27 September 2024

ASA International Group plc - 2024 Interim Results

Sustained improvement in business and financial performance

ASA International Group plc (LSE: ASAI), one of the world's largest international microfinance institutions, is pleased to announce its unaudited interim results for the six month period ended 30 June 2024.

Key performance indicators

(UNAUDITED) (USDm unless otherwise stated)	H1 24	FY 23	H1 23	FY 22	YTD Change	YTD Change (CC)	YoY Change
Number of clients (m)	2.4	2.3	2.2	2.3	2%		7%
Number of branches	2,091	2,016	2,073	2,028	4%		1%
Profit before tax(1)	28.3	32.2	13.8	46.3	76%	94%	105%
Net profit(1)	13.5	8.8	3.7	17.9	208%	252%	267%
OLP(2)	384.6	369.2	334.4	351.2	4%	10%	15%
Gross OLP(2)	394.9	377.2	346.8	367.5	5%	11%	14%
PAR>30 days(3)	2.3%	2.1%	3.8%	5.9%			

Highlights

- ASA International delivered strong operational performance in H1 2024 as the loan book grew following increased demand from clients. OLP increased year-on-year by 15% to USD 384.6m from USD 334.4m. This OLP growth was predominantly driven by improved performance in Pakistan, the Philippines, Ghana, Tanzania, and Kenya. Assets also surpassed the USD 500m mark in H1 for the first time since 2022.
- This operational performance translated into significantly improved profitability in H1 2024 with net profit increasing by 267% to USD 13.5m from USD 3.7m in H1 2023. This was achieved despite the negative impact of USD 3.5m from hyperinflation accounting for Ghana and Sierra Leone. Pakistan, the Philippines, Ghana, Tanzania, and Kenya made a key contribution to the Group's financial performance due to increased loan demand and high loan portfolio quality in all these markets.
- High portfolio quality was maintained alongside OLP growth. PAR>30 materially improved from 3.8% as at 30 June 2023 to 2.3% as at 30 June 2024, 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. Ghana and Kenya recorded outstanding portfolio quality, with PAR>30 less than 0.5% as at 30 June 2024.
- Total equity increased to USD 81.1m as at 30 June 2024 from USD 69.2m as at 30 June 2023, despite the operating currency devaluation which contributed USD 8.7m in H1 2024 (H1 2023: USD 24.8m) to the foreign currency translation reserve (losses).
- Total funding increased to USD 443.4m as at 30 June 2024 from USD 424.2m at the end of 2023 with a stable sourcing profile. USD 101m of new debt at broadly similar rates was raised in H1 2024 in line with the overall funding strategy.
- The Board continues to monitor the timing of the resumption of the dividend policy. This assessment is being made in line with the existing capital allocation framework and is dependent upon delivery of the expected improved financial performance for the full year.

Outlook

Building on the sustained momentum seen in H1, the outlook for the remainder of 2024 remains positive with improved business performance expected given continued high demand for loans from clients. Accordingly, the expectation, including the assessed impact of hyperinflation accounting currently applicable for Ghana and Sierra Leone, is that reported net profit for 2024 is to exceed the current company compiled consensus for FY 2024. Company compiled consensus net profit on a reported basis as at the date of this announcement is USD 16.0m.

However, inflation and related foreign exchange movements are expected to continue to affect financial performance in 2024. Hyperinflation accounting, and in particular which countries will be classified as hyperinflationary at year end, will also affect reported net profit this current financial year. Based on the latest preliminary inflation projections as of the date of this announcement, it is expected that the hyperinflation accounting will continue to be applicable for Ghana (current three year cumulative inflation of 114%) and Sierra Leone (126%) in 2024. Pakistan (forecasted three year cumulative inflation at the year end of 81%) and Nigeria (96%) remain on the watchlist.

Karin Kersten, Chief Executive Officer of ASA International, commented:

"H1 2024 saw both operational growth as well as importantly increased profitability. The overall operating environment across most of our markets improved during the first half of the year. Encouragingly, demand remains high for our products from clients as economic conditions, while still challenging, have eased when compared to the same period in 2023. Clients and staff continue to demonstrate their resilience in these economic circumstances. In particular, we have demonstrated improved performance in our major operating countries - Pakistan, the Philippines, Ghana, Tanzania and Kenya - almost all of which recorded excellent portfolio quality, client and OLP growth, and profitability. The improved performance in our major operating markets was slightly offset by FX movements in certain markets. Currencies in most of our markets have been relatively stable against the USD in H1 2024.

"The team continues to focus on right-sizing average loan sizes to clients in view of the inflationary environment evident in many operating countries, while improving branch productivity as clients continue to demand loans, and staff remain committed and focused on supporting clients in what are still difficult operating circumstances.

"Following the successful migration of more than 600,000 clients in Pakistan to a new Temenos Transact Core Banking System, the team is now diligently working on the next crucial stage of the digital transformation journey. This involves rolling out the Core Banking System in both Ghana and Tanzania.

