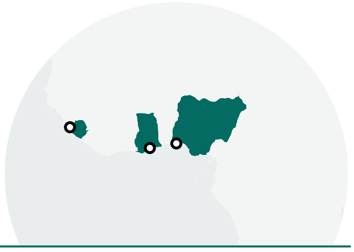
Myanmar

ASA Myanmar commenced operations in 2014. It has branches in five States (Bago, Yangon, Magway, Mon and Sagaing), with most branches located in Bago State.

Regulatory environment

ASA Myanmar is regulated by the Financial Regulatory Department of the Ministry of Finance and operates as a deposit-taking microfinance institution. It is licenced by the Myanmar Microfinance Supervisory Enterprise and is allowed to take mandatory deposits from its clients up to a maximum of 5% of the value of the loan. In February 2020, ASA Myanmar received a full deposit-taking licence. This allows the Company to collect voluntary savings.

West Africa



Nigeria

In Nigeria, the Company established two legal entities: 'ASIEA' (NGO), which commenced operations in 2009, and ASHA Microfinance Bank Limited, which commenced operations as a microfinance bank in 2010. The merger of the two entities was completed on 1 April 2020 following receipt of all regulatory approvals.

ASA Nigeria's branches are currently located in 19 States (Lagos, Kano, Kaduna, Abia, Enugu, Ogun, Oyo, Kwara, Osun, Ondo, Ekiti, Kogi, Benue, Abuja, Niger, Nasarawa, Edo, Imo and Anambra).

Regulatory environment

ASA Nigeria is regulated by the Central Bank of Nigeria. The Company has a nationwide microfinance bank licence and is licenced to take deposits from its clients.

Ghana

Operations in Ghana commenced through ASA Ghana (NGO) in 2008. ASA Savings & Loans was established in 2009 and received a savings and loan bank licence in 2012. It has branches in nine regions (Greater Accra, Ashanti, Central, Western, Ahafo, Eastern, Bono, Bono East, Western North) with the largest number of branches in the Greater Accra region.

Regulatory environment

ASA Savings & Loans is regulated by the Bank of Ghana and operates as a savings and loans company. It is licenced to take deposits from its clients.

Sierra Leone

ASA Sierra Leone commenced operations in 2016. It has branches in seven districts (Freetown, Bo, Bombali, Western Rural, Kenema, Tonkolili and Port Loko), with the largest number of branches in Freetown.

Regulatory environment

ASA Sierra Leone is regulated by the Bank of Sierra Leone and operates as a non-deposit-taking company.

East Africa

Kenya

ASA Kenya commenced operations in 2013. It has a widespread regional presence in 31 out of 47 counties.

Regulatory environment

ASA Kenya is registered to operate as a non-deposit-taking MFI.

Tanzania

ASA Tanzania commenced operations in 2014. It has branches in eight regions (Dar es Salaam, Morogoro, Tanga, Arusha, Kilimanjaro, Dodoma, Mpwani and Mwanza) out of 28 regions in Tanzania, with the largest number of branches in Dar es Salaam.

Regulatory environment

ASA Tanzania is operating as a non-deposit taking microfinance institution under the Microfinance Act 2018. Non-deposit-taking licence by Central Bank received in 2021. Application for deposit-taking licence to be submitted in 2022.

Uganda

ASA Uganda commenced operations in 2013. It has branches in the entire country, in all five regions, with the largest number of branches in the Central Region.

Regulatory environment

ASA Uganda is regulated by the Uganda Microfinance Regulatory Authority and operates as a microfinance company. The Company has a lending-taking MFI licence.

Rwanda

ASA Rwanda commenced operations in 2016. It has branches in all five provinces (Kigali, Northern, Western, Southern and Eastern), with the largest number of branches in Kigali.

Regulatory environment

ASA Rwanda is regulated by the National Bank of Rwanda and operates as a microfinance institution. It is licenced to take deposits from its clients.

Zambia

ASA Zambia commenced operations in January 2019 and operates as a non-deposit-taking microfinance institution.

Regulatory environment

ASA Zambia is regulated by the Bank of Zambia under the Financial Services Act and the Banking Financial Services (Microfinance Regulations of 2006) and provides credit only.

KPIs

These KPIs represent the activities that the Group sees important to the achievement of its business objectives. The non-financial KPIs reflect the Company's impact on key stakeholders, such as its staff, clients and the wider community, by measuring, amongst others, workforce development, portfolio quality and customer satisfaction.

Financial

USD 403.7m
Outstanding Loan Portfolio ('OLP')

2021	$403.7m
2020	$415.3m
2019	$467.4m

The figure depicts net Outstanding Loan Portfolio including offbook net BC loan portfolio from IDFC and direct assignment loans with SBI.

USD 181
Gross OLP/Client

2021	$181m
2020	$187m
2019	$186m

Total net average of Gross Outstanding Loan Portfolio including BC and DA loans divided by total number of clients.

78%
Total Debt/OLP

2021	78%
2020	81%
2019	68%

The ratio is calculated by dividing closing balances of interest-bearing debt (excluding interest payables) with Outstanding Loan Portfolio.

28%
Net Interest Margin ('NIM')

2021	28%
2020	19%
2019	26%

Net Interest Margin measures the difference between the interest income generated and the amount of interest expenses, relative to the amount of average Outstanding net Loan Portfolio.

5.2%
PAR>30 dpd

2021	5.2%
2020	13.1%
2019	1.5%

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.

77.4%
Cost to income ratio

2021	77.4%
2020	98%
2019	60%

Cost to income ratio is calculated by dividing total operating expenses by total net operating income.

USD 6.4m
Reported net profit after tax

2021	$6.4m
2020	-$1.4m
2019	$34.5m

Consolidated net profit for the year as reported in the financial statements.

1.1%
Return On Assets ('ROA')

2021	1.1%
2020	-0.2%
2019	6.7%

Return On Assets is calculated by dividing the reported net profit after tax by the average of total asset.

6.0%
Return On Equity ('ROE')

2021	6.0%
2020	-1.3%
2019	35%

Return On Equity is calculated by dividing the reported net profit after tax by the average of shareholders' equity.

USD 0.09¢
Earnings Per Share ('EPS')

2021	$0.09¢
2020	-$0.01¢
2019	$0.34¢

Earnings Per Share is calculated by dividing the net profit after tax by the weighted average number of the ordinary shares outstanding during the year. For 2021, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.

Nil
Dividend Per Share ('DPS')

2021	NIL
2020	NIL
2019	NIL

The figure is calculated by dividing the total dividends paid out by the Group, including interim dividends, over a period of time by the weighted average number of the Group's ordinary shares outstanding during the year.

Non-Financial

79
Number of new branches

2021	79
2020	70
2019	230

The number of new branches in all operating markets.

2,044
Number of branches

2021	2,044
2020	1,965
2019	1,895

The number of branches in all operating markets.

1,165
Clients per branch

2021	1,165
2020	1,212
2019	1,337

Clients per branch is the total number of customers divided by the total number of branches.

13,047
Number of staff

2021	13,047
2020	12,535
2019	12,480

The number of people directly employed by the Company.

33.4%
Gender diversity

2021	33.4%
2020	33.0%
2019	32.0%

Number of female employees compared to total employees.

85%
Employee satisfaction rate

2021	85%
2020	N/A
2019	83%

The employee satisfaction rate is estimated based on staff satisfaction analyses of professional, facility and department service satisfaction.

93%
Client satisfaction survey

2021	93%
2020	N/A
2019	92%

This survey is conducted by interviewing at least two clients per loan officer to estimate the client's satisfaction with the products and with the services delivered.

74.0%
Client retention rate

2021	74.0%
2020	77.6%
2019	75.4%

Determined by subtracting the total number of new clients in a period from the number of clients at the end of that period divided by the total number of clients at the beginning of the period. Periods based on tenor of client loans (6, 10 or 12 months).

2.4m
Number of clients

2021	2.4m
2020	2.4m
2019	2.5m

The number of clients in all operating markets.

5.5%
Client Economic Yield ('CEY')

2021	5.5%
2020	NIL
2019	7.1%

The Client Economic Yield is calculated by deducting the clients' weekly interest costs from their average weekly income, derived from their business activities.

6,382 tonnes CO_2
Carbon footprint

2021	6,382
2020	5,383
2019	7,132

Carbon footprint is measured as the sum of direct emissions of greenhouse gases, carbon emissions from direct purchase of electricity and fuel combustion for transportation purposes.

91%
Social Performance Index ('SP14')

2021	91%
2020	89%
2019	88%

SPI4 is a social audit tool made by CERISE as per Universal Standards managed by SMART CAMPAIGN. The assessment is divided into six dimensions with both qualitative and quantitative questions. Each dimension carries a score of 100.

The Group aims to manage the risks inherent in its business activities, ensuring that the Company's operations are carried out in a safe and compliant way.

Risk management framework

The Group's risk management philosophy is to promote a comprehensive risk management strategy to maintain a sustainable financial institution. To ensure that the Group's philosophy is implemented across its various departments, there is a clear segregation of duties between operational and risk management functions in the country head office of each of the Group's microfinance institutions as well as at the Group level. At each of the Group's microfinance institutions, all functions, activities and tasks are designed and developed having considered any related risk elements.

The Group's risk culture is based on its values, beliefs, knowledge, attitudes and understanding of risk across its various countries. The Group assesses its risk culture by identifying and evaluating its quantifiable and non-quantifiable risks.

The Group has adopted the three lines of defence model.

Risk appetite

Risk appetite, or the amount and type of risk that the Group is willing to accept, tolerate, or expose itself to in pursuit of its business objectives, is set at a level to avoid loss, fraud and operational inefficiencies. The Group establishes its risk appetite to provide direction and set boundaries for risk management across its microfinance institutions. The Group targets more conservative financial and prudential ratios than those required by regulators in the countries in which the Group operates. The Group also has zero tolerance for any unethical, illegal or unprofessional conduct and maintains a zero appetite for association with any disreputable individuals.

The Group evaluates its risk appetite on a quarterly basis. The Group first identifies and reports its risk appetite at the microfinance institution level, where a financial target is established and a risk appetite statement is produced by each microfinance institution and submitted for consideration to senior management at the Group's corporate headquarters. At the Group's corporate headquarters, each microfinance institution's risk appetite report is evaluated, and the Group establishes an overall risk appetite that is later implemented across its countries.

Outline of the risk management framework in place

1. Defines high-level strategy. Ensures the Group has effective risk management policies in place. Approval of the risk management framework and risk principles	**Board role**
2. Sets risk appetite and strategy, frameworks and principles to be recommended to the Board. Identifies new risks	**Senior management role**
3. Management determines risk appetite	**Risk appetite**
4. Management defines governance, risk and compliance framework including principal processes and procedures	**Governance framework**
5. Three lines of defence model implemented at all levels of the Group	**Three lines of defence**
6. Frequent reporting at the country level as well as from country to Group level to identify key risk areas and prioritise risks likely to occur	**Risk and control cycle from identification to reporting**
7. Development of risk culture throughout the organisation	**Risk culture** / **Risk resources and capabilities**[1]
8. Day-to-day management of risks as per three lines of defence model	**Primary risk categories**

1 Ensuring the resources are in place to effectively implement the risk control framework and staff are equipped with necessary expertise.

Three lines of defence

Board of Directors
Board establishes the risk strategy and regularly reviews risk appetite
Approves frameworks, methodologies, policies and responsibilities

Operational management	Risk management	Internal Audit
First line of defence	Second line of defence	Third line of defence
Line management in each business area	Independent risk management function	Internal Audit function
Primary responsibility for serving clients, systems, controls and risk management	Provides specialist advice, governance and oversight	Independent assurance and reporting line to the Audit and Risk Committee of the Board
	Supports and challenges the first line	

Three lines of defence

The first line of defence is the branch staff and area, regional and district managers at the microfinance institution level who are responsible for risk assessment, client retention and credit risk. The Country Heads and the Group's senior management ensure proper implementation of control activities, policies and procedures.

The second line of defence at the Group's subsidiaries provides guidance and oversight of the activities performed by the first line of defence. They are part of the operation team including other head office management (i.e. compliance and other independent functions such as: finance and accounts, treasury, IT, HR and the risk department) and are supported by the Group's risk management team. The Fraud and Misappropriation Prevention Unit at the Group's subsidiaries aims to reduce the financial risk and losses caused by fraud and misappropriation.

The third line of defence is internal audit at both the Group level and the microfinance institution level. In addition to regularly performing internal auditing activities, Internal Audit audits the risk management functions to ensure that all units responsible for managing risk are performing their roles effectively and continuously.

For more information about our three lines of defence, visit our website

Principal risks

Details of the Group's key risk management areas can be found on pages 52 to 56. This section should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group but rather those which the Group currently believes may have a significant impact on its performance and future prospects.

Impact of Covid

The Group's operational and financial performance continued to be substantially affected in 2021 by the impact of the Covid pandemic, including the associated disruption after the measures taken by government authorities which resulted in increased ECL provisioning and write-offs. ASA India suffered most as it was hit by an unprecedented second Covid wave of infections in early 2021. This resulted in several state governments declaring lockdowns in May and June 2021 which significantly impacted the operations of ASA India. The military government in Myanmar announced a ten-week lockdown in July and September, which further impacted the volatile market situation in that country. Sri Lankan operations also faced two months of lockdown, first in May and June and then again in August and September. These additional disruptions, combined with the disruption met in 2020, resulted in the highest write-off of loans in the history of the Group's operation. In 2021, loans amounting to USD 32.7 million were written off, significantly higher than the pre-Covid yearly average of USD 1.1 million. In addition, the Group booked a significant ECL provision of USD 27.5 million to cater for further expected write-offs on the current loan portfolio. Further, the pandemic slowed down the growth plans of the Company as the focus was on the safety of our clients and staff and the quality of the loan portfolio.

The immediate health impact on staff and clients remained relatively low, with two deaths amongst approximately 12.5k employees and 685 deaths amongst 2.4 million clients due to the pandemic.

Read more on in note 2.5.2 and 13.2 on pages 122 and 135 of the financial statements

See also the viability statement on page 77

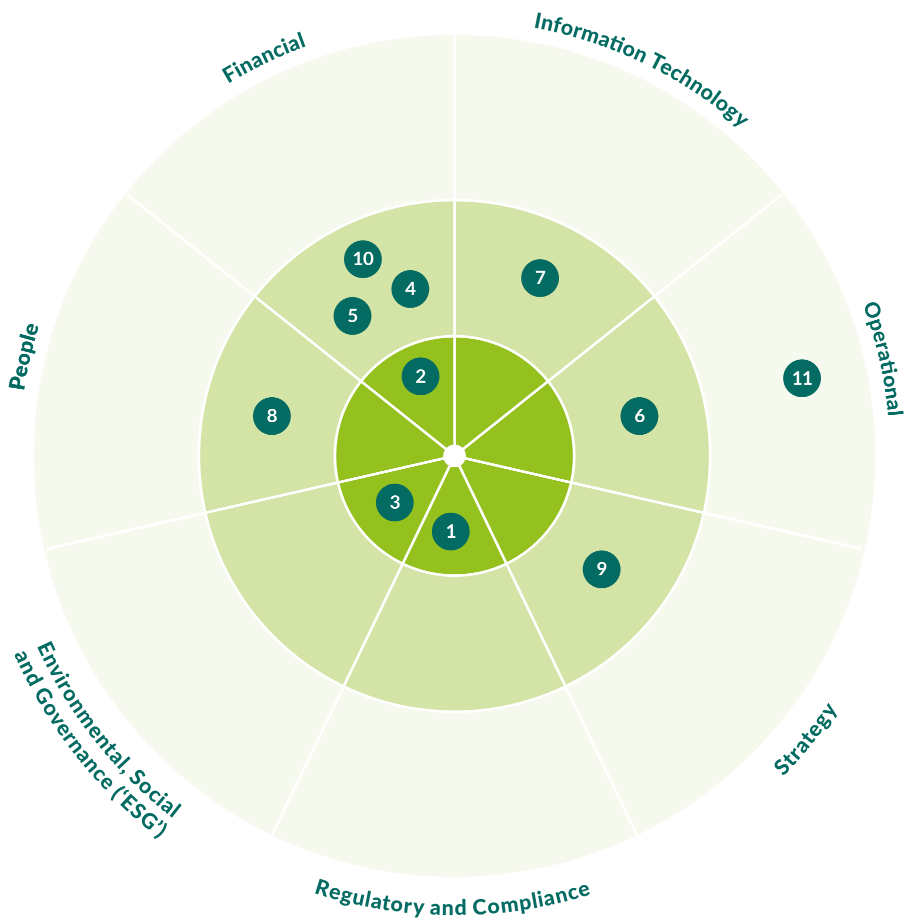
Principal risks

The Group's risk appetite improved during the year; however, it continued to face a challenging external environment in some of its operating subsidiaries, particularly from a regulation, credit and health standpoint.

Internally, the Group's operational governance framework and risk management processes are continually reviewed to ensure that, where areas of improvement are identified, a plan of action is put in place and can become a key focus for the Board. The effectiveness of operating these processes is monitored by the Audit and Risk Committee on behalf of the Board. The Company's risk appetite improved in 2021. In 2022, the Company is reviewing its risk taxonomy, based on its long-term growth strategy.

Read more on pages 10 and 11

Risk map



Principal risks

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

Risk level

High
When the risk crosses the tolerance level of the organisation and may cause significant impact on achieving the goals and objectives, or may have a major impact from a financial, legal, regulatory and reputational standpoint.

Medium
When the risk is at the borderline of the tolerance level of the organisation and may cause moderate impact on achieving the goals and objectives, or may have moderate impact from a financial, legal, regulatory and reputational standpoint.

Low
When the risk is within the tolerance level of the organisation and may cause insignificant impact on achieving the goals and objectives, or may have minor impact from a financial, legal, regulatory and reputational standpoint.

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Change in 2021	How we mitigate our risks/next steps
1 Regulatory risk The Company may suffer losses or fail to optimise profitable growth due to regulatory changes or through political activism. **Objective** The Company aims to ensure that effective arrangements are in place that enables it to comply with legal and regulatory obligations and it aims to ensure that regulatory risks are controlled. **Level of change:** – Due to the pandemic, governmental authorities across different markets have taken a variety of measures. Central banks are more focused on the IT requirements for deposit-taking institutions.	Various rules and regulations continued to be introduced in certain countries to control the spread of the coronavirus. Moratoriums on loan repayments related primarily to approximately 38% of clients in India, who accepted to benefit from the one-time debt restructuring scheme established by the RBI and confirmed in September 2021. Moratoriums granted in Myanmar were due to disruption in operations following partial lockdowns. ASA India's capital-to-risk weighted asset ratio was reduced; however, it did not breach the regulatory benchmark of 15%. In India, the RBI proposed uniform regulations for all lenders in microfinance, including commercial and SME banks (which were subject to fewer restrictions compared to NBFC-MFIs). This is expected to create a level playing field in the sector. The political situation in Myanmar and associated governmental measures curbed businesses. ASA Pakistan continued to await final approval from the State Bank of Pakistan for a microfinance banking licence, having met all outstanding requirements.	In West Bengal, India, a lockdown had been imposed in several districts until 31 January 2022. Other than the existing partial lockdown and curfews in Myanmar, the Company is not facing any significant restrictions in other jurisdictions. No new moratoriums were granted to clients in 2022, except for India, where 38% of clients are restructured until June 2022. Our strategy in India continues to be to shrink the OLP and focus rigorously on the recovery of overdue loans, while strictly controlling costs. The Company closely monitors the political developments in countries like India and Myanmar. The Company expects ASA Pakistan to become fully regulated by the central bank in 2022. Tanzania and Kenya are expected to apply for deposit-taking licences in 2022. The Kenyan government is expected to enact the proposed laws regulating non-deposit-taking institutions. The timing is not yet clear. New changes are proactively discussed with regulators, new requirements (such as minimum capital requirements) are timely implemented and the Company's ASA Model and digital strategy is discussed in order to be well understood when new regulations are being proposed and drafted.
2 Credit risk The risk that the Company will incur a loss because its clients or counterparties fail to discharge its contractual obligations. **Objective** The Company aims to ensure that the portfolio at risk is kept at a minimum percentage at all times. **Level of change:** ↓ Credit risk is particularly relevant to the Directors' assessment of going concern as described in note 2.1.1. on pages 111 and 112 of the financial statements.	With moratoriums being offered to clients and significant write-offs, the Group's PAR>30 dropped to 5.2% as at year end 2021. The Group's operating subsidiaries, excluding India, collectively have reduced PAR>30 to 1.7%. Ghana, Pakistan and Tanzania reached high portfolio quality with PAR>30 less than 0.5%. PAR>30 remained particularly high in India (19.7%), Sri Lanka (6.0%) and Sierra Leone (7.5%).	Despite the fact that a PAR>30 of less than 1% has become customary in recent years, there remains a risk that the Company's portfolio may suddenly deteriorate due to a broad array of external factors as highlighted under principal risks. The Group is confident that PAR>30 levels will reduce given its experience over many years when faced with natural disasters and more localised challenges. The Company adheres strictly to the operating procedures of the ASA Model, which includes setting limits on the amount of risk it is willing to accept for each borrower, taking a security deposit where it is customary and allowed under the current licence, preventing over-borrowing and preventing excessive geographic concentration. The Group continuously monitors changes in the portfolio and will take immediate action when changes occur.

Risk	Change in 2021	How we mitigate our risks/next steps
3 Health and environmental risk The Company may suffer financial loss as a result of a failure to identify and/or adapt to changing external conditions, such as natural disasters or other catastrophic events. **Objective** The Company aims to have business processes that allows it to adequately respond to changes in economic conditions and natural disasters **Level of change:** −	The health situation due to Covid gradually improved. Since March 2020, the number of staff members confirmed as infected by Covid increased to 459 of 13,047 staff, with two deaths. Confirmed infections amongst clients increased to 20,748, resulting in 685 deaths since the start of the pandemic. Of the 685 client deaths across the Group, 451 are from Myanmar. Due to the impact of Covid, the Company temporarily adapted its client relationships to adhere to social distancing, changing the size of client groups and repayment procedures. In the Philippines, a strong typhoon crossed Visayas Islands and Northern Mindanao in December 2021, affecting crops and the livelihood of clients, destroying houses of staff and clients. Due to climate change, these extreme weather events may increase in frequency. Read more on pages 22 and 23	Uncertainty remains due to the rapid spread of the Omicron variant. The Company carries out daily monitoring of economic, political and national news briefings. The Company's regular face-to-face client contact coupled with strong, personal relationships informs the Company of individual customer circumstances. The Company's presence in communities close to its clients allows for immediate and relevant mitigating actions. The short-term tenor of its loans helps mitigate the risks that the Company encounters due to changes in the social and environmental conditions. The Company develops action plans in situations of expected calamities. The Group generates reports on any social and environmental policy outcomes and the number of client and staff complaints it receives and resolves.
4 Liquidity risk The Company's operations may be impacted if the Company is unable to meet its payment obligations when it falls due under normal and stress circumstances. **Objective** To manage liquidity risks and avoid loss of business, missed opportunities for growth, or legal or reputational consequences. **Level of change:** − Liquidity risk is particularly relevant to the Directors' assessment of going concern described in note 2.1.1. on pages 111 and 112 of the financial statements.	The Group continued to have access to local and international microfinance funds and development institution funding. Increasing PAR>30 in some operating subsidiaries due to the pandemic has not caused liquidity issues. Unrestricted cash and cash equivalents remained high at approximately USD 91 million. The Group managed to raise approximately USD 191 million in new debt funding. At year end, the Company had a funding pipeline of USD 192 million future wholesale loans, the majority of which are supported by (agreed) term sheets and/or draft loan documentation. Most holding level lenders and a majority of the lenders to our operating subsidiaries granted waivers and/or no-action letters in respect of covenant breaches and no lenders considered calling an event of default. Local lenders were reluctant to provide new loans to ASA India and also Lak Jaya (Sri Lanka) and ASA Myanmar faced challenges in attracting new loans from lenders.	While economic uncertainty has the potential to impact funding markets, overall the Company is diversified across thirteen countries and remains well funded and continues to have good access to a wide range of funding sources both at local and holding level. The Company maintains solid relationships with its debt providers, who continued to show strong interest in funding its operations locally and at the holding level. The Company is confident it will be able to secure waivers from lenders who have not already provided waivers and/or no-action letters, for loan covenant breaches as a result of the pandemic, during 2021. The Company remains vigilant, as possible future deterioration of its loan portfolio could quickly lead to liquidity concerns, which may have a broader impact on its operations.
5 Exchange rate/ currency risk The Company may suffer a financial loss arising from adverse movements in foreign exchange rates. **Objective** To manage currency risks and minimise loss due to foreign currency exposure. **Level of change:** ↑	The local currencies of some of the countries remained vulnerable against the USD. Comparing to December 2020, local currencies have depreciated against the USD, mainly in Nigeria (7.12%), Pakistan (9.82%), Sri Lanka (7.53%), Myanmar (24.96%) and Sierra Leone (10.11%) as of December 2021. Mentioned depreciation reduced the reported OLP and Gross OLP/Client figures in USD. Overall, the currency movements resulted in an increase of the FX translation reserve losses by approximately USD 11 million. Read more on page 143 of the financial statements.	The Group manages its currency risk through natural hedging, i.e. by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities, and by obtaining funding denominated in local currency. For USD funding to the subsidiaries the Company will continue to ensure that close to 100% of its currency exposure is hedged. The currency movements of the Company's operating currencies vis-à-vis the USD remain unpredictable.

Risk	Change in 2021	How we mitigate our risks/next steps
6 Growth risk All risk and challenges associated with the Company's operational expansion. **Objective** The Company aims to meet its business plan in a controlled manner. **Level of change:** ↓	The operating environment significantly improved despite the challenges in India and Myanmar. All but two of the major operating subsidiaries recovered to near pre-Covid operating performance in 2021. In particular, Ghana, Pakistan and Tanzania reported excellent portfolio quality, growth and profitability. Given the challenging environment in India, disbursements of new loans declined, with the focus on recovery of loans. In Myanmar, some potential regions were closed for expansion and the operating environment deteriorated in Sagaing, Kachin & Magway region due to armed conflict.	When setting growth targets, the Company remains prudent as high growth may lead to increasing balances overdue in its loan portfolio. The Company has improved the fraud and misappropriation unit to grow in a controlled manner. The Company sees good demand for new loans from borrowers in markets that were relatively unaffected by the pandemic.
7 Information and technology risk The Company may suffer losses or fail to optimise profitable growth due to a failure of its systems and processes, or due to the loss or theft of sensitive information. **Objective** The Company aims to maintain adequate systems and controls that reduce the threat of service disruption and the risk of data loss to as low as is reasonably practicable. **Level of change:** ↑	Progress was made with the development of a digital financial services ('DFS') platform. An agreement was signed in December 2021 to purchase the licence of the financial inclusion banking software system developed by Temenos for all of the Company's operating subsidiaries. The number and quality of IT staff have increased by means of recruitment, technical support and computer skills. As of December 2021, the data centre and disaster recovery site implementation has been completed in India, Pakistan, the Philippines, Ghana, Tanzania and the Group office in Dhaka. In Myanmar, poor or no internet connection caused operational delays in some branches.	A pilot scheme to introduce DFS to the market has been planned in Ghana during 2022. If successful and upon the approval of the Bank of Ghana, this will be followed by the launch of a range of other digital financial services in Ghana to support the growth of ASA Savings & Loans clients' small businesses. The migration of data and the implementation of the banking software of Temenos is a major project which started in 2022 in Ghana and Pakistan. Measures are taken to reduce the likelihood of a significant failure or information loss in the systems. The Company will seek to hire senior resources for IT leadership positions. The implementation of the data centre and disaster recovery site is in progress for the remaining countries.
8 Human resources risk The Company's strategy may be impacted by not having sufficient skilled people or being unable to retain key people and not treating them in accordance with the Company's values and ethical standards. **Objective** The Company aims to have sufficient personnel to ensure meeting its growth objectives. **Level of change:** –	Overall staff dropout reduced since the start of the pandemic and the Company showed strong retention rates across the Group. In Sierra Leone there was a challenge to attract staff due to high demand in the market. The Company continued to hire IT staff to meet the requirements in view of its digital strategy.	The Company seeks to attract, retain and develop staff by providing competitive remuneration structures and long-term career opportunities and by investing in training and development of all staff. The Company evaluates its human resource risk by observing the availability of skilled staff within its compensation bands as well as compliance and regulatory issues that impact staff, including visas or employment permits needed for its expatriate staff. Since 2019, staff in all countries can file any complaints or misconduct experienced at a Grievance Mitigation Committee ('GMC').

Risk	Change in 2021	How we mitigate our risks/next steps
9 Competition risk The Company may suffer losses or fail to optimise profitable growth by not responding well to the competitive environment or failing to ensure its proposition meets customer needs. **Objective** The Company aims to ensure it understands competitive threats and continues to focus on the needs of its clients. **Level of change:** –	Competition has remained stable and may have reduced in some markets. This may be caused by the adverse impact of Covid on the entire MFI sector. In Myanmar, since some potential regions are closed for expansion, all the MFIs were moving to other less populated regions to expand their operation rapidly. In some African countries digital lenders and services were active. In Kenya, two competitors have been acquired by international companies, which might lead to increased competition. Due to the pandemic, some competitors faced bankruptcies.	The Company focuses on developing and maintaining strong client relationships and tailors its products and services to specifically meet clients' needs. The Company continuously monitors client satisfaction. In anticipation of a future with increasingly cashless transactions, the Company is developing a digital financial services platform, which over time also will include a range of other digital financial services.
10 Interest rate risk The Company's profitability or results of operations may be impacted by fluctuations in interest rates. **Objective** To limit the impact of interest rate movements and exposure to financial counterparties. **Level of change:** ↑	In the Asian market, lender interest rates were starting to be higher by year end, with increased hedging cost in some markets such as Pakistan and Myanmar, as a result. Cost of borrowing for the Group has gone up.	The Company continuously negotiates with its lenders and interacts with regulators. The Company's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates in those countries where there is a limit on the amount of interest it may charge, such as in India, Sri Lanka and Myanmar, or possibly over time in certain countries in Africa.
11 Reputational risk The Company may suffer financial or reputational damage due to possible misconception of the quality of its services. **Objective** The Company aims to be fully aligned with the long-term interests of its clients. **Level of change:** –	The Company has not experienced major reputational concerns. The Company continued to invest in community projects in some of its operating countries, which further strengthened the relationships with its clients and the communities in which the Company operates.	The Company offers its services in a client-friendly, transparent and responsible manner, meeting the highest standard in terms of client protection principles and business transparency, preventing inadvertent over-borrowing. The Company's clearly defined corporate values and ethical standards are communicated throughout the organisation, its customer base and other stakeholders. The Company's impact is measured via the client economic yield survey. The Company maintains close relationships with clients and the broader communities in which they work. The Company strongly supports the establishment of local credit agencies.

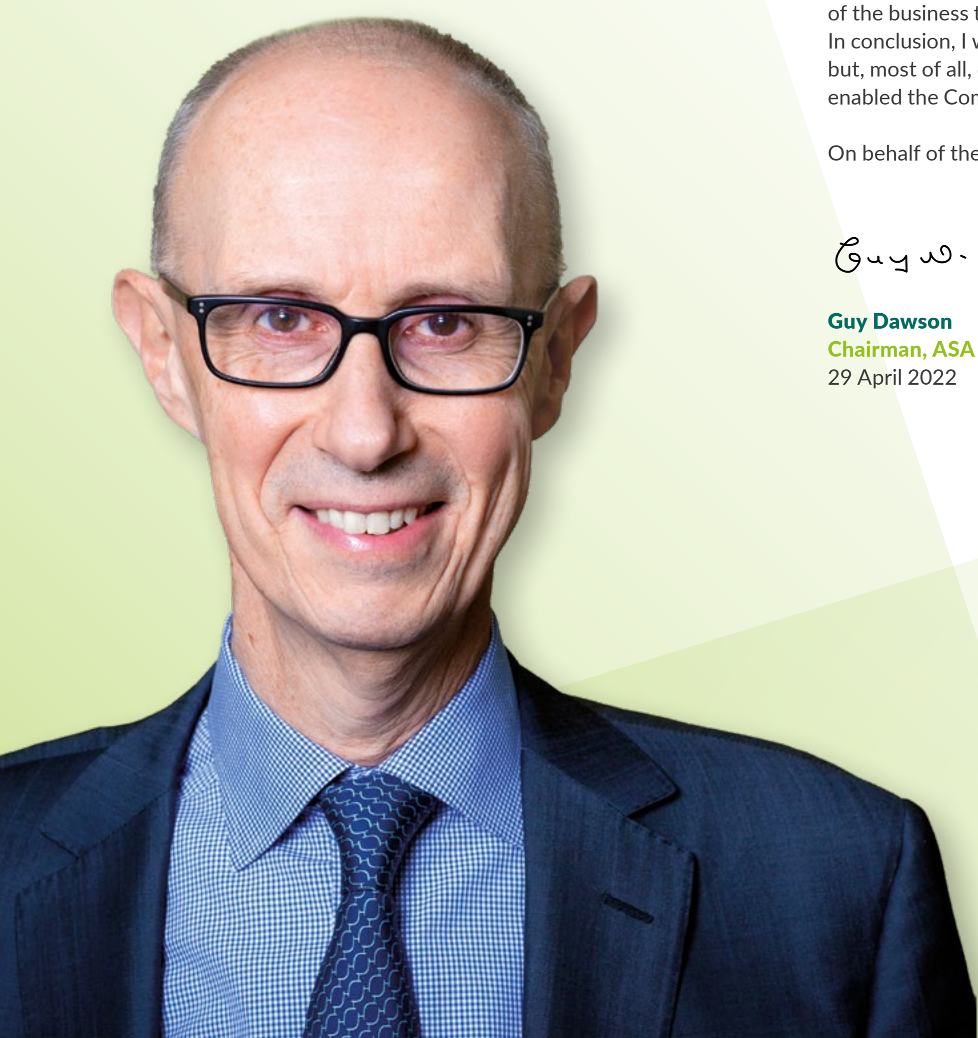
Chairman's Introduction

Dear Shareholder

I am pleased to present our Board report for 2021.

In 2021, the Board continued its focus on the strategy for combating the impact of the Covid crisis. Looking back on my first full year as Chair of the Board, I am proud of our management team and staff, who rose to the challenges we faced to take care of customers and communities, as Covid continued to impact us all. 2021 has seen a mixed picture in terms of recovery from the pandemic across our markets. The Board continued to monitor the impact of Covid and sustained the 2020 approach to meeting more often through virtual meetings, given restrictions on travel. This ensured that effective Board oversight and strong corporate governance were maintained.

An important development during the year has been adoption by the Company of a digital strategy and the associated investment in the development of digital financial services, including the purchase of a licence for the Temenos core banking system. I believe this is a very important investment in the Company's long-term ability to create value for all its stakeholders.



Our solid governance framework and operating policies and procedures were key components in successfully overseeing the Company and guiding management in the execution of the desired measures in the face of challenging and complex operating environments. Though there were particular and persistent challenges in certain key markets, business has remained resilient. In the light of our financial results, the Board has decided not to pay a dividend for 2021. We appreciate that this is disappointing for shareholders, but believe this is a prudent decision in the circumstances.

We are pleased to nominate Karin Kersten for appointment as a Director at this year's Annual General Meeting of shareholders to further strengthen the Board. At the same time, Praful Patel will retire and we would like to thank him for his outstanding contribution to the Company.

We look forward to meeting all the Directors in person during our physical meetings scheduled for 2022. We also look forward to resuming full physical engagement with all our stakeholders at the earliest opportunity.

The Company's 2022 Annual General Meeting will take place on 22 June 2022. As we look ahead to 2022, Covid remains a challenge in some of our operating countries and will bring continued uncertainty. However, I believe that our strategy will guide and support all areas of the business to deal with the challenges that arise during the year. In conclusion, I would like to thank the Board, the management team, but, most of all, our employees whose hard work and dedication enabled the Company to move through the past two difficult years.

On behalf of the Board

Guy W. Dawson

Guy Dawson
Chairman, ASA International Group plc
29 April 2022

The Board of ASA International combines leadership in microfinance with strong finance and banking experience. The Directors possess both solid industry experience as well as multiple years of experience in international finance and banking, including senior executive roles.

Guy Dawson
Non-Executive Chairman
Appointed: 1 January 2021
N ID

Mr Dawson became a Non-Executive Director of ASA International Holding ('ASA International') in 2013 and became a Director of the Company on 28 June 2018. He was appointed Chairman of the Board on 1 January 2021. Mr Dawson continues to chair the Nomination Committee and the Independent Directors' Committee. Mr Dawson has extensive experience as a Non-Executive Director and previously served in that capacity on the boards of The BOC Group plc and Alliance Boots plc. He is currently a Non-Executive Director of Egerton Capital and Citywire Holdings. He was a founding partner of the independent corporate advisory firm Tricorn Partners, and prior to that held senior investment banking positions in London at Nomura, Merrill Lynch and Deutsche Bank.

Dirk Brouwer
Chief Executive Officer
Appointed: 15 May 2018

Mr Brouwer co-founded ASA International in 2007 and has since served as its Executive Director and Chief Executive Officer. With over 20 years of experience in investment banking, and 15 in microfinance, he is also the Managing Director of Catalyst Microfinance Investors ('CMI'), which he co-founded in 2006. Mr Brouwer has held several senior and supervisory positions, having acted as a board member of CMI and Founder and Managing Director of Sequoia, which he founded in 2002. Prior to this, he spent 14 years working at Merrill Lynch and PaineWebber. He is also Non-Executive Chairman of CarbonX.

Hanny Kemna
Independent Non-Executive Director
Appointed: 28 June 2018
A/R R ID

Ms Kemna has been a Non-Executive Director since 2018 and was appointed as Senior Independent Director on 1 January 2021. She is the Chair of the board of Directors for Dutch pension provider and asset manager MN. Ms Kemna is also the Chair of the Audit Committee at insurer Vivat – Athora NL, at healthcare insurer Menzis and at the National ICT Institute for Healthcare in the Netherlands. Since 2020, she has served as a deputy member of the Board of the Dutch Court of Auditors. She worked for Ernst & Young for 22 years and was one of Ernst & Young's Global Lead Partners of Operations and IT audit. Ms Kemna has a broad experience in working with international financial and government institutions.

Dr Salehuddin Ahmed
Independent Non-Executive Director
Appointed: 7 December 2020
A/R ID N

Dr Ahmed has been a Non-Executive Director since December 2020. He is currently a Professor at the Graduate School of Management at BRAC University and an Independent Director of Grameenphone Ltd. He is also on the advisory bodies of several governmental and non-governmental agencies in Bangladesh and a member of the Board of Trustees of three universities and a postgraduate institute. Dr Ahmed was the Governor of the Bangladesh Bank (Central Bank) between 2005 and 2009. Prior to this, he was the Managing Director of Palli Karma-Sahayak Foundation ('PKSF'). He has worked as a Consultant for many international agencies and has authored over 90 publications.

Appointment dates: The Directors executed their respective appointment letters (or service agreements in respect of the Executive Directors) in relation to ASA International plc on 28 June 2018, the terms of which took effect as of Admission (i.e. 13 July 2018). Guy Dawson was appointed as Chairman with effect from 1 January 2021 pursuant to a letter of appointment dated 17 December 2020.

Committee:

A/R Audit and Risk

N Nomination

R Remuneration

ID Independent Directors

Aminur Rashid
Executive Director, Operations
Appointed: 28 June 2018

Mr Rashid is currently the Executive Director, Operations. Since joining in 2011, he has held the positions of Chief Coordinating Officer and Head of Operations. Prior to this, Mr Rashid was a Director of ASA Bangladesh, since 1992, which is closely associated with the Company's microfinance programme. Before joining ASA, Mr Rashid worked at Grameen Bank. With over 29 years of experience in microfinance, he has held multiple senior industry positions, and worked in extremely varied developmental contexts including Tajikistan, India, Mexico and Nigeria.

Gavin Laws
Independent Non-Executive Director
Appointed: 28 June 2018
A/R R ID

Mr Laws became a Non-Executive Director of ASA International in 2013, a position he also holds at Finablr plc. He also serves as the Non-Executive Chair at Union Bank UK plc, Berkhamsted Schools Group and Liverpool FC Foundation. Prior to this, he was a Director of Nidebsa Limited and a Trustee of Trans Antarctic Winter Traverse. Until 2012, Mr Laws worked at Standard Chartered Bank for over 30 years. During that time, he served in several executive roles, both in London and overseas, including as Group Head of Corporate Affairs and Regional Head of Governance.

Praful Patel
Independent Non-Executive Director
Appointed: 28 June 2018
R ID N

Mr Patel became a Non-Executive Director of ASA International in 2013. He is also a Non-Executive board member of IMAGO Global Grassroots and an independent Non-Executive Director of CMI. Prior to this, he served as a board member of both the Africa Capacity Building Program and the African Center for Economic Transformation, as well as Chairman of the Appeals Board of the Global Fund and President of the Centennial Group's African and Middle East Wing. From 2010 to 2012, Mr Patel was the Leading Expert Panellist for the Program of Infrastructure Development for Africa. From 1974 to 2008, he held several senior leadership roles within the World Bank.

Karin Kersten
Executive Director, Corporate Development
Appointed: 25 April 2022

Ms Kersten joined the management of the Group as Corporate Development Director on 1 October 2021. She joined the Group from ABN AMRO Bank where she had a distinguished career, most recently serving as Managing Director, Trade & Commodity Finance. Ms Kersten is also a Member of the Supervisory Board of Mondriaan Fonds and Chairman of the Audit Committee of Mondriaan Fonds. She is a member of the Selection Committee of Hotelschool The Hague.

Appointment dates: The Directors executed their respective appointment letters (or service agreements in respect of the Executive Directors) on 28 June 2018, the terms of which took effect as of Admission (i.e. 13 July 2018). Hanny Kemna was appointed as Senior Independent Director with effect from 1 January 2021 pursuant to a letter of appointment dated 17 December 2020. Salehuddin Ahmed was appointed as a Non-Executive Director pursuant to a letter of appointment dated 7 December 2020.

The Group's senior management have significant experience in the microfinance industry ('MFI') as well as traditional financial services.

Joint corporate headquarters in Dhaka and Amsterdam

Dirk Brouwer
Chief Executive Officer
Joined: 2007
Years of MFI experience: 15

Aminur Rashid
Executive Director, Operations
Joined: 2011
Years of MFI experience: 32

Karin Kersten
Executive Director, Corporate Development
Joined: 2021
Years of MFI experience: 0.5
Years of banking experience: 22

Md Enamul Haque
Chief Operating Officer
Joined: 2008
Years of MFI experience: 39

Tanwir Rahman
Chief Financial Officer
Joined: 2017
Years of MFI experience: 12

Azim Hossain
Senior Vice President Investments, Treasury and Risk Management
Joined: 2007
Years of MFI experience: 38

Nadia Zaman
Head of Group Internal Audit
Joined: 3 January 2021
Years of MFI experience: 11

Martijn Bollen
General Counsel
Joined: 2007
Years of MFI experience: 15

Mischa Assink
Chief Accountant
Joined: 2011
Years of MFI experience: 11

Md Asifur Rahman
Chief Technology Officer
Joined: 2018
Years of MFI experience: 23

Regional Director

East Africa
Md Farid Ahmed
Years of MFI experience: 29

Country Heads

South Asia:

India
Anjan Dasgupta
Years of microfinance experience: 14
Years of banking experience: 38 (including microfinance)

Pakistan
Saeed Uddin Khan
Years of microfinance experience: 3
Years of banking experience: 36 (including microfinance)

Sri Lanka
Manatunga Attanayake
Years of microfinance experience: 14
Years of banking experience: 42 (including microfinance)

West Africa:

Nigeria
Md Aminul Haque Bhuiya
Years of microfinance experience: 29

Ghana
Md Aourongjeb
Years of microfinance experience: 15

Sierra Leone
Shariful Islam Khan
Years of microfinance experience: 30

South East Asia:

Philippines
T. I. M. Fakruzzaman
Years of microfinance experience: 30

Myanmar
Md Anisur Rahman
Years of microfinance experience: 26

East Africa:

Kenya
A.K.M. Sazzad Hossain
Years of microfinance experience: 13

Tanzania
Muhammad Shah Newaj
Years of microfinance experience: 10

Uganda
Nurul Islam Chowdhury
Years of microfinance experience: 27

Rwanda
Jamilur Rahman Chowdhury
Years of microfinance experience: 30

Zambia
A.B.M. Asaduzzaman
Years of microfinance experience: 31

For more information see the leadership teams of the country websites.

