An overview of 2023

Progress with purpose

Highlights

Find the impact highlights on page 13

Clients	Branches	Outstanding Loan Portfolio (USD)
2.3m	**2,016**	**369.2m**
2022: 2.3m	2022: 2,028	2022: 351.2m
2021: 2.4m	2021: 2,044	2021: 403.7m

PAR>30 days	Profit before tax (USD)	Net profit (USD)
2.1%	**32.2m**	**8.8m**
2022: 5.9%	2022: 46.3m	2022: 17.9m
2021: 5.2%	2021: 25.7m	2021: 6.4m

- ASA International Group plc ('ASA International', the 'Company' or the 'Group') disbursed a total of USD 965.1 million in loans, serving 2.3 million clients.
- Pakistan, the Philippines, Ghana, Tanzania, and Kenya made significant positive contributions to the Group's net profitability, due to increased loan demand and high loan portfolio quality in all these markets.
- Realised a net profit of USD 8.8 million.
- PAR>30 for the Group improved to 2.1%, primarily due to write-offs of long overdue loans in India and Myanmar, combined with growth in Outstanding Loan Portfolio ('OLP') in USD terms in other major countries.
- Received approval for 'Commencement of Microfinance Banking Business' on 13 November 2023 in Pakistan.
- Completed implementation of Core Banking System ('CBS') in Pakistan in Q1 2024 and continued implementation of CBS in Ghana.
- Rolled out the digital market place for clients and their suppliers, called the Supplier Market Place ('SMP'), in Ghana.
- Made strides in setting and achieving climate and Diversity, Equity and Inclusion ('DEI') targets.

Read more FY 2023 highlights on page 25

Approval of Strategic Report
The Strategic Report for the year ended 31 December 2023, set out on pages 01 to 67, was approved by the Board of Directors on 26 April 2024.

By order of the Board,

Karin Kersten

Karin Kersten
Chief Executive Officer,
ASA International Group plc
26 April 2024

Recognition

ASA Tanzania:
- Champion African Company of the Year in Financial Services to Vulnerable Groups.
- Best Microfinance Provider of the Year 2023 at Africa Company of the Year Awards.

ASA Ghana:
- Best Microfinance Methodology and Highest Outreach in Rural Areas

Find all the awards we received in 2023 on our website www.asa-international.com/about-us/our-awards/

Purpose-led framework

Our purpose…

To reduce poverty and enable female empowerment

Inspired by…

Our vision:
Just and financially inclusive societies.

Achieved through…

Our mission:
Enhancing socioeconomic progress of low-income entrepreneurs by increasing financial inclusion.

See our purpose in action on page 20

Purpose-led framework continued

Measured through...

Our outcome indicators:

Financial inclusion

70%
of clients accessing a financial service for the first time

94%
understanding of financial management improved

Reduction of poverty

94%
of clients increasing their daily income level

94%
living conditions improved

Female empowerment

89%
increase of share in family income by females

82%
increase of leadership or decision-making role within household or community

Read about our business Key Performance Indicators ('KPIs') on page 24

Read more about how these indicators are calculated in the APM table on pages 172 and 173

Supported by...

Our strategic priorities:

Increase financial inclusion

Financial inclusion is strengthened by increasing loan coverage and loan volumes.

Add digital channel and digitise internal processes

A digital channel complements the high-touch model and efficiency is improved through digitising internal processes.

Offer digital products and services

Offering digital and value-added products and services, including the Supplier Marketplace ('SMP') app attracts new clients. Banking licences are prerequisites for broadening products and services.

Read more about our growth strategy on page 17

Purpose-led framework continued

Delivered via...

Our business model:

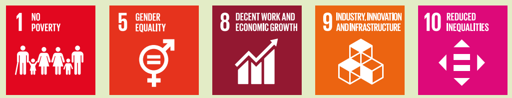
- Decentralised, standardised and sustainable model allowing for cost efficiency, quick decision- making and replicability.
- Meeting basic demand for savings and loans and over time digital financial services.

Read more about our business model on page 12

Committed to...

Our sustainable practices and responsible business operations:

- Socially and environmentally responsible.
- Taking steps to mitigate climate change by defining metrics and targets.
- Alignment to Sustainable Development Goals ('SDGs'), contributing directly to SDG 1, 5, 8, 9 and 10.



Read more in our ESG report on page 48

Purpose-led framework continued

Driven by…

Our stakeholders

Clients
2.3m

Colleagues
13.4k

Communities where we operate
2,016
Number of branches which are situated in communities where clients live and work.

Countries of operations
13

Regulators and industry bodies
92
Number of regulators and industry bodies associated with across the Group.

Shareholders and investors
53.7%
Percentage of public float.

Read more about our stakeholders, benefits and engagement on pages 13 and 14

Underpinned by…

Our values:

Teamwork
Embraces a supportive environment that encourages collaboration and knowledge sharing, empowering all team members to achieve common goals.

Professionalism
Emphasises responsible, reliable and accountable leadership. It promotes efficient operations, ownership of roles and continuous learning.

Integrity
Embodies consistency, trust, transparency, respect and equality. It involves upholding high moral standards and treating others fairly.

Read more about how our values are showcased on pages 20 to 23

Reinforcing…

Our investment case:

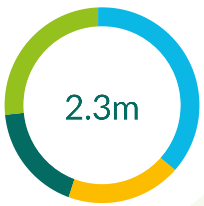
- Socially responsible services
- Diversified risk profile
- Proven credit methodology
- Highly scalable

Read more about our investment case on page 09

Company overview

ASA International is a microfinance institution with operations in Asia and Africa.

Clients



- South Asia – 842,001
- South East Asia – 444,210
- West Africa – 425,058
- East Africa – 619,229

Branches

- South Asia – 589
- South East Asia – 458
- West Africa – 452
- East Africa – 517

Outstanding Loan Portfolio (USD)

- South Asia – $117.5m
- South East Asia – $74.0m
- West Africa – $72.3m
- East Africa – $105.5m

Find our Key Performance Indicators ('KPIs') on page 24

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

Our clients

The Group's clients are low-income mostly female micro-entrepreneurs who are over 18 years of age and earn on average around USD 3.65 per day. They generally cannot access credit from traditional banks to start or grow their businesses. Clients are active across services, trading, manufacturing and small scale agricultural activities in predominantly urban/semi-urban areas.

The Company engages with them through frequent client group meetings and at the branches, which are situated in or near the communities where its clients live and work, and are the centre of the clients' ecosystem. The Company targets approximately 1,200 clients per branch.

Our colleagues

The Company employs 13,433 staff members, most of whom start post-graduation with ASA International as their first employer. The local field staff are trained in-house and work alongside highly skilled senior managers who offer on-the-job coaching and mentoring. They are eligible for promotion to more senior positions over time.

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

Read more about colleagues on page 52

Our products and services

The Company provides small socially responsible loans, without joint liability, for primarily income-generating activities. The operating subsidiaries offer various collateral-free loans to start or grow businesses, often including small business/SME loans. The average disbursement of the bulk of the loans (six to twelve-month loans) is USD 266. In principal, only when a loan has been fully repaid are clients eligible to apply for a new loan, based on an assessment of client needs, creditworthiness and business potential. Exceptions may apply for high performing clients. There is a maximum increment and loan limit for each loan cycle, including follow-on loans. These follow-on loans are, on average, 20% to 50% larger than the previous loan. Where it is customary and allowed under the current licence, a security deposit is taken.

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

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

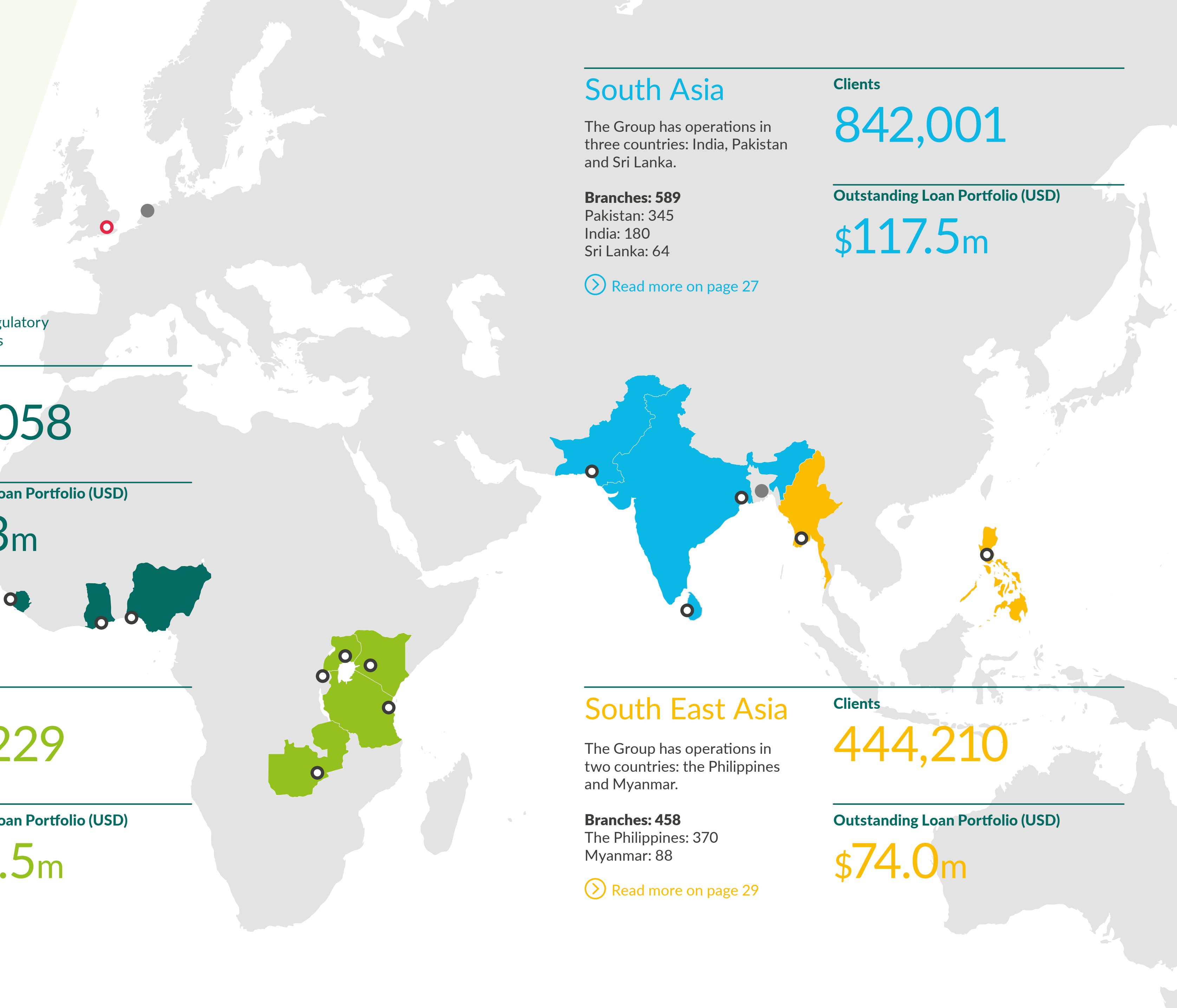
Read more about the business model on page 12 and the strategy on page 17

Company overview continued

Where we operate

- **Corporate head offices:**
  Amsterdam, the Netherlands
  Dhaka, Bangladesh
- **Registered head office:**
  Worthing, West Sussex, United Kingdom
- **Regional head offices**

Visit our website for more information on the regulatory environments for each of our operating countries



West Africa

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

Branches: 452
Nigeria: 263
Ghana: 143
Sierra Leone: 46

Read more on page 31

Clients

425,058

Outstanding Loan Portfolio (USD)

$72.3m

East Africa

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

Branches: 517
Tanzania: 202
Kenya: 132
Uganda: 120
Rwanda: 32
Zambia: 31

Read more on page 33

Clients

619,229

Outstanding Loan Portfolio (USD)

$105.5m

South Asia

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

Branches: 589
Pakistan: 345
India: 180
Sri Lanka: 64

Read more on page 27

Clients

842,001

Outstanding Loan Portfolio (USD)

$117.5m

South East Asia

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

Branches: 458
The Philippines: 370
Myanmar: 88

Read more on page 29

Clients

444,210

Outstanding Loan Portfolio (USD)

$74.0m

Chairman's statement

The journey towards sustainable growth

The year 2023 has been challenging for the Group, but it can be seen as a year of two distinct halves with the second half showing strong improvement and giving us real hope for the current year and beyond.

Early in the year, the prevailing headwinds of inflation and currency devaluation in key countries were stronger than we anticipated, and were compounded by macroeconomic difficulties in Nigeria, business-specific ones in India, and high tax rates in Pakistan. Conditions markedly improved as the year went on, as did our operating and financial performance.

Karin Kersten stepped into the role of CEO in June 2023, with the overriding objective of creating a Group that can achieve sustainable progress and growth whatever the prevailing headwinds. We are putting in place the management and organisational changes required to convert this objective into reality; all the while keeping the ASA Model and philosophy at the heart of everything that we do for the benefit of our clients.

Our digital strategy is at the core of our drive for resilience and sustainability. It is gratifying that we achieved a major milestone with the successful migration of more than 600,000 clients in Pakistan to our new Core Banking System in February 2024. This gives us the confidence to move forward in Ghana this year, and to continue preparations in our key East African markets.

As always, on behalf of the Board, I would like to express our sincere thanks to all our employees for their dedication and commitment to our mission of enhancing financial inclusion and socioeconomic progress for our clients. Our broader leadership team has willingly embraced the changes required to achieve sustainable growth, whilst our staff in the field continue to work in exemplary fashion in often challenging circumstances. Special thanks are also due to all our other stakeholders – our clients of course, and also our lenders and shareholders whose support is essential to achieving our purpose.

The Board

At the Company's Annual General Meeting ('AGM') on 15th June 2023, our co-founder Dirk Brouwer duly stepped into his new role as Deputy Chairman and Special Advisor, and Karin Kersten became CEO. The Board is pleased that we can still benefit from Dirk's vision and expertise, and is very encouraged by the way that Karin and the management team are taking the Group forward.

Also at the AGM, Aminur Rashid retired from the Board after many years of loyal service. We will be forever grateful for his long years of dedication and committed service to the Board and ASA International as a whole. We wish him a long and happy retirement.

Guy Dawson
Chairman, ASA International Group plc
26 April 2024

> "A year of two distinct halves with the second half showing strong improvement and giving us real hope for the current year and beyond."

Our investment case

What makes us different

Socially responsible services

Through the ASA Model of Microfinance

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

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

Microfinance experience
32yrs

Social Performance Indicator
90%

Read more on page 12 of our business model

See our website for more information on our history

Diversified risk profile

Due to presence in thirteen emerging and frontier markets

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

The risk management features embedded in the ASA Model, such as managing credit risk, have a positive impact on the Group's returns and risk profile. In 2023, as a result of the inflationary environment and currency depreciations the liquidity, exchange rate and inflation rate risks predominantly increased.

The addressable market is estimated at 378 million prospects in existing countries of operation, according to the World Bank. The Group is well placed to capture this significant breadth of market opportunity by continuing to increase its penetration in current as well as in future markets in Asia and Africa.

Prospects
378m

Operating countries
13

Read more on pages 40 and 41 of principal risks

See our website for more information on addressable market

Proven credit methodology

As a result of staying close to clients

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

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

The credit methodology results in low credit costs, which in combination with the low cost of operations, leads to attractive financial returns.

Client retention rate
75%

PAR>30 dpd
2.1%

Return on Assets
1.8%

Dividend
Nil

Read more on how we engage with clients on page 51 and our business model on page 12

Highly scalable

Decentralised business model

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

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

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

Deposit-taking licences
6

Read more on pages 17 to 19 of our Strategy and our business model on page 12

Chief Executive Officer's review

Uplifting operational performance in H2 and beyond

Read an excerpt of a Q&A with our new CEO, Karin, on page 11

Operations returned to growth in the second half of 2023, with the operating environment improving in most markets compared to the first half of the year.

Introduction

We've seen a notable improvement in our operating performance in the second half of the year, despite operational challenges in Nigeria and Myanmar. Our profits were significantly impacted by currency devaluation and high inflation in some of our key countries, including the application of hyperinflation accounting to Ghana and Sierra Leone. The launch of microfinance banking and the implementation of the core banking system in Pakistan set the stage for a pivotal transition to enhance operational efficiency and broaden our products and services.

Business review 2023

The improvement in the operating environment in most of our markets saw demand for our loan products increase as clients experienced an upturn in business activity. Against the backdrop of the macroeconomic challenges faced in our operating markets due to the global impact of increased food, commodities, and energy prices, the high demand from clients contributed to the growth of our operations in most markets. Pakistan, the Philippines, Ghana, Tanzania and Kenya continued to grow their loan portfolios in local currency and each made significant contributions to the Group's profitability.

The number of branches remained broadly stable, which was the result of the Group's stated strategy to reduce its presence in India while at the same time increasing our branches in many other countries, particularly in the Philippines and our operations in East Africa. Client numbers across the Group increased as the operating environment improved in most of our markets. On a constant currency basis, Gross OLP for the Group grew to USD 433.6 million at the end of December 2023 from USD 367.5 million at the end of December 2022. The growth in Gross OLP was combined with improved portfolio quality in most markets with PAR>30 for the Group at 2.1% as of December 2023 compared to 5.9% in December 2022.

Progressing with banking licenses

On November 13 2023, ASA Pakistan achieved a significant milestone by securing approval for the 'Commencement of Microfinance Banking Business'. This achievement represents a pivotal moment in our organisational journey, symbolising not only regulatory recognition but also a significant step towards expanding our impact and reach in Pakistan.

The acquisition of the microfinance banking licence enables us to cater to a wider range of clients, facilitating greater financial inclusion and empowerment across diverse communities. By offering a comprehensive suite of financial products and services, including loans and savings mobilisation, we are better positioned to meet the evolving needs of our customers.

Moreover, the successful integration of our Core Banking System in February 2024 lays the essential groundwork for deposit mobilisation, strengthening our operational capacity and ensuring seamless service delivery. For deeper insights into the Core Banking System, please refer to page 19.

This milestone closely aligns with the 'Offer digital products and services' pillar of our Growth strategy.

Links to

Offer digital products and services

Chief Executive Officer's review continued

In India, the Group maintained its strategy to focus on the recovery of overdue loans and the growth of its off-book portfolio, which resulted in on-book Gross OLP shrinking by USD 16.2 million in FY 2023. However, overall Gross OLP in India increased by 2% as the off-book Gross OLP increased to USD 39.8 million as of 31 December 2023 from USD 22.6 million as of 31 December 2022. This was due to new Business Correspondence ('BC') partnerships which commenced in 2023. We expect that the on-book portfolio will also start to increase in 2024 which should translate into a positive effect on the future profitability of our operations in India.

In Nigeria, the operating environment became challenging in H1 2023 due to a number of factors: such as the national elections in February 2023, demonetisation and also the impact of high inflation experienced by the country following the removal of government fuel subsidies. This resulted in a reduction of OLP and clients, an increase in overdues, and higher operating expenses in H1 2023. This was compounded by significant devaluation of the Nigerian Naira (down 70% against USD as of 30 June 2023 compared to 31 December 2022) which resulted in reduced operational and financial results in USD terms for H1 2023. Notwithstanding the headwinds experienced during H1 2023, we saw an improvement of the operating environment in H2 2023, which was reflected in improved portfolio quality and profitability and increased collections and disbursements. The period also saw a decreased currency depreciation (down 18% against USD as of 31 December 2023 compared to 30 June 2023). As such we expect the operations to continue to gradually recover in 2024 and contribute positively to the Group.

In Ghana and Sierra Leone, the three-year cumulative inflation in 2023 exceeded 100%. As a result, hyperinflation accounting has been applied for the first time for these two countries at the Group level. The application of hyperinflation accounting resulted in a non-cash decrease of the Group's net profit of USD 5.4 million and an increase of total equity of USD 0.6 million for the year ended 31 December 2023.

Against the backdrop of continued high inflation and currency depreciation in many of our markets, we continue to expect operations to improve across the Group in 2024. The Group is focused on right-sizing average loan sizes to clients in view of the inflationary environment in many operating countries, while improving branch productivity as clients continue to demand our loans, and our staff remain committed and focused on supporting clients in difficult operating circumstances.

Financial performance

As a result of the improved operating performance in H2 2023 compared to H1 2023, the Group realised a net profit of USD 8.8 million (after the USD 5.4 million impact of IAS 29) in FY 2023, which demonstrates the improvement in the operating performance in H2 2023 over the USD 3.7 million achieved in H1 2023. It should also be noted that hyperinflation accounting was not applied in the reported figures for H1 2023, as the impact of IAS 29 is only applied to the consolidated audited accounts at the year end 2023. I am pleased that the performance of most of our operating countries, particularly Pakistan, the Philippines, Ghana, Kenya, and Tanzania, was excellent in terms of portfolio quality, growth and profitability.

The Group maintains a diversified risk profile with operations across thirteen markets in Asia and Africa. As the impact of global market volatility, inflation and adverse FX movements varies substantially per country, the Company benefits from this diversification.

