ASA International - 2026 Interim Results | LSEG | September 9, 2026

Operator:

Good day, ladies and gentlemen, and welcome to ASA International 2026 Interim Results. At this time, all participants are in listen-only mode. Later, we will conduct a question and answer session through the phone lines, and instructions will follow at that time. I would like to remind all participants that this call is being recorded. I will now hand over to Jonathan Berger, head of IR, to open the presentation. Please go ahead.

Jonathan Berger:

Thank you, and good afternoon and good morning to everyone. Thank you for joining ASA International's 2026 Interim Results webcast. As you no doubt have already seen, we released our 2026 interim results first thing this morning. I'm joined here on the call by ASA International CEO, Rob Keijsers, and CFO, Geert Embrechts. Rob and Geert will run through this results presentation, and afterwards, we'll be happy to take any questions you may have. Before we begin, let me draw your attention to the disclaimer at the end of the presentation. Please be advised if you continue to listen to this presentation, you will be bound by this disclaimer. With the formalities out of the way, I would now like to hand over to Rob for his opening remarks.

Rob Keijsers:

Thank you, Jonathan. And of course, also from my side, a warm welcome to today's webcast. Let's move to the performance of the first half of '26. Let me start with expressing my pride and gratitude towards our clients and staff. I think it's clear that ASA International has delivered a robust performance in the first half of this year with strong profit growth and a resilient portfolio expansion. And with the enhanced profitability, we also see a strengthened balance sheet. We've seen continued commercial success with our client base growing by 11% the first half of this year versus the same period in '25. This means that our client base now stands at over 2.7 million. And alongside this client growth, the outstanding loan portfolio or OLP increased to $600 million and represents an 18% growth first at the end of June '25. The first half of this year saw adverse currency movements which affects the dollar reporting of OLP. On a constant currency basis, the year-on-year OLP growth amounts to 24%. I did want to flag that we now show client, branch, and OLP data, excluding India, so as to better demonstrate the performance of our continuing operations. PAR 30 has ticked up slightly to 2.4%, but did remains at an industry-leading level and is a testament to the strength of the ASA model. From a productivity perspective, on average, individual loan officers are serving more clients than last year with clients per loan officer increasing to 290 in the first half of this year compared to 285 in the first half of last year. This strong operational performance has translated into significantly improved financial performance with reported net profit growing by 70% to $45.6 million in the first half of this year. It is reported that profit includes the favorable impact of one-off items relating to India. It will exclude these items underlying net profit amounts to $34.3 million, which still represents a 42% increase compared to the same period last year.

And this profitability, of course, has boosted our return on average equity on a reported basis from 49 to 55% year-on-year, again, mainly due to the in-year-related one-offs. The strong level of profitability also further strengthened our equity base, which increased by 41% year-on-year. Accordingly, total comprehensive income of 39.9 US dollars was generated in the first half of this year, which is 8% lower than the first half of last year. This, of course, reflects the continued growth in net profit which we just spoke about, offset slightly by net first movement in year fixed translation reserve as we saw currency depreciation across a number of our markets. It is this financial performance which means we can continue returning capital to our shareholders in line with our dividend policy. This morning, we declared an interim dividends of $6.9 per share on underlying net profit, which is also 43% higher than last year's interim dividends. Of course, Geert, sitting next to me, will dive into the financials in much greater detail later in this presentation. And lastly, we were delighted to have been admitted to the FTSE All-Share Index in June, which is clearly a recognition of the hard work being undertaken by colleagues to transform the business over the last couple of years.

Then, to the next slide, we first showed 2025 full year results as it was important to highlight the operational leverage that is inherent in our business. It is great to see that this trend has continued into 2026. As you can see on the slide, yet again, we can see the scaling impact of the various KPIs starting with client growth and moving through to net profit. Clients have grown 17% since 2023, which is 27% when you exclude India. When this is combined with meeting the evolving working capital needs of our clients through larger ticket sizes, evidenced by OLP, outstanding loan per client, growing by 36%, we can see that gross OLP has grown by 60%. The strong growth in loan portfolio creates a compounding revenue base, which in turn drives scale and efficiency, and ultimately, of course, the strong growth in the net profits. We simply put more loads on the system. Then, using the traditional operating jaws metric, we can see that revenue growth has outpaced costs by 34% points as operational leverage continues.