"We also continue to invest in highly qualified and skilled professionals who can boost growth and support the transition to digital financial services. We were delighted to welcome onboard new local CEOs for Uganda and Rwanda. We will also welcome a new local CEO of Nigeria, who will join in mid-October of this year. Their fresh perspectives alongside their significant professional, banking and leadership experience will be key in delivering growth in these markets and preparing ASA International for the future.

"Away from the clear operational impacts, the effects of inflation, including hyperinflation accounting, other currency movements, are expected to continue to dampen financial performance in USD terms in 2024. However, given the improved operating developments we have already seen in 2024, we are confident of being able to continue our strong performance for the remainder of 2024.

"While focusing on business growth and driving financial performance, we are strongly committed to investing in the social welfare needs of the communities where our clients work and live. In the past six months, we have contributed over USD 150,000, benefiting approximately 50,000 people through nearly 250 initiatives focused on education, healthcare, environmental protection, and disaster relief.

“We also have a deep environmental responsibility, particularly in relation to climate change. Accordingly, we have been delivering against our targets in areas such as increasing renewable energy through solar panel installation, reducing fuel consumption through vehicle electrification, and absorbing CO_2 and protecting the environment through tree planting.”

CHIEF EXECUTIVE OFFICER’S H1 2024 REVIEW

Introduction

An improved operating environment was evident in most markets, where loan demand increased as clients experienced an upturn in business activity. While the macroeconomic backdrop remains challenging, given the global impact of increased food, commodities, and energy prices, conditions appear to have eased somewhat. Pakistan, the Philippines, Ghana, Tanzania and Kenya all made significant contributions to both loan portfolio growth and crucially profitability during the course of the first half.

From an operational footprint standpoint and in line with our strategy, the number of branches increased to 2,091 as at 30 June 2024 from 2,073 as at 30 June 2023, which reflects the opening of 18 net new branches across the various operating countries. Client numbers grew by 7% compared to H1 2023 as demand for loans increased in most markets.

As a result of improved business trading conditions for clients as well as an expanded operational footprint, Gross OLP grew to USD 394.9m at the end of June 2024 from USD 346.8m at the end of June 2023. The growth in Gross OLP was not made at the expense of portfolio quality with this improving in most markets. PAR>30 stood at 2.3% as of June 2024 compared to 3.8% in June 2023.

ASA International continues to operates across four main regions comprising 13 countries. South Asia comprises operations in three countries: Pakistan, India and Sri Lanka. South East Asia comprises operations in two countries: The Philippines and Myanmar. West Africa comprises operations in three countries: Ghana, Nigeria, and Sierra Leone. East Africa comprises operations in five countries: Tanzania, Kenya, Uganda, Rwanda and Zambia.

South Asia

South Asia’s financial and operational results improved in H1 2024 compared to H1 2023, with net profit increasing to USD 1.4m from USD 0.5m. OLP also increased vs H1 2023 to USD 127.4m from USD 112.1m while at the same time PAR>30 improved to 3.3% from 7.3%. The improvement was primarily due to the increased loan demand and high portfolio quality in Pakistan. There was a decrease in the number of branches, which reduced by 76 to 585 and the number of clients also decreased by 7k to 854k. The decreases were primarily due to the intentional shrinking of the loan portfolio in India over the past 6 months and focus on recovery of overdue loans while growing the off-book portfolio.

South East Asia

South East Asia’s net profit increased to USD 2.3m in H1 2024 from USD 1.7m in H1 2023. The region’s OLP increased in H1 2024 compared to H1 2023 by 10% from USD 68.1m to USD 74.8m, with the number of branches increasing by 6% from 463 to 489. However, PAR>30 increased from 1.7% to 3.5%. The improvements in profitability and OLP were driven by continued growth in loan demand in the Philippines and, notwithstanding the ongoing internal conflict, an improving operating environment in Myanmar.

West Africa

West Africa's financial and operational results improved in H1 2024, compared to H1 2023, with net profit increasing to USD 6.2m in H1 2024 from USD 4.2m in H1 2023, OLP slightly increasing from USD 60.3m to USD 60.4m, and PAR>30 significantly improving from 5.2% to 1.9%. Ghana made significant positive contributions to West Africa's financial and operational results, despite the application of hyperinflation accounting which reduced its net profit. In Nigeria and Sierra Leone, the operating environment improved in H1 2024 with portfolio quality and profitability improving. However, in particular, Nigeria was still behind in terms of performance and growth.

East Africa

East Africa's operational result improved in H1 2024 compared to H1 2023 with OLP increasing 30% from USD 93.9m to USD 121.9m, and the number of branches increasing by 59 to 556. The region's financial result in H1 2024 was higher than in H1 2023 with net profit increasing by 78% to USD 6.6m from USD 3.7m. All operating countries in East Africa contributed positively to the region's operational and financial results, in particular, Tanzania and Kenya.

