ASA INTERNATIONAL

Interim Financial Report

For the period from 1 January 2023 to 30 June 2023

ASA International Group plc

CONTENTS

DIRECTORS:	**APPOINTED ON:**
Guy Dawson	15 May 2018
Dirk Brouwer	15 May 2018
Johanna Kemna	28 June 2018
Dr. Salehuddin Ahmed	08 December 2020
Karin Kersten	25 April 2022
Chris Low	01 February 2023

Dirk Brouwer has resigned from the position of the CEO on 15 June 2023 and stepped into new roles 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.

The Board appointed Karin Kirsten 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
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Amsterdam, The Netherlands, 20 September 2023 - ASA International Group plc ('ASA International', the 'Company' or the 'Group'), one of the world's largest international microfinance institutions, today announces its half-year unaudited results for the six-month period from 1 January to 30 June 2023 (the 'Period').

Key Performance Indicators

(UNAUDITED) (Amounts in USD millions)	**H1 2023**	**FY2022**	**H1 2022**	**FY2021**	**YoY % Change**	**YTD % Change**	**YTD % Change (constant currency)**
Number of clients (m)	2.2	2.3	2.4	2.4	*-7%*	*-3%*	
Number of branches	2,073	2,028	2,129	2,044	*-3%*	*2%*	
Profit before tax	13.8	46.3	23.8	25.7	*-42%*	*-40%*	*-31%*
Net profit	3.7	17.9	13.1	6.4	*-72%*	*-59%*	*-45%*
OLP(1)	334.4	351.2	378.4	403.7	*-12%*	*-5%*	*6%*
Gross OLP	346.8	367.5	399.0	430.7	*-13%*	*-6%*	*5%*
PAR > 30 days(2)	*3.8%*	*5.9%*	*5.1%*	*5.2%*			

(1) Outstanding loan portfolio ('OLP') includes off-book Business Correspondence ('BC') loans and Direct Assignment loans, and loans valued at fair value through the P&L ("FVTPL"), excludes interest receivable, unamortised loan processing fees, and deducts ECL reserves 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.

H1 2023 highlights

- The Company's operational performance in constant currency terms improved compared to the end of 2022, with OLP growing by 6% in constant currency terms.
- Operational and financial results decreased in USD terms, with profit before tax decreasing to USD 13.8 million in H1 2023 from USD 23.8 million in H1 2022.
- The decline in profits was primarily due to (i) lower recovery of overdue loans in India, (ii) higher ECL expense of USD 2.8 million charged to the income statement, (iii) significant devaluations of our operating currencies vis-a-vis the USD in H1 2023 especially in our major markets of Pakistan (down 27%), Ghana (down 12%), Nigeria (down 70%) and Kenya (down 14%), and (iv) provision of USD 1.4 million for additional super-tax charged in Pakistan applied on H1 2023 results and retrospectively on FY 2022 results
- Pakistan, the Philippines, Ghana and Tanzania made significant positive contributions to the Group's net profitability, due to high loan portfolio quality in all these markets and no significant currency devaluations in the Philippines and Tanzania.
- PAR>30 for the Group's operating subsidiaries improved to 3.8% in H1 2023 from 5.1% in H1 2022, primarily due to the improving portfolio quality across most markets with the exceptions of India and Nigeria.
- The Company increased expected credit losses ('ECL') charged to the Income Statement to USD 2.8 million (H1 2022: USD 1.9 million and FY 2022: USD 0.6 million), primarily due to (i) low portfolio quality in India, and (ii) deteriorating portfolio quality in Nigeria due to the adverse impact on operations from the national elections and demonetization. Reserves for ECL on OLP in the Balance Sheet, including the off-book BC portfolio in India and interest receivables, reduced to USD 13.3 million in H1 2023 from USD 22.0 million in H1 2022.
- The devaluations of our operating currencies contributed to an increase in foreign exchange translation losses from USD 17.7 million in H1 2022 to USD 24.8 million in H1 2023 and a decrease of the Company's total equity from USD 100.5 million in H1 2022 to USD 69.2 million in H1 2023.

- The Group's cash and cash equivalents reduced to approximately USD 45 million as of 30 June 2023 from approximately USD 91 million as of 30 June 2022, following large debt settlements primarily in India. The Company has a significant funding pipeline of USD 181 million and raised USD 75 million in new debt in H1 2023.

Outlook

We continue to see improvements in the operating markets with stability returning to markets that were recently adversely impacted by political and economic events. As such, we continue to expect the Group's operational performance in terms of OLP growth and portfolio quality to improve in the second half of 2023. However, based on developments in the first half of 2023 and in the current macro environment, we expect net profit to be lower this year compared to 2022. The reasons for this are related to (i) demonetization and further inflation impact on our operations in Nigeria, (ii) further devaluation of operating currencies against USD year-to-date in Pakistan, Ghana, Kenya and Nigeria, and (iii) incidental tax claims in some of our jurisdictions, including higher taxes now applicable in Pakistan than expected.

CHIEF EXECUTIVE OFFICER'S REVIEW

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 food, commodities and energy inflation, the high demand from clients contributed to the growth of our operations in most markets. Ghana, Pakistan, Tanzania and the Philippines grew their loan portfolios on a local currency basis and made significant contributions to the Group's profitability.

The Group added 54 additional branches though overall client numbers across the Group decreased due to operational challenges faced primarily in India and Nigeria. On a constant currency basis, Gross OLP for the Group, grew to USD 384.7 million as at end of June 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 3.8% as of June 2023 from 5.9% in December 2022.

In India, the Group maintained its strategy to reduce disbursements and focus on the recovery of existing and overdue loans, though at a slower pace which resulted in on-book Gross OLP shrinking by USD 4.2 million in H1 2023. However, overall Gross OLP in India increased by 11% as the off-book Gross OLP increased to USD 31.5 million as of 30 June 2023 from USD 22.6 million as of 31 December 2022. This was due to new Business Correspondence partnerships which commenced in H1 2023. We expect that the on-book portfolio will also start to increase by year-end 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 the impact from recent national elections, demonetization and high inflation following the removal of government fuel subsidies. This resulted in a reduction of OLP and clients, increase in overdues, and high operating expenses in H1 2023. This was compounded by significant devaluation of the Nigerian Naira (down 70% against USD as of June 2023 YTD) which resulted in reduced operational and financial results in

USD terms from H1 2023. However, we now see an improvement of the operating environment which is reflected in the portfolio quality improving, as well as collections and disbursements increasing. As such we expect the operations to gradually recover in the second half of 2023 and contribute positively to the Group.

Against the backdrop of continued high inflation in many of our markets, we continue to expect operations to improve across the Group in the second half of 2023. The Group is focused on right-sizing average loan sizes to clients in view of the inflationary environment, while improving branch productivity as clients continue to demand our loans and our staff in the field remain committed and focused on supporting clients in difficult operating circumstances.

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 13.3 million as per end of June 2023, for its OLP, including the off-book BC portfolio and interest receivables. Following an additional write-off of the outstanding Covid affected portfolio (USD 6.8 million as per end of June 2023 vs USD 10.8 million as per end of 2022), the Company maintained significant reserves, primarily due to the overdue loans in India, Myanmar and Nigeria.

The USD 13.3 million ECL reserves on OLP is concentrated in India (55%), Myanmar (15%) and Nigeria (15%), with the remainder spread across the other countries as a percentage of each country's outstanding loan portfolio or as an aggregate amount. Further details on the ECL calculation, including the selected assumptions, are provided in note 2.3.1 to the Interim Financial Report.

Digital financial services

In anticipation of a rapidly digitising world, also in the segment of our low-income clients, the Group is making strides with the implementation of its digital strategy to have a more attractive and competitive client proposition. The implementation of the core banking system in Pakistan is well under way and planned to go live in the coming months. In Ghana, the roll out of the core banking system combined with the implementation of the digital app is planned for the first half of next year. By the implementation of these new systems, we can also significantly reduce manual processes and increase back-office productivity.

Competitive environment

The competitive landscape remains the same 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 affected by competition from pure digital lenders.

Dividend

Although the Board planned to return to its pre-Covid dividend policy in 2024 on the 2023 results, given the tough market circumstances, the company believes it is prudent not to commit to a dividend payment at this stage.

GROUP FINANCIAL PERFORMANCE

(UNAUDITED) (Amounts in USD thousands)	**H1 2023**	**FY2022**	**H1 2022**	**FY2021**	**YoY % Change**	**YTD % Change**	**YTD % Change (constant currency)**
Profit before tax	13,815	46,281	23,843	25,705	*-42%*	*-40%*	*-31%*
Net profit	3,676	17,887	13,079	6,358	*-72%*	*-59%*	*-45%*
Cost/income ratio	*77%*	*68%*	*66%*	*77%*			
Return on average assets (TTM)[1]	*1.5%*	*3.4%*	*4.6%*	*1.1%*			
Return on average equity (TTM)[1]	*8.7%*	*18.5%*	*25.5%*	*6.0%*			
Earnings growth (TTM)[1]	*-72%*	*181%*	*807%*	*556%*			
OLP	334,400	351,151	378,371	403,738	*-12%*	*-5%*	*6%*
Gross OLP	346,804	367,535	398,990	430,698	*-13%*	*-6%*	*5%*
Total assets	452,332	489,752	546,093	562,554	*-17%*	*-8%*	
Client deposits [2]	72,718	84,111	86,291	87,812	*-16%*	*-14%*	
Interest-bearing debt [2]	245,314	257,466	299,652	314,413	*-18%*	*-5%*	
Share capital and reserves	69,249	89,661	100,451	103,443	*-31%*	*-23%*	
Number of clients	2,224,542	2,299,558	2,403,172	2,380,690	*-7%*	*-3%*	
Number of branches	2,073	2,028	2,129	2,044	*-3%*	*2%*	
Average Gross OLP per client (USD)	156	160	166	181	*-6%*	*-2%*	*8%*
PAR > 30 days	*3.8%*	*5.9%*	*5.1%*	*5.2%*			
Client deposits as % of loan portfolio	*22%*	*24%*	*23%*	*22%*			

[1] TTM refers to the previous twelve months.

[2] Excludes interest payable.

Regional performance

South Asia

(UNAUDITED) (Amounts in USD thousands)	H1 2023	FY2022	H1 2022	FY2021	YoY % Change	YTD % Change	YTD % Change (constant currency)
Profit before tax	3,766	12,395	7,409	-8,229	*-49%*	*-39%*	*-19%*
Net profit	487	3,103	4,653	-12,393	*-90%*	*-69%*	*-29%*
Cost/income ratio	*72%*	*64%*	*60%*	*154%*			
Return on average assets (TTM)	*0.7%*	*1.9%*	*4.5%*	*-5.5%*			
Return on average equity (TTM)	*3.4%*	*8.8%*	*22.1%*	*-27.3%*			
Earnings growth (TTM)	*-90%*	*125%*	*173%*	*-184%*			
OLP	112,089	118,590	151,978	182,329	*-26%*	*-5%*	*9%*
Gross OLP	119,869	128,460	164,092	201,405	*-27%*	*-7%*	*6%*
Total assets	106,979	133,894	181,894	198,393	*-41%*	*-20%*	
Client deposits	1,718	1,345	1,445	2,464	*19%*	*28%*	
Interest-bearing debt	65,357	85,878	132,284	146,522	*-51%*	*-24%*	
Share capital and reserves	20,526	33,393	36,868	37,506	*-44%*	*-39%*	
Number of clients	860,407	935,091	1,071,710	1,106,469	*-20%*	*-8%*	
Number of branches	661	670	788	778	*-16%*	*-1%*	
Average Gross OLP per client (USD)	139	137	153	182	*-9%*	*1%*	*15%*
PAR > 30 days	*7.3%*	*11.1%*	*5.5%*	*9.6%*			
Client deposits as % of loan portfolio	*2%*	*1%*	*1%*	*1%*			

- Pakistan continued to maintain a strong portfolio quality throughout H1 2023.
- The significant currency depreciation in Pakistan (PKR down 27% YTD against USD) contributed to overall OLP reduction in H1 2023.

Pakistan

ASA Pakistan grew its operations over the past 6 months:

- Number of clients increased from 606k to 608k (up 0.4% YTD).
- Number of branches remained at 345.
- OLP up from PKR 17.9bn (USD 79.1m) to PKR 18.8bn (USD 65.6m) (up 5% in *PKR*).
- Gross OLP/Client up from PKR 29.8k (USD 131) to PKR 31.1k (USD 108) (up 4% YTD in *PKR).*
- PAR>30 decreased from 0.7% to 0.3%.

India

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

- Number of clients down from 284k to 207k (down 27% YTD).
- Number of branches down from 261 to 252 (down 3% YTD).
- On-book portfolio decreased from INR 1.2bn (USD 14m) to INR 1.0bn (USD 12m) (down 18% YTD *in INR*).
- Off-book portfolio increased from INR 1.8bn (USD 21.5m) to INR 2.5bn (USD 30.6m) (up 41% *in INR*).
- Gross OLP/Client up from INR 13K (USD 158) to INR 20k (USD 240) (up 51% YTD *in INR*).

- PAR>30 decreased from 49.0% to 32.9%, and PAR>30 amount decreased from INR 903.4m (USD 10.9m) to INR 487.2m (USD 5.9m).
- ASA India's collection efficiency remained stable at 85% in June 2023. As of 30 June 2023, ASA India had collected USD 5.5 million from a total of USD 26.8 million in written-off loans since 2020.

*See note 13.1 to the consolidated financial statements 2022 for details on the off-book portfolio.

Sri Lanka

Lak Jaya stabilized its operations over the past 6 months:

- Number of clients remained at 45k.
- Number of branches remained at 64.
- OLP decreased from LKR 1.39bn (USD 3.8m) to LKR 1.36bn (USD 4.4m) (down 2*%* YTD in *LKR*).
- Gross OLP/Client down from LKR 32.4k (USD 89) to LKR 30.1k (USD 98) (down 7*%* YTD in *LKR*).
- PAR>30 decreased from 8.5% to 6.4%.

