



Press Release

ASA International Group plc announces 2022 Year-End Trading Update

Amsterdam, 24 February 2023 - ASA International Group plc, ('ASA International', the 'Company' or the 'Group'), one of the world's largest international microfinance institutions, today releases a trading update for the fiscal year ended 31 December 2022 ('the Period').

Key highlights:

	FY 2022 (UNAUDITED)	FY 2021 (AUDITED)	FY 2020 (AUDITED)	% Change FY 2021 - FY 2022	% Change FY 2021 - FY 2022 (constant currency)
Number of clients (m)	2.3	2.4	2.4	-3%	
Number of branches	2,028	2,044	1,965	-1%	
OLP ⁽¹⁾ (USD m)	351.2	403.7	415.3	-13%	5%
Gross OLP (USD m)	367.6	430.7	445.3	-15%	3%
Average Gross OLP per client (USD)	160	181	187	-12%	6%
PAR > 30 days ⁽²⁾	5.9%	5.2%	13.1%		

⁽¹⁾ Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, excludes interest receivable, unamortized loan processing fees, and deducts modification losses and ECL provisions from Gross OLP.

⁽²⁾ PAR>30 is the percentage of on-book OLP that has one or more installments of repayment of principal past due for more than 30 days and less than 365 days, divided by the Gross OLP.

- Group operating results have continued to improve compared to 2021 with OLP growth and high portfolio quality in most markets despite the challenging operating environments, especially in India and Myanmar.
- In India, there was an intentional and substantial decrease in our on-book gross loan portfolio, from USD 76.7m in 2021 to USD 22.4m in 2022, due to a primary focus on collections, whilst in most of the other markets there was healthy operational growth.
- The Group's Gross OLP excluding India increased from USD 316.6m in 2021 to USD 322.7m in 2022 despite the impact of substantial currency depreciation in almost all countries. In constant currency, the Gross OLP excluding India grew by 24%.
- High OLP growth in Ghana, Pakistan, and the Philippines was tempered by significant currency depreciation in these markets (GHS down 65%, PKR down 28% and PHP down 9% against USD in the Period), which contributed to the decrease of Group OLP in USD terms.
- PAR>30 for the Group's operating subsidiaries increased from 5.2% in 2021 to 5.9% in 2022, partially due to the decrease in portfolio quality in India, combined with a shrinking OLP in US dollar terms in some of our other major countries due to substantial currency devaluation. PAR>30 for the Group excluding India is 2.9%. Ghana and Tanzania had an outstanding portfolio quality, with PAR>30 less than 0.5%.
- ASA India's collection efficiency continued to improve reaching 87%. As of 31 December 2022, ASA India had collected USD 3.6 million from a total of USD 22.9 million in written-off loans since 2020.

- Cash and cash equivalents reduced to approximately USD 56m following large debt settlements, primarily in India. The Company maintains a significant funding pipeline of USD 194m of future wholesale loans with majority supported by term sheets and/or draft loan documentation. The terms and conditions of the remaining loans are being negotiated with lenders.
- For the year ended 31 December 2022 the Company expects to continue to improve in pre-tax profit and net profit compared to 2021.

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

“We are pleased that all but two of our major operating subsidiaries reached or exceeded pre-covid operating performance on a constant currency basis in 2022. The performance of most of our operating countries, Ghana, Pakistan, the Philippines, Kenya and Tanzania, was excellent in terms of portfolio quality, growth, and profitability. Though as expected, and against the backdrop of global market volatility, FX movements have significantly impacted the Group OLP performance in USD terms. Most of our clients and their businesses in these countries have shown again to be resilient despite operating in an environment with high inflation.

“As a result of the improved operating performance in 2022, we expect pre-tax income and net income of the Group for 2022 to be substantially better than what was achieved in 2021. “Whilst the impact of inflation and the related FX movements will continue to dampen the Group’s financial performance in USD terms this year, we remain confident that the improved operating developments will lead to improved performance in 2023. Despite the continuing challenging operating environment in India and Myanmar, overall, we expect higher demand for our loans in 2023.”

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.

During FY 2022, currency movements of operating currencies in Asia and Africa mostly depreciated against the US dollar. The US dollar particularly strengthened against currencies in Pakistan, Sri Lanka, the Philippines and Myanmar in Asia, and Ghana, Nigeria and Sierra Leone in Africa. This had an impact on 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 33.7m.

Funding

Unrestricted cash and cash equivalents reduced to approximately USD 55m as of 31 December 2022. The Group managed to raise approximately USD 157m in new debt funding in 2022. In line with market developments, funding costs have increased by approximately 100 bps, which will have limited impact on our 2023 results. At end of 2022, the Company had a funding pipeline of USD 194m future wholesale loans, majority of which are supported by term sheets and/or draft loan documentation. The terms and conditions of the remaining loans are being negotiated with lenders.