Digital strategy and transformation

The digital strategy is focused on the implementation of a Core Banking System and a digital financial services platform that meet the requirements for running a modern micro banking institution. Alongside the digitalisation of the client journey, the intention is to also further enhance business administration processes. As announced alongside the FY23 results, a major milestone was reached in Q1 24 with the migration of more than 600,000 clients in Pakistan to a new Temenos Transact Core Banking System. This migration positions ASA Pakistan to be able to soon commence taking deposits and grow its client base beyond its core group of customers. In addition, 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 financial services app in Ghana and Tanzania (over 500,000 clients combined) is planned for 2025. The Supplier Market Place app is currently operating in Ghana, with more than 7,000 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 broadly unchanged with the strongest competition being faced in India, the Philippines, Nigeria, Tanzania, and Uganda. In most other markets, competition from traditional microfinance institutions is less intense, in particular, in Myanmar. Competition from pure digital lenders has not had a direct impact thus far.

Sustainability

Building on the commitment to social welfare and recognizing health and education as key drivers of socioeconomic progress, the Company implements a variety of programs within local communities. In partnership with reputable health organizations, nearly 9,000 individuals have been reached through health camps and medical screenings. The 'ASA Pathsala' tutoring program in India has supported over 2,000 students, and approximately USD 60,000 has been invested in educational materials and necessities for schools. Emergency response efforts, supporting over 6,000 people, have also been provided. These are just a few examples of the projects undertaken during the first half of the year.

As part of a commitment to environmental protection, annual targets have been set across six climate-related areas and ASA International is on track to meet them at the halfway point of the year. Over 150 office solar panels have been installed, nearly 200,000 clients, colleagues, and community members have received environmental awareness training, and close to 20,000 trees have been planted together with colleagues, clients, and local communities.

Webcast

Management will be hosting a webcast and conference call, with Q&A, today at 14:00 (UK).

To access the webcast and download the results presentation, please go to the Investor section of the website: [Investors | Asa (asa-international.com)] or use the following link: [ASA International - 2024 Interim Results | SparkLive | LSEG]

The presentation will be available for downloaded prior to the start of the webcast. In order to ask questions, analysts and investors are invited to submit questions via the webcast. The audio webcast will be available for playback on the Investors section of the website after the event.

2024 Interim Financial Report

Today, ASA International published its Interim Financial Report for the 6 month period ended 30 June 2024 on Investors | Asa (asa-international.com).

Preliminary financial calendar

22 October 2024	Q3 2024 business update
21 January 2025	Q4 2024 business update
24 April 2025	FY 2024 results and Q1 2025 business update

Notes

(1) Profit before tax and net profit for H1 2024 include an IAS 29 hyperinflation adjustments loss of USD 3.5 million, and profit before tax and net profit for H1 2023 excludes hyperinflation, as hyperinflation accounting was only applied for the first time in the FY 2023 consolidated financial statements. YTD percentage change is based on annualising H1 2024 profit before tax and net profit.

(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 refers to 'Portfolio at Risk'. 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.

(4) 'ASA International', the 'Company', the 'Group' all refer to ASA International Group plc and its subsidiaries.

(5) 'Holdings' or 'Holding companies' both refer to ASA International Holding and ASA International NV.

Enquiries

ASA International Group plc
Investor Relations
Jonathan Berger
ir@asa-international.com

GROUP FINANCIAL PERFORMANCE

(UNAUDITED) (USD thousands unless otherwise stated)	**H1 24**	**FY 23**	**H1 23**	**FY 22**	**YTD Change**	**YTD Change (CC)**	**YoY Change**
Profit before tax[1]	28,348	32,195	13,815	46,281	*76%*	*94%*	*105%*
Net profit[1]	13,481	8,757	3,676	17,887	*208%*	*252%*	*267%*
Cost/income ratio	*62%*	*72%*	*77%*	*68%*			
Return on average assets (TTM)[2]	*5.5%*	*1.8%*	*1.5%*	*3.4%*			
Return on average equity (TTM)[2]	*35.9%*	*10.5%*	*8.7%*	*18.5%*			
Earnings growth (TTM)[2]	*267%*	*-51%*	*-72%*	*181%*			
OLP	384,568	369,215	334,400	351,151	*4%*	*10%*	*15%*
Gross OLP	394,939	377,219	346,804	367,535	*5%*	*11%*	*14%*
Total assets	520,060	490,027	452,332	489,752	*6%*		*15%*
Client deposits [3]	75,707	79,073	72,718	84,111	*-4%*		*4%*
Interest-bearing debt [3]	286,542	268,464	245,314	257,466	*7%*		*17%*
Share capital and reserves	81,104	76,611	69,249	89,661	*6%*		*17%*
Number of clients	2,375,114	2,330,498	2,224,542	2,299,558	*2%*		*7%*
Number of branches	2,091	2,016	2,073	2,028	*4%*		*1%*
Average Gross OLP per client (USD)	166	162	156	160	*3%*	*9%*	*7%*
PAR > 30 days	*2.3%*	*2.1%*	*3.8%*	*5.9%*			
Client deposits as % of loan portfolio	*20%*	*21%*	*22%*	*24%*			
Debt-to-equity ratio	3.5	3.5	3.5	2.9			

[1] Profit before tax and net profit for H1 2024 include an IAS 29 hyperinflation adjustments loss of USD 3.5 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 FY 2023 consolidated financial statements. YTD percentage change is based on annualising H1 2024 profit before tax and net profit.
[2] TTM refers to the previous 12 months.
[3] Excludes interest payable.