Board at a glance

2021 Board activities

Attendance at Board and Board Committee meetings

The attendance of Directors at scheduled meetings of the Board and of Committees of which they were members during the financial year is shown in the table below. Some Directors also attended Committee meetings by invitation during the year; this is not reflected in the table.

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee		Independent Directors' Committee	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total
Executive Director										
Dirk Brouwer	10	10								
Aminur Rashid	10	10								
Karin Kersten[3]	–	–								
Non-Executive Director										
Guy Dawson	10	10	1[1]	1			3	3	3	3
Gavin Laws	8[2]	10	5	6	3	3			3	3
Praful Patel	10	10			3	3	3	3	3	3
Hanny Kemna	8[2]	10	5	6	3	3			3	3
Salehuddin Ahmed	10	10	6	6			3	3	3	3

1 Guy Dawson was co-opted onto the Audit and Risk Committee for the meeting held on 7 December 2021 in the absence of Gavin Laws.
2 The Board meetings in May were held on successive days and discussed substantially the same material. Therefore, although Gavin Laws was absent from one and Hanny Kemna from the other, they both participated equally with the other members of the Board.
3 To be appointed on April 25, 2022

- The Board regularly reviewed the impact of the second wave of Covid on operations in various countries, especially India and the Philippines, and the impact thereof on the net profits of the Group.
- The Board regularly reviewed operating reports from the CEO and the Executive Director, Operations, finance reports from the CFO, the financial statements and interim financial statements, and reports by the Chairmen of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.
- The Board approved the Company strategy for 2021-26, which has three main pillars: to increase financial inclusion, to add a digital channel to its branch model, and to broaden its range of products and services. This will enable the Company's clients to strengthen their businesses with a wide range of digital financial and other online services as well as strengthening the microfinance business model. It also aims to broaden the range of financial services offered by the Company; in particular, to allow it to conduct branchless banking, enable the making of digital payments, and diversify its service offering.
- The Board continued to focus on mitigating the impact of Covid on the Group and on our clients and delivering operational efficiency and cost savings across our business. The frequency of meetings and flexibility in meeting arrangements was increased to deal with challenges arising through the year. During the first half of 2021, the second wave of Covid had a huge impact in many of our operating countries, especially India and the Philippines, which led governments in these countries to take stringent measures to halt the further spread of Covid, including (among others) lockdowns, curfews, mandatory self-isolation and quarantine, the closure of public places (such as markets), and restrictions on public gatherings and travel. Some of these measures, in particular the imposition of a temporary lockdown, materially impacted the income-generating capacity of our clients and reduced the ability of our staff to conduct regular client meetings and collect loan instalments and disburse new loans. The Board carefully monitored the developments in India in particular, including cost-saving measures, streamlining the business, and the provisioning required in relation to the portfolio in India.
- The Board also considered proposals to diversify ASAI's investor base in India, the impact of elections in Assam, capital requirements in India and Pakistan, and the political developments in Myanmar.
- The Board actively discussed the digital financial services ('DFS') digital transformation project, the pilot project in Ghana and the app to be developed in relation thereto. The acquisition of a core banking system was also on the agenda of the Board, which approved the appointment of Temenos as a supplier.
- The Board reviewed the progress towards complying with the recommendations of the Task Force on Climate-related Financial Disclosures. The Sustainability Committee has been set up on the Board level to ensure Board oversight by including three executive Board members, the Chief Executive Officer and two Executive Directors, in it. The Committee will meet regularly to discuss progress and performance on climate-related topics.

Changes to the Board

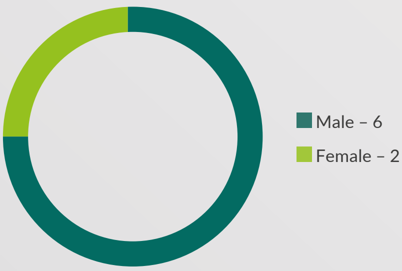
Dirk Brouwer has been on the Board since the establishment of ASA International in 2007. All other Directors were appointed as Directors of Group companies prior to the listing, except Hanny Kemna who joined in May 2018 in the run-up to listing and Salehuddin Ahmed who joined on 7 December 2020 (see details on pages 60 and 61).

With effect from 1 January 2021, Guy Dawson was appointed Chairman of the Board, and Hanny Kemna replaced him as Senior Independent Director. Karin Kersten was appointed as an Executive Director on the Board on 25 April 2022.

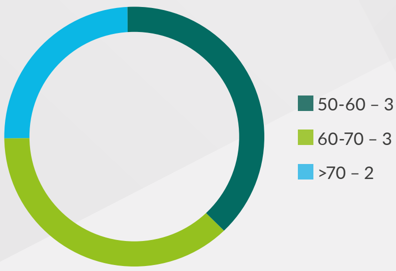
The Code provides that Non-Executive Directors' independence is likely to become impaired after nine years' service. Praful Patel will retire at the 2022 AGM. Meanwhile, the Board wishes to state its belief that Gavin Laws continues to be independent of the Company and exercise independent judgement, despite his length of service. In view of Gavin's planned retirement in 2023, the Board is actively seeking a suitably qualified successor.

Board diversity

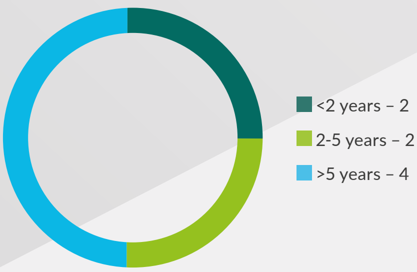
Board by gender



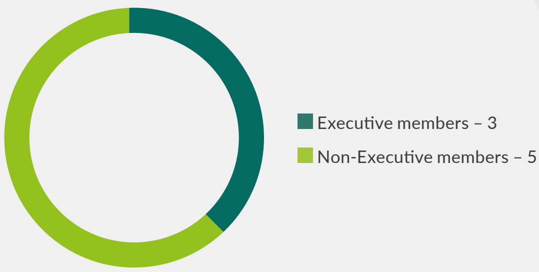
Board by age



Board by tenure



Balance of the Board



Leadership from the Board

The Board's primary role is to provide overall leadership and to ensure that the Company is appropriately managed to deliver long-term stakeholder value.

The Board is responsible for setting the Company's objectives and policies, and providing the effective leadership and control required for a public company. It is also responsible for approving the Group strategy, budgets, business plans and major capital expenditure, and it monitors financial performance and critical business issues.

The Board supervises the Group's operations, with the aim of ensuring that it maintains a framework of prudent and effective controls which enables risks to be properly assessed and appropriately managed. The Governance report is structured around the key themes of the Code to provide genuine understanding of how governance supports and protects the Group and our stakeholders.

Board size and composition

The Board comprises: Guy Dawson (Non-Executive Chairman), Dirk Brouwer (Chief Executive Officer), Aminur Rashid (Executive Director, Operations), Karin Kersten (Corporate Development Director), Hanny Kemna (Senior Independent Director), and three further Non-Executive Directors: Gavin Laws, Salehuddin Ahmed and Praful Patel. Praful Patel will retire from the Board with effect from the conclusion of the 2022 AGM.

The Company is committed to ensuring that any vacancies that may arise are filled by the best-qualified and most suitable candidates and recognises the value of gender and ethnic diversity in the composition of the Board. When Board positions become vacant as a result of retirement, resignation or otherwise, the Board aims to ensure (through the Nomination Committee, and using an external search agency as appropriate) that a diverse pool of candidates is considered. By a process of annual review, the Board ensures that it continues to consist of members who have the relevant knowledge, skills and expertise to undertake their duties as Directors in such a way as to ensure proper corporate governance and help to generate sustainable long-term value for stakeholders.

Biographical details of the Directors at the date of this report are set out on pages 60 and 61 together with details of their membership of Board Committees.

Board balance and Non-Executive Directors' independence

The UK Corporate Governance Code recommends that at least half the Board of Directors of a UK-listed company, excluding the Chairman, should be Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement. Post retirement of Praful Patel the Board will consist of three Non-Executive Directors, excluding the Non-Executive Chairman, and three Executive Directors. The Board regards all of the Non-Executive Directors as 'independent Non-Executive Directors' within the meaning of the Code, and is satisfied that they are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Senior Independent Director

As recommended by the Code, the Board has appointed one of the Non-Executive Directors to be the Senior Independent Director to provide a 'sounding board' for the Chairman in matters of governance and to serve as an intermediary for the other Directors and for shareholders when required. The Senior Independent Director meets the other Non-Executive Directors once a year to appraise the performance of the Chairman, and is available to shareholders if they have concerns which contact through the normal channels of the CEO and the Chairman has failed to resolve or for which such contact is inappropriate. Hanny Kemna has been the Senior Independent Director since 1 January 2021.

The UK Corporate Governance Code further recommends that Directors should be subject to annual re-election. All the Directors of the Company were re-elected at the AGM held on 30 June 2021.

Compliance with the UK Corporate Governance Code 2018 ('the Code')

See the Corporate Governance Statement in the Directors' Report on page 95.

Matters reserved for the Board

The Board has responsibility, inter alia, for the overall leadership of the Company and setting the Company's values and standards. Specifically, it approves the annual operating and capital expenditure budgets and any material changes to them. It also oversees the operations of the Group so as to ensure prudent management, planning, risk management and internal control systems, adequate accounting and other records, and compliance with statutory and other regulatory obligations. It periodically reviews performance in the light of the Group's strategic aims and business plans and budgets, and ensures that any necessary corrective action is taken. The Board is responsible for approving the interim and annual financial statements and the Annual Report, including the dividend policy and the declaration of interim dividends and proposing to shareholders of final dividends.

The Board has overall responsibility for ensuring a sound system of internal control and risk management, including procedures for the detection of fraud and the prevention of bribery.

The Board has delegated the day-to-day running of the Group to the CEO and his management team, who review and approve all of the information and proposals that are submitted to the Board.

Directors receive a pack of briefing notes and reports for their consideration in advance of each Board meeting, including reports on the Company's operations, so as to ensure that they remain briefed on the latest developments and are able to make fully informed decisions. The briefing notes and reports, and the Board's consideration of them, take into account the factors set out in section 172 of the Companies Act 2006 concerning the need to have regard to the interests of the Company's various stakeholders.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. All Directors may take independent professional advice at the expense of the Company in the furtherance of their duties, if they judge it necessary. On appointment, all Directors are advised of their duties, responsibilities and liabilities as a Director of a public listed company. Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes.

Relationship Agreement

The Company has entered into a relationship agreement (the 'Relationship Agreement') with its founders (the 'Controlling Shareholder Group'), the principal purpose of which is to ensure that the Company will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates. The Relationship Agreement contains undertakings from each of the members of the Controlling Shareholder Group that (i) transactions and relationships with it and its associates will be conducted at arm's length and on normal commercial terms, (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Company is in compliance with the undertakings in the Listing Rules and the Relationship Agreement and so far as the Company is aware, the undertakings have been complied with by each member of the Controlling Shareholder Group.

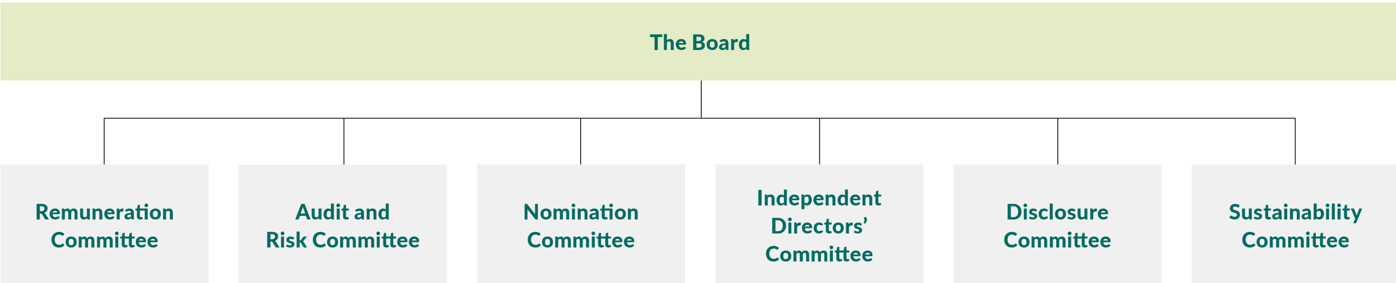
In accordance with the terms of the Relationship Agreement, for so long as CMI (currently holding 30.4%) and Catalyst Continuity (currently holding 16.9%) together retain (i) an aggregate interest of greater than or equal to 25% in the issued ordinary share capital of the Company, they shall together be entitled to appoint two Non-Executive Directors to the Board (but at present have not done so), and (ii) an aggregate interest of less than 25% but greater than or equal to 10% in the issued ordinary share capital of the Company, they shall together be entitled to appoint one Non-Executive Director to the Board. In addition, for so long as CMI and Catalyst Continuity together retain an interest of 10% or more in the issued ordinary share capital of the Company, they shall be entitled to appoint one Non-Executive Director to each of the Company's Nomination Committee and Remuneration Committee.

CMI and Catalyst Continuity previously undertook that, for as long as Dirk Brouwer remained as CEO and Md Shafiqual Haque Choudhury remained on the Board as the appointee of the Controlling Shareholder Group and as Chairman of the Company, they would not exercise the right to appoint an additional Non-Executive Director to the Board or to appoint a Non-Executive Director to the Remuneration or Nomination Committees. Following the resignation of Mr Choudhury at the end of 2020, CMI and Catalyst Continuity were no longer bound by that undertaking.

The Relationship Agreement will terminate if the ordinary shares cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange or the Controlling Shareholder Group together ceases to retain an interest of 10% or more of the issued ordinary share capital of the Company (or an interest which carries 10% or more of the aggregate voting rights in the Company from time to time).

Governance framework

Board governance structure



The Board has established a number of Committees, to which responsibility for certain matters has been delegated. The Board Committee structure is shown in the diagram above. Each Committee has written terms of reference setting out its roles and responsibilities, and the extent of the authority delegated by the Board. The terms of reference are available on the Company's website. The Chairman of each Committee reports regularly to the Board on matters discussed at Committee meetings.

The Board Committees

As envisaged by the Code, the Board has established three Committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The Board has also established the Disclosure Committee and the Independent Directors' Committee. If the need should arise, the Board may set up additional Committees as appropriate. Reports on the Committees' activities in 2021 appear later in this report.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities in relation to remuneration. This includes making recommendations to the Board on the Company's policy on executive remuneration, including setting the overarching principles, parameters and governance framework of the Group's Remuneration Policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and its Company Secretary. The Remuneration Committee will also ensure compliance with the Code in relation to remuneration.

The Remuneration Committee is chaired by Praful Patel, and its other members are Gavin Laws and Hanny Kemna. The Remuneration Committee normally meets at least three times a year, and met three times in 2021. Upon the retirement of Praful Patel at the 2022 AGM, Salehuddin Ahmed will join the Remuneration Committee and become its Chairman.

Audit and Risk Committee

The Audit and Risk Committee has responsibility for, amongst other things, monitoring the integrity of the financial statements of the Company, reviewing the Company's internal financial controls and monitoring and reviewing the effectiveness of the Company's Internal Audit function and external audit process.

The Audit and Risk Committee is chaired by Gavin Laws, and its other members during 2021 were Hanny Kemna and Salehuddin Ahmed. The Audit and Risk Committee meets at least four times a year, and met six times in 2021.

Nomination Committee

The Nomination Committee assists the Board in determining the composition and make-up of the Board. It is responsible for periodically evaluating the balance of skills, experience, independence and knowledge on the Board. It leads the process for Board appointments and makes recommendations to the Board, taking into account the challenges and opportunities facing the Group in the future.

The Nomination Committee is chaired by Guy Dawson, and its other members during 2021 were Praful Patel and Salehuddin Ahmed. Upon the retirement of Praful Patel at the 2022 AGM, Hanny Kemna will join the Nomination Committee. The Nomination Committee meets at least twice a year, and met three times in 2021.

Independent Directors' Committee

The Independent Directors' Committee identifies and manages matters involving conflicts of interest (including potential conflicts of interest) between any Group company, on the one hand, and any controlling shareholder or related party (each as defined under the Listing Rules), on the other hand. It is also responsible for overseeing and scrutinising the relationship between the Group, its related parties and its controlling shareholders (including evaluating, monitoring and approving any material transactions or arrangements between such parties and generally monitoring compliance with the Relationship Agreement (see page 65).

The Independent Directors' Committee comprises all of the Independent Non-Executive Directors, being Salehuddin Ahmed, Guy Dawson, Gavin Laws, Hanny Kemna and Praful Patel. It was chaired by Guy Dawson in 2021 and met three times.

Disclosure Committee

The Disclosure Committee is chaired by the CEO and also includes the CFO and the General Counsel. It meets as required in order to assist the decisions of the Board concerning the identification of inside information and to make recommendations about how and when that information should be disclosed in accordance with the Company's disclosure procedures manual. Its primary duty is to ensure that inside information is properly disclosed in accordance with the requirements of the Market Abuse Regulation.

Reports for each of the Board's Committees are set out later in this report, and provide further detail on their role and responsibilities, as well as the activities they have undertaken during the year.

Sustainability Committee

The Sustainability Committee has been established as part of the governance structure of the Group's sustainability strategy and management of climate-related risks and opportunities. Board oversight is ensured by including three executive Board members in the Committee. The Committee will meet regularly to discuss progress and performance on climate-related topics.

Meetings of the Board

At each scheduled meeting, the Board receives reports from the CEO, the Executive Director, Operations, and the CFO on the performance and results of the Group. In addition the COO, the CFO and (since her appointment on 1 October 2021) the Corporate Development Director attend each meeting to update the Board on performance, strategic developments and initiatives in their respective areas, and the General Counsel provides updates on compliance, legal and regulatory matters. In addition, the Board receives regular updates from the Senior Vice President, Investments, Treasury and Risk Management, and the Head of Group Internal Audit on risk, compliance and internal audit. Operational updates are provided by the Executive Director, Operations and the COO, and updates related to IT systems of the Company are provided by the Chief Technology Officer.

An annual schedule of rolling agenda items ensures that all matters are given due consideration and are reviewed at the appropriate point in the financial and regulatory cycles. Meetings are structured to ensure that there is sufficient time for consideration and debate of all matters. In addition to scheduled or routine items, the Board also considers key issues that impact the Group, as they arise.

The Directors receive detailed papers in advance of each Board meeting. The Board and Board Committee agendas are carefully structured by the CEO, General Counsel and the Company Secretary for the Chairman's approval. Each Director may review the agenda and propose items for discussion with the Chairman's agreement. Additional information is also circulated to Directors between meetings, including relevant updates on business and regulatory announcements. The annual schedule of Board meetings is decided a substantial amount of time in advance in order to ensure, so far as possible, the availability of each of the Directors. In the event that Directors are unable to attend meetings, they receive papers in the normal manner and have the opportunity to relay their comments and questions in advance of the meeting, as well as follow up with the Chairman if necessary. The same process applies in respect of the various Board Committees.

The briefing for each of its meetings covers financial and operating performance, treasury, risk, human resources, legal and compliance, internal audit, IT and CSR matters. Management accounts are produced for each Board meeting together with an updated dashboard of key performance indicators, broken down by geographical region. On a monthly basis the Board receives a management report covering operations, the financial and budgetary situation, internal audit, taxation, treasury, risk, human resources, legal and compliance matters, and CSR matters.

A further aspect of reporting to the Board is Social Performance Management ('SPM'), which covers the handling of complaints, satisfaction surveys, and the achievement of social goals. (This is referred to in more detail in the Non-financial information statement on page 17.)

For further information on the Board's work during the year and a table of attendance at Board and Committee meetings, see 'Board at a glance' on page 62.

Chairman and Chief Executive Officer

The division of responsibilities between the Chairman and the CEO has been agreed by the Board. The Chairman has responsibility for the leadership of the overall effectiveness of the Board, setting the Board's agenda, ensuring the maintenance of a proper balance of skills and experience on the Board, succession planning, and the provision to the Board of accurate, clear and timely information to support sound decision-making and to enable individual Directors to fulfil their duties.

The Chairman during 2021 was Guy Dawson. His other significant commitments are set out in his biography on page 60. The Board is satisfied that his other commitments do not restrict him in carrying out his duties effectively.

The CEO, Dirk Brouwer, reports directly to the Chairman of the Board and is responsible for all executive management within the Group on a day-to-day basis, within the authority granted by the Board. He is assisted in this by a senior management team which reports to him and meets him on a regular basis.

The Company's Independent Non-Executive Directors are Praful Patel, Gavin Laws, Guy Dawson, Hanny Kemna and Salehuddin Ahmed. Within the Board's overall risk and governance structure, the Independent Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's deliberations and the decision-making process. They also provide constructive challenge and oversight, and monitor the Executive Directors' delivery of the Company's strategy.

Powers of Directors

The Directors are responsible for the management of the Company. They may exercise all powers of the Company, subject to the Articles of Association and to any directions given by the shareholders by special resolution.

Appointment and removal of Directors

The appointment of Directors is governed by the Company's Articles of Association, the Companies Act 2006 and other applicable regulations and policies. Directors may be elected by shareholders in general meeting or appointed by the Board of Directors in accordance with the provisions of the Articles of Association. All of the then Directors of the Company were re-elected at the AGM held on 30 June 2021. In accordance with the Code, all Directors retire and may stand for re-election at each AGM.

Letters of appointment for individual Directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office. The Articles of Association provide that in addition to any power to remove Directors conferred by the Companies Act 2006, the Company may remove any Director from office by ordinary resolution of which special notice has been given.

Board performance evaluation

Since the 2020 assessment, the Board and management have worked on areas identified as needing improvement, including devoting more time to long-term strategic issues (such as business strategy in the countries hardest hit by Covid, and the development of digital financial services); key challenges and Company culture post-Covid; further implementing the 2019 'Section 172' plan to engage the Independent Non-Executive Directors ('INEDs') more with the stakeholders (INEDs have participated in person or remotely in local board meetings at most of the operations); and continuously reviewing detailed senior management succession plans, including at Group level (the key role of Director of Corporate Development was filled in the autumn of 2021). Further progress has been made in increasing the resilience of the succession plan for key leadership positions at both Group and country level.

The Board has recently carried out a self-assessment exercise in respect of 2021. The procedure followed was that each Board and Committee member completed a questionnaire, adding comments where appropriate, which was then submitted on an anonymised, aggregated basis to each member of the Board. The Chairman then held discussions with the other Independent Directors and with the Executive Directors about the performance of the Board, the Committees and the individual Directors.

Overall, the review showed that the Board and its Committees and individual Directors have functioned well since the previous Board assessment in 2020. Key areas highlighted for additional focus include the need for further development of the Group's long-term and DFS strategy; the manner in which progress towards strategic objectives is presented to the Board; and the desirability of ensuring further diversity and relevant skills on the Board.

Reappointment of Directors at the 2022 AGM

The Board has confirmed its view that each of the Directors continues to be effective and to demonstrate commitment to his or her role.

On the recommendation of the Nomination Committee, the Board will therefore be recommending that:

- The three Executive Directors, and the Non-Executive Directors Hanny Kemna, Guy Dawson, Salehuddin Ahmed and Gavin Laws be proposed for reappointment at the AGM.
- Praful Patel shall retire at the AGM.

The Board has determined that the Non-Executive Directors meet the independence criteria set out in the Code.

Induction and professional development

On appointment, all new Directors received a comprehensive and personalised induction programme to familiarise them with the Group, tailored to their specific requirements. The Company also provided bespoke inductions for the relevant Directors when they were appointed as a Committee Chairman. Induction programmes are tailored to a Director's particular requirements, but would typically include site visits, one-to-one meetings with Executive Directors, the Company Secretary and senior management for the business areas and support functions and meetings with the external auditor. Directors also receive guidance on Directors' liabilities and responsibilities.

In addition, the Chairman and CEO may agree any specific requirements as part of each Non-Executive Director's regular reviews.

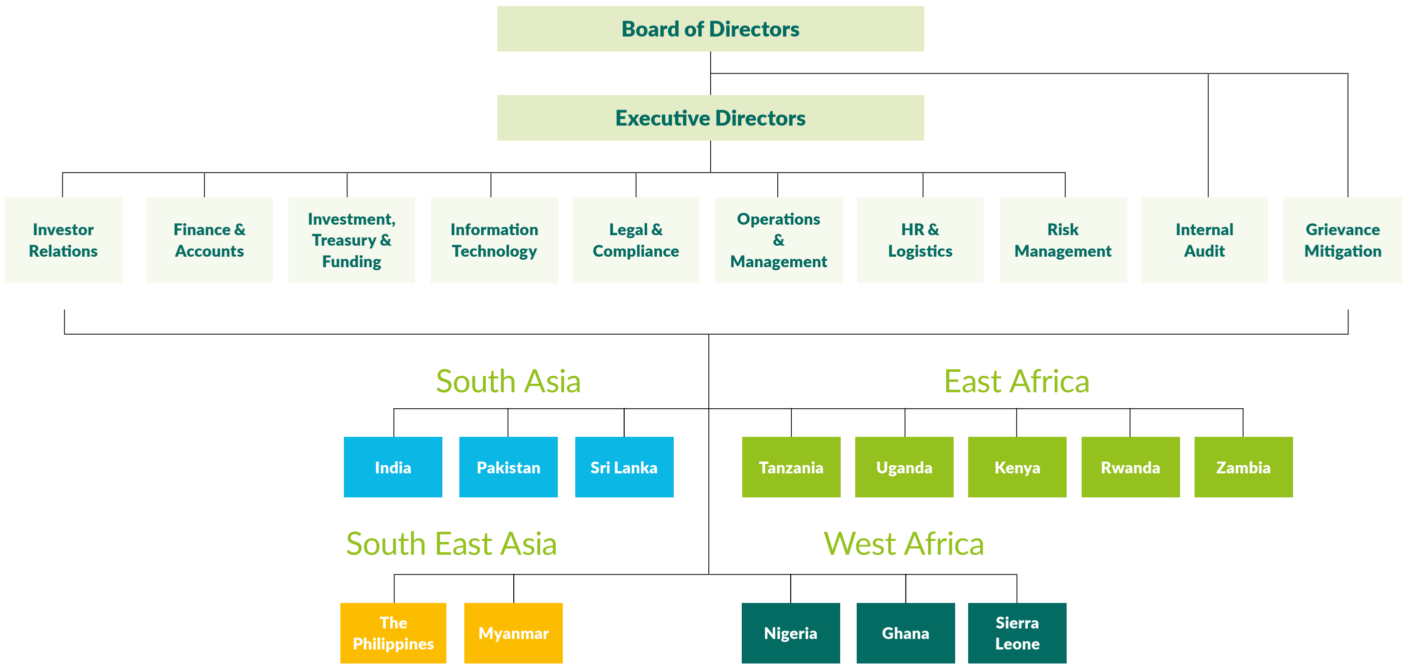
Company Secretary

The Company Secretary is responsible for ensuring that Board procedures and applicable rules and regulations are observed and for advising the Board, through the Chairman or the General Counsel, on all governance matters. All Directors have direct access to the services and advice of the Company Secretary, who also acts as secretary to the Board Committees.

Conflicts of interest

The Articles of Association include provisions giving the Directors authority to approve conflicts of interest and potential conflicts of interest as permitted under the Companies Act.

A procedure has been established whereby actual and potential conflicts of interest are regularly reviewed and appropriate authorisation sought prior to the appointment of any new Director or if a new conflict or potential conflict arises. Directors are regularly reminded that they must declare, before or at the beginning of the meeting concerned, any matter on the agenda for the meeting in respect of which they may have a conflict of interest; they will, if necessary, withdraw from the meeting during the discussion of that item and not participate in any decision relating to it. The decision to authorise a conflict of interest can only be made by non-conflicted Directors (effectively, the Independent Directors' Committee less any of its members who may be connected with the relevant conflict), and in making such a decision the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company. The Board is satisfied that this procedure operated effectively throughout the year.



Board and Committee effectiveness

Annual Board and Committee evaluation

See 'Board performance evaluation' on page 68.

Management and operational structure

The Group's operations are standardised, which allows management's authority to be decentralised and delegated (within specified limits) from the Group's joint corporate headquarters in Amsterdam (the Netherlands) and Dhaka (Bangladesh) to each of its microfinance institutions. The Dhaka office is managed by Aminur Rashid, Executive Director, and a team of other seasoned microfinance experts who have previously held senior positions in the industry and have many years of expertise in managing and/or supporting microfinance institutions across Asia and Africa, as well as professionals who previously worked in the financial and legal industry.

In addition to supervising the performance of the Group's local microfinance institutions, executive management in Dhaka is primarily responsible for finance and accounts, treasury, compliance, risk management, audit, tax management, IT, human resource management and corporate secretarial functions for the Group. The Amsterdam office is the base of Dirk Brouwer, CEO, and other senior managers, and provides specialised accounting, finance, legal, corporate and compliance functions along with investment, treasury, (international) tax structuring, funding, investor relations, FX management, and the management of business development projects. The offices of Amsterdam and Dhaka are functionally integrated.

The chart above sets out a simplified overview of the Group's management structure as well as the Group's operating structure, which is based on geographical proximity and associated cultural similarities and is, therefore, segmented into four regions: South Asia, South East Asia, East Africa and West Africa.

The Group's microfinance institutions operate a total of 2,044 branches across 13 countries in South Asia, South East Asia, East Africa and West Africa. Limited administrative layers exist throughout each in-country branch network, which promotes the active participation of all staff, quick and autonomous decision-making capacity, and the efficient deployment and monitoring of loans. Each of the Group's microfinance institutions has its own board of Directors (each an 'MFI Board') which, in most countries, includes a number of Independent Directors, as well as members of the Company's senior management, including the Chief Executive Officer, Executive Director, Operations, Chief Operating Officer and Senior Vice President, Investments, Treasury and Risk Management. The remaining Independent Directors often have extensive experience in the microfinance industry or at central banks.

Local management and operational structure

Each of the Group's microfinance institutions also has a country-level head office from which the Managing Director works and manages the microfinance institution, reporting to the local MFI Board and the Group's international corporate headquarters. Reporting to the Managing Director, the head of operations is also located in the country head office and oversees the microfinance institution's mid-level management. The country head office also includes common head office functions including finance and accounts, internal audit, legal and compliance, information technology, human resources and risk management. Internal Audit reports directly to the local MFI Board as well as functionally to the Head of Group Internal Audit.

Each country's head office also includes a Fraud and Misappropriation Prevention Unit, which investigates unusual branch activity and/or client complaints through unannounced branch inspections, and reports to the Managing Director of the microfinance institution as well as to senior management in the international corporate headquarters.

The field staff of each microfinance institution comprises mid-level management and branch staff. The mid-level managers of each microfinance institution travel across their respective branch networks and perform their supervisory functions in the branch offices, as they generally do not have separate offices. Mid-level management generally comprises district managers, regional managers and area managers, with some larger microfinance institutions having an assistant district manager or a deputy head of operations. Each level of mid-level management is responsible for reporting to its manager and ultimately to the Managing Director at the country head office, as well as for inspecting branches, including attending a specified number of client group meetings to ensure that operations are effectively carried out. At client group meetings, mid-level management also receives client feedback and follows up any prior client complaints. Each branch is normally staffed by a branch manager, an assistant branch manager, loan officers and supporting staff members.

Substantial shareholdings

The table below sets out details of the interests in voting rights of 3% or more notified to the Company as at 31 December 2021 under the provisions of the FCA's Disclosure Guidance and Transparency Rules. Information provided by the Company pursuant to the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and on the Company's website.

Name of Director	Number of shares	% holding
Dirk Brouwer[1]	20,266,146	20.3%

1 Dirk Brouwer holds his interest in the Company via CMIMC (a company under his ultimate control), which in turn holds its interest in the Company via Catalyst Microfinance Investors 30.41% and Catalyst Continuity 16.89%. Catalyst Microfinance Investors and Catalyst Continuity own 47.30% in total, each company (ultimately) controlled by Dirk Brouwer.

The above reflects shareholding as of 31 December 2021. Substantial shareholders do not have different voting rights from other shareholders.

Engagement with shareholders

The Group has an investor relations ('IR') programme to ensure that current and potential shareholders, as well as financial analysts, are kept informed of the Group's performance and have appropriate access to management to understand the Company's business and strategy.

The Board believes it is important to maintain open and constructive relationships with all shareholders. The Group's IR team, including the Head of IR, reports directly to the CEO and is responsible for managing a structured programme of meetings, calls and presentations around the main events in the financial reporting calendar, as well as throughout the year. The team regularly seeks investor feedback, directly and via the Group's corporate brokers, which is communicated to the Board and management. The CEO and the Head of IR, accompanied by the Executive Director, Operations and the CFO, speak to, or meet with, the Group's major institutional shareholders on a regular basis. In addition, the Chairman is available to meet or speak to major institutional shareholders to discuss matters such as strategy, corporate governance and succession planning. The Senior Independent Director is available for shareholders to consult in the event that they have concerns that contact with the Chairman or the CEO has failed to resolve, or where such contact would be inappropriate. Separately, the Independent Directors are available should shareholders wish to discuss any concerns they may have.

Through the Head of IR, the Board is regularly updated on the status of the IR programme. An IR report, summarising share price performance, share register composition and feedback from any investor meetings, is produced for Board meetings.

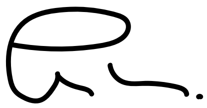
Relevant presentations, together with all results announcements, Annual Reports, regulatory news announcements and other relevant documents, are available on the Investors section of the Company's website at https://www.asa-international.com/investors.

Annual General Meeting

The Board regards the Company's AGM as an important opportunity for shareholders to discuss the Group and its performance directly with the Board. In normal years all shareholders have the opportunity to raise questions with the Board at the AGM, either in person or by submitting written questions in advance, and the Chairmen of all of the Board Committees and the other Directors attend the meeting. In 2021, however, other arrangements were made because of the impact of Covid. Only the Chairman of the Board and the Company Secretary were present in order to secure a quorum, and voting was conducted by means of a poll of all proxy votes received.

Audit and Risk Committee report

This report sets out the principal responsibilities of the Audit and Risk Committee, its membership and meetings as well as our key activities during the year.



Gavin Laws
Chairman of the Audit and Risk Committee

Chairman's overview

As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the financial year ended 31 December 2021. The Committee spent substantial time in evaluating the continuing effect of the Covid outbreak, especially the second wave of Covid in India and the Philippines on expected credit losses, the impact of regulatory changes on the operating environment, and other related accounting judgements and disclosures. The Committee also closely monitored health and safety measures taken, collection efficiency and the increase in the PAR>30 rate, especially with respect to India, Uganda, Sri Lanka and the Philippines.

This report provides an insight into the functioning of the Committee and the activities undertaken by it, including an overview of the principal topics covered at various meetings of the Committee. The Committee apportions its time between periodic review of key present and future risks to the Group and close scrutiny of the financial reporting and internal controls of the Company.

The majority of the Committee's time has been spent on our principal roles and responsibilities, which are to:

- Monitor the integrity of the Company's financial statements and external financial reporting.
- Review the effectiveness of the Group's internal controls.
- Monitor and review the activities and performance of both the Internal Audit function and external audit process.
- Monitor the adequacy and effectiveness of the risk management framework.
- Assess present and emerging risks and help to focus the Board's attention on key risks, especially in view of Covid.
- Consider key accounting matters and areas of judgement and changes.
- Discuss specific matters tabled at the request of the Committee to allow the Committee to zoom in on topics of interest or concern.

The full terms of reference of the Committee are available on the Company's website (under Investors/Corporate Governance/Audit and Risk Committee).

In 2021, the Committee continued to focus on the internal controls systems and processes and the challenges faced due to the Covid crisis and on monitoring the Company's response to those challenges. In particular, the Committee reviewed the provisioning for expected credit losses and the calculation of modification losses in line with IFRS 9 to adjust for loan modifications due to the lockdowns and moratoriums provided to clients, which resulted in loan extensions. The Committee considered accounting judgements and implications relating to the modification of financial instruments and interest income, arising from the implementation of payment deferrals/holidays. During the year, the Committee received regular updates from management on the additional guidance and disclosures made in relation to the Covid outbreak.

The Committee continued to work with management to further improve the risk-based internal audit process as well as the reporting of risk. The Committee will continue to focus its attention on the key responsibilities listed above, and in particular on oversight of Internal Audit and the risk control framework, significant accounting judgements, review of the external audit scope and fees, review of anti-money laundering and anti-bribery policies and whistleblowing arrangements, consideration of the requirements of the UK Corporate Governance Code in relation to stakeholder engagement, long-term viability, risk and going concern. In particular, the Committee will focus on further development of the Internal Audit function, including IT audits as well as the development, use and security of new and future IT strategies and systems.

Audit focus areas in the 2021 financial year

Since 1 January 2021, the Committee has:

- Reviewed the 2020 financial statements and 2021 interim financial statements and the auditor's findings in relation to them, as well as the responses by management to the recommendations of the auditor.
- Considered the EY Audit Planning Report for the 2021 year-end audit.
- Considered the development of the accounts consolidation software.
- Reviewed and considered PAR>30 and ageing buckets.
- Reviewed the accounting impact of the provisioning for expected credit losses and the impact to income recorded due to contract modification under IFRS 9.
- Considered the impact of Covid on the adoption of the going concern assumption and resulting disclosures to the financial statements.
- Reviewed Covid reports and impact on staff and retention.
- Reviewed the budgets and projections and related going concern and viability statements.
- Considered the plans and reports from the internal auditor as well as the quality and resources (and budget) available to Internal Audit.
- Reviewed the IT strategy and IT policies of the Company.
- Reviewed staffing and recruitment arrangements for the IT, Internal Audit and FMPU departments.
- Reviewed the risk framework and made recommendations.
- Reviewed KPIs and the risk appetite.
- Reviewed the training plan for employees.
- Reviewed key legal and regulatory concerns.
- Considered the compliance framework (including whistleblowing arrangements) and compliance reports.
- Reviewed whistleblowing reports and legal reports with regulatory updates.
- Reviewed treasury reports, including funding, liquidity and capital requirements of the Group as well as the compliance with loan covenants.
- Reviewed the performance of the current auditor of the Company.
- Reviewed the contents of financial statement to ensure it is fair, balanced and understandable to all readers.

Audit priorities for 2022

Key audit priorities for the coming year include:

- Reviewing the results announcement for 2022 and recommending the full-year results to the Board.
- Reviewing significant accounting judgements as well as going concern, viability statement and liquidity risks.
- Reviewing non-audit services and other audit policies and auditor independence rules.
- Monitoring the actions taken by management to combat the continuing challenges posed to the business by Covid.
- Looking into the adequacy and security of the Company's AML policy and required whistleblowing arrangements.
- Reviewing the value statement of the Company and focusing on engagement with shareholders and the workforce.
- Reviewing the half-yearly report from the external auditor of the Company as well as the 2022 report and management letter by the auditor.
- Reviewing the management representation letter from the external auditor.
- Internal Audit function, budget, staffing and internal audit approach.
- Reviewing the audit plan, auditor objectivity and independence as well as auditor remuneration.
- New requirements relating to energy usage and greenhouse gas emissions and the TCFD requirements.
- FBU assessment.
- New requirements relating to ESEF reporting.

Membership and meetings

The Audit and Risk Committee is chaired by me, and the other members during 2021 were Salehuddin Ahmed and Hanny Kemna, both of whom are Independent Directors.

All of the Independent Directors mentioned above (except Salehuddin Ahmed until 2021) were formally appointed to the Board during the Board meeting of the Company held on 28 June 2018 and reappointed at the AGMs held in 2020 and 2021. The qualifications of each of the Board members are outlined in the biographies on page 60. The Board considers that the current members of the Audit and Risk Committee have sufficient skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference.

In 2021 the Committee met on six occasions. Full details of attendance by the Non-Executive Directors at these meetings are set out in the table on page 62. In addition to the members of the Committee, standing invitations to attend meetings are extended to the CEO, CFO, the Chief Accountant, Senior Vice President Investments, Treasury and Risk Management, the General Counsel, representatives of the external auditor, the Head of Compliance and the Head of Group Internal Audit. All attend our Committee meetings as a matter of course and have supported and informed the Committee's discussions. Invitations to attend are extended to other members of management as required, so that they can brief the Committee on specific issues under review.

The external auditor, Ernst & Young LLP ('EY'), attends each meeting, and I have regular contact with the lead audit partner throughout the year. The Committee met with both internal and external auditors privately (i.e. without members of management present) at meetings during the year.

Since the Committee has responsibility for both audit and risk monitoring, this report will address the activities of both functions during the financial year.

Audit overview

As part of its audit function, the Audit and Risk Committee is responsible for monitoring the integrity of the Company's financial statements and reviewing and reporting to the Board on significant financial reporting issues and judgements. The Committee also considers whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements after taking into account the views of the auditors.

Other than the above, the Committee monitors:

- Compliance with accounting standards and legal and regulatory requirements.
- The reporting of related party transactions.
- The basis on which the Group is considered to be a going concern.
- Any material misstatements in the accounts that are reported by the external auditor.
- Taxation matters.

Committee effectiveness

The Committee considers that it has access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. A formal evaluation of the Committee's performance took place as part of the wider Board evaluation during 2021 and will be undertaken again at the end of 2022. As far as the Committee was concerned, no areas were identified as needing improvement.

Audit of 2021 financial year

International accounting standards

There were no significant changes in the IFRS reporting standards applicable for the 2021 financial statements.

Reporting by the external auditor

The Committee received detailed reporting from the external auditor in respect of the final and half-yearly results. The Committee and the external auditor discussed the key areas of focus including the risk drivers, the significant risks being fraud in revenue recognition, expected credit loss provisions, and going concern, which would include consideration of the potential impact on the Group of any failure of the Indian business. Other risks identified had not been classified as significant and included retirement benefit liability and deferred tax.

The Committee specifically spoke to the external auditor about going concern and existence of material uncertainty, revenue recognition and expected credit loss provisions. The external auditor reported that the significant audit risks in relation to income recognition and expected loss provision had been reported at each stage, and it had not found any material or reportable differences or fraud after extensive revenue testing.

The Committee also reviewed the EY external audit findings and EY Control Observations & Recommendations Report and the management response to each observation made by EY. The Committee had a discussion with management on the observations including balance sheet and income statement attestation, financial crime policies and procedures and capture and controlling accounting implications.

The Committee also discussed the listing requirements to which the Company is subject, UK Corporate Governance Rules, and adherence to planning, timelines and achievable due dates as a listed company. EY kept the Committee updated on developments in corporate governance regulation and practices that were expected to arise over the next few years, which may require the Company to produce new types of documentation, particularly with regard to attestation of internal controls.

Taking into account the external auditor's assessment of risk, but also using our own knowledge of the Group, we reviewed and challenged where necessary the actions, estimates and judgements of management in relation to the preparation of the financial statements.

EY discussed the impact from the Covid outbreak on the execution and delivery of the audit and the plans to deliver the audit through remote working and mitigating actions being taken. There was also discussion on additional relevant work in relation to significant accounting judgements, such as expected credit losses, and the impact of the Covid outbreak on going concern and viability.

As part of its role in assessing the integrity of the Group's external reporting, the Committee has continued to pay particular attention to the key areas of management judgement underpinning the financial statements. The Committee reviewed the significant accounting judgements made during the year, the risks to which the Company was exposed and the systems in place to mitigate or manage them and the overall system of internal controls within the Company.