Expected credit losses

The Company reduced its reserves in the balance sheet for expected credit losses from USD 16.9 million as per end of 2022 to USD 8.3 million as per end of December 2023, for its OLP, including the off-book BC portfolio and interest receivables. The decrease primarily relates to write-off of the outstanding Covid-affected portfolio (USD 12.9 million in 2023 versus USD 10.8 million in 2022) and improved portfolio quality.

The USD 8.3 million ECL reserves as per 31 December 2023 mainly relate to overdue loans in India (28%), Myanmar (23%) and Nigeria (23%), with the remainder spread across the other countries as a percentage of each country's OLP or as an aggregate amount. Further details on the ECL calculation, including the selected assumptions, are provided in note 2.5.1 to the consolidated financial statements.

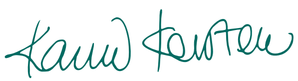
Digital strategy

The Group's digital strategy entails the implementation of our Core Banking System and our digital financial services platform ('DFS app'). Alongside the digitalisation of client procedures, the Group will seek to make further progress in enhancing employee processes. On 25 February 2024, we reached a major milestone, by migrating more than 600,000 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 grow their client base in a highly regulated environment. Also, it sets the stage for the rollout of the new Core Banking System to our other markets and provides a foundation for a broader, more sophisticated product offering in the near future.

The rollout of the Core Banking System combined with the implementation of the digital app in Ghana is planned for this year. The Supplier Market Place app is currently operating in Ghana, with more than 3,000 customers onboarded and placing their online orders. The service is expected to be expanded following the rollout of the digital loan and banking app.

Competitive environment

The competitive landscape remains unchanged across the Group. Our strongest competitors are in India, the Philippines, Nigeria, Tanzania, and Uganda. In most other markets, we face less competition from traditional microfinance institutions. Up until now, we have not been directly affected by competition from pure digital lenders.



Karin Kersten
Chief Executive Officer,
ASA International Group plc
26 April 2024

Q&A with Karin

Q: What key areas of the business are important to maintain as the company moves forward?

A: Our primary focus is on expanding our operations to boost financial inclusion. We are driving forward our digital strategy and increasing our deposit-taking activities. This is contributing to the growth and resilience of our business.

Q: Are there any practices or developments you've introduced this year?

A: We've made some organisational changes to bring fresh perspectives to our management approach. We are focused on having the right people and culture in place to support the growth and sustainability of the business.

Q: What achievements make you proud to be part of ASA International?

A: Despite the challenges we face, our team is working tirelessly to deliver on our purpose to empower women and reduce poverty.

See our website for Karin's full Q&A

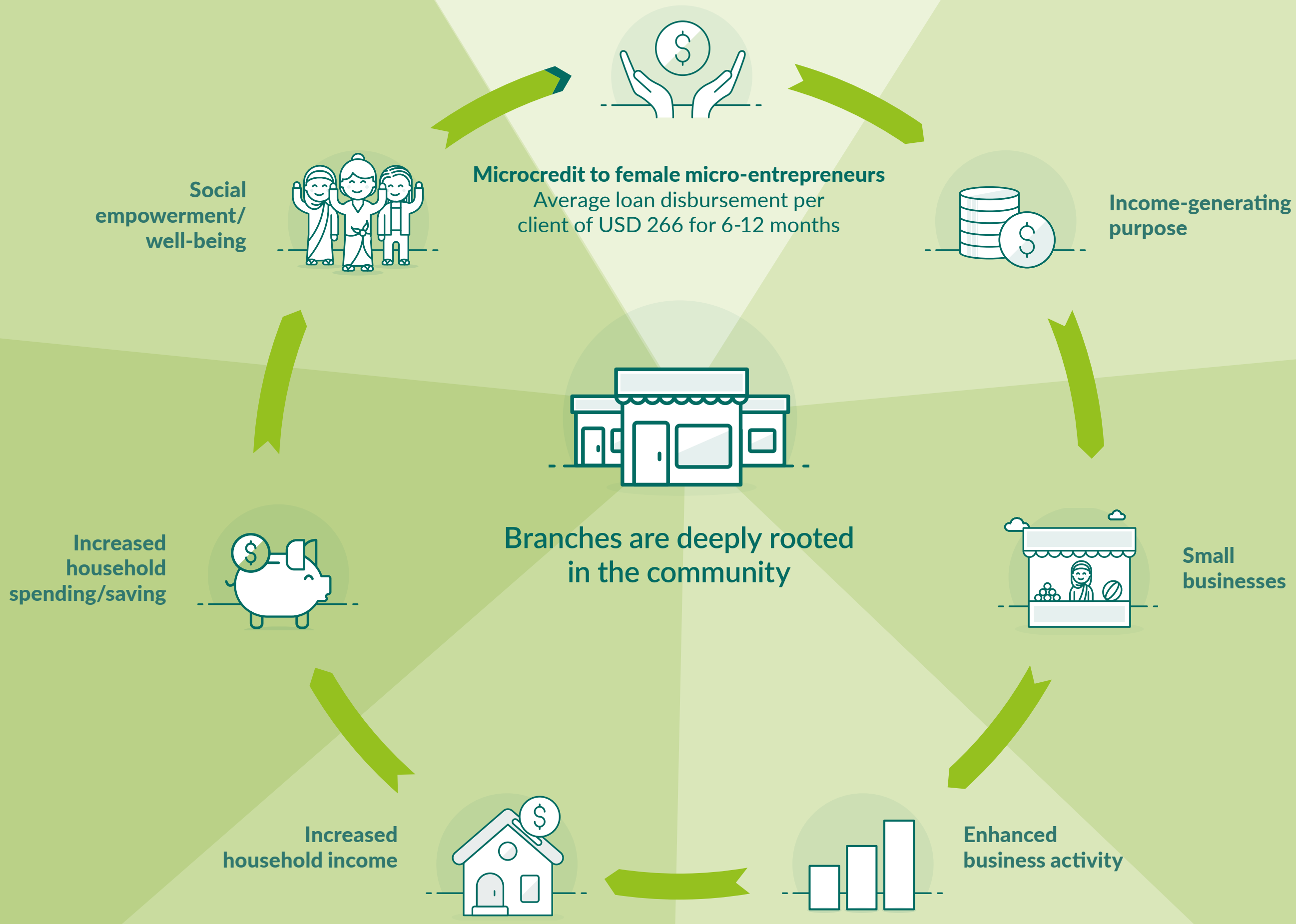
Business model

Our socially responsible business model

The ASA Model is a decentralised, standardised and sustainable microfinance model that allows for cost efficiency, quick decision-making and replicability, while meeting the basic demand for savings and loans, and over time, digital financial services.

- Target ca. 1,200 clients per branch within a ca. 12km radius.
- Self-sufficient branches closely monitored with on- and off-site supervision.
- High-touch client interaction through mostly weekly or fortnightly loan collections and disbursements at the branch.
- Collateral-free, individual loans for income-generating activities with market-based interest rates.
- 90% of outstanding loan portfolios are primary loans, with the remaining portion being small business/SME loans.[1]
- Full repayment before qualifying for new loans and repeat loan cycles with set limits (20%-50% increase).
- As the number of deposit-taking licenses increases, the levels of deposits will rise.
- The main sources of funding are from local financial institutions, development banks and microfinance loan funds.

Read more about socially responsible services and protecting clients on pages 50 and 51



1 Primary loans is the loan product with the smallest loan size for working capital purposes of the products we offer in a particular country.

Business model continued

Read more about our stakeholder engagement on 14

Impact on our stakeholders

Stakeholder

Clients
- Financial inclusion.
- Empowering women.
- Socioeconomic progress.
- Client Protection Principles.

Colleagues
- Job creation.
- Training and development.
- Positive and stable work environment.

Communities and the environment
- Clients trading in the community.
- Community projects.
- Inflow of capital.
- Minimising environmental impact.

Countries
- Company taxes paid to government.
- Higher spending due to increased income of clients.

Regulators and industry bodies
- Creating sustainable lending environment.
- Reliable business partner.
- Supporting policy making.
- Promoting international standards for regulatory compliance.

Shareholders and investors
- USD returns including projected regular dividends.
- Advancing financial inclusion.

Impact in 2023

Clients

Total loans disbursed (USD)
965.1m

Social Performance Indicator ('SPI')
90%

Client satisfaction
90%

Female clients
96.8%

Colleagues

Employee satisfaction
81%

Hours training[1]
67,107

Number of employees
13,433

1 Excludes on-the-job training.

Communities and the environment

Community project spend (USD)
0.4m

Branches added
77

Environmental efforts spend
390k

Countries

Taxes (USD)
23.4m

Contribution to economic development of country through clients' increased income.

Regulators and industry bodies

Regulators and industry bodies associated with
92

Through membership at industry bodies and central banks, contributing to a sustainable microfinance environment.

Shareholders and investors

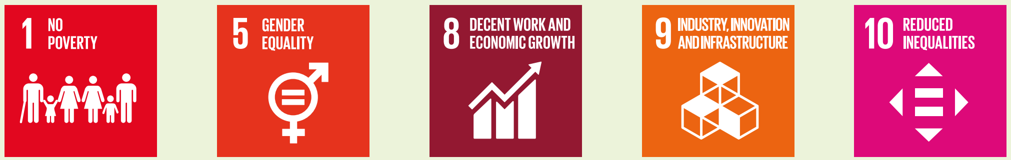
Public float
53.7%

Dividend
Nil

Return on Equity ('ROE')
10.5%

The Company's strategy and core operations contribute to the delivery of five UN Sustainable Development Goals ('SDGs')

Read more in our Environmental, Social, and Governance ('ESG') report on 48



Section 172 statement

Engaging with our stakeholders

The Board continues to uphold the highest standards of conduct by respecting the needs and views of its stakeholders and the environment. The disclosures set out on this page demonstrate how the Company has considered the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006.

Our stakeholders	How we engage	How the Board engages and is kept informed	What matters most
Clients	• Clients receive loans at branch offices. • Branch staff meet clients at group meetings. • Branch staff visit clients' businesses. • Senior management conducts client visits. • Field staff maintain mobile phone contact with clients. • Regular surveys are conducted. Read more about protecting our clients on page 51	• Senior management reports to Audit and Risk Committee ('ARC'). • Monthly business updates provided. • Client survey and Committee reports shared. • Community project progress reported.	• Client loan repayment capacity. • Loans with tangible economic benefits for clients. • Channels for feedback and complaints. • Market-driven interest rates. • Expanded digital access and relevant product offerings. • Transparent policies and procedures. • Flexible moratorium options. • Face-to-face interaction.
Colleagues	• Senior managers mentor junior staff. • Senior management sits on operating subsidiaries' boards. • Head office-level meetings with senior management. • Encourage cooperation and leadership development. • Established Diversity, Equity and Inclusion ('DEI') targets to increase female representation. Read more about supporting our colleagues on page 52	• Meetings among ARC Chair, CFOs, and Internal Audit staff. • Senior management reports in Board meetings. • Staff survey results are reported. • Grievance Mitigation Committee ('GMC') and whistleblowing reports presented at all meetings. • Progress on DEI targets reported. See page 72 for Board activities relating to its fulfilment of duties under Section 172	• Safe work environment. • Robust GMC procedures with Board emphasis. • Fair salary and benefits. • Employee development through training and promotion. • Regular feedback channels. • Commitment to gender diversity. • Streamlined, digitised internal processes for better productivity.
Communities and the environment	• Branches embedded in the communities. • Field staff work closely with community members. • Group meetings and client referrals are part of the communities. • Investment and engagement in community projects. • Climate targets established. Read more about our community projects on page 54 and the environmental responsibility on page 56	• Community project initiatives reported. • Senior management reports community feedback in Board meetings. • Budget spending and impact metrics for community projects. • Progress on climate targets reported.	• Commitment to enhancing clients' and families' socioeconomic advancement. • Community engagement initiatives. • Providing relief during hardship. • Environmental impact mitigation and awareness efforts.

Section 172 statement continued

Our stakeholders	How we engage	How the Board engages and is kept informed	What matters most
Lenders	• Meetings and field trips with local and international financiers. • Updates by the CEO following the publication of important Company news.	• Senior management reporting in Board meetings on funding matters. • Securing liquidity. • Securing a stable and reliable funding position. • Monitoring of covenants. • Overseeing progress of extending waivers, no-action letters in case of potential covenant breaches.	• Stay informed about business performance. • Diversify funding sources. • Cultivate relationships with new and existing stakeholders. • Secure favourable terms through negotiations.
Shareholders and investors	• Business updates. • Audio webcasts and financial results announcements. • Investor and analyst meetings. • A dedicated investor website. • Investor conferences, roadshows and field trip visits.	• Integrate shareholder and investor feedback in the Group's strategy. • CEO delivers updates in Board meetings and regular IR updates provided. • Review analyst reports. • Offer feedback on RNS announcements and the Annual Report. • Conduct Annual General Meetings.	• Stay informed about business performance, long-term goals, strategy, and execution. • Foster constructive dialogue. • Exchange viewpoints on Group strategy. • Uphold compliance and transparency for investor confidence. See Engaging with shareholders on page 78
Regulators and industry bodies	• Stay updated on reporting regulations. • Country Heads engage in meetings with regulatory bodies. • Foster relationships with local town councils, law enforcement agencies, government bodies, and microfinance networks.	• Senior management reports during Board meetings. • Ensure full compliance with reporting requirements and local regulations. • Maintain a sustainable lending environment for clients. • Discuss proposed new regulations.	• Fully comply with reporting requirements and local regulations. • Engage positively with local government and regulatory initiatives. • Participate in industry networks at the local level. • Pursue deposit-taking licences as needed.

Section 172 statement continued

Principal decisions and discussions

The Company's commitment to creating pathways to progress was central to decision making during the year, exemplified through three pivotal choices: shrinking an underperforming entity, restructuring Group governance, and fostering cultural change. The case studies demonstrate the Company's conscientious approach to decision making, of which stakeholder engagement is a fundamental aspect of the strategic process.

Case studies

1. Shrinking the business in India

Throughout the year, the Board continuously evaluated business shrinkage in India, prompted by the entity's performance. Acknowledging that any such decision may impact the relationships with various stakeholders, management is exploring alternative strategies to safeguard the interest of all stakeholders of the institution. The Board sanctioned provisions and deliberated upon a comprehensive report from Group financial management, addressing India's underperformance. The report included suggestions for improvement and an agreement on setting targets to rectify the situation.

The Board prioritised stakeholders, aiming to ensure lenders' continuous repayment and maintain financial stability, fostering trust with crucial contributors. Stabilising operations and job protection measures were strategically implemented for colleagues, while client concerns were addressed to minimise disruptions and uphold critical relationships and commitments to best-performing clients.

Reducing exposure to the Indian market post-Covid aligned with a broader risk management strategy, demonstrating a commitment to prudently navigating challenges and safeguarding shareholder value.

Stakeholders considered

- Lenders.
- Colleagues.
- Clients.
- Shareholders.

2. Enhancing governance

Amidst a dynamic business landscape, the Company embarked on a strategic journey to enhance its governance, a process catalysed by the appointment of a new CEO of the Group in June. Recognising the need for agility and effective leadership, the management team underwent a significant reorganisation, paving the way for the introduction of a new Executive Committee. The shift to team-based governance marked a departure from conventional structures, reflecting a commitment to adaptability and collaborative decision-making.

As part of this transformative process, the Board evaluated the implications on various stakeholders. For colleagues, the restructuring aimed to enhance efficiency, responsiveness, and the overall effectiveness of the leadership team towards its colleagues.

The introduction of a new governance structure signified a strategic move aligned with a shareholder preference for innovation and adaptability as a response to the evolving business landscape.

Stakeholders considered

- Colleagues.
- Shareholders.

3. Cultural and leadership change

Embarking on a strategic initiative to redefine its culture, values, and strengthen local teams, the Company aimed to optimise performance and prompt reflective leadership changes in line with the evolving business ethos. The Board ensured stakeholder alignment, considering the interests of employees, clients, and shareholders throughout.

Strategic leadership changes, carefully evaluated by the Board, aimed to align with evolving business principles, laying the groundwork for improved talent management with values-driven practices. The objective: elevate organisational dynamics, boosting shareholder value through robust leadership.

For colleagues, a shift towards a values-driven culture was evident. Increased internal communications aimed to instil values of professionalism, teamwork, and integrity, laying a foundation for future performance-based talent management practices.

Clients, integral stakeholders, were considered in emphasising values alignment. By integrating these values into operations, the Company aims to deliver superior client experiences, fostering sustained, value-driven relationships.

Stakeholders considered

- Colleagues.
- Clients.
- Shareholders.

Our strategy

Growth strategy

The Group aims to achieve sustainable growth and increased financial inclusion by growing its loan portfolio, digital advancement and broadening of its products and services

Increase financial inclusion	Increase number of branches and borrowers	Increase loan volumes	Introduce new loan products	Grow voluntary savings
Add digital channel and digitise internal processes	Maintain branch model and proven credit methodology	Maintain group meetings and active field presence	Improve branch and loan officer efficiency by digitised internal processes	Introduce a digital channel via mobile devices to enrich the high-touch service
Offer digital products and services	Offer online loans	Offer payments, savings and other financial services	Provide non-financial value added services (Supplier Market Place, 'SMP') to grow clients' businesses	Attract new clients

Our strategy continued

Our progress

See all the KPIs on page 24

See the Environmental, Social, Governance ('ESG') report pages 48 to 67 for more information on the Group's sustainability approach and progress.

Strategic pillars & KPIs that track against strategy	2023 progress	2024 priorities
Increase financial inclusion Clients: 2.3m OLP: $369.2m Gross OLP/Client: $162 % voluntary savings to OLP: 3.4%	• Continued operational growth in 2023. • Outstanding Loan Portfolio ('OLP') in constant currency grew by 21% to USD 424 million. • Number of clients grew slightly to 2.33 million, with 5% growth in H2 2023. The countries with the highest growth in clients are Kenya, Tanzania and Ghana, which added a combined total of 119k clients. • Average Gross OLP per client in constant currency increased by 16% resulting in USD 186 Gross OLP per client. • Significantly increased Business Correspondence portfolio in India, in line with 2023 priorities, improving total OLP and Gross OLP in India. • Voluntary savings to OLP remains stable at 3.4%, as there has not been a new market that has started to take deposits.	• Proceed with healthy operational growth in existing markets. • Increase Outstanding Loan Portfolio. • Realise growth in number of clients. • Enhance Gross OLP per client.
Add digital channel and digitise internal processes Borrowers per loan officer: 287	• Completed implementation of Core Banking System ('CBS') in Pakistan in Q1 2024 and continue implementation phase of CBS in Ghana. • A digital financial services ('DFS') platform is being developed and will be launched with the implementation of the new CBS starting with Ghana. • Increased borrowers per loan officer by 5%, from 272 to 287.	• Leverage the benefits and additional product offering of the new Core Banking platform in Pakistan. • Work towards the implementation of the CBS combined with a digital proposition in Ghana. • Initiate platform roll-out in Tanzania and Kenya. • Further improve operational efficiency by increasing borrowers per loan officer.
Offer digital products and services	• Rolled out the digital market place for clients and their suppliers, called the Supplier Market Place ('SMP'), in Ghana. Read more on page 20. • Received 'Commencement of Microfinance Banking Business' certificate in Pakistan. • Preparing application for the Microfinance Banking licence in Tanzania and Kenya.	• Start taking deposits from clients in Pakistan. • Launch DFS app that enables digital loans, payments and savings. • Grow Supplier marketplace ('SMP') in Ghana. • Progress with obtaining Microfinance Banking licences in Tanzania and Kenya.

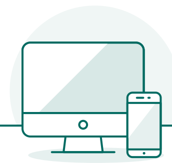
Our strategy continued

Digital advancement

The Group's digitalisation strategy aims to increase client centricity, ease of use and efficiency for both clients and staff. This transformation will enable the Group to grow significantly, open new client channels, offer a broader range of services and simplify customer journeys.

Present → Future

Technology



Present:
- **In-house developed loan system ('AMBS')**

Future:
- **Packaged Core Banking System ('CBS')[2]**
- **Digital Financial Services ('DFS') system**
- **Supplier Market Place ('SMP') system**
- **Branch**

Client channel

Present:
- **Branch**

Future:
- **Banking app ('DFS')**
- **SMP app**

Services

Present:
- **Loans**
- **Deposits[1]**
- **Savings (borrowers)**

Future:
- **Accounts**
- **Loans**
- **Deposits**
- **Savings (borrowers and public)**
- **Payments**
- **SMP**

1 Currently predominantly security collateral. A deposit-taking licence is a prerequisite for offering (public) savings.
2 CBS prerequisite for offering DFS.

Manual and complex → Internal processes → Digital and simplified

Milestone migration in Pakistan

Following the year's conclusion, ASA Pakistan achieved a significant milestone by migrating over 600,000 clients from our previous loan management system to an off-the-shelf, market standard, Core Banking System. This migration sets the stage for ASA Pakistan to commence deposit mobilisation from clients and meet regulatory requirements. Additionally, it establishes a solid foundation for enhancing operational efficiency and driving growth. Moreover, it positions ASA Pakistan to expand its product offerings, paving the way for a more diverse and sophisticated range of services in the foreseeable future.

"I'm proud and grateful for this first major step in our transformation journey. This is a stepping stone to migrating all entities to our new technology system. With this journey we enable growth, broaden our product scope, adhere to all regulatory requirements in our regulated entities and offer a complete digital client journey."