The Group has managed to secure waivers and/or no-action letters from most Holding level lenders and some of the lenders to our operating entities and we are confident that we will succeed in obtaining waivers from our remaining lenders over the next few weeks for loan covenant breaches which occurred during the Period.

Digitalisation

In anticipation of a rapidly digitizing world, also in the segment of our low-income clients the Group made progress with the implementation of the digital strategy to have a more attractive and competitive client proposition. Our digital strategy entails the implementation of our core banking system, our digital financial services platform (“DFS app”), and our route to embedded finance with the so-called Supplier Market Place (“SMP”). Along with the digitalization toward the clients, we will make progress in further digitizing our employee processes as well.

The implementation of the Core Banking System (T24) in Pakistan continues as planned and is targeted to go live in the second half of 2023.

The SMP app is currently being rolled out in Ghana. The first clients are onboarded and placing their online orders. The DFS app in combination with the new Core Banking Platform in Ghana will go live after the Pakistan implementation.

Outlook

Whilst the inflation and related FX movements will continue to impact the Group’s operating subsidiaries’ financial performance in USD terms, based on the positive developments throughout 2022, the Company expects the operating environment for its clients to continue to improve in most of its operating markets.

As most of the Group’s operating subsidiaries have returned to growth and increased profitability, and subject to performance in India, the Company is confident that during the course of 2023 it will be able to continue to improve operational and financial performance.

Regional performance:

South Asia

	FY 2022 (UNAUDITED)	FY 2021 (AUDITED)	FY 2020 (AUDITED)	% Change FY 2021 - FY 2022	% Change FY 2021 - FY 2022 (constant currency)
Number of clients (m)	0.9	1.1	1.2	-15%	
Number of branches	670	778	758	-14%	
OLP (USD m)	118.6	182.3	217.8	-35%	-19%
Gross OLP (USD m)	128.5	201.4	238.7	-36%	-21%
Average Gross OLP per client (USD)	137	182	201	-24%	-7%
PAR > 30 days	11.2%	9.6%	21.3%		

- ASA Pakistan continued to grow its business with the number of clients up 18% from 512k to 606k, and the number of branches up by 20 to 345. OLP increased from USD 77.7m to USD 79.1m (up 30% on a constant currency basis). Gross OLP/Client decreased from USD 154 to USD 131, down by 15% (up 9% on a constant currency basis). PAR>30 increased from 0.2% at year-end 2021 to 0.7% at year-end 2022.
- ASA Pakistan received the Microfinance Banking ('MFB') licence from the State Bank of Pakistan ('SBP') on 24 May 2022.
- ASA India continued to intentionally shrink its on-book OLP as it focused on the recovery of overdue loans. Reduced loan disbursements and significant write-offs led to on-book OLP decreasing by 77%. With moratoriums ending in June 2022, PAR>30 increased from 19.7% at year-end 2021 to 49.0% by year-end 2022.
- ASA India's number of clients was down 47% from 541k in 2021 to 284k in 2022 and the number of branches was down by 33% to 261 by year-end 2022, with its portfolio (on-book and off-book) decreasing from USD 96.9m year-end 2021 to USD 35.8m by year-end 2022 (down 59% on a constant currency basis). The off-book portfolio in India decreased from USD 35.7m to USD 21.5m, down 40% (down 33% on a constant currency basis).
- Lak Jaya, the Group's operating subsidiary in Sri Lanka, has seen its number of clients go down by 15% from 53k to 45k with its number of branches also decreasing from 66 at year-end 2021 to 64 by year-end 2022. OLP decreased from USD 7.7m to USD 3.8m (down 12% on a constant currency basis). Gross OLP/Client decreased from USD 158 to USD 89 (up 1% on a constant currency basis). PAR>30 increased to 8.5% by the end of 2022 from 6.0% at year-end 2021.

South East Asia

	FY 2022 (UNAUDITED)	FY 2021 (AUDITED)	FY 2020 (AUDITED)	% Change FY 2021 - FY 2022	% Change FY 2021 - FY 2022 (constant currency)
Number of clients (m)	0.4	0.4	0.4	6%	
Number of branches	441	420	415	5%	
OLP (USD m)	63.2	62.3	74.2	1%	13%
Gross OLP (USD m)	67.0	66.8	80.8	0%	12%
Average Gross OLP per client (USD)	158	167	189	-5%	5%
PAR > 30 days	6.5%	2.1%	4.1%		

- Pagasa Philippines' number of clients increased by 13% from 289k in 2021 to 325k by year-end 2022 and the number of branches went up by 21 to 345 with its loan portfolio also increasing from USD 44.6m at year-end 2021 to USD 49.4m year-end 2022 (up 21% on a constant currency basis). PAR>30 improved from 2.5% to 1.7%.
- Despite the continued volatile market conditions, ASA Myanmar has increased its collection efficiency. The number of clients in Myanmar was down 11% from 111k to 99k and the number of branches remained stable at 96 by year-end 2022 with its loan portfolio decreasing from USD 17.7m to USD 13.8m (down 8% on a constant currency basis) and PAR>30 increased from 1.1% to 20.4%.

