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Directors	Appointed on:
Guy Dawson	15 May 2018
Dirk Brouwer	15 May 2018
Johanna Kemna	28 June 2018
Dr. Salehuddin Ahmed	07 December 2020
Karin Kersten	25 April 2022
Chris Low	01 February 2023

Dirk Brouwer resigned from the position of Chief Executive Officer ('CEO') on 15 June 2023 and stepped into new roles as (i) Deputy Chairperson of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team.

The Board appointed Karin Kersten as the CEO of the Group as of 15 June 2023.

Gavin Laws (appointed on 28 June 2018) resigned from the Board on 15 June 2023 after expiry of his term.

Aminur Rashid (appointed on 28 June 2018) took an early retirement from the Group and resigned from the Board on 30 June 2023.

Registration: ASA International Group plc is a company registered in England and 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
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United Kingdom

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Investor Relations: Mischa Assink
Chief Accountant and Head of Investor Relations
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Auditor: Ernst & Young LLP
25 Churchill Place
Canary Wharf, London E14 5EY
United Kingdom

Financial Statements continued

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 ASA International Group plc (the 'Company' or 'Parent Company') and its subsidiaries (together, the 'Group') affairs as at 31 December 2023 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Group and Parent Company for the year ended 31 December 2023 which comprise:

Group	Parent company
Consolidated income statement and statement of comprehensive income for the year then ended	Statutory income statement and statement of other comprehensive income for the year then ended
Consolidated statement of financial position as at 31 December 2023	Statutory statement of financial position as at 31 December 2023
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 94	

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.

Emphasis of Matter – Material uncertainty related to Going Concern

We draw attention to note 2.1.1 in the financial statements, which indicates that the Directors have assessed the elevated arrears and credit losses across the loan portfolio that have caused breaches in the Group's covenants on its borrowings in 2023. The current economic and market conditions across many of the territories in which the Group operates makes it difficult to assess the potential for future 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 which may cast significant doubt on the Group's ability to continue as a going concern.

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 the preparation of the financial statements 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 2025 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 2025 and compared that to the external debt in the Group, in order to establish the level of risk associated with covenant breaches and the potential for debt being called due.

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

- We reviewed the performance of the Group in 2023 and over recent history, including the historical impact of the COVID-19 pandemic, global inflationary pressures, natural disasters or other significant events on the business, 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 geo-political issues 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 $268.5m of external debt at 31 December 2023 of which $23.0m had breached loan covenants. The Group have obtained waivers from a number of lenders in order to reduce the risk associated with debt being called due, but these waivers do not cover the complete period through to 31 May 2025. We observed that, should a significant proportion of the debt be called due at certain points in the going concern assessment period, the Group may have insufficient cash, at that time, to fund the required repayments.
- The Group continues to face challenges in the collection of outstanding loan balances, particularly with regard to operations in India, Nigeria, Myanmar, Sri Lanka, Rwanda and Sierra Leone. The recoverability of customer loans may be impacted by current economic conditions, relating to inflationary pressures, which could impact the Group's ability to remain in compliance with covenants and settle debt when it becomes due.
- The Group is experiencing restrictions on the movement of funds between certain countries, due to local laws or regulations, which could restrict the ability of the Group to support the funding and debt repayment requirements in the countries in which it operates.

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 2025 and considers at least twelve months from the date of the approval of these financial statements. 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 thirteen components in thirteen countries (full-scope) and audit procedures on specific balances on four components in four countries (specific scope).
	• The components where we performed full or specific audit procedures accounted for 98.8% of Profit before tax, 98.1% of Revenue and 98.9% 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 $2.1m (2022: $2.2m) which represents 5% of adjusted profit before tax (2022: 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, the potential impact of climate change 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 seventeen components covering entities within the following countries:

- Full scope (audit of complete financial information): Bangladesh, Pakistan, Philippines, India, Ghana, Netherlands, Nigeria, Mauritius, Myanmar, Kenya, Tanzania, Uganda and the Parent Company in the United Kingdom.
- Specific scope (audit of specific account balances or disclosures): Sierra Leone, Sri Lanka, Rwanda and Zambia.

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

The reporting components where we performed audit procedures accounted for 98.8% (2022:98.8%) of the Group's Profit before tax, 98.7% (2022: 99.2%) of the Group's Profit before tax when using absolute values, 98.1% (2021: 98.8%) of the Group's Revenue and 98.9% (2022: 98.7%) of the Group's Total assets. The full scope components contributed 95.8% (2022: 108.4%) of the Group's Profit before tax, 96.4% (2022: 85.4%) of the Group's Profit before tax when using absolute values, 92.5% (2022: 88.1%) of the Group's Revenue and 95.5% (2022: 116.7%) of the Group's Total assets.

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

Of the remaining 11 components that together represent (1.2%) of the Group's Profit before tax, none is individually greater than 5% of the Group's 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.

Changes from the prior year
There is one component that was designated as specific scope for the 31 December 2022 audit which was designated as full scope for the 31 December 2023 audit. Three components which were designated as specified procedures (specific audit procedures as specified by the Primary Team) for the 31 December 2022, were designated as full scope for the 31 December 2023 audit. Two components which were designated as specified procedures for the 31 December 2022, were designated as specific scope for the 31 December 2023 audit. These changes were as a result of updated audit scoping from our consideration of component significance and risk.

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

The Group audit team continued to follow a programme of planned visits and led a number of video conference calls. The Senior Statutory Auditor and senior members of the Group audit team visited Kenya, Tanzania, Pakistan, India, Netherlands, Bangladesh, Ghana, Nigeria, Sri Lanka and the Philippines. During these visits we attended meetings with management, met borrower groups where possible, and held discussions on the audit approach and any issues arising from the audit work with component teams. In addition to the component visits, and for where visits were not undertaken, the Group audit team implemented a programme of oversight and involvement which included the following activities:

- Issued detailed audit instructions;
- Held a group audit conference, including the primary team and all full-scope 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;
- Held planning, execution and conclusion video conference meetings with components, including meetings with component management where relevant, in order to direct and supervise the work performed and conclude;
- Interacted regularly with component teams through each phase of the audit to supervise audit progress, provide direction and validate the results and conclusions reached; and
- Reviewed component reporting documents and key working papers.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change
Stakeholders are increasingly interested in 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 pages 58 to 63 in the required Task Force On Climate Related Financial Disclosures and on pages 39 to 47 in the Principal Risks. All of these disclosures form part of the "Other information", rather than the audited financial statements. Our procedures on these unaudited 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, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 2.1.3 of the financial statements, how they have reflected the impact of climate change in their financial statements. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards. As noted in note 2.5.1(F), the Group has identified the expected credit loss 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 the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transitional, the Group's climate related disclosures, the potential effects of material climate risks and the significant judgements and estimates disclosed in note 2.1.3 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows, and in the timing and nature of liabilities recognised, following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment ,supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

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

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. In addition to the matters set out below, we identified going concern as a key audit matter and have set out the procedures we conducted to address this and our conclusions above under the Emphasis of matter section.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Expected credit loss provisions (2023: $6.9m, 2022: $15.9m) *Refer to the Audit and Risk Committee Report (page 79); Accounting policies (page 124); and Note 13.3 of the Consolidated Financial Statements (page 139)* 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 economic uncertainty, 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 the current economic environment and political conditions 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.	We involved credit risk modelling specialists to assist in testing the appropriateness of the model and model assumptions. This testing included: • Independent recalculation of the loan impairment provision including the allocation of loans into stages. • Sensitivity analysis of the assumptions used by management including back-testing of the provision to evaluate the accuracy of management's estimation process and assess for evidence of management bias. • Reviewing key model assumptions including the loss rates and the application of loss rate to loans present at the balance sheet date. • Assessing whether indications of model weakness exist which could reasonably give rise to a material misstatement in the ECL estimate. In order to further challenge the reasonableness of the ECL recorded by management, 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 evaluated the criteria used to allocate a financial asset to stage 1, 2 or 3 in accordance with IFRS 9. We performed a test of the dataflows into the ECL model, including the arrears, last payment date, write-off and recoveries data. We inquired of management and reviewed the minutes of Board and other key meetings in order to identify if any specific events or circumstances exist which may trigger the need for incremental provisions. We assessed the adequacy and appropriateness of the disclosures with reference to IFRS 7 and IFRS 9 requirements.	We communicated that we are satisfied that ECL provisions were reasonable and in compliance with IFRS 9. We highlighted to the Audit and Risk Committee that there are heightened levels of uncertainty in determining forecast losses due to the ongoing impact of economic uncertainty. We concluded that disclosures relating to loan impairments were in compliance with the requirements of UK adopted international accounting standards.

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

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers (2023: $135.7m, 2022: $161.2m) *Refer to the Audit and Risk Committee Report (page 79); Accounting policies (page 119); and Note 4.1 of the Consolidated Financial Statements (page 134)* 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 heightened volume of impaired loans also increases the complexity in the recording of interest income.	For a sample of loans across each of the eight 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 eight 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 and Risk Committee our conclusion that the recording of interest income was found to be materially accurate. From our test of income recorded on impaired loans we reported to the Audit and Risk Committee that the balance was materially accurate. Our audit procedures did not identify evidence of fraud in the recognition of revenue.

In the prior year we identified a key audit matter in relation to the valuation of deferred tax assets. We determined this to no longer be a key audit matter following the adjustments recorded in the 2022 Annual Report and Accounts.

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

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 $2.1m (2022: $2.2m), which is 5% (2022: 5%) of adjusted profit before tax (2022: profit before tax). We believe that profit before tax provides us with the most appropriate basis for materiality given the Group is a profit orientated entity. We adjusted the Group's pre-tax profit for the impact of hyperinflationary accounting per IAS 29 where the impact is not pervasive across the Group and of foreign exchange movements for those countries which we considered movements to be non-recurring in nature.

We determined materiality for the Parent Company to be $717k (2022: $711k) which is 0.5% of total assets (2022: 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.

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% (2021: 50%) of our planning materiality, namely $1.1m (2022: $1.1m). 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 $0.22m to $0.51m (2022: $0.22m to $0.49m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of $0.11m (2022: $0.11m), 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 (2022: $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 on pages 01 to 67, the Governance Report on pages 68 to 100 and Additional Information on pages 172 to 176. 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.

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

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 Parent 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 99;
- 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 83;
- 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 83;
- Directors' statement on fair, balanced and understandable set out on page 99;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 83;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 82 and 83; and;
- The section describing the work of the Audit and Risk Committee set out on pages 79 to 83.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 99, 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; and
  - Legal and regulatory frameworks in operation in the countries in which the Group operates.
- We understood 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 key committee meetings 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.

Financial Statements continued

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

- As the primary team we held discussions with each of the component teams during our Group Audit Conference, and reviewed their component reporting to us, 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 and Risk 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 and Risk 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 and Risk 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 six years, covering the years ending 31 December 2018 to 31 December 2023.
- 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.

Hitesh Patel (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
26 April 2024

Financial Statements continued

Consolidated income statement and statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Interest income calculated using the effective interest method	4.1.	**147,410**	173,856
Other interest and similar income	4.2.	**29,200**	4,123
Interest and similar income		**176,610**	177,979
Interest and similar expense	5.	**(37,756)**	(40,322)
Net interest income		**138,854**	137,657
Other operating income	6.	**9,349**	10,351
Total operating income		**148,203**	148,008
Credit loss expense	7.	**(5,024)**	(643)
Net operating income		**143,179**	147,365
Personnel expenses	8.	**(62,159)**	(60,475)
Depreciation on property and equipment	16.	**(1,870)**	(1,816)
Depreciation on right-of-use assets	17.	**(3,722)**	(3,931)
Other operating expenses	9.	**(35,476)**	(33,303)
Exchange rate differences	10.	**(1,968)**	(1,559)
Loss on net monetary position	2.5.8	**(5,789)**	–
Total operating expenses		**(110,984)**	(101,084)
Profit before tax		**32,195**	46,281
Income tax expense	11.	**(20,149)**	(27,174)
Withholding tax expense	11.7.	**(3,289)**	(1,220)
Profit for the period		**8,757**	17,887
Profit for the period attributable to:			
Equity holders of the parent		**9,206**	17,892
Non-controlling interest		**(449)**	(5)
		8,757	17,887

	Notes	2023 USD'000	2022 USD'000
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		**(24,131)**	(33,995)
Movement in hedge accounting reserve	23.	**(1,669)**	3,004
Tax on OCI and other items		**555**	(1,152)
Total other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax		**(25,245)**	(32,143)
Gain on revaluation of MFX investment	15.	**29**	7
Actuarial gain on defined benefit liabilities	8.1.	**448**	470
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		**477**	477
Total comprehensive loss for the period, net of tax		**(16,011)**	(13,779)
Total comprehensive loss attributable to:			
Equity holders of the parent		**(15,576)**	(13,770)
Non-controlling interest		**(435)**	(9)
		(16,011)	(13,779)
Earnings per share	39.	**USD**	USD
Equity shareholders of the parent for the period:			
Basic earnings per share		**0.09**	0.18
Diluted earnings per share		**0.09**	0.18

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of financial position

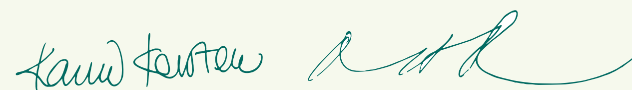
as at 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Assets			
Cash at bank and in hand	12.	**76,429**	83,117
Loans and advances to customers	13.	**330,157**	331,898
Due from banks	14.	**42,097**	38,900
Equity investments at Fair Value through Other Comprehensive Income ('FVOCI')	15.	**273**	244
Property and equipment	16.	**7,237**	3,513
Right-of-use assets	17.	**4,785**	4,589
Deferred tax assets	11.2.	**5,769**	4,625
Other assets	18.	**13,490**	9,970
Derivative assets	19.	**2,450**	7,855
Intangible assets	20.	**7,340**	5,041
Total assets		**490,027**	489,752
Equity and liabilities			
Equity			
Issued capital	21.	**1,310**	1,310
Retained earnings	22.	**185,864**	173,297
Other reserves	23.	**2,758**	3,324
Foreign currency translation reserve	24.	**(111,998)**	(88,123)
Total equity attributable to equity holders of the parent		**77,934**	89,808
Total equity attributable to non-controlling interest	32.6	**(1,324)**	(147)
Total equity		**76,610**	89,661

	Notes	2023 USD'000	2022 USD'000
Liabilities			
Debt issued and other borrowed funds	25.	**273,411**	261,301
Due to customers	26.	**79,095**	84,155
Retirement benefit liability	8.1.	**4,838**	4,593
Current tax liability	11.1.	**9,326**	8,873
Deferred tax liability	11.3.	**2,406**	2,184
Lease liabilities	17.	**3,272**	3,091
Derivative liabilities	19.	**78**	456
Other liabilities	27.	**39,563**	34,400
Provisions	28.	**1,428**	1,038
Total liabilities		**413,417**	400,091
Total equity and liabilities		**490,027**	489,752

Approved by the Board of Directors on 26 April 2024

Signed on behalf of the Board



Karin Kersten
CEO

Tanwir Rahman
CFO

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of changes in equity

for the year ended 31 December 2023

	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 2022	1,310	155,405	995	(54,132)	(135)	103,443
Profit for the year	–	17,892	–	–	(5)	17,887
Other comprehensive income:						
Actuarial gains and losses on defined benefit liabilities	–	–	470	–	–	470
Foreign currency translation of assets and liabilities of subsidiaries	–	–	–	(33,991)	(4)	(33,995)
Movement in hedge accounting reserve	–	–	3,004	–	–	3,004
Other comprehensive income (net of tax)	–	–	(1,145)	–	(3)	(1,148)
Total comprehensive income/(loss) for the period	–	17,892	2,329	(33,991)	(12)	(13,782)
At 31 December 2022	1,310	173,297	3,324	(88,123)	(147)	89,661
At 1 January 2023	**1,310**	**173,297**	**3,324**	**(88,123)**	**(147)**	**89,661**
Impact of loan reclassification at Fair Value Through Profit and Loss ('FVTPL')	**–**	**2,392**	**–**	**–**	**–**	**2,392**
Impact of IAS 29 (hyperinflation)	**–**	**–**	**–**	**256**	**–**	**256**
Profit for the year	**–**	**9,206**	**–**	**–**	**(449)**	**8,757**
Share-based payments	**–**	**–**	**71**	**–**	**–**	**71**
Other comprehensive income:						
Actuarial gains and losses on defined benefit liabilities	**–**	**–**	**448**	**–**	**–**	**448**
Foreign currency translation of assets and liabilities of subsidiaries	**–**	**(14)**	**–**	**(24,131)**	**14**	**(24,131)**
Movement in hedge accounting reserve	**–**	**–**	**(1,669)**	**–**	**–**	**(1,669)**
Other comprehensive income (net of tax)	**–**	**983**	**584**	**–**	**(742)**	**825**
Total comprehensive income/(loss) for the period	**–**	**10,175**	**(566)**	**(24,131)**	**(1,177)**	**(15,699)**
At 31 December 2023	**1,310**	**185,864**	**2,758**	**(111,998)**	**(1,324)**	**76,610**

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Operating activities			
Profit before tax		**32,195**	46,281
Adjustment for movement in:			
Operating assets	29.1.	**(79,376)**	(19,297)
Operating liabilities	29.2.	**12,739**	15,043
Non-cash items	29.3.	**39,982**	19,063
Income tax paid		**(22,213)**	(17,972)
Net cash flows (used in)/from operating activities		**(16,673)**	43,118
Investing activities			
Purchase of property and equipment	16.	**(4,372)**	(1,575)
Proceeds from sale of property and equipment		**(840)**	333
Purchase of Intangible assets		**(2,284)**	(4,592)
Net cash flow (used in) in investing activities		**(7,496)**	(5,834)
Financing activities			
Proceeds from debt issued and other borrowed funds		**243,352**	167,394
Payments of debt issued and other borrowed funds		**(212,101)**	(192,764)
Payment of principal portion of lease liabilities		**(3,690)**	(4,353)
Net cash flow from/(used in) financing activities		**27,561**	(29,723)
Cash and cash equivalents at 1 January		**83,117**	87,951
Net increase in cash and cash equivalents		**3,392**	7,561
Impact of IAS 29 (hyperinflation)		**(593)**	–
Foreign exchange difference on cash and cash equivalents		**(9,487)**	(12,395)
Cash and cash equivalents as at 31 December	12.	**76,429**	83,117
Operational cash flows from interest			
Interest received		**179,369**	181,534
Interest paid		**38,845**	39,941

Amounts reported above may differ from the actual underlying cash flows on the date of the transaction as they have been adjusted due to the impact of accounting for the effects of the subsidiaries in Ghana and Sierra Leone operating in hyperinflationary economies.

