ASA INTERNATIONAL

Investing in the future

ASA International Group plc
Annual Report & Accounts 2022

ASA INTERNATIONAL

Our purpose

To reduce poverty.

Our mission

Increasing financial inclusion, to enhance socioeconomic progress of low-income entrepreneurs and thereby enabling female empowerment.

Who we are

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

ASA International is listed on the premium segment of the London Stock Exchange.

Strategic Report

Governance Report

Financial Statements

Additional Information

Visit our website for more information:

www.asa-international.com

An overview of 2022

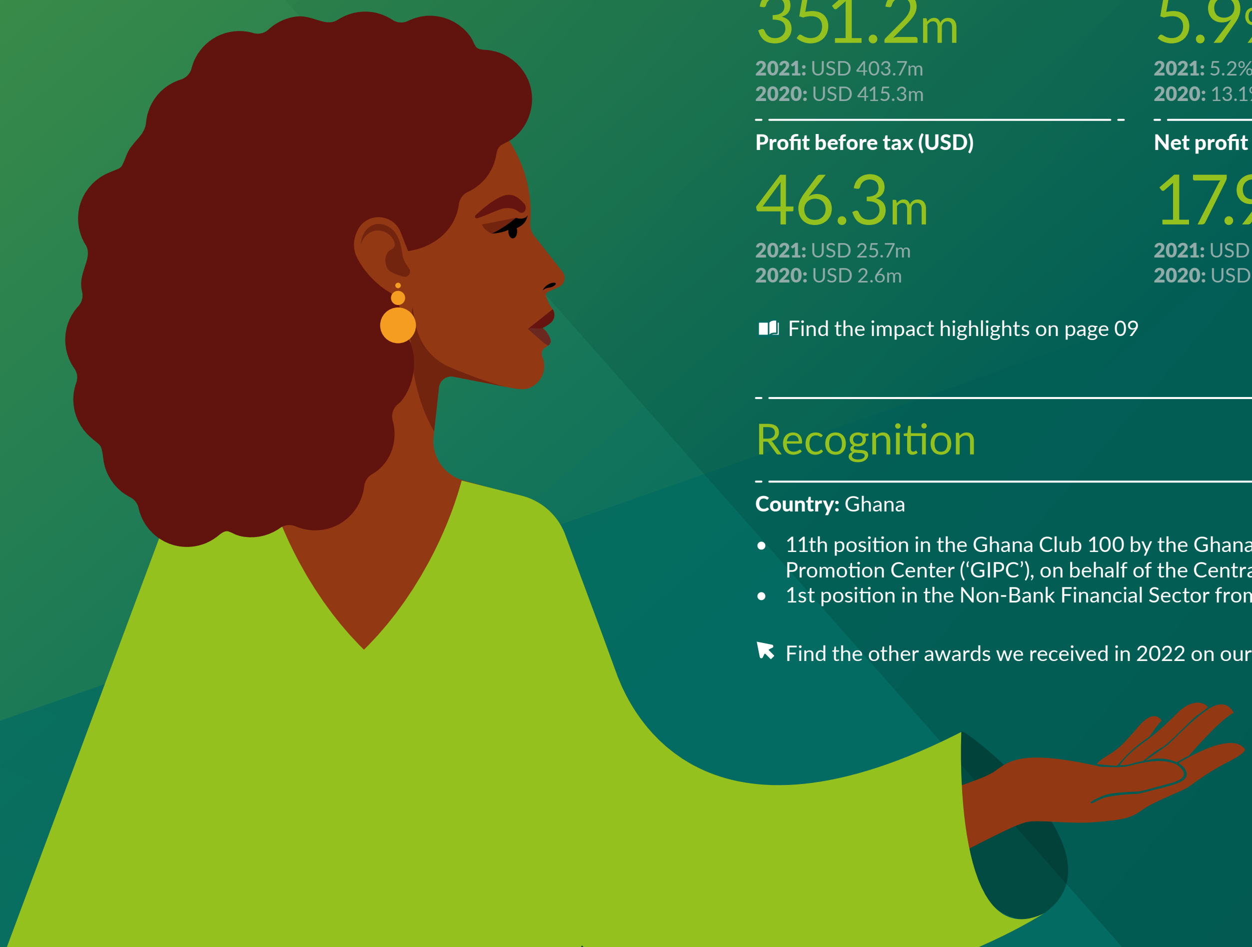
- ASA International Group plc's, ('ASA International', the 'Company' or the 'Group') disbursed a total of USD 982.7 million in loans, serving 2.3 million clients.
- Excellent performance in Pakistan, the Philippines, Ghana and Tanzania in terms of portfolio quality, growth, and profitability.
- Realized a net profit of USD 17.9 million.
- Obtained a microfinance bank license in Pakistan.
- PAR>30 for the Group increased to 5.9%, partially due to the decrease in portfolio quality in India and effects of currency devaluation. PAR>30 excluding India is 3%.
- Challenges faced in Myanmar, Sri Lanka and India. In India, the company maintained an intentional shrinking strategy reducing its OLP by USD 61 million and improving its collection efficiency to 87% in December 2022.
- Progressed with the implementation of the Core Banking System and the development of the digital financial services platform in Pakistan and Ghana.
- Finalised development of the digital supplier marketplace platform, which is currently being rolled out in Ghana.
- Made strides in developing a responsible travel policy, a diversity policy, formalizing the culture statement, setting climate targets, and increasing alignment with universal ESG frameworks.

Read more FY 2022 highlights on page 18

Approval of Strategic Report
The Strategic Report for the year ended 31 December 2022, set out on pages 1 to 54, was approved by the Board of Directors on 21 April 2023.

By order of the Board,

Dirk Brouwer
Chief Executive Officer,
ASA International Group plc
21 April 2023



Highlights

Clients
2.3m
2021: 2.4m
2020: 2.4m

Branches
2,028
2021: 2,044
2020: 1,965

Outstanding Loan Portfolio (USD)
351.2m
2021: USD 403.7m
2020: USD 415.3m

PAR>30 days
5.9%
2021: 5.2%
2020: 13.1%

Profit before tax (USD)
46.3m
2021: USD 25.7m
2020: USD 2.6m

Net profit (USD)
17.9m
2021: USD 6.4m
2020: USD -1.4m

Find the impact highlights on page 09

Recognition

Country: Ghana

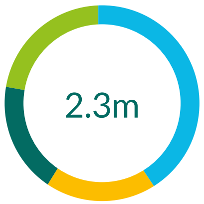
- 11th position in the Ghana Club 100 by the Ghana Investment Promotion Center ('GIPC'), on behalf of the Central Bank.
- 1st position in the Non-Bank Financial Sector from the GIPC.

Find the other awards we received in 2022 on our website

Company overview

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

Clients



- South Asia – 935,091
- South East Asia – 424,076
- West Africa – 433,897
- East Africa – 506,494

Branches

- South Asia – 670
- South East Asia – 441
- West Africa – 446
- East Africa – 471

Outstanding Loan Portfolio (USD)

- South Asia – $118.6m
- South East Asia – $63.3m
- West Africa – $82.4m
- East Africa – $86.9m

Read more about the KPIs on pages 16 and 17

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

Our clients

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

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

Read more on pages 42 and 54

Our colleagues

The Company employs 13,602 staff members, most of whom started post-graduation with ASA International as their first employer. Their local field staff have been trained in-house and work alongside highly skilled senior managers who offer on-the-job coaching and mentoring. They are eligible for promotion to more senior positions over time.

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

Read more on pages 13, 31 and 43

Our products and services

The Company provides small socially responsible loans, without joint liability, for primarily income-generating activities. The operating subsidiaries offer various collateral-free loans to start or grow businesses, often including small and small business loans. The average disbursement of the bulk of the loans (six to twelve-month loans) is USD 279. Only when a loan has been fully repaid are clients eligible to apply for a new loan, based on an assessment of client needs, creditworthiness and business potential. There is a maximum increment and loan limit for each loan cycle, including follow-on loans. These follow-on loans are, on average, 20% to 50% larger than the previous loan. Where it is customary and allowed under the current licence, a security deposit is taken.

Countries

13

Employees

13.6k

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

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

Read more on page 05 and pages 10 to 12

Company overview continued

Where we operate

- Corporate head offices: Amsterdam, the Netherlands Dhaka, Bangladesh
- Registered head office: London, United Kingdom
- Regional head offices

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

South Asia

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

Branches: 670
Pakistan: 345
India: 261
Sri Lanka: 64

Read more on page 20

Clients

935,091

Outstanding Loan Portfolio (USD)

$118.6m

West Africa

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

Branches: 446
Nigeria: 263
Ghana: 137
Sierra Leone: 46

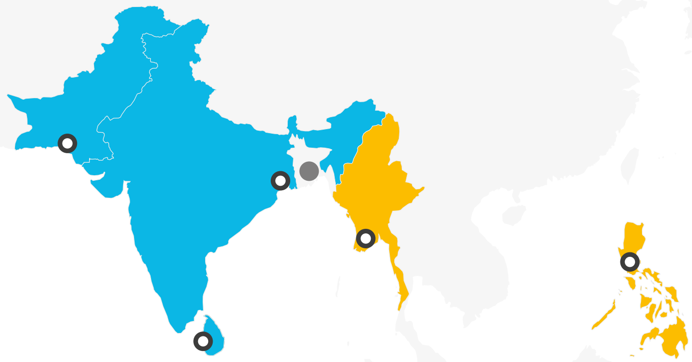
Read more on page 24

Clients

433,897

Outstanding Loan Portfolio (USD)

$82.4m



East Africa

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

Branches: 471
Tanzania: 180
Kenya: 124
Uganda: 110
Rwanda: 30
Zambia: 27

Read more on page 26

Clients

506,494

Outstanding Loan Portfolio (USD)

$86.9m

South East Asia

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

Branches: 441
The Philippines: 345
Myanmar: 96

Read more on page 22

Clients

424,076

Outstanding Loan Portfolio (USD)

$63.3m

Chairman's statement

Recovery and preparations for future growth

With the worst throes of the pandemic behind us, the Group is recovering well while dealing with different headwinds.

During the year the impact of Covid receded, but new headwinds emerged in the form of global supply disruption, inflation and devaluation in many of our countries. Notwithstanding these, I am pleased to report a sharp increase in our Group profits, driven by a combination of recovery and growth across Africa and in Pakistan and the Philippines.

In India, we have continued our strategy of prioritising the recovery of existing and overdue loans, with a responsibly low level of disbursements. We are also engaged in crisis management and retrenchment in Myanmar and Sri Lanka due to the ongoing political and economic crises in those countries. Our staff in these countries deserve our particular commendation.

Our responsibility towards sustainability is a strong and developing focus which informs where we grow our business and how we conduct it. During the year, typhoons rampaged through the Philippines and the devastating floods in Pakistan created an unprecedented humanitarian crisis in that country. Our local teams have managed admirably in the most demanding of circumstances. But such events can be expected to recur, and underpin the need to factor climate change into our business planning, where this is not yet the case.

Read more about the Company's response to the Pakistan flooding on page 15

Read more about how the Company is factoring climate change into its business planning on pages 47 to 50

There are, then, economic, political and climate challenges ahead. However, the Board has great faith in the underlying strengths of the Group. In order to reinforce our businesses, steady progress continues with our digital strategy. Alongside this we continue to pursue deposit-taking licences in key countries. These crucial steps will provide the basis for acceleration in our markets in future years.

On behalf of the Board, I would like once again to extend my deepest thanks to all our staff for their loyalty, hard work and unwavering engagement, also to our other key stakeholders, in particular our shareholders and lenders. We remain as committed as ever to our purpose of financial inclusion and socioeconomic progress, ensuring that we are a fair and supportive employer and a responsible provider of services to our clients and their communities. In so doing, we remain loyal to the memory of our late lamented co-founder and President, Mr Shafiq Choudhury.

The Board

At the Company's Annual General Meeting ('AGM') on 15 June 2023, Karin Kersten will succeed Dirk Brouwer as CEO and Dirk will step into a new role as Deputy Chairman and Special Adviser to Management. The Board believe that Karin is well qualified to lead the Group forward, supported as she will be by Dirk and the whole management team. Also at the AGM, Gavin Laws will be retiring after ten years of service. We are sincerely grateful to Gavin for his steadfast and skilful contribution to the Board and wish him every success in his second retirement. We are fortunate to be able to welcome in his stead Chris Low, who brings a wealth of relevant experience to the role of Non-Executive Director and Chairman of the Audit and Risk Committee.

Guy Dawson
Chairman, ASA International Group plc
21 April 2023

Our investment case

What makes us different

Socially responsible services

Through the ASA Model of Microfinance

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

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

Microfinance experience
30yrs

Client Economic Yield
5.3%

Read more on page 08 of Our Business Model
For more information on our history

Diversified risk profile

Due to presence in thirteen emerging and frontier markets

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

The risk management features embedded in the ASA Model, such as managing credit risk, have a positive impact on the Group's returns and risk profile. In 2022, as a result of the inflationary environment and currency depreciations, the regulatory, credit and exchange risks predominantly increased.

The addressable market is estimated at 361 million prospects in existing countries of operation, according to estimations by the World Bank. The Company is well placed to capture this significant breadth of market opportunity by continuing to increase its penetration in current as well as in future markets in Asia and Africa.

Prospects
361m

Return on Assets
3.4%

Dividend
Nil

Read more on pages 32 to 39 of Principal risks
For more information on Addressable market

Outstanding credit methodology

As a result of staying close to clients

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

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

Client retention rate
72%

PAR>30 dpd
5.9%

Client assessment and admission process
14days

Read more on how we engage with clients on pages 42 and 54 and Our Business model on page 08

Highly scalable

Decentralised business model

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

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

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

Deposit-taking licences
6

Branches <3 yrs old
23%

Read more on pages 10 to 12 of Our Strategy and Our Business model on page 08

Chief Executive Officer's review

Substantial improvement in performance after challenging years

With the business environment improving in many of our operating countries, we experienced substantial growth and profitability in all markets, except India, Myanmar and Sri Lanka.

Introduction
We are pleased to see most of our businesses sustain the growth of their operations and financial performance in 2022, following the recovery made by these businesses in 2021 after a challenging couple of years. With the business environment improving in many of our operating countries, we experienced substantial growth and profitability in all markets, except India, Myanmar and Sri Lanka. The Group's pre-tax profits increased from USD 25.7 million in FY 2021 to USD 46.3 million in FY 2022. We seek to sustain our performance in the coming year as we continue to invest in the future with our digital strategy.

Business review 2022
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.

Excluding India, Myanmar and Sri Lanka, the Group added 112 additional branches and increased number of clients from 1.7 million to 1.9 million in 2022. On a constant currency basis, OLP, excluding India, Myanmar and Sri Lanka, grew to USD 360 million in 2022 from USD 282 million in 2021. The growth in OLP was combined with improved portfolio quality in these markets with PAR>30 at 3% as of December 2022 in all markets excluding India.

To limit financial losses and, simultaneously, maintain sufficient capital in India and Myanmar, the Group decided to downsize the operations in these two countries for now.

In India, the Company maintained its strategy to reduce disbursements and focus on the recovery of existing and overdue loans, which resulted in OLP shrinking by USD 61 million in 2022. We do expect that the major change of the regulatory environment in India, including the removal of the margin and interest rate cap, should translate into a positive effect on the future profitability of our operations in India.

In Myanmar, the operating environment remained challenging following the military takeover of government in February 2021. This resulted in our inability to operate in a few regions where the levels of civil unrest remained high. We do not expect the operating environment to substantially improve until a governmental settlement is reached.

In Sri Lanka, one of our smallest markets, the economic and political crisis faced in 2022 resulted in disruptions to our operations. However, we expect a gradual improvement of business and the operating environment in 2023 which should allow our operations to start gradually reaching new clients.

Financial performance
As a result of the improved operating performance in FY 2022, and the significant reduced expected credit losses charged to the Income Statement from USD 37.5 million in FY 2021 to USD 0.6 million in FY 2022, the Group realised net profits of USD 17.9 million, which was a substantial improvement over the USD 6.4 million achieved in FY 2021. I am pleased that all but three of our major operating subsidiaries exceeded pre-covid operating and financial performance on a constant currency basis in 2022. The performance of most of our operating countries, particularly Pakistan, the Philippines, Ghana and Tanzania, was excellent in terms of portfolio quality, growth and profitability.

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

Chief Executive Officer's review continued

Clients

2.3m

Outstanding Loan Portfolio (USD)

351.2m

Expected credit losses

The Company reduced its reserves in the Balance Sheet for expected credit losses from USD 27.5 million in FY 2021 to USD 16.9 million in FY 2022, for its OLP, including the off-book BC portfolio and interest receivables. Following an additional write-off of the outstanding Covid affected portfolio (USD 10.8 million in FY 2022 vs USD 32.9 million in FY 2021), the Company maintained significant reserves, primarily due to the overdue loans in India and Myanmar.

The USD 16.9 million ECL reserves on OLP is concentrated in India (57%) and Myanmar (20%), 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 2.5.3 to the consolidated financial statements.

Digital financial services

In anticipation of a rapidly digitising world, also in the segment of our low-income clients, the Group made progress with the implementation of its digital strategy, which will create a more attractive and competitive client proposition. Our digital strategy entails the implementation of the newly acquired core banking system, our digital financial services platform ('DFS App'), and our route to embedded finance with the so-called Supplier Market Place ('SMP'). Along with the digitalisation of our client relationship, we will make progress in further digitising our employee processes as well.

The implementation of the core banking system (T24) in Pakistan as the first country in the Group continues as planned and is targeted to go live in the second half of 2023.

The SMP app is currently being rolled out in Ghana. The first clients are onboarded and placing their online orders.

The DFS app, in combination with the new core banking system (T24) in Ghana, is expected to go live after the Pakistan implementation.

Competitive environment

The competitive landscape has not changed much 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 noticed significant competition from pure digital lenders.

Dividend

After careful consideration, the Board has decided not to declare a dividend in 2023 on the 2022 results. However, the Company looks to return to its pre-Covid dividend policy in 2024 on the 2023 results, assuming the operating and financial performance continues to improve and flows of dividends from major operating subsidiaries return to normal.

I express my gratitude to all of our colleagues in our head offices and in the field in all our countries for their commitment, hard work and for always keeping their focus on supporting our clients in difficult operating circumstances.

Dirk Brouwer
Chief Executive Officer
21 April 2023

Management transition

As of the AGM on 15 June 2023, Ms. Karin Kersten, currently Executive Director, Corporate Development, will be appointed the new CEO. Mr. Brouwer will step into a new role 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.

Dirk Brouwer: "After having run ASA International, for the most part together with Shafiq, for more than 15 years, I am very pleased that we have found in Karin a formidable successor to take over the baton as the first female CEO of our company. Karin and I have worked closely together over the last 1 1/2 years, and I am very confident that she will be able to successfully lead the Company going forward in an increasingly digital world."

Karin Kersten: "I am honoured and excited to have received the confidence of Dirk and the Board to assume the role of Chief Executive Officer of this great company. Together with all ASA International colleagues, I will build on the Company's legacy, with its powerful 'ASA Model', and continue to focus on further increasing financial inclusion of female microentrepreneurs across Asia and Africa."

Business model

Our socially responsible business model

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

- Target ca. 1,200 clients per branch within a ~12km radius.
- Self-sufficient branches strictly monitored with on and off-site supervision.
- High-touch client interaction through (bi-)weekly loan collections and disbursement at the branch.
- Collateral-free, individual loans for income-generating activities with market-based interest rates.
- 90% of outstanding loan portfolios are primary loans, with the remaining portion being small business/SME loans.
- Full repayment before qualifying for new loans and repeat loan cycles with set limits (20-50% increase).

Read more about socially responsible services and protecting clients on pages 02, 05 and 42

Business model continued

Benefits for stakeholders

Stakeholder

Clients and prospects
- Financial inclusion.
- Empowering women.
- Socioeconomic progress.
- Client Protection Principles.

Colleagues
- Job creation.
- Training and development.
- Positive and stable work environment.

Communities
- Clients trading in the community.
- Community projects.
- Inflow of capital.

Countries
- Company taxes paid to government.
- Higher spending due to increased income of clients.

Regulators and industry bodies
- Sustainable lending environment.
- Reliable business partner.
- Supporting local policy making.

Shareholders
- Long-term attractive USD returns.
- Advancing financial inclusion.

Impact in 2022

Clients and prospects

Total loans disbursed (USD)
982.7m

Social Performance Indicator ('SP14')
92%

Client Economic Yield ('CEY')
5.3%

Female clients
96.7%

Colleagues

Employee satisfaction
86%

Hours training[1]
61,312

Number of employees
13,602

Communities

Community project spend (USD)
0.4m

Branches added
112

Countries

Taxes (USD)
28.4m

Contribution to economic development of country through clients' increased income.

Regulators and industry bodies

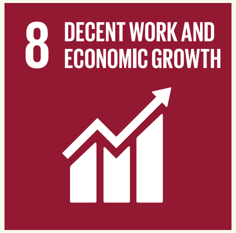
Through membership at industry bodies and central banks, contributing to a sustainable microfinance environment.

Shareholders

Dividend
Nil
In light of the Company's financial results, the Board has decided not to pay a dividend for 2022.

1 Excludes on-the-job training.

The Company's strategy and core operations contribute to the delivery of five UN SDGs:



Read more in our ESG report on page 41

Our strategy

Sustainable growth

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

Links to the digitalisation strategy

The aspects with icons in the Group's overall strategy are intricately connected to digitalisation.

See page 12 for more information on our digital strategy

Technology **Client channel** **Services**

Increase financial inclusion	Increase number of branches and clients	Increase loan volumes by product diversification	Grow loan revenues from payments and deposits (Technology)	Greenfield branches in new countries
Add digital channel to branch model	Maintain branch model and proven credit methodology	Maintain group meetings and active field presence	Introduce a digital channel via a smartphone and other mobile devices (Client channel)	Enrich the high-touch service (Client channel)
Broaden products and services	Continue to grow the loan portfolio	Offer online loans, payments and deposits (Services)	Provide value added services (Supplier Market Place, 'SMP') to grow clients' businesses (Services)	Attract new clients (Services)

Our strategy continued

Our progress

See the ESG report pages 40 to 53 for the Group's approach and progress with regards to environmental sustainability.

Links to our performance

See pages 16 and 17 for the Key Performance Indicators

Increase financial inclusion

Financial inclusion is reinforced by increasing the loan coverage, through client retention and growth and enhancing the portfolio.

- Returned to growth, excluding in India, where the Company introduced a deliberate shrinking strategy in 2022.
- OLP in constant currency, excluding India, grew by 25% to USD 383m.
- Percentage growth number of clients, excluding India, was 10%. The countries with the highest growth in clients are Pakistan, Tanzania and the Philippines, which added a combined total of 172k clients.
- Percentage growth of number of branches, excluding India, was 7%. The countries with the highest growth in branches are Pakistan, Tanzania and the Philippines, which added a combined total of 78 branches.
- Average Gross OLP per client in constant currency, excluding India, increased by USD 22 per client, resulting in a USD 195 Gross OLP per client.

2023 priorities

- Proceed with healthy operational growth in existing markets.
- Improve performance in India and continue Business Correspondence ('BC') portfolio.

Add digital channel to branch model

A digital channel complements the high-touch model.

- In implementation phase of the Core Banking System ('CBS') in both Pakistan and Ghana.
- A digital financial services ('DFS') platform is being developed and will be launched with the implementation of the new Core Banking System starting with Ghana. Roll out plans for other countries are being developed.
- Finalised the development of a digital market place for clients and their suppliers, called the Supplier Market Place ('SMP'), which is being rolled out in 2023 in Ghana.

2023 priorities

- Implement a Core Banking System in Pakistan and start banking operations in Pakistan.
- Work towards the implementation of the Core Banking System combined with a digital proposition in Ghana (expected go live early '24).
- Develop a detailed roll out plan prioritising key markets.

Broaden products and services

Adding a digital channel, including the SMP, and acquiring banking licences are prerequisites for broadening products and services.

- Obtained a Microfinance Banking licence in Pakistan.
- Preparing to apply for the Microfinance Banking licence in Tanzania and Kenya.

2023 priorities

- Roll out the marketplace proposition ('SMP') in Ghana.
- Progress with obtaining Microfinance Banking licences in Tanzania and Kenya.

Our strategy continued

Digital advancement

The Group's digitalisation strategy aims to increase client centricity, ease of use and efficiency for both clients and staff. The focus lies on technology, opening new client channels, offering a broader range of services and simplifying and digitising processes.

Present → Future

Technology

Present:
- In-house developed loan system (AMBS)

Future:
- Packaged Core Banking System ('CBS')[2]
- Digital Financial Services ('DFS') system
- Supplier Market Place ('SMP') system

Client channel

Present:
- Branch

Future:
- Branch
- Banking app ('DFS')
- SMP app

Services

Present:
- Loans
- Deposits[1]

Future:
- Accounts
- Loans
- Deposits
- Savings (public)
- Payments
- Supplier Market Place

1 Currently predominantly security collateral. A deposit-taking licence is a prerequisite for offering (public) savings.
2 CBS prerequisite for offering DFS.

Manual and complex → Internal processes → Digital and simplified

Feature story

Our colleagues

Beating the digitalisation drum

As branch managers, we need to feel and be empowered. By engaging us in training, we can cultivate and extend our knowledge to loan officers and clients.

Mavis
Branch Manager of Mathama branch

UN SDGs

4 Quality Education
8 Decent Work and Economic Growth
9 Industry, Innovation and Infrastructure

Engagement and support of employees are prerequisites for the success of the Company's digital journey. It is essential to create awareness and encourage a mindset shift towards new technologies and tools through training programmes. These programmes not only equip employees with the necessary skills and knowledge but also foster a sense of ownership and commitment to the Company's digital goals.

Training field managers

In October 2022, the Company's Digital Financial Services ('DFS') team conducted a comprehensive two-week training programme on the ground. Eight full-day sessions were held in four locations in Southern and Northern Ghana, with approximately 25 participants in each group session. A total of 170 divisional, area and branch managers attended the training, which covered various topics, including the implementation of DFS in Ghana and an introduction to the Mobile App, the Supplier Market Place, and the Core Banking System. Screens and wireframes from the different interfaces were illustrated to give participants a feel for the technology. The interactive sessions allowed participants to replay scenarios and provide feedback on the digitalisation drive. Establishing a feedback loop enables the Company to identify and effectively address challenges, including frequently mentioned security concerns.

Read more about the different elements of the digital strategy on page 12

Experience from the field

The training sparked excitement among participants as they realised the potential improvements that could be achieved by implementing new systems and technologies. Interviewed branch managers found the training enlightening and empowering, as it built on their involvement in areas of logo testing and surveys. As they went back to the branches to relay their learnings, two branch managers recounted that loan officers are supportive and are particularly enthusiastic about the streamlined processes and reduced paperwork that the applications will provide, as well as the improved ability to monitor clients and respond to their requests. One of the branch managers allayed concerns about staff reductions, emphasising that growth in resources goes hand in hand with serving an expanding customer base and field officers remain essential, as they are well-sensitised to client issues and support clients when familiarising with new developments.

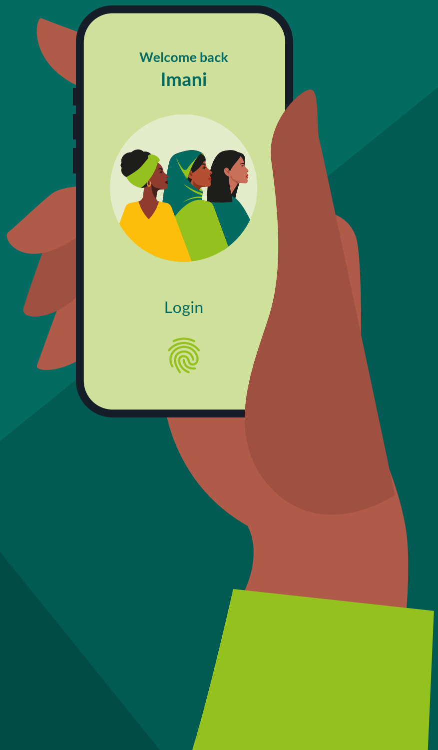
Next steps

The training programme was a resounding success. Developments continue to unfold as attendees share their knowledge and relay the feedback they receive. They have become ambassadors and are "spreading the gospel" to their colleagues in the field, raising awareness about the new systems and technologies. In anticipation of the launch later this year, a pragmatic programme is planned to prepare colleagues for navigating the systems. The attendees eagerly await the next steps and continue to beat the drum, further building momentum towards the upcoming launch. With the commitment and support of these ambassadors and the valuable feedback loop, the Company is well-equipped to build a solid digital foundation that will contribute to long-term success.

Location: Ghana

Training sessions
10

Participants
170



Feature story

Our communities

Joining forces for healthcare

One of the three areas ASA Kenya's community programmes address is access to basic healthcare for the underprivileged. Since many families cannot afford this right, ASA Kenya has now financed five community health projects in different parts of the country: Pangani, Kitale, Mombasa, Chucka and Kisumu.

UN SDGs

3 GOOD HEALTH AND WELL-BEING

17 PARTNERSHIPS FOR THE GOALS

Read more about our other community projects on pages 44 and 45

Outreach
According to the Kenya Medical Association, almost a third of the payment for medical treatment requires direct payment from the individual's pocket, explaining why up to seven million Kenyans never seek treatment even when they need it – because they simply cannot afford it.[1] Public funding is lacking, and the doctor-to-patient ratio is inadequate, especially in rural areas.[2]

Through its extensive branch network across 34 counties, ASA Kenya collects first-hand information regarding the least privileged communities, and guides the Company on which areas to prioritise. Through group meetings and word-of-mouth, clients help to mobilise members of the community requiring treatment.

Joining forces
To properly address these challenges faced in the healthcare sector, ASA Kenya has established partnerships with reputable medical institutions such as Lions SightFirst Eye Hospital and Taiba Medical Centre, specialising in dental treatment, minor tumour surgery and cleft and palate surgery.

Integral to these partnerships is that ASA Kenya is responsible for organising and financing the health camps, while the medical institutions perform the procedures. The branch staff play a fundamental role, assisting during the health camp and remain in contact with the beneficiaries to check in on their recovery.

Kisumu health camp
In November 2022, a two-day health camp for county residents was organised at Kisumu branch in collaboration with Taiba Medical Centre. The medical team successfully conducted 16 minor tumour surgeries, ten circumcisions, 88 dental extractions, and 20 tooth fillings. All 174 patients received medication after their treatments.

Jecnter Onyango, one of the beneficiaries, commented: "There was a tumour growing on my left ear. It started when I was young, and my parents could not afford to take me to the hospital for treatment. I heard about the free medical camp from my neighbour, an ASA Kenya client. I am thankful to the doctors for removing the tumour and tending to me well." The health camp and Jecnter's testimony have been featured on the local news.

Recognition
In 2022, ASA Kenya was acknowledged for their commitment to CSR and for "caring beyond the bottom line", according to the award presenters. As a result:

- They received the Top 100 Mid-size Company award in the philanthropy category from KPMG Kenya in partnership with Business Daily.
- They were voted among the best in Public Health Initiatives during The Top 100 Social Impact CSR Awards by Digital Events Ltd alongside an independent panel of judges.

> My daughter (9) has suffered from a tumour in her neck for many years and no doctor around Kitale could remove it until now. Four weeks after the operation she fully recovered and was emboldened to smile around the other children in the village again.

Hellen Mukhwana
Mother to a beneficiary of Kitale health camp

Watch the Kisumu health camp newsclip here (min 08:38-09:54)

Location: Kenya

Total number of beneficiaries of health camps

722

USD Spent on health camps

9,734

1 Report by KMA Public Health Committee.
2 https://kma.co.ke/component/content/article/79-blog/125-challenges-facing-the-attainment-of-universal-health-coverage-in-kenya?Itemid=437

Feature story

Our clients

Proactive support for Pakistan

The ability to apply for another loan after reopening my business and not being obligated to repay my loans during times of extreme hardship was fundamental for my survival.

Shoukat Ali
Client of ASA Pakistan

UN SDGs

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
11 SUSTAINABLE CITIES AND COMMUNITIES

Following a severe heat wave, the people of Pakistan faced torrential rains and massive flooding from June to August 2022 across 81 districts, affecting 33 million people across the nation. The effects of the disaster on people's livelihoods are immense – ASA Pakistan's clients being no exception.

Impact in figures

The impact of the flooding that occurred in Pakistan is almost beyond comprehension. Over 1,300 lives were lost, with an additional 12,700 people injured. Livelihoods have been affected by the destruction of over one million houses, the loss of more than 700,000 livestock and the devastation of two million acres of crops. The flooding affected approximately 85,000 (15%) of ASA Pakistan's clients, 16% of its branch network and 12% of its Gross Loan Portfolio as of the end of August, underscoring the scale of the disaster and the challenges faced by the Company as it works to support its clients in these difficult times.

Supporting clients

In preparation for natural calamities, the Company takes proactive steps to ensure the safety and well-being of its clients. Group meetings are held to brief clients on how to respond and the measures they should take in such situations. Additionally, the Company strongly emphasises keeping close contact with clients during and after such disasters. In the aftermath of the flood, teams checked in with clients at their homes, via mobile or community leaders, and conducted group meetings, where possible, to provide moral support. To further assist those affected, the Company relaxed its loan collection policies and continued to disburse loans to provide working capital to clients who needed it. ASA Pakistan also made a significant contribution of PKR 2 million to the Government fund set up for relief efforts. Going forward, the Company plans to provide loans to clients for livestock and farming, recognising that those clients working in agriculture in rural areas have been hit particularly hard by the flood.

Effect on clients

The floods had devastating effects on the Company's clients, with many suffering damage or the complete collapse of their homes, loss of assets, and even the loss of loved ones. Those whose homes were flooded temporarily migrated to relief camps set up by the government. After the water receded, they gradually returned to their place of residence to rebuild their houses and revive their businesses. Although most clients have managed to resume their businesses, the losses they incurred were significant, and most are yet to fully recover. Whilst most clients picked up the same business post the flooding, others have changed their business activities to meet new market demand. The road to recovery has been long and arduous, but the resilience and determination of clients to rebuild their lives and livelihoods is inspirational.

Client experience

"I've never experienced anything like this before. There was non-stop rainfall and suddenly the road turned into a canal. Besides retrieving a few valuables, I left behind my grocery shop, including my entire product assortment, and moved to a safe place. After closing my shop for two months, I completed the repairs and restarted my business. The ability to apply for another loan after reopening my business and not being obligated to repay my loans during times of extreme hardship was crucial for my survival."

Location: Pakistan

Clients affected

85k

Donation in aid (PKR)

2m

Key Performance Indicators

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

Financial

Outstanding Loan Portfolio ('OLP')

USD 351.2m

2022	$351.2m
2021	$403.7m
2020	$415.3m

The figure depicts net Outstanding Loan Portfolio including off-book net BC loan portfolio from IDFC and Jana Small Finance Bank and direct assignment loans with SBI.

Gross OLP/Client

USD 160

2022	$160m
2021	$181m
2020	$187m

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

Total Debt/OLP

73%

2022	73%
2021	78%
2020	81%

The ratio is calculated by dividing closing balances of interest-bearing debt (excluding interest payables) with Outstanding Loan Portfolio.

PAR>30 dpd

5.9%

2022	5.9%
2021	5.2%
2020	13.1%

PAR>30 is the percentage of gross on-book OLPs that have one or more instalment repayments of principal past due for more than 30 days, but less than 365 days, divided by total Outstanding on-book gross Loan Portfolio. Credit exposure of the India off-book BC portfolio is capped at 5% of the outstanding portfolio amount. The off-book DA portfolio has no credit exposure.

Net Interest Margin ('NIM')

28%

2022	28%
2021	28%
2020	19%

Net Interest Margin measures the difference between the interest income generated and the amount of interest expenses, relative to the amount of average Outstanding net Loan Portfolio.

Cost to income ratio

67.5%

2022	67.5%
2021	77.4%
2020	97.6%

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

Profit before tax

USD 46.3m

2022	$46.3m
2021	$25.7m
2020	$2.6m

Consolidated profit before tax for the year as reported in the financial statements.

Reported net profit after tax

USD 17.9m

2022	$17.9m
2021	$6.4m
2020	-$1.4m

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

Return On Assets ('ROA')

3.4%

2022	3.4%
2021	1.1%
2020	-0.2%

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

Return On Equity ('ROE')

18.5%

2022	18.5%
2021	6.0%
2020	-1.3%

Return On Equity is calculated by dividing the reported net profit after tax by the average of shareholders' equity.

Earnings Per Share ('EPS')

USD 0.18¢

2022	$0.18¢
2021	$0.09¢
2020	-$0.01¢

Earnings Per Share is calculated by dividing the net profit after tax by the weighted average number of the ordinary shares outstanding during the year. For 2022, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.

Dividend Per Share ('DPS')

Nil

2022	NIL
2021	NIL
2020	NIL

The figure is calculated by dividing the total dividends paid out by the Group, including interim dividends, over a period of time by the weighted average number of the Group's ordinary shares outstanding during the year.

Key Performance Indicators continued

The non-financial KPIs reflect the Company's impact on key stakeholders, such as its staff, clients and the wider community, by measuring, amongst others, workforce development, portfolio quality and customer satisfaction.

Non-Financial

Number of new branches

112

2022	112
2021	79
2020	70

The number of new branches in all operating markets.

Number of branches

2,028

2022	2,028
2021	2,044
2020	1,965

The number of branches in all operating markets.

Number of staff

13,602

2022	13,602
2021	13,047
2020	12,535

The number of people directly employed by the Company.

Employee satisfaction rate

86%

2022	86%
2021	85%
2020	N/A

The employee satisfaction rate is estimated based on staff satisfaction analyses of professional, facility and department service satisfaction.

Number of clients

2.3m

2022	2.3m
2021	2.4m
2020	2.4m

The number of clients in all operating markets.