South East Asia

(UNAUDITED) **(Amounts in USD thousands)**	**H1 2023**	**FY2022**	**H1 2022**	**FY2021**	**YoY % Change**	**YTD % Change**	**YTD % Change (constant currency)**
Profit before tax	2,342	4,217	553	34	*323%*	*11%*	*10%*
Net profit	1,694	1,910	171	-339	*888%*	*77%*	*76%*
Cost/income ratio	*83%*	*82%*	*92%*	*97%*			
Return on average assets (TTM)	*3.1%*	*1.8%*	*0.3%*	*-0.3%*			
Return on average equity (TTM)	*22.5%*	*12.0%*	*2.0%*	*-1.8%*			
Earnings growth (TTM)	*891%*	*663%*	*-88%*	*90%*			
OLP	68,073	63,316	60,350	62,328	*13%*	*8%*	*7%*
Gross OLP	70,067	66,955	66,428	66,784	*5%*	*5%*	*4%*
Total assets	111,703	102,917	106,716	105,872	*5%*	*9%*	
Client deposits	23,871	22,069	21,445	20,956	*11%*	*8%*	
Interest-bearing debt	66,178	58,416	60,402	60,392	*10%*	*13%*	
Share capital and reserves	14,666	14,980	15,481	16,827	*-5%*	*-2%*	
Number of clients	429,533	424,076	415,506	400,021	*3%*	*1%*	
Number of branches	463	441	441	420	*5%*	*5%*	
Average Gross OLP per client (USD)	163	158	160	167	*2%*	*3%*	*3%*
PAR > 30 days	*1.7%*	*6.5%*	*11.2%*	*2.1%*			
Client deposits as % of loan portfolio	*35%*	*35%*	*36%*	*34%*			

- South East Asia financial and operational results continued to improve in H1 2023.

The Philippines

Pagasa Philippines operations grew over the last 6 months:

- Number of clients up from 325k to 332k (up 2% YTD).
- Number of branches up from 345 to 367 (up 6% YTD).
- OLP up from PHP 2.8bn (USD 49.6m) to PHP 2.9bn (USD 52.3m) (up 5% YTD in *PHP*).
- Gross OLP/Client increased from PHP 8.6k (USD 153) to PHP 8.7k (USD 158) (up 2*%* YTD in *PHP).*
- PAR>30 increased from 1.7% to 1.9%.

Myanmar

ASA Myanmar saw an increase in OLP over the last 6 months despite the challenging political situation and the related civil unrest halting operations in certain regions:

- Number of clients down from 99k to 98k (down 2% YTD).
- Number of branches remained at 96.
- OLP up from MMK 28.9bn (USD 13.8m) to MMK 33.2bn (USD 15.8m) (up 15% YTD *in MMK*).
- Gross OLP/Client up from MMK 362k (USD 172) to MMK 383k (USD 182) (up 6*%* YTD *in MMK*).
- PAR>30 decreased from 20.4% to 1.2%.

West Africa

(UNAUDITED) **(Amounts in USD thousands)**	**H1 2023**	**FY2022**	**H1 2022**	**FY2021**	**YoY % Change**	**YTD % Change**	**YTD % Change (constant currency)**
Profit before tax	6,952	27,799	14,979	35,583	*-54%*	*-50%*	*-44%*
Net profit	4,220	19,215	10,454	25,019	*-60%*	*-56%*	*-51%*
Cost/income ratio	*57%*	*43%*	*42%*	*37%*			
Return on average assets (TTM)	*8.2%*	*15.8%*	*17.2%*	*20.6%*			
Return on average equity (TTM)	*16.0%*	*33.2%*	*34.6%*	*45.4%*			
Earnings growth (TTM)	*-60%*	*-23%*	*-3%*	*86%*			
OLP	60,349	82,380	87,796	94,201	*-31%*	*-27%*	*-8%*
Gross OLP	62,914	84,853	89,669	95,879	*-30%*	*-26%*	*-6%*
Total assets	85,774	108,395	120,512	134,719	*-29%*	*-21%*	
Client deposits	30,798	39,544	42,905	46,548	*-28%*	*-22%*	
Interest-bearing debt	4,028	4,326	5,504	7,100	*-27%*	*-7%*	
Share capital and reserves	42,551	54,591	62,749	61,222	*-32%*	*-22%*	
Number of clients	379,467	433,897	439,004	457,302	*-14%*	*-13%*	
Number of branches	452	446	442	440	*2%*	*1%*	
Average Gross OLP per client (USD)	166	196	204	210	*-19%*	*-15%*	*8%*
PAR > 30 days	*5.2%*	*4.2%*	*3.5%*	*2.6%*			
Client deposits as % of loan portfolio	*51%*	*48%*	*49%*	*49%*			

- West Africa saw a deterioration in operational performance and profitability in USD terms primarily due to the challenging operating environment in Nigeria caused by the recent national elections and the impacts of demonetization and depreciation of NGN (70% down against USD in H1 2023 compared to FY 2022).

Ghana

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

- Number of clients up from 177k to 181k (up 2% YTD).
- Number of branches up from 137 to 143 (up 4% YTD).
- OLP up from GHS 416.3m (USD 40.8m) to GHS 464.1m (USD 40.6m) (up 11*%* YTD in *GHS*).
- Gross OLP/Client up from GHS 2.4k (USD 231) to GHS 2.6k (USD 226) (up 9% YTD in *GHS*).
- PAR>30 decreased from 0.6% to 0.2%.

Nigeria

ASA Nigeria saw a deterioration in financial and operational performance:

- Number of clients down from 220k to 163k (down 26% YTD).
- Number of branches maintained at 263.
- OLP down from NGN 16.7bn (USD 37.3m) to NGN 11.8bn (USD 15.6m) (down 29% YTD *in NGN*).
- Gross OLP/Client up from NGN 80k (USD 179) to NGN 81k (USD 107) (up 1% YTD *in NGN*).
- PAR>30 increased from 7.1% to 15.5%.

Sierra Leone

ASA Sierra Leone saw a deterioration in financial and operational performances:

- Number of clients down from 37k to 35k (down 4% YTD).
- Number of branches remained at 46.
- OLP down from SLE 80.7m (USD 4.3m) to SLE 79.6m (USD 4.2m) (down 1% YTD *in SLE*).
- Gross OLP/Client up from SLE 2.3m (USD 123) to SLE 2.5m (USD 133) (up 9% YTD *in SLE*).
- PAR>30 increased from 10.7% to 11.3%.

East Africa

(UNAUDITED) (Amounts in USD thousands)	H1 2023	FY2022	H1 2022	FY2021	YoY % Change	YTD % Change	YTD % Change (constant currency)
Profit before tax	5,993	11,241	5,433	6,605	*10%*	*7%*	*9%*
Net profit	3,717	6,913	3,267	4,631	*14%*	*8%*	*10%*
Cost/income ratio	*69%*	*68%*	*67%*	*75%*			
Return on average assets (TTM)	*6.8%*	*7.0%*	*7.4%*	*6.5%*			
Return on average equity (TTM)	*30.4%*	*29.8%*	*33.7%*	*25.5%*			
Earnings growth (TTM)	*14%*	*49%*	*131%*	*333%*			
OLP	93,889	86,865	78,247	64,881	*20%*	*8%*	*13%*
Gross OLP	93,955	87,267	78,801	66,629	*19%*	*8%*	*13%*
Total assets	116,542	113,791	101,842	83,602	*14%*	*2%*	
Client deposits	16,332	21,153	20,495	17,843	*-20%*	*-23%*	
Interest-bearing debt	62,115	59,871	50,934	41,201	*22%*	*4%*	
Share capital and reserves	26,878	26,445	22,036	19,973	*22%*	*2%*	
Number of clients	555,135	506,494	476,952	416,898	*16%*	*10%*	
Number of branches	497	471	458	406	*9%*	*6%*	
Average Gross OLP per client (USD)	169	172	165	160	*2%*	*-2%*	*3%*
PAR > 30 days	*1.1%*	*0.9%*	*0.9%*	*1.3%*			
Client deposits as % of loan portfolio	*17%*	*24%*	*26%*	*28%*			

- East Africa saw an improvement in operational performance due to continued growth in Tanzania.

Tanzania

ASA Tanzania managed to expand its operations over the last 6 months:

- Number of clients up from 217k to 227k (up 5% YTD).
- Number of branches up from 180 to 190 (up 6% YTD).
- OLP up from TZS 119.5bn (USD 51.2m) to TZS 136.1bn (USD 56.3m) (up 14% YTD in *TZS*).
- Gross OLP/Client up from TZS 553k (USD 237) to TZS 602k (USD 249) (up 9% YTD in *TZS*).
- PAR>30 increased from 0.4% to 0.7%.

Kenya

ASA Kenya expanded its operations over the 6 months period:

- Number of clients up from 141k to 180k (up 27% YTD).
- Number of branches up from 124 to 130 (up 5% YTD).
- OLP up from KES 2.1bn (USD 16.9m) to KES 2.6bn (USD 18.3m) (up 23% YTD in *KES*).
- Gross OLP/Client down from KES 15K (USD 120) to KES 14k (USD 102) (down 4% YTD in *KES*).
- PAR>30 decreased from 0.8% to 0.5%.

Uganda

ASA Uganda saw a slight deterioration in operations over the last 6 months:

- Number of clients down from 107k to 106k (down 0.4% YTD).
- Number of branches up from 110 to 118 (up 7% YTD).
- OLP up from UGX 43.0bn (USD 11.6m) to UGX 44.2bn (USD 12.0m) (up 3% YTD in *UGX).*
- Gross OLP/Client down from UGX 405k (USD 109) to UGX 403k (USD 110) (down 0.5% YTD in *UGX*).
- PAR>30 remained at 0.9%.

Rwanda

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

- Number of clients down from 21k to 20k (down 7% YTD).
- Number of branches maintained at 30.
- OLP down from RWF 4.6bn (USD 4.3m) to RWF 4.4bn (USD 3.7m) (down 5% YTD in *RWF*).
- Gross OLP/Client up from RWF 220k (USD 207) to RWF 227k (USD 194) (up 3% YTD in *RWF*).
- PAR>30 increased from 4.6% to 6.8%.

Zambia

ASA Zambia managed to expand its operations:

- Number of clients increased from 21k to 23k (up 8% YTD).
- Number of branches increased from 27 to 29 (up 7% YTD).
- OLP up from ZMW 51.7m (USD 2.9m) to ZMW 62.2m (USD 3.5m) (up 20% YTD in ZMW).
- Gross OLP/Client increased from ZMW 2.5k (USD 139) to ZMW 2.8k (USD 161) (up 12% YTD in *ZMW*).
- PAR>30 decreased from 5.0% to 4.2%.

Regulatory environment

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

Key events H1 2023

Pakistan

- ASA Pakistan received the Microfinance Banking ('MFB') licence from the State Bank of Pakistan ('SBP') on 24 May 2022 and is awaiting receipt of the certificate of commencement.
- ASA Pakistan declared a dividend on FY 2022 results, and has applied to the SBP for approval of the remittance. The approval is still 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 partly paid.

Nigeria

- In 2022, 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 is still pending for approval.

Kenya

- In 2022, the Digital Credit Providers Act took effect, which prohibits credit-only MFIs to take collateral. MFIs are required to apply for a Digital Credit Providers licence, Microfinance Bank licence or any other suitable licence.
- ASA Kenya submitted a pro forma application for Digital Credit Providers licence in May 2023 to ensure it is compliant with the law, but is desirous to acquire a deposit taking license.

Regulatory capital

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 30 June 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 was 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 H1 2023:

In USD millions

	30 Jun 23	**31 Dec 22**	**30 Jun 22**	**31 Dec 21**
Local Deposits	72.7	84.1	86.3	87.8
Loans from Financial Institutions	204.9	216.6	241.9	249.8
Microfinance Loan Funds	22.9	21.5	36.5	36.5
Loans from Dev. Banks & Foundations	17.5	19.4	21.3	28.1
Equity	69.2	89.7	100.5	103.4
Total Funding	**387.2**	**431.3**	**486.4**	**505.6**

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 majority of the loans.

Cash and cash equivalents reduced to approximately USD 45 million as of 30 June 2023 following large debt settlements, primarily in India. The Group managed to raise approximately USD 75 million in new debt funding in H1 2023. In line with market developments, funding rates have increased by approximately 100 bps, which will have limited impact on our 2023 results, as majority of the outstanding funding are with fixed interest rates. Also, the Group has a strong funding pipeline of USD 181 million fresh loans, with over 91% having agreed terms and can be accessed in the short to medium term as of 30 June 2023.

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 past three years and during H1 2023, a number of loan covenants were breached across the Group, particularly related to the portfolio quality in India. As of 30 June 2023, the balance for credit lines with breached covenants and which did not have waivers amounts to USD 55 million out of which waivers have been subsequently received for USD 36 million.

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) in 2023 caused primarily by the overdue loans in India. The impact of these potential covenant breaches was further assessed in the evaluation of the Group's going concern as disclosed in note 2.1.2 of the Interim Financial Report. However, the current economic and market conditions make it difficult to assess the likelihood of further debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt or further extension of loan terms will be forthcoming. As a result, senior management and the Directors have concluded that this represents a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Nevertheless, given the historical and continuing support received from lenders regarding these particular 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 less US Dollar earnings, and (ii) local currency capital of any of the operating subsidiaries will translate into less US Dollar capital.

Countries	**30 Jun 23**	**31 Dec 22**	**30 Jun 22**	**31 Dec 21**	***Δ 30 Jun 2022 - 30 Jun 2023***	***Δ 31 Dec 2022 - 30 Jun 2023***
Pakistan (PKR)	287.1	226.4	205.4	177.5	(40%)	(27%)
India (INR)	82.1	82.7	78.8	74.4	(4%)	1%
Sri Lanka (LKR)	308.2	366.3	360.0	202.9	14%	16%
The Philippines (PHP)	55.3	55.7	55.0	51.1	(1%)	1%
Myanmar (MMK)	2,102.2	2,100.0	1,858.1	1,778.5	(13%)	(0.1%)
Ghana (GHS)	11.4	10.2	8.0	6.2	(42%)	(12%)
Nigeria (NGN)	761.1	448.1	415.2	411.5	(83%)	(70%)
Sierra Leone (SLE)	18.9	18.9	13.2	11.3	(44%)	(0.1%)
Tanzania (TZS)	2,416.1	2,332.5	2,332.1	2,303.7	(4%)	(4%)
Kenya (KES)	140.4	123.5	117.9	113.2	(19%)	(14%)
Uganda (UGX)	3,673.8	3,717.6	3,765.9	3,546.2	2%	1%
Rwanda (RWF)	1,172.0	1,067.0	1,026.0	1,031.8	(14%)	(10%)
Zambia (ZMW)	17.6	18.1	17.0	16.7	(3%)	3%

During H1 2023, the local currencies PKR -27%, GHS -12%, NGN -70% and KES -14% particularly weakened 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. The total contribution to the foreign exchange translation loss reserve during H1 2023 amounted to USD 24.8 million of which USD 8.8 million related to the depreciation of the PKR, USD 2.3 million related to the depreciation of the GHS, USD 12.7 million related to the depreciation of the NGN, and USD 0.8 million related to the depreciation of the KES.

