Group CEO statement

Regaining strength, realising potential

Introduction

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 Gross OLP increased by 22% by the end of 2024 with Pakistan, Ghana, Tanzania, Kenya, Uganda and Myanmar being the main drivers for 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 more than trebling versus 2023 (2024: USD 28.5m; 2023: USD 8.8m). The resumption of our dividend policy was also a particular highlight as we return to a more normalised operating environment.

From an operational footprint standpoint and in line with our strategy, the number of branches increased to 2,145 as at 31 December 2024 from 2,016 as at 31 December 2023, which reflects the opening of 129 net new branches across the various operating countries. Client numbers grew by 8% compared to 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 458.6m at the end of December 2024 from USD 377.2 m at the end of December 2023. This growth in Gross OLP was not made at the expense of portfolio quality with this improving in most markets. PAR>30 days remained broadly stable at 2.2% as of 31 December 2024 compared to 2.0% in 31 December 2023.

Regional footprint

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

East Africa

East Africa's operational result improved in 2024 compared to 2023 with OLP increasing 40% to USD 147.3m from USD 105.5m, and the number of branches increasing by 50 to 567. This operational improvement translated into a significant growth in the region's financial performance in 2024, with net profit increasing by 127% to USD 15.4m from USD 6.8m. All operating countries in East Africa contributed positively to the region's operational and financial results, in particular, Tanzania and Kenya and increasingly Uganda.

West Africa

West Africa's financial and operational results improved in 2024, compared to 2023, with net profit increasing to USD 15.4m from USD 7.5m. OLP increased to USD 84.8m from USD 72.3m, and PAR>30 significantly improved from 3.3% to 1.5% driven by the excellent portfolio quality in Ghana and a significant improvement of PAR>30 in Nigeria. All countries in the region have shown improved financial performance, despite the application of hyperinflation accounting in Ghana and Sierra Leone negatively affecting their financial profile. West Africa's financial and operational results mostly driven by the significant positive contributions made by Ghana.

Group CEO statement (continued)

South East Asia
South East Asia's net profit increased to USD 6.4m in 2024 from USD 3.4m in 2023 with both The Philippines and Myanmar demonstrating improved performance. Myanmar saw an improved operating environment notwithstanding the ongoing internal conflict. As the loan demand continued to grow, the region's OLP increased in 2024 compared to 2023 by 13% from USD 74.0m to USD 83.9m, driving the improvement in profitability. The number of branches increased by 7% from 458 to 489, resulting in a higher client reach of 475k, up by 7%. However, PAR>30 increased from 2.8% to 4.8% due to natural calamities affecting the collection efficiency in the Philippines.

South Asia
South Asia's operational results improved in 2024 compared to 2023, with OLP increasing 11% to USD 130.5m from USD 117.5m. This increase was mainly driven by the operations in Pakistan and was achieved despite the challenging operational situation in India which negatively affected the overall results of the region. PAR>30 increased to 2.1% at the end of 2024, with portfolio quality in Pakistan and Sri Lanka having remained broadly stable while India experienced a deterioration in portfolio quality. The branch network in South Asia has been expanded during the year, with the number of branches increasing by 29 to 618 with the number of clients also increasing by 36k to 878k. The region's financial performance declined in 2024, with net profit decreasing by 23% to USD 2.6m from USD 3.3m mainly due to an USD 1.1m accrual relating to unsettled tax claims.

As previously announced in January 2025, the Board of ASA India has made an application to the Reserve Bank of India seeking to surrender its NBFC-MFI licence. The decision to surrender the licence was taken due to a need to reduce costs given the deteriorating financial profile in India, associated liquidity concerns and ongoing lender defaults. This aligns with the broader intention of ASA International to divest ASA India. By way of background, the microfinance market in India is one that is characterised by high volumes and low margins, which contrasts with the dynamics evident in ASA International's other operating countries. As result, ASA India has historically demonstrated difficulties in realising long-term profitability. This financial situation was further exacerbated by the COVID-19 pandemic where this impact was proportionally much greater than seen in the other operating markets. Given these specific market and business dynamics and in line with the Group's risk management strategy, ASA India's operations have, in any event, been intentionally shrunk since 2023.

The pathway to future sustained profitability in India has become increasingly unviable and a divestment of ASA India, which involves a full deconsolidation from the Group, will have a positive impact on the Group's results as the expected ongoing operational losses will no longer be consolidated. Work on the proposed divestment of ASA India is already under way.

Local leadership
We also continued 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, Rwanda and Nigeria in 2024. Furthermore, a number of local CFOs and other senior managers have been appointed across our operating countries, further strengthening the local finance teams. The fresh perspectives that these new colleagues will bring, alongside their significant professional, banking and leadership experience will be key in delivering growth in these markets and preparing ASA International for the future.

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.

Following the roll-out of the Temenos Transact Core Banking System and migration of more than 600.000 customers in Pakistan early 2024 the focus of the programme has been on maturing the implementation to enable Pakistan to grow the client base further and prepare for additional product offering, such as deposit taking activities. In parallel the roll-out of Temenos Transact combined with implementation of the digital financial services app in Ghana and Tanzania is steadily progressing and both countries are targeted to go-live in 2025.

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
In 2024, ASA International advanced its commitment to double materiality, focusing on Diversity, Equity and Inclusion ('DEI') and climate goals. Gender representation was improved in committees and among staff and alongside this over 1,000 leaders were trained in DEI. Gender-bias training was also provided to more than 3,750 employees. With regards to climate, we met key targets by installing more than 200 solar systems, planting around 30,000 trees, and educating more than 220,000 stakeholders. A long-term climate risk assessment confirmed ASA International's strategic and financial resilience. Lastly, over 150,000 community members were engaged with through more than 850 programs in health, education, environment, and disaster relief, with nearly USD 450,000 in contributions.

Dividend
We were delighted to re-introduce dividend payments in 2024. During the year, ASA International declared an interim dividend of USD 0.03 per share which equated to a payment of USD 3.0m paid to shareholders on 24 December 2024.

A final dividend of USD 0.041 per share is recommended by the Board and will result in a total dividend for 2024 of USD 0.071 per share (2023: Nil).

Looking ahead
I would like to pay tribute to my colleagues who have been instrumental in delivering ASA International successes in 2024. They will also be key to delivering the growth we see for the coming years.

Looking forward to 2025 specifically, 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. We also expect to further strengthen the leadership teams at both the group and operating country level during the course of 2025.

Rob Keijsers

Rob Keijsers
Group CEO, ASA International Group plc
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