Rob Keijsers
Chief Digital and Information Officer, ASA International

For further insights into ASA's digital progress and the SMP in Ghana, see the feature story on page 20.

Links to

Add digital channel and digitise internal processes

Feature story – Our clients

Empowering progress through technology:

Connecting supply and demand in Ghana

In an era where technology is transforming traditional business models, ASA Dwaso, a subsidiary of ASA International, is pioneering an initiative to support local retailers in Ghana. The Supplier Market Place ('SMP') app, launched in February 2023, is revolutionising the way small-scale retailers procure goods, connect with suppliers, and ultimately serve their communities.

Forging trusted relationships

The launch of ASA Dwaso's SMP aimed to bridge the gap between retailers and suppliers. With nearly, 3000 clients onboarded since its inception, ASA Dwaso is not only offering a platform, it's fostering relationships. Users learn about the app through promoters who attend ASA Savings & Loans ('ASA S&L') client group meetings or via word-of-mouth. "I found out about the app through the Promoter's mother. She visited me some time ago and introduced the app. Because I know her personally, I trusted to buy from the app. The promoter ensured my first order came in time. She is trustworthy to work with," shares Augustina, a grocery retailer and app user.

A commitment to service

Face-to-face interactions are paramount for ASA Dwaso, especially considering many clients' limited familiarity with technology." We go the extra mile", emphasises Benjamin, an ASA Dwaso employee. "We pick up for clients, hustle, and even step in personally for deliveries. It's about turning challenges into opportunities and building strong relationships."

Sabina and Augustina's perspectives

Sabina, a grocery retailer and client of ASA S&L, recalls her initial experience with the app: "The app saves me time. Before, I often had to close the shop or leave it unattended to rush to the market, risking losing customers. Now, I can stay and serve my customers without interruptions." Augustina shares a similar sentiment, emphasising how the app has significantly aided her due to a condition she has, making it challenging to go to the market.

Professionalism driving us beyond transactions

With a strong emphasis on addressing challenges and ensuring timely deliveries, ASA Dwaso's SMP goes beyond mere transactions to deliver tangible impact. With a keen eye on improving affordability, responsiveness, and expanding product offerings based on client requests, the app is undergoing continuous enhancements to better serve retailers. Augustina highlights the value of professionalism in her experience: "The people I have dealt with have been very responsive. Anytime I call, I am being attended to." Looking forward, ASA Dwaso prioritises nurturing relationships and refining service standards. Each interaction is not just about facilitating transactions but about empowering retailers to thrive in an ever-evolving marketplace.

Users onboarded

± 3,000

Link to values

Teamwork

Professionalism

> The app saves me time. Before, I often had to close the shop or leave it unattended to rush to the market, risking losing customers. Now, I can stay and serve my customers without interruptions."

Sabina
Grocery Retailer,
Client ASA Dwaso and ASA S&L

Feature story – Our communities

Progress through partnerships:

Uniting for environmental stewardship

In a concerted effort to nurture a more sustainable ecosystem, ASA's operating countries have joined hands with diverse partners to spearhead transformative tree planting projects. This collaborative endeavour not only seeks to enhance environmental stewardship but also showcases the power of collective action and shared responsibility. Read Kenya's story on the next page.

Tree seedlings planted in Kenya

10,500

Estimated programme participants in Kenya

2,880

Partnerships formed in Kenya

16

Feature story – Our communities continued

Founding fruitful partnerships in Kenya

The journey began with knocking on doors of government officials and engaging with environmental departments. Local Sustainability Manager, David Munge recounts how discussions with the Ministry of Forest Services and Nairobi County laid the groundwork for a project. Nairobi was chosen as the first project location because of its proximity to ASA Kenya's headquarters and the importance of close involvement.

Conversations revolved around where to plant, which trees to plant – considering the water requirements of the tree and the use of the tree – and references were made to working with particular schools. Dr. Alice Ruto, Director Forestry and Agricultural Land Use Management at the Nairobi City County Government and leader of the Kenya Women Association of Professionals in Agriculture and Environment, played a crucial role in sourcing seedlings, negotiating on behalf of ASA Kenya ('ASA'), and fostering unique connections. A collaboration with a tree nursery development programme within a prison not only provided many trees for the initiative but also offered an intriguing exchange of ideas.

The synergy expanded further to clients with tree nurseries, including a bulk purchase from a client specialising in avocado trees. The symbiotic relationship left the client feeling not just satisfied but proud to contribute to the cause.

Cultivating environmental stewardship

Key partnerships were formed with environmentally responsible schools and universities, carefully chosen in alignment with government guidance. The students and school officials became active participants in the project, adopting and nurturing tree seedlings.

The choice of fruit trees added an extra layer of excitement among the students, as the prospect of watching something grow and eventually sharing the harvest with their friends ignited a tangible connection to nature and a sense of ownership among the younger generation.

The project also went beyond planting trees; it became an educational endeavour. Before the planting, all participants – including students, ASA colleagues, clients and community members – engaged in discussions about the need for climate action and environmental stewardship. ASA's colleagues experienced how the planting project not only deepened their connection with the nature but also fostered bonds with clients, as they worked hand in hand towards a common goal.

The Government of Kenya as a catalyst for collaboration

The Government's support, driven by the President's commitment to climate action, played a pivotal role. The Africa Climate Summit held in Nairobi in 2023 emphasised the urgent need for collective efforts, followed by setting ambitious tree planting targets for all counties. This initiative not only garnered support from local chiefs, who mobilised communities, but also spurred healthy competition between counties, accelerating collaboration. To ensure the trees yield the intended results, Dr. Alice Ruto established the 'Rapid Result Initiative', which diligently monitors the progress of the trees – including the trees ASA planted in Nairobi County.

Spreading impact and future endeavours

While ASA seeks to expand its impact to other counties, including more arid areas, the Company actively engages in discussions with local governments. The commitment to invest in environmental initiatives, originating from the organisation's leadership, serves as a driving force.

Partners are drawn to collaborating with ASA due to their socially responsible model, grounded in client protection principles, extensive outreach, and personal endorsements from clients. The shared goals and tangible impact are crucial in nurturing these partnerships. "We actively seek partnerships with stakeholders who share our mission. Our aim isn't just to roll out programs for the sake of it; we genuinely aspire to contribute to change", Mr Munge explains.

Strengthening the ASA business model

The tree planting project in Kenya epitomises the strength of partnerships, collective responsibility, and environmental stewardship. This initiative aligns with the Company's core value of teamwork, and by engaging clients in environmental initiatives, it contributes to ASA's mission and strengthens its business model, by promoting sustainable growth while making a positive impact on the environment and society.

Tree planting initiatives spanned across ten countries, resulting in a total of 29.5k trees planted.
Read more about the tree planting target on page 62

One of the events in Rwanda was captured on video.

Watch it here

Link to values


Teamwork


Professionalism

> "We actively seek partnerships with stakeholders who share our mission. Our aim isn't just to roll out programs for the sake of it; we genuinely aspire to contribute to change."

David Munge
Sustainability Manager,
ASA Kenya

Feature story – Our colleagues

Living our values, driving progress:

Jonette's journey of growth

Introducing Jonette, a cherished member of Pagasa Philippines, praised by her direct colleague for embodying the Company's core values of professionalism, integrity, and teamwork. With over 15 years of dedicated service, Jonette, currently serving as Deputy Manager for HR and Admin, consistently delivers exemplary performance while treating all colleagues with respect and fairness.

Jonette brings a unique perspective as an employee who has developed and is a part of HR, enriching the team with her insights and experience. Her integrity permeates every facet of her work, setting a standard of trust. Within HR and Admin, her collaborative spirit is evident as she shares knowledge, fills in for absent colleagues, and serves as a role model. Her colleagues emulate her, fostering a culture where her values become intrinsic to the organisation's ethos.

In a succinct Q&A, Jonette highlights the seamless alignment between her personal values and those of the Company, emphasising how these principles have contributed to her professional growth. She underscores the vital role of professionalism, integrity, and teamwork in creating a positive work environment, where individuals are empowered to make sound decisions, collaborate effectively, and excel in their roles.

Link to values

Teamwork Professionalism Integrity

What motivates you to align with the Company values?
"Because these values resonate with my personal principles. I strive to uphold what I perceive as right and just. Raised in a conservative family, I learned the significance of respecting elders and their viewpoints. Despite inevitable disagreements stemming from individual disparities, I prioritise respect as the cornerstone. I firmly believe that respect forms the basis of professionalism, integrity, and teamwork. It's a fundamental expectation from our clients."

How have these values contributed to your professional growth?
"These values have been pivotal in my professional journey, shaping who I am today. They've earned me the trust and belief of my colleagues, facilitating my transition from a Development/Loan Officer in the field to a role in HR at Head Office. Upholding these values has garnered the Company's trust in my capabilities, leading to continuous support for my growth. Working closely with the management team and under the guidance of our President further fuels my drive to learn and develop."

Jonette at the Annual Loyalty/Service Awards in December 2023, where she was the first at Head Office to receive the 'Over 15 years' award.

How do the values play a role in shaping a positive work environment?
"The values serve as our everyday guide, empowering my colleagues and me to make the right decisions. They foster strong collaboration, enabling us to build a cohesive team and enhance our job performance through taking appropriate actions. We have a healthy work environment characterised by close camaraderie, mutual respect, and consistent support."

How do you actively promote and instil these values in your colleagues?
"I actively promote and instil these values among my colleagues by embodying them in my daily actions. Leading by example is key; I believe it's the most effective way for others to learn. Additionally, we provide targeted training on 'Work Attitude and Values Formation', integrating these principles throughout our entire training programme. Regular reminders during refresher training and counselling sessions reinforce the importance of upholding these values, guiding us through challenges."

The values serve as our everyday guide, empowering my colleagues and me to make the right decisions. They foster strong collaboration, enabling us to build a cohesive team and enhance our job performance through taking appropriate actions."

Jonette
Deputy Manager HR and Admin, Pagasa Philippines

Key Performance Indicators

Financial

The Key Performance Indicators ('KPIs') represent the activities that the Group sees as important to the achievement of its business objectives. The financial KPIs represent the assets, the performance of the assets, and the income generated from the assets.

Outstanding Loan Portfolio ('OLP')

USD 369.2m

2023	$369.2m
2022	$351.2m
2021	$403.7m

The figure depicts net Outstanding Loan Portfolio including off-book net Business Correspondence ('BC') loan portfolio from IDFC, Jana Small Finance Bank and Fincare and Direct Assignment ('DA') loans with State Bank of India ('SBI').

Gross OLP/Client

USD 162

2023	$162
2022	$160
2021	$181

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

PAR>30 dpd

2.1%

2023	2.1%
2022	5.9%
2021	5.2%

PAR>30 is the percentage of gross on-book OLP that have one or more instalment repayments of principal past due for more than 30 days, but less than 365 days, divided by total outstanding on-book gross loan portfolio.

Voluntary savings to OLP

3.4%

2023	3.4%
2022	4.3%
2021	3.5%

Voluntary savings to OLP is calculated by dividing total voluntary savings by total outstanding loan portfolio including BC and DA loans.

Net Interest Margin ('NIM')

31%

2023	31%
2022	28%
2021	28%

Net interest margin measures the difference between the interest income generated and the amount of interest expenses, relative to the amount of average outstanding net loan portfolio.

Cost to income ratio

72.1%

2023	72.1%
2022	67.5%
2021	77.4%

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

Return On Assets ('ROA')

1.8%

2023	1.8%
2022	3.4%
2021	1.1%

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

Net profit

USD 8.8m

2023	8.8m
2022	17.9m
2021	6.4m

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

Earnings Per Share ('EPS')

USD 0.09¢

2023	$0.09¢
2022	$0.18¢
2021	$0.09¢

Earnings per share is calculated by dividing the net profit after tax by the weighted average number of the ordinary shares outstanding during the year. For 2023, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.

Non-financial

The non-financial KPIs reflect the operational efficiency and the social impacts of the Group.

Number of clients

2.3m

2023	2.3m
2022	2.3m
2021	2.4m

The number of clients in all operating markets.

Borrowers per loan officer

287

2023	287
2022	272
2021	287

The borrowers per loan officer is calculated by dividing total number of clients by total number of loan officers.

Social Performance Indicators ('SPI')

90%

2023	90%
2022	92%
2021	91%

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

Find more non-financial performance indicators in our ESG report on pages 48 to 67

Financial review

Continued improvement of operational and financial performance in H2 2023

Improvement led by strong operational and financial performance of Pakistan, the Philippines, Ghana, Tanzania and Kenya.

FY 2023 highlights

- The Company's financial results improved in H2 2023 with net profit increasing to USD 8.8 million by year end 2023 from USD 3.7 million in H1 2023. The Company's overall FY 2023 financial performance decreased compared to FY 2022, with net profit declining by 51%, primarily due to adverse FX movements, demonetisation in Nigeria, and the application of hyperinflation accounting to Ghana and Sierra Leone.
- The impact of the application of hyperinflation accounting for Ghana and Sierra Leone caused a decrease in net profit by USD 5.4 million and an increase in total equity of USD 0.6 million in 2023. This adjustment was not included in the reported H1 2023 numbers as the application of IAS 29 Hyperinflation accounting occurred for the first time in these consolidated accounts for the financial year ended 31 December 2023.
- Pakistan, the Philippines, Ghana, Tanzania, and Kenya made significant positive contributions to the Group's net profitability, due to increased loan demand and high loan portfolio quality in all these markets.
- Group operating results improved in H2 2023 with OLP growing by 10% to USD 369.2 million from USD 334.4 million in H1 2023, and portfolio quality improved to 2.1% as of 31 December 2023 from 3.8% as of 30 June 2023. The 5% year-on-year OLP growth in USD (21% in constant currency) was driven by improved performances in Pakistan, the Philippines, Ghana, Tanzania, and Kenya.
- High portfolio quality has been maintained as a result of improvements in the operating environments. PAR>30 for the Group's operating subsidiaries significantly improved from 5.9% as at 31 December 2022 to 2.1% as at 31 December 2023, primarily due to write-offs of long overdue loans in India and Myanmar, combined with growth in OLP in US Dollar terms in other major countries. Pakistan, Ghana, and Kenya had an outstanding portfolio quality in the period, with PAR>30 less than 0.5% as at 31 December 2023.
- Reserves for expected credit losses ('ECL') on OLP in the balance sheet, including the off-book BC portfolio in India and interest receivables, reduced to USD 8.3 million in FY 2023 from USD 16.9 million in FY 2022. The decrease primarily relates to write-off of the outstanding Covid-affected portfolio and improved portfolio quality.
- The devaluation of our operating currencies contributed to foreign exchange translation losses of USD 24.1 million in FY 2023 (FY 2022: USD 34.0 million) and a decrease of the Company's total equity from USD 89.7 million as at 31 December 2022 to USD 76.6 million as at 31 December 2023.
- The Group did not recognise deferred tax assets amounting to USD 5.6 million which related to past losses for mainly India, as it failed to meet the future profitability threshold required under IFRS. Additionally, prior year tax adjustments of USD 3.0 million primarily in Pakistan, India, Tanzania, and Nigeria were taken in 2023. These resulted in a substantial increase in our tax expenses and a high effective tax rate for FY 2023.

FY 2023 performance

Amounts in USD millions)	FY 2023	H1 2023	FY 2022	% Change FY 2022-FY 2023	% Change FY 2022-FY 2023 (constant currency)	% Change H1 2023-FY 2023
Number of clients (m)	2.3	2.2	2.3	1%		5%
Number of branches	2,016	2,073	2,028	-1%		-3%
Profit before tax[1]	32.2	13.8	46.3	-30%	-16%	33%
Net profit[1]	8.8	3.7	17.9	-51%	-31%	38%
OLP[2]	369.2	334.4	351.2	5%	21%	10%
Gross OLP[2]	377.2	346.8	367.5	3%	18%	9%
PAR>30 days[3]	2.1%	3.8%	5.9%			

1 Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 exclude hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.

2 Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, and loans valued at fair value through profit and loss ('FVTPL'), excludes interest receivable, unamortised loan processing fees, and deducts ECL reserves from Gross OLP.

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

Financial review continued

Group financial performance

(Amounts in USD'000)	FY 2023	H1 2023	FY 2022	% Change FY 2022-FY 2023	% Change FY 2022-FY 2023 (constant currency)	% Change H1 2023-FY 2023
Profit before tax[1]	32,195	13,815	46,281	*-30%*	*-16%*	*33%*
Net profit[1]	8,757	3,676	17,887	*-51%*	*-31%*	*38%*
Cost/income ratio	*72%*	*77%*	*68%*			
Return on average assets (TTM)[2]	*1.8%*	*1.5%*	*3.4%*			
Return on average equity (TTM)[2]	*10.5%*	*8.7%*	*18.5%*			
Earnings growth (TTM)[2]	*-51%*	*-72%*	*181%*			
OLP	369,215	334,400	351,151	*5%*	*21%*	*10%*
Gross OLP	377,219	346,804	367,535	*3%*	*18%*	*9%*
Total assets	490,027	452,332	489,752	*0.1%*		*8%*
Client deposits[3]	79,073	72,718	84,111	*-6%*		*9%*
Interest-bearing debt[3]	268,464	245,314	257,466	*4%*		*9%*
Share capital and reserves	76,611	69,249	89,661	*-15%*		*11%*
Number of clients	2,330,498	2,224,542	2,299,558	*1%*		*5%*
Number of branches	2,016	2,073	2,028	*-1%*		*-3%*
Average Gross OLP per Client (USD)	162	156	160	*1%*	*16%*	*4%*
PAR>30 days	*2.1%*	*3.8%*	*5.9%*			
Client deposits as % of loan portfolio	*21%*	*22%*	*24%*			
Debt-to-equity ratio	3.5	3.5	2.9			

1 Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 excludes hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.
2 TTM refers to the previous 12 months.
3 Excludes interest payable.

- The unrestricted cash and cash equivalents remained at a healthy level of USD 48 million as of 31 December 2023 (31 December 2022: USD 55 million). The Company maintains a significant funding pipeline.

Outlook

The outlook for 2024 remains positive with improved business performance expected for our operations compared to 2023 on the back of better performance in H2 2023. However, inflation and related foreign exchange ('FX') movements are expected to continue to impact the Group's operating subsidiaries' performances. The reported net income for the Group will also depend on which countries will be classified as hyperinflationary at the end 2024. Based on current preliminary inflation projections, it is expected that the accounting for hyperinflation will be applicable for Ghana and Sierra Leone in 2024. Pakistan and Nigeria are currently on the watchlist.

Chief Executive Officer's comment

Demand has picked up as our clients and staff continued to demonstrate their resilience while operating in economic circumstances that have remained challenging. This activity and resilience led to an improved performance in our major operating countries, Pakistan, the Philippines, Ghana, Kenya, and Tanzania, almost all of which recorded excellent portfolio quality, growth, and profitability. As previously announced, against the backdrop of global market volatility, the improved performance in our major operating markets was offset by FX movements in these markets which has significantly impacted the Group OLP and profitability in USD terms.

We are pleased that the Group has returned to seeing growth in its operations and increased profitability in H2 2023, with the operating environment and profits improving across most of the Group's operating markets when compared to the first half of the year."

We are excited to observe the roll-out of the new Core Banking System in Pakistan and Ghana in 2024, in line with the implementation of our digital strategy.

Whilst the impact of inflation including hyperinflation accounting and the related FX movements are expected to continue to dampen the Group's financial performance in USD terms in 2024, given improved operating developments in H2 2023, we are confident of being able to deliver improved performance of our operations in 2024.

Karin Kersten,
Chief Executive Officer,
ASA International

Financial review continued

South Asia

(Amounts in USD'000)	FY 2023	H1 2023	FY 2022	% Change FY 2022-FY 2023	% Change FY 2022-FY 2023 (constant currency)	% Change H1 2023-FY 2023
Profit before tax	10,021	3,766	12,395	*-19%*	*11%*	*66%*
Net profit	3,298	487	3,103	*6%*	*77%*	*478%*
Cost/income ratio	*68%*	*72%*	*64%*			
Return on average assets (TTM)	*2.8%*	*0.7%*	*1.9%*			
Return on average equity (TTM)	*11.3%*	*3.4%*	*8.8%*			
Earnings growth (TTM)	*6%*	*-90%*	*125%*			
OLP	117,460	112,089	118,590	*-1.0%*	*13%*	*4.8%*
Gross OLP	119,730	119,869	128,460	*-7%*	*6%*	*-0.1%*
Total assets	102,803	106,979	133,894	*-23%*		*-4%*
Client deposits	1,663	1,718	1,345	*24%*		*-3%*
Interest-bearing debt	53,569	65,357	85,878	*-38%*		*-18%*
Share capital and reserves	24,995	20,526	33,393	*-25%*		*22%*
Number of clients	842,001	860,407	935,091	*-10%*		*-2%*
Number of branches	589	661	670	*-12%*		*-11%*
Average Gross OLP per Client (USD)	142	139	137	*4%*	*17%*	*2%*
PAR>30 days	*1.8%*	*7.3%*	*11.1%*			
Client deposits as % of loan portfolio	*1%*	*2%*	*1%*			
Debt-to-equity ratio	2.1	3.2	2.6			

South Asia's financial and operational results improved in H2 2023 compared to H1 2023, with net profit increasing to USD 3.3 million by year end 2023 from USD 0.5 million in H1 2023, OLP increasing to USD 117.5 million from USD 112.1 million, and PAR>30 improving to 1.8% from 7.3%, despite the number of branches decreasing by 72 to 589 and the number of clients decreasing by 18k to 842k.