Transfer pricing

The South East Asia and East Africa regions are contributing intercompany franchise fees and corporate service fees to the holding companies of the Group, whereas approval for most of such intercompany charges are pending in certain countries in South Asia and West Africa. The intercompany charges per region are detailed in the Segment Information as included in note 3 to the Interim Financial Report

Forward-looking statement and disclaimers

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

Principal risks and uncertainties

We have considered the principal risks and uncertainties faced by the Group for the remaining six months of the year and do not consider them to have changed from those set out on pages 32 to 39 of the 2022 Annual Report which is available on the Group's website at asa-international.com. These include but are not limited to: regulatory risk, credit risk, liquidity risk and foreign currency risk.

Going concern

The going concern assessment by the directors is described in detail in note 2.1.2 of these interim condensed financial statements. The directors have concluded that unavailability of waivers on certain loan covenant breaches represent a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. Nevertheless, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months from the date of approval of these interim condensed financial statements. Accordingly, the directors continue to adopt a going concern basis for the preparation of the interim condensed financial statements.

Directors' Responsibilities Statement in Respect of the Interim Results

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with UK endorsed IFRS;
- The interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the Annual Report for the year ended 31 December 2022 for ASA International Group plc.

By order of the Board

Karin Kersten
CEO
19 September 2023

Conclusion

We have been engaged by ASA International Group plc (‘the Group’) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 (‘the Interim Financial Report’) which comprises the Interim Condensed Consolidated Income Statement and Statement of Comprehensive Income, the Interim Condensed Consolidated Statement of Financial Position, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flows and related notes 1 to 34. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to note 2.1.2 of the Interim Financial Report which describes that the Group is in breach of certain of its debt covenants. The current economic and market conditions make it difficult to assess the likely scale of debt covenant breaches and whether the waivers necessary to avoid the immediate debt repayment or further extensions of loan terms will be forthcoming. As stated in note 2.1.2 these conditions represent a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Our report is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2.1.3, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting”.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group’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 to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report

Use of our report

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our work, for this report, or for the conclusions we have formed.

DocuSigned by:
Ernst & Young LLP
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Ernst & Young LLP
London

19 September 2023

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Interest income calculated using Effective Interest Rate (EIR)	4.	69,904	89,260
Other interest and similar income	4.2.	13,832	2,066
Interest and similar income		**83,736**	**91,326**
Interest and similar expense	5.	(18,712)	(20,767)
Net interest income		**65,024**	**70,559**
Other operating income	6.	3,568	5,765
Total operating income		**68,592**	**76,324**
Credit loss expense	7.	(2,790)	(1,885)
Net operating income		**65,802**	**74,439**
Personnel expenses	8.	(31,573)	(30,581)
Depreciation on property and equipment		(777)	(856)
Depreciation on right-of-use assets	14.	(1,720)	(2,071)
Other operating expenses	9.	(16,334)	(15,869)
Exchange rate differences		(1,583)	(1,219)
Total operating expenses		**(51,987)**	**(50,596)**
Profit before tax		**13,815**	**23,843**
Income tax expense	10.	(8,936)	(11,029)
Withholding tax expense	10.6.	(1,203)	265
Profit for the period		**3,676**	**13,079**
Profit for the period attributable to:			
Equity holders of the parent		3,928	13,167
Non-controlling interest		(252)	(88)
		3,676	**13,079**
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		(24,778)	(17,687)
Movement in hedge accounting reserve	19.1.	(1,921)	2,938
Tax on OCI and other items		800	(1,322)
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**(25,899)**	**(16,071)**
Actuarial (losses) on defined benefit liabilities		(33)	-
Gain on revaluation of MFX investment		29	4
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		**(4)**	**4**
Total comprehensive (loss) for the period, net of tax		**(22,227)**	**(2,988)**
Total comprehensive (loss) attributable to:			
Equity holders of the parent		(21,187)	(2,896)
Non-controlling interest		(1,040)	(92)
		(22,227)	**(2,988)**
Earnings per share	33		
Equity shareholders of the parent for the period:			
Basic earnings per share		0.04	0.13
Diluted earnings per share		0.04	0.13

The notes 1 to 34 form an integral part of the interim condensed consolidated financial statements.

Company Number: 11361159

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
ASSETS			
Cash at bank and in hand	11.	66,763	83,117
Loans and advances to customers	12.	303,369	331,898
Due from banks	13.	42,483	38,900
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)		273	244
Property and equipment		5,700	3,513
Right-of-use assets	14.	4,620	4,589
Deferred tax assets	10.2.	5,327	4,625
Other assets	15.	13,478	9,970
Derivative assets	16.	3,677	7,855
Intangible assets	17.	6,642	5,041
TOTAL ASSETS		**452,332**	**489,752**
EQUITY AND LIABILITIES			
EQUITY			
Issued capital	18.	1,310	1,310
Retained earnings	19.	179,001	173,297
Other reserves	19.1.	3,026	3,324
Foreign currency translation reserve	20.	(112,901)	(88,123)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**70,436**	**89,808**
Total equity attributable to non-controlling interest		(1,187)	(147)
TOTAL EQUITY		**69,249**	**89,661**
LIABILITIES			
Debt issued and other borrowed funds	21.	249,732	261,301
Due to customers	22.	73,088	84,155
Retirement benefit liability		4,227	4,593
Current tax liability	10.1.	9,209	8,873
Deferred tax liability	10.3.	2,296	2,184
Lease liability	14.	3,291	3,091
Derivative liabilities	16.	249	456
Other liabilities	23.	40,078	34,400
Provisions	24.	913	1,038
TOTAL LIABILITIES		**383,083**	**400,091**
TOTAL EQUITY AND LIABILITIES		**452,332**	**489,752**

Approved by the Board of Directors on 19 September 2023
Signed on behalf of the Board

Karin Kersten - CEO

Tanwir Rahman - CFO

The notes 1 to 34 form an integral part of the interim condensed consolidated financial statements.

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	Issued capital	Retained earnings	Other Reserves	Foreign currency translation reserve	Non-controlling interest	Total
		USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
At 1 January 2022		**1,310**	**155,405**	**995**	**(54,132)**	**(135)**	**103,443**
Profit for the six month period ending June 2022		-	13,167	-	-	(88)	**13,079**
Other comprehensive income (loss)							
Actuarial gains and losses on defined benefit liabilities		-	-	-	-	-	**-**
Foreign currency translation of assets and liabilities of subsidiaries		-	-	-	(17,683)	(4)	**(17,687)**
Movement in hedge accounting reserve		-	-	2,938	-	-	**2,938**
Other comprehensive income (net of tax)		-	-	(1,322)	-	-	**(1,322)**
Total comprehensive income for the period		**-**	**13,167**	**1,616**	**(17,683)**	**(92)**	**(2,992)**
Dividend		-		-	-	-	-
At 30 June 2022 (Unaudited)		**1,310**	**168,572**	**2,611**	**(71,815)**	**(227)**	**100,451**
Profit for the six month period ending December 2022		-	4,725	-	-	83	**4,808**
Other comprehensive income (loss)							
Actuarial gains and losses on defined benefit liabilities		-	-	470	-	-	**470**
Foreign currency translation of assets and liabilities of subsidiaries					(16,308)	-	**(16,308)**
Movement in hedge accounting reserve		-	-	66	-	-	**66**
Other comprehensive income (net of tax)		-	-	177	-	**(3)**	**174**
Total comprehensive income for the period		**-**	**4,725**	**713**	**(16,308)**	**80**	**(10,790)**
Dividend		-	-	-	-	-	-
At 31 December 2022 (audited)		**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 due to application of IFRS 17	2.2.1	-	1,776	-	-	-	**1,776**
Restated Opening Balance		**1,310**	**175,073**	**3,324**	**(88,123)**	**(147)**	**91,437**
Profit for six month period ending June 2023		-	3,928	-	-	(252)	**3,676**
Share based payments		-	-	39	-	-	**39**
Other comprehensive income (loss)							
Actuarial gains and losses on defined benefit liabilities		-	-	(33)	-	-	**(33)**
Foreign currency translation of assets and liabilities of subsidiaries		-	-	-	(24,778)	-	**(24,778)**
Gain on revaluation of MFX investment		-	-	29	-	-	**29**
Movement in hedge accounting reserve		-	-	(1,921)	-	-	**(1,921)**
Tax on OCI and other items		-	-	1,588	-	(788)	**800**
Total comprehensive income for the period		**-**	**3,928**	**(298)**	**(24,778)**	**(1,040)**	**(22,188)**
Dividend		-	-	-	-	-	**-**
At 30 June 2023 (Unaudited)		**1,310**	**179,001**	**3,026**	**(112,901)**	**(1,187)**	**69,249**

The notes 1 to 34 form an integral part of the interim condensed consolidated financial statements.

ASA INTERNATIONAL GROUP PLC
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

	Notes	For the six months ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
OPERATING ACTIVITIES			
Profit before tax		13,815	23,843
Adjustment for movement in:			
Operating assets	25.1.	(25,676)	(32,361)
Operating liabilities	25.2.	876	14,022
Non-cash items	25.3.	16,807	11,822
Taxes paid		(8,976)	(9,405)
Net cash flows (used in)/from operating activities		**(3,154)**	**7,921**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,028)	(855)
Proceeds from sale of property, plant and equipment		43	-
Purchase of Intangible assets		(1,606)	(2,811)
Net cash flow used in investing activities		**(4,591)**	**(3,666)**
FINANCING ACTIVITIES			
Proceeds from debt issued and other borrowed funds		45,000	82,321
Payments of debt issued and other borrowed funds		(43,688)	(76,041)
Payment of principal portion of lease liabilities		(2,214)	(2,145)
Net cash flow (used in)/from financing activities		**(902)**	**4,135**
Cash and cash equivalents at 1 January		83,117	87,951
Net increase in cash and cash equivalents		(8,647)	8,390
Foreign exchange difference on cash and cash equivalents		(7,707)	(7,329)
Cash and cash equivalents as at 30 June		**66,763**	**89,012**
Operational cash flows from interest			
Interest received		87,847	94,743
Interest paid		19,620	21,255

The notes 1 to 34 form an integral part of the interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

ASA International Group plc ("ASA International", "Group", "ASAIG", "Company") is a public company limited by shares which was incorporated by Catalyst Microfinance Investors ("CMI") in England and Wales on 14 May 2018 for the purpose of the initial public offer of ASA International Holding.

The interim condensed consolidated financial statements of ASAIG for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 19 September 2023.

Investment strategy
ASA International Group plc is an international microfinance holding company with operations in various countries throughout Asia and Africa.

Abbreviation list

Definitions	Abbreviation
A1 Nigeria Consultancy Limited	A1 Nigeria
ASA International Group plc	ASAIG
ASA International Holding	ASAIH
ASA International India Microfinance Limited	ASA India
ASA International (Kenya) Limited	ASA Kenya
ASA International N.V.	ASAI NV
ASA Lanka Private Limited	ASA Lanka
ASA Microfinance (Myanmar) Ltd	ASA Myanmar
ASA Microfinance (Rwanda) Limited	ASA Rwanda
ASA Microfinance (Sierra Leone)	ASA Sierra Leone
ASA Microfinance (Zanzibar) Ltd	ASA Zanzibar
ASA Microfinance (Tanzania) Ltd	ASA Tanzania
ASA Microfinance (Uganda) Limited	ASA Uganda
ASA Microfinance Zambia Limited	ASA Zambia
ASA NGO-MFI registered in Bangladesh	ASA NGO Bangladesh
ASA Pakistan Limited	ASA Pakistan
ASA Savings & Loans Limited	ASA S&L
ASAI Investments & Management B.V	ASAI I&M
ASAI Management Services Limited	AMSL
ASHA Microfinance Bank Limited	ASA Nigeria
ASA Dwaso Limited	ASA Dwaso
Association for Social Improvement and Economic Advancement	ASIEA
C.M.I. Lanka Holding (Private) Limited	CMI Lanka
Catalyst Continuity Limited	Catalyst Continuity
Catalyst Microfinance Investment Company	CMIC
Catalyst Microfinance Investors	CMI
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 ASA Microfinance	PT ASA Microfinance
PT PAGASA Consultancy	PT PAGASA Consultancy
Microfinance Institution	MFI
Reserve Bank of India	RBI
State Bank of India	SBI
Sequoia B.V.	Sequoia

2. ACCOUNTING POLICIES

2.1.1 General

The interim condensed consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for loans that failed SPPI tests, derivative instruments and equity instruments, which have been measured at fair value. The operational and presentation currency is USD. All values are rounded to the nearest USD thousand except where otherwise indicated.

2.1.2 Going Concern

The 2023 Interim condensed 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 the uncertainty relating to debt covenant breaches over the going concern period, and potential actions to mitigate debt being called due, represented a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. In performing the going concern assessment for the 2023 interim condensed consolidated financial statements the Directors have considered the global economic challenges arising out of high inflation in major operating markets and the strengthening of the USD against operating currencies in major operating markets for the period up to 31 October 2024 (the 'Assessment Period'). The conclusion of this assessment remains consistent with that of the 2022 Annual Report. Senior management and the Directors have 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 June 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 and their livelihoods 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 45 million of cash as of 30 June 2023. Also, the Group has a strong funding pipeline of USD 181 million with over 70% having agreed terms and which can be accessed in the short to medium term at the time of approval of the interim condensed consolidated financial statements. This continues to reaffirm 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 that of the projected as in most of the entities, collections are back to the high 90% range and the proportion of loans with outstanding payments greater than 30 days (portfolio at risk greater than 30 days, or 'PAR>30') have generally stabilised. However, PAR>30 remains high for India, Nigeria, Sri Lanka and Sierra Leone. The Group expects high PAR>30 in India as it is still struggling to collect overdue loans, lack of funding to disburse more, which are creating operational and liquidity challenges but estimates PAR>30 to stabilise for Nigeria, Sri Lanka and Sierra Leone. The Group has curtailed its disbursement in those entities and their portfolio size is expected to be much lower in comparison to the Group's Outstanding Loan Portfolio ('OLP'). The management team is closely following up on the developments.