As in 2020, specific emphasis was placed on the impact of Covid. The Committee devoted significant time to the review and challenge of management's approach and analysis of IFRS 9 expected credit losses in light of the Covid outbreak and other geopolitical events. The Group's external auditor regularly shared its views with the Committee on the reasonableness of management assumptions. The Committee also discussed in detail measures taken, including health and safety measures, maintaining an active dialogue with clients and financial measures such as maximising liquidity and reducing operational costs. The Committee ensured it was at all times kept up to date with the Government and regulatory developments.

The Committee reviewed the analysis of the going concern situation and the waivers that had been received in respect of the Group's covenant breaches on its outstanding borrowings, and concluded that it continued to be appropriate to prepare accounts on a going concern basis.

The Committee noted that all key external audit findings in previous years and H1 2021 findings had been considered by management and targets set for completion of all the findings which shall continue to be monitored by the Committee. Some observations have been resolved, which include improvement in treasury function reporting to Finance in terms of decision making when entering into funding arrangements, and IT audit by Internal Audit, while others such as setting up of an offsite disaster recovery site updated on a real-time basis, development of consolidation software, balance sheet and income statement attestation are in progress and being monitored.

The Group's liquidity remained strong throughout the Covid crisis with unrestricted cash and cash equivalents remaining high at approximately USD 91 million at year end 2021. The Company secured approximately USD 191 million of new loans from local and international lenders in 2021.

External audit

The Committee assessed the external audit report and audit plan for 2021. EY stated that the scope of the audit would be largely unchanged from 2020. EY planned to visit several countries in the course of the audit and they visited a few countries.

The auditor identified three significant risks for the 2021 audit:

- Risks in relation to going concern as a result of the Covid pandemic which would include consideration of the potential impact on the failure of the Indian business.
- Valuation of expected credit loss provision.
- The risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers.

Other key areas of focus include securitisation accounting in India which also included a direct assignment without risks and was off book compared to earlier securitisation transactions, valuation of forward and swap contracts, foreign exchange accounting, compliance with laws and regulations, retirement benefit liability, deferred tax and management override of internal controls.

The Committee concluded that EY remains independent and that its audit is effective. EY confirmed that it had carefully monitored the provision of non-audit services to the Board. Ernst & Young LLP (EY) has acted as Group's external audit firm since appointment at the Annual General Meeting in (add date). Group's policy for auditor rotation and audit tender follows regulatory requirements, and the audit firm will be required to be rotated after no more than 20 years, with an audit tender to tender to held after no more than 10 years.

Other financial reporting and financial update

Interim announcement

The Committee reviewed the draft announcement and interim financial statements.

Financial update

The Committee reviewed financial updates from management and discussed various items including increase in PAR>30 ratio, debt-equity ratios, liquidity, cost of funding, impact of forex on cost base, Group guarantees, other operating income, currency depreciation in Asian countries, financial timetable, preparations for half-year review and year-end audit, cost to income ratio and increase in costs, and market expectations. The Committee requested and received presentations from management explaining the key issues raised by analysts, investors and press.

Policy oversight and review

Whistleblowing

The Committee and the Group place a high priority on all employees understanding the process for reporting concerns, so that they all feel able to speak out when appropriate. In respect of all operating entities, all concerns shall be reported directly to the head of the Audit and Risk Committee ('ARC') of that country and in respect of all headquarters/holding company staff (in Dhaka and the Netherlands) any instances shall be directed to me as the Chair of the Group Audit and Risk Committee. The Chair shall pass the concern(s) to the Head of Internal Audit.

Other policies

Emphasis was placed on regular review by the Board of policies such as anti-bribery and corruption, and anti-money laundering, and implementation of the Transfer Pricing Policy. The Committee noted that all key manuals are in place and requested guidance from the Compliance Officer on the review and approval process. The Compliance Officer prepared a systematic compliance framework, identifying gaps in the existing framework, and has been instructed to further develop all manuals and carry out training on priority. The Committee also emphasised that there should be a zero tolerance policy for cases of sexual or racial harassment.

Stakeholder engagement

The Committee considered an action plan to engage with stakeholders. As part of this it was planned that the Board will appoint one INED per country. They shall engage with local management and staff, including participating in client events and local board meetings. INEDs will also join the Group-wide management meeting, receive annual staff and client surveys, and will be offered the opportunity to meet regulators and lenders.

In 2021 each Non-Executive Director joined the following board meetings through online meetings:

- Mr Guy Dawson (Myanmar & Nigeria)
- Mr Gavin Laws (Ghana & Uganda)
- Ms Hanny Kemna (Pakistan & Sri Lanka)
- Mr Salehuddin Ahmed (Philippines & Tanzania)
- Mr Praful Patel (India & Kenya)

The Chair of the ARC also has a regular conversation with the Group Head of Internal Audit, and the Committee meets members of the senior management team who attend every Audit and Risk Committee meeting.

Internal Audit

During the year, the Committee held several discussions with the Head of Internal Audit to ensure that they had enough resources and, whilst travel restrictions were in place, Internal Audit would still be able to continue its work across the Group and regular reports continue to be delivered to the Committee. The Internal Audit team was provided online access to the data of subsidiaries, although all information required for auditing transactions was not online and the Committee noted that internal audits planned for 2021 had mostly been completed on schedule. It was also decided that internal audit software would be developed internally.

The internal audit plans and budget are also approved by the Committee. At each meeting the Committee receives a report from the Head of Group Internal Audit summarising audits completed as well as monitoring progress on agreed actions from previous audits.

Internal Audit also focused on health and safety issues, compliance matters and IT requirements. The Committee worked to ensure that the management would respond to issues raised by Internal Audit within a specified time. The Committee had discussions with management to ensure adequate staffing of the Internal Audit department. The Committee continues to keep the level of resources of the Internal Audit team under review and holds meetings with the Head of Group Internal Audit from time to time.

IT organisation and strategy

The Committee also spent considerable time on the IT organisation and the IT strategy. The Committee continued to track progress on implementation of real-time AMBS and required the Company to prepare backup plans in case of cyber-attacks as well as carry out vulnerability assessment and penetration testing. The Committee also monitored implementation of the effective interest rate loans and lockdown interest across countries and the changes to AMBS in relation thereto. Operations, Finance and IT worked closely together to define the parameters and implement the solution and we continue to improve the development process and recently further strengthened management and coordination between departments.

The Committee also monitored the progress of the digital finance strategy of the Group, including the appointment of Barney de Jongh as head of financial services, and the development of the real-time smartphone or mobile app and its piloting in some countries, as well as the acquisition of a core banking software system.

The Committee also discussed the recommendations by the external auditor relating to IT. Certain improvements were introduced as a result, including the separation of access and administration rights and regular cyber penetration testing.

Risk management overview

As part of its risk management function, one of the Audit and Risk Committee's principal roles and responsibilities is to support the Board in its oversight of risk management across the Group. The identification, management and mitigation of risk are fundamental to the success of the Group.

The ASA International Model has proved to be robust in managing operational risk, but we aim to continue to retain and recruit the skills and talents needed to meet the challenges we face in our various operating markets and continuously review the adequacy of procedures and operational controls.

The reporting based on the three lines of defence model allows us to ensure that emerging risks are identified and debated and that management's plans for risk mitigation are well understood and appropriately resourced. The Committee requires management to focus, as far as its reports to the Committee and Board are concerned, on presenting key risks. Management provides risk reports to the Committee on a quarterly basis. These reports contain a summary of the key risks and management's risk assessment along with any mitigation actions where relevant. Management also provides a full summary of its risk appetite in relation to its key performance indicators.

This risk reporting process as well as the regular reviews by the Committee were in place and functioning effectively in 2021.

Looking ahead to 2022: risk priorities

Key risk priorities for the coming year include:

- Effective management of any further impact of Covid and stabilising and improving size and quality of loan portfolio.
- Monitor the impact of the Covid outbreak on the Group's customer base as well as on the capital and liquidity risk, credit risk, market risk, people and operational risk for the Group.
- Effective management and reporting of key risks, specifically foreign exchange exposure, regulatory risks, as well as any other material developing concerns.
- Advancement and continuous assessment of the Group's IT infrastructure including deployment of the Temenos core banking system in selected markets and pilot digital financial services as well as improve AMBS to meet new requirements.
- Improving Internal Audit to allow for more effective risk-based internal audit reviews.
- Annual review of the anti-money laundering and anti-bribery and corruption policies and procedures and increase in awareness by training the staff with respect to the same.
- Implementation and monitoring of the Health and Safety Policy.
- Consideration of the requirements of the UK Corporate Governance Code in relation to long-term viability, risk and going concern as well as further implementing measures for stakeholder engagement by the Board.
- Monitoring the actions taken by management to combat the challenges posed on the business by Covid.

Risk management: activity in financial year 2021

The Risk function continued to evolve in 2021. We continue to work with management to ensure our three lines of defence model is fully embedded across our Group and that the governance and reporting structures continue to provide ever more effective oversight of our risk management. These actions have continued to improve the flow of management information to the Committee, increasing the effectiveness of its challenge and oversight and enhancing visibility on risk and compliance issues identified at all levels across the Group. Apart from the health and safety risks, the Covid crisis has been disruptive for the second year to our operations in some countries due to the imposition of lockdowns, curfews, restrictions on movement and congregation of people, and the general fear and uncertainty caused by the pandemic, which adversely affected the business activities of our clients in the countries in which we operate. The situation improved towards the end of the year when restrictions were lifted in most of the operating countries.

The Committee carefully assessed the impact on portfolio quality, collection efficiency and PAR>30 especially in India, the Philippines, Myanmar and Uganda. The Committee maintained its focus on the Group's policies, programmes and practices for strengthening and prioritising our ability to test, detect, resolve and recover from unforeseen operational disruptions in our key markets.

The Committee reviewed the risk management reports presented by management and the actions being taken to manage or mitigate the key risks. The Audit and Risk Committee was actively involved in improving risk reporting by management. The Committee noted that credit and regulatory risks were both high and also discussed whether the risk of inflation should be considered relevant to the Group. The Committee reviewed risks arising following the implementation of the declining balance method of interest calculation in various countries, and discussed reputational risk arising from cases of client dissatisfaction about the communication and its resolution, which was considered to be not currently significant.

Health and safety, liquidity and IT risks were standing items for discussion at meetings held in 2021 and will continue to be discussed in 2022. Assessment of emerging risks (required under the 2018 Code) will be a standing agenda item for the Committee's discussion in 2022.

Our focus on strengthening the IT systems increased during 2021 with the acquisition of Temenos, which will be rolled out over the coming year in selected markets in order to improve the deposit-taking capacity of the Company, as well as pilot digital financial services in Ghana. The Committee also recognises the need for strong cyber defences to protect our systems and customer data and to prepare the Company for a digital financial services environment. There has been a further investment in the HR capacity of the IT team, including the appointments of a head of financial services and a senior IT manager to assist in the initial implementation of Temenos as planned for Pakistan (including the loans and savings model) and the loan module for Ghana to support the digital financial services pilot project. The Company will continue to run its current AMBS systems in all but the above two markets. Over time, in countries where we have deposit-taking licences, Temenos will be deployed. This is expected to be a multi-year project.

The IT technology strategy is constantly under review by the Board and this Committee in order to ensure that we are keeping pace with, and responding to, the latest industry developments, especially in digital finance. IT capability will continue to be assessed in the context of risk appetite, being part of the Company's operational risk. The Committee considered the effectiveness of the internal control systems and believes that they are adequate. The Committee also discussed the preparedness of the Company to deal with cyber-attacks and discussed with management the transitional risks connected with AMBS being moved onto a real-time basis.

We continue to encourage the Company to engage actively with regulators and industry bodies to ensure that our compliance framework remains appropriate and relevant for all of our businesses. The Legal and Compliance team works closely with colleagues in different countries, providing regulatory advice, as well as shaping policies, delivering training and conducting assurance reviews. The Group Compliance Officer was also appointed as the dedicated anti-money laundering officer.

Committee roles and responsibilities

The Committee keeps under review the adequacy and effectiveness of the Company's internal financial controls and risk management systems and the Group's procedures for identifying, assessing and managing risk.

Committee effectiveness

As Committee Chair, I meet frequently with senior management of the Group around quarterly Board meetings to discuss the business environment and to gather their views regarding emerging risks, business performance and the competitive environment. The Committee considers that it has access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. We reviewed the Committee's effectiveness as part of the annual Board performance evaluation in 2021, and a further evaluation will be carried out in late 2022.

Monitoring response to Covid

During the year the Committee continued to discuss and review contingency plans, action plans and other measures taken by the Company in response to the Covid pandemic and the resulting lockdowns and restrictions imposed in various operating countries. The Committee specifically directed the Company to ensure the safety of staff and provide all necessary safety equipment.

The Committee was regularly updated and kept abreast of various governments' rules and guidelines on Covid as the situation developed through the year. The Committee constantly monitored the portfolio quality including the PAR>30 and expected credit loss provisioning for the Group and the payment relief moratoriums granted to clients.

Other matters

Other, more routine, matters discussed included:

- Finalisation of Group table of authority.
- Improvement in treasury function reporting to Finance in terms of decision making when entering into funding arrangements.
- The resourcing of the IT, Internal Audit, accounts and finance teams are constantly under review by the Board and this Committee to ensure that we are keeping pace with, and responding to, the latest industry developments.
- The Committee requested and received reports on debt covenant monitoring in respect of loans by various Group entities.
- Directors' and Officers' liability insurance cover was reviewed by the Committee.
- Legal and regulatory update reports were routinely received and reviewed by the Committee.

Going concern

The financial statements of the Group have been prepared on a going concern basis i.e. no adjustments have been made to the numbers that indicates that the company is not a going concern. It should be noted that in the 2020 Annual Report and Accounts, approved on 31 May 2021, the Senior Management and Directors concluded that the potential impact of the Covid pandemic and the uncertainty over possible mitigating actions represented a material uncertainty that may have cast significant doubt over the Group's ability to continue as a going concern. In assessing going concern covering 13 months from the date of the approval of the annual consolidated financial statements and given the financial impact of the spread of Covid, which continues to impact on certain markets of the Group, management has analysed the Group's financial position and updated its budget and projections for the period up to the end of May 2023 (the 'Assessment Period'). With the amount of covenant breaches without waivers projected at signing, the conclusion of the assessment remains consistent with that of the prior year – the Senior Management and 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 has updated its detailed financial model for its budget and projections (the 'Projections') in line with current market conditions. Management used the actual numbers up to December 2021 and updated the operating projections for the Assessment Period. These Projections are based on a detailed set of key operating and financial assumptions, including the minimum required cash balances, capital and debt funding plan per operating country, post-pandemic economic conditions of the countries, and management's estimation of increased credit and funding risks in addition to a conservative view of reduced demand for new microfinance loans where applicable.

Management has also prepared a conservative projection for India and Myanmar for the Assessment Period as these countries continued to be impacted by operating challenges on account of Covid and political instability. Based on the projection, the Group expects the entities will incur losses during the going concern period but they will be able to pay its maturing debt obligations and comply with regulatory ratios and or requirements. The impact for such downside case scenario extrapolated in the Group's operating results and cash balances will not be significant. Summary of the base case and the impact of the downside is shown below:

In the worst case, if India and/or Myanmar fail to remain a going concern, this will not impact the Group's sustainability as (i) these two entities are not the major profit-generating operations of the Group, (ii) ASA International did not provide any parent guarantees, and (iii) the exposure of the Group via intercompany loans is very low and last but not least (iv) the level of equity is currently nominal.

As of 31 December 2021, credit lines with breached covenants that did not have waivers amounted to USD 111 million. Of which waivers for USD 36.7 million have been subsequently received. Other lenders have confirmed that they are willing to provide waivers, will do so in case of actual breaches and subject to formal internal credit committee approvals. However, the majority of these waivers are for India where a vast portion of the lenders are local and are awaiting the statutory accounting period (31 March 2022) audited results. Also, the total outstanding debt at the holding level (ASA International Holding and ASAI International NV combined) is USD 70 million which is part of the USD 314 million consolidated debt for the Group. Most of the covenants under the USD 70 million loan agreements are based on consolidated Group results. Waivers have been obtained by the Group in respect of these covenant breaches. These are on all loans to the holding companies from international funders up to December 2021 but some of these waivers do not cover the entire going concern period i.e. up to May 2023. The Group has a history of negotiating covenant waivers and recovering from natural disasters and debt relief programs but the nature of the pandemic and its after effects makes it difficult to assess the likely scale of debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt will be forthcoming. The Directors have justifiably concluded that these covenant breaches represent a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. It is to be noted though, none of our lenders have called in their debts in the past two years during the pandemic.

The Group also considered the impact of climate change and related risks in the budget make-up, especially in terms of assessing the ECL provisions. As at 31 December 2021, the Group considers its present financial exposure to climate-related risks to be low, and accordingly, no additional impact of such is taken for budgeting purposes. If and when the Board chooses to reduce or balance greenhouse gas emissions, there will be an associated cost impact and budgets will be updated accordingly.

Nevertheless, having assessed the projections, downtrend analysis, and mitigations described above, the Senior Management and Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the Going Concern assessment period being the 13 months from the date of approval of the 2021 financial statements.

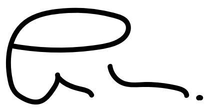
Viability statement

During the year, the ARC has considered a wide range of information relating to present and future projections of profitability, liquidity, moratoriums and operating costs. These considerations include stressed scenarios that reflect the uncertainty that the global Covid outbreak has had on the Company's operations, as well as considering potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity. In accordance with the UK Corporate Governance Code, the Directors carried out a robust assessment of the principal risks of the Group. In accordance with provision Provision 31 of the UK Corporate Governance Code, the Board confirms that it has a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the three-year period up to 2024. The three year period has been chosen since the majority of the Group's third party debt shall mature within the said period.

The Directors' assessment has been made with reference to:

- The Group's current position and prospects – please see the Financial review on pages 34 to 45.
- The Group's business model and strategy – please see Our sustainable growth, Business model and Key performance indicators on pages 10 to 11, 8 to 9 and 48 to 49.
- The Group's measures taken following the spread of Covid on pages 18 and 24, 26 and 51.
- The Group's recent cash position including access to funding from local and international sources on page 34.
- The Board's risk appetite, and the robust assessment of the Group's principal risks and how these are managed on pages 50 to 56.
- The material uncertainty in relation to going concern as discussed above and further detailed in note 2.1 in the financial statements.
- Risk management approach on pages 50 and 51.

Finally, the Directors reviewed the viability scenarios including the downside scenario as well as the Group's strategy and five-year business plan on an annual basis. The viability Scenarios sets forth the Group's monthly projections of profitability, cash flows, capital requirements and resources and other key financial and regulatory ratios for the period until December 2023 and annual projections for the period 2024-2026.



Gavin Laws
Chairman of the Audit and Risk Committee
29 April 2022

Nomination Committee report

This is the fourth annual report on the activities of the Nomination Committee following the listing of the Company.

Guy Dawson
Chairman of the Nomination Committee

The Committee has an active role in overseeing talent management and succession planning for the Group, and will ensure that appropriate activities and initiatives are continuously undertaken in order to develop the Group's talent pipeline. In addition, diversity was and will continue to be a key area of interest for the Committee in the next year.

An overview of the Committee's roles and responsibilities, and its key activities during the year, is set out in the report below.

Key activities in the 2021 financial year

During the year the Committee discussed:

- Board composition and succession, including the recruitment of a new Non-Executive Director to succeed Praful Patel who is retiring in 2022 (in progress at the year end).
- Executive management succession planning, including the recruitment of a Director of Corporate Development (completed in October 2021).
- The Board self-assessment.
- The assessment of senior executives, including their skill-sets, knowledge and experience to ensure that an appropriate balance of such qualities has been maintained. The Committee focused in particular on the finance and accounts, and Internal Audit.
- Gender diversity targets, and increasing the proportion of female staff at the head office and country levels, including in senior management at the countries.

Committee roles and responsibilities

The Committee's key roles and responsibilities are:

- Regularly reviewing the size, structure and composition of the Board, and making recommendations to the Board with regard to any changes.
- Considering the leadership needs of the Group, including succession planning for Directors and for senior executives.
- Identifying and recommending candidates to fill Board vacancies when they arise, for the Board's approval.
- Making recommendations to the Board concerning the formulation of plans for succession for both Executive and Non-Executive Directors and suitable candidates for the roles of Senior Independent Director and Chairmen of Board Committees.
- Considering the appointment or retirement of any Directors.
- Reviewing the continued independence of the Non-Executive Directors.
- Evaluating the Board's balance of skills, knowledge, experience and diversity.
- Preparing a description of the role and responsibilities required for a particular appointment.
- Being actively involved in the appointment process for the Chairman.
- Reviewing the results of the annual Board performance evaluation process that relate to the composition of the Board.
- Reviewing annually the time commitment required from Non-Executive Directors.

The Committee's roles and responsibilities are set out in the terms of reference and are available on the website of the Company.

Membership and meetings

The Nomination Committee is chaired by me and the other members are Praful Patel and Salehuddin Ahmed. The composition of the Committee satisfies the relevant requirements of the UK Corporate Governance Code ('the Code'). Post retirement of Praful Patel at the 2022 AGM, Hanny Kemna will join the Committee.

Other individuals, such as the Group HR Director and external professional advisers, may be invited to attend all or part of any meeting, as and when appropriate and necessary. The Committee met three times during the year, in February, September and December 2021. The details of members' attendance are set out on page 62.

Changes to the Board

Please refer to page 63.

Directors' skill-sets

Dirk Brouwer is an experienced investment banker, having held senior roles in PaineWebber and Merrill Lynch as well as over 14 years of experience in microfinance as Director of ASA International. Aminur Rashid has over 30 years of experience in microfinance and has held multiple senior industry positions. Karin Kersten has had 22 years' experience of banking, most recently of trade and commodity finance at a senior level in ABN AMRO Bank. The Committee also considered and reaffirmed the skill-sets and experience of the Company's Non-Executive Directors, including their extensive experience within financial services. Guy Dawson has extensive experience within the financial industry, including as a Non-Executive Director, as well as Vice-Chairman and Chairman roles at Nomura International plc and Merrill Lynch. Praful Patel has strong operational skills and a track record of non-executive and independent directorial experience, and has held several senior leadership roles at the World Bank. Gavin Laws has worked in the banking industry for over 30 years, including multiple senior executive roles at Standard Chartered Bank; he currently sits on a number of UK boards. Hanny Kemna brings over 20 years of experience as Global Lead Partner of Operations and IT at Ernst & Young as well as broad experience as a supervisory board member of a variety of financial institutions. Salehuddin Ahmed is Professor at the Business School of BRAC University, Dhaka, Bangladesh. Mr Ahmed is also on advisory bodies of several government and non-government agencies in Bangladesh and a member of the board of trustees of two universities and a college and was the Governor of the Bangladesh Bank (Central Bank) between 2005 and 2009. Further information on the background and experience of each of the Directors can be found in their biographies on pages 58 and 59.

Succession planning – Board and management

The Committee kept under review the Group's succession planning at Board and senior management level, including in the various countries, and notes that the gaps in the executive succession plan are steadily being filled. The Committee has commenced its search for a new Non-Executive Director for appointment during the course of 2022.

The Committee discussed back-ups for all senior roles including the position of CEO, Director, Operations and Chief Operating Officer, which requires a number of well-developed skills, as they are complex roles. The Committee recommended that active steps should be taken to ensure that timely succession can be implemented.

The Committee also discussed and approved the appointment of a Corporate Development Director to support the Company in rolling out its strategy in the coming years. Karin Kersten, former Global Head Trade & Commodity Finance at ABN AMRO, joined the Company on 1 October 2021, having worked at ABN AMRO for over 15 years.

The Committee will continue to monitor progress with the management succession plan regularly in 2022.

Diversity

The desirability of ethnic and gender diversity continues to be an important factor in the Committee's thinking, and it regularly reviews gender diversity data in particular (ethnic diversity presents less of a challenge, thanks to the Group's wide geographical spread of operations). The Committee considers that the Board remains diverse, drawing on the knowledge, skills and experience of Directors from a range of professional and cultural backgrounds. Currently two of the Company's eight Directors are women and we intend, subject to the need for all appointments to be made on merit against objective criteria, to bring more female Directors onto the Board to increase female Board representation. At the operational level, the representation of women is higher. The Group continuously endeavours to make ASA International appealing to a diverse population, and its commitment to equal, respectful and dignified treatment throughout recruitment processes and through all stages of the employee cycle is underpinned by the Group's Non-Discrimination Policy, as referenced below.

The Committee discussed the increasing importance of gender, national and cultural diversity. The Company focuses on appointing more women in senior management roles and stepped up the hiring of women across the board. Concrete targets have been set by the Company to increase the proportion of female staff, particularly in senior roles in East Africa and South Asia. Progress on this front, which varies according to local cultural norms, is tracked by the Committee. Further measures are expected to be developed in 2022 to ensure gender balance at various levels within the Group. Kindly refer to page 17 in the Non-financial information statement.

Non–Discrimination Policy

Unfair discrimination in any form is not acceptable. Management and employees are expected to ensure that a fair and sympathetic work environment exists for all employees, irrespective of marital status, religion, disability, sexuality, gender, racial or ethnic background. This policy of equal opportunities and diversity applies to recruitment, remuneration, training, staff development, promotion, discipline, and all other aspects of employment. The policy also applies to volunteers, interns, current or prospective clients, suppliers or beneficiaries, and all others outside ASA International with whom ASA International or its employees do business.

More detail on the Group's approach to diversity can be found in the Non-financial information statement on pages 17 to 21.

Insurance

The Committee also noted that one of the consequences of the Covid pandemic was that the insurance company had offered to provide Directors' and Officers' liability insurance cover up to USD 5 million only. The Company is in discussions with its brokers to increase this to the previous USD 10 million of cover, which the Board considers to be the necessary minimum.

Reappointment of Directors

Prior to the Company's AGM each year, the Committee considers and makes recommendations to the Board concerning the reappointment of the Directors, having regard to their performance and ability to continue to contribute to the Board. The Board has concluded that the Non-Executive Directors remain independent and continue to make a significant contribution to the Board and its Committees.

Following this year's review in advance of the 2022 AGM, the Committee recommended to the Board that all serving Directors (other than Praful Patel who will be retiring at the 2022 AGM) be recommended to the shareholders for reappointment at the AGM.

Committee effectiveness

The annual evaluation of the Board and Committees' effectiveness has been undertaken in respect of 2021. Generally, the views expressed are that the Board and Committees functioned well during 2021 despite the constraints imposed by Covid. The Executive Directors performed well in managing the business, and the Non-Executive Directors willingly gave additional time to ad hoc Covid-related Board discussions. For further information, see 'Board performance evaluation' on page 68.

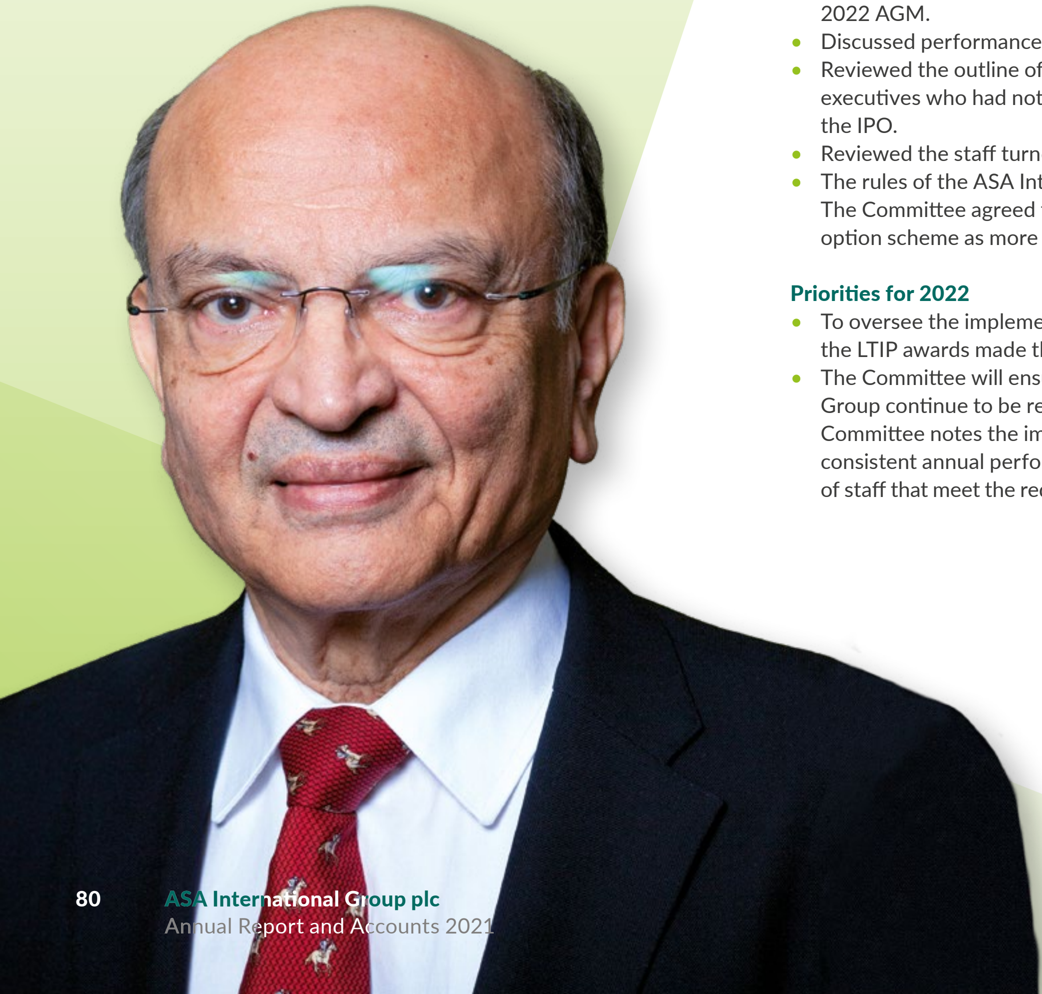
The Committee considers that it has access to sufficient resources to enable it to carry out its duties.

Guy Dawson
Chairman of the Nomination Committee
29 April 2022

Remuneration Committee report

This remuneration report contains information about the remuneration policy of the Company and details about remuneration of the Company's Directors.

Praful Patel
Chairman of the Remuneration Committee



Annual statement from the Remuneration Committee Chair

On behalf of the Remuneration Committee, I am pleased to present the report on Directors' remuneration for the 2021 financial year. As mentioned earlier in this report, I will be resigning as Chairman of the Committee when I leave the Board at the end of the 2022 AGM.

Remuneration Policy

In line with the regulations requiring a vote at least every three years, the Directors' Remuneration Policy will be presented to shareholders for approval at the 2022 AGM and is set out later in this report. If approved, it will apply to Board and senior executive remuneration for three years from the date of approval, unless it is changed earlier (which requires the prior approval of the shareholders). Changes from the existing policy are made clear in the text.

How the Group performed

This year's results have once again been adversely affected by Covid, as is explained in detail elsewhere in the 2021 Annual Report. The Group has, however, shown considerable underlying resilience as a result of the efforts of our management and employees. Staff retention has been strong at 80%.

Key activities in the 2021 financial year

During the year the Committee met on three occasions and:

- Discussed the Directors' Remuneration Policy, incentive structures and LTIP (as defined below).
- Discussed the draft Remuneration Policy to be proposed at the 2022 AGM.
- Discussed performance objectives and appraisals.
- Reviewed the outline of the proposed structure of LTIP for senior executives who had not been given share-based incentives before the IPO.
- Reviewed the staff turnover and pay increase in the various countries.
- The rules of the ASA International LTIP had been adopted in 2018. The Committee agreed to make LTIP awards under the new stock option scheme as more fully described below.

Priorities for 2022

- To oversee the implementation of the new stock option scheme and the LTIP awards made thereunder.
- The Committee will ensure that key staff generally across the Group continue to be rewarded appropriately. In this context, the Committee notes the importance of having a documented and consistent annual performance appraisal process for senior members of staff that meet the requirements of a leading microfinance company.

Remuneration in 2021

The Committee discussed and confirmed the Company's current remuneration strategy, which is to attract and retain talented men and women on an equal pay basis, albeit within a structure that tailors pay levels to the market in individual countries so as to ensure local compliance and competitiveness. The Committee's approach to remuneration continues to be centred around the Company's business model. ASA International has a long-established model, and its human resources policies are tailored to this model including its standardised remuneration policies.

The Committee reviewed staff turnover and pay increases in countries, noting that considering performance in some countries had recovered well, costs had also increased. The Committee also discussed the performance objectives and appraisals for staff. The Committee supported management's desire to adopt a cautious approach and to keep existing staff remuneration policies in place for the time being. These are based on paying competitive local base salaries with no performance incentives or discretionary bonuses other than in exceptional circumstances. The Committee reviewed the outline of the proposed structure of LTIP for senior executives who had not been given share-based incentives before the IPO and agreed that the same should be developed further with more detailed documentation.

Base salaries are subject to an annual cost of living increase: average total compensation for employees across the Group increased by 10% in 2021.

There was no increase in the Directors' remuneration during the year (except for the standard fixed-rate increment for the Executive Director, Operations). The Committee had previously agreed that there should be an independent market benchmark review of the remuneration so that the Committee was able to make a recommendation to the Board. This had been postponed due to the need to direct resources elsewhere during the Covid emergency. The Board will consider an independent benchmark review in the course of 2022.

1. Remuneration Committee roles and responsibilities

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration. This includes making recommendations to the Board on the Company's policy on executive remuneration, setting the overarching principles, parameters and governance framework of the Group's Remuneration Policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration.

The Committee's key objectives are to:

- Determine the overarching principles and parameters of the Remuneration Policy on a Group-wide basis.
- Establish and maintain a competitive remuneration package to attract, motivate and retain high-calibre Executive Directors ('EDs') and senior management across the Group.
- Promote the achievement of the Group's annual plans and strategic objectives by providing a remuneration package that contains appropriately motivating targets that are consistent with the Group's risk appetite.
- Align senior executives' remuneration with the interests of shareholders.

The Committee's main responsibilities are to:

- Review and determine the total remuneration packages of EDs and other senior executives in consultation with the Chairman and CEO and within the terms of the agreed policy.
- Approve the design and targets of any performance-related pay schemes operated by the Group.
- Ensure that contractual terms on termination and any payments made are fair to the individual and the Group, that failure is not rewarded and that a duty to mitigate risk is fully recognised.
- Review any major changes in employee benefits structures throughout the Group.
- Select, appoint and determine terms of reference for independent remuneration consultants to advise the Committee on remuneration policy and levels of remuneration.
- Ensure that the remuneration structures in the Group are compliant with the rules and requirements of regulators, and all relevant legislation and that any deviations are agreed in the interest of the Company and its stakeholders.
- Address the requirements as specified in the Corporate Governance Code for clarity, transparency, simplicity, mitigation of reputational risk, proportionality and alignment to culture and strategy; and whether the Remuneration Policy operates as intended in terms of Company performance and quantum and if not what changes are necessary.
- Seek advice from Group control functions to ensure remuneration structures and annual bonuses are appropriately aligned to the Group's risk appetite.

2. Remuneration Committee membership

The UK Corporate Governance Code provides that a Remuneration Committee should comprise at least three members who are independent Non-Executive Directors (other than the Chairman of the Board). The Remuneration Committee is chaired by Praful Patel, and its other members are Gavin Laws and Hanny Kemna. All of them are independent. Details of members' attendance at meetings in 2021 are set out on page 62. Upon retirement of Praful Patel at the 2022 AGM, Salehuddin Ahmed will join the Remuneration Committee and assume its chairmanship.

3. Directors' and key managers' salaries

The salaries and fees of the Directors were approved by the Board on 28 June 2018. The salaries and fees of all Directors remained unchanged in 2021 except for the standard fixed-rate increment for the Executive Director, Operations.

The salary levels for senior managers responsible for managing the Group were set in 2018 based on advice received from the remuneration consultants Willis Towers Watson who performed a benchmarking study of salaries in Dhaka and the Netherlands at the time of the IPO in 2018. Senior management was rewarded at the time of the IPO through the exercise of stock options.

Salaries at a country level are set by the local country management. Through our employee surveys management collects insights on salary expectations. The Company also considers salary levels paid in the markets including those paid by our competitors. In 2021, the average percentage increase in salaries at ASAI was 9%, and the actual increase in expenditure was 13% (see table below).

Particulars	Total (2021) USD '000	Total (2020) USD '000	Increase in USD '000	%
Employees' remuneration	56,813	51,608	5,205	10%

The Company has adopted a long-term incentive plan as more fully described on page 83.

Key performance indicators

(Amounts in USD million)	2021	2020	2019	2018	% Change 2021 – 2020	% Change 2020 – 2019	% Change 2019 – 2018
Number of clients (m)	**2.4**	2.4	2.5	2.2	**0%**	-6%	17%
Number of branches	**2,044**	1,965	1,895	1,665	**4%**	4%	14%
Net loss/profit	**6.4**	-1.4	34.5	24.5	**556%**	-104%	41%
OLP[1]	**403.7**	415.3	467.4	378.5	**-3%**	-11%	23%
PAR>30 days[2]	**5.2%**	13.1%	1.5%	0.6%			

1 Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, excludes interest receivable, unamortised 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.

The annual percentage change in the Directors' pay over the five years to 2021, compared to the average for other employees, is set out below:

Annual salary/fee	2021	2020	2019	2018	% change 2022–2021	% change 2021–2020	% change 2020–2019
Executive Directors: (USD)							
Dirk Brouwer	**425,000**	425,000	425,000	425,000	0%	0%	0%
Aminur Rashid	**177,515**	172,347	167,328	165,000	3%	3%	3%
Karin Kersten							
Non-Executive Directors: (GBP)							
Praful Patel	**60,000**	60,000	60,000	60,000	0%	0%	0%
Gavin Laws	**60,000**	60,000	60,000	60,000	0%	0%	0%
Guy Dawson	**70,000**	60,000	60,000	60,000	16%	0%	0%
Hanny Kemna	**60,000**	50,000	50,000	50,000	20%	0%	0%
Salehuddin Ahmed	**50,000**	50,000	–	–			
Average salary per staff (all ASAI staff excl. Executive Directors) (USD)	**4,274**	3,665	3,440	3,099			
Earnings growth – ASAIG consolidated	**733%**	-104%	6.0%	20.1%			

4. Remuneration Policy

This section is the proposed remuneration policy with which will take effect, if it is approved by shareholders, from the date of the AGM.

4.1 Review and implementation of policy

The policy is developed and reviewed by the remuneration committee of the board of directors (the 'Committee').

Conflicts of interests are managed by ensuring that the committee comprises only independent non-executive directors and no director is present when their own remuneration is being discussed. The Committee seeks assistance from independent remuneration consultants as appropriate to provide an external perspective and also seeks the view of the audit and risk committee and senior management.

4.2 Changes from previous policy

This policy makes the following substantive changes from the policy approved by shareholders in 2019:

- **Introduction of stock options:** Previously the executive directors' packages included no element of variable remuneration. The introduction of options under the Company's Long Term Incentive Plan (the LTIP) is designed to help to incentivise and retain directors and promote alignment of directors' and shareholders' interest.
- **Policy on recruitment:** The company's policy on remunerating newly appointed directors has been set out. This allows some variation from the remuneration policy where necessary to secure the right appointment.

In July 2018, the Company adopted the LTIP, which was intended to be used to grant options over ASAI's shares to Executive Directors as well senior executives selected by the Committee. The LTIP also includes discretion for the Committee to grant various different kinds of awards to take account of local legal and tax requirements and changing policy.

In 2021 no awards were granted under the LTIP pending agreement on all relevant terms and conditions to be completed by early 2022. The 2022 operation of the LTIP was discussed and agreed in the Remuneration Committee held on 25 April 2022 and it is intended that first grants will be made before 30 June 2022 in case of employees and, subject to approval of this Policy, within six weeks after the AGM of 22 June 2022 in case of Executive Directors. The intended value of the option grants to the Executive Directors is set forth under options in the table in Para 4.3.

4.3 Policy table for Executive Directors

The table below sets out all the components of remuneration for executive directors from the date of the AGM, other than recruitment packages.

Policy Table – Executive Directors

Component and rationale	Description	What is the maximum that may be paid in respect of the component?
Basic salary Helps to recruit and retain high-calibre directors.	The Committee reviews basic salary annually, taking account of performance and market conditions. Basic salary will not normally be increased by more than the annual increase in basic salary of employees of the group except as described, in relation to new recruits, in paragraph 4.	Salaries will not be increased in any year by more than 10% for any director in aggregate.
Benefits Enables directors to perform their roles effectively by contributing to their wellbeing and security. Provides competitive benefits consistent with the role	Benefits are set by the Committee from time to time and currently include: • Private medical cover • Life assurance cover • 13th month bonus equal to one month salary • Ex-patriate benefits offered in connection with recruitment reimbursement for reasonable expenses incurred in connection with duties, including travel expenses and any tax payable on travel expenses.	The total cost of benefits will not be more than £50,000 in aggregate per director but this may be exceeded if the cost of providing insurance on the same basis has increased from year to year.
Options Aligns pay with longer term returns to shareholders	Directors can be granted options under the ASA International Long-term Incentive Plan ('LTIP'). These are rights to acquire shares (or a cash equivalent) at any time after vesting for an exercise price set at grant which is based on the market value of a share at grant. Options will normally vest in three instalments starting on the third anniversary of grant (60%), and on the fourth and fifth anniversaries of grant (20% each). No performance conditions or post-vesting holding periods apply. Malus and clawback provisions apply as described below. Options have a term of 10 years and can only be exercised to the extent they have vested. Dividend equivalents are not payable.	The fair value of options (as used for accounting purposes) granted to any one director in any one financial year must not be more than 100% of their basic salary.

Policy Table – Executive Directors		
Component and rationale	**Description**	**What is the maximum that may be paid in respect of the component?**
Pension Helps to recruit and retain high-calibre directors	Directors are entitled to an employer contribution to a pension scheme or a cash payment in lieu.	Payments in lieu of pension and employer contributions to defined contribution schemes are limited to 17% of each member's basic salary. This is equivalent to the contribution rate for the majority of the workforce.

Remuneration policy 2022

Annual Salary Executive Directors	
Dirk Brouwer	USD 425,000
Aminur Rashid	USD 180,297[1]
Karin Kersten	USD 276,160

1 *As Executive Director of the Company, Mr. Rashid only receives a regular, annual salary for his services to the Company and no Board and Director fees or any other emoluments.*

The number of options granted to Executive Directors in 2022 will be based on the fair value of the options as a percentage of base salary proposed. The maximum salary multiple for Executive Directors is 35% for 2022.

Malus and clawback provisions only apply to options, and no component of remuneration is dependent on performance measures or targets (save for value being linked to share price increase, in relation to options).

The Company does not have any in-employment or post-employment shareholding requirements for its Directors, as the Company believes the nature of its LTIP, being a market-value option plan, provides sufficient long-term exposure for the Executive Directors to share price and long-term shareholder alignment.

The Company has selected a total vesting period of five years (with options normally vesting in instalments between years three and five) as the appropriate vesting period, as the Company believes that a phased, long term vesting period (without any additional holding period) is warranted given the growth stage of the Company and the fact the market-value structure of the option plan means the options' value depend on sustained share price growth. Directors do not receive any incentives (bonus or LTIP) subject to performance conditions. The Company does not provide pension benefits to Directors at present although the policy permits it to do so.

Unvested awards, will normally lapse on the date of leaving ('bad leaver situation') unless 'good leaver' treatment is applied. 'Good leaver' treatment normally means to remain capable of vesting on the normal vesting date, subject to performance achievement and pro-rata for time. Directors can confer 'good leaver' treatment on any leaver within 30 days of leaving. Directors can reduce vesting and/or impose additional conditions on exercise where they do so.

See also table in Para 4.11.