Regional performance

South Asia

(UNAUDITED) (USD thousands unless otherwise stated)	**H1 24**	**FY 23**	**H1 23**	**FY 22**	**YTD Change**	**YTD Change (CC)**	**YoY Change**
Profit before tax	5,015	10,021	3,766	12,395	*0.1%*	*0.5%*	*33%*
Net profit	1,352	3,298	487	3,103	*-18%*	*-16%*	*178%*
Cost/income ratio	*70%*	*68%*	*72%*	*64%*			
Return on average assets (TTM)	*2.4%*	*2.8%*	*0.7%*	*1.9%*			
Return on average equity (TTM)	*13.6%*	*11.3%*	*3.4%*	*8.8%*			
Earnings growth (TTM)	*178%*	*6%*	*-90%*	*125%*			
OLP	127,432	117,460	112,089	118,590	*8%*	*8%*	*14%*
Gross OLP	131,701	119,730	119,869	128,460	*10%*	*10%*	*10%*
Total assets	121,086	102,803	106,979	133,894	*18%*		*13%*
Client deposits	1,915	1,663	1,718	1,345	*15%*		*11%*
Interest-bearing debt	67,601	53,569	65,357	85,878	*26%*		*3%*
Share capital and reserves	19,160	24,995	20,526	33,393	*-23%*		*-7%*
Number of clients	853,622	842,001	860,407	935,091	*1%*		*-1%*
Number of branches	585	589	661	670	*-1%*		*-11%*
Average Gross OLP per client (USD)	154	142	139	137	*9%*	*8%*	*11%*
PAR > 30 days	*3.3%*	*1.8%*	*7.3%*	*11.1%*			
Client deposits as % of loan portfolio	*2%*	*1%*	*2%*	*1%*			
Debt-to-equity ratio	3.5	2.1	3.2	2.6			

South Asia's financial and operational results improved in H1 2024 compared to H1 2023, with net profit increasing to USD 1.4m by H1 2024 from USD 0.5m in H1 2023, OLP increasing to USD 127.4m from USD 112.1m, and PAR>30 improving to 3.3% from 7.3%, despite the number of branches decreasing by 76 to 585 and the number of clients decreasing by 7k to 854k.

Pakistan

ASA Pakistan grew its operations over the past 6 months:

- Number of clients increased from 616k to 618k (up 0.5% YTD).
- Number of branches remained at 345.
- OLP increased from PKR 19.4bn (USD 69.5m) to PKR 21.0bn (USD 75.5m) (up 8% YTD in *PKR*).
- Gross OLP/Client increased from PKR 31.6k (USD 113) to PKR 34.2k (USD 123) (up 8% YTD in *PKR).*
- PAR>30 increased from 0.3% to 0.6%.

India

ASA India intentionally shrank its operations over the past 6 months, as it focused on recovery of overdue loans while growing the off-book portfolio:

- Number of clients increased from 183k to 193k (up 5% YTD).
- Number of branches reduced from 180 to 176 (down 2% YTD).
- On-book portfolio decreased from INR 0.43bn (USD 5.2m) to INR 0.24bn (USD 2.9m) (down 45% YTD *in INR*).
- Off-book portfolio increased from INR 3.2bn (USD 38.3m) to INR 3.7bn (USD 44.8m) (up 17% YTD *in INR*).
- Gross OLP/Client increased from INR 20.8k (USD 251) to INR 22.0k (USD 264) (up 6% YTD *in INR*).
- PAR>30 increased from 16.4% to 53.0%, and PAR>30 amount increased from INR 83.4m (USD 1.0m) to INR 173.3m (USD 2.1m).
- ASA India's collection efficiency remained stable at 97% in June 2024. As of 30 June 2024, ASA India had collected USD 8.4 million from a total of USD 30.5 million in loans written-off since 2021.

*See note 13.2 to the consolidated financial statements 2023 for details on the off-book portfolio.

Sri Lanka

Lak Jaya saw a deterioration in its operations over the past 6 months:

- Number of clients decreased from 43k to 42k (down 3% YTD).
- Number of branches remained at 64.
- OLP decreased from LKR 1.43bn (USD 4.4m) to LKR 1.30bn (USD 4.3m) (down 9% YTD in *LKR*).
- Gross OLP/Client increased from LKR 31.5k (USD 97) to LKR 34.1k (USD 112) (up 8% YTD in *LKR*).
- PAR>30 increased from 5.0% to 5.6%.