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Notes to the consolidated financial statements

for the year ended 31 December 2023

1. Corporate information

ASA International Group plc ('ASA International', the 'Group') is a public company limited by shares bearing registration number 11361159 in England and Wales. The entity was incorporated by Catalyst Microfinance Investors ('CMI') 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 (value per share of GBP 0.01 each after capital reduction). ASA International Group plc has a premium listing on the main market of the London Stock Exchange.

Investment strategy

ASA International Group plc is a microfinance holding company, operating through its various subsidiaries in Asia and Africa.

Abbreviation list

Definitions	Abbreviation
A1 Nigeria Consultancy Limited	A1 Nigeria
ASA Dwaso Limited	ASA Dwaso
ASA International Group plc	ASAIG
ASA International Holding	ASAIH
ASA International Group plc Employee Benefit Trust	ASAIG plc EBT
ASA International India Microfinance Limited	ASA India
ASA International(Kenya) Limited (formerly 'ASA International Microfinance (Kenya) Limited')	ASA Kenya
ASA International N.V.	ASAI NV
ASA Lanka Private Limited	ASA Lanka
ASA Microfinance (Myanmar) Limited	ASA Myanmar
ASA Microfinance (Rwanda) Limited	ASA Rwanda
ASA Microfinance (Sierra Leone)	ASA Sierra Leone
ASA Microfinance (Zanzibar) Limited	ASA Zanzibar
ASA Microfinance (Tanzania) Limited	ASA Tanzania
ASA Microfinance (Uganda) Limited	ASA Uganda
ASA Microfinance Zambia Limited	ASA Zambia
ASA NGO-MFI registered in Bangladesh	ASA NGO Bangladesh
ASA Microfinance Bank (Pakistan) Limited	ASA Pakistan
ASA Savings & Loans Limited	ASA S&L
ASHA Microfinance Bank Limited	ASA Nigeria
ASAI Investments & Management B.V	ASAI I&M
ASAI Management Services Limited	AMSL
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
Corporate Social Responsibility	CSR
CMI International Holding	CMII
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
PT PAGASA Consultancy	PT PAGASA Consultancy
Microfinance Institution	MFI
Reserve Bank of India	RBI
State Bank of India	SBI
Standard & Poor's	S&P
Sequoia B.V.	Sequoia

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies

2.1 General

The consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for loans that failed Solely Payments of Principal and Interest ('SPPI') tests, derivative and equity instruments, which have been measured at fair value. Additionally, the financial information of subsidiaries operating in hyperinflationary economies have been adjusted to reflect their current purchasing power. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD' 000), except when otherwise indicated. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except for as mentioned in Section 2.3. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

ASA International applied hyperinflation accounting for its operations in Ghana and Sierra Leone. In 2023, the three-year cumulative inflation in both countries exceeded 100% and as a result, hyperinflation accounting was applied for the first time for the year ended 31 December 2023. For more information refer to note 2.5.8 "Hyperinflation".

The consolidated financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 26 April 2024. 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

The 2023 consolidated financial statements have been prepared on a going concern basis. It should be noted that in the 2022 Annual Report and Accounts, approved on 21 April 2023, senior management and the Directors concluded that there was a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern relating to debt covenant breaches, and potential actions to mitigate debt being called due. In performing the going concern assessment for the 2023 Consolidated Annual Report and Accounts the Directors have considered the global economic challenges arising out of high inflation and the strengthening of the USD against operating currencies in major operating markets for the period up to 31 May 2025 (the 'Assessment Period'). The conclusion of this assessment remains consistent with that of the 2022 Annual Report and Accounts. Senior management and the Directors have therefore 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. The management team used the actual numbers up to December 2023 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 subsidiary, economic conditions of the countries, senior management's estimation of increased credit and funding risks, and current economic challenges faced by different operating subsidiaries resulting from increased inflation, which has a possibility to reduce demand for new microfinance loans. As a microfinance lender, the Group sees the service it provides to clients as an important factor for them to continue their businesses 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, however, this remains a risk.

The Group remains well capitalised and in compliance with minimum capital requirements in all markets. In terms of liquidity, the Group has USD 48.2 million of unrestricted cash and cash equivalents as of 31 December 2023 and a strong funding pipeline of USD 152 million with over 96% having agreed terms and which can be accessed in the short to medium term . This reaffirms the confidence lenders have in the strength of the Group's business model and senior management's ongoing strategies to steer the Group through the current economic situation. 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 throughout the assessment period.

The Group does not expect a significant increase in credit loss expenses during the Assessment Period than what is projected, as in all entities, collections are back to the high 90% range and the proportion of loans with overdue payments greater than 30 days (portfolio at risk greater than 30 days, or 'PAR>30') have generally stabilized. However, PAR>30 remains high for India (on-book portfolio), Sri Lanka, Nigeria, Sierra Leone and Rwanda, though the Group expects this to improve in the medium to long term as it implements strategies to improve collections in these markets. The management team is closely following up on the developments.

Due to the above challenges, the Group expects continued breaches of loan covenants during the Assessment Period at subsidiary level. The breaches mainly relate to portfolio quality and potentially, capital adequacy ratio covenants. 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 four years where the Group has been continuously able to raise new funds from the lenders. As of 31 December 2023, out of the total outstanding debt of USD 268.5 million, the balance for credit lines with breached covenants that did not have waivers amounted to USD 23.0 million. By now waivers have been received for all current breached covenants.

The international funders have been supportive of the Group and the microfinance sector in general during the last four years. In the absence of waivers, breaches 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. The Group is also experiencing delays on the movement of funds from certain countries, due to the global USD crisis, which could restrict the ability of the Group to support the funding or debt repayment requirements in the countries in which it operates or at overall Group level.

Unless the covenant breach waivers are obtained as and when required the debt may be called due, which could materially impact the ability of the Group to meet its debt obligations. The Group has a history of negotiating covenant waivers, where required, and it has recently negotiated extension of loan terms in India which indicates that the chance of an early debt call is low. However, the current economic and market conditions make it difficult to assess its likely scale and impact on debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt or further extension of loan terms will be forthcoming.

In terms of mitigations, the Group can shrink its exposure in certain countries by focusing on the collection of existing loans and curtailing disbursements. 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. In India, additional focus has been on off-book disbursements and finding new business correspondent partners ('BC Partners') as this serves to increase the available cash in the business. Further, the holding entities within the Group did not provide parent guarantees to funders of the operating subsidiaries, which protects the Group against cross defaults.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2023

2. Material accounting policies continued
2.1 General continued
Senior management and the Board of Directors extensively challenged the Projections and their underlying assumptions including the above considerations. They also considered the risks around economic uncertainties resulting from high inflation, devaluation of local currencies, delays in dividend distribution, increased operational costs, and the risk of not obtaining waivers for prospective covenant breaches. The Group also prepared stress and reverse stress scenarios for cash flows including the mitigating actions which include distribution of dividends and short-term loans from subsidiaries which have sufficient cash reserves.

Senior management and the Directors have also assessed the probable impact of any subsidiary failing to maintain its required regulatory ratios. Given the level of arrears and business challenges in India there is a potential risk of breaching capital requirements of the Reserve Bank of India ('RBI') if the entity cannot improve its overdue realisation and maintain operating profits. Should these requirements be breached then the possible implications could be that the RBI provides management with a remediation plan and/or further capital could be required. As stated earlier, the Group did not provide parent guarantees to funders of the operating subsidiaries and hence in case of dissolution, the Group's risk is limited to its capital investment and any shareholder loans.

Nevertheless, having assessed the Projections, downtrend analysis and mitigations described above, senior management and the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the consolidated financial statements, and through to 31 May 2025. 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.

2.1.3 Consideration of climate change
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) and the requirements as per section 414CB of the Companies Act 2006. The relevant assessment of the climate-related risks outlined in the Group's Annual Report on page 61 has been incorporated into judgements associated with recognition, measurement, presentation and disclosure, where so permitted by UK adopted IAS. The accounting judgements relating to climate change are presented in note 2.5.1(F) and note 30.6.

While there is currently no significant impact expected from climate change, the Directors are aware of the constant evolving risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the financial statements.

2.1.4 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 2023 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. 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.

2.2 Summary of material 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 functional 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. The Group uses the direct method of consolidation.

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 investments 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 monthly 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.

All amounts (i.e. assets, liabilities, equity, income and expenses) of the entities whose functional currencies are the currencies of a hyperinflationary economy are translated at the closing rate at the reporting date.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

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) 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 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 assets, 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, derivative instruments under cash flow hedge); and
- Financial assets at FVTPL (loans at FVTPL).

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 receivables, Cash and cash equivalents and Due from banks.

Financial assets designated at fair value through OCI without recycling

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.

Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Net gain and losses are recognised in profit or loss.

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 note 2.5.4 to 2.5.5). 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.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

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 months 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. 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 determined 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.

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. In Pakistan loans over 209 days are treated as bad as per regulatory requirement. 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 overdue 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 rate for each of our external counterparties. Thus, the Group 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 down-graded 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, Provisions 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 EIR method. Amortised cost is calculated by considering any discount or premium on the issue and costs that are an integral part of the EIR.

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.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

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.

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 profit and loss ('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 the Business Correspondence ('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 EIR 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 EIR, 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 EIR of a financial instrument including transaction costs, and all other premiums or discounts. Interest income also includes loan processing fees that are integral to the interest rate.

The Group recognises interest income on the stage 3 loans on the net loan balance.

(2) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

(3) Other income

Other income includes group member's admission fees, document fees, sale of passbook, income on death and multipurpose risk funds and service fees 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 and Uganda. These fees cover settlement of the outstanding loan amount and other financial assistance if a borrower dies or becomes disabled. 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 2.5.3 and 2.3.1.

Service fees from off–book loans under the BC model are recognised on the basis of loan disbursement as the amount is received only after completion of the service.

2.2.6 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises of Cash in hand and Cash at bank, included in which is both restricted and unrestricted cash at bank. Restricted cash at bank relates to Loan Collateral Build Up ('LCBU') in the Philippines and security deposits from clients in Tanzania as disclosed in note 12. Unrestricted cash at Bank relates to current accounts, on demand accounts and term deposits that have a maturity date of three months or less from the date of acquisition, held with commercial banks.

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.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

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 started to recognise deferred tax on undistributed dividends. Reference is made to note 2.5.7 and note 11.

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.

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 2.5.2.

2.2.11.2 Defined contribution plan

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.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.12 Intangible assets

The Group has adopted a strategy of enriching the offering to its clients with product diversification 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 view 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, the Group is also developing a Supplier Market Place app ('SMP') where clients can purchase goods for their businesses. 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 deposits accounts and other digital services to our clients, the Group has procured a licence for a Core Banking System ('CBS') for its IT infrastructure. The Group made upfront payments to buy the core banking software licence. 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. The break down is presented in note 20.

A summary of the policies applied to intangible asset is, as follows:

	Initial licence and set-up costs	Development costs
Useful life	Finite (eight years)	Finite (eight years)
Amortisation starts	After installation for 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

2.2.13 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.

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 Cash Generating Unit's ('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 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 right of use assets ('ROU') the fair value is determined based on estimated rental payments using the IBR used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to assess if there is impairment. The sensitivity analysis on account of IBR changes is shown in note 17.

The Group has identified the impairment of non-financial assets as one of the 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. However, as the Group manages a frugal cost operating model with minimum investment in fixed assets and leases, the impact of climate-related financial loss is expected to be insignificant.

2.2.14 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, 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 2.5.3 on the key judgement used. The death risk fund or multipurpose risk fund were no longer included in new loan contracts from August 2023 in Uganda, September 2023 in the Philippines, December 2023 in Kenya and January 2024 in Sri Lanka.

2.2.15 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.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2023

2. Material accounting policies continued
2.2 Summary of material accounting policies continued
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.

2.2.16 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. The Group determines the lease term as the non-cancellable term of the lease. Any periods covered by an option to extend the lease is not considered unless it is reasonably certain to be exercised.

Right-of-use assets
The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

The ROU assets are also subject to impairment. Refer to the accounting policies in note 2.2.13 Impairment of non-financial assets.

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. 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 IBR at the lease commencement date due to the reason that the interest rate implicit in the lease is not available. The IBR 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 2.5.6 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.

2.2.17 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.

2.2.18 Share-based payments
The Group has granted options ('Options') in the Group Company under its Long-Term Incentive Plan ('LTIP') to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs') and other staff in 2022 and 2023. The Company's LTIP is designed to incentivise and retain Directors and senior staff, along with aligning them with shareholders' interest to create long term value. The transaction is determined as an equity-settled transaction.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 32.1.

That cost is recognised in personnel expenses, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cost is booked from the date that the beneficiary accepted the grant. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2023

2. Material accounting policies continued
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 2023 (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 IFRS 17 Insurance Contracts
In May 2017, the International Accounting Standards Board (the 'IASB' or the 'Board') issued IFRS 17 Insurance Contracts ('IFRS 17'), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaced 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 are applied. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent to entities issuing insurance contracts. 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.

During the assessment of the applicability of IFRS 17, the Group has identified a particular component concerning the determination of some loans as an insurance contract according to the requirements outlined in IFRS 17. IFRS 17 defines an insurance contract as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.'

The Group charges a 1%-2% upfront premium fee on its loans disbursed to customers under Death Risk Fund/ Multipurpose Risk Fund ('DRF/MRF') schemes in the Philippines, Uganda, Sri Lanka and Kenya. In return, outstanding loans (including interest receivables) shall be exempted/waived in case of a customer's death or disability. Moreover, and voluntarily, certain additional benefits may be paid for funeral/financial assistances. These additional benefits are discretionary,corporate social responsibility centric and do not constitute any obligation to the entities.

Previously, as per IFRS 4, splitting of contracts was allowed. This particular component was split from the rest of the contracts and accounted under IFRS 4. The loan contract along with other components passed the SPPI test and was accounted for under IFRS 9 as amortised cost.

However, according to IFRS 17, the split of contracts is not permitted and the entire contract is required to be accounted for either under IFRS 9 Financial Instruments or IFRS 17 Insurance Contracts. The Group has applied the exemption under IFRS 17.8A on the basis that the compensation for an insured event is limited to the amount required to settle the policyholder's obligation created by the contract and therefore applied IFRS 9 in accounting for the entire loan contract. As these loans failed the SPPI test with the insurance component, they are accounted for at FVTPL as per IFRS 9. The Group has decided to use the modified retrospective approach as prescribed in the transition guidance in IFRS 9 and the loans are reclassified on 1 January 2023. The prior year numbers have not been restated. The impact on the financial statements as on 1 January 2023 is as follows:

Consolidated statement of financial position	31 Dec 2022 USD'000	Impact USD'000	01 Jan 2023 USD'000
Assets			
Loans and advances to customers at amortised cost	331,898	(44,671)	287,227
Loans reclassified at FVTPL	–	46,917	46,917
Total assets	**331,898**	**2,246**	**334,144**
Liabilities			
Deferred income – DRF/MRF	146	(146)	–
Total liabilities	146	(146)	–
Total impact		**2,392**	

The DRF/MRF were no longer included in the new loan contracts as from August 2023 in Uganda, September 2023 in the Philippines, November 2023 in Kenya, and January 2024 in Sri Lanka. The loans portfolio classified at FVTPL only include loans in the Philippines (for 1st cycle loans), Uganda, Sri Lanka and Kenya which were disbursed before cessation of the DRF/MRF. The fair value of these loans have been classified as Level 3.

2.3.2 Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

2.3.3 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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 do not have any material impact on the accounting policy disclosures in the Group's consolidated financial statements.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2023

2. Material accounting policies continued
2.3. New standards, interpretations and amendments adopted by the Group
2.3.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's financial statements.

2.3.5 Pillar two model rules – Amendments to IAS 12
On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/ income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

ASAI's consolidated revenue has not crossed the minimum threshold and its entities' effective tax rates are more than the minimum tax rate i.e., 15%.

The Two Pillar legislation and the amendments had no impact on the Group's consolidated financial statements as the entity is out of scope of Pillar two regulations.

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 Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)
The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Group is in the process of making a distinction between current and non-current assets and liabilities for the consolidated financial statements of 2024.