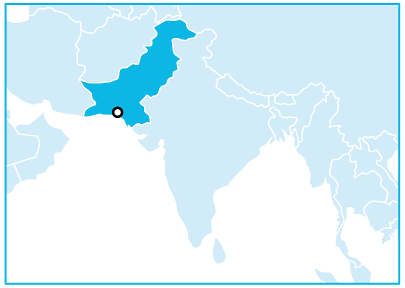
Outstanding Loan Portfolio (USD)

$117.5m

Financial review continued

Regional head offices

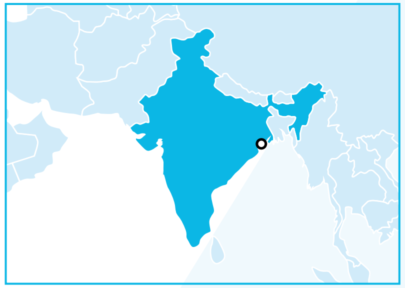
Pakistan



ASA Pakistan grew its operations over the past 12 months.

- Number of clients increased from 606k to 616k (up 2% YoY).
- Number of branches remained at 345.
- OLP increased from PKR 17.9bn (USD 79.1m) to PKR 19.4bn (USD 69.5m) (up 9% YoY in PKR).
- Gross OLP/Client increased from PKR 29.8k (USD 131) to PKR 31.6k (USD 113) (up 6% YoY in PKR).
- PAR>30 improved from 0.7% to 0.3%.

India



ASA India intentionally shrank its operations over the past 12 months, as it focused on recovery of overdue loans while growing the off-book portfolio.

- Number of clients reduced from 284k to 183k (down 36% YoY).
- Number of branches reduced from 261 to 180 (down 31% YoY).
- On-book portfolio decreased from INR 1.2bn (USD 14.2m) to INR 0.43bn (USD 5.2m) (down 63% YoY in INR).
- Off-book portfolio increased from INR 1.8bn (USD 21.5m) to INR 3.2bn (USD 38.3m) (up 79% in INR).
- Gross OLP/Client increased from INR 13.1k (USD 158) to INR 20.8k (USD 251) (up 60% YoY in INR).
- PAR>30 improved from 49.0% to 16.4%, and PAR>30 amount decreased from INR 903.4m (USD 10.9m) to INR 83.4m (USD 1.0m).
- ASA India's collection efficiency improved to 97% in December 2023. As of 31 December 2023, ASA India had collected USD 7.3 million from a total of USD 30.5 million in loans written-off since 2021.

Sri Lanka

Lak Jaya stabilised its operations over the past 12 months.

- Number of clients decreased from 45k to 43k (down 4% YoY).
- Number of branches remained at 64.
- OLP increased from LKR 1.39bn (USD 3.8m) to LKR 1.43bn (USD 4.4m) (up 2% YoY in LKR).
- Gross OLP/Client reduced from LKR 32.4k (USD 89) to LKR 31.5k (USD 97) (down 3% YoY in LKR).
- PAR>30 improved from 8.5% to 5.0%.

1 See note 13.2 to the consolidated financial statements for details on the off-book portfolio.

Financial review continued

South East Asia

(Amounts in USD'000)	FY 2023	H1 2023	FY 2022	% Change FY 2022-FY 2023	% Change FY 2022-FY 2023 (constant currency)	% Change H1 2023-FY 2023
Profit before tax	4,627	2,342	4,217	10%	10%	-2%
Net profit	3,376	1,694	1,910	77%	77%	-1%
Cost/income ratio	84%	83%	82%			
Return on average assets (TTM)	3.0%	3.1%	1.8%			
Return on average equity (TTM)	23.0%	22.5%	12.0%			
Earnings growth (TTM)	77%	891%	663%			
OLP	73,979	68,073	63,316	17%	16%	9%
Gross OLP	76,988	70,067	66,955	15%	14%	10%
Total assets	119,510	111,703	102,917	16%		7%
Client deposits	26,146	23,871	22,069	18%		10%
Interest-bearing debt	69,804	66,178	58,416	19%		5%
Share capital and reserves	14,341	14,666	14,980	-4%		-2%
Number of clients	444,210	429,533	424,076	5%		3%
Number of branches	458	463	441	4%		-1%
Average Gross OLP per Client (USD)	173	163	158	10%	9%	6%
PAR>30 days	2.8%	1.7%	6.5%			
Client deposits as % of loan portfolio	35%	35%	35%			
Debt-to-equity ratio	4.9	4.5	3.9			

South East Asia's net profit increased to USD 3.4 million by year end 2023 from USD 1.7 million in H1 2023. The region's OLP increased in H2 2023 compared to H1 2023 by 9% from USD 68.1 million to USD 74.0 million, despite the number of branches decreasing by 1% from 463 to 458 and PAR>30 increasing from 1.7% to 2.8%.

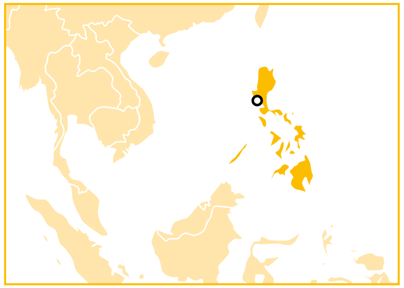
Outstanding Loan Portfolio (USD)

$74.0m

Financial review continued

Regional head offices

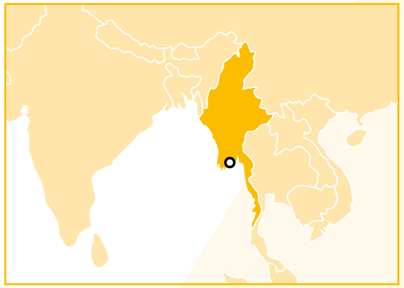
The Philippines



Pagasa Philippines' operations grew over the last 12 months.

- Number of clients increased from 325k to 333k (up 2% YoY).
- Number of branches increased from 345 to 370 (up 7% YoY).
- OLP increased from PHP 2.8bn (USD 49.6m) to PHP 3.0bn (USD 54.2m) (up 9% YoY in PHP).
- Gross OLP/Client increased from PHP 8.6k (USD 153) to PHP 9.2k (USD 166) (up 8% YoY in PHP).
- PAR>30 increased from 1.7% to 3.8%.

Myanmar



ASA Myanmar saw an increase in number of clients and OLP over the last 12 months.

- Number of clients increased from 99k to 111k (up 12% YoY).
- Number of branches decreased from 96 to 88 (down 8% YoY), as the Group decided to cease operations in these branches which were located in conflict zones.
- OLP increased from MMK 28.9bn (USD 13.8m) to MMK 41.6bn (USD 19.8m) (up 44% YoY in MMK).
- Gross OLP/Client increased from MMK 361.8k (USD 172) to MMK 409.5k (USD 195) (up 13% YoY in MMK).
- PAR>30 improved significantly from 20.4% to 0.2%.

Financial review continued

West Africa

(Amounts USD'000)	FY 2023	H1 2023	FY 2022	% Change FY 2022-FY 2023	% Change FY 2022-FY 2023 (constant currency)	% Change H1 2023-FY 2023
Profit before tax[1]	14,632	6,952	27,799	*-47%*	*-38%*	*10%*
Net profit[1]	7,514	4,220	19,215	*-61%*	*-55%*	*-22%*
Cost/income ratio	*48%*	*57%*	*43%*			
Return on average assets (TTM)	*7.6%*	*8.2%*	*15.8%*			
Return on average equity (TTM)	*15.6%*	*16.0%*	*33.2%*			
Earnings growth (TTM)	*-61%*	*-60%*	*-23%*			
OLP	72,260	60,349	82,380	*-12%*	*19%*	*20%*
Gross OLP	74,501	62,914	84,853	*-12%*	*20%*	*18%*
Total assets	89,494	85,774	108,395	*-17%*		*4%*
Client deposits	35,642	30,798	39,544	*-10%*		*16%*
Interest-bearing debt	3,752	4,028	4,326	*-13%*		*-7%*
Share capital and reserves	41,912	42,551	54,591	*-23%*		*-2%*
Number of clients	425,058	379,467	433,897	*-2%*		*12%*
Number of branches	452	452	446	*1%*		*0%*
Average Gross OLP per Client (USD)	175	166	196	*-10%*	*23%*	*6%*
PAR>30 days	*3.3%*	*5.2%*	*4.2%*			
Client deposits as % of loan portfolio	*49%*	*51%*	*48%*			
Debt-to-equity ratio	0.1	0.1	0.1			

1 Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 excludes hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.

West Africa's financial result decreased in H2 2023, compared to H1 2023, due to the application of hyperinflation accounting on the full year results, with net profit amounting to USD 7.5 million for the full year 2023 compared to USD 4.2 million in H1 2023. When including the impact of hyperinflation accounting in H1 2023, the results for H2 2023 would show a significant increase. The region's operational result in H2 2023 improved with OLP increasing 20% from USD 60.3 million to USD 72.3 million and PAR>30 improving from 5.2% to 3.3%.

Outstanding Loan Portfolio (USD)

$72.3m

Financial review continued

Regional head offices

Ghana

ASA Savings & Loans operations continued to improve with excellent portfolio quality.

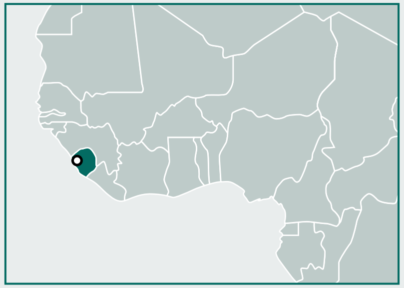
- Number of clients increased from 177k to 201k (up 14% YoY).
- Number of branches increased from 137 to 143 (up 4% YoY).
- OLP increased from GHS 416.3m (USD 40.8m) to GHS 620.9m (USD 51.9m) (up 49% YoY in GHS).
- Gross OLP/Client increased from GHS 2.4k (USD 231) to GHS 3.1k (USD 259) (up 31% YoY in GHS).
- PAR>30 improved from 0.6% to 0.1%.

Nigeria

ASA Nigeria saw a deterioration in financial and operational performance.

- Number of clients reduced from 220k to 184k (down 16% YoY).
- Number of branches maintained at 263.
- OLP reduced from NGN 16.7bn (USD 37.3m) to NGN 14.2bn (USD 15.8m) (down 15% YoY in NGN).
- Gross OLP/Client increased from NGN 80.2k (USD 179) to NGN 85.7k (USD 96) (up 7% YoY in NGN).
- PAR>30 increased from 7.1% to 12.1%.

Sierra Leone



ASA Sierra Leone saw an improvement in operational performance.

- Number of clients increased from 37k to 39k (up 7% YoY).
- Number of branches remained at 46.
- OLP increased from SLE 80.7m (USD 4.3m) to SLE 104.3m (USD 4.6m) (up 29% YoY in SLE).
- Gross OLP/Client increased from SLE 2.3m (USD 123) to SLE 2.8m (USD 122) (up 21% YoY in SLE).
- PAR>30 improved from 10.7% to 4.6%.

Financial review continued

East Africa

(Amounts USD'000)	FY 2023	H1 2023	FY 2022	% Change FY 2022-FY 2023	% Change FY 2022-FY 2023 (constant currency)	% Change H1 2023-FY 2023
Profit before tax	11,859	5,993	11,241	5%	12%	-2%
Net profit	6,781	3,717	6,913	-2%	3%	-18%
Cost/income ratio	69%	69%	68%			
Return on average assets (TTM)	5.3%	6.8%	7.0%			
Return on average equity (TTM)	24.7%	30.4%	29.8%			
Earnings growth (TTM)	-2%	14%	49%			
OLP	105,516	93,889	86,865	21%	36%	12%
Gross OLP	106,000	93,955	87,267	21%	36%	13%
Total assets	139,762	116,542	113,791	23%		20%
Client deposits	15,622	16,332	21,153	-26%		-4%
Interest-bearing debt	86,014	62,115	59,871	44%		38%
Share capital and reserves	28,360	26,878	26,445	7%		6%
Number of clients	619,229	555,135	506,494	22%		12%
Number of branches	517	497	471	10%		4%
Average Gross OLP per Client (USD)	171	169	172	-1%	11%	1%
PAR>30 days	1.1%	1.1%	0.9%			
Client deposits as % of loan portfolio	15%	17%	24%			
Debt-to-equity ratio	3.0	2.3	2.3			

East Africa's operational result improved in H2 2023 compared to H1 2023 with OLP increasing 12% from USD 93.9 million to USD 105.5 million, and the number of branches increasing by 20 to 517. Client deposits decreased 26% in FY 2023 due to operations in Kenya having to fully refund security deposits of clients as a requirement for its new operating licence. The region's financial result in H2 2023 was lower than in H1 2023 with net profit decreasing by 18%.

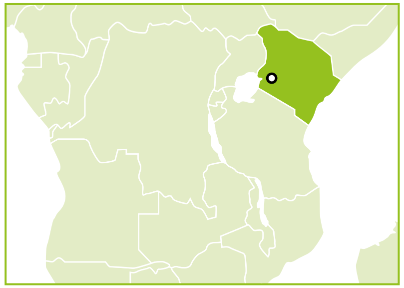
Outstanding Loan Portfolio (USD)

$105.5m

Financial review continued

Regional head offices

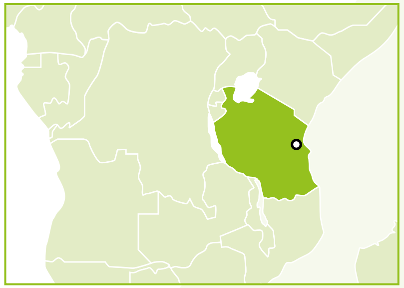
Tanzania



ASA Tanzania expanded its operations over the last 12 months.

- Number of clients increased from 217k to 248k (up 14% YoY).
- Number of branches increased from 180 to 202 (up 12% YoY).
- OLP increased from TZS 119.5bn (USD 51.2m) to TZS 162.5bn (USD 64.7m) (up 36% YoY in TZS).
- Gross OLP/Client increased from TZS 553.1k (USD 237) to TZS 660.4k (USD 263) (up 19% YoY in TZS).
- PAR>30 increased from 0.4% to 0.9%.

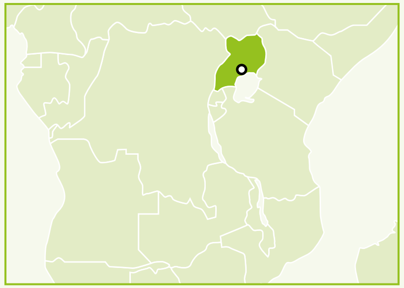
Kenya



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

- Number of clients increased from 141k to 205k (up 45% YoY).
- Number of branches increased from 124 to 132 (up 6% YoY).
- OLP increased from KES 2.1bn (USD 16.9m) to KES 3.3bn (USD 20.9m) (up 57% YoY in KES).
- Gross OLP/Client increased from KES 14.9K (USD 120) to KES 15.9k (USD 101) (up 7% YoY in KES).
- PAR>30 improved from 0.8% to 0.3%.

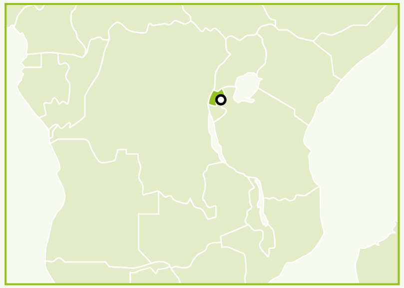
Uganda



ASA Uganda saw an improvement in operations over the last 12 months.

- Number of clients increased from 107k to 121k (up 13% YoY).
- Number of branches increased from 110 to 120 (up 9% YoY).
- OLP increased from UGX 43.0bn (USD 11.6m) to UGX 49.3bn (USD 13.0m) (up 15% YoY in UGX).
- Gross OLP/Client increased from UGX 404.9k (USD 109) to UGX 405.5k (USD 107) (up 0.1% YoY in UGX).
- PAR>30 slightly improved from 0.9% to 0.8%.

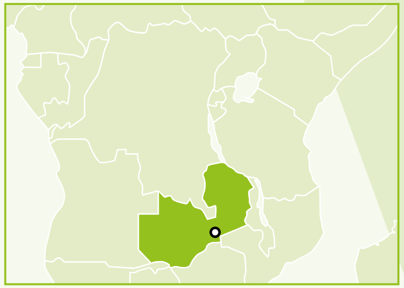
Rwanda



ASA Rwanda saw a modest improvement in operations over the last 12 months.

- Number of clients reduced from 21.2k to 20.8k (down 2% YoY).
- Number of branches increased from 30 to 32 (up 7% YoY).
- OLP increased from RWF 4.6bn (USD 4.3m) to RWF 5.1bn (USD 4.0m) (up 11% YoY in RWF).
- Gross OLP/Client increased from RWF 220.5k (USD 207) to RWF 253.0k (USD 201) (up 15% YoY in RWF).
- PAR>30 increased from 4.6% to 6.8%.

Zambia



ASA Zambia expanded its operations and improved its portfolio quality.

- Number of clients increased from 21k to 25k (up 19% YoY).
- Number of branches increased from 27 to 31 (up 15% YoY).
- OLP increased from ZMW 51.7m (USD 2.9m) to ZMW 73.8m (USD 2.9m) (up 43% YoY in ZMW).
- Gross OLP/Client increased from ZMW 2.5k (USD 139) to ZMW 3.1k (USD 119) (up 22% YoY in ZMW).
- PAR>30 improved from 5.0% to 2.6%.

Financial review continued

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

Visit our website for more information on the regulatory environments for each of the operating countries

Key events
Pakistan
- ASA Pakistan was granted approval for 'Commencement of Microfinance Banking Business' on 13 November 2023. The mobilisation of deposits was dependent upon the successful implementation of its Core Banking System (which migration to Temenos Transact Core Banking System was completed on 25 February 2024).
- The State Bank of Pakistan approved an interim dividend of approximate USD 900k on 2022 results, which was fully paid in February 2024. The approval of a second interim dividend declared on FY 2022 results remains pending.

Ghana
- In Q1 2023, the Bank of Ghana approved the Company's application for implementing Digital Financial Services.
- The dividend declared on 2022 results was approved by the Bank of Ghana in September 2023, and it was fully paid.

Nigeria
- In 2022 and 2023, the Central Bank delayed the approval of payment of dividends declared in the past. The dividend declared on 2021 results was approved in March 2023, and it was fully paid. The dividend declared on 2022 results was approved in March 2024.

Kenya
- ASA Kenya submitted a pro forma application for a Digital Credit Providers licence ('DCP licence') in October 2023 to ensure it was compliant with the law.
- Ultimately, the Company would like to obtain a deposit-taking licence as a microfinance bank instead of a DCP licence that does not allow for deposits. The Company was in discussions with the Central Bank of Kenya regarding the application for such a microfinance bank licence.

Tanzania
- The Company was also in discussions with the Bank of Tanzania regarding the application of a microfinance bank licence.

Regulatory capital
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.

Asset/liability and risk management
ASA International has strict policies and procedures for the management of its assets and liabilities as well as various non-operational risks. In 2022, the Group established an Asset-Liability Committee ('ALCO'), and the Terms of Reference of the ALCO were approved by the Board. The ALCO will continuously manage the Group's assets and liabilities to ensure that:

- The average tenor of loans to customers is substantially shorter than the average tenor of debt provided by third-party banks and other third-party lenders to the Group and any of its subsidiaries.
- Foreign exchange losses are minimised by having all loans to any of the Group's operating subsidiaries denominated or duly hedged in the local operating currency. All loans from the Group to any of its subsidiaries denominated in local currency are also hedged in US Dollars.
- Foreign translation losses affecting the Group's balance sheet are minimised by preventing over-capitalisation of any of the Group's subsidiaries by distributing dividends and/or hedging capital.

Nevertheless, the Group will always remain exposed to currency movements in both (i) the profit and loss statement, which will be affected by the translation of profits in local currencies into USD, and (ii) the balance sheet, due to the erosion of capital of each of its operating subsidiaries in local currency when translated in USD, where the US Dollar strengthens against the currency of any of its operating subsidiaries.

Funding
The funding profile of the Group has not materially changed during H2 2023:

(Amounts in USD millions)	31 Dec 23	30 Jun 23	31 Dec 22
Local deposits	79.1	72.7	84.1
Loans from financial institutions	214.7	204.9	216.6
Microfinance loan funds	28.2	22.9	21.5
Loans from dev. banks and foundations	25.6	17.5	19.4
Equity	76.6	69.2	89.7
Total funding	**424.2**	**387.2**	**431.3**

The Group maintains a favourable maturity profile with the average tenor of all funding from third parties being substantially longer than the average tenor at issuance of loans to customers which ranges from six to twelve months for the majority of the loans.