Let me take you through our portfolio with the different regions. Here, you can see that our well-diversified portfolio is driving OLP growth with the portfolio effects helping to drive the improved operational performance we are reporting today. In particular, we can see that our African regions are now the two largest regions by OLP. East Africa continues to be the largest segment with a 29% year-on-year growth being driven by Kenya and Uganda. Tanzania, of course, remains a large market for ASA International. In West Africa, the 7% year-on-year growth was driven by strong client demand in Nigeria. Ghana remains one of our top countries, but the OLP performance in dollar terms year-on-year was affected by the depreciating cedi.

And moving to our Asian segments, in South Asia, we can clearly see the impact of the deliberate strategic decision to exit India. OLP has now reduced significantly to $4.3 million. That is for the end of June. If you look further into early September, the balance sheet is basically empty. And excluding India, South Asia's OLP grew by 42% year-on-year. This is also predominantly due to Pakistan, which is our largest operating country. And lastly, in Southeast Asia, it's more useful to look at the constant currency growth of 13%. Decline on an actual basis reflects the fact that we now have to use the market rate for the kyat in Myanmar versus the central bank rate as was used in mid '25 rather than any underlying operational issues.

Let me touch on our loan portfolio policy, which remains truly industry leading despite the slight uptick seen in the first half of '26. This reinforces the fact that we are not sacrificing asset quality in the pursuit of growth. Of course, one of the benefits of the ASA model is that it consistently delivers high portfolio quality as evidenced by the low group PAR 30 of 2.4%. From a regional standpoint, East Africa saw an increase in PAR, mainly due to the new trade regulations in Uganda which affected many, many of our client businesses. And overdues in Ghana due to the rainy season and subsequent flooding drove the higher PAR in West Africa. It's worth mentioning again that despite this increase, the overall portfolio quality in those regions remains very high. South Asia's materially lower PAR reflects the contribution of the growing in a high-quality Pakistan portfolio, as well as the wind down of the loan book in India I just talked about. And lastly, Southeast Asia's higher PAR is driven by the Philippines where the business is being restructured and where we see encouraging signs now for the near future.

I'll now happily hand over to Geert to review our financial performance in greater detail. Geert, over to you.

Geert Embrechts:

Yes. Thanks, Rob. I would also like to add my warm welcome to today's results webcast listeners. Let me first zoom in to the income trends that we've seen over the last half year. On this slide, we have set out the income trends for the business year-on-year alongside the recent yield and funding rate developments. As you can see, income rose by a steep 32% driven predominantly by the asset growth that Rob already mentioned earlier, which also boosted the net interest income. Other operating income includes the 11.4 million one-off gain that we realized by the sale of the NCDs in India. Excluding this gain, other operating was broadly flat year-on-year. If we look at our interest rates, the growth yield came at 46.4%, which is high and at a healthy level. There was some margin pressure in a few countries, for example, Pakistan, and this has also led to partly higher funding costs. This has led to a slight reduction in the overall NIM to 37.4% seen in the first half of 2026.

If we move on to the next slide, we see the cost-income ratio developments, and on the face of it, we can see a rise in total operating expenses of 27%. This increase is mainly due to a combination of personnel and office costs associated with business growth, as well as transportation costs. Encouragingly, the cost-income ratio has further improved

Geert Embrechts:

... 55.6% in the first half of '26. This continues the positive trend that we've seen since 2023 when the cost-income ratio stood at 72.1%. At the same time, it is important to point out that we continue to invest in people as well as in our digital transformation, which will add to the cost base in the short run, but will bring strong benefits in the years to come. If we move on to the next slide on the equity base, I would like to cover, first of all, the strengths of the equity base as we have seen it. As you may recall, we had a strong equity improvement in 2025 on the back of strong profit rise as well as a positive translation result because of the stronger currencies in the countries that we operate in, vis-a-vis basically a weaker dollar.

In the first half of 2026, we again see strong profit generation as explained earlier. As can be seen from the left-hand side, the total comprehensive income decreased by 8%. The key reason behind this was the negative FX translation reserve movement of 5.7 million in the first half of '26 versus a positive movement in the first half of 2025 of 15.5 million. This was primarily attributable to the movement of the Ghana cedi, which partly offset the strong growth in profit. Then, of course, you can still see that we added approximately 40 million in total comprehensive income.

