



Pathways to progress

ASA International Group plc
Annual Report and Accounts 2023



Strategic Report

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Who we are

ASA International is one of the world's largest international microfinance institutions providing small, socially responsible financial services to low-income entrepreneurs, most of whom are women, across Asia and Africa.

An overview of 2023

Progress with purpose

Highlights

Find the impact highlights on page 13

Clients	Branches	Outstanding Loan Portfolio (USD)
2.3m 2022: 2.3m 2021: 2.4m	2,016 2022: 2,028 2021: 2,044	369.2m 2022: 351.2m 2021: 403.7m
PAR>30 days	Profit before tax (USD)	Net profit (USD)
2.1% 2022: 5.9% 2021: 5.2%	32.2m 2022: 46.3m 2021: 25.7m	8.8m 2022: 17.9m 2021: 6.4m

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

- Rolled out the digital market place for clients and their suppliers, called the Supplier Market Place ('SMP'), in Ghana.
- Made strides in setting and achieving climate and Diversity, Equity and Inclusion ('DEI') targets.

Read more FY 2023 highlights on page 25

Approval of Strategic Report

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

By order of the Board,



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

Recognition

ASA Tanzania:

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

ASA Ghana:

- Best Microfinance Methodology and Highest Outreach in Rural Areas

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



Purpose-led framework

Our purpose...

To reduce
poverty and
enable female
empowerment

Inspired by...

Our vision:
Just and financially
inclusive societies.

Achieved through...

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

 See our purpose in action on page 20

Purpose-led framework continued



Measured through...

Our outcome indicators:

Financial inclusion

70%

of clients accessing a financial service for the first time

Reduction of poverty

94%

of clients increasing their daily income level

Female empowerment

89%

increase of share in family income by females

94%

understanding of financial management improved

94%

living conditions improved

82%

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

[➤ Read about our business Key Performance Indicators \('KPIs'\) on page 24](#)

[➤ Read more about how these indicators are calculated in the APM table on pages 172 and 173](#)

Supported by...

Our strategic priorities:



Increase financial inclusion

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



Add digital channel and digitise internal processes

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



Offer digital products and services

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

[➤ Read more about our growth strategy on page 17](#)

Purpose-led framework continued

Delivered via...

Our business model:

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

[Read more about our business model on page 12](#)

Committed to...

Our sustainable practices and responsible business operations:

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



[Read more in our ESG report on page 48](#)

Purpose-led framework continued

Driven by...

Our stakeholders

Clients

2.3m

Colleagues

13.4k

Communities where we operate

2,016

Number of branches which are situated in communities where clients live and work.

Countries of operations

13

Regulators and industry bodies

92

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

Shareholders and investors

53.7%

Percentage of public float.

[Read more about our stakeholders, benefits and engagement on pages 13 and 14](#)

Underpinned by...

Our values:



Teamwork

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



Professionalism

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



Integrity

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

[Read more about how our values are showcased on pages 20 to 23](#)

Reinforcing...

Our investment case:

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

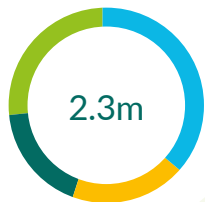
[Read more about our investment case on page 09](#)



Company overview

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

Clients



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

Branches



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

Outstanding Loan Portfolio (USD)



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

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

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

Our clients

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

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

Our colleagues

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

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

Read more about colleagues on page 52

Our products and services

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

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

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

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

Company overview continued

Where we operate

Corporate head offices:

Amsterdam, the Netherlands
Dhaka, Bangladesh

Registered head office:

Worthing, West Sussex, United Kingdom

Regional head offices

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

West Africa

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

Branches: 452

Nigeria: 263
Ghana: 143
Sierra Leone: 46

Read more on page 31

Clients

425,058

Outstanding Loan Portfolio (USD)

\$72.3m

East Africa

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

Branches: 517

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

Read more on page 33

Clients

619,229

Outstanding Loan Portfolio (USD)

\$105.5m

South Asia

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

Branches: 589

Pakistan: 345
India: 180
Sri Lanka: 64

Read more on page 27

Clients

842,001

Outstanding Loan Portfolio (USD)

\$117.5m

South East Asia

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

Branches: 458

The Philippines: 370
Myanmar: 88

Read more on page 29

Clients

444,210

Outstanding Loan Portfolio (USD)

\$74.0m

Chairman's statement

The journey towards sustainable growth

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

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

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

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

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

The Board

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

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



Guy Dawson
Chairman, ASA International Group plc
26 April 2024



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



Our investment case

What makes us different



Socially responsible services

Through the ASA Model of Microfinance

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

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

Microfinance experience

32yrs

Social Performance Indicator

90%

> Read more on page 12 of our business model

⓪ See our website for more information on our history



Diversified risk profile

Due to presence in thirteen emerging and frontier markets

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

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

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

Prospects

378m

Operating countries

13

> Read more on pages 40 and 41 of principal risks

⓪ See our website for more information on addressable market



Proven credit methodology

As a result of staying close to clients

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

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

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

Client retention rate

75%

PAR>30 dpd

2.1%

Return on Assets

1.8%

Dividend

Nil

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



Highly scalable

Decentralised business model

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

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

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


Deposit-taking licences

6

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

Chief Executive Officer's review

Uplifting operational performance in H2 and beyond

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



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

Introduction

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

Business review 2023

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

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

Progressing with banking licenses

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

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

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

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

Links to



Offer digital products and services

Chief Executive Officer's review continued

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

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

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

Against the backdrop of continued high inflation and currency depreciation in many of our markets, we continue to expect operations to improve across

the Group in 2024. The Group is focused on right-sizing average loan sizes to clients in view of the inflationary environment in many operating countries, while improving branch productivity as clients continue to demand our loans, and our staff remain committed and focused on supporting clients in difficult operating circumstances.

Financial performance

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

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

Expected credit losses

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

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

Digital strategy

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

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

Competitive environment

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

Q&A with Karin

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

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

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

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

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

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

① See our website for Karin's full Q&A



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

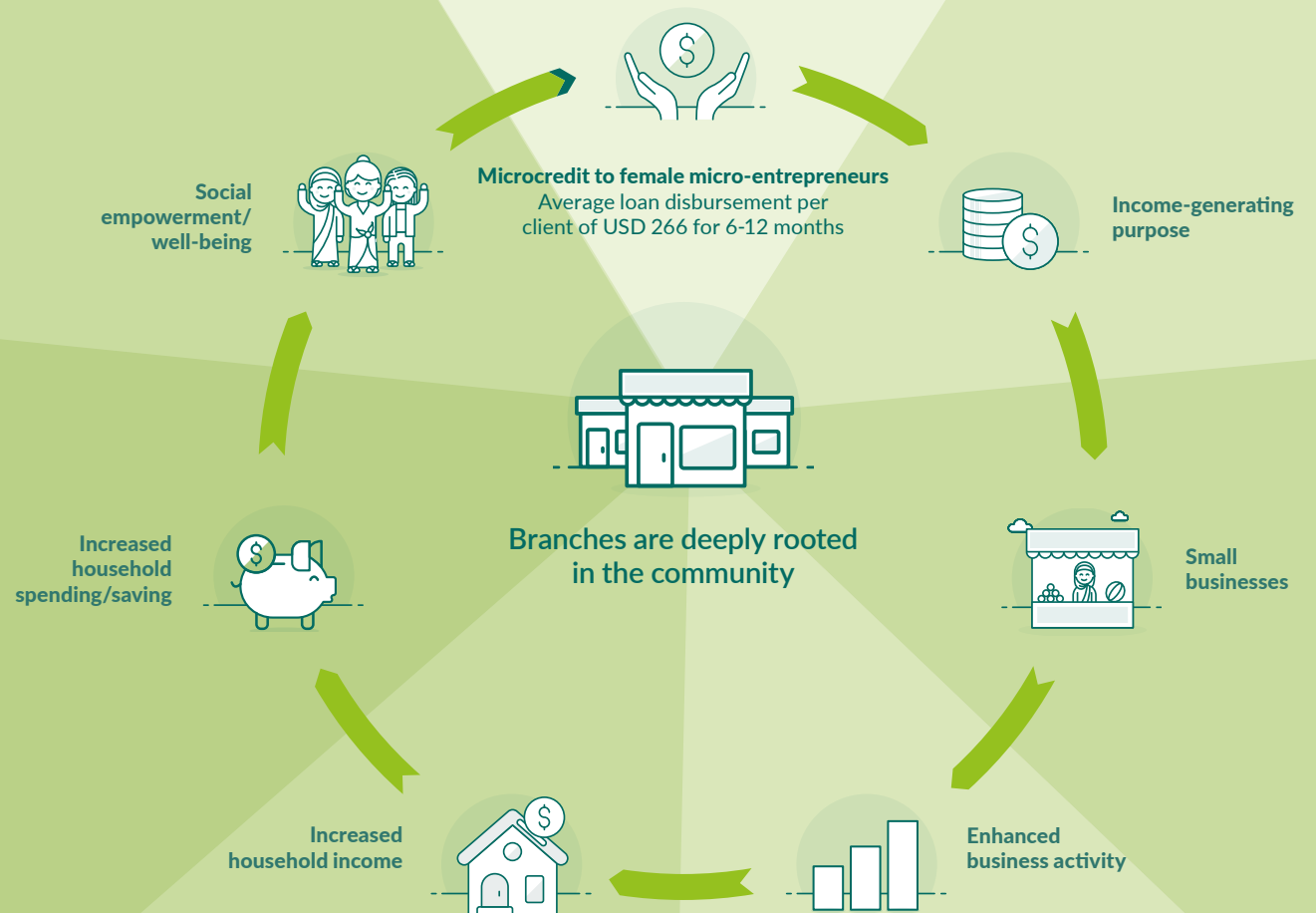
Business model

Our socially responsible business model

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

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

[Read more about socially responsible services and protecting clients on pages 50 and 51](#)



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

Business model continued

[Read more about our stakeholder engagement on 14](#)

Impact on our stakeholders

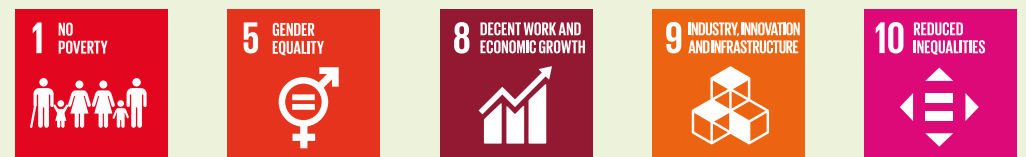
Stakeholder					
<p>Clients</p> <ul style="list-style-type: none"> Financial inclusion. Empowering women. Socioeconomic progress. Client Protection Principles. 	<p>Colleagues</p> <ul style="list-style-type: none"> Job creation. Training and development. Positive and stable work environment. 	<p>Communities and the environment</p> <ul style="list-style-type: none"> Clients trading in the community. Community projects. Inflow of capital. Minimising environmental impact. 	<p>Countries</p> <ul style="list-style-type: none"> Company taxes paid to government. Higher spending due to increased income of clients. 	<p>Regulators and industry bodies</p> <ul style="list-style-type: none"> Creating sustainable lending environment. Reliable business partner. Supporting policy making. Promoting international standards for regulatory compliance. 	<p>Shareholders and investors</p> <ul style="list-style-type: none"> USD returns including projected regular dividends. Advancing financial inclusion.

Impact in 2023

<p>Total loans disbursed (USD)</p> <p>965.1m</p> <hr/> <p>Social Performance Indicator ('SPI')</p> <p>90%</p> <hr/> <p>Client satisfaction</p> <p>90%</p> <hr/> <p>Female clients</p> <p>96.8%</p>	<p>Employee satisfaction</p> <p>81%</p> <hr/> <p>Hours training¹</p> <p>67,107</p> <hr/> <p>Number of employees</p> <p>13,433</p> <p><small>1 Excludes on-the-job training.</small></p>	<p>Community project spend (USD)</p> <p>0.4m</p> <hr/> <p>Branches added</p> <p>77</p> <hr/> <p>Environmental efforts spend</p> <p>390k</p>	<p>Taxes (USD)</p> <p>23.4m</p> <hr/> <p>Contribution to economic development of country through clients' increased income.</p>	<p>Regulators and industry bodies associated with</p> <p>92</p> <p>Through membership at industry bodies and central banks, contributing to a sustainable microfinance environment.</p>	<p>Public float</p> <p>53.7%</p> <hr/> <p>Dividend</p> <p>Nil</p> <hr/> <p>Return on Equity ('ROE')</p> <p>10.5%</p>
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The Company's strategy and core operations contribute to the delivery of five UN Sustainable Development Goals ('SDGs')

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




Section 172 statement

Engaging with our stakeholders

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

Our stakeholders	How we engage	How the Board engages and is kept informed	What matters most
Clients	<ul style="list-style-type: none"> • Clients receive loans at branch offices. • Branch staff meet clients at group meetings. • Branch staff visit clients' businesses. • Senior management conducts client visits. • Field staff maintain mobile phone contact with clients. • Regular surveys are conducted. <p>➤ Read more about protecting our clients on page 51</p>	<ul style="list-style-type: none"> • Senior management reports to Audit and Risk Committee ('ARC'). • Monthly business updates provided. • Client survey and Committee reports shared. • Community project progress reported. 	<ul style="list-style-type: none"> • Client loan repayment capacity. • Loans with tangible economic benefits for clients. • Channels for feedback and complaints. • Market-driven interest rates. • Expanded digital access and relevant product offerings. • Transparent policies and procedures. • Flexible moratorium options. • Face-to-face interaction.
Colleagues	<ul style="list-style-type: none"> • Senior managers mentor junior staff. • Senior management sits on operating subsidiaries' boards. • Head office-level meetings with senior management. • Encourage cooperation and leadership development. • Established Diversity, Equity and Inclusion ('DEI') targets to increase female representation. <p>➤ Read more about supporting our colleagues on page 52</p>	<ul style="list-style-type: none"> • Meetings among ARC Chair, CFOs, and Internal Audit staff. • Senior management reports in Board meetings. • Staff survey results are reported. • Grievance Mitigation Committee ('GMC') and whistleblowing reports presented at all meetings. • Progress on DEI targets reported. <p>➤ See page 72 for Board activities relating to its fulfilment of duties under Section 172</p>	<ul style="list-style-type: none"> • Safe work environment. • Robust GMC procedures with Board emphasis. • Fair salary and benefits. • Employee development through training and promotion. • Regular feedback channels. • Commitment to gender diversity. • Streamlined, digitised internal processes for better productivity.
Communities and the environment	<ul style="list-style-type: none"> • Branches embedded in the communities. • Field staff work closely with community members. • Group meetings and client referrals are part of the communities. • Investment and engagement in community projects. • Climate targets established. <p>➤ Read more about our community projects on page 54 and the environmental responsibility on page 56</p>	<ul style="list-style-type: none"> • Community project initiatives reported. • Senior management reports community feedback in Board meetings. • Budget spending and impact metrics for community projects. • Progress on climate targets reported. 	<ul style="list-style-type: none"> • Commitment to enhancing clients' and families' socioeconomic advancement. • Community engagement initiatives. • Providing relief during hardship. • Environmental impact mitigation and awareness efforts.

Section 172 statement continued

Our stakeholders	How we engage	How the Board engages and is kept informed	What matters most
Lenders	<ul style="list-style-type: none"> Meetings and field trips with local and international financiers. Updates by the CEO following the publication of important Company news. 	<ul style="list-style-type: none"> Senior management reporting in Board meetings on funding matters. Securing liquidity. Securing a stable and reliable funding position. Monitoring of covenants. Overseeing progress of extending waivers, no-action letters in case of potential covenant breaches. 	<ul style="list-style-type: none"> Stay informed about business performance. Diversify funding sources. Cultivate relationships with new and existing stakeholders. Secure favourable terms through negotiations.
Shareholders and investors	<ul style="list-style-type: none"> Business updates. Audio webcasts and financial results announcements. Investor and analyst meetings. A dedicated investor website. Investor conferences, roadshows and field trip visits. 	<ul style="list-style-type: none"> Integrate shareholder and investor feedback in the Group's strategy. CEO delivers updates in Board meetings and regular IR updates provided. Review analyst reports. Offer feedback on RNS announcements and the Annual Report. Conduct Annual General Meetings. 	<ul style="list-style-type: none"> Stay informed about business performance, long-term goals, strategy, and execution. Foster constructive dialogue. Exchange viewpoints on Group strategy. Uphold compliance and transparency for investor confidence. <p> See Engaging with shareholders on page 78</p>
Regulators and industry bodies	<ul style="list-style-type: none"> Stay updated on reporting regulations. Country Heads engage in meetings with regulatory bodies. Foster relationships with local town councils, law enforcement agencies, government bodies, and microfinance networks. 	<ul style="list-style-type: none"> Senior management reports during Board meetings. Ensure full compliance with reporting requirements and local regulations. Maintain a sustainable lending environment for clients. Discuss proposed new regulations. 	<ul style="list-style-type: none"> Fully comply with reporting requirements and local regulations. Engage positively with local government and regulatory initiatives. Participate in industry networks at the local level. Pursue deposit-taking licences as needed.

Section 172 statement continued

Principal decisions and discussions

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

Case studies

1. Shrinking the business in India

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

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

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

Stakeholders considered

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

2. Enhancing governance

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

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

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

Stakeholders considered

- Colleagues.
- Shareholders.

3. Cultural and leadership change

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

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

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

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

Stakeholders considered

- Colleagues.
- Clients.
- Shareholders.

Our strategy

Growth strategy

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



Increase financial inclusion

Increase number of branches and borrowers

Increase loan volumes

Introduce new loan products

Grow voluntary savings



Add digital channel and digitise internal processes

Maintain branch model and proven credit methodology

Maintain group meetings and active field presence

Improve branch and loan officer efficiency by digitised internal processes

Introduce a digital channel via mobile devices to enrich the high-touch service



Offer digital products and services

Offer online loans

Offer payments, savings and other financial services

Provide non-financial value added services (Supplier Market Place, 'SMP') to grow clients' businesses

Attract new clients

Our strategy continued

Our progress

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

> See all the KPIs on page 24

Strategic pillars & KPIs that track against strategy

2023 progress

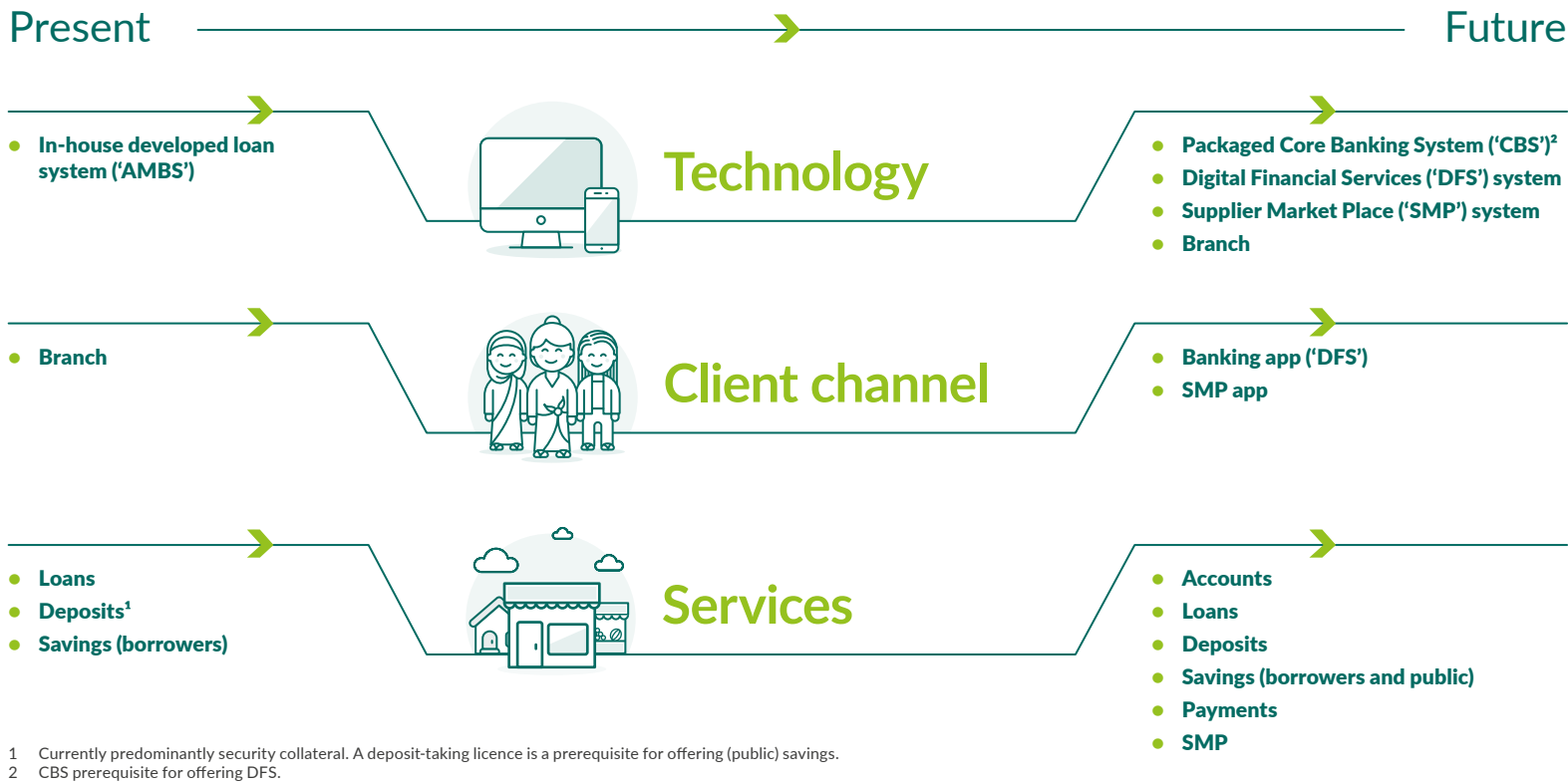
2024 priorities

<p>Increase financial inclusion</p> <table border="1"> <tr> <td>Clients</td> <td>OLP</td> </tr> <tr> <td>2.3m</td> <td>\$369.2m</td> </tr> <tr> <td>Gross OLP/Client</td> <td>% voluntary savings to OLP</td> </tr> <tr> <td>\$162</td> <td>3.4%</td> </tr> </table>	Clients	OLP	2.3m	\$369.2m	Gross OLP/Client	% voluntary savings to OLP	\$162	3.4%	<ul style="list-style-type: none"> Continued operational growth in 2023. Outstanding Loan Portfolio ('OLP') in constant currency grew by 21% to USD 424 million. Number of clients grew slightly to 2.33 million, with 5% growth in H2 2023. The countries with the highest growth in clients are Kenya, Tanzania and Ghana, which added a combined total of 119k clients. Average Gross OLP per client in constant currency increased by 16% resulting in USD 186 Gross OLP per client. Significantly increased Business Correspondence portfolio in India, in line with 2023 priorities, improving total OLP and Gross OLP in India. Voluntary savings to OLP remains stable at 3.4%, as there has not been a new market that has started to take deposits. 	<ul style="list-style-type: none"> Proceed with healthy operational growth in existing markets. Increase Outstanding Loan Portfolio. Realise growth in number of clients. Enhance Gross OLP per client.
Clients	OLP									
2.3m	\$369.2m									
Gross OLP/Client	% voluntary savings to OLP									
\$162	3.4%									
<p>Add digital channel and digitise internal processes</p> <p>Borrowers per loan officer</p> <p>287</p>	<ul style="list-style-type: none"> Completed implementation of Core Banking System ('CBS') in Pakistan in Q1 2024 and continue implementation phase of CBS in Ghana. A digital financial services ('DFS') platform is being developed and will be launched with the implementation of the new CBS starting with Ghana. Increased borrowers per loan officer by 5%, from 272 to 287. 	<ul style="list-style-type: none"> Leverage the benefits and additional product offering of the new Core Banking platform in Pakistan. Work towards the implementation of the CBS combined with a digital proposition in Ghana. Initiate platform roll-out in Tanzania and Kenya. Further improve operational efficiency by increasing borrowers per loan officer. 								
<p>Offer digital products and services</p>	<ul style="list-style-type: none"> Rolled out the digital market place for clients and their suppliers, called the Supplier Market Place ('SMP'), in Ghana. Read more on page 20. Received 'Commencement of Microfinance Banking Business' certificate in Pakistan. Preparing application for the Microfinance Banking licence in Tanzania and Kenya. 	<ul style="list-style-type: none"> Start taking deposits from clients in Pakistan. Launch DFS app that enables digital loans, payments and savings. Grow Supplier marketplace ('SMP') in Ghana. Progress with obtaining Microfinance Banking licences in Tanzania and Kenya. 								

Our strategy continued

Digital advancement

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



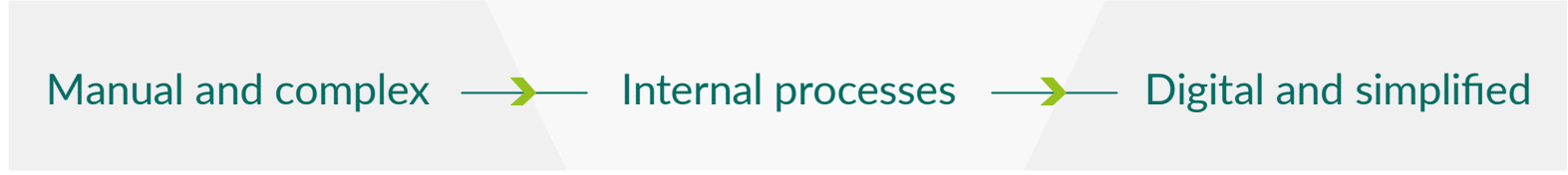
Milestone migration in Pakistan

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

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

Rob Keijzers
Chief Digital and Information Officer,
ASA International

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



Links to

Add digital channel and digitise internal processes

Feature story – Our clients

Empowering progress through technology:

Connecting supply and demand in Ghana

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

Forging trusted relationships

The launch of ASA Dwaso's SMP aimed to bridge the gap between retailers and suppliers. With nearly 3,000 clients onboarded since its inception, ASA Dwaso is not only offering a platform, it's fostering relationships. Users learn about the app through promoters who attend ASA Savings & Loans ('ASA S&L') client group meetings or via word-of-mouth. "I found out about the app through the Promoter's mother. She visited me some time ago and introduced the app. Because I know her personally, I trusted to buy from the app. The promoter ensured my first order came in time. She is trustworthy to work with," shares Augustina, a grocery retailer and app user.

A commitment to service

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

Sabina and Augustina's perspectives

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

Professionalism driving us beyond transactions

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

Users onboarded

± 3,000

Link to values



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

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



Feature story – Our communities

Progress through partnerships:

Uniting for environmental stewardship

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

Tree seedlings planted in Kenya

10,500

Estimated programme participants in Kenya

2,880

Partnerships formed in Kenya

16



Feature story – Our communities continued

Founding fruitful partnerships in Kenya

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

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

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

Cultivating environmental stewardship

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

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

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

The Government of Kenya as a catalyst for collaboration

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

Spreading impact and future endeavours

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

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

Strengthening the ASA business model

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

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

One of the events in Rwanda was captured on video.

 Watch it here

Link to values



Teamwork



Professionalism



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

David Munge
Sustainability Manager,
ASA Kenya



Feature story – Our colleagues

Living our values, driving progress:

Jonette's journey of growth

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

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

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

Link to values



What motivates you to align with the Company values?

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

How have these values contributed to your professional growth?

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



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



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

Jonette
Deputy Manager HR and Admin,
Pagasa Philippines

How do the values play a role in shaping a positive work environment?

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

How do you actively promote and instil these values in your colleagues?

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



Key Performance Indicators

Financial

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

Outstanding Loan Portfolio ('OLP')

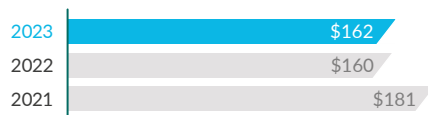
USD 369.2m



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

Gross OLP/Client

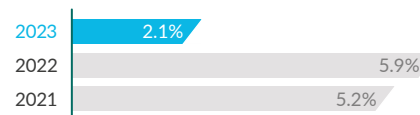
USD 162



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

PAR>30 dpd

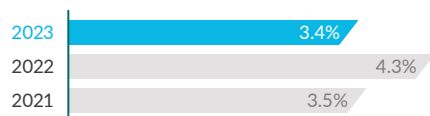
2.1%



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

Voluntary savings to OLP

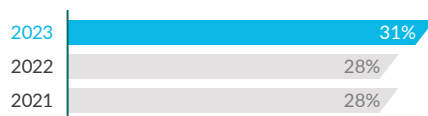
3.4%



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

Net Interest Margin ('NIM')

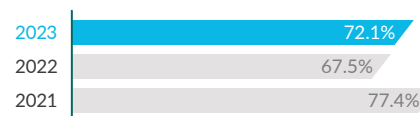
31%



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

Cost to income ratio

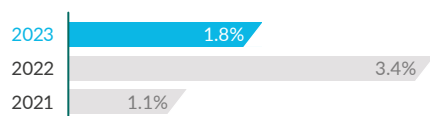
72.1%



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

Return On Assets ('ROA')

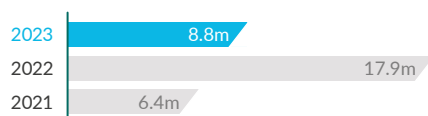
1.8%



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

Net profit

USD 8.8m



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

Earnings Per Share ('EPS')

USD 0.09¢



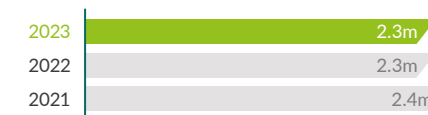
Earnings per share is calculated by dividing the net profit after tax by the weighted average number of the ordinary shares outstanding during the year. For 2023, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.

Non-financial

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

Number of clients

2.3m



The number of clients in all operating markets.

Borrowers per loan officer

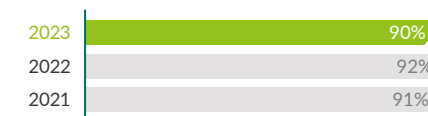
287



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

Social Performance Indicators ('SPI')

90%



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

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

Financial review

Continued improvement of operational and financial performance in H2 2023

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

FY 2023 highlights

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

FY 2023 performance

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

- Profit before tax and net profit for FY 2023 include an IAS 29 hyperinflation adjustments loss of USD 5.4 million, and profit before tax and net profit for H1 2023 exclude hyperinflation adjustments, as hyperinflation accounting was applied for the first time in the 2023 consolidated financial statements.
- 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.
- PAR>30 is the percentage of on-book OLP that has one or more instalment of repayment of principal past due for more than 30 days and less than 365 days, divided by the Gross OLP.



Financial review continued

Group financial performance



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

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

2 TTM refers to the previous 12 months.

3 Excludes interest payable.

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

Outlook

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

Chief Executive Officer's comment

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



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

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

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

Karin Kersten,
Chief Executive Officer,
ASA International

Financial review continued

South Asia

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

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

Outstanding Loan Portfolio (USD)

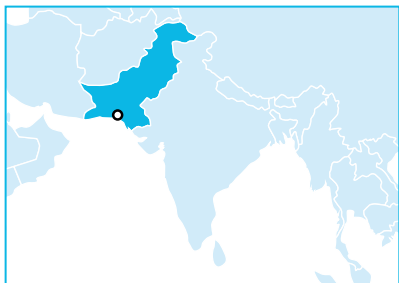
\$117.5m



Financial review continued

Regional head offices

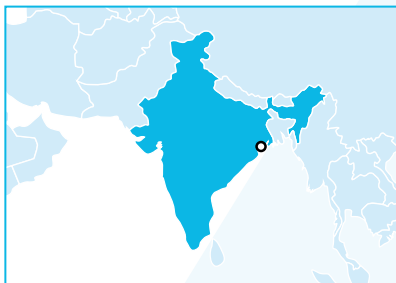
Pakistan



ASA Pakistan grew its operations over the past 12 months.

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

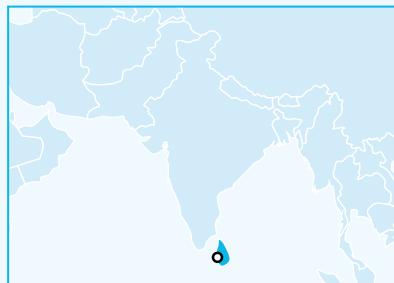
India



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

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

Sri Lanka



Lak Jaya stabilised its operations over the past 12 months.

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

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

Financial review continued

South East Asia

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

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

Outstanding Loan Portfolio (USD)

\$74.0m



Financial review continued

Regional head offices

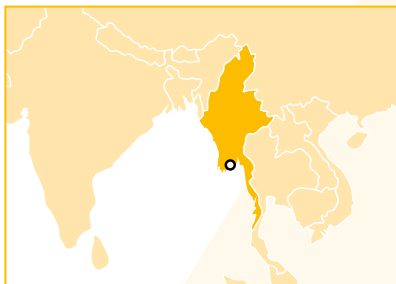
The Philippines



Pagasa Philippines' operations grew over the last 12 months.

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

Myanmar



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

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

Financial review continued

West Africa

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

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

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



Outstanding Loan Portfolio (USD)

\$72.3m

Financial review continued

Regional head offices

Ghana



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

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

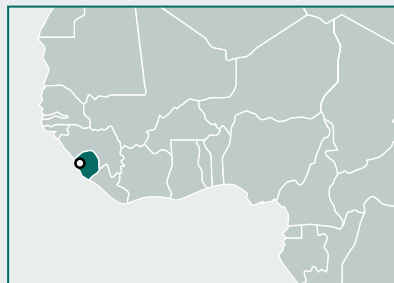
Nigeria



ASA Nigeria saw a deterioration in financial and operational performance.

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

Sierra Leone



ASA Sierra Leone saw an improvement in operational performance.

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

Financial review continued

East Africa

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

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



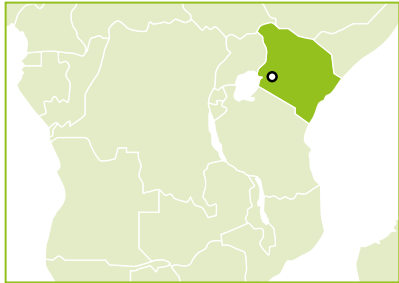
Outstanding Loan Portfolio (USD)

\$105.5m

Financial review continued

Regional head offices

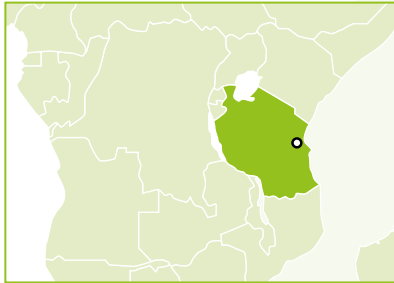
Tanzania



ASA Tanzania expanded its operations over the last 12 months.

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

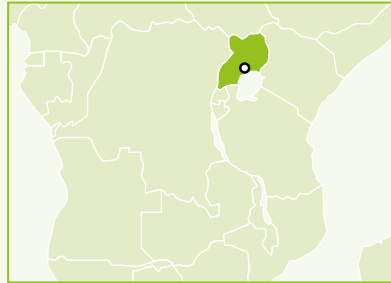
Kenya



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

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

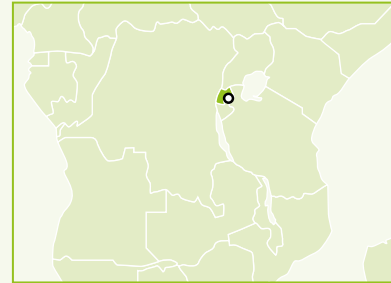
Uganda



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

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

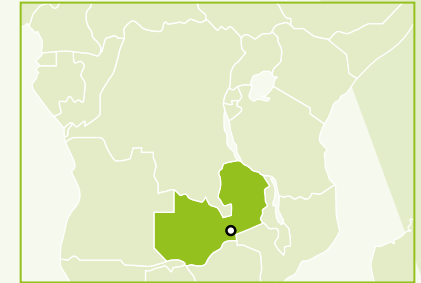
Rwanda



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

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

Zambia



ASA Zambia expanded its operations and improved its portfolio quality.

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

Financial review continued

Regulatory environment

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

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

Key events

Pakistan

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

Ghana

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

Nigeria

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

Kenya

- ASA Kenya submitted a pro forma application for a Digital Credit Providers licence ('DCP licence') in October 2023 to ensure it was compliant with the law.

- Ultimately, the Company would like to obtain a deposit-taking licence as a microfinance bank instead of a DCP licence that does not allow for deposits. The Company was in discussions with the Central Bank of Kenya regarding the application for such a microfinance bank licence.

Tanzania

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

Regulatory capital

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2023, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

Asset/liability and risk management

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

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

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

Funding

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

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

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

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

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

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

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

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

Financial review continued



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

Tanwir Rahman,
Chief Financial Officer,
ASA International



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

Impact of foreign exchange rates

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

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

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

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

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

Accounting for hyperinflation

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

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

High effective tax rate

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

Risk management

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

Risk management framework

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

Identification and assessment

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

[Read the principal risks on pages 39 to 47](#)

[Read the viability statement on page 83](#)

Risk appetite

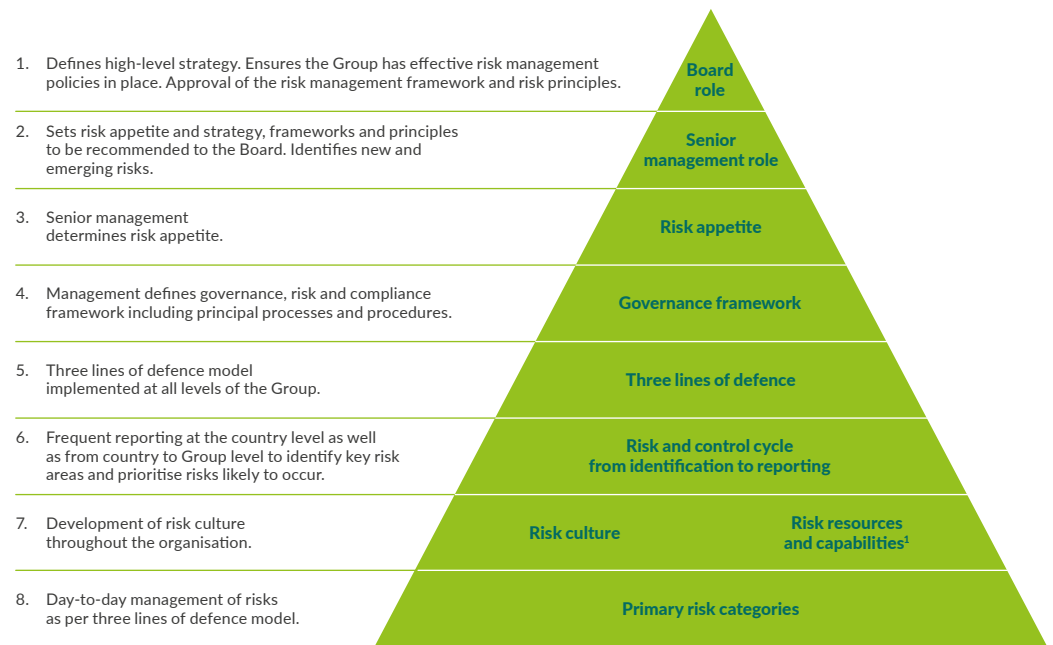
Risk appetite, or the amount and type of risk that the Group is willing to accept, tolerate, or expose itself to in pursuit of its business objectives, is set at a level to avoid loss, fraud and operational inefficiencies. The Group establishes its risk appetite to provide direction and set boundaries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

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

Risk appetite statement

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

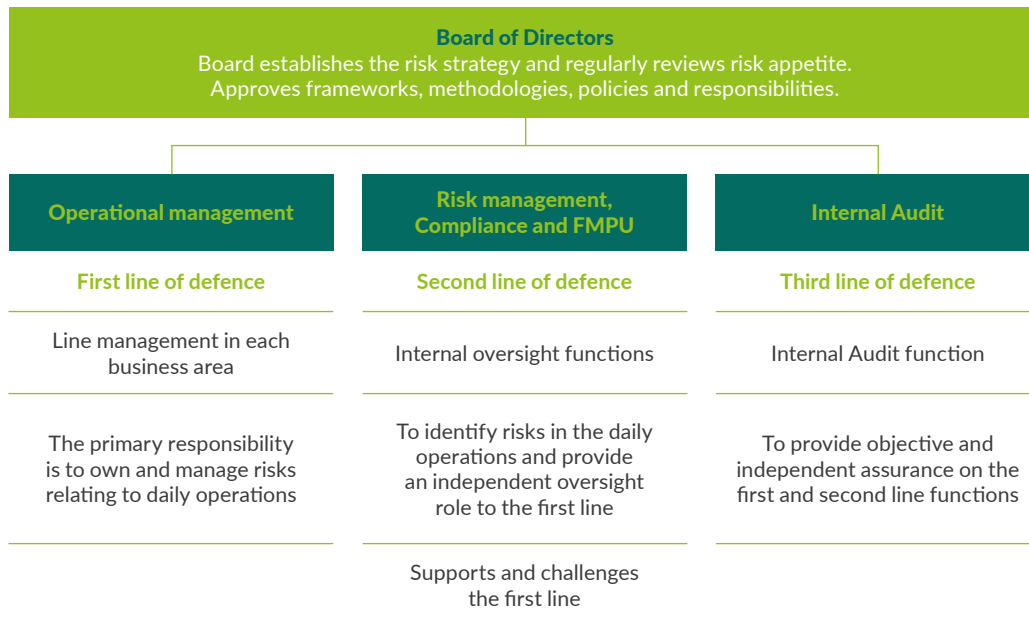
Risk management framework



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

Risk management continued

Three lines of defence



Three lines of defence

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

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

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

[For more information about the Group's three lines of defence, visit the website](#)

Principal risks

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

Emerging risks

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

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

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

Risk management continued

Principal risks

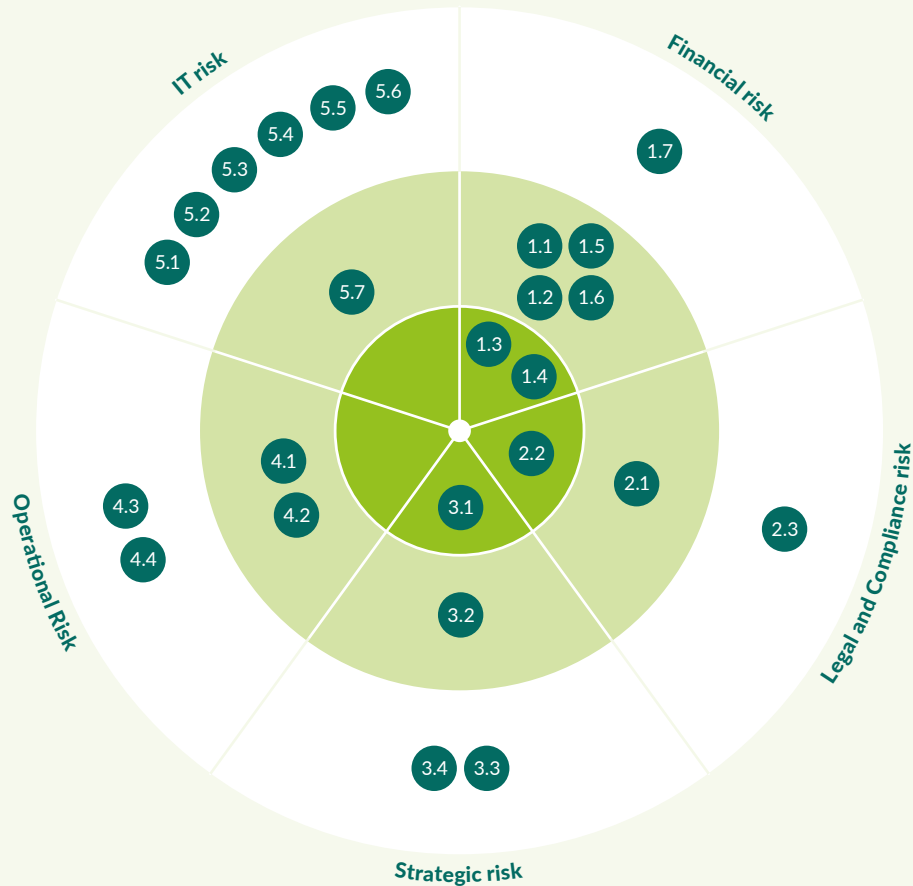
The Group faced challenging financial conditions in some operating subsidiaries, particularly affecting liquidity, exchange rate, inflation and growth risks.

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

Risk level

Low
When the risk is within the tolerance level of the organisation and may cause insignificant impact on achieving the goals and objectives, or may have minor impact from a financial, legal, regulatory and reputational standpoint.
Medium
When the risk is at the borderline of the tolerance level of the organisation and may cause moderate impact on achieving the goals and objectives, or may have moderate impact from a financial, legal, regulatory and reputational standpoint.
High
When the risk crosses the tolerance level of the organisation and may cause significant impact on achieving the goals and objectives, or may have a major impact from a financial, legal, regulatory and reputational standpoint.

Risk map



1. Financial risk

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

2. Legal & Compliance risk

- 2.1 Regulation
- 2.2 Product transparency
- 2.3 Anti-money laundering risk

3. Strategic risk

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

4. Operational risk

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

5. IT risk

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

Risk management continued
Principal risks continued

Level of change key

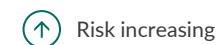
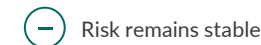
- ⬇ Risk decreasing
- ⊖ Risk remains stable
- ⬆ Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
1. Financial risk			
<p>1.1 Credit risk</p> <p>The risk that the Company will incur a loss because its clients or counterparties fail to discharge its contractual obligations.</p> <p>Objective The Company aims to ensure that the portfolio at risk is kept at a minimum percentage at all times.</p>	Med	⬆	<ul style="list-style-type: none"> • The Group's portfolio at risk has reduced compared to the previous year. However, PAR is still high in India, Myanmar, Nigeria, Sierra Leone and Rwanda. • Pakistan, Ghana, Kenya and Tanzania reached high portfolio quality with PAR>30 days less than 1%.
<p>1.2 Liquidity risk</p> <p>The Company's operations may be impacted if it is unable to meet its payment obligations when it falls due under normal and stress circumstances.</p> <p>Objective To manage liquidity risks and avoid loss of business, missed opportunities for growth, or legal or reputational consequences.</p>	Med	⬇	<ul style="list-style-type: none"> • Although PAR > 30 remains a risk due to external factors, the Group is confident it can reduce it based on past experience. • Due to the economic challenges, including increased energy and food prices, the Company will remain prudent in its disbursements, carefully monitoring debt levels of clients. • The Company strictly follows the ASA Model's operating procedures, including setting risk limits per borrower, taking security deposits where possible, preventing over-borrowing and excessive geographic concentration. • The Group continuously monitors portfolio changes and takes immediate action. • Country-specific efforts to increase collections and reduce PAR are taken.
<p>1.3 Exchange rate risk</p> <p>The Company may suffer a financial loss arising from adverse movements in foreign exchange rates.</p> <p>Objective To manage currency risks and minimise loss due to foreign currency exposure.</p>	High	⬆	<ul style="list-style-type: none"> • The Group has maintained its liquidity position during the year and successfully met the liquid asset regulatory requirements in-country jurisdictions. Meeting the funding requirements in some of the Asian countries, including India, Sri Lanka and Myanmar, proved difficult due to specific country circumstances. • Exchange losses during the year affected the Group dividends received from operating subsidiaries. However, the Group continued to raise a substantial amount of debt funding both at the country and holding level during the year. Funding costs across the Group stabilised in 2023 compared to 2022 as benchmark rate increases in some markets were tempered by improved pricing on funding from local sources. • The Group has a strong funding pipeline of USD 171 million. • Although economic uncertainty may impact funding markets, the Company is diversified across thirteen countries with good access to a wide range of funding sources at both local and holding levels. • The Company is approaching new potential funders to broaden partnerships across markets. • The Company maintains solid relationships with its debt providers, who continued to show strong interest in funding its operations at both local and holding level. • The Company remains vigilant towards the deterioration of its loan portfolio that may lead to liquidity concerns. • The Asset Liability Committee ('ALCO') Committee regularly reviews the cash and liquidity position of the Group. • The local currencies of some of the countries saw increased vulnerability against the USD. During the year, local currencies have sharply depreciated against the USD, mainly in Ghana, Nigeria, Pakistan, Sri Lanka, Myanmar and Sierra Leone. • Depreciation of currencies reduced the reported Outstanding Loan Portfolio ('OLP') and Gross OLP/Client figures in USD. • Overall, the currency movements resulted in an increase of the FX translation reserve losses. • The Group has existing hedge relationships and manages its currency risk through natural hedging, i.e. by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities, and by obtaining funding denominated in local currency. • For USD funding to the subsidiaries, the Company continues to ensure that close to 100% of its currency exposure is hedged. The Group's equity positions are unhedged. • The currency movements of the Company's operating currencies against the USD remain unpredictable. • The ALCO regularly reviews exchange rate risk.

Risk management continued

Principal risks continued

Level of change key

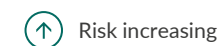
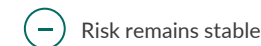


Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
1. Financial risk continued			
<p>1.4 Inflation rate risk</p> <p>The Company's profitability or operational cost may be impacted by the rise in inflation rates.</p> <p>Objective To limit the impact by controlling expenditure and adjusting the loan size.</p>	<p>High</p> <p></p>	<ul style="list-style-type: none"> There is high inflation rate in some of the countries including Pakistan, Myanmar, Nigeria, Ghana, Sierra Leone and Zambia This situation is reducing the purchasing power of our target clients as well as employees and adversely impacting their day-to-day lives. High inflation is increasing the overall cost of the company. Ghana and Sierra Leone saw inflation surpassing 100% over three years, prompting the adoption of hyperinflation accounting in the Group's financial statements, leading to non-cash adjustments. Pakistan may follow suit in 2024, with Ghana, Sierra Leone, and Nigeria being monitored. 	<ul style="list-style-type: none"> The loan size is reviewed on a regular interval and increased if needed. Salary of employees are reviewed periodically and increment is given. Non-essential costs are avoided to control cost.
<p>1.5 Interest rate risk</p> <p>The Company's profitability or results of operations may be impacted by fluctuations in interest rates.</p> <p>Objective To limit the impact of interest rate movements and exposure to financial counterparties.</p>	<p>Med</p> <p></p>	<ul style="list-style-type: none"> Borrowing costs are increasing globally. They are expected to rise further, considering economic downturn. The Cost of borrowing for the Group has gone up. As a result, there is increased hedging cost in some markets. 	<ul style="list-style-type: none"> The Company continuously negotiates with its lenders and interacts with regulators. The interest rate caps in India and Sri Lanka were removed and the Company increased its rates in these markets. The Company's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates in those countries where there is a limit on the amount of interest it may charge. The ALCO regularly reviews interest rate risk.
<p>1.6 Concentration risk</p> <p>High concentration of portfolio in a specific geographic area may amplify the impact of adverse economic events.</p> <p>Objective To ensure that the portfolio of the Group is well diversified.</p>	<p>Med</p> <p></p>	<ul style="list-style-type: none"> A high percentage of the total OLP is concentrated in 4 countries; Pakistan, Philippines, Ghana and Tanzania. Earnings Before Tax ('EBT') concentration is highest for Pakistan and Ghana. Management is focusing on growing the business in other countries to reduce the EBT concentration level in Pakistan and Ghana. 	<ul style="list-style-type: none"> Portfolio of the Group is diversified across 13 countries. Country portfolio is diversified across various regions and sectors/industries. Group has introduced a concentration risk policy which will monitor the concentration risk and help to improve the diversification percentage. The ALCO regularly reviews concentration risks.
<p>1.7 Tax compliance risk</p> <p>The Group may face adverse consequences due to failure to adhere to tax laws and regulations.</p> <p>Objective To ensure compliance to applicable tax regulations at all times.</p>	<p>Low</p> <p></p>	<ul style="list-style-type: none"> The Group prioritises compliance and proactively ensures compliance to tax related matters at all times. 	<ul style="list-style-type: none"> The Group stays updated on tax regulations, and maintains detailed records to minimize the risk of non-compliance and potential penalties. The Group has engaged external tax consultants to seek advice on critical matters.