Clients per branch

1,134

2022	1,134
2021	1,165
2020	1,212

Clients per branch is the total number of customers divided by the total number of branches.

Client retention rate

71.6%

2022	71.6%
2021	74.0%
2020	77.6%

Determined by subtracting the total number of new clients in a period from the number of clients at the end of that period divided by the total number of clients at the beginning of the period. Periods based on tenor of client loans six, ten or 12 months.

Client satisfaction survey

93%

2022	93%
2021	93%
2020	N/A

This survey is conducted by interviewing three clients per loan officer to estimate the clients' satisfaction with the products and with the services delivered.

Gender diversity

35.0%

2022	35.0%
2021	33.4%
2020	33.0%

Number of female employees compared to total employees.

Client Economic Yield ('CEY')

5.3%

2022	5.3%
2021	5.5%
2020	N/A

The Client Economic Yield is calculated by deducting the clients' weekly interest costs from their average weekly income, derived from their business activities.

Carbon footprint

7,392 tonnes CO_2

2022	7,392
2021	6,382
2020	5,383

Carbon footprint is measured as the sum of direct emissions of greenhouse gases, carbon emissions from direct purchase of electricity and fuel combustion for transportation purposes.

Social Performance Index ('SP14')

92%

2022	92%
2021	91%
2020	89%

SPI4 is a social audit tool made by CERISE as per Universal Standards managed by SMART CAMPAIGN. The assessment is divided into six dimensions with both qualitative and quantitative questions. Each dimension carries a score of 100.

Financial review

Continuous improved operational and financial performance

Key performance indicators

(Amounts USD millions)	FY 2022	FY 2021	FY 2020	YoY % change	YoY % change (constant currency)
Number of clients (m)	2.3	2.4	2.4	*-3%*	
Number of branches	2,028	2,044	1,965	*-1%*	
Profit before tax	46.3	25.7	2.6	*+80%*	*+117%*
Net profit	17.9	6.4	-1.4	*+181%*	*+269%*
OLP[1]	351.2	403.7	415.3	*-13%*	*+5%*
Gross OLP	367.5	430.7	445.3	*-15%*	*+3%*
PAR>30 days[2]	5.9%	*5.2%*	*13.1%*		

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

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

FY 2022 highlights

- The Company's operational and financial results continued to improve compared to 2021 with profit before tax increasing to USD 46.3 million in FY 2022 from USD 25.7 million in FY 2021.
- Net profit stood at USD 17.9 million for FY 2022, compared to USD 6.4 million in FY 2021.
- The improvement was led by the strong operational and financial performance of Pakistan, the Philippines, Ghana and Tanzania microfinance institutions ('MFI's), which delivered significant OLP growth and increased profitability in constant currency terms.
- Nigeria, Kenya, and Uganda also made significant positive contributions to the Group's net profitability.
- As portfolio quality improved or stabilised across most markets, the Company significantly reduced expected credit losses ('ECL') charged to the Income Statement to USD 0.6 million (FY 2021: USD 37.5 million). Reserves for expected credit losses on OLP in the Balance Sheet, including the off-book BC portfolio in India and interest receivables, reduced from USD 27.5 million in FY 2021 to USD 16.9 million in FY 2022.
- PAR>30 for the Group's operating subsidiaries increased to 5.9% in 2022 from 5.2% in 2021, partially due to the decrease in portfolio quality in India, combined with a shrinking OLP in USD terms in some of our other major better performing countries due to substantial currency devaluation. PAR>30 for the Group excluding India is 3%.
- ASA India's collection efficiency continued to improve, reaching 87% in December 2022. As of 31 December 2022, ASA India had collected USD 3.7 million from a total of USD 22.9 million in written-off loans since 2020.
- The Group derecognised deferred tax assets amounting to USD 8 million related to deductible temporary differences and past losses for mainly India and Myanmar, in adherence to IFRS guidelines. This resulted in a substantial increase in tax expenses and a high effective tax rate for FY 2022.
- The Group's cash and cash equivalents reduced from approximately USD 91 million as of 31 December 2021 to approximately USD 55 million as of 31 December 2022, following large debt settlements primarily in India. The Company maintains a healthy cash position and has a significant funding pipeline.

Financial review continued

Outlook

Whilst inflation and the related foreign exchange ('FX') movements will continue to impact the Group's operating subsidiaries' financial performance in USD terms, based on the positive developments throughout 2022, the Company expects the operating environment for its clients to continue to improve in most of its operating markets.

As most of the Group's operating subsidiaries have returned to growth and increased profitability, and subject to improved performance in India and reduced currency devaluation in most of our operating countries, the Company is confident of continued progress during 2023.

> We are pleased that all but three of our operating subsidiaries reached or exceeded pre-covid operating and financial performance on a constant currency basis in 2022.

Dirk Brouwer, Chief Executive Officer of ASA International commented:
The performance of most of our major operating subsidiaries, particularly Pakistan, the Philippines, Ghana and Tanzania, was excellent in terms of portfolio quality, growth and profitability. Though as expected, and against the backdrop of global market volatility, FX movements have significantly impacted the Group OLP and financial performance in USD terms, most of our clients and their businesses in these countries have again proved their resilience despite operating in an environment with high inflation.

As a result of the improved operating performance in 2022, profit before tax and net profit of the Group for 2022 is substantially better than what was achieved in 2021. The Group's profit before tax increased to USD 46.3 million in FY 2022 from USD 25.7 million in FY 2021, and the Group's net profit increased to USD 17.9 million in FY 2022 from USD 6.4 million in FY 2021.

Based on the positive developments throughout 2022 and despite the challenging operating environment in some of our operating subsidiaries, overall, we expect higher demand for our loans in 2023. This should lead to continued progress, as we continue to invest in the future with our digital strategy.

Dirk Brouwer,
Chief Executive Officer,
ASA International

Group financial performance

(Amounts USD thousands)	FY 2022	FY 2021	FY 2020	YoY % change	YoY % change (constant currency)
Profit before tax	46,281	25,705	2,578	+80%	+117%
Net profit	17,887	6,358	-1,395	+181%	+269%
Cost/income ratio	68%	77%	98%		
Return on average assets (TTM)[1]	3.4%	1.1%	-0.2%		
Return on average equity (TTM)[1]	18.5%	6.0%	-1.3%		
Earnings growth (TTM)[1]	181%	556%	-104%		
OLP	351,151	403,738	415,304	-13%	+5%
Gross OLP	367,535	430,698	445,257	-15%	+3%
Total assets	489,752	562,554	579,260	-13%	
Client deposits[2]	84,111	87,812	80,174	-4%	
Interest-bearing debt[2]	257,466	314,413	337,632	-18%	
Share capital and reserves	89,661	103,443	107,073	-13%	
Number of clients	2,299,558	2,380,690	2,380,685	-3%	
Number of branches	2,028	2,044	1,965	-1%	
Average Gross OLP per Client (USD)	160	181	187	-12%	+6%
PAR>30 days	5.9%	5.2%	13.1%		
Client deposits as % of loan portfolio	24%	22%	19%		

1 TTM refers to the previous twelve months.
2 Excludes interest payable.

Financial review continued

South Asia

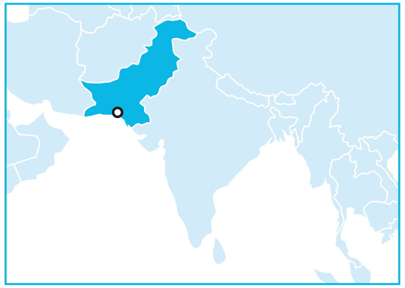
(Amounts USD thousands)	FY 2022	FY 2021	FY 2020	YoY % change	YoY % change (constant currency)
Profit before tax	12,395	-8,229	-5,537	*+251%*	*+273%*
Net profit	3,103	-12,393	-4,360	*+125%*	*+128%*
Cost/income ratio	*64%*	*154%*	*134%*		
Return on average assets (TTM)	*1.9%*	*-5.5%*	*-1.7%*		
Return on average equity (TTM)	*8.8%*	*-27.3%*	*-7.8%*		
Earnings growth (TTM)	*125%*	*-184%*	*-131%*		
OLP	118,590	182,329	217,843	*-35%*	*-19%*
Gross OLP	128,460	201,405	238,738	*-36%*	*-21%*
Total assets	133,894	198,393	253,360	*-33%*	
Client deposits	1,345	2,464	2,610	*-45%*	
Interest-bearing debt	85,878	146,522	183,756	*-41%*	
Share capital and reserves	33,393	37,506	53,232	*-11%*	
Number of clients	935,091	1,106,469	1,185,656	*-15%*	
Number of branches	670	778	758	*-14%*	
Average Gross OLP per Client (USD)	137	182	201	*-25%*	*-7%*
PAR>30 days	*11.1%*	*9.6%*	*21.3%*		
Client deposits as % of loan portfolio	*1%*	*1%*	*1%*		

- Pakistan continued to maintain a strong portfolio quality throughout 2022.
- A shrinking OLP in India and significant currency depreciation in Pakistan and Sri Lanka (PKR down 28% and LKR down 81% YoY against USD) contributed to overall OLP reduction in 2022.
- South Asia recovered from a net loss of USD 12.4 million in 2021 and posted a net profit of USD 3.1 million in 2022.

Financial review continued

Regional head offices

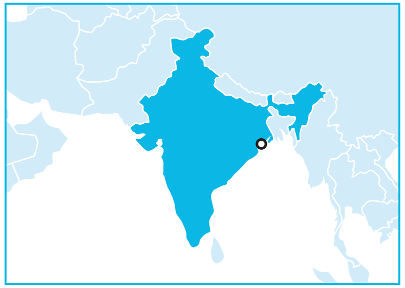
Pakistan



ASA Pakistan grew its operations over the past 12 months:

- Number of clients increased from 512k to 606k (up 18% YoY).
- Number of branches up from 325 to 345 (up 6% YoY).
- OLP up from PKR 13.8bn (USD 77.7m) to PKR 17.9bn (USD 79.1m) (up 30% in PKR).
- Gross OLP/Client up from PKR 27.3K (USD 154) to PKR 29.8k (USD 131) (up 9% YoY in PKR).
- PAR>30 increased from 0.2% to 0.7%.

India



ASA India intentionally shrank its operations over the past 12 months, as it focused on recovery of overdue loans:

- Number of clients down from 541k to 284k (down 47% YoY).
- Number of branches down from 387 to 261 (down 33% YoY).
- OLP declined from INR 4.5bn (USD 61m) to INR 1.2bn (USD 14m) (down 74% YoY in INR).
- Off-book portfolio declined from INR 2.7bn (USD 35.7m) to INR 1.8bn (USD 21.5m) (down 33% in INR)[1].
- Gross OLP/Client down from INR 16K (USD 211) to INR 13K (USD 158) (down 17% YoY in INR).
- PAR>30 increased from 19.7% to 49.0%, although PAR>30 amount decreased from INR 1.1bn (USD 15.1m) to INR 903.4m (USD 10.9m).

Sri Lanka

Lak Jaya shrank its operations over the past 12 months as a result of the political and economic crisis in Sri Lanka:

- Number of clients down from 53k to 45k (down 15% YoY).
- Number of branches decreased from 66 to 64 (down 3%).
- OLP decreased from LKR 1.6bn (USD 7.7m) to LKR 1.4bn (USD 3.8m) (down 11% YoY in LKR).
- Gross OLP/Client up from LKR 32.0K (USD 158) to 32.4k (USD 89) (up 1% YoY in LKR).
- PAR>30 increased from 6.0% to 8.5%.

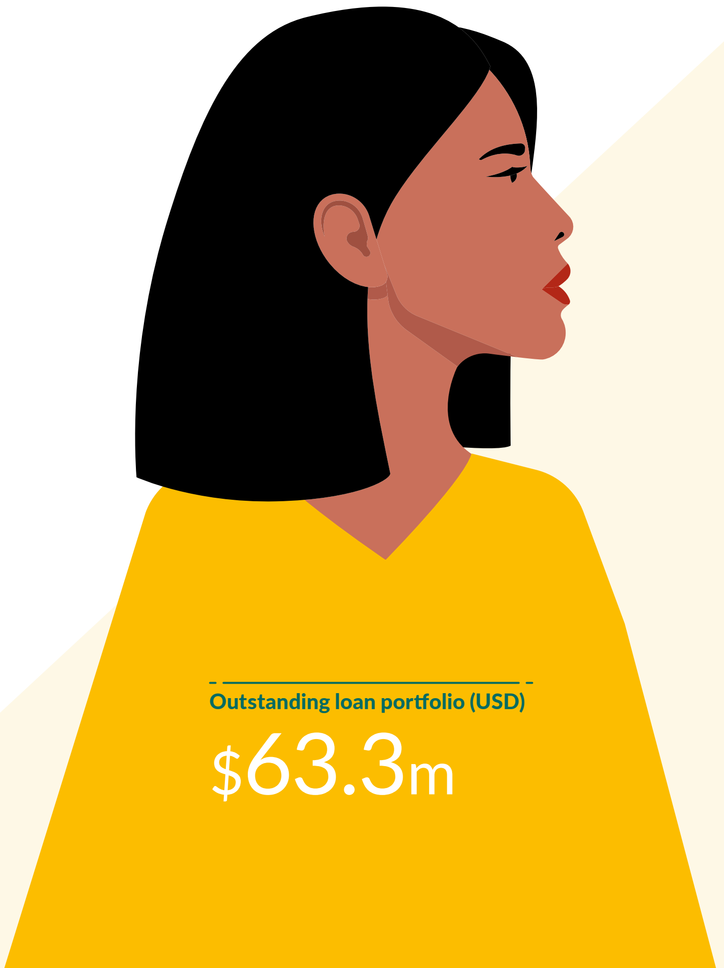
1 See note 13.1 to the consolidated financial statements for details on the off-book portfolio.

Financial review continued

South East Asia

(Amounts USD thousands)	FY 2022	FY 2021	FY 2020	YoY % change	YoY % change (constant currency)
Profit before tax	4,217	34	-4,348	*+12173%*	*+13660%*
Net profit	1,910	-339	-3,366	*+663%*	*+713%*
Cost/income ratio	*82%*	*97%*	*135%*		
Return on average assets (TTM)	*1.8%*	*-0.3%*	*-2.7%*		
Return on average equity (TTM)	*12.0%*	*-1.8%*	*-16.1%*		
Earnings growth (TTM)	*663%*	*90%*	*-163%*		
OLP	63,316	62,328	74,214	*+2%*	*+13%*
Gross OLP	66,955	66,784	80,832	*+0.3%*	*+12%*
Total assets	102,917	105,872	119,152	*-3%*	
Client deposits	22,069	20,956	24,000	*+5%*	
Interest-bearing debt	58,416	60,392	66,412	*-3%*	
Share capital and reserves	14,980	16,827	20,259	*-11%*	
Number of clients	424,076	400,021	428,645	*+6%*	
Number of branches	441	420	415	*+5%*	
Average Gross OLP per Client (USD)	158	167	189	*-5%*	*+5%*
PAR>30 days	*6.5%*	*2.1%*	*4.1%*		
Client deposits as % of loan portfolio	*35%*	*34%*	*32%*		

- South East Asia saw return to operational growth and profitability led by improvement of operations in the Philippines.



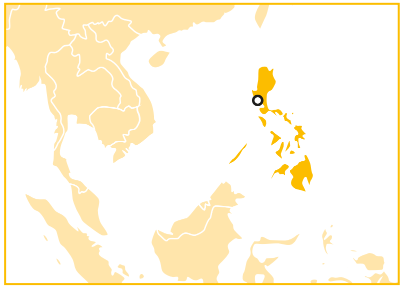
Outstanding loan portfolio (USD)

$63.3m

Financial review continued

Regional head offices

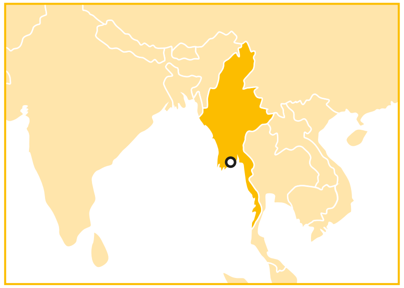
The Philippines



Pagasa Philippines operations grew over the last 12 months:

- Number of clients up from 289k to 325k (up 13% YoY).
- Number of branches up from 324 to 345 (up 6% YoY).
- OLP up from PHP 2.3bn (USD 44.6m) to PHP 2.8bn (USD 49.6m) (up 21% YoY in PHP).
- Gross OLP/Client increased from PHP 8.2K (USD 161) to PHP 8.6k (USD 153) (up 4% YoY in PHP).
- PAR>30 decreased from 2.5% to 1.7%.

Myanmar



ASA Myanmar saw a decline in clients and OLP over the last 12 months as a result of the political situation and the related civil unrest halting operations in certain regions:

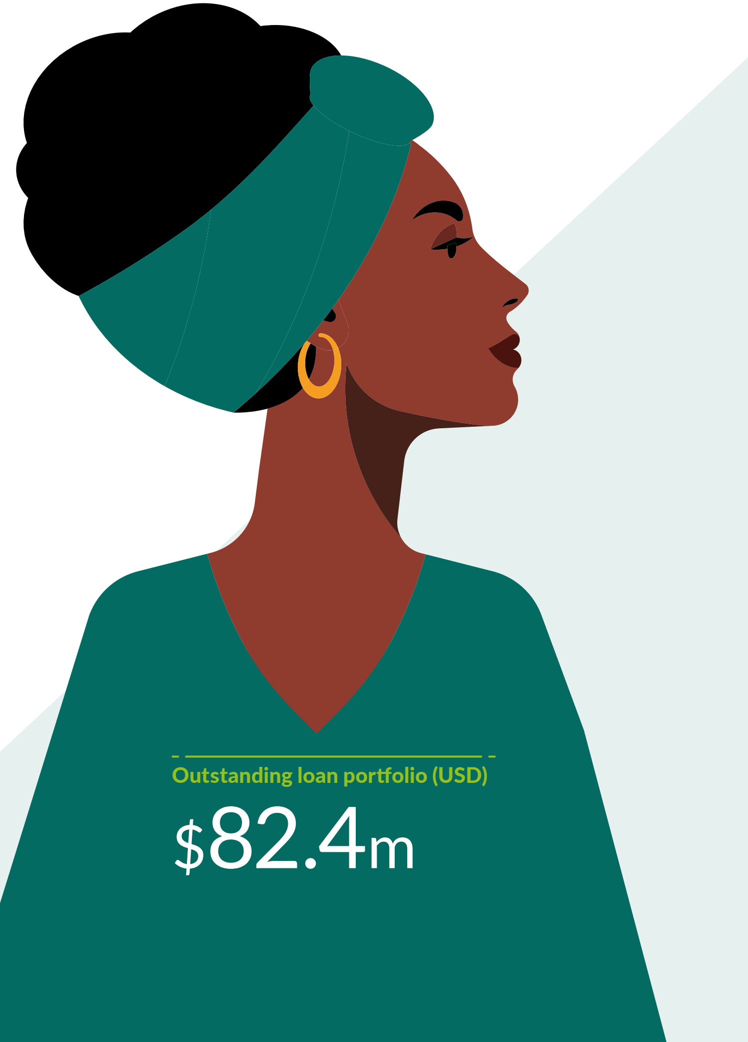
- Number of clients down from 111k to 99k (down 11% YoY).
- Number of branches remained at 96.
- OLP down from MMK 31.5bn (USD 17.7m) to MMK 28.9bn (USD 13.8m) (down 8% YoY in MMK).
- Gross OLP/Client up from MMK 324k (USD 182) to MMK 362k (USD 172) (up 12% YoY in MMK).
- PAR>30 increased from 1.1% to 20.4%.

Financial review continued

West Africa

(Amounts USD thousands)	FY 2022	FY 2021	FY 2020	YoY % change	YoY % change (constant currency)
Profit before tax	27,799	35,583	19,268	-22%	-2%
Net profit	19,215	25,019	13,443	-23%	-4%
Cost/income ratio	43%	37%	49%		
Return on average assets (TTM)	15.8%	20.6%	13.2%		
Return on average equity (TTM)	33.2%	45.4%	31.1%		
Earnings growth (TTM)	-23%	86%	-16%		
OLP	82,380	94,201	77,835	-13%	+22%
Gross OLP	84,853	95,879	79,499	-12%	+23%
Total assets	108,395	134,719	107,748	-20%	
Client deposits	39,544	46,548	39,788	-15%	
Interest-bearing debt	4,326	7,100	10,255	-39%	
Share capital and reserves	54,591	61,222	49,033	-11%	
Number of clients	433,897	457,302	447,122	-5%	
Number of branches	446	440	433	+1%	
Average Gross OLP per Client (USD)	196	210	178	-7%	+30%
PAR>30 days	4.2%	2.6%	2.7%		
Client deposits as % of loan portfolio	48%	49%	51%		

- West Africa saw a deterioration in operational performance and profitability in USD terms due to the depreciation of GHS (65% down against USD in FY 2022) and SLL (68% down against USD in FY 2022). In constant currency, West Africa demonstrated an improvement in operational performance.



Outstanding loan portfolio (USD)

$82.4m

Financial review continued

Regional head offices

Ghana

ASA Savings & Loans operations improved with OLP above pre-Covid levels with excellent portfolio quality:

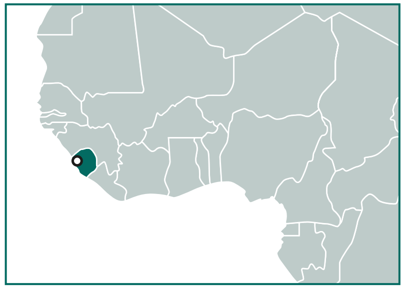
- Number of clients up from 158k to 177k (up 12% YoY).
- Number of branches up from 133 to 137 (up 3% YoY).
- OLP up from GHS 301.7m (USD 48.9m) to GHS 416.3m (USD 40.8m) (up 38% YoY in GHS).
- Gross OLP/Client up from GHS 1.9k (USD 310) to GHS 2.4K (USD 231) (up 24% YoY in GHS).
- PAR>30 increased from 0.3% to 0.6%.

Nigeria

ASA Nigeria saw an improvement of operations with OLP also above pre-Covid levels in NGN:

- Number of clients down from 254k to 220K (down 13% YoY).
- Number of branches maintained at 263.
- OLP up from NGN 15.9bn (USD 38.5m) to NGN 16.7bn (USD 37.3m) (up 5% YoY in NGN).
- Gross OLP/Client up from NGN 65k (USD 157) to NGN 80k (USD 179) (up 24% YoY in NGN).
- PAR>30 increased from 4.6% to 7.1%.

Sierra Leone



ASA Sierra Leone continued to successfully expand with branch and OLP growth:

- Number of clients down from 45k to 37k (down 18% YoY).
- Number of branches up from 44 to 46 (up 5% YoY).
- OLP up from SLL 76.1bn (USD 6.7m) to SLL 80.7bn (USD 4.3m) (up 6% YoY in SLL).
- Gross OLP/Client up from SLL 1.7m (USD 154) to SLL 2.3m (USD 123) (up 34% YoY in SLL).
- PAR>30 increased from 7.5% to 10.7%.

Financial review continued

East Africa

(Amounts USD thousands)	FY 2022	FY 2021	FY 2020	YoY % change	YoY % change (constant currency)
Profit before tax	11,241	6,605	1,652	*+70%*	*+75%*
Net profit	6,913	4,631	1,069	*+49%*	*+54%*
Cost/income ratio	*68%*	*75%*	*90%*		
Return on average assets (TTM)	*7.0%*	*6.5%*	*1.8%*		
Return on average equity (TTM)	*29.8%*	*25.5%*	*6.7%*		
Earnings growth (TTM)	*49%*	*333%*	*-83%*		
OLP	86,865	64,881	45,413	*+34%*	*+39%*
Gross OLP	87,267	66,629	46,188	*+31%*	*+36%*
Total assets	113,791	83,602	59,802	*+36%*	
Client deposits	21,153	17,843	13,776	*+19%*	
Interest-bearing debt	59,871	41,201	26,292	*+45%*	
Share capital and reserves	26,445	19,973	16,313	*+32%*	
Number of clients	506,494	416,898	319,262	*+21%*	
Number of branches	471	406	359	*+16%*	
Average Gross OLP per Client (USD)	172	160	145	*+8%*	*+12%*
PAR>30 days	*0.9%*	*1.3%*	*13.2%*		
Client deposits as % of loan portfolio	*24%*	*28%*	*30%*		

- East Africa saw an improvement in operational performance and profitability due to continued growth in Kenya and Tanzania and improvements in the operating environment in Uganda, Rwanda and Zambia.

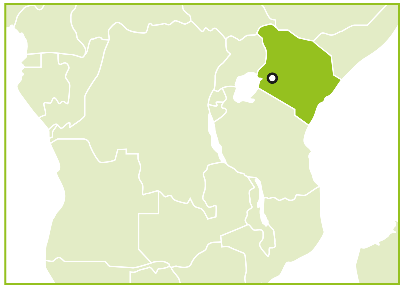
Outstanding loan portfolio (USD)

$86.9m

Financial review continued

Regional head offices

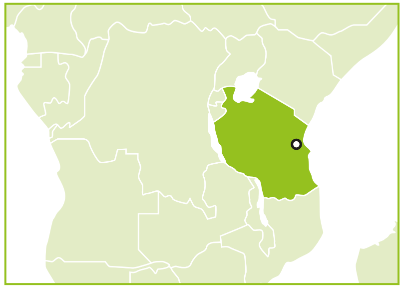
Tanzania



ASA Tanzania managed to significantly expand its operations over the last 12 months:

- Number of clients up from 174k to 217k (up 25% YoY).
- Number of branches up from 143 to 180 (up 26% YoY).
- OLP up from TZS 79.0bn (USD 34.3m) to TZS 119.5bn (USD 51.2m) (up 51% YoY in TZS).
- Gross OLP/Client up from TZS 460k (USD 200) to TZS 553k (USD 237) (up 20% YoY in TZS).
- PAR>30 decreased from 0.5% to 0.4%.

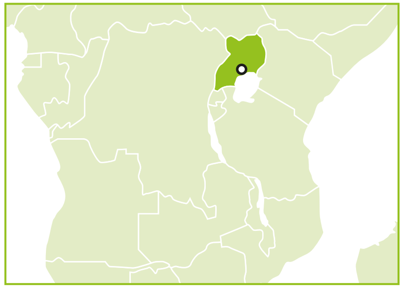
Kenya



ASA Kenya expanded its operations over the 12 months period:

- Number of clients up from 119k to 141k (up 19% YoY).
- Number of branches up from 112 to 124 (up 11% YoY).
- OLP up from KES 1.8bn (USD 16.1m) to KES 2.1bn (USD 16.9m) (up 14% YoY in KES).
- Gross OLP/Client down from KES 16K (USD 140) to KES 15K (USD 120) (down 6% YoY in KES).
- PAR>30 decreased from 1.1% to 0.8%.

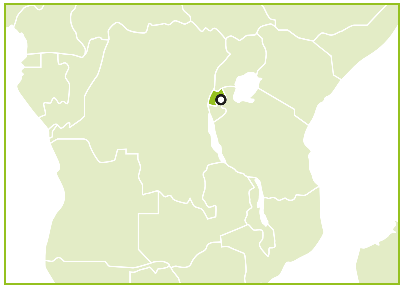
Uganda



ASA Uganda saw a growth in operations over the last 12 months:

- Number of clients up from 92k to 107k (up 16% YoY).
- Number of branches up from 103 to 110 (up 7% YoY).
- OLP up from UGX 31.8bn (USD 9.0m) to UGX 43.0bn (USD 11.6m) (up 35% YoY in UGX).
- Gross OLP/Client up from UGX 378k (USD 107) to UGX 405k (USD 109) (up 7% YoY in UGX).
- PAR>30 decreased from 3.8% to 0.9%.

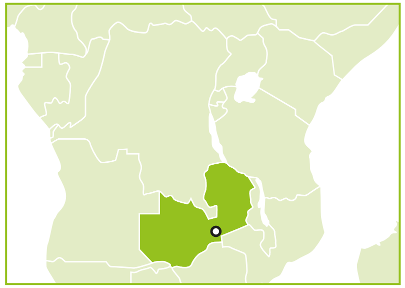
Rwanda



ASA Rwanda saw a growth in operations over the last 12 months:

- Number of clients up from 18k to 21k (up 17% YoY).
- Number of branches maintained at 30.
- OLP up from RWF 3.4bn (USD 3.3m) to RWF 4.6bn (USD 4.3m) (up 34% YoY in RWF).
- Gross OLP/Client up from RWF 193k (USD 187) to RWF 220k (USD 207) (up 14% YoY in RWF).
- PAR>30 slightly increased from 4.5% to 4.6%.

Zambia



ASA Zambia managed to expand its operations:

- Number of clients increased from 15k to 21k (up 43% YoY).
- Number of branches increased from 18 to 27 (up 50% YoY).
- OLP up from ZMW 36.4m (USD 2.2m) to ZMW 51.7m (USD 2.9m) (up 42% YoY in ZMW).
- Gross OLP/Client remained ZMW 2.5k (USD 139).
- PAR>30 increased from 0.3% to 5.0%.

Financial review continued

Regulatory environment

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

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

Key events 2022

Pakistan

- ASA Pakistan received the Microfinance Banking ('MFB') licence from the State Bank of Pakistan ('SBP') on 24 May 2022 and is expected to receive a formal certificate of commencement any time.
- ASA Pakistan approved the dividend declared in 2022, and it has applied to the SBP for approval of the remittance. The approval is still pending.

India

- Following the Reserve Bank of India ('RBI') announcement on 14 March 2022, new regulation is in place for the microfinance sector in India, applicable to all banks, NBFC-MFIs and other participants in the microfinance sector. The key changes include the removal of the interest rate cap and margin cap which allowed the Company to raise the client rate, loans shall be collateral-free (also for banks providing microfinance loans), and lenders will be restricted to provide microfinance loans to clients up to a maximum of 50% of the client's household income. As a result of these changes, ASA India increased interest rates on new loans from 1 April 2022.

Sri Lanka

- The interest cap of 35% in Sri Lanka was removed by the Central Bank of Sri Lanka on 10 June 2022.

Myanmar

- Throughout 2022, the Central Bank of Myanmar prohibited or limited the servicing of foreign loans due to controls on foreign reserves.
- The Central Bank of Myanmar issued a circular dated 13 July 2022 suspending interest and principal repayments on foreign loans and directed companies to restructure the same. Subsequently, a new circular was issued on 16 August 2022 permitting certain transactions with approval from the Foreign Currency Supervision Committee.

Ghana

- The application for Digital Financial Services submitted in 2021 was still pending in 2022. In Q1 2023, the Bank of Ghana approved the application for Digital Financial Services.

Nigeria

- In 2022, the Central Bank delayed the approval of payment of dividends declared in the past. The 2021 dividend was approved in March 2023. The dividend declared in 2022 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 license to ensure it is compliant with the law, but is desirous to acquire a deposit taking license in the near future.

Regulatory capital

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2022, 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 has established an Asset-Liability Committee ('ALCO'), and the Terms of Reference of the ALCO has been 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 FY 2022:

In USD millions	31 Dec 22	31 Dec 21	31 Dec 20
Local deposits	84.1	87.8	80.2
Loans from financial institutions	216.6	249.8	274.1
Microfinance loan funds	21.5	36.5	23.5
Loans from dev. banks & foundations	19.4	28.1	40.0
Equity	89.7	103.4	107.1
Total funding	**431.3**	**505.6**	**524.9**

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

Cash and cash equivalents reduced to approximately USD 55 million as of 31 December 2022 following large debt settlements, primarily in India. The Group maintains a healthy cash position. The Group managed to raise approximately USD 157 million in new debt funding in 2022. In line with market developments, funding costs have increased by approximately 100 bps, which will have limited impact on our 2023 results. Also, the Group has a strong funding pipeline of USD 201 million fresh loans, with over 88% having agreed terms and can be accessed in the short to medium term as of 31 March 2023.

Financial review continued

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.

During 2022, a number of loan covenants were breached across the Group, particularly related to the portfolio quality in India. As of 31 December 2022, the balance for credit lines with breached covenants and which does not have waivers amounts to USD 65 million out of which waivers have been subsequently received for USD 64 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 2.1.1 of the Full Year Financial Report. As the waivers and no-action letters do not cover the entire going concern period under assessment, and due to the expected portfolio quality covenant breaches in India, 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. Nevertheless, given the historical and continuing support received from lenders regarding these particular covenant breaches and based on continued improved operating performance in the other 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 USD 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	FY 2022	FY 2021	FY 2020	Δ FY 2021 – FY 2022
Pakistan (PKR)	226.4	177.5	160.3	(28%)
India (INR)	82.7	74.4	73.0	(11%)
Sri Lanka (LKR)	366.3	202.9	185.3	(81%)
The Philippines (PHP)	55.7	51.1	48.0	(9%)
Myanmar (MMK)	2100.0	1778.5	1330.7	(18%)
Ghana (GHS)	10.2	6.2	5.9	(65%)
Nigeria (NGN)	448.1	411.5	384.6	(9%)
Sierra Leone (SLL)	18910.0	11289.0	10107.0	(68%)
Tanzania (TZS)	2332.5	2303.7	2317.2	(1%)
Kenya (KES)	123.5	113.2	109.0	(9%)
Uganda (UGX)	3717.6	3546.2	3647.7	(5%)
Rwanda (RWF)	1067.0	1031.8	986.4	(3%)
Zambia (ZMW)	18.1	16.7	21.1	(9%)

During FY 2022, the local currencies PKR -28%, GHS -65%, NGN -9% and LKR -81% particularly weakened against US dollar. 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 FY 2022 amounted to USD 34.0 million of which USD 9.4 million related to the depreciation of the PKR, USD 17.4 million related to the depreciation of the GHS, USD 2.5 million related to the depreciation of the NGN, and USD 1.4 million to depreciation of the LKR.

High effective tax rate

The Group derecognised deferred tax assets amounting to USD 8.0 million, which related to deductible temporary differences and past losses for mainly India and Myanmar, as these entities failed to meet the future profitability threshold required under IFRS. The Group will be able to recognise these deferred tax assets provided these entities turn profitable again. This resulted in a substantial increase in our tax expenses and effective tax rate for the year. Further details are provided in note 11 to the consolidated financial statements.

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 consolidated financial statements.

> I am pleased to report that our financial performance for 2022 demonstrates the strength and resilience of our core business model in the face of unprecedented challenges. Despite the ongoing currency devaluation, spill-over impact of the pandemic and increasing food prices, we have delivered a strong profit growth. Although the unfavorable FX movement and inflation will remain a concern for the business and stakeholders, we remain confident in our clients' ability to continue to grow.

Tanwir Rahman,
Chief Financial Officer,
ASA International

Risk management

Risk management in operations is at the heart of the Group's business model.

Risk management framework

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

Identification & assessment

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

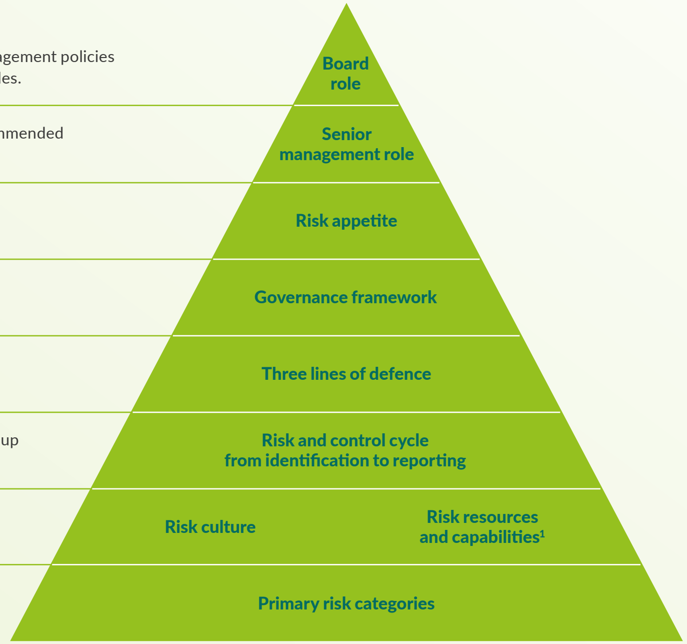
Read more about emerging risks on pages 33 to 39

Risk appetite

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

Outline of the risk management framework in place

1. Defines high-level strategy. Ensures the Group has effective risk management policies in place. Approval of the risk management framework and risk principles.
2. Sets risk appetite and strategy, frameworks and principles to be recommended to the Board. Identifies new risks.
3. Senior management determines risk appetite.
4. Management defines governance, risk and compliance framework including principal processes and procedures.
5. Three lines of defence model implemented at all levels of the Group.
6. Frequent reporting at the country level as well as from country to Group level to identify key risk areas and prioritise risks likely to occur.
7. Development of risk culture throughout the organisation.
8. Day-to-day management of risks as per three lines of defence model.



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

Risk management continued

Three lines of defence

Board of Directors
Board establishes the risk strategy and regularly reviews risk appetite
Approves frameworks, methodologies, policies and responsibilities

Operational management	Risk management	Internal Audit
First line of defence	Second line of defence	Third line of defence
Line management in each business area	Independent risk management function	Internal Audit function
The primary responsibility is to own and manage risks relating to daily operations	To identify risks in the daily operations and provide an independent oversight role to the first line	To provide objective and independent assurance to the first and second line functions
	Supports and challenges the first line	

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

Three lines of defence

The first line of defence is the branch staff and area, regional and district managers at the microfinance institution level who are responsible for risk assessment, client retention and credit risk. The Country Heads and the Group's senior management ensure proper implementation of control activities, policies and procedures. The second line of defence at the Group's subsidiaries provides guidance and oversight of the activities performed by the first line of defence. The Fraud and Misappropriation Prevention Unit at the Group's subsidiaries aims to reduce the financial risk and losses caused by fraud and misappropriation. The third line of defence is Internal Audit at both the Group level and the microfinance institution level. In addition to regularly performing internal auditing activities, Internal Audit audits the risk management functions to ensure that all units responsible for managing risk are performing their roles effectively and continuously.