South East Asia

(UNAUDITED) (USD thousands unless otherwise stated)	H1 24	FY 23	H1 23	FY 22	YTD Change	YTD Change (CC)	YoY Change
Profit before tax	3,211	4,627	2,342	4,217	*39%*	*42%*	*37%*
Net profit	2,327	3,376	1,694	1,910	*38%*	*40%*	*37%*
Cost/income ratio	*77%*	*84%*	*83%*	*82%*			
Return on average assets (TTM)	*4.0%*	*3.0%*	*3.1%*	*1.8%*			
Return on average equity (TTM)	*31.4%*	*23.0%*	*22.5%*	*12.0%*			
Earnings growth (TTM)	*37%*	*77%*	*891%*	*663%*			
OLP	74,758	73,979	68,073	63,316	*1%*	*10%*	*10%*
Gross OLP	77,924	76,988	70,067	66,955	*1%*	*10%*	*11%*
Total assets	122,713	119,510	111,703	102,917	*3%*		*10%*
Client deposits	26,616	26,146	23,871	22,069	*2%*		*11%*
Interest-bearing debt	69,913	69,804	66,178	58,416	*0%*		*6%*
Share capital and reserves	14,960	14,341	14,666	14,980	*4%*		*2%*
Number of clients	471,074	444,210	429,533	424,076	*6%*		*10%*
Number of branches	489	458	463	441	*7%*		*6%*
Average Gross OLP per client (USD)	165	173	163	158	*-5%*	*4%*	*1%*
PAR > 30 days	*3.5%*	*2.8%*	*1.7%*	*6.5%*			
Client deposits as % of loan portfolio	*36%*	*35%*	*35%*	*35%*			
Debt-to-equity ratio	4.7	4.9	4.5	3.9			

South East Asia's net profit increased to USD 2.3m in H1 2024 from USD 1.7m in H1 2023. The region's OLP increased in H1 2024 compared to H1 2023 by 10% from USD 68.1m to USD 74.8m, with the number of branches increasing by 6% from 463 to 489 and PAR>30 increasing from 1.7% to 3.5%.

The Philippines

Pagasa Philippines' operations grew over the last 6 months:

- Number of clients increased from 333k to 352k (up 6% YTD).
- Number of branches increased from 370 to 400 (up 8% YTD).
- OLP increased from PHP 3.0bn (USD 54.2m) to PHP 3.3bn (USD 56.0m) (up 9% YTD in *PHP*).
- Gross OLP/Client increased from PHP 9.2k (USD 166) to PHP 9.6k (USD 164) (up 4*% YTD in PHP).*
- PAR>30 increased from 3.8% to 4.6%.

Myanmar

ASA Myanmar's operations improved over the last 6 months:

- Number of clients increased from 111k to 119k (up 7% YTD).
- Number of branches increased from 88 to 89 (up 1% YTD).
- OLP increased from MMK 41.6bn (USD 19.8m) to MMK 46.7bn (USD 18.8m) (up 12% YTD *in MMK*).
- Gross OLP/Client increased from MMK 409.5k (USD 195) to MMK 422.7k (USD 170) (up 3% YTD *in MMK*).
- PAR>30 increased slightly from 0.2% to 0.3%.

West Africa

(UNAUDITED) (USD thousands unless otherwise stated)	**H1 24**	**FY 23**	**H1 23**	**FY 22**	**YTD Change**	**YTD Change (CC)**	**YoY Change**
Profit before tax[(1)]	10,200	14,632	6,952	27,799	*39%*	*81%*	*47%*
Net profit[(1)]	6,211	7,514	4,220	19,215	*65%*	*120%*	*47%*
Cost/income ratio	*35%*	*48%*	*57%*	*43%*			
Return on average assets (TTM)	*15.1%*	*7.6%*	*8.2%*	*15.8%*			
Return on average equity (TTM)	*32.3%*	*15.6%*	*16.0%*	*33.2%*			
Earnings growth (TTM)	*47%*	*-61%*	*-60%*	*-23%*			
OLP	60,432	72,260	60,349	82,380	*-16%*	*9%*	*0.1%*
Gross OLP	61,992	74,501	62,914	84,853	*-17%*	*9%*	*-1%*
Total assets	78,354	89,494	85,774	108,395	*-12%*		*-9%*
Client deposits	30,119	35,642	30,798	39,544	*-15%*		*-2%*
Interest-bearing debt	3,502	3,752	4,028	4,326	*-7%*		*-13%*
Share capital and reserves	34,428	41,912	42,551	54,591	*-18%*		*-19%*
Number of clients	375,918	425,058	379,467	433,897	*-12%*		*-1%*
Number of branches	461	452	452	446	*2%*		*2%*
Average Gross OLP per client (USD)	165	175	166	196	*-6%*	*24%*	*-1%*
PAR > 30 days	*1.9%*	*3.3%*	*5.2%*	*4.2%*			
Client deposits as % of loan portfolio	*50%*	*49%*	*51%*	*48%*			
Debt-to-equity ratio	0.1	0.1	0.1	0.1			

[(1)] Profit before tax and net profit for H1 2024 include an IAS 29 hyperinflation adjustments loss of USD 3.5 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 FY 2023 consolidated financial statements. YTD percentage change is based on annualising H1 2024 profit before tax and net profit.