Risk management continued

Principal risks continued

Level of change key



Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
2. Legal & Compliance risk			
<p>2.1 Regulation</p> <p>The Company may suffer losses or fail to optimise profitable growth due to regulatory changes or through political activism.</p> <p>Objective The Company aims to ensure that effective arrangements are in place to comply with legal and regulatory obligations at all times.</p>	<p>Med</p> <p></p>	<ul style="list-style-type: none"> ASA Pakistan received a microfinance banking licence from the State Bank of Pakistan, which comes with increased compliance requirements. Kenya has applied for Digital Credit Provider ('DCP') licence. The Central Bank has accepted the application and requested additional information. In Nigeria and Rwanda, a PAR 30 days' breach was reported against the regulatory limit of 5%. 	<ul style="list-style-type: none"> Pakistan will proactively continue to ensure compliance with the Central Bank. Kenya is closely following up with the authorities regarding approval of the DCP licence. In Nigeria and Rwanda, recovery efforts have been increased in the branches with high PAR. Tanzania is expected to apply for a deposit-taking licence in 2024.
<p>2.2 Product transparency</p> <p>This risk refers to negative public opinion for not ensuring product transparency.</p> <p>Objective To ensure that loan officers and branch managers always take necessary steps to ensure transparency regarding products and services.</p>	<p>Low</p> <p></p>	<ul style="list-style-type: none"> There have not been any significant changes in this area. However, in some countries there is increased scrutiny by regulators and markets on the transparency of services provided. 	<ul style="list-style-type: none"> Our service is offered in a client-friendly and transparent manner. The Company adopted the SMART principles, which are a common standard in the industry. The Company strives to meet the highest standard in terms of Client Protection Principles and business transparency. Client feedback is collected on a regular basis to improve client interaction.
<p>2.3 Anti-money laundering risk</p> <p>Threat arising from inadequate measures to prevent and address anti-money laundering ('AML').</p> <p>Objective To ensure that anti money laundering procedures are well established.</p>	<p>Low</p> <p></p>	<ul style="list-style-type: none"> Risk is inherently low due to the nature of small loans. Money laundering-related incidents are very rare. 	<ul style="list-style-type: none"> AML policy is in place and AML officers are appointed at the entity level. A rigorous Know Your Customer ('KYC') procedure is established. Suspicious transactions reporting procedure is in place.

Risk management continued

Principal risks continued

Level of change key



Risk decreasing



Risk remains stable



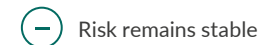
Risk increasing





Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
3. Strategic risk			
<p>3.1 Growth risk</p> <p>All risks and challenges associated with the Company's operational expansion.</p> <p>Objective The Company aims to meet its business expansion plan in a controlled manner.</p>	<p>High</p> <p></p>	<ul style="list-style-type: none"> ASA India reduced its portfolio in line with principal decision and to comply with prudential regulations, limiting the disbursement of fresh loans. The political situation in Myanmar and associated governmental measures curbed business. In Sri Lanka, growth was stalled due to political and economic instability. Heightened security challenges due to religious/ethnic clashes in Eastern and North Western Nigeria. Ghana & Sierra Leone met the criteria for hyperinflation accounting in 2023, Pakistan & Nigeria may meet the criteria in the coming year. 	<ul style="list-style-type: none"> The strategy in India continues to focus on shrinking OLP, recovering overdue loans, and controlling costs. New loans are not being disbursed in the high-risk zone of Myanmar. Six branches in this zone have been closed. The Company closely monitors the political developments in Myanmar and Sri Lanka. Economic and political stability is returning in Sri Lanka. New branches in Nigeria are selected with strict adherence to the expansion plan, to avoid security concerns. All pandemic-related restrictions have been lifted.
<p>3.2 Competition risk</p> <p>The Company may suffer losses or fail to optimise profitable growth by not responding well to the competitive environment or failing to ensure its proposition meets customer needs.</p> <p>Objective The Company aims to ensure it understands competitive threats and continues to focus on the needs of its clients.</p>	<p>Med</p> <p></p>	<ul style="list-style-type: none"> Competition has remained stable or decreased in some markets, possibly due to the impact of the Covid pandemic on the MFI sector. Some competitors faced bankruptcies during the pandemic. Digital lenders and services remain active in African countries, creating competition on the digital frontier. The Company's portfolio reduction strategy in India has resulted in the loss of clients to competitors. 	<ul style="list-style-type: none"> The Company emphasises the importance of building and sustaining robust client relationships and customises its products and services to cater to clients' needs. The Company continuously monitors client satisfaction. In anticipation of a future with increasingly cashless transactions, the Company is developing a digital financial services platform, which over time also will include a range of digital financial services.
<p>3.3 Reputation risk</p> <p>The Company may suffer financial or reputational damage due to possible misconception of the quality of its services.</p> <p>Objective The Company aims to be fully aligned with the long-term interests of its clients.</p>	<p>Low</p> <p></p>	<ul style="list-style-type: none"> The Company has not faced significant reputational issues. The Company strengthened its relationships with clients and communities by investing in community projects in operating countries. 	<ul style="list-style-type: none"> The Company's clearly defined corporate values and ethical standards are communicated throughout the organisation, its customer base and other stakeholders. The Company's impact is measured via the Client Economic Yield survey ('CEY'). <p> Read more about impact on page 13 and in the ESG report on page 48</p> <ul style="list-style-type: none"> The Company maintains close relationships with clients and the broader communities in which it operates. The Company is highly supportive of the establishment of local credit bureaus.

Risk management continued

Principal risks continued

Level of change key



Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
<h3>3. Strategic risk continued</h3>			
<p>3.4 Climate risk</p> <p>The risk related to potential negative impact of climate change on the organisation.</p> <p>Objective The Company aims to have a strong commitment towards environmental sustainability, lowering emissions' and have procedures in place to respond to risks associated with climate change.</p>	<p>Low</p> 	<ul style="list-style-type: none"> The Company is committed to environmental sustainability and aims to reduce its adverse impact on the environment. It monitors its carbon emissions and is in the process of implementing initiatives across all its subsidiaries to reduce its overall GHG emissions. Severe natural calamities, including flooding, storms and droughts, were observed in Myanmar, the Philippines, Kenya, Rwanda and Uganda during the year, impacting branch operations. However, the financial impact of climate change and natural calamities was not material in 2023. 	<ul style="list-style-type: none"> The Country Heads have taken proactive measures to address climate issues, including appointing a dedicated climate officer, establishing a governance structure, setting SMART targets for reducing carbon emissions, and developing an action plan. Initiatives taken during the year included tree plantation, installation of solar panels, purchase of electric motorbikes and use of LED lights' among others. <p> Read more in the Taskforce for Climate-related Financial Disclosures ('TCFD') statement on pages 58 to 63</p> <ul style="list-style-type: none"> The Company remains in close contact with clients during natural calamities and supports them with relief efforts. <p> Read more about how the Company supports clients during calamities on page 55</p>
<h3>4. Operational risk</h3>			
<p>4.1 Human resource risk</p> <p>The Company's strategy may be impacted by not having sufficient skilled people or being unable to retain key people and not treating them in accordance with the Company's values and ethical standards.</p> <p>Objective The Company aims to have sufficient personnel to ensure meeting its growth objectives.</p>	<p>Med</p> 	<ul style="list-style-type: none"> Staff drop-out reduced during the pandemic, and retention rates were strong across the Group. However, annual staff retention rates in the Philippines and Myanmar were lower compared to other countries. It was observed that there was a shortage of skilled workers predominantly in Myanmar, Sri Lanka and Sierra Leone. The Company continued to hire additional IT staff to support the rollout of its digital strategy. There were no incidents of employee strikes or disruption in any of the subsidiaries during the year. 	<ul style="list-style-type: none"> The Company ensures that remuneration is competitive and carries out regular reviews besides annual increments. The Company continuously monitors performance which allows career growth for high-performing employees. Staff can file any complaints or misconduct experienced at a Grievance Mitigation Committee ('GMC').

Risk management continued

Principal risks continued

Level of change key



Risk decreasing



Risk remains stable



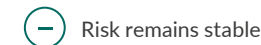
Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
4. Operational risk continued			
<p>4.2 Fraud & Integrity risk</p> <p>The risk of incidents of fraud and misappropriation by staff or client.</p> <p>Objective The Company aims to have procedure in place to prevent and detect fraud & misappropriation events carried out by staff or clients.</p>	<p>Med</p> <p></p>	<ul style="list-style-type: none"> As at December 2023, the overdue balance is high in some of the countries which increases the risk exposure. Absence of biometrics in IT platform increases the exposure to fraud and misappropriation. Due to the deteriorating law and order situation in Myanmar, robbery incidents have increased. The escalation of living expenses due to inflation may lead to higher levels of attempted fraud. 	<ul style="list-style-type: none"> Regular visits by the Fraud and Misappropriation Unit ('FMPU') and Internal Audit team take place to identify and prevent fraud. FMPU members conduct an awareness programme at branches to discourage fraud and misappropriation. FMPU members recommend appropriate disciplinary measures for the perpetrators in accordance with entity policy, take necessary actions to recover the misappropriated amount, and pursue legal action, if necessary.
<p>4.3 Business contingency risk</p> <p>Potential adverse effects on operations resulting from unexpected events or disruptions.</p> <p>Objective The Company aims to ensure that there is adequate business contingency planning for smooth running of operations.</p>	<p>Low</p> <p></p>	<ul style="list-style-type: none"> Business contingency risk is generally low as the Group has a redundant server and data recovery site at all entities. AMBS is real time and can be accessed remotely. In the Philippines, natural calamities often disrupt branch operations. However, the calamity is seasonal and branches remain prepared for it. See the climate risk. 	<ul style="list-style-type: none"> As per current practice, remote working will be enabled in case head office becomes inaccessible due to a catastrophic incident. We have secure Disaster Recovery ('DR') sites either on premise or on cloud at all the entities. If a branch becomes inaccessible due to a disaster, activities can be conducted from the nearest safe branch.
<p>4.4 Health & Safety risk</p> <p>Potential harm or injury to employees arising from workplace conditions or activities.</p> <p>Objective The Company aims to ensure a safe and secure work environment for its staff.</p>	<p>Low</p> <p></p>	<ul style="list-style-type: none"> On 11 January 2023, Uganda declared that the Ebola disease outbreak caused by the Sudan ebolavirus was over. On 5 May 2023, the head of the UN World Health Organization (WHO) declared an end to COVID as a public health emergency. There were 178 accidents, resulting in five fatalities, across all the subsidiaries this year. Incidents related to motorcycle accidents were most common. 	<ul style="list-style-type: none"> The Company ensures valid licences, safety equipment and road safety awareness among employees to mitigate the risk exposure of road accidents. Operating countries with increased incident rates will strengthen their vigilance on health and safety to minimize fatalities and accidents and will reiterate this during staff trainings. Movement restrictions are applicable to employees in areas that are very prone to robbery incidents.

Risk management continued

Principal risks continued

Level of change key



Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
5. IT risk			
<p>5.1 Business continuity The risk of system unavailability.</p> <p>Objective The aim of the Company is to ensure that systems are available within a reasonable time.</p>	Low	<ul style="list-style-type: none"> All countries have Disaster Recovery ('DR') sites, either on premise or on cloud. 	<ul style="list-style-type: none"> Yearly DR drills ensure smooth functioning of the process.
<p>5.2 System vulnerability This risk is associated with the vulnerability to different types of cyber-attacks.</p> <p>Objective The Company aims to ensure that the IT stack is protected against vulnerabilities.</p>	Low	<ul style="list-style-type: none"> Yearly third-party Vulnerability Assessment and Penetration Testing is done. There is deployment of endpoint detection and response, regular patch management, and use of an intrusion prevention system in the firewall. 	<ul style="list-style-type: none"> Quarterly review of all firewall configurations and Vulnerability Assessment by the internal team.
<p>5.3 Data privacy & protection Risk arising from unauthorised access to sensitive information.</p> <p>Objective The Company aims to ensure data security and confidentiality at all times.</p>	Low	<ul style="list-style-type: none"> Risk is low as the customer data and other sensitive data are well protected and accessible to only authorised personnel. Increased scrutiny by regulators on data protection. 	<ul style="list-style-type: none"> Only authorised individuals are allowed to get access to sensitive data. System data is protected by password. Employee training includes the importance of customer data privacy. Active directory is regularly reviewed.
<p>5.4 IT support This risk refers to speed and quality of resolving IT issues with operational impact.</p> <p>Objective The Company aims to have procedures and resources in place to address and resolve IT support issues.</p>	Low	<ul style="list-style-type: none"> There may be delays in IT support sometimes due to the nature and complexity of problems. Sourcing and retaining experienced IT Staff in Dhaka and across countries remains challenging. 	<ul style="list-style-type: none"> Blocking issues are resolved in the same or next working day. Other issues are resolved in a longer time. Some exception may happen depending on the complexity of the problem.

Risk management continued
Principal risks continued

Level of change key



Risk decreasing



Risk remains stable



Risk increasing

Risk	Risk grade and level of change	Change in 2023	How we mitigate our risks/next steps
5. IT risk continued			
<p>5.5 System access control</p> <p>This risk is associated with misuse of system access.</p> <p>Objective The Company aims to have strong password management system in place to prevent any misuse of access.</p>	<p>Low</p> <p>⊖</p>	<ul style="list-style-type: none"> Implementation of two factor authentication ('2FA') in AMBS has reduced password sharing incidents. For login into the system, OTP is sent via email for enhanced password security. 	<ul style="list-style-type: none"> 2FA is has been rolled out across all markets. Standard password policies are implemented in the system and software. Password policy is reviewed periodically and improved as appropriate. Awareness programs are in place for not sharing password and other security concerns.
<p>5.6 IT fraud</p> <p>This risk refers to the threat of fraud due to control gaps in IT systems and processes.</p> <p>Objective The Company aims to ensure that discrepancies between system and procedures are identified and mitigated to prevent IT Fraud.</p>	<p>Low</p> <p>⊖</p>	<ul style="list-style-type: none"> So far, IT fraud incidents were not reported in the year 2023. Digital financial services may create scope for digital fraud in the future. 	<ul style="list-style-type: none"> Incidents of digital fraud may happen in future. All relevant teams will remain vigilant to prevent and escalate such cases. Maker checker system is active in AMBS. Audit trail feature is active in AMBS.
<p>5.7 Data migration</p> <p>This risk refers to the possible loss of data during data migration.</p> <p>Objective The Company aims to ensure that adequate measures and back-ups are in place to prevent possible data loss in data migration projects.</p>	<p>Med</p> <p>⬆</p>	<ul style="list-style-type: none"> All subsidiaries will migrate over time from AMBS to a Core Banking System ('CBS'). Pakistan and Ghana are migrating first. In India, migration has been completed from AMBS to Craft Silicon. Tanzania and Kenya are expected to be next in line for CBS implementation. 	<ul style="list-style-type: none"> The Group is using a industry leading migration tool. The Group has acquired a highly skilled implementation and migration vendor and has employed in-house migration experts. Migration runbook includes multiple validations of migrated data by business teams and sign-off by responsible Head of Departments

ESG report

Committing to sustainable practices and responsible business operations

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



Environment

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

[Read more on page 56](#)



Social

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

[Read more on page 50](#)



Governance

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

[Read more on page 68](#)

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

ESG report continued

Alignment with UN SDGs

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

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



Other UN SDGs supported

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

> Read more on pages 54 to 55 and 57

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



No poverty

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

Total loans disbursed (USD)

965.1m

Clients served

2.3m

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



Gender

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

Female clients

97%

Gender diversity employees

37%

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



Decent work and economic growth

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

> Read more about how the Company supports colleagues on page 52

Employees

13.4k

Employee satisfaction rate

81%

Target focus areas:
SDG 9: 9.3, 9.4



Industry, innovation and infrastructure

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

Branches

2,016

Taxes (USD)

23.4m

Target focus areas:
SDG 10: 10.1, 10.2



Reduced inequalities

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

Community projects spend (USD)

0.4m

ESG report continued

Socially responsible

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

Universal Standards for social performance

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

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



ESG report continued

Protecting our clients

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

Fostering financial inclusion

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

Empowering through responsible lending

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

Upholding Client Protection Principles

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

Listening and responding to feedback

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

Measuring impact and ensuring client satisfaction

Measuring impact and ensuring client satisfaction are paramount to the Group's mission. The Group recognises that true success lies in the tangible benefits clients derive from its services. Through tools such as the Social Performance Indicator ('SPI') and the Client Economic Yield ('CEY') survey, the Group internally measures the impact of its interventions

on client well-being and economic empowerment. High client satisfaction rates consistently above 90%, reflect the effectiveness of its efforts in meeting and exceeding client expectations. Clients express particular satisfaction with the loan approval process, the loan duration, and the interaction with loan officers. The SPI demonstrates that the Group has a balanced performance across all dimensions, with an overall score of 90%, scoring highest on client protection, responsible human resource development and responsible growth and returns. See the score per dimension on page 50.

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

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

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



Enhancing our high-touch model with digital

As the Group begins to integrate digital services, a new chapter in its financial inclusion journey will unfold, enhancing the client experience while increasing efficiency. Digital platforms provide clients with flexibility, reducing reliance on frequent group meetings and freeing up time to grow the business. At the same time, it is important to maintain the high-touch client model, with occasional group meetings providing opportunities for relationship building, idea sharing and

learning among members and loan officers. Maintaining these meetings has significant social and financial benefits, mitigating credit risk, facilitating Know Your Customer ('KYC') processes and uncovering growth opportunities. The strategic fusion of digital convenience and face-to-face interaction will enable strong relationships while driving sustainable growth. Read more about clients benefiting from digital on page 20 and the business model on page 12.

Client retention rate

75%

2022: 72%
2021: 74%

Client satisfaction rate

90%

2022: 93%
2021: 93%

Social Performance Indicator ('SPI')

90%

2022: 92%
2021: 91%

Read more on our KPIs page 24

ESG report continued

Supporting our colleagues

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

Recruiting young talent

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

Encouraging growth and advancement

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

➤ Read more about employee development and value embodiment on page 23

Prioritising employee satisfaction and well-being

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

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

Implementing robust mechanisms for addressing employee concerns

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

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

Employee satisfaction rate

81%

2022: 86%
2021: 85%

Staff retention rate

74%

2022: 76%
2021: 80%

Gender diversity

37%

2022: 35%
2021: 33%

Training hours

67,107

2022: 61,312
2021: 42,907

ESG report continued



ASA India's Pride and Power Committee fostering solidarity

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

Ensuring employee health and safety

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

➤ Read more about health risks on page 45

Promoting diversity and inclusion

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

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

Number of Board Directors¹



Number of senior employees³, other than Board Directors⁴



Number of Independent Directors of subsidiaries²



Number of employees, other than Board Directors and senior employees



■ Female ■ Male

➤ Read the diversity listing rule disclosure on page 86

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

ESG report continued

Our community programmes

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

2023 performance

USD spent

\$428k

Programme participants

275k

Initiatives

2,014



Health

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

UN SDGs

Impact indicators 2023

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



Breast cancer screen in Ghana

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



Education

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

UN SDGs

Impact indicators 2023

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



School donations in Sri Lanka

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



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

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

ESG report continued



Environment

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

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

UN SDGs

Impact indicators 2023

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



Cultivating collective responsibility and environmental stewardship in Kenya

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



Disaster relief

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

Aid amidst natural disasters in Myanmar

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

UN SDGs

Impact indicators 2023

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



ESG report continued

Environmentally responsible

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



ESG report continued

Mitigation of emissions

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

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

Guided by ESMS and environmental policy

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

Responsible investment practices

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

Promoting sustainable travel

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

Measuring greenhouse gas ('GHS') emissions

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

 Read the SECR report on pages 64 and 65

Adaptation to climate change

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

 Read the report on pages 58 to 63

Assessing natural calamity impact


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

 Read more about disaster response on page 55



Emergency preparedness and response

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

 Read more about the environmental policies and practices on page 66

Carbon footprint

8,574 tonnes of CO₂



ESG report continued


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

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

Key activities in 2023


Governance

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

 [Read more on page 59](#)


Strategy

Initiated scenario analysis discussions

 [Read more on page 60](#)

Risk management

Climate risk considered quarterly

 [Read more on pages 60 and 61](#)

Metrics and targets

Met targets for 2023 and set targets for 2024

 [Read more on page 62](#)



ESG report continued

Governance

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

Board oversight

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

Role of management

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

Sustainability reporting structure



ESG report continued

Strategy and risk management

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

Identifying risks

- The Group uses a TCFD subscribed framework to classify climate risk and has implemented standardised templates for identifying and assessing climate risks across all its subsidiaries.
- Each subsidiary has a risk management unit and sustainability manager responsible for identifying climate risks using the standardised template.
- Climate risks are assessed internally using a risk scoring method based on both likelihood and impact, as defined in the Group's risk management framework. Data related to operational and financial damage (assessing materiality) caused by natural calamities is also collected as part of the assessment process. See the Natural Calamity Impact Assessment on page 57.
- The above-mentioned reports are reviewed by the local risk management coordination committee and approved by the Country Head before being submitted to the Group.
- The Group climate risk management report is prepared on the basis of the country reports and presented to the Audit and Risk Committee ('ARC') quarterly. Climate-related risks are identified, assessed and reported quarterly.
- The Group has identified short-term, medium- and long-term climate risks. Long-term scenario planning will be completed in 2024.

- Climate risk is identified and included as a distinct principal risk as part of the broader risk framework due to the prevalence of natural disasters in operational countries, with potential further escalation due to climate change. Enhanced monitoring is necessary for both physical and transition aspects of climate risk. This risk intersects with other principal risks: adverse climate events can impact client payment capacity, affecting credit risk; emission control failures can impact reputation risk; and non-compliance with emerging environmental regulations can affect local regulation risk.

➤ Read more about risk management on pages 37 and 38

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

- Climate change is a part of the Group's approach to sustainability approved by the Board in 2021.
- Major sources of the Group's emissions within scope 1 and 2 have been identified. A feasibility study was completed in 2022 to determine the opportunities to mitigate these major sources of emissions. Feasibility indicators assessed included market, economic, operational, scheduling and target feasibility.
- With guidance of the Group, based on the outcomes of the feasibility study, concrete mitigation proposals have been defined and approved at entity level for 2023 and 2024. The consolidated targets at Group level can be found on page 62.
- The impact on financial reporting judgments and estimates are presented in note 2.5.1 on page 125.
- Directors have concluded that currently, the impact of the risks in the Group's financial statement is not material. Certain additional investments planned to reduce the carbon footprint of the Group – amounting to approximately USD 650 thousand – have been considered in future business plans.
- The Company acknowledges its current non-compliance with BEIS-f1, which entails an analysis of the resilience of its business model and strategy

concerning various climate-related scenarios, including at least a qualitative assessment. Management is aware of this gap in regulatory requirements and understands the importance of fulfilling this obligation. Several factors have contributed to its inability to conduct this analysis thus far. The Company's primary focus has been on establishing governance structures, implementing a robust risk framework, and setting targets, all of which are fundamental prerequisites for conducting scenario analysis. Scenario analysis initiatives commenced in 2023, with the aim of completing scenario projections by Q3 2024, including alignment with the 2C scenario.

- The Company's initial goal of finalizing the scenario analysis in 2023 was impeded by the complexity of its widespread geography with vastly different operating environments and a lack of capacity, in addition to data management challenges. While most transitional and physical risks are considered to be low, acute risks are of medium concern due to the unpredictability and frequency of natural disasters, even if they do not have a material financial impact. These acute risks are carefully monitored through its Natural Calamity Impact assessment, included in its quarterly risk report. Consequently, the company believes it is adequately informed about its exposures in the short-term and has implemented appropriate measures within its current operating model to mitigate these risks. Efforts are underway to enhance its capabilities and address data management challenges to ensure completion of the assessment and the subsequent development of a resilience strategy within the 2024 fiscal year. It is the Company's intention to achieve compliance with this disclosure requirement in the forthcoming reporting cycle.

Managing CRROs

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

Managing physical risks:

- Natural calamities such as floods, cyclones, droughts, earthquakes, volcanic eruptions, etc. are common in some of the countries where the Group operates.

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

Managing transition risks:

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

➤ Read more about targets on page 62

Integrating climate risks into overall risk management

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

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

ESG report continued
Strategy and risk management continued

[Read more about risk on page 39](#)

Time horizon key

ST Short Term (<5 years)

MT Medium Term (5-10 years)

LT Long Term (10+ years)

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

ESG report continued

Metrics and targets

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

Management and disclosure

- Feasibility study assessing opportunities to reduce emissions at subsidiary level conducted.
- Disclosure of greenhouse gas ('GHG') emissions according to Scope 1 and 2, and to a certain extent (category 6 'business travel' and category 7 'employee commuting') of Scope 3 in the Streamlined Energy and Carbon Reporting ('SECR') report. Category 15 'Investments' have not been disclosed due to the small nature of clients' businesses and lack of data. See page 65.
- Climate related metrics are not yet included in Remuneration policies.
- Internal carbon pricing mechanism not yet considered for targets.
- Forward-looking metrics have not been used.
- Emission sources identified, and reduction targets were set. Subsidiaries propose and implement feasible reduction initiatives, forming the basis for the disclosed 2023 and 2024 Group targets.

- Based on the climate targets of all subsidiaries, the 2024 Group targets have been approved by the Sustainability Committee. Performance will be tracked and reported quarterly.
- Exploring adoption of metrics to measure performance and alignment with frameworks such as the Science Based Targets initiative (SBTi).

Progress Group targets 2023

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

Setting Group targets 2024

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



Electrifying operations at ASA Myanmar

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

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







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

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

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

[Read about our tree planting project on pages 21 and 22](#)

Climate targets

Topic	2023 target	2023 achievement	2024 target	Topic	2023 target	2023 achievement	2024 target
 Increase the use of renewable energy by installing solar panels	150-200 panels	213 panels	200-300 panels	 Increase energy efficiency by replacing regular lights with LED's	2.5-4k LEDs	8.2k LEDs	2-2.5k LEDs
 Reduce fuel consumption by introducing electric motorbikes	30-50 electric bikes	32 electric bikes	15-25 electric bikes	 Share knowledge and create awareness by training clients, colleagues and communities	N/A	N/A	300-400k trainees
 Absorb CO ₂ and protect the environment by planting trees	10-15k trees	29.5k trees	20-30k trees	 Improve waste management through various reduce, reuse and recycle initiatives	N/A	N/A	Various initiatives

ESG report continued

Compliance statement

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

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

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

TCFD elements	TCFD recommended disclosures	Cross-reference or reason for non-compliance	Next steps and other comments	CA 414CB ¹
Governance	<ul style="list-style-type: none"> a. Board oversight b. Management's role 	<ul style="list-style-type: none"> • See 'Board Oversight' on page 59. • See 'Role of management' on page 59. 		<ul style="list-style-type: none"> • CA s414CB(a)
Strategy	<ul style="list-style-type: none"> a. Climate-related risks and opportunities b. Impact on the organisation's business, strategy and financial planning c. Resilience of the organisation's strategy 	<ul style="list-style-type: none"> • See 'Identifying risks' on page 60. • See Impact of CRRO's on the organisation's businesses, strategy and financial planning on page 60. • Focus has been on setting up governance, risk management and targets on pages 59 to 62. 	<ul style="list-style-type: none"> • Identify medium and long-term risks. • Scenario analysis will provide baseline for financial planning. • Scenario analysis has been started and will be completed in H2 2024. See further explanation on page 60. 	<ul style="list-style-type: none"> • CA s414CB(d) • CA s414CB(e) • CA s414CB(f)
Risk management	<ul style="list-style-type: none"> a. Risk identification and assessment processes b. Risk management process c. Integration into overall risk management 	<ul style="list-style-type: none"> • See 'Identifying risks' on page 60. • See 'Managing CRROs' on page 60. • See 'Integrating climate risks into overall risk management' on page 60. 		<ul style="list-style-type: none"> • CA s414CB(b) • CA s414CB(c)
Metrics and targets	<ul style="list-style-type: none"> a. Climate-related metrics in line with strategy and risk management process b. Scope 1, 2 and 3 greenhouse gas ('GHG') metrics and the related risks c. Climate-related targets and performance against targets 	<ul style="list-style-type: none"> • See 'Management and disclosure' on page 62. • See 'Streamlined Energy Carbon Reporting' on page 64 and 65. • See 'Climate targets' on page 62. 	<ul style="list-style-type: none"> • The Group currently measures category six and seven of Scope 3 emissions. The Group does not measure category 15 (Investments / financed emissions) due to the small-scale nature of its clients' businesses and a lack of available data. The Group is taking steps to disclose additional categories within scope 3 for 2024. • The Group will be taking steps in the future to have closer alignment with universal standards, such as the Science Based Target Initiative. 	<ul style="list-style-type: none"> • CA s414CB(h) • CA s414CB(g)

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

ESG report continued

2023 Streamlined Energy and Carbon Reporting (“SECR”)

In 2023, the Group continued to collect data on energy use and business travel for operations covering 15 countries, including 13,432.¹ full-time employees ('FTEs') and 2,018 offices.² The table includes the Group's energy use and associated carbon emissions in 2022 and 2023, broken down by Scopes 1, 2 and 3.

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

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

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

Energy efficiency actions

Actions taken in 2023

Planned action in 2024

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

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

ESG report continued

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

Methodology and scope

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

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

Scope and subject matter

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

Energy and GHG sources included in the process

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

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

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

Types of GHGs included, as applicable: CO₂, N₂O, CH₄, HFCs, PFCs, SF₆ and NF₃.

The figures were calculated using UK government 2023 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO₂e).

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

Particulars	2023	2022
Energy consumption used (kWh)		
Electricity (kWh)	3,864,000	3,569,221
Gas (kWh)	1,216,605	1,668,700
Transport fuel (kWh)	45,605,160	41,017,650
Other energy sources (kWh)	2,016,146	2,140,388
Total (kWh)	52,701,911	48,395,959
Emissions (tCO₂e)		
Scope 1		
Emissions from combustion of gas (tCO ₂ e)	247	341
Emissions from combustion of fuel for transport purposes (tCO ₂ e)	4,818	4,923
Emissions from combustion of fuel for generators (tCO ₂ e)	469	498
Scope 2¹		
Emissions from purchased electricity (tCO ₂ e)	747	690
Scope 3		
Category 7: Employee commuting ² (tCO ₂ e)	1,687	555
Category 6: Business travel ³ (tCO ₂ e)	606	385
Total location based tCO₂e	8,574	7,392
Intensity ratio		
Number of full-time employees ('FTE') within financial year	13,432 ⁴	13,601
Intensity ratio: tCO ₂ e from Scope 1, 2 and 3/FTE location based	0.64	0.54

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



Verification

Internally by the Company.

ESG report continued

Non-financial and sustainability information statement

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

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

ESG report continued

Non-financial and sustainability information statement continued

- Read the remaining reporting requirements on the business model on page 12, the principal risks on pages 39 to 47, diversity and gender on page 53 and 86 and climate-related financial disclosures on pages 58 to 63
- Find the description of the tools and indicators in the ESG report on pages 51 to 53 and 57 and the Alternative Performance Measures ('APM') table on page 172

ESG



Our policies and practices

Description

Page reference

Whistleblowing

Employees are strongly encouraged to speak up about any actions that might violate laws, regulations, or Company policies. They can do so by using a designated complaint box or reaching out directly to the local Chairman of the Audit and Risk Committee, as well as at the Group level. Examples of such actions encompass improper or unethical business practices, concerns related to health, safety, and the environment, or breaches of the Code of Conduct.

- Read more on pages 52 and 81
- ① See policies and practices on our website

Child Labour and Protection

The Group is dedicated to safeguarding children directly or indirectly affected by its operations. It implements strict policies to prevent child labour, collaborates on education and welfare initiatives, and promptly addresses any identified cases, ensuring children's rights and well-being are protected.

- ① See Policies and practices on our website

Sexual Harassment Elimination

The Company promotes a safe work environment and have a zero-tolerance policy towards harassment of any kind, particularly sexual harassment.

- Read more on page 81
- ① See Policies and practices on our website

Non-Discrimination

Unfair discrimination in any form is unacceptable. Management and employees must ensure a fair and sympathetic work environment for all, regardless of marital status, religion, disability, sexuality, gender, race, or ethnicity. This policy of equal opportunities and diversity extends to recruitment, remuneration, training, development, promotion, discipline, and all aspects of employment, including volunteers, interns, clients, suppliers, and others with whom ASA International or its employees engage.

- Read more on page 86
- ① See Policies and practices on our website

Code of Conduct

The Group's Code of Conduct and Ethics is designed to be ethical, dignified, transparent, equitable and cost-effective, and expresses the core values of microfinance practice.

- ① See policies and practices on our website

Anti-Bribery and Anti-Corruption

This policy is to combat improper payments or inducements and provide basic guidance to all employees, wherever they are located. The Group adopts a zero-tolerance approach to bribery and corruption, ensuring compliance with all applicable anti-bribery and anti-corruption laws and regulations, including the UK Bribery Act 2010.

- Read more on page 81
- ① See policies and practices on our website

Anti-Money Laundering

The Company and its subsidiaries are firmly committed to preventing money laundering and any activity that facilitates it or supports terrorist or criminal endeavours in their operations

- Read more on page 42
- ① See Policies and practices on our website

Chairman's introduction

Corporate governance report



I am pleased to present our Board Report for 2023.

The year again presented numerous business challenges, in particular the ongoing impact of high inflation and currency devaluation in many of our markets. In addition we transitioned to new leadership in the middle of the year. It is pleasing therefore to note that our performance improved as the year went on, allowing us to be more confident about 2024 and beyond. That confidence is underpinned by progress we are now reporting in our digital transformation strategy.

The Board worked harder than ever throughout the year to ensure that the architecture is in place for the achievement of our goals – namely sustainable growth via unwavering belief in the ASA vision of financial inclusion.

The Board is scheduled to meet five times a year at regular intervals. This year, the Board met formally on six occasions with additional informal meetings, given the importance of the business and management issues to be discussed. In addition, regular meetings continued of the various specialist Committees, namely the Audit and Risk Committee, Nomination Committee, Remuneration Committee, Independent Directors' Committee and Sustainability Committee. I have been impressed with the willingness of all Directors to devote whatever time and focus is required to ensure the success of this unique company.



It is pleasing to note that our performance improved as the year went on, allowing us to be more confident about 2024 and beyond."

The Board itself saw significant changes during the year. At the Annual General Meeting on 15th June 2023, our co-founder Dirk Brouwer stepped into his new role as Deputy Chair and Special Adviser; Karin Kersten became Chief Executive; Aminur Rashid retired after many years of dedicated service to the Group; and Gavin Laws retired as a non-executive director, with Chris Low transitioning seamlessly into his role as Chair of the Audit and Risk Committee.

With our new Board and leadership structure in place and functioning well, we can look to 2024 and beyond with renewed confidence. I would like to extend my sincere thanks to the Board and management team for their continued hard work and commitment towards our shared goals of sustainable growth and financial inclusion. My particular thanks are also due to all our employees across our thirteen operating countries and our head offices for their tremendous dedication to our mission.

Guy Dawson
Chairman,
ASA International Group plc
26 April 2024

Board of Directors

The Board of ASA International combines leadership in microfinance with strong finance and banking experience. The Directors possess both solid industry experience as well as multiple years of experience in senior executive roles in international finance and banking.



Guy Dawson
Non-Executive
Chairman
Appointed: 28 June 2018¹

Mr Dawson became a Non-Executive Director of ASA International Holding ('ASA International') in 2013 and became a Director of the Company on 28 June 2018. He was appointed Chairman of the Board on 1 January 2021. Mr Dawson continues to chair the Nomination Committee and the Independent Directors' Committee. He is currently a Non-Executive Director of Egerton Capital and Citywire Holdings.



Dirk Brouwer
Non-Executive
Deputy Chairman
Appointed: 15 May 2018¹

Mr Brouwer co-founded ASA International in 2007 and has served as its Executive Director and Chief Executive Officer till June 15, 2023. With over 20 years of experience in investment banking, and 15 in microfinance, he is also the Managing Director of Catalyst Microfinance Investors ('CMI'), which he co-founded in 2006. He is also Non-Executive Director of CarbonX.

Full biographies are available on our website

Committee membership key

- Audit and Risk
- Nomination
- Remuneration
- Independent Directors



Karin Kersten
Chief Executive Officer
Appointed: 25 April 2022

Ms Kersten joined the management of the Group as Corporate Development Director on 1 October 2021 and has been the Chief Executive Officer since June 15, 2023. Prior to this she worked for ABN AMRO Bank where she had a distinguished career, serving inter alia as Managing Director, Trade & Commodity Finance, Managing Director Transaction Banking, and Managing Director Strategic Risk Management Ms Kersten is also a Member of the Supervisory Board of Mondriaan Fonds and Chairman of the Audit Committee of Mondriaan Fonds. She is a member of the Selection Committee of Hotelschool, The Hague.



Hanny Kemna
Senior Independent
Non-Executive Director
Appointed: 28 June 2018¹

Ms Kemna has been a Non-Executive Director since June 2018 and was appointed as Senior Independent Director on 1 January 2021. She is the Chair of the Board of Directors for Dutch pension provider and asset manager MN. Ms Kemna is also the Chair of the Audit Committee at insurer Vivat – Athora NL, at healthcare insurer Menzis and at the National ICT Institute for Healthcare in the Netherlands, and is on the supervisory board of ZGT in the Netherlands. Since 2020, she has served as a deputy member of the Board of the Dutch Court of Auditors. Ms Kemna has a broad experience in working with international financial and government institutions.



Dr Salehuddin Ahmed
Independent
Non-Executive Director
Appointed: 07 December 2020¹

Dr Ahmed has been a Non-Executive Director since December 2020. He is currently a Professor at the Graduate School of Management at BRAC University and an Independent Director of Grameenphone Ltd. He is also on the advisory bodies of several governmental and non-governmental agencies in Bangladesh and a member of the board of trustees of three universities and a postgraduate institute. He has worked as a Consultant for many international agencies and has authored over 90 publications.



Chris Low
Independent
Non-Executive Director
Appointed: 01 February 2023

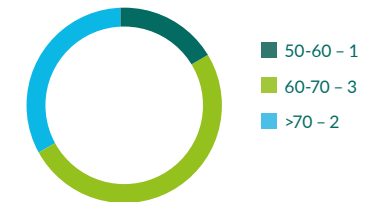
Mr Low has been a Non-Executive Director since February 2023. Previously, Mr Low was I&M Group Plc's Regional Director for its East Africa businesses. He advises several FinTech start-ups and sits on the Boards of United Bank for Africa (UK) Ltd, EdPartners Africa Holdings Ltd, the Scottish African Business Association, and is a member of the Investment Committee of Zephyr Acorn Venture Fund, an investor in early-stage impact companies. With over 30 years in international financial services, risk management and digital transformation, Mr Low has specialised in emerging markets, working across Africa, Asia and the Middle East.

Our Board

Board by gender



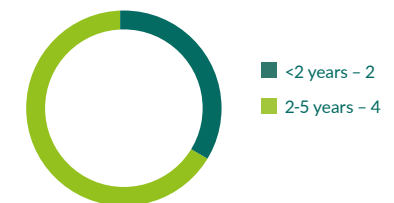
Board by age



Balance of the Board



Board by tenure



See our diversity listing rule table in our Nominations Committee Report on page 86

¹ Guy Dawson was appointed to the Board in June 2018 and as Chairman on 1 January 2021. Hanny Kemna was appointed to the Board in June 2018 and as Senior Independent Director on 1 January 2021. Dirk Brouwer was appointed to the Board in May 2018 and as Deputy Chairman in June 2023.

Executive Committee

The Group's senior management have significant experience in financial services, including the microfinance industry ('MFI').

 Full biographies are available on our website

Joint corporate headquarters in Dhaka and Amsterdam



Karin Kersten
Chief Executive Officer
Joined: 2021
Years of financial services
experience: 25



Azim Hossain
Chief of Operations
Joined: 2007
Years of financial services
experience: 35



Tanwir Rahman
Chief Financial Officer
Joined: 2017
Years of financial services
experience: 16



Rob Keijsers
Chief Digital and
Information Officer
Joined: 2022
Years of financial services
experience: 17



Martijn Bollen
Chief Compliance, Legal
and Risk Officer
Joined: 2007
Years of financial services
experience: 20



Sazzad Hossain
Head of HR,
Communications and
Sustainability
Joined: 2018
Years of financial services
experience: 15



Ezazul Islam
Head of Internal Audit
Joined: 2024
Years of financial services
experience: 10

Country Heads

The Group's senior management have significant experience in financial services, including the microfinance industry ('MFI').

Country Heads

South Asia



India
Anjan Dasgupta

Years of financial services experience: 37

South East Asia



The Philippines
T. I. M. Fakruzzaman

Years of financial services experience: 32

West Africa



Nigeria
Andrew Amedue

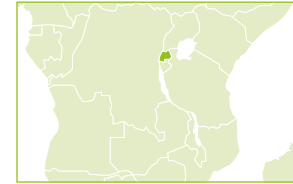
Years of financial services experience: 23

East Africa



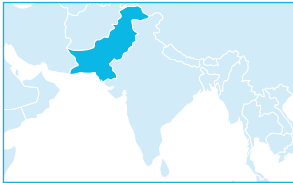
Kenya
Ashan Habib

Years of financial services experience: 18



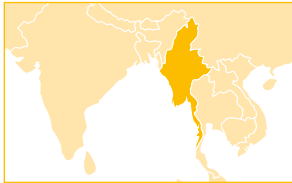
Rwanda
Jamilur Rahman Chowdhury

Years of financial services experience: 32



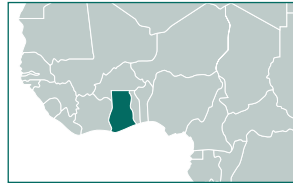
Pakistan
Saeed Uddin Khan

Years of financial services experience: 42



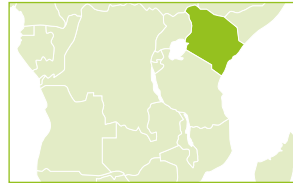
Myanmar
Md. Muzammel Haque

Years of financial services experience: 19



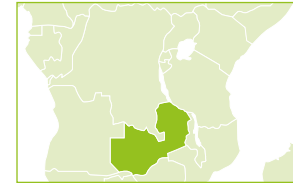
Ghana
Md. Aourongjeb

Years of financial services experience: 18



Tanzania
Muhammad Shah Newaj

Years of financial services experience: 15



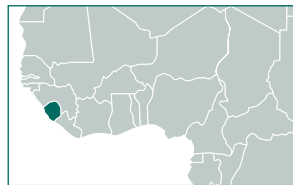
Zambia
A.B.M. Asaduzzaman

Years of financial services experience: 33



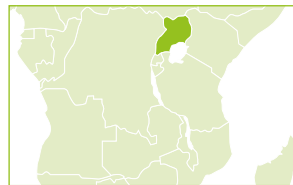
Sri Lanka
G.K.K Gamage

Years of financial services experience: 36



Sierra Leone
Shariful Islam Khan

Years of financial services experience: 15



Uganda
Khalilur Rahman

Years of financial services experience: 30

Board activities

Board key activities during the year

- Approved the CEO succession plan on 23 February 2023 pursuant to which Mr Brouwer remained CEO until the 2023 AGM, at which point Ms Kersten was appointed CEO.
- Approved the change in remuneration of Mr Brouwer and Ms Kersten on recommendation of the Remuneration Committee post-appointment of Ms Kersten as CEO and Mr Brouwer as Deputy Chair and Special Advisor.
- Approved the new governance structure and restructuring of the Executive Committee ('ExCo') which consists of the holders of the following key roles: Chief Executive Officer, Chief Financial Officer, Chief of Operations, Chief Digital and Information Officer, Chief Compliance, Legal and Risk Officer, Head of HR, Communications and Sustainability. The Head of Internal Audit is not a member of the ExCo but attends its meetings.
- Regularly reviewed operating, financial and Committee reports from the Executive Directors, CFO and Committee Chairpersons.
- Discussed the Company's strategy in face of the changing economic and financial environment including the update on Growth and Strategy Plan.
- Focused on operational efficiency and cost savings, particularly monitoring developments in India, reducing disbursement and increasing collections, recovering outstanding debts, streamlining the business, and provisioning for the Indian portfolio; also considered strategy to shrink business while meeting obligations.
- Reviewed and approved the budget for 2024 and the forecast up to 2028.
- Evaluated various scenarios for the business in India following the impact of Covid on the portfolio as well as the situation in Myanmar.
- Reviewed and approved the announcements for the lower profit estimates in July and the trading and business updates in May and September. Reviewed regular business and trading throughout the year.
- Discussed the share price developments and any additional actions to be taken.
- Continuously monitored the liquidity position of the Company. Reviewed and approved funding terms for new loan facilities.
- Appointed Stifel as its broker as well as Cavendish to produce paid research.
- The Board discussed progress on the digitalisation project, including implementing the new Core Bank System ('CBS') and introducing Digital Financial Services ('DFS'). They decided Ghana would pilot DFS alongside CBS, with Pakistan launching the CBS first (Temenos Transact) and ASA India transferring AMBS to local microfinance banking software (Craft Silicon). Updates on DFS and app development, CBS implementation progress, and the DFS Readiness Indicator were reviewed.
- Approved the Group culture statement and focused on the engagement with shareholders and the workforce.
- Reviewed thematic audit on fraud risk and ensured mitigant actions to enhance controls were followed through.
- Discussed progress on diversity and sustainability targets, as well as community projects.
- Approved the stakeholder engagement programme for Board members and appointed the Chair as the designate to engage with the workforce.
- In preparation for the Annual General meeting ('AGM') and the resolutions proposed, approved the submission to the Takeover Panel pursuant to requesting a waiver of a member of the Concert Party to make a mandatory offer for the remainder of the share capital of the Company under Rule 9 of the Takeover Code as a result of any buyback by the Company or as a result of the exercise of rights to shares under the Long Term Incentive Plan ('LTIP') (by the Dirk Brouwer being a Concert Party).¹

¹ Dirk Brouwer and the entities through which he indirectly holds his interests in the Company, including CMIMC, CMI and Continuity (each of them being "a member of the Concert Party"), which the Company considers, following discussions with the Panel, are presumed to be acting in concert (as defined in, and for the purposes of, the Takeover Code).

Changes to the Board

Chris Low joined the Board with effect from 1 February 2023. Gavin Laws retired at the 2023 AGM on 15 June and Aminur Rashid retired with effect from 1 July 2023. See details on the appointment dates on page 69.

The Guidance on Board Effectiveness published in association with the Code (which applies to companies listed on the London Stock Exchange) recommends that a chairman or a Non-Executive director should not stay in post for more than nine years after joining a board.

Although Guy Dawson became a Non-Executive Director of ASA International Holding in 2013, he did not join the Board of the Company until its incorporation in 2018. With this in mind, the Board has not yet scheduled a date for his retirement and considers that, as Chairman, Mr Dawson continues to demonstrate objective judgement and promote constructive challenge among other Board members.

Attendance at Board and Board Committee meetings

The attendance of Directors at scheduled meetings of the Board and of Committees of which they were members during the financial year is shown in the table below. Some Directors also attended Committee meetings by invitation during the year; this is not reflected in the table.

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee		Independent Directors' Committee	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total
Executive Director										
Karin Kersten	7	7								
Aminur Rashid	2	2								
Non-Executive Director										
Guy Dawson	7	7					4	4	2	2
Dirk Brouwer ²	7	7								
Gavin Laws	2	2	3	3	2	2			1	1
Chris Low	7	7	3	3	2	2			1	2
Hanny Kemna	6	7	5	6	2	4	2	4	2	2
Salehuddin Ahmed	7	7	6	6	4	4	4	4	1	2

² Dirk Brouwer was Executive Director until 15th June 2023, after which he was appointed Non-Executive Director. Note: 'Totals' are based on the period of active Board and Committee membership. For Gavin Laws, Aminur Rashid and Chris Low, this is not the case for the full year 2023. Therefore the totals differ from other members.

Leadership from the Board

The Board's primary role is to provide overall leadership and to ensure that the Company is appropriately managed to deliver long-term stakeholder value.

The Board is responsible for setting the Company's objectives and policies, and providing the effective leadership and control required for a public company. It is also responsible for approving the Group strategy, budgets, business plans and major capital expenditure, and it monitors financial performance and critical business issues.

The Board oversees the Group's operations, with the aim of ensuring that it maintains a framework of prudent and effective controls, which enables risks to be properly assessed and appropriately managed. The Governance report is structured around the key themes of the Code to provide genuine understanding of how governance supports and protects the Group and our stakeholders.

Board size and composition

The Board comprises: Guy Dawson (Non-Executive Chair), Dirk Brouwer (Deputy Chair), Karin Kersten (Chief Executive Officer), Hanny Kemna (Senior Independent Director), and two further Non-Executive Directors: Salehuddin Ahmed and Chris Low.

The Company is committed to ensuring that any vacancies that may arise are filled by the best-qualified and most suitable candidates and recognises the value of gender and ethnic diversity in the composition of the Board. When Board positions become vacant as a result of retirement, resignation or otherwise, the Board aims to ensure (through the Nomination Committee, and using an external search agency as appropriate) that a diverse pool of candidates is considered. By a process of annual review, the Board ensures that it continues to consist of members who have the relevant knowledge, skills and expertise to undertake their duties as Directors in such a way as to ensure proper corporate governance and help to generate sustainable long-term value for stakeholders.

Biographical details of the Directors at the date of this report are set out on page 69 together with details of their membership of Board Committees.

Board balance and Non-Executive Directors' independence

The UK Corporate Governance Code ('Code') recommends that at least half the Board of Directors of a UK-listed company, excluding the Chair, should be Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement. The Board consists of four Non-Executive Directors plus the Deputy Chair and the Chief Executive Officer. The Board regards three Non-Executive Directors (other than the Chairperson) as 'independent Non-Executive Directors' within the meaning of the Code, and is satisfied that they are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Despite the fact that Mr Dawson is technically not considered as independent for the purpose of the balance requirement under the Code, he performs his role in an independent fashion. The Board remains fully satisfied with the performance of Mr Dawson, who in 2023 played a crucial part in ensuring a smooth transition between CEOs.

Senior Independent Director

As recommended by the Code, the Board has appointed one of the Non-Executive Directors to be the Senior Independent Director to provide a 'sounding board' for the Chair in matters of governance and to serve as an intermediary for the other Directors and for shareholders when required. The Senior Independent Director meets the other Non-Executive Directors once a year to appraise the performance of the Chair, and is available to shareholders if they have concerns which contact through the normal channels of the CEO and the Chair has failed to resolve or for which such contact is inappropriate. Hanny Kemna has been the Senior Independent Director since 1 January 2021.