4.4 Malus & clawback

The Committee can reduce the number of shares in respect of which an option vests or can be exercised (including a reduction to zero) if:

- There has been an error in the calculation of the level of grant or vesting of any option or the amount of any other variable remuneration paid to the director.
- There has been a misstatement of the Company's results for any year before vesting.
- A business unit or profit centre in which the director worked has subsequently made a loss out of business written in that year or from circumstances that could reasonably have been risk-managed.
- Information has emerged since the grant date relating to the relevant financial year which would have affected the size of the option granted.
- The Committee determines in its absolute discretion that the underlying financial health of the Group has significantly deteriorated such that there are severe financial constraints on the Group which preclude or limit the Group's ability to facilitate funding of options and the director was directly or indirectly (and either solely, or collectively) responsible for such deterioration.
- The director has engaged in conduct which has had a material adverse effect on the financial position of the Group, the member of the Group by which the director was then employed or the business unit in which he or she then worked, between the award date and vesting.
- There has been a failure of risk management for which the director was directly or indirectly (and either solely, or collectively) responsible.
- The director has been guilty of fraud or gross misconduct or has brought any member of the Group into disrepute.

Similarly, the director can be required to give back some or all of the shares or cash received under the option (or pay an amount equal to the value of shares) if, within three years of vesting, the Committee becomes aware that there has been a misstatement of results for any year before vesting or the director has been guilty of fraud or gross misconduct or has brought the Group into disrepute.

4.5 Treatment of options on takeovers and other transactions

Options will generally vest early on a takeover. Alternatively, directors may be allowed or required to exchange their options for equivalent options over shares in the acquiring company.

Where an option vests in these circumstances, unless the Committee decides otherwise, the number of shares in respect of which it can be exercised will be reduced to reflect the fact that it is vesting early.

The Committee can adjust the number or type of shares under an option and/or the exercise price to take account of any rights issue or similar transaction, demerger, special dividend, variation of capital or other event which it considers could have an impact on an option.

4.6 Non-Executive Directors

The table below sets out all the components of remuneration for non-executive directors from the date of the AGM, other than recruitment packages.

Policy Table – Non-Executive Directors

Component and rationale	Description	What is the maximum that may be paid in respect of the component?
Fees Attract and retain a Chairman and Non-Executive Directors who have the requisite skills and experience to determine the strategy of the Group and oversee its implementation	Directors' fees are in principle reviewed on an annual basis (if not agreed otherwise by the Committee).	Directors' fees (including any benefits) must not, in aggregate, be more than the limit set out in the articles of association of the Company from time to time, which is currently £2,500,000.
Expenses Ensures the directors are not left out of pocket	Reimbursement for reasonable expenses incurred in connection with duties, including travel expenses and any tax payable on travel expenses.	N/A

Mr. Dawson is currently paid an annual fee of £50,000 plus an additional fee of £10,000 for the role of Chairman and £10,000 for chairing the Nomination Committee.

Other non-executive directors are currently paid an annual fee of £50,000 plus an additional £10,000 for chairing a committee and £10,000 for the role of senior independent non-executive director.

Non-executive directors do not receive options and do not participate in any pension or incentive arrangements. As explained above, no shareholding requirements apply to directors.

If a non-executive director provides additional services to the Group, they may be paid for those services on a basis agreed by the board of directors.

Non-executive Directors are not entitled to any pension contributions.

4.7 Relationship to remuneration paid to other employees

The remuneration package of executive directors is based on the same elements as those offered to other employees of the Group but with a greater emphasis on variable pay and alignment with shareholders, delivered through options. This reflects the directors' greater ability to influence corporate performance.

In formulating the policy, the Committee started by looking at remuneration packages offered to employees across the group and changed those where necessary to reflect the leadership role of directors and the international pool from which directors are recruited.

The main remuneration comparison measurements which the Committee took into account when setting remuneration policy for executive directors were the benchmark reports prepared by independent consultants in 2018 and salary levels and rewards across the microfinance industry.

When drawing up the policy, the Committee consulted with senior employees across the group including the country leaders.

4.8 Approach to recruitment

A new executive director's remuneration should take into account that director's level of the skills and experience required for the role and may start off lower than his or her predecessor's remuneration with a view to reaching a market rate over time, subject to performance.

When recruiting a new executive director, the starting point for negotiations would be the components described in the table in paragraph 3.

However, if the Committee considers it is necessary for the recruitment of a particular individual, it may agree to components not contemplated in that table.

The maximum level of variable remuneration (excluding compensatory awards described below) for executive directors will not be more than 100% of the recruit's basic salary (with options valued as described in the policy table).

A director recruited to work outside their home country may be offered relocation benefits including:

- Accommodation allowance.
- Education allowance.
- Two free air-tickets per year to and from home.

but these will not last more than two years from starting employment.

The Committee may make compensatory awards in the form of cash, shares or share awards/options in the Company to compensate a new executive director for benefits they will lose as a result of joining the Company. Those awards would, so far as practicable:

- Reflect the value, at the time of grant, of the awards being lost.
- Take the same form as the awards which are being lost.
- Vest at the same time as the awards being lost.
- Be subject to comparable service and performance conditions (though any performance conditions may relate to the performance of the company).

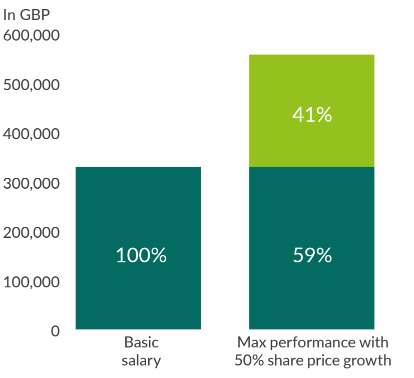
When recruiting a non-executive director (including a chair), the remuneration offered would be consistent with the components described in the table in paragraph 3.

4.9 Relationship between pay and share price performance

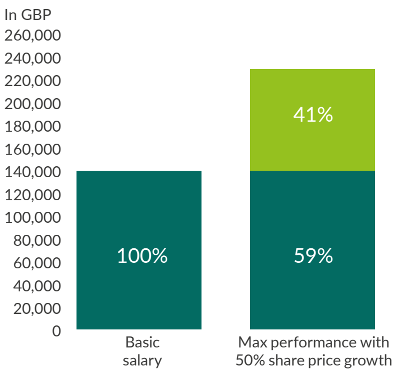
The graphs below set out what each of the executive directors in office at the date of this report could expect to receive from remuneration granted in the first year of the policy (that is, the 2022 financial year) by way of basic salary and benefits, if any, on the one hand and options on the other.

In each bar the first bar shows the remuneration payable, assuming no movement in the Company's share price. Remuneration payable is not affected by the level of performance achieved, since the only variable component is the options. These are not subject to performance conditions and their exercise price is based on market value at the date of grant, so no value can be ascribed to them if there is no increase in share price.

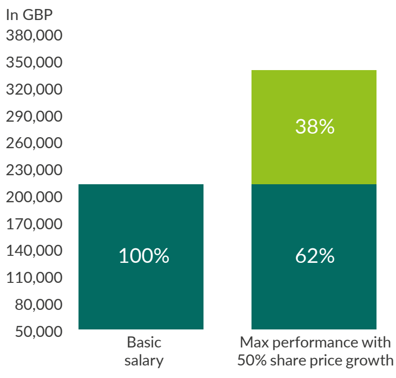
The second bar shows the same information but includes the value of shares under option (less the exercise price) on the basis of a 50% increase in share price between the dates of grant and vesting.



Chief Executive Officer Remuneration



Executive Director Operations Remuneration



Corporate Development Director Remuneration

The figures used for the graphs on page 86 are arrived at as follows:

- Salary figures are based on the rates payable at the date of the AGM 2022 Annual General Meeting, when this Policy is to be considered by the shareholders.
- Benefits are based on the average cost of directors' benefits during 2021.
- It is assumed that options are granted at the maximum level permitted by this policy.
- No account is taken of dividends or dividend equivalents.

4.10 Service contracts and letters of appointment

Each of the executive directors has a service contract and the non-executive directors have a letter of appointment, all of which are available for inspection at the Company's registered office.

Executive directors are not normally appointed for a fixed term but continue until their employment or office is terminated.

Non-executive directors are appointed for an initial (and renewable) three-year term but are subject to annual re-election at the AGM.

4.11 Policy on notice periods and payments for loss of office

The company's policy is that:

- Executive directors' employment contracts should require a notice period of 6 months from either party.
- Non-executive directors' letters of appointment require three months' notice from either party but are terminated immediately if director is not re-elected at an AGM.

Each of the directors' contract or letter of appointment is consistent with this.

For each component of pay, the amount paid to an executive director on termination will be determined as follows:

Component	Determination
Salary and benefits	The director receives salary and benefits and pension (if any) benefits during their notice period. The Company can decide to make a payment in lieu of notice equal to basic salary for the balance of the notice period and may decide to pay this in instalments subject to reduction if the director enters alternative employment before the end of the notice period.
Options	An option will normally lapse on leaving employment. Options which have already become exercisable may be exercised for up to 12 months from the date of leaving after which they will lapse. However, if the director dies or leaves because of disability, ill-health, injury, redundancy, retirement, sale of Company (or in other circumstances if the Committee allows), the option will continue in effect and, unless the Committee decides otherwise, the number of shares in respect of which it can vest and be exercised will be reduced pro rata to reflect the fact that the director left early. Alternatively, the Committee may allow the option to vest on leaving, or at some point thereafter, in which case (unless the Committee decides otherwise) the number of shares in respect of which the option can be exercised will be reduced pro rata to reflect the fact that it is vesting early. If the director dies, the option will vest on the date of death to the extent described above.
Other	A departing executive director may also be paid some or all of the following on a reasonable basis to be determined by the Committee: • Reasonable legal tax or outplacement expenses. • Accrued holiday pay. • Payments in compensation for non-compete restrictions. • Relocation expenses. • Amounts required to satisfy or settle any actual or potential legal claim by the director against any group Company. • Ex-gratia retirement gifts and presentations.

On termination, non-executive directors are only entitled to any outstanding fees for the period worked including their notice period.

4.12 Shareholder views
The Company consulted its main shareholders over the structure and scope of the current proposed Remuneration Policy, including the LTIP. Shareholders were not consulted on the details of the awards of (to individuals) to be made in 2022.

4.13 Prior commitments
Where the Company has made a commitment to a director to make a remuneration payment or payment for loss of office before this policy came into effect or before the person became (but not in anticipation of their becoming) a director, the Company will honour the commitment, even if it is inconsistent with the remuneration policy which is in effect when the payment is to be made.

The existing directors have the following entitlements pursuant to commitments made before this policy came into effect:

- Karin Kersten was offered EUR 50,000 in stock options value at the time she joined the Company on 1 October 2021, at which time she was not an Executive Director. These options will be formally granted after the AGM of 22 June 2022.

4.14 Remuneration policy for key executives
The below constitutes the framework for the remuneration policy of the key executives both at the country level and the head office level, The policy aims to:

- Attract, motivate and retain high-calibre employees across the Group.
- Reward employees fairly, according to their performance.
- Promote the achievement of the Group's annual plans and its long-term strategic objectives.
- Align the interests of employees with those of all key stakeholders, in particular, our shareholders, clients and regulators.
- Support effective risk management and promote a positive client conduct culture.

The Company will work closely with the Remuneration Committee to set the right policies and incentives for the key executives both in the countries and at its head office.

On 18 July 2018 a number of the senior managers (including the Executive Directors and Managing Directors of the subsidiaries) who were instrumental in the creation of ASA International were awarded a beneficial interest in a portion of the shares of the Company following the exercise of the 10% stock option agreed by the Company pre IPO. The combined economic interest in the proceeds of the sale of the shares of the Company amount to 6.7% of the issued and outstanding share capital of the Company. (This interest is indirectly held via Catalyst Continuity).

Various senior executives ("executives"), who joined the Group at holding level just prior to or since the IPO, presently were not yet adequately incentivized by holding an interest in the Group. Consequently, these and other senior executives of the Group will be incentivized by granting stock options as set forth above in 2022. In 2018 the Company adopted the LTIP which allows for awards to a large number of employees in senior functions at the holding and the country level. Awards will be made post the release of the 2021 results.

All key managers receive a fixed salary, and there is no cash bonus scheme. At present the Company believes a performance-based incentive other than the LTIP does not fit the profile of the Company considering its key business of providing financial services to low-income people.

5. Directors' Remuneration Report 2021
This section of the report explains how the Group's Remuneration Policy for Directors, as originally approved at the Annual General Meeting in 2019, was applied during the year.

The report also summarises the fees paid to Directors in 2021 as well as the current shareholding of the Chairman and the Executive Directors in the Company.

The Remuneration Policy was approved by 92.80% of the votes cast at the AGM held in 2019 and the Remuneration Report was approved by 100% of the votes cast at the AGM held in 2021.

A table with audited Director pay data is shown below.

Name	Position	Annual salary/fee	Benefits	Bonus	Total variable pay (2021)	Total variable pay (2020)	Total fixed pay (2021)	Total fixed pay (2020)
Dirk Brouwer	Chief Executive Officer – Executive Director	USD 425,000[1]	Travel expenses on actuals	0	**0**	0	USD 425,000	USD 425,000
Aminur Rashid	Executive Director – Operations	USD 177,515	Travel expenses on actuals	0	**0**	0	USD 177,515	USD 172,347
Karin Kersten	Corporate Development Director	–	–	–	**–**	–	–	–
Non-Executive Directors								
Praful Patel	Non-Executive Director	GBP 60,000	Travel expenses on actuals	0	**0**	0	GBP 60,000	GBP 60,000
Gavin Laws	Non-Executive Director	GBP 60,000	Travel expenses on actuals	0	**0**	0	GBP 60,000	GBP 60,000
Guy Dawson	Non-Executive Director	GBP 70,000	Travel expenses on actuals	0	**0**	0	GBP 70,000	GBP 60,000
Hanny Kemna	Non-Executive Director	GBP 60,000	Travel expenses on actuals	0	**0**	0	GBP 60,000	GBP 50,000
Salehuddin Ahmed	Non-Executive Director	GBP 50,000	Travel expenses on actuals	0	**0**	0	GBP 50,000	GBP 3,360

1 While the salary remained at USD 425,000, the amount paid was USD 439,284 and the difference comes from translating the monthly salary to Euro for payment to Mr Brouwer and the tax authorities and then back to USD for reporting purposes.

6. Directors' shareholdings

The shareholdings of Directors in the Company as of 31 December 2021 are shown below. There were no changes in the shareholdings between 31 December 2021 until 29 April 2022:

Name of Director	Number of shares	% holding
Dirk Brouwer[1,2]	20,266,146	20.3%
Aminur Rashid[1,3]	373,178	0.37%

1 Reflects the Company's share capital held in the form of indirect beneficial holdings of shares through an indirect holding in Catalyst Continuity. The votes attaching to the shares held by Catalyst Continuity are ultimately controlled a company ultimately controlled by Dirk Brouwer). Decisions taken by this company, including decisions as to the voting of the relevant shares, are made by the board of Directors thereof (i.e. Dirk Brouwer).
2 Dirk Brouwer holds his interest in the Company via CMIMC which in turn holds its interest in the Company via Catalyst Microfinance Investors 30.41% and Catalyst Continuity 16.89%. Catalyst Microfinance Investors and Catalyst Continuity own 47.30% in total, each company (ultimately) controlled by Dirk Brouwer.
3 Aminur Rashid has an indirect entitlement to the proceeds of future sales of 373,178 shares of the Company, such proceeds to be allocated to him as a beneficiary of the ASA International Retirement Scheme.

Directors and employees of the Group are required to comply with applicable legislation relating to dealing in the Company's shares as well as the Company's share dealing rules.

7. Dates of Executive Directors' service contracts

Name	Date of service contract
Dirk Brouwer	28 June 2018
Aminur Rashid	28 June 2018
Karin Kersten	25 April 2022

8. Non-Executive Directors' appointment letters

Name	Date of appointment letter
Guy Dawson	28 June 2018
Gavin Laws	28 June 2018
Praful Patel	28 June 2018
Hanny Kemna	28 June 2018
Salehuddin Ahmed	7 December 2020

All Directors except Hanny Kemna and Salehuddin Ahmed were already on the Board of ASA International Holding prior to the establishment of ASA International Group plc in May 2018. In view of the proposed listing, Ms Kemna had been identified as a potential candidate through well-established contacts in the financial industry including the Company's network of advisers. Dr Ahmed was identified through the network of Mr Choudhury in Bangladesh.

Consideration of shareholders' views

The Chairman of the Board will consult our major shareholders on a regular basis on key issues, including remuneration, and is available to be consulted by them. The Board shall ensure that a satisfactory dialogue with shareholders shall take place based on mutual understanding of objectives.

Directors' pay for 2021

Details of Directors' pay are stated on page 82. The policy on executive remuneration and for fixing the remuneration packages of individual Directors shall be developed in a fair and transparent manner. No Director is involved in deciding his or her own remuneration. There has been no change in pay for Directors except for the standard fixed-rate increment for the Executive Director, Operations.

Dirk Brouwer – Chief Executive Officer
Mr Brouwer is employed through a service agreement dated 28 June 2018. His salary is USD 425,000and will be awarded share options post the 2022 AGM. The Board approved a salary increase of USD 50,000 for Mr Brouwer as of 25 April 2022. Mr Brouwer's service agreement is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate. As an Executive Director of the Company, Mr Brouwer only receives a regular, annual salary for his services to the Company and no Board and Director fees or any other emoluments.

Aminur Rashid – Executive Director, Operations
Mr Rashid is employed through a service agreement dated 28 June 2018. His salary is USD 177,515 and will be awarded share options post the 2022 AGM. Mr Rashid's service agreement is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate. As an Executive Director of the Company, Mr Rashid only receives a regular, annual salary for his services to the Company and no Board and Director fees or any other emoluments.

Karin Kersten – Corporate Development Director
Ms Kersten is employed through a service agreement dated 25 April 2022. Her salary is EUR 254.925 and will be awarded share options post the 2022 AGM. Ms Kersten's service agreement is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate.

Praful Patel – Non-Executive Director
Mr Patel is a Non-Executive Director engaged through a letter of appointment dated 28 June 2018. He is the Chairman of the Remuneration Committee and a member of the Nomination Committee. His fee as a Non-Executive Director is GBP 60,000 per annum (including a GBP 10,000 fee for chairing the Remuneration Committee) and his engagement with the Company can be terminated with three months' notice.

Gavin Laws – Non-Executive Director
Mr Laws is a Non-Executive Director engaged through a letter of appointment dated 28 June 2018. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. His fee as a Non-Executive Director is GBP 60,000 per annum (including a GBP 10,000 fee for chairing the Audit and Risk Committee) and his engagement with the Company can be terminated with three months' notice.

Guy Dawson – Non-Executive Director
Mr Dawson is the Chairman and a Non-Executive Director engaged through a letter of appointment dated 28 June 2018 and was appointed as Chairman on 1 January 2021. He is the Chairman of the Nomination Committee. His fee as a Non-Executive Director and Chairman is GBP 70,000 per annum (including a GBP 10,000 fee for chairing the Board and a GBP 10,000 fee for chairing the Nomination Committee) and his engagement with the Company can be terminated with three months' notice.

Hanny Kemna – Non-Executive Director
Ms Kemna is a Non-Executive Director engaged through a letter of appointment dated 28 June 2018. She is a member of the Remuneration, and Audit and Risk Committees. Her fee as a Non-Executive Director and Senior Independent Director is GBP 60,000 per annum (including a GBP 10,000 fee for acting as the Senior Independent Director as of 1 January 2020) and her engagement with the Company can be terminated with three months' notice.

Salehuddin Ahmed – Non-Executive Director
Dr Ahmed is a Non-Executive Director engaged through a letter of appointment dated 7 December 2020. He is a member of the Nomination and Audit and Risk Committees. His fee as a Non-Executive Director is GBP 50,000 per annum and his engagement with the Company can be terminated with three months' notice.

This report was approved by the Board of Directors on 29 April 2022 and signed on its behalf by:

Praful Patel
Chairman of the Remuneration Committee

Independent Directors' Committee report

The Independent Directors' Committee comprises all of the Non-Executive Directors, being Praful Patel, Gavin Laws, Guy Dawson, Salehuddin Ahmed and Hanny Kemna. It is chaired by Guy Dawson. The Independent Directors' Committee meets at least twice a year and at such other times as its Chairman may deem necessary or appropriate. It met three times in 2021.

The Independent Directors' Committee identifies and manages matters involving conflicts of interest (including potential conflicts of interest) between any Group company, on the one hand, and any controlling shareholder or related party (each as defined under the Listing Rules), on the other hand. It is also responsible for overseeing and scrutinising the relationship (set out in the Relationship Agreement described in the Corporate Governance section of this Annual Report) between the Group, its related parties and its controlling shareholders (including evaluating, monitoring and approving any material transactions or arrangements between such parties).

After due consideration of the matters placed before it during the year, the Committee concluded that there were no conflicts or other relevant issues to be managed.

Disclosure Committee report

The Disclosure Committee is chaired by the CEO and also includes the CFO and the General Counsel. It meets as required in order to assist the decisions of the Board concerning the identification of inside information and to make recommendations about how and when that information should be disclosed in accordance with the Company's disclosure procedures manual. Its primary duty is to ensure that inside information is properly disclosed in accordance with the requirements of the Market Abuse Regulation.

The Disclosure Committee had conference calls and meetings through the year in 2021 to assess developments in the Company and concluded on each occasion that there was no matter which could be considered as inside information or thought to be capable of becoming inside information.

There have been no material changes in the interests held by Directors or key managers since the listing of the Company on 13 July 2018 other than indirect shareholdings held by Dirk Brouwer and the nominee of Md Shafiqual Haque Choudhury.

Directors' report

The Directors of the Company present their report for the year ended 31 December 2021. The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH, United Kingdom.

The Strategic Report, set out on pages 1 to 56 of this Annual Report, and Corporate Governance Report, Committee reports and the Directors' Remuneration Report, set out on pages 88 to 91 of this Annual Report, include information that would otherwise need to be included in this Directors' Report. Relevant items are referred to below and incorporated by reference into this report. Readers are also referred to the Cautionary Statement on the inside back cover page of this Annual Report.

Results and dividends

The consolidated results for the year are shown on page 106 of the financial statements. The profit before tax of the Company was USD 25,705k, as against USD 2,578k for the previous year.

Due to the Covid impact on the Group's financial and operating performance during 2020 and the resulting uncertainty, the Board ultimately decided not to declare a dividend on earnings for that year. In the light of the continuing impact of Covid on our financial results, the Board has also decided not to declare a dividend for 2021.

The Directors intend that the Company should pay a regular dividend. This dividend policy will reflect the long-term earnings and cash flow potential of the Group, consistent with maintaining sufficient financial flexibility.

Directors

The names of the Directors of the Company at the date of this report, together with biographical details, are given on pages 58 and 59 of this Annual Report. All of them served throughout the 2021 financial year. In accordance with the UK Corporate Governance Code, all Directors will retire at the 2022 AGM and, except for Praful Patel, will offer themselves for re-election at that meeting.

Further details on the Directors' remuneration and service contracts or appointment letters (as applicable) can be found in the Directors' Remuneration Report on pages 88 to 91 of this Annual Report.

Directors' interests

The Directors' interests in the share capital of the Company as at 31 December 2021 are set out on page 89 of the Directors' Remuneration Report.

Powers and appointment of Directors

The Company's Articles of Association set out the powers of the Directors, and rules governing their appointment and removal. The Articles of Association can be viewed at the registered office of the Company (during the Covid period if there are restrictions on movement, a copy of the Articles may be obtained on request to the Company Secretary at the registered office). Further details on the powers, appointment and removal of Directors are set out in the Corporate Governance Report on page 68 of this Annual Report.

Directors' indemnities and insurance

In accordance with its Articles of Association, the Company has granted indemnity to each of its Directors on terms consistent with the applicable statutory provisions. The deeds indemnify the Director in respect of (a) any liability incurred by or attaching to Directors in connection with any negligence, default, breach of duty or breach of trust by the Director in relation to the Company or any associated company, or (b) in the actual or purported execution and/or discharge of the Director's duties and/or the actual or purported exercise of the Director's powers and/or otherwise in relation to, or in connection with, the Director's duties, powers or office as an employee, officer, trustee or agent of the Company and/or any associated company other than any liability (i) to the Company or any associated company, (ii) to pay a fine imposed in criminal proceedings, (iii) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), (iv) in defending any criminal proceedings in which they are convicted, where such conviction is final, (v) in defending any civil proceedings brought by the Company or an associated company in which judgment is given against him or her, where such judgment is final, or (vi) in connection with any application for relief under the provisions referred to in section 234(6) of the Companies Act, where the court refuses to grant the Director relief, and such refusal is final.

Furthermore, the third-party indemnity shall not apply:

(i) to the extent that it is not permitted by, or consistent with, law or statute from time to time in force, the Articles of Association of the Company or the rules and regulations of any regulatory body;

(ii) to the extent that the Director has been, or is entitled to be, indemnified or reimbursed by any Directors' or Officers' liability insurance or any other insurance;

(iii) where there has been gross negligence, fraud or wilful default by the Director; nor

(iv) where the Director has improperly derived a personal benefit or profit.

Qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the year, and remain in force at the date of this report. The Company also maintains liability insurance for its Directors and Officers.

Share capital

The share capital of the Company as of 31 December 2021 consists of 100,000,000 ordinary shares of GBP 0.01 each.

Under section 551 of the Companies Act 2006, the Directors may allot equity securities only with the express authorisation of shareholders which may be given in general meeting, but which cannot last more than five years. Under section 561 of the Companies Act, the Board may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the shareholders.

Rights attaching to shares

The Company's Articles of Association set out the rights and obligations attaching to the Company's ordinary shares. All of the ordinary shares rank equally in all respects.

At general meetings of the Company, on a show of hands, each member has the right to one vote. In a poll, each member is entitled to one vote for every share held.

The shares carry no rights to fixed income. No person has any special rights of control over the Company's share capital and all shares are fully paid.

The Articles of Association and applicable legislation provide that the Company can decide to restrict the rights attaching to ordinary shares in certain circumstances (such as the right to attend or vote at a shareholders' meeting), including where a person has failed to comply with a notice issued by the Company under section 793 of the Companies Act 2006.

Deadline for exercising voting rights at AGM

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM, to be held on 22 June 2022, will be set out in the Notice of AGM.

Restrictions on the transfer of shares

There are no specific restrictions on the transfer of the Company's shares, which are governed by the general provisions of the Articles of Association and prevailing legislation. The Articles of Association set out certain circumstances in which the Directors of the Company can refuse to register a transfer of ordinary shares.

Directors and employees of the Group are required to comply with applicable legislation relating to dealing in the Company's shares as well as the Company's share dealing rules. These rules restrict employees' and Directors' ability to deal in ordinary shares at certain times, and require the employee or Director to obtain permission prior to dealing. The Directors holding shares are in compliance with the provision of the share dealing rules. The Company is not aware of any arrangements between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Employee long-term incentive plan

The Company has adopted a long-term incentive plan (the 'Plan'). In 2022 share options will be granted to the Executive Directors and certain senior executives selected by the Remuneration Committee of the Board, but the Plan gives flexibility for the Company to grant a range of awards to take account of local legal and tax requirements and changing policy.

In the case of Directors this will be subject to the current Directors' Remuneration Policy. Certain selected senior Employees of the Company and its subsidiaries will also be eligible.

The Company will make awards under the Plan within 42 days of 26 April 2022 in respect of employees and within 42 days of 22 June 2022 (AGM) for Executive Directors. In any ten-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the Plan and all other employee share plans operated by the Company.

Substantial shareholdings

Details of substantial shareholdings in the Company are set out in the Corporate Governance Report on page 70 of this Annual Report.

Articles of Association

The Company's Articles of Association were last amended in July 2018. They may only be amended by a special resolution of the Company's shareholders. The Articles of Association can be viewed on request to the Company Secretary at the registered office of the Company.

Going concern

As disclosed in note 2.1 of the financial statements and page 76 of the audit and risk committee report, the Directors have concluded that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. However, none of our lenders have called in their debts in the past two years during the pandemic.

Directors' responsibility statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance.

- In respect of the group financial statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- In respect of the parent company financial statements, state whether UK adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' responsibility statement (DTR 4.1)

The directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole.
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Guy W. Dawson

Guy Dawson
Chairman

Dirk Brouwer
Chief Executive Officer

Corporate Governance Statement

The Company is required by the Disclosure and Transparency Rules and Guidance to prepare a Corporate Governance Statement including certain specified information. Information fulfilling the requirements of the Corporate Governance Statement can be found in this Directors' Report and the Corporate Governance Report, Committee reports and Directors' Remuneration Report on pages 88 to 91 of this Annual Report. This information is incorporated by reference into this Directors' Report.

The Company has complied throughout the year 2021 with all relevant provisions of the UK Corporate Governance Code.

Strategic Report

The Company's Strategic Report can be found on pages 1 to 56 of this Annual Report.

Business activities

The Group's business activities, together with a description of future developments (including the factors likely to affect future development and performance) and its summarised financial position, are set out in the Strategic Report.

Information on the Company's employment practices (including with respect to employee involvement) and greenhouse gas emissions is set out on pages 30 to 31 and in the Non-financial information statement on pages 17 to 21 of the Strategic Report.

Significant agreements affected by a change of control

A change of control of the Company, following a takeover bid, may cause a number of agreements to which the Company is party to take effect, alter or terminate. These include certain credit facility agreements which include change of control clauses.

Financial instruments

Details of the Group's financial instruments can be found in note 2.2.2 to the financial statements. The notes begin on page 110.

Financial risk management

The Group has procedures in place to identify, monitor and evaluate the significant risks it faces. The Group's risk management objectives and policies are described on pages 50 to 56, and the risks associated with the Group's financial instruments are analysed in note 2.2.2 on pages 113 to 115 of the financial statements.

Post-balance sheet events

Most of the loan agreements are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. Some subsidiaries did not fulfil some of the ratios as required in contracts. Out of total loans of USD 314 million, USD 131 million had breached loan covenants as at year end. The Group was able to receive waivers from most of the lenders. As of 31 December 2021, the balance for credit lines with breached covenants without waivers is USD 111 million, which are fully drawn. The Group has received waivers amounting to USD 36.7million after the balance sheet date. The Group is in discussions with the lenders for waivers on the remaining balance and expects those waivers will be in place in the second quarter of 2022.

On 14 March 2022, the RBI announced new regulation for the microfinance sector in India, applicable to all banks, NBFC-MFIs and other participants in the microfinance sector. 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. The 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. The new regulations are effective from 1 April, 2022.

The Russian invasion of Ukraine on 24 February 2022 represents a non-adjusting post balance sheet event. The resulting global economic and political crisis and rising inflation across certain territories in which the Group operates have the potential to put pressure on the Group's clients' ability to repay their loans in the future which could increase arrears levels and write-offs. At the current time, it is not possible to estimate the impact of this post balance sheet event.

The Company expects the operating environment to remain challenging in certain market. Although the disruption caused by Covid-19 have reduced over time, any new waves of infection can still have a material impact on the financial performance of the Group in 2022 in terms of overdue and write-offs on the loan portfolio, the disbursement of new loans, and the profitability of the Group. We expect that in some markets the overdue will remain temporarily high.

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.

At the current time, it is not possible to estimate the financial impact on the Group of the above mentioned post-balance sheet events. The Group has performed several scenario forecasts to establish its going concern assessment and these are detailed in note 2.1 of the financial statements. These incidents have been treated as post-balance sheet non-adjusting events.

Political donations

No political donations were made during the year.

Disclosure of information under Listing Rule 9.8.4CR

As required by Listing Rule 9.8.4CR, the table below sets out the location of information required to be disclosed under Listing Rule 9.8.4 R:

Listing Rule sub-section	Item	Location
9.8.4 (4)	Details of any long-term incentive schemes as required by LR 9.4.3 R	Remuneration Report on pages 83 to 88
9.8.4 (5) – (6)	Details of any waiver of emoluments by a Director	Remuneration Report on page 89
9.8.4 (10)	Details of any contract of significance to which the Company or a subsidiary is a party and in which a Director or a controlling shareholder is materially interested	ASA NGO Bangladesh and AMSL (a wholly indirectly owned subsidiary of the Company) entered into a fresh lease agreement and a services agreement (for the lease of office spaces and related services) in 2020.
9.8.4 (11)	Details of any contract for the provision of services to the Company or a subsidiary by a controlling shareholder, subsisting during the period under review, unless the services are part of the shareholder's main business	None
9.8.4 (14)	Statement that the Relationship Agreement between the Company and the controlling shareholder has been complied with throughout the year	Corporate Governance Report on page 65

Resolutions at the 2022 AGM

The Company's AGM will be held on 22 June 2022. Resolutions to be proposed at the AGM include the election of the Directors and the reappointment of Ernst & Young ('EY') as the auditor of the Group.

The full text of each of the resolutions to be proposed at the 2022 AGM will be set out in the Notice of AGM sent to the Company's shareholders. A letter from the Chairman and explanatory notes will accompany the Notice of AGM.

Auditor

The Board (following a recommendation from the Audit and Risk Committee) has recommended that EY be reappointed as the Group's auditor at the 2022 AGM, at which resolutions concerning EY's reappointment and authorising the Directors to set its remuneration will be proposed. The full text of the relevant resolutions will be set out in the Notice of AGM sent to the Company's shareholders.

Disclosure of information to the auditor

Each of the persons who are Directors at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

Prism Cosec
Company Secretary
29 April 2022

Contents

General information

Directors:	**Appointed on:**
Guy Dawson	15 May 2018
Dirk Brouwer	15 May 2018
Aminur Rashid	28 June 2018
Gavin Laws	28 June 2018
Praful Patel	28 June 2018
Johanna Kemna	28 June 2018
Dr Salehuddin Ahmed	07 December 2020

Registration: ASA International Group plc is a company registered in England & Wales. Registered number: 11361159

Company secretary:
Prism Cosec Limited
Elder House, St Georges Business Park
207 Brooklands Road, Weybridge, Surrey KT13 0TS
United Kingdom

Registered office:
Highdown House, Yeoman Way
Worthing, West Sussex BN99 3HH
United Kingdom

Office addresses:
ASA Tower, 10th Floor 23/3,
Bir Uttam A.N.M. Nuruzzaman Sarak Shyamoli,
Dhaka-1207, Bangladesh
Tel: +880 2 8119828, 8110934-35

Rembrandt Tower, 35th Floor, Amstelplein 1
1096 HA Amsterdam, The Netherlands
Tel: +31 20 846 3554

Website: www.asa-international.com

Email address:
Véronique Schyns
Head of Investor Relations
vschyns@asa-international.com

Auditor:
Ernst & Young, 25 Churchill Place
Canary Wharf, London E14 5EY
United Kingdom

Independent auditor's report to the members of ASA International Group plc

Opinion

In our opinion:

- ASA International Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's and Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ASA International Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise:

Group	Parent company
Consolidated income statement and statement of comprehensive income for the year then ended	Statutory statement of profit or loss and statement of comprehensive income for the year then ended
Consolidated statement of financial position as at 31 December 2021	Statutory statement of financial position as at 31 December 2021
Consolidated statement of changes in equity for the year then ended	Statutory statement of changes in equity for the year then ended
Consolidated statement of cash flows for the year then ended	Statutory statement of cash flows for the year then ended
Related notes 1 to 39 to the financial statements, including a summary of significant accounting policies	Related notes 40 to 47 to the financial statements including a summary of significant accounting policies
Information marked as 'audited' within the Directors' Remuneration Report on page 88.	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the group and the parent company in conducting the audit.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements which indicates that, with the ongoing recovery from the COVID-19 pandemic, there is a risk that restrictions on the movement of people, rising living costs and potential measures imposed by the governments of the countries in which the Group operates may lead to increased,or sustained, levels of arrears and write-offs in the loan portfolio, and limitations on the Group's ability to collect on its loans in a timely manner. The risk is increased, or sustained, by the political situations in India, Sri Lanka and Myanmar, and the potential for further political interventions as governments struggle to tackle potential future waves of infection, alongside inflationary pressures caused by the current global economic crisis. Increased loan arrears and credit losses in certain components across the Group have caused breaches in the Group's covenants on its borrowings in 2021 and the ongoing economic challenges increases the potential for further breaches within the going concern assessment period. In the event that the Group is unable to obtain covenant breach waivers the due debt may be called and the Group may have insufficient resources to meet those obligations.

The Group has demonstrated throughout its history an ability to negotiate covenant waivers and recover from natural disasters and debt relief programmes, across particular locations. However, the unprecedented nature of the COVID-19 pandemic, and the resulting uncertainty about future health and political impacts, and the current global economic crisis, makes it difficult to assess the likely scale of debt covenant breaches, the timing of such breaches, and whether the waivers necessary to avoid the immediate repayment of debt will be forthcoming.

As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in their preparation is appropriate. Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of the going concern assessment process and also engaged with management early to ensure relevant key factors were considered in their assessment.
- We considered the period of the going concern assessment which is from the date of approval of these financial statements to 31 May 2023 and confirmed this with those charged with governance.
- We agreed the Group's borrowing analysis to supporting evidence, including satisfying ourselves that there were no material intra-group liabilities in the form of parental guarantees or letters of support.
- We reviewed debt agreements across the Group in order to establish the existence of covenants and considered the risk of covenant breaches on the timing of the Group's debt repayment obligations.
- We established the accuracy and reasonableness of the budget and cashflow forecasts across the going concern period under normal conditions and under a series of stress and severe stress scenarios, including performing independent reverse stress testing. From this testing we considered the cash position in the Group through to 31 May 2023 and compared that to the external debt in the Group, in order to establish and highlight the level of risk associated with covenant breaches and the potential for debt being called due.
- We reviewed the performance of the Group in 2021, and since the onset of the pandemic, and also the historical impact of natural disasters or other significant events on the business, including the recoverability of the loan portfolio, in order to assess the historic resilience of the Group to periods of stress.
- We considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion, including engaging the views of the component audit teams, reviewing loan arrears analysis and performing media searches relating to the impact of COVID-19, and other relevant matters.
- We reviewed the Group's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the accounting standards.

From our evaluation of the directors' going concern assessment we had the following observations:

- As detailed in note 25, the Group had $314m of external debt at 31 December 2021 of which $131m had breached loan covenants. The Group had obtained waivers from a number of lenders in order to reduce the risk associated with debt being called but these waivers do not cover the complete period through to 31 May 2023. We observed that, should a significant proportion of the debt be called at certain points in the going concern assessment period, the Group may have insufficient cash, at that time, in order to fund the repayments.
- The COVID-19 pandemic, and the response from governments in countries in which the Group operates, has led to increased arrears levels across the Group which has reduced cash collection and caused the breach of a significant proportion of external debt covenants. We observed from management information after the balance sheet date that arrears levels have continued to increase in a number of countries. Restrictions on loan disbursement and collection, caused by restrictions on movement and/or social interaction implemented by governments in response to the pandemic, would serve to reduce available cash and increase arrears levels. This risk may be exacerbated by the inflationary pressures, caused by the current global economic crisis, experienced in certain territories.

Based on the work we have performed, we concur with the directors that there are material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. The assessment period was to 31 May 2023. Going concern has been determined to be a key audit matter.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 14 components, of which 10 are trading entities • The components where we performed full or specific audit procedures accounted for 95% of Profit before tax, 96% of Revenue and 97% of Total assets.
Key audit matters	• Expected credit loss provisions • Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers • Going concern
Materiality	• Overall group materiality of $2.4m (2020: $2.3m) which represents 5% of adjusted profit before tax.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 28 reporting components of the Group, we selected 14 components covering entities within India, Pakistan, Ghana, Philippines, Nigeria, Myanmar, Sri Lanka, Uganda, Kenya and Tanzania, which represent the principal business units within the Group and the holding entities in The Netherlands, Bangladesh, Mauritius and the United Kingdom.

We performed an audit of the complete financial information of all 11 components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 95.1% (2020: 119.1%) of the Group's Profit before tax, 98.8% (2020: 98.8%) of the Group's Profit before tax when using absolute values, 96.2% (2020: 97.2%) of the Group's Revenue and 96.7% (2020: 98.0%) of the Group's Total assets. The full scope components contributed 116.7% (2020: 252.9%) of the Group's Profit before tax, 80.7% (2020: 87.5%) of the Group's Profit before tax when using absolute values, 94.9% (2019: 97.1%) of the Group's Revenue and 114.5% (2020: 92.3%) of the Group's Total assets, 70.4% (2020: 72.2%) of the Group's Total assets when using absolute values. There were no specific scope components. We also performed specified procedures over three further components, being the intermediate holding companies in The Netherlands, Mauritius, and the service company in Bangladesh.

Of the remaining 14 components that together represent 4.9% of the Group's Profit before tax, none is individually greater than 5% of the Group's adjusted profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations, to respond to any potential risks of material misstatement to the Group financial statements.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that we needed to undertake at each of the components, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 11 full scope components, the primary audit team performed audit procedures directly for one of these. For the remaining 10 full scope components, where component auditors performed the work , we determined the appropriate level of involvement to enable us to determine that we had obtained sufficient audit evidence as a basis for our opinion on the Group as a whole.

Our programme of planned visits to components in several locations was impacted by the travel restrictions and other imposed government measures which are still in place from the prior year as a result of the ongoing COVID-19 pandemic. The Senior Statutory Auditor visited Kenya and Bangladesh and senior members of the Group audit team also visited, Pakistan and Tanzania. During these visits we attended meetings with management and held discussions on the audit approach and any issues arising from the audit work with the component teams.

Where visits were not possible, the primary team implemented an alternative programme of involvement which included the following activities:

- Issued detailed audit instructions;
- Held a group audit conference, including the primary team and all component teams, to discuss the plan for the audit, including but not limited to; significant risk areas and other areas of focus, independence procedures, materiality levels, updates from component territories, laws and regulations, and going concern procedures; and
- Held planning, execution and conclusions video conference meetings with all full scope components, including meetings with component management where relevant, in order to direct and supervise the work performed and conclude.

In addition, the primary team interacted regularly with the component teams during various stages of the audit, reviewed key working papers and was responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group and the micro-finance industry. The Group has determined that the most significant future impacts from climate change on their operations will be from the potential impact of natural disasters and weather events impacting the recoverability of loans and advances to customers. These are explained on page 29 in the Task Force for Climate-related Financial Disclosures and on page 54 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures, therefore, consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in note 2.1.1 of the financial statements, governmental and societal responses to climate change risks are still developing, and are interdependent, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted international accounting standards. As noted in note 2.5.2E, The Group has identified the ECL provision as one of the main areas in which it could be exposed to the financial impacts of climate change risk as a number of the Group's operating areas are prone to natural disasters such as typhoons, flash floods or droughts.