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West Africa

	FY 2022 (UNAUDITED)	FY 2021 (AUDITED)	FY 2020 (AUDITED)	% Change FY 2021 - FY 2022	% Change FY 2021 - FY 2022 (constant currency)
Number of clients (m)	0.4	0.5	0.4	-5%	
Number of branches	446	440	433	1%	
OLP (USD m)	82.5	94.2	77.8	-12%	23%
Gross OLP (USD m)	84.8	95.9	79.5	-12%	23%
Average Gross OLP per client (USD)	196	210	178	-7%	30%
PAR > 30 days	4.0%	2.6%	2.7%		

- ASA Savings & Loans, the Group's operating subsidiary in Ghana, continued to grow with client numbers up by 12% from 158k to 177k serviced from 137 branches, up by 4 compared to the year-end of 2021. OLP decreased by 16% from USD 48.9m to USD 41.0m (up 38% on a constant currency basis), and Gross OLP/Client decreased from USD 310 to USD 231, down by 25% (up 24% on a constant currency basis). PAR>30 improved from 0.3% to 0.2%.
- ASA Nigeria's client numbers were down by 13% from 253.6k to 219.8k serviced from 263 branches, and OLP was slightly down from USD 38.5m at year-end 2021 to USD 37.3m (up 5% on a constant currency basis). Gross OLP/Client was up from USD 157 to USD 179 (up 24% on a constant currency basis). PAR>30 increased from 4.6% to 7.1%.
- ASA Sierra Leone has seen a decrease in its number of clients from 45.3k to 36.9k, serviced from 46 branches, up by 2. OLP decreased from USD 6.7m to USD 4.3m (up 6% on a constant currency basis) and Gross OLP/Client also decreased from USD 154 to USD 123 (up 34% on a constant currency basis). PAR>30 increased from 7.5% to 10.7%.

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East Africa

	FY 2022 (UNAUDITED)	FY 2021 (AUDITED)	FY 2020 (AUDITED)	% Change FY 2021 - FY 2022	% Change FY 2021 - FY 2022 (constant currency)
Number of clients (m)	0.5	0.4	0.3	21%	
Number of branches	471	406	359	16%	
OLP (USD m)	86.8	64.9	45.4	34%	39%
Gross OLP (USD m)	87.3	66.6	46.2	31%	36%
Average Gross OLP per client (USD)	172	160	145	8%	12%
PAR > 30 days	0.9%	1.3%	13.2%		

- ASA Tanzania significantly expanded its operation as the number of clients went up from 174k to 217k serviced from 180 branches, up by 37. OLP increased from USD 34.3m to USD 51.2m (up 51% on a constant currency basis) and Gross OLP/Client increased from USD 200 to USD 237 (up 20% on a constant currency basis). PAR>30 improved from 0.5% to 0.4%.
- ASA Kenya's number of clients increased from 119k to 141k serviced from 124 branches, up by 12. OLP increased from USD 16.1m to USD 16.9m (up 14% on a constant currency basis) and Gross OLP/Client decreased from USD 140 to USD 120 (down 6% on a constant currency basis). PAR>30 improved from 1.1% to 0.8%.
- ASA Uganda's number of clients went up from 92k to 107k serviced from 110 branches, up by 7. OLP increased from USD 9.0m to USD 11.6m (up 35% on a constant currency basis) and Gross OLP per client increased from USD 107 to USD 109 (up 7% on a constant currency basis). PAR>30 significantly improved from 3.8% at year-end 2021 to 0.9% in 2022.
- ASA Rwanda's number of clients went up from 18k to 21k serviced from 30 branches. OLP increased from USD 3.3m to USD 4.3m (up 34% on a constant currency basis) and Gross OLP/Client increased from USD 187 to USD 207 (up 14% on a constant currency basis). PAR>30 slightly increased from 4.5% to 4.6%.
- ASA Zambia greatly expanded its operations, with its number of clients up from 15k to 21k serviced from 27 branches, up by 9. OLP increased from USD 2.2m to USD 2.9m (up 42% on a constant currency basis) and Gross OLP/Client decreased from USD 151 to USD 139 (up 0.1% on a constant currency basis). PAR>30 increased from 0.3% in 2021 to 5.0% in 2022.

Notice of Full Year Results and AGM

The Company expects to announce its results for the year ended 31 December 2022 on 18 April 2023. The Company's Annual General Meeting will be held on 15 June 2023.

Please note that the financial information provided in this Trading Update is still subject to audit and, therefore, subject to change.

Enquiries:

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About ASA International Group plc

ASA International Group plc (ASAI: LN) is one of the world's largest international microfinance institutions, with a strong commitment to financial inclusion and socioeconomic progress. The company provides small, socially responsible loans to low-income, financially underserved entrepreneurs, predominantly women, across South Asia, South East Asia, West and East Africa.

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