The Code further recommends that Directors should be subject to annual re-election. All the Directors of the Company were re-elected at the AGM held on 20 June 2023.

Compliance with the UK Corporate Governance Code 2018 ('the Code')

See the Corporate Governance Statement in the Directors' report on page 100.

Matters reserved for the Board

The Board has responsibility, inter alia, for the overall leadership of the Company and setting the Company's values and standards. Specifically, it approves the annual operating and capital expenditure budgets and any material changes to them. It also oversees the operations of the Group so as to ensure prudent management, planning, risk management and internal control systems, adequate accounting and other records, and compliance with statutory and other regulatory obligations. It periodically reviews performance in the light of the Group's strategic aims and business plans and budgets, and ensures that any necessary corrective action is taken. The Board is responsible for approving the interim and annual financial statements and the Annual Report, including the dividend policy and the declaration of interim dividends and proposing to shareholders of final dividends.

The Board has overall responsibility for ensuring a sound system of internal control and risk management, including procedures for the detection of fraud and the prevention of bribery.

The Board has delegated the day-to-day running of the Group to the CEO and her management team, who review and approve all of the information and proposals that are submitted to the Board.

Directors receive a pack of briefing notes and reports for their consideration in advance of each Board meeting, including reports on the Company's operations, so as to ensure that they remain briefed on the latest developments and are able to make fully informed decisions. The briefing notes and reports, and the Board's consideration of them, take into account the factors set out in section 172 of the Companies Act 2006 concerning the need to have regard to the interests of the Company's various stakeholders.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. All Directors may take independent professional advice at the expense of the Company in the furtherance of their duties, if they judge it necessary. On appointment, all Directors are advised of their duties, responsibilities and liabilities as a Director of a public listed company. Directors have the right to request that any concerns they have are recorded in the appropriate Committee or Board minutes.

Relationship Agreement

The Company has entered into a relationship agreement (the 'Relationship Agreement') with its founders (the 'Controlling Shareholder Group'), the principal purpose of which is to ensure that the Company will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates. The Relationship Agreement contains undertakings from each of the members of the Controlling Shareholder Group that (i) transactions and relationships with it and its associates will be conducted at arm's length and on normal commercial terms, (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Company is in compliance with the undertakings in the Listing Rules and the Relationship Agreement and so far as the Company is aware, the undertakings have been complied with by each member of the Controlling Shareholder Group.

Leadership from the Board continued

In accordance with the terms of the Relationship Agreement, for so long as Catalyst Microfinance Investors ('CMI') (currently holding 29.2%) and Catalyst Continuity (currently holding 17.1%) together retain (i) an aggregate interest of greater than or equal to 25% in the issued ordinary share capital of the Company, they shall together be entitled to appoint two Non-Executive Directors to the Board (but at present have not done so), and (ii) an aggregate interest of less than 25% but greater than or equal to 10% in the issued ordinary share capital of the Company, they shall together be entitled to appoint one Non-Executive Director to the Board. In addition, for so long as CMI and Catalyst Continuity together retain an interest of 10% or more in the issued ordinary share capital of the Company, they shall be entitled to appoint one Non-Executive Director to each of the Company's Nomination Committee and Remuneration Committee.

CMI and Catalyst Continuity previously undertook that, for as long as Dirk Brouwer remained as CEO and Md Shafiqul Haque Choudhury remained on the Board as the appointee of the Controlling Shareholder Group and as Chair of the Company, they would not exercise the right to appoint an additional Non-Executive Director to the Board or to appoint a Non-Executive Director to the Remuneration or Nomination Committees. Following the resignation of Mr Choudhury at the end of 2020, CMI and Catalyst Continuity were no longer bound by that undertaking. Further, since Mr Brouwer resigned as CEO with effect from the 2023 AGM, this undertaking is no longer binding.

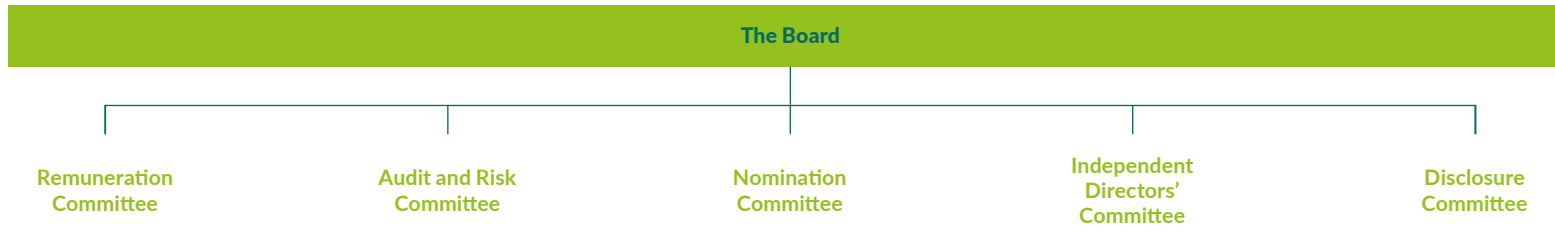
The Relationship Agreement will terminate if the ordinary shares cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange or the Controlling Shareholder Group together ceases to retain an interest of 10% or more of the issued ordinary share capital of the Company (or an interest which carries 10% or more of the aggregate voting rights in the Company from time to time).

Management succession

The Board approved the following succession plan at its meeting held on 23 February 2023: Mr Brouwer remained as CEO until the 2023 AGM held on 15 June, at which point Ms Kersten, was appointed CEO. Mr Brouwer stepped into the new role as (i) Deputy Chair of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team in order to (a) smooth the path of transition and (b) support the new leadership going forward.



Governance framework



The Board has established a number of Committees, to which responsibility for certain matters has been delegated. The Board Committee structure is shown in the diagram above. Each Committee has written terms of reference setting out its roles and responsibilities, and the extent of the authority delegated by the Board. The terms of reference are available on the Company's website. The Chair of each Committee reports regularly to the Board on matters discussed at Committee meetings.

The Board Committees

The Board has established the three Committees envisaged by the Code: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The Board has also established a Disclosure Committee and an Independent Directors' Committee. If the need should arise, the Board may set up additional Committees as appropriate. Reports on the Committees' activities in 2023 appear later in this report.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities in relation to remuneration. This includes making recommendations to the Board on the Company's policy on executive remuneration, including setting the overarching principles, parameters and governance framework of the Group's Remuneration Policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and its Company Secretary. The Remuneration Committee will also ensure compliance with the Code in relation to remuneration.

During 2023, the Remuneration Committee was chaired by Salehuddin Ahmed, and its other members were Chris Low and Hanny Kemna. The Remuneration Committee normally meets at least three times a year, and met four times in 2023.

Audit and Risk Committee

The Audit and Risk Committee has responsibility for, amongst other things, monitoring the integrity of the financial statements of the Company, reviewing the Company's internal financial controls and monitoring and reviewing the effectiveness of the Company's Internal Audit function and external audit process.

The Audit and Risk Committee is chaired by Chris Low, and its other members during 2023 were Hanny Kemna and Salehuddin Ahmed. The Audit and Risk Committee meets at least four times a year, and met six times in 2023.

Nomination Committee

The Nomination Committee assists the Board in determining the composition and make-up of the Board. It is responsible for periodically evaluating the balance of skills, experience, independence and knowledge on the Board. It leads the process for Board appointments and makes recommendations to the Board, taking into account the challenges and opportunities facing the Group in the future.

The Nomination Committee is chaired by Guy Dawson, and its other members during 2023 were Hanny Kemna and Salehuddin Ahmed.

The Nomination Committee meets at least twice a year, and met four times in 2023.

Independent Directors' Committee

The Independent Directors' Committee identifies and manages matters involving conflicts of interest (including potential conflicts of interest) between any Group company, on the one hand, and any controlling shareholder or related party (each as defined under the Listing Rules), on the other hand. It is also responsible for overseeing and scrutinising the relationship between the Group, its related parties and its controlling shareholders (including evaluating, monitoring and approving any material transactions or arrangements between such parties and generally monitoring compliance with the Relationship Agreement (see page 161).

The Independent Directors' Committee comprises all of the Independent Non-Executive Directors, being Salehuddin Ahmed, Guy Dawson, Hanny Kemna and Chris Low. It was chaired by Guy Dawson in 2023 and met four times.

Disclosure Committee

The Disclosure Committee is chaired by the CEO and also includes the CFO and the Chief Compliance, Legal and Risk Officer. It meets as required in order to assist the decisions of the Board concerning the identification of inside information and to make recommendations about how and when that information should be disclosed in accordance with the Company's disclosure procedures manual. Its primary duty is to ensure that inside information is properly disclosed in accordance with the requirements of the Market Abuse Regulation.

Reports for each of the Board's Committees are set out later in this report, and provide further detail on their role and responsibilities, as well as the activities they have undertaken during the year.

Meetings of the Board

At each scheduled meeting, the Board receives reports from the CEO, Chief of Operations and the CFO on the performance and results of the Group. In addition, the Chief Digital and Information Officer and the CFO attend each meeting to update the Board on performance, strategic developments and initiatives in their respective areas, and the Chief Compliance, Legal and Risk Officer provides updates on compliance, legal and regulatory matters. In addition, the Board receives regular updates from the Head of Treasury and Risk Management, and the Head of Group Internal Audit on risk, compliance and internal audit.

Operational updates are provided by the Chief of Operations, and updates related to IT systems of the Company are provided by the Chief Digital and Information Officer.

An annual schedule of rolling agenda items ensures that all matters are given due consideration and are reviewed at the appropriate point in the financial and regulatory cycles. Meetings are structured to ensure that there is sufficient time for consideration and debate of all matters. In addition to scheduled or routine items, the Board also considers key issues that impact the Group, as they arise.

Governance framework continued

The Directors receive detailed papers in advance of each Board meeting. The Board and Board Committee agendas are carefully structured by the CEO, General Counsel and the Company Secretary for the Chair's approval. Each Director may review the agenda and propose items for discussion with the Chair's agreement. Additional information is also circulated to Directors between meetings, including relevant updates on business and regulatory announcements. The annual schedule of Board meetings is decided a substantial amount of time in advance in order to ensure, so far as possible, the availability of each of the Directors. In the event that Directors are unable to attend meetings, they receive papers in the normal manner and have the opportunity to relay their comments and questions in advance of the meeting, as well as follow up with the Chair if necessary. The same process applies in respect of the various Board Committees.

The briefing for each of its meetings covers financial and operating performance, treasury, risk, human resources, legal and compliance, internal audit, IT, GMC, FMPU and CSR matters. Management accounts are produced for each Board meeting together with an updated dashboard of key performance indicators, broken down by geographical region.

On a monthly basis, the Board receives a management report covering operations, the financial and budgetary situation, internal audit, taxation, treasury, risk, human resources, legal and compliance matters, and CSR matters.

A further aspect of reporting to the Board is Social Performance Management ('SPM'), which covers the handling of complaints, satisfaction surveys, and the achievement of social goals. (This is referred to in more detail in the Non-financial and sustainability information statement on pages 66 and 67.)

For further information on the Board's work during the year and a table of attendance at Board and Committee meetings, see 'Board activities' on page 72.

Chair and Chief Executive Officer

The division of responsibilities between the Chair and the CEO has been agreed by the Board. The Chair has responsibility for the leadership of the overall effectiveness of the Board, setting the Board's agenda, ensuring the maintenance of a proper balance of skills and experience on the Board, succession planning, and the provision to the Board of accurate, clear and timely information to support sound decision-making and to enable individual Directors to fulfil their duties.

The Chair during 2023 was Guy Dawson. His other significant commitments are set out in his biography on page 69. The Board is satisfied that his other commitments do not restrict him in carrying out his duties effectively.

The CEO, Karin Kersten, reports directly to the Chair of the Board and is responsible for all executive management within the Group on a day-to-day basis, within the authority granted by the Board. She is assisted in this by the Advisor to the CEO, Dirk Brouwer and a senior management team which reports to her and meets her on a regular basis.

The Company's Independent Non-Executive Directors are Hanny Kemna, Salehuddin Ahmed and Chris Low. Within the Board's overall risk and governance structure, the Independent Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's deliberations and the decision-making process. They also provide constructive challenge and oversight, and monitor the Executive Directors' delivery of the Company's strategy.

Powers of Directors

The Directors are responsible for the management of the Company. They may exercise all powers of the Company, subject to the Articles of Association and to any directions given by the shareholders by special resolution.

Appointment and removal of Directors

The appointment of Directors is governed by the Company's Articles of Association, the Companies Act 2006 and other applicable regulations and policies. Directors may be elected by shareholders

in general meeting or appointed by the Board of Directors in accordance with the provisions of the Articles of Association. All of the then Directors of the Company were re-elected at the AGM held on 20 June 2023. In accordance with the Code, all Directors retire and may stand for re-election at each AGM.

Letters of appointment for individual Directors are available for inspection by shareholders at each AGM and during normal business hours at the Company's registered office. The Articles of Association provide that in addition to any power to remove Directors conferred by the Companies Act 2006, the Company may remove any Director from office by ordinary resolution of which special notice has been given.

Board performance evaluation

The Board has recently carried out a self-assessment exercise about the performance of the Board, the Committees and the individual Directors in 2023. As in previous years, the procedure followed was that each Board and Committee member completed a questionnaire, adding comments where appropriate, which was then circulated on an anonymised, aggregated basis to each member of the Board. The Chair then discussed the points arising from this survey with the other Directors.

The review showed that the Board, its Committees, and individual Directors have continued to work well together, with progress in the areas identified for improvement last year. In April, there was a successful meeting devoted to strategy, at which the Board received a detailed presentation on the implementation of the Group's digital strategy, which was then thoroughly discussed. With the establishment of a Diversity, Equity and Inclusion Committee at the executive level, the Nomination Committee and Board have been receiving regular progress reports and are thus now better able to assess the Group's success in developing and promoting female staff. Additionally the Board and especially the Chairman helped to ensure that there were good communications with employees and other stakeholders, particularly concerning the changes in senior management personnel and procedures that took place during the year. This enabled staff morale to be maintained through

a potentially unsettling period, with unwanted departures kept to a minimum.

Matters identified in the latest Board assessment as requiring attention include further presentations on strategic matters, and a review of the composition and terms of reference of the Board committees in order to ensure that they remain equal to the changing demands placed on them.

The Board discussed at length the culture statement, which sets out the core values, the purpose, vision and mission statement and believes the culture can be further developed and that there can be a greater alignment between practice and culture. Therefore, the Board has requested management to take action to ensure the values are practiced throughout the Group. The Company is purpose driven and its practices are fully aligned with the purpose.

Reappointment of Directors at the 2024 AGM

The Board has confirmed its view that each of the Directors continues to be effective and to demonstrate commitment to his or her role.

On the recommendation of the Nomination Committee, the Board will therefore be recommending that:

The Board has determined that the Independent Non-Executive Directors (Salehuddin Ahmed, Hanny Kemna and Chris Low) continue to meet the independence criteria set out in the Code.

Induction and professional development

On appointment, all new Directors receive a comprehensive and personalised induction programme to familiarise them with the Group, tailored to their specific requirements. The Company also provides bespoke inductions for the relevant Directors when they are appointed as a Committee Chair. Induction programmes are tailored to a Director's particular requirements, but would typically include site visits, one-to-one meetings with Executive Directors, the Company Secretary and senior management for the business areas and support functions and meetings with the external auditor. Directors also receive guidance on Directors' liabilities and responsibilities.

Governance framework continued

In addition, the Chairperson and CEO may agree any specific requirements as part of each Non-Executive Director's regular reviews.

Company Secretary

The Company Secretary is responsible for ensuring that Board procedures and applicable rules and regulations are observed and for advising the Board, through the Chair or the General Counsel, on all governance matters. All Directors have direct access to the services and advice of the Company Secretary, who also acts as secretary to the Board Committees.

Conflicts of interest

The Articles of Association include provisions giving the Directors authority to approve conflicts of interest and potential conflicts of interest as permitted under the Companies Act.

A procedure has been established whereby actual and potential conflicts of interest are regularly reviewed and appropriate authorisation sought prior to the appointment of any new Director or if a new conflict or potential conflict arises. Directors are regularly reminded that they must declare, before or at the beginning of the meeting concerned, any matter on the agenda for the meeting in respect of which they may have a conflict of interest; they will, if necessary, withdraw from the meeting during the discussion of that item and not participate in any decision relating to it. The decision to authorise a conflict of interest can only be made by non-conflicted Directors (effectively, the Independent Directors' Committee less any of its members who may be connected with the relevant conflict), and in making such a decision the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company. The Board is satisfied that this procedure operated effectively throughout the year.

Board and Committee effectiveness

Annual Board and Committee evaluation

See 'Board performance evaluation' on page 76.

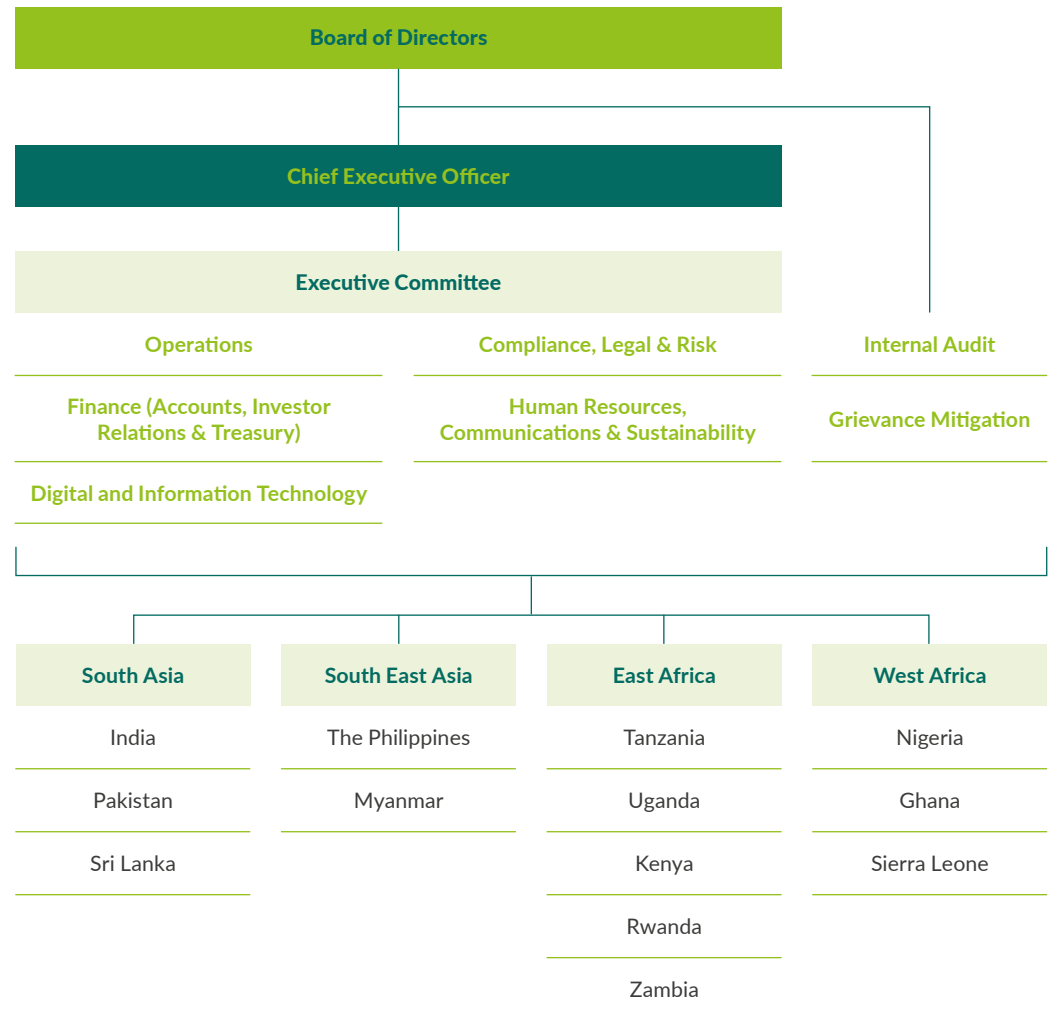
Management and operational structure

The Executive Committee, which was restructured in 2023, consists of the Chief Executive Officer, the Chief of Operations, the Chief Financial Officer, the Chief Digital and Information Officer, the Chief Compliance, Legal and Risk Officer, and the Head of HR, Communications and Sustainability. The Head of Internal Audit is a non-voting member of the Executive Committee; he reports directly to the Audit Committee of the Board, with a 'dotted line' to the CEO.

The Executive Committee functions as a single body, and the country managers and department heads report to it directly. The Group's operations are standardised, which allows management's authority to be decentralised and delegated (within specified limits) from the Group to each of its microfinance institutions.

The chart on the right sets out a simplified overview of the Group's management structure as well as the Group's operating structure, which is based on geographical proximity and associated cultural similarities and is, therefore, segmented into four regions: South Asia, South East Asia, East Africa and West Africa.

The Group's microfinance institutions operate a total of 2,016 branches across 13 countries in South Asia, South East Asia, East Africa and West Africa. Limited administrative layers exist throughout each in-country branch network, which promotes the active participation of all staff, quick and autonomous decision-making capacity, and the efficient deployment and monitoring of loans. Each of the Group's microfinance institutions has its own Board of Directors (an 'MFI Board') which, in most countries, includes a number of Independent Directors, as well as members of the Company's senior management, such as the Chief Executive and/or Chief of Operations. The remaining Independent Directors often have extensive experience in the microfinance industry or at central banks.



Governance framework continued

Local management and operational structure

Each of the Group's microfinance institutions also has a country-level head office from which the Managing Director works and manages the microfinance institution, reporting to the local MFI Board and the Group's international corporate headquarters. Reporting to the Managing Director, the head of operations is also located in the country head office and oversees the microfinance institution's mid-level management. The country head office also includes common head office functions, including Finance and Accounts, Internal Audit, Legal and Compliance, Information Technology, Human Resources and Risk Management. Internal Audit reports directly to the local MFI Board, as well as functionally to the Head of Group Internal Audit.

Each country's head office also includes a Fraud and Misappropriation Prevention Unit, which investigates unusual branch activity and/or client complaints through unannounced branch inspections, and reports to the Managing Director of the microfinance institution as well as to senior management in the international corporate headquarters.

The field staff of each microfinance institution comprises mid-level management and branch staff. The mid-level managers of each microfinance institution travel across their respective branch networks and perform their supervisory functions in the branch offices, as they generally do not have separate offices. Mid-level management generally comprises district managers, regional managers and area managers, with some larger microfinance institutions having an assistant district manager or a deputy head of operations. Each level of mid-level management is responsible for reporting to its manager and ultimately to the Managing Director at the country head office, as well as for inspecting branches, including attending a specified number of client group meetings to ensure that operations are effectively carried out. At client group meetings, mid-level management also receives client feedback and follows up any prior client complaints. Each branch is normally staffed by a branch manager, an assistant branch manager, loan officers and supporting staff members.

Substantial shareholdings

The table below sets out details of the interests in voting rights of 3% or more notified to the Company as at 31 December 2023 under the provisions of the FCA's Disclosure Guidance and Transparency Rules. Information provided by the Company pursuant to the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and on the Company's website.

Name of Director	Number of shares	% holding
Catalyst Microfinance Investors ¹	29,217,826	29.2%
Conifer Capital Management ²	19,527,159	19.5%
Catalyst Continuity ¹	17,111,118	17.1%
Phoenician Capital ²	10,000,000	10.0%
Redwheel ²	4,121,831	4.1%
Renta 4 Gestora	3,067,852	3.1%

- 1 Dirk Brouwer holds his interest in the Company via CMIMC (a company under his ultimate control), which in turn holds its interest in the Company via Catalyst Microfinance Investors 29.2% and Catalyst Continuity 17.1%. Catalyst Microfinance Investors and Catalyst Continuity own 46.3% in total, each company (ultimately) controlled by Dirk Brouwer.
- 2 The holdings of Conifer Capital Management, Phoenician Capital and Redwheel have been built up over the years.

The above reflects shareholding as of 31 December 2023. Substantial shareholders do not have different voting rights from other shareholders.

Engagement with shareholders

The Group has an investor relations ('IR') programme to ensure that current and potential shareholders, as well as financial analysts, are kept informed of the Group's performance and have appropriate access to management to understand the Company's business and strategy.

The Board believes it is important to maintain open and constructive relationships with all shareholders. The Head of IR, reports to the CFO and is responsible for managing a structured programme of meetings, calls and presentations around the main events in the financial reporting calendar, as well as throughout the year. The team regularly seeks investor feedback, directly and via the Group's corporate brokers, which is communicated to the Board and management. The CEO, the Head of IR, and the CFO, speak to, or meet with, the Group's major institutional shareholders on a regular basis. In addition, the Chair is available to meet or speak to major institutional shareholders to discuss matters such as strategy, corporate governance and succession planning. The Senior Independent Director is available for shareholders to consult in the event that they have concerns that contact with the Chair or the CEO has failed to resolve, or where such contact would be inappropriate. Separately, the Independent Directors are available should shareholders wish to discuss any concerns they may have.

Through the Head of IR, the Board is regularly updated on the status of the IR programme. An IR report, summarising share price performance, share register composition and feedback from any investor meetings, is produced for Board meetings.

Relevant presentations, together with all results announcements, Annual Reports, regulatory news announcements and other relevant documents, are available on the Investors section of the Company's website at asa-international.com/investors.

Stakeholder engagement

In 2023, the Committee executed an action plan to engage with stakeholders. Each Director assumed primary responsibility for a specific stakeholder group. Regarding workforce engagement, given the substantial number of staff primarily located in branches, the Company appointed the Chair as designated director. The chairperson made multiple visits to the head office and conducted numerous sessions with staff and their representatives. Refer to the S172 statement on pages 14 to 16 for further details on stakeholder engagement.

The Chair of the Audit and Risk Committee has regular conversations with the Group Head of Internal Audit and Group CFO, and the Committee meets members of the senior management team who attend every Audit and Risk Committee meeting.

Annual General Meeting

The Board regards the Company's AGM as an important opportunity for shareholders to discuss the Group and its performance directly with the Board. All shareholders have the opportunity to raise questions with the Board at the AGM, either in person or by submitting written questions in advance, and the Chairmen of all of the Board Committees and the other Directors attend the meeting.

Audit and Risk Committee report

This report sets out the principal responsibilities of the Audit and Risk Committee, its membership and meetings' as well as our key activities during the year.



Chris Low
Chair of the Audit and Risk Committee



As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the financial year ended 31 December 2023.

Chair's overview

The Committee spent substantial time in monitoring the cash and liquidity situation, evaluating the progress of the digitisation and digital transformation of the business operations, the impact of regulatory changes on the operating environment, and other related accounting judgements and disclosures. The Committee also closely monitored recoveries in India, licensing in Pakistan, funding across the Group, profitability and forecasts, covenant breaches and the changing risk environment including risks posed by inflation and devaluation of currencies in operating countries.

This report provides an insight into the functioning of the Committee and the activities undertaken by it, including an overview of the principal topics covered at various meetings of the Committee. The Committee apportions its time between periodic review of key present and future risks to the Group and close scrutiny of the financial reporting and internal controls of the Company.

The majority of the Committee's time has been spent on our principal roles and responsibilities, which are to:

- Monitor the integrity of the Company's financial statements and external financial reporting.
- Assess the impact of the depreciation of the majority of the currency in the operating countries and the impact thereof on the financial position of the Group.
- Review the effectiveness of the Group's internal controls.
- Monitor and review the activities and performance of both the Internal Audit function and external audit process.
- Monitor the adequacy and effectiveness of the risk management framework.

- Assess principal and emerging risks and help to focus the Board's attention on key risks, especially in view of inflation and devaluation of currencies.
- Consider key accounting matters and areas of judgement and changes.
- Discuss specific matters tabled at the request of the Committee to allow the Committee to zoom in on topics of interest or concern.

The full terms of reference of the Committee are available on the Company's website (under Investors/Corporate Governance/Audit and Risk Committee).

In 2023, the Committee continued to focus on the internal controls systems and processes and recovery from the challenges being faced due to the current economic scenario.

In particular, the Committee reviewed the provisioning for expected credit losses in line with IFRS 9 and whether adequate provisions have been made considering economic challenges faced by multiple operating subsidiaries. The committee reviewed the application of IAS 29 on Hyperinflation as it was relevant for the first time for the operations in Ghana and Sierra Leone. The Committee considered accounting judgements and the framework established by management to assess and calculate the expected credit loss for the Group.

The Committee continued to work with management to further improve the risk-based internal audit process as well as the reporting of risk. The Committee will continue to focus its attention on the key responsibilities listed above, and in particular on oversight of Internal Audit and the risk control framework, significant accounting judgements, review of the external audit scope and fees, review of anti-money laundering and anti-bribery policies and whistleblowing arrangements, consideration of the requirements of the UK Corporate Governance Code in relation to stakeholder engagement, long-term viability, risk and going concern. In particular, the Committee will focus on further development of the Internal Audit function, including IT audits, as well as the development, use and security of new and future IT strategies and systems.

Audit and Risk Committee report continued

Audit focus areas in the 2023 financial year

Since 1 January 2023, the Committee has:

- Reviewed the 2022 draft year-end financial numbers and 2023 interim financial statements and the auditor's findings in relation to them, as well as the responses by management to the recommendations of the auditor.
- Considered the EY Audit Planning Report for the 2023 year-end audit.
- Reviewed and considered PAR>30 and ageing buckets.
- Reviewed the accounting impact of the provisioning for expected credit losses.
- Reviewed the budgets and projections as well as related going concern and viability statements.
- Reviewed accounting treatment of issuance of Long-term Incentive Plan ('LTIP') Awards.
- Considered the plans and reports from the internal auditor as well as the quality and resources (and budget) available to Internal Audit.
- Reviewed the digital strategy of the Company including digitisation and implementation of the core banking software from Temenos.
- Considered the potential impact of IAS 29 (hyper inflation countries). Post closing of the financial year, Ghana and Sierra Leone have been identified as hyper inflationary economies. The ARC has been involved in assessing the impact of IAS 29 hyperinflation.
- Reviewed staffing and recruitment arrangements for the Internal Audit department.
- Validated reversal of holiday interest
- Reviewed the risk framework and made recommendations.
- Reviewed KPIs along with climate risk.
- Reviewed staff retention numbers and the training plan for employees.
- Reviewed key legal and regulatory concerns.
- Reviewed treasury reports, including funding, liquidity and capital requirements of the Group as well as the compliance with loan covenants.
- Monitored liquidity across the Group and reviewed the Liquidity Plan 2023.

- Considered the compliance framework (including whistleblowing arrangements) and compliance reports.
- Reviewed the contents of the financial statements to ensure they are fair, balanced and understandable to all readers.
- Reviewed whistleblowing reports and investigations and legal reports with regulatory updates.
- Reviewed the performance of the current auditor of the Company.
- Reviewed requirements relating to energy usage and greenhouse gas emissions and the Task Force on Climate Disclosures ('TCFD') requirements.
- Reviewed third-party salary survey.
- Reviewed health and safety reports.
- Reviewed entity value proposition.

Audit priorities for 2024

Key audit priorities for the coming year include:

- Reviewing the results announcement for 2024 and recommending the 2023 full-year results to the Board.
- Reviewing significant accounting judgements as well as going concern, viability statement and liquidity risks.
- Reviewing non-audit services and other audit policies and auditor independence rules.
- Looking into the adequacy and security of the Company's Anti-Money Laundering ('AML') policy and required whistleblowing arrangements.
- Reviewing the half-yearly report from the external auditor of the Company as well as the 2024 report and management letter by the auditor.
- Reviewing the management representation letter from the external auditor.
- Monitoring liquidity across the Group.
- Monitoring the Internal Audit function, budget, staffing and internal audit approach.
- Reviewing the audit plan, auditor objectivity and independence, as well as auditor remuneration.

- Considering, in consultation with internal and external auditors, the arrangements to be put in place to report on the effectiveness of the Group's internal controls as required by the UK Corporate Governance Code 2024 with effect from the 2026 financial year.
- Reviewing whistleblowing policy and the process of investigation.

Membership and meetings

The Audit and Risk Committee is chaired by myself, and the other members during 2023 were Salehuddin Ahmed and Hanny Kemna, both of whom are Independent Directors.

Hanny Kemna joined the Board in 2018, followed by Salehuddin Ahmed in 2021, and myself in 2023. In common with the other Directors, we have been re-elected at each AGM since we were appointed. The qualifications of each of the Board members are outlined in the biographies on page 69. The Board considers that the current members of the Audit and Risk Committee have sufficient skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference.

In 2023, the Committee met on six occasions. Full details of attendance by the Non-Executive Directors at these meetings are set out in the table on page 72. In addition to the members of the Committee, standing invitations to attend meetings are extended to the CEO, the CFO, the Chief Accountant, the Head of Treasury, the Chief Compliance, Legal and Risk Officer, the Chief Digital and Information Officer, the Chief of Operations, representatives of the external auditor, the Head of Compliance and the Head of Group Internal Audit. All attend our Committee meetings as a matter of course and have supported and informed the Committee's discussions. Invitations to attend are extended to other members of management as required, so that they can brief the Committee on specific issues under review.

The external auditor, Ernst & Young LLP ('EY'), attends each meeting, and I have regular contact with the lead audit partner throughout the year. The Committee met with both internal and external auditors privately (i.e. without members of management present) at meetings during the year.

Since the Committee has responsibility for both audit and risk monitoring, this report will address the activities of both functions during the financial year.

Audit overview

As part of its audit function, the Audit and Risk Committee is responsible for monitoring the integrity of the Company's financial statements and reviewing and reporting to the Board on significant financial reporting issues and judgements. The Committee also considers whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements after taking into account the views of the auditors.

Other than the above, the Committee monitors:

- Compliance with accounting standards and legal and regulatory requirements.
- The reporting of related party transactions.
- The basis on which the Group is considered to be a going concern.
- Any material misstatements in the accounts that are reported by the external auditor.
- Taxation matters.

Audit of 2023 financial year

International accounting standards

At the beginning of 2023, IFRS 17 took effect requiring loans to be treated as insurance contracts if there is any insurance or life assurance aspect to the relationship between lender and borrower. There were no further significant changes in the IFRS reporting standards applicable for the 2023 financial statements. Early in 2024, but related to the 2023 accounts, the effects of hyperinflation under IAS 29 for Ghana and Sierra Leone were incorporated.

Reporting by the external auditor

The Committee received detailed reporting from the external auditor in respect of the final and half-yearly results. The Committee and the external auditor discussed the key areas of focus including the risk drivers, the significant risks being risk of fraud in revenue recognition, valuation of expected credit loss provisions, valuation of deferred tax assets, hyperinflation and going concern.

Audit and Risk Committee report *continued*

The Committee reviewed the external auditor's opinions, appropriateness of accounting principles applied to the financial statements and related disclosures, and management's report. The Committee specifically spoke to the external auditor about going concern and the existence of material uncertainty, hyperinflation, misappropriation, revenue recognition and expected credit loss provisions. The external auditor reported that the significant audit risks in relation to income recognition and expected loss provision had been reported at each stage, and it had not found any material or reportable differences or fraud after extensive revenue testing.

The Committee also reviewed the EY external audit findings and EY Control Observations and Recommendations Report and the management response to each observation made by EY. The Committee had a discussion with management on the observations including going concern assessment, assessment of impairment of deferred tax assets, balance sheet and income statement attestation and quality and ownership of financial output.

The Committee also discussed the listing requirements to which the Company is subject, UK Corporate Governance Rules, and adherence to planning, timelines and achievable due dates as a listed company. EY kept the Committee updated on developments in corporate governance regulation and practices that were expected to arise over the next few years, which may require the Company to produce new types of documentation, particularly with regard to attestation of internal controls.

Taking into account the external auditor's assessment of risk, but also using our own knowledge of the Group, we reviewed and challenged where necessary the actions, estimates and judgements of management in relation to the preparation of the financial statements.

As part of its role in assessing the integrity of the Group's external reporting, the Committee has continued to pay particular attention to the key areas of management judgement underpinning the financial statements. The Committee reviewed the significant

accounting judgements made during the year, the risks to which the Company was exposed and the systems in place to mitigate or manage them and the overall system of internal controls within the Company.

The Committee reviewed the analysis of the going concern situation and the waivers that had been received in respect of the Group's covenant breaches on its outstanding borrowings, and concluded that it continued to be appropriate to prepare accounts on a going concern basis.

Some observations have been resolved, which include establishment of the Assets and Liabilities Committee ('ALCO'), where the Group's assets and liabilities are closely monitored among departments, and the set-up of offsite disaster recovery, while others, such as immaterial differences between MIS and FIS and Stage 3 interest income automation are in progress and being monitored.

The Group's liquidity with unrestricted cash and cash equivalents was approximately USD 48 million at year end 2023. The Company secured approximately USD 179 million of new loans from local and international lenders in 2023.

External audit

The Committee assessed the external audit report and audit plan for 2023. EY stated that the scope of the audit was largely unchanged from 2022. EY visited several countries in the course of the audit and had operated a comprehensive program of oversight and direction over all components within their audit scope.

The auditor identified the following significant risks for the 2023 audit:

- Going concern – risk factors including elevated arrears and credit losses resulting in loan covenant breaches and ongoing global economic challenges increasing risk of further breaches.
- Valuation of expected credit loss provision.
- The risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers.

Other key areas of focus include capitalisation of software development costs, hyperinflation accounting, valuation of deferred tax assets, loan portfolio measured at fair value through profit and loss, foreign currency translation, compliance with laws and regulations, IT systems migration, and retirement benefit plans.

The Committee concluded that EY remains independent and that its audit is effective. EY confirmed that it had carefully monitored the provision of non-audit services to EY has acted as the Group's external audit firm since appointment by the Board in 2018. The Committee approved EY's non-audit services for 2023, including the half-year 2023 review for ASAI Group plc, CAR certification, interim and final dividend certification for Pakistan, direct and indirect tax representation and advice agreement for Kenya, deposit liabilities premium calculation for Nigeria, tax consultancy services for Ghana, and Tier I readiness assessment services and tax audit handling for Tanzania in 2021 and 2022. The Group's policy for auditor rotation and audit tender follows regulatory requirements, and the audit firm will be rotated after no more than 20 years, with an audit tender to be held after no more than ten years.

Other financial reporting and financial update Interim announcement

The Committee reviewed the draft announcement and interim financial statements.

Financial update

The Committee reviewed financial updates from management and discussed various items including PAR>30 ratio, debt-equity ratios, liquidity, cost of funding, impact of forex on cost base, other operating income, salary inflation, currency depreciation in Asian and African countries, the financial timetable, preparations for the half-year review and year-end audit, cost to income ratio and increase in operating costs, write-off and recovery of debts, tax expenses, expected credit loss, and market expectations.

The Committee requested and received presentations from management explaining the key issues raised by analysts, investors and press. The Committee also discussed the decision to charge interest over holiday periods and reversal of the same in Ghana.

Policy oversight and review

Whistleblowing

The Committee and the Group place a high priority on all employees understanding the process for reporting concerns, so that they all feel able to speak out when appropriate. In respect of all operating subsidiaries, all concerns are reported directly to the head of the Audit and Risk Committee ('ARC') of that country; and in respect of all headquarters/holding company staff (in Dhaka and the Netherlands) any instances are directed to me as the Chair of the Group Audit and Risk Committee. The Chair passes the concern(s) to the Head of Internal Audit and discusses them with the Board; in this way we ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.

Other policies

Emphasis was placed on regular review by the Board of policies such as anti-bribery and corruption, AML and implementation of the Transfer Pricing Policy. The Committee noted that all key manuals are in place and requested guidance from the Compliance Officer on the review and approval process. The Compliance Officer prepared a systematic compliance framework, identifying gaps in the existing framework, and has been instructed to further develop all manuals and carry out training on priority. The Committee also emphasised that there should be a zero-tolerance policy for cases of sexual or racial harassment.

Audit and Risk Committee report continued

Internal Audit

During the year, the Committee held several discussions with the Head of Internal Audit to ensure that they had enough resources and, regular reports continue to be delivered to the Committee. The Internal Audit team was provided online access to the data of subsidiaries, although all information required for auditing transactions was not online and the Committee noted that internal audits planned for 2023 had mostly been completed on schedule. It was also decided that internal audit software would be developed internally. The software has been rolled out in two countries (Kenya and Tanzania), as well as the Group, and is expected to be rolled out in the rest of the entities in 2024.

At each meeting the Committee receives a report from the Head of Group Internal Audit summarising audits completed as well as monitoring progress on agreed actions from previous audits.

Internal Audit reported that the key concerns were inadequacies in loan recovery, loan disbursement with inadequate due diligence and other operational issues. Internal Audit also focused on health and safety issues, compliance matters and IT Security and Compliance issues. The Committee worked to ensure that the management would respond to issues raised by Internal Audit within a specified time.

The Committee had discussions with management to ensure adequate staffing of the Internal Audit department and had several discussions on the reasons for staff turnover. The Committee continues to keep the level of resources of the Internal Audit team under review and holds meetings with the Head of Group Internal Audit from time to time. The Committee reviewed and approved the risk-based branch audit plan for 2024, the risk-based process and control audit plan for 2024 and the Internal Audit budget. The Chair was actively involved in recruitment of the Head of Internal Audit and also gave attention to other vacancies of Head of Audits in countries. Following a hiring process in 2023, the Group's new Head of Internal Audit officially joined in March 2024, replacing the previous incumbent.

IT organisation and digital strategy

The Committee spent considerable time on the IT organisation and the digital strategy. The Committee continued to monitor the digitisation process and required the Company to prepare back-up plans in case of cyber-attacks and the disaster recovery arrangements in such an event. The Committee also monitored implementation of the effective interest rate loans and lockdown interest across countries and the changes to AMBS in relation thereto. Operations, Finance and IT worked closely together to define the parameters and implement solutions and we continue to improve the development process, having further strengthened management and coordination between departments.

The Committee also monitored the progress of the digital strategy of the Group, including the development of the real-time smartphone or mobile app and its piloting in some countries, as well as the implementation of the Core Banking System acquired from Temenos Transact (T24) in Ghana and Pakistan.

The focus on increasing digitisation and digitalisation across the Group increased further during 2023 with the ongoing implementation of Temenos Transact, which will be rolled out over the coming years in selected markets in order to improve the deposit-taking capacity of the Company, as well as the roll out of digital financial services in Ghana and other markets. The Committee also recognises the need for strong cyber defences to protect its systems and customer data and to prepare the Company for a digital financial services environment.

The Company will continue to run its current AMBS systems in all but the above two markets. The deployment of Temenos Transact (T24) in other markets is expected to be a multi-year project.

The IT technology strategy is constantly under review by the Board and this Committee in order to ensure that we are keeping pace with, and responding to, the latest industry developments, especially in digital finance. IT capability will continue to be assessed in the context of risk appetite, being part of the Company's operational

risk. The Committee considered the effectiveness of the internal control systems and believes that they are adequate. The Committee also discussed the preparedness of the Company to deal with cyber-attacks and disaster recovery procedures.

The Committee also discussed the recommendations by the external auditor relating to IT. EY submitted its report on the IT Audit pursuant to revised International Standard on Auditing (UK) 315, Identifying and Assessing the Risks of Material Misstatement pursuant to which EY performed new and additional procedures to understand the Group's use of IT, IT processes related to IT applications relevant to audit used in different accounting processes, and where relevant, IT general controls that address IT risks in the IT processes. EY noted overall improvements in IT control design and implementation since the last IT audit in 2018.

Risk management overview

As part of its risk management function, one of the Audit and Risk Committee's principal roles and responsibilities is to support the Board in its oversight of risk management across the Group. The identification, management and mitigation of risk are fundamental to the success of the Group.

The ASA Model of Microfinance has proved to be robust in managing operational risk, but we aim to continue to retain and recruit the skills and talents needed to meet the challenges we face in our various operating markets and continuously review the adequacy of procedures and operational controls.

The reporting, based on the three lines of defence model, allows us to ensure that principal risks are identified and debated and that senior management's plans for risk mitigation are well understood and appropriately resourced. The Committee requires senior management to focus, as far as its reports to the Committee and Board are concerned, on presenting key risks. Senior management provides risk reports to the Committee on a quarterly basis. These reports contain a summary of the key risks and senior management's risk assessment along with any mitigation actions where relevant.

The management team also provides a full summary of its risk appetite in relation to its key performance indicators.

This risk reporting process as well as the regular reviews by the Committee were in place and functioning effectively in 2023.

Risk management: activity in financial year 2023

The Risk function continued to evolve in 2023. We continue to work with senior management to ensure our three lines of defence model is fully embedded across our Group and that the governance and reporting structures continue to provide ever more effective oversight of our risk management. These actions have continued to improve the flow of management information to the Committee, increasing the effectiveness of its challenge and oversight and enhancing visibility on risk and compliance issues identified at all levels across the Group.

The Committee carefully assessed the impact on portfolio quality, collection efficiency, bad debt write-off and recoveries, and PAR>30, especially in India, Myanmar, Nigeria and Sierra Leone. The Committee maintained its focus on the Group's policies, programmes and practices for strengthening and prioritising our ability to test, detect, resolve and recover from unforeseen operational disruptions in our key markets.

The risk taxonomy of the Group had been reviewed and updated during the year to achieve a comprehensive coverage of risks. The Committee reviewed the risk management reports presented by management and the actions being taken to manage or mitigate the key risks. The Committee was actively involved in improving risk reporting by management. The Committee noted that inflation risk was a key risk during 2023 primarily attributed to elevated inflation rates observed in a number of countries. Data migration risk remains medium due to a number of ongoing projects. However, the Group has enhanced IT capabilities and has seen successful advancement in the ongoing projects. It also noted that business growth (due to reduction of loan portfolio in India) was a high risk during 2023.

Audit and Risk Committee report *continued*

It further noted that liquidity risk and exchange rate risk were high and also discussed the climate risk reports including risk of flooding at head office locations and important health and safety measures. Health and safety, liquidity and IT risks were standing items for discussion at meetings held in 2023 and will continue to be discussed in 2024. Assessment of emerging risks (required under the 2018 Code) will be a standing agenda item for the Committee's discussion in 2024.

We continue to encourage the Company to engage actively with regulators and industry bodies to ensure that our compliance framework remains appropriate and relevant for all of our businesses. The Legal and Compliance team works closely with colleagues in different countries, providing regulatory advice, as well as shaping policies, delivering training and conducting assurance reviews. The Group Compliance Officer was also appointed as the dedicated AML officer.

Looking ahead to 2024: risk priorities

Key risk priorities for the coming year include:

- Stabilising and improving the size and quality of the loan portfolio.
- Monitoring liquidity risk in light of delays in receiving dividends from subsidiaries and in the light of the significant currency devaluation to the USD in our largest operations.
- Effective management and reporting of key risks, specifically foreign exchange exposure, regulatory risks, as well as any other material developing concerns.
- Advancement and continuous assessment of the Group's IT infrastructure, including deployment of the Temenos Core Banking System in selected markets and digital financial services, as well as maintaining and improving AMBS to meet new requirements for upgrades in the markets where it is still used.
- Improving Internal Audit to allow for more effective risk-based internal audit reviews.
- Implementation and monitoring of the Health and Safety Policy.

Committee roles and responsibilities

The Committee keeps under review the adequacy and effectiveness of the Company's internal financial controls and risk management systems and the Group's procedures for identifying, assessing and managing risk.

Committee effectiveness

A formal evaluation of the Committee's performance took place as part of the wider Board evaluation of performance in 2023 and will be undertaken again at the end of 2024. The Committee considers that it possesses the right skills, and has access to the right resources, to enable it to carry out its duties, and that it has continued to perform effectively. It continues to have good relationships with the auditors, who provide helpful and thorough reports and advice at meetings. The Committee Chairman is in frequent contact with the senior management of the Group to discuss business performance, emerging risks, and the competitive environment. The handover to the new Committee Chairman, Chris Low (who was already a member of the Committee), was managed smoothly following Gavin Laws's retirement from the Board at the 2023 AGM.

The Head of Internal Audit continues to report directly to the Committee and meet the Committee Chairman regularly outside the Committee meetings cycle; in a welcome development, he now also attends meetings of the Executive Committee, receiving a higher internal profile and a more visible degree of management support.

Looking ahead, the Committee considers that its required mix of skills will include more banking experience, as an increasing number of deposit-taking licences are obtained by the Group. The risk management framework, including emerging risks, requires an increasing amount of the Committee's attention, and training on accounting standards, etc will also need to be kept up to date.

Monitoring liquidity plans

The Committee considered further reports from management on the Group's cash situation, which continued to be affected by delays in obtaining dividends from the operating subsidiaries due to central bank intervention, and by devaluation itself.

Various potential scenarios for 2024 were discussed and the Committee has requested that senior management keep it informed of any developments in the liquidity situation.

Other matters

Other, more routine, matters discussed included:

- Legal and regulatory update reports were routinely received and reviewed by the Committee.

Viability statement

During the year, the ARC has considered a wide range of information relating to present and future projections of profitability, liquidity, currency devaluations, inflation and operating costs. These considerations relate to the global economic uncertainty and its impact on the Company's operations, as well as considering potential impacts from other top and emerging risks, and their related impact on profitability, capital and liquidity. In accordance with the UK Corporate Governance Code, the Directors carried out a robust assessment of the principal risks of the Group. In accordance with provision C.2.2 of the UK Corporate Governance Code, the Board confirms that it has a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the three-year period up to 2026.

The Directors' assessment has been made with reference to:

- The Group's current position and prospects – please see the Financial review on pages 25 to 36;
- The Group's business model and strategy – please see our business model, our strategy and Key Performance Indicators on pages 12, 17 to 19 and 24;
- The Group's recent cash position as per 31 March 2024, including access to funding from local and international sources on pages 25 to 36;
- The Board's risk appetite, and the robust assessment of the Group's principal risks and how these are managed on pages 37 to 47;

- The material uncertainty in relation to going concern as detailed in note 2.1 of the financial statements; and
- Risk management approach on pages 37 and 38.


Finally, the Directors reviewed the viability scenarios as well as the Group's strategy and five-year business plan on an annual basis. The viability scenarios sets forth the Group's monthly projections of profitability, cash flows, capital requirements and resources and other key financial and regulatory ratios for the period until December 2025 and annual projections for the period 2026–2028.



Chris Low
Chair of the Audit and Risk Committee
26 April 2024

Nomination Committee report

This is the sixth annual report on the activities of the Nomination Committee following the listing of the Company.



Guy Dawson
Chairman of the Nomination Committee



This report gives details of the activities of the Nomination Committee in connection with Board and executive succession planning, and progress towards goals for diversity, equity and inclusion.

The Committee is responsible for succession planning for the Board, maintaining a pipeline of strong candidates for potential nomination as Non-Executive Directors and Executive Directors, while also ensuring robust succession planning for the Executive Committee.

As stated in last year's Nomination Committee report, in February 2023, the Committee recommended the CEO succession plan to the Board for approval. Under that plan Mr Brouwer retired as CEO after the 2023 AGM in June, becoming Deputy Chairman and Special Advisor, and was succeeded by Karin Kersten (previously the Executive Director, Corporate Development). This change was followed by other changes of personnel and of responsibilities at the senior executive level, which have been kept under frequent review by the Committee.

An overview of the Committee's roles and responsibilities, and its key activities during the year, is set out in the report below.