For more information about the Group's three lines of defence, visit the website.

Principal risks

Details of the Group's key risk management areas can be found on pages 33 to 39. This section should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group but rather those which the Group currently believes may have a significant impact on its performance and future prospects.

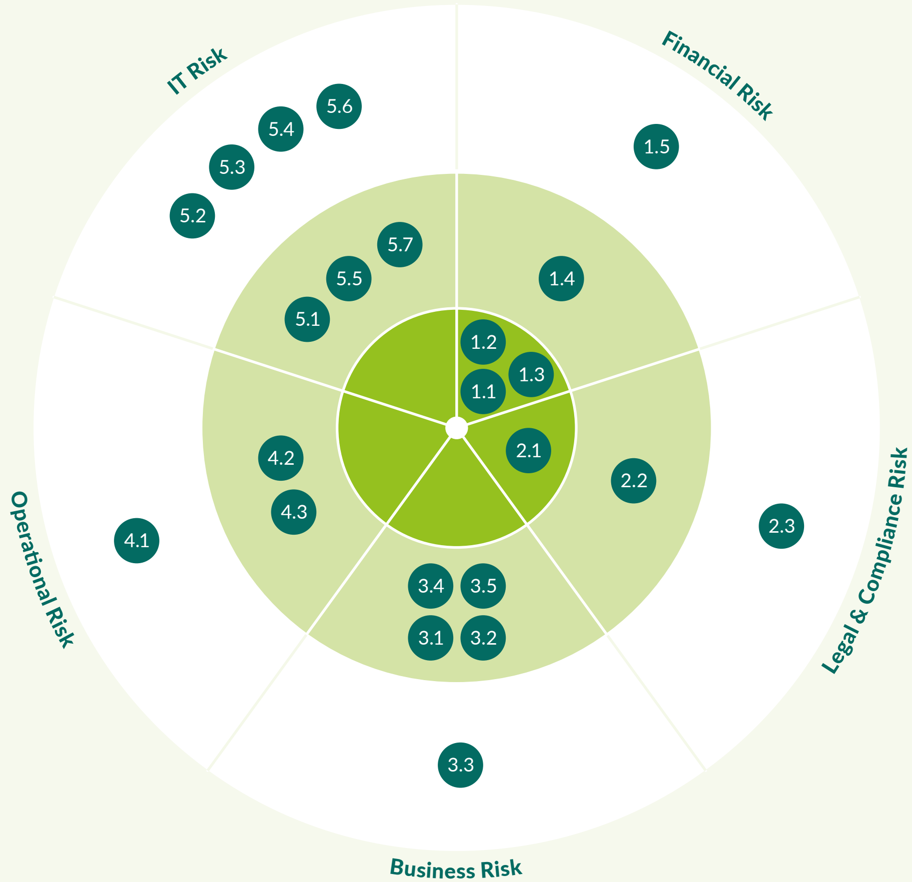
Risk management continued

Principal risks

The Group encountered a challenging external environment in some of its operating subsidiaries, particularly in the areas of regulation, credit, and exchange rates.

Internally, the Group's operational governance framework and risk management processes are continually reviewed to ensure that, where areas of improvement are identified, a plan of action is put in place and can become a key focus for the Board. The effectiveness of operating these processes is monitored by the Audit and Risk Committee. The Company updated its risk taxonomy and incorporated new risks in 2022. The heat map displays all risks in the risk framework, while the principal risks section provides more detail on the significant risks.

Risk map



1. Financial risk
- **1.1** Credit risk
- **1.2** Liquidity risk
- **1.3** Exchange rate risk
- **1.4** Interest rate risk
- **1.5** Confidential & price- sensitive Information

2. Legal & Compliance risk
- **2.1** Regulation
- **2.2** Change of Policy
- **2.3** Product Transparency

3. Business risk
- **3.1** Credit risk
- **3.2** Liquidity risk
- **3.3** Exchange rate risk
- **3.4** Interest rate risk
- **3.5** Confidential & price- sensitive Information

4. Operational risk
- **4.1** Transaction risk
- **4.2** Human Resource risk
- **4.3** Fraud & Integrity risk

5. IT risk
- **5.1** Business continuity
- **5.2** System vulnerability
- **5.3** Network availability
- **5.4** IT support
- **5.5** System access control
- **5.6** IT fraud
- **5.7** Data migration

Risk level

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

Risk management continued
Principal risks continued

Level of change key

Risk decreasing — Risk remains stable — Risk increasing

1. Financial risk

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
1.1 Credit risk The risk that the Company will incur a loss because its clients or counterparties fail to discharge its contractual obligations. **Objective** The Company aims to ensure that the portfolio at risk is kept at a minimum percentage at all times.	High Risk increasing	• The Group's portfolio at risk slightly increased compared to the previous year. This was mostly driven by the impact of the Covid pandemic, specifically in India. Increased challenges in collection were also seen in Sri Lanka, Myanmar, Nigeria and Sierra Leone. • Pakistan, Ghana, Kenya, Uganda and Tanzania reached high portfolio quality with PAR>30 days less than 1%.	• Although PAR>30 levels remain a risk due to external factors, the Group is confident about reducing them based on past experience. • Due to the economic challenges, including increased energy and food prices, the Company will remain prudent in its disbursements carefully monitoring debt levels of clients. • The Company strictly follows the ASA Model's operating procedures, including setting risk limits per borrower, taking security deposits where possible, preventing over-borrowing and excessive geographic concentration. • The Group continuously monitors portfolio changes and takes immediate action. • Country-specific efforts to increase collections and reduce PAR are taken.
1.2 Liquidity risk The Company's operations may be impacted if it is unable to meet its payment obligations when it falls due under normal and stress circumstances. **Objective** To manage liquidity risks and avoid loss of business, missed opportunities for growth, or legal or reputational consequences.	High Risk increasing	• The Group has maintained its liquidity position during the year and successfully met the liquid asset regulatory requirements in-country jurisdictions. However, meeting the funding requirements in some of the Asian countries including India, Sri Lanka and Myanmar proved difficult due to specific country circumstances. • Exchange losses during the year affected the Group dividends received from operating subsidiaries. However, the Group continued to raise a substantial amount of debt funding both at the country and holding level during the year.	• Although economic uncertainty may impact funding markets, the Company is diversified across thirteen countries with good access to a wide range of funding sources at both local and holding levels. • The Company is approaching new potential funders to broaden partnerships across markets. • The Company maintains solid relationships with its debt providers, who continued to show strong interest in funding its operations at both local and holding level. • The Company remains vigilant towards the deterioration of its loan portfolio that may lead to liquidity concerns. • The ALCO Committee regularly reviews the cash and liquidity position of the Group.
1.3 Exchange rate risk The Company may suffer a financial loss arising from adverse movements in foreign exchange rates. **Objective** To manage currency risks and minimise loss due to foreign currency exposure.	High Risk increasing	• The local currencies of some of the countries saw increased vulnerability against the USD. During the year local currencies have sharply depreciated against the USD, mainly in Ghana, Pakistan, Sri Lanka, Myanmar and Sierra Leone. • Depreciation of currencies reduced the reported OLP and Gross OLP/Client figures in USD. • Overall, the currency movements resulted in an increase of the FX translation reserve losses.	• 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 Groups equity positions are unhedged. • The currency movements of the Company's operating currencies against the USD remain unpredictable.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
1. Financial risk continued			
1.4 Interest rate risk The Company's profitability or results of operations may be impacted by fluctuations in interest rates. **Objective** To limit the impact of interest rate movements and exposure to financial counterparties.	Med Risk increasing	• Borrowing costs are increasing globally. They are expected to rise further, considering economic downturn. The Cost of borrowing for the Group has gone up. • As a result, there is increased hedging cost in some markets.	• The Company continuously negotiates with its lenders and interacts with regulators. • The interest rate caps in India and Sri Lanka were removed and the Company increased its rates in 2022 in these markets. • The Company's strategy in evaluating and managing its interest rate risk is to conduct a cost of funds analysis and to monitor interest rates in those countries where there is a limit on the amount of interest it may charge.
1.5 Confidential & price-sensitive information The risk of disclosing confidential or price-sensitive information to unauthorised individuals in a silent period. **Objective** To ensure that confidential and price-sensitive information is not disclosed to unauthorised individuals in a silent period.	Low Risk remains stable	• Silent periods are observed by all employees during which they do not disclose any information relating to the business performance or trading updates. Compliance with disclosure rules maintained in 2022.	• Silent periods are observed ahead of results publication across the Group. • Confidential and price-sensitive information is restricted only to authorised individuals. • All employees are aware not to disclose any confidential information to outside parties except for public information. • Non-disclosure agreements are signed with all employees and third parties, if applicable.
2. Legal & Compliance risk			
2.1 Regulation The Company may suffer losses or fail to optimise profitable growth due to regulatory changes or through political activism. **Objective** The Company aims to ensure that effective arrangements are in place to comply with legal and regulatory obligations at all times.	High Risk remains stable	• India breached its capital requirements as at 31 March 2022, however, remained in compliance with capital requirements subsequently. • ASA Pakistan received a microfinance banking licence from the State Bank of Pakistan, which comes with increased compliance requirements. • Following the coming into force of the Digital Credit Providers Act prohibiting any form of collateral, Kenya stopped collecting cash collateral from clients. • In Nigeria, a PAR 30 days' breach was reported up to 7.53% in December 2022 (against the regulatory limit i.e. ≤5%). Aggressive loan recovery as suggested by CBN is being carried out and compliance to be achieved by Q1-2023.	• In India, the Company has taken measures to continue to meet prudential requirements. India management is engaging with RBI to submit a revised business plan for India operations. • A Certificate of Commencement for the Microfinance Bank in Pakistan is expected any time. • In Kenya, a pro forma application for a Digital Creditor Providers licence has been submitted in 2023 to ensure compliance with laws and regulations. Existing cash collateral of clients will be returned as loans mature (cash collateral to reduce to nil in 2023). • Kenya is still preparing for an application for a deposit-taking licence, which is preferred over a Digital Creditor Providers licence applicable for unsecured lending only. The application may be submitted in 2023/2024. • Tanzania is expected to apply for deposit-taking licence in 2023.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
2. Legal & Compliance risk continued			
2.2 Change of policy This risk is associated with possible negative impacts arising from changes in policies by regulatory authorities. **Objective** The Company aims to ensure that effective arrangements are in place to comply with all relevant policies.	Med Risk remains stable	• Myanmar's military government and regulators frequently change policies for the government sector due to the political and economic situation. • Kenya's Financial Act of 2022 requires the entity to remit 20% excise duty on all client fees to the Kenya Revenue Authority, reducing profitability. • Tanzania's policy of biometric registration for all sim cards using national ID numbers caused a large number of members to drop out due to the mobile money service and communication being cut off if not registered.	• The Company closely monitors any changes in policies and proactively takes necessary steps to ensure timely compliance. • Investment in digital solutions should improve the Group's ability to respond to changes in polices and industry requirements.
2.3 Product transparency This risk refers to negative public opinion for not ensuring product transparency. **Objective** To ensure that loan officers and branch managers always take necessary steps to ensure transparency regarding products and services.	Low Risk remains stable	• There have not been any significant changes in this area. However, in some countries there is increased scrutiny by regulators and markets on the transparency of services provided.	• Our service is offered in a client-friendly and transparent manner. The Company adopted the SMART principles, which are a common standard in the industry. • The Company strives to meet the highest standard in terms of Client Protection Principles and business transparency. • Client feedback is collected on a regular basis to improve client interaction.
3. Business risk			
3.1 Growth risk All risks and challenges associated with the Company's operational expansion. **Objective** The Company aims to meet its business expansion plan in a controlled manner.	Med Risk increasing	• Almost all Government-imposed Covid restrictions were lifted in the all markets. • ASA India reduced its portfolio to comply with prudential regulations, limiting the disbursement of fresh loans. • The political situation in Myanmar and associated governmental measures curbed business. • In Sri Lanka, growth was stalled due to political and economic instability. • Heightened security challenges due to religious/ethnic clashes in the Eastern and North-western Nigeria.	• Other than a partial lockdown and curfews in Myanmar, no significant restrictions are being faced in other jurisdictions. • New loans are not being disbursed in the high-risk zone of Myanmar. Six branches in this zone have been closed. • The strategy in India continues to focus on shrinking OLP, recovering overdue loans, and controlling costs. • The Company closely monitors the political developments in Myanmar and Sri Lanka. • New branches in Nigeria are selected with strict adherence to the expansion plan, to avoid security concerns.

Risk management continued
Principal risks continued

Level of change key

Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
3. Business risk continued			
3.2 Competition risk The Company may suffer losses or fail to optimise profitable growth by not responding well to the competitive environment or failing to ensure its proposition meets customer needs. **Objective** The Company aims to ensure it understands competitive threats and continues to focus on the needs of its clients.	Med Risk remains stable	• Competition has remained stable or decreased in some markets, possibly due to the impact of the Covid pandemic on the MFI sector. Some competitors faced bankruptcies during the pandemic. Digital lenders and services remain active in African countries, creating competition on the digital frontier. • The Company's portfolio reduction strategy in India has resulted in the loss of clients to competitors.	• The Company emphasises the importance of building and sustaining robust client relationships and customises its products and services to cater to clients' needs. • The Company continuously monitors client satisfaction. • In anticipation of a future with increasingly cashless transactions, the Company is developing a digital financial services platform, which over time also will include a range of digital financial services.
3.3 Reputation risk The Company may suffer financial or reputational damage due to possible misconception of the quality of its services. **Objective** The Company aims to be fully aligned with the long-term interests of its clients.	Low Risk remains stable	• The Company has not faced significant reputational issues, except for the negative impact of portfolio downsizing in India. • The Company strengthened its relationships with clients and communities by investing in community projects in operating countries.	• The Company's clearly defined corporate values and ethical standards are communicated throughout the organisation, its customer base and other stakeholders. • The Company's impact is measured via the client economic yield survey ('CEY'). Read more about impact on page 09 and the CEY on page 42 • The Company maintains close relationships with clients and the broader communities in which it operates. • The Company is highly supportive of the establishment of local credit bureaus.
3.4 Climate risk The risk related to potential negative impact of climate change on the organisation. **Objective** The Company aims to have a strong commitment towards environmental sustainability, lowering emissions; and have procedures in place to respond to risks associated with climate change.	Med Risk remains stable	• The Company is committed to environmental sustainability and aims to reduce its adverse impact on the environment. It monitors its carbon emissions and is in the process of implementing initiatives across all its subsidiaries to reduce its overall GHG emissions. • Severe natural calamities, including flooding, storms and droughts, were observed in India, Pakistan, the Philippines, Nigeria and Kenya during the year, impacting operations. However, the financial impact of climate change and natural calamities are not material as of now.	• The Country Heads have taken proactive measures to address climate issues, including appointing a dedicated climate officer, establishing a governance structure, setting SMART targets for reducing carbon emissions, and developing an action plan. Read more about climate action on pages 47 to 50 • The Company remains in close contact with clients during natural calamities and supports them with relief efforts. Read more about how the Company supports clients during calamities on page 15 and page 45

Risk management continued
Principal risks continued

Level of change key

Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
3. Business risk continued			
3.5 Health & environmental risk The Company may suffer financial loss as a result of a failure to identify and/or adapt to changing external conditions, such as natural disasters or other catastrophic events. **Objective** The Company aims to have business processes that allows it to adequately respond to changes in economic conditions and natural disasters.	Med Risk remains stable	• In Uganda, as of December 2022, there were 142 confirmed cases and 56 deaths due to Ebola. Two clients were infected, but no employees were affected. Government restrictions from October to early December due to Ebola affected field staff movement and led to increased overdue loans. • The year 2022 to saw the decline of the Covid infections and return to business as usual. • According to Health & Safety reports, there were 171 on-duty accidents and three deaths across all subsidiaries during the year, most related to road/motorcycle accidents. • During the year 2022, there were severe natural calamities in India, Pakistan, the Philippines, Nigeria and Kenya that adversely impacted the livelihoods of clients.	• The Company has issued guidelines in Uganda for staff and clients, including social distancing, regular sanitising and hand washing, and mandatory mask use. Affected branches have been instructed to guide clients to deposit daily collections to the Company's bank account through agent-banking channels and send the deposit slip and resolution copy via messaging apps. • The Company ensures valid licences, safety equipment and road safety awareness among employees to mitigate the risk exposure of road accidents. Movement restrictions are applicable to employees in areas that are very prone to robbery incidents. • In India, Pakistan and the Philippines, disaster response and relief activities were carried out. Read more about climate action on pages 15 and 45
4. Operational risk			
4.1 Transaction risk The risk associated with human or system errors within the Group's daily product delivery and services. **Objective** The Company aims to have procedures in place for accurate and error-free transactions.	Low Risk remains stable	• Nigerian clients are required to have a valid Bank Verification Number due to regulatory requirements. • ASA Kenya integrated its disbursement process with M-Pesa, introducing a fingerprint feature that occasionally fails, increasing the risk of fake loans.	• Strict adherence to the KYC policy in Nigeria is ensured. • In Kenya, the Group developed an IT solution to allow for the new disbursement process along with associated features. • The Company is developing a new platform for digital financial services, as well as introducing a Core Banking System by Temenos, over time.
4.2 Human resource risk The Company's strategy may be impacted by not having sufficient skilled people or being unable to retain key people and not treating them in accordance with the Company's values and ethical standards. **Objective** The Company aims to have sufficient personnel to ensure meeting its growth objectives.	Med Risk remains stable	• Staff drop-out reduced during the pandemic, and retention rates were strong across the Group. However, annual staff retention rates in the Philippines and Myanmar were lower compared to other countries. • It was observed that there was a shortage of skilled workers in predominantly Myanmar, Sri Lanka and Sierra Leone. • The Company continued to hire additional IT staff to support the roll out of its digital strategy. • There were no incidents of employee strikes or disruption in any of the subsidiaries during the year.	• The Company ensures that remuneration is competitive and carries out regular reviews besides annual increments. • The Company continuously monitors performance which allows career growth for high-performing employees. • Staff can file any complaints or misconduct experienced at a Grievance Mitigation Committee ('GMC').

Risk management continued
Principal risks continued

Level of change key

Risk decreasing | Risk remains stable | Risk increasing

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
4. Operational risk continued			
4.3 Fraud & Integrity risk The risk of incidents of fraud and misappropriation by staff or client. **Objective** The Company aims to have procedure in place to prevent and detect fraud & misappropriation events carried out by staff or clients.	Med Risk increasing	• As at December 2022, the overdue balance is high in some of the countries which increases the risk exposure. • Absence of biometrics in IT platform increases the exposure to fraud and misappropriation. • Due to the deteriorating law and order situation in Myanmar, robbery incidents have increased.	• Regular visits by Fraud and Misappropriation Unit ('FMPU') and Internal Audit team take place to identify and prevent fraud. • FMPU members conduct awareness programme at branches to discourage fraud and misappropriation. • FMPU members recommend appropriate disciplinary measures for the perpetrators in accordance with entity policy, take necessary actions to recover the misappropriated amount, and pursue legal action, if necessary.
5. IT risk			
5.1 Business continuity The risk of system unavailability. **Objective** The aim of the Company is to ensure that systems are available within a reasonable time.	Med Risk decreasing	• All countries have Disaster Recovery ('DR') sites, with India and Zambia nearly finalised.	• Yearly DR drills ensure smooth functioning of the process.
5.2 System vulnerability This risk is associated with the vulnerability to different types of cyber-attacks. **Objective** The Company aims to ensure that the IT stack is protected against vulnerabilities.	Low Risk remains stable	• Yearly third-party Vulnerability Assessment and Penetration Testing. • Deployment of Endpoint Detection and Response, regular patch management, use of Intrusion Prevention System in the firewall.	• Quarterly review of all firewall configurations and vulnerability assessment by internal team.
5.3 Network availability This risk is associated with the inadequacy of internet connectivity for running real-time branch operations. **Objective** The Company aims to ensure sufficient internet connectivity at all branches.	Low Risk remains stable	• All branches except a few in India (9), the Philippines (27), Myanmar (6) and Zambia (2) have adequate internet.	• Data upload is confirmed from the nearest branch with connection. • There is a continuous focus on connectivity improvements.

Risk management continued
Principal risks continued

Level of change key
Risk decreasing — Risk remains stable — Risk increasing

Risk	Risk grade and level of change	Change in 2022	How we mitigate our risks/next steps
5. IT risk continued			
5.4 IT support This risk refers to speed and quality of resolving IT issues with operational impact. **Objective** The Company aims to have procedures and resources in place to address and resolve IT support issues.	Low Risk remains stable	• Sourcing and retaining experienced IT Staff in Dhaka and across countries remains challenging.	• The Company focusses resources on must-have support rather than new features.
5.5 System access control This risk is associated with misuse of system access. **Objective** The Company aims to have strong password management system in place to prevent any misuse of access.	Med Risk remains stable	• Proper two-factor authentication ('2FA') system is being created in AMBS. Risk of circumventing the Four Eye Principle.	• 2FA is being rolled out across all markets.
5.6 IT fraud This risk refers to the threat of fraud due to control gaps in IT systems and processes. **Objective** The Company aims to ensure that discrepancies between system and procedures are identified and mitigated to prevent IT Fraud.	Low Risk increasing	• A fake app with ASA branding surfaced in India. It was quickly discovered, aligned with regulators and taken out of app stored.	• Continuous monitoring of app stores takes place to prevent digital fraud.
5.7 Data migration This risk refers to the possible loss of data during data migration. **Objective** The Company aims to ensure that adequate measures and back-ups are in place to prevent possible data loss in data migration projects.	Med Risk remains stable	• All subsidiaries will migrate over time from AMBS to a Core Banking system. Pakistan and Ghana are migrating first. • In India, migration is ongoing from AMBS to a third-party software (Craft Silicon).	• Uses state-of-the-art migration tool. • Acquired a highly skilled implementation and migration vendor. • Employs in-house migration expert.

ESG report

Committing to sustainable practices and responsible business operations

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

Throughout 2022, the Company has made strides in developing policies on diversity and responsible travel, formalising the culture statement, setting climate targets, and increasing alignment with universal ESG frameworks and reporting standards.

Environment

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

Social

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

Governance

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

Read more about the Governance framework on pages 62 to 66

ESG report continued

Alignment with UN SDGs

Through its responsible business model, the Group actively supports the UN's sustainable development agenda, working most actively towards the following SDGs.

Read more about our Socially responsible business model on pages 05 and 08

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

No poverty

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

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

Gender equality

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

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

Decent work and economic growth

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

Read more about how the Company supports colleagues on page 43

Target focus areas:
SDG 9: 9.3, 9.4

Industry, innovation and infrastructure

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

Target focus areas:
SDG 10: 10.1, 10.2

Reduced inequalities

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

Other UN SDGs supported

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

Read more on pages 44 to 45 and 46 to 52

Total loans disbursed (USD)	**Female clients**	**Employees**	**Branches**	**Community projects spend (USD)**
982.7m	97%	13.6k	2,028	0.4m
Clients served	**Gender diversity employees**	**Employee satisfaction rate**	**Taxes (USD)**	**Client Economic Yield ('CEY')**
2.3m	35%	86%	28.4m	5.3%

ESG report continued

Socially responsible

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

Universal Standards for social performance

The Group's average scores on the six dimensions of the Universal Standards as part of the SP14 assessment.

Balance financial and social performance	91%
Treat employees responsibly	98%
Treat clients responsibly	95%
Design products that meet clients' needs	90%
Commitment to social goals	83%
Define and monitor social goals	94%

Protecting our clients

To ensure that its operations promote financial inclusion and socioeconomic progress, the Company has adopted several policies, practices, tools and indicators. These measures are implemented to monitor and measure the effectiveness of the Company's efforts to serve the best interests of its clients.

Policies and practices

Prevent over-borrowing

The Group's loan officers ('LOs') not only assess the repayment capacity of a potential client, but also the earning capacity of the client's business. Moreover, they assess how the Group's loans could increase the client's earnings.

Competitive pricing

The Group regularly benchmarks loan interest rates against equivalent providers in its countries of operation and charges average market rates that depend on the country, product and loan term. The interest rates offered are generally similar to those offered by other lending institutions for the same duration and loan size.

Client Protection Principles ('CPP')

As the Company is fully transparent in the pricing and terms and conditions of its loans, it adopted the CPP, developed by SMART Campaign, a leading industry body in the financial inclusion industry, to consider client protection in all aspects of the business. CPP describes the minimum protection that microfinance clients should expect from their providers, and also the protection that an institution should maintain to serve the best interests of its clients. The Client Protection Principles are evaluated by the Client Protection Standards as part of the Social Performance Indicator assessment.

Tools and indicators

Social Performance Indicator ('SPI4')

SPI4 is one of the most widely used social assessment tools for microfinance institutions ('MFIs') and helps MFIs evaluate their implementation of the Universal Standards for social performance management. On the basis of internal assessment, on average, the Group scored 92% out of 100%, scoring highest (95% and 98%) on treating clients and employees responsibly. The data reflects a balanced performance demonstrating a strong execution on all dimensions. The internal SPI4 assessments are currently being audited by an external agency.

Client Complaint Resolution Committee ('CCRC')

Through the CCRC clients can provide direct feedback on services or lodge complaints about inappropriate behaviour or treatment by any of the Group's staff. Every quarter a report is shared with senior management by the CCRC with the nature of complaints and actions taken. In 2022, a total of 558 complaints were received and resolved across the Group. Complaints were related to operational issues, such as service delivery, loan denials and LO behaviour. The reported issues were resolved through policy discussions and clarifications with clients and disciplining staff, where necessary.

Client satisfaction survey

This survey is conducted by interviewing three clients per loan officer, a total of 19 thousand clients, to estimate the clients' satisfaction with the facilitation and actual products and services delivered. Facilitation includes, amongst others, the loan approval process, interest fee and insurance. Overall, a high satisfaction of 93% has been measured, an increasing trend since 2017. Clients are particularly satisfied with the loan approval process, the loan duration and the interaction with loan officers.

Client Economic Yield ('CEY')

The annual CEY survey assesses the financial benefit of the loans provided to clients. The survey samples approximately 1% of total clients on their third or higher loan cycles. The CEY Key Performance Indicator is calculated by deducting the clients' weekly interest costs from their average weekly income derived from their business activity funded by the Company's loans. In 2022, the Client Economic Yield was 5.3%, confirming client's financial benefit from the loan.

SP14

92%

Client Economic Yield ('CEY')

5.3%

Client satisfaction rate

93%

Read more on our KPIs pages 16 and 17

ESG report continued
Socially responsible continued

Supporting our colleagues

Recruiting young talent
The Company focuses on hiring young college graduates interested in working with low-income communities. These recruits are generally from rural or semi-urban backgrounds. In 2022, a total of 3,914 colleagues were recruited in the operating subsidiaries across the Group. Some subsidiaries still have less recruits than usual due to economic and/or political challenges in the country and due to a reduced drop-out rate. However, most of them have recruited more than the previous years as a result of expansion.

Fostering employee development
Training of employees and new recruits is primarily on-the-job. In 2022, 8,750 employees underwent the 12-day Pre-Service Orientation ('PSO') training. During PSO, the Company's heritage, mission, core values, Code of Conduct, HR policies and financial processes, amongst others, are taught. This training is followed by continuous on-the-job training from colleagues, and regular in-branch mentoring and coaching from experienced senior staff members, such as regional and district managers. Training remains an important element as employees progress into senior roles. Training can include anti-money laundering,diversity and inclusion, skill development, crisis management and role-specific training. In 2022, 13,066 training attendees and 61,312 hours of training were recorded.

Read more about the digital training for operational managers on page 13

Encouraging growth and advancement
Promotion in the operating subsidiaries is offered to those who have incorporated the core principles of the ASA Model and have demonstrated leadership. There is a preference to promote those that have joined the Company as their first job and have successfully climbed through the ranks. This not only supports the successful growth of the Company but also offers a material incentive to employees, which ultimately strengthens the capacity of the Company to expand. With a staff retention rate of 76%, the turnover is considered low and many employees remain and grow within the Company. In 2022, 1,661 promotions were recorded across the Group, with the promotion of loan officer to assistant branch manager accounting for half of the total number of promotions.

Tools and indicators
Employee satisfaction survey
A total of 3,818 colleagues, around 30% of the Company's employees, participated in the annual satisfaction survey, resulting in a satisfaction rate of 86%. Staff satisfaction is broken down into professional, facility and department service satisfaction. The results show that the vast majority work well together, feel like they are treated fairly and that their tasks help them grow professionally. The most progress can be made in the professional area, where colleagues mention better opportunities and a healthier work-life balance.

Providing a safe work environment
There are a number of policies and practices in place to secure a working environment that endorses the welfare of employees and safeguards the integrity of the Company.

Policies and practices
Health and safety
The Group monitors and controls health and safety risks, regularly provides safety and awareness training to employees, takes preventive measures and emergency or corrective actions on workplace incidents or illness, and maintains safe equipment and infrastructures at the workplaces. Each operating subsidiary has formed a health and safety committee and an integrated occupational health and safety checklist with risk categories to ensure regular supervision and monitoring throughout the Company. In response to the pandemic, the Company took various temporary measures, such as creating awareness for safety measures, discouraging gathering in groups and offered socially distanced work spaces.

Read more about health risks on page 37

Whistleblowing
Employees are encouraged to report any activity that may constitute a violation of laws, regulations or Company policy via a complaint box or to the Chairman of the Audit and Risk Committee locally. Examples of concerns are improper or unethical business practices, health, safety and environmental issues or violations of the Code of Conduct. This year, two whistleblowing incidents were reported at two of the operating subsidiaries and appropriate action was taken, post investigation conducted by Internal Audit. In December 2022, training sessions were conducted and posters continue to be disbursed across the Group to raise awareness on this topic.

Read more on page 70

Grievance Mitigation Committee ('GMC')
The Group has established an effective grievance mechanism for all employees, allowing them to raise any work-related concerns or complaints without fear of reprisal. In 2022, a total of eight appeals and two direct complaints have been received across the Group. Five appeals and two direct complaints were dismissed after investigation. The disciplinary actions taken involved warnings, transfers and termination of contracts. Preventative actions include a harassment awareness program and addressing GMC during training, orientations and exit interviews.

Diversity
The Company aspires to be an inclusive and diverse organisation. As a global company, active in 15 countries, the Company celebrates its culturally diverse workforce. In terms of gender, in 2022, the operating subsidiaries represented 34.8% of the Group's overall female representation, broken down in East Africa: 12.2%, West Africa: 9.3%, East Asia: 9.1% and South Asia: 4.3%. Due to cultural reasons in South Asia and safety issues related to travelling alone, hiring women still appears to be a challenge in this region, which impacts the Group's overall gender representation. The female representation at the senior leadership level at subsidiary level is 24%. In terms of age, 53% of the Company's employees are under 30 years old and 1% over 50. To improve gender representation in the Company, a Diversity, Equity and Inclusion ('DEI') committee has been formed, a DEI policy is being drafted, and targets for 2023 are being finalized.

Read more diversity-related figures on page 53

Core values that define the Company's culture and guide its decisions and interactions with stakeholders:

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

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

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

ESG report continued
Socially responsible continued

Our community programmes

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

Health

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

Read more on health camps by ASA Kenya on page 14

Community-based health insurance and covering medical costs in Rwanda

ASA Rwanda has recently taken action to give back to the community by conducting two activities in the Nyamagabe District. These activities included providing community-based health insurance to 700 vulnerable families and covering the medical expenses of 13 families at Kigeme hospital. The event was attended by ASA Rwanda staff and clients, Nyamagabe district staff, Kigeme hospital staff, media,program participants, and members of the community.

UN SDGs

3 Good Health and Well-Being
6 Clean Water and Sanitation
17 Partnerships for the Goals

Impact indicators 2022

- Three water boreholes installed.
- 547 people with disabilities supported.
- 146 health camps conducted reaching approximately 18 thousand people.

Education

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

Student bursaries to encourage children to stay in school in Nigeria

Secondary school dropout is not uncommon in Nigeria due to poverty and illiteracy of guardians, especially in rural and semi-urban communities. To ease financial burdens and encourage children to stay in school, ASA Nigeria offers student bursaries to children of clients. In 2022, 620 students participated in this scheme, most using the bursary to pay their tuition and a few students spending the bursary on schoolbooks and materials. The response to the scheme is positive, with participants saying they feel more determined to excel and that it has helped to reduce financial burdens. This project started in 2019 and is repeated annually.

UN SDGs

4 Quality Education
5 Gender Equality
10 Reduced Inequalities

Impact indicators 2022

- 5,038 attendees of ASA Pathsala classes.
- 692 students received a bursary or scholarship fund
- 44k USD spent on donations to schools directly reaching five thousand children.

ESG report continued
Socially responsible continued

Relief efforts

Efforts are made to respond to emergency situations and contributing to clients' safety in times of despair through capacity building. This involves providing necessary resources to build upon the resilience of clients.

Support related to the Covid pandemic includes distribution of essentials to ensure safety and hygiene, such as soap, reusable masks and hand-washing buckets. In the case of natural disasters, this support includes contributions to the provision of basic necessities, such as food, shelter and medicine. Relief is extended beyond "emergency" situations to address fundamental needs, such as food security and adequate housing.

Read more about how ASA Pakistan supported clients after the flooding on page 15

> We have the responsibility to make an effort to act as a support system, responding to the immediate and basic needs of our clients and adjacent communities.

Md Enamul Haque
Chief Operating Officer, ASA International

Contributing to food security in Uganda

ASA Uganda's Kaliro branch, located in an agricultural area in Eastern Uganda where many clients earn a living through farming, recently donated hand hoes to 300 farmers in the district. Hand hoes are the primary tool farmers use when cultivating their land, and many were in need of new equipment to boost their food production. While most of the Company's community projects serve the broader community, this donation was appreciated by the farmers on a personal level. The donation was celebrated with the community.

Relief for typhoon victims in the Philippines

In September 2022, the city of Malalos in the Bulacan province on Luzon Island was severely affected by super typhoon Karding (Noru). As food is scarce during calamities, those affected benefit from receiving non-perishable foods. As the streets were flooded, staff of Pagasa Philippines went door-to-door to distribute goods to 268 clients.

UN SDGs

Impact indicators 2022

- Nine and a half thousand natural disaster relief program participants.
- 200 thousand Covid protection program participants.
- Two million PKR donation towards relief funds for flooding in Pakistan.

2022 performance

USD spent

$375k

Program participants

259k

Initiatives

2,110

ESG report continued

Environmentally responsible

UN SDGs

Considering both the Company's impact on the environment and the environment's impact on the Company is crucial for the Group to operate in an environmentally responsible manner, especially given the urgency of addressing climate change.

Mitigation of emissions

The Company is committed to reducing its impact on the environment, and one way it achieves this is by identifying ways to mitigate its greenhouse gas ('GHG') emissions. The Company has conducted an assessment to identify its highest sources of emissions and engaged in feasibility studies to determine how to reduce emissions across its operating subsidiaries. From these efforts, short-term action plans and targets have been developed at subsidiary level to contribute to energy efficiency and achieve emission reduction.

Read more about the Company's emissions on page 52 and its climate strategy and targets on pages 47 to 50

Policies and practices

Environment and Social Management System ('ESMS')

The Company's ESMS outlines environmental and social management plans, policies and procedures, including implementation procedures and responsibilities. Its goal is to prevent or minimise negative environmental and social impacts and promote good governance practices.

The system aligns with industry standards, such as IFC standard 1 and 2, SMART Campaign, and Universal Standards for Social Performance Management.

Environmental policy

The Company's environmental policy outlines the actions that its staff must take to minimise and prevent any harmful impacts on the environment. The policy requires revision and alignment with the environmental actions the Company will take in 2023.

Exclusion list

The Group's exclusion list is designed to prevent financing of businesses that excessively exploit or harm biodiversity or the environment. Where appropriate, these exclusions align with international conventions.

Travel policy

The Company's travel policy promotes responsible and sustainable travel practices, with a particular focus on air travel. It outlines the necessary factors to consider and steps to take before undertaking air travel for business purposes. Effective as of December 2022, this policy is designed to guide employees towards environmentally conscious travel decisions while also ensuring the Company's operational efficiency.

Tools and indicators

Streamlined Energy and Carbon Reporting ('SECR')

By disclosing its energy and carbon data in accordance with the SECR reporting standard, the Company can monitor its emissions data and energy efficiency efforts over time. This approach ensures transparent and consistent reporting of the Company's environmental impact and helps identify opportunities for further improvements in sustainability performance.

Read the report on pages 51 and 52

Adaptation to climate change

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

Read more on pages 47 to 50

Policies and practices

Emergency Preparedness and Response Plan ('EPRP')

The objective of the EPRP is to protect resources, clients and staff, to safeguard critical information, and to guarantee the continued availability of essential operations and services. It outlines strategies and plans for the Company's emergency management and response. By having an EPRP in place, the Company can effectively prepare for and mitigate the impacts of emergency situations.

Read more about disaster response on pages 15 and 45

Tools and indicators

Natural Calamity Impact Assessment ('NCIA')

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

Read more on page 48

ESG report continued

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

As required by the FCA Listing Rules, ASA International aligns with the Task Force on Climate-related Financial Disclosures ('TCFD') on a comply or explain basis to provide transparent data to investors and other stakeholders about the material risks and opportunities of climate change for the Company. Disclosures are made consistent with the TCFD recommendations and disclosures, except for the scenario analysis and financed emissions, further explained on pages 48 and 52. This is the second year the Group is implementing and reporting on the recommendations of the TCFD and is continuing to mature its approach. In this report, the Group shares the key developments and the status on the four core elements of the TCFD recommendations.

Key developments in 2022

Governance
Board oversight at subsidiary level and appointed sustainability managers.