Due to the above challenges, the Group expects further breaches of loan covenants during the Assessment Period especially at subsidiary level. These covenants would mainly relate to PAR>30, risk coverage ratios, the cost to income ratio, and write-off ratios. 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 three years where the Group has been continuously able to raise new funds from the lenders. As of 30 June 2023, out of total loans of USD 245.3 million the balance for credit lines with breached covenants that did not have waivers amounted to USD 54.8 million out of which waivers for USD 36.3 million have been received so far. Senior management is in constant communication with the other lenders to obtain the waivers. However, the waivers received do not cover all of the Assessment Period. The international funders have been supportive of the Group and the microfinance sector in general during the last three 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 international funders have been supportive of the Group and the microfinance sector in general during the last three years. In the absence of waivers, breaches of covenants that are not rectified within the time specified in the respective agreements, as applicable, might 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 global USD crisis, which could restrict the ability of the Group to support the funding or debt repayment requirements at the holdings or in the countries in which it operates.

2. ACCOUNTING POLICIES (continued)

2.1.2 Going Concern (continued)

Unless the majority of the covenant breach waivers are obtained 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, across particular locations, 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 of 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.

In terms of mitigations, the Group is shrinking its exposure in certain countries by focusing on the collection of existing loans and curtailing disbursements. This is being applied to India, Myanmar and Sri Lanka. 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.

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 repatriation, 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 repatriation 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 probable 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 interim condensed consolidated financial statements, and through to 30 September 2024. For these reasons, they continue to adopt a going concern basis for the preparation of the interim condensed 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.

2.1.3 Statement of compliance

The interim condensed consolidated financial statements of ASA International Group plc for the six months ended 30 June 2023 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and UK-adopted International Accounting Standard 34 Interim Financial Reporting. These condensed financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and do not include all information and disclosures required in an Annual Report. They should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2022.

Group's Annual Report and Accounts for the year ended 31 December 2022 included an unqualified audit report that made reference to material uncertainty related to going concern and did not contain any statements under sections 498 (2) and (3) of the Companies Act 2006. A copy of this annual report has been delivered to the Registrar of Companies.

In preparing the interim condensed financial statements, the same accounting policies, methods of computation and presentation have been applied as set out in the Annual Report and Accounts 2022 which is available on the Group's website at http://asa-international.com except the impact of the introduction of IFRS 17. It is disclosed in note 2.2.1.

The preparation of the Interim condensed 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.

After the issue of the financial statements the Company's owners or others do not have the power to amend the financial statements.

2.1.4 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June for each half year. The financial statements of subsidiaries are similarly prepared for the half year ended 30 June 2023 applying similar accounting policies and on a going concern basis.

2. ACCOUNTING POLICIES (continued)

2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 other than the amendment disclosed in note 2.2.1. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2023.

2.2.1 IFRS 17 insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts 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 will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. 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. IFRS 17 is based on a 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, ASAIG 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 customers' death or disability. Additionally, and voluntarily, a certain amount of money may be paid as a cash subsidy for funeral/financial assistances. These additional assistances are discretionary and 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 ground that the compensation for insured event is limited to the amount required to settle the policyholder's obligation created by the contract and used IFRS 9 for accounting for entire loan contract. As these loans failed the SPPI test with the insurance component, they are accounted for at FVTPL as per IFRS 9. ASAIG have 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 financials as on 1 January 2023 is as follows:

Statement of Financial Position	31 December 2022 USD'000	Impact USD'000	01 January 2023 USD'000
Assets			
Loans under amortised cost	331,898	(44,747)	287,151
Loans reclassified at FVTPL	-	46,949	46,949
Deferred Tax Asset	4,625	(541)	4,084
Total Assets	**336,523**	**1,661**	**338,184**
Liabilities			
Deferred income	146	115	31
	146	**115**	**31**
Net impact in Retained earnings	-	**1,776**	-

2.2.2 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 interim condensed consolidated financial statements.

2. ACCOUNTING POLICIES (continued)

2.2. New standards, interpretations and amendments adopted by the Group (continued)

2.2.3 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 had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

2.2.4 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 interim condensed financial statements.

2.2.5 Pillar two model rules - Amendments to IAS 12

On 23 May 2023, the International Accounting Standards Board (the IASB or Board) 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.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's interim condensed consolidated financial statements as the entity is out of scope of Pillar two regulations.

2.3 Significant accounting judgement and estimates

2.3.1 Allowance for expected credit loss (ECL) in 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 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. Any loans overdue more than 31-90 days are recognised as stage 2 loans. Loans overdue more than 90 days are recognised as stage 3 loans.

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 1.4 million (2022: USD 1.5 million).

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 scaled loss rate in order to anticipate future loss events. ECL as per the forward-looking element amounts to USD 571K (2022: USD 479K).

2. ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgement and estimates

2.3.1 Allowance for expected credit loss (ECL) in loans and advances (continued)

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:

ECL for stage 3 loans

	Loss %	
Overdue age	**2023**	**2022**
91-180 days	50%	50%
181-365 days	70%	70%
Over 365 days	100%	100%

For India, Myanmar, Nigeria, Sierra Leone and Sri Lanka operations, where management considered a higher loss rate (80% for the loans bucketed between 91-180 days and 100% for loans over 180 days overdue) in view of operating challenges faced in these countries on account of high PAR, market challenges and political instability which might lead to reduction in recoveries.

Based on the above, ECL for stage 3 loans amounts to USD 8.9 million (2022: USD 13.2 million). The decline is due to decrease in stage 3 OLP and also change in their bucketing. In June 2023 stage 3 OLP stands at USD 11.1 million (2022: USD 16.8 million)

D) Management overlay

In prior periods and for 2022 the interim financials, the Group considered additional management overlay on account of significant loan amounts under moratorium and under restructuring, the possible impact of a global economic crisis sparked by the Russian invasion of Ukraine and the risks associated with the price inflation of fuel, food, and other costs across the countries where the Group operates. Although, the Group has not provided no further moratoriums after June 2022 when the loans restructuring period in India has expired and the impact of the economic crisis is being captured by loan ageing, a management overlay of USD 1.3 million is kept for loans in India which were previously provided moratorium.

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 6 months until maturity at the period end and so the impact of macro-economic factors on the repayment of loans is inherently limited. Hence, 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 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 expected credit loss 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 period-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.

2. ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgement and estimates (continued)

2.3.1 Allowance for expected credit loss (ECL) in 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 Business Correspondence (‘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, Jana Small Finance Bank (JSFB) and Fincare Small Finance Bank Limited (Fincare). IDFC BC and Fincare is subject to a maximum provision of 5% of disbursement, which is the maximum credit risk exposure for ASA India as per the agreement with IDFC and Fincare. There is no maximum risk on BC from JSFB. ECL for those portfolios are assessed in line with ASA India's own OLP. ECL for the off-book BC portfolio comes to USD 912K (2022: USD 1.0 million).

The portion of the DA portfolio of ASA India which is on-book has also been treated the same as a 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.

H) ECL on interest receivable

ECL for Interest receivable is assessed in the same line as OLP. ECL for interest receivable comes to USD 186K (2022: USD 703K).

Based on the above assessment the total provision for expected credit losses for loans and advances to customers can be summarised as follows:

	Unaudited				Audited			
	30 June 2023				31 December 2022			
	Own portfolio	Off-book portfolio	Interest receivable	Total	Own portfolio	Off-book portfolio	Interest receivable	Total
Particulars	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
ECL as per historical default rate	1,368	404	21	1,793	1,521	400	75	1,996
Forward considerations	571	278	5	854	479	492	21	992
ECL under stage 3 loans	8,927	230	132	9,289	13,197	146	607	13,950
Management Overlay	1,323	-	-	1,323	-	-	-	-
	12,189	**912**	**158**	**13,259**	**15,197**	**1,038**	**703**	**16,938**

	Unaudited			Audited		
	30 June 2023			31 December 2022		
	Gross outstanding	ECL	Coverage	Gross outstanding	ECL	Coverage
Allocated to:	USD'000	USD'000		USD'000	USD'000	
Own Portfolio (note 12.1 and 12.2)	268,037	12,189	5%	344,985	15,197	4%
Off book BC portfolio (note 12.1 and note 24)	30,443	912	3%	21,362	1,038	5%
Interest receivable (note 12.1 and note 12.2)	3,145	158	5%	7,265	703	10%
	301,625	**13,259**	**4%**	**373,612**	**16,938**	**5%**

2. ACCOUNTING POLICIES (continued)

2.3 Significant accounting judgements and estimates (continued)

2.3.2 Fair value measurement

The Group measures financial instruments such as derivatives, equity investments at fair value at each balance sheet date. Apart from that certain loans which failed the SPPI test on account of the application of IFRS 17 (Refer to note 2.2.1) are also measured at Fair Value.

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.

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.

In determining the Fair Value of the loans failed the SPPI test as at the transition date and 30 June 2023, the Group applied a discounted cash flow (DCF) approach on the loan portfolio as a whole, starting from the total outstanding amount as at the valuation date and adjusted for overdue amounts which are either partially defaulted or fully defaulted (depending on the overdue period).

- The Group then estimated a weighted average maturity and remaining instalments that were used to sequence the future cash flows.
- The projected free cash flows were discounted on a rate that included the following observable parameters:
- Risk free rate: USD based normalised rate (3.5%); Country risk premium (1.2%-16.8%); Default risk: based on the Group's back testing rate (0.9%-1.9%); Death risk: sourced from the World Health Organization (1%-2%); and Margin to manage the loan portfolios estimated at 15% (based on Group's prior year financials).

Management engaged a third party advisor to support the process.

2.3.3 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 assessment.

2.3.3 Taxes (continued)

Deferred Tax Assets (continued)

As at 30 June, the Gross amount and expiry dates of losses available for carry forward are as follows:

30 June 2023	Expiring within 1 year	Expiring within 2-5 years	Expiring beyond 5 years	Unlimited	Total
Losses for which Deferred tax asset is recognised	-	-	-	-	-
Losses for which Deferred tax asset is not recognised	459	5,885	35,961	29,217	71,522
	459	**5,885**	**35,961**	**29,217**	**71,522**

31 December 2022	Expiring within 1 year	Expiring within 2-5 years	Expiring beyond 5 years	Unlimited	Total
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 16.7 million (2022: 13.0 million).

Deferred Tax Liabilities

As of 30 June 2023, the Group has undistributed profits in its subsidiaries amounting to USD 56.8 million. The Group recognised a deferred tax liability amounting to USD 2.1 million (see note 10.3) on USD 26.6 million of undistributed profits on the assessment that these will be distributed in the next 1 year. The judgement was used to determine the period on account of regulatory uncertainity on when the undistributed amounts can be distributed.

No deferred tax liability was recognised on the balance of USD 30.2 million If the Group recognises a deferred tax liability on these profits, profit and equity would decrease by USD 3.0 million.

A summary of signficant policy and judgement is presented below:

Policy	Judgement	Estimates	Note ref
Deferred Tax Assets	Determination of whether sufficient taxable profits will be generated in future years to recover DTA.	Our estimates are based on the five-year business plan (which include inherent uncertainties).	10.2.
Deferred Tax Liability	Determination of whether there would be any constraints/regulatory restriction to declare/repatriate the undistributed profit as dividend.	-	10.3.
Fair value – financial instruments	Classification of a fair value instrument as level 3, where the valuation is driven by unobservable inputs.	Our estimates are based on discounted cash flow approach (DCF) where we have taken a list of unobservable inputs including USD based normalised rate, Country risk premium, death risk etc.	2.3.2 and 12.6
Loan impairment provisions	Criteria for a significant increase in credit risk. Identification of risks not captured by the model.	The use of forward-looking economic information using multiple economic scenarios. Also, the additional judgements made in modelling expected credit losses (ECL)	12.3

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.
- Non-operating subsidiaries, which include holding entities and other entities without microfinance activities.

No operating segments have been aggregated to form the above reportable operating segments. The Group 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 overlaps 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. Intercompanies charges 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 '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 during the period ended 30 June 2023 or 2022.

3. SEGMENT INFORMATION (continued)

The following table presents operating income and profit information for the Group's operating segments for the six months ended 30 June 2023

As at 30 June 2023 (Unaudited)	**West Africa**	**East Africa**	**South Asia**	**South East Asia**	**Non-operating entities**	**Total segments**	**Adjustments and eliminations[2]**	**Consolidated**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
External interest and similar income	20,759	26,299	20,106	16,566	6	83,736	-	83,736
Inter-segment interest income	-	-	-	122	271	393	(393)	-
External interest expense	(1,034)	(5,269)	(6,690)	(2,905)	(2,814)	(18,712)	-	(18,712)
Inter-segment interest expense	(115)	(40)	(41)	(75)	(122)	(393)	393	-
Net interest income	**19,610**	**20,990**	**13,375**	**13,708**	**(2,659)**	**65,024**	**-**	**65,024**
External other operating income	154	425	1,126	1,851	12	3,568	-	3,568
Inter-segment other operating income[1]	-	-	-	-	12,250	12,250	(12,250)	-
Other inter-segment expense	(175)	(1,329)	(230)	(1,172)	1,608	(1,298)	1,298	-
Total operating income	**19,589**	**20,086**	**14,271**	**14,387**	**11,211**	**79,544**	**(10,952)**	**68,592**
Credit loss expense	(2,422)	(268)	269	(369)	-	(2,790)	-	(2,790)
Net operating income	**17,167**	**19,818**	**14,540**	**14,018**	**11,211**	**76,754**	**(10,952)**	**65,802**
Personnel expenses	(6,089)	(8,798)	(7,691)	(5,678)	(3,317)	(31,573)	-	(31,573)
Exchange rate differences	(496)	(185)	(357)	8	(553)	(1,583)	-	(1,583)
Depreciation of property and equipment	(121)	(289)	(147)	(156)	(64)	(777)	-	(777)
Amortisation of right-of-use assets	(310)	(514)	(293)	(570)	(33)	(1,720)	-	(1,720)
Other operating expenses	(3,199)	(4,039)	(2,286)	(5,280)	(1,530)	(16,334)	-	(16,334)
Tax expenses	(2,732)	(2,276)	(3,279)	(648)	(1,204)	(10,139)	-	(10,139)
Segment Profit	**4,220**	**3,717**	**487**	**1,694**	**4,510**	**14,628**	**(10,952)**	**3,676**
Total assets	**85,774**	**116,542**	**106,979**	**111,703**	**181,979**	**602,977**	**(150,645)**	**452,332**
Total liabilities	**43,223**	**89,664**	**86,453**	**97,037**	**81,509**	**397,886**	**(14,803)**	**383,083**

Explanation: Segment profit is net profit after tax

[1] *Inter-segment operating income includes intercompany dividends, management fees and share in results of the subsidiaries.*