Key activities in the 2023 financial year

During the year the Committee discussed:

- Board composition and succession, including the recruitment of Chris Low to succeed Gavin Laws, who retired at the Annual General Meeting ('AGM') in 2023.
- Executive management succession planning, including the recruitment of a new Head of Internal Audit and the re-allocation of the duties of the Executive Director, Operations on his retirement in June. The Committee also reviewed the composition of the Executive Committee headed by the CEO.
- The assessment of senior executives, including their skill sets, knowledge and experience, in order to ensure that an appropriate balance of such qualities has been maintained.
- Gender diversity targets, and increasing the proportion of female staff at the head office and country levels, including in senior management at the country level. The Committee welcomed the establishment of a Diversity, Equity and Inclusion Committee chaired by Ms Kersten.
- The CEO succession (see above).

Nomination Committee report *continued*

Committee roles and responsibilities

The Committee's key roles and responsibilities are:

- Regularly reviewing the size, structure and composition of the Board, and making recommendations to the Board with regard to any changes.
- Considering the leadership needs of the Group, including succession planning for Directors and for senior executives.
- Identifying and recommending candidates to fill Board vacancies when they arise, for the Board's approval.
- Making recommendations to the Board concerning the formulation of plans for succession for both Executive and Non-Executive Directors and suitable candidates for the roles of Senior Independent Director and Chairmen of Board Committees.
- Considering the appointment or retirement of any Directors.
- Reviewing the continued independence of the Non-Executive Directors.
- Evaluating the Board's balance of skills, knowledge, experience and diversity.
- Preparing a description of the role and responsibilities required for a particular appointment.
- Being actively involved in the appointment process for the Chairman of the Board.
- Reviewing the results of the annual Board performance evaluation process that relate to the composition of the Board.
- Reviewing annually the time commitment required from Non-Executive Directors.

The Committee's roles and responsibilities are set out in the terms of reference and are available on the website of the Company.

Membership and meetings

The Nomination Committee is chaired by myself, and the other members are Hanny Kemna and Salehuddin Ahmed. The composition of the Committee satisfies the relevant requirements of the UK Corporate Governance Code ('the Code').

Other individuals, such as the Group HR Director and external professional advisers, may be invited to attend all or part of any meeting, as and when appropriate and necessary. The Committee met five times during the year: in February (twice), and in April, September and December 2023. The details of members' attendance are set out on page 72.

Changes to the Board

Please refer to page 72.

Directors' skill sets

Karin Kersten has had 24 years' experience of banking, most recently of trade and commodity finance at a senior level in ABN AMRO Bank. The Committee also considered and reaffirmed the skill sets and experience of the Company's Non-Executive Directors, including their extensive experience within financial services.

Dirk Brouwer is an experienced investment banker, having held senior roles in PaineWebber and Merrill Lynch as well as over 16 years of experience in microfinance as Director of ASA International.

Guy Dawson has extensive business and financial experience, including as a Non-Executive Director, as well as Vice-Chairman and Chairman roles at Nomura International plc and Merrill Lynch.

Gavin Laws has worked in the banking industry for over 30 years, including multiple senior executive roles at Standard Chartered Bank; he currently sits on a number of UK boards.

Hanny Kemna brings over 20 years of experience as Global Lead Partner of Operations and IT at Ernst & Young, as well as broad experience as a supervisory board member of a variety of financial institutions.

Salehuddin Ahmed is Professor at the Business School of BRAC University, Dhaka, Bangladesh. Mr Ahmed is also on advisory bodies of several government and non-government agencies in Bangladesh and a member of the board of trustees of two universities and a college, and was the Governor of the Bangladesh Bank (Central Bank) between 2005 and 2009.

Chris Low was I&M Group Plc's Regional Director for its East Africa businesses. He advises several FinTech start-ups and sits on the Boards of United Bank for Africa (UK) Ltd, EdPartners Africa Holdings Ltd, the Scottish African Business Association, and is a member of the Investment Committee of Zephyr Acorn Venture Fund, an investor in early-stage impact companies. With over 30 years in international financial services, risk management and digital transformation, Mr Low has specialised in emerging markets, working across Africa, Asia and the Middle East.

Further information on the background and experience of each of the Directors can be found in their biographies on page 69.

Succession planning – Board and senior management

The Committee manages Board and senior management succession under a structured, proactive methodology. The Committee kept under review the Group's succession planning at Board and senior management level, including in the various countries, and notes that the gaps in the executive succession plan are steadily being filled. The search for a new Non-Executive Director in 2022 ended with the appointment of Chris Low in February 2023.

In 2023, the Committee kept under review the succession plans for senior management across the Group, in the light of the evolving business outlook and also the CEO succession plan (see below).

The Committee recommended the CEO succession plan (subsequently approved by the Board) on 23 February 2023, pursuant to which Mr Brouwer remained as CEO until the 2023 AGM, at which point Ms Karin Kersten, then Executive Director, Corporate Development, was appointed CEO. At the same AGM, Mr Brouwer stepped into a new role. He was appointed as (i) Deputy Chairman of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team in order to (a) smoothen the path of transition and (b) support the new leadership going forward. The Committee also discussed and recommended the new governance structure and restructuring of the Executive Committee.

The Committee also reviewed progress on leadership training for potential successors to the most senior roles in the Company and will continue to monitor progress with the management succession plan regularly in 2024.

Diversity

The Committee fully supports the policy of increasing diversity at each level of the Group, and it regularly reviews gender diversity data in particular (ethnic diversity presents less of a challenge, thanks to the Group's wide geographical spread of operations). The Committee considers that the Board remains diverse in the broadest sense, drawing on the knowledge, skills and experience of Directors from a range of professional and cultural backgrounds. Currently two of the Company's six Directors are women and we intend, subject to the need for all appointments to be made on merit against objective criteria, to increase female Board representation still further. At the operational level, too, the representation of women is higher than before. The Group places a high priority on making ASA International appeal to a diverse population, and its commitment to equal, respectful and dignified treatment throughout recruitment processes and through all stages of the employee cycle is underpinned by the Group's Non-Discrimination Policy, as referenced below.

Nomination Committee report continued

The Committee discussed the increasing importance of gender, national and cultural diversity. Under the direction of the new Diversity, Equity, and Inclusion ('DEI') Committee chaired by the CEO, the Company continues to focus on appointing more women in senior management roles, training female staff for leadership roles at the entity level and stepping up the hiring of women across the board; and the country managements are now working towards firm targets for increasing the proportion of female staff. Progress on this front, which varies according to local cultural norms, is tracked by the Committee. The key ratio of female to male employees is increasing faster in some countries than in others, and therefore 'softer' targets, such as creating a more female-friendly working environment, are now also being set, as ASA International works towards achieving its aim of having a workforce that reflects more closely its mostly female client base. Read about DEI efforts on page 53.

Information prepared under the new Financial Conduct Authority ('FCA') rules on Diversity and inclusion on company boards and executive management can be found on page 53.

For compliance with UK Listing Rule 9.8.6 (10) and (9), the following disclosure to the right is provided.

Non-Discrimination Policy

Unfair discrimination in any form is not acceptable. Management and employees are expected to ensure that a fair and sympathetic work environment exists for all employees, irrespective of marital status, religion, disability, sexuality, gender, racial or ethnic background. This policy of equal opportunities and diversity applies to recruitment, remuneration, training, staff development, promotion, discipline, and all other aspects of employment. The policy also applies to volunteers, interns, current or prospective clients, suppliers or beneficiaries, and all others outside ASA International with whom the Company or its employees do business.

More detail on the Group's approach to diversity can be found in the ESG report on page 53.

Numeric data – UK Listing Rule 9.8.6 (10)

	Number of Board directors	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, and Chair)	Number in executive management	Percentage of executive management
Sex					
Men	4	67%	1	6	86%
Women	2	33%	2	1	14%
Other Categories	0	0%	0	0	0%
Not specified / Prefer not to say	0	0%	0	0	0%
Ethnicity					
White British or other White (including minority-white groups)	5	83%	3	2	29%
Mixed/Multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	1	17%	0	4	57%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	1	14%

Compliance – UK Listing rule 9.8.6 (9)

Listing Rules Requirements	Outcome	ASA International Plc position as at 31 December 2023
At least 40% of Board directors are women	Target not met	33% of the Board directors are women. This matter will be taken into account when a new director is considered.
At least one senior Board position held by a woman	Target met	The positions of CEO and senior independent directors are held by women.
At least one Board director from a minority ethnic background	Target met	One Board director is from a minority ethnic background.

- All data as at 31 December 2023 (the reference date).
- Data was collected via self-reporting methods, via an email data collection exercise (with options aligned to the categories specified in the Listing Rules).
- The Group CEO is a member of both the Board and executive management and so is counted in both groups in the above table.
- Changes since the reference date: Md. Ezazul Islam joined the Executive Management on 21 March 2024. His predecessor had the same sex and ethnicity, so there is no change to the numbers or percentages of the executive management.
- Per definition within the Listing Rules, executive management within ASA International is the Group Executive Committee.

Insurance

The Company renewed its D&O insurance which covers up to USD 10 million in claims.

Reappointment of Directors

Prior to the Company's AGM each year, the Committee considers and makes recommendations to the Board concerning the reappointment of the Directors, having regard to their performance and ability to continue to contribute to the Board.

The Board has concluded that the Non-Executive Directors remain independent and continue to make a significant contribution to the Board and its Committees.

Following this year's review in advance of the 2024 AGM, the Committee recommended to the Board that all serving Directors be recommended to the shareholders for re-election at the AGM.

Committee effectiveness

The annual evaluation of the Committee's effectiveness has been undertaken in respect of 2023. The Committee continued to function well during 2023, with succession planning and succession management as the main focus of attention against a background of senior management restructuring. Management is appreciative of the support given by the Committee and especially its Chairman at that time. For further information, see 'Board performance evaluation' on page 76.

In 2024, the Committee will focus its attention once again on succession among the Non-executive Directors, taking into account as always the Board's and Committees' skills and balance requirements. The Committee considers that it has access to sufficient resources to enable it to carry out its duties.



Guy Dawson
Chairman of the Nomination Committee
26 April 2024

Remuneration Committee report

This remuneration report contains information about the remuneration policy of the Company and details about remuneration of the Company's Directors



Hanny Kemna
Chairman of the Remuneration Committee



Annual statement from the Remuneration Committee Chair

On behalf of the Remuneration Committee, I am pleased to present the report on Directors' remuneration for the 2023 financial year.

Remuneration Policy

The Remuneration Policy set out in this report was last approved by the shareholders at the 2023 AGM, and applies to Board remuneration for three years from the date of approval. The policy will therefore next be presented for approval at the 2026 AGM, unless the Board decides to propose alterations to the policy before then.

How the Group performed

2023 saw improved operational results in most markets, despite a challenging operating environment, especially in India and Myanmar. Staff retention has been strong at 76%.

Key activities in the 2023 financial year

During the year the Committee met on four occasions and:

- Reviewed the culture statement and recommended for approval.
- Reviewed certain salary adjustment to key employees (due to inflation).
- Discussed the development of a Group-wide performance management and evaluation system for staff.
- Reviewed the salaries of key executives against a peer group benchmark assessment (conducted by the independent consultants Willis Towers Watson), following changes in executive roles and responsibilities during the year.
- Reviewed Group travel policy.
- Recommended to the Board approval of pay elements for Mr Aminur Rashid upon his retirement from the Board (as set out later in this report).
- Recommended to the Board approval of a salary increase for Ms Karin Kersten, and a salary reduction for Mr Brouwer, upon Ms Kersten's appointment as CEO, based on Willis Towers Watson's benchmark survey (as set out later in this report).

- Reviewed the draft Remuneration Report for 2022, including changes to the Remuneration Policy to be approved by shareholders at the 2023 AGM.

Priorities for 2024

- To continue to oversee the making of LTIP awards under the stock option scheme.
- To oversee the development and implementation of a staff performance management and evaluation system that is supportive of the current business model while also being geared to the requirements of the future.
- To ensure that key staff across the Group continue to be rewarded appropriately.
- The Company intends to grant options to directors in 2024 but the basis for grant and the timing has not yet been determined. Such options will be exercisable on substantially the same terms as those granted in 2022 and 2023. There is no current intention to increase directors' salaries or fees in 2024.

Remuneration in 2023

The Committee's approach to remuneration continues to be centred around the Company's business model. ASA International has a long-established model, and its human resources policies are tailored to this model including its standardised remuneration policies.

In 2022, the Committee approved a fee increase of GBP 5,000 for Non-Executive Directors with effect from 1 January 2023 pursuant to the report of the independent advisors FIT Remuneration Consultants (which included a review of NED fees at peer group companies), noting that the basic fee of GBP 50,000 had not increased since 2018. With the exception of the changes in Ms Kersten's and Mr Brouwer's salaries mentioned above, there was no increase in the Executive Directors' remuneration during 2023 (except for the standard – in Bangladesh – fixed-rate increment for the Executive Director, Operations, who retired on 1 July 2023 and annual festival bonus).

Employee base salaries are subject to an annual cost of living increase: average total compensation for employees of the Group increased by 0.7% in 2023.

Remuneration Committee report *continued*

1. Remuneration Committee roles and responsibilities

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration. This includes making recommendations to the Board on the Company's policy on executive remuneration, setting the overarching principles, parameters and governance framework of the Group's Remuneration Policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors. This includes the following key objectives:

- Establish and maintain a competitive remuneration package to attract, motivate and retain high-calibre Executive Directors ('EDs') and senior management across the Group.
- Promote the achievement of the Group's annual plans and strategic objectives by providing an employee remuneration and benefits package that contains appropriately motivating targets that are consistent with the Group's risk appetite.
- Align senior executives' remuneration with the interests of shareholders.

The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration. The Committee's main responsibilities are to:

- Review and determine the total remuneration packages of EDs and other senior executives in consultation with the Chairman and CEO and within the terms of the agreed policy.
- Approve the design and targets of any performance-related pay schemes operated by the Group.
- Ensure that contractual terms on termination and any payments made are fair to the individual and the Group, that failure is not rewarded and that a duty to mitigate risk is fully recognised.
- Review any major changes in employee remuneration and benefits structures throughout the Group.
- Select, appoint and determine terms of reference for independent remuneration consultants to advise the Committee on remuneration policy and levels of remuneration.
- Ensure that the remuneration structures in the Group are compliant with the rules and requirements of regulators and all relevant legislation, and that any deviations are agreed in the interest of the Company and its stakeholders.
- Address the requirements as specified in the Corporate Governance Code for clarity, transparency, simplicity, mitigation of reputational risk, proportionality and alignment to culture and strategy; and whether the Remuneration Policy operates as intended in terms of Company performance and quantum and if not what changes are necessary.
- Seek advice from Group control functions to ensure remuneration structures and annual bonuses are appropriately aligned to the Group's risk appetite.

2. Remuneration Committee membership

The UK Corporate Governance Code provides that a Remuneration Committee should comprise at least three members who are independent Non-Executive Directors (other than the Chairman of the Board). The Remuneration Committee is chaired by Hanny Kemna, and its other members are Salehuddin Ahmed and Chris Low, who joined the Committee upon the retirement of Gavin Laws at the 2023 AGM. All of them are independent. Details of members' attendance at meetings in 2023 are set out on page 72.

3. Directors' and key managers' salaries

Following the 2023 AGM in June, Ms Kersten succeeded Mr Brouwer as Chief Executive (as had been announced on 24 February 2023). Mr Brouwer was appointed as (i) Deputy Chairman of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team in order to (a) smoothen the path of transition and (b) support the new leadership going forward. In this capacity the Board fully expects Mr. Brouwer to continue to make a significant contribution to the strategic and operational development of the business.

Ms Kersten's salary was increased from Euros 254,925 (which had applied from the time she joined ASA as an employee in October 2021) to Euro 375,000 upon her appointment as Chief Executive Officer. She was also enrolled in the Company's pension scheme and received an exceptional award of 125,088 share options under the LTIP. Ms Kersten is employed under a Dutch employment agreement and in accordance with Dutch law requirements she will be required to give 3 months' notice of termination of employment and receive 6 months' notice to terminate her employment.

Mr Brouwer's initial salary in his new role is USD 375,000 (a reduction of USD50,000 from his salary as CEO). Over time, Mr Brouwer's salary will decrease, but will not fall below USD 200,000. Mr Brouwer is not entitled to any pension contribution by the Company, and will not receive any further variable remuneration, including LTIP grants. Mr Brouwer is employed under a Dutch employment agreement as of June 15, 2023 and in accordance with Dutch law requirements he will be required to give 3 months' notice of termination of employment and receive 6 months' notice to terminate his employment. Mr Brouwer's change of role will not impact his outstanding LTIP award. The salary levels for senior managers responsible for managing the Group were initially set in 2018 based on advice received from the remuneration consultants Willis Towers Watson who performed a benchmarking study of salaries in Dhaka and the Netherlands at the time of the IPO in 2018, which was updated in 2023. These salaries have over time been adjusted to reflect individual promotions. The majority of senior management was rewarded at the time of the IPO through the vesting of share options. In addition, as described below a selected group of employees was awarded stock options in 2022.

Remuneration Committee report continued

Salaries at a country level are set by the local country management. Through our employee surveys, management collects insights on salary expectations. The Company also considers salary levels paid in the local markets including those paid by our competitors. In 2023, the average percentage increase in salaries at the Group was 1.1%, and the actual increase in expenditure was 2.8% (see table below).

Particulars	Total (2023) USD'000	Total (2022) USD'000	Increase in USD'000	%
Employees' remuneration	62,159	60,475	1,684	2.8

The Company has adopted an LTIP as more fully described on pages 80 and 84.

Key performance indicators

Annual salary/fee	2023	2022	2021	2020	2019	% change 2023 -2022	% change 2022 -2021	% change 2021 -2020	% change 2020 -2019
Number of clients (m)	2.3	2.3	2.4	2.4	2.5	1%	-3%	+0%	-6%
Number of branches	2,016	2,028	2,044	1,965	1,895	-1%	-1%	+4%	+4%
Net loss/profit	14.4	17.9	6.4	-1.4	34.5	-19%	+181%	+556%	+104%
OLP ¹	361.9	351.2	403.7	415.3	467.4	+5%	-13%	-3%	-11%
PAR>30 days ²	2.1%	5.9%	5.2%	13.1%	1.5%	-3.8%	+0.7%	-7.9%	+11.6

1 Outstanding loan portfolio ('OLP') includes off-book Business Correspondent ('BC') loans and Direct Assignment loans, excludes interest receivable, unamortised loan processing fees, and deducts modification losses and ECL provisions from Gross OLP.

2 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.

The annual percentage change in the Directors' pay over the five years to 2023, compared to the average for other employees, is set out below:

Annual salary/fee	2023	2022	2021	2020	2019	% change 2023 -2022	% change 2022 -2021	% change 2021 -2020
Executive Directors: (USD)								
Dirk Brouwer (until 15 June 2023)	375,000 ¹	425,000	425,000	425,000	425,000	-12%	0%	0%
Karin Kersten	375,000 ²	187,815	-	-	-	99.6%	-	-
Aminur Rashid	189,305 ³	220,032	177,515	172,347	167,328	2.3%	3%	3%
Non-Executive Directors: (GBP)								
Guy Dawson	75,000	70,000	70,000	60,000	60,000	7%	0%	17%
Gavin Laws	65,000 ⁴	60,000	60,000	60,000	60,000	8%	0%	0%
Chris Low	65,000 ⁵	-	-	-	-	0%	-	-
Hanny Kemna	65,000	60,000	60,000	50,000	50,000	8%	0%	0%
Salehuddin Ahmed	55,000 ⁶	50,000	50,000	50,000	-	10%	0%	0%
Average salary per staff (all ASAI staff excl. Executive Directors) (USD)								
	4,358	4,274	3,665	3,440	3,099	2%	2%	17%
Earnings growth – ASAIG consolidated								
	-71.9%	181%	556%	-104%	6.0%			

1 Dirk Brouwer's salary was amended to reported amount as of 15 June 2023, when he stepped into a new role.

2 Karin Kersten's salary increased as per her appointment on 15 June 2023. Her salary is in Euro's.

3 The salary includes festival bonus and allowances. 2022 salary includes a USD 35,000 one-off cash compensation. The one-off compensation is not reflected in the % change.

4 GBP 65K until 15 June 2023.

5 GBP 65K as of 15 June (between 1.2.2023 – 15 June 2023 GBP 55K)

6 GBP 65K as of 1.1.2023 until 8 December 2023 and after 8.12.2023 GBP 55K. Excess Paid: £672.04

Remuneration Committee report continued

4. Remuneration Policy

This section is the Remuneration Policy approved by the shareholders at the 2023 AGM.

4.1 Review and implementation of policy

The policy is developed and reviewed by the Remuneration Committee of the Board of Directors (the 'Committee').

Conflicts of interests are managed by ensuring that the Committee comprises only Independent Non-Executive Directors and no Director is present when their own remuneration is being discussed. The Committee seeks assistance from independent remuneration consultants as appropriate to provide an external perspective and also seeks the view of the Audit and Risk Committee and senior management.

4.2 Policy table for Executive Directors

The adjacent table sets out all the components of remuneration for the Executive Director from the date of the AGM as approved in 2023, other than recruitment packages. See also table in Para 5.3.

Policy Table - Executive Directors		
Component and rationale	Description	What is the maximum that may be paid in respect of the component?
Basic salary Helps to recruit and retain high-calibre Directors.	The Committee reviews basic salary annually, taking account of performance and market conditions. Basic salary will not normally be increased by more than the annual increase in basic salary of employees of the group except as described, in relation to new recruits, in paragraph 4.8.	Except upon promotion to a more senior post or a material increase in his or her responsibilities, or if the average annual basic salary increase of Group employees exceeds 10%, no Executive Director's basic salary may be increased by more than 10% in any year. ¹
Benefits Enables Directors to perform their roles effectively by contributing to their well-being and security. Provides competitive benefits consistent with the role.	Benefits are set by the Committee from time to time and currently include: <ul style="list-style-type: none"> • Private medical cover. • Life assurance cover. • 13th month bonus equal to one month salary. • Ex-patriate benefits offered in connection with recruitment. • Reimbursement for reasonable expenses incurred in connection with duties, including travel expenses and any tax payable on travel expenses. 	The total cost of benefits will not be more than £50,000 in aggregate per Director but this may be exceeded if the cost of providing insurance on the same basis has increased from year to year.
Options Aligns pay with longer-term returns to shareholders.	Directors can be granted options under the ASA International Long-term Incentive Plan ('LTIP'). These are rights to acquire shares (or a cash equivalent) at any time after vesting for an exercise price set at grant which is based on the market value of a share at grant. Options will normally vest in three instalments starting on the third anniversary of grant (60%), and on the fourth and fifth anniversaries of grant (20% each). No performance conditions or post-vesting holding periods apply. Malus and clawback provisions apply as described below. Options have a term of ten years and can only be exercised to the extent they have vested. Dividend equivalents are not payable.	The fair value of options (as used for accounting purposes) granted to any one Director in any one financial year must not be more than 100% of their basic salary.
Pension Helps to recruit and retain high-calibre directors.	Directors are entitled to an employer contribution to a pension scheme or a cash payment in lieu.	Payments in lieu of pension and employer contributions to defined contribution schemes are limited to 17% of each member's basic salary. This is equivalent to the contribution rate for the majority of the workforce.

¹ Wording adopted at the 2023 AGM.

Remuneration Committee report continued

4.3 Malus and clawback

The Committee can reduce the number of shares in respect of which an option vests or can be exercised (including a reduction to zero) if:

- There has been an error in the calculation of the level of grant or vesting of any option or the amount of any other variable remuneration paid to the Director.
- There has been a misstatement of the Company's results for any year before vesting.
- A business unit or profit centre in which the Director worked has subsequently made a loss out of business written in that year or from circumstances that could reasonably have been risk-managed.
- Information has emerged since the grant date relating to the relevant financial year which would have affected the size of the option granted.
- The Committee determines in its absolute discretion that the underlying financial health of the Group has significantly deteriorated such that there are severe financial constraints on the Group which preclude or limit the Group's ability to facilitate funding of options and the Director was directly or indirectly (and either solely, or collectively) responsible for such deterioration.
- The Director has engaged in conduct which has had a material adverse effect on the financial position of the Group, the member of the Group by which the Director was then employed or the business unit in which he or she then worked, between the award date and vesting.
- There has been a failure of risk management for which the Director was directly or indirectly (and either solely, or collectively) responsible.
- The Director has been guilty of fraud or gross misconduct or has brought any member of the Group into disrepute.

Similarly, the Director can be required to give back some or all of the shares or cash received under the option (or pay an amount equal to the value of shares) if, within three years of vesting, the Committee becomes aware that there has been a misstatement of results for any year before vesting or the Director has been guilty of fraud or gross misconduct or has brought the Group into disrepute.

4.4 Treatment of options on takeovers and other transactions

Options will generally vest early on a takeover. Alternatively, Directors may be allowed or required to exchange their options for equivalent options over shares in the acquiring company.

Where an option vests in these circumstances, unless the Committee decides otherwise, the number of shares in respect of which it can be exercised will be reduced to reflect the fact that it is vesting early.

The Committee can adjust the number or type of shares under an option and/or the exercise price to take account of any rights issue or similar transaction, demerger, special dividend, variation of capital or other event which it considers could have an impact on an option.

4.5 Non-Executive Directors

The table below sets out all the components of remuneration for Non-Executive Directors from the date of the 2023 AGM, other than recruitment packages.

Policy table – Non-Executive Directors		
Component and rationale	Description	What is the maximum that may be paid in respect of the component?
Fees Attract and retain a Chairman and Non-Executive Directors who have the requisite skills and experience to determine the strategy of the Group and oversee its implementation.	Directors' fees are in principle reviewed on an annual basis (if not agreed otherwise by the Committee).	Directors' fees (including any benefits) must not, in aggregate, be more than the limit set out in the Articles of Association of the Company from time to time, which is currently £2,500,000.
Expenses Ensures the Directors are not left out of pocket.	Reimbursement for reasonable expenses incurred in connection with duties, including travel expenses and any tax payable on travel expenses.	N/A

Non-Executive Directors do not receive options and do not participate in any pension or incentive arrangements. As explained above, no shareholding requirements apply to Directors.

If a Non-Executive Director provides additional services to the Group, they may be paid for those services on a basis agreed by the Board of Directors.

4.6 Relationship to remuneration paid to other employees

The remuneration package of Executive Directors is based on the same elements as those offered to other employees of the Group but with a greater emphasis on variable pay and alignment with shareholders, delivered through options. This reflects the Directors' greater ability to influence corporate performance.

In formulating the policy, the Committee started by looking at remuneration packages offered to employees across the Group and changed those where necessary to reflect the leadership role of Directors and the international pool from which Directors are recruited.

The main remuneration comparison measurements which the Committee took into account when setting remuneration policy for the Executive Directors at the time of the IPO was the benchmark reports prepared by the independent consultant Willis Towers Watson in 2018 and salary levels and rewards across the microfinance industry. In 2023 FIT consultants prepared a benchmark report in respect of NED salaries.

Remuneration Committee report *continued*

4.7 Approach to recruitment

A new Executive Director's remuneration should take into account that Director's level of the skills and experience required for the role and may start off lower than his or her predecessor's remuneration with a view to reaching a market rate over time, subject to performance.

When recruiting a new Executive Director, the starting point for negotiations would be the components described in the table in paragraph 4.3.

However, if the Committee considers it is necessary for the recruitment of a particular individual, it may agree to components not contemplated in that table.

The maximum level of variable remuneration (excluding compensatory awards described below) for Executive Directors will not be more than 100% of the recruit's basic salary (with options valued as described in the policy table).

A Director recruited to work outside their home country may be offered relocation benefits including:

- Accommodation allowance.
- Education allowance.
- Two free air-tickets per year to and from home.

But these will not last more than two years from starting employment.

The Committee may make compensatory awards in the form of cash, shares or share awards/options in the Company to compensate a new Executive Director for benefits they will lose as a result of joining the Company. Those awards would, so far as practicable:

- Reflect the value, at the time of grant, of the awards being lost.
- Take the same form as the awards which are being lost.
- Vest at the same time as the awards being lost.
- Be subject to comparable service and performance conditions (though any performance conditions may relate to the performance of the Company).

When recruiting a Non-Executive Director (including a chair), the remuneration offered would be consistent with the components described in the table in paragraph 3.

4.8 Service contracts and letters of appointment

The Executive Director (CEO) has a service contract and the Non-Executive Directors have a letter of appointment, all of which are available for inspection at the Company's registered office. The CEO is not normally appointed for a fixed term but continue until her/his employment or office is terminated. Dirk Brouwer, as Deputy Chairman and Special Advisor, is employed under indefinite employment contract. Non-Executive Directors are appointed for an initial (and renewable) three-year term but are subject to annual re-election at the AGM.

4.9 Policy on notice periods and payments for loss of office

The Company's policy is that:

- The CEO contract (and the employment contract of Dirk Brouwer, being Deputy Chairman and Special Advisor) requires a notice period of 6 months by the employer (and 3 months for the employee).
- Non-Executive Directors' letters of appointment require three months' notice from either party but are terminated immediately if Director is not re-elected at an AGM.

Each Directors' contract or letter of appointment is consistent with this. For each component of pay, the amount paid to an Executive Director on termination will be determined as follows:

Component	Determination
Salary and benefits	The Director receives salary and benefits and pension (if any) benefits during their notice period. The Company can decide to make a payment in lieu of notice equal to basic salary for the balance of the notice period and may decide to pay this in instalments subject to reduction if the Director enters alternative employment before the end of the notice period.
Options	An option will normally lapse on leaving employment. Options which have already become exercisable may be exercised for up to 12 months from the date of leaving after which they will lapse. However, if the Executive Director dies or leaves because of disability, ill-health, injury, redundancy, retirement, sale of Company (or in other circumstances if the Committee allows), the option will continue in effect and, unless the Committee decides otherwise, the number of shares in respect of which it can vest and be exercised will be reduced pro rata to reflect the fact that the Director left early. Alternatively, the Committee may allow the option to vest on leaving, or at some point thereafter, in which case (unless the Committee decides otherwise) the number of shares in respect of which the option can be exercised will be reduced pro rata to reflect the fact that it is vesting early. If the Executive Director dies, the option will vest on the date of death to the extent described above.
Other	A departing Executive Director may also be paid some or all of the following on a reasonable basis to be determined by the Committee: <ul style="list-style-type: none"> • Reasonable legal tax or outplacement expenses. • Accrued holiday pay. • Payments in compensation for non-compete restrictions. • Relocation expenses. • Amounts required to satisfy or settle any actual or potential legal claim by the Director against any Group company. • Ex-gratia retirement gifts and presentations.

On termination, Non-Executive Directors are only entitled to any outstanding fees for the period worked, including their notice period, except Dirk Brouwer, who receives a salary under his employment contract).

Remuneration Committee report continued

4.10 Prior commitments

Where the Company has made a commitment to a Director to make a remuneration payment or payment for loss of office before this policy came into effect or before the person became (but not in anticipation of their becoming) a Director, the Company will honour the commitment, even if it is inconsistent with the Remuneration Policy, which is in effect when the payment is to be made.

The existing Directors have the following entitlements pursuant to commitments made before this policy came into effect:

- Karin Kersten was informed that she would be offered EUR 50,000 in stock options value at the time she joined the Company on 1 October 2021, at which time she was not an Executive Director. 157,253 options were formally granted on 28 October 2022. On 3 July 2023 Karin Kersten (now CEO) was also received an exceptional award of 125,088 share options under the LTIP.

4.11 Remuneration policy for key executives

The below constitutes the framework for the remuneration policy of the key executives both at the country level and the head office level. The policy aims to:

- Attract, motivate and retain high-calibre employees across the Group.
- Reward employees fairly, according to their performance.
- Promote the achievement of the Group's annual plans and its long-term strategic objectives.
- Align the interests of employees with those of all key stakeholders, in particular, our shareholders, clients and regulators.
- Support effective risk management and promote a positive client conduct culture.

The Company will work closely with the Remuneration Committee to set the right policies and incentives for the key executives both in the countries and at its head office.

On 18 July 2018, a number of the senior managers (including the then Executive Directors and Managing Directors of the subsidiaries) who were instrumental in the creation of ASA International were awarded a beneficial interest in a portion of the shares of the Company following the exercise of the 10% stock option agreed by the Company pre-IPO. The combined economic interest in the proceeds of the sale of the shares of the Company amount to 6.7% of the issued and outstanding share capital of the Company. (This interest is indirectly held via Catalyst Continuity).

All key managers receive a fixed salary, and there is no cash bonus scheme other than the stock options granted in 2022 (see below para 5.2). At present the Company believes a performance-based incentive other than the LTIP does not fit the profile of the Company considering its key business of providing financial services to low-income people.

5. Directors' Remuneration Report 2023

This section of the report explains how the Group's Remuneration Policy for Directors, approved at the AGM in 2023, was applied during the year, and gives details of awards of options under the LTIP.

The report also summarises the fees paid to Directors in 2023 as well as the current shareholding of the Chairman and the Executive Directors in the Company.

The Remuneration Policy was approved by 95.58% of the votes cast, with 4.42% against and 0 votes withheld, at the AGM held on 15 June 2023. The Remuneration Report was approved by 95.59% of the votes cast, with 4.41% against and 0 votes withheld at the AGM held on 15 June 2023.

5.1 2023 Implementation of the Remuneration Policy

Prior to 2022 no awards were granted under the LTIP pending agreement on all relevant terms and conditions. The 2022 operation of the LTIP was discussed and agreed in the Remuneration Committee held on 25 April 2022 and the first grants were made on 28 October 2022 in the case of employees and the Executive Directors. The intended value of the option grants to the Executive Directors is set forth under options in the table in Para 5.3.

On 28 October 2022, the Company granted options ('Options') over about 2,500,000 ordinary shares of £0.01 each in the Company ('Shares') under its LTIP to certain Executive Directors and executives at the Group and country level. As per 31 December 2023, the ASA International Group plc Employees Benefit Trust has acquired 1,304,830 shares.

On 3 July 2023, the Company granted options ('Options') over 125,088 shares of £0.01 each in the Company ('Shares') under its LTIP to Karin Kersten following her appointment as Chief Executive Officer.

The Committee approved a fee increase of GBP 5,000 for Non-Executive Directors with effect from 1 January 2023 considering that the basic fee of GBP 50K had not increased since 2018, which increase was supported by a report of FIT Remuneration Consultants.

Remuneration Committee report continued

5.2 A single figure table with audited Director pay data is shown below.

Name	Position	Annual salary/fee	Benefits	Bonus	Total variable pay (2022)	Total variable pay (2021)	Total variable pay (2020)	Total fixed pay (2022)	Total fixed pay (2021)	Total fixed pay (2020)
Karin Kersten	Chief Executive Officer ¹	EUR 361,363	Travel expenses on actuals ²	0	0	0	0	EUR 181,220	-	-
Dirk Brouwer	Deputy Chair and Special Adviser ⁴	USD 406,304	Travel expenses on actuals ⁵	0	0	0	0	USD 425,000	USD 425,000	USD 425,000
Aminur Rashid	Executive Director – Operations ⁷	USD 187,505	Travel expenses on actuals ⁶	0	0	0	0	USD 220,032	USD 177,515	USD 172,347
Gavin Laws	Non-Executive Director ³	GBP 30,038	Travel expenses on actuals	0	0	0	0	GBP 60,000	GBP 60,000	GBP 60,000
Chris Low	Non-Executive Director ³	GBP 55,743	Travel expenses on actuals	0	0	0	0	-	-	-
Guy Dawson	Non-Executive Director ³	GBP 75,000	Travel expenses on actuals	0	0	0	0	GBP 70,000	GBP 70,000	GBP 70,000
Hanny Kemna	Non-Executive Director ³	GBP 65,000	Travel expenses on actuals	0	0	0	0	GBP 60,000	GBP 60,000	GBP 60,000
Salehuddin Ahmed	Non-Executive Director ³	GBP 64,328	Travel expenses on actuals	0	0	0	0	GBP 50,000	GBP 50,000	GBP 3,360

Note: a) No pension was provided to the Directors with the exception of Karin Kersten. b) All salaries are paid on a pro rata basis.

1 On 3 July 2023 (the 'Grant Date') the Group has granted options ('Options') over 125,088 ordinary shares of £0.01 each in the Company ('Shares') under its LTIP to Karin Kersten, the Chief Executive Officer of the Company in connection with her appointment on 15 June 2023. The Options will normally vest, subject to continued employment, on the following schedule: 60% on the third anniversary and 20% on each of the fourth and fifth anniversaries of the Grant Date. To the extent they vest, the Options are exercisable at a price of 84 pence per ordinary share, being the average share price for the three business days before the Grant Date.

2 Karin Kersten is enrolled in the Company's pension plan.

3 No bonuses are paid to Non-Executive Directors under the policy and no long term incentives vested.

4 Dirk Brouwer was the Chief Executive officer till the AGM on 15 June 2023, after which he became Deputy Chair and Special Adviser.

5 Dirk Brouwer is not enrolled in the Company's pension plan.

6 Annual increase as per policy for Dhaka based staff, festival bonus and allowances. A 13th month salary was received.

7 Aminur Rashid retired from his role as of 30 June 2023.

Mr. Dawson was paid an annual fee of £55,000 plus an additional fee of £10,000 for the role of Chairman and £10,000 for chairing the Nomination Committee.

Other Non-Executive Directors were paid an annual fee of GBP 55,000 plus an additional GBP 10,000 for chairing a committee. The Committee approved a fee increase of GBP 5,000 for Non-Executive Directors with effect from 1 January 2023 considering that the basic fee of GBP 50,000 had not increased since 2018, which increase was supported by a report of FIT Remuneration Consultants.

5.3 Share Options granted in 2023 to Executive Directors

On 3 July 2023 the Company granted options ('Options') over 125,088 ordinary shares of £0.01 each in the Company ('Shares') under its LTIP to Karin Kersten upon her appointment as Chief Executive. The number of shares granted was a Board decision. The Options will normally vest, subject to continued employment, on the following schedule:

- 60% on the third anniversary and 20% on each of the fourth and fifth anniversaries of the Grant Date.

To the extent they vest, the Options are exercisable at a price of 84 pence per ordinary share, being the average share price for the three business days before the Grant Date. Options do not attract dividend equivalents. The face value of the option is 105,074 based on the price of 84 pence per ordinary share.

In April 2022 the Employee Benefit Trust ('EBT') that is entitled to hold the shares in relation to the LTIP was established. The EBT is managed by an independent Trustee. The EBT has acquired 1,304,830 shares of the Company by the end of 2023 to hold in reserve for employees who choose to exercise their option rights under the LTIP.

Remuneration Committee report continued

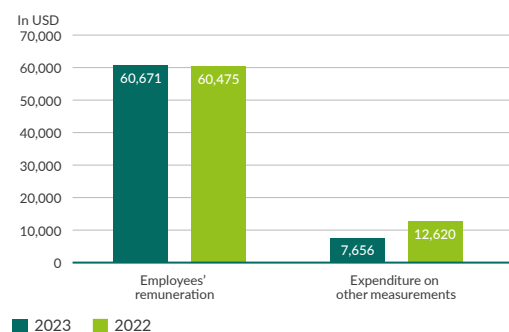
Malus and clawback provisions only apply to options, and no component of remuneration is dependent on performance measures or targets (save for value being linked to share price increase, in relation to options). The Company does not have any in-employment or post-employment shareholding requirements for its Directors, as the Company believes the nature of its LTIP, being a market-value option plan, provides sufficient long-term exposure for the Executive Directors to share price and long-term shareholder alignment.

The Company has selected a total vesting period of five years (with options normally vesting in instalments between years three and five) as the appropriate vesting period, as the Company believes that a phased, long-term vesting period (without any additional holding period) is warranted given the growth stage of the Company and the fact the market-value structure of the option plan means the options' value depend on sustained share price growth. Directors do not receive any incentives (bonus or LTIP) subject to performance conditions.

Unvested awards will normally lapse on the date of leaving ('bad leaver situation') unless 'good leaver' treatment is applied. 'Good leaver' treatment normally means to remain capable of vesting on the normal vesting date, subject to performance achievement and pro rata for time. Directors can confer 'good leaver' treatment on any leaver within 30 days of leaving. Directors can reduce vesting and/or impose additional conditions on exercise where they do so. See also table in Para 4.10 above.

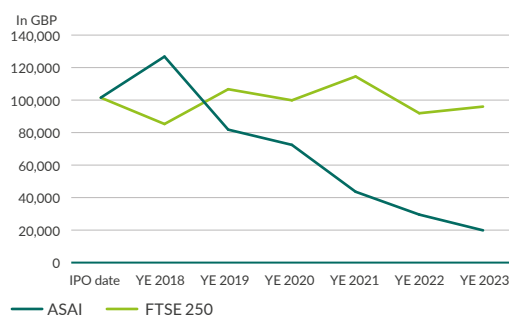
5.4 Other disclosures

Relative importance of spend on pay (USD '000s)



Note: No dividend was declared in 2022 and 2023, so the distribution to shareholders is nil.

Historical TSR performance (GBP '000s)



Note: TSR calculation is assuming a hypothetical 100 GBP investment in ASA International ordinary shares and in the FTSE 250 index at 13 July 2018, plus dividend reinvestment at the time of dividend payment.

CEO annual salary and long term incentives (USD)

	2023	2022	2021	2020	2019	2018
Annual salary	375,000 ¹	425,000	425,000	425,000	425,000	425,000

Note: No bonuses were paid in previous years and long term incentives have not vested in any year so far, with the earliest vesting date commencing in 2025.

¹ Paid in Euros.

6. Directors' shareholdings

The shareholdings of Directors in the Company as of 31 December 2023 are shown below.

Name of Director	Number of shares	% holding
Dirk Brouwer ^{1,2,3}	19,319,999	19.3%
Karin Kersten ⁴	110,000	0.1%

- Reflects the Company's share capital held in the form of indirect beneficial holdings of shares through an indirect holding in Catalyst Continuity. The votes attaching to the shares held by Catalyst Continuity are ultimately controlled a company ultimately controlled by Dirk Brouwer). Decisions taken by this company, including decisions as to the voting of the relevant shares, are made by the Board of Directors thereof (i.e. Dirk Brouwer).
- Dirk Brouwer holds his interest in the Company via CMIMC which in turn holds its interest in the Company via Catalyst Microfinance Investors 29.2% and Catalyst Continuity 17.1%. Catalyst Microfinance Investors and Catalyst Continuity own 46.3% in total, each company (ultimately) controlled by Dirk Brouwer.
- Dirk Brouwer was granted options over 282,341 shares in 28 October 2022 at the price of 93 pence per share.
- Karin Kersten, Chief Executive Officer, has purchased in aggregate 110,000 ordinary shares over 27 and 28 November 2023. On 3 July 2023 the Company granted options over 125,088 ordinary shares of £0.01 each in the Company under its LTIP to Karin Kersten upon her appointment as Chief Executive. To the extent they vest, the Options are exercisable at a price of 84 pence per ordinary share. On 28 October 2022, the Company granted options over 157,253 ordinary shares to Karin Kersten, as an Executive Director and Person Discharging Managerial Responsibilities. To the extent they vest, the Options granted in 2022 are exercisable at a price of 93 pence per ordinary share, being the average share price for the three business days before the Grant Date. More details on the options granted in 2023 can be found on page 94.

Directors and employees of the Group are required to comply with applicable legislation relating to dealing in the Company's shares as well as the Company's share dealing rules.

As disclosed previously (including at the time of the Company's listing), certain (direct and indirect) shareholders in the Company are taken to constitute a 'concert party' for the purposes of the Takeover Code. Those shareholders include Dirk Brouwer and the entities through which he indirectly holds his interests in the Company, including Catalyst Microfinance Investors ('CMI') and Catalyst Continuity ('Catalyst Continuity'). CMI and Catalyst Continuity are ultimately controlled by Dirk Brouwer through CMIMC, a holding company of the founders of CMI.

A consequence of the current aggregate shareholding of the Concert Party being 46,328,944 shares is that any increase in that aggregate shareholding (which could result from, among other things, any exercise of the Options granted to Dirk Brouwer), may result in a requirement under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the remainder of the share capital of the Company not already held by it. Therefore, in 2023 the Independent Directors, being all of the directors of the Company who are not members of the Concert Party, sought and obtained a waiver from the Takeover Panel in respect of any requirement for the Concert Party to make such a mandatory offer under Rule 9 of the Takeover Code. The terms of this waiver were subsequently approved by the independent shareholders of the Company at the 2023 AGM.

Remuneration Committee report continued

7. Service contracts and letters of appointment

Details of Directors' pay are stated in the table at section 5.2 above. No Director has been involved in deciding his or her own remuneration.

Karin Kersten – Chief Executive Officer

Ms Kersten is employed through a service agreement dated 15 June 2023. Her salary is EUR 375,000 and she was awarded 125,088 additional share options after the 2023 AGM. Ms Kersten's service agreement is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement and Karin Kersten will observe a notice period of three months. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate.

Dirk Brouwer – Deputy Chairman and Special Advisor

Mr Brouwer is employed through an employment agreement dated 15 June 2023. His salary is USD 375,000. Mr Brouwer's employment agreement is terminable in accordance with Dutch Law. The Company shall observe a notice period of six months and Mr Brouwer will observe a notice period of three months. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate. In his role as (i) Deputy Chairman of the Board and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team, Mr Brouwer only receives a regular, annual salary for his services to the Company and no Board and Director fees or any other emoluments.

Guy Dawson – Non-Executive Director

Mr Dawson is the Non-Executive Chairman and a Non-Executive Director engaged through a letter of appointment dated 28 June 2018 and was appointed as Non-Executive Chairman on 1 January 2021. He is the Chairman of the Nomination Committee (and the Independent Committee). His fee as a Non-Executive Director and Non-Executive Chairman is GBP 75,000 per annum (including a GBP 10,000 fee for chairing the Board and a GBP 10,000 fee for chairing the Nomination Committee) and his engagement with the Company can be terminated with three months' notice.

Hanny Kemna – Non-Executive Director

Ms Kemna is a Non-Executive Director engaged through a letter of appointment dated 28 June 2018. She is the chairperson of the Remuneration Committee, and a member of the Audit and Risk Committees (and the Independent Committee). Her fee as a Non-Executive Director, Chairperson of Remuneration Committee and Senior Independent Director is GBP 65,000 per annum (the fee of GBP 10,000 fee also included the remuneration for acting as the Senior Independent Director as of 1 January 2020) and her engagement with the Company can be terminated with three months' notice.

Salehuddin Ahmed – Non-Executive Director

Dr Ahmed is a Non-Executive Director engaged through a letter of appointment dated 7 December 2020. He is a member of the Nomination and Audit and Risk Committees (and the Independent Committee). His fee as a Non-Executive Director is GBP 55,000 per annum and his engagement with the Company can be terminated with three months' notice. His term expires on 7 December 2024 by virtue of the letter of extension dated 7 December 2023.

Chris Low – Non-executive Director

Mr Low is a Non-Executive Director engaged through a letter of appointment dated 12 December 2022. His appointment took effect on 1 February 2023. He is a member of the Remuneration, Audit and Risk and Independent Directors Committees. His fee as a Non-Executive Director is GBP 65,000 per annum (including a GBP 10,000 fee for chairing the Audit and Risk Committee) and his engagement with the Company can be terminated with three months' notice.

Non-Executive Directors

Prior to January 2023, Mr. Dawson was paid an annual fee of GBP 50,000 plus an additional fee of GBP 10,000 for the role of Chairman and GBP 10,000 for chairing the Nomination Committee. Other Non-Executive Directors were paid an annual fee of GBP 50,000 plus an additional GBP 10,000 for chairing a committee and GBP 10,000 for the role of senior Independent Non-Executive Director. The Executive Directors approved a fee increase of GBP 5,000 for Non-Executive Directors with effect from 1 January 2023, considering that the basic fee of GBP 50,000 had not increased since 2018, which increase was supported by a report by the independent advisors FIT Remuneration Consultants.

Guy Dawson, Gavin Laws and Dirk Brouwer were already on the Board of ASA International Holding prior to the establishment of ASA International Group plc in May 2018. In view of the listing on 13 July 2018, Ms Kemna had been identified as a potential candidate through well-established contacts in the financial industry including the Company's network of advisers. Dr Ahmed was identified through the network of Mr Shafiqul Haque Choudhury (ASA former Chairman) in Bangladesh and Mr Low was identified through a search carried out with the help of the independent search consultants Ridgeway Partners.

Consideration of shareholders' views

The Chairman of the Board is available to be consulted by our major shareholders on key issues including remuneration at any time. The Board does its best to ensure that there is a satisfactory dialogue with shareholders, on mutual understanding of objectives.

Committee Effectiveness

The 2023 evaluation of the Committee's effectiveness indicated that it remained satisfactory, and the Committee was properly consulted on the remuneration implications of Executive Director and other senior management changes, with full briefings provided including independent peer group pay comparisons. In 2024, the Committee looks forward to discussing management's proposals for updated HR policies and a more structured system of staff performance evaluation.

This report was approved by the Board of Directors on 26 April 2024 and signed on its behalf by:

Hanny Kemna
Chairman of the Remuneration Committee
26 April 2024

Annual Salary Executive Director (as at 31 December 2023)	EUR
Karin Kersten	375,000

Independent Directors' Committee report

The Independent Directors' Committee identifies and manages matters involving conflicts of interest (including potential conflicts of interest) between any Group company, on the one hand, and any controlling shareholder or related party (each as defined under the Listing Rules), on the other hand. It is also responsible for overseeing and scrutinising the relationship between the Group, its related parties and its controlling shareholders (including evaluating, monitoring and approving any material transactions or arrangements between such parties and generally monitoring compliance with the Relationship Agreement (see page 73).

In 2023, the Independent Committee discussed amongst other things succession planning, the hiring of a qualified internal auditor, as well as the potential appointment of a new Non- Executive Director in 2024.

The Independent Directors' Committee comprises all of the Independent Non-Executive Directors, being Salehuddin Ahmed, Guy Dawson, Hanny Kemna and Chris Low. It was chaired by Guy Dawson in 2023 and met four times.

Disclosure Committee report

The Disclosure Committee is chaired by the CEO and also includes the CFO and the General Counsel. It meets as required in order to assist the decisions of the Board concerning the identification of inside information and to make recommendations about how and when that information should be disclosed in accordance with the Company's disclosure procedures manual. Its primary duty is to ensure that inside information is properly disclosed in accordance with the requirements of the Market Abuse Regulation.

The Disclosure Committee had conference calls and meetings through the year in 2023 to assess developments in the Company and concluded on each occasion that there was no matter which could be considered as inside information or thought to be capable of becoming inside information. There have been no material changes in the interests held by Directors or key managers since the listing of the Company on 13 July 2018 other than indirect shareholdings held by Dirk Brouwer and the nominee of the late Md Shafiqul Haque Choudhury.



Directors' report

The Directors of the Company present their report for the year ended 31 December 2023. The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH, United Kingdom.

The Strategic Report, set out on pages 01 to 67 of this Annual Report, and Corporate governance report, Committee reports and the Directors' Remuneration Report, set out on pages 68 to 100 of this Annual Report, include information that would otherwise need to be included in this Directors' report. Relevant items are referred to below and incorporated by reference into this report.

Results and dividends

The consolidated results for the year are shown on page 110 of the financial statements. The profit before tax of the Company was USD 32.2m, as against USD 46.3m for the previous year.

The Directors have decided not to declare dividend in 2024 on the 2023 results.

Directors

The names of the Directors of the Company at the date of this report, together with biographical details, are given on page 69 of this Annual Report. All of them served throughout the 2023 financial year except for Chris Low, who joined the Board in February 2023. In accordance with the UK Corporate Governance Code, all Directors will retire at the 2024 Annual General Meeting ('AGM') and, will offer themselves for re-election at that meeting.