Our audit effort in considering climate change was focused on ensuring that management has appropriately reflected the effects of emerging climate risks in the financial statements, including challenging the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Expected credit loss provisions (2021: $27.5m, 2020: $27.5m) *Refer to the Audit Committee Report (page 73); Accounting policies (page 122); and Note 13.2 of the Consolidated Financial Statements (page 135)* Expected credit loss (ECL) provisions under IFRS 9 is an accounting estimate that carries a high degree of uncertainty driven by judgemental assumptions, including historical loss rates, their application to the outstanding loan portfolio, forward looking factors, the application of model overlays (post-model adjustments) to capture unmodelled risk, and the impact of the current pandemic, natural disasters or governmental interventions on these assumptions. The vast majority of the Group's lending is short-term, low in value, unsecured (except for security deposits paid in certain territories) and to women in developing economies in order to start and grow their businesses. The impact of COVID-19, primarily through social restrictions and government support measures, has impaired the ability of the Group to distribute and collect loans made to borrowers, which has resulted in increased risk in certain countries in which the Group operates. The inherent ability of management to override internal controls in relation to loan impairment provisions, combined with the subjectivity of the provisions, represents a risk of fraud.	With the support of our credit modelling specialists we reviewed the model methodology, including the reasonableness of key assumptions, model overlays and the application of forward-looking information, and we performed sensitivity analysis, in order to establish whether model weaknesses could be expected to give rise to a material misstatement. We performed a test of the dataflows into the ECL model, including testing historical loss rates, loan arrears and staging, and the borrower's last payment date. In order to further challenge the reasonableness of the ECL recorded by management, including the allocation of ECL between the IFRS 9 stages, we produced an independent challenger model using the complete loan portfolio and auditor-defined assumptions. This challenger model included the consideration of the completeness and accuracy of model overlays, including forward-looking factors, through a review of post balance sheet events and a consideration of historical loss patterns and forecasting accuracy. We assessed the adequacy and appropriateness of disclosures made within the financial statements, including the disclosures provided in relation to the credit risk related impacts of COVID-19.	We communicated that we are satisfied that ECL provisions were reasonable and in compliance with IFRS 9. We highlighted to the Committee that there are heightened levels of uncertainty in determining forecast losses due to the impact of COVID-19 on the Group. We concluded that disclosures relating to loan impairments were in compliance with the requirements of UK adopted international accounting standards.
Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers. (2021: $176m, 2020: $131m) *Refer to the Audit Committee Report (page 73); Accounting policies (page 115); and Note 4.1 of the Consolidated Financial Statements (page 129)* The income recognised may be fraudulently misstated due to the incorrect recording of interest income arising from loans being disbursed to fictitious borrowers, or otherwise fraudulently recorded, in order to manipulate income or disguise losses. The impact of COVID-19, in terms of payment deferrals and payment moratoria across the Group's trading components, results in the modification of contracts with borrowers which increases the risk that these are not accounted for appropriately. The increase in the stage 3 population (impaired loans) also increases the complexity in the recording of interest income. As such, the risk of material misstatement has increased.	For a sample of loans across each of the 10 trading full scope components, we independently recalculated the interest income using contractual terms from borrower agreements and agreed them through to the amounts recorded in the financial statements. This testing included a calculation of the impact of payment deferrals and payment moratoria on the recording of income under IFRS 9. For a sample of borrowers across the 10 trading full scope components we attended the borrower group meetings, where the borrowers meet periodically as a group to make scheduled payments, and physically verified the identity of the borrowers and traced the loan outstanding balance per the borrower's passbook to the accounting records. Where it was not possible to perform physical verification of borrowers in person, due to the impact of local social restrictions, borrower existence was tested through alternative means, including video conference and phone calls. We performed an independent calculation of income recorded on IFRS 9 stage 3 loans and compared it to that recorded by Management.	We reported to the Audit Committee our conclusion that our testing identified no fictitious borrowers and that the recording of interest income was found to be materially accurate, including the modification loss recorded in the financial statements. From our test of income recorded on IFRS 9 stage 3 loans, following Management's recording of necessary adjustments arising out of our testing, we reported to the Audit Committee that the balance was materially accurate. Our audit procedures did not identify evidence of fraud in the recognition of revenue.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $2.4 million (2020: £2.3 million), which is 5% (2020: 5%) of adjusted profit before tax. The COVID-19 pandemic has impacted the Group's performance primarily through increased expected credit losses and reduced interest income in part driven by the actions taken by governments to restrict social interactions, on which the Group relies in order to distribute and collect upon its loans, and also through payment moratoria. In order to determine materiality, we have added back a proportion of these impacts, and considered an average to produce a normalised profit before tax, in order to establish a reasonable and sustainable profit before tax measure on which to base our assessment. We believe that profit before tax provides us with the most appropriate basis for materiality given the Group is a profit orientated entity.

We determined materiality for the Parent Company to be $711k (2020: $709k) which is 0.5% of total assets (2020: 0.5%). We consider that, in respect of the Parent Company, total assets is most relevant to the stakeholders and representative of the economic size of the entity and, as such, provides us with an appropriate basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

Starting basis	• Starting point - $25.7m statutory profit before tax
Adjustment	• Added back a total of $22.3m in relation to a proportion of 2021 expected credit loss charges
Materiality	• $48.0m adjusted profit before tax • Materiality of $2.4m (5% of adjusted profit before tax)

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2020: 50%) of our planning materiality, namely $1.2m (2020: $1.2m). Performance materiality for the Parent Company was 50% (2020: 50%) of planning materiality, namely $0.35m (2020: $0.35m). We have set performance materiality at this percentage (which is at the lowest end of the range of our audit methodology) based on various considerations including the past history of misstatements and the effectiveness of the control environment.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $0.24m to $0.48m (2020: $0.23m to $0.58m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.12m (2020: $0.12m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The reporting threshold for the Parent Company was $0.04m (2020: $0.04m).

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon, including the Strategic Report, the Governance Report, including Chairman's Introduction, Leadership of the Board, Governance Framework, Board of Directors, Management Team, Directors' Report including Statement of Directors' Responsibilities, Audit and Risk Committee Report, Nomination Committee Report, Remuneration Committee Report, Independent Directors' Committee Report and Disclosure Committee Report, Directors' report and Additional information, including Alternative Performance Measures and Abbreviations. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:
- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 94;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 77;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 77;
- Directors' statement on fair, balanced and understandable set out on page 95;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 64 and 65;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 64 and 65; and;
- The section describing the work of the Audit and Risk Committee set out on pages 71 to 77.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 94 and 95, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:
  - Financial Conduct Authority ('UK Listing Authority' or 'UKLA') Listing Rules;
  - Companies Act 2006;
  - Legal and regulatory frameworks in operation in the countries in which the Group operates.
- We obtained an understanding of how ASA International Group plc complies with these legal and regulatory frameworks by making enquiries of Management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and its regulators; reviewed minutes of the Board and Executive Risk Committee, and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework, and the Board's review of the Group's risk management framework ('RMF') and internal control processes.
- As the primary team we held discussions with each of the component teams during our Group Audit Conference in order to understand the applicable legal and regulatory frameworks at a component level and how the Group complies with these.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by holding discussions with senior management, internal audit and the Audit Committee and through an analysis of financial reporting information and areas of estimation which could be subject to manipulation. We considered the risk of fraud through management override of internal controls and in revenue recognition and designed specific audit procedures to address these risks, including those detailed in the Key Audit Matters section above.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of the Legal team, the Audit Committee, senior management, internal audit and the review of reports prepared by internal audit, legal and compliance and the Group's Fraud and Misappropriation Unit. We also reviewed the whistleblowing reports presented to the Group's Audit Committee throughout the year. In order to further consider legal and regulatory compliance at a component level, we instructed each component audit team to report to us any instances of non-compliance with laws and regulations to which they had become aware.
- The Group operates in the financial services industry, which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team, including auditor's specialists, to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address
- Following the recommendation from the Audit and Risk committee, we were appointed by the Company on 12 July 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 31 December 2018 to 31 December 2021.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Littler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
29 April 2022

Consolidated income statement and statement of comprehensive income

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Interest income calculated using Effective Interest Rate ('EIR')	4.1.	175,732	131,339
Other interest and similar income	4.2.	14,035	10,747
Interest and similar income		189,767	142,086
Interest and similar expense	5.	(42,439)	(40,445)
Net interest income		147,328	101,641
Other operating income	6.	10,518	10,460
Total operating income		157,846	112,101
Credit loss expense	7.	(37,509)	(27,250)
Net operating income		120,337	84,851
Personnel expenses	8.	(56,813)	(51,608)
Depreciation on property and equipment	16.	(1,985)	(1,782)
Depreciation on right-of-use assets	17.	(4,398)	(4,428)
Other operating expenses	9.	(29,904)	(24,961)
Exchange rate differences	10.	(1,532)	506
Total operating expenses		(94,632)	(82,273)
Profit before tax		25,705	2,578
Income tax expense	11.	(15,594)	(3,518)
Withholding tax expense	11.7.	(3,753)	(455)
Profit/(loss) for the period		6,358	(1,395)
Profit/(loss) for the period attributable to:			
Equity holders of the parent		8,787	(720)
Non-controlling interest		(2,429)	(675)
		6,358	(1,395)
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		(11,583)	(2,130)
Movement in hedge accounting reserve	23.	1,381	322
Others		(365)	(3)
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax		(10,567)	(1,811)
(Loss)/gain on revaluation of MFX investment	15.	(1)	6
Actuarial gains and (losses) on defined benefit liabilities	8.1.	698	(896)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		697	(890)
Total comprehensive (loss) for the period, net of tax		(3,512)	(4,096)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		(1,096)	(3,338)
Non-controlling interest		(2,416)	(758)
		(3,512)	(4,096)
Earnings per share	39.	USD	USD
Equity shareholders of the parent for the period:			
Basic earnings per share		0.09	(0.01)
Diluted earnings per share		0.09	(0.01)

The notes 1 to 39 form an integral part of these financial statements.

Company number: 11361159

Consolidated statement of financial position

As at 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Assets			
Cash at bank and in hand	12.	87,951	90,165
Loans and advances to customers	13.	373,242	380,122
Due from banks	14.	65,259	73,279
Equity investments at Fair Value through Other Comprehensive Income ('FVOCI')	15.	237	238
Property and equipment	16.	4,085	4,617
Right-of-use assets	17.	5,031	5,195
Deferred tax assets	11.2.	13,362	11,303
Other assets	18.	8,939	13,600
Derivative assets	19.	3,966	708
Goodwill and intangible assets	20.	482	33
Total assets		562,554	579,260
Equity and liabilities			
Equity			
Issued capital	21.	1,310	1,310
Retained earnings	22.	155,405	147,291
Other reserves	23.	995	(718)
Foreign currency translation reserve	24.	(54,132)	(43,091)
Total equity attributable to equity holders of the parent		103,578	104,792
Total equity attributable to non-controlling interest	31.	(135)	2,281
Total equity		103,443	107,073
Liabilities			
Debt issued and other borrowed funds	25.	318,674	342,186
Due to customers	26.	87,812	80,174
Retirement benefit liability	8.1.	5,391	5,446
Current tax liability	11.1.	6,265	2,502
Deferred tax liability	11.3.	2,296	–
Lease liability	17.	3,459	3,629
Derivative liabilities	19.	602	2,147
Other liabilities	27.	32,937	33,855
Provisions	28.	1,675	2,248
Total liabilities		459,111	472,187
Total equity and liabilities		562,554	579,260

Approved by the Board of Directors on 29 April 2022

Signed on behalf of the Board

Dirk Brouwer
CEO

Tanwir Rahman
CFO

The notes 1 to 39 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Issued capital USD'000	Retained earnings USD'000	Other reserves USD'000	Foreign currency translation reserve USD'000	Non-controlling interest USD'000	Total USD'000
At 1 January 2020	1,310	148,011	(147)	(41,044)	3,039	111,169
(Loss) for the year	–	(720)		–	(675)	(1,395)
Other comprehensive income:						
Actuarial gains and losses on defined benefit liabilities	–	–	(896)	–	–	(896)
Foreign currency translation of assets and liabilities of subsidiaries	–	–	–	(2,047)	(83)	(2,130)
Movement in hedge accounting reserve	–	–	322	–	–	322
Other comprehensive income (net of tax)	–	–	3	–	–	3
Total comprehensive (loss)/income for the period	–	(720)	(571)	(2,047)	(758)	(4,096)
Dividend	–	–	–	–	–	–
At 31 December 2020	1,310	147,291	(718)	(43,091)	2,281	107,073
At 1 January 2021	**1,310**	**147,291**	**(718)**	**(43,091)**	**2,281**	**107,073**
Profit for the year	**–**	**8,787**		**–**	**(2,429)**	**6,358**
Other comprehensive income:						
Actuarial gains and losses on defined benefit liabilities	**–**		**698**	**–**	**–**	**698**
Foreign currency translation of assets and liabilities of subsidiaries	**–**		**–**	**(11,596)**	**13**	**(11,583)**
Movement in hedge accounting reserve	**–**		**1,381**	**–**	**–**	**1,381**
Other comprehensive income (net of tax)	**–**		**(366)**	**–**	**–**	**(366)**
Total comprehensive (loss)/income for the period	**–**	**8,787**	**1,713**	**(11,596)**	**(2,416)**	**(3,512)**
Disposal of ASA Consultancy Limited and ASA Cambodia Holdings	**–**	**(673)**	**–**	**555**	**–**	**(118)**
Dividend	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2021	**1,310**	**155,405**	**995**	**(54,132)**	**(135)**	**103,443**

The notes 1 to 39 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Operating activities			
Profit before tax		25,705	2,578
Adjustment for movement in:			
Operating assets	29.1.	(88,777)	(42,513)
Operating liabilities	29.2.	13,004	10,443
Non-cash items	29.3.	76,843	38,202
Income tax paid		(14,260)	(16,871)
Net cash flows used in operating activities		12,515	(8,161)
Investing activities			
Purchase of property and equipment	16.	(1,713)	(981)
Proceeds from sale of property, plant and equipment		652	31
Purchase of intangible assets		(452)	–
Net cash outflow from disposal of subsidiaries		(673)	–
Net cash flow used in investing activities		(2,186)	(950)
Financing activities			
Proceeds from debt issued and other borrowed funds		181,053	171,749
Payments of debt issued and other borrowed funds		(188,787)	(151,524)
Payment of principal portion of lease liabilities		(4,680)	(4,389)
Net cash flow from financing activities		(12,414)	15,836
Cash and cash equivalents at 1 January		71,733	65,545
Net increase in cash and cash equivalents		(2,085)	6,725
Foreign exchange difference on cash and cash equivalents		(3,239)	(537)
Cash and cash equivalents as at 31 December	29.4.	66,409	71,733
Operational cash flows from interest			
Interest received		193,848	131,341
Interest paid		42,146	39,944

The notes 1 to 39 form an integral part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2021

1. Corporate information

ASA International Group plc ('ASA International', 'Group') is a publicly listed company which was incorporated by Catalyst Microfinance Investors ('CMI') in England and Wales on 14 May 2018 for the purpose of the initial public offer of ASA International Holding. ASA International Group plc acquired 100% of the shares in ASA International Holding and all its subsidiaries on 13 July 2018 in exchange for the issue of 100 million shares in ASA International Group plc with a nominal value of GBP 1.00 each.

Investment strategy

ASA International is an international microfinance holding company with operations in various countries throughout Asia and Africa.

Abbreviation list

Definitions	Abbreviation
A1 Nigeria Consultancy Limited	A1 Nigeria
ASA Consultancy Limited	ASA Consultancy
ASA International Cambodia Holdings	ASAI Cambodia Holdings
ASA International Group plc	ASAIG
ASA International Holding	ASAIH
ASA International India Microfinance Limited	ASA India
ASA International Microfinance Limited (formerly 'ASA Limited')	ASA Kenya
ASA International N.V.	ASAI NV
ASA Leasing Limited	ASA Leasing
ASA Lanka Private Limited	ASA Lanka
ASA Microfinance (Myanmar) Ltd	ASA Myanmar
ASA Microfinance (Rwanda) Limited	ASA Rwanda
ASA Microfinance (Sierra Leone)	ASA Sierra Leone
ASA Microfinance (Tanzania) Ltd	ASA Tanzania
ASA Microfinance (Uganda) Limited	ASA Uganda
ASA Microfinance Zambia Limited	ASA Zambia
ASA NGO-MFI registered in Bangladesh	ASA NGO Bangladesh
ASA Pakistan Limited	ASA Pakistan
ASA Savings & Loans Limited	ASA S&L
ASAI Investments & Management B.V	ASAI I&M
ASAI Management Services Limited	AMSL
ASHA Microfinance Bank Limited	ASHA MFB
Association for Social Improvement and Economic Advancement	ASIEA
C.M.I. Lanka Holding (Private) Limited	CMI Lanka
Catalyst Continuity Limited	Catalyst Continuity
Catalyst Microfinance Investment Company	CMIC
Catalyst Microfinance Investors	CMI
CMI International Holding	CMIIH
Lak Jaya Micro Finance Limited	Lak Jaya
Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa
PagASA ng Pinoy Mutual Benefit Association, Inc.	MBA Philippines
Pagasa Consultancy Limited	Pagasa Consultancy
Pagasa Philippines Finance Corporation	PPFC
Pagasa Philippines Finance Corporation and Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa Philippines
Pinoy Consultancy Limited	Pinoy
Proswift Consultancy Private Limited	Proswift
PT PAGASA Consultancy	PT PAGASA Consultancy
Microfinance Institution	MFI
Reserve Bank of India	RBI
State Bank of India	SBI
Sequoia B.V.	Sequoia

2. Accounting policies

2.1 General

The consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for derivative and equity instruments, which have been kept at fair value. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD'000), except when otherwise indicated.

After the issue of the financial statements the Company's owners or others do not have the power to amend the financial statements.

2.1.1 Basis of preparation

These consolidated financial statements have been prepared on a going concern basis. It should be noted that in the 2020 Annual Report and Accounts, approved on 31 May 2021, the Directors concluded that the potential impact of the Covid pandemic and the uncertainty over possible mitigating actions represented a material uncertainty that may have cast significant doubt over the Group's ability to continue as a going concern. In assessing going concern covering 13 months from the date of the approval of the annual consolidated financial statements and given the financial impact of the spread of Covid, which continues to impact on certain markets of the Group, management has analysed the Group's financial position and updated its budget and projections for the period up to the end of May 2023 (the 'Assessment Period'). The conclusion of this assessment remains consistent with that of the prior year; 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 has updated its detailed financial model for its budget and projections (the 'Projections') in line with current market conditions. Management used the actual numbers up to December 2021 and updated the operating projections for the Assessment Period. These Projections are based on a detailed set of key operating and financial assumptions, including the minimum required cash balances, capital and debt funding plan per operating country, post-pandemic economic conditions of the countries, and management's estimation of increased credit and funding risks in addition to a conservative view of reduced demand for new microfinance loans where applicable.

The Group is well capitalised and has USD 91 million of unrestricted cash (including fixed deposits) as of 31 December 2021. Also, the Group has a strong funding pipeline of USD 192 million, with over 58% having agreed terms and which can be accessed in the short to medium term at the time of approval of the annual consolidated financial statements. This continues to reaffirm the confidence lenders have in the strength of the Group's business model and management's ongoing strategies to steer the Group through the current Covid pandemic. It should be noted that the majority of this additional funding contains loan covenants and there is a risk of covenant breaches in certain stress scenarios, consistent with the risks detailed in the remainder of the going concern assessment. The Group is confident it will generate positive cash flows and will be able to fully fund the projected loan portfolio until May 2023.

The Group does not expect an increase in credit loss expenses during the assessment period as, in most of the entities, collections are back to the high 90% range and the proportion of loans with outstanding payments greater than 30 days (portfolio at risk greater than 30 days, or 'PAR>30') have generally stabilised. However, India remains an outlier as collections are still not at the pre-Covid levels while around 30% of existing customers have their loans restructured until June 2022. Myanmar also continues to struggle due to the ongoing political crisis which is creating operational and liquidity challenges for the entity. Management is closely following up on the developments in both these entities.

Due to the above challenges, the Group expects further breaches of loan covenants during the going concern period. These covenants would mainly relate to arrears levels (portfolio at risk greater than 30 days, or 'PAR>30'), risk coverage ratios, the cost to income ratio, and write-off ratios on account of higher expected credit loss provisions required due to the impact of Covid. These breaches have not historically resulted in the immediate repayment request from lenders and are further evidenced by the supportive attitude of lenders in the last two years where the Group has been continuously able to raise new funds from the lenders. As of 31 December 2021, the balance for credit lines with breached covenants that did not have waivers amounted to USD 111 million, out of which waivers for USD 36.7 million have been subsequently received. Other lenders have confirmed that they are willing to provide waivers, but will only do so in case of actual breaches and subject to formal internal credit committee approvals. However, the majority of these waivers are pending for the India operation where a majority of the lenders are local and normally only provide waivers after the statutory accounting period (31 March 2022).

Based on the received waivers, ongoing discussions, prior experience, and new funding commitments received, the Group has a high degree of confidence that all the required waivers will be obtained. It should be noted that none of the lenders have ever initiated any sudden debt calls, also not during the Covid pandemic.

In the event the waivers are not provided by the funders, there may be cases where covenant breaches are considered as events of default under the loan agreements which could lead to the debt being called due and potentially significant liquidity challenges. It should also be noted that whilst the Group has a strong cash position, there may be restrictions on intra-Group cash movements, as evidenced most recently in with specific challenges Ghana and Pakistan, and there is a risk that restrictions continue or worsen across the going concern assessment period. However, based on recent discussions, management expects that a period would be provided by the funders for rectifying the breach of covenants before calling a default under the loan agreements.

2. Accounting policies continued

2.1.1 Basis of preparation continued

As of 31 December 2021, the total outstanding debt at the holding level (ASA International Holding and ASAI International NV combined) is USD 70 million, which is part of the USD 314 million consolidated debt for the Group. Most of the covenants under these loan agreements are based on consolidated Group results. Waivers have been obtained by the Group in respect of expected covenant breaches on all loans to the holding companies from international funders up to December 2021, but these waivers do not cover all of the going concern period. As stated above, international funders have been supportive of the Group and the microfinance sector in general during this pandemic. In the absence of waivers, breach of covenants that are not rectified within the time specified in the respective agreements, as applicable, would cause an event of default under the loan agreements.

In terms of mitigations, the Group is shrinking its exposure in certain countries by focusing on the collection of existing loans and curtailing disbursements. This serves to increase the available cash in the business although the timing of collections through this method could be delayed due to potential future lockdown measures or other governmental interventions across the Group's territories. This is not a preferred action but can be utilised to create liquidity in any country's operation when unexpected repayments are requested by lenders. Further, the holding entities within the Group did not provide parent guarantees to funders of the operating entities, which protects the Group against cross defaults.

Whilst the Projections are formed from management's best estimation of the potential impact on the Group of the current pandemic, it is acknowledged that there remains significant uncertainty as to how the Covid pandemic will continue to affect borrowers, businesses and lenders across its operating countries. Although most of the staff in Asian operating countries, along with a good number of clients, have received Covid vaccinations, intake has been poor in Africa due to a lack of general trust in the vaccines. It is expected that the process to vaccinate a major part of the population will continue well into 2022.

Management and the Board of Directors extensively challenged the Projections and their underlying assumptions including the above considerations and factors. They also considered the remaining uncertainties around possible new lockdown periods, higher write-offs, and the risk of not obtaining waivers for prospective covenant breaches. They also considered that since the beginning of 2022 all operating countries have completely lifted Covid lockdowns, which has allowed the field operations to re-open their branches, with collections and new disbursements gradually returning to customary levels.

The Directors have also assessed the probable impact of any subsidiary failing to maintain its required regulatory ratios. As stated above, the Group did not provide parent guarantees to funders of the operating entities and hence, in case of dissolution, the Group's risk is limited to its initial investment.

On 31 December 2021, the Group considers its present financial exposure to climate-related risk to be low and accordingly has made limited reference to the impacts of climate-related risk in the notes to the financial statements. Thorough consideration has been given in particular to the possible financial impacts of climate-related risks on ECL provisions (note 2.5.2E). Where forward-looking information is relied on in preparing the financial statements, the Group has given due consideration, where appropriate and quantifiable, to potential future impacts of climate-related risk, but recognises that governmental and societal responses to climate change risks are still developing and thus their ultimate impacts on the Group are inherently uncertain and cannot be fully known.

Management has also considered the global economic crisis, sparked by the Russian invasion of Ukraine, and the risks associated with the inflation of fuel, food and other prices across the countries where the Group operates. These risks have the potential to put pressure on the Group's clients' ability to repay their loans in the future, although the Group has a long history of working through such crises and has experienced limited losses in the past as a result. As a microfinance lender, the Group has seen that the loans provided to clients as an important factor for clients to continue their businesses and their livelihoods as it provides resources and access to capital to the financially underserved. Therefore, the Group has a high degree of confidence that the additional risks posed by rising inflation will not increase arrears materially.

There is a risk that further restrictions on the movement of people may lead to a decline in the business activities of the Group's borrowers and the Group's ability to collect on its loans which could lead to increased credit losses on the loan portfolio and cause the Group to breach covenants on its borrowings. Unless the majority of the covenant breach waivers are obtained, the debt may be called due which could materially impact the ability of the Group to meet its debt obligations. Although the Group has a history of negotiating covenant waivers and recovering from natural disasters and debt relief programmes, across particular locations, as evidenced by the lenders' support to the Group in the last two years, the nature of the pandemic makes it difficult to assess its likely scale of debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt will be forthcoming. As a result, the Directors have concluded that this represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

Nevertheless, having assessed the Projections, downtrend analysis and mitigations described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 13 months from the date of approval of these consolidated financial statements, and through to 31 May 2023. For these reasons, they continue to adopt a going concern basis for the preparation of the consolidated financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern.

2.1.2 Statement of compliance
The Group and Parent Company financial statements are prepared in accordance with UK adopted international accounting standards ('IAS' or 'IFRS').

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these financial statements, the Group has given consideration to the recommendations laid out by the Task Force on Climate-related Financial Disclosures ('TCFD'). The relevant assessment of the climate-related risks outlined in the Group's Annual Report on page 29 has been incorporated into judgements associated with recognition, measurement, presentation and disclosure, where so permitted by UK adopted International Accounting Standards.

2.1.3 Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December for each year presented. The financial statements of subsidiaries are similarly prepared for the year ended 31 December 2021 applying similar accounting policies. All intra-Group balances, transactions, income and expenses and profits and losses resulting from intercompany transactions are eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The Company has control over a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The results of subsidiaries acquired or disposed of during the year are included (if any) in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. The Group disposed ASA Leasing Ltd and ASA Consultancy Limited, two non-operating entities, in 2021. This did not have any significant impact over Group results.

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.2 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

2.2.1 Foreign currency translation
The consolidated financial statements are presented in USD, which is also the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances – Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to 'Exchange rate differences' in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies – As at the reporting date, the assets and liabilities of subsidiaries are translated into the Group's presentation currency (USD) at the rate of exchange ruling at the reporting date except investment in subsidiaries and issued capital which are translated at historical rate, and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year. Currency translation differences have been recorded in the Group's consolidated statement of financial position as foreign currency translation reserve through other comprehensive income.

2.2.2 Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets – initial recognition and subsequent measurement
(1) Date of recognition
Purchases or sales of financial assets that require the delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

2. Accounting policies continued

2.2.2 Financial instruments continued

(2) Initial recognition and measurement

The Group recognises a financial asset in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, and measured at fair value. Subsequently they are measured at amortised cost, fair value through Other Comprehensive Income ('OCI'), and Fair Value Through Profit or Loss ('FVTPL'). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(3) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost (loans and advances to customers, other loans and receivables, cash at bank and in hand and due from banks);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL (derivatives).

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes Loans and advances to customers, Other loans and receivables, Cash and cash equivalents and due from banks.

Financial assets designated at fair value through OCI without recycling (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Investments at FVOCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the investments at FVOCI reserve. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Derivatives are initially recognised at FVTPL. However, as the Group applies cash flow hedge accounting the impact is later moved to FVOCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the right to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset (see notes 2.5.6 to 2.5.8). Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b) Impairment of financial assets

The Group recognises an allowance for Expected Credit Losses ('ECLs') on Loans and advances to customers, Related party receivables, Cash at bank and Due from banks.

Loans and advances to customers

Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12-month ECL) and stage 2 loans (lifetime ECL) for the ECL calculation. For disclosure purposes, normally stage 1 loans are defined as loans overdue between 1-30 days. Stage 2 loans are overdue loans between 31-90 days. Similar to 2020, in 2021, in response to the challenges raised by Covid, the Group provided payment deferral periods to a proportion of its borrowers which resulted in delays in scheduled payments and increased arrears levels arising from collection difficulties. Payment deferral periods varied from country to country, and sometimes within country, and were implemented due to local governmental decisions and the decisions of local management to support the borrower population. In order to factor in this information, the Group introduced a 'last payment date' datapoint into the Significant Increase in Credit Risk ('SICR') and ECL calculations. The objective of such is to identify how many days the client has not paid any single instalment irrespective of whether he or she was under payment moratorium or not. See note 2.5.2A for more details. To avoid the complexity of calculating separate probability of default and loss given default, the Group uses a 'loss rate approach' for the measurement of ECLs. The 'loss rates' are a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to economic environment.

The Group considers significant increase in credit risk when contractual payments are 31 days past due. In addition, loans and advances are treated as credit impaired (stage 3) when contractual payments are greater than 90 days past due. These thresholds have been determined based on the historical trend and industry practice where the Group operates.

Write-off
The Group uses judgement to determine bad loans which are written off. Based on management experience in the local market and the microfinance industry practice, loans over 365 days past due are bracketed as bad, unless there are specific circumstances that lead local management to believe that there is a reasonable expectation of recovery. The write-offs occur mainly two times in a year (June and December). However, management (Group and/or subsidiary) can write-off loans earlier if loans are deemed unrecoverable or delay write-offs in case of national calamity or any regulatory reasons subject to Board approval. From an operational perspective, all written-off loans are monitored for recovery up to two years overdue.

Cash at bank, Due from banks and Related party
For Due from banks and Related party receivables, the Group used the S&P matrix for default rates based on the most recent publicly made available credit ratings of each counterparty. In the S&P matrix for default rates, there is no specified default rates for each of our external counterparties. Thus, ASAI applied the default rate for all financial institutions. Then, the Group calculated the adjusted Probability of Default ('PD')/default rates by accommodating management estimates. However, for non-credit rated external counterparties, the PD/default rate is determined by choosing the riskier one between the mid-point of credit ratings of banks the Group has business with and a similar level rated entity. Management collects the credit ratings of the banks where the funds are deposited and related parties (where applicable) on a half-yearly basis and calculates the ECL on such items using the default rate identified as above. The Group considers credit risk to have significantly increased when the credit ratings of the bank and the related parties have been downgraded, which in turn increases the probability of default. The Group considers that the closure of a counterparty bank, dissolution of a related party or a significant liquidity crisis, or any objective evidence of impairment such as bankruptcy to be indicators for stage 3.

2.2.3 Financial liabilities – initial recognition and subsequent measurement
(1) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include Debt issued and other borrowed funds, Due to customers, Lease liabilities, Other liabilities and Derivative financial instruments.

(2) Subsequent measurement
For the purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at amortised cost (Debt issued and other borrowed funds, Due to customers and Lease liabilities); and
- Financial liabilities at FVTPL (Derivative instruments).

Financial liabilities at amortised cost
Debt issued and other borrowed funds, Other liabilities and Due to customers are classified as liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, Debt issued and other borrowed funds including Due to customers are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by considering any discount or premium on the issue and costs that are an integral part of the effective interest rate.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.4 Derivative instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts and cross-currency interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of every reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

2. Accounting policies continued

2.2.4 Derivative instruments and hedge accounting continued

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Group uses forward currency contracts and cross-currency interest rate swaps agreements as hedges of its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element and cross-currency basis risk is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve. The forward points and foreign exchange basis spreads are amortised throughout the contract tenure and reclassified out of OCI into P&L as interest expenses.

2.2.5 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is principal in all of its revenue arrangements except for loans under BC model where the Group works as an agent.

The following specific recognition criteria must also be met before revenue is recognised:

(1) Interest and similar income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income based on the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate of a financial instrument including transaction costs, and all other premiums or discounts. Interest income is presented net of modification loss (note 2.5.3).

The Group recognises interest income on the stage 3 loans on the net loan balance.

(2) Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

(3) Amortisation of loan processing fees

Revenue from amortisation of loan processing fees is recognised on an accrual basis in the period to which it relates. The loan processing fee charged to clients is allocated to the total loan period and recognised accordingly.

(4) Other income

Other income includes group members' admission fees, document fees, sale of passbook, income on death and multipurpose risk funds and service fee from off–book loans under the BC model.

Group members' admission fees, document fees and sale of passbook fees are recognised on receipt as the then admission and sale constitutes as satisfactory performance obligation.

The Group collects fees for the death risk fund or multipurpose risk fund in the Philippines, Sri Lanka, Kenya, Uganda and Tanzania. These fees cover settlement of the outstanding loan amount and other financial assistance if a borrower dies or is affected by natural calamities. The collections are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. The judgement used to recognise the liability is disclosed in note 2.5.5.

Service fees from off–book loans under the BC model are recognised on the basis of receipt as the amount is received only after completion of the service.

2.2.6 Cash and cash equivalents and Cash at bank and in hand

Cash and cash equivalents as referred to in the statement of cash flows comprises unrestricted cash in hand, current accounts with various commercial banks and amounts due from banks on demand or term deposits with an original maturity of three months or less. The cash flows from operating activities are presented using the indirect method, whereby the profit or loss is adjusted for the effects of non–cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows.

Cash in hand and in bank as referred to the statement of financial position comprises cash and cash equivalents and restricted cash relating to Loan Collateral Build Up ('LCBU') in the Philippines and against security deposits from clients in Tanzania.

2.2.7 Property and equipment
Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

Furniture and fixtures:	5 years
Vehicles:	5 years
Office equipment including IT:	3 years
Buildings:	50 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' or 'Other operating expenses' in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

2.2.8 Taxes
(1) Current tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(2) Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be set-off: (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the Group has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

The Group has started to recognise deferred tax on undistributed dividends from 2021. Reference is made to note 2.5.10 and note 11.7.

2.2.9 Dividend distribution on ordinary shares
Dividends on ordinary shares will be recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group. Dividends for the year that were approved after the reporting date will be disclosed as an event after the reporting date.

2.2.10 Short-term employee benefits
Short-term benefits typically relate to the payment of salaries and wages. These benefits are recorded on an accrual basis, so that at period end, if the employee has provided service to the Group, but has not yet received payment for that service, the unpaid amount is recorded as liability.

2. Accounting policies continued

2.2.11 Post-employment benefits

2.2.11.1 Defined benefit plan

The Group maintains a defined benefit plan in some subsidiaries which leads to retirement benefit obligations. The defined benefit obligation and the related charge for the year are determined using assumptions required under actuarial valuation techniques. These benefits are unfunded.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding an amount included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of (i) the date of the plan amendment or curtailment, and (ii) the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating expenses in the consolidated statement of comprehensive income: (i) service costs comprising current service costs, past–service costs, gains and losses on curtailments and non–routine settlements; and (ii) net interest expense or income. Reference is made to note 2.5.4.

2.2.11.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Similar to accounting for short-term employee benefits, defined contribution employee benefits are expensed as they are paid, with an accrual recorded for any benefits owed, but not yet paid. The expenses of the defined contribution plan are incurred by the employer. The contributions are to be remitted by the entities to the fund on a monthly basis. Employees are allowed to withdraw the accumulated contribution in their accounts from this fund as per the terms and conditions specified in the fund Acts.

2.2.12 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating unit ('CGU') (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.2.13 Intangible assets

The Group has adopted a strategy to enrich the offering to its clients with product diversification and by adding Digital Financial Services ('DFS'). The DFS will be offered to its clients through a smartphone app, where clients will be able to apply online for loans and other financial services like a current account and a savings or deposit account. They will be able to see their loan and account information and make payments including paying bills. The DFS app will also include additional functions and services such as digital group meetings and a chat function. As part of the DFS, ASAI is also developing a Supplier Market Place app ('SMP') where clients can purchase goods for their shops. SMP will be a separate app, but is part of the DFS model to retain and attract loan and savings clients and generate payment transactions that will generate commissions.

For the introduction of current accounts and savings and deposit accounts and other digital services to our clients, ASAI needs to add a Core Banking System ('CBS') to its IT infrastructure. The Group made upfront payments to buy core banking software licences. The licence for the software is granted for ten years.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use.
- Its intention to complete and its ability to use it or sell it.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset and use or sell it.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to intangible assets is as follows:

	Initial licence and set-up costs	Development costs
Useful life	Finite (5-10 years)	Finite (5-10 years)
Amortisation starts	After installation of use	After installation for use
Amortisation method used	Amortised on a straight-line basis over the period of licence	Amortised on a straight-line basis over the period of expected usage
Internally generated or acquired	Acquired	Internally generated

2.2.14 Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. For Right Of Use Assets ('ROU') the fair value is determined based on estimated rental payments using the Incremental Borrowing Rate ('IBR') used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to see if there is impairment. The sensitivity analysis on account of IBR changes is shown in note 17.

2.2.15 Liability for death and multipurpose risk funds
The Group collects 1-2% of disbursed loan amounts for death risk funds or multipurpose risk funds in certain markets (the Philippines, Myanmar, Tanzania, Uganda, Kenya and Sri Lanka). These funds cover settlement of the outstanding loan amount and other financial assistance when the borrower dies or is affected by natural calamities. The collected amounts are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. Reference is made to note 2.5.5 on the key judgement used.

2.2.16 Fair value measurement
The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.2.17 Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.2.14 Impairment of non-financial assets.

2. Accounting policies continued

2.2.17 Leases continued

Lease liabilities

(1) Initial measurement

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less (if any) lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. There are no obligatory extension clauses in the rental agreements. Although some lease contracts comprise the optional extension clauses, these are not included on initial recognition because it is not always reasonably certain that the Group will take the option. In calculating the present value of lease payments, ASA International uses the incremental borrowing rate at the lease commencement date due to the reason that the interest rate of implicit in the lease is not available. The incremental borrowing rate is calculated using a reference rate (derived as country-specific risk-free rate) and adjusting it with company-specific financing spread and integrating lease specific factors. Refer to note 2.5.9 on accounting estimates and assumptions used to determine the IBR rates.

(2) Subsequent measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments which also impacts similarly the right-of-use assets.

2.2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.3. New standards, interpretations and amendments adopted by the Group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.1 Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4

The amendments provide temporary reliefs which address the financial reporting effects when an Interbank Offered Rate ('IBOR') is replaced with an alternative nearly Risk-Free interest Rate ('RFR'). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable. Reference is made to note 30.5.

2.3.2 Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions – amendments to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received any Covid-related rent concessions in 2021, but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

2.4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.4.1 IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts ('IFRS 17'), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts ('IFRS 4') that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Group is assessing the impact of implementing IFRS 17.

2.4.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right-to-defer settlement:
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.4.3 Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

2.4.4. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2.4.5 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

2.4.6 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

2.4.7 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

2. Accounting policies continued

2.4. Standards issued but not yet effective continued

2.4.8 Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

2.4.9 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 – Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2.5 Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, judgements and estimates are applied in determining the amounts recognised in the financial statements. Significant use of judgements and estimates are as follows:

2.5.1 Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease. Any period covered by an option to extend the lease is not considered unless it is reasonably certain to be exercised.

2.5.2 Allowance for Expected Credit Loss ('ECL') on loans and advances

The Group calculates the allowance for ECL in a three-step process as described below under A to D. The Group reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statements. In particular, judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc. The actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry in which the Group operates, i.e. micro credit to low-income clients, the loan portfolio consists of a very high number of individual customers with low-value exposures. These characteristics lead the Group to use a provisioning methodology based on a collective assessment of similar loans. The Group's policy for calculating the allowance for ECL is described below:

A) Determination of loan staging

The Group monitors the changes in credit risk in order to allocate the exposure to the correct staging bucket. Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12-month ECL) and stage 2 loans (lifetime ECL) for calculating the ECL provision with the exception of the application of the management overlay detailed below. In 2021, the Group provided one-year moratorium to approximately 30% of the clients in India, who were offered to benefit from the one-time debt restructuring scheme established by the Reserve Bank of India ('RBI'). In addition, multiple periodical moratoriums were provided to clients in Myanmar and Sri Lanka as those entities faced multiple national and/or local lockdowns on account of Covid. This resulted in clients' overdue days remaining static (and not increasing due to a lack of payment) and the time since the last payment was made increasing. Although the client is on an agreed payment deferral the credit risk increases, albeit not at a rate equivalent to arrears levels increasing. As a result, in addition to the loans that are in arrears by more than 30 days and less than 91 days, loans which are in arrears by less than 31 days but more than 31 days passed since their last payment, are classified as stage 2.

<table>
<tr><th rowspan="2" colspan="2"></th><th colspan="6">Bucket based on last payment days</th></tr>
<tr><th>Within 7 days</th><th>8-30 days</th><th>31-90 days</th><th>Within 91-180 days</th><th>91-180 days</th><th>>180 days</th></tr>
<tr><td rowspan="5">Bucket based on overdue age</td><td>Current</td><td rowspan="2" colspan="2">Stage 1</td><td rowspan="2" colspan="4">Stage 2</td></tr>
<tr><td>1-30 days</td></tr>
<tr><td>31-90 days</td><td colspan="6">Stage 2</td></tr>
<tr><td>90-180 days</td><td rowspan="2" colspan="6">Stage 3</td></tr>
<tr><td>>180 days</td></tr>
</table>

B) Calculating ECL for stage 1-2 loans

To avoid the complexity of calculating the separate probabilities of default and loss-given default, the Group uses a 'loss rate approach' for the measurement of ECLs under IFRS 9. Using this approach, the Group developed loss-rate statistics on the basis of the amounts written off over the last five years. The historical loss rates include the impact of security deposits held by the Group, which is adjusted with overdue amounts before loans are written off. ECL recorded purely based on historical loss comes to USD 3.2 million (2020: USD 731K). The Group made considerable write-offs in 2021 as most of the old loans impacted by Covid have crossed to being overdue by more than 365 days, which is the threshold for write-offs. This resulted in a higher write-off in 2021, which in turn increased the ECL as per historical loss. Doubling the historical loss rate would add USD 3.2 million to the ECL.

The forward-looking element in the ECL is built by looking at the write-offs trend in the most recent three-year period and applying the rate over to the total outstanding loan portfolio. ECL as per the forward-looking element comes to USD 7.2 million (2020: USD 1.0 million). Similar to historical loss, the increased write-offs for 2021 have also increased the forward-looking loss.

Changing the write-off trend to two years, rather than three years for the forward-looking assessment, would add USD 3.9 million to the ECL.

C) Calculating ECL for stage 3 loans

The Group considers a loan to be credit impaired when it is overdue for more than 90 days. The ECL applied to net stage 3 loans (after adjusting the security deposit) is at a rate below:

ECL for stage 3 loans

	Loss %	
Overdue age	**2021**	**2020**
91-180 days	**50%**	80%
181-365 days	**70%**	100%
Over 365 days	**100%**	100%

The loss rate for 2021 has been updated based on the last three years' actual write-offs for each of these buckets. However, for the India operation, management considered a higher loss rate (80% for the loans bucketed between 91-180 days and 100% for loans over 180 days overdue) in view of operating challenges faced in country on account of the Covid pandemic.

Based on the above, ECL for stage 3 loans comes to USD 11.6 million (2020: USD 5.6 million). It should be noted that the additional risk arising in stage 3 is further captured in the management overlay, discussed below. If the Group used the 2020 rates, ECL for stage 3 loans would have been USD 12.4 million. An alternative assessment of stage 3 provisions would be to apply a 100% loss rate across the entire stage 3 population (net of security deposit), being all loans more than 90 days past due. This would increase the ECL on the stage 3 population to USD 13.0 million.

D) Management overlay

Due to the impact on our clients of government and regulatory actions related to Covid, such as lockdowns and moratoriums, the Group incorporated an additional management overlay. Given the unavailability of reliable information as to the impact of the Covid pandemic on borrowers and the recoverability of loans that have been subject to payment moratoriums, there is significant uncertainty in the selection of the assumptions as to the expected credit loss calculation. The management overlay is calculated using the assumptions described below. The output is then compared to the ECL arising out of the modelled provision in points B and C above. Any additional ECL resulting from the matrix calculation is recorded as part of the management overlay. This additional exercise was taken for India, Myanmar and Sri Lanka where the Group provided moratoriums in 2021. The overlay encompasses the below components:

Step 1: The OLP as of December 2021 has been segregated based on the number of overdue days for each country to analyse the risk exposure for each bracket. Note that there is some judgement in whether loans are written off when they are over 365 days past due, although this is generally the practice across the Group, and where loans have not been written off, they are provided for in accordance with the matrix below. The buckets are further segregated based on the last payment date of each individual loan so that any impact of moratoriums on the overdue calculation can be factored into the expected credit loss calculation.

Step 2: The Group's management then assessed the risks associated with the loan portfolio under different overdue and last payment brackets independently and provided their estimates for expected write-off percentages for each part of the portfolio in the matrix. The longer the overdue/last payment brackets, the higher the credit risk exposure. In addition to historical defaults already considered in the modelled ECL, management considered previous calamities and the related write-offs, current field experience of loan officers and operational supervisors who have frequent contact with the clients during this pandemic. The management at a Group and local level applied expert judgement in defining the expectations of losses in each of the positions in the overdue/last payment matrix. The loss rates have been reviewed and revised in the current year based on a detailed historical analysis of losses arising from loans in different overdue buckets. These were then used to establish and check the reasonableness of the matrix percentages applied and update them, where applicable.

2. Accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.2 Allowance for Expected Credit Loss ('ECL') on loans and advances continued

The matrix can be visualised as below:

Bucket based on overdue age	Bucket based on last payment days: Within 7 days	8-30 days	31-90 days	91-180 days	>180 days	>365 days
Current	1.1%	6.1%	16.1%	31.1%	51.1%	76.1%
1-30 days	6.1%	11.1%	21.1%	36.1%	56.1%	81.1%
31-90 days	16.1%	21.1%	31.1%	46.1%	66.1%	91.1%
91-180 days	31.1%	36.1%	46.1%	61.1%	81.1%	100.0%
>180 days	51.1%	56.1%	66.1%	81.1%	100.0%	100.0%
>365 days	76.1%	81.1%	91.1%	100.0%	100.0%	100.0%

Step 3: In addition to that, management also provided a mark-up adjustment over the estimated write-off percentage considering the future risk for each market. While analysing this expected credit risk mark-up, customers' future expected payment behaviour and the performance of competitors have been considered therein. All the individual country assessments were then discussed between local management and Group senior management where the assessments were further discussed, challenged and agreed. Management have increased the mark-up adjustment for India to capture the additional risk for the significant amount of restructured loans balance as of 31 December 2021.

The total ECL recorded from the management overlay calculation described here is USD 2.1 million. This is a significant reduction when compared to 31 December 2020 (USD 16.8 million) due to the larger proportion of the portfolio moving into greater than 90 days past due buckets as moratoriums have come to an end. This causes higher balances in stage 3 to be provided for in the assessment for stage 3 described in C) above, with little impact from applying the management overlay matrix described here – as additional ECL is only recorded where the management overlay matrix returns a provision in excess of the ECL calculated in steps B) and C) above. This is particularly evident in the India loan portfolio where a greater proportion of the portfolio (USD 24.1 million) is now transferred to in stage 3 during the year, hence the resulting reduction in the specific management overlay (USD 9.5 million), as the ECL is being already recorded pre-management overlay.

E) Impact of climate change

The Group has identified the ECL provision as one of the main areas in which it could be exposed to the financial impacts of climate change risk, as a number of the Group's operating areas are prone to natural disasters such as typhoons, flash floods or droughts. The Group's expected credit loss model captures the expected impact of these risks through the historical loss data that feeds the model, which includes where such natural disasters have occurred. In addition, management monitors the situation in each of its operating territories post the balance sheet date for any factors that should be considered in its year-end ECL calculations. The Group's loans are short-term and so the impact of such events over the life of the loans would naturally be limited. However, given the evolving risks associated with climate change, management will continue to monitor whether adjustments to its ECL models are required for future periods.

F) Business Correspondence ('BC') portfolio, Direct Assignment ('DA') portfolio and Securitisation portfolio of ASA India

A similar assessment has been performed for the off-book Business Correspondence ('BC') portfolio of ASA India (see note 13 for details on the BC portfolio). The off-book BC portfolio is subject to a maximum provision of 5% of OLP, which is the maximum credit risk exposure for ASA India as per the agreement with IDFC First Bank. ECL for off-book BC portfolio comes to USD 1.7 million.

The portion of the DA portfolio of ASA India which is on book has also been treated the same as a regular portfolio. No provision for the off-book portion of the DA portfolio was made because, as per the agreement with the State Bank of India, ASAI has no credit risk on this part of the DA portfolio.

The Securitisation portfolio of ASA India has been assessed in line with ASA India's own portfolio.

G) ECL on interest receivable

A similar assessment (notes 2.5.2.B to 2.5.2.E) was conducted for the interest receivable from customers to determine the expected credit loss on the interest outstanding as of 31 December 2021. ECL for interest receivable comes to USD 1.7 million.

Based on the above assessment, the total provision for expected credit losses for loans and advances to customers can be summarised as follows:

	2021			2020		
Particulars	Own portfolio USD'000	Off-book portfolio USD'000	Interest receivable USD'000	Own portfolio USD'000	Off-book portfolio USD'000	Interest receivable USD'000
ECL as per historical default rate	3,204	339	148	731	28	26
Forward considerations	7,184	793	309	1,042	13	24
ECL under stage 3 loans	11,574	543	37	5,559	158	839
Management overlay	2,136	–	1,202	16,839	2,049	182
	24,098	1,675	1,696	24,171	2,248	1,071

	2021			2020		
Allocated to:	Gross outstanding USD'000	ECL USD'000	Coverage	Gross outstanding USD'000	ECL USD'000	Coverage
Own portfolio (notes 13.1 and 13.3)	393,298	24,098	6%	396,605	24,171	6%
Off-book BC portfolio (note 13.1 and note 28)	35,583	1,675	5%	44,982	2,248	5%
Interest receivable (notes 13.1 and 13.3)	10,700	1,696	16%	14,688	1,071	7%
	439,581	27,469	6%	456,275	27,490	6%

ECL coverage for interest is much higher than OLP as more than 45% of the interest receivable belongs to India (where a higher provision rate has been applied).

2.5.3 Modification of loans

The Group provided moratoriums to its clients in India, Myanmar and Sri Lanka (see note 30.4.1) in 2021. The main objective of these payment holidays was to provide clients a temporary relief due to disruption of their livelihood on account of Covid. Extending only the loan term is not considered as a substantial modification and therefore does not result in derecognition and the original effective interest rate is retained. The temporary catch-up adjustment or modification gain/loss is then calculated as the difference between the carrying amount of the loans and the discounted value of the modified cash flows at the original effective interest rate. The modification gain/loss is an adjustment to the carrying value of the loans and advances to customers and interest income.

2.5.4 Defined benefit plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff turnover and retirement age. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used in December 2021 and December 2020 are as follows:

Assumptions – defined benefit plan

	2021					2020				
	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	Pagasa Philippines	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	Pagasa Philippines
Discount rate	11.2%	11.8%	7.2%	13.5%	5.1%	6.7%	9.8%	6.8%	8.0%	3.9%
Salary increment	10.0%	10.8%	9.5%	12.0%	4.0%	10.0%	8.8%	9.5%	7.5%	3.0%
Staff turnover	13.0%	15.9%	25.5%	5.0%	47.0%	16.6%	23.4%	21.2%	5.0%	54.0%
Retirement age	60 years	60 years	60-62 years	60 years	60 years	60 years	60 years	55-62 years	60 years	60 years

The parameter most subject to change is the discount rate. Management engages third-party actuaries to conduct the valuation. The defined benefit costs have been disclosed in note 8.2. The sensitivity analysis of the plan on account of any change in discount rate and salary increment is disclosed in note 8.3. Sensitivity analysis for changes in the other two assumptions were not done as the effect is determined immaterial.

2.5.5 Liability for death and multipurpose risk funds

At the end of each period, management uses significant assumptions to reassess the adequacy of the liability provided. These include estimating the number of borrower deaths among the total number of borrowers by applying the local mortality rates at the end of the period, outstanding loan amount per borrower and other financial assistance to the family where applicable. The mortality rate is based on historical mortality rates of the borrower for last three years for the specific countries. As of December 2021, the rates were 0.40% in Sri Lanka, 0.20% in Uganda, 0.25% in Tanzania and 0.21% in Kenya. The liability is disclosed under note 27. No sensitivity analysis is done as the amount is not material.

2. Accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.6 Business Correspondence and partnership models

The portfolios under the Business Correspondence and partnership models in ASA India ('BC model') are recognised on the statement of financial position when the agreed exposure to credit risk on these portfolios exceeds the expected credit risk of items similar in nature. The Group performs a sensitivity analysis to estimate the expected credit risk considering various adverse situations in India, probability of occurrence for these situations and three scenarios (optimistic, realistic and pessimistic) for the estimated write-offs for each situation. The overall credit risk on loans managed by ASA India is analysed below 5%. Based on this analysis, the portfolios for MAS, Reliance and IDBI are recognised on the statement of financial position as the agreed exposure is higher than 5%, while the portfolio for IDFC First Bank is not recognised on the balance sheet due to the fact that the agreed exposure is below the expected credit risk. More information is available in note 13.

2.5.7 Securitisation agreements

ASA India has entered into a new securitisation agreement in 2021. The loans to customers under the securitisation agreements do not qualify for derecognition as ASA India provides cash collateral for credit losses and thereby the credit risk is not substantially transferred. Hence, the loans to customers continue to be recognised on the balance sheet of ASA India under loans and advances to customers and the purchase consideration is presented under borrowings.

Interest income from the customers continues to be recognised as interest income and the related portion of the interest which is transferred to the counterparty is presented as interest expense. The outstanding loan portfolio as per end of 2021 under the securitisation agreements amounts to USD 747K (31 December 2020: USD 320K) and the related liability amounts to USD 1.2 million (31 December 2020: USD 325K). The loan portfolio is disclosed under Gross loan portfolio in note 13 'Loans and advances to customers' and the liability is disclosed under Debt issued and other borrowed funds by operating subsidiaries in note 25 'Debt issued and other borrowed funds'. The total pool principal balance at the start date of the relevant securitisation agreement amounts to USD 3.5 million (31 December 2020: USD 3.5 million) and the related liability amounts to USD 3.5 million (31 December 2020: USD 3.5 million). The cash collateral provided under these agreements amounts to USD 278K (31 December 2020: USD 305K) and is disclosed under note 14 'Due from banks'.

2.5.8 Direct Assignment

ASA India entered into two Direct Assignment agreements ('DA') with State Bank of India ('SBI') in 2019 and 2020, through which the entity has sold a pool of customers' loans amounting to USD 16.5 million against a purchase consideration of USD 14 million. The balance (15%) is kept as minimum retention as per guidelines issued by Reserve Bank of India ('RBI'). Based on the agreement, the 85% of the loans are derecognised on the books on the grounds that the entity transferred substantially all the risks and rewards of ownership of financial assets. 15% remained on book. Further information is available in note 13.

2.5.9 Leases – estimating the Incremental Borrowing Rate ('IBR')

The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

IFRS 16 describes the accounting for an individual lease and a discount rate that should be determined on a lease-by-lease basis. However, as a practical expedient, an entity may apply IFRS 16 to a portfolio of leases with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying a portfolio approach instead of a lease-by-lease basis would not differ materially from applying this standard to the individual leases within that portfolio. If accounting for a portfolio, an entity shall use estimates and assumptions that reflect the size and composition of the portfolio.

The Group applied a discount rate per country based on leases with similar characteristics applying a portfolio approach instead of a lease-by-lease approach which had no material impact for the Group. The starting point for estimating the reference rate is the local risk-free rate. The Group developed an approach to determine IBR that is closely aligned with the definitions and requirements prescribed in IFRS 16. In this approach the Group first determined the country risk-free rate and adjusted that with the Group-specific financing spread and lease-specific adjustments to consider IBR rates.

The Group used country sovereign rates to determine the risk-free rate. If no sovereign risk-free rate is available, a build-up approach is applied that adjusts the USD-based United States Treasury bond for (i) the country risk premium, to capture country-specific risk, and (ii) the long-term inflation differential, to capture any currency risk.

The Group-specific financing spread is determined based on (i) the Group-specific perspective/credit rating, (ii) the credit rating of the legal entities (lessees) of ASA International, and (iii) the market interest rates/yields on industry-specific bonds.

The lease-specific adjustment depends on the type/nature of asset, and relates to the fact that a secured bond will have a lower yield compared to an unsecured bond. However, the yield difference varies based on the type/nature of the asset that is used as collateral. The IBR used for different entities in 2021 is as follows:

Country	Lease Currency	Credit Rating	Approach reference rate	IBR at different lease duration (year)			
Tenure of lease				1	2-4	5-6	7-9
Ghana	GHS	BBB	local	18.4%	19.3%	19.9%	20.3%
Nigeria	NGN	BBB	local	0.9%	2.8%	4.6%	5.8%
Sierra Leone	SLL	BB+	build-up	22.0%	23.2%	24.2%	24.8%
Kenya	KES	BB-	local	9.6%	10.9%	11.9%	12.6%
Rwanda	RWF	B+	build-up	12.0%	12.6%	13.4%	14.0%
Tanzania	TZS	BBB-	build-up	6.0%	6.6%	7.0%	7.4%
Uganda	UGX	BB-	build-up	8.0%	9.5%	10.0%	10.3%
Zambia	ZMW	BB-	local	35.0%	35.6%	36.1%	36.3%
Bangladesh	BDT	BBB-	build-up	6.0%	6.5%	7.1%	7.6%
India	INR	BB	local	4.5%	5.2%	5.9%	6.5%
Pakistan	PKR	BBB	build-up	11.7%	11.7%	12.0%	12.3%
Sri Lanka	LKR	BB	local	6.4%	6.6%	7.3%	7.9%
Myanmar	MMK	BBB-	build-up	11.9%	13.3%	14.6%	15.5%
Philippines	PHP	BBB-	local	2.0%	2.3%	2.7%	2.9%

2.5.10 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As of 31 December 2021, unused tax losses of USD 10.7 million were not recognised to calculate the deferred tax asset in ASA International Group plc as currently it is not known when the entity will generate taxable profits. The Group has concluded that the entity in question does not have a taxable temporary difference and at the moment future taxable profit for it cannot be readily ascertained. In addition deferred tax was not recognised on 2021 business losses amounting to USD 23 million in India as the Group concluded that due to uncertain profitability of the operation future taxable profit cannot be readily ascertained. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 7.8 million.

As of 31 December 2021, the Group has undistributed profits in its subsidiaries amounting to USD 63.7 million. The Group recognised a deferred tax liability amounting to USD 2.3 million (see note 11.3) on USD 27.3 million of undistributed profits on the assessment that these will be distributed in the foreseeable future. No deferred tax liability was recognised on the balance USD 36.4 million due to regulatory uncertainty on when those can be distributed. If the Group recognises a deferred tax liability on these profits, profit and equity would decrease by USD 3.9 million.

2.5.11 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For property and equipment, the fair value less costs of disposal calculation is based on available data from similar assets or observable market prices less incremental costs of disposing of the asset. For ROU the fair value is determined based on estimated rental payments using incremental borrowing rates used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to see if there is impairment.

3. Segment information

For management purposes, the Group is organised into reportable segments based on its geographical areas and has five reportable segments, as follows:

- Africa, which includes Ghana, Nigeria and Sierra Leone.
- East Africa, which includes Kenya, Uganda, Tanzania, Rwanda and Zambia.
- South Asia, which includes India, Pakistan and Sri Lanka.
- South East Asia, which includes Myanmar and the Philippines.
- Non-operating entities, which includes holding entities and other entities without microfinance activities.

No operating segments have been aggregated to form the above reportable operating segments. The Company primarily provides only one type of service to its microfinance clients, being small microfinance loans which are managed under the same ASA Model in all countries. The reportable operating segments have been identified on the basis of organisational overlap like common Board members, regional management structure and cultural and political similarity due to their geographical proximity to each other.

The Executive Committee is the Chief Operating Decision Maker ('CODM') and monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operational profits and losses and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating and non-operating segments are on an arm's length basis in a manner similar to transactions with third parties and are based on the Group's transfer pricing framework.

3. Segment information continued

Revenues and expenses as well as assets and liabilities of those entities that are not assigned to the four reportable operating segments are reported under 'Non-operating entities'. Inter-segment revenues, expenses and balance sheet items are eliminated on consolidation.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2021 or 2020.

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2021.

As at 31 December 2021

	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	61,472	32,742	62,092	33,452	9	189,767	–	189,767
Inter-segment interest income	–	–	–	–	2,846	2,846	(2,846)	–
External interest expense	(3,891)	(5,603)	(22,453)	(6,049)	(4,443)	(42,439)	–	(42,439)
Inter-segment interest expense	(227)	(521)	(231)	(389)	(1,477)	(2,845)	2,845	–
Net interest income	57,354	26,618	39,408	27,014	(3,065)	147,329	(1)	147,328
External other operating income	702	2,874	2,929	3,954	59	10,518	–	10,518
Inter-segment other operating income[1]	–	–	–	–	29,577	29,577	(29,577)	–
Other inter-segment expense	220	(1,663)	(206)	(2,173)	(3,373)	(7,195)	7,195	–
Total operating income	58,276	27,829	42,131	28,795	23,198	180,229	(22,383)	157,846
Credit loss expense	(1,655)	(2,327)	(27,622)	(5,891)	(14)	(37,509)	–	(37,509)
Net operating income	56,621	25,502	14,509	22,904	23,184	142,720	(22,383)	120,337
Personnel expenses	(13,630)	(11,999)	(14,810)	(11,172)	(5,202)	(56,813)	–	(56,813)
Exchange rate differences	(142)	151	(331)	(562)	(648)	(1,532)	–	(1,532)
Depreciation of property and equipment	(327)	(458)	(638)	(346)	(620)	(2,389)	404	(1,985)
Amortisation of right-of-use assets	(808)	(1,033)	(1,307)	(1,167)	(83)	(4,398)	–	(4,398)
Other operating expenses	(6,131)	(5,558)	(5,652)	(9,623)	(2,940)	(29,904)	–	(29,904)
Tax expenses	(10,564)	(1,974)	(4,164)	(373)	(2,272)	(19,347)	–	(19,347)
Segment profit	25,019	4,631	(12,393)	(339)	11,419	28,337	(21,979)	6,358
Total assets	134,719	83,602	198,393	105,872	396,864	919,450	(356,896)	562,554
Total liabilities	73,497	63,629	160,887	89,045	149,502	536,560	(77,449)	459,111

Explanation: Segment profit is net profit after tax
1 Inter-segment operating income includes intercompany dividends, management fees and share in results of the subsidiaries.

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2020.

As at 31 December 2020

	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	42,295	21,710	53,294	24,770	17	142,086	–	142,086
Inter-segment interest income	–	–	–	–	1,857	1,857	(1,857)	–
External interest expense	(4,058)	(3,987)	(22,177)	(5,699)	(4,524)	(40,445)	–	(40,445)
Inter-segment interest expense	(170)	(384)	(382)	(779)	(142)	(1,857)	1,857	–
Net interest income	38,067	17,339	30,735	18,292	(2,792)	101,641	–	101,641
External other operating income	1,653	1,525	4,651	2,528	103	10,460	–	10,460
Inter-segment other operating income[1]	–	–	–	–	32,059	32,059	(32,059)	–
Other inter-segment expense	(864)	(1,004)	(127)	(478)	(3,651)	(6,124)	6,124	–
Total operating income	38,856	17,860	35,259	20,342	25,719	138,036	(25,935)	112,101
Credit loss expense	(1,233)	(860)	(19,427)	(5,680)	(50)	(27,250)	–	(27,250)
Net operating income	37,623	17,000	15,832	14,662	25,669	110,786	(25,935)	84,851
Personnel expenses	(12,130)	(9,764)	(14,641)	(10,349)	(4,724)	(51,608)	–	(51,608)
Exchange rate differences	(89)	24	(192)	842	(79)	506	–	506
Depreciation of property and equipment	(391)	(335)	(526)	(347)	(1,568)	(3,167)	1,385	(1,782)
Amortisation of right-of-use assets	(870)	(900)	(1,315)	(1,114)	(229)	(4,428)	–	(4,428)
Other operating expenses	(4,876)	(4,371)	(4,696)	(8,041)	(2,977)	(24,961)	–	(24,961)
Tax expenses	(5,824)	(585)	1,178	981	277	(3,973)	–	(3,973)
Segment profit	13,443	1,069	(4,360)	(3,366)	16,369	23,155	(24,550)	(1,395)
Total assets	107,748	59,802	253,360	119,152	387,488	927,550	(348,290)	579,260
Total liabilities	58,715	43,489	200,128	98,893	144,622	545,847	(73,660)	472,187

4. Interest and similar income

The interest and similar income consists of interest income on microfinance loans to customers, and interest income on bank balances and fixed-term deposits.

	Notes	2021 USD'000	2020 USD'000
Interest income calculated using EIR	4.1.	**175,732**	131,339
Other interest and similar income	4.2.	**14,035**	10,747
		189,767	142,086

4.1. Interest income calculated using EIR

	2021 USD'000	2020 USD'000
Interest income on loans and advances to customers	**175,732**	131,324
Interest income from clients from on-book BC model (ASA India)	**–**	15
	175,732	131,339

In the notes to the financial statements for the year ended 31 December 2020 the modification loss for the year was reported as USD 3.5 million. This disclosure did not include the modification loss arising on loans that had completed before the end of the financial year, as required by International Financial Reporting Standard 9: Financial Instruments, although this omission had no impact on the consolidated statement of profit or loss and other comprehensive income. In accordance with International Accounting Standard 8: Changes in Accounting Policies, Changes in Estimates and Errors, these accounts must disclose the restated prior year amount. This restated amount is USD 15.5 million, to correct the previously reported USD 3.5 million. In 2021 the modification loss amounted to USD 2.1 million. Interest income has increased compared to 2020 primarily due to the difference in the modification loss recorded and increase in loan disbursements across the period (2021: USD 944 million, 2020: 680 million).

4.2. Other interest and similar income

	2021 USD'000	2020 USD'000
Interest income on short-term deposits	**4,579**	3,703
Amortisation of loan processing fees	**8,898**	5,874
Other interest income	**558**	1,170
	14,035	10,747

5. Interest and similar expense

Included in interest and similar expense are accruals for interest payments to customers and other charges from banks.

	Notes	2021 USD'000	2020 USD'000
Interest expense on loans		**(33,508)**	(32,656)
Interest expense on security deposits and others		**(4,631)**	(4,100)
Interest expense on lease liability		**(301)**	(276)
Commitment and processing fees		**(266)**	(266)
Amortisation of forward points of forward contracts and currency basis spread of swap contracts	37.	**(3,733)**	(3,147)
		(42,439)	(40,445)

6. Other operating income

	2021 USD'000	2020 USD'000
Members' admission fees	**1,881**	1,200
Document fees	**856**	554
Proceeds from sale of pass-books	**159**	144
Income from death and multipurpose risk funds	**3,867**	3,329
Service fees income from off-book BC model (ASA India)	**2,503**	4,166
Distribution fee MBA Philippines	**846**	603
Other	**406**	464
	10,518	10,460

Other includes a number of small items that are smaller than USD 150K on an individual basis.

7. Expected credit loss expense

	Notes	2021 USD'000	2020 USD'000
ECL on loans and advances to customers	13.2.	**(28,227)**	(23,411)
Expected credit loss recovered/(expensed) on on-book BC model		**–**	10
Impairment on bank and intercompany balances	7.1.	**(109)**	149
ECL on interest receivable		**(6,441)**	(1,131)
Other expected credit loss expense		**(2,732)**	(2,867)
		(37,509)	(27,250)

The key assumptions applied for the expected credit loss provision and related expense are explained in note 2.5.2. Other expected credit loss includes ECL for BC model portfolio which are off-book and loan and interest exemptions for settlement of customer loans in case of death or disability.

7.1. Impairment on bank and intercompany balances

	2021 USD'000	2020 USD'000
Impairment of bank balance	**(52)**	303
Impairment of due from bank	**(51)**	(48)
Impairment of receivable from related parties	**(6)**	(106)
	(109)	149

The loss is determined based on management assessment of cash and receivables.

8. Personnel expenses

Personnel expenses include total base salary expenses and employee benefit plans:

	Notes	2021 USD'000	2020 USD'000
Personnel expenses		**(51,287)**	(46,531)
Defined contribution plans		**(3,951)**	(3,385)
Defined benefit plans	8.2.	**(1,575)**	(1,692)
		(56,813)	(51,608)

8.1. Retirement benefit liability

	Notes	2021 USD'000	2020 USD'000
Retirement benefit liability as at beginning of period		5,446	3,373
Payments made during the period		(592)	(413)
Charge for the period	8.2.	1,575	1,692
Actuarial gains and losses on defined benefit liabilities (OCI)		(698)	896
Foreign exchange differences		(340)	(102)
Retirement benefit liability as at end of the period		**5,391**	**5,446**

ASA India, ASA Pakistan, Lak Jaya, Pagasa Philippines, ASA Nigeria and AMSL are maintaining defined benefit pension plans in the form of gratuity plans at retirement, death, incapacitation and termination of employment for eligible employees. The funds for the plans in ASA Pakistan, Pagasa Philippines, Lak Jaya, ASA Nigeria and AMSL are maintained by the entity itself and no plan assets have been established separately. The funds for the plan of ASA India are being maintained with Life Insurance Corporation of India and the entity's obligation is determined by actuarial valuation. There are no other post-retirement benefit plans available to the employees of the Group.

8.2. Charge for the period

	2021 USD'000	2020 USD'000
Current service cost for the period	(1,156)	(1,282)
Interest cost for the period	(419)	(349)
Impact from change in assumptions (see note 2.5.5)	–	(61)
	(1,575)	(1,692)

8.3. Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 and 31 December 2020 is shown below.

Assumptions

		Discount rate		Future salary increases	
Sensitivity level	Year	1% increase USD'000	1% decrease USD'000	1% increase USD'000	1% decrease USD'000
Impact on defined benefit obligation	2021	(501)	1,384	1389	(513)
	2020	(714)	1,330	1,316	(722)

9. Other operating expenses

The other operating expenses include the following items:

	Notes	2021 USD'000	2020 USD'000
Administrative expenses	9.1.	(25,095)	(20,668)
Professional fees	9.2.	(2,707)	(1,957)
Audit fees	9.3.	(1,406)	(1,365)
International travel		(327)	(298)
Other		(369)	(673)
		(29,904)	(24,961)

9.1. Administrative expenses

	2021 USD'000	2020 USD'000
Office expenses	(3,557)	(2,814)
Transport and representation expenses	(9,405)	(7,079)
Gas, water and electricity	(1,079)	(1,120)
Telecommunications and internet expenses	(2,865)	(2,285)
VAT/Output tax/Service tax	(3,414)	(1,907)
Bank charges	(1,747)	(1,353)
Other administrative expenses	(3,028)	(4,110)
	(25,095)	(20,668)

Office and transport expenses increased compared to last year primarily due to significantly fewer lockdowns in operating countries than 2020 and an increase in branch and staff numbers.

Other administrative expenses include several small items that are smaller than USD 150K on an individual basis.

9. Other operating expenses continued

9.2. Professional fees

	2021 USD'000	2020 USD'000
Professional fees		
Legal services fees	(378)	(397)
Other professional fees	(2,329)	(1,560)
	(2,707)	(1,957)

Other professional fees include fees for various consultants on tax, IT, accounting and actuary valuation services.

9.3. Fees payable to the Group's auditor are analysed as below:

	2021 USD'000	2020 USD'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	(940)	(884)
Fees payable to the Group's auditor for other services:		
Audit of the accounts of subsidiaries	(269)	(246)
Audit-related assurance services	(194)	(225)
Total audit and audit-related assurance services	(1,403)	(1,355)
Other assurance services	(3)	(10)
	(1,406)	(1,365)

10. Exchange rate differences

The Company incurred certain foreign exchange losses on monetary assets denominated in currencies other than the Company's functional currency.

	2021 USD'000	2020 USD'000
Foreign currency losses	(7,530)	(3,952)
Foreign currency gains	5,998	4,458
	(1,532)	506

11. Income tax and withholding tax expense

	2021 USD'000	2020 USD'000
Income tax expense		
Current income tax	(18,844)	(11,009)
Income tax for previous period	477	(28)
Changes in deferred income tax	2,773	7,519
	(15,594)	(3,518)

11.1. Current tax liability

	2021 USD'000	2020 USD'000
Balance as at beginning of period	2,502	6,416
Tax charge:		
Current period	18,844	11,009
Previous period	(477)	28
Tax paid	(14,085)	(14,784)
Foreign exchange adjustment	(519)	(167)
Balance as at end of period	6,265	2,502

11.2. Deferred tax assets

	2021 USD'000	2020 USD'000
Balance as at beginning of period	11,303	3,865
Change during the period	2,488	7,515
Foreign exchange adjustment	(429)	(77)
Balance as at end of period	13,362	11,303

Deferred tax assets are temporary differences recognised in accordance with local tax regulations and with reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

11.3. Deferred tax liability

	2021 USD'000	2020 USD'000
Balance as at beginning of period	–	76
Change during the period	2,296	(74)
Foreign exchange adjustment	–	(2)
Balance as at end of period	**2,296**	–

11.4. Deferred tax relates to:

	2021			2020		
Deferred tax relates to:	Deferred tax assets USD'000	Deferred tax liabilities USD'000	Income statement USD'000	Deferred tax assets USD'000	Deferred tax liabilities USD'000	Income statement USD'000
Allowance for ECL	6,205	–	1,365	4,881	–	4,069
Provision for retirement liabilities	1,505	–	(95)	1,634	–	497
Provision on FX loss	–	(97)	200	–	(482)	(1,785)
Unused tax losses	3,244	–	1,803	1,469	–	1,176
Other temporary differences	1,682	310	254	1,253	654	2,080
IFRS 16 lease	–	(213)	(40)	–	(172)	(234)
Undistributed profit of subsidiary	–	2,296	(2,296)	–	–	–
Modification loss	812	–	(715)	1,695	–	1,715
Other comprehensive income/revaluation of cash flow hedge	(86)	–	(284)	371	–	71
	13,362	2,296	192	11,303	–	7,589

11.5. Reconciliation of the total tax charge

	2021 USD'000	2020 USD'000
Accounting result before tax	25,705	2,578
Income tax expense at nominal rate of consolidated entities	(9,565)	(2,142)
Over/(under) provision for income tax previous year	477	(28)
Net allowable/(non-allowable) expenses	(271)	223
Deferred tax recognised/(not recognised) on losses	(6,191)	(624)
Exempt income	185	116
Tax impact on elimination	(11)	(372)
Other permanent differences	(218)	(691)
Total income tax expense for the period	(15,594)	(3,518)
Weighted average nominal rate of consolidated entities	37%	83%
Consolidated effective tax rate	61%	136%

11.6. Income tax per region

	2021 USD'000	2020 USD'000
Corporate income tax – West Africa	(10,564)	(5,824)
Corporate income tax – South Asia	(4,164)	1,177
Corporate income tax – East Africa	(1,974)	(585)
Corporate income tax – South East Asia	(344)	1,025
Corporate income tax – Non-operating entities	1,452	689
Total income tax per region	(15,594)	(3,518)

11.7. Withholding tax expense

	2021 USD'000	2020 USD'000
Withholding tax on interest income, dividend, royalties and service fees	(1,457)	(455)
Deferred tax on undistributed dividend	(2,296)	–
Total withholding tax expense	(3,753)	(455)

Interest income, dividends, royalties and service fees are subject to withholding tax in certain jurisdictions. The applicable withholding tax rates vary per country and per type of income.

12. Cash at bank and in hand

	2021 USD'000	2020 USD'000
Cash at bank	**87,684**	90,012
Cash in hand	**267**	153
	87,951	90,165

An amount of USD 21.5 million (2020: USD 18.4 million) of cash at bank is restricted and cannot be readily available. Out of this, USD 16.3 million (2020: USD 18.4 million) in the Philippines is restricted as per Securities and Exchange Commission ('SEC') regulations as it relates to Loan Collateral Build Up ('LCBU'), the collection of security collateral from clients of a lending company. LCBU is placed into a segregated account. In Tanzania, USD 5.2 million (2020: nil) is restricted and kept in a separate account as per the Bank of Tanzania requirement for non-deposit-taking microfinance institutions as it relates to security deposits from the clients.

13. Loans and advances to customers

Loans and advances to customers are net of allowance for expected credit loss.

	Notes	2021 USD'000	2020 USD'000
Gross loan portfolio	13.1.	**393,298**	396,605
Interest receivable on loans to customers		**10,700**	14,688
Allowance for expected credit loss	13.2.	**(25,794)**	(25,242)
Unamortised processing fee		**(3,775)**	(2,396)
Net impact of modification loss		**(1,187)**	(3,533)
Net loan portfolio		**373,242**	380,122

13.1. Gross loan portfolio as of 31 December 2021 is USD 393.3 million (31 December 2020: 396.6 million)

Interest receivable on loans to customers is realisable in line with the loan repayment schedules.

ASA India operates a Business Correspondent and partnership model with IDFC First Bank. ASA India operates as agent in a pass-through arrangement, whereby ASA India selects borrowers based on the selection criteria of the BC Partner. After approval of the selected borrowers, the BC Partners disburse the loans through ASA India and ASA India collects the interest and repayments from the borrowers on behalf of the BC Partners. In exchange for these services, ASA India receives service fees and processing fees.

The loans to borrowers of IDFC First Bank and related funding are not recognised on the balance sheet since ASA India has a limited liability for the non-performing loans under this agreement. The service fees for the IDFC portfolio are reported under 'Other operating income' in note 6.

Under the agreements with the BC Partners, ASA India is liable for payment of non-performing loans, which is regarded as a financial guarantee. This liability for IDFC First Bank is reported under 'Provisions' in note 28. This liability is based on the Group's ECL policy as explained in note 2.5.2 taking into account any limits in the liability towards the BC Partners, because it is the best estimate for the expected outflow of cash at the reporting date. The related expense is reported under credit loss expenses in note 7.

ASA India provided security deposits to the BC partners as collateral for the financial guarantees provided. These security deposits are reported under 'Due from banks' in note 14. Other receivables and payables related to the BC model are reported under 'Other assets' and 'Other liabilities'. More information is available in note 2.5.

ASA India has entered into a Direct Assignment ('DA') agreement with the State Bank of India ('SBI'). Under the agreement, the entity transferred a pool of its loans to customers amounting to USD 16.5 million to the SBI against a purchase consideration of USD 14 million, which is 85% of the loan portfolio. 15% is retained by ASA India as the Minimum Retention Rate ('MRR') as per the guidance of RBI. ASA India will continue to collect the instalments from all the borrowers and transfer the amount to the SBI where the SBI will retain collections from 85% of the clients and adjust that with the purchase consideration (borrowings) and repay collections from 15% of the customers to ASA India. The 85% of the pool is hence not recognised in the books of ASA India as the company transferred all significant risks and rewards of such loans to the SBI.

The outstanding loans to borrowers under the BC model and DA model which are not recognised on the balance sheet at 31 December 2021 amounted to USD 35.6 million and USD 1.8 million respectively (2020: USD 45.0 million and USD 3.7 million).

The loan portfolio is after the impact of the modification of financial assets as explained in note 2.5.3.

The following table explains the movement of gross loan portfolio between the stages:

13.2. Allowance for expected credit loss

	Notes	2021 USD'000	2020 USD'000
Balance as at beginning of the period		(25,242)	(4,227)
ECL on loans and advances	7.	(28,227)	(23,410)
ECL on interest receivable		(6,441)	(1,131)
Write-off of loans and interest		32,770	3,526
Exchange rate differences		1,346	–
Balance at end of the period		(25,794)	(25,242)

The key assumptions applied for the expected credit loss provision are explained in note 2.5.2.

The Group provided significant moratorium in 2020 on account of Covid. A large number of loans impacted by the pandemic moved over 365 days in 2021 and were subsequently written off as per Group policy.

The provision for expected credit losses is high due to the increased credit risk profile across the portfolio arising out of the local lockdowns, political instability and economic hardship due to the Covid pandemic in couple of operating entities. This has led to increased arrears and an increased credit risk associated with the length of time. Management have estimated the impact of these factors through a management overlay, the mechanics of which are described in note 2.5.2. Management considered this to be a reasonable best estimate given the available evidence of the impact of these factors on the recoverability of the loans outstanding.

13.3. The breakdown of the allowance for expected credit loss is as follows:

	2021 USD'000	2020 USD'000
ECL on loans and advances	(24,098)	(24,171)
ECL on interest receivable	(1,696)	(1,071)
	(25,794)	(25,242)

13.4. The following tables explain the movement of gross OLP and interest receivable and related provisions in stages

	Stage 1 USD'000		Stage 2 USD'000		Stage 3 USD'000		Total USD'000	
	Gross OLP	ECL	Gross OLP	ECL	Gross OLP	ECL	Gross OLP	ECL
At 1 January 2021	319,122	(1,901)	52,202	(8,258)	25,281	(14,012)	396,605	(24,171)
New assets originated	944,097	–	–	–	–	–	944,097	–
Assets realised	(832,248)	–	(39,701)	–	(22,788)	–	(894,737)	–
ECL charges		(5,577)		1,333		(23,983)		(28,227)
Transfers:								
Stage 1 to Stage 2	(12,975)	77	12,975	(77)	–	–	–	–
Stage 2 to Stage 1	431	(68)	(431)	68	–	–	–	–
Stage 1 to Stage 3	(32,714)	195	–	–	32,714	(195)	–	–
Stage 2 to Stage 3	–	–	(6,447)	1,020	6,447	(1,020)	–	–
Stage 3 to Stage 1	11	(6)	–	–	(11)	6	–	–
Stage 3 to Stage 2	–	–	52	(29)	(52)	29	–	–
Write off	–	–	–	–	(26,954)	26,954	(26,954)	26,954
Fx impact	(23,768)	385	(1,469)	314	(476)	647	(25,713)	1,346
At 31 December 2021	361,956	(6,895)	17,181	(5,629)	14,161	(11,574)	393,298	(24,098)

13. Loans and advances to customers continued

	Stage 1		Stage 2		Stage 3		Total	
	USD'000		USD'000		USD'000		USD'000	
	Gross OLP	ECL	Gross OLP	ECL	Gross OLP	ECL	Gross OLP	ECL
At 1 January 2020	**408,391**	**(916)**	**4,208**	**(1,224)**	**2,922**	**(1,851)**	**415,521**	**(3,991)**
New assets originated	680,772	–	–	–	–	–	680,772	–
Assets realised	(686,973)	–	(2,925)	–	(2,484)	–	(692,382)	–
ECL charges	–	(1,358)	–	(6,797)	–	(15,245)	–	(23,400)
Transfers:								
Stage 1 to Stage 2	(51,176)	244	51,176	(244)	–	–	–	–
Stage 2 to Stage 1	12	1	(12)	(1)	–	–	–	–
Stage 1 to Stage 3	(26,972)	128	–	–	26,972	(128)	–	–
Stage 2 to Stage 3	–	–	(1,735)	8	1,735	(8)	–	–
Write off	–	–	–	–	(3,219)	3,219	(3,219)	3,219
Fx impact	(4,932)	–	1,490	–	(645)	–	(4,087)	–
At 31 December 2020	319,122	(1,901)	52,202	(8,258)	25,281	(14,013)	396,605	(24,171)

	Stage 1		Stage 2		Stage 3		Total	
	USD'000		USD'000		USD'000		USD'000	
	Interest receivable	ECL	Interest receivable	ECL	Interest receivable	ECL	Interest receivable	ECL
At 1 January 2021	10,128	(60)	3,377	(355)	1,183	(656)	14,688	(1,071)
Interest revenue for the year	151,521	–	15,436	–	8,775	–	175,732	–
Realised during the year	(148,617)	–	(15,768)	–	(9,519)	–	(173,904)	–
ECL charges		(117)		(1,331)	–	(4,993)	–	(6,441)
Transfer:								
Stage 1 to Stage 2	(2,028)	12	2,028	(12)			–	–
Stage 1 to Stage 3	(3,518)	21		–	3,518	(21)	–	–
Stage 2 to Stage 1	51	–	(51)	–			–	–
Stage 2 to Stage 3	–	–	(1,949)	205	1,949	(205)	–	–
Stage 3 to Stage 1	3	–	–	–	(3)	–	–	–
Stage 3 to Stage 2			17	(2)	(17)	2	–	–
Write off	–	–	–	–	(5,816)	5,816	(5,816)	5,816
At 31 December 2021	**7,540**	**(144)**	**3,090**	**(1,495)**	**70**	**(57)**	**10,700**	**(1,696)**

	Stage 1		Stage 2		Stage 3		Total	
	USD'000		USD'000		USD'000		USD'000	
	Interest receivable	ECL	Interest receivable	ECL	Interest receivable	ECL	Interest receivable	ECL
At 1 January 2020	3,810	(213)	48	(14)	32	(20)	3,890	(247)
Interest revenue for the year	117,655	–	9,123	–	4,561	–	131,339	–
Realised during the year	(105,408)	–	(9,098)	–	(5,728)	–	(120,234)	–
ECL charges	–	(179)	–	(173)	–	(779)	–	(1,131)
Transfer:								
Stage 1 to Stage 2	(3,376)	189	3,376	(189)	–	–	–	–
Stage 1 to Stage 3	(2,553)	143	–	–	2,553	(143)	–	–
Stage 2 to Stage 3	–	–	(72)	21	72	(21)	–	–
Write off	–	–	–	–	(307)	307	–	307
At 31 December 2020	10,128	(60)	3,377	(355)	1,183	(656)	14,688	(1,071)

14. Due from banks

	Notes	2021 USD'000	2020 USD'000
Due from banks		44,794	52,814
Escrow bank account at Citibank	14.1.	20,465	20,465
		65,259	73,279

14.1. Escrow bank account at Citibank

In certain countries in which the Group operates, Non-Resident Capital Gains Tax ('NRCGT') regimes have been enacted in recent years which may give rise to an NRCGT liability if there is a change of control ('COC') (as defined by relevant local tax authorities) of more than 50% of the underlying ownership of a subsidiary of the Company resident in that country as measured over a rolling three-year period. In each case, the liability is payable by the local subsidiary. A COC of certain of the Group's subsidiaries resulting from the offering to certain institutional and professional investors in view of the admission of the Group to the London Stock Exchange in 2018 (the 'Global Offer'), or thereafter, may trigger NRCGT liabilities in certain jurisdictions for the affected subsidiaries. In connection with the potential NRCGT liability, CMI, being the selling shareholder at the time of the listing of the Group on 13 July 2018, agreed upon admission to place USD 20 million of its net proceeds from the sale of shares in the Global Offer in an escrow account for the sole benefit of the Company (the 'Escrow Account'). The Escrow Amount may be applied to fund NRCTG liabilities in accordance with the escrow deed dated 29 June 2018 between, inter alia, CMI and the Company. The Escrow Account is established in the name of the Company and is therefore presented as part of 'Due from banks'. The beneficial ownership of these funds, including any interest accrued thereon and less any expenses, rests with CMI because the Company will need to return all remaining funds to CMI in accordance with the terms of the escrow deed. Therefore, the same amount is presented as a liability to CMI under 'Other liabilities'.

15. Equity investments at FVOCI

	2021 USD'000	2020 USD'000
MFX Solutions, LLC		
Balance at the beginning of the period	238	232
(Loss)/gain on revaluation	(1)	6
Balance at the end of the period	237	238

The Group purchased 153,315 shares of MFX Solutions, LLC USA on 7 April 2017. This represents 1% of the total number of issued shares of 15,331,330. The purchase price per share was USD 1.3045. The investment has been classified as equity investment and valued at fair value. The fair value has been classified as level 2. The Group opts to report the changes in fair value through OCI.