[2] *Adjustment and eliminations include eliminations of Inter-segment income, expenses, Investments and borrowings.*

3. SEGMENT INFORMATION (continued)

The following table present operating income and profit information for the Group's operating segments for the six months ended 30 June 2022

As at 30 June 2022 (Unaudited)	**West Africa**	**East Africa**	**South Asia**	**South East Asia**	**Non-operating entities**	**Total segments**	**Adjustments and eliminations[2]**	**Consolidated**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
External interest and similar income	28,918	19,596	26,943	15,864	5	91,326	-	91,326
Inter-segment interest income	-	-	-	-	405	405	(405)	-
External interest expense	(2,104)	(4,099)	(9,898)	(2,630)	(2,036)	(20,767)	-	(20,767)
Inter-segment interest expense	(140)	(159)	(35)	(71)	-	(405)	405	-
Net interest income	**26,674**	**15,338**	**17,010**	**13,163**	**(1,626)**	**70,559**	**-**	**70,559**
								-
External other operating income	302	1,824	1,479	2,128	52	5,785	(20)	5,765
Inter-segment other operating income[1]	-	-	-	-	21,666	21,666	(21,666)	-
Other inter-segment expense	(217)	(1,056)	(164)	(1,066)	(1)	(2,504)	2,504	-
Total operating income	**26,759**	**16,106**	**18,325**	**14,225**	**20,091**	**95,506**	**(19,182)**	**76,324**
Credit loss expense	(1,156)	657	579	(1,942)	(43)	(1,905)	20	(1,885)
Net operating income	**25,603**	**16,764**	**18,904**	**12,282**	**20,048**	**93,601**	**(19,162)**	**74,439**
								-
Personnel expenses	(6,867)	(7,332)	(7,875)	(5,654)	(2,853)	(30,581)	-	(30,581)
Exchange rate differences	33	(23)	(149)	(464)	(616)	(1,219)	-	(1,219)
Depreciation of property and equipment	(132)	(315)	(172)	(147)	(90)	(856)	-	(856)
Amortisation of right-of-use assets	(363)	(529)	(644)	(497)	(38)	(2,071)	-	(2,071)
Other operating expenses	(3,295)	(3,132)	(2,655)	(4,967)	(1,820)	(15,869)	-	(15,869)
Tax expenses	(4,525)	(2,166)	(2,756)	(382)	(935)	(10,764)	-	(10,764)
								-
Segment profit	**10,454**	**3,267**	**4,653**	**171**	**13,696**	**32,241**	**(19,162)**	**13,079**
As at 31 Dec 2022 (Audited)								
Total assets	**108,395**	**113,792**	**133,894**	**102,916**	**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, management fees and share in results of the subsidiaries.

[2] Adjustment and eliminations include eliminations of Inter-segment income, expenses, Investments and borrowings.

4. INTEREST AND SIMILAR INCOME

Interest and similar income consists of interest income on microfinance loans to customers, interest income on bank balances and fixed-term deposits.

	Notes	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Interest income calculated using EIR	4.1.	69,904	89,260
Other interest and similar income	4.2.	13,832	2,066
		83,736	**91,326**

Interest income decreased from last year in USD terms mostly due to devaluation of local currency against USD in most of the operating subsidiaries.

	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
4.1. Interest income calculated using EIR		
Interest income on loans and advances to customers	64,148	83,458
Amortisation of loan processing fees	5,756	5,802
	69,904	**89,260**

The Group recognises interest on all its loan portfolio using EIR except for those reclassified FVTPL after application of IFRS 17 on 1 January 2023. Please see note 2.2.1 for details. Interest and other fees on loans under FVTPL are recorded in other interest and similar income.

	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
4.2. Other interest and similar income		
Interest income on short-term deposits	1,715	2,048
Fair value movement of financial assets under FVTPL	12,108	-
Other interest income	9	18
	13,832	**2,066**

Net interest income of all assets reclassified under FVTPL has been recognised under fair value change.

5. INTEREST AND SIMILAR EXPENSE

Included in interest and similar expense are accruals for interest payments to customers and other financial fees.

	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Interest expense on loans	(15,218)	(15,903)
Interest expense on security deposits & others	(1,769)	(2,405)
Interest expense on lease liability	(141)	(150)
Commitment and processing fees	(63)	(153)
Amortisation forward points of forward contracts and currency basis spread of swap contracts	(1,521)	(2,156)
	(18,712)	**(20,767)**

6. OTHER OPERATING INCOME

	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Members' admission fees	840	1,000
Document fees	492	462
Proceeds from sale of pass-books	52	80
Income on Death and Multipurpose Risk Funds	474	2,310
Service fees income from off-book BC model (ASA India)	924	1,165
Distribution fee MBA Philippines	455	457
Other	331	291
	3,568	**5,765**

Other includes a number of small items that are smaller than USD 150K on an individual basis.

7. CREDIT LOSS EXPENSES

	Notes	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Expected credit loss expense on Own portfolio	12.3.	(5,074)	(3,800)
Expected credit loss recovered/(charges) on other financial assets		-	(17)
Other expected credit loss release/(charge)		238	(920)
Recovery of previously written off loans		2,046	2,852
		(2,790)	**(1,885)**

The key assumptions applied for the expected credit loss provision and related expense are explained in note 2.3.1.

Other expected credit loss includes loss allowance provided against interest receivable from customers and BC model which are off-book.

The majority of the write-off recovery is coming from India where significant amount has been written off in prior years.

8. PERSONNEL EXPENSES

Personnel expenses includes base salary of the employees, employer's contribution to the defined contribution and benefit plans and share based payments.

	Notes	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Personnel expenses	8.1.	(28,465)	(28,320)
Defined contribution plans		(2,175)	(2,102)
Defined benefit plans		(933)	(159)
		(31,573)	**(30,581)**

ASA India, ASA Pakistan, Lak Jaya, Pagasa Philippines, ASA Nigeria, ASA Kenya, ASA Zambia, ASA Sierra Leone and AMSL maintain defined benefit pension plans in the form of gratuity plans at retirement, death, incapacitation and termination of employment for eligible employees. This year ASA Uganda also started this plan for its employees. The funds for the plans in ASA Pakistan, Pagasa Philippines, Lak Jaya, ASA Nigeria 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.

No actuarial valuation was done during the period ended 30 June 2023 except for ASA India.

8.1. Share based payments

Personal expenses includes an amount of USD 39K against share based payment expenses.

In October 2022, the Group has granted options ('Options') of around 2,500,000 ordinary shares of £0.01 each in the Group Company under its Long Term Incentive Plan (LTIP) to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs'). 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:
a) 20% each year between the first and fifth anniversaries of the Grant Date; or
b) 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 £0.93 per ordinary share, being the average share price for the three business days before the Grant Date. The Group will issue certificates to the participants to the plan. The Grant date will be achieved once participants accept the offer.

The fair value of options granted during the six months ended 30 June 2023 was estimated on the date of grant based on the Black-Scholes model using the following assumptions:

Expected volatility (%)	63%
Risk-free interest rate (%)	3.70%
Expected life of share options (years)	10
Current Share Price (£)	0.92
Dividend yield (%)	0%

The weighted average fair value of the options granted during the six months ended 30 June 2023 was £0.67.

9. OTHER OPERATING EXPENSES

Other operating expenses includes the following items:

	Notes	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Administrative expenses	9.1.	(13,645)	(13,473)
Professional fees		(1,223)	(941)
Audit fees		(964)	(893)
International travel		(313)	(312)
Corporate social responsibility (CSR)		(99)	(100)
Other		(90)	(150)
		(16,334)	**(15,869)**

Others include several small items that are smaller than USD 150K on an individual basis.

	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
9.1. Administrative expenses		
Office expenses	(2,544)	(2,443)
Transport and representation expenses	(5,362)	(4,827)
Gas, water and electricity	(532)	(538)
Telecommunications and internet expenses	(1,159)	(1,148)
VAT/ Output tax/ Service tax	(1,727)	(1,580)
Bank charges	(531)	(890)
Other administrative expenses	(1,790)	(2,047)
	(13,645)	**(13,473)**

Other administrative expenses includes several small items that are smaller than USD 150K on an individual basis.

10. INCOME TAX AND WITHHOLDING TAX EXPENSE

	For the six month ended 30 June 2023 USD'000 Unaudited	2022 USD'000 Unaudited
Income tax expense		
Current income tax	(8,821)	(9,463)
Income tax for previous period	(1,517)	(722)
Changes in deferred income tax	1,402	(844)
	(8,936)	**(11,029)**

Income tax for previous periods relates to additional tax provision in Pakistan due to recommencement of super tax.

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
10.1. Current tax liability		
Balance as at beginning of the period	8,873	6,265
Tax charge:		
Current Period	8,821	20,883
Previous Period	1,517	7
Tax paid	(6,936)	(16,643)
Foreign exchange adjustment	(3,066)	(1,639)
Balance as at end of the period	**9,209**	**8,873**

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
10.2. Deferred tax assets		
Balance as at beginning of the period	4,625	13,362
Addition/(Utilised) during the period	2,380	(7,436)
Other adjustment	(541)	-
Foreign exchange adjustment	(1,137)	(1,301)
Balance as at end of the period	**5,327**	**4,625**

10. INCOME TAX AND WITHHOLDING TAX EXPENSE (continued)

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.

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
10.3. Deferred tax liability		
Balance as at beginning of the period	2,184	2,296
Charge/(Adjustment) during the period	125	(112)
Foreign exchange adjustment	(13)	-
Balance as at end of the period	**2,296**	**2,184**

10.4. Reconciliation of the total tax charge	For the six month ended 30 June 2023 USD'000 Unaudited	 2022 USD'000 Unaudited
Accounting result before tax	**13,815**	**23,843**
Income tax expense at nominal rate of consolidated entities	(5,273)	(7,933)
Under provision for income tax previous year	(1,517)	(722)
Temporary differences where no Deferred tax is recognised	1,636	941
Deferred tax not recognised on losses	(3,547)	(2,993)
Exempt income	77	20
Other permanent differences	(312)	(342)
Total income tax expense for the period	**(8,936)**	**(11,029)**

10.5. Income tax per region	For the six month ended 30 June 2023 USD'000 Unaudited	 2022 USD'000 Unaudited
Corporate income tax- West Africa	(2,922)	(4,525)
Corporate income tax- South Asia	(3,279)	(2,756)
Corporate income tax- East Africa	(1,915)	(2,166)
Corporate income tax- South East Asia	(710)	(378)
Corporate income tax- Non operating entities	(110)	(1,204)
Total income tax per region	**(8,936)**	**(11,029)**

10.6. Withholding tax expense	For the six month ended 30 June 2023 USD'000 Unaudited	 2022 USD'000 Unaudited
Withholding tax on interest income, dividend, royalties and service fees	(1,203)	265
Total withholding tax expense	**(1,203)**	**265**

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. This includes an adjustment on deferred withholding tax for undistributed retained earnings.

11. CASH AT BANK AND IN HAND

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Cash at bank	66,338	83,006
Cash in hand	425	111
	66,763	**83,117**

An amount of USD 28.6 million (2022: USD 32.6 million) of cash at bank is restricted and can not be readily available. Out of this USD 18.2 million (2022: USD 17.1 million) in the Philippines is restricted as per Securities and Exchange Commission regulations as it relates to Loan Collateral Build Up ("LCBU"), the collection of security collateral from clients of a lending company. LCBU is placed into a segregated account. In Tanzania USD 8.2 million (2022: 7.5 million) is restricted and kept in a separate account as per the Bank of Tanzania requirement for Non-deposit taking Microfinance institutions as it relates to security deposits from clients. In Kenya, the new 'Central Bank of Kenya (AMENDMENT) ACT 2021' restricted non-deposit microfinance companies from taking cash collateral from clients. ASA Kenya is repaying the collateral amount to the clients once the loan matures. The period- end balance of USD 2.2 million (2022: USD 7.5 million) is presented as restricted.

ECL Allowance under Cash at Bank is USD 182K (2022: USD 105K)

12. LOANS AND ADVANCES TO CUSTOMERS

	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Loans and advances to customers at amortised cost	12.1.	255,208	331,898
Loans and advances to customers at FVTPL	12.6.	48,161	-
		303,369	**331,898**

12.1. Loans and advances to customers are net of allowance for expected credit loss.

	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Loan portfolio		268,037	344,985
Interest receivable on loans to customers		3,145	7,265
Unamortised processing fee		(3,627)	(4,303)
Net impact of modification loss		-	(149)
Gross loans		267,555	347,798
Allowance for expected credit loss	12.3.	(12,347)	(15,900)
Net loan portfolio		**255,208**	**331,898**

12.2. Interest receivable on loans to customers is realisable in line with the loan repayment schedules.

The outstanding loans to borrowers under the BC model and DA model which are not recognised on the balance sheet at 30 June 2023 amounted to USD 30.4 million and USD 1.1 million respectively (December 2022: USD 21.4 million and USD 1.2 million).

12.3. **Allowance for expected credit loss**	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Balance as at beginning of the period		(15,900)	(25,794)
Loans reclassified at fair value		397	-
Credit loss expense on loans and advances to customers	7.	(5,074)	(4,847)
ECL for interest receivable on loans from customers		192	368
Write-offs		6,813	10,828
Exchange rate differences		1,225	3,546
Balance as at end of the period		**(12,347)**	**(15,900)**

The key assumptions applied for the expected credit loss provision are explained in note 2.3.1.

12.4. The breakdown of the expected credit loss is as follows:	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Unaudited
ECL on OLP	(12,189)	(15,197)
ECL on Interest receivable	(158)	(703)
	(12,347)	**(15,900)**

12. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

12.5. The following tables explain the movement of gross OLP and Interest receivable and related provisions in stages. Management overlay in ECL has been allocated among the stages based on risk.