Further details on the Directors' remuneration and service contracts or appointment letters (as applicable) can be found in the Directors' Remuneration Report on pages 87 to 96 of this Annual Report.

Directors' interests

The Directors' interests in the share capital of the Company as at 31 December 2023 are set out on page 95 of the Directors' Remuneration Report.

Powers and appointment of Directors

The Company's Articles of Association set out the powers of the Directors, and rules governing their appointment and removal. The Articles of Association can be viewed at the registered office of the Company. Further details on the powers, appointment and removal of Directors are set out in the Corporate governance report on page 96 of this Annual Report.

Directors' indemnities and insurance

In accordance with its Articles of Association, the Company has granted an indemnity to each of its Directors on terms consistent with the applicable statutory provisions. This indemnifies the Director in respect of (a) any liability incurred by or attaching to Directors in connection with any negligence, default, breach of duty or breach of trust by the Director in relation to the Company or any associated company, or (b) in the actual or purported execution and/or discharge of the Director's duties and/or the actual or purported exercise of the Director's powers and/or otherwise in relation to, or in connection with, the Director's duties, powers or office as an employee, officer, trustee or agent of the Company and/or any associated company other than any liability (i) to the

Company or any associated company, (ii) to pay a fine imposed in criminal proceedings, (iii) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), (iv) in defending any criminal proceedings in which they are convicted, where such conviction is final, (v) in defending any civil proceedings brought by the Company or an associated company in which judgement is given against him or her, where such judgement is final, or (vi) in connection with any application for relief under the provisions referred to in section 234(6) of the Companies Act, where the court refuses to grant the Director relief, and such refusal is final.

Furthermore, the third-party indemnity shall not apply:

- (i) To the extent that it is not permitted by, or consistent with, law or statute from time to time in force, the Articles of Association of the Company or the rules and regulations of any regulatory body;
- (ii) To the extent that the Director has been, or is entitled to be, indemnified or reimbursed by any Directors' or Officers' liability insurance or any other insurance;
- (iii) Where there has been gross negligence, fraud or wilful default by the Director; nor
- (iv) Where the Director has improperly derived a personal benefit or profit.

Qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the year, and remain in force at the date of this report. The Company also maintains liability insurance for its Directors and Officers.

Share capital

The share capital of the Company as of 31 December 2023 consists of 100,000,000 ordinary shares of GBP 0.01 each.

Under section 551 of the Companies Act 2006, the Directors may allot equity securities only with the express authorisation of shareholders which may be given in general meeting, but which cannot last more than five years. Under section 561 of the Companies Act, the Board may not allot shares for cash (otherwise than pursuant to an employee share scheme) without first making an offer to existing shareholders to allot such shares to them on the same or more favourable terms in proportion to their respective shareholdings, unless this requirement is waived by a special resolution of the shareholders.

Rights attaching to shares

The Company's Articles of Association set out the rights and obligations attaching to the Company's ordinary shares. All of the ordinary shares rank equally in all respects.

At general meetings of the Company, on a show of hands, each member has the right to one vote. In a poll, each member is entitled to one vote for every share held.

The shares carry no rights to fixed income. No person has any special rights of control over the Company's share capital and all shares are fully paid.

The Articles of Association and applicable legislation provide that the Company can decide to restrict the rights attaching to ordinary shares in certain circumstances (such as the right to attend or vote at a shareholders' meeting), including where a person has failed to comply with a notice issued by the Company under section 793 of the Companies Act 2006.

Deadline for exercising voting rights at AGM

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM, to be held on 20 June 2024, will be set out in the Notice of AGM.

Directors' report continued

Restrictions on the transfer of shares

There are no specific restrictions on the transfer of the Company's shares, which are governed by the general provisions of the Articles of Association and prevailing legislation. The Articles of Association set out certain circumstances in which the Directors of the Company can refuse to register a transfer of ordinary shares.

Directors and employees of the Group are required to comply with applicable legislation relating to dealing in the Company's shares as well as the Company's share dealing rules. These rules restrict employees' and Directors' ability to deal in ordinary shares at certain times, and require the employee or Director to obtain permission prior to dealing. The Directors holding shares are in compliance with the provision of the share dealing rules. The Company is not aware of any arrangements between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Employee Long-Term Incentive Plan

The Company has adopted a Long-Term Incentive Plan (the 'Plan'). In 2022, share options were granted to the Executive Directors and certain senior executives of the Company and also its subsidiaries as selected by the Remuneration Committee of the Board, but the Plan gives flexibility for the Company to grant a range of awards to take account of local legal and tax requirements and changing policy. In the case of Directors this will be subject to the current Directors' Remuneration Policy.

The Company made awards under the Plan on October 28, 2022 being within 42 days of September 20, 2022 in respect of employees and Executive Directors. In any ten-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the Plan and all other employee share plans operated by the Company. The Company made an additional award under the Plan on July 3, 2023 being within 42 days of 20 June 2023).

Substantial shareholdings

Details of substantial shareholdings in the Company are set out in the Corporate governance report on page 78 of this Annual Report.

Articles of Association

The Company's Articles of Association were last amended in June 2022. They may only be amended by a special resolution of the Company's shareholders. The Articles of Association can be viewed on request to the Company Secretary at the registered office of the Company.

Going concern

As disclosed in note 2.1.1 of the financial statements, the Directors have concluded that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern due to breaches of loan covenants. However, none of our lenders have called in their debts in the past three years. Having assessed the projections, downtrend analysis and mitigations, senior management and the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 13 months from the date of approval of these consolidated financial statements, and through to 31 May 2025.

Directors' responsibility statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance.
- In respect of the Group financial statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- In respect of the Parent Company financial statements, state whether UK adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/ or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' report, Directors' Remuneration report and Corporate Governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' responsibility statement (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Parent Company and undertakings included in the consolidation taken as a whole.
- That the Annual Report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- That they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Guy Dawson
Chairman
26 April 2024

Karin Kersten
Chief Executive Officer
26 April 2024

Directors' report continued

Corporate Governance Statement

The Company is required by the Disclosure and Transparency Rules and Guidance to prepare a Corporate Governance Statement including certain specified information. Information fulfilling the requirements of the Corporate Governance Statement can be found in this Directors' report and the Corporate governance report, Committee reports and Directors' Remuneration Report on pages 68 to 100 of this Annual Report. This information is incorporated by reference into this Directors' report.

The Company has complied throughout the year 2023 with all provisions of the UK Corporate Governance Code.

Strategic Report

The Company's Strategic Report can be found on pages 01 to 67 of this Annual Report.

Business activities

The Group's business activities, together with a description of future developments (including the factors likely to affect future development and performance) and its summarised financial position, are set out in the Strategic Report.

Information on the Company's employment practices (including with respect to employee involvement) and greenhouse gas emissions is set out on pages 64 and 65 and in the Non-financial and sustainability information statement on pages 66 and 67 of the Strategic Report.

Significant agreements affected by a change of control

A change of control of the Company, following a takeover bid, may cause a number of agreements to which the Company is party to take effect, alter or terminate. These include certain credit facility agreements which include change of control clauses.

Financial instruments

Details of the Group's financial instruments can be found in note 2.2.2 to the financial statements. The notes begin on page 114.

Financial risk management

The Group has procedures in place to identify, monitor and evaluate the significant risks it faces. The Group's risk management objectives and policies are described on pages 37 and 38, and the risks associated with the Group's financial instruments are analysed in note 2.2.2 on pages 117 and 118 of the financial statements.

Post-balance sheet events

As per 1 April 2024 ASAI NV acquired the outstanding principal debt and interest receivable totaling USD 4.4 million held by ASA Myanmar from various international lenders managed by Symbiotics and Frankfurt School Financial Services. The company had already made an advance payment for this assignment of USD 955K in 2023 (note 18.3).

On 25 February 2024, ASAI reached a key milestone, by migrating all clients in Pakistan from our incumbent loan system to the Temenos Transact Core Banking System. This migration enables ASA Pakistan to start taking deposits and to grow their client base in a highly regulated environment.

Political donations

No political donations were made during the year.

Disclosure of information under Listing Rule 9.8.4CR

As required by Listing Rule 9.8.4CR, the table below sets out the location of information required to be disclosed under Listing Rule 9.8.4 R:

Listing Rule sub-section	Item	Location
9.8.4 (4)	Details of any long-term incentive schemes as required by LR 9.4.3 R	Remuneration Report on pages 93 to 96
9.8.4 (5)-(6)	Details of any waiver of emoluments by a Director	Remuneration Report on page 94
9.8.4 (10)	Details of any contract of significance to which the Company or a subsidiary is a party and in which a Director or a controlling shareholder is materially interested	ASA NGO Bangladesh and AMSL (a wholly indirectly owned subsidiary of the Company) entered into a lease agreement and a services agreement (for the lease of office spaces and related services) in 2020
9.8.4 (11)	Details of any contract for the provision of services to the Company or a subsidiary by a controlling shareholder, subsisting during the period under review, unless the services are part of the shareholder's main business	None
9.8.4 (14)	Statement that the Relationship Agreement between the Company and the controlling shareholder has been complied with throughout the year	Corporate governance report on page 73

Resolutions at the 2024 AGM

The Company's AGM will be held on 20 June 2024. Resolutions to be proposed at the AGM include the election of the Directors and the reappointment of Ernst & Young ('EY') as the auditor of the Group.

The full text of each of the resolutions to be proposed at the 2024 AGM will be set out in the Notice of AGM sent to the Company's shareholders. A letter from the Chairman and explanatory notes will accompany the Notice of AGM.

Auditor

The Board (following a recommendation from the Audit and Risk Committee) has recommended that EY be reappointed as the Group's auditor at the 2024 AGM, at which resolutions concerning EY's reappointment and authorising the Directors to set its remuneration will be proposed. The full text of the relevant resolutions will be set out in the Notice of AGM sent to the Company's shareholders.

Disclosure of information to the auditor

Each of the persons who are Directors at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board



Prism Cosc
Company Secretary
26 April 2024

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General information

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Directors

Guy Dawson	15 May 2018
Dirk Brouwer	15 May 2018
Johanna Kemna	28 June 2018
Dr. Salehuddin Ahmed	07 December 2020
Karin Kersten	25 April 2022
Chris Low	01 February 2023

Appointed on:

Dirk Brouwer resigned from the position of Chief Executive Officer ('CEO') on 15 June 2023 and stepped into new roles as (i) Deputy Chairperson of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team.

The Board appointed Karin Kersten as the CEO of the Group as of 15 June 2023.

Gavin Laws (appointed on 28 June 2018) resigned from the Board on 15 June 2023 after expiry of his term.

Aminur Rashid (appointed on 28 June 2018) took an early retirement from the Group and resigned from the Board on 30 June 2023.

Registration:

ASA International Group plc is a company registered in England and Wales. Registered number: 11361159

Company secretary:

Prism Cosec Limited
Elder House, St Georges Business Park
207 Brooklands Road, Weybridge, Surrey KT13 OTS
United Kingdom

Registered office:

Highdown House, Yeoman Way
Worthing, West Sussex BN99 3HH
United Kingdom

Office addresses:

ASA Tower, 10th Floor 23/3,
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Tel: +880 2 8119828, 8110934-35

Rembrandt Tower, 35th Floor, Amstelplein 1
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Tel: +31 20 846 3554

Website:

www.asa-international.com

Investor Relations:

Mischa Assink
Chief Accountant and Head of Investor Relations
ir@asa-international.com

Auditor:

Ernst & Young LLP
25 Churchill Place
Canary Wharf, London E14 5EY
United Kingdom

Financial Statements continued

Independent auditor’s report to the members of ASA International Group plc

Opinion

In our opinion:

- ASA International Group plc’s Group financial statements and Parent Company financial statements (the “financial statements”) give a true and fair view of the state of ASA International Group plc (the ‘Company’ or ‘Parent Company’) and its subsidiaries (together, the ‘Group’) affairs as at 31 December 2023 and of the Group’s and the Parent Company’s profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Group and Parent Company for the year ended 31 December 2023 which comprise:

Group	Parent company
Consolidated income statement and statement of comprehensive income for the year then ended	Statutory income statement and statement of other comprehensive income for the year then ended
Consolidated statement of financial position as at 31 December 2023	Statutory statement of financial position as at 31 December 2023
Consolidated statement of changes in equity for the year then ended	Statutory statement of changes in equity for the year then ended
Consolidated statement of cash flows for the year then ended	Statutory statement of cash flows for the year then ended
Related notes 1 to 39 to the financial statements, including a summary of significant accounting policies	Related notes 40 to 47 to the financial statements including a summary of significant accounting policies
Information marked as ‘audited’ within the Directors’ Remuneration Report on page 94	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Emphasis of Matter – Material uncertainty related to Going Concern

We draw attention to note 2.1.1 in the financial statements, which indicates that the Directors have assessed the elevated arrears and credit losses across the loan portfolio that have caused breaches in the Group’s covenants on its borrowings in 2023. The current economic and market conditions across many of the territories in which the Group operates makes it difficult to assess the potential for future debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt will be forthcoming. As a result, the Directors have concluded that this represents a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors’ assessment of the Group and Parent Company’s ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group’s financial close process, we confirmed our understanding of the going concern assessment process and also engaged with management early to ensure relevant key factors were considered in their assessment.
- We considered the period of the going concern assessment which is from the date of approval of these financial statements to 31 May 2025 and confirmed this with those charged with governance.
- We agreed the Group’s borrowing analysis to supporting evidence, including satisfying ourselves that there were no material intra-group liabilities in the form of parental guarantees or letters of support.
- We reviewed debt agreements across the Group in order to establish the existence of covenants and considered the risk of covenant breaches on the timing of the Group’s debt repayment obligations.
- We established the accuracy and reasonableness of the budget and cashflow forecasts across the going concern period under normal conditions and under a series of stress and severe stress scenarios, including performing independent reverse stress testing. From this testing we considered the cash position in the Group through to 31 May 2025 and compared that to the external debt in the Group, in order to establish the level of risk associated with covenant breaches and the potential for debt being called due.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

- We reviewed the performance of the Group in 2023 and over recent history, including the historical impact of the COVID-19 pandemic, global inflationary pressures, natural disasters or other significant events on the business, in order to assess the historic resilience of the Group to periods of stress.
- We considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion, including engaging the views of the component audit teams, reviewing loan arrears analysis and performing media searches relating to the impact of geo-political issues and other relevant matters.
- We reviewed the Group's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the accounting standards.

From our evaluation of the Directors' going concern assessment, we had the following observations:

- As detailed in note 25, the Group had \$268.5m of external debt at 31 December 2023 of which \$23.0m had breached loan covenants. The Group have obtained waivers from a number of lenders in order to reduce the risk associated with debt being called due, but these waivers do not cover the complete period through to 31 May 2025. We observed that, should a significant proportion of the debt be called due at certain points in the going concern assessment period, the Group may have insufficient cash, at that time, to fund the required repayments.
- The Group continues to face challenges in the collection of outstanding loan balances, particularly with regard to operations in India, Nigeria, Myanmar, Sri Lanka, Rwanda and Sierra Leone. The recoverability of customer loans may be impacted by current economic conditions, relating to inflationary pressures, which could impact the Group's ability to remain in compliance with covenants and settle debt when it becomes due.
- The Group is experiencing restrictions on the movement of funds between certain countries, due to local laws or regulations, which could restrict the ability of the Group to support the funding and debt repayment requirements in the countries in which it operates.

Based on the work we have performed, we concur with the Directors that there are material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. The assessment period was to 31 May 2025 and considers at least twelve months from the date of the approval of these financial statements. Going concern has been determined to be a key audit matter.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> • We performed an audit of the complete financial information of thirteen components in thirteen countries (full-scope) and audit procedures on specific balances on four components in four countries (specific scope). • The components where we performed full or specific audit procedures accounted for 98.8% of Profit before tax, 98.1% of Revenue and 98.9% of Total assets.
Key audit matters	<ul style="list-style-type: none"> • Expected credit loss provisions • Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers • Going concern
Materiality	<ul style="list-style-type: none"> • Overall group materiality of \$2.1m (2022: \$2.2m) which represents 5% of adjusted profit before tax (2022: profit before tax).

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal Audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 28 reporting components of the Group, we selected seventeen components covering entities within the following countries:

- Full scope (audit of complete financial information): Bangladesh, Pakistan, Philippines, India, Ghana, Netherlands, Nigeria, Mauritius, Myanmar, Kenya, Tanzania, Uganda and the Parent Company in the United Kingdom.
- Specific scope (audit of specific account balances or disclosures): Sierra Leone, Sri Lanka, Rwanda and Zambia.

We performed an audit of the complete financial information of thirteen components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 98.8% (2022:98.8%) of the Group's Profit before tax, 98.7% (2022: 99.2%) of the Group's Profit before tax when using absolute values, 98.1% (2021: 98.8%) of the Group's Revenue and 98.9% (2022: 98.7%) of the Group's Total assets. The full scope components contributed 95.8% (2022: 108.4%) of the Group's Profit before tax, 96.4% (2022: 85.4%) of the Group's Profit before tax when using absolute values, 92.5% (2022: 88.1%) of the Group's Revenue and 95.5% (2022: 116.7%) of the Group's Total assets.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

Of the remaining 11 components that together represent (1.2%) of the Group's Profit before tax, none is individually greater than 5% of the Group's profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations, to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

There is one component that was designated as specific scope for the 31 December 2022 audit which was designated as full scope for the 31 December 2023 audit. Three components which were designated as specified procedures (specific audit procedures as specified by the Primary Team) for the 31 December 2022, were designated as full scope for the 31 December 2023 audit. Two components which were designated as specified procedures for the 31 December 2022, were designated as specific scope for the 31 December 2023 audit. These changes were as a result of updated audit scoping from our consideration of component significance and risk.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the thirteen full scope components, audit procedures were performed on four of these directly by the primary audit team. For the remaining nine full scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits and led a number of video conference calls. The Senior Statutory Auditor and senior members of the Group audit team visited Kenya, Tanzania, Pakistan, India, Netherlands, Bangladesh, Ghana, Nigeria, Sri Lanka and the Philippines. During these visits we attended meetings with management, met borrower groups where possible, and held discussions on the audit approach and any issues arising from the audit work with component teams. In addition to the component visits, and for where visits were not undertaken, the Group audit team implemented a programme of oversight and involvement which included the following activities:

- Issued detailed audit instructions;
- Held a group audit conference, including the primary team and all full-scope component teams, to discuss the plan for the audit, including but not limited to; significant risk areas and other areas of focus, independence procedures, materiality levels, updates from component territories, laws and regulations, and going concern procedures;
- Held planning, execution and conclusion video conference meetings with components, including meetings with component management where relevant, in order to direct and supervise the work performed and conclude;
- Interacted regularly with component teams through each phase of the audit to supervise audit progress, provide direction and validate the results and conclusions reached; and
- Reviewed component reporting documents and key working papers.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group and the micro-finance industry. The Group has determined that the most significant future impacts from climate change on their operations will be from the potential impact of natural disasters and weather events impacting the recoverability of loans and advances to customers. These are explained on pages 58 to 63 in the required Task Force On Climate Related Financial Disclosures and on pages 39 to 47 in the Principal Risks. All of these disclosures form part of the "Other information", rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 2.1.3 of the financial statements, how they have reflected the impact of climate change in their financial statements. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards. As noted in note 2.5.1(F), the Group has identified the expected credit loss provision as one of the main areas in which it could be exposed to the financial impacts of climate change risk as a number of the Group's operating areas are prone to natural disasters such as typhoons, flash floods or droughts.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transitional, the Group's climate related disclosures, the potential effects of material climate risks and the significant judgements and estimates disclosed in note 2.1.3 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows, and in the timing and nature of liabilities recognised, following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters set out below, we identified going concern as a key audit matter and have set out the procedures we conducted to address this and our conclusions above under the Emphasis of matter section.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p>Expected credit loss provisions (2023: \$6.9m, 2022: \$15.9m)</p> <p><i>Refer to the Audit and Risk Committee Report (page 79); Accounting policies (page 124); and Note 13.3 of the Consolidated Financial Statements (page 139)</i></p> <p>Expected credit loss (ECL) provisions under IFRS 9 is an accounting estimate that carries a high degree of uncertainty driven by judgemental assumptions, including historical loss rates, their application to the outstanding loan portfolio, forward looking factors, the application of model overlays (post-model adjustments) to capture unmodelled risk, and the impact of the economic uncertainty, natural disasters or governmental interventions on these assumptions.</p> <p>The vast majority of the Group's lending is short-term, low in value, unsecured (except for security deposits paid in certain territories) and to women in developing economies in order to start and grow their businesses. The impact of the current economic environment and political conditions has impaired the ability of the Group to distribute and collect loans made to borrowers, which has resulted in increased risk in certain countries in which the Group operates.</p> <p>The inherent ability of management to override internal controls in relation to loan impairment provisions, combined with the subjectivity of the provisions, represents a risk of fraud.</p>	<p>We involved credit risk modelling specialists to assist in testing the appropriateness of the model and model assumptions. This testing included:</p> <ul style="list-style-type: none"> Independent recalculation of the loan impairment provision including the allocation of loans into stages. Sensitivity analysis of the assumptions used by management including back-testing of the provision to evaluate the accuracy of management's estimation process and assess for evidence of management bias. Reviewing key model assumptions including the loss rates and the application of loss rate to loans present at the balance sheet date. Assessing whether indications of model weakness exist which could reasonably give rise to a material misstatement in the ECL estimate. <p>In order to further challenge the reasonableness of the ECL recorded by management, we produced an independent challenger model using the complete loan portfolio and auditor-defined assumptions. This challenger model included the consideration of the completeness and accuracy of model overlays, including forward-looking factors, through a review of post balance sheet events and a consideration of historical loss patterns and forecasting accuracy.</p> <p>We evaluated the criteria used to allocate a financial asset to stage 1, 2 or 3 in accordance with IFRS 9.</p> <p>We performed a test of the dataflows into the ECL model, including the arrears, last payment date, write-off and recoveries data.</p> <p>We inquired of management and reviewed the minutes of Board and other key meetings in order to identify if any specific events or circumstances exist which may trigger the need for incremental provisions.</p> <p>We assessed the adequacy and appropriateness of the disclosures with reference to IFRS 7 and IFRS 9 requirements.</p>	<p>We communicated that we are satisfied that ECL provisions were reasonable and in compliance with IFRS 9.</p> <p>We highlighted to the Audit and Risk Committee that there are heightened levels of uncertainty in determining forecast losses due to the ongoing impact of economic uncertainty.</p> <p>We concluded that disclosures relating to loan impairments were in compliance with the requirements of UK adopted international accounting standards.</p>

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

Risk

Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers (2023: \$135.7m, 2022: \$161.2m)

Refer to the Audit and Risk Committee Report (page 79); Accounting policies (page 119); and Note 4.1 of the Consolidated Financial Statements (page 134)

The income recognised may be fraudulently misstated due to the incorrect recording of interest income arising from loans being disbursed to fictitious borrowers, or otherwise fraudulently recorded, in order to manipulate income or disguise losses.

The heightened volume of impaired loans also increases the complexity in the recording of interest income.

Our response to the risk

For a sample of loans across each of the eight trading full scope components, we independently recalculated the interest income using contractual terms from borrower agreements and agreed them through to the amounts recorded in the financial statements. This testing included a calculation of the impact of payment deferrals and payment moratoria on the recording of income under IFRS 9.

For a sample of borrowers across the eight trading full scope components we attended the borrower group meetings, where the borrowers meet periodically as a group to make scheduled payments, and physically verified the identity of the borrowers and traced the loan outstanding balance per the borrower's passbook to the accounting records. Where it was not possible to perform physical verification of borrowers in person, due to the impact of local social restrictions, borrower existence was tested through alternative means, including video conference and phone calls.

We performed an independent calculation of income recorded on IFRS 9 stage 3 loans and compared it to that recorded by Management.

Key observations communicated to the Audit and Risk Committee

We reported to the Audit and Risk Committee our conclusion that the recording of interest income was found to be materially accurate.

From our test of income recorded on impaired loans we reported to the Audit and Risk Committee that the balance was materially accurate.

Our audit procedures did not identify evidence of fraud in the recognition of revenue.

In the prior year we identified a key audit matter in relation to the valuation of deferred tax assets. We determined this to no longer be a key audit matter following the adjustments recorded in the 2022 Annual Report and Accounts.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be \$2.1m (2022: \$2.2m), which is 5% (2022: 5%) of adjusted profit before tax (2022: profit before tax). We believe that profit before tax provides us with the most appropriate basis for materiality given the Group is a profit orientated entity. We adjusted the Group's pre-tax profit for the impact of hyperinflationary accounting per IAS 29 where the impact is not pervasive across the Group and of foreign exchange movements for those countries which we considered movements to be non-recurring in nature.

We determined materiality for the Parent Company to be \$717k (2022: \$711k) which is 0.5% of total assets (2022: 0.5%). We consider that, in respect of the Parent Company, total assets is most relevant to the stakeholders and representative of the economic size of the entity and, as such, provides us with an appropriate basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely \$1.1m (2022: \$1.1m). We have set performance materiality at this percentage (which is at the lowest end of the range of our audit methodology) based on various considerations including the past history of misstatements and the effectiveness of the control environment.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was \$0.22m to \$0.51m (2022: \$0.22m to \$0.49m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of \$0.11m (2022: \$0.11m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The reporting threshold for the Parent Company was \$0.04m (2022: \$0.04m).

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon, including the Strategic Report on pages 01 to 67, the Governance Report on pages 68 to 100 and Additional Information on pages 172 to 176. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 99;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 83;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 83;
- Directors' statement on fair, balanced and understandable set out on page 99;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 83;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 82 and 83; and;
- The section describing the work of the Audit and Risk Committee set out on pages 79 to 83.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 99, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:
 - Financial Conduct Authority ('UK Listing Authority' or UKLA') Listing Rules;
 - Companies Act 2006; and
 - Legal and regulatory frameworks in operation in the countries in which the Group operates.
- We understood how ASA International Group plc complies with these legal and regulatory frameworks by making enquiries of Management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and its regulators; reviewed minutes of the key committee meetings and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework, and the Board's review of the Group's risk management framework ('RMF') and internal control processes.

Financial Statements *continued*

Independent auditor's report to the members of ASA International Group plc *continued*

- As the primary team we held discussions with each of the component teams during our Group Audit Conference, and reviewed their component reporting to us, in order to understand the applicable legal and regulatory frameworks at a component level and how the Group complies with these.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by holding discussions with senior management, internal audit and the Audit and Risk Committee and through an analysis of financial reporting information and areas of estimation which could be subject to manipulation. We considered the risk of fraud through management override of internal controls and in revenue recognition and designed specific audit procedures to address these risks, including those detailed in the Key Audit Matters section above.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of the Legal team, the Audit and Risk Committee, senior management, internal audit and the review of reports prepared by internal audit, legal and compliance and the Group's Fraud and Misappropriation Unit. We also reviewed the whistleblowing reports presented to the Group's Audit and Risk Committee throughout the year. In order to further consider legal and regulatory compliance at a component level, we instructed each component audit team to report to us any instances of non-compliance with laws and regulations to which they had become aware.
- The Group operates in the financial services industry, which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team, including auditor's specialists, to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 12 July 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 31 December 2018 to 31 December 2023.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hitesh Patel (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London
26 April 2024

Financial Statements continued

Consolidated income statement and statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Interest income calculated using the effective interest method	4.1.	147,410	173,856
Other interest and similar income	4.2.	29,200	4,123
Interest and similar income		176,610	177,979
Interest and similar expense	5.	(37,756)	(40,322)
Net interest income		138,854	137,657
Other operating income	6.	9,349	10,351
Total operating income		148,203	148,008
Credit loss expense	7.	(5,024)	(643)
Net operating income		143,179	147,365
Personnel expenses	8.	(62,159)	(60,475)
Depreciation on property and equipment	16.	(1,870)	(1,816)
Depreciation on right-of-use assets	17.	(3,722)	(3,931)
Other operating expenses	9.	(35,476)	(33,303)
Exchange rate differences	10.	(1,968)	(1,559)
Loss on net monetary position	2.5.8	(5,789)	-
Total operating expenses		(110,984)	(101,084)
Profit before tax		32,195	46,281
Income tax expense	11.	(20,149)	(27,174)
Withholding tax expense	11.7.	(3,289)	(1,220)
Profit for the period		8,757	17,887
Profit for the period attributable to:			
Equity holders of the parent		9,206	17,892
Non-controlling interest		(449)	(5)
		8,757	17,887

	Notes	2023 USD'000	2022 USD'000
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		(24,131)	(33,995)
Movement in hedge accounting reserve	23.	(1,669)	3,004
Tax on OCI and other items		555	(1,152)
Total other comprehensive loss to be reclassified to profit or loss in subsequent periods, net of tax		(25,245)	(32,143)
Gain on revaluation of MFX investment	15.	29	7
Actuarial gain on defined benefit liabilities	8.1.	448	470
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		477	477
Total comprehensive loss for the period, net of tax		(16,011)	(13,779)
Total comprehensive loss attributable to:			
Equity holders of the parent		(15,576)	(13,770)
Non-controlling interest		(435)	(9)
		(16,011)	(13,779)
Earnings per share	39.	USD	USD
Equity shareholders of the parent for the period:			
Basic earnings per share		0.09	0.18
Diluted earnings per share		0.09	0.18

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of financial position

as at 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Assets			
Cash at bank and in hand	12.	76,429	83,117
Loans and advances to customers	13.	330,157	331,898
Due from banks	14.	42,097	38,900
Equity investments at Fair Value through Other Comprehensive Income ('FVOCI')	15.	273	244
Property and equipment	16.	7,237	3,513
Right-of-use assets	17.	4,785	4,589
Deferred tax assets	11.2.	5,769	4,625
Other assets	18.	13,490	9,970
Derivative assets	19.	2,450	7,855
Intangible assets	20.	7,340	5,041
Total assets		490,027	489,752
Equity and liabilities			
Equity			
Issued capital	21.	1,310	1,310
Retained earnings	22.	185,864	173,297
Other reserves	23.	2,758	3,324
Foreign currency translation reserve	24.	(111,998)	(88,123)
Total equity attributable to equity holders of the parent		77,934	89,808
Total equity attributable to non-controlling interest	32.6	(1,324)	(147)
Total equity		76,610	89,661

	Notes	2023 USD'000	2022 USD'000
Liabilities			
Debt issued and other borrowed funds	25.	273,411	261,301
Due to customers	26.	79,095	84,155
Retirement benefit liability	8.1.	4,838	4,593
Current tax liability	11.1.	9,326	8,873
Deferred tax liability	11.3.	2,406	2,184
Lease liabilities	17.	3,272	3,091
Derivative liabilities	19.	78	456
Other liabilities	27.	39,563	34,400
Provisions	28.	1,428	1,038
Total liabilities		413,417	400,091
Total equity and liabilities		490,027	489,752

Approved by the Board of Directors on 26 April 2024

Signed on behalf of the Board



Karin Kersten
CEO

Tanwir Rahman
CFO

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Issued capital USD'000	Retained earnings USD'000	Other reserves USD'000	Foreign currency translation reserve USD'000	Non-controlling interest USD'000	Total USD'000
At 1 January 2022	1,310	155,405	995	(54,132)	(135)	103,443
Profit for the year	-	17,892	-	-	(5)	17,887
<i>Other comprehensive income:</i>						
Actuarial gains and losses on defined benefit liabilities	-	-	470	-	-	470
Foreign currency translation of assets and liabilities of subsidiaries	-	-	-	(33,991)	(4)	(33,995)
Movement in hedge accounting reserve	-	-	3,004	-	-	3,004
Other comprehensive income (net of tax)	-	-	(1,145)	-	(3)	(1,148)
Total comprehensive income/(loss) for the period	-	17,892	2,329	(33,991)	(12)	(13,782)
At 31 December 2022	1,310	173,297	3,324	(88,123)	(147)	89,661
At 1 January 2023	1,310	173,297	3,324	(88,123)	(147)	89,661
Impact of loan reclassification at Fair Value Through Profit and Loss ('FVTPL')	-	2,392	-	-	-	2,392
Impact of IAS 29 (hyperinflation)	-	-	-	256	-	256
Profit for the year	-	9,206	-	-	(449)	8,757
Share-based payments	-	-	71	-	-	71
<i>Other comprehensive income:</i>						
Actuarial gains and losses on defined benefit liabilities	-	-	448	-	-	448
Foreign currency translation of assets and liabilities of subsidiaries	-	(14)	-	(24,131)	14	(24,131)
Movement in hedge accounting reserve	-	-	(1,669)	-	-	(1,669)
Other comprehensive income (net of tax)	-	983	584	-	(742)	825
Total comprehensive income/(loss) for the period	-	10,175	(566)	(24,131)	(1,177)	(15,699)
At 31 December 2023	1,310	185,864	2,758	(111,998)	(1,324)	76,610

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Operating activities			
Profit before tax		32,195	46,281
<i>Adjustment for movement in:</i>			
Operating assets	29.1.	(79,376)	(19,297)
Operating liabilities	29.2.	12,739	15,043
Non-cash items	29.3.	39,982	19,063
Income tax paid		(22,213)	(17,972)
Net cash flows (used in)/from operating activities		(16,673)	43,118
Investing activities			
Purchase of property and equipment	16.	(4,372)	(1,575)
Proceeds from sale of property and equipment		(840)	333
Purchase of Intangible assets		(2,284)	(4,592)
Net cash flow (used in) in investing activities		(7,496)	(5,834)
Financing activities			
Proceeds from debt issued and other borrowed funds		243,352	167,394
Payments of debt issued and other borrowed funds		(212,101)	(192,764)
Payment of principal portion of lease liabilities		(3,690)	(4,353)
Net cash flow from/(used in) financing activities		27,561	(29,723)
Cash and cash equivalents at 1 January		83,117	87,951
Net increase in cash and cash equivalents		3,392	7,561
Impact of IAS 29 (hyperinflation)		(593)	–
Foreign exchange difference on cash and cash equivalents		(9,487)	(12,395)
Cash and cash equivalents as at 31 December	12.	76,429	83,117
Operational cash flows from interest			
Interest received		179,369	181,534
Interest paid		38,845	39,941

Amounts reported above may differ from the actual underlying cash flows on the date of the transaction as they have been adjusted due to the impact of accounting for the effects of the subsidiaries in Ghana and Sierra Leone operating in hyperinflationary economies.

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Notes to the consolidated financial statements

for the year ended 31 December 2023

1. Corporate information

ASA International Group plc ('ASA International', the 'Group') is a public company limited by shares bearing registration number 11361159 in England and Wales. The entity was incorporated by Catalyst Microfinance Investors ('CMI') on 14 May 2018 for the purpose of the initial public offer of ASA International Holding. ASA International Group plc acquired 100% of the shares in ASA International Holding and all its subsidiaries on 13 July 2018 in exchange for the issue of 100 million shares in ASA International Group plc with a nominal value of GBP 1.00 each (value per share of GBP 0.01 each after capital reduction). ASA International Group plc has a premium listing on the main market of the London Stock Exchange.

Investment strategy

ASA International Group plc is a microfinance holding company, operating through its various subsidiaries in Asia and Africa.

Abbreviation list

Definitions	Abbreviation
A1 Nigeria Consultancy Limited	A1 Nigeria
ASA Dwaso Limited	ASA Dwaso
ASA International Group plc	ASAIG
ASA International Holding	ASAIH
ASA International Group plc Employee Benefit Trust	ASAIG plc EBT
ASA International India Microfinance Limited	ASA India
ASA International(Kenya) Limited (formerly 'ASA International Microfinance (Kenya) Limited')	ASA Kenya
ASA International N.V.	ASAI NV
ASA Lanka Private Limited	ASA Lanka
ASA Microfinance (Myanmar) Limited	ASA Myanmar
ASA Microfinance (Rwanda) Limited	ASA Rwanda
ASA Microfinance (Sierra Leone)	ASA Sierra Leone
ASA Microfinance (Zanzibar) Limited	ASA Zanzibar
ASA Microfinance (Tanzania) Limited	ASA Tanzania
ASA Microfinance (Uganda) Limited	ASA Uganda
ASA Microfinance Zambia Limited	ASA Zambia
ASA NGO-MFI registered in Bangladesh	ASA NGO Bangladesh
ASA Microfinance Bank (Pakistan) Limited	ASA Pakistan
ASA Savings & Loans Limited	ASA S&L
ASHA Microfinance Bank Limited	ASA Nigeria
ASAI Investments & Management B.V	ASAI I&M
ASAI Management Services Limited	AMSL
Association for Social Improvement and Economic Advancement	ASIEA
C.M.I. Lanka Holding (Private) Limited	CMI Lanka
Catalyst Continuity Limited	Catalyst Continuity

Definitions

Definitions	Abbreviation
Catalyst Microfinance Investment Company	CMIC
Catalyst Microfinance Investors	CMI
Corporate Social Responsibility	CSR
CMI International Holding	CMII
Lak Jaya Micro Finance Limited	Lak Jaya
Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa
PagASA ng Pinoy Mutual Benefit Association, Inc.	MBA Philippines
Pagasa Consultancy Limited	Pagasa Consultancy
Pagasa Philippines Finance Corporation	PPFC
Pagasa Philippines Finance Corporation and Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa Philippines
Pinoy Consultancy Limited	Pinoy
PT PAGASA Consultancy	PT PAGASA Consultancy
Microfinance Institution	MFI
Reserve Bank of India	RBI
State Bank of India	SBI
Standard & Poor's	S&P
Sequoia B.V.	Sequoia

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies

2.1 General

The consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for loans that failed Solely Payments of Principal and Interest ('SPPI') tests, derivative and equity instruments, which have been measured at fair value. Additionally, the financial information of subsidiaries operating in hyperinflationary economies have been adjusted to reflect their current purchasing power. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD '000), except when otherwise indicated. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except for as mentioned in Section 2.3. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

ASA International applied hyperinflation accounting for its operations in Ghana and Sierra Leone. In 2023, the three-year cumulative inflation in both countries exceeded 100% and as a result, hyperinflation accounting was applied for the first time for the year ended 31 December 2023. For more information refer to note 2.5.8 "Hyperinflation".

The consolidated financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 26 April 2024. After the issue of the financial statements the Company's owners or others do not have the power to amend the financial statements.

2.1.1 Basis of preparation

The 2023 consolidated financial statements have been prepared on a going concern basis. It should be noted that in the 2022 Annual Report and Accounts, approved on 21 April 2023, senior management and the Directors concluded that there was a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern relating to debt covenant breaches, and potential actions to mitigate debt being called due. In performing the going concern assessment for the 2023 Consolidated Annual Report and Accounts the Directors have considered the global economic challenges arising out of high inflation and the strengthening of the USD against operating currencies in major operating markets for the period up to 31 May 2025 (the 'Assessment Period'). The conclusion of this assessment remains consistent with that of the 2022 Annual Report and Accounts. Senior management and the Directors have therefore concluded that there is a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

The Group has updated its detailed financial model for its budget and projections (the 'Projections') in line with current market conditions. The management team used the actual numbers up to December 2023 and updated the operating projections for the Assessment Period. These Projections are based on a detailed set of key operating and financial assumptions, including the minimum required cash balances, capital and debt funding plan per operating subsidiary, economic conditions of the countries, senior management's estimation of increased credit and funding risks, and current economic challenges faced by different operating subsidiaries resulting from increased inflation, which has a possibility to reduce demand for new microfinance loans. As a microfinance lender, the Group sees the service it provides to clients as an important factor for them to continue their businesses as it provides resources and access to capital to the financially underserved. Therefore, the Group has a high degree of confidence that the additional risks posed by rising inflation will not increase arrears materially, however, this remains a risk.

The Group remains well capitalised and in compliance with minimum capital requirements in all markets. In terms of liquidity, the Group has USD 48.2 million of unrestricted cash and cash equivalents as of 31 December 2023 and a strong funding pipeline of USD 152 million with over 96% having agreed terms and which can be accessed in the short to medium term. This reaffirms the confidence lenders have in the strength of the Group's business model and senior management's ongoing strategies to steer the Group through the current economic situation. It should be noted that the majority of this additional funding contains loan covenants and there is a risk of covenant breaches in certain stress scenarios, consistent with the risks detailed in the remainder of the going concern assessment. The Group is confident it will generate positive cash flows and will be able to fully fund the projected loan portfolio throughout the assessment period.

The Group does not expect a significant increase in credit loss expenses during the Assessment Period than what is projected, as in all entities, collections are back to the high 90% range and the proportion of loans with overdue payments greater than 30 days (portfolio at risk greater than 30 days, or 'PAR>30') have generally stabilized. However, PAR>30 remains high for India (on-book portfolio), Sri Lanka, Nigeria, Sierra Leone and Rwanda, though the Group expects this to improve in the medium to long term as it implements strategies to improve collections in these markets. The management team is closely following up on the developments.

Due to the above challenges, the Group expects continued breaches of loan covenants during the Assessment Period at subsidiary level. The breaches mainly relate to portfolio quality and potentially, capital adequacy ratio covenants. These breaches have not historically resulted in the immediate repayment request from lenders and are further evidenced by the supportive attitude of lenders in the last four years where the Group has been continuously able to raise new funds from the lenders. As of 31 December 2023, out of the total outstanding debt of USD 268.5 million, the balance for credit lines with breached covenants that did not have waivers amounted to USD 23.0 million. By now waivers have been received for all current breached covenants.

The international funders have been supportive of the Group and the microfinance sector in general during the last four years. In the absence of waivers, breaches of covenants that are not rectified within the time specified in the respective agreements, as applicable, would cause an event of default under the loan agreements. The Group is also experiencing delays on the movement of funds from certain countries, due to the global USD crisis, which could restrict the ability of the Group to support the funding or debt repayment requirements in the countries in which it operates or at overall Group level.

Unless the covenant breach waivers are obtained as and when required the debt may be called due, which could materially impact the ability of the Group to meet its debt obligations. The Group has a history of negotiating covenant waivers, where required, and it has recently negotiated extension of loan terms in India which indicates that the chance of an early debt call is low. However, the current economic and market conditions make it difficult to assess its likely scale and impact on debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt or further extension of loan terms will be forthcoming.

In terms of mitigations, the Group can shrink its exposure in certain countries by focusing on the collection of existing loans and curtailing disbursements. This is not a preferred action but can be utilised to create liquidity in any country's operation when unexpected repayments are requested by lenders. In India, additional focus has been on off-book disbursements and finding new business correspondent partners ('BC Partners') as this serves to increase the available cash in the business. Further, the holding entities within the Group did not provide parent guarantees to funders of the operating subsidiaries, which protects the Group against cross defaults.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.1 General continued

Senior management and the Board of Directors extensively challenged the Projections and their underlying assumptions including the above considerations. They also considered the risks around economic uncertainties resulting from high inflation, devaluation of local currencies, delays in dividend distribution, increased operational costs, and the risk of not obtaining waivers for prospective covenant breaches. The Group also prepared stress and reverse stress scenarios for cash flows including the mitigating actions which include distribution of dividends and short-term loans from subsidiaries which have sufficient cash reserves.

Senior management and the Directors have also assessed the probable impact of any subsidiary failing to maintain its required regulatory ratios. Given the level of arrears and business challenges in India there is a potential risk of breaching capital requirements of the Reserve Bank of India ('RBI') if the entity cannot improve its overdue realisation and maintain operating profits. Should these requirements be breached then the possible implications could be that the RBI provides management with a remediation plan and/or further capital could be required. As stated earlier, the Group did not provide parent guarantees to funders of the operating subsidiaries and hence in case of dissolution, the Group's risk is limited to its capital investment and any shareholder loans.

Nevertheless, having assessed the Projections, downtrend analysis and mitigations described above, senior management and the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the consolidated financial statements, and through to 31 May 2025. For these reasons, they continue to adopt a going concern basis for the preparation of the consolidated financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern.

2.1.2 Statement of compliance

The Group and Parent Company financial statements are prepared in accordance with UK adopted International Accounting Standards ('IAS' or 'IFRS').

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

2.1.3 Consideration of climate change

In preparing these financial statements, the Group has given consideration to the recommendations laid out by the Task Force on Climate-related Financial Disclosures (TCFD) and the requirements as per section 414CB of the Companies Act 2006. The relevant assessment of the climate-related risks outlined in the Group's Annual Report on page 61 has been incorporated into judgements associated with recognition, measurement, presentation and disclosure, where so permitted by UK adopted IAS. The accounting judgements relating to climate change are presented in note 2.5.1(F) and note 30.6.

While there is currently no significant impact expected from climate change, the Directors are aware of the constant evolving risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the financial statements.

2.1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December for each year presented. The financial statements of subsidiaries are similarly prepared for the year ended 31 December 2023 applying similar accounting policies. All intra-Group balances, transactions, income and expenses and profits and losses resulting from intercompany transactions are eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The Company has control over a subsidiary when it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The results of subsidiaries acquired or disposed of during the year are included (if any) in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent.

2.2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

2.2.1 Foreign currency translation

The consolidated financial statements are presented in USD, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

Transactions and balances – Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to 'Exchange rate differences' in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies – As at the reporting date, the assets and liabilities of subsidiaries are translated into the Group's presentation currency (USD) at the rate of exchange ruling at the reporting date except investments in subsidiaries and issued capital, which are translated at historical rate, and their statements of profit or loss and other comprehensive income are translated at the monthly average exchange rates for the year. Currency translation differences have been recorded in the Group's consolidated statement of financial position as foreign currency translation reserve through other comprehensive income.

All amounts (i.e. assets, liabilities, equity, income and expenses) of the entities whose functional currencies are the currencies of a hyperinflationary economy are translated at the closing rate at the reporting date.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets – initial recognition and subsequent measurement

(1) Date of recognition

Purchases or sales of financial assets that require the delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) Initial recognition and measurement

The Group recognises a financial asset in its statement of financial position, when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, and measured at fair value. Subsequently they are measured at amortised cost, fair value through Other Comprehensive Income ('OCI'), and Fair Value Through Profit or Loss ('FVTPL'). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(3) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (Loans and advances to customers, Other assets, Cash at bank and in hand and Due from banks);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments, derivative instruments under cash flow hedge); and
- Financial assets at FVTPL (loans at FVTPL).

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes Loans and advances to customers, Other receivables, Cash and cash equivalents and Due from banks.

Financial assets designated at fair value through OCI without recycling

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Investments at FVOCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the Investments at FVOCI reserve. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derivatives are initially recognised at FVTPL. However, as the Group applies cash flow hedge accounting the impact is later moved to FVOCI.

Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Net gain and losses are recognised in profit or loss.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The right to receive cash flows from the asset has expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset (see note 2.5.4 to 2.5.5). Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

b) Impairment of financial assets

The Group recognises an allowance for Expected Credit Losses ('ECLs') on Loans and advances to customers, Related party receivables, Cash at bank and Due from banks.

Loans and advances to customers

Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12 months ECL) and stage 2 loans (lifetime ECL) for the ECL calculation. For disclosure purposes normally stage 1 loans are defined as loans overdue between 1-30 days. Stage 2 loans are overdue loans between 31-90 days. To avoid the complexity of calculating separate probability of default and loss given default, the Group uses a 'loss rate approach' for the measurement of ECLs. The 'loss rates' are determined based on historical credit loss experience, adjusted for forward-looking factors specific to economic environment.

The Group considers significant increase in credit risk when contractual payments are 31 days past due. In addition, loans and advances are treated as credit impaired (stage 3) when contractual payments are greater than 90 days past due.

Write-off

The Group uses judgement to determine bad loans which are written off. Based on management experience in the local market and the microfinance industry practice, loans over 365 days past due are bracketed as bad, unless there are specific circumstances that lead local management to believe that there is a reasonable expectation of recovery. In Pakistan loans over 209 days are treated as bad as per regulatory requirement. The write-offs occur mainly two times in a year (June and December). However, management (Group and/or subsidiary) can write-off loans earlier if loans are deemed unrecoverable or delay write-offs in case of national calamity or any regulatory reasons subject to Board approval. From an operational perspective all overdue loans are monitored for recovery up to two years overdue.

Cash at bank, Due from banks and Related party

For Due from banks and Related party receivables, the Group used the S&P matrix for default rates based on the most recent publicly made available credit ratings of each counterparty. In the S&P matrix for default rates, there is no specified default rate for each of our external counterparties. Thus, the Group applied the default rate for all financial institutions. Then, the Group calculated the adjusted Probability of Default ('PD')/ default rates by accommodating management estimates. However, for non-credit rated external counterparties; the PD/default rate is determined by choosing the riskier one between the mid-point of credit ratings of banks the Group has business with and a similar level rated entity. Management collects the credit ratings of the banks where the funds are deposited and related parties (where applicable) on a half-yearly basis and calculates the ECL on such items using the default rate identified as above. The Group considers credit risk to have significantly increased when the credit ratings of the bank and the related parties have been down-graded which in turn increases the probability of default. The Group considers that the closure of a counterparty bank, dissolution of a related party or a significant liquidity crisis or any objective evidence of impairment such as bankruptcy to be indicators for stage 3.

2.2.3 Financial liabilities–Initial recognition and subsequent measurement

(1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include Debt issued and other borrowed funds, Due to customers, Lease liabilities, Other liabilities, Provisions and Derivative financial instruments.

(2) Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost (Debt issued and other borrowed funds, Due to customers and Lease liabilities); and
- Financial liabilities at FVTPL (Derivative instruments).

Financial liabilities at amortised cost

Debt issued and other borrowed funds, Other liabilities and Due to customers are classified as liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, Debt issued and other borrowed funds including Due to customers are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by considering any discount or premium on the issue and costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.4 Derivative instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and cross currency interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of every reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Group uses forward currency contracts and cross currency interest rate swaps agreements as hedges of its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element and cross currency basis risk is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve. The forward points and foreign exchange basis spreads are amortised throughout the contract tenure and reclassified out of OCI into profit and loss ('P&L') as interest expenses.

2.2.5 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is principal in all of its revenue arrangements except for loans under the Business Correspondence ('BC') model where the Group works as an agent.

The following specific recognition criteria must also be met before revenue is recognised:

(1) Interest and similar income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income based on the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the Group shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the EIR of a financial instrument including transaction costs, and all other premiums or discounts. Interest income also includes loan processing fees that are integral to the interest rate.

The Group recognises interest income on the stage 3 loans on the net loan balance.

(2) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

(3) Other income

Other income includes group member's admission fees, document fees, sale of passbook, income on death and multipurpose risk funds and service fees from off-book loans under the BC model.

Group members' admission fees, document fees and sale of passbook fees are recognised on receipt as the then admission and sale constitutes as satisfactory performance obligation.

The Group collects fees for the death risk fund or multipurpose risk fund in the Philippines, Sri Lanka, Kenya and Uganda. These fees cover settlement of the outstanding loan amount and other financial assistance if a borrower dies or becomes disabled. The collections are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. The judgement used to recognise the liability is disclosed in note 2.5.3 and 2.3.1.

Service fees from off-book loans under the BC model are recognised on the basis of loan disbursement as the amount is received only after completion of the service.

2.2.6 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises of Cash in hand and Cash at bank, included in which is both restricted and unrestricted cash at bank. Restricted cash at bank relates to Loan Collateral Build Up ('LCBU') in the Philippines and security deposits from clients in Tanzania as disclosed in note 12. Unrestricted cash at Bank relates to current accounts, on demand accounts and term deposits that have a maturity date of three months or less from the date of acquisition, held with commercial banks.