16. Property and equipment

Property and equipment consists of land and buildings, office furniture and equipment. Depreciation policies are described in detail in the accounting policies. The movements are as follows:

	2021 Furniture & fixtures USD'000	2021 Vehicles USD'000	2021 Office equipment including IT USD'000	2021 Buildings USD'000	2021 Total USD'000	2020 Furniture & fixtures USD'000	2020 Vehicles USD'000	2020 Office equipment including IT USD'000	2020 Buildings USD'000	2020 Total USD'000
Cost at the beginning of the period	1,999	400	8,621	1,306	12,326	1,867	371	8,042	1,149	11,429
Accumulated depreciation at the beginning of the period	(1,366)	(298)	(5,908)	(137)	(7,709)	(1,123)	(250)	(4,623)	(102)	(6,098)
Carrying value at the beginning of the period	633	102	2,713	1,169	4,617	744	121	3,419	1,047	5,331
Additions during the period at cost	168	6	1,539	–	1,713	160	33	697	91	981
Foreign currency adjustment	(107)	(21)	(467)	(77)	(672)	(14)	(6)	(99)	66	(53)
Disposal during the period	(377)	(65)	(210)	–	(652)	(14)	2	(19)	–	(31)
Depreciation during the period	(254)	(39)	(1,667)	(25)	(1,985)	(251)	(50)	(1,453)	(28)	(1,782)
Adjustment of depreciation for disposals	370	61	186	(4)	613	6	–	129	–	135
Foreign currency differences	84	24	334	9	451	2	2	39	7	36
Carrying value at the end of the period	517	68	2,428	1,072	4,085	633	102	2,713	1,169	4,617
Cost at the end of the period	1,683	320	9,483	1,229	12,715	1,999	400	8,621	1,306	12,326
Accumulated depreciation at the end of the period	(1,166)	(252)	(7,055)	(157)	(8,630)	(1,366)	(298)	(5,908)	(137)	(7,709)
Carrying value at the end of the period	517	68	2,428	1,072	4,085	633	102	2,713	1,169	4,617

17. Right-of-use assets and lease liability

	2021 USD'000	2020 USD'000
Right-of-use assets at the beginning of the period	**5,195**	5,882
Additions during the period	**4,265**	3,588
Amortisation during the period	**(4,398)**	(4,428)
Exchange rate differences	**(31)**	153
Right-of-use assets at the end of the period	**5,031**	5,195

	2021 USD'000	2020 USD'000
Lease liability at the beginning of the period	**3,629**	3,981
Interest expense of lease liability	**301**	276
Additions of lease liabilities during the period	**4,265**	3,588
Payment of lease liabilities	**(4,680)**	(4,389)
Exchange rate differences	**(56)**	173
Lease liability at the end of the period	**3,459**	3,629

The Group recognises leased office premises under right-of-use assets.

Between January and December 2021, the Group entered into 984 new contracts and renewal contracts. This excludes the new/renewal contracts of Ghana, Nigeria and Tanzania as they have fully prepaid contracts and are not impacted by IBRs. A sensitivity analysis of a 50% increase in the IBR rates for those contracts gives a total impact in the net asset of negative USD 31K and in net profit of negative USD 31K, which is insignificant.

18. Other assets

The other assets comprise of the following:

	Notes	2021 USD'000	2020 USD'000
Receivables from related parties	18.1.	**70**	397
Prepayments		**2,157**	2,227
Employee advances		**1,856**	2,214
Advance income tax		**2,150**	3,432
Security deposit		**236**	137
Receivables under off-book BC model (ASA India)	18.2.	**762**	2,187
Insurance claim receivable		**260**	577
Interest receivable on due from banks		**457**	550
Receivable against DA		**15**	307
Other receivables	18.3.	**976**	1,572
		8,939	13,600

Prepayments and employee advances are in line with security against housing contracts, funding agreements and employee receivables.

Advance income tax will be set off against current tax payable after completion of the tax assessment.

18. Other assets continued

18.1. Receivables from related parties

	2021 USD'000	2020 USD'000
Sequoia BV	53	52
MBA Philippines	5	225
ASAI Cambodia Holdings	–	108
Catalyst Investment Management services	12	6
CMI International Holding	–	6
	70	397

The receivables from related parties are short-term in nature and do not accrue interest.

18.2. Receivable under off-book BC model is presented net of impairment. Gross amount receivable under off-book BC model is USD 2.08 million (2020: 2.19 million).

18.3. Other receivables includes various advances in relation to employees' insurance, receivable from VAT and service tax authorities etc. Individually, none of the advances are over USD 150K.

19. Derivatives

	2021 USD'000	2020 USD'000
Forward contracts	3,143	–
Swap agreements	823	708
Derivative assets total	3,966	708
Forward contracts	(602)	(2,147)
Swap agreements	–	–
Derivative liabilities total	(602)	(2,147)
Total derivatives at fair value	3,364	(1,439)

19.1. The Group is holding the following foreign exchange forward contracts:

As of 31 December 2021

	Maturity				
	<30 days	1-3 months	3-12 months	>12 months	Total
Pakistan					
Notional amount (in USD)	2,900	11,999	29,213	–	44,112
Average forward rate (USD/PKR)	171	168	180	–	173
Carrying amount (in USD)	104	838	2,201	–	3,143
Myanmar					
Notional amount (in USD)	1,000	2,000	–	–	3,000
Average forward rate (USD/KYAT)	1,947	1,942	–	–	1,945
Carrying amount (in USD)	(77)	56	–	–	(21)
Tanzania					
Notional amount (in USD)	500	800	–	–	1,300
Average forward rate (USD/TZS)	2,346	2,541	–	–	2,444
Carrying amount (in USD)	(5)	(76)	–	–	(81)
Sierra Leone					
Notional amount (in USD)	–	–	2,000	–	2,000
Average forward rate (USD/SLL)	–	–	13,396	–	13,396
Carrying amount (in USD)	–	–	(117)	–	(117)
Zambia					
Notional amount (in USD)	–	–	–	750	750
Average forward rate (USD/ZMW)	–	–	–	32	32
Carrying amount (in USD)	–	–	–	(383)	(383)

As of 31 December 2020

	Maturity				
	<30 days	1-3 months	3-12 months	>12 months	Total
Pakistan					
Notional amount (in USD)	–	4,000	22,800	–	26,800
Average forward rate (USD/PKR)	–	168	174	–	171
Carrying amount (in USD)	–	(166)	(787)	–	(953)
Myanmar					
Notional amount (in USD)	1,000	–	800	3,000	4,800
Average forward rate (USD/KYAT)	1,630	–	1,808	1,944	1,794
Carrying amount (in USD)	(215)	–	(238)	(620)	(1,073)
Tanzania					
Notional amount (in USD)	–	4,000	–	–	4,000
Average forward rate (USD/TZS)	–	2,372	–	–	2,372
Carrying amount (in USD)	–	(70)	–	–	(70)
Sierra Leone					
Notional amount (in USD)	–	–	–	2,000	2,000
Average forward rate (USD/SLL)	–	–	–	13,396	13,396
Carrying amount (in USD)	–	–	–	(51)	(51)

Please see notes 36 and 37 for more information.

19.2. The Group also holds the below swap contracts:

		2021 USD'000	2020 USD'000
Cross-currency interest rate swap	Notional value	**16,104**	16,482
	Carrying value	**823**	708

At 31 December 2021, the Group had three cross-currency interest rate swap agreements in place.

A swap agreement with a notional amount of USD 3 million was entered on 25 July 2019 by ASA India whereby ASA India pays a fixed rate of interest of 11.8% in Indian Rupee (INR) and receives interest at a variable rate equal to six-month USD LIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six-month USD LIBOR +4.3% USD loan.

A swap agreement with a notional amount of EUR 10 million on 9 December 2019 by the same whereby ASA India pays a fixed rate of interest of 12.55% in Indian Rupee and receives interest at a variable rate equal to six-month EURIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six-month EURIBOR +4.3% EUR loan.

A swap agreement with a notional amount of USD 1 million was entered on 7 July 2021 by ASA Sierra Leone whereby ASA Sierra Leone pays a fixed rate of interest of 19.09% in SLL and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

The applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows, using future exchange rates and discounting them with the appropriate interest rate curves. These derivative contracts are classified as Level 2 financial instruments.

20. Intangible assets and goodwill

	Goodwill USD'000	Intangible assets USD'000	Total USD'000
Cost			
At 1 January 2020	34	–	34
Additions	–	–	–
Fx movement	(1)	–	(1)
At 31 December 2020	33	–	33
Additions	–	452	452
Fx movement	(3)	–	(3)
At 31 December 2021	**30**	**452**	**482**

Goodwill arose from the acquisition of Lak Jaya by CMI Lanka in 2008.

For the year 2021, an impairment assessment on the remaining goodwill concluded that goodwill remains unchanged. The main factors considered for this assessment are: (i) expected growth in profitability; (ii) quality of the loan portfolio; and (iii) regulatory status of Lak Jaya, the subsidiary of CMI Lanka.

20. Intangible assets and goodwill continued

The intangible asset includes initial investments on a new project to develop a Digital Financial Services ('DFS') platform. A pilot is expected to take place in Ghana before year-end 2022 and, if successful and upon Central Bank approval, this will be followed by the launch of a range of digital financial and other services to support the growth of small businesses. These DFS will add a digital channel to the existing branch model. The DFS will be offered to its clients through a smartphone app, where clients will be able to apply online for loans and other financial services like a current account and a savings or deposit account. As part of the DFS, ASAI is also developing a Supplier Marketplace app ('SMP') where clients can purchase goods for their shops. SMP will be a separate app but is part of the DFS model to retain and attract loan and savings clients and generate payment transactions that generate commissions.

For the introduction of current accounts and savings and deposit accounts and other digital services to our clients, ASAI needs to add a Core Banking System ('CBS') to its IT infrastructure. ASAI has obtained a ten-year licence to the Temenos Financial Inclusion suite, which is an off-the-shelf CBS system.

21. Issued capital

	2021 USD'000	2020 USD'000
ASA International Group plc 100 million shares of GBP 0.01 each	**1,310**	1,310
	1,310	1,310

No movements in issued capital during 2020 and 2021.

22. Retained earnings

Total retained earnings are calculated as follows:

	2021 USD'000	2020 USD'000
Balance at the beginning of the period	**147,291**	148,011
Disposal of ASA Consultancy Limited and ASA Cambodia Holdings	**(673)**	–
Result for the period	**8,787**	(720)
Balance at the end of the period	**155,405**	147,291
Profit for the period		
Attributable to equity holders of the parent	**8,787**	(720)
Non-controlling interest	**(2,429)**	(675)
	6,358	(1,395)

Part of retained earnings relates to NGOs which are consolidated in these financial statements. The retained earnings of these NGOs cannot be distributed to their respective members. Retained earnings relating to NGOs amounted to USD 1.7 million at 31 December 2021 (2020: USD 1.5 million).

ASA S&L, ASA India, ASHA Nigeria and ASAI NV have statutory requirements to add a percentage of the net profits to a legal reserve. Therefore, part of retained earnings cannot be distributed to shareholders. Retained earnings relating to these legal reserves amounted to USD 18.1 million in December 2021 (2020: USD 13.0 million).

No dividend is declared in 2021.

23. Other reserves

Total other reserves are calculated as follows:

	Notes	2021 USD'000	2020 USD'000
Balance at the beginning of the period		**(718)**	(147)
Actuarial gains and losses on defined benefit liabilities	8.1.	**698**	(896)
Movement in hedge accounting reserve		**1,381**	322
(Loss)/gain on revaluation of MFX investment	15.	**(1)**	6
Others		**(365)**	(3)
Balance at the end of the period		**995**	(718)

24. Foreign currency translation reserve

The translation of the Company's subsidiaries and overseas branches from local currency into the Company's presentation currency (USD) results in the following currency translation differences:

	2021 USD'000	2020 USD'000
Balance at the beginning of the period	(43,091)	(41,044)
Translation of assets and liabilities of subsidiaries to USD	(11,596)	(2,047)
Disposal of ASA Consultancy and ASA Cambodia Holdings	555	–
Balance at the end of the period	(54,132)	(43,091)

25. Debt issued and other borrowed funds

	Notes	2021 USD'000	2020 USD'000
Debt issued and other borrowed funds by operating subsidiaries	25.1.	244,788	269,132
Loan from Symbiotics-managed funds (ASAIH/ASAI NV)	25.2.	29,000	20,000
Loan from Oikocredit (ASAIH)	25.3.	7,500	3,500
Loan from OPIC (ASAIH)	25.4.	5,000	20,000
Loan from BIO (ASAIH)	25.5.	10,000	10,000
Loan from OeEB (ASAIH)	25.6.	13,125	10,000
Loan from Citi (ASAI NV)	25.7.	5,000	5,000
Interest payable on third-party loans		4,261	4,554
		318,674	342,186

25.1. Breakdown of borrowings by operating subsidiaries are shown below:

	2021 USD'000	2020 USD'000
ASA India	94,911	139,109
PPFC	45,042	50,340
ASA Pakistan	47,844	36,037
ASA Tanzania	23,815	8,232
ASA Kenya	8,580	7,786
ASA S&L	2,929	4,619
ASA Myanmar	11,977	11,697
ASA Uganda	4,380	3,354
Lak Jaya	2,767	4,310
ASA Nigeria	–	2,782
Others	2,543	866
	244,788	269,132

Most of the loan agreements are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. Some subsidiaries did not fulfil some of the ratios as required in contracts. Out of total loans of USD 314 million, USD 131 million had breached loan covenants as at year end. The Group was able to receive waivers from most of the lenders. As of 31 December, the balance for credit lines with breached covenants and which does not have waivers amounts to USD 111 million, out of which waivers have been subsequently received for USD 36.7 million. Due to these breaches of covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding loan amounts. The outstanding balance is presented as on demand as at 31 December 2021.

The lenders have not requested any early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management is in the process of renegotiating to get waivers for the remaining balance.

25.2. Loan from Symbiotics-managed funds (ASAIH/ASAI NV)

ASAIH entered into loan agreements with three investment funds managed by Symbiotics SA in November 2018 for a total amount of USD 5 million (the 'Symbiotics loans'). ASAIH took a new loan of USD 5 million on July 2019 at 6.25%. In October 2019, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA for a total amount of USD 4.5 million at 6.15%. In March 2020, ASAI NV received an additional USD 5.5 million at 6.15%. In November 2021, ASAI NV received an additional USD 10 million at six-month LIBOR +4.75% per annum. All the loans will be repaid within three years of disbursement.

25.3. Loan from Oikocredit (ASAIH)

On 12 July 2018, ASAIH entered into a new agreement with Oikocredit for a credit line of USD 7.5 million which has been fully drawn as of December 2019. The term of this credit line is five years. Interest on the loan is six-month LIBOR or 3.5%, whichever is lower, plus a margin of 3% for the direct loan and 2.5% for the credit line.

25.4. Loan from OPIC (ASAIH)

ASAIH entered into an agreement with OPIC in 2016 for a loan amount of USD 20 million, of which USD 5 million was drawn in December 2016, USD 5 million was drawn in July 2017 and another USD 10 million was drawn on November 2017. The term of this loan is five years. Interest amounts to the US Treasury Constant Maturity Yield +4.25% per annum.

25. Debt issued and other borrowed funds continued

25.5. Loan from BIO (ASAIH)

ASAIH entered into a USD 10 million subordinated loan agreement with Belgian Investment Company for Developing Countries SA/NV ('BIO') in December 2019. The term of this loan is seven years. Interest amounts to LIBOR +5.9% per annum.

25.6. Loan from OeEB (ASAIH)

ASAIH entered into a USD 15 million loan agreement with Oesterreichische Entwicklungsbank Ag ('OeEB') in March 2020 of which USD 10 million is drawn up to June 2020. The loan is repayable in eight equal instalments and the term of this loan is five years. Interest amounts to LIBOR +3.5% per annum. ASAI NV is also a co-borrower of the loan.

25.7. Loan from Citi (ASAI NV)

ASAI NV entered into a USD 10 million loan agreement with CITIBANK, N.A., JERSEY BRANCH ('Citi') on October 2020. The term of this loan is 30 months. Interest amounts to LIBOR +4.55% per annum. ASAIH is also a co-borrower of the loan. USD 5 million has been drawn until December 21.

26. Due to customers

Clients of the Company's subsidiaries contribute to a 'security deposit fund'. These deposits can be withdrawn partly by clients but not in the full amount unless the client has fully repaid the outstanding loan balance.

	2021 USD'000	2020 USD'000
Clients' security deposits	**73,518**	68,103
Clients' voluntary savings	**14,294**	12,071
	87,812	80,174

Clients can deposit voluntary savings where the subsidiary has a licence to do so. The rate of interest on client security deposits and client voluntary savings amount to 8% in Ghana and 7% in Nigeria. In ASA Myanmar the interest rate on voluntary savings is 10% and for compulsory savings 14%. ASA Rwanda provides 6% interest on voluntary savings.

27. Other liabilities

	Notes	2021 USD'000	2020 USD'000
Other liabilities are as follows:			
Security deposits		**2,630**	2,366
Other deposits		**418**	518
Liability for death and multipurpose risk funds		**211**	354
Accrued expenses		**921**	1,362
Accrued audit fees		**1,192**	928
Taxes payable, other than corporate income tax		**2,830**	1,465
Amount due to employees		**1,111**	1,354
Amount due to related parties	27.1.	**102**	518
Liability to CMI regarding Escrow Account at Citibank	14.1.	**20,465**	20,465
Liabilities under off-book BC model (ASA India)		**364**	1,638
Liabilities under off-book DA model (ASA India)		**133**	502
Industrial training fund		**191**	221
Other liabilities	27.2.	**2,369**	2,164
		32,937	33,855

Security deposits mainly relate to deposits taken from employees as a form of security. Other deposits relate to various smaller deposits in different countries.

27.1. Amount due to related parties

	2021 USD'000	2020 USD'000
CMI	–	1
Sequoia BV	24	60
MBA Philippines	78	457
	102	518

27.2. Other liabilities include various smaller accruals and provisions for various entities in the Company. Individually none of the payables are over USD 150K.

28. Provisions

	2021 USD'000	2020 USD'000
Provision for financial guarantees under off-book BC model (ASA India)	1,675	2,248
	1,675	2,248

Provision for financial guarantees includes expected credit loss provision against the off-book BC portfolio in India. The maximum credit loss under financial guarantee is 5% of OLP. For details on the Group's ECL policy see note 2.5.2. As at 31 December 2021, stage 3 loans under this portfolio amount to USD 9.8 million (2020: USD 3.0 million).

29. Additional cash flow information

29.1. Changes in operating assets

	2021 USD'000	2020 USD'000
Loans and advances to customers	(89,112)	(2,374)
Movement in due from banks	5,500	(36,587)
Movement in restricted cash	(4,168)	1,551
Movement in right-of-use assets	(4,265)	(3,588)
Other assets excluding income tax advances	3,268	(1,515)
	(88,777)	(42,513)

29.2. Changes in operating liabilities

	2021 USD	2020 USD
Due to customers	13,024	2,768
Other liabilities	(2,925)	2,469
Retirement benefit	(592)	(413)
Movement in lease liability	4,265	3,588
Movement in provisions	(768)	2,031
	13,004	10,443

29.3. Non-cash items

	2021 USD'000	2020 USD'000
Depreciation on:		
– Property and equipment	1,985	1,782
– Right-of-use assets	4,398	4,428
Interest expense on lease liability	301	276
Credit loss expense	37,509	27,250
Write-off of portfolio	32,965	3,342
Fair value movement of forward contracts	(3,422)	(62)
Charge against defined benefit plan	1,575	1,692
Foreign exchange result	1,532	(506)
	76,843	38,202

29. Additional cash flow information continued

29.4. Reconciliation of cash and cash equivalents

	2021 USD'000	2020 USD'000
Cash and cash equivalents as per cash flow statement	66,409	71,733
Restricted cash in PPFC and ASA Tanzania	21,542	18,432
Cash at bank and in hand as per balance sheet	87,951	90,165

30. Risk management

30.1 General

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to certain risk limits and other controls as described in the paragraphs below. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is, amongst others, exposed to business risk, operational risk, IT risk, finance risk, and legal and compliance risk.

The independent risk control process does not include business risks such as changes in demand, technology and industry. These changes are monitored through the Group's strategic planning process.

30.2 Risk management structure

The Group's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The Group's risk management framework is based on its three lines of defence model, which has been adopted at both the Group level and at each of the subsidiaries. The Group's objectives in using the three lines of defence model include: identifying risk areas and minimising loss; protecting its clients by minimising financial risk; protecting the interests of its shareholders and investors; preserving its branches, data, records and physical assets; maintaining its business and operational structure; enforcing a standard operational procedure for managing risk; and providing guidelines in line with internationally accepted risk management principles. The first line of defence is the team, person or department that is responsible for executing particular tasks/activities, as well as for mitigating any related risks. The second line of defence is comprised of management of the respective departments and personnel that oversee the first line of defence and provide expertise in risk management to help develop strategies, policies and procedures to mitigate risks and implement risk control measures. The third line of defence is the Internal Audit department, which evaluates and improves the effectiveness of the risk management, control and governance processes through independent verification of risk control measures. The Internal Audit department is based in the country head office of each of the Group's microfinance institutions and audits each branch twice a year.

The Group's risk management philosophy is to promote a comprehensive risk management strategy to maintain a sustainable financial institution. This strategy is achieved by adapting an integrated approach to risk management where clear communication and consensus establish the foundation of the Group's risk management philosophy. To ensure that the Group's philosophy is implemented across its various departments, there is a clear segregation of duties between operational and risk management functions in the country head office of each of the Group's microfinance institutions as well as at the Group level.

The Group's risk culture is based on its values, beliefs, knowledge, attitudes and understanding of risk across its various countries. The Group assesses its risk culture by identifying and evaluating its quantifiable and non-quantifiable risks. The Group's risk management principles allow it to effectively balance its risk and reward by aligning its risk appetite with its business strategy.

The Group evaluates its risk appetite on a quarterly basis. The Group first identifies and reports its risk appetite at the microfinance institution level, where a financial target is established and a risk appetite statement is produced by each microfinance institution and submitted for consideration to senior management at the Group's corporate headquarters. At the Group's corporate headquarters, each microfinance institution's risk appetite report is evaluated, and the Group establishes an overall risk appetite that is later implemented across its countries.

The Covid crisis has caused numerous challenges for the Group that include difficulties in disbursements, collection of reimbursements and meeting with clients face-to-face, and reorganising internal systems and flow of work. The Group offered rescheduling of loans in most of the markets during the national lockdowns. Communication and interaction with clients changed dramatically during the pandemic. This resulted in an increase in credit loss provisions and ultimately significant loans were written off (refer to note 13.2).

As it was hard to make regular site visits for due diligence and monitoring, the Group started to use various ways of communication with field offices and clients such as Skype, Zoom, WhatsApp or Viber, and adjusted certain procedures and requirements to match the current situation, for example substituting physical documents with electronic documents when it is practical and allowed. Adequate credit loss provisions are made to cater for the increased bad loans.

The Group's key risk management areas are business risk, operational risk, IT risk, finance risk, and legal and compliance risk.

Risk category	Definition	Risks	Description
Business risk	Business risk is an organisation's exposure to factors that will lower its profit or lead it to fail. Anything that threatens a company's ability to achieve its financial and operational goals is considered a business risk.	Growth risk	Risks and challenges associated with the Group's operational expansion.
		Competition risk	Risks that the Group might face for not responding to the competitive environment or failing to meet customer needs.
		Reputation risk	Risk to earnings or capital arising from negative public opinion.
		Climate-related risk	Risk related to potential negative impact of climate change on the organisation.
		Health and environmental risk	Risk arising from the threat of natural disasters and viral diseases.
Operational risk	Operational risk refers to uncertainties a company faces when it attempts to do its day-to-day business activities. It can result from breakdowns in internal procedures, people and systems.	Transaction risk	Human or system errors within the Group's daily product delivery and services.
		Human resource risk	Likelihood of negative results due to a failure within its human resource department.
		Fraud and integrity risk	Risk of incidents of fraud and misappropriation by staff or clients.
IT risk	Information technology risk is any threat to business data, critical systems and business processes due to IT failure. It is the risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an organisation.	IT business continuity	This risk refers to loss of data in case of a catastrophic event.
		System vulnerability	This risk refers to the vulnerability of our IT system to different type of cyber-attacks.
		Network availability	Risk of inadequate internet connectivity for running real-time branch operations.
		IT support/JIRA issues	Risk of delay in resolving IT-related issues which may negatively impact the operations.
		System access control	Risk of misuse of system access.
		IT fraud risk	Risk of fraud due to control gap in IT system and processes.
		Data migration risk	Risk of loss of data during the time of data migration.
Finance risk	The Group experiences financial risks such as credit risk, liquidity risk, exchange rate/currency risk and interest rate risk which can adversely impact the earnings of the company.	Credit risk	Risk that the Group will incur a loss because its clients or counterparties fail to discharge their contractual obligations.
		Liquidity risk	Risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.
		Exchange rate risk	Possibility of financial loss to the Group arising from adverse movements in foreign exchange rates.
		Interest rate risk	Risk arising from the possibility of change in the value of assets and liabilities because of changes in market interest rates.
Legal and compliance risk	Financial and other losses the Group may suffer as a result of regulatory changes or failure to comply with applicable laws and regulation.	Local regulation	Risk of non-compliance to local regulation.
		Change of policy	Risk of negative impact arising from change in policies by regulatory authorities.
		Product transparency	Risk of negative public opinion for not

30. Risk management continued

30.3 Risk mitigation

Business risk

The Group manages its business risks by adopting various mitigation strategies at the Group level as well as at the subsidiary level. While setting growth targets, the Group remains prudent as uncontrolled growth may lead to increased overdue. Sites for new branches are selected after a thorough assessment as per the operational manual.

When it comes to competition, the Group continuously monitors client satisfaction and focuses on tailoring its products according to client needs. In order to safeguard its reputational risk, the Group ensures that staff meet the highest standards in terms of client protection principle and business transparency.

Risk of climate change is thoroughly assessed by the Group. The Group has started the process of collecting its carbon emission data to determine the major emission sectors, so a carbon management plan can be put in place to reduce emissions. During the year the Group's operations were adversely impacted by the Covid pandemic; however, it was mitigated by proactively amending operational procedures in order to adapt to changing conditions.

Operational risk

Transaction risk is mitigated by strictly following operational procedures and ensuring thorough monitoring by supervisors. Human resource risk is mitigated by attracting, retaining and developing staff by providing competitive remuneration structures and long-term career opportunities, and by investing in training and development of all staff. The Company evaluates its human resource risk by observing the availability of skilled staff within its compensation bands as well as compliance and regulatory issues that impact staff, including visas or employment permits needed for its expatriate staff.

IT risk

The rise of the knowledge economy and the digital revolution has led to organisations becoming increasingly dependent on information, information processing and especially IT. IT business continuity is ensured by the Group by maintaining secure data centres with disaster recovery sites either on premises or on cloud. System vulnerability is regularly assessed and it is ensured that virus guards, firewalls and other security measures are up to date. Adequate internet connectivity is provided at all the branches to ensure smooth running of operations; redundant internet connectivity is provided at head office level. IT issues are addressed through the JIRA issue management software based on priority. A strong password policy is in place to prevent unauthorised system access and awareness is spread regarding the prohibition of password sharing.

Finance risk

Regarding credit risk, the Group adheres strictly to the operating procedures of the ASA Model, which includes setting limits on the amount of risk it is willing to accept for each individual borrower, taking a security deposit where it is customary and allowed under the current licence, preventing over-borrowing and preventing excessive geographic concentration. The Group continuously monitors changes in the portfolio and will take immediate action when changes occur.

As for liquidity risk, the Company is diversified across thirteen countries, remains well funded and continues to have good access to a wide range of funding sources both at local and holding level. The Company maintains solid relationships with its debt providers who continued to show strong interest to fund its operations both locally and at the holding level.

The Group manages its currency risk through natural hedging, i.e. by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities, and by obtaining funding denominated in local currency. For USD funding to the subsidiaries the Company will continue to ensure that close to 100% of its currency exposure is hedged.

The Group's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates in those countries where there is a limit on the amount of interest it may charge.

Legal and compliance risk

New changes are proactively discussed with regulators; new requirements (such as minimum capital requirements) are timely implemented; and the Company's ASA Model and digital strategy is proactively discussed with different authorities in order to be well understood when new regulations are being proposed and drafted. The Group closely monitors the political developments in countries like India and Myanmar.

Proven microfinance methodology

The microfinance model followed by the Group is based on several core principles: (i) standardised loan products; (ii) basic voluntary deposit services; (iii) effective and rigid procedures for cost-effective delivery of microcredit and limited deposit services; and (iv) zero tolerance on the late deposit of loan instalments for loan officers. Each of the microfinance operating entities owned and/or controlled by the Group have adopted and implemented an internal operational manual. The operational manuals set forth the principles and guidelines for managing the microfinance portfolios in the various countries. They contain detailed procedures regarding the credit methodologies and operating procedures.

These procedures, that are largely similar for all MFIs lending to micro-entrepreneurs, have the following features – including, but not limited to:

- Lending predominantly to low-income, female micro-entrepreneurs.
- Group selection without joint liability.
- Loans granted exclusively for income-generating activities.
- Full repayment via instalments before eligibility for new loan.
- No incentive or bonus payments for operating staff.
- Frequent client interactions through weekly collections.
- Ongoing assessment of client needs, benefits and satisfaction.
- Repeat loan cycles with set limits.
- Low ticket size.
- Standardised credit approval lending procedures, and standardised internal monitoring and audit procedures.

The principles and procedures described above are based on the credit methodologies and operating procedures that are part of the ASA Model of microfinance.

General risk mitigation

Risk concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Group is focused on maintaining a diversified loan portfolio, by means of operating in different geographic areas (also within each country). Identified concentrations of credit risks are controlled and managed locally according to the operational procedures above. The Group does not, in principle, use collateral or guarantees, to reduce its credit risks (apart from the client security deposit where permitted).

30.4 Financial risks

30.4.1 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual, which includes setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Maximum exposure to credit risk

The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Group's statement of financial position except off-book BC portfolio where the risk is determined as per contract with BC partners. As mentioned above, the Group reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various countries and continents. At present the Group invests in West Africa, East Africa, South Asia and South East Asia.

Maximum exposure to credit risk

	2021 USD'000	2020 USD'000
Cash and cash equivalents (excluding cash in hand)	87,684	90,012
Loans and advances to customers	373,242	380,122
Customer security deposit	(73,518)	(68,103)
Off-book portfolio (BC model)[1]	1,675	2,248
Due from banks	65,259	73,279
Other assets	8,598	8,649
Maximum credit exposure	**462,940**	486,207

1 Credit risk on off-book BC model portfolio is restricted to 5% of the outstanding portfolio

Customer security deposits are cash collateral and are presented as part of Due from customers in the statement of financial position. These security deposits are considered as collateral for the loans to customers and therefore reduce the credit risk on these loans.

There are no significant concentrations of credit risk through exposures to individual customers, specific industry/sectors. On an entity level, ASA India holds 20% of the Group's credit exposure in 2021 (2020: 34%). Management regularly monitors the concentration risk and manages loan distribution if required.

30. Risk management continued

30.4.1 Credit risk continued

Geographic distribution of maximum credit exposure as at 31 December 2021.

	Cash and cash equivalents (excluding cash in hand) USD'000	Loans and advances to customers USD'000	Customer security deposit USD'000	Due from banks USD'000	Other assets USD'000	Off-book portfolio (BC model) USD'000	Total
West Africa	19,584	95,507	(34,731)	15,262	891	–	96,513
East Africa	13,167	64,188	(17,012)	2,500	341	–	63,184
South Asia	7,970	150,364	(2,464)	23,032	6,070	1,675	186,647
South East Asia	31,753	63,183	(19,311)	4,000	988	–	80,613
Non-operating entities	15,210	–	–	20,465	308	–	35,983
Maximum credit exposure	**87,684**	**373,242**	**(73,518)**	**65,259**	**8,598**	**1,675**	**462,940**

Geographic distribution of maximum credit exposure as at 31 December 2020.

	Cash and cash equivalents (excluding cash in hand) USD'000	Loans and advances to customers USD'000	Customer security deposit USD'000	Due from banks USD'000	Other assets USD'000	Off-book portfolio (BC model) USD'000	Total
West Africa	7,617	78,767	(29,546)	16,590	995	–	74,423
East Africa	8,955	45,056	(12,998)	2,486	258	–	43,757
South Asia	24,453	180,701	(2,610)	30,738	5,409	2,248	240,939
South East Asia	32,805	75,598	(22,949)	3,000	1,506	–	89,960
Non-operating entities	16,182	–	–	20,465	481	–	37,128
Maximum credit exposure	90,012	380,122	(68,103)	73,279	8,649	2,248	486,207

The Group provides direct lending to customers through the MFIs (owned and controlled by it). In addition, the Group accepts savings in the countries where it has a deposit-taking licence.

Credit risk from lending as at 31 December 2021

				Total direct lending/IFRS 9 stages		
	Due from banks[1] USD'000	Gross Loans and advances to customer USD'000	Total lending USD'000	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	15,262	95,879	111,141	92,675	1,400	1,805
East Africa	2,500	66,630	69,130	64,937	206	1,486
South Asia	23,032	164,005	187,037	142,015	12,014	9,977
South East Asia	4,000	66,784	70,785	62,329	3,561	893
Non-operating entities	20,465	–	20,465	–	–	–
Total	**65,259**	**393,298**	**458,558**	**361,956**	**17,181**	**14,161**
ECL provision	–	(24,098)	(24,098)	(6,895)	(5,629)	(11,574)
Coverage ratio[2]		6.1%	5.3%	1.9%	32.8%	81.7%

1 Due from banks are neither past due nor credit impaired.
2 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount.

Credit risk from lending as at 31 December 2020

				Total direct lending/IFRS 9 stages		
	Due from banks[1] USD'000	Gross Loans and advances to customer USD'000	Total lending USD'000	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	16,590	79,499	96,089	76,888	620	1,991
East Africa	2,485	46,189	48,674	40,057	2,476	3,656
South Asia	30,738	190,086	220,824	149,086	23,931	17,069
South East Asia	3,000	80,831	83,831	53,091	25,175	2,565
Non-operating entities	20,465	–	20,465	–	–	–
Total	73,278	396,605	469,883	319,122	52,202	25,281
ECL provision	–	24,172	24,172	1,901	8,258	14,013
Coverage ratio[2]		6.1%	5.1%	0.6%	15.8%	55.4%

1 Due from banks are neither past due nor credit impaired.
2 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount.

Overview of modified loans

In 2021, the Group provided one-year moratoriums to approximately 30% of the clients in India, who were offered to benefit from the one-time debt restructuring scheme established by the Reserve Bank of India ('RBI'). In addition, multiple periodical moratoriums were provided to clients in Myanmar and Sri Lanka as those entities faced multiple national and/or local lockdowns on account of Covid. Also, the Group provided additional moratoriums in multiple branches in Myanmar where business has been disrupted due to political instability since the army took over control of the government in February 2022, which resulted in sporadic violence between the army and the opposition.

The modification itself was not deemed to be an indicator of Significant Increase in Credit Risk ('SICR').

The outstanding balance of modified loans at 31 December 2021 is presented below:

2021

	USD'000			
Entity	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
India	**19,650**	**10,401**	**6,494**	**36,545**
Myanmar	**7,812**	**2,788**	**165**	**10,765**
Sri Lanka	**922**	**128**	**544**	**1,594**
	28,384	**13,317**	**7,203**	**48,904**

2020

	USD'000			
Entity	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
India	48,407	17,639	10,955	77,001
Myanmar	7,502	14,612	224	22,338
Sri Lanka	2,916	543	585	4,044
Philippines	2,533	10,697	2,425	15,655
Nigeria	69	215	1,542	1,826
Pakistan	5,203	524	1,821	7,548
Kenya	132	557	2,288	2,977
Uganda	101	1,662	714	2,477
Tanzania	150	67	434	651
Rwanda	15	111	165	291
	67,028	46,627	21,153	134,808

The table below shows the total Stage 2 and 3 assets that were modified with the related modification loss suffered by the Group.

2021

	USD'000	
Particulars	**Stage 2**	**Stage 3**
Gross amortised cost	**13,318**	7,208
Net modification loss	**(239)**	(31)
Amortised cost after modification loss	**13,079**	7,177

2020

	USD'000	
Particulars	**Stage 2**	**Stage 3**
Gross amortised cost	**46,627**	21,153
Net modification loss	**(1,188)**	(327)
Amortised cost after modification loss	**45,439**	20,826

30.4.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Most subsidiaries of ASAI are now able to attract third-party funding and various local currency and USD loans are in place.

Liquidity management is evaluated at the microfinance institution level and on a consolidated Group basis. Each of the Group's microfinance institutions are required to meet the financial obligations of their internal and external stakeholders. Failure to manage may cause the Group to lose business, miss opportunities for growth, or experience legal or reputational consequences. To mitigate its liquidity management risk, the Group has established liquidity management policies, published in its operation manual, finance manual and its treasury manual.

30. Risk management continued

30.4.2 Liquidity risk continued

The Group is confident it will be able to meet the payment obligations under the aforementioned loans for various reasons, including, but not limited to:

- The main class of assets are loans to customers. Due to the nature of the microfinance business the Company is engaged in, these loans to customers have short-term maturities, hence the Company is in a position to generate a constant stream of cash inflows. The Company is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.
- As at 31 December 2021, the Company had an unrestricted cash balance (including short-term deposits) of USD 91 million (2020: USD 101 million).
- The Company is able to fund its operations and budgeted growth of its loan portfolio from new loan facilities supplied by third parties, security collateral and/or savings provided by its clients, and internally generated cash flows.

The table below shows undiscounted cash flow analysis of liabilities according to when they are expected to be recovered or to be settled.

Liabilities FY2021 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Debt issued and other borrowed funds	**75,891**	**56,406**	**72,553**	**204,850**	**113,824**	**–**	**113,824**	**–**	**318,674**
Due to customers	**19,850**	**28,857**	**38,534**	**87,241**	**571**	**–**	**571**	**–**	**87,812**
Lease liability	**–**	**17**	**433**	**450**	**2,924**	**85**	**3,009**	**–**	**3,459**
Derivative liabilities	**–**	**102**	**117**	**219**	**383**	**–**	**383**	**–**	**602**
Other liabilities	**835**	**4,710**	**3,328**	**8,873**	**596**	**–**	**596**	**23,468**	**32,937**
Provisions	**–**	**384**	**752**	**1,136**	**539**	**–**	**539**	**–**	**1,675**
	96,576	**90,476**	**115,717**	**302,769**	**118,837**	**85**	**118,922**	**23,468**	**445,159**

Liabilities FY2020 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Debt issued and other borrowed funds	32,496	26,347	125,928	184,771	142,143	15,272	157,415	–	342,186
Due to customers	10,891	35,447	33,610	79,948	226	–	226	–	80,174
Lease liability	–	28	424	452	2,659	518	3,177	–	3,629
Derivative liabilities	–	451	1,025	1,476	671	–	671	–	2,147
Other liabilities	588	6,376	2,862	9,826	635	–	635	23,394	33,855
Provisions	–	–	2,248	2,248	–	–	–	–	2,248
	43,975	68,649	166,097	278,721	146,334	15,790	162,124	23,394	464,239

The table below shows undiscounted cash flow analysis of assets according to when they are expected to be recovered or to be settled.

Assets FY2021 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Cash at bank and in hand	**62,440**	**3,854**	**21,657**	**87,951**	**–**	**–**	**–**	**–**	**87,951**
Loans and advances to customers	**14,233**	**60,149**	**280,289**	**354,671**	**18,571**	**–**	**18,571**	**–**	**373,242**
Due from banks	**–**	**27,066**	**7,228**	**34,294**	**10,499**	**–**	**10,499**	**20,466**	**65,259**
Equity investments at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**237**	**237**
Derivative assets	**–**	**955**	**2,358**	**3,313**	**653**	**–**	**653**	**–**	**3,966**
Other assets	**–**	**1,613**	**4,843**	**6,456**	**2,483**	**–**	**2,483**	**–**	**8,939**
	76,673	**93,637**	**316,375**	**486,685**	**32,206**	**–**	**32,206**	**20,703**	**539,594**

Assets FY2020 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Cash at bank and in hand	68,763	2,771	18,631	90,165	–	–	–	–	90,165
Loans and advances to customers	29,388	51,589	266,069	347,046	33,076	–	33,076	–	380,122
Due from banks	–	44,753	5,843	50,596	2,218	–	2,218	20,465	73,279
Equity investments at FVOCI	–	–	–	–	–	–	–	238	238
Derivative assets	–	–	–	–	708	–	708	–	708
Other assets	–	2,647	7,633	10,280	3,125	–	3,125	195	13,600
	98,151	101,760	298,176	498,087	39,127	–	39,127	20,898	558,112

Changes in liabilities arising from financing activities:

FY2021	1 January 2021 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2021
Debt issued and borrowed funds	342,186	(7,734)	–	(15,778)	318,674
Lease liabilities	3,629	(4,680)	4,566	(56)	3,459
Total liabilities from financing activities	345,815	(12,414)	4,566	(15,834)	322,133

FY2020	1 January 2020 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2020
Debt issued and borrowed funds	322,837	20,225	–	(876)	342,186
Lease liabilities	3,981	(4,389)	3,864	173	3,629
Total liabilities from financing activities	326,818	15,836	3,864	(703)	345,815

30.4.3 Foreign exchange rate risk

Currency risk is the possibility of financial loss to the Group arising from adverse movements in foreign exchange rates. Currency risk is a substantial risk for the Group, as most loans to MFIs and borrowers are in local currency in countries where currency depreciation against the USD is often considered less predictable. At present the Group manages currency risk mainly through natural hedging, i.e. by matching the MFI's local currency assets consisting of the MFI's loan portfolio with local currency liabilities. The Group's risk policy allows the Group treasurer the possibility of hedging with instruments such as swaps and forward contracts if and when appropriate. In order to mitigate the foreign exchange risk on foreign currency loans, ASA India, ASA Pakistan, ASA Myanmar, ASA Sierra Leone and ASA Tanzania have entered into hedging agreements. The Group applies hedge accounting to the foreign currency loans and related hedge contracts. Reference is made to note 37.

While the Group faces significant translation exposure on its equity investments in local MFIs (as the functional currency of the Group is USD), the policy is not to hedge equity investments since the currency translation gain and loss on the latter does not affect the net profit of the Group.

In summary, the Group takes a number of measures to manage its foreign currency exposure:

- Investments are only made in countries that show a reasonable level of macroeconomic stability. A detailed macroeconomic and socio-political assessment is carried out before the Group decides to invest in a certain country.
- The Group endeavours to procure its MFIs to secure local currency loans (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.

Simulation: Foreign currency translation reserve

	FX translation reserve – actual 2021	FX translation reserve after –10% rate 2021	Movement 2021	FX translation reserve – actual 2020	FX translation reserve after –10% rate 2020	Movement 2020
West Africa	(26,017)	(31,553)	(5,536)	(22,987)	(27,440)	(4,453)
East Africa	(1,485)	(3,317)	(1,832)	(1,477)	(2,967)	(1,490)
South Asia	(22,814)	(26,288)	(3,477)	(18,402)	(23,979)	(5,110)
South East Asia	(3,453)	(4,977)	(1,524)	138	(1,745)	(1,882)
Non–operating entities	(365)	(391)	(25)	(361)	89	(17)
Total	(54,134)	(66,526)	(12,394)	(43,089)	(56,042)	(12,952)

Analysis of the actual exchange rate fluctuations against the USD for the period 2021 shows different trends for all the operating currencies. The annual exchange rate fluctuations are between 27% and -25%, but most moved within 3% to -10%. For the simulation of foreign currency effects the Company has therefore assumed a maximum 10% movement year-on-year in these currencies as compared to USD.

The following overview shows the actual foreign currency exchange results by country for 2021 as well as the simulation of the impact of a 10% downward movement of the FX rates on the foreign exchange results.

As at 31 December 2021 a 10% downward movement of FX rates against the USD has a negative impact on the foreign currency exchange result of USD 0.6 million (2020: USD 0.8 million). The lower impact on the result of the Company results from the decrease in short-term intercompany USD loans which cannot be hedged.

30. Risk management continued

30.4.3 Foreign exchange rate risk continued

Simulation: Foreign exchange profit and loss

	Foreign exchange profit and loss-actual 2021 USD'000	Foreign exchange profit and loss after -10% rate 2021 USD'000	Movement 2021 USD'000	Foreign exchange profit and loss-actual 2020 USD'000	Foreign exchange profit and loss after -10% rate 2020 USD'000	Movement 2020 USD'000
West Africa	**(142)**	**8**	**150**	(94)	(212)	(117)
East Africa	**151**	**225**	**73**	24	(604)	(628)
South Asia	**(331)**	**(342)**	**(11)**	(192)	(204)	(12)
South East Asia	**(562)**	**(436)**	**126**	842	797	(45)
Non-operating entities	**(648)**	**(1,618)**	**(969)**	(74)	(114)	(40)
Total	**(1,532)**	**(2,163)**	**(631)**	506	(337)	(842)

30.4.4 Interest rate risk

Interest rate risk is the risk that profitability is affected by fluctuations in interest rates. The greatest interest rate risk the Group experiences occurs when the cost of funds increases faster than the Group can or is willing to adjust its lending rates. The Group's strategy in evaluating and managing its interest rate risk is to consider any risk at the pre-investment stage, to conduct a cost of funds analysis and to consider interest rates, in particular, where there is a limit on the amount of interest it may charge, such as in India and Myanmar.

