



Press release

ASA International Group plc October 2023 Trading and Business update

Trading in-line with the Group's expectation

Amsterdam, The Netherlands, 15 November 2023 - ASA International, ('ASA International', the 'Company' or the 'Group'), one of the world's largest international microfinance institutions, today provides the following update on its business operations as of 31 October 2023. The Company has seen a continued improvement in the operating environment and business performance in the last quarter, however, in line with previous guidance, the expected net profit for the full year will be lower compared to 2022.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated by the Market Abuse Regulation (EU) No.596/2014, as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

October 2023 Trading update highlights

- We have seen a continued improvement in the operating environment and business performance of our operating entities since June 2023. This is in line with the guidance we provided alongside the 2023 interim results.
- ASA Pakistan was granted approval for "Commencement of Microfinance Banking Business" on 13 November 2023. The mobilization of deposits is dependent upon the successful implementation of its core banking system, which is nearing completion.
- The unrestricted cash and cash equivalents position of the Group remained at a healthy level of USD 41 million as at 31 October 2023, compared to USD 45 million at 30 June 2023.
- PAR>30 for the Group's operating subsidiaries, excluding off-book portfolio, improved to 2.2% at the end of October 2023 from 3.8% at the end of June 2023, primarily due to write-offs of long overdue loans in India. PAR>30 remains excellent below 1% in our major operations in Pakistan, Ghana, and Tanzania.
- The Company continued to have a strong funding pipeline of USD 182 million fresh loans as per end of October 2023 (30 June 2023: USD 181 million), with over 97% having agreed terms. These can be accessed in the short to medium term. The total amount of new debt raised in the year-to-date 31 October 2023 amounted to USD 130 million.
- The currencies in our major operating markets have been relatively stable vis-a-vis the USD when comparing 31 October 2023 with 30 June 2023.
- ASA India received the first tranche of USD 1.5 million equivalent from the government of Assam as part of the Category III payments and further payments are expected in the coming months.
- The Company is actively pursuing deposit taking licenses in Kenya and Tanzania with an application for a microfinance bank license expected to be submitted before the end of this year.

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October 2023 Business update highlights

- The Group's Gross OLP increased to USD 362 million (3% higher than at 31 August 2023 and 1% higher than at 31 October 2022), primarily due to growth in Pakistan and Tanzania, with all other entities showing growth with the exception of India.
- All operating subsidiaries achieved collection efficiency of 95% or more, with 10 countries achieving 97% or more.
- Collection efficiency in India improved to 95% in October 2023 compared to 85% in August 2023. We continue to decrease our own portfolio while increasing the BC portfolio in India, which helps to retain good clients.
- PAR>30 for the Group, including off-book loans and excluding loans overdue more than 365 days, improved to 2.1% at 31 October 2023 from 3.2% at 31 August 2023, primarily due to write-offs of long overdue loans in India.
- Excluding all loans which have been overdue for more than 180 days and, as a result, have been fully provided for, PAR>30 improved to 1.2% at 31 October 2023 from 1.6% at 31 August 2023.
- Disbursements as a percentage of collections exceeded 100% in 11 countries. The decreased percentage in India was due to the strategic decision to retain cash for upcoming debt repayments.

Funding

The cash and cash equivalents position of the Group remained at a healthy level of USD 41 million as at 31 October 2023 (USD 45 million at 30 June 2023). The Company continues to have a strong funding pipeline of USD 182 million fresh loans as per 31 October 2023 (30 June 2023: USD 181 million), with over 97% having agreed terms and can be accessed in the short to medium term.

The total amount of new debt raised in the year-to-date 31 October 2023 amounts to USD 130 million. The Group also closed a Holding financing facility with the United States International Development Finance Corporation ('DFC') for USD 15 million on 26 September 2023. When fully drawn, this would bring Holding net debt to around USD 53 million, which is at a stable level compared to pre-covid net debt of USD 53 million at the end of 2019. The Company remains confident of continued access to funding, while focusing on reducing the proportion of debt funding sourced at the Holding level over time. This will be achieved by (i) our operating subsidiaries attracting more debt from local and international lenders, and (ii) increasing remittances from our subsidiaries to the Holdings which have recently improved, as well as accelerating our deposit taking capabilities over time.

The Company and its operating subsidiaries remain well capitalised and are meeting local regulatory requirements.

Implementation of Core Banking System and Digital Strategy

The implementation of the digital strategy remains on track with the go live of the core banking system in Pakistan planned in the coming weeks. The roll out of the core banking system combined with the implementation of the digital app in Ghana is planned for the first half of next year.

The implementation of the latest technology that is secure and stable is expected to drive operational growth and efficiency as well as providing the platform for a broader, more sophisticated product offering in the near future, while complying with regulatory demands.