	Unaudited															
	Stage 1				Stage 2				Stage 3				Total			
	USD'000				USD'000				USD'000				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)**
Assets reclassified at FVTPL	(44,304)	(844)	(45,148)	49	(226)	(12)	(238)	27	(369)	2	(367)	321	(44,899)	(854)	(45,753)	**397**
New assets originated	371,128	-	371,128	-	-	-	-	-	-	-	-	-	371,128	-	371,128	**-**
Interest revenue	-	51,755	51,755	-	-	6,232	6,232	-	-	6,161	6,161	-	-	64,148	64,148	**-**
Assets realised	(352,779)	(53,681)	(406,460)	-	(386)	(6,830)	(7,216)	-	(8,625)	(6,608)	(15,233)	-	(361,790)	(67,119)	(428,909)	**-**
ECL (charges)/releases				(934)				(980)				(2,970)				**(4,884)**
Transfers:	-	-		-	-	-		-	-	-		-				
Stage 1 to Stage 2	(2,630)	(108)	(2,738)	11	2,630	108	2,738	(11)	-	-	-	-	-	-	-	**-**
Stage 2 to Stage 1	(9,259)	(60)	(9,319)	39	-	-	-	-	9,259	60	9,319	(39)	-	-	-	**-**
Stage 1 to Stage 3	351	28	379	(73)	(351)	(28)	(379)	73	-	-	-	-	-	-	-	**-**
Stage 2 to Stage 3	-	-	-	-	(2,210)	(101)	(2,311)	442	2,210	101	2,311	(442)	-	-	-	**-**
Stage 3 to Stage 1	97	3	100	(80)	-	-	-	-	(97)	(3)	(100)	80	-	-	-	**-**
Stage 3 to Stage 2	-	-	-	-	100	5	105	(83)	(100)	(5)	(105)	83	-	-	-	**-**
Write off	-	-	-	-	-	-	-	-	(6,519)	(294)	(6,813)	6,813	(6,519)	(294)	(6,813)	**6,813**
Fx impact	(32,566)	-	(32,566)	201	(808)	-	(808)	126	(1,494)	-	(1,494)	899	(34,868)	-	(34,868)	**1,225**
At 30 June 2023	**254,392**	**2,832**	**257,224**	**(2,022)**	**2,574**	**137**	**2,711**	**(1,265)**	**11,071**	**176**	**11,247**	**(9,061)**	**268,037**	**3,145**	**271,182**	**(12,347)**

Out of the total ECL charged during the period of USD 4.9 million, ECL for loans originated during the period amounts to USD 1.6 million. The balance of USD 3.3 million is related to additional charges for the older portfolio due to changes in their respective staging.

12. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

12.5. OLP, Receivable and related ECL by stages (continued)

	Audited															
	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	-
Assets realised	(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 2 to Stage 1	402	232	634	(244)	(402)	(232)	(634)	244	-	-	-	-	-	-	-	-
Stage 1 to Stage 3	(23,221)	(1,764)	(24,985)	472	-	-	-	-	23,221	1,764	24,985	(472)	-	-	-	-
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)**

Out of the total ECL charged during the period USD of 4.5 million, ECL for loans originated during the period amounts to USD 3.1 million. The balance of USD 1.4 million is related to additional charges for the older portfolio due to changes in their respective staging.

	30 June 2023	31 December 2022
	USD'000	USD'000
	Unaudited	Audited

12. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST (continued)

12.6. Loans and advances to customers at FVTPL

	30 June 2023	31 December 2022
Loans and advances to customers at FVTPL	48,161	-
	48,161	**-**

Loans and advances for customers in the Philippines (1st cycle loans), Uganda, Kenya and Sri Lanka were reclassified into FVTPL on 1 January 2023. See note 2.2.1 for details.

13. DUE FROM BANKS

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Due from banks	21,463	18,208
Escrow bank account at Citibank	21,020	20,692
	42,483	**38,900**

Allowance for ECL under "Due from banks" is USD 34.5K (2022: USD 23.5K)

Due from banks includes cash collaterals against borrowings amounting to USD 12.1 million (2022: USD 8.2 million).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Right-of-use assets at the beginning of the period	4,589	5,031
Additions during the period	2,139	3,815
Depreciation during the period	(1,720)	(3,931)
Exchange rate differences	(388)	(326)
Right-of-use assets at the end of the period	**4,620**	**4,589**

The Group recognises leased office premises under Right-of-use assets

		30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Lease liability at the beginning of the period	-	3,091	3,459
Interest expense on lease liability		141	299
Additions of lease liabilities during the period		2,139	3,815
Payment of lease liabilities		(2,214)	(4,353)
Exchange rate differences		134	(129)
Lease liability at the end of the period		**3,291**	**3,091**

15. OTHER ASSETS

Other assets comprises of the following:

	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Receivables from related parties	15.1.	811	249
Prepayments		2,614	2,874
Employee advances		2,548	2,296
Advance income tax		2,984	2,147
Security deposit		264	249
Receivables under off-book BC model (ASA India)	15.2.	1,439	569
Insurance claim receivable		59	109
Interest receivable on due from banks		346	337
Advance to lenders	15.3.	1,000	-
Other receivables	15.4.	1,413	1,140
		13,478	**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.

15. OTHER ASSETS (continued)

15.1. **Receivables from related parties**

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Sequoia BV	159	145
MBA Philippines	631	86
Catalyst Investment Management services	21	18
	811	**249**

The receivables from related parties are short term in nature and do not accrue interest.

15.2. Receivable under off book BC model from IDFC Bank is presented net of impairment provision. Gross receivable against service charge under off book BC model is USD 2.5 million. (2022: 2.2 million)

15.3. ASAI NV paid an advance amounting to USD 1 million to Symbiotic and Frankfurt on behalf of ASA Myanmar as per the loan restructuring agreement agreed with them.

15.4. Other receivables includes various advances in relation to employee's insurance, receivable from VAT and service tax authorities. Individually none of the advances are over USD 150K.

16. DERIVATIVES

	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Forward contracts	16.1.	2,755	7,131
Swap agreements		922	724
Derivative assets total		3,677	7,855
Forward contracts	16.1.	(240)	(456)
Swap agreements	16.2.	(9)	-
Derivative liabilities total		(249)	**(456)**
Total Derivatives at fair value		**3,428**	**7,399**

16.1. **The Group is holding the following foreign exchange forward contracts:**

As of 30 June 2023	**Unaudited**				
	Maturity				
	<30 days USD'000	**1-3 months USD'000**	**3-12 months USD'000**	**>12 months USD'000**	**Total USD'000**
Pakistan					
Notional amount	5,400	2,794	12,678	-	20,872
Average forward rate (USD/PKR)	228	261	292	-	275
Carrying amount (in USD)	1,104	358	608	-	2,070
Kenya					
Notional amount	-	-	-	4,000	4,000
Average forward rate (USD/MMK)	-	-	-	145	145
Carrying amount (in USD)	-	-	-	692	692
Sierra Leone					
Notional amount (in USD)	-	-	-	1,000	1,000
Average forward rate (USD/SLL)	-	-	-	23	23
Carrying amount (in USD)	-	-	-	(34)	(34)
Zambia					
Notional amount (in USD)	250	-	250	-	500
Average forward rate (USD/ZMW)	29	-	23	-	26
Carrying amount (in USD)	(166)	-	(40)	-	(206)

16. DERIVATIVES (Continued)

As of 31 December 2022	Audited				
	Maturity				
	<30 days USD'000	1-3 months USD'000	3-12 months USD'000	>12 months USD'000	Total 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
Sierra Leone					
Notional amount (in USD)	-	-	-	-	-
Average forward rate (USD/SLL)	-	-	-	-	-
Carrying amount (in USD)	-	-	-	-	-
Zambia					
Notional amount (in USD)	-	250	500	-	750
Average forward rate (USD/ZMW)	-	33	31	-	32
Carrying amount (in USD)	-	(190)	(266)	-	(456)

16.2. **The Group also holds the below swap contracts:**	**30 June 2023 USD'000 Unaudited**	**31 December 2022 USD'000 Audited**
Cross-currency interest rate swap- Notional Value	6,043	1,750
Cross-currency interest rate swap- Carrying amount	913	724

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.

17. INTANGIBLE ASSETS

	Goodwill USD'000	Intangible assets USD'000	Total USD'000
Cost			
At 1 January 2022	**30**	**452**	**482**
Additions	-	4,592	4,592
Impairment	(17)	-	(17)
Fx movement	(13)	(3)	(16)
At 31 December 2022	**-**	**5,041**	**5,041**
Additions	-	1,606	1,606
Impairment	-	(2)	(2)
Fx movement	-	(3)	(3)
At 30 June 2023	**-**	**6,642**	**6,642**

intangible assets include initial investments on a new project to develop digital a financial services (DFS) platform. The DFS app has been built and tested. It is expected to go live in the last quarter of 2023, subject to a successful approval of the Bank of Ghana and implementation of Core Banking Software (CBS). This will be followed by the launch of a range of digital financial and other services to support the growth of small businesses. These DFS will add a digital channel to the existing branch model. The DFS will be offered to the 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 ASAIG is also developing a Supplier Marketplace app ("SMP") where clients can purchase goods for their shops. 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, ASAIG decided to add a CBS to its IT infrastructure ASAIG has obtained a 10-year license to the Temenos Financial Inclusion suite, which is an off-the-shelf CBS system. The implementation of the Core Banking System in Pakistan continues as planned and is targeted to go live in the last quarter of 2023.

ASA India has procured a core banking software "Craft Silicon" to align the business recording with the Indian market. The procurement is following a Software as a service (SAAS) model and the current agreement is for three years. The software has been implemented from April, 2023.

17. INTANGIBLE ASSETS (continued)

Total spent during the period against DFS and CBS are as follows:

	June' 2023 USD'000			December' 2022 USD'000		
Particulars	**Capitalised**	**Charged to P&L**	**Total**	**Capitalised**	**Charged to P&L**	**Total**
Development fees	325	-	325	1,032	-	1,032
License fees	-	125	125	1,906	588	2,494
Implementation cost	902	-	902	**948**	-	948
Consultancy	24	-	24	180	-	180
Salary and other benefits	340	138	478	526	218	744
	1,591	**263**	**1,854**	**4,592**	**806**	**5,398**

18. ISSUED CAPITAL

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
ASA International Group plc issued 100 million shares of GBP 0.01 each	1,310	1,310
	1,310	**1,310**

19. RETAINED EARNINGS

Total retained earnings are calculated as follows:

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Balance at the beginning of the period	173,297	155,405
Impact of Loan reclassification due to application of IFRS 17	1,776	-
Result for the period	3,928	17,892
Balance at the end of the period	**179,001**	**173,297**
Profit for the period		
Attributable to equity holders of the parent	3,928	17,892
Non-controlling interest	(252)	(5)
	3,676	**17,887**

Part of retained earnings relates to 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 1.9 million at 30 June 2023 (December 2022: USD 2.0 million).

ASA S&L, ASA India and ASA Nigeria and ASAI NV 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 25.4 million at 30 June 2023 (December 2022: USD 23.4 million).

19.1. OTHER RESERVES

Total retained earnings are calculated as follows:

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Balance at the beginning of the period	3,324	995
Actuarial gains and losses on defined benefit liabilities	(33)	470
Share Based Payment	39	-
Movement in hedge accounting reserve	(1,921)	3,004
(Loss)/Gain on revaluation of MFX investment	29	7
Tax on OCI and other items	1,588	(1,152)
Balance at the end of the period	**3,026**	**3,324**

20. FOREIGN CURRENCY TRANSLATION RESERVE

The translation of the Company's subsidiaries from local currency into the Company's presentation currency (USD) results in the following currency translation differences that effects the Equity in USD terms:

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Balance at the beginning of the period	(88,123)	(54,132)
Translation of assets and liabilities of subsidiaries to USD	(24,778)	(33,991)
Balance at the end of the period	**(112,901)**	**(88,123)**

20. FOREIGN CURRENCY TRANSLATION RESERVE (continued)

The entity wise breakdown of translation adjustment is as follows:

	30 June 2023	31 December 2022
	USD'000	USD'000
Ghana	(2,333)	(17,395)
Pakistan	(8,751)	(9,400)
Nigeria	(12,606)	(2,540)
Sri Lanka	228	(1,450)
Philippines	81	(978)
Kenya	(790)	(525)
Tanzania	(455)	(111)
Myanmar	(1)	(766)
Sierra Leone	(60)	(685)
Others	(91)	(141)
	(24,778)	**(33,991)**

21. DEBT ISSUED AND OTHER BORROWED FUNDS

	30 June 2023	31 December 2022
	USD'000	USD'000
	Unaudited	Audited
Debt issued and other borrowed funds by operating subsidiaries	189,872	201,590
Loan from Symbiotic-managed funds (ASAIH/ASAI NV)	19,442	14,000
Loan from Oikocredit (ASAIH)	3,500	7,500
Loan from BIO (ASAIH)	10,000	10,000
Loan from OeEB (ASAIH & ASAI NV)	7,500	9,375
Loan from Citi (ASAI NV)	-	5,000
Ninety one (ASAI NV)	10,000	10,000
responsibility (ASAI NV)	5,000	-
Interest payable on third-party loans	4,418	3,836
	249,732	**261,301**

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 contracts. Out of total loans of USD 245.3 million (2022: USD 257.0 million), USD 54.8 million (2022: USD 82.5 million) had breached loan covenants as at year end. At the balance sheet date, the balance for credit lines with breached covenants and which does not have waivers amounts to USD 27.2 million (2022: USD 65.0 million) out of which waivers have been subsequently received for USD 8.7 million (2022: USD 64.0 million). 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. Please see note 26.4.2 and note 32 for details. The lenders have not requested any early repayment of loans as of the date when these condensed interim financial statements were approved by the Board of Directors. The management is in the process of renegotiating to obtain waivers for the remaining balance.

ASA India have been able to extend the maturity of their loans with international lenders amounting to USD 25.5 million until 2024-25.

ASA Myanmar has signed restructuring agreements signed with International lenders amounting to USD 3 million in March 2023 pursuant to direction by Central Bank of Myanmar.

22. 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.

	30 June 2023	31 December 2022
	USD'000	USD'000
	Unaudited	Audited
Client's security deposits	62,266	68,894
Client's voluntary savings	10,452	15,217
Interest payable on deposits and savings	370	44
	73,088	**84,155**

Clients can deposit voluntary savings where the subsidiary has a licence to do so.

23. OTHER LIABILITIES

Other liabilities are as follows:

	Notes	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Security deposits		2,548	2,530
Other deposits		473	426
Deferred Income		348	146
Accrued expenses		1,396	1,533
Accrued audit fees		1,110	1,224
Taxes payable, other than corporate income tax		3,141	2,598
Amount due to employees		1,834	1,356
Advance from customer		2,323	-
Amount due to related parties	23.1.	2,694	41
Liability to CMI regarding Escrow Account at Citibank		21,020	20,692
Liabilities under on-book and off-book BC model (ASAI India)		416	255
Industrial Training fund		123	189
Other liabilities	23.2.	2,652	3,410
		40,078	**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. Deferred income mainly relates to liability for Death and Multipurpose Risk Funds.

23.1. Amount due to related parties

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Sequoia BV	32	10
MBA Philippines	2,662	31
	2,694	**41**

23.2. Other liabilities include various smaller accruals and provisions for various entities in the Company. Individually none of the payables are over USD 150,000.