West Africa's financial and operational results improved in H1 2024, compared to H1 2023, with net profit improving to USD 6.2m in H1 2024 from USD 4.2m in H1 2023, OLP slightly improving from USD 60.3m to USD 60.4m, and PAR>30 improving from 5.2% to 1.9%.

Ghana

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

- Number of clients decreased from 201k to 192k (down 5% YTD).
- Number of branches increased from 143 to 150 (up 5% YTD).
- OLP increased from GHS 620.9m (USD 51.9m) to GHS 725.6m (USD 47.5m) (up 17% YTD in *GHS*).
- Gross OLP/Client increased from GHS 3.1k (USD 259) to GHS 3.8k (USD 248) (up 22% YTD in *GHS*).
- PAR>30 slightly increased from 0.1% to 0.2%.

Nigeria

ASA Nigeria saw a mixed operational performance:

- Number of clients reduced from 184k to 146k (down 21% YTD).
- Number of branches maintained at 263.
- OLP reduced from NGN 14.2bn (USD 15.8m) to NGN 11.8bn (USD 7.7m) (down 16% YTD *in NGN*).
- Gross OLP/Client increased from NGN 85.7k (USD 96) to NGN 93.4k (USD 61) (up 9*%* YTD *in NGN*).
- PAR>30 improved from 12.1% to 9.0%.

Sierra Leone

ASA Sierra Leone saw a mixed operational performance:

- Number of clients decreased from 39k to 37k (down 5% YTD).
- Number of branches increased from 46 to 48 (up 4% YTD).
- OLP increased from SLE 104.3m (USD 4.6m) to SLE 116.2m (USD 5.2m) (up 11% YTD *in SLE*).
- Gross OLP/Client increased from SLE 2.8m (USD 122) to SLE 3.2m (USD 144) (up 15*%* YTD *in SLE*).
- PAR>30 increased from 4.6% to 5.7%.

East Africa

(UNAUDITED) **(USD thousands unless otherwise stated)**	**H1 24**	**FY 23**	**H1 23**	**FY 22**	**YTD Change**	**YTD Change (CC)**	**YoY Change**
Profit before tax	10,849	11,859	5,993	11,241	*83%*	*79%*	*81%*
Net profit	6,620	6,781	3,717	6,913	*95%*	*90%*	*78%*
Cost/income ratio	*57%*	*69%*	*69%*	*68%*			
Return on average assets (TTM)	*9.5%*	*5.3%*	*6.8%*	*7.0%*			
Return on average equity (TTM)	*44.3%*	*24.7%*	*30.4%*	*29.8%*			
Earnings growth (TTM)	*78%*	*-2%*	*14%*	*49%*			
OLP	121,946	105,516	93,889	86,865	*16%*	*13%*	*30%*
Gross OLP	123,322	106,000	93,955	87,267	*16%*	*14%*	*31%*
Total assets	162,860	139,762	116,542	113,791	*17%*		*40%*
Client deposits	17,058	15,622	16,332	21,153	*9%*		*4%*
Interest-bearing debt	97,315	86,014	62,115	59,871	*13%*		*57%*
Share capital and reserves	32,863	28,360	26,878	26,445	*16%*		*22%*
Number of clients	674,500	619,229	555,135	506,494	*9%*		*22%*
Number of branches	556	517	497	471	*8%*		*12%*
Average Gross OLP per client (USD)	183	171	169	172	*7%*	*4%*	*8%*
PAR > 30 days	*1.2%*	*1.1%*	*1.1%*	*0.9%*			
Client deposits as % of loan portfolio	*14%*	*15%*	*17%*	*24%*			
Debt-to-equity ratio	3.0	3.0	2.3	2.3			

East Africa's operational result improved in H1 2024 compared to H1 2023 with OLP increasing 30% from USD 93.9m to USD 121.9m, and the number of branches increasing by 59 to 556. The region's financial result in H1 2024 was higher than in H1 2023 with net profit increasing by 78%.

Tanzania

ASA Tanzania expanded its operations over the last 6 months:

- Number of clients increased from 248k to 258k (up 4% YTD).
- Number of branches increased from 202 to 211 (up 4% YTD).
- OLP increased from TZS 162.5bn (USD 64.7m) to TZS 178.5bn (USD 67.8m) (up 10% YTD in *TZS*).
- Gross OLP/Client increased from TZS 660.4k (USD 263) to TZS 698.5k (USD 265) (up 6% YTD in *TZS*).
- PAR>30 increased from 0.9% to 1.3%.

Kenya

ASA Kenya expanded its operations over the 6-month period:

- Number of clients increased from 205k to 238k (up 16% YTD).
- Number of branches increased from 132 to 145 (up 10% YTD).
- OLP increased from KES 3.3bn (USD 20.9m) to KES 4.2bn (USD 32.2m) (up 27% YTD in *KES*).
- Gross OLP/Client increased from KES 15.9k (USD 101) to KES 17.7k (USD 137) (up 11% YTD in *KES*).
- PAR>30 improved from 0.3% to 0.2%.