2.2.7 Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

Furniture and Fixtures:	5 Years
Vehicles:	5 Years
Office equipment including IT:	3 Years
Buildings:	50 Years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' or 'Other operating expenses' in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.8 Taxes

(1) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(2) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be set-off: (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the Group has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

The Group started to recognise deferred tax on undistributed dividends. Reference is made to note 2.5.7 and note 11.

2.2.9 Dividend distribution on ordinary shares

Dividends on ordinary shares will be recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group. Dividends for the year that were approved after the reporting date will be disclosed as an event after the reporting date.

2.2.10 Short-term employee benefits

Short-term benefits typically relate to the payment of salaries and wages. These benefits are recorded on an accrual basis.

2.2.11 Post-employment benefits

2.2.11.1 Defined benefit plan

The Group maintains a defined benefit plan in some subsidiaries, which leads to retirement benefit obligations. The defined benefit obligation and the related charge for the year are determined using assumptions required under actuarial valuation techniques. These benefits are unfunded.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding an amount included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of (i) the date of the plan amendment or curtailment, and (ii) the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating expenses in the consolidated statement of comprehensive income: (i) service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and (ii) net interest expense or income. Reference is made to note 2.5.2.

2.2.11.2 Defined contribution plan

Defined contribution employee benefits are expensed as they are paid, with an accrual recorded for any benefits owed, but not yet paid. The expenses of the defined contribution plan are incurred by the employer. The contributions are to be remitted by the entities to the fund on a monthly basis. Employees are allowed to withdraw the accumulated contribution in their accounts from this fund as per the terms and conditions specified in the fund Acts.

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for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.12 Intangible assets

The Group has adopted a strategy of enriching the offering to its clients with product diversification by adding Digital Financial Services (DFS). The DFS will be offered to its clients through a smartphone app, where clients will be able to apply online for loans and other financial services like a current account and a savings or deposit account. They will be able to view their loan and account information and make payments including paying bills. The DFS app will also include additional functions and services such as digital group meetings and a chat function. As part of the DFS, the Group is also developing a Supplier Market Place app ('SMP') where clients can purchase goods for their businesses. SMP will be a separate app, but is part of the DFS model to retain and attract loan and savings clients and generate payment transactions that will generate commissions.

For the introduction of current accounts and savings and deposits accounts and other digital services to our clients, the Group has procured a licence for a Core Banking System ('CBS') for its IT infrastructure. The Group made upfront payments to buy the core banking software licence. The licence for the software is granted for ten years.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability to use it or sell it
- How the asset will generate future economic benefits
- The availability of resources to complete the asset and use or sell it
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. The break down is presented in note 20.

A summary of the policies applied to intangible asset is, as follows:

	Initial licence and set-up costs	Development costs
Useful life	Finite (eight years)	Finite (eight years)
Amortisation starts	After installation for use	After installation for use
Amortisation method used	Amortised on a straight-line basis over the period of licence	Amortised on a straight-line basis over the period of expected usage
Internally generated or acquired	Acquired	Internally generated

2.2.13 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ('CGU's') fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. For Property and equipment, the fair value less costs of disposal calculation is based on available data from similar assets or observable market prices less incremental costs of disposing of the asset. For right of use assets ('ROU') the fair value is determined based on estimated rental payments using the IBR used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to assess if there is impairment. The sensitivity analysis on account of IBR changes is shown in note 17.

The Group has identified the impairment of non-financial assets as one of the areas in which it could be exposed to the financial impacts of climate change risk, as a number of the Group's operating areas are prone to natural disasters. However, as the Group manages a frugal cost operating model with minimum investment in fixed assets and leases, the impact of climate-related financial loss is expected to be insignificant.

2.2.14 Liability for death and multipurpose risk funds

The Group collects 1-2% of disbursed loan amounts for death risk funds or multipurpose risk funds in certain markets (the Philippines, Uganda, Kenya and Sri Lanka). These funds cover settlement of the outstanding loan amount and other financial assistance when the borrower dies or is affected by natural calamities. The collected amounts are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. Reference is made to note 2.5.3 on the key judgement used. The death risk fund or multipurpose risk fund were no longer included in new loan contracts from August 2023 in Uganda, September 2023 in the Philippines, December 2023 in Kenya and January 2024 in Sri Lanka.

2.2.15 Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs, such as liquidity risk, credit risk and volatility.

2.2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group determines the lease term as the non-cancellable term of the lease. Any periods covered by an option to extend the lease is not considered unless it is reasonably certain to be exercised.

Right-of-use assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses. ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

The ROU assets are also subject to impairment. Refer to the accounting policies in note 2.2.13 Impairment of non-financial assets.

Lease liabilities

(1) Initial measurement

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. There are no obligatory extension clauses in the rental agreements. Although some lease contracts comprise the optional extension clauses, these are not included on initial recognition because it is not always reasonably certain that the Group will take the option. In calculating the present value of lease payments, ASA International uses the IBR at the lease commencement date due to the reason that the interest rate implicit in the lease is not available. The IBR is calculated using a reference rate (derived as country specific risk-free rate) and adjusting it with Company specific financing spread and integrating lease specific factors. Refer to note 2.5.6 on accounting estimates and assumptions used to determine the IBR rates.

(2) Subsequent measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

2.2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.2.18 Share-based payments

The Group has granted options ('Options') in the Group Company under its Long-Term Incentive Plan ('LTIP') to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs') and other staff in 2022 and 2023. The Company's LTIP is designed to incentivise and retain Directors and senior staff, along with aligning them with shareholders' interest to create long term value. The transaction is determined as an equity-settled transaction.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 32.1.

That cost is recognised in personnel expenses, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cost is booked from the date that the beneficiary accepted the grant. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.3. New standards, interpretations and amendments adopted by the Group

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.1 IFRS 17 Insurance Contracts

In May 2017, the International Accounting Standards Board (the 'IASB' or the 'Board') issued IFRS 17 Insurance Contracts ('IFRS 17'), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaced IFRS 4 Insurance Contracts ('IFRS 4') that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions are applied. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent to entities issuing insurance contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

During the assessment of the applicability of IFRS 17, the Group has identified a particular component concerning the determination of some loans as an insurance contract according to the requirements outlined in IFRS 17. IFRS 17 defines an insurance contract as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.'

The Group charges a 1%-2% upfront premium fee on its loans disbursed to customers under Death Risk Fund/ Multipurpose Risk Fund ('DRF/MRF') schemes in the Philippines, Uganda, Sri Lanka and Kenya. In return, outstanding loans (including interest receivables) shall be exempted/waived in case of a customer's death or disability. Moreover, and voluntarily, certain additional benefits may be paid for funeral/financial assistances. These additional benefits are discretionary, corporate social responsibility centric and do not constitute any obligation to the entities.

Previously, as per IFRS 4, splitting of contracts was allowed. This particular component was split from the rest of the contracts and accounted under IFRS 4. The loan contract along with other components passed the SPPI test and was accounted for under IFRS 9 as amortised cost.

However, according to IFRS 17, the split of contracts is not permitted and the entire contract is required to be accounted for either under IFRS 9 Financial Instruments or IFRS 17 Insurance Contracts. The Group has applied the exemption under IFRS 17.8A on the basis that the compensation for an insured event is limited to the amount required to settle the policyholder's obligation created by the contract and therefore applied IFRS 9 in accounting for the entire loan contract. As these loans failed the SPPI test with the insurance component, they are accounted for at FVTPL as per IFRS 9. The Group has decided to use the modified retrospective approach as prescribed in the transition guidance in IFRS 9 and the loans are reclassified on 1 January 2023. The prior year numbers have not been restated. The impact on the financial statements as on 1 January 2023 is as follows:

Consolidated statement of financial position	31 Dec 2022 USD'000	Impact USD'000	01 Jan 2023 USD'000
Assets			
Loans and advances to customers at amortised cost	331,898	(44,671)	287,227
Loans reclassified at FVTPL	-	46,917	46,917
Total assets	331,898	2,246	334,144
Liabilities			
Deferred income - DRF/MRF	146	(146)	-
Total liabilities	146	(146)	-
Total impact		2,392	

The DRF/MRF were no longer included in the new loan contracts as from August 2023 in Uganda, September 2023 in the Philippines, November 2023 in Kenya, and January 2024 in Sri Lanka. The loans portfolio classified at FVTPL only include loans in the Philippines (for 1st cycle loans), Uganda, Sri Lanka and Kenya which were disbursed before cessation of the DRF/MRF. The fair value of these loans have been classified as Level 3.

2.3.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

2.3.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments do not have any material impact on the accounting policy disclosures in the Group's consolidated financial statements.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.3. New standards, interpretations and amendments adopted by the Group

2.3.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's financial statements.

2.3.5 Pillar two model rules – Amendments to IAS 12

On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

IAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/ income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

ASA's consolidated revenue has not crossed the minimum threshold and its entities' effective tax rates are more than the minimum tax rate i.e., 15%.

The Two Pillar legislation and the amendments had no impact on the Group's consolidated financial statements as the entity is out of scope of Pillar two regulations.

2.4 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.4.1 Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Group is in the process of making a distinction between current and non-current assets and liabilities for the consolidated financial statements of 2024.

2.5 Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, judgements and estimates are applied in determining the amounts recognised in the financial statements. Significant use of judgements and estimates are as follows:

2.5.1 Allowance for ECL on loans and advances

The Group calculates the allowance for ECL in a three step process as described below under A to D. The Group reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statements. In particular, judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc. The actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry in which the Group operates, i.e. micro credit to low-income clients, the loan portfolio consists of a very high number of individual customers with low value exposures. These characteristics lead the Group to use a provisioning methodology based on a collective assessment of similar loans. The Group's policy for calculating the allowance for ECL is described below:

A) Determination of loan staging

The Group monitors the changes in credit risk in order to allocate the exposure to the correct staging bucket. Given the nature of the Group's loan exposures (generally short term exposures, <12 months) no distinction has been made between stage 1 (12 months ECL) and stage 2 loans (lifetime ECL) for calculating the ECL provision. The current and loans overdue below 31 days are considered as stage 1. Any loans overdue for 31–90 days are recognised as stage 2 loans. Loans overdue more than 90 days are recognised as stage 3 loans.

	Overdue age	Staging
Bucket based on overdue age	Current	Stage 1
	1–30 days	
	31–90 days	Stage 2
	> 90 days	Stage 3

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.1 Allowance for ECL on loans and advances continued

B) Calculating ECL for stage 1–2 loans

To avoid the complexity of calculating the separate probabilities of default and loss-given default, the Group uses a 'loss rate approach' for the measurement of ECLs under IFRS 9. Using this approach, the Group developed loss-rate statistics on the basis of the net amounts written off over the last five years (Gross write-off less subsequent recovery). The historical loss rates include the impact of security deposits held by the Group, which is adjusted with overdue amounts before loans are written off. ECL recorded purely based on historical loss comes to USD 0.9 million (2022: USD 1.5 million) on loans under stage 1 and stage 2. If there were a relative increase in the loss rate of 1%, the ECL requirement would rise by USD 9K.

The forward-looking element of the ECL model is constructed through looking at the trend in net write-off information from the prior three years and applying a projected loss rate in order to anticipate future loss events. ECL as per the forward-looking element comes to USD 637K (2022: USD 479K). Changing the write-off trend to two years, rather than three years for the forward-looking assessment, would reduce ECL by USD 513K.

C) Calculating ECL for stage 3 loans

The Group considers a loan to be credit impaired when it is overdue for more than 90 days. The ECL applied to net stage 3 loans (after adjusting the security deposit which is held as collateral in certain countries) is at a rate below:

Overdue age	Loss %	
	2023	2022
91-180 days	50 and 80%	50 and 80%
181-365 days	70 and 100%	70 and 100%
Over 365 days	100%	100%

In 2023, management considered a higher loss rate (80% for the loans bucketed between 91-180 days and 100% for loans over 180 days overdue) in India, Myanmar, Pakistan, Nigeria, the Philippines, Sri Lanka, Tanzania, Sierra Leone and Zambia in view of operating challenges faced in these countries on account of high Portfolio at Risk ('PAR'), market challenges and political instability which might led to reduction in recoveries. In other countries, the loss rates considered are 50% for the loans bucketed between 91–180 days and 70% for loans over 180 days overdue. In 2022, higher loss rates (80% for the loans bucketed between 91–180 days and 100% for loans over 180 days overdue) were considered for India, Myanmar, Nigeria, Sri Lanka and Sierra Leone.

Based on the above, ECL for stage 3 loans comes to USD 5.2 million (2022: USD 13.1 million). An alternative assessment of stage 3 provisions would be to apply a 100% loss rate across the entire stage 3 population (net of security deposit), being all loans more than 90 days past due. This would increase the ECL on the stage 3 population to USD 5.3 million.

D) Management overlay

The Group considers to take additional ECL provision as management overlay to reflect the impact of all possible risk exposures which are not covered under A–C above. The impact of the economic crisis, inflation etc. are being captured by loan ageing. Hence, no additional management overlay is taken on the own portfolio in 2023 as well as in 2022. However, the Group has taken a management overlay of USD 837K for the off-book BC portfolio with Jana Small Finance Bank ('JSFB') in 2023 due to the recent start of this BC portfolio and therefore lack of historical credit information. A significant write off occurred in 2023 and 2022 in Myanmar, in the events of military take over and delayed Covid impact. Hence, a 60% haircut has been applied in case of Myanmar for both ECL for historical default and ECL for forward consideration.

E) Impact of macro-economic indicators

The Group provides small loans to clients who are not employed but operate their own small businesses in the informal sector and are less impacted by macro-economic trends than other business sectors. In addition, the Group's loans average six months until maturity at the year-end and so the impact of macro-economic factors on the repayment of loans is inherently limited. Hence, the management concluded that changes in macro-economic indicators do not have any direct correlation with the ASA business model and therefore, no adjustment was made to consider forecasts for such macro-economic indicators in the forward-looking element of its expected credit loss provision calculation.

F) Impact of climate change

The Group and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally much longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks.

The Group has identified the ECL provision as one of the main areas in which it could be exposed to the financial impacts of climate change risk, as a number of the Group's operating areas are prone to natural disasters such as typhoons, flash floods or droughts. The Group's ECL model captures the expected impact of the climate related risks through the historical loss data that feeds the model, which also includes write-offs due to such natural disasters. In addition, management monitors the situation in each of its operating territories post the balance sheet date for any factors that should be considered in its year-end ECL calculations. As the Group's loans are short-term, the impact of such events over the life of the loans would naturally be limited. Hence, no additional changes have been made in the existing model on account of climate related risks. However, given the evolving risks associated with climate change, management will continue to monitor whether adjustments to its ECL models are required for future periods.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.1 Allowance for ECL on loans and advances continued

G) Business Correspondence ('BC') portfolio, Direct Assignment ('DA') Portfolio and Securitisation portfolio of ASA India

A similar assessment has been performed for the off-book BC portfolio of ASA India (see note 13 for details on the BC portfolio). The off-book BC portfolio consists of disbursements on behalf of IDFC First Bank ('IDFC'), JSFB and Fincare Small Finance Bank Limited ('Fincare'). IDFC BC and Fincare are subject to a maximum provision of 5% of Outstanding Loan Portfolio ('OLP'), which is the maximum credit risk exposure for ASA India as per the agreement with IDFC First Bank and Fincare. There is no maximum risk on BC from JSFB. Those portfolios are assessed in line with ASA India's own OLP. ECL for the off-book BC portfolio comes to USD 1.4 million (2022: 1.0 million).

The portion of the DA portfolio of ASA India which is on-book has also been treated the same as regular portfolio. No provision for the off-book portion of the DA portfolio was made because, as per the agreement with the State Bank of India, ASA India has no credit risk on this part of the DA portfolio.

The Securitisation portfolio of ASA India has been assessed in line with ASA India's own portfolio.

H) ECL on interest receivable

ECL for Interest receivable is assessed in the same line as OLP. ECL for interest receivable comes to USD 225K (2022: 703K).

Based on the above assessment the total provision for ECLs for loans and advances to customers can be summarised as follows:

Particulars	2023			2022		
	Own portfolio USD'000	Off-book portfolio USD'000	Interest receivable USD'000	Own portfolio USD'000	Off-book portfolio USD'000	Interest receivable USD'000
ECL as per historical default rate	869	177	30	1,521	400	75
Forward considerations	637	159	15	479	492	21
ECL under stage 3 loans	5,181	255	180	13,197	146	607
Management overlay	-	837	-	-	-	-
	6,687	1,428	225	15,197	1,038	703

Allocated to:	2023			2022		
	Gross outstanding USD'000	ECL USD'000	Coverage	Gross outstanding USD'000	ECL USD'000	Coverage
Own Portfolio (note 13.1 and 13.3)	305,248	6,687	2%	344,985	15,197	4%
Off-book BC portfolio (note 13.2 and note 28)	38,796	1,428	4%	21,362	1,038	5%
Interest receivable (note 13.1 and note 13.3)	4,464	225	5%	7,265	703	10%
	348,508	8,340	2%	373,612	16,938	5%

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.2 Defined benefit plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff turnover and retirement age. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The assumptions used in December 2023 and December 2022 are as follows:

Assumptions defined benefit plan:

	2023						2022					
	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	ASA Kenya	PPFC	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	ASA Kenya	PPFC
Discount rate	13.7%	15.5%	7.4%	16.5%	15.8%	6.6%	18.7%	14.5%	7.4%	14.3%	14.0%	7.4%
Salary increment	5.0%	14.5%	9.0%	14.0%	13.8%	5.0%	10.0%	13.5%	9.0%	12.0%	12.0%	5.0%
Staff turnover	16.0%	14.3%	6.1%	5.0%	7.1%	44.0%	15.7%	14.0%	22.0%	5.0%	12.0%	38.1%
Retirement age	60 Years	60 Years	60–65 Years	60 Years	60 Years	60 Years	60 Years	60 Years	60–62 Years	60 Years	60 Years	60 Years

The parameter most subject to change is the discount rate. Management engages third-party actuaries to conduct the valuation. The defined benefit costs have been disclosed in note 8.2. The sensitivity analysis of the plan on account of any change in discount rate and salary increment is disclosed in note 8.3. Sensitivity analysis for changes in the other two assumptions were not done as the effect is determined immaterial.

2.5.3 Liability for death risk and multi-purpose risk fund

At the end of 2023, the balance of the DRF and MRF is zero as the related loans are measured at FVTPL from 1 January 2023. Mortality risk is included in the fair value measurement. At the end of 2022, management used significant assumptions to reassess the adequacy of the liability to be provided. These include estimating the number of borrower deaths among the total number of borrowers by applying the local mortality rates at the end of that year, outstanding loan amount per borrower and other financial assistance to the family where applicable. The mortality rate is based on historical mortality rates of the borrower for last three years for the specific countries. As of December 2022, rates were 0.36 % in Sri Lanka, 0.21% in Uganda, 0.43% in the Philippines and 0.24% in Kenya.

2.5.4 BC and partnership models

The portfolios under the Business correspondence and partnership models in ASA India ('BC model') are recognised on the statement of financial position based on whether the entity has the right to receive rewards. ASA India operates a Business Correspondent and partnership model with IDFC First Bank ('IDFC') and Jana Small Finance Bank ('JSFB'). ASA India operates as an agent, whereby ASA India selects borrowers based on the selection criteria of the BC Partner.

The loans to borrowers of IDFC and JSFB and related funding are not recognised on the balance sheet since the loan agreements are made between the partners and the borrowers or the risk exposure related to the loans are capped at 5%. More information is available in note 13.

2.5.5 Direct Assignment

ASA India entered into two Direct Assignment agreements (DA) with State Bank of India (SBI), through which the entity has sold a pool of customers' loans amounting to USD 16.5 million against a purchase consideration of USD 14 million. The balance (15%) is kept as minimum retention as per guidelines issued by the Reserve Bank of India (RBI). Based on the agreements, 85% of the loans are derecognised on the books on the grounds that the entity transferred substantially all the risks and rewards of ownership of financial assets. 15% remained on- book. Further information is available in note 13.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.6 Leases – estimating the IBR

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The Group applied a discount rate per country based on leases with similar characteristics applying a portfolio approach instead of a lease-by-lease approach which had no material impact for the Group. The starting point for estimating the reference rate is the local risk-free rate. The Group developed an approach to determine IBR that is closely aligned with the definitions and requirements prescribed in IFRS 16. In this approach the Group first determined the country risk free rate and adjusted that with the Group specific financing spread and lease specific adjustments to consider IBR rates.

The Group used country sovereign rates to determine the risk-free rate. If no sovereign risk-free rate is available, a build-up approach is applied that adjusts the USD based United States Treasury bond for (i) the country risk premium, to capture country specific risk, and (ii) the long-term inflation differential, to capture any currency risk.

The Group specific financing spread is determined based on (i) the Group specific perspective/ credit rating, (ii) the credit rating of the legal entities (lessees) of ASA International, and (iii) the market interest rates/ yields on industry specific bonds.

The lease specific adjustment depends on the type/ nature of asset, and relates to the fact that a secured bond will have a lower yield compared to an unsecured bond. However, the yield difference varies based on the type/ nature of the asset that is used as collateral. The IBR used for different entities in 2023 and 2022 are as follows:

Country	Lease Currency	Credit Rating	Approach reference rate	2023				2022			
				IBR at different lease duration (year)				IBR at different lease duration (year)			
Tenure of lease				1	2-4	5-6	7-9	1	2-4	5-6	7-9
Ghana	GHS	BBB	Local	27.8%	27.2%	23.4%	20.1%	16.7%	20.3%	21.4%	22.3%
Nigeria	NGN	BBB	Local	10.2%	12.4%	14.3%	15.3%	5.5%	9.0%	11.5%	12.5%
Sierra Leone	SLE	BB+	Build-Up	34.5%	33.4%	32.7%	32.6%	14.8%	15.4%	15.8%	16.0%
Kenya	KES	BB-	Local	14.5%	15.9%	16.8%	17.0%	9.3%	10.5%	12.1%	12.7%
Rwanda	RWF	B+	Build-Up	19.6%	18.6%	18.0%	17.9%	10.1%	10.7%	11.2%	11.3%
Tanzania	TZS	BBB-	Local	9.2%	9.4%	10.1%	11.1%	7.4%	8.3%	9.4%	10.5%
Uganda	UGX	BB-	Local	14.2%	15.4%	16.3%	16.9%	10.5%	13.0%	15.2%	16.0%
Zambia	ZMW	BB-	Local	22.5%	24.2%	25.8%	27.5%	25.0%	25.0%	25.0%	25.0%
Bangladesh	BDT	BBB-	Local	10.1%	10.2%	10.4%	10.5%	3.4%	5.3%	6.7%	7.2%
India	INR	BB	Local	8.7%	8.8%	8.8%	8.9%	4.4%	5.4%	6.1%	6.4%
Pakistan	PKR	BBB	Local	23.0%	19.8%	17.5%	16.6%	7.9%	10.8%	11.5%	12.3%
Sri Lanka	LKR	BB	Local	28.4%	26.9%	24.2%	22.6%	8.7%	9.8%	11.7%	12.1%
Myanmar	MMK	BBB-	Build-Up	29.7%	28.6%	28.0%	27.9%	17.0%	17.7%	18.1%	18.3%
Philippines	PHP	BBB-	Local	7.8%	7.7%	7.5%	7.7%	1.7%	3.0%	4.0%	4.5%

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgments and estimates continued

2.5.7 Taxes

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In assessing the probability of recovery, the Group has used its five-year business plan which is consistent with last year's assessment. This business plan was also used for the Going concern and Viability assessment.

As at 31 December, the gross amount and expiry dates of losses available for carry forward are as follows:

	Expiring within 1 year	Expiring within 2-5 years	Expiring beyond 5 years	Unlimited	Total
2023					
Losses for which Deferred tax asset is recognised	-	-	86	-	86
Losses for which Deferred tax asset is not recognised	1,455	4,120	36,645	31,620	73,840
	1,455	4,120	36,731	31,620	73,926
2022					
Losses for which Deferred tax asset is recognised	-	-	-	-	-
Losses for which Deferred tax asset is not recognised	-	3,409	24,972	27,058	55,439
	-	3,409	24,972	27,058	55,439

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 17.1 million (2022: 13.0 million).

Deferred tax liabilities

As of 31 December 2023, the Group has undistributed profits in its subsidiaries amounting to USD 56.9 million. The Group recognised a deferred tax liability amounting to USD 2.1 million (see note 11.3) on USD 23.3 million of undistributed profits on the assessment that these will be distributed in the foreseeable future. No deferred tax liability was recognised on the balance of USD 33.6 million due to regulatory uncertainty on when those can be distributed. If the Group recognises a deferred tax liability on these profits, profit and equity would decrease by USD 3.7 million.

2.5.8 Hyperinflation

Under IAS 29, 'Financial Reporting in Hyperinflationary Economies', consolidated financial statements prepared based on historical cost must be adjusted with the current purchasing power when operations are in an economy with hyperinflation. This involves applying a general price index that enables the financial information of the subsidiaries operating in a hyperinflationary economy to be presented in the measuring unit in force at the reporting date. All non-monetary assets and liabilities of the subsidiaries operating in a hyperinflationary economy must therefore be adjusted for inflation in order to reflect changes in purchasing power at the reporting date. Similarly, the income statement is adjusted for inflation during the period. Monetary items do not need to be restated/adjusted as they already reflect purchasing power at the reporting date.

IAS 29 does not establish an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgement when restatement of financial statements in accordance with this Standard becomes necessary. One of the key quantitative indicators is that, the cumulative inflation rate over three years is approaching, or exceeds, 100%.

ASA International operates in thirteen countries across Asia and Africa, and monitors the inflation rates in an inflation dashboard which is used as one indication of the existence of hyperinflation, together with an assessment of other economic conditions.

Ghana and Sierra Leone have exceeded the three year cumulative rate of inflation of 100% by the end of 2023. The general price index used by ASAI for purposes of measuring inflation movements is the Consumer Price Index ('CPI') of the specific country and is obtained from the International Monetary Fund World Economic Outlook Database.

Ghana

By the third quarter of 2023, the cumulative three year CPI increased to 100% and is expected to continue increasing. As of 31 December 2023, Ghana has been classified as a hyperinflationary economy. IAS 29 is therefore applicable to ASAI entities operating in Ghana. In Ghana, ASAI has two entities – ASA Savings and Loans Limited and ASA Dwaso Limited on the application of IAS 29 to ASA Ghana, a cumulative inflation factor has been applied using the consumer price index ('CPI') in Ghana, published by the Ghana Statistical Services. The movement in the CPI for the Period was 25% (2022: 52%).

Sierra Leone

The cumulative inflation over the past three years exceeded 100% by the third quarter of 2023. As of 31 December 2023, Sierra Leone has been classified as hyperinflationary economy. IAS 29 is therefore applicable to ASA Microfinance (Sierra Leone) on the application of IAS 29 to ASA Sierra Leone, a cumulative inflation factor has been applied using the CPI in Sierra Leone, published by Statistics Sierra Leone. The movement in the CPI for the Period was 53% (2022: 36%).

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgments and estimates continued

2.5.8 Hyperinflation continued

The application of IAS 29 includes the following adjustments:

- Adjustment of historical cost non-monetary assets, liabilities and stated capital for the change in purchasing power caused by inflation from the date of initial recognition or contribution to the balance sheet date;
- Adjustment or contribution of the income statement for inflation during the year;
- The income statement is translated at the year-end foreign exchange rate instead of a monthly average rate;
- A net monetary gain or loss adjustment, recognised in the income statement, to reflect the impact of inflation on holding monetary assets and liabilities in local currency; and
- Adjustment in the cash flow statement to reflect the current purchasing power.

On first application of hyperinflationary accounting, there is an accounting policy choice of (i) restate comparatives or (ii) do not restate comparatives. ASA has opted to take the approach not to restate the comparatives.

The impact of the implementation of IAS 29 in the consolidated financial statements of the Group is as follows:

	1 January 2023		
	Before adjustment USD'000	Impact of IAS 29 adjustment USD'000	After adjustment USD'000
Total equity	89,661	256	89,917

	31 Dec 2023		
	Before adjustment USD'000	Impact of IAS 29 adjustment USD'000	After adjustment USD'000
Total assets	489,302	725	490,027
Total liabilities	413,286	131	413,417
Total equity	76,016	594	76,610

	2023		
	Before adjustment USD'000	Impact of IAS 29 adjustment USD'000	After adjustment USD'000
Profit for the period	14,172	(5,415)	8,757
Total comprehensive income/(loss)	(16,037)	26	(16,011)
Break-down of P&L impact for IAS 29:			
Loss on net monetary position		(5,789)	
Impact of CPI adjustment on other P&L items		374	
Total impact of IAS 29 adjustment on net profit		(5,415)	

A net monetary loss of USD 5.8 million is recognised in the income statement, to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency in the subsidiaries in Ghana and Sierra Leone. A contribution of USD 374K is recognised in P&L resulting from the adjustment of P&L items to the current purchasing power.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

2. Material accounting policies continued

2.5 Significant accounting judgments and estimates continued

Summary of material judgements and estimates

Policy	Judgements	Estimates	Note ref.
Allowance for ECL on loans and advances	<ul style="list-style-type: none"> Identification of staging of the loan portfolio. Criteria for a significant increase in credit risk. Identification of credit-impaired loans. Monitoring impact of climate change. 	<ul style="list-style-type: none"> Back-testing based on the historical default trend. Forward-looking considerations. Management overlay. 	2.5.1
Defined benefit plans	<ul style="list-style-type: none"> Changes in assumptions. 	<ul style="list-style-type: none"> Determination of discounting rate. Salary increment rate. Staff turnover. 	2.5.2
BC and partnership models	<ul style="list-style-type: none"> Recognition of the IDFC portfolio as off-book because the credit risk is limited to 5% of the portfolio. 	<ul style="list-style-type: none"> ECL related to the BC loans. 	2.5.4 and 2.5.1
Direct Assignment	<ul style="list-style-type: none"> Whether the transfer constitutes a sale and whether all risk and rewards of ownership have been transferred. 	<ul style="list-style-type: none"> ECL related to the DA loans retained by ASA India. 	2.5.5
Leases – estimating the IBR	<ul style="list-style-type: none"> Determining whether a contract contains a lease under IFRS 16. 	<ul style="list-style-type: none"> IBR used to the calculation of ROU assets and lease liabilities. 	2.5.6
Deferred Tax Assets	<ul style="list-style-type: none"> Determining whether it is probable that future profit will be available to utilise DTA. 	<ul style="list-style-type: none"> Estimating the amount of DTA based on timing and likelihood of future taxable profit. Estimation of future tax rates for DTA. 	2.5.7
Deferred Tax Liability	<ul style="list-style-type: none"> Determination whether there are any constraints or regulatory restrictions to distribute retained earnings as dividend. 	<ul style="list-style-type: none"> Estimating the amount of DTL based on timing and likelihood of future taxable amount and undistributed dividends from subsidiaries. Estimation of future tax rates for DTL. 	2.5.7
Hyperinflation	<ul style="list-style-type: none"> Determining whether the economy of a country meets the criteria for hyperinflation as per IAS 29. Selection of appropriate sources for CPIs. 	<ul style="list-style-type: none"> Estimation of daily CPI rates. 	2.5.8

3. Segment information

For management purposes, the Group is organised into reportable segments based on its geographical areas and has five reportable segments, as follows:

- West Africa, which includes Ghana, Nigeria and Sierra Leone.
- East Africa, which includes Kenya, Uganda, Tanzania, Rwanda and Zambia.
- South Asia, which includes India, Pakistan and Sri Lanka.
- South East Asia, which includes Myanmar and the Philippines.
- Holding and other non-operating entities, which includes holding entities and other entities without microfinance activities.

No operating segments have been aggregated to form the above reportable operating segments. The Company primarily provides only one type of service to its microfinance clients being small microfinance loans which are managed under the same ASA Model in all countries. The reportable operating segments have been identified on the basis of organisational overlap like common Board members, regional management structure and cultural and political similarity due to their geographical proximity to each other.

The Executive Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operational profits and losses and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating and non-operating segments are on an arm's length basis in a manner similar to transactions with third parties and are based on the Group's transfer pricing framework.

Revenues and expenses as well as assets and liabilities of those entities that are not assigned to the four reportable operating segments are reported under 'Holding and other non-operating entities'. Inter-segment revenues, expenses and balance sheet items are eliminated on consolidation.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2023 or 2022.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

3. Segment information continued

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2023.

As at 31 December 2023	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Holding and other non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	46,767	54,629	41,806	33,399	9	176,610	-	176,610
Inter-segment interest income	-	-	-	406	629	1,035	(1,035)	-
External interest expense	(2,260)	(11,169)	(12,305)	(6,251)	(5,771)	(37,756)	-	(37,756)
Inter-segment interest expense	(266)	(90)	(149)	(150)	(380)	(1,035)	1,035	-
Net interest income	44,241	43,370	29,352	27,404	(5,513)	138,854	-	138,854
External other operating income	452	1,116	2,574	5,010	197	9,349	-	9,349
Inter-segment other operating income ¹	-	-	-	-	35,226	35,226	(35,226)	-
Other inter-segment expense	(382)	(3,958)	(390)	(3,177)	357	(7,550)	7,550	-
Total operating income	44,311	40,528	31,536	29,237	30,267	175,879	(27,676)	148,203
Credit loss expense	(3,716)	(793)	423	(938)	-	(5,024)	-	(5,024)
Net operating income	40,595	39,735	31,959	28,299	30,267	170,855	(27,676)	143,179
Personnel expenses	(11,686)	(16,953)	(15,444)	(11,682)	(6,394)	(62,159)	-	(62,159)
Exchange rate differences	(730)	(272)	(180)	(20)	(766)	(1,968)	-	(1,968)
Depreciation of property and equipment	(315)	(566)	(536)	(317)	(136)	(1,870)	-	(1,870)
Amortisation of ROU assets	(775)	(1,062)	(703)	(1,114)	(68)	(3,722)	-	(3,722)
Other operating expenses	(6,806)	(9,023)	(5,075)	(10,539)	(4,033)	(35,476)	-	(35,476)
Gain/ (loss) on net monetary position	(5,651)	-	-	-	(138)	(5,789)	-	(5,789)
Tax expenses	(7,118)	(5,078)	(6,723)	(1,251)	(3,268)	(23,438)	-	(23,438)
Segment profit after tax	7,514	6,781	3,298	3,376	15,464	36,433	(27,676)	8,757
Total assets	89,494	139,762	102,803	119,510	197,518	649,087	(159,060)	490,027
Total liabilities	47,582	111,403	77,808	105,169	79,472	421,434	(8,017)	413,417

Explanation: Segment profit is net profit after tax.

1 Inter-segment operating income includes intercompany dividends, transfer pricing charges and share in results of the subsidiaries.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

3. Segment information continued

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2022.

As at 31 December 2022	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Holding and other non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	54,178	43,165	49,058	31,566	12	177,979	-	177,979
Inter-segment interest income	-	-	-	19	774	793	(793)	-
External interest expense	(2,788)	(8,761)	(19,043)	(5,393)	(4,337)	(40,322)	-	(40,322)
Inter-segment interest expense	(276)	(282)	(70)	(146)	(19)	(793)	793	-
Net interest income	51,114	34,122	29,945	26,046	(3,570)	137,657	-	137,657
External other operating income	548	2,837	2,554	4,369	43	10,351	-	10,351
Inter-segment other operating income ¹	-	-	-	-	44,273	44,273	(44,273)	-
Other inter-segment expense	(428)	(2,246)	(306)	(1,943)	3	(4,920)	4,920	-
Total operating income	51,234	34,713	32,193	28,472	40,749	187,361	(39,353)	148,008
Credit loss expense	(2,868)	501	2,876	(1,143)	(9)	(643)	-	(643)
Net operating income	48,366	35,214	35,069	27,329	40,740	186,718	(39,353)	147,365
Personnel expenses	(13,332)	(15,227)	(15,616)	(10,611)	(5,689)	(60,475)	-	(60,475)
Exchange rate differences	206	(37)	(259)	(614)	(855)	(1,559)	-	(1,559)
Depreciation of property and equipment	(293)	(741)	(332)	(288)	(162)	(1,816)	-	(1,816)
Amortisation of ROU assets	(687)	(1,126)	(1,031)	(1,011)	(76)	(3,931)	-	(3,931)
Other operating expenses	(6,461)	(6,842)	(5,436)	(10,588)	(3,976)	(33,303)	-	(33,303)
Tax expenses	(8,584)	(4,328)	(9,292)	(2,307)	(3,883)	(28,394)	-	(28,394)
Segment profit after tax	19,215	6,913	3,103	1,910	26,099	57,240	(39,353)	17,887
Total assets	108,395	113,791	133,894	102,917	199,363	658,360	(168,608)	489,752
Total liabilities	53,804	87,346	100,501	87,937	82,808	412,396	(12,305)	400,091

Explanation: Segment profit is net profit after tax.

¹ Inter-segment operating income includes intercompany dividends, transfer pricing charges and share in results of the subsidiaries.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

4. Interest and similar income

Interest and similar income consists of interest income on microfinance loans to customers, and interest income on bank balances and fixed-term deposits.

	Notes	2023 USD'000	2022 USD'000
Interest income calculated using EIR	4.1.	147,410	173,856
Other interest and similar income	4.2.	29,200	4,123
		176,610	177,979

4.1. Interest income calculated using EIR

	2023 USD'000	2022 USD'000
Interest income on loans and advances to customers	135,730	161,176
Loan processing fees	11,680	12,680
	147,410	173,856

Interest income decreased from last year in USD terms mostly due to devaluation of local currency against USD in most of the operating subsidiaries and reclassification of interest income on loans at FVTPL.

4.2 Other interest and similar income

	2023 USD'000	2022 USD'000
Interest income on short-term deposits	3,097	3,916
Fair value movement of financial assets at FVTPL	26,064	-
Other interest income	39	207
	29,200	4,123

Interest income of loans reclassified to FVTPL for Kenya, Uganda, Sri Lanka and the Philippines has been recognised under fair value movement of financial assets at FVTPL.

5. Interest and similar expense

Included in interest and similar expense are accruals for interest payments to customers and other charges from banks.

	Notes	2023 USD'000	2022 USD'000
Interest expense on loans		(30,841)	(31,565)
Interest expense on security deposits and others		(3,707)	(3,788)
Interest expense on lease liability		(341)	(299)
Commitment and processing fees		(114)	(274)
Amortisation of forward points of forward contracts and currency basis spread of swap contracts	37.	(2,753)	(4,396)
		(37,756)	(40,322)

6. Other operating income

	2023 USD'000	2022 USD'000
Members' admission fees	1,718	1,875
Document, application and verification fees	2,131	928
Proceeds from sale of pass-books	152	141
Income from DRFs and MRFs	1,068	3,743
Service fees income from off-book BC model (ASA India)	2,160	2,045
Distribution fee MBA Philippines	1,104	890
Other	1,016	729
	9,349	10,351

Other includes a number of small items that are smaller than USD 150K on an individual basis.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2023

7. Expected credit loss expense

	Notes	2023 USD'000	2022 USD'000
ECL on loans and advances to customers	13.3.	(5,804)	(4,847)
Impairment on bank and intercompany		-	13
ECL on interest receivable		(174)	368
Other expected credit loss expense		(3,148)	(1,294)
Recovery of previously written off loans		4,102	5,117
		(5,024)	(643)

The Group's ECL expenses in 2023 increased compared to last year mainly due to deterioration of portfolio quality in Nigeria, India and the Philippines. The key assumptions applied for the ECL provision and related expense are explained in note 2.5.1.

Other ECL includes loss allowance provided against off-book portfolio in India and loan including interest exemptions for settlement of customer loans in case of death or disability.

The Group was able to collect a significant amount of previously written off loans, mainly in India.

8. Personnel expenses

Personnel expenses include total base salary expenses and employee benefit plans:

	Notes	2023 USD'000	2022 USD'000
Personnel expenses		(55,202)	(55,253)
Defined contribution plans		(4,277)	(4,221)
Defined benefit plans	8.2.	(2,680)	(1,001)
		(62,159)	(60,475)

8.1. Retirement benefit liability

	Notes	2023 USD'000	2022 USD'000
Retirement benefit liability as at beginning of period		4,593	5,391
Payments made during the period		(700)	(572)
Charge for the period	8.2.	2,680	1,001
Actuarial gains and losses on defined benefit liabilities (OCI)		(448)	(470)
Foreign exchange differences		(1,287)	(757)
Retirement benefit liability as at end of the period		4,838	4,593

ASA India, ASA Pakistan, Lak Jaya, Pagasa Philippines, ASA Nigeria, ASA Kenya, ASA Zambia, ASA Sierra Leone and AMSL are maintaining defined benefit pension plans in the form of gratuity plans at retirement, death, incapacitation and termination of employment for eligible employees. The funds for the plans in ASA Pakistan, Pagasa Philippines, Lak Jaya, ASA Nigeria, ASA Kenya, ASA Zambia, ASA Sierra Leone and AMSL are maintained by the entity itself and no plan assets have been established separately. The funds for the plan of ASA India are being maintained with Life Insurance Corporation of India and the entity's obligation is determined by actuarial valuation. There are no other post-retirement benefit plans available to the employees of the Group.

8.2. Charge for the period

	2023 USD'000	2022 USD'000
Current service cost for the period	(1,061)	(459)
Past service cost	(1,129)	(45)
Interest cost for the period	(490)	(497)
	(2,680)	(1,001)

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for the year ended 31 December 2023

8. Personnel expenses continued

8.3. Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at 31 December 2023 and 31 December 2022 is shown below.

Assumptions

Sensitivity level	Year	Discount rate		Future salary increases	
		1% increase	1% decrease	1% increase	1% decrease
		USD'000	USD'000	USD'000	USD'000
Impact on defined benefit obligation	2023	(96)	1,129	1,140	(115)
	2022	(180)	1,290	1,298	(197)

8.4 Share based payments

Personal expenses for 2023 includes an amount of USD 71K against share based payment expenses.

In October 2022 and July 2023, the Group granted options ('Options') for 2.6 million ordinary shares of GBP 0.01 each in the Group Company under its LTIP to certain Executive Directors and other senior staff. The Company's LTIP is designed to incentivise and retain Directors and senior staff, along with aligning them with shareholders' interest to create long term value.

The Options will normally vest, subject to continued employment, on the following schedule:

- 20% each year between the first and fifth anniversaries of the Grant Date; or
- for Executive Directors only, 60% on the third anniversary and 20% on each of the fourth and fifth anniversaries of the Grant Date.

To the extent they vest, the Options are exercisable at a price of GBP 0.93 and GBP 0.84 per ordinary share for options granted in 2022 and 2023 respectively, being the average share price for the three business days before the Grant Date. The Group has issued certificates to the participants to the plan. During 2023 a total number of 0.5 million Options lapsed because of staff who left the Group.

The fair value of options granted during the year 2023 was estimated on the date of grant based on the Black-Scholes model using the following assumptions:

Expected volatility (%)	66%
Risk-free interest rate (%)	3.70%
Expected life of share options (years)	Ten years
Current Share Price (£)	0.92
Dividend yield (%)	0%

The weighted average fair value of the options granted during the 12 months ended 31 December 2023 was GBP 0.69.

9. Other operating expenses

Other operating expenses includes the following items:

	Notes	2023 USD'000	2022 USD'000
Administrative expenses	9.1.	(29,148)	(27,975)
Professional fees	9.2.	(3,408)	(2,579)
Audit fees	9.3.	(1,763)	(1,527)
International travel		(606)	(646)
CSR expenses		(239)	(249)
Other		(312)	(327)
		(35,476)	(33,303)

9.1. Administrative expenses

	2023 USD'000	2022 USD'000
Office expenses	(5,152)	(5,158)
Transport and representation expenses	(10,303)	(10,391)
Gas, water and electricity	(1,154)	(1,106)
Telecommunications and internet expenses	(3,881)	(3,119)
VAT/Output tax/Service tax	(4,424)	(3,445)
Bank charges	(1,102)	(1,472)
Insurance expenses	(840)	(642)
Training and seminar expenses	(400)	(142)
Other administrative expenses	(1,892)	(2,500)
	(29,148)	(27,975)

VAT/Output tax/Service tax expenses increased mainly due to the inclusion of VAT on Transfer Pricing ('TP') in Kenya.

Other administrative expenses includes several small items that are smaller than USD 150K on an individual basis.

9.2. Professional fees

	2023 USD'000	2022 USD'000
Legal services fees	(336)	(295)
Other professional fees	(3,072)	(2,284)
	(3,408)	(2,579)

Other professional fees includes fees for various consultants on tax, IT, accounting and actuary valuation services.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

9. Other operating expenses continued

9.3 Fees to the Group's auditor is analysed as below:

	2023 USD'000	2022 USD'000
Fees to the Group's auditor for the audit of the Group's annual accounts	(1,204)	(1,008)
Fees to the Group's auditor for other services:		
Audit of the accounts of subsidiaries	(238)	(219)
Audit-related assurance services	(313)	(295)
Total audit and audit-related assurance services	(1,755)	(1,522)
Other assurance services	(8)	(5)
	(1,763)	(1,527)

10. Exchange rate differences

The Group incurred certain foreign exchange losses on monetary assets denominated in currencies other than the Group's functional currency.

	2023 USD'000	2022 USD'000
Foreign currency losses	(4,923)	(4,876)
Foreign currency gains	2,955	3,317
	(1,968)	(1,559)

11. Income tax and withholding tax expense

	2023 USD'000	2022 USD'000
Income tax expense		
Current income tax	(20,062)	(20,883)
Income tax for previous period	(1,943)	(7)
Changes in deferred income tax	1,856	(6,284)
	(20,149)	(27,174)

11.1. Current tax liability

	2023 USD'000	2022 USD'000
Balance as at beginning of period	8,873	6,265
Tax charge:		
Current period	20,062	20,883
Previous period	1,943	7
Tax paid	(18,290)	(16,643)
Foreign exchange adjustment	(3,262)	(1,639)
Balance as at end of period	9,326	8,873

11.2. Deferred tax assets

	2023 USD'000	2022 USD'000
Balance as at beginning of period	4,625	13,362
Impact of IAS 29 (hyperinflation)	(101)	-
Adjusted balance at 1 January 2023	4,524	13,362
Addition/(adjustment) during the period	2,544	(7,436)
Impact of hyperinflation for the period	28	-
Foreign exchange adjustment	(1,327)	(1,301)
Balance as at end of period	5,769	4,625

Deferred tax assets are temporary differences recognised in accordance with local tax regulations and with reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

11.3. Deferred tax liability

	2023 USD'000	2022 USD'000
Balance as at beginning of period	2,184	2,296
Impact of IAS 29 (hyperinflation)	1	-
Adjusted balance at 1 January 2023	2,185	2,296
(Adjustment)/charge during the period	121	(112)
Impact of hyperinflation for the period	130	-
Foreign exchange adjustment	(30)	-
Balance as at end of period	2,406	2,184

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

11. Income tax and withholding tax expense continued

11.4. Deferred tax relates to:

Deferred tax relates to:	2023			2022		
	Deferred tax assets USD'000	Deferred tax liabilities USD'000	Income statement USD'000	Deferred tax assets USD'000	Deferred tax liabilities USD'000	Income statement USD'000
Allowance for ECL	1,511	-	813	1,321	-	(4,759)
Provision for retirement liabilities	1,443	-	760	1,138	-	(322)
Provision on FX loss	267	-	235	51	-	(21)
Unused tax losses	-	-	-	-	-	(3,139)
Other temporary differences	2,954	(169)	457	3,177	(183)	2,407
IFRS 16 Lease	-	284	(185)	-	183	8
Undistributed profit of subsidiary	-	2,130	53	-	2,184	113
Modification loss	-	-	(224)	236	-	(459)
Impact of hyperinflation	(72)	131	(203)	-	-	-
Other comprehensive income/ Revaluation of cash flow hedge	(334)	30	513	(1,298)	-	(1,152)
	5,769	2,406	2,219	4,625	2,184	(7,324)

11.5. Reconciliation of the total tax charge

	2023 USD'000	2022 USD'000
Accounting result before tax	32,195	46,281
Income tax expense at nominal rate of consolidated entities	(12,039)	(15,373)
Over/(under) provision for income tax previous year	(2,970)	(7)
Movement in unrecognised deferred taxes	(2,866)	(11,285)
Exempt income	59	74
Tax impact on elimination	527	531
Impact for hyperinflation	(1,356)	-
Permanent differences (non-deductible expenses)	(1,504)	(1,114)
Total income tax expense for the period	(20,149)	(27,174)
Weighted average nominal rate of consolidated entities	37%	33%
Consolidated effective tax rate	63%	59%

11.6. Income tax per region

	2023 USD'000	2022 USD'000
Corporate income tax – West Africa	(7,402)	(9,417)
Corporate income tax – South Asia	(6,721)	(9,292)
Corporate income tax – East Africa	(4,422)	(3,994)
Corporate income tax – South East Asia	(1,422)	(1,653)
Corporate income tax – Holding and other non operating entities	(182)	(2,818)
Total income tax per region	(20,149)	(27,174)

11.7. Withholding tax expense

	2023 USD'000	2022 USD'000
Withholding tax on interest income, dividend, royalties and service fees	(3,342)	(1,332)
Deferred tax on undistributed dividend	53	112
Total withholding tax expense	(3,289)	(1,220)

Interest income, dividends, royalties and service fees are subject to withholding tax in certain jurisdictions. The applicable withholding tax rates vary per country and per type of income.

12. Cash at bank and in hand

	2023 USD'000	2022 USD'000
Cash at bank	76,215	83,006
Cash in hand	214	111
	76,429	83,117

An amount of USD 27.9 million (2022: USD 32.6 million) of cash at bank is restricted and cannot be readily available. Out of this USD 18.4 million (2022: USD 17.1 million) in the Philippines is restricted as per the Securities and Exchange Commission ('SEC') regulations as it relates to LCBU, the collection of security collateral from clients of a lending company. LCBU is placed into a segregated account. In Tanzania USD 9.5 million (2022: 7.5 million) is restricted and maintained in a separate account as per the Bank of Tanzania's requirement for non-deposit-taking microfinance institutions ('MFIs') as it relates to security deposits from the clients. In Kenya, the new 'Central bank of Kenya (AMENDMENT) ACT' restricted non-deposit microfinance companies from taking cash collateral from clients. ASA Kenya has fully repaid the collateral amount to the clients in 2023.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

13. Loans and advances to customers

	Notes	2023 USD'000	2022 USD'000
Loans and advances to customers at amortised cost	13.1.	297,851	331,898
Loans and advances to customers at FVTPL	13.6.	32,306	-
		330,157	331,898

13.1 Loans and advances to customers at amortised cost

Loans and advances to customers are net of allowance for expected credit loss.

	Notes	2023 USD'000	2022 USD'000
Gross loan portfolio	13.2.	305,248	344,985
Interest receivable on loans to customers		4,464	7,265
Unamortised processing fee		(4,949)	(4,303)
Net impact of modification loss		-	(149)
Gross loans		304,763	347,798
Allowance for expected credit loss	13.3.	(6,912)	(15,900)
Net loan portfolio		297,851	331,898

13.2. Gross loan portfolio

As of 31 December 2023, the gross loan portfolio amounts to USD 305.2 million (31 December 2022: 345.0 million). Interest receivable on loans to customers is realisable in line with the loan repayment schedules.

ASA India operates a Business Correspondent and partnership model with IDFC, JSFB and FSFB. ASA India operates as an agent, whereby ASA India selects borrowers based on the selection criteria of the BC Partner. After approval of the selected borrowers, the BC Partners disburse the loans through ASA India and ASA India collects the interest and repayments from the borrowers on behalf of the BC Partners. In exchange for these services, ASA India receives service fees and processing fees.