If we then move on to the next slide, we can look at the bottom line, the net profit. As already mentioned at the start of this presentation, we have seen strong headline profitability development as well as solid underlying profit development. Net profit grew remarkably more than in the first half of 2025. Reported net profit increased by 70% to 45.6 million, with the underlying net profit increasing by 42% to 34.3 million versus the first half of 2025. As a reminder, underlying net profit excludes the favorable impact of the India related one-offs. I also want to flag that the effective tax rate, including the withholding tax, reduced from 43.9% in the first half of 2025 to 31.5% in the first half of 2026. This decline was mainly driven by India where we utilized previously unrecognized tax losses and next to that a more favorable country earnings mix.

The underlying effective tax rate came out at 38%. It is worth noting that trend-wise, the ETR is usually lower in the first half of the year than in the remaining six months as we expect more dividends from the countries and this requires additional withholding tax payments. The strong growth in profitability derived from increasing operational leverage that Rob has already discussed earlier. The chart on the right highlights the traditional operating jaws metrics since 2023, and here we can see that revenue growth has outpaced cost growth by seven percentage points. On the funding side and from a funding standpoint, we saw the company's funding position significantly increase to 752 million at the end of the first half of 2026 compared to 711 million at the end of 2025. In line with our funding strategy, we observed a 6% growth in the local funding since the end of 2025. This is a deliberate approach which has naturally meant that funding has reduced from development banks and microfinance loan funds. As you can see on the chart, local deposits in US dollars have been largely stable in the first half. This is where you see the impact of the currency depreciation, particularly in Ghana, which has our strongest deposit base. In local currency, our deposits still grew. [inaudible 00:14:26] our growing our deposit base remains a key funding priority, and deposit mobilization plans are being put in place in the countries where we have the appropriate license.

For example, in Pakistan, we expect to go live with deposit strategy at the end of this year or early next year. Overall, the funding profile remains solid and stable, and the pipeline is robust standing at more than 300 million for the remainder of 2026. This will ensure that we will also be able to fund our growth ambitions for the remainder of the year. I also want to take the opportunity to highlight our favorable maturity profile with term loan maturities exceeding our typical client loan tenure of six months. This is an indication of efficient but also very sustainable and solid asset liability management. Lastly, on the right-hand side, you will note that we have minimal effects risk on the liability side with almost all funding [inaudible 00:15:27] or denominated in local currency. Let me now hand over back to Rob.

Rob Keijsers:

Thanks, Garrett. Yeah, I want to take the opportunity to update you on the progress we've made against the top 2026 strategic priorities we outlined to you at the time of the full-year results. The original slide is shown at the top of the slide, and a summary meaningful progress has been made across each of these priorities. The first one, client journey, is how we better meet the needs of our clients, both in relation to the [inaudible 00:16:00] products and expanding the product set. The MSME pilot, for instance, currently underway in Uganda shows how we can bridge the gap between microfinance and traditional banking, and lessons from this pilot will be integrated into any additional country launches. The first half of '26 also saw a further expansion of our microinsurance offering this time in Pakistan, our largest operating country. The second priority, digital transformation, has seen meaningful progress in the first half of this year with the core banking system roll out in Tanzania. And we're also working on a pilot program for the client in Ghana.

The third one, operational excellence, is how we update and reconfigure the asset model to fit our new human-led tech approach. This is the detail behind improving loan officer productivity and streamlining processes, basically the ASA 2.0 model. In the first half of this year, we've seen continued process improvement initiatives, for instance, cashless collections and the changing of the meeting frequencies. Cashless collections are convenient for our clients and reduce fraud risk at the same time, and reduced meeting frequency is also a way to improve loan office productivity so they can deal with more clients. In terms of deposits, the fourth priority, this is an important lever to pull to secure efficient and diversified funding. In addition, it really deepens the client relationship that we have with them. A key part of this priority is seeking deposit taking licenses in countries where we only have an MFI status, a lending license basically. One such project is already in the way in Uganda, and as here said, Pakistan is due to commence taking deposits later this year.