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 Allowance for 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 months ECL) and stage 2 loans (lifetime ECL) for calculating the ECL provision. The current and loans overdue below 31 days are considered as stage 1. Any loans overdue for 31–90 days are recognised as stage 2 loans. Loans overdue more than 90 days are recognised as stage 3 loans.

	Overdue age	Staging
Bucket based on overdue age	Current	Stage 1
	1–30 days	
	31–90 days	Stage 2
	> 90 days	Stage 3

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for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.1 Allowance for ECL on loans and advances continued

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 net amounts written off over the last five years (Gross write-off less subsequent recovery). 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 0.9 million (2022: USD 1.5 million) on loans under stage 1 and stage 2. If there were a relative increase in the loss rate of 1%, the ECL requirement would rise by USD 9K.

The forward-looking element of the ECL model is constructed through looking at the trend in net write-off information from the prior three years and applying a projected loss rate in order to anticipate future loss events. ECL as per the forward-looking element comes to USD 637K (2022: USD 479K). Changing the write-off trend to two years, rather than three years for the forward-looking assessment, would reduce ECL by USD 513K.

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 which is held as collateral in certain countries) is at a rate below:

	Loss %	
Overdue age	**2023**	**2022**
91-180 days	**50 and 80%**	50 and 80%
181-365 days	**70 and 100%**	70 and 100%
Over 365 days	**100%**	100%

In 2023, management considered a higher loss rate (80% for the loans bucketed between 91-180 days and 100% for loans over 180 days overdue) in India, Myanmar, Pakistan, Nigeria, the Philippines, Sri Lanka, Tanzania, Sierra Leone and Zambia in view of operating challenges faced in these countries on account of high Portfolio at Risk ('PAR'), market challenges and political instability which might led to reduction in recoveries. In other countries, the loss rates considered are 50% for the loans bucketed between 91–180 days and 70% for loans over 180 days overdue. In 2022, higher loss rates (80% for the loans bucketed between 91–180 days and 100% for loans over 180 days overdue) were considered for India, Myanmar, Nigeria, Sri Lanka and Sierra Leone.

Based on the above, ECL for stage 3 loans comes to USD 5.2 million (2022: USD 13.1 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 5.3 million.

D) Management overlay

The Group considers to take additional ECL provision as management overlay to reflect the impact of all possible risk exposures which are not covered under A–C above. The impact of the economic crisis, inflation etc. are being captured by loan ageing. Hence, no additional management overlay is taken on the own portfolio in 2023 as well as in 2022. However, the Group has taken a management overlay of USD 837K for the off-book BC portfolio with Jana Small Finance Bank ('JSFB') in 2023 due to the recent start of this BC portfolio and therefore lack of historical credit information. A significant write off occurred in 2023 and 2022 in Myanmar, in the events of military take over and delayed Covid impact. Hence, a 60% haircut has been applied in case of Myanmar for both ECL for historical default and ECL for forward consideration.

E) Impact of macro-economic indicators

The Group provides small loans to clients who are not employed but operate their own small businesses in the informal sector and are less impacted by macro-economic trends than other business sectors. In addition, the Group's loans average six months until maturity at the year-end and so the impact of macro-economic factors on the repayment of loans is inherently limited. Hence, the management concluded that changes in macro-economic indicators do not have any direct correlation with the ASA business model and therefore, no adjustment was made to consider forecasts for such macro-economic indicators in the forward-looking element of its expected credit loss provision calculation.

F) Impact of climate change

The Group and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally much longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks.

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 ECL model captures the expected impact of the climate related risks through the historical loss data that feeds the model, which also includes write-offs due to such natural disasters. 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. As the Group's loans are short-term, the impact of such events over the life of the loans would naturally be limited. Hence, no additional changes have been made in the existing model on account of climate related risks. 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.

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for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.1 Allowance for ECL on loans and advances continued

G) Business Correspondence ('BC') portfolio, Direct Assignment ('DA') Portfolio and Securitisation portfolio of ASA India

A similar assessment has been performed for the off-book BC portfolio of ASA India (see note 13 for details on the BC portfolio). The off– book BC portfolio consists of disbursements on behalf of IDFC First Bank ('IDFC'), JSFB and Fincare Small Finance Bank Limited ('Fincare'). IDFC BC and Fincare are subject to a maximum provision of 5% of Outstanding Loan Portfolio ('OLP'), which is the maximum credit risk exposure for ASA India as per the agreement with IDFC First Bank and Fincare. There is no maximum risk on BC from JSFB. Those portfolios are assessed in line with ASA India's own OLP. ECL for the off-book BC portfolio comes to USD 1.4 million (2022: 1.0 million).

The portion of the DA portfolio of ASA India which is on-book has also been treated the same as 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, ASA India 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.

H) ECL on interest receivable

ECL for Interest receivable is assessed in the same line as OLP. ECL for interest receivable comes to USD 225K (2022: 703K).

Based on the above assessment the total provision for ECLs for loans and advances to customers can be summarised as follows:

	2023			2022		
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	**869**	**177**	**30**	1,521	400	75
Forward considerations	**637**	**159**	**15**	479	492	21
ECL under stage 3 loans	**5,181**	**255**	**180**	13,197	146	607
Management overlay	**–**	**837**	**–**	–	–	–
	6,687	**1,428**	**225**	15,197	1,038	703

	2023			2022		
Allocated to:	**Gross outstanding USD'000**	**ECL USD'000**	**Coverage**	**Gross outstanding USD'000**	**ECL USD'000**	**Coverage**
Own Portfolio (note 13.1 and 13.3)	**305,248**	**6,687**	**2%**	344,985	15,197	4%
Off-book BC portfolio (note 13.2 and note 28)	**38,796**	**1,428**	**4%**	21,362	1,038	5%
Interest receivable (note 13.1 and note 13.3)	**4,464**	**225**	**5%**	7,265	703	10%
	348,508	**8,340**	**2%**	373,612	16,938	5%

Financial Statements continued

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2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.2 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 2023 and December 2022 are as follows:

Assumptions defined benefit plan:

	2023						2022					
	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	ASA Kenya	PPFC	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	ASA Kenya	PPFC
Discount rate	13.7%	15.5%	7.4%	16.5%	15.8%	6.6%	18.7%	14.5%	7.4%	14.3%	14.0%	7.4%
Salary increment	5.0%	14.5%	9.0%	14.0%	13.8%	5.0%	10.0%	13.5%	9.0%	12.0%	12.0%	5.0%
Staff turnover	16.0%	14.3%	6.1%	5.0%	7.1%	44.0%	15.7%	14.0%	22.0%	5.0%	12.0%	38.1%
Retirement age	60 Years	60 Years	60–65 Years	60 Years	60 Years	60 Years	60 Years	60 Years	60–62 Years	60 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.

2.5.3 Liability for death risk and multi-purpose risk fund

At the end of 2023, the balance of the DRF and MRF is zero as the related loans are measured at FVTPL from 1 January 2023. Mortality risk is included in the fair value measurement. At the end of 2022, management used significant assumptions to reassess the adequacy of the liability to be 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 that year, 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 2022, rates were 0.36 % in Sri Lanka, 0.21% in Uganda, 0.43% in the Philippines and 0.24% in Kenya.

2.5.4 BC 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 based on whether the entity has the right to receive rewards. ASA India operates a Business Correspondent and partnership model with IDFC First Bank ('IDFC') and Jana Small Finance Bank ('JSFB') . ASA India operates as an agent, whereby ASA India selects borrowers based on the selection criteria of the BC Partner.

The loans to borrowers of IDFC and JSFB and related funding are not recognised on the balance sheet since the loan agreements are made between the partners and the borrowers or the risk exposure related to the loans are capped at 5%. More information is available in note 13.

2.5.5 Direct Assignment

ASA India entered into two Direct Assignment agreements (DA) with State Bank of India (SBI), 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 the Reserve Bank of India (RBI). Based on the agreements, 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.

Financial Statements continued
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2. Material accounting policies continued
2.5 Significant accounting judgements and estimates continued
2.5.6 Leases – estimating the IBR
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 ROU asset in a similar economic environment.

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 2023 and 2022 are as follows:

Country	Lease Currency	Credit Rating	Approach reference rate	2023 IBR at different lease duration (year)				2022 IBR at different lease duration (year)			
Tenure of lease				1	2-4	5-6	7-9	1	2-4	5-6	7-9
Ghana	GHS	BBB	Local	**27.8%**	**27.2%**	**23.4%**	**20.1%**	16.7%	20.3%	21.4%	22.3%
Nigeria	NGN	BBB	Local	**10.2%**	**12.4%**	**14.3%**	**15.3%**	5.5%	9.0%	11.5%	12.5%
Sierra Leone	SLE	BB+	Build–Up	**34.5%**	**33.4%**	**32.7%**	**32.6%**	14.8%	15.4%	15.8%	16.0%
Kenya	KES	BB–	Local	**14.5%**	**15.9%**	**16.8%**	**17.0%**	9.3%	10.5%	12.1%	12.7%
Rwanda	RWF	B+	Build–Up	**19.6%**	**18.6%**	**18.0%**	**17.9%**	10.1%	10.7%	11.2%	11.3%
Tanzania	TZS	BBB–	Local	**9.2%**	**9.4%**	**10.1%**	**11.1%**	7.4%	8.3%	9.4%	10.5%
Uganda	UGX	BB–	Local	**14.2%**	**15.4%**	**16.3%**	**16.9%**	10.5%	13.0%	15.2%	16.0%
Zambia	ZMW	BB–	Local	**22.5%**	**24.2%**	**25.8%**	**27.5%**	25.0%	25.0%	25.0%	25.0%
Bangladesh	BDT	BBB–	Local	**10.1%**	**10.2%**	**10.4%**	**10.5%**	3.4%	5.3%	6.7%	7.2%
India	INR	BB	Local	**8.7%**	**8.8%**	**8.8%**	**8.9%**	4.4%	5.4%	6.1%	6.4%
Pakistan	PKR	BBB	Local	**23.0%**	**19.8%**	**17.5%**	**16.6%**	7.9%	10.8%	11.5%	12.3%
Sri Lanka	LKR	BB	Local	**28.4%**	**26.9%**	**24.2%**	**22.6%**	8.7%	9.8%	11.7%	12.1%
Myanmar	MMK	BBB–	Build–Up	**29.7%**	**28.6%**	**28.0%**	**27.9%**	17.0%	17.7%	18.1%	18.3%
Philippines	PHP	BBB–	Local	**7.8%**	**7.7%**	**7.5%**	**7.7%**	1.7%	3.0%	4.0%	4.5%

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2. Material accounting policies continued
2.5 Significant accounting judgments and estimates continued
2.5.7 Taxes
Deferred tax assets

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.

In assessing the probability of recovery, the Group has used its five-year business plan which is consistent with last year's assessment. This business plan was also used for the Going concern and Viability assessment.

As at 31 December, the gross amount and expiry dates of losses available for carry forward are as follows:

2023	Expiring within 1 year	Expiring within 2-5 years	Expiring beyond 5 years	Unlimited	Total
Losses for which Deferred tax asset is recognised	–	–	86	–	86
Losses for which Deferred tax asset is not recognised	1,455	4,120	36,645	31,620	73,840
	1,455	4,120	36,731	31,620	73,926

2022	Expiring within 1 year	Expiring within 2-5 years	Expiring beyond 5 years	Unlimited	Total
Losses for which Deferred tax asset is recognised	–	–	–	–	–
Losses for which Deferred tax asset is not recognised	–	3,409	24,972	27,058	55,439
	–	3,409	24,972	27,058	55,439

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 17.1 million (2022: 13.0 million).

Deferred tax liabilities

As of 31 December 2023, the Group has undistributed profits in its subsidiaries amounting to USD 56.9 million. The Group recognised a deferred tax liability amounting to USD 2.1 million (see note 11.3) on USD 23.3 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 of USD 33.6 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 3.7 million.

2.5.8 Hyperinflation
Under IAS 29, 'Financial Reporting in Hyperinflationary Economies', consolidated financial statements prepared based on historical cost must be adjusted with the current purchasing power when operations are in an economy with hyperinflation. This involves applying a general price index that enables the financial information of the subsidiaries operating in a hyperinflationary economy to be presented in the measuring unit in force at the reporting date. All non-monetary assets and liabilities of the subsidiaries operating in a hyperinflationary economy must therefore be adjusted for inflation in order to reflect changes in purchasing power at the reporting date. Similarly, the income statement is adjusted for inflation during the period. Monetary items do not need to be restated/adjusted as they already reflect purchasing power at the reporting date.

IAS 29 does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgement when restatement of financial statements in accordance with this Standard becomes necessary. One of the key quantitative indicators is that, the cumulative inflation rate over three years is approaching, or exceeds, 100%.

ASA International operates in thirteen countries across Asia and Africa, and monitors the inflation rates in an inflation dashboard which is used as one indication of the existence of hyperinflation, together with an assessment of other economic conditions.

Ghana and Sierra Leone have exceeded the three year cumulative rate of inflation of 100% by the end of 2023. The general price index used by ASAI for purposes of measuring inflation movements is the Consumer Price Index ('CPI') of the specific country and is obtained from the International Monetary Fund World Economic Outlook Database.

Ghana

By the third quarter of 2023, the cumulative three year CPI increased to 100% and is expected to continue increasing. As of 31 December 2023, Ghana has been classified as a hyperinflationary economy. IAS 29 is therefore applicable to ASAI entities operating in Ghana. In Ghana, ASAI has two entities – ASA Savings and Loans Limited and ASA Dwaso Limited on the application of IAS 29 to ASA Ghana, a cumulative inflation factor has been applied using the consumer price index ('CPI') in Ghana, published by the Ghana Statistical Services. The movement in the CPI for the Period was 25% (2022: 52%).

Sierra Leone

The cumulative inflation over the past three years exceeded 100% by the third quarter of 2023. As of 31 December 2023, Sierra Leone has been classified as hyperinflationary economy. IAS 29 is therefore applicable to ASA Microfinance (Sierra Leone) on the application of IAS 29 to ASA Sierra Leone, a cumulative inflation factor has been applied using the CPI in Sierra Leone, published by Statistics Sierra Leone. The movement in the CPI for the Period was 53% (2022: 36%).

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2. Material accounting policies continued
2.5 Significant accounting judgments and estimates continued
2.5.8 Hyperinflation continued

The application of IAS 29 includes the following adjustments:

- Adjustment of historical cost non-monetary assets, liabilities and stated capital for the change in purchasing power caused by inflation from the date of initial recognition or contribution to the balance sheet date;
- Adjustment or contribution of the income statement for inflation during the year;
- The income statement is translated at the year-end foreign exchange rate instead of a monthly average rate;
- A net monetary gain or loss adjustment, recognised in the income statement, to reflect the impact of inflation on holding monetary assets and liabilities in local currency; and
- Adjustment in the cash flow statement to reflect the current purchasing power.

On first application of hyperinflationary accounting, there is an accounting policy choice of (i) restate comparatives or (ii) do not restate comparatives. ASAI has opted to take the approach not to restate the comparatives.

The impact of the implementation of IAS 29 in the consolidated financial statements of the Group is as follows:

	1 January 2023		
	Before adjustment USD'000	Impact of IAS 29 adjustment USD'000	After adjustment USD'000
Total equity	89,661	256	89,917

	31 Dec 2023		
	Before adjustment USD'000	Impact of IAS 29 adjustment USD'000	After adjustment USD'000
Total assets	489,302	725	490,027
Total liabilities	413,286	131	413,417
Total equity	76,016	594	76,610

	2023		
	Before adjustment USD'000	Impact of IAS 29 adjustment USD'000	After adjustment USD'000
Profit for the period	14,172	(5,415)	8,757
Total comprehensive income/(loss)	(16,037)	26	(16,011)
Break-down of P&L impact for IAS 29:			
Loss on net monetary position		(5,789)	
Impact of CPI adjustment on other P&L items		374	
Total impact of IAS 29 adjustment on net profit		(5,415)	

A net monetary loss of USD 5.8 million is recognised in the income statement, to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency in the subsidiaries in Ghana and Sierra Leone. A contribution of USD 374K is recognised in P&L resulting from the adjustment of P&L items to the current purchasing power.

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2. Material accounting policies continued
2.5 Significant accounting judgments and estimates continued
Summary of material judgements and estimates

Policy	Judgements	Estimates	Note ref.
Allowance for ECL on loans and advances	• Identification of staging of the loan portfolio. • Criteria for a significant increase in credit risk. • Identification of credit-impaired loans. • Monitoring impact of climate change.	• Back-testing based on the historical default trend. • Forward-looking considerations. • Management overlay.	2.5.1
Defined benefit plans	• Changes in assumptions.	• Determination of discounting rate. • Salary increment rate. • Staff turnover.	2.5.2
BC and partnership models	• Recognition of the IDFC portfolio as off-book because the credit risk is limited to 5% of the portfolio.	• ECL related to the BC loans.	2.5.4 and 2.5.1
Direct Assignment	• Whether the transfer constitutes a sale and whether all risk and rewards of ownership have been transferred.	• ECL related to the DA loans retained by ASA India.	2.5.5
Leases – estimating the IBR	• Determining whether a contract contains a lease under IFRS 16.	• IBR used to the calculation of ROU assets and lease liabilities.	2.5.6
Deferred Tax Assets	• Determining whether it is probable that future profit will be available to utilise DTA.	• Estimating the amount of DTA based on timing and likelihood of future taxable profit. • Estimation of future tax rates for DTA.	2.5.7
Deferred Tax Liability	• Determination whether there are any constraints or regulatory restrictions to distribute retained earnings as dividend.	• Estimating the amount of DTL based on timing and likelihood of future taxable amount and undistributed dividends from subsidiaries. • Estimation of future tax rates for DTL.	2.5.7
Hyperinflation	• Determining whether the economy of a country meets the criteria for hyperinflation as per IAS 29. • Selection of appropriate sources for CPIs.	• Estimation of daily CPI rates.	2.5.8

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:

- West 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.
- Holding and other 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.