Strategy
Conducted feasibility studies and introduced travel policy.

Risk management
Integrated climate risk in risk taxonomy.

Metrics and targets
All subsidiaries presented targets for 2023 to mitigate emissions.

Governance

The Group's governance structure provides clear oversight and ownership of the Group's sustainability strategy and management of climate-related risks and opportunities ('CRROs').

Board oversight

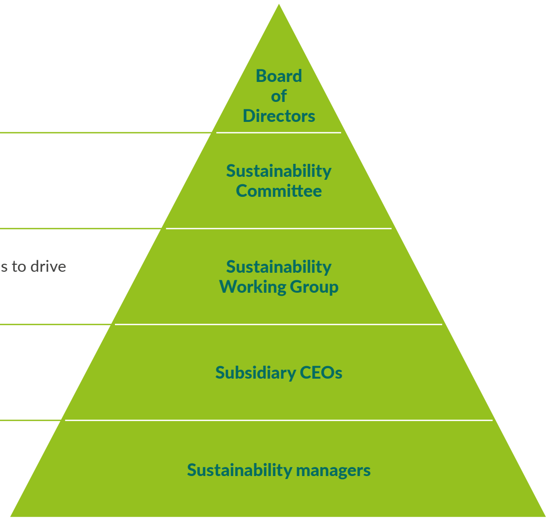
- Board oversight of and engagement with the Company's sustainability efforts is a key priority and is ensured through the active involvement of three Executive directors, including the Chief Executive Officer, in the Sustainability Committee ('SC').
- The Committee kicked-off in 2022 and meets regularly to discuss progress and performance on climate-related risks and opportunities ('CRROs'). In 2022, four SC meetings were held.
- The Sustainability Working Group supports the SC by providing regular updates on the Company's sustainability strategy.
- The Board has considered CCROs by approving the inclusion of 'climate risk' as a principal risk in the Company's risk taxonomy and risk framework.
- All subsidiaries have committed to Board oversight of their climate action plans in 2022.

Role of management

- Management plays an important role in assessing and managing the Company's CCROs. This involves cross-functional management at both the Group and subsidiary level. See more about cross-functional management and the involvement of management at the subsidiary in the sustainability governance structure below.
- In 2022, two meetings were held with the Sustainability Committee and subsidiary Managing Directors to (i) create awareness about sustainability and to (ii) present climate targets for 2023. Going forward, quarterly meetings have been scheduled to discuss progress.
- Management will receive regular progress reports towards meeting the Company's climate targets, allowing them to make informed decisions and to ensure that the Company's operations and initiatives are aligned with the targets.

Outline of the sustainability governance and reporting structure

1. Defines high-level strategy. Ensures the Group has effective risk management policies in place. Approval of the risk management framework and risk principles.
2. Discusses progress and performance on climate-related topics and decision making bi-annually.
3. Assesses and cross-functionally manages the CRRO's. Proposes and implements climate-related strategic decisions to drive improvement. Reports to the Sustainability Committee.
4. Responsible for the climate action plan and the achievement of climate targets at subsidiary level. Presents to the Sustainability Committee quarterly on progress.
5. Assesses the CCROs on the ground and manages the implementation of the climate targets. Reports to the subsidiary CEO and to the Group sustainability manager on a quarterly basis.



ESG report continued
TCFD continued

Strategy and risk management

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

Identifying risks

- The Group has implemented standardised templates for identifying and assessing climate risks across all its subsidiaries.
- Each subsidiary has a dedicated risk management unit responsible for identifying climate risks using the standardised template.
- Climate risks are assessed internally using a risk scoring method based on both likelihood and impact, as defined in the Group's risk management framework. Data related to operational and financial damage caused by natural calamities are also collected as part of the assessment process. See the Natural Calamity Impact Assessment on page 46.
- The above mentioned reports are reviewed by the local risk management coordination committee and approved by the Country Head before being submitted to the Group.
- The Group climate risk management report is prepared on the basis of the country reports and presented to the ARC quarterly. Climate-related risks are identified, assessed and reported on a quarterly basis.
- While the Group has currently identified short-term climate risks, it is in the process of identifying medium- and long-term risks to guarantee its risk management strategy is future-oriented.
- Climate risk has been included as a distinct risk as part of the broader framework of business risks in the Principal risks report.

Read more on page 36

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

- Climate change is a part of the Company's approach to sustainability approved by the Board in 2021.
- Major sources of the Company's emissions have been identified. A feasibility study has been completed to determine the opportunities to mitigate these major sources of emissions.
- Concrete mitigation proposals have been defined and approved at entity level. The consolidated targets at Group level can be found on page 50.
- The impact on financial reporting judgments and estimates are presented in note 2.5.1 on page 117.
- Directors have concluded that currently, the impact of the risks in the Group's financial statement is not material. Certain additional investments planned to reduce the carbon footprint of the Group – amounting to USD 500k – have been considered in future business plans.
- The priority has been on establishing governance and setting targets, which are prerequisites for conducting scenario analysis. The goal is to complete the projection of scenarios for the next ten years by the end of 2023.

Managing CCROs

The Company's current focus is on risk management of physical and transition risks, as climate-related opportunities such as resource efficiency are being explored as part of the emissions mitigation efforts for 2023.

Managing physical risks:

- Natural calamities such as floods, cyclones, droughts, earthquakes, volcanic eruptions, etc. are common in some of the countries where the Group operates.
- Risk management protocols are built into the Group's operational procedures, including site selection of potential new branches, taking into account the vulnerability to natural calamities.
- Natural disaster management procedures are in place at the entity level, including staff training for emergency response plans, postponement of disbursement and collection until the situation stabilises, and loan repayment rescheduling or moratoriums for borrowers in extreme cases. Assistance/relief is offered to borrowers under CSR schemes.

Managing transition risks:

- The Group proactively monitors and addresses regulatory or stakeholder requirements related to greenhouse gas ('GHG') emissions in its operational countries. So far, the operational countries are not facing any strict regulatory or stakeholder requirements in this field.
- The Group is committed to reducing its carbon emissions across all subsidiaries to be an environmentally sustainable organisation and uphold its reputation.
- The Group is finalising a carbon reduction plan consisting of smart targets for all its subsidiaries.
- A travel policy has been adopted to ensure air travel is limited as much as possible to reduce carbon footprint.

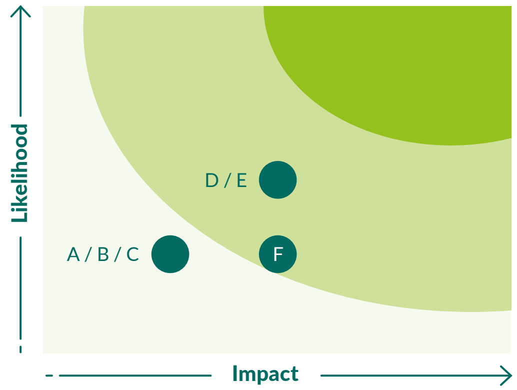
Read more about targets on page 50 and SDG alignment on page 41

Integrating climate risks into overall risk management

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

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

Climate-related risks heat map



Risk label	Risk name
A	Legal and Regulatory
B	Technological
C	Market
D	Reputational
E	Acute Risk
F	Chronic Risk

Risk level

Low
Medium
High

ESG report continued
TCFD continued

Time horizon key

ST Short Term (>5 years) MT Medium Term (5-10 years) LT Long Term (10+ years)

Climate risk	Risk description	Risk level	Financial impact	Time horizon	Comment
Transition risk					
Legal & regulatory	Risk of failing to comply with regulatory requirement related to carbon footprint/ GHG emissions.	Low	None	ST	• Risk grade is low as none of the subsidiaries have direct regulatory requirements from the local governments/central banks related to carbon footprint/GHG emissions that are applicable to the operational entities. • However, at Group level the SECR UK standard must be followed for reporting carbon footprint.
Technological	Risk associated with transitioning to lower emission technology.	Low	Not material	ST	• Risk grade is low as the Group's plan to lower the emissions does not involve complex and expensive technologies. • The focus remains on increasing the use of renewable energy, increasing energy efficiency, reducing fuel consumption and using environmentally friendly vehicles.
Market	Risk associated with possible changes to the market as a result of climate change, such as changing customer behaviour and uncertainty in market signals.	Low	None	ST	• Risk grade is low as the Company's clients are micro-entrepreneurs who deal with essential goods and services. It is highly unlikely to see any change in customer behaviour related to transitioning to low carbon economy.
Reputational	Risk associated with not being able to meet stakeholder concerns in terms of environmental sustainability and carbon emissions.	Med	Not material	ST	• Risk is medium because according to TCFD guidelines, entities are required to take necessary initiatives to reduce carbon footprint/GHG emissions. Being unable to do so will damage the reputation of the Company. • Subsidiaries have started taking some initiative to reduce emissions. The process is ongoing towards having an approved carbon reduction plan for the reduction of overall GHG emissions.
Physical risk					
Acute risk	Risk associated with extreme weather events such as flooding, cyclone, heat waves, etc.	Med	Not material	ST	• Natural calamities such as heavy rain, floods, storms, cyclones, earthquakes, droughts and volcanic eruptions were experienced during the year. • Operational and financial impact was seen from natural calamities in India, Pakistan, Philippines, Nigeria and Kenya during the year.
Chronic risk	Risk associated with a long-term shift in climate pattern, such as rising mean temperatures and rising sea level.	Low	Not material	MT	• The risk is perceived to be low in the medium term, although natural calamities like droughts and floods may increase over the long term. • As the Group's branches are low cost, the option to relocate from natural calamity prone areas will be available.

ESG report continued
TCFD continued

Metrics and targets

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

Management and disclosure

- Feasibility study conducted to assess opportunities to reduce emissions at subsidiary level.
- Disclosure of GHG emissions according to Scopes 1 and 2, and to a certain extent, Scope 3 in the Streamlined Energy and Carbon Reporting ('SECR') report. For 2022, Scope 3 has been extended with flight emissions. Financed emissions not disclosed due to lack of data.

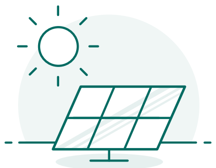
Read more on pages 51 and 52

- Based on the climate action plans (including targets) of all subsidiaries, the 2023 Group targets have been approved by the Sustainability Committee. Performance will be tracked and reported quarterly.
- Exploring adoption of metrics to measure performance and alignment with universal frameworks.

Group targets 2023

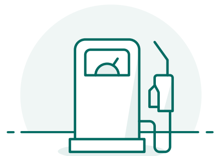
- To mitigate greenhouse gas ('GHG') emissions, the sources of emissions have been identified and reduction targets have been set. The Company has implemented bottom-up initiatives where each subsidiary is responsible for proposing and implementing feasible reduction initiatives. This has formed the basis for the 2023 Group targets disclosed below.
- These initiatives are included in the Company's budget.

2023 emissions mitigation targets



Increase the use of renewable energy

By installing 150–200 solar panels



Reduce fuel consumption

By introducing 30–50 electric motorbikes

Absorb CO_2 and protect the environment

By planting 10,000–15,000 trees

Increase energy efficiency

By installing 2,500–4,000 thousand LED lights

ESG report continued

2022 Streamlined Energy and Carbon Reporting ('SECR')

In 2022, the Group continued to collect data on energy use and business travel for operations covering 15 countries, including 13,601[1] full-time employees ('FTEs') and 2,028 branches.[2] The table includes the Group's energy use and associated carbon emissions in 2021 and 2022, broken down by Scopes 1, 2 and 3.

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

The Group's emissions calculations and reporting follow the Greenhouse Gas Protocol Corporate Standard (operational control approach) covering its energy usage in 2022.

Energy efficiency actions

Action taken in 2022	Planned action in 2023
Installation of LED lighting across the Group was initiated in phases. A significant amount of LED lights have been installed in 10 of 15 countries.	Plan is underway to install LEDs across all entities in phases, taking budget and unnecessary waste reduction in consideration.
Continued monitoring and servicing of buildings to ensure energy-efficient operations and preventing fire hazards. This includes annual utility maintenance and cleaning of air conditioning systems and checking for any misuse of the water supply, electricity and office cars.	Action to be continued.
Continue to raise awareness on climate issues and necessary precautions through reporting and discussions at Group level. Addressed during client group meetings at operating subsidiary level.	Continue raising awareness and review the implementation of the Group's environmental policies.
Reduced paper use as subsidiaries are digitising processes.	Restrict the use of paper across offices with a target of zero printing.
Travel policy endorsed, specifying that all air travel must been recorded and approved through official procedures to confirm it is necessary. Sustainability is considered when reviewing travel options. Continue to encourage the use of public transport.	Air travel data will be recorded and reported on a regular basis.
Feasibility studies concluded. Operating subsidiaries developed annual SMART climate targets and action plans for 2023.	Formal approval of Group climate targets in Q1. Quarterly progress reporting by operating subsidiaries.

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

ESG report continued
SECR continued

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

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

Scope and subject matter
The boundary of reporting includes all operating subsidiaries and facilities owned, leased or actively managed by the Group, as well as business travel in Company-owned vehicles or employee-owned or hired vehicles where the Company is responsible for purchasing the fuel. The Company started recording air travel in 2022.

Energy and GHG sources included in the process
- **Scope 1**: Direct emissions from owned or controlled assets of the Company. Emissions from combustion of fuel in owned or controlled vehicles and generators have been included.
- **Scope 2**: Indirect emissions from the generation of purchased electricity consumed by the Company. A location-based method has been applied.
- **Scope 3**: All other indirect emissions that are a consequence of the activities of the Company, but occur from sources not owned or controlled by the Company. Mileage claims for commuting and air travel have been included. Emissions that arise from client businesses, waste and fugitive emissions from refrigeration (e.g. air con) is omitted from the report due to lack of data.

Types of GHGs included, as applicable: CO_2, N_2O, CH_4, HFCs, PFCs, SF_6 and NF_3.

The figures were calculated using UK government 2022 conversion factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

Particulars	2022	2021[1]
Energy consumption used (kWh)		
Electricity (kWh)	3,569,221	4,854,153
Gas (kWh)	1,668,700	1,057,564
Transport fuel (kWh)	41,017,650	34,990,655
Other energy sources (kWh)	2,140,388	1,187,806
Total (kWh)	**48,395,959**	**42,090,178**
Emissions (tCO_2e)		
Scope 1		
Emissions from combustion of gas (tCO_2e)	341	223
Emissions from combustion of fuel for transport purposes (tCO_2e)	4,923	4,608
Emissions from combustion of fuel for generators (tCO_2e)	498	278
Scope 2		
Emissions from purchased electricity (tCO_2e)	690	1,031
Scope 3		
Emissions from travel in rental cars or transport (tCO_2e)	555	242
Emissions from travel using flights (tCO_2e)	385	**0**[1]
Total location-based tCO_2e	**7,392**	**6,382**
Intensity ratio		
Number of full-time employees within financial year ('FTE')	13,601	13,881
Intensity ratio: tCO_2e from Scope 1, 2 and 3/FTE location based	0.54	0.46

1 Data on flight emissions in 2021 is not available as the Company only started collecting this data in 2022.

Verification
Internally by the Company.

ESG report continued

Non-financial information statement

As a socially responsible lender, the Group has a wide range of policies and procedures, as well as surveys in place, to ensure that the Company and its staff comply with all environmental, social and legal requirements, including respecting human rights, and adhering to the highest professional and ethical standards in dealing with clients, suppliers, communities and each other.

ESG	Our policies and practices	Description
	Exclusion list	Read more on page 46
	Environment and Social Management System ('ESMS')	Read more on page 46
	Environmental policy	Read more on page 46
	Travel policy	Read more on page 46
	Emergency Preparedness and Response Plan ('EPRP')	Read more on page 46
	Client Protection Principles ('CPP')	Read more on page 42
	Client Economic Yield ('CEY') survey	Read more on page 42 See page 17 for KPIs
	Client Complaint Resolution Committee ('CCRC')	Read more on page 42
	Client and employee satisfaction survey	Read more on pages 42 and 43 See page 17 for KPIs
	Grievance Mitigation Committee ('GMC')	Read more on page 43
	Health and Safety	Read more on page 43

ESG	Our policies and practices	Description
	Whistleblowing	Read more on page 43 and 70 See Policies and Practices on our website
	Child Labour and Protection	See Policies and Practices on our website
	Sexual Harassment Elimination	See Policies and Practices on our website
	Non-Discrimination	Read more on page 76 See Policies and Practices on our website
	Code of Conduct	See Policies and Practices on our website
	Anti-Bribery and Anti-Corruption	Read more on page 70 See Policies and Practices on our website
	Anti-Money Laundering	Read more on page 70 See Policies and Practices on our website

For more information on Policies and Practices, visit our website

Read the remaining reporting requirements on the business model on page 08 and the principal risks on pages 33 to 39

Diversity and gender

The Company employs a diverse workforce, with 35% female employees.

Read more on page 43 and 76

	Female	Male
Number of Board Directors[1]	2	5
Number of Independent Directors of subsidiaries[2]	8	14
Number of senior employees[3]**, other than Board Directors**[4]	47	153
Number of employees, other than Board Directors and senior employees	4,713	8,689

Female Male

1 Includes Non-Executive Directors, excluded from Group headcount calculations. Figures as at 31 December 2022.
2 Not including Directors appointed on the Board of the plc.
3 Senior employees identified as material risk-takers who are not Directors or subsidiary Directors.
4 Includes subsidiary Directors who are excluded from Group headcount calculations.

Section 172 statement

Engaging with our stakeholders

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

Our stakeholders	How we engage	How the Board engages and is kept informed	What matters most
Clients	• Clients receive loans at the branch office. • Branch staff meet clients at client group meetings. • Branch staff visit clients' businesses. • Senior management visits clients. • Field staff remain in contact with clients via mobile phones. • We conduct regular surveys. Read the survey outcomes on pages 42 and 43	• Senior management reporting to Audit Committee. • Monthly business updates. • Reporting of client surveys and committees. • Progress on community projects. • GMC and whistleblowing reports tabled at all meetings. Read more about the Boards engagement with whistleblowing on page 70	• Clients' ability to repay their loans. • Loans should offer an economic benefit for the clients. • Feedback opportunity or file complaints. • Market-based interest rates. • Relevant product offering and channel. • Expanding digital access to services. • Transparent policies and procedures. • Moratoriums, if needed.
Colleagues	• Experienced senior managers coach more junior staff. • Senior management is represented on operating subsidiaries' boards. • Meetings with senior management at head office level. • Foster cooperation and leadership. Read more about our workforce on page 43	• Meetings with the Chair of the ARC, CFOs and Internal Audit staff. • Non-Executive Directors' attendance at subsidiaries' board meetings. • Subsidiary boards address questions by Directors on workforce leading to direct engagement with subsidiary management. • Leadership meeting with Board, Group HQ staff and subsidiary leadership to discuss strategy and proposed business changes. • Meetings with the Chairman and senior managers in Amsterdam and Dhaka, effectively acting as a non-executive for workforce matters. • Senior management reporting in Board and Committee meetings. See page 70 for Board activities relating to its fulfilment of duties under Section 172 and page 66 for stakeholder engagement	• A healthy and safe working environment. • A fair salary and benefits programme. • Employee development, training and opportunities for promotion. • Feedback opportunities. • Having an active role in local community projects. • Awareness of the need for increased gender diversity. • Setting the right incentives. • Reviewing and improving engagement with the workforce.
Communities	• Branches are embedded in the communities. • Field staff work closely with community members. • Group meetings and client referrals are part of the local communities. • Investment and engagement in community projects. Read about community engagement on pages 44 and 45	• Senior management reporting in Board meetings about community feedback. • Budget spend and impact studies of community projects.	• Empowering female entrepreneurs. • Commitment to improving clients' and families' socioeconomic progress. • Engagement with community members. • Offering relief support in times of hardship and focused community projects.
Lenders	• Meetings and field trips with local and international financiers. • Updates by the CEO following the publication of important Company news.	• Senior management reporting in Board meetings on funding matters. • Being regularly updated on the liquidity position of the Company. • Securing a stable and reliable funding position. • Overseeing progress of extending waivers, no-action letters in case of potential covenant breaches. Read about engaging with liquidity plans on page 72	• To stay updated about the performance of the business. • Avoiding concentration of funding sources. • Relationship building with new and existing parties. • Negotiating the best possible terms.
Shareholders and investors	• Business updates. • Audio webcasts and financial results announcements. • Investor and analyst meetings. • A dedicated investor website. • Investor conferences, roadshows and field trip visits. See https://www.asa-international.com/investors/	• Adopt shareholder and investor feedback in the Group's strategy. • CEO updates in Board meetings and regular IR updates to the Board. • Analyst reports. • Provide feedback on RNS announcements and Annual Report. • Annual General Meetings. Read more about the Group's strategy on pages 10 to 12	• To stay updated about the performance of the business and the Group's long-term goals, strategy and execution. • A constructive dialogue. • Share viewpoints on the Group's strategy. • Compliance and transparency to ensure investor confidence. See Engaging with Stakeholders on page 66
Regulators and governments	• Updates of the reporting regulations. • Country Heads' meetings with regulatory bodies. • Relationships with local town councils or municipalities, local law enforcement agencies, government agencies and local microfinance practitioner networks.	• Senior management reporting in Board meetings. • Overseeing full compliance with reporting requirements, local rules and regulations. • Making sure the Company supports a sustainable lending environment for clients. • Discussing new regulations proposed.	• Full compliance with reporting requirements, local rules and regulations. • Positively engaging with initiatives taken by local governments and regulatory bodies. • Participate in local industry networks.

Chairman's introduction

Dear shareholder,

I am pleased to present our Board report for 2022

The year was another highly eventful one, with the challenges of Covid being supplanted by those of rapid inflation and substantial currency devaluation in some of our key markets, compounding specific ongoing problems in others. And we have continued to push forward our digitalisation strategy, which we remain convinced will create significant benefits for our clients and shareholders alike in the years to come.

The Board has worked hard through the year to ensure that the governance framework and operating policies and procedures are in place to enable the Group to rise to the many challenges. It has been particularly beneficial that we have been able to resume physical meetings for the first time since the start of the pandemic, both of scheduled board meetings and on an ad hoc basis. There is no substitute for regular physical meetings, particularly in a Group like ours with a geographically spread business and management team.

The Board meets at least five times a year at regular intervals. In addition, there are regular meetings of the Audit and Risk Committee, Nomination Committee, Remuneration Committee, Independent Directors' Committee and Sustainability Committee, which each focus on the detail of their remits to ensure that Board decisions are fully considered and informed. During the year, an Executive Committee was created, with formal terms of reference, which gives comfort to the Board that our Dhaka and Amsterdam head offices are working seamlessly together.

I believe that careful and trusted leadership, solid governance and a sturdy framework of policies and procedures have all contributed to the significant recovery in profitability during the year, reflecting also the Group's diversification and resilience. We recognise, however, the need to exercise caution given the uncertainties which we face, and therefore the Board has decided not to pay a dividend for 2022. We are hopeful that we will be able to make a different decision this time next year.

At the Company's 2023 Annual General Meeting to be held on 15th June 2023, Karin Kersten will succeed Dirk Brouwer as the CEO and Dirk will step into a new role as Deputy Chairman of the Board and Special Adviser to management. Also at the AGM, Gavin Laws will retire from the Board, and Chris Low will be presented for re-election as an Independent Non-Executive Director in his stead.

I am confident, therefore, that we have the leadership in place to enable ASA to continue to thrive in a turbulent world, and would like to close by extending my thanks to the Board, the management team and most of all, our many thousands of employees for all their hard work and dedication to our mission.

On behalf of the Board.

Guy W. Dawson

Guy Dawson
Chairman, ASA International Group plc
21 April 2023

> I believe that careful and trusted leadership, solid governance and a sturdy framework of policies and procedures have all contributed to the significant recovery in profitability during the year.

Board of Directors

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

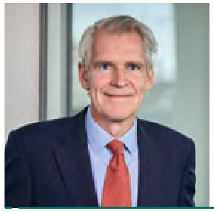
Full biographies are available on our website

Committee membership key

A/R Audit and Risk · N Nomination · R Remuneration · ID Independent Directors

Guy Dawson
Non-Executive Chairman
Appointed: 01 January 2021[1]
N ID

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



Dirk Brouwer
Chief Executive Officer
Appointed: 15 May 2018

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

Karin Kersten
Executive Director, Corporate Development
Appointed: 25 April 2022

Ms Kersten joined the management of the Group as Corporate Development Director on 1 October 2021. She joined the Group from ABN AMRO Bank where she had a distinguished career, most recently serving as Managing Director, Trade & Commodity Finance. Ms Kersten is also a Member of the Supervisory Board of Mondriaan Fonds and Chairman of the Audit Committee of Mondriaan Fonds. She is a member of the Selection Committee of Hotelschool The Hague.

Aminur Rashid
Executive Director, Operations
Appointed: 18 June 2018

Mr Rashid is currently the Executive Director, Operations. Since joining in 2011, he has held the positions of Chief Coordinating Officer and Head of Operations. Prior to this, Mr Rashid was a Director of ASA Bangladesh, from 1992, which is closely associated with the Company's microfinance programme. With over 29 years of experience in microfinance, he has held multiple senior industry positions, and worked in highly varied developmental contexts including Tajikistan, India, Mexico and Nigeria.

Gavin Laws
Independent Non-Executive Director
Appointed: 28 June 2018[2]
A/R R ID

Mr Laws became a Non-Executive Director of ASA International in 2013, a position he also holds at Finablr plc. He became a Director of the Company on 28 June 2018. He also serves as the Non-Executive Chair at Union Bank UK plc, Berkhamsted Schools Group and Liverpool FC Foundation. Until 2012, Mr Laws worked at Standard Chartered Bank for over 30 years. During that time, he served in several executive roles, both in London and overseas, including as Group Head of Corporate Affairs and Regional Head of Governance.

Hanny Kemna
Independent Non-Executive Director
Appointed: 28 June 2018[1]
A/R R ID

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

Dr Salehuddin Ahmed
Independent Non-Executive Director
Appointed: 07 December 2020[1]
A/R N ID

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

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

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

1 The Directors executed their respective appointment letters (or service agreements in respect of the Executive Directors) in relation to ASA International plc on 28 June 2018, the terms of which took effect as of Admission (i.e. 13 July 2018). Guy Dawson was appointed as Chairman with effect from 1 January 2021 pursuant to a letter of appointment dated 17 December 2020. Hanny Kemna was appointed as Senior Independent Director with effect from 1 January 2021 pursuant to a letter of appointment dated 17 December 2020. Salehuddin Ahmed was appointed as a Non-Executive Director pursuant to a letter of appointment dated 7 December 2020. Chris Low was appointed to the Board on 1 February 2023.

2 Gavin Laws was appointed to the Board of ASA International Holding in 2013 and has been a Board member since then. He was appointed to the Board of ASAIG plc in 2018.

Executive Committee

The Group's senior management have significant experience in the microfinance industry ('MFI') as well as traditional financial services.

Full biographies are available on our website

Joint corporate headquarters in Dhaka and Amsterdam

Dirk Brouwer
Chief Executive Officer
Joined: 2007

Years of MFI experience: 16

Karin Kersten
Executive Director, Corporate Development
Joined: 2021

Years of MFI experience: 1.5
Years of banking experience: 22

Aminur Rashid
Executive Director, Operations
Joined: 2011

Years of MFI experience: 33

Md Enamul Haque
Chief Operating Officer
Joined: 2008

Years of MFI experience: 40

Tanwir Rahman
Chief Financial Officer
Joined: 2017

Years of MFI experience: 13

Azim Hossain
Senior Vice President Investments, Treasury and Risk Management
Joined: 2007

Years of MFI experience: 39

Maksudul Amin
Head of Internal Audit
Joined: 2022

Years of MFI experience: 1
Years of banking experience: 13

Martijn Bollen
General Counsel
Joined: 2007

Years of MFI experience: 16

Rob Keijsers
Chief Information Officer
Joined: 2022

Years of MFI experience: 1
Years of banking experience: 16

Md Asifur Rahman
Chief Technology Officer
Joined: 2018

Years of MFI experience: 24

Country Heads

The Group's senior management have significant experience in the microfinance industry ('MFI') as well as traditional financial services.

Full biographies of the country-specific leadership teams are available on the country websites

Country Heads

South Asia

India
Anjan Dasgupta
Years of MFI experience: 15

Years of banking experience: 39 (including microfinance)

Pakistan
Saeed Uddin Khan
Years of MFI experience: 4

Years of banking experience: 37 (including microfinance)

Sri Lanka
G.K.K Gamage
Years of MFI experience: 1

Years of banking experience: 34 (including microfinance)

South East Asia

The Philippines
T. I. M. Fakruzzaman
Years of MFI experience: 31

Myanmar
Md Anisur Rahman
Years of MFI experience: 27

West Africa

Nigeria
Md Abdul Awal
Years of MFI experience: 17

Ghana
Md Aourongjeb
Years of MFI experience: 16

Sierra Leone
Shariful Islam Khan
Years of MFI experience: 31

East Africa

Kenya
A.K.M. Sazzad Hossain
Years of MFI experience: 14

Tanzania
Muhammad Shah Newaj
Years of MFI experience: 11

Uganda
Nurul Islam Chowdhury
Years of MFI experience: 28

East Africa continued

Rwanda
Jamilur Rahman Chowdhury
Years of MFI experience: 31

Zambia
A.B.M. Asaduzzaman
Years of MFI experience: 32

Regional Director

East Africa
Md Farid Ahmed
Years of MFI experience: 30

Governance at a glance

Board key activities during the year

- Regularly reviewed operating, financial and committee reports from the Executive Directors, CFO and committee Chairmen.
- Discussed the Company's 2021-26 strategy in face of the changing economic and financial environment.
- Focused on operational efficiency and cost savings, particularly monitoring developments in India, reducing disbursement and increasing collections, recovering outstanding debts, streamlining the business, and provisioning for the Indian portfolio; also considered strategy to shrink business while meeting obligations.
- Considered impact of global economic conditions in Sri Lanka, Pakistan and political developments in Myanmar.
- Reviewed the draft budget for 2023-24.
- Discussed the DFS project, including the Ghana project and related app development, monitoring progress and timelines regarding implementation and roll-out of the CBS, and reviewed the DFS Readiness Indicator.
- Approved the Remuneration Committee's proposal to issue share options (on the basis of the LTIP earlier approved by shareholders) and the establishment of Company employee benefit trust ('EBT') operated by Zedra Trust Company (Guernsey) Limited to facilitate delivery of Company shares to Group employees under the Plan. Share options granted on 28 October 2022.
- Approved the terms of reference for a new Asset and Liability Management Committee ('ALCO') to monitor the Group asset and liability structure, associated risk management and control procedures, and report periodically to the Board via the Audit and Risk Committee.
- Approved the CEO succession plan on 23 February 2023 pursuant to which Mr Brouwer will remain CEO till the 2023 AGM, at which point Ms Kersten will be appointed CEO.
- Approved the establishment of the Executive Committee and its terms of reference.
- Supported appointment of the new CIO and Head of Internal Audit.

Changes to the Board

Dirk Brouwer has been on the Board since the establishment of ASA International in 2007. All other Directors were appointed as Directors of Group companies prior to the listing, except Hanny Kemna who joined in May 2018 in the run-up to listing and Salehuddin Ahmed who joined on 7 December 2020 (see details on pages 60 and 61). Karin Kersten was appointed as an Executive Director on the Board on 25 April 2022. Praful Patel retired at the 2022 AGM.

The Code provides that Non-Executive Directors' independence is likely to become impaired after nine years' service. Gavin Laws became a Non-Executive Director of ASA International Holding in 2013 and Director of the Company on 28 June 2018. Gavin Laws will retire at the 2023 AGM. Meanwhile, the Board wishes to state its belief that Gavin Laws continues to be independent of the Company and exercise independent judgement, despite his length of service. Mr Laws has no shares in the company and only dealt with the Company in his role as Director. In view of Gavin's planned retirement in 2023, Chris Low was appointed as an Independent Non-Executive Director on 1 February 2023.

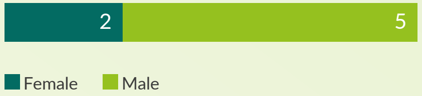
Attendance at Board and Board Committee meetings

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

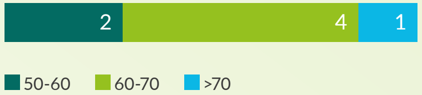
	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee		Independent Directors' Committee	
	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total
Executive Director										
Dirk Brouwer	7	7	5	5						
Aminur Rashid	5	7	5	5						
Karin Kersten	7	7	5	5						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

Our Board

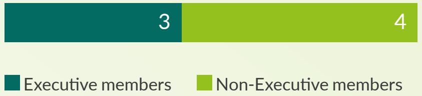
Board by gender



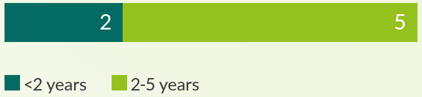
Board by age



Balance of the Board



Board by tenure



Leadership from the Board

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

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

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

Board size and composition

The Board comprises: Guy Dawson (Non-Executive Chairman), Dirk Brouwer (Chief Executive Officer), Aminur Rashid (Executive Director, Operations), Karin Kersten (Corporate Development Director), Hanny Kemna (Senior Independent Director), and three further Non-Executive Directors: Gavin Laws, Salehuddin Ahmed and Chris Low. Gavin Laws will retire from the Board with effect from the conclusion of the 2023 AGM.

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

Biographical details of the Directors at the date of this report are set out on page 56 together with details of their membership of Board Committees.

Board balance and Non-Executive Directors' independence

The UK Corporate Governance Code recommends that at least half the Board of Directors of a UK-listed company, excluding the Chairman, should be Non-Executive Directors determined by the Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the Directors' judgement. Post retirement of Gavin Laws the Board will consist of three Non-Executive Directors, excluding the Non-Executive Chairman, and three Executive Directors. The Board regards all of the Non-Executive Directors as 'independent Non-Executive Directors' within the meaning of the Code, and is satisfied that they are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Senior Independent Director

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

The UK Corporate Governance Code further recommends that Directors should be subject to annual re-election. All the Directors of the Company were re-elected at the AGM held on 22 June 2022.

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

See the Corporate Governance Statement in the Directors' report on page 91.

Leadership from the Board continued

Matters reserved for the Board

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

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

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

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

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

Relationship Agreement

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

In accordance with the terms of the Relationship Agreement, for so long as CMI (currently holding 30.4%) and Catalyst Continuity (currently holding 16.9%) together retain (i) an aggregate interest of greater than or equal to 25% in the issued ordinary share capital of the Company, they shall together be entitled to appoint two Non-Executive Directors to the Board (but at present have not done so), and (ii) an aggregate interest of less than 25% but greater than or equal to 10% in the issued ordinary share capital of the Company, they shall together be entitled to appoint one Non-Executive Director to the Board. In addition, for so long as CMI and Catalyst Continuity together retain an interest of 10% or more in the issued ordinary share capital of the Company, they shall be entitled to appoint one Non-Executive Director to each of the Company's Nomination Committee and Remuneration Committee.

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

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

Management succession

The Board has approved the following succession plan at its meeting held on 23 February 2023: Mr Brouwer will remain as CEO until the 2023 AGM, at which point Ms Kersten, will be appointed CEO. At the same AGM, Mr Brouwer will step into a new role. He will be appointed as (i) Deputy Chairman of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team in order to (a) smoothen the path of transition and (b) support the new leadership going forward.

Governance framework

The Board

- Remuneration Committee
- Audit and Risk Committee
- Nomination Committee
- Independent Directors' Committee
- Disclosure Committee
- Sustainability Committee
- Assets and Liability Committee

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

The Board Committees

As envisaged by the Code, the Board has established three Committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The Board has also established the Disclosure Committee and the Independent Directors' Committee. If the need should arise, the Board may set up additional Committees as appropriate. Reports on the Committees' activities in 2022 appear later in this report.

Remuneration Committee

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

The Remuneration Committee is chaired by Salehuddin Ahmed, and its other members are Gavin Laws and Hanny Kemna. The Remuneration Committee normally meets at least three times a year, and met six times in 2022. Upon the retirement of Gavin Laws at the 2023 AGM, Chris Low will join the Remuneration Committee.

Audit and Risk Committee

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

The Audit and Risk Committee is chaired by Gavin Laws, and its other members during 2022 were Hanny Kemna and Salehuddin Ahmed. The Audit and Risk Committee meets at least four times a year, and met five times in 2022. Upon the retirement of Gavin Laws at the 2023 AGM, Chris Low will join the Audit and Risk Committee and become its Chairman.

Nomination Committee

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

The Nomination Committee is chaired by Guy Dawson, and its other members during 2022 were Praful Patel (until his retirement at the 2022 AGM) and Salehuddin Ahmed.

Upon the retirement of Praful Patel at the 2022 AGM, Hanny Kemna joined the Nomination Committee. The Nomination Committee meets at least twice a year, and met five times in 2022.

Independent Directors' Committee

The Independent Directors' Committee identifies and manages matters involving conflicts of interest (including potential conflicts of interest) between any Group company, on the one hand, and any controlling shareholder or related party (each as defined under the Listing Rules), on the other hand. It is also responsible for overseeing and scrutinising the relationship between the Group, its related parties and its controlling shareholders (including evaluating, monitoring and approving any material transactions or arrangements between such parties and generally monitoring compliance with the Relationship Agreement (see page 61).

The Independent Directors' Committee comprises all of the Independent Non-Executive Directors, being Salehuddin Ahmed, Guy Dawson, Gavin Laws, Hanny Kemna and Chris Low. It was chaired by Guy Dawson in 2022 and met four times.

Assets and Liability Committee

The Company has established an assets and liability Committee ("ALCO") to assist the Board in fulfilling its oversight responsibilities relating to the asset/liability position, liquidity and funds management, capital requirements, dividends and investment decisions of the Company.