The fifth priority relates to renewed focus on disciplined capital allocation across the group. In essence, we want to put capital to work where returns, resilience, and impacts are greatest. And here the team have implemented this framework, and it is being embedded across the organization. And last but not least, we look into new country expansion. This speaks for itself, of course, but done in a highly disciplined and selective manner can increase the resilience and, of course, our addressable markets. Potential new markets were identified and investigated this year with execution planned for early next year. Our belief is that each of these actions will have a compounding effect on growth and, of course, by extension, the overall performance of the business going forward.

I now want to move on to our digital transformation journey, which is a major program and a way to deliver enhanced resilience, improved productivity and a platform for future growth. And it is important to note that our approach is very much human-led technology where we will maintain our high-pitched client model but with digital enhancements. Basically, we take out [inaudible 00:18:43] pain points to improve the client journey in order to spend more meaningful time with our clients. And as we've mentioned previously in terms of country rollouts, we focus on the highest impact by migrating the largest countries first and then subsequently leveraging these infrastructure investments to other countries. With this in mind, as of today, we've already migrated Pakistan in '24, Ghana in '25, Tanzania in early '26 with digital apps live in Ghana and Tanzania.

Crucially, we've now implemented our core banking stack and our digital services in both an MFI [inaudible 00:19:19] lending only and MFB banking environment scenario, which will allow for more efficient rollouts going forward. In Pakistan, the focus has been on rolling out the Islamic banking module in 2024 so we can offer Sharia-compliant banking to clients. As said, deposit mobilization will also commence this year leveraging the new digital platform. And with the addition of Kenya, which is planned for early next year, we've covered more than 60% of our client base already. Then let me wrap up the presentation by drawing out the key highlights in the first half of '26 across three themes. First of all, people. As I've mentioned in previous presentations, strengthening senior

Rob Keijsers:

Senior leadership across the organization, both at the group and the country level, is a top priority. People are the key to delivering the strategic priorities I outlined in the previous slide.

With this in mind, we're delighted to welcome Geert, sitting next to me is our group CFO of February. Gwen Muteiwa as new CEO in Ghana and interim CEOs appointed in Uganda and Zambia. Strategy. Key steps were taken in terms of products with microinsurance as well as developing an MSME proposition. The digital transformation program also progressed with a major migration in Tanzania and the ramp up of activities in Kenya and have their migration next year. New market expansion has also been undertaken with a huge execution commencing next year.

Lastly, our strategic plan to exit India has substantially progressed with a significantly reduced loan book and crucially the license surrender has recently been approved by the Reserve Bank of India. The income statement impact from now on is negligible with the business effectively bounds down. And then financials, of course, the financial success of ASA International in '26 has been made abundantly clear throughout this presentation, whether it's profitability, loan portfolio, asset growth, I think the financial strength of the business has also improved with the growth in total equity. We're proud we're able to continue providing capital returns to our shareholders.

And lastly, I want to cover the outlook for the remainder of '26. Building on the momentum shown in the first half of '26, we expect demand for loans by clients to also be resilient and our focus is on disciplined execution of the strategy and ongoing productivity and efficiency initiatives. Accordingly, we expect full year '26 underlying net profit to be in line or slightly ahead of the current company compiled consensus of 70.2 million US dollars. It's worth taking moments to reflect on the fact that amidst a rather volatile year across a number of fronts, we've managed to still deliver strong growth and profitability.

With that, I think we've concluded the formal part of the presentation. I'll hand back to the operator to open the floor to questions from the conference lines. Thank you very much.

Operator:

Thank you. Participants can submit questions in written format via the webcast page by clicking the ask a question button. If you are dialed into the call and would like to ask a question, please signal by pressing star one on your telephone keypad. We'll pause for a moment to assemble the queue. Your first question comes from Rahim Karim with Cavendish. Your line is open.

Rahim Karim:

Hey, good afternoon. Thanks for the presentation and congratulations on another strong set of numbers. Three questions, if I may. We talked about entry into new markets. I was wondering if I could perhaps press you on which areas you are specifically looking at, which countries you're specifically looking at and how those entries will evolve over time, how long and the nature of those entries would be helpful.

The second question was just around NIM and margin development in the second half obviously came off a little bit in the first half. So how should we think about that going into the last six months of the year?

And then obviously lots of good progress. Note the post balance sheet event in terms of the Indian operations. What's left to do now? I appreciate there's not much left in terms of operations, but just helpful to understand what the last few steps are for our perspective.