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 'Holding and other 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 2023 or 2022.

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3. Segment information continued
The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2023.

As at 31 December 2023	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Holding and other non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	46,767	54,629	41,806	33,399	9	176,610	–	176,610
Inter-segment interest income	–	–	–	406	629	1,035	(1,035)	–
External interest expense	(2,260)	(11,169)	(12,305)	(6,251)	(5,771)	(37,756)	–	(37,756)
Inter-segment interest expense	(266)	(90)	(149)	(150)	(380)	(1,035)	1,035	–
Net interest income	44,241	43,370	29,352	27,404	(5,513)	138,854	–	138,854
External other operating income	452	1,116	2,574	5,010	197	9,349	–	9,349
Inter-segment other operating income[1]	–	–	–	–	35,226	35,226	(35,226)	–
Other inter-segment expense	(382)	(3,958)	(390)	(3,177)	357	(7,550)	7,550	–
Total operating income	44,311	40,528	31,536	29,237	30,267	175,879	(27,676)	148,203
Credit loss expense	(3,716)	(793)	423	(938)	–	(5,024)	–	(5,024)
Net operating income	40,595	39,735	31,959	28,299	30,267	170,855	(27,676)	143,179
Personnel expenses	(11,686)	(16,953)	(15,444)	(11,682)	(6,394)	(62,159)	–	(62,159)
Exchange rate differences	(730)	(272)	(180)	(20)	(766)	(1,968)	–	(1,968)
Depreciation of property and equipment	(315)	(566)	(536)	(317)	(136)	(1,870)	–	(1,870)
Amortisation of ROU assets	(775)	(1,062)	(703)	(1,114)	(68)	(3,722)	–	(3,722)
Other operating expenses	(6,806)	(9,023)	(5,075)	(10,539)	(4,033)	(35,476)	–	(35,476)
Gain/ (loss) on net monetary position	(5,651)	–	–	–	(138)	(5,789)	–	(5,789)
Tax expenses	(7,118)	(5,078)	(6,723)	(1,251)	(3,268)	(23,438)	–	(23,438)
Segment profit after tax	7,514	6,781	3,298	3,376	15,464	36,433	(27,676)	8,757
Total assets	89,494	139,762	102,803	119,510	197,518	649,087	(159,060)	490,027
Total liabilities	47,582	111,403	77,808	105,169	79,472	421,434	(8,017)	413,417

Explanation: Segment profit is net profit after tax.
1 Inter-segment operating income includes intercompany dividends, transfer pricing charges and share in results of the subsidiaries.

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3. Segment information continued

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2022.

As at 31 December 2022	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Holding and other non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	54,178	43,165	49,058	31,566	12	177,979	–	177,979
Inter-segment interest income	–	–	–	19	774	793	(793)	–
External interest expense	(2,788)	(8,761)	(19,043)	(5,393)	(4,337)	(40,322)	–	(40,322)
Inter-segment interest expense	(276)	(282)	(70)	(146)	(19)	(793)	793	–
Net interest income	51,114	34,122	29,945	26,046	(3,570)	137,657	–	137,657
External other operating income	548	2,837	2,554	4,369	43	10,351	–	10,351
Inter-segment other operating income[1]	–	–	–	–	44,273	44,273	(44,273)	–
Other inter-segment expense	(428)	(2,246)	(306)	(1,943)	3	(4,920)	4,920	–
Total operating income	51,234	34,713	32,193	28,472	40,749	187,361	(39,353)	148,008
Credit loss expense	(2,868)	501	2,876	(1,143)	(9)	(643)	–	(643)
Net operating income	48,366	35,214	35,069	27,329	40,740	186,718	(39,353)	147,365
Personnel expenses	(13,332)	(15,227)	(15,616)	(10,611)	(5,689)	(60,475)	–	(60,475)
Exchange rate differences	206	(37)	(259)	(614)	(855)	(1,559)	–	(1,559)
Depreciation of property and equipment	(293)	(741)	(332)	(288)	(162)	(1,816)	–	(1,816)
Amortisation of ROU assets	(687)	(1,126)	(1,031)	(1,011)	(76)	(3,931)	–	(3,931)
Other operating expenses	(6,461)	(6,842)	(5,436)	(10,588)	(3,976)	(33,303)	–	(33,303)
Tax expenses	(8,584)	(4,328)	(9,292)	(2,307)	(3,883)	(28,394)	–	(28,394)
Segment profit after tax	19,215	6,913	3,103	1,910	26,099	57,240	(39,353)	17,887
Total assets	108,395	113,791	133,894	102,917	199,363	658,360	(168,608)	489,752
Total liabilities	53,804	87,346	100,501	87,937	82,808	412,396	(12,305)	400,091

Explanation: Segment profit is net profit after tax.

1 Inter-segment operating income includes intercompany dividends, transfer pricing charges and share in results of the subsidiaries.

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4. Interest and similar income
Interest and similar income consists of interest income on microfinance loans to customers, and interest income on bank balances and fixed-term deposits.

	Notes	2023 USD'000	2022 USD'000
Interest income calculated using EIR	4.1.	**147,410**	173,856
Other interest and similar income	4.2.	**29,200**	4,123
		176,610	177,979

4.1. Interest income calculated using EIR

	2023 USD'000	2022 USD'000
Interest income on loans and advances to customers	**135,730**	161,176
Loan processing fees	**11,680**	12,680
	147,410	173,856

Interest income decreased from last year in USD terms mostly due to devaluation of local currency against USD in most of the operating subsidiaries and reclassification of interest income on loans at FVTPL.

4.2 Other interest and similar income

	2023 USD'000	2022 USD'000
Interest income on short-term deposits	**3,097**	3,916
Fair value movement of financial assets at FVTPL	**26,064**	–
Other interest income	**39**	207
	29,200	4,123

Interest income of loans reclassified to FVTPL for Kenya, Uganda, Sri Lanka and the Philippines has been recognised under fair value movement of financial assets at FVTPL.

5. Interest and similar expense
Included in interest and similar expense are accruals for interest payments to customers and other charges from banks.

	Notes	2023 USD'000	2022 USD'000
Interest expense on loans		**(30,841)**	(31,565)
Interest expense on security deposits and others		**(3,707)**	(3,788)
Interest expense on lease liability		**(341)**	(299)
Commitment and processing fees		**(114)**	(274)
Amortisation of forward points of forward contracts and currency basis spread of swap contracts	37.	**(2,753)**	(4,396)
		(37,756)	(40,322)

6. Other operating income

	2023 USD'000	2022 USD'000
Members' admission fees	**1,718**	1,875
Document, application and verification fees	**2,131**	928
Proceeds from sale of pass-books	**152**	141
Income from DRFs and MRFs	**1,068**	3,743
Service fees income from off-book BC model (ASA India)	**2,160**	2,045
Distribution fee MBA Philippines	**1,104**	890
Other	**1,016**	729
	9,349	10,351

Other includes a number of small items that are smaller than USD 150K on an individual basis.

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7. Expected credit loss expense

	Notes	2023 USD'000	2022 USD'000
ECL on loans and advances to customers	13.3.	**(5,804)**	(4,847)
Impairment on bank and intercompany		**–**	13
ECL on interest receivable		**(174)**	368
Other expected credit loss expense		**(3,148)**	(1,294)
Recovery of previously written off loans		**4,102**	5,117
		(5,024)	(643)

The Group's ECL expenses in 2023 increased compared to last year mainly due to deterioration of portfolio quality in Nigeria, India and the Philippines. The key assumptions applied for the ECL provision and related expense are explained in note 2.5.1.

Other ECL includes loss allowance provided against off-book portfolio in India and loan including interest exemptions for settlement of customer loans in case of death or disability.

The Group was able to collect a significant amount of previously written off loans, mainly in India.

8. Personnel expenses
Personnel expenses include total base salary expenses and employee benefit plans:

	Notes	2023 USD'000	2022 USD'000
Personnel expenses		**(55,202)**	(55,253)
Defined contribution plans		**(4,277)**	(4,221)
Defined benefit plans	8.2.	**(2,680)**	(1,001)
		(62,159)	(60,475)

8.1. Retirement benefit liability

	Notes	2023 USD'000	2022 USD'000
Retirement benefit liability as at beginning of period		**4,593**	5,391
Payments made during the period		**(700)**	(572)
Charge for the period	8.2.	**2,680**	1,001
Actuarial gains and losses on defined benefit liabilities (OCI)		**(448)**	(470)
Foreign exchange differences		**(1,287)**	(757)
Retirement benefit liability as at end of the period		**4,838**	4,593

ASA India, ASA Pakistan, Lak Jaya, Pagasa Philippines, ASA Nigeria, ASA Kenya, ASA Zambia, ASA Sierra Leone 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 , ASA Kenya, ASA Zambia, ASA Sierra Leone 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

	2023 USD'000	2022 USD'000
Current service cost for the period	**(1,061)**	(459)
Past service cost	**(1,129)**	(45)
Interest cost for the period	**(490)**	(497)
	(2,680)	(1,001)

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8. Personnel expenses continued

8.3. Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023 and 31 December 2022 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	**2023**	**(96)**	**1,129**	**1,140**	**(115)**
	2022	(180)	1,290	1,298	(197)

8.4 Share based payments

Personal expenses for 2023 includes an amount of USD 71K against share based payment expenses.

In October 2022 and July 2023, the Group granted options ('Options') for 2.6 million ordinary shares of GBP 0.01 each in the Group Company under its LTIP to certain Executive Directors and other senior staff. The Company's LTIP is designed to incentivise and retain Directors and senior staff, along with aligning them with shareholders' interest to create long term value.

The Options will normally vest, subject to continued employment, on the following schedule:

a) 20% each year between the first and fifth anniversaries of the Grant Date; or
b) for Executive Directors only, 60% on the third anniversary and 20% on each of the fourth and fifth anniversaries of the Grant Date.

To the extent they vest, the Options are exercisable at a price of GBP 0.93 and GBP 0.84 per ordinary share for options granted in 2022 and 2023 respectively, being the average share price for the three business days before the Grant Date. The Group has issued certificates to the participants to the plan. During 2023 a total number of 0.5 million Options lapsed because of staff who left the Group.

The fair value of options granted during the year 2023 was estimated on the date of grant based on the Black-Scholes model using the following assumptions:

Expected volatility (%)	66%
Risk-free interest rate (%)	3.70%
Expected life of share options (years)	Ten years
Current Share Price (£)	0.92
Dividend yield (%)	0%

The weighted average fair value of the options granted during the 12 months ended 31 December 2023 was GBP 0.69.

9. Other operating expenses

Other operating expenses includes the following items:

	Notes	2023 USD'000	2022 USD'000
Administrative expenses	9.1.	**(29,148)**	(27,975)
Professional fees	9.2.	**(3,408)**	(2,579)
Audit fees	9.3.	**(1,763)**	(1,527)
International travel		**(606)**	(646)
CSR expenses		**(239)**	(249)
Other		**(312)**	(327)
		(35,476)	(33,303)

9.1. Administrative expenses

	2023 USD'000	2022 USD'000
Office expenses	**(5,152)**	(5,158)
Transport and representation expenses	**(10,303)**	(10,391)
Gas, water and electricity	**(1,154)**	(1,106)
Telecommunications and internet expenses	**(3,881)**	(3,119)
VAT/Output tax/Service tax	**(4,424)**	(3,445)
Bank charges	**(1,102)**	(1,472)
Insurance expenses	**(840)**	(642)
Training and seminar expenses	**(400)**	(142)
Other administrative expenses	**(1,892)**	(2,500)
	(29,148)	(27,975)

VAT/Output tax/Service tax expenses increased mainly due to the inclusion of VAT on Transfer Pricing ('TP') in Kenya.

Other administrative expenses includes several small items that are smaller than USD 150K on an individual basis.

9.2. Professional fees

	2023 USD'000	2022 USD'000
Legal services fees	**(336)**	(295)
Other professional fees	**(3,072)**	(2,284)
	(3,408)	(2,579)

Other professional fees includes fees for various consultants on tax, IT, accounting and actuary valuation services.

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9. Other operating expenses continued
9.3 Fees to the Group's auditor is analysed as below:

	2023 USD'000	2022 USD'000
Fees to the Group's auditor for the audit of the Group's annual accounts	**(1,204)**	(1,008)
Fees to the Group's auditor for other services:		
Audit of the accounts of subsidiaries	**(238)**	(219)
Audit-related assurance services	**(313)**	(295)
Total audit and audit-related assurance services	**(1,755)**	(1,522)
Other assurance services	**(8)**	(5)
	(1,763)	(1,527)

10. Exchange rate differences

The Group incurred certain foreign exchange losses on monetary assets denominated in currencies other than the Group's functional currency.

	2023 USD'000	2022 USD'000
Foreign currency losses	**(4,923)**	(4,876)
Foreign currency gains	**2,955**	3,317
	(1,968)	(1,559)

11. Income tax and withholding tax expense

	2023 USD'000	2022 USD'000
Income tax expense		
Current income tax	**(20,062)**	(20,883)
Income tax for previous period	**(1,943)**	(7)
Changes in deferred income tax	**1,856**	(6,284)
	(20,149)	(27,174)

11.1. Current tax liability

	2023 USD'000	2022 USD'000
Balance as at beginning of period	**8,873**	6,265
Tax charge:		
Current period	**20,062**	20,883
Previous period	**1,943**	7
Tax paid	**(18,290)**	(16,643)
Foreign exchange adjustment	**(3,262)**	(1,639)
Balance as at end of period	**9,326**	8,873

11.2. Deferred tax assets

	2023 USD'000	2022 USD'000
Balance as at beginning of period	**4,625**	13,362
Impact of IAS 29 (hyperinflation)	**(101)**	–
Adjusted balance at 1 January 2023	**4,524**	13,362
Addition/(adjustment) during the period	**2,544**	(7,436)
Impact of hyperinflation for the period	**28**	–
Foreign exchange adjustment	**(1,327)**	(1,301)
Balance as at end of period	**5,769**	4,625

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

	2023 USD'000	2022 USD'000
Balance as at beginning of period	**2,184**	2,296
Impact of IAS 29 (hyperinflation)	**1**	–
Adjusted balance at 1 January 2023	**2,185**	2,296
(Adjustment)/charge during the period	**121**	(112)
Impact of hyperinflation for the period	**130**	–
Foreign exchange adjustment	**(30)**	–
Balance as at end of period	**2,406**	2,184

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11. Income tax and withholding tax expense continued

11.4. Deferred tax relates to:

	2023			2022		
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	**1,511**	**–**	**813**	1,321	–	(4,759)
Provision for retirement liabilities	**1,443**	**–**	**760**	1,138	–	(322)
Provision on FX loss	**267**	**–**	**235**	51	–	(21)
Unused tax losses	**–**	**–**	**–**	–	–	(3,139)
Other temporary differences	**2,954**	**(169)**	**457**	3,177	(183)	2,407
IFRS 16 Lease	**–**	**284**	**(185)**	–	183	8
Undistributed profit of subsidiary	**–**	**2,130**	**53**	–	2,184	113
Modification loss	**–**	**–**	**(224)**	236	–	(459)
Impact of hyperinflation	**(72)**	**131**	**(203)**	–	–	–
Other comprehensive income/ Revaluation of cash flow hedge	**(334)**	**30**	**513**	(1,298)	–	(1,152)
	5,769	**2,406**	**2,219**	4,625	2,184	(7,324)

11.5. Reconciliation of the total tax charge

	2023 USD'000	2022 USD'000
Accounting result before tax	**32,195**	46,281
Income tax expense at nominal rate of consolidated entities	**(12,039)**	(15,373)
Over/(under) provision for income tax previous year	**(2,970)**	(7)
Movement in unrecognised deferred taxes	**(2,866)**	(11,285)
Exempt income	**59**	74
Tax impact on elimination	**527**	531
Impact for hyperinflation	**(1,356)**	–
Permanent differences (non-deductible expenses)	**(1,504)**	(1,114)
Total income tax expense for the period	**(20,149)**	(27,174)
Weighted average nominal rate of consolidated entities	**37%**	33%
Consolidated effective tax rate	**63%**	59%

11.6. Income tax per region

	2023 USD'000	2022 USD'000
Corporate income tax – West Africa	**(7,402)**	(9,417)
Corporate income tax – South Asia	**(6,721)**	(9,292)
Corporate income tax – East Africa	**(4,422)**	(3,994)
Corporate income tax – South East Asia	**(1,422)**	(1,653)
Corporate income tax – Holding and other non operating entities	**(182)**	(2,818)
Total income tax per region	**(20,149)**	(27,174)

11.7. Withholding tax expense

	2023 USD'000	2022 USD'000
Withholding tax on interest income, dividend, royalties and service fees	**(3,342)**	(1,332)
Deferred tax on undistributed dividend	**53**	112
Total withholding tax expense	**(3,289)**	(1,220)

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

	2023 USD'000	2022 USD'000
Cash at bank	**76,215**	83,006
Cash in hand	**214**	111
	76,429	83,117

An amount of USD 27.9 million (2022: USD 32.6 million) of cash at bank is restricted and cannot be readily available. Out of this USD 18.4 million (2022: USD 17.1 million) in the Philippines is restricted as per the Securities and Exchange Commission ('SEC') regulations as it relates to LCBU, the collection of security collateral from clients of a lending company. LCBU is placed into a segregated account. In Tanzania USD 9.5 million (2022: 7.5 million) is restricted and maintained in a separate account as per the Bank of Tanzania's requirement for non-deposit-taking microfinance institutions ('MFIs') as it relates to security deposits from the clients. In Kenya, the new 'Central bank of Kenya (AMENDMENT) ACT' restricted non-deposit microfinance companies from taking cash collateral from clients. ASA Kenya has fully repaid the collateral amount to the clients in 2023.