The purpose of ALCO is to monitor the structure of the Company's assets and liabilities, controlling financial, liquidity and treasury risks and reviewing control procedures including limits, reporting lines and mandates. The Committee focuses on capital risk, liquidity risk, interest rate risk, counterparty credit risk, funding risk, basis risk and refinancing risk.

Governance framework continued

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

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

Sustainability Committee
The Sustainability Committee has been established as part of the governance structure of the Group's sustainability strategy and management of climate-related risks and opportunities. Board oversight is ensured by including three executive Board members in the Committee. The Committee will meet regularly to discuss progress and performance on climate-related topics.

Meetings of the Board
At each scheduled meeting, the Board receives reports from the CEO, the Executive Director, Operations, the Executive Director, Corporate Development and the CFO on the performance and results of the Group. In addition the COO and the CFO attend each meeting to update the Board on performance, strategic developments and initiatives in their respective areas, and the General Counsel provides updates on compliance, legal and regulatory matters. In addition, the Board receives regular updates from the Senior Vice President, Investments, Treasury and Risk Management, and the Head of Group Internal Audit on risk, compliance and internal audit.

Operational updates are provided by the Executive Director, Operations and the COO, and updates related to IT systems of the Company are provided by the Chief Information Officer (since his appointment in 2022) and Chief Technology Officer.

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

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

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

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

A further aspect of reporting to the Board is Social Performance Management ('SPM'), which covers the handling of complaints, satisfaction surveys, and the achievement of social goals. (This is referred to in more detail in the Non-financial information statement on page 42.)

For further information on the Board's work during the year and a table of attendance at Board and Committee meetings, see 'Board at a glance' on page 59.

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

The Chairman during 2022 was Guy Dawson. His other significant commitments are set out in his biography on page 56. The Board is satisfied that his other commitments do not restrict him in carrying out his duties effectively.

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

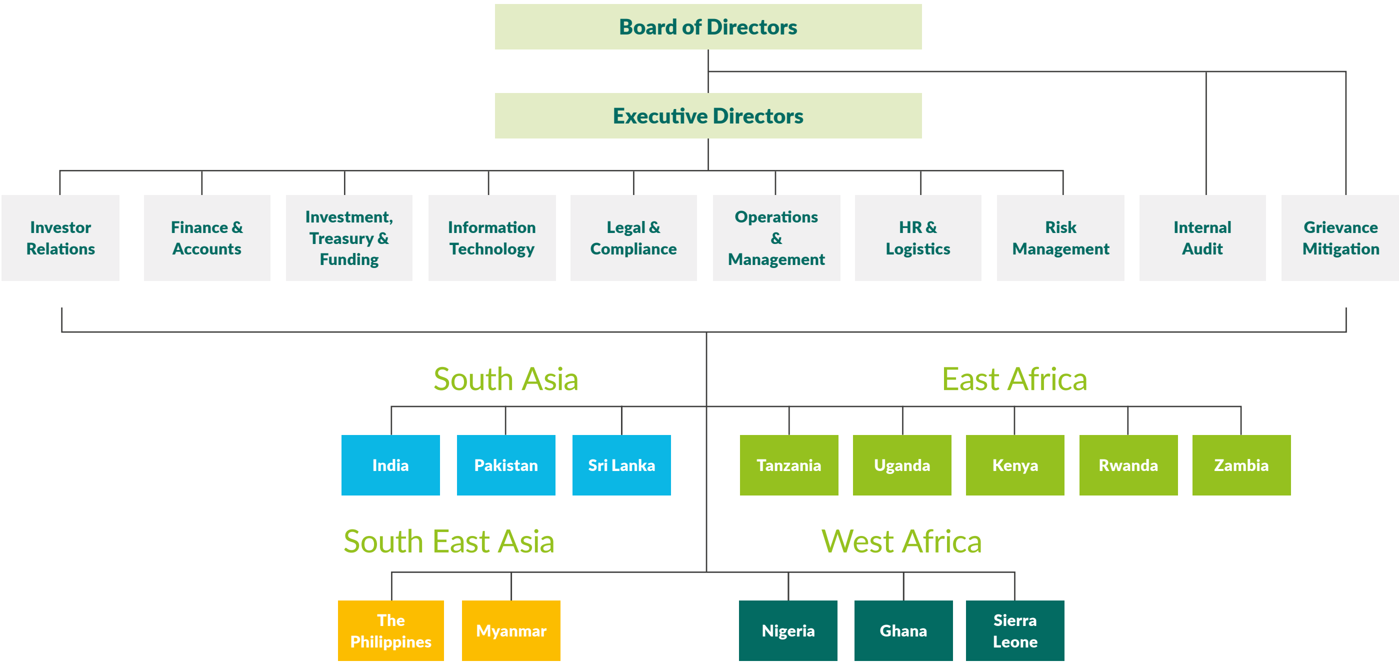
The Company's Independent Non-Executive Directors are Gavin Laws, Guy Dawson, Hanny Kemna, Salehuddin Ahmed and Chris Low. Within the Board's overall risk and governance structure, the Independent Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's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

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

Appointment and removal of Directors
The appointment of Directors is governed by the Company's Articles of Association, the Companies Act 2006 and other applicable regulations and policies. Directors may be elected by shareholders in general meeting or appointed by the Board of Directors in accordance with the provisions of the Articles of Association. All of the then Directors of the Company were re-elected at the AGM held on 22 June 2022. In accordance with the Code, all Directors retire and may stand for re-election at each AGM.

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

Governance framework continued



Board performance evaluation

The Board has recently carried out a self-assessment exercise about the performance of the Board, the Committees and the individual Directors in 2022. As in previous years, the procedure followed was that each Board and Committee member completed a questionnaire, adding comments where appropriate, which was then circulated on an anonymised, aggregated basis to each member of the Board. The Chairman then discussed the points arising from this survey with the other Directors.

Overall the review showed that the Board, its Committees, and individual Directors have continued to work well together since the previous annual Board assessment, with good progress in many of the areas identified for improvement last year. These include further development of the Group's long-term and DFS strategy, and ensuring further diversity and relevant skills on the Board. The latter objective has been pursued in recent appointments at the Board level, and the Board will do its best to see that this trend continues as part of its succession plan, while also seeking to increase diversity in the senior management. On the manner in which progress towards strategic objectives is presented to the Board (the third matter identified for improvement last year), more work is still needed if the Board is to make the best use of the detailed briefing material that it regularly receives.

Additional matters identified in the latest Board assessment include a possible need to re-evaluate the composition and balance of the Board in the light of recent changes in Board membership and the continuing growth of the Company.

The Board discussed the culture statement at length and requested management to take action to ensure the values are practiced throughout the Group.

Reappointment of Directors at the 2023 AGM

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

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

- The three Executive Directors, and the Non-Executive Directors Hanny Kemna, Guy Dawson, Salehuddin Ahmed and Chris Low be proposed for reappointment at the AGM.
- Gavin Laws shall retire at the AGM.

The Board has determined that the Non-Executive Directors meet the independence criteria set out in the Code.

Induction and professional development

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

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

Company Secretary

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

Governance framework continued

Conflicts of interest

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

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

Board and Committee effectiveness

Annual Board and Committee evaluation

See 'Board performance evaluation' on page 64.

Management and operational structure

The Executive Committee formally established in 2022 consists of the Chief Executive Officer, Executive Director – Corporate Development, Executive Director Operations, Chief Operating Officer, Senior Vice President, Investments, Treasury and Risk Management, Chief Information Officer, Chief Technical Officer Operations and the General Counsel and meets at least eight times per year.

The Group's operations are standardised, which allows management's authority to be decentralised and delegated (within specified limits) from the Group's joint corporate headquarters in Amsterdam (the Netherlands) and Dhaka (Bangladesh) to each of its microfinance institutions.

The chart on page 64 sets out a simplified overview of the Group's management structure as well as the Group's operating structure, which is based on geographical proximity and associated cultural similarities and is, therefore, segmented into four regions: South Asia, South East Asia, East Africa and West Africa.

The Group's microfinance institutions operate a total of 2,028 branches across 13 countries in South Asia, South East Asia, East Africa and West Africa. Limited administrative layers exist throughout each in-country branch network, which promotes the active participation of all staff, quick and autonomous decision-making capacity, and the efficient deployment and monitoring of loans. Each of the Group's microfinance institutions has its own Board of Directors (an 'MFI Board') which, in most countries, includes a number of Independent Directors, as well as members of the Company's senior management, including the Chief Executive Officer, Executive Director, Operations, Chief Operating Officer and Senior Vice President, Investments, Treasury and Risk Management. The remaining Independent Directors often have extensive experience in the microfinance industry or at central banks.

Local management and operational structure

Each of the Group's microfinance institutions also has a country-level head office from which the Managing Director works and manages the microfinance institution, reporting to the local MFI Board and the Group's international corporate headquarters. Reporting to the Managing Director, the head of operations is also located in the country head office and oversees the microfinance institution's mid-level management. The country head office also includes common head office functions including finance and accounts, internal audit, legal and compliance, information technology, human resources and risk management. Internal Audit reports directly to the local MFI Board as well as functionally to the Head of Group Internal Audit.

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

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

Substantial shareholdings

The table below sets out details of the interests in voting rights of 3% or more notified to the Company as at 31 December 2022 under the provisions of the FCA's Disclosure Guidance and Transparency Rules. Information provided by the Company pursuant to the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and on the Company's website.

Name of Director	Number of shares	% holding
Dirk Brouwer[1]	20,266,146	20.3%

1 Dirk Brouwer holds his interest in the Company via CMIMC (a company under his ultimate control), which in turn holds its interest in the Company via Catalyst Microfinance Investors 30.41% and Catalyst Continuity 16.89%. Catalyst Microfinance Investors and Catalyst Continuity own 47.30% in total, each company (ultimately) controlled by Dirk Brouwer.

The above reflects shareholding as of 31 December 2022. Substantial shareholders do not have different voting rights from other shareholders.

Governance framework continued

Engagement with shareholders

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

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

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

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

Stakeholder engagement

In 2022, the Committee implemented an action plan to engage with stakeholders. As part of this, one Independent Non-Executive Director ('INED') was appointed by the Board per country. Through the year they engaged with local management and staff, including participating in client events and local board meetings. INEDs also joined the Group-wide management meetings, received annual staff and client surveys, and in some countries, met regulators and lenders.

In 2022, each INED joined the following local board meetings online:

- Guy Dawson (Myanmar & Nigeria)
- Gavin Laws (Ghana & Uganda)
- Hanny Kemna (Pakistan & Sri Lanka)
- Salehuddin Ahmed (Philippines & Tanzania)
- Praful Patel (India & Kenya) (until the 2022 AGM)

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

Annual General Meeting

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

Audit and Risk Committee report

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

Gavin Laws
Chairman of the Audit and Risk Committee

Chairman's overview

As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the financial year ended 31 December 2022. The Committee spent substantial time in monitoring the increase in operating costs, evaluating the progress of the digitisation and digitalisation of the business operations, the impact of regulatory changes on the operating environment, and other related accounting judgements and disclosures. The Committee also closely monitored recoveries in India, licensing in Pakistan, liquidity and funding across the Group, covenant breaches and the changing risk environment including risks posed by inflation.

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

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

- Monitor the integrity of the Company's financial statements and external financial reporting.
- Review the effectiveness of the Group's internal controls.
- Monitor and review the activities and performance of both the Internal Audit function and external audit process.
- Monitor the adequacy and effectiveness of the risk management framework.
- Assess present and emerging risks and help to focus the Board's attention on key risks, especially in view of Covid, inflation and devaluation of currencies.
- Consider key accounting matters and areas of judgement and changes.
- Discuss specific matters tabled at the request of the Committee to allow the Committee to zoom in on topics of interest or concern.

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

In 2022, the Committee continued to focus on the internal controls systems and processes and recovery from the challenges faced in the past two years.

In particular, the Committee reviewed the provisioning for expected credit losses in line with IFRS 9 and whether adequate provisions has been made considering economic challenges faced by multiple operating subsidiaries. The Committee considered accounting judgements and the framework established by management to assess and calculate the expected credit loss for the Group.

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

Audit and Risk Committee report continued

Audit focus areas in the 2022 financial year

Since 1 January 2022, the Committee has:

- Reviewed the 2021 draft year-end financial numbers and 2022 interim financial statements and the auditor's findings in relation to them, as well as the responses by management to the recommendations of the auditor.
- Considered the EY Audit Planning Report for the 2022 year-end audit.
- Reviewed and considered PAR>30 and ageing buckets.
- Reviewed the accounting impact of the provisioning for expected credit losses.
- Reviewed the budgets and projections and related going concern and viability statements.
- Considered the plans and reports from the internal auditor as well as the quality and resources (and budget) available to Internal Audit.
- Reviewed the digital strategy of the Company including digitisation and acquisition and implementation of the new core banking software from Temenos.
- Reviewed staffing and recruitment arrangements for the Internal Audit department.
- Reviewed the risk framework and made recommendations.
- Reviewed KPIs along with climate risk.
- Reviewed the training plan for employees.
- Reviewed key legal and regulatory concerns.
- Considered the compliance framework (including whistleblowing arrangements) and compliance reports.
- Reviewed whistleblowing reports and investigations and legal reports with regulatory updates.
- Reviewed treasury reports, including funding, liquidity and capital requirements of the Group as well as the compliance with loan covenants.
- Reviewed the performance of the current auditor of the Company.
- Reviewed the contents of the financial statements to ensure they are fair, balanced and understandable to all readers.
- Reviewed requirements relating to energy usage and greenhouse gas emissions and the TCFD requirements.
- Requirements relating to ESEF reporting.

Audit priorities for 2023

Key audit priorities for the coming year include:

- Reviewing the results announcement for 2023 and recommending the 2022 full-year results to the Board.
- Reviewing significant accounting judgements as well as going concern, viability statement and liquidity risks.
- Reviewing non-audit services and other audit policies and auditor independence rules.
- Looking into the adequacy and security of the Company's AML policy and required whistleblowing arrangements.
- Reviewing the value statement of the Company and focusing on engagement with shareholders and the workforce.
- Reviewing the half-yearly report from the external auditor of the Company as well as the 2023 report and management letter by the auditor.
- Reviewing the management representation letter from the external auditor.
- Monitoring liquidity across the Group.
- Monitoring the Internal Audit function, budget, staffing and internal audit approach.
- Reviewing the audit plan, auditor objectivity and independence as well as auditor remuneration.
- FBU assessment.
- Whistleblowing policy and the process of investigation.

Membership and meetings

The Audit and Risk Committee is chaired by me, and the other members during 2022 were Salehuddin Ahmed and Hanny Kemna, both of whom are Independent Directors.

All of the Independent Directors mentioned above (except Salehuddin Ahmed who did not join the Board until 2021) were formally appointed to the Board during the Board meeting of the Company held on 28 June 2018 and reappointed at the AGMs held in 2020, 2021 and 2022. The qualifications of each of the Board members are outlined in the biographies on page 56. The Board considers that the current members of the Audit and Risk Committee have sufficient skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference. On my retirement at the 2023 AGM, Chris Low will join the Audit and Risk Committee and become its Chair.

In 2022, the Committee met on five occasions. Full details of attendance by the Non-Executive Directors at these meetings are set out in the table on page 59. In addition to the members of the Committee, standing invitations to attend meetings are extended to the CEO, Corporate Development Director, CFO, COO, the Chief Accountant, Senior Vice President Investments, Treasury and Risk Management, the General Counsel, representatives of the external auditor, the Head of Compliance and the Head of Group Internal Audit. All attend our Committee meetings as a matter of course and have supported and informed the Committee's discussions. Invitations to attend are extended to other members of management as required, so that they can brief the Committee on specific issues under review.

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

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

Audit overview

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

Other than the above, the Committee monitors:

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

Audit and Risk Committee report continued

Committee effectiveness

The Committee considers that it has access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. A formal evaluation of the Committee's performance took place as part of the wider Board evaluation of performance in 2022 and will be undertaken again at the end of 2023. No significant areas of improvement were identified as far as the Committee is concerned. Committee members and, indeed, the whole Board take seriously their duty to ensure the integrity of the financial statements, which involves much hard work in digesting the many detailed papers that they have to consider, and in keeping abreast of developments in accounting regulations and good practice. In this the Committee is assisted by its good relationships with the Auditors, who provide helpful and thorough reports, and with the Head of Internal Audit whom the Committee Chairman meets regularly outside the Committee meetings cycle.

Audit of 2022 financial year

International accounting standards

There were no significant changes in the IFRS reporting standards applicable for the 2022 financial statements.

Reporting by the external auditor

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

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

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

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

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

As part of its role in assessing the integrity of the Group's external reporting, the Committee has continued to pay particular attention to the key areas of management judgement underpinning the financial statements. The Committee reviewed the significant accounting judgements made during the year, the risks to which the Company was exposed and the systems in place to mitigate or manage them and the overall system of internal controls within the Company.

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

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

The Group's liquidity with unrestricted cash and cash equivalents was approximately USD 55 million at year end 2022. The Company secured approximately USD 157 million of new loans from local and international lenders in 2022.

External audit

The Committee assessed the external audit report and audit plan for 2022. EY stated that the scope of the audit was largely unchanged from 2021. EY visited several countries in the course of the audit and had operated a comprehensive program of oversight and direction over all components within their audit scope.

The auditor identified the following significant risks for the 2022 audit:

- Going concern – risk factors including elevated arrears and credit losses resulting in loan covenant breaches and ongoing global economic challenges increasing risk of further breaches.
- Valuation of expected credit loss provision.
- The risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers.
- Valuation of deferred tax assets – risk factors considered include future profitability estimates utilised to support the recoverability of DTA and material uncertainty in the India component going concern.

Other key areas of focus include capitalisation and impairment of intangible assets, software development costs, foreign currency translation, compliance with laws and regulations and retirement benefit plans.

The Committee concluded that Ernst & Young LLP ('EY') remains independent and that its audit is effective. EY confirmed that it had carefully monitored the provision of non-audit services to EY has acted as the Group's external audit firm since appointment by the Board in 2018. The Committee noted the non-audit services that EY was allowed to provide to the Group in 2022 and gave its approval for the services to be given, notably the half year review for the ASAI Group plc and also for Pakistan, which included an interim review and certifications required of the application for permission from the State Bank of Pakistan to pay dividends and of the amount of consideration received for issue of shares. The Group's policy for auditor rotation and audit tender follows regulatory requirements, and the audit firm will be rotated after no more than 20 years, with an audit tender to be held after no more than ten years.

Audit and Risk Committee report continued

Other financial reporting and financial update

Interim announcement

The Committee reviewed the draft announcement and interim financial statements.

Financial update

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

Policy oversight and review

Whistleblowing

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

Other policies

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

Internal Audit

During the year, the Committee held several discussions with the Head of Internal Audit to ensure that they had enough resources and, regular reports continue to be delivered to the Committee. The Internal Audit team was provided online access to the data of subsidiaries, although all information required for auditing transactions was not online and the Committee noted that internal audits planned for 2022 had mostly been completed on schedule. It was also decided that internal audit software would be developed internally. The software is expected to be rolled-out in 2023.

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

Internal Audit reported that the key concerns were inadequacies in loan recovery, loan disbursement with inadequate due diligence and incorrect deductions from salaries in respect of professional tax (all related to India). Internal Audit also focused on health and safety issues, compliance matters and IT requirements. The Committee worked to ensure that the management would respond to issues raised by Internal Audit within a specified time.

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

IT organisation and digital strategy

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

The Committee also monitored the progress of the digital finance strategy of the Group, including the appointment of IT staff in the Netherlands and Ghana, and the development of the real-time smartphone or mobile app and its piloting in some countries, as well as the implementation of the core banking system acquired from Temenos (T24) in Ghana and Pakistan.

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

Risk management overview

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

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

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

Audit and Risk Committee report continued

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

This risk reporting process as well as the regular reviews by the Committee were in place and functioning effectively in 2022.

Risk management: activity in financial year 2022

The Risk function continued to evolve in 2022. We continue to work with senior management to ensure our three lines of defence model is fully embedded across our Group and that the governance and reporting structures continue to provide ever more effective oversight of our risk management. These actions have continued to improve the flow of management information to the Committee, increasing the effectiveness of its challenge and oversight and enhancing visibility on risk and compliance issues identified at all levels across the Group. Apart from the health and safety risks, the aftermath of the Covid crisis has been disruptive for the third year to our operations in some countries due to the impact following from lockdowns, curfews, restrictions on movement and congregation of people, and the general fear and uncertainty caused by the pandemic, which adversely affected the business activities of our clients.

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

The Committee reviewed the risk management reports presented by management and the actions being taken to manage or mitigate the key risks. The Committee was actively involved in improving risk reporting by management. The Committee noted that inflation risk was a new key risk during 2022 and information and technology risks had increased from medium to high due to the increasing number of ongoing projects.

It further noted that liquidity risk and credit and regulatory risks were high and also discussed the climate risk reports including risk of flooding at head office locations and important health and safety measures.

Health and safety, liquidity and IT risks were standing items for discussion at meetings held in 2022 and will continue to be discussed in 2023. Assessment of emerging risks (required under the 2018 Code) will be a standing agenda item for the Committee's discussion in 2023.

Our focus on increasing digitisation and digitalisation across the Group increased during 2022 with the acquisition and ongoing implementation of Temenos, which will be rolled out over the coming years in selected markets in order to improve the deposit-taking capacity of the Company, as well as digital financial services in Ghana. The Committee also recognises the need for strong cyber defences to protect our systems and customer data and to prepare the Company for a digital financial services environment. There has been a further investment in the HR capacity of the IT team, including the appointment of the Chief Information Officer and senior IT managers to assist in the initial implementation of Temenos as planned for Pakistan (including the loans and savings model) and then Ghana to support the digital financial services project.

The Company will continue to run its current AMBS systems in all but the above two markets. Over time, Temenos (T24) will be deployed in other markets. This is expected to be a multi-year project.

The IT technology strategy is constantly under review by the Board and this Committee in order to ensure that we are keeping pace with, and responding to, the latest industry developments, especially in digital finance. IT capability will continue to be assessed in the context of risk appetite, being part of the Company's operational risk. The Committee considered the effectiveness of the internal control systems and believes that they are adequate. The Committee also discussed the preparedness of the Company to deal with cyber-attacks and disaster recovery procedures.

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

Looking ahead to 2023: risk priorities

Key risk priorities for the coming year include:

- Stabilising and improving the size and quality of the loan portfolio.
- Monitoring liquidity risk in light of delays in receiving dividends from subsidiaries and in the light of the significant currency devaluation to the USD in our largest operations.
- Monitoring capital and liquidity risk, credit risk, market risk, inflation risk and people and operational risk for the Group.
- Effective management and reporting of key risks, specifically foreign exchange exposure, regulatory risks, as well as any other material developing concerns.
- Advancement and continuous assessment of the Group's IT infrastructure including deployment of the Temenos core banking system in selected markets and digital financial services as well as maintaining and improving AMBS to meet new requirements.
- Improving Internal Audit to allow for more effective risk-based internal audit reviews.
- Annual review of the anti-money laundering and anti-bribery and corruption policies and procedures, and increase in awareness by training the staff with respect to the same.
- Monitoring and improving procedures under the whistleblowing policy.
- Implementation and monitoring of the Health and Safety Policy.
- Consideration of the requirements of the UK Corporate Governance Code in relation to long-term viability, risk and going concern as well as further implementing measures for stakeholder engagement by the Board.

Audit and Risk Committee report continued

Committee roles and responsibilities

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

Committee effectiveness

As Committee Chair, I meet frequently with senior management of the Group around quarterly Board meetings to discuss the business environment and to gather their views regarding emerging risks, business performance and the competitive environment. The Committee considers that it has access to sufficient resources to enable it to carry out its duties and has continued to perform effectively. We reviewed the Committee's effectiveness as part of the annual Board performance evaluation in 2022, which was carried out in early 2023.

Monitoring liquidity plans

The Committee considered reports from management on the Group's cash situation, which had been affected by delays in obtaining dividends from the operating subsidiaries (occasioned partly by the central banks of those countries wishing to conserve their stocks of US dollars at a time of rapid local currency devaluation) and by devaluation itself. Various potential scenarios for 2023 were discussed and the Committee has requested that senior management keep it informed of any developments in the liquidity situation.

Other matters

Other, more routine, matters discussed included:

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

Going concern

The financial statements of the Group have been prepared on a going concern basis i.e. no adjustments have been made to the numbers that indicate that the company is not a going concern. It should be noted that in the 2021 Annual Report and Accounts, approved on 29 April 2022, the Senior Management and Directors concluded that the uncertainty around the potential impact of the number of covenant breaches without waivers on the signing date resulted in a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern. In assessing going concern covering 13 months from the date of the approval of the 2022 annual consolidated financial statements, the management has analysed the Group's financial position and updated its budget and projections for the period up to the end of May 2024 (the 'Assessment Period').

The Group has updated its detailed financial model for its budget and projections (the 'Projections') in line with current market conditions. Management used the unaudited actual numbers up to December 2022 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 country, current economic conditions of the countries, and management's estimation of increased credit and funding risks (where applicable). The board and Senior management reviewed the financial assumptions and approved the projections on 23 February 2023.

Management has also considered the impact of increased risks associated with the inflation of fuel, food, and other cost of living increases across the countries where the Group operates. These risks have the potential to put pressure on the Group's client's ability to repay their loans in the future. However, the Group has a long history of working through such crises and has experienced limited losses in the past as a result. As a microfinance lender, the Group has seen in the past that the loans provided to clients during such an economic crisis play a vital role in our clients continuing their businesses and sustaining their livelihoods. It provides resources and access to capital that is instrumental to the resilience of the financially underserved. Further, clients usually require larger loans which results in higher interest income in local currency, over time offsetting higher operating expenses and the devaluation of the local currency against the US dollar. Although uncertain,the Group has a high degree of confidence that the additional risks posed by rising inflation and the deteriorating economy will not increase arrears materially.

The Group also considered the current exchange rate risks it is facing in the operating countries. Certain operating countries' currencies have significantly depreciated against USD in 2022 which impacted the Group results in USD terms. It also impacted the Group's cash flow at the holding level as dividend, interest and other transfer pricing related inflows in USD terms took a hit. Management expects the pressure on the local operating currencies to continue in the going concern period and considered that impact on the budget.

The Senior Management and Directors have also assessed the probable impact of any subsidiary failing to maintain its required regulatory ratios. It should be noted that none of the entities is in breach of minimum capital requirements at the balance sheet date. However, given the level of arrears and challenges at ASAI India, there is a probable risk of breaching the capital requirements of the Reserve Bank of India if the recovery declines significantly. 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. However, if ASAI India fails to remain a going concern, this will not impact the Group's sustainability as (i) the entity is not a major profit-generating operation for the Group, (ii) ASA International did not provide any parent guarantees on debt sourced locally by ASAI India, and (iii) the exposure of the Group via intercompany loans is very low, and last but not least (iv) the level of investment made for India in terms of equity is already negative. However, a large number of international lenders to ASAI India are also lending at the Group level and there is an uncertainty on how they will react in such instance.

Audit and Risk Committee report continued

The Group holds around USD 54.5 million in free cash. However, the majority of this cash is at the subsidiary level. At the holding level cash balance is only USD 2.8 million in December which is a concern. In 2023, the Group expects to receive around USD 36 million in dividends and transfer pricing payments from the subsidiaries. However, the current USD crisis in major dividend-distributing entities could lead to a significant reduction in cash inflows. To assess the Group's sustainability, the management prepared three cash flow scenarios: base, stress, and a reverse stress case, to check at what level the holding entities run out of cash to service debt. The assumptions for the stress and reverse stress scenarios include delays in receiving dividends from the subsidiaries, not materializing projected loans, and early debt calls on account of a key subsidiary breach. In both stress and reverse stress scenarios the Group can mitigate the situation by way of either (i) postponing distributing new shareholder loans and capital to subsidiaries, (ii) initiating short-term borrowings from certain subsidiaries with excess cash, (iii) temporarily reducing disbursements and focusing on collections at the subsidiary level in order to raise cash to advance to the holdings, particularly in subsidiaries that have no regulatory approvals required for dividend payments. Ultimately, the management assessed that the probability of the scenarios projected in stress and reverse stress tests are low.

As of 31 December, the balance for credit lines with breached covenants and which does not have waivers amounts to USD 65 million out of which waivers have been subsequently received for USD 64 million. A number of lenders have confirmed that they are willing to provide waivers, will do so in case of actual breaches, and are subject to formal internal credit committee approvals. However, the majority of these waivers are for India where a vast portion of the lenders are local and are awaiting the statutory accounting period (31 March 2023) audited results. The outstanding loan amount of covenant breaches without waivers projected at signing has significantly decreased from the prior years. Based on the experience in the last couple of years, the Group's improved performance in 2022 and improvement in most of the market conditions, the management assessed the chance of an early debt call as low. However, as these waivers do not cover the whole going concern assessment period and it is uncertain where future waivers will be available, this continues to represent a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern.

Nevertheless, having assessed the projections, downtrend analysis, and mitigations described above, the Senior Management and Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the Going Concern assessment period being the 13 months from the date of approval of the 2022 financial statements.

Viability statement

During the year, the ARC has considered a wide range of information relating to present and future projections of profitability, liquidity, currency devaluations, inflation and operating costs. These considerations relate to the global economic uncertainty and its impact on Company's operations, as well as considering potential impacts from other top and emerging risks, and their related impact on profitability, capital and liquidity. In accordance with the UK Corporate Governance Code, the Directors carried out a robust assessment of the principal risks of the Group. In accordance with provision C.2.2 of the UK Corporate Governance Code, the Board confirms that it has a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the three-year period up to 2025.

The Directors' assessment has been made with reference to:

- the Group's current position and prospects – please see the Financial review on pages 18 to 29;
- the Group's business model and strategy – please see our Business model, Our Strategy and Key Performance Indicators on pages 08 and 09; 10 to 12; and 16 and 17;
- the Group's measures taken following the spread of COVID-19 on pages 37 and 45.
- the Group's recent cash position as per 31 December 2022 including access to funding from local and international sources on pages 18 and 28;
- the Board's risk appetite, and the robust assessment of the Group's principal risks and how these are managed on pages 30 to 39;
- the material uncertainty in relation to going concern as discussed above and further detailed in note 2.1 in the financial statements; and
- risk management approach on pages 30 and 31.

Finally, the Directors reviewed the viability scenarios as well as the Group's strategy and five-year business plan on an annual basis. The viability Scenarios sets forth the Group's monthly projections of profitability, cash flows, capital requirements and resources and other key financial and regulatory ratios for the period until December 2024 and annual projections for the period 2025–2027.

Gavin Laws
Chairman of the Audit and Risk Committee
21 April 2023

Nomination Committee report

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

Guy Dawson
Chairman of the Nomination Committee

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

During this year, the Committee has recommended the appointment as Non-Executive Director of Chris Low, who joined the Board on 1 February 2023. Chris brings to the Board his extensive experience in international financial services, risk management and digital transformation and has specialised in emerging markets, working across Africa, Asia and the Middle East.

Chris's appointment had been made following a detailed market review assisted by Ridgeway Partners (now known as Teneo), an independent executive search agency. In addition, diversity was and will continue to be a key area of interest for the Committee in the next year.

In 2023 the Committee recommended the CEO succession plan (approved by the Board on 23 February 2023) pursuant to which Mr Brouwer will remain as CEO until the 2023 AGM, at which point Ms Karin Kersten, currently Executive Director, Corporate Development, will be appointed CEO.

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

Key activities in the 2022 financial year

During the year the Committee discussed:

- Board composition and succession, including the recruitment of a new Non-Executive Director to succeed Gavin Laws who is retiring in 2023 (in progress at the year end).
- Executive management succession planning, including the recruitment of a Chief Information Officer completed in May 2022).
- The assessment of senior executives, including their skill-sets, knowledge and experience to ensure that an appropriate balance of such qualities has been maintained. The Committee focused in particular on finance and accounts, and Internal Audit.
- Gender diversity targets, and increasing the proportion of female staff at the head office and country levels, including in senior management at the countries.
- Timing of CEO succession, which was formalised on 24 February 2023.

Nomination Committee report continued

Committee roles and responsibilities

The Committee's key roles and responsibilities are:

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

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

Membership and meetings

The Nomination Committee is chaired by me and the other members are Hanny Kemna and Salehuddin Ahmed. The composition of the Committee satisfies the relevant requirements of the UK Corporate Governance Code ('the Code'). Hanny Kemna joined the Committee post the retirement of Praful Patel at the 2022 AGM.

Other individuals, such as the Group HR Director and external professional advisers, may be invited to attend all or part of any meeting, as and when appropriate and necessary. The Committee met five times during the year, in February, April, July, September and December 2022. The details of members' attendance are set out on page 59.

Changes to the Board

Please refer to page 59.

Directors' skill-sets

Dirk Brouwer is an experienced investment banker, having held senior roles in PaineWebber and Merrill Lynch as well as over 15 years of experience in microfinance as Director of ASA International. Aminur Rashid has over 31 years of experience in microfinance and has held multiple senior industry positions. Karin Kersten has had 23 years' experience of banking, most recently of trade and commodity finance at a senior level in ABN AMRO Bank. The Committee also considered and reaffirmed the skill-sets and experience of the Company's Non-Executive Directors, including their extensive experience within financial services.

Guy Dawson has extensive experience within the financial industry, including as a Non-Executive Director, as well as Vice-Chairman and Chairman roles at Nomura International plc and Merrill Lynch. Gavin Laws has worked in the banking industry for over 30 years, including multiple senior executive roles at Standard Chartered Bank; he currently sits on a number of UK boards.

Hanny Kemna brings over 20 years of experience as Global Lead Partner of Operations and IT at Ernst & Young as well as broad experience as a supervisory board member of a variety of financial institutions. Salehuddin Ahmed is Professor at the Business School of BRAC University, Dhaka, Bangladesh.

Mr Ahmed is also on advisory bodies of several government and non-government agencies in Bangladesh and a member of the board of trustees of two universities and a college and was the Governor of the Bangladesh Bank (Central Bank) between 2005 and 2009. Chris Low was I&M Group Plc's Regional Director for its East Africa businesses and currently is a Non-Executive Director of I&M Bank (Uganda) Ltd and Bank One Ltd, I&M's JV Bank in Mauritius. He is on the Board of the Scottish African Business Association, an Investment Committee member of JPIN Global Ltd and the Zephyr Acorn Fund, both investors in early-stage impact companies, and advises several FinTech start-ups. With over 30 years in international financial services, risk management and digital transformation, Mr Low has specialised in emerging markets, working across Africa, Asia and the Middle East.

Further information on the background and experience of each of the Directors can be found in their biographies on page 56.

Succession planning – Board and senior management

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

In 2022, the Committee undertook its annual in-depth look at the succession plans for senior management across the Group and reviewed the talent pipeline in line with the business outlook. The Committee discussed back-ups for all senior roles including the positions of CEO, Director, Operations and Chief Operating Officer, which require a number of well-developed skills, as they are complex roles. The Committee recommended that active steps should be taken to ensure that timely succession can be implemented.

The Committee also discussed and approved the appointment of a Chief Information Officer to support the Company in rolling out its digital finance strategy in the coming years. Rob Keijsers, former Director International Core & Wealth and before that Director Digital Transformation & Digital Banking at ABN AMRO, joined the Company on 9 May 2022, having worked at ABN AMRO for over 15 years. The Committee further approved promotion of Maksudul Amin as Group Head of Internal Audit.

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

The Committee also reviewed progress on leadership training for potential successors to the most senior roles in the Company and will continue to monitor progress with the management succession plan regularly in 2023.

Nomination Committee report continued

Diversity

The Committee recognises that continuing to improve all types of diversity at each level of the Group is crucial, and it regularly reviews gender diversity data in particular (ethnic diversity presents less of a challenge, thanks to the Group's wide geographical spread of operations). The Committee considers that the Board remains diverse, drawing on the knowledge, skills and experience of Directors from a range of professional and cultural backgrounds. Currently two of the Company's eight Directors are women and we intend, subject to the need for all appointments to be made on merit against objective criteria, to bring more female Directors onto the Board to increase female Board representation. At the operational level, the representation of women is higher. The Group continuously endeavours to make ASA International appealing to a diverse population, and its commitment to equal, respectful and dignified treatment throughout recruitment processes and through all stages of the employee cycle is underpinned by the Group's Non-Discrimination Policy, as referenced below.

The Committee discussed the increasing importance of gender, national and cultural diversity. The Company focuses on appointing more women in senior management roles, training female staff for leadership roles at the entity level and stepped up the hiring of women across the board. Concrete targets have been set by the Company to increase the proportion of female staff, particularly in senior roles in East Africa and South Asia and a varied approach is being adopted for recruitment. Progress on this front, which varies according to local cultural norms, is tracked by the Committee. In 2023, a Diversity Equity, and Inclusion ('DEI') Committee was set up to improve DEI in the Company. Further measures are expected to be developed in 2023 to ensure gender balance at various levels within the Group. Kindly refer to page 53 in the Non-financial information statement.

In the coming year, the Company will report on the new FCA rules on Diversity and inclusion on company boards and executive management which were published in April 2022.

Non-Discrimination Policy

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

More detail on the Group's approach to diversity can be found in the Non-financial information statement on pages 17 to 21.

Insurance

The Committee also noted that one of the consequences of the Covid pandemic in 2021 was that the insurance company had offered to provide Directors' and Officers' liability insurance cover up to USD 5 million only in 2021. The Company managed to increase this in September 2022 to the previous USD 10 million of cover, which the Board considers to be the necessary minimum.

Reappointment of Directors

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

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

Following this year's review in advance of the 2023 AGM, the Committee recommended to the Board that all serving Directors (other than Gavin Laws who will be retiring at the 2023 AGM) be recommended to the shareholders for re-election at the AGM.

Committee effectiveness

The annual evaluation of the Board and Committees' effectiveness has been undertaken in respect of 2022. Generally, the views expressed are that the Board and Committees functioned well during 2022. The Executive Directors performed well in managing the business, and the Non-Executive Directors gave sufficient time to Board discussions. For further information, see 'Board performance evaluation' on page 64.

