21 January 2025

ASA International Group plc – Q4 2024 Trading and Business Update

ASA International Group plc (LSE: ASAI), one of the world's largest international microfinance institutions, today provides a trading update including a business operations update for the three-month period ended 31 December 2024.

Highlights

- On a preliminary unaudited basis, reported net profit for 2024 is expected to be approximately USD 24m (2023: USD 8.8m). This was achieved against the backdrop of the continued negative impact of the need for hyperinflation accounting in Ghana and Sierra Leone in 2024.
- Momentum seen in the business through 2024 continued into Q4 2024 where ASA International delivered strong operational performance as the loan book grew following increased demand from clients. Gross OLP increased by 9% in the quarter to USD 458m as at 31 December 2024 (30 September 2024: USD 420m) and by 22% in the year (31 December 2023: USD 377m). This OLP growth was predominantly driven by Pakistan, Ghana, Kenya, Tanzania and Uganda. Pakistan, Ghana, Kenya, Tanzania and Uganda were also the key contributors to the 3% growth in the overall client base to 2.5m at the end of the quarter versus Q3 2024.
- High portfolio quality was maintained alongside this OLP growth. PAR>30 slightly improved to 2.2% as at 31 December 2024 (30 September 2024: 2.3%, 31 December 2023: 2.1%), primarily due to greater portfolio quality in Nigeria, Rwanda, Sri Lanka. Outstanding portfolio quality was recorded in Pakistan, Ghana, Kenya, Uganda and Myanmar with PAR>30 less than 0.5% as at 31 December 2024.
- Based on third-party sources, the current assessment for 2025 is that only Sierre Leone will be subject to hyperinflationary accounting. Ghana, which contributed the vast majority of the hyperinflation accounting impact on the Group's accounts in 2023 and 2024, is currently forecasted not to be considered hyperinflationary in 2025. Should this be the case, it would mean that the overall impact of hyperinflation accounting on the Group's accounts in 2025 is expected to be materially reduced.
- On 16 January 2025, ASA India informed the Reserve Bank of India of its intention to surrender its microfinance licence. ASA India has been a challenging market for the Group and having regard to the need to reduce costs given the deteriorating financial profile, associated liquidity concerns, ongoing lender defaults, and the contemplated move to a business correspondence business rather than on-book lending, it was felt that the decision to surrender of the microfinance licence was in the best interests of the wider Group. Furthermore, this decision to surrender the microfinance licence also aligns with the broader intention of ASA International to ultimately divest ASA India.
- All banks in Pakistan, including ASA Pakistan, have received notification from the State Bank of Pakistan of the need to prepare and submit a plan for the conversion to Islamic banking from conventional banking.
- Digital strategy and transformation programme remains on track with the rollout of the Core Banking System combined with the implementation of the digital financial services app in Ghana and Tanzania planned for the second half of 2025.
- ASA International resumed its dividend policy on 5 December 2024 with the announcement of an interim dividend of USD 0.03 per share. The 2024 final dividend will be announced alongside the FY24 results on 24 April 2024.

Rob Keijsers, Interim Chief Executive Officer, stated:

"ASA International saw strong operational growth throughout 2024 as demand for our products from clients remained robust. Total number of clients surpassed 2.5m and OLP increased by 22% by the end of 2024 with Pakistan, Ghana, Tanzania, Kenya and Uganda driving this growth. Our proven, low risk model ensured that this loan growth was not achieved at the expense of portfolio quality, with PAR>30 remaining low at 2.2% for the whole company at the end of the year. This operational performance also translated into significantly improved profitability with net profit almost trebling versus 2023. The resumption of our dividend policy by the Board was also a particular highlight as we return to a more normalised operating environment.

"2024 also saw the organisation welcoming onboard new local CEOs for Uganda, Rwanda and Nigeria. They are already providing fresh perspectives to ASA International alongside their significant professional, banking and leadership experience.

"Looking forward to 2025, we expect to see growing demand for loans and ever greater productivity across the organisation as we drive efficiency in the branch network and therefore reduce our cost-income ratio. From a digital transformation standpoint, we will build on the successes of 2024 by continuing the roll-out of the core banking system and digital platform to Tanzania and Ghana."