The unrestricted cash and cash equivalents remained at a healthy level of USD 48 million as of 31 December 2023 (30 June 2023: USD 45 million and 31 December 2022: USD 55 million). The Group managed to raise USD 179 million in new debt funding in 2023, where USD 104 million was raised in H2 2023 and USD 75 million was raised in H1 2023. Funding costs across the Group stabilised in 2023 compared to 2022 as benchmark rate increases in some markets were tempered by improved pricing on funding from local sources. Also, the Group has a strong funding pipeline of USD 171 million for fresh loans, with over 93% having agreed terms and can be accessed in the short to medium term as of 31 March 2024.

Net debt at the Holding level reduced to USD 61 million as at 31 December 2023 from USD 70 million as at 31 December 2022. The Group maintains the strategy of reducing the proportion of debt funding sourced at the Holding level over time. This will be achieved by (i) our operating subsidiaries increasing more funding from local and international lenders, and (ii) increasing remittances from our subsidiaries to the Holdings which have recently improved, as well as accelerating our deposit taking capabilities over time.

As per 1 April 2024, the Holdings acquired the outstanding principal debt and interest receivable totalling USD 4.4 million held by ASA Myanmar from various international debt funds managed by Symbiotics and Frankfurt School Financial Services.

The Group and its subsidiaries have existing credit relationships with more than 60 lenders throughout the world, which has provided reliable access to competitively priced funding for the growth of its loan portfolio.

Over the past three years and during 2023, a number of loan covenants were breached across the Group, particularly related to the portfolio quality in India. As of 31 December 2023, the balance for credit lines with breached covenants amounts to USD 23 million and subsequently waivers have been received for all these breaches.

Financial review continued

"Our operating performance in H2 2023 proved remarkably more resilient than H1 2023 in the challenging market conditions. Despite the ongoing economic crisis, inflation, and the currency devaluation, we continued to grow our business in 2023 with sustained profitability. Hyperinflation accounting was applied for the first time, resulting in non-cash adjustments in the Company's financial information and reducing net profit but not equity for the year. Hyperinflation may affect more of our jurisdictions in the coming year but we aim to continue to grow."

Tanwir Rahman,
Chief Financial Officer,
ASA International

The Group has also received temporary waivers, no-action and/or comfort letters from some of its major lenders for expected portfolio quality covenant breaches (primarily PAR>30) caused primarily by the overdue loans in India. However, these waivers are not for the full going concern assessment period up to May 2025. The impact of these potential covenant breaches was further assessed in the evaluation of the Group's going concern as disclosed in note 2.1.1 to the consolidated financial statements. However, the current economic and market conditions make it difficult to assess the likelihood of further debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt or further extension of loan terms will be forthcoming. As a result, senior management and the Directors have concluded that this represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Nevertheless, given the historical and continuing support received from lenders evidenced by the last four years where the Group has been continuously able to raise new funds and receive waivers for such covenant breaches, and based on continued improved operating performance in most markets, the Group has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern assessment period.

Impact of foreign exchange rates

As a US Dollar reporting company with operations in thirteen different currencies, currency movements can have a major effect on the Group's USD financial performance and reporting. The effect of this is that generally (i) existing and future local currency earnings translate into fewer US Dollar earnings, and (ii) local currency capital of any of the operating subsidiaries will translate into a lower US Dollar capital.

During FY 2023, the local currencies PKR (-24%), NGN (-100%), KES (-27%), and ZMW (-43%) particularly depreciated against the USD. This had an additional negative impact on the USD earnings contribution of these subsidiaries to the Group and also contributed to an increase in foreign exchange translation losses.

Countries	31 Dec 23	30 Jun 23	31 Dec 22	Δ 31 Dec 2022-31 Dec 2023	Δ 31 Dec 2023-30 Jun 2023
Pakistan (PKR)	279.7	287.1	226.4	*(24%)*	*3%*
India (INR)	83.2	82.1	82.7	*(1%)*	*(1%)*
Sri Lanka (LKR)	323.9	308.2	366.3	*12%*	*(5%)*
The Philippines (PHP)	55.4	55.3	55.7	*1%*	*(0%)*
Myanmar (MMK)	2,101.2	2,102.2	2,100.0	*(0.1%)*	*0%*
Ghana (GHS)	12.0	11.4	10.2	*(17%)*	*(5%)*
Nigeria (NGN)	896.6	761.1	448.1	*(100%)*	*(18%)*
Sierra Leone (SLE)	22.9	18.9	18.9	*(21%)*	*(21%)*
Tanzania (TZS)	2,512.4	2,416.1	2,332.5	*(8%)*	*(4%)*
Kenya (KES)	157.0	140.4	123.5	*(27%)*	*(12%)*
Uganda (UGX)	3,780.2	3,673.8	3,717.6	*(2%)*	*(3%)*
Rwanda (RWF)	1,259.5	1,172.0	1,067.0	*(18%)*	*(7%)*
Zambia (ZMW)	25.8	17.6	18.1	*(43%)*	*(47%)*

The total contribution to the foreign exchange translation loss reserve during 2023 amounted to USD 24.1 million of which USD 7.7 million related to the depreciation of the PKR, USD 15.1 million related to the depreciation of the NGN, USD 1.5 million related to the depreciation of the KES, and USD 0.7 million related to the depreciation of the ZMW. The local currency GHS (-17%) depreciated against the USD, however, this did not contribute to an increase in foreign exchange translation losses due to the application of hyperinflation accounting to Ghana.

The local currencies PKR, GHS, NGN and KES depreciated against the USD at a slower pace in H2 2023 compared to H1 2023, and the local currencies ZMW started to depreciate against the USD in H2 2023.

Accounting for hyperinflation

The IFRS standard IAS 29 "Financial Reporting in Hyperinflationary Economies" ('IAS 29') requires the Group to adjust the 2023 financial information of operating entities, which have a three-year cumulative inflation exceeding 100% in the period 2021-2023, so that all items are presented to reflect the current purchasing power at the reporting date. In 2023, the three-year cumulative inflation in Ghana and Sierra Leone exceeded 100%. Based on this, hyperinflation accounting is applied for the first time in the consolidated financial statements of the Group. The application of IAS 29 results in non-cash adjustments in the presentation of the financial information of the Group. Net profit decreased by USD 5.4 million, however, total comprehensive income remained similar and total equity increased by USD 0.6 million after the IAS 29 adjustments. Further details are provided in note 2.5.8 to the consolidated financial statements.

Based on current preliminary inflation projections, it is expected that the accounting for hyperinflation will be applicable for Ghana and Sierra Leone in 2024. Pakistan and Nigeria are currently on the watchlist.

High effective tax rate

The Group did not recognise deferred tax assets amounting to USD 5.6 million, which related to past losses for mainly India, as it failed to meet the future profitability threshold required under IFRS. The Group will be able to recognise these deferred tax assets provided these entities turn profitable again. Additionally, prior year tax adjustments of USD 3.0 million primarily in Pakistan (due to retroactive application of super tax), India, Tanzania, and Nigeria were taken in 2023. These resulted in a substantial increase in our tax expenses and effective tax rate for the year. Further details are provided in note 11 to the consolidated financial statements.

Risk management

Risk management is central to the Group's business model.

Risk management framework

In the face of ever-changing challenges and risks, the Group continuously builds on its risk management culture to ensure the risk management is comprehensive and meets the requirements of a sustainable financial institution. As a microfinance operator, the Group takes a prudent and consistent approach towards risk and the Group's risk culture is based on its values, beliefs, knowledge, attitudes and understanding of risk across its various countries. The Group assesses its risk culture by identifying and evaluating its quantifiable and non-quantifiable risks that are then integrated in management and decision-making processes.

Identification and assessment

At the subsidiary level there is a risk officer responsible for preparing risk reports on a quarterly basis by assessing the risks facing the Company in terms of likelihood and impact. Emerging risks are continuously monitored and reported as soon as identified. The risk officer also captures what mitigation activities are being taken to manage the risks. However, the mitigation responsibility lies with the process owner. The risk reports are evaluated by the subsidiary-level Risk Management Coordination Committee and approved by the subsidiary CEO before presenting to the subsidiary Audit and Risk Committee ('ARC'). The Group risk management team collects these country risk reports and prepares the Group risk report based on the country report information. The Group risk report is discussed in the Executive Committee meeting before presenting to the Group ARC where the risk report is scrutinised and recommendations are made for improved risk management.

Read the principal risks on pages 39 to 47

Read the viability statement on page 83

Risk appetite

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

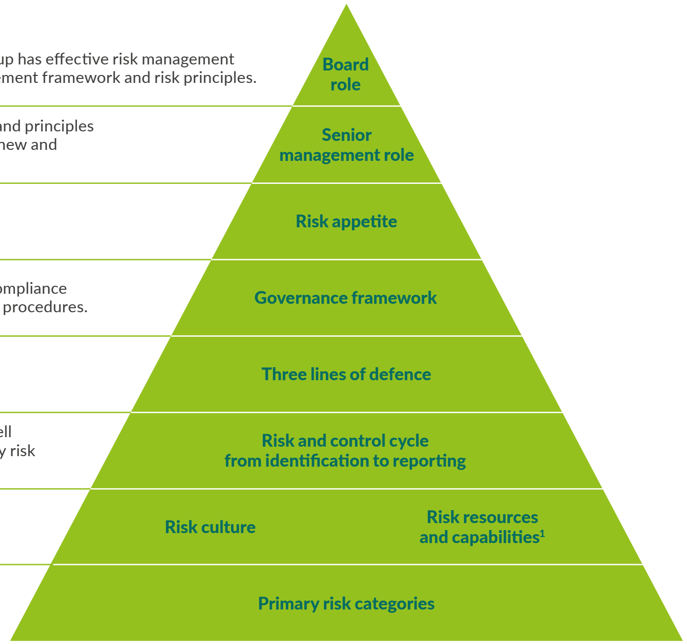
The Group evaluates its risk appetite on a quarterly basis. The Group first identifies and reports its risk appetite at the microfinance institution level, where a financial target is established and a risk appetite benchmark is produced by each microfinance institution and submitted for consideration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

Risk appetite statement

ASA International has a moderate risk appetite. We strive for a balanced approach, accepting risks associated with investing in microfinance operations in emerging markets while prioritising prudent risk management to safeguard the interests of our clients, investors, and stakeholders. Our commitment to a high level of compliance, strict adherence to well defined operational procedures, and a focus on sustainable financial inclusion are the basis of our dedication to achieving social economic impact for our clients and generating sustainable financial returns for the Company.

Risk management framework

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



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

Risk management continued

Three lines of defence

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

Operational management	Risk management, Compliance and FMPU	Internal Audit
First line of defence	**Second line of defence**	**Third line of defence**
Line management in each business area	Internal oversight functions	Internal Audit function
The primary responsibility is to own and manage risks relating to daily operations	To identify risks in the daily operations and provide an independent oversight role to the first line	To provide objective and independent assurance on the first and second line functions
	Supports and challenges the first line	

Three lines of defence

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

The second line of defence at the Group's subsidiaries provides guidance and oversight of the activities performed by the first line of defence. It includes internal oversight functions such as Compliance, Risk Management, and the Fraud and Misappropriation Prevention Unit ('FMPU'). Other departments, including IT, HR and Finance/Accounts also play an important role in the second line of defence.

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

For more information about the Group's three lines of defence, visit the website

Principal risks

Details of the Group's key risk management areas can be found on page 39. This section should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group but rather those which the Group currently believes may have a significant impact on its performance and future prospects.

Emerging risks

Emerging risks are potential threats or uncertainties that have recently emerged or developed, often characterized by their unpredictability and potential for significant impact. ASA International conducts quarterly risk assessments at all entities, which are performed by the respective risk officers and reviewed by the entity level Risk Management Coordination Committee. During these assessments, emerging risks are discussed and if a risk is identified that is not covered by the Group risk taxonomy, it is communicated to the Group. On an annual basis, the Group Risk Management function reviews and, if necessary, updates the risk taxonomy to include any newly identified emerging risks, and senior management discussions during the Group-level EXCO, ALCO or ARC meetings may also serve as a source for identifying emerging risks. In addition, the Group Risk Management function is subject to internal audit, which may result in recommendations to identify certain emerging risks as part of the internal audit review process.

Two emerging risks have been identified. In 2023, Ghana and Sierra Leone saw inflation surpassing 100% over three years, prompting the adoption of hyperinflation accounting in the Group's financial statements, leading to non-cash adjustments. Pakistan could follow suit in 2024, with Ghana, Sierra Leone, and Nigeria being monitored.

Starting April 2024, Myanmar's new Military Conscription Law mandates military service for men (18-35) and women (18-27), except women with children. This may affect some clients and staff members. This is being closely monitored.

Risk management continued

Principal risks

The Group faced challenging financial conditions in some operating subsidiaries, particularly affecting liquidity, exchange rate, inflation and growth risks.

The Group has updated its risk taxonomy and added new risks in 2023. The risks added were inflation, concentration, tax compliance, business contingency, anti-money laundering ('AML') and data privacy and protection risk. The heat map shows all the risks in the risk framework and the principal risks section provides more detail on these risks. Compared to last year, credit risk, climate risk, IT business continuity risk and system access control risk have decreased, while growth risk has increased.

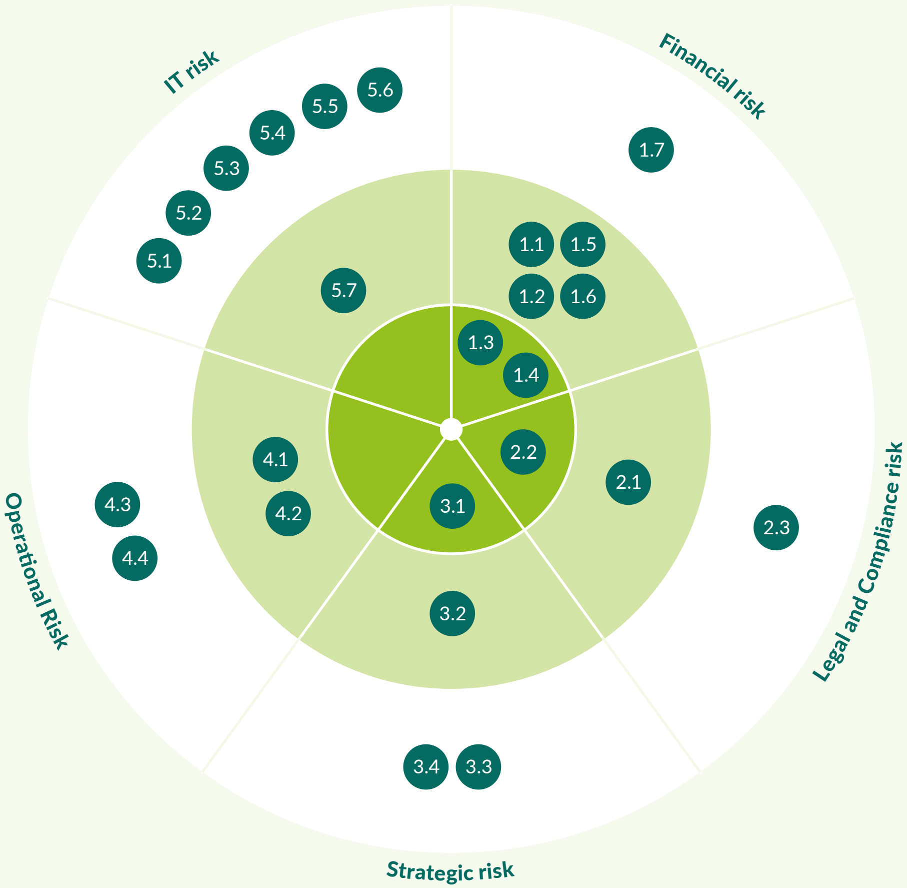
Risk level

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

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

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

Risk map



1. Financial risk

1.1 Credit risk
1.2 Liquidity risk
1.3 Exchange rate risk
1.4 Inflation risk
1.5 Interest rate risk
1.6 Concentration risk
1.7 Tax compliance risk

2. Legal & Compliance risk

2.1 Regulation
2.2 Product transparency
2.3 Anti-money laundering risk

3. Strategic risk

3.1 Growth risk
3.2 Competition risk
3.3 Reputation risk
3.4 Climate risk

4. Operational risk

4.1 Human resource risk
4.2 Fraud & Integrity risk
4.3 Business contingency
4.4 Health & Safety risk

5. IT risk

5.1 Business continuity
5.2 System vulnerability
5.3 Data privacy & protection
5.4 IT support
5.5 System access control
5.6 IT fraud
5.7 Data migration