The Committee considers that it has access to sufficient resources to enable it to carry out its duties.

Guy W. Dawson

Guy Dawson
Chairman of the Nomination Committee
21 April 2023

Remuneration Committee report

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

Dr Salehuddin Ahmed
Chairman of the Remuneration Committee

Annual statement from the Remuneration Committee Chair

On behalf of the Remuneration Committee, I am pleased to present the report on Directors' remuneration for the 2022 financial year.

Remuneration Policy

In line with the regulations requiring a vote at least every three years, the Directors' Remuneration Policy was presented to shareholders for approval at the 2022 AGM and approved by the shareholders, to apply to Board and senior executive remuneration for three years from the date of approval. In view of the adjustment that will be needed to Karin Kersten's salary when she becomes Chief Executive, the Company proposes to change the Remuneration Policy in relation to the maximum limit on remuneration of Directors as specified hereunder and will present the same to the shareholders for approval at the 2023 AGM.

How the Group performed

2022 saw improved operational results in most markets, despite a challenging operating environment, especially in India and Myanmar. Staff retention has been strong at 76%.

Key activities in the 2022 financial year

During the year the Committee met on six occasions and:

- Discussed the Directors' Remuneration Policy, incentive structures and LTIP (as defined below).
- Discussed performance objectives and appraisals.
- Reviewed the proposed structure of the LTIP for senior executives who had not been given share-based incentives before the IPO.
- Reviewed the staff turnover and pay increases in the various countries and asked management to organise a survey for review of base salaries in the Group.
- Approved the implementation of the new stock option scheme and the LTIP awards made thereunder. The grant deed in relation to the stock options under the LTIP was executed on 28 October 2022.
- Commissioned a benchmark review of Independent Directors' pay and approved a fee increase of GBP 5,000 for Non-Executive Directors with effect from 1 January 2023 pursuant to the report of FIT Remuneration Consultants.
- In principle approved the proposal to approach the Takeover Panel after grant of options to seek a waiver in relation to potential application of Rule 9 of the UK Takeover Code. The Board approved the submission of Rule 9 Waiver Circular to the Takeover panel on 23 February 2023.
- Approved an amendment to the LTIP Rules concerning 'change of control' such that the Committee at its discretion would decide whether a change of control had occurred.

Priorities for 2023

- To oversee the implementation of the new stock option scheme and the LTIP awards made thereunder.
- To review, with the Nomination Committee, the roles and salaries of Executive Directors in view of the CEO succession (announced on 24 February 2023).
- The Committee will ensure that key staff generally across the Group continue to be rewarded appropriately. In this context, the Committee notes the importance of having a documented and consistent annual performance appraisal process for senior members of staff that meet the requirements of a leading microfinance company.

Remuneration Committee report continued

Remuneration in 2022

The Committee's approach to remuneration continues to be centred around the Company's business model. ASA International has a long-established model, and its human resources policies are tailored to this model including its standardised remuneration policies. In light of the decision to digitise operations and further digitalise the business model while retaining the key strength of the 'ASA Microfinance Model', the Board supported the reinforcement of the management team with a seasoned CIO.

The Committee asked management to organise a survey for a review of base salaries in the Group to determine how each subsidiary was positioned in relation to local peer groups.

The Committee approved the implementation of the stock option scheme and the LTIP awards made thereunder. The Committee held discussions with incentives experts from Linklaters, the law firm advising the Company in this regard, and approved the changes to be carried out to the Remuneration Policy of the Company, which were then presented to the shareholders for approval at the 2022 AGM and approved by the shareholders. The LTIP grant deed, under which the options were granted to the selected employees, was executed on 28 October 2022.

The Committee approved a fee increase of GBP 5,000 for Non-Executive Directors with effect from 1 January 2023 pursuant to the report of the independent advisors FIT Remuneration Consultants (which included a review of NED fees at peer group companies), noting that the basic fee of GBP 50,000 had not increased since 2018. There was no increase in the Directors' remuneration during 2022 (except for the standard – in Bangladesh – fixed-rate increment for the Executive Director, Operations) and annual festival bonus.

Employee base salaries are subject to an annual cost of living increase: average total compensation for employees across the Group increased by 2% in 2022.

1. Remuneration Committee roles and responsibilities

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

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

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

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

2. Remuneration Committee membership

The UK Corporate Governance Code provides that a Remuneration Committee should comprise at least three members who are independent Non-Executive Directors (other than the Chairman of the Board). The Remuneration Committee is chaired by Salehuddin Ahmed (since June 2022; previously by Praful Patel until his retirement from the Board), and its other members are Gavin Laws and Hanny Kemna. All of them are independent. Details of members' attendance at meetings in 2022 are set out on page 59. Upon the retirement of Gavin Laws at the 2023 AGM, Chris Low will join the Remuneration Committee.

3. Directors' and key managers' salaries

On 24 February 2023, it was announced that Dirk Brouwer will step into a new role. At the 2023 AGM Mr Brouwer will be appointed as (i) Deputy Chairman of the Board of ASA International and (ii) Special Adviser to the new CEO, the Executive Committee and the broader management team in order to (a) smoothen the path of transition and (b) support the new leadership going forward. In this capacity the Board fully expects Mr. Brouwer to continue to make a significant contribution to the strategic and operational development of the business for the foreseeable future.

Mr Brouwer's initial salary for the role will be USD 375,000. Over time, Mr Brouwer's salary will decrease, but not to less than USD 200,000. Mr Brouwer is not entitled to any pension contribution by the Company, and will not receive any further variable remuneration, including LTIP grants. Mr Brouwer will be employed under a Dutch employment agreement as of June 15, 2023 and in accordance with Dutch law requirements he will be required to give 3 months' notice of termination of employment and receive 6 months' notice to terminate his employment. Mr Brouwer's change of role will not impact his outstanding LTIP award.

The salaries and fees of the Directors remained unchanged in 2022, except that of Aminur Rashid who received an inflation adjustment of 3% in 2022 along with a 13th month (i.e. festival bonus) annually since the IPO of the Company. Mr Rashid also received a USD 35,000 one-off cash compensation in 2022. This is a reimbursement for expenses incurred in connection with Directors duties. The salary of Karin Kersten was set at Euros 254,925 on 1 October 2021 at the time she joined ASA International as an employee, and has not been increased since.

Remuneration Committee report continued

The salary levels for senior managers responsible for managing the Group were initially set in 2018 based on advice received from the remuneration consultants Willis Towers Watson who performed a benchmarking study of salaries in Dhaka and the Netherlands at the time of the IPO in 2018. These salaries have over time been adjusted in line with promotions granted from time to time. The majority of senior management was rewarded at the time of the IPO through the exercise of stock options. In addition, as described below a selected group of employees was awarded stock options in 2022.

Salaries at a country level are set by the local country management. Through our employee surveys, management collects insights on salary expectations. The Company also considers salary levels paid in the markets including those paid by our competitors. In 2022, the average percentage increase in salaries at ASAI was 3%, and the actual increase in expenditure was 6% (see table below).

Particulars	Total (2022) USD '000	Total (2021) USD '000	Increase in USD '000	%
Employees' remuneration	60,475	56,813	3,662	6

The Company has adopted a long-term incentive plan as more fully described on page 80 and 84.

Key performance indicators

Annual salary/fee	2022	2021	2020	2019	2018	% change 2023 –2022	% change 2022 –2021	% change 2021 –2020	% change 2020 –2019
Number of clients (m)	2.3	2.4	2.4	2.5	2.2	-3%	+0%	-6%	+17%
Number of branches	2,028	2,044	1,965	1,895	1,665	-1%	+4%	+4%	+14%
Net loss/profit	17.9	6.4	-1.4	34.5	24.5	+181%	+556%	-104%	+41%
OLP[1]	351.2	403.7	415.3	467.4	378.5	-13%	-3%	-11%	+23%
PAR>30 days[2]	5.9%	5.2%	13.1%	1.5%	0.6%	+0.7%	-7.9%	+11.6%	0.9%

1 Outstanding loan portfolio ('OLP') includes off-book Business Correspondent ('BC') loans and Direct Assignment loans, excludes interest receivable, unamortised loan processing fees, and deducts modification losses and ECL provisions from Gross OLP.
2 PAR>30 is the percentage of on-book OLP that has one or more instalment of repayment of principal past due for more than 30 days and less than 365 days, divided by the Gross OLP.

The annual percentage change in the Directors' pay over the five years to 2022, compared to the average for other employees, is set out below:

Annual salary/fee	2022	2021	2020	2019	2018	% change 2022 –2021	% change 2021 –2020	% change 2020 –2019
Executive Directors: (USD)								
Dirk Brouwer	425,000	425,000	425,000	425,000	425,000	0%	0%	0%
Aminur Rashid	220,032[3]	177,515	172,347	167,328	165,000	3%	3%	3%
Karin Kersten	187,815[4]	-	-	-	-	-	-	-
Non-Executive Directors: (GBP)								
Praful Patel	30,000	60,000	60,000	60,000	60,000	0%	0%	0%
Gavin Laws	60,000	60,000	60,000	60,000	60,000	0%	0%	0%
Guy Dawson	70,000	70,000	60,000	60,000	60,000	16%	0%	0%
Hanny Kemna	60,000	60,000	50,000	50,000	50,000	20%	0%	0%
Salehuddin Ahmed	50,000	50,000	50,000	–	–	0%	0%	-
Average salary per staff (all ASAI staff excl. Executive Directors) (USD)	4,358	4,274	3,665	3,440	3,099	2%	17%	7%
Earnings growth – ASAIG consolidated	181%	556%	-104%	6.0%	20.1%			

3 Annual increase as per policy for Dhaka based staff, festival bonus and allowances and including a USD 35,000 one-off cash compensation.
4 This amount represents the pay received from April to December post appointment as a Director on the Board of the Company. Prior to the same Karin was an employee of ASA International N.V. and paid accordingly.
5 On 28 October 2022 the Company granted Options to certain Executive Directors – details are listed in Para 5.2

4. Remuneration Policy

This section is the Remuneration Policy approved by shareholders, from the date of the 2022 AGM. The Company proposes to change the Remuneration Policy in relation to the maximum limit on remuneration of Directors as described hereunder and will present the same to the shareholders for approval at the 2023 AGM. This is set forth in the third column in the table on page 80; proposed change appears in paragraph 4.2.

4.1 Review and implementation of policy

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

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

Remuneration Committee report continued

4.2 Changes from previous policy

This Remuneration Policy makes the following changes from the policy approved in 2022:

The maximum limit on Basic salary of Executive Directors is proposed to be changed in the following manner:

- Except upon promotion to a more senior post or a material increase in his or her responsibilities, or if the average annual basic salary increase of group employees exceeds 10%, no Executive Director's basic salary may be increased by more than 10% in any year.

4.3 Policy table for Executive Directors

The adjacent table sets out all the components of remuneration for executive directors from the date of the AGM as approved in 2022, other than recruitment packages. See also table in Para 5.3.

Policy Table – Executive Directors

Component and rationale	Description	What is the maximum that may be paid in respect of the component?
Basic salary Helps to recruit and retain high-calibre directors.	The Committee reviews basic salary annually, taking account of performance and market conditions. Basic salary will not normally be increased by more than the annual increase in basic salary of employees of the group except as described, in relation to new recruits, in paragraph 4.8.	Salaries will not be increased in any year by more than 10% for any Director in aggregate.[1]
Benefits Enables Directors to perform their roles effectively by contributing to their wellbeing and security. Provides competitive benefits consistent with the role.	Benefits are set by the Committee from time to time and currently include: • Private medical cover • Life assurance cover • 13th month bonus equal to one month salary • Ex-patriate benefits offered in connection with recruitment • Reimbursement for reasonable expenses incurred in connection with duties, including travel expenses and any tax payable on travel expenses.	The total cost of benefits will not be more than £50,000 in aggregate per director but this may be exceeded if the cost of providing insurance on the same basis has increased from year to year.
Options Aligns pay with longer-term returns to shareholders.	Directors can be granted options under the ASA International Long-term Incentive Plan ('LTIP'). These are rights to acquire shares (or a cash equivalent) at any time after vesting for an exercise price set at grant which is based on the market value of a share at grant. Options will normally vest in three instalments starting on the third anniversary of grant (60%), and on the fourth and fifth anniversaries of grant (20% each). No performance conditions or post-vesting holding periods apply. Malus and clawback provisions apply as described below. Options have a term of 10 years and can only be exercised to the extent they have vested. Dividend equivalents are not payable.	The fair value of options (as used for accounting purposes) granted to any one Director in any one financial year must not be more than 100% of their basic salary.
Pension Helps to recruit and retain high-calibre directors.	Directors are entitled to an employer contribution to a pension scheme or a cash payment in lieu.	Payments in lieu of pension and employer contributions to defined contribution schemes are limited to 17% of each member's basic salary. This is equivalent to the contribution rate for the majority of the workforce.

1 Proposed to be revised subject to vote by shareholders in the 2023 AGM.

Remuneration Committee report continued

4.4 Malus & clawback

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

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

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

4.5 Treatment of options on takeovers and other transactions

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

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

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

4.6 Non-Executive Directors

The table below sets out all the components of remuneration for Non-Executive Directors from the date of the 2022 AGM, other than recruitment packages.

Policy Table – Non-Executive Directors

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

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

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

Non-Executive Directors are not entitled to any pension contributions.

4.7 Relationship to remuneration paid to other employees

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

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

The main remuneration comparison measurements which the Committee took into account when setting remuneration policy for Executive Directors were the benchmark reports prepared by independent consultants in 2018 and salary levels and rewards across the microfinance industry.

When drawing up the policy, the Committee consulted with senior employees across the Group including the country leaders.

Remuneration Committee report continued

4.8 Approach to recruitment

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

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

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

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

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

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

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

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

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

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

4.9 Service contracts and letters of appointment

Each of the Executive Directors has a service contract and the Non-Executive Directors have a letter of appointment, all of which are available for inspection at the Company's registered office. Executive Directors are not normally appointed for a fixed term but continue until their employment or office is terminated.

Non-Executive Directors are appointed for an initial (and renewable) three-year term but are subject to annual re-election at the AGM.

4.10 Policy on notice periods and payments for loss of office

The Company's policy is that:

- Executive Directors' employment contracts should require a notice period of 6 months from either party.
- Non-Executive Directors' letters of appointment require three months' notice from either party but are terminated immediately if Director is not re-elected at an AGM.

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

Component	Determination
Salary and benefits	The director receives salary and benefits and pension (if any) benefits during their notice period. The Company can decide to make a payment in lieu of notice equal to basic salary for the balance of the notice period and may decide to pay this in instalments subject to reduction if the director enters alternative employment before the end of the notice period.
Options	An option will normally lapse on leaving employment. Options which have already become exercisable may be exercised for up to 12 months from the date of leaving after which they will lapse. However, if the Executive Director dies or leaves because of disability, ill-health, injury, redundancy, retirement, sale of Company (or in other circumstances if the Committee allows), the option will continue in effect and, unless the Committee decides otherwise, the number of shares in respect of which it can vest and be exercised will be reduced pro rata to reflect the fact that the Director left early. Alternatively, the Committee may allow the option to vest on leaving, or at some point thereafter, in which case (unless the Committee decides otherwise) the number of shares in respect of which the option can be exercised will be reduced pro rata to reflect the fact that it is vesting early. If the Executive Director dies, the option will vest on the date of death to the extent described above.
Other	A departing Executive Director may also be paid some or all of the following on a reasonable basis to be determined by the Committee: • Reasonable legal tax or outplacement expenses. • Accrued holiday pay. • Payments in compensation for non-compete restrictions. • Relocation expenses. • Amounts required to satisfy or settle any actual or potential legal claim by the Director against any Group company. • Ex-gratia retirement gifts and presentations.

On termination, Non-Executive Directors are only entitled to any outstanding fees for the period worked including their notice period.

Remuneration Committee report continued

4.11 Prior commitments

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

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

- Karin Kersten was informed that she would be offered EUR 50,000 in stock options value at the time she joined the Company on 1 October 2021, at which time she was not an Executive Director. 157,253 options were formally granted on 28 October 2022.

4.12 Remuneration policy for key executives

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

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

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

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

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

5. Directors' Remuneration Report 2022

This section of the report explains how the Group's Remuneration Policy for Directors, approved at the Annual General Meeting in 2022, was applied during the year, and gives details of awards of options under the LTIP.

The report also summarises the fees paid to Directors in 2022 as well as the current shareholding of the Chairman and the Executive Directors in the Company.

The Remuneration Policy was approved by 95% of the votes cast at the AGM held in 2022 and the Remuneration Report was approved by 100% of the votes cast at the AGM held in 2022.

5.1 2023 Implementation of the Remuneration Policy

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

On 28 October 2022 the Company granted options ('Options') over about 2,500,000 ordinary shares of £0.01 each in the Company ('Shares') under its LTIP to certain Executive Directors and executives at the Group and country level. No further LTIP awards will be made in 2023.

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

Remuneration Committee report continued

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

Name	Position	Annual salary/fee	Benefits	Bonus	Total variable pay (2022)	Total variable pay (2021)	Total variable pay (2020)	Total fixed pay (2022)	Total fixed pay (2021)	Total fixed pay (2020)
Dirk Brouwer[1]	Chief Executive Officer – Executive Director	USD 425,000	Travel expenses on actuals	0	0	0	0	USD 425,000	USD 425,000	USD 425,000
Aminur Rashid[3]	Executive Director – Operations	USD 185,032	Travel expenses on actuals	0	0	0	0	USD 220,032	USD 177,515	USD 172,347
Karin Kersten[2]	Corporate Development Director	EUR 181,220	–	–	0	–	–	EUR 181,220	–	–
Non-Executive Directors										
Gavin Laws	Non-Executive Director	GBP 60,000	Travel expenses on actuals	0	0	0	0	GBP 60,000	GBP 60,000	GBP 60,000
Guy Dawson	Non-Executive Director	GBP 70,000	Travel expenses on actuals	0	0	0	0	GBP 70,000	GBP 70,000	GBP 60,000
Hanny Kemna	Non-Executive Director	GBP 60,000	Travel expenses on actuals	0	0	0	0	GBP 60,000	GBP 60,000	GBP 50,000
Salehuddin Ahmed	Non-Executive Director	GBP 50,000	Travel expenses on actuals	0	0	0	0	GBP 50,000	GBP 50,000	GBP 3,360
Praful Patel	Non-Executive Director	GBP 30,000	Travel expenses on actuals	0	0	0	0	GBP 30,000	GBP 60,000	GBP 60,000

1 While the salary remained at USD 425,000, the amount paid was USD 435,938 and the difference comes from translating the monthly salary to Euro for payment to Mr Brouwer and the tax authorities and then back to USD for reporting purposes.
2 While the annual salary remained at EUR 254,925, the amount paid in 2022 was EUR 181, 220 since she was appointed on the board of the Company on 25 April 2022. Karin Kersten joined the company's pension scheme in 2023.
3 Annual increase as per policy for Dhaka based staff, festival bonus and allowances and including a USD 35,000 one-off cash compensation. This is a reimbursement for expenses incurred in connection with Directors duties.

Note: a) No pension or other benefit was provided to the Directors. b) On 28 October 2022 the Company granted Options to certain Executive Directors – details are listed in Para 5.2.

Mr. Dawson was paid an annual fee of £50,000 plus an additional fee of £10,000 for the role of Chairman and £10,000 for chairing the Nomination Committee.

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

5.3 Share Options granted in 2022 to Executive Directors and PDMRs

On 28 October 2022 the Company granted options ('Options') over about 2,500,000 ordinary shares of £0.01 each in the Company ('Shares') under its LTIP to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs'). The Options will normally vest, subject to continued employment, on the following schedule:

- 20% each year between the first and fifth anniversaries of the Grant Date; or
- for Executive Directors only, 60% on the third anniversary and 20% on each of the fourth and fifth anniversaries of the Grant Date.

To the extent they vest, the Options are exercisable at a price of 93 pence per ordinary share, being the average share price for the three business days before the Grant Date. No further LTIP awards will be made in 2023 to any Executive Directors (or employees). Options do not attract dividend equivalents.

Remuneration Committee report continued

Name	Number of options granted
Dirk Brouwer	282,341
Karin Kersten	157,253
Aminur Rashid	119,777
Martijn Bollen	96,741
Rob Keijsers	114,113
Md Enamul Haque	101,692
Mohammed Azim Hossain	78,319
Tanwir Habib Rahman	73,371
Md. Asifur Rahman	59,843
Mischa Assink	96,741

In April 2022 the Employee Benefit Trust ('EBT') that is entitled to hold the shares in relation to the LTIP was established. The EBT is managed by an independent Trustee. EBT currently holds no Company shares.

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

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

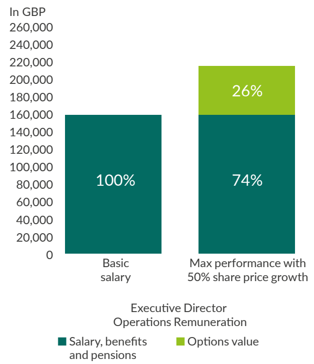
Unvested awards will normally lapse on the date of leaving ('bad leaver situation') unless 'good leaver' treatment is applied. 'Good leaver' treatment normally means to remain capable of vesting on the normal vesting date, subject to performance achievement and pro-rata for time. Directors can confer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

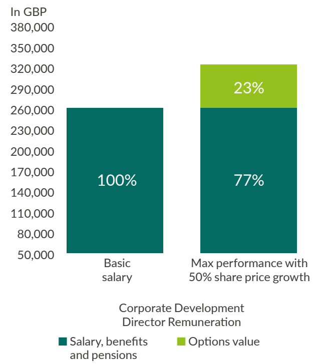
5.4 Relationship between pay and share price performance

The graphs below set out what each of the Executive Directors in office at the date of this report received from remuneration granted in the 2022 financial year by way of basic salary and benefits, if any, on the one hand and options on the other.

In each bar the first bar shows the remuneration payable, assuming no movement in the Company's share price. Remuneration payable is not affected by the level of performance achieved, since the only variable component is the options. These are not subject to performance conditions and their exercise price is based on market value at the date of grant, so no value can be ascribed to them if there is no increase in share price.

The second bar shows the same information but includes the value of shares under option (less the exercise price) on the basis of a 50% increase in share price between the dates of grant and vesting.





The figures used for the graphs above are arrived at as follows:

- Salary figures are based on the rates payable at the date of the 2022 AGM, when this Policy was approved by the shareholders.
- Benefits are based on the average cost of directors' benefits during 2022.
- It is assumed that options are granted at the maximum level permitted by this policy.
- No account is taken of dividends or dividend equivalents.

Remuneration Committee report continued

6. Directors' shareholdings

The shareholdings of Directors in the Company as of 31 December 2022 are shown below. There were no changes in the shareholdings between 31 December 2022 until 21 April 2023:

Name of Director	Number of shares	% holding
Dirk Brouwer[1,2]	20,266,146	20.3%
Aminur Rashid[1,3]	373,178	0.37%
Karin Kersten	0	0%
Guy Dawson	0	0%
Gavin Laws	0	0%
Chris Low	0	0%
Hanny Kemna	0	0%
Salehuddin Ahmed	0	0%

1 Reflects the Company's share capital held in the form of indirect beneficial holdings of shares through an indirect holding in Catalyst Continuity. The votes attaching to the shares held by Catalyst Continuity are ultimately controlled a company ultimately controlled by Dirk Brouwer). Decisions taken by this company, including decisions as to the voting of the relevant shares, are made by the Board of Directors thereof (i.e. Dirk Brouwer).

2 Dirk Brouwer holds his interest in the Company via CMIMC which in turn holds its interest in the Company via Catalyst Microfinance Investors 30.41% and Catalyst Continuity 16.89%. Catalyst Microfinance Investors and Catalyst Continuity own 47.30% in total, each company (ultimately) controlled by Dirk Brouwer.

3 Aminur Rashid has an indirect entitlement to the proceeds of future sales of 373,178 shares of the Company, such proceeds to be allocated to him as a beneficiary of the ASA International Retirement Scheme (For the avoidance of doubt, Mr Rashid does not own any shares. Any payment of proceeds following from the entitlement will involve a decision by the Trustee of the ASA International Retirement Scheme to pay out any such proceeds).

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

As disclosed previously (including at the time of the Company's listing), certain (direct and indirect) shareholders in the Company are taken to constitute a "concert party" for the purposes of the Takeover Code.

Those shareholders include Dirk Brouwer and the entities through which he indirectly holds his interests in the Company, including Catalyst Microfinance Investors ('CMI') and Catalyst Continuity ('Catalyst Continuity'). CMI and Catalyst Continuity are ultimately controlled by Dirk Brouwer through CMIMC, a holding company of the founders of CMI.

A consequence of the current aggregate shareholding of the Concert Party being 47,303,463 Shares is that any increase in that aggregate shareholding (which could result from, among other things, any exercise of the Options granted to Dirk Brouwer), may result in a requirement under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the remainder of the share capital of the Company not already held by it. Therefore, it is envisaged that (save in circumstances where it is determined that such an offer is intended and desirable) the independent directors, being all of the directors of the Company who are not members of the Concert Party, will, prior to any exercise of options by any member of the Concert Party, seek a waiver from the Takeover Panel in respect of any requirement of the Concert Party to make such a mandatory offer under Rule 9 of the Takeover Code. It is expected that any such waiver from the Takeover Panel, if granted, would remain subject to a vote of the independent shareholders of the Company to approve its terms. In connection with the share options issued under the grant deed executed on 28 October 2022, which included options issued to Dirk Brouwer, the Company expects to submit the Rule 9 Waiver to the Takeover Panel in May 2023.

7. Service contracts and letters of appointment

Details of Directors' pay are stated in the table at section 7.2 above. No Director has been involved in deciding his or her own remuneration. There has been no change in pay for Directors except for the standard fixed-rate increment for the Executive Director, Operations.

Dirk Brouwer – Chief Executive Officer
Mr Brouwer is employed through a service agreement dated 28 June 2018. His salary is USD 425,000 and he was awarded share options on 28 October 2022. Mr Brouwer's service agreement is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate. As an Executive Director of the Company, Mr Brouwer only receives a regular, annual salary for his services to the Company and no Board and Director fees or any other emoluments.

Aminur Rashid – Executive Director, Operations
Mr Rashid is employed through a service agreement dated 28 June 2018. His salary is USD 185,032 and was awarded share options on 28 October 2022 Mr Rashid's service agreement is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate. As an Executive Director of the Company, Mr Rashid only receives a regular, annual salary for his services to the Company and no Board and Director fees or any other emoluments. The Board approved a one-off cash reward to Mr Aminur Rashid of USD 35,000 in 2022 as described on page 78.

In addition Mr Rashid received a festival bonus and allowances (approximately equal to one month salary) which he receives annually since 13 July 2018.

Karin Kersten – Corporate Development Director
Ms Kersten is employed through a service agreement dated 25 April 2022. Her salary is EUR 254.925 and was awarded share options on 28 October 2022 Ms Kersten's service agreement (executed on 14 July 2022) is terminable by either party with six months' notice, or earlier upon conclusion of a termination agreement. The Company will consider making a payment under any such agreement on a case-by-case basis, taking account of the contractual terms, the circumstances of the termination and any applicable duty to mitigate. Karin Kersten joined the company's pension scheme in 2023.

Gavin Laws – Non-Executive Director
Mr Laws is a Non-Executive Director engaged through a letter of appointment dated 28 June 2018. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee. His fee as a Non-Executive Director is GBP 65,000 per annum (including a GBP 10,000 fee for chairing the Audit and Risk Committee) as of 1 January 2023 and his engagement with the Company can be terminated with three months' notice.

Guy Dawson – Non-Executive Director
Mr Dawson is the Chairman and a Non-Executive Director engaged through a letter of appointment dated 28 June 2018 and was appointed as Chairman on 1 January 2021. He is the Chairman of the Nomination Committee. His fee as a Non-Executive Director and Chairman is GBP 75,000 per annum (including a GBP 10,000 fee for chairing the Board and a GBP 10,000 fee for chairing the Nomination Committee) 1 January 2023 and his engagement with the Company can be terminated with three months' notice.

Remuneration Committee report continued

Hanny Kemna – Non-Executive Director
Ms Kemna is a Non-Executive Director engaged through a letter of appointment dated 28 June 2018. She is a member of the Remuneration, and Audit and Risk Committees. Her fee as a Non-Executive Director and Senior Independent Director is GBP 65,000 per annum (including a GBP 10,000 fee for acting as the Senior Independent Director as of 1 January 2020) 1 January 2023 and her engagement with the Company can be terminated with three months' notice.

Salehuddin Ahmed – Non-Executive Director
Dr Ahmed is a Non-Executive Director engaged through a letter of appointment dated 7 December 2020. He is a member of the Nomination and Audit and Risk Committees. His fee as a Non-Executive Director is GBP 65,000 per annum (including a GBP 10,000 fee for chairing the Remuneration Committee) 1 January 2023 and his engagement with the Company can be terminated with three months' notice.

Chris Low – Non-executive Director
Mr Low is a Non-Executive Director engaged through a letter of appointment dated 12 December 2022. He will be a member of the Audit and Risk Committee and the Remuneration Committee following the retirement of Gavin Laws as Director. His fee as a Non-Executive Director is GBP 55,000 per annum (he was appointed on February 1, 2023) and his engagement with the Company can be terminated with three months' notice.

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

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

Annual Salary Executive Directors	USD
Dirk Brouwer	425,000
Aminur Rashid	185,032[1]
Karin Kersten	276,160

1 As Executive Director of the Company, Mr. Rashid only receives a regular, annual salary, festival bonus and allowances and agreed fixed increases for his services to the Company and no Board and Director fees or any other emoluments. In 2022, he received an additional payment of USD 35,000 as an one-off cash compensation as described on page 78.

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

This report was approved by the Board of Directors on 21 April 2023 and signed on its behalf by:

Dr Salehuddin Ahmed
Chairman of the Remuneration Committee

Independent Directors' Committee report

The Independent Directors' Committee identifies and manages matters involving conflicts of interest (including potential conflicts of interest) between any Group company, on the one hand, and any controlling shareholder or related party (each as defined under the Listing Rules), on the other hand. It is also responsible for overseeing and scrutinising the relationship between the Group, its related parties and its controlling shareholders (including evaluating, monitoring and approving any material transactions or arrangements between such parties and generally monitoring compliance with the Relationship Agreement (see page 65).

In 2022 the Independent Committee discussed amongst other things succession planning, the hiring of a qualified internal auditor as well as the appointment of a new Non- Executive Director in 2023.

The Independent Directors' Committee comprises all of the Independent Non-Executive Directors, being Salehuddin Ahmed, Guy Dawson, Gavin Laws, Hanny Kemna and Chris Low (replacing Praful Patel who stepped back at the 2022 AGM). It was chaired by Guy Dawson in 2022 and met four times.

Disclosure Committee report

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

The Disclosure Committee had conference calls and meetings through the year in 2022 to assess developments in the Company and concluded on each occasion that there was no matter which could be considered as inside information or thought to be capable of becoming inside information. There have been no material changes in the interests held by Directors or key managers since the listing of the Company on 13 July 2018 other than indirect shareholdings held by Dirk Brouwer and the nominee of the late Md Shafiqual Haque Choudhury.

Sustainability Committee report

The Sustainability Committee governs the Group's sustainability strategy. Board oversight is ensured through the inclusion of three Executive Committee members. The Committee discusses progress and performance on climate-related risks and opportunities several times a year. During the year, the Sustainability Committee met four times. Topics included an overview of the company's emissions and identification of areas for reduction, discussion of the results of an emissions reduction feasibility study, the decision to report on flight emissions, and the consideration of climate in the risk management framework and the financial statements. Two meetings were also held with Country Heads to involve the operating subsidiaries in setting climate targets.

For more information see page 47.

Directors' report

The Directors of the Company present their report for the year ended 31 December 2022. The Company is a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH, United Kingdom.

The Strategic Report, set out on pages 1 to 54 of this Annual Report, and Corporate Governance Report, Committee reports and the Directors' Remuneration Report, set out on pages 83 to 87 of this Annual Report, include information that would otherwise need to be included in this Directors' report. Relevant items are referred to below and incorporated by reference into this report. Readers are also referred to the Cautionary Statement on the inside back cover page of this Annual Report.

Results and dividends

The consolidated results for the year are shown on page 102 of the financial statements. The profit before tax of the Company was USD 46.3m, as against USD 25.7m for the previous year.

In the aftermath of the Covid pandemic and the impact of the global economic situation on the operating countries, both of which continued to affect the Group's financial and operating performance during 2022, the Board has decided not to declare a dividend for 2022.

The Directors intend that the Company should ultimately start to pay a regular dividend. This dividend policy will reflect the long-term earnings and cash flow potential of the Group, consistent with maintaining sufficient financial flexibility.

Directors

The names of the Directors of the Company at the date of this report, together with biographical details, are given on pages 56 of this Annual Report. All of them served throughout the 2022 financial year except for Chris Low, who joined the Board in February 2023. In accordance with the UK Corporate Governance Code, all Directors will retire at the 2023 AGM and, except for Gavin Laws, will offer themselves for re-election at that meeting.

Further details on the Directors' remuneration and service contracts or appointment letters (as applicable) can be found in the Directors' Remuneration Report on pages 83 to 87 of this Annual Report.

Directors' interests

The Directors' interests in the share capital of the Company as at 31 December 2022 are set out on page 89 of the Directors' Remuneration Report.

Powers and appointment of Directors

The Company's Articles of Association set out the powers of the Directors, and rules governing their appointment and removal. The Articles of Association can be viewed at the registered office of the Company. Further details on the powers, appointment and removal of Directors are set out in the Corporate Governance Report on page 63 of this Annual Report.

Directors' indemnities and insurance

In accordance with its Articles of Association, the Company has granted an indemnity to each of its Directors on terms consistent with the applicable statutory provisions. This indemnifies the Director in respect of (a) any liability incurred by or attaching to Directors in connection with any negligence, default, breach of duty or breach of trust by the Director in relation to the Company or any associated company, or (b) in the actual or purported execution and/or discharge of the Director's duties and/or the actual or purported exercise of the Director's powers and/or otherwise in relation to, or in connection with, the Director's duties, powers or office as an employee, officer, trustee or agent of the Company and/or any associated company other than any liability (i) to the Company or any associated company, (ii) to pay a fine imposed in criminal proceedings, (iii) to pay a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), (iv) in defending any criminal proceedings in which they are convicted, where such conviction is final, (v) in defending any civil proceedings brought by the Company or an associated company in which judgment is given against him or her, where such judgment is final, or (vi) in connection with any application for relief under the provisions referred to in section 234(6) of the Companies Act, where the court refuses to grant the Director relief, and such refusal is final.

Furthermore, the third-party indemnity shall not apply:

(i) to the extent that it is not permitted by, or consistent with, law or statute from time to time in force, the Articles of Association of the Company or the rules and regulations of any regulatory body;

(ii) to the extent that the Director has been, or is entitled to be, indemnified or reimbursed by any Directors' or Officers' liability insurance or any other insurance;

(iii) where there has been gross negligence, fraud or wilful default by the Director; nor

(iv) where the Director has improperly derived a personal benefit or profit.

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

Share capital

The share capital of the Company as of 31 December 2022 consists of 100,000,000 ordinary shares of GBP 0.01 each.

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

Rights attaching to shares

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

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

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

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

Deadline for exercising voting rights at AGM

Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the AGM, to be held on 15 June 2023, will be set out in the Notice of AGM.

Directors' report continued

Restrictions on the transfer of shares

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

Directors and employees of the Group are required to comply with applicable legislation relating to dealing in the Company's shares as well as the Company's share dealing rules. These rules restrict employees' and Directors' ability to deal in ordinary shares at certain times, and require the employee or Director to obtain permission prior to dealing. The Directors holding shares are in compliance with the provision of the share dealing rules. The Company is not aware of any arrangements between its shareholders that may result in restrictions on the transfer of shares and/or voting rights.

Employee long-term incentive plan

The Company has adopted a long-term incentive plan (the 'Plan'). In 2022 share options were granted to the Executive Directors and certain senior executives of the Company and also its subsidiaries as selected by the Remuneration Committee of the Board, but the Plan gives flexibility for the Company to grant a range of awards to take account of local legal and tax requirements and changing policy. In the case of Directors this will be subject to the current Directors' Remuneration Policy.

The Company made awards under the Plan on October 28, 2022 being within 42 days of September 20, 2022 in respect of employees and Executive Directors. In any ten-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the Plan and all other employee share plans operated by the Company.

Substantial shareholdings

Details of substantial shareholdings in the Company are set out in the Corporate Governance Report on page 65 of this Annual Report.

Articles of Association

The Company's Articles of Association were last amended in June 2022. They may only be amended by a special resolution of the Company's shareholders. The Articles of Association can be viewed on request to the Company Secretary at the registered office of the Company.

Going concern

As disclosed in note 2.1.1 of the financial statements and page 72 of the Audit and Risk Committee report, the Directors have concluded that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern due to breaches of loan covenants. However, none of our lenders have called in their debts in the past three years. Having assessed the projections, downtrend analysis and mitigations, senior management and the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 13 months from the date of approval of these consolidated financial statements, and through to 31 May 2024.

Directors' responsibility statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance.
- In respect of the group financial statements, state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- In respect of the parent company financial statements, state whether UK adopted international accounting standards, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' report, Directors' Remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' responsibility statement (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole.
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Guy w. Dawson

Guy Dawson
Chairman

Dirk Brouwer
Chief Executive Officer

Directors' report continued

Corporate Governance Statement

The Company is required by the Disclosure and Transparency Rules and Guidance to prepare a Corporate Governance Statement including certain specified information. Information fulfilling the requirements of the Corporate Governance Statement can be found in this Directors' report and the Corporate Governance Report, Committee reports and Directors' Remuneration Report on pages 83 to 87 of this Annual Report. This information is incorporated by reference into this Directors' report.