Preliminary 2024 Results

Building on the momentum seen in the first half 2024, ASA International continued to deliver improved business performance in the second half of the year with sustained high demand for loans from clients. As a result, on a preliminary unaudited basis, reported net profit for 2024 is expected to be approximately USD 24m, which is significantly higher than the USD 8.8m net profit recorded in 2023. The results remain subject to the completion of the Group's year-end audit process which will finalise certain adjustments relating to ASA India, hyperinflation accounting and tax provisions. ASA International believes that the consensus estimates of 2024 net profit on a reported basis as at the date of this announcement is USD 20.8m.

Hyperinflation

The IFRS standard IAS 29 "Financial Reporting in Hyperinflationary Economies" requires the adjustment of financials of those operating entities, which are reporting in the currency of hyperinflationary economies with the main indicator being three-year cumulative inflation exceeding 100% for the prior three year period. The application of this accounting standard ensures that all items are presented to reflect the current purchasing power at the reporting date. As at the end of 2024, Ghana and Sierra Leone are both considered to be hyperinflationary economies and this will be reflected in the Group's full-year 2024 results.

As at the date of this announcement and based on available third-party sources, the current assessment for 2025 is that only Sierre Leone will be subject to hyperinflationary accounting. Ghana, which contributed the vast majority of the hyperinflation accounting impact on the Group's financials in 2023 and 2024, is forecasted to not to be hyperinflationary in 2025. Should Ghana ultimately not be deemed a hyperinflationary economy in 2025, the overall impact of hyperinflation accounting in 2025 is expected to be materially reduced compared to 2023 and 2024. Nigeria remains on the watchlist, while Pakistan has been removed from the watchlist following positive inflation developments in 2024.

Business Operations Update

End of period	Clients (in thousands) Dec-23	Sep-24	Dec-24	*Delta* *Dec 23 - Dec 24*	*Sep 24 - Dec 24*	Number of branches Dec-23	Sep-24	Dec-24	*Delta* *Dec 23 - Dec 24*	*Sep 24 - Dec 24*
Pakistan	616	631	662	*8%*	*5%*	345	369	380	*10%*	*3%*
India (total)	183	181	172	*-6%*	*-5%*	180	176	175	*-3%*	*-1%*
Sri Lanka	43	43	44	*2%*	*4%*	64	64	63	*-2%*	*-2%*
South Asia	**842**	**855**	**878**	***4%***	***3%***	**589**	**609**	**618**	***5%***	***1%***
The Philippines	333	356	353	*6%*	*-1%*	370	400	400	*8%*	*0%*
Myanmar	111	122	122	*10%*	*0%*	88	89	91	*3%*	*2%*
Southeast Asia	**444**	**479**	**475**	***7%***	***-1%***	**458**	**489**	**491**	***7%***	***0%***
Ghana	201	212	223	*11%*	*5%*	143	152	153	*7%*	*1%*
Nigeria	184	155	150	*-19%*	*-3%*	263	268	273	*4%*	*2%*
Sierra Leone	39	39	43	*11%*	*12%*	46	47	49	*7%*	*4%*
West Africa	**425**	**405**	**416**	***-2%***	***3%***	**452**	**467**	**475**	***5%***	***2%***
Tanzania	248	264	278	*12%*	*5%*	202	221	221	*9%*	*0%*
Kenya	205	256	262	*28%*	*2%*	132	145	145	*10%*	*0%*
Uganda	121	138	150	*24%*	*9%*	120	125	125	*4%*	*0%*
Rwanda	21	22	23	*10%*	*3%*	32	37	37	*16%*	*0%*
Zambia	25	29	29	*15%*	*-1%*	31	39	39	*26%*	*0%*
East Africa	**619**	**709**	**742**	***20%***	***5%***	**517**	**567**	**567**	***10%***	***0%***
Group	**2,330**	**2,447**	**2,511**	***8%***	***3%***	**2,016**	**2,132**	**2,151**	***7%***	***1%***

- Total number of clients across all regions increased to 2.5m, 3% higher than at the end of Q3 2024 and 5% higher than at 31 December 2023. This growth was primarily driven by increased client numbers in Pakistan, Ghana, Tanzania, Kenya and Uganda.