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
1. Financial risk			
1.1 Credit risk The risk that the Company will incur a loss because its clients or counterparties fail to discharge its contractual obligations. **Objective** The Company aims to ensure that the portfolio at risk is kept at a minimum percentage at all times.	Med Risk increasing	• The Group's portfolio at risk has reduced compared to the previous year. However, PAR is still high in India, Myanmar, Nigeria, Sierra Leone and Rwanda. • Pakistan, Ghana, Kenya and Tanzania reached high portfolio quality with PAR>30 days less than 1%.	• Although PAR > 30 remains a risk due to external factors, the Group is confident it can reduce it based on past experience. • Due to the economic challenges, including increased energy and food prices, the Company will remain prudent in its disbursements, carefully monitoring debt levels of clients. • The Company strictly follows the ASA Model's operating procedures, including setting risk limits per borrower, taking security deposits where possible, preventing over-borrowing and excessive geographic concentration. • The Group continuously monitors portfolio changes and takes immediate action. • Country-specific efforts to increase collections and reduce PAR are taken.
1.2 Liquidity risk The Company's operations may be impacted if it is unable to meet its payment obligations when it falls due under normal and stress circumstances. **Objective** To manage liquidity risks and avoid loss of business, missed opportunities for growth, or legal or reputational consequences.	Med Risk decreasing	• The Group has maintained its liquidity position during the year and successfully met the liquid asset regulatory requirements in-country jurisdictions. Meeting the funding requirements in some of the Asian countries, including India, Sri Lanka and Myanmar, proved difficult due to specific country circumstances. • Exchange losses during the year affected the Group dividends received from operating subsidiaries. However, the Group continued to raise a substantial amount of debt funding both at the country and holding level during the year. Funding costs across the Group stabilised in 2023 compared to 2022 as benchmark rate increases in some markets were tempered by improved pricing on funding from local sources. • The Group has a strong funding pipeline of USD 171 million.	• Although economic uncertainty may impact funding markets, the Company is diversified across thirteen countries with good access to a wide range of funding sources at both local and holding levels. • The Company is approaching new potential funders to broaden partnerships across markets. • The Company maintains solid relationships with its debt providers, who continued to show strong interest in funding its operations at both local and holding level. • The Company remains vigilant towards the deterioration of its loan portfolio that may lead to liquidity concerns. • The Asset Liability Committee ('ALCO') Committee regularly reviews the cash and liquidity position of the Group.
1.3 Exchange rate risk The Company may suffer a financial loss arising from adverse movements in foreign exchange rates. **Objective** To manage currency risks and minimise loss due to foreign currency exposure.	High Risk increasing	• The local currencies of some of the countries saw increased vulnerability against the USD. During the year, local currencies have sharply depreciated against the USD, mainly in Ghana, Nigeria, Pakistan, Sri Lanka, Myanmar and Sierra Leone. • Depreciation of currencies reduced the reported Outstanding Loan Portfolio ('OLP') and Gross OLP/Client figures in USD. • Overall, the currency movements resulted in an increase of the FX translation reserve losses.	• The Group has existing hedge relationships and manages its currency risk through natural hedging, i.e. by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities, and by obtaining funding denominated in local currency. • For USD funding to the subsidiaries, the Company continues to ensure that close to 100% of its currency exposure is hedged. The Group's equity positions are unhedged. • The currency movements of the Company's operating currencies against the USD remain unpredictable. • The ALCO regularly reviews exchange rate risk.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
1. Financial risk continued			
1.4 Inflation rate risk The Company's profitability or operational cost may be impacted by the rise in inflation rates. **Objective** To limit the impact by controlling expenditure and adjusting the loan size.	High Risk increasing	• There is high inflation rate in some of the countries including Pakistan, Myanmar, Nigeria, Ghana, Sierra Leone and Zambia • This situation is reducing the purchasing power of our target clients as well as employees and adversely impacting their day-to-day lives. • High inflation is increasing the overall cost of the company. • Ghana and Sierra Leone saw inflation surpassing 100% over three years, prompting the adoption of hyperinflation accounting in the Group's financial statements, leading to non-cash adjustments. Pakistan may follow suit in 2024, with Ghana, Sierra Leone, and Nigeria being monitored.	• The loan size is reviewed on a regular interval and increased if needed. • Salary of employees are reviewed periodically and increment is given. • Non-essential costs are avoided to control cost.
1.5 Interest rate risk The Company's profitability or results of operations may be impacted by fluctuations in interest rates. **Objective** To limit the impact of interest rate movements and exposure to financial counterparties.	Med Risk increasing	• Borrowing costs are increasing globally. They are expected to rise further, considering economic downturn. The Cost of borrowing for the Group has gone up. • As a result, there is increased hedging cost in some markets.	• The Company continuously negotiates with its lenders and interacts with regulators. • The interest rate caps in India and Sri Lanka were removed and the Company increased its rates in these markets. • The Company's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates in those countries where there is a limit on the amount of interest it may charge. • The ALCO regularly reviews interest rate risk.
1.6 Concentration risk High concentration of portfolio in a specific geographic area may amplify the impact of adverse economic events. **Objective** To ensure that the portfolio of the Group is well diversified.	Med Risk increasing	• A high percentage of the total OLP is concentrated in 4 countries; Pakistan, Philippines, Ghana and Tanzania. • Earnings Before Tax ('EBT') concentration is highest for Pakistan and Ghana. Management is focusing on growing the business in other countries to reduce the EBT concentration level in Pakistan and Ghana.	• Portfolio of the Group is diversified across 13 countries. • Country portfolio is diversified across various regions and sectors/industries. • Group has introduced a concentration risk policy which will monitor the concentration risk and help to improve the diversification percentage. • The ALCO regularly reviews concentration risks.
1.7 Tax compliance risk The Group may face adverse consequences due to failure to adhere to tax laws and regulations. **Objective** To ensure compliance to applicable tax regulations at all times.	Low Risk remains stable	• The Group prioritises compliance and proactively ensures compliance to tax related matters at all times.	• The Group stays updated on tax regulations, and maintains detailed records to minimize the risk of non-compliance and potential penalties. • The Group has engaged external tax consultants to seek advice on critical matters.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
2. Legal & Compliance risk			
2.1 Regulation The Company may suffer losses or fail to optimise profitable growth due to regulatory changes or through political activism. **Objective** The Company aims to ensure that effective arrangements are in place to comply with legal and regulatory obligations at all times.	Med Risk increasing	• ASA Pakistan received a microfinance banking licence from the State Bank of Pakistan, which comes with increased compliance requirements. • Kenya has applied for Digital Credit Provider ('DCP') licence. The Central Bank has accepted the application and requested additional information. • In Nigeria and Rwanda, a PAR 30 days' breach was reported against the regulatory limit of 5%.	• Pakistan will proactively continue to ensure compliance with the Central Bank. • Kenya is closely following up with the authorities regarding approval of the DCP licence. • In Nigeria and Rwanda, recovery efforts have been increased in the branches with high PAR. • Tanzania is expected to apply for a deposit-taking licence in 2024.
2.2 Product transparency This risk refers to negative public opinion for not ensuring product transparency. **Objective** To ensure that loan officers and branch managers always take necessary steps to ensure transparency regarding products and services.	Low Risk remains stable	• There have not been any significant changes in this area. However, in some countries there is increased scrutiny by regulators and markets on the transparency of services provided.	• Our service is offered in a client-friendly and transparent manner. The Company adopted the SMART principles, which are a common standard in the industry. • The Company strives to meet the highest standard in terms of Client Protection Principles and business transparency. • Client feedback is collected on a regular basis to improve client interaction.
2.3 Anti-money laundering risk Threat arising from inadequate measures to prevent and address anti-money laundering ('AML'). **Objective** To ensure that anti money laundering procedures are well established.	Low Risk remains stable	• Risk is inherently low due to the nature of small loans. • Money laundering-related incidents are very rare.	• AML policy is in place and AML officers are appointed at the entity level. • A rigorous Know Your Customer ('KYC') procedure is established. • Suspicious transactions reporting procedure is in place.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
3. Strategic risk			
3.1 Growth risk All risks and challenges associated with the Company's operational expansion. **Objective** The Company aims to meet its business expansion plan in a controlled manner.	High Risk remains stable	• ASA India reduced its portfolio in line with principal decision and to comply with prudential regulations, limiting the disbursement of fresh loans. • The political situation in Myanmar and associated governmental measures curbed business. • In Sri Lanka, growth was stalled due to political and economic instability. • Heightened security challenges due to religious/ethnic clashes in Eastern and North Western Nigeria. • Ghana & Sierra Leone met the criteria for hyperinflation accounting in 2023, Pakistan & Nigeria may meet the criteria in the coming year.	• The strategy in India continues to focus on shrinking OLP, recovering overdue loans, and controlling costs. • New loans are not being disbursed in the high-risk zone of Myanmar. Six branches in this zone have been closed. • The Company closely monitors the political developments in Myanmar and Sri Lanka. Economic and political stability is returning in Sri Lanka. • New branches in Nigeria are selected with strict adherence to the expansion plan, to avoid security concerns. • All pandemic-related restrictions have been lifted.
3.2 Competition risk The Company may suffer losses or fail to optimise profitable growth by not responding well to the competitive environment or failing to ensure its proposition meets customer needs. **Objective** The Company aims to ensure it understands competitive threats and continues to focus on the needs of its clients.	Med Risk remains stable	• Competition has remained stable or decreased in some markets, possibly due to the impact of the Covid pandemic on the MFI sector. Some competitors faced bankruptcies during the pandemic. Digital lenders and services remain active in African countries, creating competition on the digital frontier. • The Company's portfolio reduction strategy in India has resulted in the loss of clients to competitors.	• The Company emphasises the importance of building and sustaining robust client relationships and customises its products and services to cater to clients' needs. • The Company continuously monitors client satisfaction. • In anticipation of a future with increasingly cashless transactions, the Company is developing a digital financial services platform, which over time also will include a range of digital financial services.
3.3 Reputation risk The Company may suffer financial or reputational damage due to possible misconception of the quality of its services. **Objective** The Company aims to be fully aligned with the long-term interests of its clients.	Low Risk remains stable	• The Company has not faced significant reputational issues. • The Company strengthened its relationships with clients and communities by investing in community projects in operating countries.	• The Company's clearly defined corporate values and ethical standards are communicated throughout the organisation, its customer base and other stakeholders. • The Company's impact is measured via the Client Economic Yield survey ('CEY'). Read more about impact on page 13 and in the ESG report on page 48 • The Company maintains close relationships with clients and the broader communities in which it operates. • The Company is highly supportive of the establishment of local credit bureaus.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
3. Strategic risk continued			
3.4 Climate risk The risk related to potential negative impact of climate change on the organisation. **Objective** The Company aims to have a strong commitment towards environmental sustainability, lowering emissions' and have procedures in place to respond to risks associated with climate change.	Low Risk decreasing	• The Company is committed to environmental sustainability and aims to reduce its adverse impact on the environment. It monitors its carbon emissions and is in the process of implementing initiatives across all its subsidiaries to reduce its overall GHG emissions. • Severe natural calamities, including flooding, storms and droughts, were observed in Myanmar, the Philippines, Kenya, Rwanda and Uganda during the year, impacting branch operations. However, the financial impact of climate change and natural calamities was not material in 2023.	• The Country Heads have taken proactive measures to address climate issues, including appointing a dedicated climate officer, establishing a governance structure, setting SMART targets for reducing carbon emissions, and developing an action plan. • Initiatives taken during the year included tree plantation, installation of solar panels, purchase of electric motorbikes and use of LED lights' among others. Read more in the Taskforce for Climate-related Financial Disclosures ('TCFD') statement on pages 58 to 63 • The Company remains in close contact with clients during natural calamities and supports them with relief efforts. Read more about how the Company supports clients during calamities on page 55
4. Operational risk			
4.1 Human resource risk The Company's strategy may be impacted by not having sufficient skilled people or being unable to retain key people and not treating them in accordance with the Company's values and ethical standards. **Objective** The Company aims to have sufficient personnel to ensure meeting its growth objectives.	Med Risk remains stable	• Staff drop-out reduced during the pandemic, and retention rates were strong across the Group. However, annual staff retention rates in the Philippines and Myanmar were lower compared to other countries. • It was observed that there was a shortage of skilled workers predominantly in Myanmar, Sri Lanka and Sierra Leone. • The Company continued to hire additional IT staff to support the rollout of its digital strategy. • There were no incidents of employee strikes or disruption in any of the subsidiaries during the year.	• The Company ensures that remuneration is competitive and carries out regular reviews besides annual increments. • The Company continuously monitors performance which allows career growth for high-performing employees. • Staff can file any complaints or misconduct experienced at a Grievance Mitigation Committee ('GMC').

Risk management continued
Principal risks continued

Level of change key
Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
4. Operational risk continued			
4.2 Fraud & Integrity risk The risk of incidents of fraud and misappropriation by staff or client. **Objective** The Company aims to have procedure in place to prevent and detect fraud & misappropriation events carried out by staff or clients.	Med Risk increasing	• As at December 2023, the overdue balance is high in some of the countries which increases the risk exposure. • Absence of biometrics in IT platform increases the exposure to fraud and misappropriation. • Due to the deteriorating law and order situation in Myanmar, robbery incidents have increased. • The escalation of living expenses due to inflation may lead to higher levels of attempted fraud.	• Regular visits by the Fraud and Misappropriation Unit ('FMPU') and Internal Audit team take place to identify and prevent fraud. • FMPU members conduct an awareness programme at branches to discourage fraud and misappropriation. • FMPU members recommend appropriate disciplinary measures for the perpetrators in accordance with entity policy, take necessary actions to recover the misappropriated amount, and pursue legal action, if necessary.
4.3 Business contingency risk Potential adverse effects on operations resulting from unexpected events or disruptions. **Objective** The Company aims to ensure that there is adequate business contingency planning for smooth running of operations.	Low Risk decreasing	• Business contingency risk is generally low as the Group has a redundant server and data recovery site at all entities. AMBS is real time and can be accessed remotely. • In the Philippines, natural calamities often disrupt branch operations. However, the calamity is seasonal and branches remain prepared for it. See the climate risk.	• As per current practice, remote working will be enabled in case head office becomes inaccessible due to a catastrophic incident. • We have secure Disaster Recovery ('DR') sites either on premise or on cloud at all the entities. • If a branch becomes inaccessible due to a disaster, activities can be conducted from the nearest safe branch.
4.4 Health & Safety risk Potential harm or injury to employees arising from workplace conditions or activities. **Objective** The Company aims to ensure a safe and secure work environment for its staff.	Low Risk increasing	• On 11 January 2023, Uganda declared that the Ebola disease outbreak caused by the Sudan ebolavirus was over. • On 5 May 2023, the head of the UN World Health Organization (WHO) declared an end to COVID as a public health emergency. • There were 178 accidents, resulting in five fatalities, across all the subsidiaries this year. Incidents related to motorcycle accidents were most common.	• The Company ensures valid licences, safety equipment and road safety awareness among employees to mitigate the risk exposure of road accidents. • Operating countries with increased incident rates will strengthen their vigilance on health and safety to minimize fatalities and accidents and will reiterate this during staff trainings. • Movement restrictions are applicable to employees in areas that are very prone to robbery incidents.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
5. IT risk			
5.1 Business continuity The risk of system unavailability. **Objective** The aim of the Company is to ensure that systems are available within a reasonable time.	Low Risk remains stable	• All countries have Disaster Recovery ('DR') sites, either on premise or on cloud.	• Yearly DR drills ensure smooth functioning of the process.
5.2 System vulnerability This risk is associated with the vulnerability to different types of cyber-attacks. **Objective** The Company aims to ensure that the IT stack is protected against vulnerabilities.	Low Risk remains stable	• Yearly third-party Vulnerability Assessment and Penetration Testing is done. • There is deployment of endpoint detection and response, regular patch management, and use of an intrusion prevention system in the firewall.	• Quarterly review of all firewall configurations and Vulnerability Assessment by the internal team.
5.3 Data privacy & protection Risk arising from unauthorised access to sensitive information. **Objective** The Company aims to ensure data security and confidentiality at all times.	Low Risk remains stable	• Risk is low as the customer data and other sensitive data are well protected and accessible to only authorised personnel. • Increased scrutiny by regulators on data protection.	• Only authorised individuals are allowed to get access to sensitive data. • System data is protected by password. • Employee training includes the importance of customer data privacy. • Active directory is regularly reviewed.
5.4 IT support This risk refers to speed and quality of resolving IT issues with operational impact. **Objective** The Company aims to have procedures and resources in place to address and resolve IT support issues.	Low Risk remains stable	• There may be delays in IT support sometimes due to the nature and complexity of problems. • Sourcing and retaining experienced IT Staff in Dhaka and across countries remains challenging.	• Blocking issues are resolved in the same or next working day. Other issues are resolved in a longer time. Some exception may happen depending on the complexity of the problem.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
5. IT risk continued			
5.5 System access control This risk is associated with misuse of system access. **Objective** The Company aims to have strong password management system in place to prevent any misuse of access.	Low Risk remains stable	• Implementation of two factor authentication ('2FA') in AMBS has reduced password sharing incidents. For login into the system, OTP is sent via email for enhanced password security.	• 2FA is has been rolled out across all markets. • Standard password policies are implemented in the system and software. Password policy is reviewed periodically and improved as appropriate. • Awareness programs are in place for not sharing password and other security concerns.
5.6 IT fraud This risk refers to the threat of fraud due to control gaps in IT systems and processes. **Objective** The Company aims to ensure that discrepancies between system and procedures are identified and mitigated to prevent IT Fraud.	Low Risk remains stable	• So far, IT fraud incidents were not reported in the year 2023. • Digital financial services may create scope for digital fraud in the future.	• Incidents of digital fraud may happen in future. All relevant teams will remain vigilant to prevent and escalate such cases. • Maker checker system is active in AMBS. • Audit trail feature is active in AMBS.
5.7 Data migration This risk refers to the possible loss of data during data migration. **Objective** The Company aims to ensure that adequate measures and back-ups are in place to prevent possible data loss in data migration projects.	Med Risk increasing	• All subsidiaries will migrate over time from AMBS to a Core Banking System ('CBS'). Pakistan and Ghana are migrating first. • In India, migration has been completed from AMBS to Craft Silicon. • Tanzania and Kenya are expected to be next in line for CBS implementation.	• The Group is using a industry leading migration tool. • The Group has acquired a highly skilled implementation and migration vendor and has employed in-house migration experts. • Migration runbook includes multiple validations of migrated data by business teams and sign-off by responsible Head of Departments

ESG report

Committing to sustainable practices and responsible business operations

This Environmental, Social, and Governance ('ESG') report provides an overview of the ESG performance of the Company, highlighting its commitment to sustainable practices and responsible business operations.

Environment

Environment encompasses areas that are affected by environmental factors, which is a two-way relationship that involves both the impact of the Company on the environment and the impact of the environment on the Company.

Read more on page 56

Social

Social denotes the Group's approach to managing relationships with colleagues, clients and communities.

Read more on page 50

Governance

Governance pertains to the various aspects that promote good governance practices and enable the Group to establish itself as a responsible business.

Read more on page 68

Throughout 2023, the Company has made strides in setting and achieving its climate and Diversity, Equity and Inclusion ('DEI') targets. A DEI policy has been adopted. Surveys for clients and colleagues have undergone a thorough review and processes aimed at enhancing data quality have been updated.

ESG report continued

Alignment with UN SDGs

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

Read more about our Socially responsible business model on pages 12 and 51

Other UN SDGs supported

Through its community projects and environmental commitments, the Company aims to contribute, albeit on a smaller scale, to the prevention of hunger, good health and well-being, quality education, clean water and sanitation, sustainable cities and communities, climate action and partnerships for the goals.

Read more on pages 54 to 55 and 57

Target focus areas:
SDG 1: 1.2, 1.4, 1.5

No poverty

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

Total loans disbursed (USD)
965.1m

Clients served
2.3m

Target focus areas:
SDG 5: 5.5, 5.a, 5.b

Gender

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

Female clients
97%

Gender diversity employees
37%

Target focus areas:
SDG 8: 8.3, 8.5, 8.10

Decent work and economic growth

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

Read more about how the Company supports colleagues on page 52

Employees
13.4k

Employee satisfaction rate
81%

Target focus areas:
SDG 9: 9.3, 9.4

Industry, innovation and infrastructure

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

Branches
2,016

Taxes (USD)
23.4m

Target focus areas:
SDG 10: 10.1, 10.2

Reduced inequalities

By offering loans to women, the Group enables the use of disposable income for essential household needs, such as education, health, nutrition, sanitation, and housing. This supports economic development and leads to socioeconomic progress in the communities. Additionally, 0.5% to 1% of operating countries' profits fund projects related to health, education, and relief, benefiting the communities where our clients reside and work.

Community projects spend (USD)
0.4m

ESG report continued

Socially responsible

In line with ASA International's purpose, the social aspect of ESG is engrained in its daily operations. The Company is committed to acting responsibly and safeguarding the interests of its stakeholders while adhering to human rights. The lending ASA Model is at the heart of how the Company serves its clients, community, and colleagues.

Universal Standards for social performance

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

Social Strategy	92%
Committed Leadership	91%
Client-centered Products and Services	85%
Client Protection	94%
Responsible Human Resource Development	96%
Responsible Growth and Returns	96%
Environmental Performance Management	77%

ESG report continued

Protecting our clients

The Group prioritizes the well-being and empowerment of its clients. Through a holistic approach, it integrates principles of client protection and empowerment across its operations.

Fostering financial inclusion

The Group recognises the importance of promoting financial inclusion as a catalyst for socioeconomic progress. To ensure that its services remain accessible and affordable to all, the Group rigorously benchmark its loan interest rates against equivalent providers in its operating countries, integrating competitive pricing as an integral aspect of the ASA Model. The Group's transparent pricing policies, aligned with market averages, reflects its dedication to providing value to clients while safeguarding its financial interests.

Empowering through responsible lending

Empowering through responsible lending is central to the Group's ethos, embedded within the ASA Model. The Group's loan officers meticulously assess the needs and capacities of potential clients, not only evaluating their repayment capabilities but also considering the potential impact of its loans on their businesses to prevent over-borrowing. Through this approach, the Group empowers clients to make informed financial decisions and unlock their full potential for economic growth.

Upholding Client Protection Principles

Transparency and accountability are fundamental pillars of the Group's client-centric approach. It adheres to the Client Protection Principles ('CPP') developed by the SMART Campaign, which describe the minimum protection that microfinance clients should expect from their providers, as well as the protection that an institution should maintain to serve the best interests of its clients. As part of its commitment to upholding client protection, the Group evaluates its adherence to the CPP through the Client Protection Standards as a key component of its Social Performance Indicator assessment. By maintaining the highest standards of client protection across all aspects of their business, the Group fosters trust and confidence in its relationships with clients.

Listening and responding to feedback

The Group values the feedback of its clients and is committed to addressing their concerns promptly and effectively. Through mechanisms such as the Client Complaint Resolution Committee ('CCRC'), clients have a platform to voice their feedback and lodge complaints regarding services or staff behaviour. These open and transparent communication channels help the Group continuously improve its practices and better serve clients' needs.

Measuring impact and ensuring client satisfaction

Measuring impact and ensuring client satisfaction are paramount to the Group's mission. The Group recognises that true success lies in the tangible benefits clients derive from its services. Through tools such as the Social Performance Indicator ('SPI') and the Client Economic Yield ('CEY') survey, the Group internally measures the impact of its interventions on client well-being and economic empowerment. High client satisfaction rates consistently above 90%, reflect the effectiveness of its efforts in meeting and exceeding client expectations. Clients express particular satisfaction with the loan approval process, the loan duration, and the interaction with loan officers. The SPI demonstrates that the Group has a balanced performance across all dimensions, with an overall score of 90%, scoring highest on client protection, responsible human resource development and responsible growth and returns. See the score per dimension on page 50.

Due to ongoing improvements to the Client Economic Yield ('CEY') questionnaire, the Group encountered data quality issues that prevented disclosure of this year's results. The Group is diligently reviewing this process to ensure accuracy and reliability and plans to resume reporting on the CEY next year. In addition, to enhance data quality, the Group has undertaken a thorough review and update process for the satisfaction surveys and transitioned to the new online SPI format. Whilst the figures may appear lower in some cases this year, the Group believes they now more accurately reflect its operations.

Read more about how the tools and indicators for protecting clients are calculated on pages 172 to 173 and see the impact of the loans on clients in our outcome indicators on page 03

Read more about the Group's policies and practices to protect clients on page 66

Client retention rate

75%

2022: 72%
2021: 74%

Client satisfaction rate

90%

2022: 93%
2021: 93%

Social Performance Indicator ('SPI')

90%

2022: 92%
2021: 91%

Read more on our KPIs page 24

Enhancing our high-touch model with digital

As the Group begins to integrate digital services, a new chapter in its financial inclusion journey will unfold, enhancing the client experience while increasing efficiency. Digital platforms provide clients with flexibility, reducing reliance on frequent group meetings and freeing up time to grow the business. At the same time, it is important to maintain the high-touch client model, with occasional group meetings providing opportunities for relationship building, idea sharing and learning among members and loan officers. Maintaining these meetings has significant social and financial benefits, mitigating credit risk, facilitating Know Your Customer ('KYC') processes and uncovering growth opportunities. The strategic fusion of digital convenience and face-to-face interaction will enable strong relationships while driving sustainable growth. Read more about clients benefiting from digital on page 20 and the business model on page 12.

ESG report continued

Supporting our colleagues

The Group is committed to fostering a supportive and inclusive workplace environment where colleagues can thrive and grow professionally. Through various initiatives and policies, the Group endeavours to recruit, develop, and retain talent while ensuring the well-being and safety of all employees.