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13. Loans and advances to customers

	Notes	2023 USD'000	2022 USD'000
Loans and advances to customers at amortised cost	13.1.	**297,851**	331,898
Loans and advances to customers at FVTPL	13.6.	**32,306**	–
		330,157	331,898

13.1 Loans and advances to customers at amortised cost

Loans and advances to customers are net of allowance for expected credit loss.

	Notes	2023 USD'000	2022 USD'000
Gross loan portfolio	13.2.	**305,248**	344,985
Interest receivable on loans to customers		**4,464**	7,265
Unamortised processing fee		**(4,949)**	(4,303)
Net impact of modification loss		**–**	(149)
Gross loans		**304,763**	347,798
Allowance for expected credit loss	13.3.	**(6,912)**	(15,900)
Net loan portfolio		**297,851**	331,898

13.2. Gross loan portfolio

As of 31 December 2023, the gross loan portfolio amounts to USD 305.2 million (31 December 2022: 345.0 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, JSFB and FSFB. ASA India operates as an agent, 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, JSFB and FSFB and related funding are not recognised on the balance sheet since the loan agreements are made between the partners and the borrowers. In the case of IDFC, ASA India has a limited liability for the non-performing loans under this agreement. The service fees received 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 BC partners is reported under 'Provisions' in note 28. This liability is based on the Group's ECL policy as explained in note 2.5.1 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 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 entered into DA agreement with 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 2023 amounted to USD 38.8 million and USD 980K respectively (2022: USD 21.4 million and USD 1.2 million).

13.3. Allowance for ECL

	Notes	2023 USD'000	2022 USD'000
Balance as at beginning of the period		**(15,900)**	(25,794)
Reclassification to FVTPL		**252**	–
ECL charge on loans and advances	7.	**(5,804)**	(4,847)
ECL charge on interest receivable		**(174)**	368
Write-off of loans and interest		**12,894**	10,828
Exchange rate differences		**1,820**	3,545
Balance at end of the period		**(6,912)**	(15,900)

The key assumptions applied for the expected credit loss provision are explained in note 2.5.1.

13.4. The breakdown of the allowance for expected credit loss is as follows:

	2023 USD'000	2022 USD'000
ECL on loans and advances	**(6,687)**	(15,197)
ECL on interest receivable	**(225)**	(703)
	(6,912)	(15,900)

ECL provision has been reduced mainly due to the write-off of loans and interest of USD 12.9 million.

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for the year ended 31 December 2023

13. Loans and advances to customers continued

13.5. 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	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL
At 1 January 2023	**324,354**	**5,739**	**330,093**	**(1,235)**	**3,825**	**763**	**4,588**	**(859)**	**16,806**	**762**	**17,568**	**(13,806)**	**344,985**	**7,264**	**352,249**	**(15,900)**
Reclassification to FVTPL	(44,131)	(934)	(45,065)	248	(241)	(17)	(258)	1	(526)	59	(467)	3	(44,898)	(892)	(45,790)	252
New assets originated	637,305	–	637,305	–	–	–	–	–	–	–	–	–	637,305	–	637,305	–
Interest revenue	–	111,859	111,859	–	–	11,308	11,308	–	–	12,563	12,563	–	–	135,730	135,730	–
Collections	(552,631)	(111,913)	(664,544)	–	(2,217)	(11,988)	(14,205)	–	(14,355)	(13,175)	(27,530)	–	(569,203)	(137,076)	(706,279)	–
ECL (charges)/releases	–	–	–	(235)	–	–	–	909	–	–	–	(6,652)	–	–	–	(5,978)
Transfers:																
Stage 1 to Stage 2	(1,779)	(157)	(1,936)	7	1,779	157	1,936	(7)	–	–	–	–	–	–	–	–
Stage 1 to Stage 3	(19,685)	(593)	(20,278)	76	–	–	–	–	19,685	593	20,278	(76)	–	–	–	–
Stage 2 to Stage 1	775	60	835	(156)	(775)	(60)	(835)	156	–	–	–	–	–	–	–	–
Stage 2 to Stage 3	–	–	–	–	(419)	(42)	(461)	86	419	42	461	(86)	–	–	–	–
Stage 3 to Stage 1	761	66	827	(650)	–	–	–	–	(761)	(66)	(827)	650	–	–	–	–
Stage 3 to Stage 2	–	–	–	–	348	35	383	(301)	(348)	(35)	(383)	301	–	–	–	–
Write-off	–	–	–	–	–	–	–	–	(12,331)	(562)	(12,893)	12,894	(12,331)	(562)	(12,893)	12,894
Fx impact	(48,094)	–	(48,094)	405	(389)	–	(389)	3	(2,127)	–	(2,127)	1,412	(50,610)	–	(50,610)	1,820
At 31 December 2023	**296,875**	**4,127**	**301,002**	**(1,540)**	**1,911**	**156**	**2,067**	**(12)**	**6,462**	**181**	**6,643**	**(5,360)**	**305,248**	**4,464**	**309,712**	**(6,912)**

	Stage 1 USD'000				Stage 2 USD'000				Stage 3 USD'000				Total USD'000			
	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL
At 1 January 2022	361,956	7,540	369,496	(7,039)	17,181	3,090	20,271	(7,124)	14,161	70	14,231	(11,631)	393,298	10,700	403,998	(25,794)
New assets originated	951,003	–	951,003	–	–	–	–	–	–	–	–	–	951,003	–	951,003	–
Interest revenue	–	119,101	119,101	–	–	34,585	34,585	–	–	7,490	7,490	–	–	161,176	161,176	–
Collections	(902,323)	(118,290)	(1,020,613)	–	(9,131)	(35,596)	(44,727)	–	(14,054)	(10,433)	(24,487)	–	(925,508)	(164,319)	(1,089,827)	–
ECL (charges)/releases	–	–	–	5,202	–	–	–	2,550	–	–	–	(12,231)	–	–	–	(4,479)
Transfers:																
Stage 1 to Stage 2	(3,975)	(1,082)	(5,057)	97	3,975	1,082	5,057	(97)	–	–	–	–	–	–	–	–
Stage 1 to Stage 3	(23,221)	(1,764)	(24,985)	472	–	–	–	–	23,221	1,764	24,985	(472)	–	–	–	–
Stage 2 to Stage 1	402	232	634	(244)	(402)	(232)	(634)	244	–	–	–	–	–	–	–	–
Stage 2 to Stage 3	–	–	–	–	(7,098)	(2,166)	(9,264)	3,373	7,098	2,166	9,264	(3,373)	–	–	–	–
Stage 3 to Stage 1	1	2	3	(3)	–	–	–	–	(1)	(2)	(3)	3	–	–	–	–
Stage 3 to Stage 2	–	–	–	–	1	–	1	(1)	(1)	–	(1)	1	–	–	–	–
Write-off	–	–	–	–	–	–	–	–	(10,535)	(293)	(10,828)	10,828	(10,535)	(293)	(10,828)	10,828
Fx impact	(59,489)	–	(59,489)	280	(701)	–	(701)	196	(3,083)	–	(3,083)	3,069	(63,273)	–	(63,273)	3,545
At 31 December 2022	324,354	5,739	330,093	(1,235)	3,825	763	4,588	(859)	16,806	762	17,568	(13,806)	344,985	7,264	352,249	(15,900)

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for the year ended 31 December 2023

13. Loans and advances to customers continued
13.6. Loans and advances to customers at FVTPL

	2023 USD'000	2022 USD'000
Loans and advances to customers at FVTPL	**32,306**	–
	32,306	–

Loans and advances for customers with insurance products in the Philippines (1st cycle loans), Uganda, Kenya and Sri Lanka were reclassified from amortised cost to FVTPL on 1 January 2023. See note 2.3.1 for details.

14. Due from banks

	Notes	2023 USD'000	2022 USD'000
Due from banks		**20,705**	18,208
Escrow bank account at Citibank	14.1.	**21,392**	20,692
		42,097	38,900

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') 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 (the 'Escrow Amount') 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

	2023 USD'000	2022 USD'000
MFX Solutions, LLC		
Balance at the beginning of the period	**244**	237
Gain on revaluation through OCI	**29**	7
Balance at the end of the period	**273**	244

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. These unlisted equity investments were irrevocably designated at initial recognition as held at FVOCI. Their fair value has been classified as Level 2.

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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.

	2023					2022				
	Furniture and fixtures USD'000	Vehicles USD'000	Office equipment including IT USD'000	Buildings USD'000	Total USD'000	Furniture and fixtures USD'000	Vehicles USD'000	Office equipment including IT USD'000	Buildings USD'000	Total USD'000
Cost at the beginning of the period	**1,565**	**405**	**9,006**	**1,127**	**12,103**	1,683	320	9,483	1,229	12,715
Accumulated depreciation at the beginning of the period	**(1,120)**	**(218)**	**(7,085)**	**(167)**	**(8,590)**	(1,166)	(252)	(7,055)	(157)	(8,630)
Carrying value at the beginning of the period	**445**	**187**	**1,921**	**960**	**3,513**	517	68	2,428	1,072	4,085
Impact of IAS 29 (hyperinflation)	**11**	**30**	**53**	**–**	**94**	–	–	–	–	–
Adjusted balance at 1 January 2023	**456**	**217**	**1,974**	**960**	**3,607**	517	68	2,428	1,072	4,085
Additions during the period at cost	**23**	**5**	**2,237**	**2,107**	**4,372**	219	210	1,146	–	1,575
Foreign currency adjustment	**(193)**	**(64)**	**(1,029)**	**32**	**(1,254)**	(277)	(100)	(1,375)	(102)	(1,854)
Disposal during the period	**–**	**–**	**(34)**	**–**	**(34)**	(60)	(25)	(248)	–	(333)
Depreciation during the period	**(186)**	**(53)**	**(1,472)**	**(22)**	**(1,733)**	(242)	(66)	(1,485)	(23)	(1,816)
Adjustment of depreciation for disposals	**210**	**28**	**605**	**31**	**874**	77	40	371	–	488
Impact of hyperinflation for the period	**14**	**(19)**	**89**	**294**	**378**	–	–	–	–	–
Foreign currency differences	**161**	**29**	**838**	**(1)**	**1,027**	211	60	1,084	13	1,368
Carrying value at the end of the period	**485**	**143**	**3,208**	**3,401**	**7,237**	445	187	1,921	960	3,513
Cost at the end of the period	**1,395**	**346**	**10,180**	**3,266**	**15,187**	1,565	405	9,006	1,127	12,103
Accumulated depreciation at the end of the period	**(935)**	**(214)**	**(7,114)**	**(159)**	**(8,422)**	(1,120)	(218)	(7,085)	(167)	(8,590)
Impact of IAS 29 (hyperinflation)	**25**	**11**	**142**	**294**	**472**	–	–	–	–	–
Carrying value at the end of the period	**485**	**143**	**3,208**	**3,401**	**7,237**	445	187	1,921	960	3,513

Addition of buildings includes purchase of building of USD 1.7 million in Ghana and USD 0.4 million in Uganda.

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17. ROU assets and lease liabilities

	2023 USD'000	2022 USD'000
ROU assets at the beginning of the period	**4,589**	5,031
Impact of IAS 29 (hyperinflation)	**281**	–
Adjusted balance at 1 January 2023	**4,870**	5,031
Additions during the period	**3,335**	3,815
Depreciation during the period	**(3,722)**	(3,931)
Impact of hyperinflation for the period	**(15)**	–
Exchange rate differences	**317**	(326)
ROU assets at the end of the period	**4,785**	4,589

	2023 USD'000	2022 USD'000
Lease liabilities at the beginning of the period	**3,091**	3,459
Interest expense of lease liabilities	**341**	299
Additions on lease liabilities during the period	**3,335**	3,815
Payment of lease liabilities	**(3,690)**	(4,353)
Exchange rate differences	**195**	(129)
Lease liabilities at the end of the period	**3,272**	3,091

The Group recognises leased office premises under ROU assets.

Between January and December 2023, the Group entered into 1,163 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.

18. Other assets
Other assets comprises of the following:

	Notes	2023 USD'000	2022 USD'000
Receivables from related parties	18.1.	**810**	249
Prepayments		**2,862**	2,874
Employee advances		**2,783**	2,296
Advance income tax		**2,902**	2,147
Security deposit		**272**	249
Receivables under off-book BC model (ASA India)	18.2.	**1,014**	569
Insurance claim receivable		**37**	109
Interest receivable on due from banks		**379**	337
Advance to lenders	18.3.	**955**	–
Other receivables	18.4.	**1,476**	1,140
		13,490	9,970

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.

18.1. Receivables from related parties

	2023 USD'000	2022 USD'000
Sequoia BV	**41**	145
MBA Philippines	**61**	86
Catalyst Investment Management services	**22**	18
ASAIG plc EBT	**686**	–
	810	249

The receivables from related parties are short term in nature and do not accrue interest.

18.2. Receivables under off-book BC model (ASA India)
Receivables under off-book BC model is presented net of impairment. Gross amount receivable under off book BC model is USD 3.4 million. (2022: 2.2 million).

18.3. Advance to lenders
ASAI NV paid an advance amounting to USD 1.0 million to Symbiotic and Frankfurt School Financial Services in May 2023 on behalf of ASA Myanmar as per the loan restructuring agreed in March 2023. This is an advance for a future assignment of various loans to ASAI NV. USD 45K was adjusted in December 2023 for the purchase value of one of the related Symbiotics loans actually being assigned to ASAI NV.

18.4. Other receivables
Includes various advances in relation to employee's insurance, receivable from VAT and service tax authorities etc. Individually none of the advances are over USD 150K.

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19. Derivatives

	2023 USD'000	2022 USD'000
Forward contracts	**884**	7,131
Swap agreements	**1,566**	724
Derivative assets total	**2,450**	7,855
Forward contracts	**(78)**	(456)
Swap agreements	**–**	–
Derivative liabilities total	**(78)**	(456)
Total derivatives at fair value	**2,372**	7,399

19.1. The Group is holding the following foreign exchange forward contracts:
As of 31 December 2023

	Maturity				
	<30 days USD'000	1-3 months USD'000	3-12 months USD'000	>12 months USD'000	Total USD'000
ASAI NV					
Notional amount (in USD)	–	–	–	993	993
Average forward rate (USD/KYAT)	–	–	–	92	92
Carrying amount (in USD)	–	–	–	(9)	(9)
Kenya					
Notional amount (in USD)	–	–	4,000	–	4,000
Average forward rate (USD/TZS)	–	–	145	–	145
Carrying amount (in USD)	–	–	743	–	743
Pakistan					
Notional amount (in USD)	–	552	17,094	–	17,646
Average forward rate (USD/PKR)	–	312	302	–	300
Carrying amount (in USD)	–	(29)	(40)	–	(69)
Sierra Leone					
Notional amount (in USD)	–	–	1,000	–	1,000
Average forward rate (USD/SLL)	–	–	23	–	23
Carrying amount (in USD)	–	–	105	–	105
Zambia					
Notional amount (in USD)	–	250	250	–	500
Average forward rate (USD/ZMW)	–	23	28	–	26
Carrying amount (in USD)	–	33	4	–	37

As of 31 December 2022

	Maturity				
	<30 days USD'000	1-3 months USD'000	3-12 months USD'000	>12 months USD'000	Total USD'000
Pakistan					
Notional amount (in USD)	2,900	7,952	29,391	–	40,243
Average forward rate (USD/PKR)	204	206	222	–	217
Carrying amount (in USD)	439	1,428	5,133	–	7,000
Myanmar					
Notional amount (in USD)	–	1,000	–	–	1,000
Average forward rate (USD/KYAT)	–	1,914	–	–	1,914
Carrying amount (in USD)	–	131	–	–	131
Zambia					
Notional amount (in USD)	–	250	500	–	750
Average forward rate (USD/ZMW)	–	33	31	–	32
Carrying amount (in USD)	–	(190)	(266)	–	(456)

Please see note 36 and 37 for more information.

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19. Derivatives continued
19.2. The Group also holds the below swap contracts:

		2023 USD'000	2022 USD'000
Cross-currency interest rate swap	Notional value	**10,104**	1,750
	Carrying value	**1,566**	724

At 31 December 2023, the Group had eight cross-currency interest rate swap agreements in place.

Three swap agreements in ASA Sierra Leone with a total notional amount of USD 1.8 million. ASA Sierra Leone entered in to a swap of USD 1 million on 7 July 2021 where ASA Sierra Leone pays a fixed rate of interest of 19.09% in SLE and receives interest at a fixed rate of 8% in USD notional amount. On 2 February 2022, the entity entered into another swap agreement of USD 500K where ASA Sierra Leone pays a fixed rate of interest of 19.22% in SLE and receives at 8% in USD notional amount. ASA Sierra Leone also has another swap contract of USD 300K entered on 10 October 2023, where the entity pays at fixed interest rate of 29.78% in SLE and receives at 12% in USD.