Rob Keijsers:

Yeah, thanks Rahim. Twisting my arm on potential markets, but I'll give you a proper answer. So let me take the one on expansion and on India, hand over on the name to Geert. So we finalized the diligence in several countries. Well, to spill the beans, I think the DR Congo comes out as a top country for us for the short term where we of course need to go through a number of hoops to finalize that, but we aim to enter the DRC early next year. What does that mean? Of course, we have the missile strength from a long time ago between 2007, 2017. We had all those greenfield startups in 13 countries. So basically we do that in the same fashion as we did at the time. We start careful. I mean, it's a big country, 110 million people, but if you only look at Kinshasa and some surrounding cities like Lubumbashi, you talk about 60, 70 million people in a relatively compact area.

We start with a couple of branches. We train French-speaking loan officers in Kenya and Tanzania, for instance, and deploy them back to the DRC. So again, you want to have a good taste of the market, you want to investigate properly. We do a lot of conversations with people that know a lot about the market, but we're dipping our toe into the market first carefully before we ramp up significantly. So that would be my answer on DRC. I hope that answers your question, Rahim, on the ...

Rahim Karim:

Yeah, very helpful. Thank you.

Rob Keijsers:

On India, indeed, like I said, the book is empty by now. So the 4.3 million in June is now basically empty. So no more clients, no more branches, no more staff. The very good news, of course, that we received last week is that the surrender of the license has been approved by the Reserve Bank of India. So we're no longer a lending entity in India. So we only have a skeleton structure in place, which is less than a handful of people going forward, and there will be no drag on the income statements anymore.

So what is left to be done is that the final restructuring of the balance sheets, final settlements with a couple of lenders, but that is remaining to do. So all in all, I'm very happy with the stage where we are now because we significantly de-risked that, of course, by means of having no longer having the license in place and the fact that the balance sheet is empty.

I mean, for the name parts, I'll hand over to Geert.

Geert Embrechts:

Yes, thanks Rob, and thanks Rahim for this question. The expected margin developments, well, on the one hand, of course, we see a trend of rising interest rates globally. At the same time, we see that so far we have been able to protect margins really well, and at least for the months to come, we expect that to remain the same. We see of late debt margins continue in the levels that we have disclosed now, even maybe a bit higher. So we're fairly resilient on that part. At the same time, of course, for the longer term, how the rising interest rates globally may have an impact, but that's currently too early to foresee. So the expectation is that for the second half, we would remain in that bracket, which we were very comfortable with between 35 and 40%.

Rahim Karim:

That's helpful. Thank you both very much.

Operator:

There are no further questions on the conference line. I will now hand over to Jonathan to address ... Oh, my apologies. We do have another question. It comes from Hugo Cruz with KBW. Please go ahead.

Hugo Cruz:

Hi, thank you for the time. I also have three questions, if I may. So first on your earnings guidance for the full year, it implies flatish earnings in the second half versus the first half. What does that mean roughly in terms of the shape of the P&L half on half? So revenues, OPEX, great losses and tax rate. So that's the first question. Second question, I think your presentation talks about revising the capital, you revised the capital framework. What does that mean for your dividend payout, which I think you have the target over time getting 30%, roughly when you expect to get there? And then finally on your new products, the insurance product is expanding, you have the SME pilot in Uganda. When those two products ramp up and potentially any others to the full run rate, do you expect a materially different shape to your revenue line or not? Any color there will be basically on the profitability on these products would be very helpful. Thank you.

Rob Keijsers:

Thanks, Hugo. Good questions. Let me take one of the new products and on the earnings guidance and the capital framework, I'll happily hand over to Geert What has it changed? I mean, if I look at insurance, microinsurance, I think I said before that this is not because there's a massive income. Of course, there's a couple of million on fees that we earn on the microinsurance. However, the biggest reason for us to do it is, one, it's a big part of financial inclusion, savings and insurance is a safety net when life hits you hard. So that part is extremely important to us. But also from a business case perspective, the more services you have in your ecosystem where you offer a broader set of services than other players, of course the retention rate potentially goes up. And that's also what we see occurring bit by bit in the countries where we roll out the micro insurance and it's easier to retain our clients

Rob Keijsers:

... for a follow-up loan. And of course, there is the big business case because a second loan is often a bit bigger. The risk is lower because we know the client better, et cetera. So the biggest business case of microinsurance is not so much in the very welcome, of course, fee income, which is differentiated from the interest income. So that part is good, but the biggest part is in the retention and the follow-up loans that come with that.