Recruiting young talent

The Group focuses on recruiting young graduates, often from rural or semi-urban backgrounds, who are interested in working with low-income communities. Despite economic and/or political challenges in some countries, the Group successfully onboarded a total of 4,465 team members across their operating subsidiaries in 2023. To nurture talent, the Group emphasises on-the-job training supplemented by a comprehensive 12-day Pre-Service Orientation ('PSO') programme. During PSO, colleagues learn about the Company's heritage, mission, core values, Code of Conduct, HR policies, loan appraisal process, client selection, and financial procedures, among other essential topics. In 2023, 8,559 employees underwent PSO training, equipping them with the necessary knowledge and skills to excel in their roles. Training continues to play a pivotal role as colleagues advance into senior positions, covering a wide range of areas including anti-money laundering, diversity and inclusion, skill development, crisis management, cyber security, digitalisation, and role-specific training. In 2023, the Group recorded a total of 21,531 training attendees and 67,107 hours of training, underscoring its commitment to continuous learning and development.

Encouraging growth and advancement

Promotion opportunities are extended to employees who not only demonstrate leadership qualities but also embody the Company values and core principles of the ASA Model. With a staff retention rate of 74%, turnover is considered low, enabling many employees to grow within the Company. In 2023, 1,348 promotions were recorded, with a significant proportion being loan officers promoted to assistant branch managers. 40% of the total number of colleagues promoted are female.

Read more about employee development and value embodiment on page 23

Prioritising employee satisfaction and well-being

A vital aspect of supporting colleagues is ensuring their satisfaction and well-being. The Group conducts an annual employee satisfaction survey, with a participation rate of around 33% and a satisfaction rate of 81%. Feedback from the survey informs efforts to enhance professional growth opportunities, work-life balance, and overall job satisfaction. Notably, the survey results indicate that the vast majority of employees feel they work well together, are treated fairly, and find their tasks conducive to professional growth. Areas for improvement are particularly in promoting a healthier work-life balance.

To enhance data quality, the surveys conducted have undergone a thorough review and updating process. As a result, while figures may appear lower in some cases this year, the Company believes they are now more representative of the operations.

Implementing robust mechanisms for addressing employee concerns

The Group has implemented robust mechanisms to address employee concerns and maintain a positive work environment. Employees are encouraged to report any actions that may violate laws, regulations, or Company policies through a whistleblowing system. In 2023, there were no whistleblowing incidents reported across the Group, demonstrating a culture of compliance and ethical conduct. To further support transparency and accountability, the Group established a Grievance Mitigation Committee ('GMC') to address appeals and complaints. In 2023, the GMC received a total of 11 appeals and five direct complaints. Investigations into these cases led to corrective actions such as warnings, fund recoveries, transfers, summary dismissals, and termination of contracts. Preventative measures include ongoing training sessions and awareness programmes to ensure employees feel supported and valued.

Read more about our policies and practices on pages 66 to 67

Employee satisfaction rate

81%

2022: 86%
2021: 85%

Staff retention rate

74%

2022: 76%
2021: 80%

Gender diversity

37%

2022: 35%
2021: 33%

Training hours

67,107

2022: 61,312
2021: 42,907

ESG report continued

ASA India's Pride and Power Committee fostering solidarity

The Pride and Power Committee at ASA India emerged from informal lunchtime chats among female colleagues, evolving into a proactive support system for women in the workplace. With four seasoned members, from both the head office and field offices, the Committee embodies a sense of trust and accessibility. Monthly gatherings, which commenced in December, serve as platforms for candid discussions, celebrating personal victories and navigating shared challenges. The inaugural session drew an impressive crowd of 170+ attendees, showcasing a palpable enthusiasm for collective empowerment. However, it was during the second meeting in January that the Committee's impact truly came to light. One member courageously shared her experience, sparking a wave of solidarity and prompting others to open up about their own experiences on and off the workfloor. These experiences have propelled the committee towards exploring inclusive gender sensitisation training programmes for all employees.

Ensuring employee health and safety

The Group continues to prioritise the implementation of strict protocols to ensure the Health and Safety of its employees. These protocols include the regular monitoring and control of health and safety risks, the provision of safety and awareness training and the enforcement of preventive measures. In addition, a three-tiered accident and incident monitoring system is in place, as well as the integration of health and safety committees and occupational health checklists in each operating subsidiary, ensuring comprehensive supervision and monitoring throughout the Group. In response to workplace incidents or illnesses, the Group quickly implements emergency measures or corrective actions. It is worth noting that 178 accidents were recorded during the year, resulting in five fatalities. This represents an increase from the previous year, thus, in response, the Group has proactively engaged countries with high accident rates to improve safety measures. Despite robust safety measures, 85% of incidents involved motorcycles.

Read more about health risks on page 45

Promoting diversity and inclusion

As a global Company active in 15 countries, the Group celebrates its culturally diverse workforce. In terms of gender, in 2023, the operating subsidiaries represents 37% of the Group's overall female representation, broken down in East Africa: 13.8%, West Africa: 9.0%, East Asia: 9.8% and South Asia: 4.0%. Due to cultural reasons in South Asia and safety issues related to travelling alone, hiring women still appears to be a challenge in this region, which impacts the Group's overall gender representation. The female representation at the senior leadership level at subsidiary level is 21%. In terms of age, 47% of the Company's employees are under 30 years old and 1% over 50.

Efforts to improve gender representation include the formation of a Diversity, Equity, and Inclusion ('DEI') Committee, the approval of a DEI policy, and the establishment of goals and targets to improve gender representation at various organisational levels across all entities. Progress on these targets is regularly evaluated through progress reports and bi-annual meetings with the DEI committee and the CEOs of the operating countries. These meetings not only assess progress but also focus on addressing the challenges when targets are not met. These goals and targets have resulted, among other things, in an increase of females in committees and interview panels, as well as the development of DEI training and mentorship programs, reinforcing the Group's commitment to fostering an inclusive workplace where all employees feel valued and respected.

Number of Board Directors[1]

Number of senior employees[3]**, other than Board Directors**[4]

Number of Independent Directors of subsidiaries[2]

Number of employees, other than Board Directors and senior employees

Female Male

Read the diversity listing rule disclosure on page 86

1 Includes Non-Executive Directors, excluded from Group headcount calculations. Figures as at 31 December 2023.
2 Not including Directors appointed on the Board of the plc.
3 Senior employees identified as material risk-takers who are not Directors or subsidiary Directors.
4 Includes subsidiary Directors who are excluded from Group headcount calculations.

ESG report continued

Our community programmes

The branches of the operating subsidiaries, being an integral part of the communities in which they operate, undertake social impact initiatives to fulfil their commitment to social welfare. The initiative of these projects predominantly lies with the field staff at the branch level, as they maintain regular contact with clients and the community and understand their needs. To fund these activities, the Company's subsidiaries allocate a percentage of their profits, typically between 0.5% and 1%, except in countries such as India, where regulations stipulate a higher percentage of 2%. The projects are highly regarded by colleagues, clients and the wider community, and focus on improving health, education, environment or providing disaster relief.

2023 performance

USD spent

$428k

Programme participants

275k

Initiatives

2,014

Health

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

UN SDGs

Impact indicators 2023

- Seven water boreholes installed.
- 372 people with disabilities supported.
- 133 health camps conducted reaching approximately 17 thousand people.

Breast cancer screen in Ghana

In Ghana, a free breast cancer screening initiative was conducted, comprising 19 activities that reached over 2,000 women across the country. Led by a doctor from Korle-Bu Teaching Hospital, participants received instruction on self-examination and were encouraged to report any irregularities. Several women identified during the screening were referred for further mammograms to facilitate early detection. This programme, conducted during Breast Cancer Awareness Month in October, operated under the theme 'Keeping Her in the Picture', emphasising the importance of women's health and early intervention.

Education

Receiving quality education is a key factor in advancing socioeconomic progress and escaping poverty, since higher levels of education are associated with increased financial independence and greater ability to create wealth and participation in the economy. Therefore, various projects have been initiated which encourage learning and development, such as student bursaries, distributing educational materials and necessities to schools and a tutoring programme called 'ASA Pathsala'.

UN SDGs

Impact indicators 2023

- Over seven thousand attendees of ASA Pathsala classes.
- 491 students received a bursary or scholarship fund.
- USD 131k spent on donations to schools directly reaching 34 thousand children.

School donations in Sri Lanka

In Sri Lanka, a community project centred on enhancing education and nutrition for students was conducted. Through the generous donation of study materials and nutritious school lunches, up to 425 students benefited across six activities. By providing essential resources and meals, the initiatives aimed to enhance learning experiences and support the well-being of these young learners, fostering a brighter future for the community.

"Our collaborative efforts with partners and peers reflect our commitment to the needs of underprivileged communities, in line with the Sustainable Development Goals."

Sazzad Hossain
Head of HR, Communications and Sustainability, ASA International

ESG report continued

Environment

The Company is dedicated to cultivating resilient communities, promoting environmental stewardship, and building sustainable environments for future generations. In alignment with its environmental sustainability initiatives, the Company spearheads tree planting projects and recycling initiatives. These collaborative efforts involve clients, colleagues, communities, local governments, forestry commissions, and schools. Together, they combat carbon emissions, rejuvenate surroundings, and fortify environmental resilience against natural challenges.

Read more about Kenya's tree planting projects on pages 21 and 22

UN SDGs
Impact indicators 2023

- Approximately 30 thousand trees planted.
- 370 plastic recycling initiatives.
- Five solar systems installed in communities.

Cultivating collective responsibility and environmental stewardship in Kenya

In a collaborative effort, ASA Kenya initiated a transformative tree planting project, planting 10,500 seedlings and engaging 2,880 participants across several counties. Forming 16 partnerships, ASA Kenya worked closely with schools, universities, and government officials. The project, driven by collective responsibility, aimed not only to enhance environmental stewardship but also to educate participants on climate action. The Government of Kenya's support, catalysed by the President's commitment to climate action, played a pivotal role. ASA Kenya's commitment to investing in environmental initiatives and fostering meaningful partnerships continues to drive future endeavours.

Disaster relief

Efforts are diligently undertaken to promptly respond to emergency situations, ensuring the safety and well-being of our clients during times of distress through robust capacity-building initiatives. This entails equipping individuals with essential resources to enhance their resilience in the face of adversity. In the event of natural disasters, our support encompasses the provision of vital necessities, including food, shelter, and medicine. Our commitment to relief extends beyond immediate emergencies, addressing foundational needs, such as food security and access to adequate housing.

UN SDGs
Impact indicators 2023

- Six thousand natural disaster relief programme participants.
- 65 thousand Covid protection programme participants.

Aid amidst natural disasters in Myanmar

ASA Myanmar extended vital support to members affected by natural disasters in 2023. Despite the challenges posed by Cyclone Mocha and torrential rainfall, our operations across the Magway, Sagaing, Bago, Mon, and Yangon regions remained committed to aiding those in need. Approximately one thousand clients felt the impact of these events, prompting our dedicated staff to swiftly deliver essential supplies, including food, medicines, drinking water, and cash aid, fostering solidarity and support within our community.

ESG report continued

Environmentally responsible

Operating in an environmentally responsible manner requires the Group to consider both its impact on the environment and the environment's impact on the Company. This dual perspective is crucial, particularly in light of the urgent need to address climate change.

ESG report continued

Mitigation of emissions

In pursuit of sustainability, the Group has initiated efforts to diminish its environmental impact. Identifying critical areas, they have enacted short-term, focused measures to decrease carbon emissions, enhance energy efficiency, and preserve essential resources.

Read more about the Company's emissions on 64 and its climate targets on page 62

Guided by ESMS and environmental policy

Guided by its Environmental and Social Management System ('ESMS') and environmental policy, the Group is committed to responsible environmental stewardship. These frameworks outline clear policies and procedures to minimise negative impacts and promote sustainable practices across its operations.

Responsible investment practices

Through its exclusion list, the Group upholds rigorous standards for responsible investment. By refraining from financing activities that could harm biodiversity or the environment, the Group ensures that its business practices align with its environmental values and adhere to international conventions.

Promoting sustainable travel

The Company actively promotes responsible and sustainable travel practices, particularly emphasising eco-conscious decisions in air travel, as outlined in its travel policy effective December 2022. While acknowledging the importance of visiting operations and engaging with clients and colleagues in person, the Company remains committed to minimising its environmental impact. Through these efforts, the Company aims to align its travel decisions with its sustainability goals.

Measuring greenhouse gas ('GHS') emissions

The Company adheres to the Streamlined Energy and Carbon Reporting ('SECR') standard. This initiative enables the Company to disclose its energy and carbon data, facilitating the monitoring of emissions and energy efficiency efforts over time. Through SECR, the Company ensures transparent and consistent reporting of its environmental impact, thereby identifying opportunities for further improvements in sustainability performance.

Read the SECR report on pages 64 and 65

Carbon footprint

8,574 tonnes of CO_2

Adaptation to climate change

The Group recognises that climate change poses a risk to its operations and acknowledges the need to address this risk. To ensure transparency and accountability, the Company is committed to aligning with the Task Force for Climate-related Financial Disclosures ('TCFD') framework, enabling disclosure to investors and stakeholders regarding its strategies to manage climate-related risks and opportunities.

Read the report on pages 58 to 63

Assessing natural calamity impact

The Group assesses the impact of natural disasters, such as floods and earthquakes, on its resources and overall operations. This analysis offers valuable insights into the Company's susceptibility to such calamities, identifying areas that may require adaptation to mitigate risks. The assessment confirms that seven of the operating subsidiaries have been impacted by 34 natural calamities this year, with operational and financial impact in nine cases. The Philippines is most frequently affected by natural calamities, the majority of which are seasonal storms and flooding.

Read more about disaster response on page 55

Emergency preparedness and response

The Emergency Preparedness and Response Plan ('EPRP') is crucial for the Company's adaptation efforts, particularly in the face of increasing natural disasters. Its objective is to protect resources, clients, and staff, ensuring the integrity of critical information and sustaining essential operations and services. The plan outlines strategies and procedures for emergency management and response. With the EPRP in place, the Company can effectively prepare for and mitigate the impacts of emergency situations, enhancing resilience in times of adversity.

Read more about the environmental policies and practices on page 66

11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

ESG report continued

Task Force on Climate-related Financial Disclosures ('TCFD')

As required by the FCA Listing Rules, ASA International aligns with the Task Force on Climate-related Financial Disclosures ('TCFD') on a comply or explain basis to provide transparent data to investors and other stakeholders about the material risks and opportunities of climate change for the Company. Disclosures are made consistent with the Financial Conduct Authority ('FCA')'s Listing Rule 9.8.6R(8) and the TCFD recommendations and disclosures, except for the scenario analysis and financed emissions, further explained on pages 60 and 65. This is the third year the Group is implementing and reporting on the recommendations of the TCFD and is continuing to mature its approach. In this report, the Group shares the key developments and the status on the four core elements of the TCFD recommendations.

Key activities in 2023

Governance

Approved Terms of Reference ('ToR') Sustainability Committee and continued Board oversight

Read more on page 59

Strategy

Initiated scenario analysis discussions

Read more on page 60

Risk management

Climate risk considered quarterly

Read more on pages 60 and 61

Metrics and targets

Met targets for 2023 and set targets for 2024

Read more on page 62

ESG report continued

Governance

The Group's governance structure provides clear oversight and ownership of the Group's sustainability strategy and management of Climate-related Risks and Opportunities.

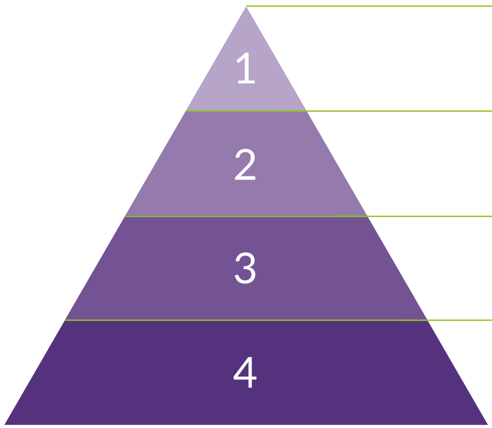
Board oversight

- Board oversight of and engagement with the Company's sustainability efforts is a key priority and is ensured through the active involvement of the Chief Executive Officer in the Sustainability Committee ('SC').
- Two SC meetings were held to discuss progress and performance on Climate-related Risks and Opportunities ('CRROs') in 2023.
- The Board has considered CRROs by reviewing the climate risk as part of the principal risks in the Company's risk taxonomy and risk framework.
- Progress on the sustainability efforts is reported to the Board in quarterly Board meetings.
- All subsidiaries have committed to Board oversight of their climate action plans.

Role of management

- Management plays an important role in assessing and managing the Company's CRROs. This involves cross-functional management at both the Group and subsidiary level.
- All ExCo members with the exception of the Head of Internal Audit are part of the Sustainability Committee.
- The Sustainability Working Group, which includes Leadership Team members across various functions such as risk, finance, legal and sustainability, supports the SC by providing regular updates on the Company's sustainability strategy.
- In 2023, two meetings were held with the SC and subsidiary Managing Directors to (i) present progress on climate targets for 2023 and (ii) present climate targets plans for 2024. Bi-annual progress meetings are scheduled going forward.
- Management receives regular progress reports towards meeting the Company's climate targets, allowing them to make informed decisions and to ensure that the Company's operations and initiatives are aligned with the targets.
- The SC has an approved the Terms of Reference ('ToR').

Sustainability reporting structure



1	**Sustainability Committee**	Discusses progress and performance on climate-related topics and decision making bi-annually.
2	**Sustainability Working Group**	Assesses and cross-functionally manages the CRRO's. Proposes and implements climate-related strategic decisions to drive improvement. Reports to the SC.
3	**Subsidiary Managing Directors**	Responsible for the climate action plan and the achievement of climate targets at subsidiary level. Presents to the SC bi-annually on progress.
4	**Sustainability managers**	Assesses the CRROs on the ground and manages the implementation of the climate targets. Reports to the subsidiary Managing Director and to the Group sustainability manager on a quarterly basis.

ESG report continued

Strategy and risk management

The Group has taken various steps to identify climate-related risks, determine the impact and factor the risks into its financial planning. The risks have been integrated into the Group's risk management framework and are proactively monitored.

Identifying risks

- The Group uses a TCFD subscribed framework to classify climate risk and has implemented standardised templates for identifying and assessing climate risks across all its subsidiaries.
- Each subsidiary has a risk management unit and sustainability manager responsible for identifying climate risks using the standardised template.
- Climate risks are assessed internally using a risk scoring method based on both likelihood and impact, as defined in the Group's risk management framework. Data related to operational and financial damage (assessing materiality) caused by natural calamities is also collected as part of the assessment process. See the Natural Calamity Impact Assessment on page 57.
- The above-mentioned reports are reviewed by the local risk management coordination committee and approved by the Country Head before being submitted to the Group.
- The Group climate risk management report is prepared on the basis of the country reports and presented to the Audit and Risk Committee ('ARC') quarterly. Climate-related risks are identified, assessed and reported quarterly.
- The Group has identified short-term, medium- and long-term climate risks. Long-term scenario planning will be completed in 2024.
- Climate risk is identified and included as a distinct principal risk as part of the broader risk framework due to the prevalence of natural disasters in operational countries, with potential further escalation due to climate change. Enhanced monitoring is necessary for both physical and transition aspects of climate risk. This risk intersects with other principal risks: adverse climate events can impact client payment capacity, affecting credit risk; emission control failures can impact reputation risk; and non-compliance with emerging environmental regulations can affect local regulation risk.

Read more about risk management on pages 37 and 38

Impact of CRROs on the organisation's businesses, strategy and financial planning

- Climate change is a part of the Group's approach to sustainability approved by the Board in 2021.
- Major sources of the Group's emissions within scope 1 and 2 have been identified. A feasibility study was completed in 2022 to determine the opportunities to mitigate these major sources of emissions. Feasibility indicators assessed included market, economic, operational, scheduling and target feasibility.
- With guidance of the Group, based on the outcomes of the feasibility study, concrete mitigation proposals have been defined and approved at entity level for 2023 and 2024. The consolidated targets at Group level can be found on page 62.
- The impact on financial reporting judgments and estimates are presented in note 2.5.1 on page 125.
- Directors have concluded that currently, the impact of the risks in the Group's financial statement is not material. Certain additional investments planned to reduce the carbon footprint of the Group – amounting to approximately USD 650 thousand – have been considered in future business plans.
- The Company acknowledges its current non-compliance with BEIS-f1, which entails an analysis of the resilience of its business model and strategy concerning various climate-related scenarios, including at least a qualitative assessment. Management is aware of this gap in regulatory requirements and understands the importance of fulfilling this obligation. Several factors have contributed to its inability to conduct this analysis thus far. The Company's primary focus has been on establishing governance structures, implementing a robust risk framework, and setting targets, all of which are fundamental prerequisites for conducting scenario analysis. Scenario analysis initiatives commenced in 2023, with the aim of completing scenario projections by Q3 2024, including alignment with the 2C scenario.
- The Company's initial goal of finalizing the scenario analysis in 2023 was impeded by the complexity of its widespread geography with vastly different operating environments and a lack of capacity, in addition to data management challenges. While most transitional and physical risks are considered to be low, acute risks are of medium concern due to the unpredictability and frequency of natural disasters, even if they do not have a material financial impact. These acute risks are carefully monitored through its Natural Calamity Impact assessment, included in its quarterly risk report. Consequently, the company believes it is adequately informed about its exposures in the short-term and has implemented appropriate measures within its current operating model to mitigate these risks. Efforts are underway to enhance its capabilities and address data management challenges to ensure completion of the assessment and the subsequent development of a resilience strategy within the 2024 fiscal year. It is the Company's intention to achieve compliance with this disclosure requirement in the forthcoming reporting cycle.