The loans to borrowers of IDFC, JSFB and FSFB and related funding are not recognised on the balance sheet since the loan agreements are made between the partners and the borrowers. In the case of IDFC, ASA India has a limited liability for the non-performing loans under this agreement. The service fees received are reported under 'Other operating income' in note 6.

Under the agreements with the BC Partners, ASA India is liable for payment of non-performing loans, which is regarded as a financial guarantee. This liability for BC partners is reported under 'Provisions' in note 28. This liability is based on the Group's ECL policy as explained in note 2.5.1 taking into account any limits in the liability towards the BC Partners, because it is the best estimate for the expected outflow of cash at reporting date. The related expense is reported under credit loss expenses in note 7.

ASA India provided security deposits to the BC partners as collateral for the financial guarantees provided. These security deposits are reported under 'Due from banks' in note 14. Other receivables and payables related to the BC model are reported under 'Other assets' and 'Other liabilities'. More information is available in note 2.5.

ASA India entered into DA agreement with SBI. Under the agreement the entity transferred a pool of its loans to customers amounting to USD 16.5 million to the SBI against a purchase consideration of USD 14 million which is 85% of the loan portfolio. 15% is retained by ASA India as the Minimum Retention Rate ('MRR') as per the guidance of RBI. ASA India will continue to collect the instalments from all the borrowers and transfer the amount to the SBI where the SBI will retain collections from 85% of the clients and adjust that with the purchase consideration (borrowings) and repay collections from 15% of the customers to ASA India. The 85% of the pool is hence not recognised in the books of ASA India as the Company transferred all significant risks and rewards of such loans to the SBI.

The outstanding loans to borrowers under the BC model and DA model which are not recognised on the balance sheet at 31 December 2023 amounted to USD 38.8 million and USD 980K respectively (2022: USD 21.4 million and USD 1.2 million).

13.3. Allowance for ECL

	Notes	2023 USD'000	2022 USD'000
Balance as at beginning of the period		(15,900)	(25,794)
Reclassification to FVTPL		252	-
ECL charge on loans and advances	7.	(5,804)	(4,847)
ECL charge on interest receivable		(174)	368
Write-off of loans and interest		12,894	10,828
Exchange rate differences		1,820	3,545
Balance at end of the period		(6,912)	(15,900)

The key assumptions applied for the expected credit loss provision are explained in note 2.5.1.

13.4. The breakdown of the allowance for expected credit loss is as follows:

	2023 USD'000	2022 USD'000
ECL on loans and advances	(6,687)	(15,197)
ECL on interest receivable	(225)	(703)
	(6,912)	(15,900)

ECL provision has been reduced mainly due to the write-off of loans and interest of USD 12.9 million.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

13. Loans and advances to customers continued

13.5. The following tables explain the movement of gross OLP and Interest receivable and related provisions in stages

	Stage 1 USD'000				Stage 2 USD'000				Stage 3 USD'000				Total USD'000			
	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL
At 1 January 2023	324,354	5,739	330,093	(1,235)	3,825	763	4,588	(859)	16,806	762	17,568	(13,806)	344,985	7,264	352,249	(15,900)
Reclassification to FVTPL	(44,131)	(934)	(45,065)	248	(241)	(17)	(258)	1	(526)	59	(467)	3	(44,898)	(892)	(45,790)	252
New assets originated	637,305	-	637,305	-	-	-	-	-	-	-	-	-	637,305	-	637,305	-
Interest revenue	-	111,859	111,859	-	-	11,308	11,308	-	-	12,563	12,563	-	-	135,730	135,730	-
Collections	(552,631)	(111,913)	(664,544)	-	(2,217)	(11,988)	(14,205)	-	(14,355)	(13,175)	(27,530)	-	(569,203)	(137,076)	(706,279)	-
ECL (charges)/releases	-	-	-	(235)	-	-	-	909	-	-	-	(6,652)	-	-	-	(5,978)
Transfers:																
Stage 1 to Stage 2	(1,779)	(157)	(1,936)	7	1,779	157	1,936	(7)	-	-	-	-	-	-	-	-
Stage 1 to Stage 3	(19,685)	(593)	(20,278)	76	-	-	-	-	19,685	593	20,278	(76)	-	-	-	-
Stage 2 to Stage 1	775	60	835	(156)	(775)	(60)	(835)	156	-	-	-	-	-	-	-	-
Stage 2 to Stage 3	-	-	-	-	(419)	(42)	(461)	86	419	42	461	(86)	-	-	-	-
Stage 3 to Stage 1	761	66	827	(650)	-	-	-	-	(761)	(66)	(827)	650	-	-	-	-
Stage 3 to Stage 2	-	-	-	-	348	35	383	(301)	(348)	(35)	(383)	301	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	(12,331)	(562)	(12,893)	12,894	(12,331)	(562)	(12,893)	12,894
Fx impact	(48,094)	-	(48,094)	405	(389)	-	(389)	3	(2,127)	-	(2,127)	1,412	(50,610)	-	(50,610)	1,820
At 31 December 2023	296,875	4,127	301,002	(1,540)	1,911	156	2,067	(12)	6,462	181	6,643	(5,360)	305,248	4,464	309,712	(6,912)

	Stage 1 USD'000				Stage 2 USD'000				Stage 3 USD'000				Total USD'000			
	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL
At 1 January 2022	361,956	7,540	369,496	(7,039)	17,181	3,090	20,271	(7,124)	14,161	70	14,231	(11,631)	393,298	10,700	403,998	(25,794)
New assets originated	951,003	-	951,003	-	-	-	-	-	-	-	-	-	951,003	-	951,003	-
Interest revenue	-	119,101	119,101	-	-	34,585	34,585	-	-	7,490	7,490	-	-	161,176	161,176	-
Collections	(902,323)	(118,290)	(1,020,613)	-	(9,131)	(35,596)	(44,727)	-	(14,054)	(10,433)	(24,487)	-	(925,508)	(164,319)	(1,089,827)	-
ECL (charges)/releases	-	-	-	5,202	-	-	-	2,550	-	-	-	(12,231)	-	-	-	(4,479)
Transfers:																
Stage 1 to Stage 2	(3,975)	(1,082)	(5,057)	97	3,975	1,082	5,057	(97)	-	-	-	-	-	-	-	-
Stage 1 to Stage 3	(23,221)	(1,764)	(24,985)	472	-	-	-	-	23,221	1,764	24,985	(472)	-	-	-	-
Stage 2 to Stage 1	402	232	634	(244)	(402)	(232)	(634)	244	-	-	-	-	-	-	-	-
Stage 2 to Stage 3	-	-	-	-	(7,098)	(2,166)	(9,264)	3,373	7,098	2,166	9,264	(3,373)	-	-	-	-
Stage 3 to Stage 1	1	2	3	(3)	-	-	-	-	(1)	(2)	(3)	3	-	-	-	-
Stage 3 to Stage 2	-	-	-	-	1	-	1	(1)	(1)	-	(1)	1	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	(10,535)	(293)	(10,828)	10,828	(10,535)	(293)	(10,828)	10,828
Fx impact	(59,489)	-	(59,489)	280	(701)	-	(701)	196	(3,083)	-	(3,083)	3,069	(63,273)	-	(63,273)	3,545
At 31 December 2022	324,354	5,739	330,093	(1,235)	3,825	763	4,588	(859)	16,806	762	17,568	(13,806)	344,985	7,264	352,249	(15,900)

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Notes to the consolidated financial statements continued

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13. Loans and advances to customers continued

13.6. Loans and advances to customers at FVTPL

	2023 USD'000	2022 USD'000
Loans and advances to customers at FVTPL	32,306	-
	32,306	-

Loans and advances for customers with insurance products in the Philippines (1st cycle loans), Uganda, Kenya and Sri Lanka were reclassified from amortised cost to FVTPL on 1 January 2023. See note 2.3.1 for details.

14. Due from banks

	Notes	2023 USD'000	2022 USD'000
Due from banks		20,705	18,208
Escrow bank account at Citibank	14.1.	21,392	20,692
		42,097	38,900

14.1. Escrow bank account at Citibank

In certain countries in which the Group operates, Non-Resident Capital Gains Tax ('NRCGT') regimes have been enacted in recent years which may give rise to an NRCGT liability if there is a change of control ('COC') of more than 50% of the underlying ownership of a subsidiary of the Company resident in that country as measured over a rolling three-year period. In each case, the liability is payable by the local subsidiary. A COC of certain of the Group's subsidiaries resulting from the offering to certain institutional and professional investors in view of the admission of the Group to the London Stock Exchange in 2018 (the 'Global Offer'), or thereafter, may trigger NRCGT liabilities in certain jurisdictions for the affected subsidiaries. In connection with the potential NRCGT liability, CMI, being the selling shareholder at the time of the listing of the Group on 13 July 2018, agreed upon admission to place USD 20 million (the 'Escrow Amount') of its net proceeds from the sale of shares in the Global Offer in an escrow account for the sole benefit of the Company (the 'Escrow Account'). The Escrow Amount may be applied to fund NRCTG liabilities in accordance with the escrow deed dated 29 June 2018 between, inter alia, CMI and the Company. The Escrow Account is established in the name of the Company and is therefore presented as part of 'Due from banks'. The beneficial ownership of these funds, including any interest accrued thereon and less any expenses, rests with CMI because the Company will need to return all remaining funds to CMI in accordance with the terms of the escrow deed. Therefore, the same amount is presented as a liability to CMI under 'Other liabilities'.

15. Equity investments at FVOCI

	2023 USD'000	2022 USD'000
MFX Solutions, LLC		
Balance at the beginning of the period	244	237
Gain on revaluation through OCI	29	7
Balance at the end of the period	273	244

The Group purchased 153,315 shares of MFX Solutions, LLC USA on 7 April 2017. This represents 1% of the total number of issued shares of 15,331,330. The purchase price per share was USD 1.3045. These unlisted equity investments were irrevocably designated at initial recognition as held at FVOCI. Their fair value has been classified as Level 2.

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16. Property and equipment

Property and equipment consists of land and buildings, office furniture and equipment. Depreciation policies are described in detail in the accounting policies. The movements are as follows.

	2023					2022				
	Furniture and fixtures USD'000	Vehicles USD'000	Office equipment including IT USD'000	Buildings USD'000	Total USD'000	Furniture and fixtures USD'000	Vehicles USD'000	Office equipment including IT USD'000	Buildings USD'000	Total USD'000
Cost at the beginning of the period	1,565	405	9,006	1,127	12,103	1,683	320	9,483	1,229	12,715
Accumulated depreciation at the beginning of the period	(1,120)	(218)	(7,085)	(167)	(8,590)	(1,166)	(252)	(7,055)	(157)	(8,630)
Carrying value at the beginning of the period	445	187	1,921	960	3,513	517	68	2,428	1,072	4,085
Impact of IAS 29 (hyperinflation)	11	30	53	-	94	-	-	-	-	-
Adjusted balance at 1 January 2023	456	217	1,974	960	3,607	517	68	2,428	1,072	4,085
Additions during the period at cost	23	5	2,237	2,107	4,372	219	210	1,146	-	1,575
Foreign currency adjustment	(193)	(64)	(1,029)	32	(1,254)	(277)	(100)	(1,375)	(102)	(1,854)
Disposal during the period	-	-	(34)	-	(34)	(60)	(25)	(248)	-	(333)
Depreciation during the period	(186)	(53)	(1,472)	(22)	(1,733)	(242)	(66)	(1,485)	(23)	(1,816)
Adjustment of depreciation for disposals	210	28	605	31	874	77	40	371	-	488
Impact of hyperinflation for the period	14	(19)	89	294	378	-	-	-	-	-
Foreign currency differences	161	29	838	(1)	1,027	211	60	1,084	13	1,368
Carrying value at the end of the period	485	143	3,208	3,401	7,237	445	187	1,921	960	3,513
Cost at the end of the period	1,395	346	10,180	3,266	15,187	1,565	405	9,006	1,127	12,103
Accumulated depreciation at the end of the period	(935)	(214)	(7,114)	(159)	(8,422)	(1,120)	(218)	(7,085)	(167)	(8,590)
Impact of IAS 29 (hyperinflation)	25	11	142	294	472	-	-	-	-	-
Carrying value at the end of the period	485	143	3,208	3,401	7,237	445	187	1,921	960	3,513

Addition of buildings includes purchase of building of USD 1.7 million in Ghana and USD 0.4 million in Uganda.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

17. ROU assets and lease liabilities

	2023 USD'000	2022 USD'000
ROU assets at the beginning of the period	4,589	5,031
Impact of IAS 29 (hyperinflation)	281	-
Adjusted balance at 1 January 2023	4,870	5,031
Additions during the period	3,335	3,815
Depreciation during the period	(3,722)	(3,931)
Impact of hyperinflation for the period	(15)	-
Exchange rate differences	317	(326)
ROU assets at the end of the period	4,785	4,589
	2023 USD'000	2022 USD'000
Lease liabilities at the beginning of the period	3,091	3,459
Interest expense of lease liabilities	341	299
Additions on lease liabilities during the period	3,335	3,815
Payment of lease liabilities	(3,690)	(4,353)
Exchange rate differences	195	(129)
Lease liabilities at the end of the period	3,272	3,091

The Group recognises leased office premises under ROU assets.

Between January and December 2023, the Group entered into 1,163 new contracts and renewal contracts. This excludes the new/renewal contracts of Ghana, Nigeria and Tanzania as they have fully prepaid contracts and are not impacted by IBRs.

18. Other assets

Other assets comprises of the following:

	Notes	2023 USD'000	2022 USD'000
Receivables from related parties	18.1.	810	249
Prepayments		2,862	2,874
Employee advances		2,783	2,296
Advance income tax		2,902	2,147
Security deposit		272	249
Receivables under off-book BC model (ASA India)	18.2.	1,014	569
Insurance claim receivable		37	109
Interest receivable on due from banks		379	337
Advance to lenders	18.3.	955	-
Other receivables	18.4.	1,476	1,140
		13,490	9,970

Prepayments and employee advances are in line with security against housing contracts, funding agreements and employee receivables. Advance income tax will be set off against current tax payable after completion of the tax assessment.

18.1. Receivables from related parties

	2023 USD'000	2022 USD'000
Sequoia BV	41	145
MBA Philippines	61	86
Catalyst Investment Management services	22	18
ASAIG plc EBT	686	-
	810	249

The receivables from related parties are short term in nature and do not accrue interest.

18.2. Receivables under off-book BC model (ASA India)

Receivables under off-book BC model is presented net of impairment. Gross amount receivable under off book BC model is USD 3.4 million. (2022: 2.2 million).

18.3. Advance to lenders

ASAI NV paid an advance amounting to USD 1.0 million to Symbiotic and Frankfurt School Financial Services in May 2023 on behalf of ASA Myanmar as per the loan restructuring agreed in March 2023. This is an advance for a future assignment of various loans to ASAI NV. USD 45K was adjusted in December 2023 for the purchase value of one of the related Symbiotics loans actually being assigned to ASAI NV.

18.4. Other receivables

Includes various advances in relation to employee's insurance, receivable from VAT and service tax authorities etc. Individually none of the advances are over USD 150K.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

19. Derivatives

	2023 USD'000	2022 USD'000
Forward contracts	884	7,131
Swap agreements	1,566	724
Derivative assets total	2,450	7,855
Forward contracts	(78)	(456)
Swap agreements	-	-
Derivative liabilities total	(78)	(456)
Total derivatives at fair value	2,372	7,399

19.1. The Group is holding the following foreign exchange forward contracts:

As of 31 December 2023

	Maturity				Total USD'000
	<30 days USD'000	1-3 months USD'000	3-12 months USD'000	>12 months USD'000	
ASAI NV					
Notional amount (in USD)	-	-	-	993	993
Average forward rate (USD/KYAT)	-	-	-	92	92
Carrying amount (in USD)	-	-	-	(9)	(9)
Kenya					
Notional amount (in USD)	-	-	4,000	-	4,000
Average forward rate (USD/TZS)	-	-	145	-	145
Carrying amount (in USD)	-	-	743	-	743
Pakistan					
Notional amount (in USD)	-	552	17,094	-	17,646
Average forward rate (USD/PKR)	-	312	302	-	300
Carrying amount (in USD)	-	(29)	(40)	-	(69)
Sierra Leone					
Notional amount (in USD)	-	-	1,000	-	1,000
Average forward rate (USD/SLL)	-	-	23	-	23
Carrying amount (in USD)	-	-	105	-	105
Zambia					
Notional amount (in USD)	-	250	250	-	500
Average forward rate (USD/ZMW)	-	23	28	-	26
Carrying amount (in USD)	-	33	4	-	37

As of 31 December 2022

	Maturity				Total USD'000
	<30 days USD'000	1-3 months USD'000	3-12 months USD'000	>12 months USD'000	
Pakistan					
Notional amount (in USD)	2,900	7,952	29,391	-	40,243
Average forward rate (USD/PKR)	204	206	222	-	217
Carrying amount (in USD)	439	1,428	5,133	-	7,000
Myanmar					
Notional amount (in USD)	-	1,000	-	-	1,000
Average forward rate (USD/KYAT)	-	1,914	-	-	1,914
Carrying amount (in USD)	-	131	-	-	131
Zambia					
Notional amount (in USD)	-	250	500	-	750
Average forward rate (USD/ZMW)	-	33	31	-	32
Carrying amount (in USD)	-	(190)	(266)	-	(456)

Please see note 36 and 37 for more information.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

19. Derivatives continued

19.2. The Group also holds the below swap contracts:

		2023 USD'000	2022 USD'000
Cross-currency interest rate swap	Notional value	10,104	1,750
	Carrying value	1,566	724

At 31 December 2023, the Group had eight cross-currency interest rate swap agreements in place.

Three swap agreements in ASA Sierra Leone with a total notional amount of USD 1.8 million. ASA Sierra Leone entered in to a swap of USD 1 million on 7 July 2021 where ASA Sierra Leone pays a fixed rate of interest of 19.09% in SLE and receives interest at a fixed rate of 8% in USD notional amount. On 2 February 2022, the entity entered into another swap agreement of USD 500K where ASA Sierra Leone pays a fixed rate of interest of 19.22% in SLE and receives at 8% in USD notional amount. ASA Sierra Leone also has another swap contract of USD 300K entered on 10 October 2023, where the entity pays at fixed interest rate of 29.78% in SLE and receives at 12% in USD.

Two swap agreements in ASA Zambia with a total notional amount of USD 500K were entered into. ASA Zambia entered in to a swap of USD 250K on 3 February 2022 where the entity pays a fixed rate of interest of 24.80% in ZMW and receives interest at a fixed rate of 8% in USD notional amount. On 22 August 2023, the entity entered in to another swap agreement of USD 250K where ASA Zambia pays a fixed rate of interest of 22.83% in ZMW and receives at a floating interest rate of Secured Overnight Financing Rate ('SOFR') + 6.5% in USD notional amount.

ASA Kenya also has three swap agreements in place. A swap agreement with notional amount of USD 2 million entered on 10 May 2023 where ASA Kenya pays at a fixed interest rate of 17.90% in KES and receives at 6.25% in USD notional amount. Another swap agreement of USD 3 million was entered into where ASA Kenya pays at 20.95% in KES and receives at 7.5% in USD. The remaining one of EUR 1.5 million entered on 26 June 2023 where ASA Kenya pays at a fixed interest rate of 17.85% in KES and receives at 5% in EUR notional amount.

The swaps are being used to hedge the exposure to changes in the cash flow of its interest on USD and EUR loans.

The applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows using future exchange rates and discounting them with the appropriate interest rate curves. These derivative contracts are classified as Level 2 financial instruments.

20. Intangible assets and goodwill

	Goodwill USD'000	Intangible assets USD'000	Total USD'000
Cost			
At 1 January 2022	30	452	482
Additions	-	4,592	4,592
Impaired	(17)	-	(17)
Fx movement	(13)	(3)	(16)
At 31 December 2022	-	5,041	5,041
Impact of IAS 29 (hyperinflation)	-	4	4
Adjusted balance at 1 January 2023	-	5,045	5,045
Additions	-	2,284	2,284
Amortisation		(10)	(10)
Impact of hyperinflation for the period		55	55
Fx movement	-	(34)	(34)
At 31 December 2023	-	7,340	7,340

Goodwill arose from the acquisition of Lak Jaya by CMI Lanka in 2008.

For the year ended 31 December 2022, an impairment assessment on the remaining goodwill was conducted and based on such the goodwill was fully impaired.

Intangible assets includes the development costs for the project to develop a digital financial services (DFS) platform. The first implementation is expected to take place in Ghana in 2024 and, if successful and upon approval from the regulator, this will be followed by the launch of a range of digital financial and other services to support the growth of small businesses. The platform will add a digital channel to the existing branch model. The DFS will be offered to its clients through a smartphone app, where clients will be able to apply online for loans and other financial services like a current account and a savings or deposit account. As part of the DFS, the Group is also developing an Supplier Market Place app ('SMP') where clients can purchase goods for their small businesses. SMP will be a separate app but is part of the DFS model to retain and attract loan and savings clients and generate payment transactions that generate commissions.

For the introduction of current accounts and savings and deposits accounts and other digital services to our clients, the Group decided to add a CBS to its IT infrastructure. The Group has procured a 10 year license to the Temenos Financial Inclusion suite, which is an off-the-shelf CBS system. In February 2024, clients in Pakistan were migrated from our incumbent loan system to the Temenos Core Banking System. Ghana will be the next country to implement the CBS alongside the DFS.

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for the year ended 31 December 2023

20. Intangible assets and goodwill continued

Total spent during the year against DFS and CBS are as follows:

Particulars	2023			2022		
	Capitalised USD'000	Charged to P&L USD'000	Total USD'000	Capitalised USD'000	Charged to P&L USD'000	Total USD'000
Development fees	613	-	613	1,032	-	1,032
Licence fees	345	482	827	1,906	588	2,494
Implementation cost	921	-	921	948	-	948
Consultancy	40	-	40	180	-	180
Salary and travelling	365	73	438	526	218	744
	2,284	555	2,839	4,592	806	5,398

21. Issued capital

	2023 USD'000	2022 USD'000
ASA International Group plc 100 million shares of GBP 0.01 each	1,310	1,310
	1,310	1,310

No movements in issued capital during 2023 and 2022.

22. Retained earnings

Total retained earnings are calculated as follows:

	2023 USD'000	2022 USD'000
Balance at the beginning of the period	173,297	155,405
Impact of loan reclassification at Fair Value Through Profit and Loss ('FVTPL')	2,392	-
Adjusted balance at the beginning of the period	175,689	155,405
Transferred to NCI and others	969	-
Result for the period	9,206	17,892
Balance at the end of the period	185,864	173,297

Profit for the period

Attributable to equity holders of the parent	9,206	17,892
Non-controlling interest	(449)	(5)
	8,757	17,887

Part of retained earnings relates to Non-Governmental Organisations ('NGOs') which are consolidated in these financial statements. The retained earnings of these NGOs cannot be distributed to their respective members. Retained earnings relating to NGOs amounted to USD 2.1 million at 31 December 2023 (2022: USD 2.0 million).

ASA S&L, ASA India, ASA Nigeria have statutory requirements to add a percentage of the net profits to a legal reserve. Therefore, part of retained earnings cannot be distributed to shareholders. Retained earnings relating to these legal reserves amounted to USD 22.4 million in December 2023 (2022: USD 23.4 million).

No dividend was declared in 2023.

23. Other reserves

Total other reserves are calculated as follows:

	Notes	2023 USD'000	2022 USD'000
Balance at the beginning of the period		3,324	995
Actuarial gains and losses on defined benefit liabilities	8.1.	448	470
Share-based payments		71	-
Movement in hedge accounting reserve		(1,669)	3,004
Gain on revaluation of MFX investment	15.	29	7
Others net of tax		555	(1,152)
Balance at the end of the period		2,758	3,324

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

24. Foreign currency translation reserve

The translation of the Company's subsidiaries and overseas branches from local currency into the Group's presentation currency (USD) results in the following currency translation differences:

	2023 USD'000	2022 USD'000
Balance at the beginning of the period	(88,123)	(54,132)
Impact of IAS 29 (hyperinflation)	256	-
Adjusted balance at the beginning of the period	(87,867)	(54,132)
Translation of assets and liabilities of subsidiaries to USD	(24,131)	(33,991)
Balance at the end of the period	(111,998)	(88,123)

The entity-wise breakdown of translation adjustment is as follows:

	2023 USD'000	2022 USD'000
Ghana	1,727	(17,395)
Pakistan	(7,729)	(9,400)
Nigeria	(15,058)	(2,540)
Sri Lanka	181	(1,450)
Philippines	64	(978)
Myanmar	(1)	(766)
Sierra Leone	326	(685)
Kenya	(1,487)	(525)
Rwanda	(261)	(132)
Zambia	(651)	(120)
Tanzania	(962)	(111)
Others	(280)	111
	(24,131)	(33,991)

25. Debt issued and other borrowed funds

	Notes	2023 USD'000	2022 USD'000
Debt issued and other borrowed funds by operating subsidiaries	25.1.	204,653	201,590
Symbiotics-managed funds (ASAIH/ASAI NV)	25.2.	21,019	14,000
Oikocredit (ASAIH)	25.3.	-	7,500
BIO (ASAIH)	25.4.	10,000	10,000
OeEB (ASAIH)	25.5.	5,625	9,375
Citi (ASAI NV)	25.6.	-	5,000
Ninety one (ASAI NV)	25.7.	10,000	10,000
responsAbility-managed funds (ASAI NV)	25.8.	7,167	-
DFC (ASAI NV)	25.9.	10,000	-
Interest payable on third-party loans		4,947	3,836
		273,411	261,301

25.1. Breakdown of borrowings by operating subsidiaries are shown below:

	2023 USD'000	2022 USD'000
ASA India	21,127	32,841
PPFC	54,246	44,512
ASA Pakistan	28,696	50,705
ASA Tanzania	52,541	39,596
ASA Kenya	25,424	13,246
ASA Myanmar	12,892	11,438
ASA Uganda	5,592	4,742
Lak Jaya	1,503	1,332
Others	2,632	3,178
	204,653	201,590

Most of the loan agreements are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. Some subsidiaries did not fulfil some of the ratios as required in agreements. As of 31 December 2023, out of the total outstanding debt of USD 268.5 million (2022: USD 257.0 million), the balance for credit lines with breached covenants that did not have waivers amounted to USD 23.0 million (2022: USD 65.0 million). Waivers have been received subsequently for all breached covenants (2022: USD 64.0 million), but for a period of less than twelve months going forward. Due to these breaches of covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding loan amounts. The outstanding balance is presented as on demand as at 31 December 2023. The lenders have not requested any early repayment of loans as of the date when these financial statements were approved by the Board of Directors.

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for the year ended 31 December 2023

25. Debt issued and other borrowed funds continued

25.2. Symbiotics-managed funds (ASAIH/ASAI NV)

In October 2019, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA. In November 2021, ASAI NV received USD 10.0 million at six months Libor plus 4.75% per annum. In April 2022 ASAI NV received an additional USD 4.0 million at six months SOFR plus 4.75% per annum with an adjustment spread of 0.4283%. All the loans will be repaid within three years of disbursement. ASAIH is a guarantor for these loans.

In June 2023, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA. In June 2023, ASAI NV received EUR 5 million at 8.75% per annum. In December 2023 ASAI NV received an additional USD 1.50 million at 9% per annum. The loans will be repaid within two years of disbursement. ASAIH is a guarantor for these loans.

25.3. Oikocredit (ASAIH)

On 12 July 2018, ASAIH entered into a loan agreement with Oikocredit for a credit line of USD 7.5 million which has been fully drawn as of December 2019. The term of this credit line is five years. Interest on the loans is six-month LIBOR or 3.5%, whichever is lower plus a margin of 3% for the direct loan and 2.5% for the credit line. All the loans are repaid during 2023.

25.4. BIO (ASAIH)

ASAIH entered into a USD 10.0 million subordinated loan agreement with Belgian Investment Company for Developing Countries SA/NV ('BIO') in December 2019. The term of this loan is seven years. Interest amounts to six months term SOFR + 5.9% per annum.

25.5. OeEB (ASAIH)

ASAIH entered into a USD 15.0 million loan agreement with Oesterreichische Entwicklungsbank Ag ('OeEB') in March 2020 of which USD 10 million is drawn up to June 2020. The loan is repayable in eight equal instalments and the term of this loan is five years. Interest amounts to six months term SOFR + 3.5% per annum. ASAI NV is also a co-borrower of the loan.

25.6. Loan from Citi (ASAI NV)

ASAI NV entered into a USD 10.0 million loan agreement with CITIBANK, N.A., JERSEY BRANCH ('Citi') in October 2020. The term of this loan is 30 months. Interest amounts to LIBOR +4.55% per annum. ASAIH is also a co-borrower of the loan. USD 5 million has been drawn until December 22. The loan was repaid during 2023.

25.7. Ninety one (ASAI NV)

ASAI NV entered into a USD 10.0 million loan agreement with NINETY ONE SA PROPRIETARY LIMITED in October 2022. The loan is repayable in ten equal instalments and the term of this loan is four years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

25.8. responsAbility managed fund (ASAI NV)

ASAI NV entered into a USD 5 million loan agreement with responsAbility managed fund and received the loan in March 2023. The loan is repayable in six equal instalments and the term of the loan is three years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

ASAI NV entered another USD 3 million loan agreement with responsAbility managed fund and received the loan in December 2023. The loan is repayable in six equal instalments and the term of the loan is 3 years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

25.9. DFC (ASAI NV)

ASAI NV entered into a USD 15.0 million loan agreement with United States International Development Finance Corporation ('DFC') in September 2023 of which USD 10 million is drawn up to December 2023. The loan is repayable in four equal instalments and the term of this loan is five years. Interest amounts to 6% per annum. ASAIH is also a co-borrower of the loan.

26. Due to customers

Clients of the Company's subsidiaries contribute to a 'security deposit fund'. These deposits can be withdrawn partly by clients but not in the full amount unless the client has fully repaid the outstanding loan balance.

	2023 USD'000	2022 USD'000
Clients' security deposits	66,675	68,894
Clients' voluntary savings	12,398	15,217
Interest payable on deposits and savings	22	44
	79,095	84,155

Clients can deposit voluntary savings where the subsidiary has a licence to do so. The rate of interest on client security deposits and client voluntary savings amount to 8% in ASA Ghana and 7% in ASA Nigeria. In ASA Myanmar the interest rate on voluntary savings is 10% and for compulsory savings 14%. ASA Rwanda provides 6% interest on voluntary savings.

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for the year ended 31 December 2023

27. Other liabilities

Other liabilities are as follows:

	Notes	2023 USD'000	2022 USD'000
Security deposits		2,568	2,530
Other deposits		522	426
Liability for DRFs and MRFs		-	146
Accrued expenses		866	1,533
Accrued audit fees		1,279	1,224
Taxes payable, other than corporate income tax		5,457	2,598
Amount due to employees		2,016	1,356
Amounts due to related parties	27.1.	21	41
Liability to CMI regarding Escrow Account at Citibank	14.1.	21,392	20,692
Liabilities under off-book BC model (ASA India)		301	255
Liabilities under off-book DA model (ASA India)		-	38
Industrial training fund		14	189
Payable to Temenos		554	-
Social welfare fund		377	244
Other sundry liabilities	27.2.	4,196	3,128
		39,563	34,400

Security deposits mainly relate to deposits taken from employees as a form of security. Other deposits relate to various smaller deposits in different countries.

27.1. Amounts due to related parties

	2023 USD'000	2022 USD'000
Sequoia BV	6	10
MBA Philippines	15	31
	21	41

27.2. Other sundry liabilities

Other sundry liabilities include various smaller accruals and provisions for various entities in the Company. Individually none of the payables are over USD 150K.

28. Provisions

	2023 USD'000	2022 USD'000
Provision for off-book BC model portfolio (ASA India)	1,428	1,038
	1,428	1,038

This includes ECL provision against the off-book BC portfolio in India. For details on the Group's ECL policy see note 2.5.1.

29. Additional cash flow information

29.1. Changes in operating assets

	2023 USD'000	2022 USD'000
Loans and advances to customers	(66,298)	(33,400)
Movement in due from banks	(6,845)	18,952
Movement in ROU assets	(3,335)	(3,815)
Other assets excluding income tax advances	(2,898)	(1,034)
	(79,376)	(19,297)

29.2. Changes in operating liabilities

	2023 USD'000	2022 USD'000
Due to customers	7,732	15,332
Other liabilities	1,982	(2,895)
Retirement benefit	(700)	(572)
Movement in lease liability	3,335	3,815
Movement in provisions	390	(637)
	12,739	15,043

29.3. Non-cash items

	2023 USD'000	2022 USD'000
Depreciation on:		
- Property and equipment	1,743	1,833
- Right-of-use assets	3,722	3,931
Interest expense on lease liability	341	299
Credit loss expense	5,024	643
Write-off of portfolio	12,894	10,828
Fair value movement of forward contracts	3,358	(1,031)
Fair value movement of loans at FVTPL	2,392	-
Share-based payments	71	-
Charge against defined benefit plan	2,680	1,001
Foreign exchange result	1,968	1,559
Loss on net monetary position	5,789	-
	39,982	19,063

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30. Risk management

30.1 General

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to certain risk limits and other controls as described in the paragraphs below. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is, amongst others, exposed to business risk, operational risk, IT risk, finance risk, and legal & compliance risk.

The independent risk control process does not include business risks such as changes in demand, technology and industry. These changes are monitored through the Group's strategic planning process.

30.2 Risk management structure

The Company's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The Company's risk management framework is based on its three lines of defence model, which has been adopted at both the Company level and at each of the Company's MFIs. The Company's objectives in using the three lines of defence model include: identifying risk areas and minimising loss; protecting its clients by minimising financial risk; protecting the interests of its shareholders and investors; preserving its branches, data, records and physical assets; maintaining its business and operational structure; enforcing a standard operational procedure for managing risk; and providing guidelines in line with internationally accepted risk management principles. The first line of defence is the team, person or department that is responsible for executing particular tasks/activities, as well as for mitigating any related risks. The second line of defence is comprised of management of the respective departments and personnel that oversee the first line of defence and provide expertise in risk management to help develop strategies, policies and procedures to mitigate risks and implement risk control measures. The third line of defence is the Internal Audit department, which evaluates and improves the effectiveness of the risk management, control and governance processes through independent verification of risk control measures. The Internal Audit department is based in the country head office of each of the Company's MFIs and audits each branch based on their risk ratings but at least once a year.

30.3 Key Risk management areas and mitigation

The Group's key risk management areas are business risk, operational risk, IT risk, finance risk, and legal and compliance risk.

Risk category	Definition	Risks	Description
Business risk	Business risk is an organisation's exposure to factors that will lower its profit or lead it to fail. Anything that threatens a company's ability to achieve its financial and operational goals is considered a business risk.	Growth risk	Risks and challenges associated with the Group's operational expansion.
		Competition risk	Risk that Group might face for not responding to the competitive environment or failing to meet customer needs.
		Reputation risk	Risk to earnings or capital arising from negative public opinion.
		Climate risk	Risk related to potential negative impact of climate change on the organization.
Operational risk	Operational risk refers to uncertainties a company faces when it attempts to do its day-to-day business activities. It can result from breakdowns in internal procedures, people and systems.	Health and safety risk	Potential harm or injury to employees arising from workplace conditions or activities.
		Third-party risk	Potential negative impact arising from relationships with external service providers.
		Human resource risk	Likelihood of negative results due to a failure within its human resource department.
		Fraud and integrity risk	Risk of incidents of fraud and misappropriation by staff or client.
IT risk	Information technology risk is any threat to business data, critical systems and business processes due to IT failure. It is the risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an organization.	Business contingency	Potential adverse effects on operation resulting from unexpected events or disruptions.
		IT business continuity	This risk refers to loss of data in case of a catastrophic event.
		System vulnerability	This risk refers to the vulnerability of our IT system to different types of cyber-attacks.
		Data privacy and protection	Risk arising from unauthorised access to sensitive information.
		IT support	Risk of delay in resolving IT related issues which may negatively impact the operations.
		System access control	Risk of misuse of system access.
IT risk	Information technology risk is any threat to business data, critical systems and business processes due to IT failure. It is the risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an organization.	IT fraud	Risk of fraud due to control gap in IT system and processes.
		Data migration	Risk of loss of data during the time of data migration.

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30. Risk management continued

30.3 Key Risk management areas and mitigation continued

Risk category	Definition	Risks	Description
Finance risk	The Group experiences financial risks such as credit risk, liquidity risk, exchange rate/ currency risk and interest rate risk which can adversely impact the earnings of the company.	Credit risk	Risk that the Group will incur a loss because its clients or counterparties fail to discharge their contractual obligations.
		Liquidity risk	Risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.
		Exchange rate risk	Possibility of financial loss to the Group arising from adverse movements in foreign exchange rates.
		Inflation rate risk	Rising cost of living diminishing the borrowers' repayment capacity; affecting the institution's overall financial health.
		Interest rate risk	Risk arising from the possibility of change in the value of assets and liabilities because of changes in market interest rates.
		Concentration risk	High concentration of portfolio in a specific geographic area amplifying the impact of adverse economic events.
		Tax compliance risk	Adverse consequences faced by an entity due to failure to adhere to tax laws and regulations.
Legal and compliance risk	Financial and other losses the Group may suffer as a result of regulatory changes or failure to comply with applicable laws and regulation.	Local regulation	Risk of non-compliance to local regulation.
		Product transparency	Risk of negative public opinion for not ensuring product transparency.
		AML risk	Threat arising from inadequate measures to prevent and address money laundering.

Business risk

The Group manages its business risks by adopting various mitigation strategies at Group level as well as at subsidiary level. While setting growth targets the Group remains prudent, as uncontrolled growth may lead to increased overdue loans. Sites for new branches are selected after thorough assessment as per the operational manual.

When it comes to competition, the Group continuously monitors client satisfaction and focuses on tailoring its products according to client needs. In order to safeguard its reputational risk, the Group ensures that staff meet the highest standards in terms of client protection principles and business transparency.

The Group mitigates the physical aspect of the climate risk by avoiding areas for branch expansion that are highly vulnerable to weather events and having emergency plan in place for quick response when natural calamity strikes. The transition aspect of climate change is tackled by tracking emissions data and taking initiatives across the Group for emissions reductions in compliance with related regulatory requirements.

Operational risk

Third-party risk is mitigated by having a contract signed with the vendor with clear terms and conditions, and signing non-disclosure agreements with parties. Human resource risk is mitigated by attracting, retaining and developing staff by providing competitive remuneration structures and long-term career opportunities, and by investing in training and development of all staff. The Company evaluates its human resource risk by observing the availability of skilled staff within its compensation bands, as well as compliance and regulatory issues that impact staff, including visas or employment permits needed for its expatriate staff. Fraud and Integrity risks are mitigated by frequent visits and investigation by the operational supervisory team, the fraud and misappropriation prevention unit and Internal Audit. Business contingency risk is mitigated by having an approved business contingency policy in place for guiding the operations during disruptive events and clearly communicating the policy to relevant teams.

IT risk

The rise of the knowledge economy and the digital revolution has led to organisations becoming increasingly dependent on information, information processing and especially IT. The Group's IT business continuity is safeguarded by maintaining secure data centres with disaster recovery sites, either on premises or in the cloud. System vulnerability is regularly assessed and virus guards, firewalls and other security measures are kept up to date. Adequate security measures are ensured to prevent unauthorised access to sensitive data in order to protect customer data privacy. Sufficient internet connectivity is provided at all branches to ensure smooth running of operations; proper internet connectivity is provided at head office level. IT issues are addressed through the JIRA issue management software based on priority. A strong password policy is in place to prevent unauthorised system access and staff are made aware that password sharing is prohibited. A proper audit trail is maintained in the system for preventing IT fraud. Data migration risk is tackled by ensuring skillful staff, adequate back up and parallel running of systems during migration.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

30. Risk management continued

30.3 Key Risk management areas and mitigation continued

Finance risk

Regarding credit risk, the Group adheres strictly to the operating procedures of the ASA Model, which includes setting limits on the amount of risk it is willing to accept for each individual borrower, taking a security deposit where it is customary and allowed under the current licence, preventing over-borrowing and preventing excessive geographic concentration. The Group continuously monitors changes in the portfolio and will take immediate action when changes occur.

As for liquidity risk, the Group is diversified across thirteen countries, remains well funded and continues to have good access to a wide range of funding sources, both at local and holding level. The Company maintains solid relationships with its debt providers who continue to show strong interest in funding its operations both locally and at the holding level.

The Group takes the majority of its funding denominated in local currency so that it can avoid its currency risk by matching the relevant microfinance subsidiary's local currency assets with local currency liabilities. For foreign currency funding to the subsidiaries, the Company continues to ensure that close to 100% of its currency exposure is hedged.

The Group's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates in those countries where there is a limit on the amount of interest it may charge.

The Group has a policy on concentration risk to monitor portfolio concentration and encourage a well-diversified portfolio across different geographical regions in order to limit its exposure to adverse economic events. Tax compliance risk is mitigated by having competent external tax advisors at entity level and ensuring full compliance to all tax laws applicable in the jurisdictions.

Legal and Compliance risk

New changes are proactively discussed with regulators; new requirements (such as minimum capital requirements) are timely implemented; and the Company's ASA Model and digital strategy are proactively discussed with different authorities in order to be well understood when new regulations are being proposed and drafted. The Group closely monitors the political developments in all operating countries. Anti-Money Laundering ('AML') risks are mitigated by having an effective Know Your Customer ('KYC') process, approved AML policy and appointing an AML officer.

Risks are mitigated through standardised practices that are part of the ASA Model of microfinance. These include:

- Standardised loan products.
- Basic voluntary deposit services
- Effective and rigid procedures for cost-effective delivery of microcredit and limited deposit services.
- Zero-tolerance on the late deposit of loan instalments by loan officers.
- Group selection without joint liability.
- Loans granted exclusively for income generating activities.
- Full repayment via instalments before eligibility for new loan.
- No incentive or bonus payments for operating staff.
- Frequent client interactions through weekly collections.
- Ongoing assessment of client needs, benefits and satisfaction.

30.4 Financial risks

30.4.1 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual which includes setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Maximum exposure to credit risk

The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Group's statement of financial position except the off book BC portfolio where the risk is determined as per the contract with BC partners. As mentioned above, the Group reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various countries and continents. At present the Group invests in West Africa, East Africa, South Asia and South East Asia.

Customer security deposits are cash collateral and are presented as part of Due from customers in the statement of financial position. These security deposits are considered as collateral for the loans to customers and therefore reduce the credit risk on these loans.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

30. Risk management continued

30.4 Financial risks continued

30.4.1 Credit risk continued

There are no significant concentrations of credit risk through exposures to individual customers and, specific industry/sectors. However, Pakistan holds 18% of the Group's credit exposure in 2023 (2022: 24%).

Management regularly monitors the concentration risk and manages loan distribution if required.

	2023 USD'000	2022 USD'000
Cash and cash equivalents (excluding cash in hand)	76,215	83,006
Loans and advances to customers	330,157	331,898
Customer security deposit	(66,675)	(68,894)
Off-book portfolio (BC model) ¹	1,428	3,641
Due from banks	42,097	38,900
Other assets ²	10,176	12,804
Maximum credit exposure	393,398	401,355

1 Credit risk on IDFC off-book BC model portfolio is restricted to 5% of the outstanding portfolio.

2 Other assets includes net financial derivatives and excludes prepayments and advance tax.

Geographic distribution of maximum credit exposure as at 31 December 2023.

	Cash and cash equivalents (excluding cash in hand) USD'000	Loans and advances to customers USD'000	Customer security deposit USD'000	Due from banks USD'000	Other assets USD'000	Off-book portfolio (BC model) USD'000	Total USD'000
West Africa	6,019	71,644	(29,286)	3,700	1,756	-	53,833
East Africa	21,934	103,325	(14,681)	6,991	2,246	-	119,815
South Asia	5,590	80,353	(1,663)	5,252	3,069	1,428	94,029
South East Asia	35,139	74,835	(21,045)	4,762	1,046	-	94,737
Non-operating entities	7,533	-	-	21,392	2,059	-	30,984
Maximum credit exposure	76,215	330,157	(66,675)	42,097	10,176	1,428	393,398

Geographic distribution of maximum credit exposure as at 31 December 2022.

	Cash and cash equivalents (excluding cash in hand) USD'000	Loans and advances to customers USD'000	Customer security deposit USD'000	Due from banks USD'000	Other assets USD'000	Off-book portfolio (BC model) USD'000	Total USD'000
West Africa	16,712	82,586	(27,988)	3,791	1,499	-	76,600
East Africa	22,893	85,465	(20,087)	810	506	-	89,587
South Asia	11,272	99,717	(1,345)	8,606	9,163	3,641	131,054
South East Asia	29,261	64,130	(19,474)	5,000	1,069	-	79,986
Non-operating entities	2,868	-	-	20,693	567	-	24,128
Maximum credit exposure	83,006	331,898	(68,894)	38,900	12,804	3,641	401,355

The Group provides direct lending to customers through the MFIs (owned and controlled by it). In addition, the Group accepts savings in the countries where it has a deposit taking licence.

Credit risk from lending as at 31 December 2023

	Due from banks ¹ USD'000	Gross loans and advances to customer ² USD'000	Total lending USD'000	Total direct lending/IFRS 9 stages		
				Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	3,700	75,263	78,963	72,349	425	2,489
East Africa	6,992	81,229	88,221	80,160	258	811
South Asia	5,252	77,065	82,317	75,649	740	676
South East Asia	4,761	76,155	80,916	72,844	644	2,667
Non-operating entities	21,392	-	21,392	-	-	-
Total	42,097	309,712	351,809	301,002	2,067	6,643
ECL provision	-	(6,912)	(6,912)	(1,540)	(12)	(5,360)
Coverage ratio³		2.2%	2.0%	0.5%	0.6%	80.7%

1 Due from banks are neither past due nor credit impaired.

2 Includes interest receivable.

3 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount. ECL between stage 1 and stage 2 has been allocated in proportionate to OLP.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

30. Risk management continued

30.4 Financial risks continued

30.4.1 Credit risk continued

Credit risk from lending as at 31 December 2022

	Due from banks ¹ USD'000	Gross loans and advances to customer ² USD'000	Total lending USD'000	Total direct lending/IFRS 9 stages		
				Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	3,791	85,885	89,676	82,270	1,061	2,554
East Africa	810	88,795	89,605	87,964	269	562
South Asia	8,607	109,591	118,198	96,234	2,943	10,414
South East Asia	5,000	67,978	72,978	63,625	315	4,038
Non-operating entities	20,692	-	20,692	-	-	-
Total	38,900	352,249	391,149	330,093	4,588	17,568
ECL provision	-	(15,900)	(15,900)	(1,235)	(859)	(13,806)
Coverage ratio³		4.5%	4%	0.4%	18.7%	78.6%

1 Due from banks are neither past due nor credit impaired.

2 Includes interest receivable.

3 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount.

30.4.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Most subsidiaries of the Group are now able to attract third-party funding and various local currency and USD loans are in place.

Liquidity management is evaluated at the MFI level and on a consolidated Group basis. Each of the Group's MFIs are required to meet the financial obligations of their internal and external stakeholders. Failure to manage liquidity risks may cause the Group to lose business, miss opportunities for growth, or experience legal or reputational consequences. To mitigate its liquidity management risk, the Group has established liquidity management policies, published in its operation manual, finance manual and its treasury manual.

The Group is confident it will be able to meet the payment obligations under the aforementioned loans for various reasons, including but not limited to:

- The main class of assets are loans to customers. Due to the nature of the microfinance business the Group is engaged in, these loans to customers have short-term maturities, hence the Group is in a position to generate a constant stream of cash inflows.
- The Group is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.
- The Group has been able to receive most of the waivers against covenant breaches from the lenders and no indication received from lenders for any early repayment.

As at 31 December 2023, the Group had an unrestricted cash balance (including short term deposits) of USD 48.2 million (2022: USD 55.0 million). The Group is able to fund its operations and budgeted growth of its loan portfolio from new loan facilities supplied by third parties, security collateral and/or savings provided by its clients, and internally generated cash flows.

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30. Risk management continued

30.4 Financial risks continued

30.4.2 Liquidity risk continued

The table below shows undiscounted cash flow analysis of liabilities according to when they are expected to be recovered or to be settled.

Liabilities FY2023 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Debt issued and other borrowed funds	24,680 ¹	44,250	89,156	158,086	115,325	-	115,325	-	273,411
Due to customers	33,045	20,576	25,466	79,087	8	-	8	-	79,095
Lease liability	-	98	554	652	2,611	9	2,620	-	3,272
Derivative liabilities	-	29	40	69	9	-	9	-	78
Other liabilities	2,633	6,307	6,644	15,584	302	144	446	23,533	39,563
Provisions	-	-	1,428	1,428	-	-	-	-	1,428
	60,358	71,260	123,288	254,906	118,255	153	118,408	23,533	396,847
Liabilities FY2022 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Debt issued and other borrowed funds	68,077 ²	33,918	69,177	171,172	90,129	-	90,129	-	261,301
Due to customers	15,098	32,704	36,344	84,146	9	-	9	-	84,155
Lease liability	142	150	690	982	2,089	20	2,109	-	3,091
Derivative liabilities	-	190	266	456	-	-	-	-	456
Other liabilities	395	4,518	5,410	10,323	662	132	794	23,283	34,400
Provisions	-	285	682	967	71	-	71	-	1,038
	83,712	71,765	112,569	268,046	92,960	152	93,112	23,283	384,441

¹ This includes loans amounting to USD 23.0 million on which waivers had not been received at the balance sheet date. Subsequently waivers for all breached loans amounting to USD 23.0 million have been received.

² This includes loans amounting to USD 65.0 million on which waivers had not been received at the balance sheet date. Subsequently waivers for loans amounting to USD 64.0 million have been received.

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Notes to the consolidated financial statements continued

for the year ended 31 December 2023

30. Risk management continued

30.4 Financial risks continued

30.4.2 Liquidity risk continued

The table below shows undiscounted cash flow analysis of assets according to when they are expected to be recovered or to settled.