24. PROVISIONS

	30 June 2023 USD'000 Unaudited	31 December 2022 USD'000 Audited
Provision for financial guarantees under off-book BC model (ASA India)	913	1,038
	913	**1,038**

Provision for financial guarantees include expected loss provided against off-book BC portfolio in India. At 30 June 2023, stage 3 loans under this portfolio is USD 7.3 million (December 2022 USD 6.5 million). The provision decreased due to decline in OLP under IDFC (USD 14 million [December 2022: 19 million]) where majority of the Stage 3 loans exists but risk of ASA India is restricted to 5% of the OLP.

The provision for financial guarantee under the off-book BC model is made based on the risk percentage of the Group on such portfolio. ASA India uses the risk percentage for each BC contract to determine the risk for the entity and then uses the Group provisioning policy on such risk adjusted amount to calculate the provision required. For details on group ECL policy see note-2.3.1.

25. ADDITIONAL CASH FLOW INFORMATION

	For the six month ended 30 June	
	2023 USD'000 Unaudited	2022 USD'000 Unaudited
25.1. **Changes in operating assets**		
Movement in Loans and advances to customers	(15,568)	(22,683)
Movement in due from banks	(6,072)	(5,329)
Movement in Right-of-use assets	(2,139)	(1,865)
Other assets excluding income tax advances	(1,897)	(2,484)
	(25,676)	**(32,361)**

25. ADDITIONAL CASH FLOW INFORMATION (continued)

	For the six month ended 30 June	
	2023	2022
	USD'000	USD'000
	Unaudited	Unaudited
25.2. Changes in operating liabilities		
Due to customers	(3,157)	10,117
Other liabilities	2,270	2,412
Retirement benefit	(251)	(253)
Movement in lease liability	2,139	1,865
Movement in provisions	(125)	(119)
	876	**14,022**

	For the six month ended 30 June	
	2023	2022
	USD'000	USD'000
	Unaudited	Unaudited
25.3. Non-cash items included in the statement of comprehensive income		
Depreciation on:		
- Property and equipment	775	856
- Right-of-use assets	1,720	2,071
Interest expense on lease liability	141	150
Credit loss expense	2,790	1,885
Impairment loss	2	17
Write-offs	6,813	7,530
Fair value movement of forward contracts	2,050	(2,065)
Charge against defined benefit plans	933	159
Foreign exchange result	1,583	1,219
	16,807	**11,822**

26. RISK MANAGEMENT

26.1 General

Risk is inherent in the Company'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 Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is, amongst others, exposed to operational risk, financial risk, legal and compliance risk, and strategic risks.

The independent risk control process does not include business risks such as changes in demand, technology and industry. These changes are monitored through the Company's strategic planning process.

26.2 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 microfinance institutions. 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 microfinance institutions and audits each branch twice a year.

The Group's key risk management areas are business risk, operational risk, IT risk, finance risk, and legal and compliance risk.

26.3 Risk Management

Business risk
The Group manages its business risks by adopting various mitigation strategies at the Group level as well as at the subsidiary level. While setting growth target, the Group remains prudent as uncontrolled growth may lead to increased overdue. Site for new branch is 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 meets the highest standards in terms of client protection principle and business transparency.

Risk of climate change is thoroughly assessed by the Group. The Group is continuing to collect its carbon emission data to determine the major emission sectors and some plans were placed to reduce emissions. During the year the Group's operations were adversely impacted by high inflation and fx devaluation in multiple entities; however, it was mitigated by proactively amending operational procedures and managing loan sizes in order to adapt to changing conditions.

Operational risk
Transaction risk is mitigated by strictly following operational procedures and ensuring thorough monitoring by supervisors. 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.

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. IT business continuity is ensured by the Group by maintaining secure data centres with disaster recovery sites either on premises or on cloud. System vulnerability is regularly assessed and it is ensured that virus guards, firewalls and other security measures are up to date. Adequate internet connectivity is provided at all the branches to ensure smooth running of operations; redundant 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 unauthorized system access and awareness is spread regarding the prohibition of password sharing.

26. RISK MANAGEMENT (Continued)

26.3 Risk Management (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, prevent 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 continued to show strong interest to fund its operations both locally and at the holding level.

The Group 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 will continue 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.

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 is 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 countries like India and Myanmar.

Risks are mitigated through standardized practices that are part of ASA model of microfinance. This includes:

(i) Standardised loan products
(ii) Basic voluntary deposit services,
(iii) Effective and rigid procedures for cost–effective delivery of microcredit and limited deposit services,
(iv) Zero–tolerance on the late deposit of loan instalments for loan officers
(v) Group selection without joint liability.
(vi) Loans granted exclusively for income generating activities.
(vii) Full repayment via instalments before eligibility for new loan.
(viii) No incentive or bonus payments for operating staff.
(ix) Frequent client interactions through weekly collections.
(x) Ongoing assessment of client needs, benefits and satisfaction.

26.4 Financial risk

26.4.1 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Company 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 Company's statement of financial position except off book BC portfolio where the risk is determined as per contract with BC partners. As mentioned above, the Company reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various countries and continents. At present the Company 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.

There are no significant concentrations of credit risk through exposures to individual customers, specific industry/sectors. However, Pakistan holds 21% of the Group's credit exposure in June 2023 (2022: 24%). Management regularly monitors the concentration risk and manages loan distribution if required.

The Group provides direct lending to customers through its subsidiaries. In addition, the Groupo accepts savings in the entities where it has a deposit taking license.

26. RISK MANAGEMENT (Continued)

26.4 Financial risk (continued)

26.4.1 Credit risk (continued)

Credit risk from lending as at 30 June 2023

	Unaudited					
			Total direct lending/IFRS 9 stages			
	Due from banks[1]	**Gross loans and advances to customer at amortised cost [2]**	**Total lending**	**Stage 1**	**Stage 2**	**Stage 3**
	USD'000	**USD'000**	USD'000	**USD'000**	**USD'000**	**USD'000**
West Africa	3,458	63,428	66,886	59,034	1,289	3,105
East Africa	3,346	64,689	68,035	63,778	272	639
South Asia	9,897	85,360	95,257	79,453	944	4,963
South East Asia	4,762	57,705	62,467	54,959	206	2,540
Non-operating entities	21,020	-	21,020	-	-	-
Total	**42,483**	**271,182**	**313,665**	**257,224**	**2,711**	**11,247**
ECL provision		**(12,347)**	(12,348)	(2,022)	(1,265)	(9,061)
Coverage ratio [2]		**4.6%**	**3.9%**	**0.8%**	**46.7%**	**80.6%**

[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

Credit risk from lending as at 31 December 2022

	Audited					
			Total direct lending/IFRS 9 stages			
	Due from banks[1]	**Gross loans and advances to customer at amortised cost [2]**	**Total lending**	**Stage 1**	**Stage 2**	**Stage 3**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**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 ratio [2]		**4.5%**	**4.1%**	**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

26. RISK MANAGEMENT (Continued)

26.4 Financial risk (continued)

26.4.2 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Most subsidiaries of ASAIG are now able to attract third-party funding and various local currency and USD loans are in place.

Liquidity management is evaluated at the microfinance institution level and on a consolidated Group basis. Each of the Group's microfinance institutions are required to meet the financial obligations of its 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:

- As explained in note 2.1.2 and note 21 the majority of the Group's borrowings are subject to covenants. A proportion of these borrowings have breached these covenants at 30 June 2023 and a further proportion could breach over the next 12 months. Management is confident of obtaining the necessary waivers as required, as evidenced across the history of the Group.
- Borrowings which have breached covenants for which no waivers have been received as of balance sheet date are presented as on demand. However, borrowings which have breached covenants for which waivers have been received before balance sheet date are presented on expected maturity basis.
- The main class of assets are loans to customers. Due to the nature of the microfinance business the Company is engaged in these loans to customers who have short-term maturities, hence the Company 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.
- As at 30 June 2023 the Group had a unrestricted cash balance of USD 45 million including short term deposits. (2022: USD 55 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.

The table below shows cash flow analysis of liabilities according to when they are expected to be recovered or to be settled.

	Unaudited								
Liabilities				**Sub-total**			**Sub-total**	No fixed	
As at 30 June 2023	On demand	<3 months	3-12 months	**1-12 months**	1-5 years	Over 5 years	**>12 months**	maturity	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt issued and other borrowed funds	36,602	44,000	69,344	**149,946**	99,786	-	**99,786**	-	**249,732**
Due to customers	28,808	19,226	25,054	**73,088**	-	-	**-**	-	**73,088**
Lease liability	-	133	365	**498**	2,793	-	**2,793**	-	**3,291**
Derivative liabilities	-	166	49	**215**	34	-	**34**	-	**249**
Other liabilities	473	7,840	7,381	**15,694**	626	-	**626**	23,758	**40,078**
Provisions	-	-	457	**457**	456	-	**456**	-	**913**
	65,883	**71,365**	**102,650**	**239,898**	**103,695**	**-**	**103,695**	**23,758**	**367,351**

26. RISK MANAGEMENT (Continued)

26.4 Financial risk (continued)

26.4.2 Liquidity risk (continued)

Liabilities As at 31 December 2022	Audited								
	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**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt issued and other borrowed funds	68,077	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**

The table below shows undiscounted cash flow analysis of assets according to when they are expected to be realised or to be settled.

Assets As at 30 June 2023	Unaudited								
	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**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Cash at bank and in hand	36,531	1,623	28,609	**66,763**	-	-	**-**	-	**66,763**
Loans and advances to customers	12,288	175,681	114,996	**302,965**	404	-	**404**	-	**303,369**
Due from banks	-	3,458	12,451	**15,909**	5,554	-	**5,554**	21,020	**42,483**
Equity investments at FVOCI	-	-	-	**-**	-	-	**-**	273	**273**
Derivative assets	-	1,462	601	**2,063**	1,614	-	**1,614**	-	**3,677**
Other assets	-	3,358	9,024	**12,382**	1,096	-	**1,096**	-	**13,478**
	48,819	**185,582**	**165,681**	**400,082**	**8,668**	**-**	**8,668**	**21,293**	**430,043**

Assets As at 31 December 2022	Audited								
	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**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Cash at bank and in hand	48,665	1,460	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**
	59,735	**204,452**	**183,596**	**447,783**	**3,265**	**-**	**3,265**	**20,936**	**471,984**

26. RISK MANAGEMENT (Continued)

26.4 Financial risk (continued)

26.4.2 Liquidity risk (continued)

Changes in liabilities arising from financing activities in 2023.

	Unaudited				
For the six month ended 30 June 2023	**1 January**	**Cash flows**	**Non cash movement**	**Foreign exchange movement**	**30 June**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Debt issued and borrowed funds	261,301	1,312	-	(12,881)	249,732
Lease liabilities	3,091	(2,214)	2,280	134	3,291
Total liabilities from financing activities	**264,392**	**(902)**	**2,280**	**(12,747)**	**253,023**

	Audited				
For the year ended 31 December 2022	**1 January**	**Cash flows**	**Non cash movement**	**Foreign exchange movement**	**31 December**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**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**

26.4.3 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 India, ASA Pakistan, ASA Myanmar, ASA Kenya and ASA Tanzania, ASA Sierra Leone and ASA Zambia entered into hedging agreements. The Group applies hedge accounting to the foreign currency loans and related hedge contracts.

While the Group faces significant translation exposure on its equity investments in Subsidiaries (as the functional currency of the Group is USD), the policy is not to hedge equity investments since the currency translation gain and loss on the latter do not affect the net profit of the Group.

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 Company decides to invest in a certain country.
- The Company encourages its subsidiaries to secure local currency loans (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.

26.4.4 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 India and Myanmar.

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 relatively short terms between one and three years. 33% (2022: 37%) of the consolidated debt has variable interest rates. Depending on the extent of the exposure and hedging possibilities with regard to the 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.

26. RISK MANAGEMENT (Continued)

26.4 Financial risk (continued)

26.5 Managing interest rate benchmark reform and associated risks

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Group has established a process manage the transition for any of its contracts that could be affected. The Group successfully completed a significant portion of its IBOR effected RFR's in 2022. As of 30 June 2023 the Group has loans amounting to USD 28.7 million which are based on USD six month LIBOR which is continuing to be using a synthetic methodology until September 2024.

The Group is in final discussion with lenders to change these into SOFR rate. For other benchmark interest rates such as EURIBOR that have been reformed, financial instruments referencing those rates will not need to transition provided the reformed rates continue to meet regulators' stringent requirements to qualify as RFRs.

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 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 became fixed on 5 March 2021. The Group currently plans to adhere to the protocol and to monitor whether its counterparties will also adhere. The Group's current hedge contracts will mature before the publication cessation date.

26.6 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 Company 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 Company.

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.

26.7 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.

26.7 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.

27. 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 and Fincare. As of 30 June 2023, the risk of the Group on such BC portfolio stands at USD 0.7 million (2022: USD 0.9 million).

28. RELATED PARTY DISCLOSURES

28.1 Key management personnel

The Dhaka office is managed by a team of seasoned microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting microfinance institutions across Asia and Africa. In addition to supervising the performance of the Group's local microfinance institutions, 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 experts who provide support on treasury, investor relations, legal, specialised accounting support, digital strategy and DFS implementation. They are on the payroll of ASAI NV.

The seasoned 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.

Remuneration of Directors

During the first half of 2023, the Directors of the Company received total compensation of USD 643K (HY 2022: USD 570K).

Total remuneration to key management personnel of the Company

Total remuneration takes the form of short-term employee benefits. In the first half of 2023, total remuneration amounted to USD 1.2 million (HY 2022: USD 1.2 million). No retirement benefits are accruing to Directors under defined benefit schemes. The aggregate of emoluments and amounts receivable under incentive schemes of the highest paid Director during the period was USD 199K.

28.2 Reporting dates of subsidiaries

All of the Company's subsidiaries have reporting dates of 31 December, with the exception of ASA India, ASA Myanmar, Pinoy, Pagasa Consultancy (where the market standard reporting date is 31 March). All the subsidiaries have provided financial statements for this consolidation purposes for the six month period ended 30 June.

28.3 Relationship Agreement

<u>Relationship agreement with the Controlling Shareholder Group</u>

The Company, its founders and Catalyst Continuity (jointly the "Controlling Shareholders") have entered into a relationship agreement in 2018 (the 'Relationship Agreement'), 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 Relationship Agreements also sets forth the conditions for appointment of Non-Executive Directors by Controlling Shareholders.