Managing CRROs

The Company's current focus is on risk management of physical and transition risks, as climate-related opportunities such as resource efficiency are being explored as part of the emissions mitigation efforts.

Managing physical risks:

- Natural calamities such as floods, cyclones, droughts, earthquakes, volcanic eruptions, etc. are common in some of the countries where the Group operates.
- Risk management protocols are built into the Group's operational procedures, including site selection of potential new branches, taking into account the vulnerability to natural calamities.
- Natural disaster management procedures are in place at the entity level, including staff training for emergency response plans, postponement of disbursement and collection until the situation stabilises, and loan repayment rescheduling or moratoriums for borrowers in extreme cases. Assistance/relief is offered to borrowers under community projects. Read more on page 55.

Managing transition risks:

- The Group proactively monitors and addresses regulatory or stakeholder requirements related to greenhouse gas ('GHG') emissions in its operational countries. So far, the operational countries are not facing any strict regulatory or stakeholder requirements in this field.
- The Group is committed to reducing its carbon emissions across all subsidiaries to be an environmentally sustainable organisation and uphold its reputation.
- The Group has approved SMART targets for all its subsidiaries, including initiatives for reducing emission's such as solar panel installation, use of E-bikes, use of LED lights and tree plantation.
- A travel policy has been adopted to ensure air travel is limited as much as possible to reduce carbon footprint.

Read more about targets on page 62

Integrating climate risks into overall risk management

To include climate-related risks into overall risk management, the following steps have been taken:

- Risk taxonomy updated to include climate risk.
- Risk management framework updated to include a new section for climate risk management.
- Standard template introduced in all subsidiaries for identifying, assessing and reporting on climate risks on a quarterly basis.
- Climate risk report included in the risk reporting pack presented to the ARC on a quarterly basis.

ESG report continued
Strategy and risk management continued

Read more about risk on page 39

Time horizon key

ST Short Term (<5 years)
MT Medium Term (5-10 years)
LT Long Term (10+ years)

Climate risk	Risk description	Risk level	Financial impact	Time horizon	Comment
Transition risk					
Legal & regulatory	Risk of failing to comply with regulatory requirement related to carbon footprint/ GHG emissions.	Low	None	ST, MT, LT	• Risk grade is low as none of the subsidiaries have direct regulatory requirements from the local governments/central banks related to carbon footprint/GHG emissions that are applicable to the operational subsidiaries. Upcoming regulatory requirements are being monitored. • The Group follows the Streamlined Energy and Carbon Reporting ('SECR') UK standard to report carbon footprint. • BEIS -f1 (TCFD guidance: S-c) requires scenario analysis to be performed and disclosed. The Group aims to comply in H2 2024. See full explanation on page 60.
Technological	Risk associated with transitioning to lower emission technology.	Low	Not material	ST, MT, LT	• Risk grade is low as the Group's plan to lower the emissions does not involve complex and expensive technologies. • The focus remains on increasing the use of renewable energy, increasing energy efficiency, reducing fuel consumption and using environmentally friendly vehicles. This may present opportunities, such as reduced operating costs through efficiency gains and less exposure to fossil fuel price increases.
Market	Risk associated with changes to the market resulting from climate change, such as changing customer behaviour and uncertain market signals.	Low	None	LT	• Risk grade is low as the Company's clients are micro-entrepreneurs who deal with essential goods and services. It is highly unlikely to see any change in customer behaviour related to transitioning to a low carbon economy.
Reputational	Risk associated with not being able to meet stakeholder concerns in terms of environmental sustainability and carbon emissions.	Low	None	ST, MT, LT	• The Group has approved SMART targets for all its subsidiaries, including initiatives for reducing emissions such as solar panel installation, use of E-bikes, use of LED lights and tree plantation. • Subsidiaries have met their targets for 2023.
Physical risk					
Acute risk	Risk associated with extreme weather event's such as flooding, cyclone, heat waves, etc.	Med	Not material	ST, MT, LT	• Natural calamities such as heavy rain, floods, storms, cyclones, earthquakes, droughts and volcanic eruptions were experienced during the year. As per the Group's yearly assessment, natural calamities are most common in Myanmar and the Philippines. • Some operational and financial impact was seen from natural calamities in Myanmar, Philippines, Kenya, Rwanda and Uganda during the year. However, impact was not material.
Chronic risk	Risk associated with a long-term shift in climate pattern, such as rising mean temperatures and rising sea level.	Low	Not material	LT	• The risk is perceived to be low as of now, although natural calamities like droughts and floods may increase over the long-term. Scenario planning to be completed in 2024 will further inform this. • As the Group's branches are low cost and are on short term rental agreement (2-3 years), there is an option to relocate from areas prone to natural disasters.

ESG report continued

Metrics and targets

The Group has taken its first steps towards mitigating emissions by defining and achieving targets. Its next objective is to enhance its metrics for performance measurement to advance its efforts and increase transparency.

Management and disclosure

- Feasibility study assessing opportunities to reduce emissions at subsidiary level conducted.
- Disclosure of greenhouse gas ('GHG') emissions according to Scope 1 and 2, and to a certain extent (category 6 'business travel' and category 7 'employee commuting') of Scope 3 in the Streamlined Energy and Carbon Reporting ('SECR') report. Category 15 'Investments' have not been disclosed due to the small nature of clients' businesses and lack of data. See page 65.
- Climate related metrics are not yet included in Remuneration policies.
- Internal carbon pricing mechanism not yet considered for targets.
- Forward-looking metrics have not been used.
- Emission sources identified, and reduction targets were set. Subsidiaries propose and implement feasible reduction initiatives, forming the basis for the disclosed 2023 and 2024 Group targets.
- Based on the climate targets of all subsidiaries, the 2024 Group targets have been approved by the Sustainability Committee. Performance will be tracked and reported quarterly.
- Exploring adoption of metrics to measure performance and alignment with frameworks such as the Science Based Targets initiative (SBTi).

Progress Group targets 2023

- Quarterly progress reports were submitted, complemented by bi-annual meetings with the subsidiary Managing Directors to review progress.
- All targets were met within the designated ranges.

Setting Group targets 2024

- Maintain continuity by adhering to similar targets as the previous year.
- Introduce initiatives centred around knowledge sharing and waste management. While challenging to quantify, these initiatives hold significant impact as they are foundational, involving high engagement with colleagues, clients and communities.

Climate targets

Topic	2023 target	2023 achievement	2024 target
Increase the use of renewable energy by installing solar panels	150-200 panels	**213 panels**	200–300 panels
Reduce fuel consumption by introducing electric motorbikes	30–50 electric bikes	**32 electric bikes**	15-25 electric bikes
Absorb CO_2 and protect the environment by planting trees	10–15k trees	**29.5k trees**	20-30k trees

Topic	2023 target	2023 achievement	2024 target
Increase energy efficiency by replacing regular lights with LED's	2.5–4k LEDs	**8.2k LEDs**	2-2.5k LEDs
Share knowledge and create awareness by training clients, colleagues and communities	N/A	**N/A**	300-400k trainees
Improve waste management through various reduce, reuse and recycle initiatives	N/A	**N/A**	Various initiatives

Electrifying operations at ASA Myanmar

In 2023, ASA Myanmar integrated eight electric motorbikes into its operations, primarily assigning them to Development Officers and ABMs engaging with clients. The bikes were strategically placed across several branches to enhance outreach efficiency.

The adoption resulted in significant fuel savings, estimated at over 2,400 litres annually compared to fuel-based motorbikes. Despite encountering challenges such as government restrictions on motorcycle use in certain Yangon townships, ASA Myanmar innovatively replaced fuel motorbikes with battery-powered ones in affected areas.

The transition yielded multiple benefits, including reduced operational costs, noise pollution mitigation, and heightened environmental sustainability. Charging convenience and lower fuel expenses further bolstered the advantages.

Staff members favoured electric motorbikes due to their comfort, cost-effectiveness, and compliance with government regulations. ASA Myanmar plans to expand electric motorbike usage in 2024, focusing on areas where fuel-based motorcycles face restrictions.

While regulatory hurdles and maintenance costs persist, the shift towards electric (motor)bikes aligns with the growing demand in Myanmar, fuelled by governmental mandates and environmental consciousness.

Read about our tree planting project on pages 21 and 22

ESG report continued

Compliance statement

In meeting the requirements of Listing Rule 9.8.6R(8), we have concluded that

- The Group complies with TCFD Recommended Disclosures: Governance a and b; Risk a, b and c; and Metrics and targets a and b.
- The Group partially complies with TCFD Recommended Disclosures: Strategy a and b and Metrics and targets c.
- The Group does not comply with TCFD Recommended Disclosures: Strategy c.

In assessing compliance, the documents referred to in the guidance notes to the Listing Rule were taken into consideration. In the table below, cross-references are added to where the disclosures are located or a reason is provided for non-compliance with an expected timeframe to achieve compliance. Compliance with the Companies Act 2006, s414CB(2a)-(2h), is demonstrated in the column to the right.

TCFD elements	TCFD recommended disclosures	Cross-reference or reason for non-compliance	Next steps and other comments	CA 414CB[1]
Governance	a. Board oversight b. Management's role	• See 'Board Oversight' on page 59. • See 'Role of management' on page 59.		• CA s414CB(a)
Strategy	a. Climate-related risks and opportunities b. Impact on the organisation's business, strategy and financial planning c. Resilience of the organisation's strategy	• See 'Identifying risks' on page 60. • See Impact of CRRO's on the organisation's businesses, strategy and financial planning on page 60. • Focus has been on setting up governance, risk management and targets on pages 59 to 62.	• Identify medium and long-term risks. • Scenario analysis will provide baseline for financial planning. • Scenario analysis has been started and will be completed in H2 2024. See further explanation on page 60.	• CA s414CB(d) • CA s414CB(e) • CA s414CB(f)
Risk management	a. Risk identification and assessment processes b. Risk management process c. Integration into overall risk management	• See 'Identifying risks' on page 60. • See 'Managing CRROs' on page 60. • See 'Integrating climate risks into overall risk management' on page 60.		• CA s414CB(b) • CA s414CB(c)
Metrics and targets	a. Climate-related metrics in line with strategy and risk management process b. Scope 1, 2 and 3 greenhouse gas ('GHG') metrics and the related risks c. Climate-related targets and performance against targets	• See 'Management and disclosure' on page 62. • See 'Streamlined Energy Carbon Reporting' on page 64 and 65. • See 'Climate targets' on page 62.	• The Group currently measures category six and seven of Scope 3 emissions. The Group does not measure category 15 (Investments / financed emissions) due to the small-scale nature of its clients' businesses and a lack of available data. The Group is taking steps to disclose additional categories within scope 3 for 2024. • The Group will be taking steps in the future to have closer alignment with universal standards, such as the Science Based Target Initiative.	• CA s414CB(h) • CA s414CB(g)

1 Companies Act 2006, s414CB(2a)-(2h).

ESG report continued

2023 Streamlined Energy and Carbon Reporting ('SECR')

In 2023, the Group continued to collect data on energy use and business travel for operations covering 15 countries, including 13,432.[1] full-time employees ('FTEs') and 2,018 offices.[2] The table includes the Group's energy use and associated carbon emissions in 2022 and 2023, broken down by Scopes 1, 2 and 3.

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

The Group's emissions calculations and reporting follow the Greenhouse Gas Protocol Corporate Standard (operational control approach) covering its energy usage in 2023.

In 2023, the Group continued to collect data on energy use and business travel for operations covering 15 regions, including 13,432 full-time employees ('FTEs') (as per group HR data, excluding one staff of MU office) and 2,018 offices (including the Company's headquarters in the Netherlands and Bangladesh). The table includes the Group's energy use and associated carbon emissions in 2023, broken down by Scopes 1, 2 and 3.

Energy efficiency actions

Actions taken in 2023	Planned action in 2024
Continued to monitor and maintain office buildings (both leased and owned) to ensure energy efficient operation. This includes annual maintenance and cleaning of air conditioning systems, and checking for misuse of water, electricity and office vehicles. Such maintenance also keeps fire hazards at bay.	Action to continue.
Subsidiaries are digitizing processes and printing less.	Continue to minimise the use of paper in all offices with the aim of achieving zero printing in the future.
Travel policy approved requiring all air travel to be recorded and approved through formal procedures to confirm necessity. Sustainability is considered when reviewing travel options. The use of public transport continues to be encouraged.	Air travel data will be recorded and reported on a regular basis.
All operating countries have successfully met their 2023 climate targets for the phased installation of solar panels, planting of trees, introduction of electric motorcycles and installation of LED lights.	Climate targets have been set for 2024, with a new focus on knowledge sharing and waste management, among other areas. Read more about setting and achieving targets on page 62.

1 Excluding one staff member from the ASAI Holding office in Mauritius because of negligible impact.
2 Including the head offices and the Company's headquarters in the Netherlands and Bangladesh.

ESG report continued
2023 Streamlined Energy and Carbon Reporting ('SECR') continued

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

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

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

Energy and GHG sources included in the process
- **Scope 1:** Direct emissions from sources that are owned or controlled by the company, such as emissions from company-owned vehicles, facilities, and equipment.
- **Scope 2:** Indirect emissions from the consumption of purchased electricity, heat, or steam by the company. These emissions occur as a result of the company's activities but are generated by a third party.
- **Scope 3:** Indirect emissions that occur as a result of the company's activities but are not directly owned or controlled by the company. This includes emissions from sources such as business travel, employee commuting, supply chain activities, and product use.

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

The Company has excluded all categories from Scope 3 except for 6 and 7 due to data limitations. Category 15, "investments" (financed emissions), has been excluded due to the relatively small size of client businesses. However, the Company will explore conducting an analysis to assess if these emissions exceed the materiality threshold (>40%).

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

The figures were calculated using UK government 2023 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

The company does not disclose emissions for the UK or offshore areas as it does not have any operations in those regions.

Particulars	2023	2022
Energy consumption used (kWh)		
Electricity (kWh)	3,864,000	3,569,221
Gas (kWh)	1,216,605	1,668,700
Transport fuel (kWh)	45,605,160	41,017,650
Other energy sources (kWh)	2,016,146	2,140,388
Total (kWh)	**52,701,911**	**48,395,959**
Emissions (tCO_2e)		
Scope 1		
Emissions from combustion of gas (tCO_2e)	247	341
Emissions from combustion of fuel for transport purposes (tCO_2e)	4,818	4,923
Emissions from combustion of fuel for generators (tCO_2e)	469	498
Scope 2[1]		
Emissions from purchased electricity (tCO_2e)	747	690
Scope 3		
Category 7: Employee commuting[2] (tCO_2e)	1,687	555
Category 6: Business travel[3] (tCO_2e)	606	385
Total location based tCO_2e	**8,574**	**7,392**
Intensity ratio		
Number of full-time employees ('FTE') within financial year	13,432[4]	13,601
Intensity ratio: tCO_2e from Scope 1, 2 and 3/FTE location based	0.64	0.54

1 Location-based method applied
2 Includes travel in rental cars and public transport
3 Includes flight data
4 One staff of Mauritius office is excluded.

Verification
Internally by the Company.

ESG report continued

Non-financial and sustainability information statement

As a socially responsible lender, the Group has a wide range of policies and practices to ensure that the Company and its staff comply with environmental, social and legal requirements, including respecting human rights, and adhere to the highest professional and ethical standards in dealing with clients, suppliers, communities and each other. This statement provides an overview of topics and related reporting references as required by sections 414CA and 414CB of the Companies Act 2006.

ESG	Our policies and practices	Description	Page reference
	Exclusion list	The Group's exclusion list is designed to prevent financing of businesses that excessively exploit or harm biodiversity or the environment. Where appropriate, these exclusions align with international conventions.	Read more on page 57 See policies and practices on our website
	Environment and Social Management System ('ESMS')	The Company's ESMS outlines environmental and social management plans, policies and procedures, including implementation procedures and responsibilities. Its goal is to prevent or minimise negative environmental and social impacts and promote good governance practices. The system aligns with industry standards, such as IFC standard 1 and 2, SMART Campaign, and Universal Standards for Social Performance Management.	Read more on page 57
	Environmental policy	The Company's environmental policy outlines the actions that its staff must take to minimise and prevent any harmful impacts on the environment.	Read more on page 57
	Travel policy	The Company's travel policy promotes responsible and sustainable travel practices, with a particular focus on air travel. It outlines the necessary factors to consider and steps to take before undertaking air travel for business purposes.	Read more on page 57
	Natural Calamity Impact Assessment ('NCIA')	The Group assesses the impact of natural disasters, such as floods and earthquakes, on its resources and overall operations. This analysis provides valuable insights into the Company's susceptibility to such calamities, identifying areas that may require adaptation to mitigate risks.	Read more on page 57
	Emergency Preparedness and Response Plan ('EPRP')	The objective of the EPRP is to protect resources, clients and staff, to safeguard critical information, and to guarantee the continued availability of essential operations and services. It outlines strategies and plans for the Company's emergency management and response. By having an EPRP in place, the Company can effectively prepare for and mitigate the impacts of emergency situations.	Read more on page 57
	Client Protection Principles ('CPP')	The CCP, developed by SMART Campaign, is a leading industry body in the financial inclusion industry which considers client protection in all aspects of the business. CPP describes the minimum protection that microfinance clients should expect from their providers, and also the protection that an institution should maintain to serve the best interests of its clients.	Read more on page 51
	Client Complaint Resolution Committee ('CCRC')	Through the CCRC clients can provide direct feedback on services or lodge complaints about inappropriate behaviour or treatment by any of the Group's staff. Every quarter a report is shared with senior management by the CCRC with the nature of complaints and actions taken.	Read more on page 51
	Grievance Mitigation Committee ('GMC')	The Group has established an effective grievance mechanism for all employees, allowing them to raise any work-related concerns or complaints without fear of reprisal.	Read more on page 52
	Health and Safety	The Group monitors and controls health and safety risks, regularly provides safety and awareness training to employees, takes preventive measures and emergency or corrective actions on workplace incidents or illness, and maintains safe equipment and infrastructures at the workplaces. Each operating subsidiary has formed a health and safety committee and an integrated occupational Health and Safety checklist with risk categories to ensure regular supervision and monitoring throughout the Company.	Read more on page 53
	Diversity, Equity and Inclusion ('DEI') Policy	The DEI policy ensures that DEI is central to internal practices and policies. It provides direction and structure for implementing and monitoring DEI initiatives, fostering a diverse workforce where everyone can thrive, regardless of background or characteristics.	Read more on page 53

ESG report continued

Non-financial and sustainability information statement continued

Read the remaining reporting requirements on the business model on page 12, the principal risks on pages 39 to 47, diversity and gender on page 53 and 86 and climate-related financial disclosures on pages 58 to 63

Find the description of the tools and indicators in the ESG report on pages 51 to 53 and 57 and the Alternative Performance Measures ('APM') table on page 172

ESG	Our policies and practices	Description	Page reference
	Whistleblowing	Employees are strongly encouraged to speak up about any actions that might violate laws, regulations, or Company policies. They can do so by using a designated complaint box or reaching out directly to the local Chairman of the Audit and Risk Committee, as well as at the Group level. Examples of such actions encompass improper or unethical business practices, concerns related to health, safety, and the environment, or breaches of the Code of Conduct.	Read more on pages 52 and 81 See policies and practices on our website
	Child Labour and Protection	The Group is dedicated to safeguarding children directly or indirectly affected by its operations. It implements strict policies to prevent child labour, collaborates on education and welfare initiatives, and promptly addresses any identified cases, ensuring children's rights and well-being are protected.	See Policies and practices on our website
	Sexual Harassment Elimination	The Company promotes a safe work environment and have a zero-tolerance policy towards harassment of any kind, particularly sexual harassment.	Read more on page 81 See Policies and practices on our website
	Non-Discrimination	Unfair discrimination in any form is unacceptable. Management and employees must ensure a fair and sympathetic work environment for all, regardless of marital status, religion, disability, sexuality, gender, race, or ethnicity. This policy of equal opportunities and diversity extends to recruitment, remuneration, training, development, promotion, discipline, and all aspects of employment, including volunteers, interns, clients, suppliers, and others with whom ASA International or its employees engage.	Read more on page 86 See Policies and practices on our website
	Code of Conduct	The Group's Code of Conduct and Ethics is designed to be ethical, dignified, transparent, equitable and cost-effective, and expresses the core values of microfinance practice.	See policies and practices on our website
	Anti-Bribery and Anti-Corruption	This policy is to combat improper payments or inducements and provide basic guidance to all employees, wherever they are located. The Group adopts a zero-tolerance approach to bribery and corruption, ensuring compliance with all applicable anti-bribery and anti-corruption laws and regulations, including the UK Bribery Act 2010.	Read more on page 81 See policies and practices on our website
	Anti-Money Laundering	The Company and its subsidiaries are firmly committed to preventing money laundering and any activity that facilitates it or supports terrorist or criminal endeavours in their operations	Read more on page 42 See Policies and practices on our website