On the MSME side, over time, of course, that can be quite a big part of your overall OLP because if you only have 5 or 10% of your clients in MSME, that could very well be 25, 30% of your OLP. But we want to do that very carefully. I mean, our bread and butter is the asset model group lending. That is where we really want to excel.

And the growth into MSME is really because we lose clients, because if we serve clients for 10 years and clients do a fantastic job and they outgrow us, but they're not ready for a bank, that is where we need to step in with our MSME portfolio. So I see a lot of opportunities for MSME, but not to blow up our book significantly in this product suite. But over time, of course, if it becomes 20, 25% of our MOP, it's a big driver for growth as well. I hope that answers your question on both insurance and MSME, Hugo. And with that, I'd happily hand over for the earning guidance and the capital framework to Keith.

Geert Embrechts:

Thanks. And thanks, Hugo, for the questions. On the earnings projections, let me first paint a bit of a picture on what we expect in the second half overall. To some extent, our business is seasonal, in the sense that we see particularly the season from September to December, that there's a significant growth on the back of seasonal related spending by our clients. If we then dissect that more in the various drivers of the P&L, first of all, on the revenue side, although this will of course also support the revenue development, the biggest benefits of that we typically seize in the year thereafter headstart because they need to start in 2027 with a much higher asset base as well.

Then on the OPEC side, as mentioned, we continue to invest in our people and in, for example, our digital transformation as Rob pointed out as well. At the same time, we expect costs to be well under control, but we will see a bit of a further rise.

On the ECL, the credit provisions on the back of a slightly rising par, also these ECL charges are likely to rise slightly. And then as I already explained on the effective tax rate, we expect the effective tax rate to go up basically from the underlying 38% to in the range around 40 to 42%. What does that all mean? Indeed, that means that we expect the total, I think, net profit to be in line or maybe slightly ahead of that consensus of 70.2 million as indicated earlier. So that's a bit of a projection that we are making.

Then let me move on to the dividend payout. As you have seen, currently we will be paying out 20% in interim dividends at 20% of the net profit. Our goal is still, and our aim is still to pay out 25% over the full year of 2026, which means basically that by and large we will pay out 30% in the final dividend of the profit of the second half.

So that's I think a little bit of the expectation, and we will continue to have that policy have around 25%. Our internal policy also states a maximum payout of 30%. So it will be in the range of, let's say 25 to 30%. Hugo, did we answer your questions with this?

Hugo:

Yes, yes. All good. Thank you very much.

Operator:

And now there are no further questions on the conference line. I would now hand over to Jonathan to address written questions submitted via the webcast page.

Jonathan:

Thank you. There's a very quick question which I'll tackle and there's a second one which I'll hand over to Rob.

First question is, can you elaborate why the client base has declined from 2.8 million in FY '25 to 2.7 million today, and if this was a conscious strategic decision or a function of lower end customer demand?

I think the simple answer is the wind down of the India operations. So that reflects that change and it's the main reason why we're showing those numbers now X India so you can see the performance of the business on a continued operations basis.

Rob Keijsers:

Indeed, Jonathan, thank you.

Jonathan:

The second question, how did the new trade regulations in Uganda affect clients and the loan portfolio quality?

Rob Keijsers:

Yeah, to be very honest, that was rather brutal. And you see what happens is that most of those traders are not regularized, or shops with a license. And what happens is that basically all those shops were bulldozed away and were basically evicted out of Kampala and Greater Kampala. So that had a significant effect on our clients. They basically lost everything, their shops and all the goods they had in their shops and needed to rebuild outside of Kampala again. And, of course, imagining this has a significant effect on the par because people just need to rebuild their businesses. So yeah, that has been and will be significant.

Jonathan:

Okay. Thanks, Rob. That's the end of the questions that we've received via email. I think just like to say thank you to everyone for joining today. And our next update will be the Q3 business update, which is scheduled for release on the 29th of October. Thank you once again.

Rob Keijsers:

Thank you very much.

Geert Embrechts:

Thank you.

Operator:

This concludes today's conference. Thank you for joining. You may now disconnect.