The Company has complied throughout the year 2022 with all relevant provisions of the UK Corporate Governance Code.

Strategic Report

The Company's Strategic Report can be found on pages 1 to 54 of this Annual Report.

Business activities

The Group's business activities, together with a description of future developments (including the factors likely to affect future development and performance) and its summarised financial position, are set out in the Strategic Report.

Information on the Company's employment practices (including with respect to employee involvement) and greenhouse gas emissions is set out on pages 46 and 52 and in the Non-financial information statement on page 53 of the Strategic Report.

Significant agreements affected by a change of control

A change of control of the Company, following a takeover bid, may cause a number of agreements to which the Company is party to take effect, alter or terminate. These include certain credit facility agreements which include change of control clauses.

Financial instruments

Details of the Group's financial instruments can be found in note 2.2.2 to the financial statements. The notes begin on page 106.

Financial risk management

The Group has procedures in place to identify, monitor and evaluate the significant risks it faces. The Group's risk management objectives and policies are described on pages 30 to 31, and the risks associated with the Group's financial instruments are analysed in note 2.2.2 on pages 109 to 110 of the financial statements.

Post-balance sheet events

In Myanmar, the Group signed a restructuring agreement with two international lenders on 28 March 2023 pursuant to restrictions imposed by Central Bank of Myanmar vide circular dated 13 July 2022 suspending interest and principal repayments on foreign loans and directing companies to restructure the same read with circular issued on 16 August 2022 permitting certain transactions with approval from the Foreign Currency Supervision Committee.

Central Bank of Ghana approved ASA Ghana's Digital Financial Service (DFS) application on 14 March 2023. The Company expects to offer the digital financial services from 2024. The event has been treated as an non adjusting event as at this moment it is not possible to estimate the financial impact on the Group.

Political donations

No political donations were made during the year.

Disclosure of information under Listing Rule 9.8.4CR

As required by Listing Rule 9.8.4CR, the table below sets out the location of information required to be disclosed under Listing Rule 9.8.4 R:

Listing Rule sub-section	Item	Location
9.8.4 (4)	Details of any long-term incentive schemes as required by LR 9.4.3 R	Remuneration Report on pages 83 to 87
9.8.4 (5) – (6)	Details of any waiver of emoluments by a Director	Remuneration Report on page 84
9.8.4 (10)	Details of any contract of significance to which the Company or a subsidiary is a party and in which a Director or a controlling shareholder is materially interested	ASA NGO Bangladesh and AMSL (a wholly indirectly owned subsidiary of the Company) entered into a lease agreement and a services agreement (for the lease of office spaces and related services) in 2020
9.8.4 (11)	Details of any contract for the provision of services to the Company or a subsidiary by a controlling shareholder, subsisting during the period under review, unless the services are part of the shareholder's main business	None
9.8.4 (14)	Statement that the Relationship Agreement between the Company and the controlling shareholder has been complied with throughout the year	Corporate Governance Report on page 61

Resolutions at the 2023 AGM

The Company's AGM will be held on 15 June 2023. Resolutions to be proposed at the AGM include the election of the Directors and the reappointment of Ernst & Young ('EY') as the auditor of the Group.

The full text of each of the resolutions to be proposed at the 2023 AGM will be set out in the Notice of AGM sent to the Company's shareholders. A letter from the Chairman and explanatory notes will accompany the Notice of AGM.

Auditor

The Board (following a recommendation from the Audit and Risk Committee) has recommended that EY be reappointed as the Group's auditor at the 2023 AGM, at which resolutions concerning EY's reappointment and authorising the Directors to set its remuneration will be proposed. The full text of the relevant resolutions will be set out in the Notice of AGM sent to the Company's shareholders.

Directors' report continued

Disclosure of information to the auditor

Each of the persons who are Directors at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware.
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

Prism Cosec
Company Secretary
21 April 2023

Financial Statements

General information

Financial Statements

Directors
Guy Dawson
Dirk Brouwer
Aminur Rashid
Karin Kersten
Gavin Laws
Johanna Kemna
Dr Salehuddin Ahmed
Chris Low

Company secretary:
Prism Cosec Limited

Praful Patel (appointed on 28 June 2018) resigned from the Board on 22 June 2022 after expiry of his term.

Registration: ASA International Group plc is a company registered in England and Wales.
Registered number: 11361159

Registered office: Highdown House, Yeoman Way
Worthing, West Sussex BN99 3HH
United Kingdom

Office addresses: ASA Tower, 10th Floor 23/3,
Bir Uttam A.N.M. Nuruzzaman Sarak, Shyamoli,
Dhaka-1207, Bangladesh
Tel: +880 2 8119828, 8110934-35

Rembrandt Tower, 35th Floor, Amstelplein 1
1096 HA Amsterdam, The Netherlands
Tel: +31 20 846 3554

Website: www.asa-international.com

Investor Relations: Mischa Assink
ir@asa-international.com

Share Registrars: Equiniti Ltd
Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA
United Kingdom

Auditor: Ernst & Young LLP
25 Churchill Place
Canary Wharf, London E14 5EY
United Kingdom

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc

Opinion

In our opinion:

- ASA International Group plc's Group financial statements and Parent Company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ASA International Group plc (the 'Company' or 'Parent Company') and its subsidiaries (together, the 'Group') for the year ended 31 December 2022 which comprise:

Group	Parent Company
Consolidated income statement and statement of comprehensive income for the year then ended	Statutory income statement and statement of other comprehensive income for the year then ended
Consolidated statement of financial position as at 31 December 2022	Statutory statement of financial position as at 31 December 2022
Consolidated statement of changes in equity for the year then ended	Statutory statement of changes in equity for the year then ended
Consolidated statement of cash flows for the year then ended	Statutory statement of cash flows for the year then ended
Related notes 1 to 39 to the financial statements, including a summary of significant accounting policies	Related notes 40 to 47 to the financial statements including a summary of significant accounting policies
Information marked as 'audited' within the Directors' Remuneration Report on page 77.	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Material uncertainty related to going concern

We draw attention to note 2.1.1 in the financial statements, which indicates that the Directors have assessed the elevated arrears and credit losses across the loan portfolio that have caused breaches in the Group's covenants on its borrowings in 2022 and the ongoing global economic challenges which have increased the risk of further breaches across the going concern assessment period. The risk is increased, or sustained, by the specific challenges in India, Sri Lanka and Myanmar, and the potential for restrictions on the movement of funds between companies across the Group. Unless 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 current challenges relating to inflation across many of the territories in which the Group operates makes it difficult to assess the potential for future debt covenant breaches and whether the waivers necessary to avoid the immediate repayment of debt will be forthcoming. As a result, the Directors have concluded that this represents a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

As stated in note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of the going concern assessment process and also engaged with management early to ensure relevant key factors were considered in their assessment.
- We considered the period of the going concern assessment which is from the date of approval of these financial statements to 31 May 2024 and confirmed this with those charged with governance.
- We agreed the Group's borrowing analysis to supporting evidence, including satisfying ourselves that there were no material intra-group liabilities in the form of parental guarantees or letters of support.
- We reviewed debt agreements across the Group in order to establish the existence of covenants and considered the risk of covenant breaches on the timing of the Group's debt repayment obligations.

Financial Statements continued
Independent auditor's report to the members of ASA International Group plc continued

- We established the accuracy and reasonableness of the budget and cashflow forecasts across the going concern period under normal conditions and under a series of stress and severe stress scenarios, including performing independent reverse stress testing. From this testing we considered the cash position in the Group through to 31 May 2024 and compared that to the external debt in the Group, in order to establish the level of risk associated with covenant breaches and the potential for debt being called due.
- We reviewed the performance of the Group in 2022 and over recent history, including the historical impact of the COVID-19 pandemic, natural disasters or other significant events on the business, in order to assess the historic resilience of the Group to periods of stress.
- We considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion, including engaging the views of the component audit teams, reviewing loan arrears analysis and performing media searches relating to the impact of geo-political issues and other relevant matters.
- We reviewed the Group's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the accounting standards.

From our evaluation of the Directors' going concern assessment, we had the following observations:
- As detailed in note 25, the Group had $257m of external debt at 31 December 2022 of which $82.5m had breached loan covenants. The Group have obtained waivers from a number of lenders in order to reduce the risk associated with debt being called due, but these waivers do not cover the complete period through to 31 May 2024. We observed that, should a significant proportion of the debt be called due at certain points in the going concern assessment period, the Group may have insufficient cash, at that time, to fund the required repayments.
- The Group continues to face challenges in the collection of outstanding loan balances, particularly with regard to operations in India, Myanmar and Sri Lanka. The recoverability of customer loans may be impacted by current economic conditions, relating to inflationary pressures, which could impact Group's ability to remain in compliance with covenants and settle debt when it becomes due.
- The Group is experiencing restrictions on the movement of funds between certain countries, due to local laws or regulations, which could restrict the ability of the Group to support the funding and debt repayment requirements in the countries in which it operates.

Based on the work we have performed, we concur with the Directors that there are material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. The assessment period was to 31 May 2024 and considers at least twelve months from the date of the approval of these financial statements. Going concern has been determined to be a key audit matter.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of nine components in nine countries (full-scope) and audit procedures on specific balances on eight components in eight countries (specific scope and specified procedures). • The components where we performed full or specific audit procedures accounted for 98.8% of Profit before tax, 98.8% of Revenue and 98.7% of Total assets.
Key audit matters	• Expected credit loss provisions
	• Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers
	• Valuation of deferred tax assets
	• Going concern
Materiality	• Overall group materiality of $2.2m (2021: $2.4m) which represents 5% of profit before tax.

An overview of the scope of the Parent Company and Group audits
Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 27 reporting components of the Group, we selected 17 components covering entities within the following countries:
- Full scope (audit of complete financial information): Pakistan, Philippines, India, Ghana, Nigeria, Myanmar, Kenya, Tanzania and the Parent Company in the United Kingdom.
- Specific scope (audit of specific account balances or disclosures): Sri Lanka, Uganda and Sierra Leone.
- Specified procedures (specific audit procedures as specified by the Primary Team): Rwanda, Zambia and the holding entities in the Netherlands, Bangladesh and Mauritius.

We performed an audit of the complete financial information of nine components ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 98.8% (2021: 95.1%) of the Group's Profit before tax, 99.2% (2021: 98.8%) of the Group's Profit before tax when using absolute values, 98.8% (2021: 96.2%) of the Group's Revenue and 98.7% (2021: 96.7%) of the Group's Total assets. The full scope components contributed 108.4% (2021: 116.7%) of the Group's Profit before tax, 85.4% (2021: 80.7%) of the Group's Profit before tax when using absolute values, 88.1% (2021: 94.9%) of the Group's Revenue and 116.7% (2021: 114.5%) of the Group's Total assets, 68.7% (2021: 70.4%) of the Group's Total assets when using absolute values.

Financial Statements continued
Independent auditor's report to the members of ASA International Group plc continued

Of the remaining 10 components that together represent 1.2% of the Group's Profit before tax, none is individually greater than 5% of the Group's profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations, to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year
There are two components that were designated as not in scope for the 31 December 2021 audit which were designated as in scope with specified procedures for the 31 December 2022 audit. One component was designated as not in scope for the 31 December 2021 audit, was designated as specific scope for the 31 December 2022 audit. Two components which were designated as full scope for the 31 December 2021 audit were designated as specific scope for the 31 December 2022 audit. These changes were as a result of updated audit scoping from our consideration of component significance and risk.

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the nine full scope components, audit procedures were performed on one of these directly by the primary audit team. For the remaining eight full scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits and led a number of video conference calls. The Senior Statutory Auditor and senior members of the Group audit team visited Kenya, Tanzania, Pakistan, India, Netherlands, Bangladesh, Ghana and the Philippines. During these visits we attended meetings with management, met borrower groups where possible, and held discussions on the audit approach and any issues arising from the audit work with component teams.

In addition to the component visits, and for where visits were not undertaken, the Group audit team implemented a programme of oversight and involvement which included the following activities:

- Issued detailed audit instructions;
- Held a group audit conference, including the primary team and all full-scope component teams, to discuss the plan for the audit, including but not limited to; significant risk areas and other areas of focus, independence procedures, materiality levels, updates from component territories, laws and regulations, and going concern procedures;
- Held planning, execution and conclusions video conference meetings with all components, including meetings with component management where relevant, in order to direct and supervise the work performed and conclude;
- Interacted regularly with component teams through each phase of the audit to supervise audit progress, provide direction and validate the results and conclusions reached; and
- Reviewed component reporting documents and key working papers.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change
Stakeholders are increasingly interested in how climate change will impact the Group and the micro-finance industry. The Group has determined that the most significant future impacts from climate change on their operations will be from the potential impact of natural disasters and weather events impacting the recoverability of loans and advances to customers. These are explained on pages 47–50 in the required Task Force for Climate related Financial Disclosures and on pages 32–39 in the Principal risks and uncertainties. They have also explained their "energy efficiency" actions taken for 2022, and planned action for 2023 on page 51. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in note 2.1.1 of the financial statements, governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards. As noted in note 2.5.1, The Group has identified the Expected credit loss provision as one of the main areas in which it could be exposed to the financial impacts of climate change risk as a number of the Group's operating areas are prone to natural disasters such as typhoons, flash floods or droughts.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transitional, the Group's climate related disclosures, the potential effects of material climate risks and the significant judgements and estimates disclosed in note 2.1.1 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows, and in the timing and nature of liabilities recognised, following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Financial Statements continued
Independent auditor's report to the members of ASA International Group plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Expected credit loss provisions (2022: $16.9m, 2021: $27.5m) *Refer to the Audit and Risk Committee report (page 69); Accounting policies (page 116); and Note 13.2 of the Consolidated Financial Statements (page 129)* Expected credit loss (ECL) provisions under IFRS 9 is an accounting estimate that carries a high degree of uncertainty driven by judgemental assumptions, including historical loss rates, their application to the outstanding loan portfolio, forward looking factors, the application of model overlays (post-model adjustments) to capture unmodelled risk, and the impact of the economic uncertainty, natural disasters or governmental interventions on these assumptions. The vast majority of the Group's lending is short-term, low in value, unsecured (except for security deposits paid in certain territories) and to women in developing economies in order to start and grow their businesses. The impact of the current economic environment and political conditions has impaired the ability of the Group to distribute and collect loans made to borrowers, which has resulted in increased risk in certain countries in which the Group operates. The inherent ability of management to override internal controls in relation to loan impairment provisions, combined with the subjectivity of the provisions, represents a risk of fraud.	We involved credit risk modelling specialists to assist in testing the appropriateness of the model and model assumptions. This testing included: • Independent recalculation of the loan impairment provision including the allocation of loans into stages. • Sensitivity analysis of the assumptions used by management including back-testing of the provision to evaluate the accuracy of management's estimation process and assess for evidence of management bias. • Reviewing key model assumptions including the loss rates and the application of loss rate to loans present at the balance sheet date. • Assessing whether indications of model weakness exist which could reasonably give rise to a material misstatement in the ECL estimate. In order to further challenge the reasonableness of the ECL recorded by management, we produced an independent challenger model using the complete loan portfolio and auditor-defined assumptions. This challenger model included the consideration of the completeness and accuracy of model overlays, including forward-looking factors, through a review of post balance sheet events and a consideration of historical loss patterns and forecasting accuracy. We evaluated the criteria used to allocate a financial asset to stage 1, 2 or 3 in accordance with IFRS 9. We performed a test of the dataflows into the ECL model, including the arrears, last payment date, write-off and recoveries data. We inquired of management and reviewed the minutes of Board and other key meetings in order to identify if any specific events or circumstances exist which may trigger the need for incremental provisions. We assessed the adequacy and appropriateness of the disclosures with reference to IFRS 7 and IFRS 9 requirements.	We communicated that we are satisfied that ECL provisions were reasonable and in compliance with IFRS 9. We highlighted to the Committee that there are heightened levels of uncertainty in determining forecast losses due to the ongoing impact of economic uncertainty. We concluded that disclosures relating to loan impairments were in compliance with the requirements of UK adopted international accounting standards.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of fraud in revenue recognition through the incorrect recording of revenue arising from fictitious loans and advances to customers (2022: $161.2m, 2021: $175.7m) *Refer to the Audit and Risk Committee report (page 69); Accounting policies (page 111); and Note 4.1 of the Consolidated Financial Statements (page 124)* The income recognised may be fraudulently misstated due to the incorrect recording of interest income arising from loans being disbursed to fictitious borrowers, or otherwise fraudulently recorded, in order to manipulate income or disguise losses. The heightened volume of impaired loans also increases the complexity in the recording of interest income.	For a sample of loans across each of the eight trading full scope components, we independently recalculated the interest income using contractual terms from borrower agreements and agreed them through to the amounts recorded in the financial statements. This testing included a calculation of the impact of payment deferrals and payment moratoria on the recording of income under IFRS 9. For a sample of borrowers across the eight trading full scope components we attended the borrower group meetings, where the borrowers meet periodically as a group to make scheduled payments, and physically verified the identity of the borrowers and traced the loan outstanding balance per the borrower's passbook to the accounting records. Where it was not possible to perform physical verification of borrowers in person, due to the impact of local social restrictions, borrower existence was tested through alternative means, including video conference and phone calls. We performed an independent calculation of income recorded on IFRS 9 stage 3 loans and compared it to that recorded by Management.	We reported to the Audit and Risk Committee our conclusion that the recording of interest income was found to be materially accurate. From our test of income recorded on impaired loans we reported to the Audit and Risk Committee that the balance was materially accurate. Our audit procedures did not identify evidence of fraud in the recognition of revenue.
Valuation of deferred tax assets (2022: $4.6m, 2021: $13.4m) *Refer to the Audit and Risk Committee report (page 69); Accounting policies (page 121); and Note 11.2 of the Consolidated Financial Statements (page 127)* Management exercises judgement in the determination of the value of deferred tax assets that can be recognised, based upon the likely timing and extent of future taxable profits. Given the recent history of losses in certain components of the Group, and the prevailing economic conditions, there is uncertainty around timing and extent of forecast profitability. The risk is focused towards those components where there are material deferred tax assets and a recent history of losses. The inherent ability of management to override internal controls in relation to forecasts, combined with the subjectivity of the assumptions used for the forecasts, represents a risk of fraud.	With the support of our tax audit team we reviewed management's tax calculations, including considering the accuracy of brought-forward unutilised tax losses and taxable temporary differences. We obtained, reviewed and tested management's deferred tax asset calculation, which included: • Testing the completeness and accuracy of the relevant calculations. • Establishing the accuracy of the dataflows into management's forecasts. We considered the reasonableness of management's profit forecasts through reviewing the historical accuracy of forecasting, the history of profitability at a country-level and relevant future assumptions – including profitability growth rates and the time-horizons where taxable profits are considered probable.	We communicated that, following the recording of adjustments arising from our audit testing, the deferred tax asset balance was reasonable and in compliance with UK adopted international accounting standards.

Financial Statements continued
Independent auditor's report to the members of ASA International Group plc continued

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $2.2m (2021: $2.4m), which is 5% (2021: 5%) of profit before tax. We believe that profit before tax provides us with the most appropriate basis for materiality given the Group is a profit orientated entity.

For the prior year audit, materiality figures for the Group were based on adjusted profit before tax. We adjusted the Group's pre-tax profit for the increased expected credit losses incurred as a consequence of COVID-19. We determine the items adjusted for to be non-recurring in nature and therefore the adjustments have not been applied for the 31 December 2022 audit.

We determined materiality for the Parent Company to be $711k (2021: $711k) which is 0.5% of total assets (2021: 0.5%). We consider that, in respect of the Parent Company, total assets is most relevant to the stakeholders and representative of the economic size of the entity and, as such, provides us with an appropriate basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely $1.1m (2021: $1.2m). We have set performance materiality at this percentage (which is at the lowest end of the range of our audit methodology) based on various considerations including the past history of misstatements and the effectiveness of the control environment.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $0.22m to $0.49m (2021: $0.24m to $0.48m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of $0.11m (2021: $0.12m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. The reporting threshold for the Parent Company was $0.04m (2021: $0.04m).

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon, including the Strategic Report on pages 1 to 54, the Governance Report on pages 55 to 92 and Additional Information on pages 161 to 164. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Financial Statements continued
Independent auditor's report to the members of ASA International Group plc continued

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement
We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 90;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 73;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 73;
- Directors' statement on fair, balanced and understandable set out on page 90;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 73;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 71; and;
- The section describing the work of the Audit and Risk Committee set out on page 67–73.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 90, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:
  - Financial Conduct Authority ('UK Listing Authority' or UKLA') Listing Rules;
  - Companies Act 2006; and
  - Legal and regulatory frameworks in operation in the countries in which the Group operates.
- We obtained an understanding of how ASA International Group plc complies with these legal and regulatory frameworks by making enquiries of Management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and its regulators; reviewed minutes of the key committee meetings and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework, and the Board's review of the Group's risk management framework ('RMF') and internal control processes.
- As the primary team we held discussions with each of the component teams during our Group Audit Conference, and reviewed their component reporting to us, in order to understand the applicable legal and regulatory frameworks at a component level and how the Group complies with these.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by holding discussions with senior management, internal audit and the Audit and Risk Committee and through an analysis of financial reporting information and areas of estimation which could be subject to manipulation. We considered the risk of fraud through management override of internal controls and in revenue recognition and designed specific audit procedures to address these risks, including those detailed in the Key Audit Matters section above.

Financial Statements continued

Independent auditor's report to the members of ASA International Group plc continued

- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of the Legal team, the Audit and Risk Committee, senior management, internal audit and the review of reports prepared by internal audit, legal and compliance and the Group's Fraud and Misappropriation Unit. We also reviewed the whistleblowing reports presented to the Group's Audit and Risk Committee throughout the year. In order to further consider legal and regulatory compliance at a component level, we instructed each component audit team to report to us any instances of non-compliance with laws and regulations to which they had become aware.
- The Group operates in the financial services industry, which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team, including auditor's specialists, to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 12 July 2018 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 December 2018 to 31 December 2022.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Littler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
21 April 2023

Financial Statements continued

Consolidated income statement and statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022 USD'000	2021 USD'000 (Restated)[1]
Interest income calculated using Effective Interest Rate ('EIR')	4.1.	**173,856**	184,630
Other interest and similar income	4.2.	**4,123**	5,137
Interest and similar income		**177,979**	189,767
Interest and similar expense	5.	**(40,322)**	(42,439)
Net interest income		**137,657**	147,328
Other operating income	6.	**10,351**	10,518
Total operating income		**148,008**	157,846
Credit loss expense	7.	**(643)**	(37,509)
Net operating income		**147,365**	120,337
Personnel expenses	8.	**(60,475)**	(56,813)
Depreciation on property and equipment	16.	**(1,816)**	(1,985)
Depreciation on right-of-use assets	17.	**(3,931)**	(4,398)
Other operating expenses	9.	**(33,303)**	(29,904)
Exchange rate differences	10.	**(1,559)**	(1,532)
Total operating expenses		**(101,084)**	(94,632)
Profit before tax		**46,281**	25,705
Income tax expense	11.	**(27,174)**	(15,594)
Withholding tax expense	11.7.	**(1,220)**	(3,753)
Profit for the period		**17,887**	6,358
Profit for the period attributable to:			
Equity holders of the parent		**17,892**	8,787
Non-controlling interest		**(5)**	(2,429)
		17,887	6,358

	Notes	2022 USD'000	2021 USD'000 (Restated)[1]
Other comprehensive income:			
Foreign currency exchange differences on translation of foreign operations		**(33,995)**	(11,583)
Movement in hedge accounting reserve	23.	**3,004**	1,381
Others		**(1,152)**	(365)
Total other comprehensive (loss) to be reclassified to profit or loss in subsequent periods, net of tax		**(32,143)**	(10,567)
Gain/(loss) on revaluation of MFX investment	15.	**7**	(1)
Actuarial gains on defined benefit liabilities	8.1.	**470**	698
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		**477**	697
Total comprehensive (loss) for the period, net of tax		**(13,779)**	(3,512)
Total comprehensive (loss) attributable to:			
Equity holders of the parent		**(13,770)**	(1,096)
Non-controlling interest		**(9)**	(2,416)
		(13,779)	(3,512)
Earnings per share	39.	**USD**	USD
Equity shareholders of the parent for the period:			
Basic earnings per share		**0.18**	0.09
Diluted earnings per share		**0.18**	0.09

The notes 1 to 39 form an integral part of these financial statements.

1 See note 2.1.2 for details.

Financial Statements continued

Company number: 11361159

Consolidated statement of financial position

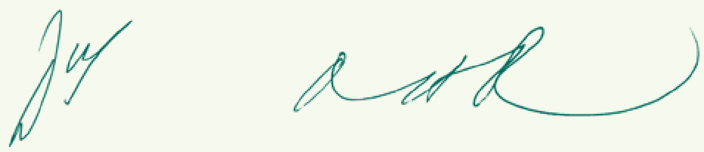
as at 31 December 2022

	Notes	2022 USD'000	2021 USD'000
Assets			
Cash at bank and in hand	12.	**83,117**	87,951
Loans and advances to customers	13.	**331,898**	373,242
Due from banks	14.	**38,900**	65,259
Equity investments at Fair Value through Other Comprehensive Income ('FVOCI')	15.	**244**	237
Property and equipment	16.	**3,513**	4,085
Right-of-use assets	17.	**4,589**	5,031
Deferred tax assets	11.2.	**4,625**	13,362
Other assets	18.	**9,970**	8,939
Derivative assets	19.	**7,855**	3,966
Goodwill and intangible assets	20.	**5,041**	482
Total assets		**489,752**	562,554
Equity and liabilities			
Equity			
Issued capital	21.	**1,310**	1,310
Retained earnings	22.	**173,297**	155,405
Other reserves	23.	**3,324**	995
Foreign currency translation reserve	24.	**(88,123)**	(54,132)
Total equity attributable to equity holders of the parent		**89,808**	103,578
Total equity attributable to non-controlling interest	31.6	**(147)**	(135)
Total equity		**89,661**	103,443

	Notes	2022 USD'000	2021 USD'000
Liabilities			
Debt issued and other borrowed funds	25.	**261,301**	318,674
Due to customers	26.	**84,155**	87,812
Retirement benefit liability	8.1.	**4,593**	5,391
Current tax liability	11.1.	**8,873**	6,265
Deferred tax liability	11.3.	**2,184**	2,296
Lease liabilities	17.	**3,091**	3,459
Derivative liabilities	19.	**456**	602
Other liabilities	27.	**34,400**	32,937
Provisions	28.	**1,038**	1,675
Total liabilities		**400,091**	459,111
Total equity and liabilities		**489,752**	562,554

Approved by the Board of Directors on 21 April 2023

Signed on behalf of the Board



Dirk Brouwer
CEO

Tanwir Rahman
CFO

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Issued capital USD'000	Retained earnings USD'000	Other reserves USD'000	Foreign currency translation reserve USD'000	Non-controlling interest USD'000	Total USD'000
At 1 January 2021	1,310	147,291	(718)	(43,091)	2,281	107,073
Profit for the year	–	8,787	–	–	(2,429)	6,358
Other comprehensive income:						
Actuarial gains and losses on defined benefit liabilities	–	–	698	–	–	698
Foreign currency translation of assets and liabilities of subsidiaries	–	–	–	(11,596)	13	(11,583)
Movement in hedge accounting reserve	–	–	1,381	–	–	1,381
Other comprehensive income (net of tax)	–	–	(366)	–	–	(366)
Total comprehensive (loss)/income for the period	–	8,787	1,713	(11,596)	(2,416)	(3,512)
Disposal of ASA Consultancy Limited and ASA Cambodia Holdings	–	(673)	–	555	–	(118)
Dividend	–	–	–	–	–	–
At 31 December 2021	1,310	155,405	995	(54,132)	(135)	103,443
At 1 January 2022	**1,310**	**155,405**	**995**	**(54,132)**	**(135)**	**103,443**
Profit for the year	**–**	**17,892**	**–**	**–**	**(5)**	**17,887**
Other comprehensive income:						
Actuarial gains and losses on defined benefit liabilities	**–**	**–**	**470**	**–**	**–**	**470**
Foreign currency translation of assets and liabilities of subsidiaries	**–**	**–**	**–**	**(33,991)**	**(4)**	**(33,995)**
Movement in hedge accounting reserve	**–**	**–**	**3,004**	**–**	**–**	**3,004**
Other comprehensive income (net of tax)	**–**	**–**	**(1,145)**	**–**	**(3)**	**(1,148)**
Total comprehensive (loss)/income for the period	**–**	**17,892**	**2,329**	**(33,991)**	**(12)**	**(13,782)**
Dividend	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2022	**1,310**	**173,297**	**3,324**	**(88,123)**	**(147)**	**89,661**

The notes 1 to 39 form an integral part of these financial statements.

Financial Statements continued

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 USD'000	2021 USD'000 (Restated)[1]
Operating activities			
Profit before tax		**46,281**	25,705
Adjustment for movement in:			
Operating assets	29.1.	**(19,297)**	(84,609)
Operating liabilities	29.2.	**15,043**	13,004
Non-cash items	29.3.	**19,063**	76,843
Income tax paid		**(17,972)**	(14,260)
Net cash flows used in operating activities		**43,118**	16,683
Investing activities			
Purchase of property and equipment	16.	**(1,575)**	(1,713)
Proceeds from sale of property and equipment		**333**	652
Purchase of intangible assets		**(4,592)**	(452)
Net cash outflow from disposal of subsidiaries		**–**	(673)
Net cash flow used in investing activities		**(5,834)**	(2,186)
Financing activities			
Proceeds from debt issued and other borrowed funds		**167,394**	181,053
Payments of debt issued and other borrowed funds		**(192,764)**	(188,787)
Payment of principal portion of lease liabilities		**(4,353)**	(4,680)
Net cash flow from financing activities		**(29,723)**	(12,414)
Cash and cash equivalents at 1 January		**87,951**	90,165
Net increase in cash and cash equivalents		**7,561**	2,083
Foreign exchange difference on cash and cash equivalents		**(12,395)**	(4,297)
Cash and cash equivalents as at 31 December		**83,117**	87,951
Operational cash flows from interest			
Interest received		**181,534**	193,848
Interest paid		**39,941**	42,146

The notes 1 to 39 form an integral part of these financial statements.

1 See note 2.1.2 for details.

Financial Statements continued

Notes to the consolidated financial statements

for the year ended 31 December 2022

1. Corporate information

ASA International Group plc ('ASA International', the 'Group') is a public company limited by shares bearing registration number 11361159 in England and Wales. The entity was incorporated by Catalyst Microfinance Investors ('CMI') on 14 May 2018 for the purpose of the initial public offer of ASA International Holding. ASA International Group plc acquired 100% of the shares in ASA International Holding and all its subsidiaries on 13 July 2018 in exchange for the issue of 100 million shares in ASA International Group plc with a nominal value of GBP 1.00 each.

Investment strategy

ASA International 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 Consultancy Limited	ASA Consultancy
ASA Cambodia Holdings Limited	ASA Cambodia Holdings
ASA Dwaso Limited	ASA Dwaso
ASA International Group plc	ASAIG
ASA International Holding	ASAIH
ASA International India Microfinance Limited	ASA India
ASA International(Kenya) Limited (formerly 'ASA International Microfinance (Kenya) Limited')	ASA Kenya
ASA International N.V.	ASAI NV
ASA Lanka Private Limited	ASA Lanka
ASA Leasing Ltd	ASA Leasing
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
ASHA Microfinance Bank Limited	ASA Nigeria (formerly 'ASA MFB')
ASAI Investments & Management B.V	ASAI I&M
ASAI Management Services Limited	AMSL
Association for Social Improvement and Economic Advancement	ASIEA
C.M.I. Lanka Holding (Private) Limited	CMI Lanka
Catalyst Continuity Limited	Catalyst Continuity
Catalyst Microfinance Investment Company	CMIC
Catalyst Microfinance Investors	CMI
Corporate Social Responsibility	CSR
CMI International Holding	CMII
Lak Jaya Micro Finance Limited	Lak Jaya
Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa
PagASA ng Pinoy Mutual Benefit Association, Inc.	MBA Philippines
Pagasa Consultancy Limited	Pagasa Consultancy
Pagasa Philippines Finance Corporation	PPFC
Pagasa Philippines Finance Corporation and Pagasa ng Masang Pinoy Microfinance, Inc	Pagasa Philippines
Pinoy Consultancy Limited	Pinoy
PT PAGASA Consultancy	PT PAGASA Consultancy
Microfinance Institution	MFI
Reserve Bank of India	RBI
State Bank of India	SBI
Standard & Poor's	S&P
Sequoia B.V.	Sequoia

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies
2.1 General
The consolidated financial statements of ASA International Group plc have been prepared on a historical cost basis, except for derivative and equity instruments, which have been measured at fair value. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD'000), except when otherwise indicated. The consolidated financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 17 April 2023.

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

2.1.1 Basis of preparation
The 2022 consolidated financial statements have been prepared on a going concern basis. It should be noted that in the 2021 Annual Report and Accounts, approved on 29 April 2022, 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 2022 consolidated financial statements the Directors have considered the global economic challenges arising out of the USD crisis and high inflation in major operating markets for the period up to 31 May 2024 (the 'Assessment Period'). The conclusion of this assessment remains consistent with that of the 2021 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 December 2022 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, post-pandemic 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 expects that rising inflation will not increase arrears materially based on historical evidence, however, this remains a risk.

The Group remains well capitalised and in compliance with minimum equity requirement in all markets. In terms of liquidity, the Group has USD 54.5 million of cash as of 31 December 2022. Also, the Group has a strong funding pipeline of USD 194 million with over 63% having agreed terms and which can be accessed in the short to medium term at the time of approval of the 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 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, the Group expects increased PAR>30 in India, Myanmar and Sri Lanka as these entities are still struggling with overdue loans, economic and political challenges, which are creating operational and liquidity challenges for these entities. However, 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. These covenants would mainly relate to arrears levels (portfolio at risk greater than 30 days, or '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. Out of total loans of USD 257 million, USD 82.5 million had breached loan covenants. As of 31 December, the balance for credit lines with breached covenants and which does not have waivers amounts to USD 65 million out of which waivers have been subsequently received for USD 64 million. Senior management is in constant communication with the other lenders for 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 Group is experiencing restrictions on the movement of funds between certain countries, due to laws or regulations, which could restrict the ability of the Group to support the funding or debt repayment requirements in the countries in which it operates.

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. Although the Group has a history of negotiating covenant waivers, across particular locations, 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 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. 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. 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. 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 and factors. 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. They also considered that since the beginning of 2022 most of the operating subsidiaries are fully operational, which has allowed the field operations to open new branches, with collections and new disbursements gradually returning to pre-pandemic levels. The Group also prepared stress and reverse stress scenarios for cash flows including the mitigating actions which include repatriation of dividends and short-term loan from subsidiaries which have sufficient cash reserves.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Accounting policies continued

2.1 General continued

2.1.1 Basis of preparation continued

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 challenge in India there is a probable risk of breaching capital requirements of the Reserve Bank of India ('RBI') if the realisation significantly declines. 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 operation existence for at least twelve months from the date of the authorisation of these financial statements, and the going concern assessment period through to 31 May 2024. For these reasons, they continue to adopt a going concern basis for the preparation of the consolidated financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern.

2.1.2 Statement of compliance

The Group and Parent Company financial statements are prepared in accordance with UK adopted International Accounting Standards ('IAS' or 'IFRS').

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Change in Accounting policy

The Group has reassessed its accounting policy for restricted cash as cash and cash equivalents following the release of IFRS Interpretations Committee agenda decision in March 2022. The Group has concluded that the restricted cash meets the definition of cash as the underlying terms and conditions do not prevent the Group from accessing restricted cash on demand. Therefore, the Group has concluded that restricted cash will be presented as a component of cash and cash equivalents in the Consolidated statement of cash flows. This change in accounting policy has been applied retrospectively. The Consolidated statement of cash flows and related notes have been restated in the consolidated financial report.

Correction of an error

The Group recognises interest income using effective interest rate method. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate of a financial instrument including transaction costs, and all other premiums or discounts. Loan processing fees that is integral to the effective interest rate was previously reported under other interest income instead of interest income calculated using EIR.

The presentation error has been corrected by restating each of the affected financial statement line items by USD 8.9 million for the prior periods, as follows:

Restatement in the Consolidated income statement and statement of comprehensive income

	2021 USD'000	2021 USD'000 (Restated)
Interest income calculated using Effective Interest Rate (EIR)	**175,732**	184,630
Other interest and similar income	**14,035**	5,137
Interest and similar income	**189,767**	189,767

2.1.3 Consideration of climate change

In preparing these financial statements, the Group has given consideration to the recommendations laid out by the Task Force on Climate-related Financial Disclosures ('TCFD'). The relevant assessment of the climate-related risks outlined in the Group's Annual Report on page 49 has been incorporated into judgements associated with recognition, measurement, presentation, and disclosure, where so permitted by the UK adopted International Accounting Standards. The accounting judgements relating to climate change are presented in note 2.5.1.

While there is currently no significant impact expected from climate change, the Directors are aware of the constant evolving risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the financial statements.

2.1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December for each year presented. The financial statements of subsidiaries are similarly prepared for the year ended 31 December 2022 applying similar accounting policies. Two new subsidiaries, ASA Zanzibar Limited and ASA Dwaso, were incorporated during the period. These do not have any significant impact on the financial position and results of the Group. All intra-Group balances, transactions, income and expenses and profits and losses resulting from intercompany transactions are eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The Company has control over a subsidiary when it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The results of subsidiaries acquired or disposed of during the year are included (if any) in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate. Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the Consolidated statement of financial position, separately from the equity attributable to equity holders of the parent.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Accounting policies continued

2.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

2.2.1 Foreign currency translation

The consolidated financial statements are presented in USD, which is also the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation.