Uganda

ASA Uganda saw an improvement in operations over the last 6 months:

- Number of clients increased from 121k to 131k (up 9% YTD).
- Number of branches increased from 120 to 125 (up 4% YTD).
- OLP increased from UGX 49.3bn (USD 13.0m) to UGX 53.5bn (USD 14.4m) (up 9% YTD in *UGX).*
- Gross OLP/Client increased from UGX 405.5k (USD 107) to UGX 414.5k (USD 112) (up 2% YTD in *UGX*).
- PAR>30 improved from 0.8% to 0.5%.

Rwanda

ASA Rwanda saw a modest improvement in operations over the last 6 months:

- Number of clients increased from 20.8k to 21.0k (up 1% YTD).
- Number of branches increased from 32 to 37 (up 16% YTD).
- OLP increased from RWF 5.1bn (USD 4.0m) to RWF 5.5bn (USD 4.2m) (up 8% YTD in *RWF*).
- Gross OLP/Client increased from RWF 253.0k (USD 201) to RWF 274.4k (USD 209) (up 8% YTD in *RWF*).
- PAR>30 remained stable at 6.9%.

Zambia

ASA Zambia expanded its operations:

- Number of clients increased from 25k to 27k (up 8% YTD).
- Number of branches increased from 31 to 38 (up 23% YTD).
- OLP increased from ZMW 73.8m (USD 2.9m) to ZMW 79.1m (USD 3.3m) (up 7% YTD in ZMW).
- Gross OLP/Client decreased from ZMW 3.1k (USD 119) to ZMW 3.0k (USD 127) (down 1% YTD in *ZMW*).
- PAR>30 increased from 2.6% to 3.2%.

Regulatory update

Pakistan

- Since 2022, a total dividend of c. PKR 4bn (c. USD 14m) has been declared out of which c. PKR 500m (c. USD 2m) has been paid and the balance will be paid upon regulatory clearance.

India

- Reserve Bank of India indicated by letter in June 2024 that certain interest rates being charged to clients by ASAI India are deemed usurious. Accordingly, it was agreed to decrease the interest rate range.
- Reserve Bank of India (RBI) issued a letter dated 17 September 2024 concerning non-maintenance of certain regulatory thresholds. The Company is currently in discussions with the RBI to address these issues. These discussions are in an early stage and it is too early to make an assessment of the economic outflows.

Ghana

- The Bank of Ghana has approved the implementation of the new core banking software - 'Temenos T24'. This approval is conditional and ASA Ghana is currently working to meet these requirements.
- The interim dividend declared on 2023 results was approved by the Bank of Ghana in H1 2024 and was fully paid.

Kenya

- Application for Digital Credit Providers ('DCP') licence from Central Bank of Kenya submitted in October 2023 still pending due to high number of applications (500+).

Tanzania

- The Company is still working on acquiring a microfinance bank license in Tanzania.

Regulatory capital

12 operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 30 June 2024, there was full compliance with all relevant minimum regulatory capital requirements.

Funding

Total funding increased to USD 443.4m as at 30 June 2024 from USD 424.2m at the end of 2023. Notwithstanding this movement, the funding profile has not materially changed during H1 2024.

(UNAUDITED) (USDm)	**30 Jun 24**	**31 Dec 23**	**30 Jun 23**	**31 Dec 22**
Local Deposits	75.7	79.1	72.7	84.1
Loans from Financial Institutions	236.0	214.7	204.9	216.6
Microfinance Loan Funds	21.8	28.2	22.9	21.5
Loans from Dev. Banks and Foundations	28.8	25.6	17.5	19.4
Equity	81.1	76.6	69.2	89.7
Total Funding	**443.4**	**424.2**	**387.2**	**431.3**

A favourable maturity profile has been maintained with the average tenor of all funding from third parties being substantially longer than the average tenor at issuance of customer loans which ranges from six to twelve months for the majority of the loans. Local deposits appeared to have declined YTD in USD terms. This reduction was primarily due to significant currency depreciation in Ghana and Nigeria, which have the bulk of deposits across the Group.

The cost of funding remained broadly stable at 11.3% on average across H1 2024. Funding costs across the Group stabilised in H1 2024 compared to 2023 as benchmark rate increases in some markets were tempered by improved pricing on funding from local sources.

The Group closed a loan facility to the Holdings of USD 15m with the OeEB (Austrian development bank) on 18 July 2024 as well USD 10m with Oikocredit on 3 September 2024. There is also a strong funding pipeline of USD 174m in place for fresh loans, with over 93% having agreed terms and can be accessed in the short to medium term. There are existing credit relationships with more than 60 lenders across the world, which has provided reliable access to competitively priced funding for the growth of the loan portfolio.

The Group has USD 95.3m (31 December 2023: USD 76.4m) of cash at bank and in hand as at 30 June 2024 of which USD 28.9m (31 December 2023: USD 27.9m) is restricted and cannot be readily available. The remaining USD 66.4m (31 December 2023: USD 48.5m) is unrestricted and utilised for operational needs in line with the capital allocation framework.