The credit methodology of the MFIs determines that loans to microfinance clients have short-term maturities of less than one year and at fixed interest rates. Third-party loans to MFIs, sourced from both local and international financial institutions, mostly have relative short terms between one and three years. 30% (2020: 27%) of the consolidated debt has variable interest rates. Depending on the extent of the exposure and hedging possibilities with regard to availability of hedging instruments and related pricing, the Group might actively hedge its positions to safeguard the Group's profits and to reduce the volatility of interest rates by using forwards, futures and interest rate swaps. The very short tenor of the loans provided to microfinance dampens the effect of interest rate fluctuations. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Decrease in basis points	2021 Effect on profit before tax USD'000	2021 Effect on profit before tax USD'000	2020 Effect on profit before tax USD'000	2020 Effect on profit before tax USD'000
USD	+100	–100	**622**	**(798)**	397	(425)
PKR	+100	–100	**72**	**(72)**	127	(127)
INR	+100	–100	**62**	**(62)**	159	(159)

30.5 Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ('IBORs') with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. In March 2021, the ICE Benchmark Administration (the administrator of LIBOR), in conjunction with the UK's Financial Conduct Authority ('FCA') announced that it will stop publishing the following LIBOR settings based on submissions from panel banks, after 31 December 2021: all GBP, EUR, CHF and JPY LIBOR settings and the one-week and two-month USD LIBOR settings. All remaining USD LIBOR settings (i.e. the overnight and the one, three, six and twelve-month settings) will cease to be published based on panel bank submissions after 30 June 2023. As of 31 December 2021, the Group has loans amounting to USD 38.1 million which are based on USD six-month LIBOR and will mature after 2023. The Group is in discussion with the lenders for amending contracts of those affected loans.

The treasury and risk department has started the process to monitor and manage the Group's transition to alternative rates. The department evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. The department reports to the Company's Board of Directors and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from IBOR reform.

Derivatives

The Group holds forward and cross-currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to either Euribor or LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association's master agreements. On 23 October 2020, the International Swaps and Derivatives Association ('ISDA') published its IBOR fall-back protocol and supplements, which are designed to address transition for those derivative contracts still outstanding on the permanent cessation of an IBOR. The ISDA fall-back spread adjustments became fixed on 5 March 2021. The Group currently plans to adhere to the protocol and to monitor whether its counterparties will also adhere.

The Group's current hedge contracts will mature before the publication cession date.

Hedge accounting
The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2021. The Group's hedged items and hedging instruments continue to be indexed to Euribor or LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts and the Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future.

In terms of the Group's LIBOR cash flow hedging relationships, all the contracts will mature before the anticipated cessation date of June 2023. In terms of non-hedged loans, the Group has loans linked to USD LIBOR which will mature after the cessation date. The Group is in the process of amending contracts of those affected loans.

30.6 Legal and compliance risk
Legal and compliance risks in the countries that the subsidiaries or MFIs are active in will be mitigated through continuous monitoring of the regulatory and legal environment, through inter alia, tier-one law firms and the local corporate secretaries and compliance officers in certain countries. In most countries the relevant microfinance subsidiary also maintains direct relationships with the regulator, including central banks. In addition, the Group believes it is, through its local and international network, well positioned to identify any relevant changes in the law that will have a material impact on any of the businesses it invests in. A number of investments in the MFIs are made by ASAI NV in the Netherlands. The Netherlands has entered into an extensive network of Bilateral Investment Treaties that offer compensation in case any such investments are nationalised or expropriated by a country in which an investment is made. Currently the investments in the Philippines, Sri Lanka, Uganda, Kenya and Ghana are owned by ASAI NV, an indirectly owned but wholly controlled subsidiary of the Group.

Product transparency is also key to the Group's strategy in mitigating its legal and compliance risk. Because the education and knowledge levels of the Group's target clients are low, the Group aims to be transparent in its products and prices. The Group established a Legal and Compliance department headed by the General Counsel. The General Counsel assigns and supervises all legal matters involving the Group. The General Counsel, Deputy General Counsel and Group Compliance Manager establish and maintain an operationally independent Compliance function at the corporate level led by the Group. Whilst the General Counsel bears overall responsibility for the Compliance function, the General Counsel has delegated day-to-day responsibility for managing the Compliance function to the Group Compliance Manager who performs the compliance duties independently. The Group Compliance Manager is responsible for overseeing and implementing the Group compliance framework, including the Group compliance policy (the 'Compliance Policy'). The Compliance Policy sets out the principles and standards for compliance and management of compliance risks in the Group. The Group seeks to reduce compliance risks taking into account the nature, scale and complexity of the business and ensures the policies are in alignment with the Group strategy and its core values.

30.7 Strategic risk
Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the environment. The Group evaluates its strategic risk by analysing its cost reduction and growth, its liquidity management and its competition and reputational risk.

Competition and reputational risk are frequent in the microfinance industry. The Group defines reputational risk as the risk to earnings or capital arising from negative public opinion. The Group believes that reputational risk may impact its ability to sell products and services or may limit its access to capital or cash funds. To mitigate any competition or reputational risk, the Group evaluates the introduction of highly subsidised competitors, movements in average borrowing rates, and information sharing with different agencies.

31. Commitments
The Group agreed certain commitments to BC Partners under the BC model in ASA India. Reference is made to note 13. As per the current model, ASA India holds 5% risk on the portfolio managed on behalf of IDFC. As of 31 December 2021, the risk of the Group on such BC portfolio stands at USD 1.7 million (2020: USD 2.2 million).

The Group entered into an agreement with Temenos Headquarters S.A, a Geneva-based IT company, on 29 December 2021 to procure its T24 software for the Group. T24 is a core banking software used by many international banks and finance companies around the world. The software will be initially piloted in the Group's Pakistan and Ghana entities and upon successful implementation will be rolled out to other entities. The initial purchase price of the licence is USD 2 million, which can cater 4 million client accounts. The licence is for ten years.

The Group also entered into a contract on 14 October 2021 with CSHARK Spółka z ograniczoną odpowiedzialnością (Ltd.), an IT company based in Poland, to develop an Android-based digital financial module for its clients. The initial cost of the application is estimated at USD 1.3 million.

There are no other contingent liabilities at the balance sheet date except for the pending litigation claims disclosed in note 34.

32. Related party disclosures

32.1 Key management personnel

The Dhaka office is managed by a team of seasoned microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting microfinance institutions across Asia and Africa. In addition to supervising the performance of the Group's local microfinance institutions, executive management in Dhaka is primarily responsible for finance and accounts (including the Chief Financial Officer), risk management, audit, IT, human resource management, and corporate secretarial functions for the Group. All key management personnel stationed in Dhaka are on the payroll of ASAI NV.

The Amsterdam office comprises key management personnel who provide support on treasury, investor relations, legal, specialised accounting support and the management of business development projects. They are on the payroll of ASAI NV.

The seasoned CEOs that are deployed in the countries are part of key management personnel. They are paid by their respective entities.

The Group CEO (based in Amsterdam) and Executive Director Operations (based in Dhaka) are members of the Board and are paid by ASA International Group plc.

Remuneration of Directors

In 2021, the Directors of the Group received total compensation of USD 1.05 million (2020: USD 1.2 million).

Total remuneration to key management personnel of the Group

	2021 USD'000	2020 USD'000
Short-term employee benefits	2,110	2,018
Post-employment pension and medical benefits	–	–
Termination benefits	–	–
Share-based payment transaction	–	–
	2,110	2,018

Total remuneration takes the form of short-term employee benefits for ASAI. In 2021, total remuneration paid to key management personnel of the Group amounted to USD 2.1 million (2020: USD 2.0 million).

No post-employment pension and medical benefits are accruing to Directors under defined benefit schemes. The aggregate of emoluments of the highest paid Director was USD 425K (2020: USD 425K).

32.2 Reporting dates of subsidiaries

All of the Group's subsidiaries have reporting dates of 31 December, with the exception of ASAI India, Proswift, Pinoy, Pagasa Consultancy and ASA Myanmar (where the market standard reporting date is 31 March). These entities have provided financial statements for consolidation purposes for the year ended 31 December.

32.3 Subsidiaries

	Country of incorporation	2021 ownership	2020 ownership
ASAIH subsidiaries:			
ASA Consultancy	Ghana	N/A[1]	100%
ASA India	India	90.02%	74.70%
Pagasa Consultancy	India	99.99%	99.99%
Pinoy	India	99.99%	99.99%
Proswift Consultancy	India	N/A	99.99%
ASA India	India	N/A	15.31%[2]
Pagasa	The Philippines	N/A[3]	N/A[3]
PT PAGASA Consultancy	Indonesia	99.00%	99.00%
A1 Nigeria	Nigeria	100%	100%
ASHA MFB	Nigeria	99.99%	99.99%
ASIEA	Nigeria	N/A	N/A
ASA Pakistan	Pakistan	99.99%	99.99%
ASA Tanzania	Tanzania	99.99%	99.99%
ASA Myanmar	Myanmar	99.99%	99.99%
ASA Zambia	Zambia	99.99%	99.99%
ASA Rwanda	Rwanda	99.99%	99.99%
ASA Sierra Leone	Sierra Leone	99.99%	99.99%
ASAI NV subsidiaries:	The Netherlands	N/A	N/A
PPFC	The Philippines	100%	100%
ASA Leasing	Sri Lanka	N/A[4]	100%
ASA S&L	Ghana	100%	100%
CMI Lanka	Sri Lanka	100%	99.99%[5]
Lak Jaya	Sri Lanka	97.14%	97.14%
ASA Lanka	Sri Lanka	100%	100%
ASA Kenya	Kenya	100%[6]	100%[6]
ASA Uganda	Uganda	99.99%	99.99%
AMSL	Bangladesh	95%	95%
ASAI I&M	The Netherlands	100%	100%

1 ASA Consultancy limited was liquidated on
2 Calcutta High Court approved the merger of ASA India and Proswift on 19 December 2020. Final confirmation was received in March 2021.
3 ASAI officials/representatives control the governing body and the Board.
4 ASA Leasing was dissolved in September 2021.
5 This refers to the beneficial ownership only. The legal ownership is held by CMI.
6 ASAIH holds 0.5% of the shares.

32.4 Relationship agreement

Relationship agreement with the Controlling Shareholder Group

The Company, its founders and Catalyst Continuity (jointly the 'Controlling Shareholders') have entered into a relationship agreement (the 'Relationship Agreement'), the principal purpose of which is to ensure that the Company will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates. The Relationship Agreement contains undertakings from each of the members of the Controlling Shareholder Group that (i) transactions and relationships with it and its associates will be conducted at arm's length and on normal commercial terms, (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Relationship Agreement also sets forth the conditions for appointment of Non-Executive Directors by Controlling Shareholders.

For so long as the Company has a controlling shareholder, the UK Listing Rules require the election of any independent Director to be approved by majority votes of both (i) the shareholders as a whole and (ii) the shareholders excluding any controlling shareholder.

32.5 Other related parties

A list of related parties with which ASA International has transactions is presented below. The transactions in 2021 and 2020 and the balances per the end of the year 2021 and 2020 with related parties can be observed in the notes below. Related party transactions take place at arm's length conditions.

Name of related party	Relationship
CMI	Major shareholder (30.4%)
Sequoia	Service provider to the Company
ASA NGO Bangladesh	Service provider to the Company
MBA Philippines	Business partner
IDFC	Minority shareholder in ASA India
ASAICH and CMIIH	Subsidiaries of CMI
CMIMC	Holding company of founders CMI
CMIC	Investment manager of CMI
CMII	Subsidiary of CMI
ASA Social Services	Service provider to the Parent
CIMS BV	Service provider to the Parent

32. Related party disclosures continued

32.5 Other related parties continued

		Income from related parties USD'000	Expenses to related parties USD'000	Amount owed by related parties USD'000	Amount owed to related parties USD'000
CMI	31 December 2021	–	–	–	20,465
	31 December 2020	–	–	–	20,466
Sequoia	31 December 2021	185	129	53	24
	31 December 2020	158	71	52	60
MBA Philippines	31 December 2021	846	–	5	78
	31 December 2020	603	–	225	457
ASAICH	31 December 2021	–	–	–	–
	31 December 2020	–	–	108	–
IDFC	31 December 2021	2,503	–	2,350	630
	31 December 2020	4,166	–	2,187	1,638
CIMS BV	31 December 2021	–	–	12	–
	31 December 2020	–	–	6	–
CMII	31 December 2021	–	–	–	–
	31 December 2020	–	–	6	–

32.6 Non-controlling interest

The Company reports non-controlling interest ('NCI') in its subsidiaries ASA India and Lak Jaya. The NCI in ASA India, having its principal place of business in India, amounts to 9.98%. ASA India did not pay any dividend in 2021. The NCI in Lak Jaya, having its principal place of business in Sri Lanka, amounts to 2.86%. Lak Jaya did not declare any dividend in 2021.

The summarised financial information of Lak Jaya and ASA India as at 31 December 2021 is as follows:

	31 December 2021		31 December 2020	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Current assets	**9,834**	**92,360**	11,275	163,656
Non-current assets	**465**	**6,381**	607	6,133
Current liabilities	**6,862**	**98,913**	7,722	145,586
Non-current liabilities	**421**	**2,386**	467	2,435
Net operating income	**2,367**	**(11,715)**	1,718	2,072
Profit	**(392)**	**(22,289)**	(805)	(6,520)
Non-controlling interest	**86**	**(221)**	106	2,175

The following table summarises financial information for each subsidiary that has material non-controlling interest to the Group. The voting rights are similar to NCI's shareholding percentage in India but in the case of Lak Jaya the Group holds 91.3% of the voting rights. The amounts disclosed for each subsidiary are before inter-company eliminations:

	31 December 2021		31 December 2020	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Total no. of shares	**10,704,955**	**195,950**	10,704,955	195,950
Shares held by ASAI Group	**10,398,950**	**176,369**	10,398,950	176,369
Shares held by NCI	**306,005**	**19,581**	306,005	19,581
NCI %	**2.86%**	**9.98%**	2.86%	9.99%

	31 December 2021		31 December 2020	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Summarised statement of financial position:				
Net assets	**3,016**	**(2,556)**	3,694	21,768
Net assets attributable to NCI	**86**	**(221)**	106	2,175
Summarised statement of profit or loss and other comprehensive income:				
Net operating income	**2,367**	**(11,715)**	1,718	2,072
Net loss after tax	**(392)**	**(22,289)**	(805)	(6,520)
Loss allocated to NCI	**(11)**	**(2,429)**	(23)	(652)
Dividend paid to NCI	**–**	**–**	–	–
Summarised statement of cash flow:				
Cash flow from operation activities	**378**	**24,145**	177	3,624
Cash flow from investing activities	**(15)**	**(45)**	(3)	(77)
Cash flow from financing activities	**252**	**(38,141)**	(225)	(9,535)
Net cash flow attributable to NCI	**18**	**(1,401)**	(1)	(598)

Reference to note 32.3, the remaining shares in Pagasa Consultancy, Pinoy, A1 Nigeria, ASHA Nigeria, ASA Pakistan, ASA Tanzania, PPFC, ASA Uganda, CMI Lanka and AMSL are held either by employees nominated by the Group or by ASAI I&M, CMI or CMII. Hence those are not treated as non-controlling shares.

33. Subsequent events disclosure

Most of the loan agreements are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. Some subsidiaries did not fulfil some of the ratios as required in the contracts. Out of total loans of USD 314 million, USD 131 million had breached loan covenants as at year end. The Group was able to receive waivers from most of the lenders. As of 31 December 2021, the balance for credit lines with breached covenants without waivers is USD 111 million, which are fully drawn. The Group has received waivers amounting to USD 36.7 million after the balance sheet date. The Group is in discussions with the lenders for waivers on the remaining balance and expects those waivers will be in place in the second quarter of 2022.

On 14 March 2022, the RBI announced new regulation for the microfinance sector in India, applicable to all banks, NBFC-MFIs and other participants in the microfinance sector. 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. The 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. The new regulations are effective from 1 April 2022.

The Russian invasion of Ukraine on 24 February 2022 represents a non-adjusting post-balance sheet event. The resulting global economic and political crisis and rising inflation across certain territories in which the Group operates have the potential to put pressure on the Group's clients' ability to repay their loans in the future which could increase arrears levels and write-offs. At the current time, it is not possible to estimate the impact of this post-balance sheet event.

The Group is monitoring the political and economic crisis in Sri Lanka and its impact on employees, clients and business operations. This situation may lead to worsening performance of the Group's subsidiary in Sri Lanka, but the impact is not currently possible to estimate.

The Company expects the operating environment to remain challenging in certain markets. Although the disruption caused by Covid has reduced over time, any new waves of infection can still have a material impact on the financial performance of the Group in 2022 in terms of overdue and write-offs on the loan portfolio, the disbursement of new loans, and the profitability of the Group. We expect that in some markets the overdue will remain temporarily high.

At the current time, it is not possible to estimate the financial impact on the Group of the abovementioned post-balance sheet events. The Group has performed several scenario forecasts to establish its going concern assessment and these are detailed in note 2.1. These matters have been treated as post-balance sheet non-adjusting events.

34. Contingent liabilities

ASA India

A demand was raised by income tax authorities after the disallowance of some expenditures such as the misappropriation of funds, gratuity etc. for the assessment years ('AY') 2012-2013. The disallowance amount for AY 2011-2012 is USD 177K and for AY 2012-2013 is USD 69K. The matters are pending before the Commissioner of Taxes (Appeals) and no provision has been created.

A demand has been raised by the income tax authorities for USD 1.1 million for the AY 2012-13 in December 2019 which has been challenged before the concerned assessing officer. ASA India has also applied for a stay order of the demand. No provision is created for such demand as management concludes that the merit of such demand is low.

Lak Jaya

A demand was raised by the Department of Inland Revenue ('IRD') for 2016-2017 and 2017-2018 amounting to USD 332K and USD 412K respectively by disallowing certain expenses. The Company has filed an appeal and submitted necessary documentation. The matter is pending to the commissioner of IRD. No provision is taken in the financial statements against such demand as management concludes that the merit of such demand is low.

ASA Pakistan

A demand was raised by Federal Board of Revenue in Pakistan for USD 390K by disallowing certain expenses against return of AY 2015-16.The management filed an appeal to the Commissioner FBR against such order and a stay order was granted. No provision was created for such demand as management concludes that the merit of the demand is low.

35. Capital management

The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge KT13 0TS, United Kingdom. The Company listed its shares on the premium listing segment of the London Stock Exchange on 18 July 2018. The Group is not subject to externally imposed capital requirements and has no restrictions on the issue and re-purchase of ordinary shares.

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2021, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

36. Financial instruments

The table below shows the classification of financial instruments, as well as the fair value of those instruments not carried at fair value.

	Carrying values		Fair values	
	31 December 2021 USD'000	31 December 2020 USD'000	31 December 2021 USD'000	31 December 2020 USD'000
ASSETS				
Equity investments at FVOCI	**237**	238	**237**	238
Derivative assets	**3,966**	708	**3,966**	708
Loans and advances to customers	**373,242**	380,122	**373,242**	380,122
Due from banks	**65,259**	73,279	**65,259**	73,279
Other assets	**4,357**	7,057	**4,357**	7,057
Cash at bank and in hand	**87,951**	90,165	**87,951**	90,165
LIABILITIES AND EQUITY				
Financial liabilities measured at amortised cost				
Debt issued and borrowed funds	**318,674**	342,186	**318,674**	342,186
Due to customers	**87,812**	80,174	**87,812**	80,174
Derivative liabilities	**602**	2,147	**602**	2,147
Other liabilities	**32,937**	33,855	**32,937**	33,855

- The carrying amounts of Cash and cash equivalents, Due from banks, Due to customers, Other assets and Other liabilities approximate the fair value due to the short-term maturities of these items.
- Loans and advances to customers are carried at amortised cost net of ECL. Furthermore, the terms of the loans to the microfinance borrowers are short (six to twelve months). Due to these circumstances, the carrying amount approximates fair value.
- Regarding the 'Debt issued and other borrowed funds', this amount reflects the loans from third parties on holding level as well as the loans provided by third parties directly to the subsidiaries of ASA International. The loans are held at amortised cost. The carrying amount is the best approximation of the fair value.

37. Hedge accounting

Forward contracts

The Group applies hedge accounting to USD and Euro loans provided to subsidiaries reporting in foreign currencies and the related forward contracts. The foreign currency risk exposure of the USD and Euro loans and the potential negative impact on net result of the subsidiaries are being mitigated by way of these forward contracts. Any positive impact is therefore also limited. ASA International has only entered into non-deliverable forward contracts. Management considers the hedges as cash flow hedges. The formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are documented in the individual files and memos for every forward contract.

Swaps

At 31 December 2021, the Group had three cross-currency interest rate swap agreements in place.

A swap with a notional amount of USD 3 million was entered on 25 July 2019 by ASAI India whereby ASA India pays a fixed rate of interest of 11.8% in Indian Rupee ('INR') and receives interest at a variable rate equal to six-month LIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six-month LIBOR +4.3% USD loan.

Another swap with a notional amount of EUR 10 million on 9 December 2019 by the same, whereby ASA India pays a fixed rate of interest of 12.55% in INR and receives interest at a variable rate equal to six-month EURIBOR +4.3% on the notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its six-month Euribor +4.3% Euro loan.

A swap agreement with a notional amount of USD 1 million was entered on 7 July 2021 by ASA Sierra Leone whereby ASA Sierra Leone pays a fixed rate of interest of 19.09% in SLL and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

The Group applies the qualitative approach for prospective testing effectiveness because the critical terms of the hedged items and hedging instruments are identical. The Company applies a rollover hedge strategy when no forward instruments are available at reasonable pricing for the full term of the hedged item. In those cases the Company accepts a rollover risk. Retrospective effectiveness is measured by comparing the change in the fair value of the actual derivative designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward contracts and swap match the terms of the fixed rate loan (i.e. notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap and forward contracts are identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument.
- Differences in the timing of the cash flows of the hedged items and the hedging instruments.

The Group assessed it had no ineffectiveness during 2021 in relation to the foreign currency hedges.

Reference is made to note 30.4.3 for the strategy for currency exchange risk. Additional information on the hedged items and hedging instruments as per 31 December 2021 is provided below:

As at 31 December 2021	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Tanzania USD'000	ASA India USD'000	ASA Zambia USD'000	Total USD'000
Fair value of derivative assets	3,143	170	–	–	653	–	3,966
Fair value of derivative liabilities	–	117	21	81	–	383	602
Notional amount hedged foreign currency loans	44,112	3,190	3,000	1,300	14,913	750	67,265
Period in which the cash flows are expected to occur:							
cash flows in 2022	44,112	2,081	2,000	1,300	14,913	–	64,406
cash flows in 2023	–	81	1,000	–	–	750	1,831
cash flows in 2024	–	1,028	–	–	–	–	1,028
Total cash flows	44,112	3,190	3,000	1,300	14,913	750	67,265
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2022	1,493	308	115	11	28	240	2,195
amortisation of forward points in 2023	–	49	8	–	–	88	145
amortisation of forward points in 20243	–	17	–	–	–	–	17
Total amortisation of forward points	1,493	374	123	11	28	328	2,357
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	2,707	350	352	161	31	132	3,733
for adjustment of net interest on swap	–	27	–	–	1,047	–	1,074
for changes in fair value of the forward contracts/swaps	2,502	41	662	(152)	(1,131)	(371)	1,551
for recycling of FX result of foreign currency loans	(4,531)	(322)	(1,009)	7	663	215	(4,977)
Total amounts recognised in OCI during the period	678	96	5	16	610	(24)	1,381

As at 31 December 2020	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Tanzania USD'000	ASA India USD'000	Total USD'000
Fair value of derivative assets	–	–	–	–	708	708
Fair value of derivative liabilities	953	51	1,073	70	–	2,147
Notional amount hedged foreign currency loans	26,800	2,000	4,800	4,000	16,482	54,082
Period in which the cash flows are expected to occur:						
cash flows in 2021	26,800	–	1,800	4,000	609	33,209
cash flows in 2022	–	2,000	2,000	–	15,872	19,872
cash flows in 2023	–	–	1,000	–	–	1,000
Total cash flows	26,800	2,000	4,800	4,000	16,481	54,081
Expected period to enter into the determination of profit or loss:						
amortisation of forward points in 2021	955	335	414	41	32	1,777
amortisation of forward points in 2022	–	289	153	–	29	471
amortisation of forward points in 2023	–	–	11	–	–	11
Total amortisation of forward points	955	624	578	41	61	2,259
Amounts recognised in OCI during the period:						
for amortisation of forward points/currency basis spread	2,209	44	734	129	31	3,147
for adjustment of net interest on swap	–	–	–	–	994	994
for changes in fair value of the forward contracts/swaps	(1,061)	(51)	(1,412)	(149)	283	(2,390)
for recycling of FX result of foreign currency loans	(862)	(17)	870	(38)	(1,382)	(1,429)
Total amounts recognised in OCI during the period	286	(24)	192	(58)	(74)	322

37. Hedge accounting continued

As at 31 December 2021	Changes in fair value of hedging instruments: Effective portion: Recognised in OCI USD'000	Hedge ineffectiveness: Recognised in income statement USD'000	Total USD'000
Cash flow hedge			
Forward contracts	691	–	691
Cross-currency interest rate swap	690	–	690
	1,381	–	1,381

As at 31 December 2020	Changes in fair value of hedging instruments: Effective portion: Recognised in OCI USD'000	Hedge ineffectiveness: Recognised in income USD'000	Total USD'000
Cash flow hedge			
Forward contracts	396	–	396
Cross-currency interest rate swap	(74)	–	(74)
	322	–	322

38. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Loans and advances to customers are based on the same expected repayment behaviour as used for estimating the EIR. Debt issued and other borrowed funds reflect the contractual repayments except for debts where no waivers have been received against breached covenants. Those borrowings are presented on demand.

As at 31 December 2021	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	87,951	–	87,951
Loans and advances to customers	354,671	18,571	373,242
Due from banks	34,294	30,965	65,259
Equity investment at FVOCI	–	237	237
Property and equipment	–	4,085	4,085
Right-of-use assets	1,013	4,018	5,031
Deferred tax assets	–	13,362	13,262
Derivative assets	3,313	653	3,966
Other assets	6,456	2,483	8,939
Goodwill	–	482	482
Total assets	487,698	74,856	562,554
Liabilities			
Debt issued and other borrowed funds	204,850	113,824	318,674
Due to customers	87,241	571	87,812
Retirement benefit liability	7	5,384	5,391
Current tax liability	6,265	–	6,265
Deferred tax liability	–	2,296	2,296
Lease liability	450	3,009	3,459
Derivative liabilities	219	383	602
Other liabilities	8,873	24,064	32,937
Provisions	1,136	539	1,675
Total liabilities	309,041	150,070	459,111
Net	178,657	(75,214)	103,443

As at 31 December 2020	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	90,165	–	90,165
Loans and advances to customers	347,046	33,076	380,122
Due from banks	50,596	22,683	73,279
Equity investment at FVOCI	–	238	238
Property and equipment	–	4,617	4,617
Right-of-use assets	1,145	4,050	5,195
Deferred tax assets	–	11,303	11,303
Derivative assets	–	708	708
Other assets	10,280	3,320	13,600
Goodwill and intangible assets	–	33	33
Total assets	**499,232**	**80,028**	**579,260**
Liabilities			
Debt issued and other borrowed funds	184,771	157,415	342,186
Due to customers	79,948	226	80,174
Retirement benefit liability	89	5,357	5,446
Current tax liability	2,502	–	2,502
Lease liability	452	3,177	3,629
Derivative liabilities	1,476	671	2,147
Other liabilities	9,826	24,029	33,855
Provisions	2,248	–	2,248
Total liabilities	**281,312**	**190,875**	**472,187**
Net	**217,920**	**(110,847)**	**107,073**

39. Earnings per share

Basic Earnings Per Share ('EPS') is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

There are no share options which will have a dilutive effect on EPS. Therefore, the Company does not have dilutive potential ordinary shares and a diluted earnings per share calculation is not applicable.

The following table shows the income and share data used in the basic and diluted EPS calculations:

	2021 USD'000	2020 USD'000
Net profit attributable to ordinary equity holders of the parent	**8,787**	(720)
Weighted average number of ordinary shares for basic earnings per share	**100,000,000**	100,000,000
	USD	**USD**
Earnings per share		
Equity shareholders of the parent for the year:		
Basic earnings per share	**0.09**	(0.01)
Diluted earnings per share	**0.09**	(0.01)

The Company has applied the number of shares issued by ASA International Group plc as at 31 December 2021 and 31 December 2020. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of financial statements which would require the restatement of EPS. No dividend is declared for the year 2021 (2020: nil).

The following table shows the dividend per share:

	2021 USD	2020 USD
Dividend per share	**n/a**	n/a

Statutory statement of profit or loss and other comprehensive Income

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Interest and similar income		**(29)**	2
Dividend income		**3,529**	1,000
Net revenue		**3,500**	1,002
Personnel expenses	40.	**(1,045)**	(1,177)
Professional fees	40.1	**(1,661)**	(1,404)
Administrative expenses		**(533)**	(1,236)
Exchange rate differences		**10**	(5)
Total operating expenses		**(3,229)**	(3,822)
Profit before tax		**271**	(2,820)
Profit/total comprehensive profit for the period, net of tax		**271**	(2,820)

The notes 40 to 47 form an integral part of these financial statements.

Company number: 11361159

Statutory statement of financial position

As at 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Assets			
Cash at bank and in hand		**383**	359
Due from banks	14.1	**20,465**	20,465
Investment in subsidiaries	41.	**120,684**	120,684
Other assets	42.	**765**	274
Total assets		**142,297**	141,782
Equity and liabilities			
Equity			
Issued capital	43.	**1,310**	1,310
Retained earnings	44.	**92,779**	92,508
Total equity attributable to equity holders of the parent		**94,089**	93,818
Liabilities			
Other liabilities	45.	**48,208**	47,964
Total liabilities		**48,208**	47,964
Total equity and liabilities		**142,297**	141,782

Approved by the Board of Directors on 29 April 2022

Signed on behalf of the Board

Dirk Brouwer
CEO

Tanwir Rahman
CFO

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of changes in equity

For the year ended 31 December 2021

	Issued capital USD'000	Retained earnings USD'000	Total USD'000
At 1 January 2020	1,310	95,328	96,638
(Loss) for the period	–	(2,820)	(2,820)
Total comprehensive loss for the period	1,310	92,508	93,818
Dividend	–	–	–
At 31 December 2020	1,310	92,508	93,818
At 1 January 2021	1,310	92,508	93,818
Profit for the period	–	271	271
Total comprehensive loss for the period	1,310	92,779	94,089
Dividend		–	–
At 31 December 2021	1,310	92,779	94,089

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of cash flows

For the year ended 31 December 2021

	Notes	2021 USD'000	2020 USD'000
Operating activities			
Profit before tax		271	(2,820)
Adjustment for movement in:			
Operating assets	46.	(491)	(180)
Operating liabilities	46.	744	1,514
Net cash flows used in operating activities		524	(1,486)
Financing activities			
Loan (repaid)/received		(500)	500
Net cash flows used in financing activities		(500)	500
Net increase in cash and cash equivalents		24	(986)
Cash and cash equivalents at the beginning of the period		359	1,345
Cash and cash equivalents as at 31 December		383	359

The notes 40 to 47 form an integral part of these financial statements.

Notes to the statutory financial statements

For the year ended 31 December 2021

Separate financial statements

The accounting policies applied in the statutory financial statements are similar to those used in the consolidated financial statements except for investments in subsidiaries. Investments in subsidiaries are accounted in separate financial statements, using the cost method.

At each reporting date it is determined whether there is objective evidence that the investment in the subsidiaries is impaired. If there is such evidence, a calculation will be made for the impairment amount as the difference between the recoverable amount of the subsidiaries and its carrying value.

40. Total other operating expenses

	Notes	2021 USD'000	2020 USD'000
Total operating expenses include the following items:			
Personnel expenses		**(1,045)**	(1,177)
Professional fees	40.1.	**(1,661)**	(1,404)
Administrative expenses		**(533)**	(1,236)
		(3,239)	(3,817)

40.1. Professional fees

	2021 USD'000	2020 USD'000
Audit service fee	**(1,006)**	(976)
Other professional fees	**(655)**	(428)
	(1,661)	(1,404)

40.2. Administrative expenses

	2021 USD'000	2020 USD'000
Other administrative expenses	**(533)**	(1,236)
	(533)	(1,236)

41. Investments in subsidiaries

	2021 USD'000	2020 USD'000
Investments in subsidiaries		
ASA International Holding	**75,195**	75,195
ASA International NV	**45,489**	45,489
	120,684	120,684

Name of Company	Country	Nature of business	2021 Ownership	2020 Ownership
ASA International Holding	Mauritius	MFI Holding Company	100%	100%
ASA International NV	Netherlands	MFI Holding Company	100%	100%

42. Other assets

	2021 USD'000	2020 USD'000
The other assets comprised the following:		
Other receivables	**482**	244
Advances and prepayments	**283**	30
	765	274

43. Issued capital

100 million ordinary shares of GBP 1.00 each and after capital reduction of GBP 0.01 each. No movement occurred during 2021 and 2020.

44. Retained earnings

Total retained earnings are calculated as follows:

	2021 USD'000	2020 USD'000
Balance at the beginning of the period	92,508	95,328
Dividend	–	–
Result for the period	271	(2,820)
Balance at the end of the period	92,779	92,508
Profit for the period		
Attributable to equity holders of the parent	271	(2,820)

45. Other liabilities

	Notes	2021 USD'000	2020 USD'000
Short-term liabilities			
Accrued audit fees		557	542
Accrued cost		288	199
Other intercompany payables		3,692	3,052
		4,537	3,793
Long-term liabilities			
Intercompany loan		–	500
Escrow liability to CMI	14.1.	20,465	20,465
Purchase price for ASAI NV to ASAIH		23,206	23,206
		43,671	44,171
		48,208	47,964

46. Additional cash flow information

	2021 USD'000	2020 USD'000
Changes in operating assets		
Due from banks	–	(33)
Other assets	(491)	(147)
	(491)	(180)
Changes in operating liabilities		
Other liabilities	744	1,514
	744	1,514
Changes in non-cash items		
Foreign exchange result	–	–
	–	–

47. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

As at 31 December 2021	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	383	–	383
Due from banks	–	20,465	20,465
Investment in subsidiaries	–	120,684	120,684
Other assets	765	–	765
	1,148	141,149	142,297
Liabilities			
Other liabilities	4,537	43,671	48,208
Net	(3,389)	97,478	94,089

As at 31 December 2020	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	359	–	359
Due from banks	–	20,465	20,465
Investment in subsidiaries	–	120,684	120,684
Other assets	274	–	274
	633	141,149	141,782
Liabilities			
Other liabilities	3,793	44,171	47,964
Net	(3,160)	96,978	93,818

Alternative performance measures

KPI	2021	2020	Definition
OLP	$403.7m	$415.3m	The figure depicts the consolidated outstanding loan portfolio, including offbook net BC loan portfolio from IDFC and DA loans. It excludes interest receivables and unamortised loan processing fees, as included in the loans and advances to customers in note 13 of the financial statements, and maintains the deduction of modification losses and ECL provisions from the gross outstanding loan portfolio.
OLP/client	$181	$187	Gross outstanding loan portfolio including BC and DA loans divided by total number of clients.
Total debt/OLP	78%	81%	The ratio is calculated by dividing closing balances of interest-bearing debt with outstanding loan portfolio. Interest-bearing debt includes debt issued and other borrowed funds in note 24, less interest payables.
Reported net profit after tax	$6.4m	-$1.4m	Consolidated profit for the year as reported in the financial statements.
NIM	28%	19%	Net interest margin ('NIM') is calculated as net interest income divided by average interest-earning assets on consolidated basis. Average interest-earning assets is calculated as the sum of cash at bank and in hand, due from banks and loans and advances from customers.
ROA	1.1%	-0.2%	Return on assets ('ROA') is calculated by dividing the net profit after tax by the average of total assets. ROA is displayed as a percentage.
ROE	6.0%	-1.3%	Return on equity ('ROE') is calculated by dividing the net profit after tax by the average of shareholders' equity. ROE is displayed as a percentage.
EPS (USD)	0.09	-0.01	Earnings per share ('EPS') is calculated by dividing the Company's net profit after tax by the weighted average number of ASAI Group plc ordinary shares outstanding during the year. For 2021, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.
DPS (US cents)	NIL	NIL	The figure is calculated by dividing the total dividends paid out by ASAI, including interim dividends, over a period of time by the weighted average number of ASAI Group plc ordinary shares outstanding during the year.
Cost to income	77.4%	97.6%	Cost to income ratio is calculated by dividing total operating expenses by total net operating income on consolidated basis.
Client Economic Yield ('CEY')	5.5%	N/A	The Client Economic Yield ('CEY') is calculated by deducting the clients' weekly interest costs from their average weekly income, derived from their business activities.
Client retention rate	74.0%	78%	Determined by subtracting the total number of new clients in a period from the number of clients at the end of that period divided by the total number of clients at the beginning of the period. Periods based on tenor of client loans (6, 10, 12, 18 or 24 months).
Number of new branches	79	70	The number of new branches commencing operations in the period in all operating markets.
Satisfaction survey	93%	N/A	This survey is conducted by interviewing at least two clients per loan officer (long-term and newer clients with loans of greater than 6/12 months as applicable) with yes/no, closed and open-ended questions. The responses are coded and converted into percentages to estimate client's satisfaction with the products and with the services delivered by ASAI.
Carbon footprint	6,382 tonnes CO_2	5,383 tonnes CO_2	Carbon footprint is measured as the sum of direct emissions of greenhouse gases, carbon emissions from direct purchase of electricity and fuel combustion for transportation purposes.

KPI	2021	2020	Definition
Social Performance Index (SP14)	**91%**	89%	SPI4 is a social audit tool made by CERISE as per Universal Standards managed by SMART CAMPAIGN. The assessment is divided into six dimensions with both qualitative and quantitative questions. Each dimension carries a score of 100. See www.cerise-spm.org/en/spi4/ for more details.
Number of clients	**2.4m**	2.4m	The number of clients in all operating markets.
Number of branches	**2,044**	1,965	The number of branches in all operating markets.
PAR>30	**5.2%**	13.1%	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.
Number of staff	**13,047**	12,535	The number of people directly employed by the Company.
Client per branch	**1,165**	1,212	Client per branch is the total number of clients divided by the total number of branches.
Employee recruitment	**30%**	24%	Number of staff hired in current period/number of staff at start of current period.
Employee satisfaction rate	**85%**	N/A	Using qualitative methods, staff satisfaction analyses employee satisfaction rate along three main areas: professional satisfaction, facility satisfaction and department service satisfaction.

List of abbreviations

ABBREVIATION	DEFINITION
A1 Nigeria	A1 Nigeria Consultancy Limited
Admission	Admission of the Company to the Main Market of the London Stock Exchange
AGM	Annual General Meeting
AMBS	ASA Microfinance Banking System
AMSL	ASAI Management Services Limited
ASA NGO Bangladesh	ASA NGO-MFI registered in Bangladesh
ASA Consultancy	ASA Consultancy Limited
ASA Kenya	ASA Limited
ASA Lanka	ASA Lanka Private Limited
ASA Leasing	ASA Leasing Limited
ASA Myanmar	ASA Microfinance (Myanmar) Ltd
ASA Model	The ASA model of microfinance as developed by ASA NGO Bangladesh
ASA Pakistan	ASA Pakistan Limited
ASA Rwanda	ASA Microfinance (Rwanda) Limited
ASA Savings & Loans	ASA Savings & Loans Limited (Ghana)
ASA Sierra Leone	ASA Microfinance (Sierra Leone)
ASA Tanzania	ASA Microfinance (Tanzania) Ltd
ASA Uganda	ASA Microfinance (Uganda) Limited
ASA Zambia	ASA Microfinance Zambia Limited
ASAIH	ASA International Holding
ASAI Cambodia Holdings	ASA International Cambodia Holdings
ASAI Coop	ASAI Coöperatief U.A.
ASAI I&M	ASAI Investments & Management B.V.
ASA India	ASA International India Microfinance Limited
ASAI NV	ASA International N.V.
ASA International	ASA International Group plc
ASA Nigeria	ASHA Microfinance Bank Limited
ASIEA	Association for Social Improvement and Economic Advancement (Nigeria)
BC	Business Correspondent
Board	Board of Directors of ASA International Group plc
CarbonX	CarbonX B.V.
CMI	Catalyst Microfinance Investors
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGAP	Consultative Group to Assist the Poor
COO	Chief Operating Officer
Companies Act	Companies Act 2006 (UK)
Company	ASA International Group plc
CMI Lanka	C.M.I. Lanka Holding (Private) Limited
CMIC	Catalyst Microfinance Investment Company
CMII	CMI International Holding
CMIV	CMI Ventures Ltd.
CO_2	Carbon dioxide
Code	UK Corporate Governance Code 2016 published by the Financial Reporting Council
CSR	Corporate Social Responsibility
ESG Report	Environmental Social and Governance Report
EY	Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited
FCA	Financial Conduct Authority
FSMA	The Financial Services and Markets Act 2000, as amended

ABBREVIATION	DEFINITION
Gates Foundation	Bill & Melinda Gates Foundation
GBP	Pound Sterling
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIIRS	Global Impact Investing Rating System
GMC	Grievance Mitigation Committee
Group	ASA International and its consolidated subsidiaries and subsidiary undertakings from time to time
HIV	Human immunodeficiency viruses
HR	Human Resources
IFRS	International Financial Reporting Standards
IR	Investor Relations
ISMS	Information Security Management System
IDFC	IDFC First Bank
IT	Information Technology
KPI	Key Performance Indicator
Lak Jaya	Lak Jaya Micro Finance Limited (Sri Lanka)
Listing Rules	The listing rules relating to admission to the Official List made under section 73A(2) of the FSMA
LSE	London Stock Exchange
LTIP	Long-term incentive plan
MBA Philippines	PagASA Ng Pinoy Mutual Benefit Association, Inc.
METS	Micro Enterprise Trustee Services (Pvt.) Ltd.
MFI	Microfinance Institution
NBFC-MFI	Non-Banking Financial Company – Micro Finance Institutions
Non-Executive Directors	The Non-Executive Directors of ASA International
Oikocredit	Oikocredit, Ecumenical Development Co-Operative Society U.A.
Pagasa	Pagasa ng Masang Pinoy Microfinance, Inc.
Pagasa Consultancy	Pagasa Consultancy Limited
Pinoy	Pinoy Consultancy Limited
Pagasa Philippines/PPFC	Pagasa Philippines Finance Corporation, Inc.
Proswift	Proswift Consultancy Private Limited
PT ASA Microfinance	PT ASA Microfinance
PT PAGASA Consultancy	PT PAGASA Consultancy
Relationship Agreement	The relationship agreement entered into by ASA International, Catalyst Microfinance Investors, Catalyst Continuity Limited, Dirk Brouwer and Md Shafiqual Haque Choudhury
RMC	Risk Management Committee
RMCC	Risk Management Coordination Committee
RMT	Risk Management Team
RMU	Risk Management Unit
Sequoia	Sequoia B.V.
SPM	Social Performance Management
Symbiotics	Symbiotics SA
UK	The United Kingdom of Great Britain and Northern Ireland
UKLA	United Kingdom Listing Authority
UMRA	Uganda Microfinance Regulatory Authority
UNDP	United Nations Development Programme
US or United States	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
USD	United States Dollar
WTW	Willis Towers Watson

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