End of period	Gross OLP (in USDm) Dec-23	Sep-24	Dec-24	Dec 23-Dec 24 (USD)	*Delta* Dec 23-Dec 24 (CC)	Sep 24-Dec 24 (USD)	PAR>30 Dec-23	Sep-24	Dec-24
Pakistan	70	83	90	*29%*	*29%*	*9%*	0.3%	0.5%	0.5%
India (total)	46	48	40	*-12%*	*-9%*	*-15%*	3.1%	4.6%	5.4%
Sri Lanka	4	5	5	*29%*	*16%*	*10%*	5.0%	5.4%	4.9%
South Asia	**120**	**135**	**136**	***13%***	***14%***	***1%***	**1.7%**	**2.2%**	**2.1%**
The Philippines	55	61	60	*9%*	*14%*	*-1%*	3.8%	6.4%	6.8%
Myanmar	22	26	27	*26%*	*26%*	*4%*	0.2%	0.2%	0.3%
Southeast Asia	**77**	**87**	**88**	***14%***	***18%***	***0%***	**2.8%**	**4.5%**	**4.8%**
Ghana	52	53	67	*30%*	*59%*	*27%*	0.1%	0.2%	0.2%
Nigeria	18	9	12	*-33%*	*16%*	*34%*	12.1%	7.2%	4.9%
Sierra Leone	5	6	7	*40%*	*39%*	*16%*	4.6%	9.1%	9.4%
West Africa	**75**	**68**	**86**	***16%***	***48%***	***27%***	**3.3%**	**1.9%**	**1.5%**
Tanzania	65	69	85	*31%*	*27%*	*24%*	0.9%	1.4%	1.3%
Kenya	21	36	36	*75%*	*44%*	*0%*	0.3%	0.2%	0.3%
Uganda	13	16	19	*44%*	*40%*	*16%*	0.8%	0.2%	0.2%
Rwanda	4	5	5	*26%*	*38%*	*16%*	6.8%	6.3%	5.1%
Zambia	3	3	3	*10%*	*18%*	*-2%*	2.6%	3.3%	3.4%
East Africa	**106**	**129**	**149**	***41%***	***32%***	***15%***	**1.1%**	**1.1%**	**1.1%**
Group	**377**	**420**	**458**	***22%***	***26%***	***9%***	**2.1%**	**2.3%**	**2.2%**

- Gross OLP increased to USD 458m - 9% higher than at the end of Q3 2024 and 22% higher than at 31 December 2023. This growth was predominantly driven by Pakistan, Ghana, Nigeria, Tanzania and Uganda.
- Gross OLP in India decreased to USD 40m – on-book decreased from USD 3.2m to USD 2.5m at 31 December 2024 and off-book portfolio decreased from USD 44m to USD 38m at 31 December 2024. The on-book portfolio decreased as the Group continues its strategy of shrinking its on-book portfolio. The decrease in off-book portfolio was again primarily due to reduced activity levels from BC partners. It is the intention of the Group to withdraw from the Indian microfinance market.
- PAR>30 for the Group, including off-book loans and excluding loans overdue for more than 365 days, slightly improved to 2.2% at the end of Q4 2024. This was primarily due to greater portfolio quality in Nigeria, Rwanda, Sri Lanka. Outstanding portfolio quality was recorded in Pakistan, Ghana, Kenya, Uganda and Myanmar with PAR>30 less than 0.5% as at 31 December 2024.

Notes

(1) Constant currency (‘CC’) implies conversion of local currency results to USD with the exchange rate from the end of December 2023.

(2) PAR refers to ‘Portfolio at Risk’. PAR>30 is the percentage of outstanding customer loans with at least one instalment payment overdue 30 days, excluding loans more than 365 days overdue, to Gross OLP including off-book loans. Loans overdue more than 365 days now comprise 0.6% of the Gross OLP.

(3) ‘ASA International’, the ‘Company’, the ‘Group’ all refer to ASA International Group plc and its subsidiaries.

(4) The Company has elected to cease the disclosure of metrics on a quarterly basis in its Business Updates relating to ‘collection efficiency’ and ‘disbursement vs collection of loans’. Given the normalisation of ASA International’s business and operations following the end of the COVID-19 pandemic, these metrics are deemed no longer relevant.

Contact Details

ASA International Group plc

Investor Relations
Jonathan Berger
ir@asa-international.com

About ASA International Group plc

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

Disclaimer

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.