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Key events October and November 2023

- The Group Holdings signed a loan facility agreement for USD 15 million with the United States International Development Finance Corporation on 26 September 2023. The term of the loan is five years with the first drawdown of USD 10 million received on 10 November 2023.
- ASA India received the first tranche of USD 1.5 million equivalent from the Assam government as part of Category III payments honouring the MoU signed with MFIs to settle outstanding overdues and defaults of microfinance clients by directly reimbursing MFIs. The expected balance by ASA India for this category of payments is approximately USD 5.0 million. Additional tranches are expected in the coming months, with the second tranche currently being processed for submission to the Assam government.
- On 13 November 2023 the State Bank of Pakistan (“SBP”) allowed ASA Microfinance Bank (Pakistan) Limited (“ASA Pakistan”) the “Commencement of Microfinance Banking Business”. ASA Pakistan shall continue performing lending operations. It will commence deposit mobilization upon the SBP having given permission thereto, which is dependent upon the successful implementation of its core banking system (T24 by Temenos) and compliance with certain conditions set by the SBP.

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Collection efficiency until 31 October 2023⁽¹⁾

Countries	May/23	Jun/23	Jul/23	Aug/23	Sep/23	Oct/23
Pakistan	100%	100%	100%	100%	100%	100%
India (total)	86%	85%	87%	85%	93%	95%
Sri Lanka	96%	96%	96%	96%	96%	95%
The Philippines	99%	99%	99%	99%	98%	98%
Myanmar	100%	100%	100%	100%	100%	100%
Ghana	100%	100%	100%	100%	100%	100%
Nigeria	84%	87%	92%	95%	95%	95%
Sierra Leone	96%	96%	97%	98%	98%	98%
Tanzania	99%	99%	99%	99%	100%	100%
Kenya	100%	100%	100%	100%	100%	100%
Uganda	99%	99%	99%	100%	100%	100%
Rwanda	96%	96%	97%	97%	97%	97%
Zambia	98%	99%	99%	99%	99%	99%

⁽¹⁾ Collection efficiency refers to actual collections from clients divided by realisable collections for the period. It is calculated as follows: the sum of actual regular collections, actual overdue collections and actual advance payments divided by the sum of realisable regular collections, actual overdue collections and actual advance payments. Under this definition collection efficiency cannot exceed 100%.

- Collection efficiency remained stable at very high levels in most of our operating countries compared to August 2023.
- India collections improved to 95% in October 2023 compared to 85% in August 2023, due to further growth of our BC loan book.
- Although market conditions in Myanmar and Nigeria remained challenging, collection efficiency remained stable in both markets.

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Loan portfolio quality up to and including October 2023^(2, 3, 4)

	Gross OLP (in USDm)			Non-overdue loans			PAR>30 less PAR>180		
	Aug/23	Sep/23	Oct/23	Aug/23	Sep/23	Oct/23	Aug/23	Sep/23	Oct/23
Pakistan	65	69	70	99.6%	99.6%	99.6%	0.2%	0.2%	0.2%
India (total)	50	49	44	70.0%	69.8%	77.2%	4.5%	4.5%	3.2%
Sri Lanka	4	4	4	88.9%	88.9%	86.8%	2.9%	2.7%	2.7%
Philippines	51	52	52	95.7%	95.4%	95.1%	1.3%	1.5%	1.8%
Myanmar	19	20	21	91.7%	92.2%	92.6%	0.0%	0.0%	0.0%
Ghana	45	46	46	99.4%	99.4%	99.7%	0.1%	0.1%	0.1%
Nigeria	18	18	18	79.4%	80.7%	81.9%	9.1%	7.0%	5.1%
Sierra Leone	5	5	5	86.8%	87.5%	88.5%	2.0%	1.8%	1.6%
Tanzania	57	59	61	98.9%	98.9%	98.8%	0.5%	0.5%	0.5%
Kenya	20	21	21	99.3%	99.3%	99.3%	0.2%	0.2%	0.2%
Uganda	12	12	12	98.9%	98.9%	99.0%	0.5%	0.6%	0.4%
Rwanda	4	4	4	91.5%	91.3%	91.5%	4.0%	3.6%	3.9%
Zambia	3	3	3	94.1%	94.1%	94.4%	1.5%	1.3%	1.1%
Group	352	361	362	92.8%	93.0%	94.4%	1.6%	1.4%	1.2%

	PAR>30			PAR>90			PAR>180		
	Aug/23	Sep/23	Oct/23	Aug/23	Sep/23	Oct/23	Aug/23	Sep/23	Oct/23
Pakistan	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.1%	0.0%	0.0%
India (total)	12.1%	11.6%	3.9%	10.3%	9.8%	2.0%	7.5%	7.1%	0.7%
Sri Lanka	5.8%	5.3%	4.8%	4.1%	3.7%	3.3%	2.9%	2.6%	2.2%
Philippines	2.3%	2.6%	3.0%	1.6%	1.7%	1.9%	1.0%	1.1%	1.2%
Myanmar	0.3%	0.2%	0.1%	0.3%	0.2%	0.1%	0.3%	0.2%	0.1%
Ghana	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Nigeria	12.4%	13.3%	14.2%	10.2%	11.0%	11.9%	3.2%	6.3%	9.1%
Sierra Leone	8.0%	6.7%	4.9%	7.1%	5.9%	4.3%	5.9%	4.9%	3.3%
Tanzania	0.8%	0.8%	0.8%	0.5%	0.5%	0.6%	0.2%	0.3%	0.3%
Kenya	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%
Uganda	0.9%	0.9%	0.8%	0.7%	0.6%	0.6%	0.3%	0.3%	0.4%
Rwanda	7.4%	6.9%	7.5%	5.5%	5.3%	5.7%	3.4%	3.3%	3.7%
Zambia	4.1%	3.7%	3.3%	3.5%	3.2%	2.8%	2.6%	2.4%	2.2%
Group	3.2%	3.1%	2.1%	2.6%	2.5%	1.5%	1.6%	1.7%	0.9%

⁽²⁾ Gross OLP includes the off-book BC and DA model, and loans valued at fair value through the P&L ("FVTPL").