Two swap agreements in ASA Zambia with a total notional amount of USD 500K were entered into. ASA Zambia entered in to a swap of USD 250K on 3 February 2022 where the entity pays a fixed rate of interest of 24.80% in ZMW and receives interest at a fixed rate of 8% in USD notional amount. On 22 August 2023, the entity entered in to another swap agreement of USD 250K where ASA Zambia pays a fixed rate of interest of 22.83% in ZMW and receives at a floating interest rate of Secured Overnight Financing Rate ('SOFR') + 6.5% in USD notional amount.

ASA Kenya also has three swap agreements in place. A swap agreement with notional amount of USD 2 million entered on 10 May 2023 where ASA Kenya pays at a fixed interest rate of 17.90% in KES and receives at 6.25% in USD notional amount. Another swap agreement of USD 3 million was entered into where ASA Kenya pays at 20.95% in KES and receives at 7.5% in USD. The remaining one of EUR 1.5 million entered on 26 June 2023 where ASA Kenya pays at a fixed interest rate of 17.85% in KES and receives at 5% in EUR notional amount.

The swaps are being used to hedge the exposure to changes in the cash flow of its interest on USD and EUR loans.

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 2022	30	452	482
Additions	–	4,592	4,592
Impaired	(17)	–	(17)
Fx movement	(13)	(3)	(16)
At 31 December 2022	–	5,041	5,041
Impact of IAS 29 (hyperinflation)	–	4	4
Adjusted balance at 1 January 2023	**–**	**5,045**	**5,045**
Additions	–	2,284	2,284
Amortisation		(10)	(10)
Impact of hyperinflation for the period		55	55
Fx movement	–	(34)	(34)
At 31 December 2023	**–**	**7,340**	**7,340**

Goodwill arose from the acquisition of Lak Jaya by CMI Lanka in 2008.

For the year ended 31 December 2022, an impairment assessment on the remaining goodwill was conducted and based on such the goodwill was fully impaired.

Intangible assets includes the development costs for the project to develop a digital financial services (DFS) platform. The first implementation is expected to take place in Ghana in 2024 and, if successful and upon approval from the regulator, this will be followed by the launch of a range of digital financial and other services to support the growth of small businesses. The platform 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, the Group is also developing an Supplier Market Place app ('SMP') where clients can purchase goods for their small businesses. 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 deposits accounts and other digital services to our clients, the Group decided to add a CBS to its IT infrastructure. The Group has procured a 10 year license to the Temenos Financial Inclusion suite, which is an off-the-shelf CBS system. In February 2024, clients in Pakistan were migrated from our incumbent loan system to the Temenos Core Banking System. Ghana will be the next country to implement the CBS alongside the DFS.

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20. Intangible assets and goodwill continued

Total spent during the year against DFS and CBS are as follows:

	2023			2022		
Particulars	Capitalised USD'000	Charged to P&L USD'000	Total USD'000	Capitalised USD'000	Charged to P&L USD'000	Total USD'000
Development fees	**613**	**–**	**613**	1,032	–	1,032
Licence fees	**345**	**482**	**827**	1,906	588	2,494
Implementation cost	**921**	**–**	**921**	948	–	948
Consultancy	**40**	**–**	**40**	180	–	180
Salary and travelling	**365**	**73**	**438**	526	218	744
	2,284	**555**	**2,839**	4,592	806	5,398

21. Issued capital

	2023 USD'000	2022 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 2023 and 2022.

22. Retained earnings

Total retained earnings are calculated as follows:

	2023 USD'000	2022 USD'000
Balance at the beginning of the period	**173,297**	155,405
Impact of loan reclassification at Fair Value Through Profit and Loss ('FVTPL')	**2,392**	–
Adjusted balance at the beginning of the period	**175,689**	155,405
Transferred to NCI and others	**969**	–
Result for the period	**9,206**	17,892
Balance at the end of the period	**185,864**	173,297
Profit for the period		
Attributable to equity holders of the parent	**9,206**	17,892
Non-controlling interest	**(449)**	(5)
	8,757	17,887

Part of retained earnings relates to Non-Governmental Organisations ('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 2.1 million at 31 December 2023 (2022: USD 2.0 million).

ASA S&L, ASA India, ASA Nigeria 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 22.4 million in December 2023 (2022: USD 23.4 million).

No dividend was declared in 2023.

23. Other reserves

Total other reserves are calculated as follows:

	Notes	2023 USD'000	2022 USD'000
Balance at the beginning of the period		**3,324**	995
Actuarial gains and losses on defined benefit liabilities	8.1.	**448**	470
Share-based payments		**71**	–
Movement in hedge accounting reserve		**(1,669)**	3,004
Gain on revaluation of MFX investment	15.	**29**	7
Others net of tax		**555**	(1,152)
Balance at the end of the period		**2,758**	3,324

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24. Foreign currency translation reserve
The translation of the Company's subsidiaries and overseas branches from local currency into the Group's presentation currency (USD) results in the following currency translation differences:

	2023 USD'000	2022 USD'000
Balance at the beginning of the period	**(88,123)**	(54,132)
Impact of IAS 29 (hyperinflation)	**256**	–
Adjusted balance at the beginning of the period	**(87,867)**	(54,132)
Translation of assets and liabilities of subsidiaries to USD	**(24,131)**	(33,991)
Balance at the end of the period	**(111,998)**	(88,123)

The entity-wise breakdown of translation adjustment is as follows:

	2023 USD'000	2022 USD'000
Ghana	**1,727**	(17,395)
Pakistan	**(7,729)**	(9,400)
Nigeria	**(15,058)**	(2,540)
Sri Lanka	**181**	(1,450)
Philippines	**64**	(978)
Myanmar	**(1)**	(766)
Sierra Leone	**326**	(685)
Kenya	**(1,487)**	(525)
Rwanda	**(261)**	(132)
Zambia	**(651)**	(120)
Tanzania	**(962)**	(111)
Others	**(280)**	111
	(24,131)	(33,991)

25. Debt issued and other borrowed funds

	Notes	2023 USD'000	2022 USD'000
Debt issued and other borrowed funds by operating subsidiaries	25.1.	**204,653**	201,590
Symbiotics-managed funds (ASAIH/ASAI NV)	25.2.	**21,019**	14,000
Oikocredit (ASAIH)	25.3.	**–**	7,500
BIO (ASAIH)	25.4.	**10,000**	10,000
OeEB (ASAIH)	25.5.	**5,625**	9,375
Citi (ASAI NV)	25.6.	**–**	5,000
Ninety one (ASAI NV)	25.7.	**10,000**	10,000
responsAbility-managed funds (ASAI NV)	25.8.	**7,167**	–
DFC (ASAI NV)	25.9.	**10,000**	–
Interest payable on third-party loans		**4,947**	3,836
		273,411	261,301

25.1. Breakdown of borrowings by operating subsidiaries are shown below:

	2023 USD'000	2022 USD'000
ASA India	**21,127**	32,841
PPFC	**54,246**	44,512
ASA Pakistan	**28,696**	50,705
ASA Tanzania	**52,541**	39,596
ASA Kenya	**25,424**	13,246
ASA Myanmar	**12,892**	11,438
ASA Uganda	**5,592**	4,742
Lak Jaya	**1,503**	1,332
Others	**2,632**	3,178
	204,653	201,590

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 agreements. As of 31 December 2023, out of the total outstanding debt of USD 268.5 million (2022: USD 257.0 million), the balance for credit lines with breached covenants that did not have waivers amounted to USD 23.0 million (2022: USD 65.0 million). Waivers have been received subsequently for all breached covenants (2022: USD 64.0 million), but for a period of less than twelve months going forward. 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 2023. The lenders have not requested any early repayment of loans as of the date when these financial statements were approved by the Board of Directors.

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25. Debt issued and other borrowed funds continued
25.2. Symbiotics-managed funds (ASAIH/ASAI NV)
In October 2019, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA. In November 2021, ASAI NV received USD 10.0 million at six months Libor plus 4.75% per annum. In April 2022 ASAI NV received an additional USD 4.0 million at six months SOFR plus 4.75% per annum with an adjustment spread of 0.4283%. All the loans will be repaid within three years of disbursement. ASAIH is a guarantor for these loans.

In June 2023, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA. In June 2023, ASAI NV received EUR 5 million at 8.75% per annum. In December 2023 ASAI NV received an additional USD 1.50 million at 9% per annum. The loans will be repaid within two years of disbursement. ASAIH is a guarantor for these loans.

25.3. Oikocredit (ASAIH)
On 12 July 2018, ASAIH entered into a loan 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 loans 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. All the loans are repaid during 2023.

25.4. BIO (ASAIH)
ASAIH entered into a USD 10.0 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 six months term SOFR + 5.9% per annum.

25.5. OeEB (ASAIH)
ASAIH entered into a USD 15.0 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 six months term SOFR + 3.5% per annum. ASAI NV is also a co-borrower of the loan.

25.6. Loan from Citi (ASAI NV)
ASAI NV entered into a USD 10.0 million loan agreement with CITIBANK, N.A., JERSEY BRANCH ('Citi') in 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 22. The loan was repaid during 2023.

25.7. Ninety one (ASAI NV)
ASAI NV entered into a USD 10.0 million loan agreement with NINETY ONE SA PROPRIETARY LIMITED in October 2022. The loan is repayable in ten equal instalments and the term of this loan is four years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

25.8. responsAblity managed fund (ASAI NV)
ASAI NV entered into a USD 5 million loan agreement with responsAblity managed fund and received the loan in March 2023. The loan is repayable in six equal instalments and the term of the loan is three years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

ASAI NV entered another USD 3 million loan agreement with responsAblity managed fund and received the loan in December 2023. The loan is repayable in six equal instalments and the term of the loan is 3 years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

25.9. DFC (ASAI NV)
ASAI NV entered into a USD 15.0 million loan agreement with United States International Development Finance Corporation ('DFC') in September 2023 of which USD 10 million is drawn up to December 2023. The loan is repayable in four equal instalments and the term of this loan is five years. Interest amounts to 6% per annum. ASAIH is also a co-borrower of the loan.

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.

	2023 USD'000	2022 USD'000
Clients' security deposits	**66,675**	68,894
Clients' voluntary savings	**12,398**	15,217
Interest payable on deposits and savings	**22**	44
	79,095	84,155

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 ASA Ghana and 7% in ASA 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.

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27. Other liabilities
Other liabilities are as follows:

	Notes	2023 USD'000	2022 USD'000
Security deposits		**2,568**	2,530
Other deposits		**522**	426
Liability for DRFs and MRFs		**–**	146
Accrued expenses		**866**	1,533
Accrued audit fees		**1,279**	1,224
Taxes payable, other than corporate income tax		**5,457**	2,598
Amount due to employees		**2,016**	1,356
Amounts due to related parties	27.1.	**21**	41
Liability to CMI regarding Escrow Account at Citibank	14.1.	**21,392**	20,692
Liabilities under off-book BC model (ASA India)		**301**	255
Liabilities under off-book DA model (ASA India)		**–**	38
Industrial training fund		**14**	189
Payable to Temenos		**554**	–
Social welfare fund		**377**	244
Other sundry liabilities	27.2.	**4,196**	3,128
		39,563	34,400

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. Amounts due to related parties

	2023 USD'000	2022 USD'000
Sequoia BV	**6**	10
MBA Philippines	**15**	31
	21	41

27.2. Other sundry liabilities
Other sundry liabilities include various smaller accruals and provisions for various entities in the Company. Individually none of the payables are over USD 150K.

28. Provisions

	2023 USD'000	2022 USD'000
Provision for off-book BC model portfolio (ASA India)	**1,428**	1,038
	1,428	1,038

This includes ECL provision against the off-book BC portfolio in India. For details on the Group's ECL policy see note 2.5.1.

29. Additional cash flow information
29.1. Changes in operating assets

	2023 USD'000	2022 USD'000
Loans and advances to customers	**(66,298)**	(33,400)
Movement in due from banks	**(6,845)**	18,952
Movement in ROU assets	**(3,335)**	(3,815)
Other assets excluding income tax advances	**(2,898)**	(1,034)
	(79,376)	(19,297)

29.2. Changes in operating liabilities

	2023 USD'000	2022 USD'000
Due to customers	**7,732**	15,332
Other liabilities	**1,982**	(2,895)
Retirement benefit	**(700)**	(572)
Movement in lease liability	**3,335**	3,815
Movement in provisions	**390**	(637)
	12,739	15,043

29.3. Non-cash items

	2023 USD'000	2022 USD'000
Depreciation on:		
– Property and equipment	**1,743**	1,833
– Right-of-use assets	**3,722**	3,931
Interest expense on lease liability	**341**	299
Credit loss expense	**5,024**	643
Write-off of portfolio	**12,894**	10,828
Fair value movement of forward contracts	**3,358**	(1,031)
Fair value movement of loans at FVTPL	**2,392**	–
Share-based payments	**71**	–
Charge against defined benefit plan	**2,680**	1,001
Foreign exchange result	**1,968**	1,559
Loss on net monetary position	**5,789**	–
	39,982	19,063

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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 & 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 Company's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The Company's risk management framework is based on its three lines of defence model, which has been adopted at both the Company level and at each of the Company's MFIs. The Company'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 Company's MFIs and audits each branch based on their risk ratings but at least once a year.

30.3 Key Risk management areas and mitigation
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	Risk that 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 risk	Risk related to potential negative impact of climate change on the organization.
		Health and safety risk	Potential harm or injury to employees arising from workplace conditions or activities.
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.	Third-party risk	Potential negative impact arising from relationships with external service providers.
		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 client.
		Business contingency	Potential adverse effects on operation resulting from unexpected events or disruptions.
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 organization.	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 types of cyber-attacks.
		Data privacy and protection	Risk arising from unauthorised access to sensitive information.
		IT support	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 of fraud due to control gap in IT system and processes.
		Data migration	Risk of loss of data during the time of data migration.

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30. Risk management continued
30.3 Key Risk management areas and mitigation continued

Risk category	Definition	Risks	Description
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.
		Inflation rate risk	Rising cost of living diminishing the borrowers' repayment capacity; affecting the institution's overall financial health.
		Interest rate risk	Risk arising from the possibility of change in the value of assets and liabilities because of changes in market interest rates.
		Concentration risk	High concentration of portfolio in a specific geographic area amplifying the impact of adverse economic events.
		Tax compliance risk	Adverse consequences faced by an entity due to failure to adhere to tax laws and regulations.
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.
		Product transparency	Risk of negative public opinion for not ensuring product transparency.
		AML risk	Threat arising from inadequate measures to prevent and address money laundering.

Business risk

The Group manages its business risks by adopting various mitigation strategies at Group level as well as at subsidiary level. While setting growth targets the Group remains prudent, as uncontrolled growth may lead to increased overdue loans. Sites for new branches are selected after 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 principles and business transparency.

The Group mitigates the physical aspect of the climate risk by avoiding areas for branch expansion that are highly vulnerable to weather events and having emergency plan in place for quick response when natural calamity strikes. The transition aspect of climate change is tackled by tracking emissions data and taking initiatives across the Group for emissions reductions in compliance with related regulatory requirements.

Operational risk

Third-party risk is mitigated by having a contract signed with the vendor with clear terms and conditions, and signing non-disclosure agreements with parties. 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. Fraud and Integrity risks are mitigated by frequent visits and investigation by the operational supervisory team, the fraud and misappropriation prevention unit and Internal Audit. Business contingency risk is mitigated by having an approved business contingency policy in place for guiding the operations during disruptive events and clearly communicating the policy to relevant teams.

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. The Group's IT business continuity is safeguarded by maintaining secure data centres with disaster recovery sites, either on premises or in the cloud. System vulnerability is regularly assessed and virus guards, firewalls and other security measures are kept up to date. Adequate security measures are ensured to prevent unauthorised access to sensitive data in order to protect customer data privacy. Sufficient internet connectivity is provided at all branches to ensure smooth running of operations; proper 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 staff are made aware that password sharing is prohibited. A proper audit trail is maintained in the system for preventing IT fraud. Data migration risk is tackled by ensuring skillful staff, adequate back up and parallel running of systems during migration.

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30. Risk management continued
30.3 Key Risk management areas and mitigation continued
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 Group 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 continue to show strong interest in funding its operations both locally and at the holding level.

The Group takes the majority of its funding denominated in local currency so that it can avoid its currency risk by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities. For foreign currency funding to the subsidiaries, the Company continues 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.

The Group has a policy on concentration risk to monitor portfolio concentration and encourage a well-diversified portfolio across different geographical regions in order to limit its exposure to adverse economic events. Tax compliance risk is mitigated by having competent external tax advisors at entity level and ensuring full compliance to all tax laws applicable in the jurisdictions.

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 are 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 all operating countries. Anti- Money Laundering ('AML') risks are mitigated by having an effective Know Your Customer ('KYC') process, approved AML policy and appointing an AML officer.

Risks are mitigated through standardised practices that are part of the ASA Model of microfinance. These include:

- Standardised loan products.
- Basic voluntary deposit services
- Effective and rigid procedures for cost–effective delivery of microcredit and limited deposit services.
- Zero–tolerance on the late deposit of loan instalments by loan officers.
- 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.

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 the off book BC portfolio where the risk is determined as per the 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.

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.

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30. Risk management continued

30.4 Financial risks continued

30.4.1 Credit risk continued

There are no significant concentrations of credit risk through exposures to individual customers and, specific industry/sectors. However, Pakistan holds 18% of the Group's credit exposure in 2023 (2022: 24%). Management regularly monitors the concentration risk and manages loan distribution if required.