Assets FY2023 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Cash at bank and in hand	46,819	1,733	27,877	76,429	-	-	-	-	76,429
Loans and advances to customers	10,698	189,612	129,455	329,765	392	-	392	-	330,157
Due from banks	-	3,859	5,960	9,819	10,886	-	10,886	21,392	42,097
Equity investments at FVOCI	-	-	-	-	-	-	-	273	273
Derivative assets	-	105	2,345	2,450	-	-	-	-	2,450
Other assets	-	2,784	9,117	11,901	1,589	-	1,589	-	13,490
	57,517	198,093	174,754	430,364	12,867	-	12,867	21,665	464,896
Assets FY2022 in USD'000				Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Cash at bank and in hand	48,666	1,459	32,992	83,117	-	-	-	-	83,117
Loans and advances to customers	11,070	192,736	127,495	331,301	597	-	597	-	331,898
Due from banks	-	3,896	12,717	16,613	1,595	-	1,595	20,692	38,900
Equity investments at FVOCI	-	-	-	-	-	-	-	244	244
Derivative assets	-	1,871	5,260	7,131	724	-	724	-	7,855
Other assets	-	4,489	5,132	9,621	349	-	349	-	9,970
	59,736	204,451	183,596	447,783	3,265	-	3,265	20,936	471,984

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for the year ended 31 December 2023

30. Risk management continued

30.4 Financial risks continued

30.4.2 Liquidity risk continued

Changes in liabilities arising from financing activities:

FY 2023	1 January 2023 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2023 USD'000
Debt issued and borrowed funds	261,301	31,251	-	(19,141)	273,411
Lease liabilities	3,091	(3,690)	3,676	195	3,272
Total liabilities from financing activities	264,392	27,561	3,676	(18,946)	276,683

FY 2022	1 January 2022 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2022 USD'000
Debt issued and borrowed funds	318,674	(25,370)	-	(32,003)	261,301
Lease liabilities	3,459	(4,353)	4,114	(129)	3,091
Total liabilities from financing activities	322,133	(29,723)	4,114	(32,132)	264,392

30.4.3 Foreign exchange rate risk

Currency risk is the possibility of financial loss to the Group arising from adverse movements in foreign exchange rates. Currency risk is a substantial risk for the Group, as most loans to MFIs and borrowers are in local currency in countries where currency depreciation against the USD is often considered less predictable. At present the Group manages currency risk mainly through natural hedging, i.e. by matching the MFI's local currency assets consisting of the MFI's loan portfolio with local currency liabilities. The Group's risk policy allows the Group treasurer the possibility of hedging with instruments such as swaps and forward contracts if and when appropriate. In order to mitigate the foreign exchange risk on foreign currency loans, ASA Pakistan, ASA Myanmar, ASA Sierra Leone, ASA Kenya and ASA Zambia have entered into hedging agreements. The Group applies hedge accounting to the foreign currency loans and related hedge contracts. Reference is made to note 37.

While the Group faces significant translation exposure on its equity investments in local MFIs (as the functional currency of the Group is USD), the Group has implemented an equity hedging policy. The policy entails a frequent review of expected currency devaluations compared to the costs for equity hedging instruments. The Group has not used equity hedging instruments in 2023. In addition the Group has a policy to distribute excess retained earnings at its subsidiaries to the holding entities while maintaining a sufficient capital adequacy ratio.

In summary, the Group takes a number of measures to manage its foreign currency exposure:

- Investments are only made in countries that show a reasonable level of macroeconomic stability. A detailed macroeconomic and socio-political assessment is carried out before the Group decides to invest in a certain country.
- Excess retained earnings in the operating entities are distributed to the holding entities. Equity hedging instruments are considered as part of the equity hedging policy.
- The Group endeavours to procure its MFIs to secure local currency loans (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.
- The Group applies hedging instruments on foreign currency loans in any of its operating and holding entities.

Simulation: Foreign currency translation reserve

	FX translation reserve actual 2023 USD'000	FX translation reserve after -10% rate 2023 USD'000	Movement 2023 USD'000	FX translation reserve actual 2022 USD'000	FX translation reserve after -10% rate 2022 USD'000	Movement 2022 USD'000
West Africa	(59,644)	(63,475)	(3,831)	(46,638)	(52,595)	(5,957)
East Africa	(6,012)	(8,735)	(2,724)	(2,551)	(5,038)	(2,487)
South Asia	(40,792)	(43,258)	(2,466)	(33,324)	(37,028)	(3,703)
South East Asia	(5,134)	(6,452)	(1,318)	(5,197)	(6,683)	(1,486)
Non-operating entities	(416)	(433)	(17)	(413)	(432)	(19)
Total	(111,998)	(122,353)	(10,356)	(88,123)	(101,776)	(13,652)

Analysis of the actual exchange rate fluctuations against the USD for the period 2023 shows different trends for all the operating currencies. The annual exchange rate fluctuations are between 100% and 1%, but most moved within 2% to 43%. For the simulation of foreign currency effects, the Company has therefore assumed an additional 10% movement year on year in these currencies as compared to USD.

The following overview shows the actual foreign currency exchange results by country for 2023 as well as the simulation of the impact of a 10% downward movement of the FX rates on the foreign exchange results.

As at 31 December 2023 a 10% downward movement of FX rates against the USD has a positive impact on the foreign currency exchange result of USD -78K (2022: USD 3K). The lower impact on the result of the Company results from the decrease in short term intercompany USD loans, which cannot be hedged.

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for the year ended 31 December 2023

30. Risk management continued

30.4 Financial risks continued

30.4.3 Foreign exchange rate risk continued

Simulation: Foreign exchange profit and loss

	Foreign exchange profit and loss actual 2023	Foreign exchange profit and loss after -10% rate 2023	Movement 2023	Foreign exchange profit and loss actual 2022	Foreign exchange profit and loss after -10% rate 2022	Movement 2022
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
West Africa	(739)	(861)	(122)	350	182	(168)
East Africa	(272)	(313)	(41)	(37)	216	254
South Asia	(180)	(182)	(2)	(259)	(266)	(6)
South East Asia	(20)	239	259	(614)	(475)	139
Non-operating entities	(757)	(930)	(172)	(998)	(1,212)	(216)
Total	(1,968)	(2,047)	(78)	(1,558)	(1,555)	3

30.4.4 Interest rate risk

Interest rate risk is the risk that profitability is affected by fluctuations in interest rates. The greatest interest rate risk the Group experiences occurs when the cost of funds increases faster than the Group can or is willing to adjust its lending rates. The Group's strategy in evaluating and managing its interest rate risk is to consider any risk at the pre-investment stage, to conduct a cost of funds analysis and to consider interest rates in particular, where there is a limit on the amount of interest it may charge, such as in Myanmar and Tanzania.

The credit methodology of the MFIs determines that loans to microfinance clients have short-term maturities of less than one year and at fixed interest rates. Third-party loans to MFIs, sourced from both local and international financial institutions, mostly have relative short terms between one and three years. 29% (2022: 37%) of the consolidated debt has variable interest rates. Depending on the extent of the exposure and hedging possibilities with regard to availability of hedging instruments and related pricing, the Group might actively hedge its positions to safeguard the Group's profits and to reduce the volatility of interest rates by using forwards, futures and interest rate swaps. The very short tenor of the loans provided to microfinance dampens the effect of interest rate fluctuations. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the loans and borrowings affected.

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Decrease in basis points	2023		2022	
			Effect on profit before tax		Effect on profit before tax	
			USD'000	USD'000	USD'000	USD'000
USD	+100	-100	687	(687)	806	(806)
PKR	+100	-100	98	(98)	77	(77)
INR	+100	-100	-	-	10	(10)

30.5 Managing interest rate benchmark reform and associated risks

Following the decision by global regulators to phase out Interbank Offered Rates ('IBORs') and replace them with alternative reference rates, the Group has established a project led by Group Treasury to manage the transition for any of its contracts that could be affected. The project provides periodic updates to senior management and the Board. The Group has already completed the transition of a significant portion of its LIBOR exposure to Risk free rates ('RFRs') and other benchmark rates. As of 31 December 2023, the Group has loans amounting to USD 16.0 million which are based on USD six-month LIBOR. These remaining loans are in discussions with the counterparties to be amended to term SOFR rates by the end of June 2024, prior to the cessation of the availability of synthetic six-month LIBOR rates from 30 September 2024.

Derivatives

The Group holds forward and cross currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to either Euribor or LIBOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ('ISDA') master agreements. On 23 October 2020, the ISDA published its IBOR fall back protocol and supplements, which are designed to address transition for those derivative contracts still outstanding on the permanent cessation of an IBOR. The ISDA fall back spread adjustments were updated as of 16 April 2021 in line with new guidance from the FCA on IBOR rates. The Group's current hedge contracts factor in the spread adjustments where IBOR rates are still applicable.

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30. Risk management continued

30.5 Managing interest rate benchmark reform and associated risks continued

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2023. The Group's hedged items and hedging instruments continue to be indexed to Euribor or synthetic LIBOR rates. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts, and the Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future.

30.6 Climate-related risks

The Group and its customers may face climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and droughts, and longer-term shifts in climate patterns, such as sustained higher temperatures and rising sea levels.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the operating country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Group is making progress on embedding climate risk into its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Sustainability Committee, which is responsible for developing Group-wide policies, processes and controls to incorporate climate risks into the management of principal risk categories, appointing a Climate Officer for each operating subsidiary and setting up SMART targets to reduce GHG emissions.

The impact of climate-related risks has been assessed on a number of reported amounts and the accompanying disclosures. Refer to page 61 for details in relation to climate-related risks.

30.7 Legal and compliance risk

Legal and compliance risks in the countries that the subsidiaries or MFIs are active in will be mitigated through continuous monitoring of the regulatory and legal environment, through inter alia tier-one law firms and the local corporate secretaries and compliance officers in certain countries. In most countries the relevant microfinance subsidiary also maintains direct relationships with the regulator, including central banks. In addition, the Group believes it is, through its local and international network, well positioned to identify any relevant changes in the law that will have a material impact on any of the businesses it invests in. A number of investments in the MFIs are made by ASAI NV in the Netherlands. The Netherlands has entered into an extensive network of Bilateral Investment Treaties that offer compensation in case any of such investments are nationalised or expropriated by a country in which an investment is made. Currently the investments in the Philippines, Sri Lanka, Uganda, Kenya and Ghana are owned by ASAI NV, an indirectly owned but wholly controlled subsidiary of the Group.

Product transparency is also key to the Group's strategy in mitigating its legal and compliance risk. Because the education and knowledge levels of the Group's target clients are low, the Group aims to be transparent in its products and prices. The Group established a Legal and Compliance department headed by the General Counsel. The General Counsel assigns and supervises all legal matters involving the Group. The General Counsel, Deputy General Counsel and Group Compliance Manager establish and maintain an operationally independent Compliance function at the corporate level led by the Group. Whilst the General Counsel bears overall responsibility for the Compliance function, the General Counsel has delegated day-to-day responsibility for managing the Compliance function to the Group Compliance Manager who performs the compliance duties independently. The Group Compliance Manager is responsible for overseeing and implementing the Group compliance framework, including the Group compliance policy (the 'Compliance Policy'). The Compliance Policy sets out the principles and standards for compliance and management of compliance risks in the Group. The Group seeks to reduce compliance risks taking into account the nature, scale and complexity of the business and ensures the policies are in alignment with the Group strategy and its core values.

30.8 Strategic risk

Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the environment. The Group evaluates its strategic risk by analysing its cost reduction and growth, its liquidity management and its competition and reputational risk.

Competition and reputational risk are frequent in the microfinance industry. The Group defines reputational risk as the risk to earnings or capital arising from negative public opinion. The Group believes that reputational risk may impact its ability to sell products and services or may limit its access to capital or cash funds. To mitigate any competition or reputational risk, the Group evaluates the introduction of highly subsidised competitors, movements in average borrowing rates, and information sharing with different agencies.

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31. Commitments

The Group agreed certain commitments to BC Partners under the BC model in ASA India. Reference is made to note 13. As per the current model ASA India holds 5% risk on the portfolio managed on behalf of IDFC. As of 31 December 2023, the risk of the Group on such BC portfolio stands at USD 0.6 million (2022: USD 0.9 million).

To support the Temenos Transact implementation, ASA Pakistan signed an agreement with NDC Tech for Managed Application and Infrastructure Services and Software licenses on 25 October 2022. Agreement is for two years starting early 2024. Total cost USD 0.9 million.

On 3 January 2024, the group agreed a change request with CSHARK Spółka z ograniczoną odpowiedzialnością (Ltd.) to develop and roll-out the digital financial services application to our clients. Total value of the change request is EUR 0.4 million.

The Group has signed a master agreement on 31 March 2023 with Systems Ltd on Infrastructure Managed Services and implementation Support for Temenos Transact and Digital Financial Services App in Ghana and subsequent countries where DFS systems are implemented. Total cost for Infrastructure managed services is USD 1.1 million for 3 years of which USD 200K has been paid by December 2023. The Temenos Transact Implementation cost is estimated at USD 450K of which USD 220K has been paid as per 31 of December 2023.

There are no other contingent liabilities at the balance sheet date except for the pending litigation claims disclosed in note 34.

32. Related party disclosures

32.1 Key management personnel

The Dhaka office is managed by a team of experienced microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting MFIs across Asia and Africa. In addition to supervising the performance of the Group's local MFIs, executive management in Dhaka is primarily responsible for finance and accounts (including the Chief Financial Officer), risk management, audit, IT, human resource management, and corporate secretarial functions for the Group. All key management personnel stationed in Dhaka are on the payroll of ASAI NV.

The Amsterdam office comprises key management personnel who provides support on treasury, investor relations, legal, specialised accounting support and the management of business development projects. They are on the payroll of ASAI NV.

The experienced CEO's that are deployed in the countries are part of key management personnel. They are paid by their respective entities. The Group CEO (based in Amsterdam) is a member of the Board and paid by ASA International Group plc.

The Group CEO (based in Amsterdam) is a member of the Board and paid by ASA International Group plc.

Remuneration of Directors

In 2023, the Directors of the Group received total compensation of USD 1.1 million (2022: USD 1.12 million).

Total remuneration to key management personnel of the Group

	2023 USD'000	2022 USD'000
Short-term employee benefits	1,890	2,273
	1,890	2,273

Total remuneration takes the form of short-term employee benefits for the Group. In 2023, total remuneration paid to key management personnel of the Group amounted to USD 1.9 million (2022: USD 2.3 million). No-post employment pension and medical benefits are accruing to Directors under defined benefit schemes. The aggregate of emoluments of the highest paid Director was USD 414K (2022: USD 425K).

Long-Term Incentive Plan

Please refer to note 8.4 for details of LTIP.

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32. Related party disclosures continued

32.2 Subsidiaries

	Country of Incorporation	2023 ownership	2022 ownership
ASAIH subsidiaries:			
ASA India	India	90.02%	90.02%
Pagasa Consultancy	India	99.99%	99.99%
Pinoy	India	99.99%	99.99%
Pagasa ng Masang Pinoy			
Microfinance, Inc	The Philippines	N/A ¹	N/A ¹
PT PAGASA Consultancy	Indonesia	99.00%	99.00%
A1 Nigeria	Nigeria	100%	100%
ASHA MFB	Nigeria	99.99%	99.99%
ASIEA	Nigeria	N/A	N/A
ASA Pakistan	Pakistan	99.99%	99.99%
ASA Tanzania	Tanzania	99.99%	99.99%
ASA Zanzibar	Tanzania	99.99%	99.99%
ASA Myanmar	Myanmar	99.99%	99.99%
ASA Zambia	Zambia	99.99%	99.99%
ASA Rwanda	Rwanda	99.99%	99.99%
ASA Sierra Leone	Sierra Leone	99.99%	99.99%
ASAI NV subsidiaries:			
	The Netherlands	N/A	N/A
PPFC	The Philippines	100%	100%
ASA S&L	Ghana	100%	100%
CMI Lanka	Sri Lanka	100%	100%
Lak Jaya	Sri Lanka	97.14%	97.14%
ASA Lanka	Sri Lanka	100%	100%
ASA Kenya	Kenya	100% ²	100% ²
ASA Uganda	Uganda	99.99%	99.99%
AMSL	Bangladesh	95%	95%
ASAI I&M	The Netherlands	100%	100%
ASA Dwaso	Ghana	100%	100%

¹ ASAI officials/representatives control the governing body and the Board.

² ASAIH holds 0.5% of the shares.

32.3 Relationship agreement

Relationship agreement with the Controlling Shareholder Group

The Group, its founders and Catalyst Continuity (jointly the "Controlling Shareholders") have entered into a relationship agreement (the 'Relationship Agreement'), the principal purpose of which is to ensure that the Group will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates. The Relationship Agreement contains undertakings from each of the members of the Controlling Shareholder Group that (i) transactions and relationships with it and its associates will be conducted at arm's length and on normal commercial terms, (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Relationship Agreement also sets forth the conditions for appointment of Non-Executive Directors by Controlling Shareholders. For so long as the Group has a controlling shareholder, the UK Listing Rules require the election of any independent Director to be approved by majority votes of both (i) the shareholders as a whole and (ii) the shareholders excluding any controlling shareholder.

32.4 Other related parties

A list of related parties with which the Group has transactions is presented below. The transactions in 2023 and 2022 and the balances per the end of the year 2023 and 2022 with related parties can be observed in notes below. Related party transactions take place at arm's length conditions.

Name of related party	Relationship
CMI	Major shareholder (29.2%)
Sequoia	Service provider to the Company
ASA NGO Bangladesh	Service provider to the Company
MBA Philippines	Business partner
IDFC	Minority shareholder in ASA India
ASAICH and CMIH	Subsidiaries of CMI
CMIMC	Holding company of founders CMI
ASAIG plc EBT	Trust to hold LTIP shares
CMIC	Investment manager of CMI
CMII	Subsidiary of CMI
ASA Social Services	Service provider to the Parent
CIMS BV	Service provider to the Parent

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32. Related party disclosures continued

32.4 Other related parties continued

		Income from related parties USD'000	Expenses to related parties USD'000	Amount owed by related parties USD'000	Amount owed to related parties USD'000
CMI	31 December 2023	-	-	-	21,392
	31 December 2022	-	-	-	20,692
Sequoia	31 December 2023	165	25	41	6
	31 December 2022	117	47	145	10
MBA Philippines	31 December 2023	1,104	-	61	15
	31 December 2022	890	-	86	31
Jana	31 December 2023	-	-	1,500	11
	31 December 2022	-	-	139	-
Fincare	31 December 2023	-	-	97	-
	31 December 2022	-	-	-	-
IDFC	31 December 2023	2,160	-	4,740	1,257
	31 December 2022	2,045	-	2,224	285
CIMS BV	31 December 2023	-	-	22	-
	31 December 2022	-	-	18	-
ASAIG plc EBT	31 December 2023	-	-	686	-
	31 December 2022	-	-	-	-

32.5 Reporting dates of subsidiaries

All of the Group's subsidiaries have reporting dates of 31 December, with the exception of ASA India, Pinoy, Pagasa Consultancy and ASA Myanmar (where the market standard reporting date is 31 March). These entities have provided financial statements for consolidation purposes for the year ended 31 December.

32.6 Non-controlling interest

The Company reports non-controlling interest ('NCI') in its subsidiaries ASA India and Lak Jaya. The NCI in ASA India, having its principal place of business in India, amounts to 9.98%. ASA India did not pay any dividend in 2023 and 2022. The NCI in Lak Jaya, having its principal place of business in Sri Lanka, amounts to 2.86%. Lak Jaya did not declare any dividend in 2023 and 2022.

The summarised financial information of Lak Jaya and ASA India as at 31 December 2023 is as follows:

	31 December 2023		31 December 2022	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Current assets	6,556	13,096	5,317	27,079
Non-current assets	131	295	156	394
Current liabilities	5,065	26,143	4,074	34,965
Non-current liabilities	293	888	247	1,206
Net Operating Income	2,090	4,554	1,626	7,186
Net loss	(40)	(4,489)	(564)	(6,445)
Non-controlling interest	38	(1,362)	33	(868)

The following table summarises financial information for each subsidiary that has material NCI to the Group. The voting rights are similar to NCI's shareholding percentage in India but in the case of Lak Jaya the Group holds 91.3% of the voting rights. The amounts disclosed for each subsidiary are before inter-company eliminations:

	31 December 2023		31 December 2022	
	Lak Jaya	ASA India	Lak Jaya	ASA India
Total no. of shares	10,704,955	195,950	10,704,955	195,950
Shares held by ASAI Group	10,398,950	176,369	10,398,950	176,369
Shares held by NCI	306,005	19,581	306,005	19,581
NCI %	2.86%	9.98%	2.86%	9.98%

	31 December 2023		31 December 2022	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000

Summarised statement of financial position:

Net assets	1,329	(13,640)	1,152	(8,698)
Net assets attributable to NCI	38	(1,362)	33	(868)

Summarised statement of profit or loss and other comprehensive income:

Net operating income	2,090	4,554	1,626	7,186
Net loss after tax	(40)	(4,489)	(564)	(6,445)
Loss allocated to NCI	(1)	(448)	(16)	(643)

Summarised statement of cash flow:

Cash flow from operation activities	4,520	12,710	2,219	41,755
Cash flow from investing activities	(4,406)	17	(10)	(36)
Cash flow from financing activities	(75)	(7,181)	(1,364)	(47,522)
Net cash flow attributable to NCI	1	554	24	(579)

Reference to note 32.2, the remaining shares in Pagasa Consultancy, Pinoy, A1 Nigeria, ASHA Nigeria, ASA Pakistan, ASA Tanzania, PPFC, ASA Uganda, CMI Lanka and AMSL are held either by employees nominated by the Group or by ASAI I&M, CMI or CMII. Hence those are not treated as non-controlling shares.

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33. Subsequent events disclosure

As per 1 April 2024 ASAI NV acquired the outstanding principal debt and interest receivable totaling USD 4.4 million held by ASA Myanmar from various international lenders managed by Symbiotics and Frankfurt School Financial Services. The company had already made an advance payment for this assignment of USD 955K in 2023 (note 18.3).

On 25 February 2024, ASAI reached a key milestone, by migrating all clients in Pakistan from our incumbent loan system to the Temenos Transact Core Banking System. This migration enables ASA Pakistan to start taking deposits and to grow their client base in a highly regulated environment.

34. Contingent liabilities

ASA India

A demand was raised by income tax authorities after the disallowance of some expenditures such as the misappropriation of funds, gratuity etc. for the assessment years (AY) 2012-2013. The disallowance amount for AY 2011-2012 is USD 177K and for AY 2012-2013 is USD 69K. The matters are pending before the Commissioner of Taxes (Appeals). In addition, another demand has been raised by the income tax authorities for USD 1.1 million for the AY 2012-2013 in December 2019 which has been challenged before the relevant assessing officer. ASA India has also applied for a stay order of the demand.

In November 2022, the revenue authority adjusted USD 1.4 million against tax refund for AY 2013-2014 to 2022-2023 for such demand. ASA India has submitted to file a writ petition against such adjustment. The entity took a provision of USD 560K against such demand.

Lak Jaya

A demand was raised by the Department of Inland Revenue ('IRD') for 2016-2017 and 2017-2018 amounting to USD 332K and USD 412K, respectively, by disallowing certain expenses. The Company has filed an appeal and submitted necessary documentation. The matter is pending to the Commissioner of IRD. The entity took a provision of USD 36K against such demand.

IRD has raised another tax demand, including a penalty of LKR 74 million (USD 412K) regarding Corporate Income Tax for the tax year 2017/ 2018 by disallowing the truncated rate applied by the entity. The Company filed an appeal against that demand which is pending with Commissioner Appeal. A provision of USD 93K has been taken against such demand.

ASA Pakistan

A demand was raised by the Federal Board of Revenue in Pakistan for USD 390K by disallowing certain expenses against the return of AY 2015-2016. The management team filed an appeal and this came in the Company's favour, and demand liability is reversed.

The WHT monitoring notice (audit) came for the Tax year 2020. The Physical Hearing is done, waiting for further notification. No provision is made against this.

ASA Uganda

A demand of USD 155K was raised by the Uganda Revenue Authority ('URA') regarding applicability of withholding tax on dividend payment to ASAI NV. The Company is in the process of appeal against the URA. No provision has been taken against such demand as management concludes that the merit of the demand is unlikely to be successful.

ASA Tanzania

The Tanzania Revenue Authority ('TRA') claimed a tax demand of USD 2.5 million regarding applicability of excise duty on loan processing fees, VAT on intercompany transactions, withholding tax on stock dividend and tax on deferred income. The Company appealed against the TRA. The entity has taken a provision of USD 1.7 million against such claim.

ASA Nigeria

ASA Nigeria is in breach of a regulatory limit of PAR 30 ratio at the balance sheet date. The matter was reported to Central Bank of Nigeria (CBN). No provision was created in this regard as management concludes that any penalty imposition by CBN in this regard is unlikely.

35. Capital management

ASA International Group Plc is registered as a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Highdown House, Yeoman Way Worthing, West Sussex BN99 3HH, United Kingdom. It had listed its shares on the premium listing segment of the London Stock Exchange on 18 July 2018. The Group is not subject to externally imposed capital requirements and has no restrictions on the issue and re-purchase of ordinary shares.

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2023, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

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36. Financial instruments

The carrying value of the Group's financial assets and liabilities as of 31 December 2023 are the best approximation of the fair value.

- The carrying amounts of Cash and cash equivalents, Due from banks, Due to customers, Other assets and Other liabilities approximate the fair value due to the short-term maturities of these items.
- Loans and advances to customers are short term and small ticket loans (six to twelve months) and therefore, the carrying value of these loans are best approximate of their fair value.
- Regarding the 'Debt issued and other borrowed funds', this amount reflects the loans from third parties on a holding level as well as the loans provided by third parties directly to the subsidiaries of ASA International. The loans are held at amortised cost. The carrying amount is the best approximation of the fair value because the funding interest rates have not materially changed over the recent years.

37. Hedge accounting

Forward contracts

The Group applies hedge accounting to USD and EUR loans provided to subsidiaries reporting in foreign currencies and the related forward contracts. The foreign currency risk exposure of the USD and EUR loans and the potential negative impact on net result of the subsidiaries are being mitigated by way of these forward contracts. Any positive impact is therefore also limited. ASA International has only entered into non-deliverable forward contracts. Management considers the hedges as cash flow hedges. The formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are documented in the individual files and memos for every forward contract.

Swaps

As at 31 December 2023, the Group had eight cross-currency interest rate swap agreements in place. Please refer to note-19.2 for details.

The Group applies the qualitative approach for prospective testing effectiveness because the critical terms of the hedged items and hedging instruments are identical. The Group applies a rollover hedge strategy when no forward instruments are available at reasonable pricing for the full term of the hedged item. In those cases the Group accepts a rollover risk. Retrospective effectiveness is measured by comparing the change in the fair value of the actual derivative designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward contracts and swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap and forward contracts are identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in the timing of the cash flows of the hedged items and the hedging instruments

The Group assessed that, it had no ineffectiveness during 2023 in relation to the foreign currency hedges.

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37. Hedge accounting continued

Reference is made to note 30.4.3 for the strategy for currency exchange risk. Additional information on the hedged items and hedging instruments as per 31 December 2023 is provided below:

As at 31 December 2023	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Kenya USD'000	ASAI NV USD'000	ASA Zambia USD'000	Total USD'000
Fair value of derivative assets	-	959	-	1,320	-	171	2,450
Fair value of derivative liabilities	69	-	-	-	9	-	78
Notional amount hedged foreign currency loans	17,646	2,925	-	11,653	993	1,026	34,243
Period in which the cash flows are expected to occur:							
cash flows in 2024	17,646	2,105	-	4,992	-	1,026	25,769
cash flows in 2025	-	-	-	-	-	-	-
cash flows in 2026	-	-	-	3,743	993	-	4,736
Total cash flows	17,646	2,105	-	8,735	993	1,026	30,505
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2024	724	107	-	302	41	40	1,214
amortisation of forward points in 2025	-	-	-	-	41	-	41
amortisation of forward points in 2026	-	-	-	21	18	-	39
Total amortisation of forward points	724	107	-	323	100	40	1,294
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	2,139	155	7	320	15	117	2,753
for adjustment of net interest on swap	-	(11)	-	285	-	16	290
for changes in fair value of the forward contracts/ swaps	3,596	343	(42)	1,356	(9)	29	5,273
for recycling of FX result of foreign currency loans	(7,671)	(428)	-	(1,648)	(20)	(218)	(9,985)
Total amounts recognised in OCI during the period	(1,936)	59	(35)	313	(14)	(56)	(1,669)

As at 31 December 2022	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Tanzania USD'000	ASA India USD'000	ASA Zambia USD'000	Total USD'000
Fair value of derivative assets	7,001	711	131	-	-	12	7,855
Fair value of derivative liabilities	-	-	-	-	-	456	456
Notional amount hedged foreign currency loans	40,243	1,500	1,000	-	-	1,000	43,743
Period in which the cash flows are expected to occur:							
cash flows in 2023	40,243	-	1,000	-	-	750	41,993
cash flows in 2024	-	1,000	-	-	-	250	1,250
cash flows in 2025	-	500	-	-	-	-	500
Total cash flows	40,243	1,500	1,000	-	-	1,000	43,743
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2023	1,240	47	7	-	-	113	1,407
amortisation of forward points in 2024	-	28	-	-	-	2	30
amortisation of forward points in 2025	-	-	-	-	-	-	-
Total amortisation of forward points	1,240	75	7	-	-	115	1,437
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	3,696	287	108	11	27	267	4,396
for adjustment of net interest on swap	-	36	-	-	837	22	895
for changes in fair value of the forward contracts/ swaps	10,175	1,184	(40)	(2)	(551)	(174)	10,592
for recycling of FX result of foreign currency loans	(10,612)	(1,550)	(157)	(9)	(504)	(47)	(12,879)
Total amounts recognised in OCI during the period	3,259	(43)	(89)	-	(191)	68	3,004

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37. Hedge accounting continued

	Changes in fair value of hedging instruments		
	Effective portion: recognised in OCI USD'000	Hedge ineffectiveness: recognised in income statement USD'000	Total USD'000
As at 31 December 2023			
Cash flow hedge			
Forward contracts	(1,735)	-	(1,735)
Cross-currency interest rate swaps	66	-	66
	(1,669)	-	(1,669)
	Changes in fair value of hedging instruments		
	Effective portion: recognised in OCI USD'000	Hedge ineffectiveness: recognised in income statement USD'000	Total USD'000
As at 31 December 2022			
Cash flow hedge			
Forward contracts	3,161	-	3,161
Cross-currency interest rate swaps	(157)	-	(157)
	3,004	-	3,004

38. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Loans and advances to customers are based on the same expected repayment behaviour as used for estimating the EIR. Debt issued and other borrowed funds reflect the contractual repayments except for debts, where no waivers have been received against breached covenants at the balance sheet date. Those borrowings are presented on demand.

	Within 12 months USD'000	After 12 months USD'000	Total USD'000
As at 31 December 2023			
Assets			
Cash at bank and in hand	76,429	-	76,429
Loans and advances to customers	329,765	392	330,157
Due from banks	9,819	32,278	42,097
Equity investment at FVOCI	-	273	273
Property and equipment	-	7,237	7,237
ROU assets	808	3,977	4,785
Deferred tax assets	-	5,769	5,769
Derivative assets	2,450	-	2,450
Other assets	11,901	1,589	13,490
Intangible assets	-	7,340	7,340
Total assets	431,172	58,855	490,027
Liabilities			
Debt issued and other borrowed funds	158,086	115,325	273,411
Due to customers	79,087	8	79,095
Retirement benefit liability	22	4,816	4,838
Current tax liability	9,326	-	9,326
Deferred tax liability	-	2,406	2,406
Lease liability	652	2,620	3,272
Derivative liabilities	69	9	78
Other liabilities	15,584	23,979	39,563
Provisions	1,428	-	1,428
Total liabilities	264,254	149,163	413,417
Net	166,918	(90,308)	76,610

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38. Maturity analysis of assets and liabilities continued

As at 31 December 2022	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	83,117	–	83,117
Loans and advances to customers	331,301	597	331,898
Due from banks	16,613	22,287	38,900
Equity investment at FVOCI	–	244	244
Property and equipment	–	3,513	3,513
ROU assets	832	3,757	4,589
Deferred tax assets	–	4,625	4,625
Derivative assets	7,131	724	7,855
Other assets	9,621	349	9,970
Intangible assets	–	5,041	5,041
Total assets	448,615	41,137	489,752
Liabilities			
Debt issued and other borrowed funds	171,172	90,129	261,301
Due to customers	84,146	9	84,155
Retirement benefit liability	–	4,593	4,593
Current tax liability	8,873	–	8,873
Deferred tax liability	7	2,177	2,184
Lease liability	982	2,109	3,091
Derivative liabilities	456	–	456
Other liabilities	10,323	24,077	34,400
Provisions	967	71	1,038
Total liabilities	276,926	123,165	400,091
Net	171,689	(82,028)	89,661

39. Earnings per share

Basic Earnings Per Share ('EPS') is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

There are no share options which will have a dilutive effect on EPS. Therefore, the Company does not have dilutive potential ordinary shares, and diluted earnings per share calculation is not applicable.

The following table shows the income and share data used in the basic and diluted EPS calculations:

	2023 USD'000	2022 USD'000
Net profit attributable to ordinary equity holders of the parent	9,206	17,892
Weighted average number of ordinary shares for basic earnings per share	100,000,000	100,000,000
	USD	USD

Earnings per share

Equity shareholders of the parent for the year:

Basic earnings per share	0.09	0.18
Diluted earnings per share	0.09	0.18

The Company has applied the number of shares issued by ASA International Group plc as at 31 December 2023 and 31 December 2022. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of financial statements which would require the restatement of EPS. No dividend is declared for the year 2023 (2022: nil).

The following table shows the dividend per share:

	2023 USD'000	2022 USD'000
Dividend per share	n/a	n/a

Financial Statements continued

Statutory statement of profit and loss and other comprehensive income

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Dividend income		4,670	31,064
Net revenue		4,670	31,064
Personnel expenses	40.	(1,212)	(1,192)
Professional fees		(2,446)	(1,936)
Administrative expenses		(1,144)	(976)
Exchange rate differences		(45)	(101)
Total operating expenses		(4,847)	(4,205)
Profit before tax		(177)	26,859
Profit/total comprehensive profit for the period, net of tax		(177)	26,859

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of financial position

as at 31 December 2023

	Notes	2023 USD'000	2022 USD'000
Assets			
Cash at bank and in hand		359	778
Due from banks	14.1.	21,392	20,692
Investment in subsidiaries	41.	120,684	120,684
Other assets	42.	898	225
Total assets		143,333	142,379
Equity and liabilities			
Equity			
Issued capital	43.	1,310	1,310
Retained earnings	44.	119,461	119,638
Other reserves		71	-
Total equity attributable to equity holders of the parent		120,842	120,948
Liabilities			
Other liabilities	45.	22,491	21,431
Total liabilities		22,491	21,431
Total equity and liabilities		143,333	142,379

Approved by the Board of Directors on 26 April 2024

Signed on behalf of the Board



Karin Kersten
CEO

Tanwir Rahman
CFO

The notes 40 to 47 form an integral part of these financial statements.

Financial Statements continued

Statutory statement of changes in equity

for the year ended 31 December 2023

	Issued capital USD'000	Retained earnings USD'000	Other reserves USD'000	Total USD'000
At 1 January 2022	1,310	92,779	-	94,089
Profit for the period	-	26,859	-	26,859
Total comprehensive loss for the period	1,310	119,638	-	120,948
Dividend	-	-	-	-
At 31 December 2022	1,310	119,638	-	120,948
At 1 January 2023	1,310	119,638	-	120,948
Profit for the period	-	(177)	-	(177)
Total comprehensive loss for the period	1,310	119,461	-	120,771
Share-based payments	-	-	71	71
At 31 December 2023	1,310	119,461	71	120,842

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of cash flows

for the year ended 31 December 2023

	Notes	2023 USD'000	2022 USD'000 (Restated)
Operating activities			
Profit before tax		(177)	26,859
<i>Adjustment for movement in:</i>			
Operating assets	46.	(1,373)	313
Operating liabilities	46.	1,060	(3,571)
Non-cash items		71	-
Net cash flows used in operating activities		(419)	23,601
Financing activities			
Loan (repaid)/received		-	(23,206)
Net cash flows used in financing activities		-	(23,206)
Net increase in cash and cash equivalents		(419)	395
Cash and cash equivalents at the beginning of the period		778	383
Cash and cash equivalents as at 31 December		359	778

The notes 40 to 47 form an integral part of these financial statements.

Financial Statements continued

Notes to the statutory financial statements

for the year ended 31 December 2023

Separate financial statements

The accounting policies applied in the statutory financial statements are similar to those used in the consolidated financial statements except for investments in subsidiaries. Investments in subsidiaries are accounted in the separate financial statements, using the cost method.

At each reporting date it is determined whether there is objective evidence that the investment in the subsidiaries is impaired. If there is such evidence, a calculation will be made for the impairment amount as the difference between the recoverable amount of the subsidiaries and its carrying value.

40. Total other operating expenses

	2023 USD'000	2022 USD'000
Total operating expenses include the following items:		
Personnel expenses	(1,212)	(1,192)
Professional fees	(2,446)	(1,936)
Administrative expenses	(1,144)	(976)
	(4,802)	(4,104)

41. Investments in subsidiaries

	2023 USD'000	2022 USD'000
<i>Investments in subsidiaries</i>		
ASA International Holding	75,195	75,195
ASA International NV	45,489	45,489
	120,684	120,684

Name of company	Country	Nature of business	2023 ownership	2022 ownership
ASA International Holding	Mauritius	MFI Holding Company	100%	100%
ASA International NV	Netherlands	MFI Holding Company	100%	100%

42. Other assets

	2023 USD'000	2022 USD'000
The other assets comprised the following:		
Other receivables	863	145
Advances and prepayments	35	80
	898	225

43. Issued capital

100 million ordinary shares of GBP 0.01 each. No movement occurred during 2023 and 2022.

44. Retained earnings

Total retained earnings are calculated as follows:

	2023 USD'000	2022 USD'000
Balance at the beginning of the period	119,638	92,779
Result for the period	(177)	26,859
Balance at the end of the period	119,461	119,638
Profit for the period		
Attributable to equity holders of the parent	(177)	26,859

Financial Statements continued

Notes to the statutory financial statement continued

for the year ended 31 December 2023

45. Other liabilities

	Notes	2023 USD'000	2022 USD'000
Short-term liabilities			
Accrued audit fees		628	563
Accrued cost		113	176
Other intercompany payables		358	-
		1,099	739
Long-term liabilities			
Escrow liability to CMI	14.1.	21,392	20,692
		21,392	20,692
		22,491	21,431

46. Additional cash flow information

	2023 USD'000	2022 USD'000
Changes in operating assets		
Due from banks	(700)	(227)
Other assets	(673)	540
	(1,373)	313
Changes in operating liabilities		
Other liabilities	1,060	(3,571)
	1,060	(3,571)
Changes in non-cash items		
Share-based payments	71	-
	71	-

47. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

	Within 12 months USD'000	After 12 months USD'000	Total USD'000
As at 31 December 2023			
Assets			
Cash at bank and in hand	359	-	359
Due from banks	-	21,392	21,392
Investment in subsidiaries	-	120,684	120,684
Other assets	898	-	898
	1,257	142,076	143,333
Liabilities			
Other liabilities	1,099	21,392	22,491
Net	158	120,684	120,842
As at 31 December 2022			
Assets			
Cash at bank and in hand	778	-	778
Due from banks	-	20,692	20,692
Investment in subsidiaries	-	120,684	120,684
Other assets	225	-	225
	1,003	141,376	142,379
Liabilities			
Other liabilities	739	20,692	21,431
Net	264	120,684	120,948

Additional Information

Alternative performance measures

KPI	2023	2022	Definition
Outstanding loan portfolio ('OLP')	\$369.2m	\$351.2m	The figure depicts the consolidated outstanding loan portfolio, including off-book net BC loan portfolio from IDFC, Jana Small Finance Bank and Fincare and Direct Assignment loans with SBI. It excludes interest receivables and unamortised loan processing fees, as included in the loans and advances to customers in note 13 to the financial statements, and maintains the deduction of modification losses and ECL provisions from the gross outstanding loan portfolio.
Gender diversity	37%	35%	Number of female employees compared to total employees.
Gross OLP/ Client	\$162	\$160	Gross outstanding loan portfolio including BC and DA loans divided by total number of clients.
Debt-to-equity ratio	3.5	2.9	The ratio is calculated by dividing closing balances of interest-bearing debt with total equity. Interest-bearing debt includes debt issued and other borrowed funds in note 25, less interest payables.
Profit before tax	\$32.2m	\$46.3m	Consolidated profit before tax for the year as reported in the financial statement.
Reported net profit after tax	\$8.8m	\$17.9m	Consolidated profit for the year as reported in the financial statements.
Net interest margin ('NIM')	31%	28%	Net interest margin ('NIM') is calculated as net interest income divided by average interest-earning assets on consolidated basis. Average interest-earning assets is calculated as the sum of cash at bank and in hand, due from banks and loans and advances from customers.
Return on assets ('ROA')	1.8%	3.4%	Return on assets ('ROA') is calculated by dividing the net profit after tax by the average of total assets. ROA is displayed as a percentage.
Return on equity ('ROE')	10.5%	18.5%	Return on equity ('ROE') is calculated by dividing the net profit after tax by the average of shareholders' equity. ROE is displayed as a percentage.
EPS (USD)	0.09	0.18	Earnings per share ('EPS') is calculated by dividing the Company's net profit after tax by the weighted average number of ASAI Group plc ordinary shares outstanding during the year. For 2022, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.
Dividend per share ('DPS') (US cents)	NIL	NIL	The figure is calculated by dividing the total dividends paid out by ASAI, including interim dividends, over a period of time by the weighted average number of ASAI Group plc ordinary shares outstanding during the year.
Cost to income	72.1%	67.5%	Cost to income ratio is calculated by dividing total operating expenses by total net operating income on consolidated basis.
% Voluntary savings to OLP	3.4%	4.3%	Voluntary savings to OLP is calculated by dividing total voluntary savings by total outstanding loan portfolio including BC and DA loans.

KPI	2023	2022	Definition
Taxes	23.4m	28.4m	Sum of the consolidated income tax expense and consolidated withholding tax expense for the year as reported in the financial statement.
Client economic yield ('CEY')	NIL	5.3%	The Client Economic Yield ('CEY') is calculated by deducting the clients' weekly interest costs from their average weekly income, derived from their business activities.
Client retention rate	75%	72%	Determined by subtracting the total number of new clients in a period from the number of clients at the end of that period divided by the total number of clients at the beginning of the period. Periods based on tenor of client loans (6, 10, or 12 months).
Number of new branches	77	112	The number of new branches commencing operations in the period in all operating markets.
Client satisfaction survey	90%	93%	This survey is conducted by interviewing at least two clients per loan officer (long-term and newer clients with loans of greater than 6/12 months as applicable) with yes/no, closed and open-ended questions. The responses are coded and converted into percentages to estimate client's satisfaction with the products and with the services delivered by ASAI.
Carbon footprint	8,574 tonnes CO₂	7,392 tonnes CO ₂	Carbon footprint is measured as the sum of direct emissions of greenhouse gases, carbon emissions from direct purchase of electricity and fuel combustion for transportation purposes.
Social performance index ('SPI')	90%	92%	SPI4 is a social audit tool made by CERISE as per Universal Standards managed by SMART CAMPAIGN. The assessment is divided into seven dimensions with both qualitative and quantitative questions. Each dimension carries a score of 100. See https://en.spi-online.org/ for more details.
Number of clients	2.3m	2.3m	The number of clients in all operating markets.
Number of branches	2,016	2,028	The number of branches in all operating markets.
PAR>30	2.1%	5.9%	PAR>30 is the percentage of gross on-book OLP that have one or more instalment repayments of principal past due for more than 30 days, but less than 365 days, divided by total outstanding on-book gross loan portfolio.
Number of staff	13,433	13,602	The number of people directly employed by the Company. Under this definition, we use colleagues, staff and employees interchangeably in the annual report.
Client per branch	1,156	1,134	Client per branch is the total number of clients divided by the total number of branches.
Borrowers per loan officer	287	272	The borrowers per loan officer is calculated by dividing total number of clients by total number of loan officers.
Employee recruitment	33%	30%	Number of staff hired in current period/number of staff at start of current period.

Additional Information continued

Alternative performance measures continued

KPI	2023	2022	Definition
Employee satisfaction rate	81%	86%	Using qualitative methods, staff satisfaction analyses employee satisfaction rate along three main areas: professional satisfaction, facility satisfaction and department service satisfaction.
Hours training	67,107	61,312	Total hours of in-house, online and external training at the entity level, excluding on-the-job training.
Clients accessing a financial service for the first time	70%	NIL	This outcome indicator was derived from clients' responses to question "Are you accessing a formal financial service, for the first time, through taking ASAI loan? (Formal means a financial institution) – Yes/No" in the Client Economic Yield survey, reflecting their interpretation and input.
Clients increasing their daily income level	94%	NIL	This outcome indicator was derived from clients' responses to question "Has your daily income increased after taking the loan? – Increased/No Change/Decreased" in the Client Economic Yield survey, reflecting their interpretation and input.
Increase of share in family income by females	89%	NIL	This outcome indicator was derived from clients' responses to question "Has your share in family income increased after taking the loan? – Increased/No Change/Decreased" in the Client Economic Yield survey, reflecting their interpretation and input.
Financial management improved	94%	NIL	This outcome indicator was derived from clients' responses to question "Has your understanding of managing finances improved since you took loan from the company? – Improved/No/Worsen" in the Client Economic Yield survey, reflecting their interpretation and input.
Living conditions improved	94%	NIL	This outcome indicator was derived from clients' responses to question "Has your living conditions improved after taking the loan? – Improved/No/Worsen" in the Client Economic Yield survey, reflecting their interpretation and input.
Increase of leadership or decision-making role	82%	NIL	This outcome indicator was derived from clients' responses to question "Has your leadership or decision-making role within your household or community increased after taking the loan? – Improved/No/Worsen" in the Client Economic Yield survey, reflecting their interpretation and input.

Additional Information continued

List of abbreviations

Abbreviation	Definition
2FA	Two-factor authentication
A1 Nigeria	A1 Nigeria Consultancy Limited
Admission	Admission of the Company to the Main Market of the London Stock Exchange
AGM	Annual General Meeting
ALCO	Asset-Liability Committee
AMBS	ASA Microfinance Banking System
AML	Anti-Money Laundering
AMSL	ASAI Management Services Limited
ARC	Audit and Risk Committee
ASA NGO Bangladesh	ASA NGO-MFI registered in Bangladesh
ASA Kenya	ASA Limited
ASA Lanka	ASA Lanka Private Limited
ASA Myanmar	ASA Microfinance (Myanmar) Ltd
ASA Model	The ASA model of microfinance as developed by ASA NGO Bangladesh
ASA Pakistan	ASA Pakistan Limited
ASA Rwanda	ASA Microfinance (Rwanda) Limited
ASA Savings & Loans	ASA Savings & Loans Limited (Ghana)
ASA Sierra Leone	ASA Microfinance (Sierra Leone)
ASA Tanzania	ASA Microfinance (Tanzania) Ltd
ASA Uganda	ASA Microfinance (Uganda) Limited
ASA Zambia	ASA Microfinance Zambia Limited
ASAIH	ASA International Holding
ASAI I&M	ASAI Investments & Management B.V.
ASA India	ASA International India Microfinance Limited
ASAI NV	ASA International N.V.
ASA International	ASA International Group plc
ASA Nigeria	ASHA Microfinance Bank Limited
ASIEA	Association for Social Improvement and Economic Advancement (Nigeria)
BC	Business Correspondent

Abbreviation	Definition
BEPS	Base Erosion and Profit Shifting
BIO	Belgian Investment Company for Developing Countries SA/NV
Board	Board of Directors of ASA International Group plc
CBS	Core Banking System
Citi	CITIBANK, N.A., JERSEY BRANCH
CBN	Central Bank of Nigeria
CCRC	Client Complaint Resolution Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
COO	Chief Operating Officer
Companies Act/CA	Companies Act 2006 (UK)
Company	ASA International Group plc
CMI	Catalyst Microfinance Investors
CMI Lanka	C.M.I. Lanka Holding (Private) Limited
CMIC	Catalyst Microfinance Investment Company
CMII	CMI International Holding
CO ₂	Carbon dioxide
The Code	UK Corporate Governance Code 2016 published by the Financial Reporting Council
COB	Commencement of Business
COC	Change of control
CODM	Chief Operating Decision Maker
CPI	Consumer Price Index
CPP	Client Protection Principles
CRRO	Climate-Related Risks and Opportunities
CSR	Corporate Social Responsibility
DA	Direct Assignment
DCF	Discounted cash flow
DCP	Digital Credit Provider

Additional Information continued

List of abbreviations continued

Abbreviation	Definition
DEI	Diversity, Equity and Inclusion
DFS	Digital Financial Services
DFS app	Digital Financial Services platform
DR	Disaster Recovery
DRF/MRF	Death Risk Fund/Multipurpose Risk Fund
EBT	Employee Benefit Trust or Earnings Before Tax
ECL	Expected Credit Losses
ED	Executive Director
EIR	Effective Interest Rate
EPRP	Emergency Preparedness and Response Plan
ESG	Environmental Social and Governance
ESMS	Environment and Social Management System
EXCO	Executive Committee
EY	Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited
FCA	Financial Conduct Authority
FMPU	Fraud and Misappropriation Unit
FTE	Full-Time Employee
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GBP	Pound Sterling
GHG	Greenhouse Gas
GMC	Grievance Mitigation Committee
Group	ASA International and its consolidated subsidiaries and subsidiary undertakings from time to time
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBR	Incremental Borrowing Rate

Abbreviation	Definition
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
IR	Investor Relations
IDFC	IDFC First Bank
IRD	Department of Inland Revenue
ISDA	International Swaps and Derivatives Association
IT	Information Technology
JSFB	Jana Small Finance Bank
KPI	Key Performance Indicator
KYC	Know Your Customer
Lak Jaya	Lak Jaya Micro Finance Limited (Sri Lanka)
LCBU	Loan Collateral Build Up
Listing Rules	The listing rules relating to admission to the Official List made under section 73A(2) of the FSMA
LO	Loan officer
LTIP	Long-term incentive plan
MBA Philippines	PagASA Ng Pinoy Mutual Benefit Association, Inc.
MFB	Microfinance Banking
MFI	Microfinance Institution
MRR	Minimum Retention Rate
NCI	Non-controlling interest
NCIA	Natural Calamity Impact Assessment
NBFC-MFI	Non-Banking Financial Company - Micro Finance Institutions
Non-Executive Directors	The Non-Executive Directors of ASA International
NRCGT	Non-Resident Capital Gains Tax
OeEB	Oesterreichische Entwicklungsbank Ag
OeCD	Organisation for Economic Co-operation and Development
Oikokredit	Oikokredit, Ecumenical Development Co-Operative Society U.A.
OCI	Other Comprehensive Income
Pagasa	Pagasa ng Masang Pinoy Microfinance, Inc.

Additional Information continued

List of abbreviations continued

Abbreviation	Definition
Pagasa Consultancy	Pagasa Consultancy Limited
Pagasa Philippines/PPFC	Pagasa Philippines Finance Corporation, Inc.
PDMRs	Persons Discharging Managerial Responsibilities
PD	Probability of Default
Pinoy	Pinoy Consultancy Limited
PSO	Pre-Service Orientation
PT PAGASA Consultancy	PT PAGASA Consultancy
RBI	Reserve Bank of India
RMF	Risk Management Framework
Relationship Agreement	The relationship agreement entered into by ASA International, Catalyst Microfinance Investors, Catalyst Continuity Limited, Dirk Brouwer and Md Shafiqul Haque Choudhury
RFRs	Risk free rates
ROU	Right-of-use
SAAS	Software as a service
SBI	State Bank of India
SBP	State Bank of Pakistan
SC	Sustainability Committee
SDG	Sustainable Development Goals
SEC	Securities and Exchange Commission
SECR	Streamlined Energy Carbon Reporting
Sequoia	Sequoia B.V.
SMART targets	Specific, Measurable, Achievable, Relevant, and Time-Bound targets
SME loans	Small-Medium Enterprise loans
SMP	Supplier Market Place
SPPI	Solely Payments of Principal and Interest
SPM	Social Performance Management
Symbiotics	Symbiotics SA
TCFD	Task Force on Climate-Related Financial Disclosures
ToR	Terms of Reference

Abbreviation	Definition
UK	The United Kingdom of Great Britain and Northern Ireland
UKLA	United Kingdom Listing Authority
US or United States	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
USD	United States Dollar



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