⁽³⁾ PAR>x is the percentage of outstanding customer loans with at least one instalment payment overdue x days, excluding loans more than 365 days overdue, to Gross OLP including off-book loans. Loans overdue more than 365 days now comprise 2.9% of the Gross OLP.

⁽⁴⁾ The table "PAR>30 less PAR>180" shows the percentage of outstanding client loans with a PAR greater than 30 days, less those loans which have been fully provided for.

- Gross OLP in India decreased to USD 44 million (12% lower than at 31 August 2023 and 16% lower than at 31 October 2022) due to write-offs of long overdue loans.
- PAR>30 for the Group improved from 3.2% at 31 August 2023 to 2.1% at 31 October 2023, primarily due to write-offs of long overdue loans in India.
- Credit exposure of the India off-book IDFC portfolio of USD 11.2 million is capped at 5%. The included off-book DA portfolio of USD 1.0 million has no credit exposure.

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Disbursements vs collections of loans until 31 October 2023⁽⁵⁾

Countries	May/23	Jun/23	Jul/23	Aug/23	Sep/23	Oct/23
Pakistan	115%	109%	107%	118%	105%	N/A ⁽⁶⁾
India (total)	61%	141%	125%	130%	114%	64%
Sri Lanka	88%	84%	101%	94%	95%	109%
The Philippines	98%	101%	98%	104%	104%	103%
Myanmar	115%	103%	124%	120%	126%	124%
Ghana	110%	126%	115%	119%	118%	109%
Nigeria	126%	143%	109%	105%	94%	120%
Sierra Leone	110%	95%	134%	144%	127%	113%
Tanzania	110%	116%	104%	112%	113%	113%
Kenya	106%	107%	120%	118%	116%	113%
Uganda	103%	95%	98%	104%	110%	115%
Rwanda	115%	106%	98%	93%	120%	116%
Zambia	115%	103%	82%	101%	113%	124%

⁽⁵⁾ Disbursements vs collections refers to actual loan disbursements made to clients divided by total amounts collected from clients in the period.

⁽⁶⁾ Disbursements vs collections for Pakistan was not yet available for October 2023.

- Disbursements as a percentage of collections exceeded 100% in 11 countries. The decreased percentage in India was due to a strategic decision to retain cash for upcoming debt repayments.

Development of Clients and Outstanding Loan Portfolio until 31 October 2023

Countries	Clients (in thousands)			Delta		Gross OLP (in USDm)			Delta	Delta	Delta
	Oct/22	Sep/23	Oct/23	Oct/22-	Sept/23-	Oct/22	Sep/23	Oct/23	Oct/22-	Oct/22-	Sept/23-
				Oct/23	Oct/23				USD	Oct/23 CC	Oct/23
Pakistan	605	616	611	1%	-1%	81	69	70	-13%	10%	2%
India (total)	371	201	190	-49%	-5%	52	49	44	-16%	-15%	-11%
Sri Lanka	47	44	44	-8%	-2%	4	4	4	10%	-2%	2%
The Philippines	327	332	333	2%	0%	46	52	52	12%	10%	0.4%
Myanmar	105	106	108	3%	2%	17	20	21	20%	20%	4%
Ghana	169	197	204	20%	4%	27	46	46	74%	48%	-0.2%
Nigeria	241	176	187	-22%	6%	40	18	18	-55%	-19%	3%
Sierra Leone	37	41	42	12%	2%	5	5	5	7%	42%	2%
Tanzania	211	236	240	14%	2%	47	59	61	30%	39%	4%
Kenya	140	195	201	44%	3%	21	21	21	4%	29%	3%
Uganda	108	111	115	7%	4%	11	12	12	12%	11%	4.5%
Rwanda	21	20	20	-3%	1%	4	4	4	-8%	6%	3%
Zambia	21	24	24	12%	2%	3	3	3	-4%	31%	1%
Total	2,403	2,298	2,319	-3%	1%	358	361	362	1%	11.7%	0.4%

⁽⁷⁾ Constant currency ('CC') implies conversion of local currency results to USD with the exchange rate from the beginning of the period.

- The Group's Gross OLP slightly increased by 3% to USD 362 million compared to 31 August 2023 (1% higher than as at 31 October 2022), primarily due to growth in Pakistan and Tanzania, with all other entities showing growth with the exception of India.

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The person responsible for the release of this announcement on behalf of the Company for the purposes of MAR is Tanwir Rahman, CFO.

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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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