For so long as the Company 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.

28. RELATED PARTY DISCLOSURES (Continued)

28.4 Other related parties

A list of related parties with which ASA International has transactions is presented below. The transactions in for six month ended 30 June 2023 and year end 31 December 2022 and the balances as at 30 June 2023 and 31 December 2022 with related parties are presented in the notes below. Related party transactions take place at arm's length.

Name of related party	Relationship
CMI	Major shareholder (30.4%)
Sequoia	Service provider to the Company
MBA Philippines	Business partner
IDFC	Minority shareholder in ASA India
CIMS BV	Service provider to the CMI

		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	30 June 2023	-	-	-	21,020
	31 December 2022	-	-	-	20,692
Sequoia	30 June 2023	79	17	159	32
	31 December 2022	117	47	145	10
CIMS BV	30 June 2023	3	-	21	-
	31 December 2022	-	-	18	-
MBA Philippines	30 June 2023	455	-	631	2,662
	31 December 2022	890	-	86	31
IDFC	30 June 2023	912	-	2,413	420
	31 December 2022	2,045	-	2,224	285

29. SUBSEQUENT EVENTS DISCLOSURE

No material event occured from the Balance Sheet date to the date of issue of this interim condensed consolidated financial statement which could affect the values stated in the Balance Sheet.

30. 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 2012-13 in December 2019 which has been challenged before the concerned assessing officer. ASA India has also applied for a stay order of the demand. The matter is still pending.

In November 2022, the revenue authority adjusted USD 1.4 million against tax refund for AY 13-14 to 22-23 for such demand. ASA India has filed a writ petition against such adjustment. The hearing is expected in early October 23. 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. The matter is still pending.
IRD has raised another tax demand including penalty LKR.74m (USD 412K) regarding Corporate Income Tax for the tax year 2017/ 2018 by disallowing 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.

30. CONTINGENT LIABILITIES (continued)

ASA Pakistan
A demand was raised by Federal Board of Revenue in Pakistan for USD 390K by disallowing certain expenses against the return of AY 2015-16. The management team filed an appeal to the Commissioner FBR against such order and a stay order was granted. No provision was created for such demand as management concludes that the merit of the demand is low.

ASA Uganda
A demand of USD 155k was raised by Uganda Revenue Authority (URA) regarding applicability of withholding tax on dividend payment to ASAI NV. The company is in process of appeal against URA. No provision has been taken against such demand as management concludes that the merit of the demand is low.

ASA Nigeria
ASA Nigeria continues to be in breach of 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 as management concludes that any penalty imposition by CBN in this regard is low.

ASA Zambia
Bank of Zambia has advised ASA Zambia to cease utilising cash security received from customer for its business and keep it restricted as the company does not hold a deposit taking license. ASA Zambia has agreed to create a separate Bank account and transfer all security balances within the year.

31. CAPITAL MANAGEMENT

The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at High down House, Yeoman Way, Worthing, West Sussex, BN99 3HH United Kingdom. The Company listed its shares on the premium listing segment of the London Stock Exchange on 18 July 2018. The Company 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 30 June 2023, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

32. FINANCIAL INSTRUMENTS

- 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 small ticket loans (six to twelve months) with fixed interest. Due to these circumstances, the amortised cost of these loans are best approximate of their fair value; and
- Regarding the "Debt issued and other borrowed funds", this amount reflects the loans from third parties on 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.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2023:

			Fair value measurement using		
At 30 June 2023	**Date of Valuations**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets:					
Equity instruments	30-Jun-23	273	-	273	-
Loans and advances at FVTPL	30-Jun-23	48,161	-	-	48,161
Derivative assets					
Forward contracts	30-Jun-23	2,755		2,755	
Swap contracts	30-Jun-23	922	-	922	-
Liabilities:					
Derivative liabilities					
Forward contracts	30-Jun-23	240	-	240	-

33. 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.

	Unaudited		
As at 30 June 2023	**Within 12 months**	**After 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**
Assets			
Cash at bank and in hand	66,763	-	66,763
Loans and advances to customers	302,965	404	303,369
Due from banks	15,909	26,574	42,483
Equity investment at FVOCI	-	273	273
Property and equipment	-	5,700	5,700
Right-of-use assets	775	3,845	4,620
Deferred tax assets	-	5,327	5,327
Derivative assets	2,063	1,614	3,677
Other assets	12,382	1,096	13,478
Intangible assets	-	6,642	6,642
Total assets	**400,857**	**51,475**	**452,332**
Liabilities			
Debt issued and other borrowed funds	149,946	99,786	249,732
Due to customers	73,088	-	73,088
Retirement benefit liability	5	4,222	4,227
Current tax liability	9,209	-	9,209
Deferred tax liability	-	2,296	2,296
Lease liability	498	2,793	3,291
Derivative liabilities	215	34	249
Other liabilities	15,694	24,384	40,078
Provisions	457	456	913
Total liabilities	**249,112**	**133,971**	**383,083**
Net	**151,745**	**(82,496)**	**69,249**

	Audited		
As at 31 December 2022	**Within 12 months**	**After 12 months**	**Total**
	USD'000	**USD'000**	**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
Right-of-use 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
Goodwill	-	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**

34. 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.

The Group issued 2.5 million share options under its Long Term Incentive Plan (LTIP) to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs'). The average market price of the shares during the period is lower than the exercise price of the options. Hence the options are considered anti-dilutive and were not considered to calculate the diluted EPS per share.

The following table shows the income and share data used in the basic and diluted EPS calculations:

	30 June 2023 USD'000 Unaudited	30 June 2022 USD'000 Unaudited
Net profit attributable to ordinary equity holders of the parent	3,928	13,167
Weighted average number of ordinary shares for basic earnings per share	100,000,000	100,000,000

	30 June 2023 USD Unaudited	30 June 2022 USD Unaudited
Earnings per share		
Equity shareholders of the parent for the year:		
Basic earnings per share	0.04	0.13
Diluted earnings per share	0.04	0.13

No dividend was distributed in 2023 and 2022.

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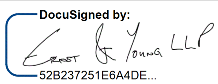
Hitesh Patel hpatel2@uk.ey.com Partner EY Security Level: Email, Account Authentication (None)	 Signature Adoption: Uploaded Signature Image Using IP Address: 149.86.15.209	Sent: 9/19/2023 9:47:41 PM Viewed: 9/19/2023 9:47:50 PM Signed: 9/19/2023 9:49:54 PM Freeform Signing

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Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	9/19/2023 9:47:41 PM
Certified Delivered	Security Checked	9/19/2023 9:47:50 PM
Signing Complete	Security Checked	9/19/2023 9:49:54 PM
Completed	Security Checked	9/19/2023 9:49:57 PM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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You may contact the sender of your envelope to let them know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically.

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To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to the envelope sender and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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1. decline to sign a document from within your signing session, and on the subsequent page, select the checkbox indicating you wish to withdraw your consent, or you may;
2. send us an email to global.data.protection@ey.com and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process.

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: https://support.docusign.com/guides/signer-guide-signing-system-requirements.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:
You can access and read this Electronic Record and Signature Disclosure; and

You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and

Until or unless you notify EY as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by EY during the course of your relationship with EY.

Privacy Notice DocuSign

1. **Introduction**

   This Privacy Notice is intended to describe the practices EY follows in relation to the DocuSign ("Tool") with respect to the privacy of all individuals whose personal data is processed and stored in the Tool.

2. **Who manages the Tool?**

   "EY" refers to one or more of the member firms of Ernst & Young Global Limited ("EYG"), each of which is a separate legal entity and can act as a data controller in its own right. The entity that is acting as data controller by providing this Tool on which your personal data will be processed and stored is EY Global Services Limited. EY Global Services Limited licenses the Tool from DocuSign, Inc., 221 Main Street, Suite 1000, San Francisco, CA 94105.

The personal data you provide in the Tool is shared by EY Global Services Limited with one or more member firms of EY (see “Who can access your information” section below).

The Tool is hosted externally by the vendor, DocuSign, in data centers (referred to by DocuSign as data center “rings”) in North America, Canada, Germany, France and Netherlands and Australia. Documents/envelopes will be hosted in the applicable ring where they are initiated from. When an envelope is initiated for signature in a different ring to the intended recipient, a link to the envelope is written in the inbox of the recipient and when they click the link they ;are taken to a web server in the ring where the envelope has been initiated. Account administrators select either the NA, CA, EU or AU for an account user’s data center ring when an account is initiated depending on the data transfer requirements and restrictions in the account user's jurisdiction. Japan has selected the EU as its data center ring. If no data centre ring is selected by the account administrator, hosting will default to the North America ring.

3. **Why do we need your information?**

The Tool is a vendor product which will allows electronic signature of internal and external documents. The Tool provides a global standard for an electronic signature that increases efficiency of e-Signature for the enterprise, improves document signing process for internal and external clients and allows for integrations with other 3rd party tools. The intention is for the tool to be used across all service lines within EY with the aim to ultimately replace physical signatures with electronic signatures.

Your personal data processed in the Tool is used as follows:

- You will log into the Tool by going to the DocuSign website and using Single Sign-On. Once you have logged into the Tool, you can create an envelope which contains the relevant documents. In order to create an envelope, your first name, last name and email address is used. The EY signatory uses DocuSign to sign the document (which involves the processing of their first name, last name and signature) and this is then sent to the counterparty (i.e. future employee, vendor, client etc.) to provide any requested information and signature.

EY relies on the following basis to legitimize the processing of your personal data in the Tool:

- Processing is necessary for the purposes of the legitimate interests pursued by the data controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data. The specific legitimate interest(s) pursued is to streamline and speed up the signature process to ensure timely executions of documents.

The provision of your personal data to EY is optional. However, if you do not provide all or part of your personal data, we may be unable to carry out the purposes for processing.

4. **What type of personal data is processed in the Tool?**

The Tool processes these personal data categories:

- First and last name;
- Email address; and
- Signature.

This data is sourced from:

- Directly from you;
- Directly from any other EY partner, employee and/or contractor, former EY partner, employee and/or contractor;
- directly from clients and former clients;
- directly from vendors and former vendors; and
- directly from any other third parties who will be a party to the document which is being signed.

5. **Sensitive Personal Data**

Sensitive personal data reveals your racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, data concerning health or data concerning sex life or sexual orientation.

EY does not intentionally collect any sensitive personal data from you via the Tool. The Tool's intention is not to process such information.

6. **Who can access your information?**

Your personal data is accessed in the Tool by the following persons/teams:

- DocuSign Organisation Administrator;
- DocuSign Account Administrator;
- DocuSign Sender;
- DocuSign Viewer; and
- DocuSign support.

Role	**Where are they located?**	**What is the purpose for which they need access?**	**Level of access rights**
DocuSign Organisation Administrator	This is limited to members of the EY DocuSign Centre of Excellence (COE).	Overall admin of EY DocuSign Organization. Control	Full Admin control, with oversight of all accounts within the EY DocuSign Organization.

		Organization-wide settings and access. Act as Account Admin on all Accounts for setup and escalation purposes.	
DocuSign Account Administrator	Multiple administrators although limited to only those who need and have been authorised to have admin rights.	To admin the account including setting up users in the system to create envelopes, reporting etc.	Admin rights to change account settings, add users but can't access envelopes unless they are given permission by envelope creator.
DocuSign Sender	Globally.	Create envelopes.	Only to their envelopes.
DocuSign support	DocuSign support is located in US and Europe.	ll on the understanding that it would only be to perform support services as requested by IT.	All on the understanding that it would only be to perform support services as requested by IT.

The access rights detailed above involves transferring personal data in various jurisdictions (including jurisdictions outside the European Union) in which EY operates (EY office locations are listed at www.ey.com/ourlocations). EY will process your personal data in the Tool in accordance with applicable law and professional regulations in your jurisdiction. Transfers of personal data within the EY network are governed by EY's Binding Corporate Rules (https://www.ey.com/en_gl/data-protection-binding-corporate-rules-program).

7. **Data retention**

Our policy is to retain personal data only for as long as it is needed for the purposes described in the section "Why do we need your personal data. Retention periods vary in different jurisdictions and are set in accordance with local regulatory and professional retention requirements.

In order to meet our professional and legal requirements, to establish, exercise or defend our legal rights and for archiving and historical purposes, we need to retain information for significant periods of time.

The policies and/or procedures for the retention of personal data in the Tool are in accordance with EY Records Retention Global Policy and applicable EY Global, Area, Region or Country Retention Schedule. For more information on the retention period applicable to your personal data, please contact your usual EY representative. However, the account managers for each envelope can set their own retention periods, which can be anything between one day and seven years. If the account managers do not set a customized retention period for their envelopes, then the EY Records Retention Global Policy retention period shall apply.

Your personal data will be retained in compliance with privacy laws and regulations.

After the end of the data retention period, your personal data will be deleted.

8. **Security**

EY protects the confidentiality and security of information it obtains in the course of its business. Access to such information is limited, and policies and procedures are in place that are designed to safeguard the information from loss, misuse and improper disclosure. Additional information regarding our approach to data protection and information security is available in our Protecting your data brochure.

9. **Controlling your personal data**

EY will not transfer your personal data to third parties (other than any external parties referred to in section 6 above) unless we have your permission or are required by law to do so.

You are legally entitled to request details of EY's personal data about you.

To confirm whether your personal data is processed in the Tool or to access your personal data in the Tool or (where applicable) to withdraw your consent, contact your usual EY representative or email your request to global.data.protection@ey.com.

10. **Rectification, erasure, restriction of processing or data portability**

You can confirm your personal data is accurate and current. You can request rectification, erasure, restriction of processing or a readily portable copy of your personal data by contacting your usual EY representative or by sending an e-mail global.data.protection@ey.com.

11. **Complaints**

If you are concerned about an alleged breach of privacy law or any other regulation, contact EY's Global Privacy Leader, Office of the General Counsel, 6 More London Place, London, SE1 2DA, United Kingdom or via email global.data.protection@ey.com or via your usual EY representative. An EY Privacy Leader will investigate your complaint and provide information about how it will be handled and resolved.

If you are not satisfied with how EY resolved your complaint, you have the right to complain to your country's data protection authority. You can also refer the matter to a court of competent jurisdiction.

Certain EY member firms in countries outside the European Union (EU) have appointed a representative in the EU to act on their behalf if, and when, they undertake data processing activities to which the EU General Data Protection Regulation (GDPR) applies. Further information and the contact details of these representatives are available here.

12. **Contact us**

If you have additional questions or concerns, contact your usual EY representative or email global.data.protection@ey.com.