Net debt at the holding companies level reduced to USD 60m as at 30 June 2024 from USD 61m as at 31 December 2023 (30 June 2023: USD 69m). The strategy of reducing the proportion of debt funding sourced at the holding companies over time is maintained.

Since 2021, a number of loan covenants were breached across the Group, particularly related to the portfolio quality in India. As of 30 June 2024, the balance for credit lines with breached covenants amounts to USD 37.4 million and the group has received waivers for USD 12.2 million. The group is still under discussion to receive waivers for USD 25.2 million.

The Group has also received temporary waivers, no-action and/or comfort letters from some of its major lenders for expected covenant breaches. However, these waivers are not for the full going concern assessment period up to October 2025. The impact of these potential covenant breaches, particularly in India, was further assessed in the evaluation of the Group's going concern as disclosed in note 2.1.2 of the Interim Financial Report. 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.

Expected credit losses

The Company increased its reserves in the balance sheet for expected credit losses (ECL) from USD 8.3m as at end of 2023 to USD 10.1m as at end of June 2024, for its OLP, including the off-book BC portfolio (in India) and interest receivables. The increase was preliminary due to the growth of OLP.

USD 10.1m ECL reserves as at 30 June 2024 mainly relate to overdue loans in India (34%), the Philippines (16%) and Myanmar (14%), with the remainder spread across the other countries. Further details on the ECL calculation, including the selected assumptions, are provided in note 2.3.1 to the Interim Financial Report.

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 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.

Countries	**30 Jun 24**	**31 Dec 23**	**30 Jun 23**	**31 Dec 22**	***Δ 30 Jun 2023 - 30 Jun 2024***	***Δ 31 Dec 2023 - 30 Jun 2024***
Pakistan (PKR)	278.3	279.7	287.1	226.4	3%	0.5%
India (INR)	83.4	83.2	82.1	82.7	(2%)	(0.2%)
Sri Lanka (LKR)	306.0	323.9	308.2	366.3	1%	6%
The Philippines (PHP)	58.4	55.4	55.3	55.7	(6%)	(5%)
Myanmar (MMK)	2,488.7	2,101.2	2,102.2	2,100.0	(18%)	(18%)
Ghana (GHS)	15.3	12.0	11.4	10.2	(33%)	(28%)
Nigeria (NGN)	1,535.4	896.6	761.1	448.1	(102%)	(71%)
Sierra Leone (SLE)	22.5	22.9	18.9	18.9	(19%)	2%
Tanzania (TZS)	2,631.3	2,512.4	2,416.1	2,332.5	(9%)	(5%)
Kenya (KES)	129.3	157.0	140.4	123.5	8%	18%
Uganda (UGX)	3,710.0	3,780.2	3,673.8	3,717.6	(1%)	2%
Rwanda (RWF)	1,315.7	1,259.5	1,172.0	1,067.0	(12%)	(4%)
Zambia (ZMW)	24.0	25.8	17.6	18.1	(37%)	7%

During H1 2024, the local currencies NGN (-71%), GHS (-28%), and PHP (-5%) particularly depreciated against the USD. This had an additional negative impact on the USD earnings contribution of these subsidiaries and also contributed to an increase in the foreign currency translation reserve. The total contribution to the foreign currency translation reserve during H1 2024 amounted to USD 8.7m (H1 2023: USD 24.8m) of which USD 5.8m related to the depreciation of the NGN, USD 3.3m related to the depreciation of the GHS, and USD 0.7m related to the depreciation of the PHP.

Accounting for hyperinflation

The IFRS standard IAS 29 “Financial Reporting in Hyperinflationary Economies” (‘IAS 29’) requires the Group to adjust the H1 2024 financial information of operating entities, which expect to be in hyperinflationary economies with the main indicator being three-year cumulative inflation exceeding 100% in the period 2022-

2024. All items are presented to reflect the current purchasing power at the reporting date. By the end of 2024, the three-year cumulative inflation in Ghana and Sierra Leone is still expected to exceed 100%.

Based on this, hyperinflation accounting is applied in the Interim Financial Report 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 3.5m, however, total comprehensive income and total equity increased by USD 0.3m after the IAS 29 adjustments. Further details are provided in note 2.3.4 to the Interim Financial Report.

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 remain on the watchlist.

Effective tax rate

The Group did not recognise deferred tax assets amounting to USD 2.6m, which related to a) losses for India and the holding companies in H1 2024 which do not meet the future profitability threshold under IFRS and b) temporary differences for loan loss provision and depreciation mainly in India, Sri Lanka and Myanmar. The Group will be able to recognise these deferred tax assets provided these entities turn profitable again. Additionally, the loss from hyperinflation accounting in the P&L is disallowed for tax purposes thereby increasing the effective tax rate further. Further details are provided in note 10.4 to the Interim Financial Report.

Forward-looking statement and disclaimers

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

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

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