	2023 USD'000	2022 USD'000
Cash and cash equivalents (excluding cash in hand)	**76,215**	83,006
Loans and advances to customers	**330,157**	331,898
Customer security deposit	**(66,675)**	(68,894)
Off-book portfolio (BC model)[1]	**1,428**	3,641
Due from banks	**42,097**	38,900
Other assets[2]	**10,176**	12,804
Maximum credit exposure	**393,398**	401,355

1 Credit risk on IDFC off-book BC model portfolio is restricted to 5% of the outstanding portfolio.
2 Other assets includes net financial derivatives and excludes prepayments and advance tax.

Geographic distribution of maximum credit exposure as at 31 December 2023.

	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 USD'000
West Africa	6,019	71,644	(29,286)	3,700	1,756	–	53,833
East Africa	21,934	103,325	(14,681)	6,991	2,246	–	119,815
South Asia	5,590	80,353	(1,663)	5,252	3,069	1,428	94,029
South East Asia	35,139	74,835	(21,045)	4,762	1,046	–	94,737
Non-operating entities	7,533	–	–	21,392	2,059	–	30,984
Maximum credit exposure	**76,215**	**330,157**	**(66,675)**	**42,097**	**10,176**	**1,428**	**393,398**

Geographic distribution of maximum credit exposure as at 31 December 2022.

	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 USD'000
West Africa	16,712	82,586	(27,988)	3,791	1,499	–	76,600
East Africa	22,893	85,465	(20,087)	810	506	–	89,587
South Asia	11,272	99,717	(1,345)	8,606	9,163	3,641	131,054
South East Asia	29,261	64,130	(19,474)	5,000	1,069	–	79,986
Non-operating entities	2,868	–	–	20,693	567	–	24,128
Maximum credit exposure	83,006	331,898	(68,894)	38,900	12,804	3,641	401,355

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 2023

				Total direct lending/IFRS 9 stages		
	Due from banks[1] USD'000	Gross loans and advances to customer[2] USD'000	Total lending USD'000	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	3,700	75,263	78,963	72,349	425	2,489
East Africa	6,992	81,229	88,221	80,160	258	811
South Asia	5,252	77,065	82,317	75,649	740	676
South East Asia	4,761	76,155	80,916	72,844	644	2,667
Non-operating entities	21,392	–	21,392	–	–	–
Total	**42,097**	**309,712**	**351,809**	**301,002**	**2,067**	**6,643**
ECL provision	–	(6,912)	(6,912)	(1,540)	(12)	(5,360)
Coverage ratio[3]		**2.2%**	**2.0%**	**0.5%**	**0.6%**	**80.7%**

1 Due from banks are neither past due nor credit impaired.
2 Includes interest receivable.
3 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount. ECL between stage 1 and stage 2 has been allocated in proportionate to OLP.

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30. Risk management continued

30.4 Financial risks continued

30.4.1 Credit risk continued

Credit risk from lending as at 31 December 2022

	Due from banks[1] USD'000	Gross loans and advances to customer[2] USD'000	Total lending USD'000	Total direct lending/IFRS 9 stages Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	3,791	85,885	89,676	82,270	1,061	2,554
East Africa	810	88,795	89,605	87,964	269	562
South Asia	8,607	109,591	118,198	96,234	2,943	10,414
South East Asia	5,000	67,978	72,978	63,625	315	4,038
Non-operating entities	20,692	–	20,692	–	–	–
Total	38,900	352,249	391,149	330,093	4,588	17,568
ECL provision	–	(15,900)	(15,900)	(1,235)	(859)	(13,806)
Coverage ratio[3]		4.5%	4%	0.4%	18.7%	78.6%

1 Due from banks are neither past due nor credit impaired.
2 Includes interest receivable.
3 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount.

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 the Group are now able to attract third-party funding and various local currency and USD loans are in place.

Liquidity management is evaluated at the MFI level and on a consolidated Group basis. Each of the Group's MFIs are required to meet the financial obligations of their internal and external stakeholders. Failure to manage liquidity risks 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.

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 Group is engaged in, these loans to customers have short-term maturities, hence the Group is in a position to generate a constant stream of cash inflows.
- The Group is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.
- The Group has been able to receive most of the waivers against covenant breaches from the lenders and no indication received from lenders for any early repayment.

As at 31 December 2023, the Group had an unrestricted cash balance (including short term deposits) of USD 48.2 million (2022: USD 55.0 million). The Group 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.

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30. Risk management continued

30.4 Financial risks continued

30.4.2 Liquidity risk continued

The table below shows undiscounted cash flow analysis of liabilities according to when they are expected to be recovered or to be settled.

Liabilities FY2023 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	**24,680**[1]	**44,250**	**89,156**	**158,086**	**115,325**	**–**	**115,325**	**–**	**273,411**
Due to customers	**33,045**	**20,576**	**25,466**	**79,087**	**8**	**–**	**8**	**–**	**79,095**
Lease liability	**–**	**98**	**554**	**652**	**2,611**	**9**	**2,620**	**–**	**3,272**
Derivative liabilities	**–**	**29**	**40**	**69**	**9**	**–**	**9**	**–**	**78**
Other liabilities	**2,633**	**6,307**	**6,644**	**15,584**	**302**	**144**	**446**	**23,533**	**39,563**
Provisions	**–**	**–**	**1,428**	**1,428**	**–**	**–**	**–**	**–**	**1,428**
	60,358	**71,260**	**123,288**	**254,906**	**118,255**	**153**	**118,408**	**23,533**	**396,847**

Liabilities FY2022 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	68,077[2]	33,918	69,177	171,172	90,129	–	90,129	–	261,301
Due to customers	15,098	32,704	36,344	84,146	9	–	9	–	84,155
Lease liability	142	150	690	982	2,089	20	2,109	–	3,091
Derivative liabilities	–	190	266	456	–	–	–	–	456
Other liabilities	395	4,518	5,410	10,323	662	132	794	23,283	34,400
Provisions	–	285	682	967	71	–	71	–	1,038
	83,712	71,765	112,569	268,046	92,960	152	93,112	23,283	384,441

1 This includes loans amounting to USD 23.0 million on which waivers had not been received at the balance sheet date. Subsequently waivers for all breached loans amounting to USD 23.0 million have been received.
2 This includes loans amounting to USD 65.0 million on which waivers had not been received at the balance sheet date. Subsequently waivers for loans amounting to USD 64.0 million have been received.

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Notes to the consolidated financial statements continued
for the year ended 31 December 2023

30. Risk management continued
30.4 Financial risks continued
30.4.2 Liquidity risk continued
The table below shows undiscounted cash flow analysis of assets according to when they are expected to be recovered or to settled.

Assets FY2023 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	**46,819**	**1,733**	**27,877**	**76,429**	**–**	**–**	**–**	**–**	**76,429**
Loans and advances to customers	**10,698**	**189,612**	**129,455**	**329,765**	**392**	**–**	**392**	**–**	**330,157**
Due from banks	**–**	**3,859**	**5,960**	**9,819**	**10,886**	**–**	**10,886**	**21,392**	**42,097**
Equity investments at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**273**	**273**
Derivative assets	**–**	**105**	**2,345**	**2,450**	**–**	**–**	**–**	**–**	**2,450**
Other assets	**–**	**2,784**	**9,117**	**11,901**	**1,589**	**–**	**1,589**	**–**	**13,490**
	57,517	**198,093**	**174,754**	**430,364**	**12,867**	**–**	**12,867**	**21,665**	**464,896**

Assets FY2022 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	48,666	1,459	32,992	83,117	–	–	–	–	83,117
Loans and advances to customers	11,070	192,736	127,495	331,301	597	–	597	–	331,898
Due from banks	–	3,896	12,717	16,613	1,595	–	1,595	20,692	38,900
Equity investments at FVOCI	–	–	–	–	–	–	–	244	244
Derivative assets	–	1,871	5,260	7,131	724	–	724	–	7,855
Other assets	–	4,489	5,132	9,621	349	–	349	–	9,970
	59,736	204,451	183,596	447,783	3,265	–	3,265	20,936	471,984

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30. Risk management continued
30.4 Financial risks continued
30.4.2 Liquidity risk continued
Changes in liabilities arising from financing activities:

FY 2023	1 January 2023 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2023 USD'000
Debt issued and borrowed funds	**261,301**	**31,251**	**–**	**(19,141)**	**273,411**
Lease liabilities	**3,091**	**(3,690)**	**3,676**	**195**	**3,272**
Total liabilities from financing activities	**264,392**	**27,561**	**3,676**	**(18,946)**	**276,683**

FY 2022	1 January 2022 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2022 USD'000
Debt issued and borrowed funds	318,674	(25,370)	–	(32,003)	261,301
Lease liabilities	3,459	(4,353)	4,114	(129)	3,091
Total liabilities from financing activities	322,133	(29,723)	4,114	(32,132)	264,392

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 Pakistan, ASA Myanmar, ASA Sierra Leone, ASA Kenya and ASA Zambia 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 Group has implemented an equity hedging policy. The policy entails a frequent review of expected currency devaluations compared to the costs for equity hedging instruments. The Group has not used equity hedging instruments in 2023. In addition the Group has a policy to distribute excess retained earnings at its subsidiaries to the holding entities while maintaining a sufficient capital adequacy ratio.

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.
- Excess retained earnings in the operating entities are distributed to the holding entities. Equity hedging instruments are considered as part of the equity hedging policy.
- 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.
- The Group applies hedging instruments on foreign currency loans in any of its operating and holding entities.

Simulation: Foreign currency translation reserve

	FX translation reserve actual 2023 USD'000	FX translation reserve after -10% rate 2023 USD'000	Movement 2023 USD'000	FX translation reserve actual 2022 USD'000	FX translation reserve after -10% rate 2022 USD'000	Movement 2022 USD'000
West Africa	**(59,644)**	**(63,475)**	**(3,831)**	(46,638)	(52,595)	(5,957)
East Africa	**(6,012)**	**(8,735)**	**(2,724)**	(2,551)	(5,038)	(2,487)
South Asia	**(40,792)**	**(43,258)**	**(2,466)**	(33,324)	(37,028)	(3,703)
South East Asia	**(5,134)**	**(6,452)**	**(1,318)**	(5,197)	(6,683)	(1,486)
Non-operating entities	**(416)**	**(433)**	**(17)**	(413)	(432)	(19)
Total	**(111,998)**	**(122,353)**	**(10,356)**	(88,123)	(101,776)	(13,652)

Analysis of the actual exchange rate fluctuations against the USD for the period 2023 shows different trends for all the operating currencies. The annual exchange rate fluctuations are between 100% and 1%, but most moved within 2% to 43%. For the simulation of foreign currency effects, the Company has therefore assumed an additional 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 2023 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 2023 a 10% downward movement of FX rates against the USD has a positive impact on the foreign currency exchange result of USD -78K (2022: USD 3K). The lower impact on the result of the Company results from the decrease in short term intercompany USD loans, which cannot be hedged.

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30. Risk management continued
30.4 Financial risks continued
30.4.3 Foreign exchange rate risk continued
Simulation: Foreign exchange profit and loss

	Foreign exchange profit and loss actual 2023 USD'000	Foreign exchange profit and loss after −10% rate 2023 USD'000	Movement 2023 USD'000	Foreign exchange profit and loss actual 2022 USD'000	Foreign exchange profit and loss after −10% rate 2022 USD'000	Movement 2022 USD'000
West Africa	**(739)**	**(861)**	**(122)**	350	182	(168)
East Africa	**(272)**	**(313)**	**(41)**	(37)	216	254
South Asia	**(180)**	**(182)**	**(2)**	(259)	(266)	(6)
South East Asia	**(20)**	**239**	**259**	(614)	(475)	139
Non-operating entities	**(757)**	**(930)**	**(172)**	(998)	(1,212)	(216)
Total	**(1,968)**	**(2,047)**	**(78)**	(1,558)	(1,555)	3

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 Myanmar and Tanzania.

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. 29% (2022: 37%) 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:

			2023 Effect on profit before tax		2022 Effect on profit before tax	
	Increase in basis points	Decrease in basis points	USD'000	USD'000	USD'000	USD'000
USD	+100	−100	**687**	**(687)**	806	(806)
PKR	+100	−100	**98**	**(98)**	77	(77)
INR	+100	−100	**–**	**–**	10	(10)

30.5 Managing interest rate benchmark reform and associated risks
Following the decision by global regulators to phase out Interbank Offered Rates ('IBORs') and replace them with alternative reference rates, the Group has established a project led by Group Treasury to manage the transition for any of its contracts that could be affected. The project provides periodic updates to senior management and the Board. The Group has already completed the transition of a significant portion of its LIBOR exposure to Risk free rates ('RFRs') and other benchmark rates. As of 31 December 2023, the Group has loans amounting to USD 16.0 million which are based on USD six-month LIBOR. These remaining loans are in discussions with the counterparties to be amended to term SOFR rates by the end of June 2024, prior to the cessation of the availability of synthetic six-month LIBOR rates from 30 September 2024.

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 ('ISDA') master agreements. On 23 October 2020, the 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 were updated as of 16 April 2021 in line with new guidance from the FCA on IBOR rates. The Group's current hedge contracts factor in the spread adjustments where IBOR rates are still applicable.

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30. Risk management continued

30.5 Managing interest rate benchmark reform and associated risks continued

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 2023. The Group's hedged items and hedging instruments continue to be indexed to Euribor or synthetic LIBOR rates. 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.

30.6 Climate-related risks

The Group and its customers may face climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and droughts, and longer-term shifts in climate patterns, such as sustained higher temperatures and rising sea levels.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the operating country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Group is making progress on embedding climate risk into its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Sustainability Committee, which is responsible for developing Group-wide policies, processes and controls to incorporate climate risks into the management of principal risk categories, appointing a Climate Officer for each operating subsidiary and setting up SMART targets to reduce GHG emissions.

The impact of climate-related risks has been assessed on a number of reported amounts and the accompanying disclosures. Refer to page 61 for details in relation to climate-related risks.

30.7 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 of 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.

30.8 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.

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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 2023, the risk of the Group on such BC portfolio stands at USD 0.6 million (2022: USD 0.9 million).

To support the Temenos Transact implementation, ASA Pakistan signed an agreement with NDC Tech for Managed Application and Infrastructure Services and Software licenses on 25 October 2022. Agreement is for two years starting early 2024. Total cost USD 0.9 million.

On 3 January 2024, the group agreed a change request with CSHARK Spółka z ograniczoną odpowiedzialnością (Ltd.) to develop and roll-out the digital financial services application to our clients. Total value of the change request is EUR 0.4 million.

The Group has signed a master agreement on 31 March 2023 with Systems Ltd on Infrastructure Managed Services and implementation Support for Temenos Transact and Digital Financial Services App in Ghana and subsequent countries where DFS systems are implemented. Total cost for Infrastructure managed services is USD 1.1 million for 3 years of which USD 200K has been paid by December 2023. The Temenos Transact Implementation cost is estimated at USD 450K of which USD 220K has been paid as per 31 of December 2023.

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 experienced microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting MFIs across Asia and Africa. In addition to supervising the performance of the Group's local MFIs, 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 provides 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 experienced CEO's 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) is a member of the Board and paid by ASA International Group plc.

The Group CEO (based in Amsterdam) is a member of the Board and paid by ASA International Group plc.

Remuneration of Directors
In 2023, the Directors of the Group received total compensation of USD 1.1 million (2022: USD 1.12 million).

Total remuneration to key management personnel of the Group

	2023 USD'000	2022 USD'000
Short-term employee benefits	**1,890**	2,273
	1,890	2,273

Total remuneration takes the form of short-term employee benefits for the Group. In 2023, total remuneration paid to key management personnel of the Group amounted to USD 1.9 million (2022: USD 2.3 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 414K (2022: USD 425K).

Long-Term Incentive Plan
Please refer to note 8.4 for details of LTIP.

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32. Related party disclosures continued
32.2 Subsidiaries

	Country of Incorporation	2023 ownership	2022 ownership
ASAIH subsidiaries:			
ASA India	India	90.02%	90.02%
Pagasa Consultancy	India	99.99%	99.99%
Pinoy	India	99.99%	99.99%
Pagasa ng Masang Pinoy Microfinance, Inc	The Philippines	N/A[1]	N/A[1]
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 Zanzibar	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 S&L	Ghana	100%	100%
CMI Lanka	Sri Lanka	100%	100%
Lak Jaya	Sri Lanka	97.14%	97.14%
ASA Lanka	Sri Lanka	100%	100%
ASA Kenya	Kenya	100%[2]	100%[2]
ASA Uganda	Uganda	99.99%	99.99%
AMSL	Bangladesh	95%	95%
ASAI I&M	The Netherlands	100%	100%
ASA Dwaso	Ghana	100%	100%

1 ASAI officials/representatives control the governing body and the Board.
2 ASAIH holds 0.5% of the shares.

32.3 Relationship agreement
Relationship agreement with the Controlling Shareholder Group

The Group, 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 Group 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 Group 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.

32.4 Other related parties
A list of related parties with which the Group has transactions is presented below. The transactions in 2023 and 2022 and the balances per the end of the year 2023 and 2022 with related parties can be observed in notes below. Related party transactions take place at arm's length conditions.

Name of related party	Relationship
CMI	Major shareholder (29.2%)
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
ASAIG plc EBT	Trust to hold LTIP shares
CMIC	Investment manager of CMI
CMII	Subsidiary of CMI
ASA Social Services	Service provider to the Parent
CIMS BV	Service provider to the Parent

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32. Related party disclosures continued
32.4 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 2023	–	–	–	21,392
	31 December 2022	–	–	–	20,692
Sequoia	31 December 2023	165	25	41	6
	31 December 2022	117	47	145	10
MBA Philippines	31 December 2023	1,104	–	61	15
	31 December 2022	890	–	86	31
Jana	31 December 2023	–	–	1,500	11
	31 December 2022	–	–	139	–
Fincare	31 December 2023	–	–	97	–
	31 December 2022	–	–	–	–
IDFC	31 December 2023	2,160	–	4,740	1,257
	31 December 2022	2,045	–	2,224	285
CIMS BV	31 December 2023	–	–	22	–
	31 December 2022	–	–	18	–
ASAIG plc EBT	31 December 2023	–	–	686	–
	31 December 2022	–	–	–	–

32.5 Reporting dates of subsidiaries
All of the Group's subsidiaries have reporting dates of 31 December, with the exception of ASA India, 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.

32.6 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 2023 and 2022. 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 2023 and 2022.

The summarised financial information of Lak Jaya and ASA India as at 31 December 2023 is as follows:

	31 December 2023		31 December 2022	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Current assets	**6,556**	**13,096**	5,317	27,079
Non-current assets	**131**	**295**	156	394
Current liabilities	**5,065**	**26,143**	4,074	34,965
Non-current liabilities	**293**	**888**	247	1,206
Net Operating Income	**2,090**	**4,554**	1,626	7,186
Net loss	**(40)**	**(4,489)**	(564)	(6,445)
Non-controlling interest	**38**	**(1,362)**	33	(868)

The following table summarises financial information for each subsidiary that has material NCI 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 2023		31 December 2022	
	Lak Jaya	ASA India	Lak Jaya	ASA India
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%	9.98%

	31 December 2023		31 December 2022	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Summarised statement of financial position:				
Net assets	**1,329**	**(13,640)**	1,152	(8,698)
Net assets attributable to NCI	**38**	**(1,362)**	33	(868)
Summarised statement of profit or loss and other comprehensive income:				
Net operating income	**2,090**	**4,554**	1,626	7,186
Net loss after tax	**(40)**	**(4,489)**	(564)	(6,445)
Loss allocated to NCI	**(1)**	**(448)**	(16)	(643)
Summarised statement of cash flow:				
Cash flow from operation activities	**4,520**	**12,710**	2,219	41,755
Cash flow from investing activities	**(4,406)**	**17**	(10)	(36)
Cash flow from financing activities	**(75)**	**(7,181)**	(1,364)	(47,522)
Net cash flow attributable to NCI	**1**	**554**	24	(579)

Reference to note 32.2, 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.

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for the year ended 31 December 2023

33. Subsequent events disclosure
As per 1 April 2024 ASAI NV acquired the outstanding principal debt and interest receivable totaling USD 4.4 million held by ASA Myanmar from various international lenders managed by Symbiotics and Frankfurt School Financial Services. The company had already made an advance payment for this assignment of USD 955K in 2023 (note 18.3).

On 25 February 2024, ASAI reached a key milestone, by migrating all clients in Pakistan from our incumbent loan system to the Temenos Transact Core Banking System. This migration enables ASA Pakistan to start taking deposits and to grow their client base in a highly regulated environment.

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). In addition, another demand has been raised by the income tax authorities for USD 1.1 million for the AY 2012-2013 in December 2019 which has been challenged before the relevant assessing officer. ASA India has also applied for a stay order of the demand.

In November 2022, the revenue authority adjusted USD 1.4 million against tax refund for AY 2013-2014 to 2022-2023 for such demand. ASA India has submitted to file a writ petition against such adjustment. The entity took a provision of USD 560K against such demand.

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. The entity took a provision of USD 36K against such demand.

IRD has raised another tax demand, including a penalty of LKR 74 million (USD 412K) regarding Corporate Income Tax for the tax year 2017/ 2018 by disallowing the truncated rate applied by the entity. The Company filed an appeal against that demand which is pending with Commissioner Appeal. A provision of USD 93K has been taken against such demand.

ASA Pakistan
A demand was raised by the Federal Board of Revenue in Pakistan for USD 390K by disallowing certain expenses against the return of AY 2015-2016. The management team filed an appeal and this came in the Company’s favour, and demand liability is reversed.

The WHT monitoring notice (audit) came for the Tax year 2020. The Physical Hearing is done, waiting for further notification. No provision is made against this.

ASA Uganda
A demand of USD 155K was raised by the Uganda Revenue Authority (‘URA’) regarding applicability of withholding tax on dividend payment to ASAI NV. The Company is in the process of appeal against the URA. No provision has been taken against such demand as management concludes that the merit of the demand is unlikely to be successful.

ASA Tanzania
The Tanzania Revenue Authority (‘TRA’) claimed a tax demand of USD 2.5 million regarding applicability of excise duty on loan processing fees, VAT on intercompany transactions, withholding tax on stock dividend and tax on deferred income. The Company appealed against the TRA. The entity has taken a provision of USD 1.7 million against such claim.

ASA Nigeria
ASA Nigeria is in breach of a regulatory limit of PAR 30 ratio at the balance sheet date. The matter was reported to Central Bank of Nigeria (CBN). No provision was created in this regard as management concludes that any penalty imposition by CBN in this regard is unlikely.

35. Capital management
ASA International Group Plc is registered as 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. It had 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 2023, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

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for the year ended 31 December 2023

36. Financial instruments
The carrying value of the Group's financial assets and liabilities as of 31 December 2023 are the best approximation of the fair value.

- 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 short term and small ticket loans (six to twelve months) and therefore, the carrying value of these loans are best approximate of their fair value.
- Regarding the 'Debt issued and other borrowed funds', this amount reflects the loans from third parties on a 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 because the funding interest rates have not materially changed over the recent years.

37. Hedge accounting
Forward contracts
The Group applies hedge accounting to USD and EUR loans provided to subsidiaries reporting in foreign currencies and the related forward contracts. The foreign currency risk exposure of the USD and EUR 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
As at 31 December 2023, the Group had eight cross-currency interest rate swap agreements in place. Please refer to note-19.2 for details.

The Group applies the qualitative approach for prospective testing effectiveness because the critical terms of the hedged items and hedging instruments are identical. The Group 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 Group 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 that, it had no ineffectiveness during 2023 in relation to the foreign currency hedges.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

37. Hedge accounting continued

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 2023 is provided below:

As at 31 December 2023	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Kenya USD'000	ASAI NV USD'000	ASA Zambia USD'000	Total USD'000
Fair value of derivative assets	–	959	–	1,320	–	171	2,450
Fair value of derivative liabilities	69	–	–	–	9	–	78
Notional amount hedged foreign currency loans	17,646	2,925	–	11,653	993	1,026	34,243
Period in which the cash flows are expected to occur:							
cash flows in 2024	17,646	2,105	–	4,992	–	1,026	25,769
cash flows in 2025	–	–	–	–	–	–	–
cash flows in 2026	–	–	–	3,743	993	–	4,736
Total cash flows	17,646	2,105	–	8,735	993	1,026	30,505
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2024	724	107	–	302	41	40	1,214
amortisation of forward points in 2025	–	–	–	–	41	–	41
amortisation of forward points in 2026	–	–	–	21	18	–	39
Total amortisation of forward points	724	107	–	323	100	40	1,294
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	2,139	155	7	320	15	117	2,753
for adjustment of net interest on swap	–	(11)	–	285	–	16	290
for changes in fair value of the forward contracts/ swaps	3,596	343	(42)	1,356	(9)	29	5,273
for recycling of FX result of foreign currency loans	(7,671)	(428)	–	(1,648)	(20)	(218)	(9,985)
Total amounts recognised in OCI during the period	(1,936)	59	(35)	313	(14)	(56)	(1,669)

As at 31 December 2022	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	7,001	711	131	–	–	12	7,855
Fair value of derivative liabilities	–	–	–	–	–	456	456
Notional amount hedged foreign currency loans	40,243	1,500	1,000	–	–	1,000	43,743
Period in which the cash flows are expected to occur:							
cash flows in 2023	40,243	–	1,000	–	–	750	41,993
cash flows in 2024	–	1,000	–	–	–	250	1,250
cash flows in 2025	–	500	–	–	–	–	500
Total cash flows	40,243	1,500	1,000	–	–	1,000	43,743
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2023	1,240	47	7	–	–	113	1,407
amortisation of forward points in 2024	–	28	–	–	–	2	30
amortisation of forward points in 2025	–	–	–	–	–	–	–
Total amortisation of forward points	1,240	75	7	–	–	115	1,437
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	3,696	287	108	11	27	267	4,396
for adjustment of net interest on swap	–	36	–	–	837	22	895
for changes in fair value of the forward contracts/ swaps	10,175	1,184	(40)	(2)	(551)	(174)	10,592
for recycling of FX result of foreign currency loans	(10,612)	(1,550)	(157)	(9)	(504)	(47)	(12,879)
Total amounts recognised in OCI during the period	3,259	(43)	(89)	–	(191)	68	3,004

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2023

37. Hedge accounting continued

As at 31 December 2023	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	**(1,735)**	**–**	**(1,735)**
Cross-currency interest rate swaps	**66**	**–**	**66**
	(1,669)	**–**	**(1,669)**

As at 31 December 2022	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	3,161	–	3,161
Cross-currency interest rate swaps	(157)	–	(157)
	3,004	–	3,004

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 at the balance sheet date. Those borrowings are presented on demand.

As at 31 December 2023	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	**76,429**	**–**	**76,429**
Loans and advances to customers	**329,765**	**392**	**330,157**
Due from banks	**9,819**	**32,278**	**42,097**
Equity investment at FVOCI	**–**	**273**	**273**
Property and equipment	**–**	**7,237**	**7,237**
ROU assets	**808**	**3,977**	**4,785**
Deferred tax assets	**–**	**5,769**	**5,769**
Derivative assets	**2,450**	**–**	**2,450**
Other assets	**11,901**	**1,589**	**13,490**
Intangible assets	**–**	**7,340**	**7,340**
Total assets	**431,172**	**58,855**	**490,027**
Liabilities			
Debt issued and other borrowed funds	**158,086**	**115,325**	**273,411**
Due to customers	**79,087**	**8**	**79,095**
Retirement benefit liability	**22**	**4,816**	**4,838**
Current tax liability	**9,326**	**–**	**9,326**
Deferred tax liability	**–**	**2,406**	**2,406**
Lease liability	**652**	**2,620**	**3,272**
Derivative liabilities	**69**	**9**	**78**
Other liabilities	**15,584**	**23,979**	**39,563**
Provisions	**1,428**	**–**	**1,428**
Total liabilities	**264,254**	**149,163**	**413,417**
Net	**166,918**	**(90,308)**	**76,610**

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2023

38. Maturity analysis of assets and liabilities continued

As at 31 December 2022	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	83,117	–	83,117
Loans and advances to customers	331,301	597	331,898
Due from banks	16,613	22,287	38,900
Equity investment at FVOCI	–	244	244
Property and equipment	–	3,513	3,513
ROU assets	832	3,757	4,589
Deferred tax assets	–	4,625	4,625
Derivative assets	7,131	724	7,855
Other assets	9,621	349	9,970
Intangible assets	–	5,041	5,041
Total assets	448,615	41,137	489,752
Liabilities			
Debt issued and other borrowed funds	171,172	90,129	261,301
Due to customers	84,146	9	84,155
Retirement benefit liability	–	4,593	4,593
Current tax liability	8,873	–	8,873
Deferred tax liability	7	2,177	2,184
Lease liability	982	2,109	3,091
Derivative liabilities	456	–	456
Other liabilities	10,323	24,077	34,400
Provisions	967	71	1,038
Total liabilities	276,926	123,165	400,091
Net	171,689	(82,028)	89,661

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 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:

	2023 USD'000	2022 USD'000
Net profit attributable to ordinary equity holders of the parent	**9,206**	17,892
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**	0.18
Diluted earnings per share	**0.09**	0.18

The Company has applied the number of shares issued by ASA International Group plc as at 31 December 2023 and 31 December 2022. 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 2023 (2022: nil).

The following table shows the dividend per share:

	2023 USD'000	2022 USD'000
Dividend per share	**n/a**	n/a

Financial Statements continued

Statutory statement of profit and loss and other comprehensive income

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Dividend income		**4,670**	31,064
Net revenue		**4,670**	31,064
Personnel expenses	40.	**(1,212)**	(1,192)
Professional fees		**(2,446)**	(1,936)
Administrative expenses		**(1,144)**	(976)
Exchange rate differences		**(45)**	(101)
Total operating expenses		**(4,847)**	(4,205)
Profit before tax		**(177)**	26,859
Profit/total comprehensive profit for the period, net of tax		**(177)**	26,859

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of financial position

as at 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Assets			
Cash at bank and in hand		**359**	778
Due from banks	14.1.	**21,392**	20,692
Investment in subsidiaries	41.	**120,684**	120,684
Other assets	42.	**898**	225
Total assets		**143,333**	142,379
Equity and liabilities			
Equity			
Issued capital	43.	**1,310**	1,310
Retained earnings	44.	**119,461**	119,638
Other reserves		**71**	–
Total equity attributable to equity holders of the parent		**120,842**	120,948
Liabilities			
Other liabilities	45.	**22,491**	21,431
Total liabilities		**22,491**	21,431
Total equity and liabilities		**143,333**	142,379

Approved by the Board of Directors on 26 April 2024

Signed on behalf of the Board

Karin Kersten
CEO

Tanwir Rahman
CFO

The notes 40 to 47 form an integral part of these financial statements.

Financial Statements continued

Statutory statement of changes in equity

for the year ended 31 December 2023

	Issued capital USD'000	Retained earnings USD'000	Other reserves USD'000	Total USD'000
At 1 January 2022	1,310	92,779	–	94,089
Profit for the period	–	26,859	–	26,859
Total comprehensive loss for the period	1,310	119,638	–	120,948
Dividend		–	–	–
At 31 December 2022	1,310	119,638	–	120,948
At 1 January 2023	**1,310**	**119,638**	**–**	**120,948**
Profit for the period	**–**	**(177)**	**–**	**(177)**
Total comprehensive loss for the period	**1,310**	**119,461**	**–**	**120,771**
Share-based payments	**–**	**–**	**71**	**71**
At 31 December 2023	**1,310**	**119,461**	**71**	**120,842**

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of cash flows

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000 (Restated)
Operating activities			
Profit before tax		**(177)**	26,859
Adjustment for movement in:			
Operating assets	46.	**(1,373)**	313
Operating liabilities	46.	**1,060**	(3,571)
Non-cash items		**71**	–
Net cash flows used in operating activities		**(419)**	23,601
Financing activities			
Loan (repaid)/received		**–**	(23,206)
Net cash flows used in financing activities		**–**	(23,206)
Net increase in cash and cash equivalents		**(419)**	395
Cash and cash equivalents at the beginning of the period		**778**	383
Cash and cash equivalents as at 31 December		**359**	778

The notes 40 to 47 form an integral part of these financial statements.

Financial Statements continued

Notes to the statutory financial statements

for the year ended 31 December 2023

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 the 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

	2023 USD'000	2022 USD'000
Total operating expenses include the following items:		
Personnel expenses	**(1,212)**	(1,192)
Professional fees	**(2,446)**	(1,936)
Administrative expenses	**(1,144)**	(976)
	(4,802)	(4,104)

41. Investments in subsidiaries

	2023 USD'000	2022 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	2023 ownership	2022 ownership
ASA International Holding	Mauritius	MFI Holding Company	100%	100%
ASA International NV	Netherlands	MFI Holding Company	100%	100%

42. Other assets

	2023 USD'000	2022 USD'000
The other assets comprised the following:		
Other receivables	**863**	145
Advances and prepayments	**35**	80
	898	225

43. Issued capital

100 million ordinary shares of GBP 0.01 each. No movement occurred during 2023 and 2022.

44. Retained earnings

Total retained earnings are calculated as follows:

	2023 USD'000	2022 USD'000
Balance at the beginning of the period	**119,638**	92,779
Result for the period	**(177)**	26,859
Balance at the end of the period	**119,461**	119,638
Profit for the period		
Attributable to equity holders of the parent	**(177)**	26,859

Financial Statements continued

Notes to the statutory financial statement continued

for the year ended 31 December 2023

45. Other liabilities

	Notes	2023 USD'000	2022 USD'000
Short-term liabilities			
Accrued audit fees		**628**	563
Accrued cost		**113**	176
Other intercompany payables		**358**	–
		1,099	739
Long-term liabilities			
Escrow liability to CMI	14.1.	**21,392**	20,692
		21,392	20,692
		22,491	21,431

46. Additional cash flow information

	2023 USD'000	2022 USD'000
Changes in operating assets		
Due from banks	**(700)**	(227)
Other assets	**(673)**	540
	(1,373)	313
Changes in operating liabilities		
Other liabilities	**1,060**	(3,571)
	1,060	(3,571)
Changes in non-cash items		
Share-based payments	**71**	–
	71	–

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 2023	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	**-**	**21,392**	**21,392**
Investment in subsidiaries	**-**	**120,684**	**120,684**
Other assets	**898**	**-**	**898**
	1,257	**142,076**	**143,333**
Liabilities			
Other liabilities	**1,099**	**21,392**	**22,491**
Net	**158**	**120,684**	**120,842**

As at 31 December 2022	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	778	–	778
Due from banks	–	20,692	20,692
Investment in subsidiaries	–	120,684	120,684
Other assets	225	–	225
	1,003	141,376	142,379
Liabilities			
Other liabilities	739	20,692	21,431
Net	264	120,684	120,948