Transactions and balances – Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to 'Exchange rate differences' in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies – As at the reporting date, the assets and liabilities of subsidiaries are translated into the Group's presentation currency (USD) at the rate of exchange ruling at the reporting date except investments in subsidiaries and issued capital, which are translated at historical rate, and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year. Currency translation differences have been recorded in the Group's Consolidated statement of financial position as foreign currency translation reserve through other comprehensive income.

2.2.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets – initial recognition and subsequent measurement

(1) Date of recognition

Purchases or sales of financial assets that require the delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) Initial recognition and measurement

The Group recognises a financial asset in its statement of financial position, when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, and measured at fair value. Subsequently they are measured at amortised cost, fair value through Other Comprehensive Income ('OCI'), and Fair Value Through Profit or Loss ('FVTPL'). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

(3) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (loans and advances to customers, other assets, cash at bank and in hand and due from banks);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL (derivative instruments).

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes Loans and advances to customers, Other loans and receivables, Cash and cash equivalents and Due from banks.

Financial assets designated at fair value through OCI without recycling

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Investments at FVOCI are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the Investments at FVOCI reserve. Gains and losses on these financial assets are never recycled to profit or loss. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Derivatives are initially recognised at FVTPL. However, as the Group applies cash flow hedge accounting the impact is later moved to FVOCI.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the right to receive cash flows from the asset has expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.2 Summary of significant accounting policies continued
2.2.2 Financial instruments continued
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset (see note 2.5.4 to 2.5.6). Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

b) Impairment of financial assets
The Group recognises an allowance for Expected Credit Losses ('ECLs') on Loans and advances to customers, Related party receivables, Cash at bank and Due from banks.

Loans and advances to customers
Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12 months ECL) and stage 2 loans (lifetime ECL) for the ECL calculation. For disclosure purposes normally stage 1 loans are defined as loans overdue between 1-30 days. Stage 2 loans are overdue loans between 31-90 days. To avoid the complexity of calculating separate probability of default and loss given default, the Group uses a 'loss rate approach' for the measurement of ECLs. The 'loss rates' are determined based on historical credit loss experience, adjusted for forward-looking factors specific to economic environment.

The Group considers significant increase in credit risk when contractual payments are 31 days past due. In addition, loans and advances are treated as credit impaired (stage 3) when contractual payments are greater than 90 days past due. These thresholds have been determined based on the historical trend and industry practice where the Group operates.

Write-off
The Group uses judgement to determine bad loans which are written off. Based on management experience in the local market and the microfinance industry practice, loans over 365 days past due are bracketed as bad, unless there are specific circumstances that lead local management to believe that there is a reasonable expectation of recovery. In Pakistan, loans over 209 days are treated as bad as per regulatory requirement. All bad loans are written off for accounting purposes. The write-offs occur mainly two times in a year (June and December). However, management (Group and/or subsidiary) can write-off loans earlier if loans are deemed unrecoverable or delay write-offs in case of national calamity or any regulatory reasons subject to Board approval. From an operational perspective all overdue loans are monitored for recovery up to two years overdue.

Cash at bank, Due from banks and Related party
For Due from banks and Related party receivables, the Group used the S&P matrix for default rates based on the most recent publicly made available credit ratings of each counterparty. In the S&P matrix for default rates, there is no specified default rate for each of our external counterparties. Thus, the Group applied the default rate for all financial institutions. Then, the Group calculated the adjusted Probability of Default ('PD')/default rates by accommodating management estimates. However, for non-credit rated external counterparties; the PD/default rate is determined by choosing the riskier one between the mid-point of credit ratings of Banks the Group has business with and a similar level rated entity. Management collects the credit ratings of the banks where the funds are deposited and related parties (where applicable) on a half-yearly basis and calculates the ECL on such items using the default rate identified as above. The Group considers credit risk to have significantly increased when the credit ratings of the bank and the related parties have been down-graded which in turn increase the probability of default. The Group considers that the closure of a counterparty bank, dissolution of a related party or a significant liquidity crisis or any objective evidence of impairment such as bankruptcy to be indicators for stage 3.

2.2.3 Financial liabilities – Initial recognition and subsequent measurement
(1) Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include Debt issued and other borrowed funds, Due to customers, Lease liabilities, Other liabilities, Provisions and Derivative financial instruments.

(2) Subsequent measurement
For the purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at amortised cost (Debt issued and other borrowed funds, Due to customers and Lease liabilities); and
- Financial liabilities at FVTPL (Derivative instruments).

Financial liabilities at amortised cost
Debt issued and other borrowed funds, Other liabilities and Due to customers are classified as liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, Debt issued and other borrowed funds including Due to customers are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by considering any discount or premium on the issue and costs that are an integral part of the effective interest rate.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.2 Summary of significant accounting policies continued
2.2.3 Financial liabilities – Initial recognition and subsequent measurement continued
Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated statement of financial position only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.4 Derivative instruments and hedge accounting
The Group uses derivative financial instruments, such as forward currency contracts and cross currency interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of every reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Group uses forward currency contracts and cross currency interest rate swaps agreements as hedges of its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element and cross currency basis risk is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve. The forward points and foreign exchange basis spreads are amortised throughout the contract tenure and reclassified out of OCI into P&L as interest expenses.

2.2.5 Recognition of income and expenses
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is principal in all of its revenue arrangements except for loans under BC model where the Group works as an agent.

The following specific recognition criteria must also be met before revenue is recognised:

(1) Interest and similar income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income based on the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all amounts paid or received between parties to the contract that are an integral part of the effective interest rate of a financial instrument including transaction costs, and all other premiums or discounts. Interest income is presented net of modification loss (note 2.5.9). The interest income also includes loan processing fees that are integral to the interest rate.

The Group recognises interest income on the stage 3 loans on the net loan balance.

(2) Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

(3) Other income

Other income includes group member's admission fees, document fees, sale of passbook, income on death and multipurpose risk funds and service fees from off-book loans under the BC model. Group members' admission fees, document fees and sale of passbook fees are recognised on receipt as the then admission and sale constitutes as satisfactory performance obligation.

The Group collects fees for the death risk fund or multipurpose risk fund in the Philippines, Sri Lanka, Kenya and Uganda. These fees cover settlement of the outstanding loan amount and other financial assistance if a borrower dies or disabled. The collections are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. The judgement used to recognise the liability is disclosed in note 2.5.3.

Service fees from off-book loans under the BC model are recognised on the basis of loan disbursement as the amount is received only after completion of the service.

2.2.6 Cash and cash equivalents and Cash at bank and in hand
Cash and cash equivalents as referred to in the statement of cash flows comprises cash in hand, restricted cash relating to Loan Collateral Build Up ('LCBU') in the Philippines and against security deposits from clients in Tanzania and Kenya, current accounts with various commercial banks and amounts due from banks on demand or term deposits with an original maturity of three months or less. The cash flows from operating activities are presented using the indirect method, whereby the profit or loss is adjusted for the effects of non-cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows.

Cash in hand and in bank as referred to the statement of financial position comprises of cash and cash equivalents and restricted cash relating to Loan Collateral Build Up ('LCBU') in the Philippines and against security deposits from clients in Tanzania and Kenya.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Accounting policies continued

2.2 Summary of significant accounting policies continued

2.2.7 Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives.

The estimated useful lives are as follows:

Furniture & Fixtures:	5 Years
Vehicles:	5 Years
Office equipment including IT:	3 Years
Buildings:	50 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' or 'Other operating expenses' in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

2.2.8 Taxes

(1) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(2) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except: (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be set-off: (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the Group has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

The Group started to recognise deferred tax on undistributed dividends from 2021. Reference is made to note 2.5.8 and note 11.7.

2.2.9 Dividend distribution on ordinary shares

Dividends on ordinary shares will be recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group. Dividends for the year that were approved after the reporting date will be disclosed as an event after the reporting date.

2.2.10 Short-term employee benefits

Short-term benefits typically relate to the payment of salaries and wages. These benefits are recorded on an accrual basis, so that at period end, if the employee has provided service to the Group, but has not yet received payment for that service, the unpaid amount is recorded as a liability.

2.2.11 Post-employment benefits

2.2.11.1 Defined benefit plan

The Group maintains a defined benefit plan in some subsidiaries, which leads to retirement benefit obligations. The defined benefit obligation and the related charge for the year are determined using assumptions required under actuarial valuation techniques. These benefits are unfunded.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Accounting policies continued

2.2 Summary of significant accounting policies continued

2.2.11 Post-employment benefits continued

2.2.11.1 Defined benefit plan contined

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding an amount included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of (i) the date of the plan amendment or curtailment, and (ii) the date that the Group recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under operating expenses in the consolidated statement of comprehensive income; (i) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements and (ii) net interest expense or income. Reference is made to note 2.5.2.

2.2.11.2 Defined contribution plan

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Similar to accounting for short-term employee benefits, defined contribution employee benefits are expensed as they are paid, with an accrual recorded for any benefits owed, but not yet paid. The expenses of the defined contribution plan are incurred by the employer. The contributions are to be remitted by the entities to the fund on a monthly basis. Employees are allowed to withdraw the accumulated contribution in their accounts from this fund as per the terms and conditions specified in the fund Acts.

2.2.12 Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, the Group measures goodwill at cost less any accumulated impairment losses. The Group tests goodwill for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating unit ('CGU') (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.2.13 Intangible assets

The Group has adopted a strategy of enriching the offering to its clients with product diversification by adding Digital Financial Services ('DFS'). The DFS will be offered to its clients through a smartphone app, where clients will be able to apply online for loans and other financial services like a current account and a savings or deposit account. They will be able to see their loan and account information and make payments including paying bills. The DFS app will also include additional functions and services such as digital group meetings and a chat function. As part of the DFS, the Group is also developing a Supplier Market Place app ('SMP') where clients can purchase goods for their businesses. SMP will be a separate app, but is part of the DFS model to retain and attract loan and savings clients and generate payment transactions that will generate commissions.

For the introduction of current accounts and savings and deposits accounts and other digital services to our clients, the Group has procured a license of a Core Banking System ('CBS') to its IT infrastructure. The Group made upfront payments to buy the core banking software licence. The licence for the software is granted for ten years.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual software project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use.
- Its intention to complete and its ability to use it or sell it.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset and use or sell it.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. The breakdown is presented in note 20.

A summary of the policies applied to intangible assets is, as follows:

	Initial licence and set-up costs	Development costs
Useful life	Finite (5-10 years)	Finite (5-10 years)
Amortisation starts	After installation for use	After installation for use
Amortisation method used	Amortised on a straight-line basis over the period of licence	Amortised on a straight-line basis over the period of expected usage
Internally generated or acquired	Acquired	Internally generated

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.2 Summary of significant accounting policies continued
2.2.14 Impairment of non-financial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. For right-of-use assets ('ROU') the fair value is determined based on estimated rental payments using the Incremental Borrowing Rate ('IBR') used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to see if there is impairment. The sensitivity analysis on account of IBR changes is shown in note 17.

2.2.15 Liability for death and multipurpose risk funds
The Group collects 1-2% of disbursed loan amounts for death risk funds or multipurpose risk funds in certain markets (the Philippines, Uganda, Kenya and Sri Lanka). These funds cover settlement of the outstanding loan amount and other financial assistance when the borrower dies or is affected by natural calamities. The collected amounts are recognised upfront as income and a liability is recognised in the statement of financial position for the claims resulting from these funds. Reference is made to note 2.5.3 on the key judgement used.

2.2.16 Fair value measurement
The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability; or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

2.2.17 Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group determines the lease term as the non-cancellable term of the lease. Any periods covered by an option to extend the lease is not considered unless it is reasonably certain to be exercised.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2.2.14 Impairment of non-financial assets.

Lease liabilities
(1) Initial measurement
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less (if any) lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. There are no obligatory extension clauses in the rental agreements. Although some lease contracts comprise the optional extension clauses, these are not included on initial recognition because it is not always reasonably certain that the Group will take the option. In calculating the present value of lease payments, ASA International uses the incremental borrowing rate at the lease commencement date due to the reason that the interest rate implicit in the lease is not available. The incremental borrowing rate is calculated using a reference rate (derived as country specific risk-free rate) and adjusting it with company specific financing spread and integrating lease specific factors. Refer to note 2.5.7 on accounting estimates and assumptions used to determine the IBR rates.

(2) Subsequent measurement
After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments which also impacts similarly the right-of-use assets.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.2 Summary of significant accounting policies continued
2.2.18 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.2.19 Share based payments
The Group has granted options ('Options') in the Group Company under its long term incentive plan (LTIP) to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs') on 28 October 2022 The Company's LTIP is designed to incentivise and retain Directors and senior staff, along with aligning them with shareholders' interest to create long term value. The transaction is determined as an equity-settled transaction.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 32.1.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2.2.20 Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. For Property and equipment, the fair value less costs of disposal calculation is based on available data from similar assets or observable market prices less incremental costs of disposing of the asset. For "ROU" the fair value is determined based on estimated rental payments using incremental borrowing rates used for each country where such ROU exists. If there is a significant change in discount rates, the fair value is reviewed to see if there is impairment.

The Group has identified the impairment of non-financial assets as one of the areas in which it could be exposed to the financial impacts of climate change risk, as a number of the Group's operating areas are prone to natural disasters. However, as the Group manages a frugal cost operating model with minimum investment in fixed assets and leases, the impact of climate-related financial loss is expected to be insignificant.

2.3. New standards, interpretations and amendments adopted by the Group
The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.1 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Group as there were no Onerous contracts within scope of these amendments.

2.3.2 Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

2.3.3. Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by senior management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.3. New standards, interpretations and amendments adopted by the Group continued
2.3.4 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first time adopter.

2.3.5 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

2.4. Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.4.1 IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts ('IFRS 17'), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts ('IFRS 4') that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions 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. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group charges a 1-2% upfront premium fee on its loans disbursed to customers under the Death Risk Fund/Multipurpose Risk Fund ('DRF/MRF') scheme in certain subsidiaries. In return, outstanding loans (including interest receivables) shall be exempted in case of customers' death (in a few cases partial exemption is granted by ASAI in the event of disability). Additionally, and independently, a certain amount of money is paid as a cash subsidy for funeral/financial assistance to the customers and/or next kin. These compensations (exemption of loans and/or cash subsidy) made by ASAI are not a guaranteed payment to customer and/or next to kin if occurrences (death and/or disability) do not happen.

The Group is assessing the impact of implementing IFRS 17.

2.4.2 Definition of Accounting Estimates – Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

2.4.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.4. Standards issued but not yet effective continued
2.4.4 Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2: Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the IFRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

2.5 Significant accounting judgements and estimates
In the process of applying the Group's accounting policies, judgements and estimates are applied in determining the amounts recognised in the financial statements. Significant use of judgements and estimates are as follows:

2.5.1 Allowance for Expected Credit Loss ('ECL') on loans and advances
The Group calculates the allowance for ECL in a three-step process as described below under A to D. The Group reviews its loans at each reporting date to assess the adequacy of the ECL as recorded in the financial statements. In particular, judgement is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on certain assumptions such as the financial situation of the borrowers, types of loan, maturity of the loans, ageing of the portfolio, economic factors etc. The actual performance of loans may differ from such estimates resulting in future changes to the allowance. Due to the nature of the industry in which the Group operates, i.e. micro credit to low-income clients, the loan portfolio consists of a very high number of individual customers with low value exposures. These characteristics lead the Group to use a provisioning methodology based on a collective assessment of similar loans. The Group's policy for calculating the allowance for ECL is described below:

A) Determination of loan staging
The Group monitors the changes in credit risk in order to allocate the exposure to the correct staging bucket. Given the nature of the Group's loan exposures (generally short-term exposures, <12 months) no distinction has been made between stage 1 (12-months ECL) and stage 2 loans (lifetime ECL) for calculating the ECL provision. During the Covid period (2020 and 2021), the Group provided significant moratoriums to the clients. In addition multiple periodical moratoriums were provided to clients in Myanmar and Sri Lanka as those entities faced multiple national and or local lockdowns.

Hence, in addition to the loans that were in arrears by more than 30 days and less than 91 days, loans which were in arrears by less than 31 days but more than 31 days passed since their last payment, were also classified as stage 2.

However, as no further moratoriums were provided in 2022 and all previous moratoriums were expired six months before the balance sheet date, the Group has returned to the standard criteria by using loan ageing analysis to determine the staging. 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.

There are six branches in Myanmar which were closed during the year due to insecurity. Although the management team is collecting some instalments, the total loan amounts outstanding at those branches (USD 382K) were considered bad and recognised as stage 3.

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 1.5 million (2021: USD 3.2 million). If a three year or four year time period was used to capture the net written off balance then the resulting impact to the ECL would be USD 1.2 million and USD 374K respectively.

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 comes to USD 479K (2021: USD 7.2 million). The write-offs in 2022 are considerably lower than those in 2021, which has resulted in a lower forward-looking ECL element.

Changing the write-off trend to two years, rather than three years for the forward-looking assessment, would reduce ECL by USD 1.2 million.

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 a collateral in certain countries) is at a rate below:

ECL for stage 3 loans

	Loss %	
Overdue age	**2022**	**2021**
91-180 days	**50%**	50%
181-365 days	**70%**	70%
Over 365 days	**100%**	100%

No change in the loss rate was made in 2022 except 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 comes to USD 13.1 million (2021: USD 11.6 million). An alternative assessment of stage 3 provisions would be to apply a 100% loss rate across the entire stage 3 population (net of security deposit), being all loans more than 90 days past due. This would increase the ECL on the stage 3 population to USD 15.5 million.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.5 Significant accounting judgements and estimates continued
2.5.1 Allowance for Expected Credit Loss ('ECL') on loans and advances continued

D) Management overlay
In prior periods and for 2022 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. However, the Group has stopped providing any new moratoriums in 2022 and the loans restructuring period in India have already expired six months before the year end. In addition, the impact of the economic crisis is being captured by loan ageing. Hence, no additional management overlay is taken in 2022 to account for moratoria, whereas this was a relevant factor in 2021.

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 year-end and so the impact of macro-economic factors on the repayment of loans is inherently limited. Hence the management concluded that changes in macro-economic indicators do not have any direct correlation with the ASA business model and therefore, no adjustment was made to consider forecasts for such macro-economic indicators in the forward-looking element of its expected credit loss provision calculation.

F) Impact of climate change
The Group and its customers are exposed to the physical risks from climate change and risks of transitioning to a net-zero economy. Most climate-related physical risks are expected to manifest over a term that is generally much longer than the maturity of most of the outstanding exposures. The following balances may be impacted by physical and transition risks: The Group has identified the ECL provision as one of the main areas in which it could be exposed to the financial impacts of climate change risk, as a number of the Group's operating areas are prone to natural disasters such as typhoons, flash floods or droughts. The Group's 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 year-end ECL calculations. As the Group's loans are short term, the impact of such events over the life of the loans would naturally be limited. Hence, no additional changes have been made in the existing model on account of climate-related risks. However, given the evolving risks associated with climate change, management will continue to monitor whether adjustments to its ECL models are required for future periods.

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 and Jana Small Finance Bank ('JSFB'). IDFC BC is subject to a maximum provision of 5% of OLP, which is the maximum credit risk exposure for ASA India as per the agreement with IDFC First Bank. There is no maximum risk on BC from JSFB. Those portfolios are assessed in line with ASA India's own OLP. ECL for the off-book BC portfolio comes to USD 1.04 million (2021: 1.7 million).

The portion of the DA portfolio of ASA India which is on-book has also been treated the same as regular portfolios. No provision for the off-book portion of the DA portfolio was made because, as per the agreement with the State Bank of India, ASA India has no credit risk on this part of the DA portfolio.

The Securitisation portfolio of ASA India has been assessed in line with ASA India's own portfolio.

H) ECL on interest receivable
ECL for Interest receivable is assessed in the same line as OLP. ECL for interest receivable comes to USD 703K (2021: 1.7 million).

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

	2022			2021		
Particulars	Own portfolio USD'000	Off-book portfolio USD'000	Interest receivable USD'000	Own portfolio USD'000	Off-book portfolio USD'000	Interest receivable USD'000
ECL as per historical default rate	**1,521**	**400**	**75**	3,204	339	148
Forward considerations	**479**	**492**	**21**	7,184	793	309
ECL under stage 3 loans	**13,197**	**146**	**607**	11,574	543	37
Management overlay	**–**	**–**	**–**	2,136	–	1,202
	15,197	**1,038**	**703**	24,098	1,675	1,696

	2022			2021		
Allocated to:	Gross outstanding USD'000	ECL USD'000	Coverage	Gross outstanding USD'000	ECL USD'000	Coverage
Own Portfolio (note 13.1 and 13.3)	**344,985**	**15,197**	**4%**	393,298	24,098	6%
Off-book BC portfolio (note 13.1 and note 28)	**21,362**	**1,038**	**5%**	35,583	1,675	5%
Interest receivable (note 13.1 and note 13.3)	**7,265**	**703**	**10%**	10,700	1,696	16%
	373,612	**16,938**	**5%**	439,581	27,469	6%

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.2 Defined benefit plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, staff turnover and retirement age. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used in December 2022 and December 2021 are as follows:

Assumptions defined benefit plan

	2022					2021				
	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	Pagasa Philippines	Lak Jaya	ASA Pakistan	ASA India	ASA Nigeria	Pagasa Philippines
Discount rate	18.7%	14.5%	7.4%	14.3%	7.4%	11.2%	11.8%	7.2%	13.5%	5.1%
Salary increment	10.0%	13.5%	9.0%	12.0%	5.0%	10.0%	10.8%	9.5%	12.0%	4.0%
Staff turnover	15.7%	14.0%	22.0%	5.0%	38.1%	13.0%	15.9%	25.5%	5.0%	47.0%
Retirement age	60 years	60 years	60–62 years	60 years	60 years	60 years	60 years	60–62 years	60 years	60 years

The parameter most subject to change is the discount rate. Management engages third-party actuaries to conduct the valuation. The defined benefit costs have been disclosed in note 8.2. The sensitivity analysis of the plan on account of any change in discount rate and salary increment is disclosed in note 8.3. Sensitivity analysis for changes in the other two assumptions were not done as the effect is determined immaterial.

2.5.3 Liability for death and multipurpose risk funds

At the end of each period, management uses significant assumptions to reassess the adequacy of the liability provided. These include estimating the number of borrower deaths among the total number of borrowers by applying the local mortality rates at the end of the period, outstanding loan amount per borrower and other financial assistance to the family where applicable. The mortality rate is based on historical mortality rates of the borrower for the last three years for the specific countries. As of December 2022, rates were 0.36 % (2021: 0.40%) in Sri Lanka, 0.21% (2021: 0.20%) in Uganda, 0.43% (2021: 0.45%) in the Philippines and 0.24% (2021: 0.21%) in Kenya. The liability is disclosed under note 27. No sensitivity analysis is done as the amount is not material.

2.5.4 Business Correspondence and partnership models

The portfolios under the Business correspondence and partnership models in ASA India ('BC model') are recognised on the statement of financial position based on whether the entity has the right to receive rewards. ASA India operates a Business Correspondent and partnership model with IDFC First Bank ('IDFC') and Jana Small Finance Bank ('JSFB') . ASA India operates as an agent, whereby ASA India selects borrowers based on the selection criteria of the BC Partner. After approval of the selected borrowers, the BC Partners disburse the loans either through ASA India or directly to the clients and ASA India collects the interest and repayments from the borrowers on behalf of the BC Partners. In exchange for these services, ASA India receives service fees and processing fees.

The loans to borrowers of IDFC and JSFB and related funding are not recognised on the balance sheet since the loan agreements are made between the partners and the borrowers. More information is available in note 13.

2.5.5 Securitisation agreements

ASA India has a securitisation agreement in place at the balance sheet date, 'Lily', which is managed by Vardhman Trusteeship Private Limited. The loans to customers under the securitisation agreements do not qualify for derecognition as ASA India provides cash collateral for credit losses and thereby the credit risk is not substantially transferred. Hence, the loans to customers continue to be recognised on the balance sheet of ASA India under Loans and advances to customers and the purchase consideration is presented under borrowings.

Interest income from customers continues to be recognised as interest income and the related portion of the interest which is transferred to the counterparty is presented as interest expense. The outstanding loan portfolio as per end of 2022 under the securitisation agreements amounts to USD 617K (31 December 2021: USD 747K) and the related liability amounts to USD 636K (31 December 2021: USD 1.2 million). The loan portfolio is disclosed under Gross loan portfolio in note 13 'Loans and advances to customers' and the liability is disclosed under Debt issued and other borrowed funds by operating subsidiaries in note 25 'Debt issued and other borrowed funds'. The total pool principal balance at the start date of the relevant securitisation agreement amounts to USD 1.02 million (31 December 2021: USD 3.5 million) and the related liability amounts to USD 1.02 million (31 December 2021: USD 3.5 million). The cash collateral provided under these agreements amounts to USD 102K (31 December 2021: USD 278K) and is disclosed under note 14 'Due from banks'.

2.5.6 Direct Assignment

ASA India entered into two Direct Assignment agreements ('DA') with State Bank of India ('SBI'), through which the entity has sold a pool of customers' loans amounting to USD 16.5 million against a purchase consideration of USD 14 million. The balance (15%) is kept as minimum retention as per guidelines issued by Reserve Bank of India ('RBI'). Based on the agreements, 85% of the loans are derecognised on the books on the grounds that the entity transferred substantially all the risks and rewards of ownership of financial assets. 15% remained on-book. Further information is available in note 13.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

2. Accounting policies continued
2.5 Significant accounting judgements and estimates continued
2.5.7 Leases – estimating the Incremental Borrowing Rate ('IBR')
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

IFRS 16 describes the accounting for an individual lease and a discount rate that should be determined on a lease-by-lease basis. However, as a practical expedient, an entity may apply IFRS 16 to a portfolio of leases with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying a portfolio approach instead of a lease-by-lease basis would not differ materially from applying this standard to the individual leases within that portfolio. If accounting for a portfolio, an entity shall use estimates and assumptions that reflect the size and composition of the portfolio.

The Group applied a discount rate per country based on leases with similar characteristics applying a portfolio approach instead of a lease-by-lease approach, which had no material impact for the Group. The starting point for estimating the reference rate is the local risk-free rate. The Group developed an approach to determine IBR that is closely aligned with the definitions and requirements prescribed in IFRS 16. In this approach the Group first determined the country risk free rate and adjusted that with the Group specific financing spread and lease specific adjustments to consider IBR rates.

The Group used country sovereign rates to determine the risk-free rate. If no sovereign risk-free rate is available, a build-up approach is applied that adjusts the USD based United States Treasury bond for (i) the country risk premium, to capture country specific risk, and (ii) the long-term inflation differential, to capture any currency risk.

The Group-specific financing spread is determined based on (i) the Group-specific perspective/credit rating, (ii) the credit rating of the legal entities (lessees) of ASA International, and (iii) the market interest rates/yields on industry specific bonds.

The lease specific adjustment depends on the type/nature of asset, and relates to the fact that a secured bond will have a lower yield compared to an unsecured bond. However, the yield difference varies based on the type/nature of the asset that is used as collateral. The IBR used for different entities in 2022 and 2021 are as follows:

Country	Lease Currency	Credit Rating	Approach reference rate	2022 IBR at different lease duration (year)				2021 IBR at different lease duration (year)			
Tenure of lease				**1**	**2-4**	**5-6**	**7-9**	**1**	**2-4**	**5-6**	**7-9**
Ghana	GHS	BBB+	Local	**16.7%**	**20.3%**	**21.4%**	**22.3%**	18.4%	19.3%	19.9%	20.3%
Nigeria	NGN	BBB+	Local	**5.5%**	**9.0%**	**11.5%**	**12.5%**	0.9%	2.8%	4.6%	5.8%
Sierra Leone	SLL	BB–	Build–Up	**14.8%**	**15.4%**	**15.8%**	**16.0%**	22.0%	23.2%	24.2%	24.8%
Kenya	KES	BBB	Local	**9.3%**	**10.5%**	**12.1%**	**12.7%**	9.6%	10.9%	11.9%	12.6%
Rwanda	RWF	BB	Build–Up	**10.1%**	**10.7%**	**11.2%**	**11.3%**	12.0%	12.6%	13.4%	14.0%
Tanzania	TZS	BBB	Build–Up	**7.4%**	**8.3%**	**9.4%**	**10.5%**	6.0%	6.6%	7.0%	7.4%
Uganda	UGX	BBB	Local	**10.5%**	**13.0%**	**15.2%**	**16.0%**	8.0%	9.5%	10.0%	10.3%
Zambia	ZMW	BB–	Local	**25.0%**	**25.0%**	**25.0%**	**25.0%**	35.0%	35.6%	36.1%	36.3%
Bangladesh	BDT	B+	Build–Up	**3.4%**	**5.3%**	**6.7%**	**7.2%**	6.0%	6.5%	7.1%	7.6%
India	INR	BBB	Local	**4.4%**	**5.4%**	**6.1%**	**6.4%**	4.5%	5.2%	5.9%	6.5%
Pakistan	PKR	BBB+	Build–Up	**7.9%**	**10.8%**	**11.5%**	**12.3%**	11.7%	11.7%	12.0%	12.3%
Sri Lanka	LKR	BB+	Local	**8.7%**	**9.8%**	**11.7%**	**12.1%**	6.4%	6.6%	7.3%	7.9%
Myanmar	MMK	BB	Build–Up	**17.0%**	**17.7%**	**18.1%**	**18.3%**	11.9%	13.3%	14.6%	15.5%
Philippines	PHP	BBB	Build–Up	**1.7%**	**3.0%**	**4.0%**	**4.5%**	2.0%	2.3%	2.7%	2.9%

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

2. Accounting policies continued

2.5 Significant accounting judgements and estimates continued

2.5.8 Taxes

Deferred Tax Assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

In assessing the probability of recovery, the Group has used its five-year business plan, which is consistent with last year's assessment. This business plan was also used for the Going concern and Viability assessment.

As at 31 December, the Gross amount and expiry dates of losses available for carry forward are as follows:

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**

2021	Expiring within 1 year	Expiring within 2-5 years	Expiring beyond 5 years	Unlimited	Total
Losses for which Deferred tax asset is recognised	181	352	1,453	10,387	12,192
Losses for which Deferred tax asset is not recognised	–	48	23,002	10,707	33,757
	181	400	24,455	21,094	45,949

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by USD 13.0 million (2021: 7.8 million).

Deferred Tax Liabilities

As of 31 December 2022, the Group has undistributed profits in its subsidiaries amounting to USD 76.8 million. The Group recognised a deferred tax liability amounting to USD 2.2 million (see note 11.3) on USD 25.5 million of undistributed profits on the assessment that these will be distributed in the foreseeable future. No deferred tax liability was recognised on the balance 51.3 million due to regulatory uncertainty on when those can be distributed. If the Group recognises a deferred tax liability on these profits, profit and equity would decrease by USD 5.2 million.

2.5.9 Modification of loans

In 2020 and 2021, the Group provided moratoriums to its clients in certain subsidiaries. The main objective of these payment holidays was to offer clients a temporary relief due to disruption of their livelihoods on account of Covid. Extending the loan term only is not considered as a substantial modification and therefore does not result in derecognition and the original effective interest rate is retained. The temporary catch-up adjustment or modification gain/loss is then calculated as the difference between the carrying amount of the loans and the discounted value of the modified cash flows at the original effective interest rate. The modification gain/loss is an adjustment to the carrying value of the loans and advances to customers and interest income. No additional moratoriums were given in 2022. Total loans under moratorium at 31 December 2022 is Nil (2021: USD 48.9 million).

3. Segment information

For management purposes, the Group is organised into reportable segments based on its geographical areas and has five reportable segments, as follows:

- West Africa, which includes Ghana, Nigeria and Sierra Leone.
- East Africa, which includes Kenya, Uganda, Tanzania, Rwanda and Zambia.
- South Asia, which includes India, Pakistan and Sri Lanka.
- South East Asia, which includes Myanmar and the Philippines.
- Holding and other non-operating entities, which includes holding entities and other entities without microfinance activities.

No operating segments have been aggregated to form the above reportable operating segments. The Company primarily provides only one type of service to its microfinance clients being small microfinance loans which are managed under the same ASA Model in all countries. The reportable operating segments have been identified on the basis of organisational overlap like common Board members, regional management structure and cultural and political similarity due to their geographical proximity to each other.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

3. Segment information continued
The Executive Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operational profits and losses and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating and non-operating segments are on an arm's length basis in a manner similar to transactions with third parties and are based on the Group's transfer pricing framework.

Revenues and expenses as well as assets and liabilities of those entities that are not assigned to the four reportable operating segments are reported under 'Holding and other non-operating entities'. Inter-segment revenues, expenses and balance sheet items are eliminated on consolidation. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2022 or 2021

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2022.

As at 31 December 2022	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Holding and other non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	54,178	43,165	49,058	31,566	12	177,979	–	177,979
Inter-segment interest income	–	–	–	19	774	793	(793)	–
External interest expense	(2,788)	(8,761)	(19,043)	(5,393)	(4,337)	(40,322)	–	(40,322)
Inter-segment interest expense	(276)	(282)	(70)	(146)	(19)	(793)	793	–
Net interest income	51,114	34,122	29,945	26,046	(3,570)	137,657	–	137,657
External other operating income	548	2,837	2,554	4,369	43	10,351	–	10,351
Inter-segment other operating income[1]	–	–	–	–	44,273	44,273	(44,273)	–
Other inter-segment expense	(428)	(2,246)	(306)	(1,943)	3	(4,920)	4,920	–
Total operating income	51,234	34,713	32,193	28,472	40,749	187,361	(39,353)	148,008
Credit loss expense	(2,868)	501	2,876	(1,143)	(9)	(643)	–	(643)
Net operating income	48,366	35,214	35,069	27,329	40,740	186,718	(39,353)	147,365
Personnel expenses	(13,332)	(15,227)	(15,616)	(10,611)	(5,689)	(60,475)	–	(60,475)
Exchange rate differences	206	(37)	(259)	(614)	(855)	(1,559)	–	(1,559)
Depreciation of property and equipment	(293)	(741)	(332)	(288)	(162)	(1,816)	–	(1,816)
Amortisation of right-of-use assets	(687)	(1,126)	(1,031)	(1,011)	(76)	(3,931)	–	(3,931)
Other operating expenses	(6,461)	(6,842)	(5,436)	(10,588)	(3,976)	(33,303)	–	(33,303)
Tax expenses	(8,584)	(4,328)	(9,292)	(2,307)	(3,883)	(28,394)	–	(28,394)
Segment profit after tax	19,215	6,913	3,103	1,910	26,099	57,240	(39,353)	17,887
Total assets	108,395	113,791	133,894	102,917	199,363	658,360	(168,608)	489,752
Total liabilities	53,804	87,346	100,501	87,937	82,808	412,396	(12,305)	400,091

Explanation: Segment profit is net profit after tax.

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

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

3. Segment information continued

The following table presents operating income and profit information for the Group's operating segments for the year ended 31 December 2021.

As at 31 December 2021	West Africa USD'000	East Africa USD'000	South Asia USD'000	South East Asia USD'000	Holding and other non-operating entities USD'000	Total segments USD'000	Adjustments and eliminations USD'000	Consolidated USD'000
External interest and similar income	61,472	32,742	62,092	33,452	9	189,767	–	189,767
Inter-segment interest income	–	–	–	–	2,846	2,846	(2,846)	–
External interest expense	(3,891)	(5,603)	(22,453)	(6,049)	(4,443)	(42,439)	–	(42,439)
Inter-segment interest expense	(227)	(521)	(231)	(389)	(1,477)	(2,845)	2,845	–
Net interest income	57,354	26,618	39,408	27,014	(3,065)	147,329	–	147,328
External other operating income	702	2,874	2,929	3,954	59	10,518	–	10,518
Inter-segment other operating income[1]	–	–	–	–	29,577	29,577	(29,577)	–
Other inter-segment expense	220	(1,663)	(206)	(2,173)	(3,373)	(7,195)	7,195	–
Total operating income	58,276	27,829	42,131	28,795	23,198	180,229	(22,382)	157,846
Credit loss expense	(1,655)	(2,327)	(27,622)	(5,891)	(14)	(37,509)	–	(37,509)
Net operating income	56,621	25,502	14,509	22,904	23,184	142,720	(22,382)	120,337
Personnel expenses	(13,630)	(11,999)	(14,810)	(11,172)	(5,202)	(56,813)	–	(56,813)
Exchange rate differences	(142)	151	(331)	(562)	(648)	(1,532)	–	(1,532)
Depreciation of property and equipment	(327)	(458)	(638)	(346)	(620)	(2,389)	404	(1,985)
Amortisation of right-of-use assets	(808)	(1,033)	(1,307)	(1,167)	(83)	(4,398)	–	(4,398)
Other operating expenses	(6,131)	(5,558)	(5,652)	(9,623)	(2,940)	(29,904)	–	(29,904)
Tax expenses	(10,564)	(1,974)	(4,164)	(373)	(2,272)	(19,347)	–	(19,347)
Segment profit	25,019	4,631	(12,393)	(339)	11,419	28,337	(21,979)	6,358
Total assets	134,719	83,602	198,393	105,872	396,864	919,450	(356,896)	562,554
Total liabilities	73,497	63,629	160,887	89,045	149,502	536,560	(77,449)	459,111

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.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

4. Interest and similar income

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

	Notes	2022 USD'000	2021 USD'000 (Restated)
Interest income calculated using EIR	4.1.	**173,856**	184,630
Other interest and similar income	4.2.	**4,123**	5,137
		177,979	189,767

4.1. Interest income calculated using EIR

	2022 USD'000	2021 USD'000 (Restated)[1]
Interest income on loans and advances to customers	**161,176**	175,732
Loan processing fees	**12,680**	8,898
	173,856	184,630

1 Refer to note 2.1.2.

Interest income decreased from last year in USD terms mostly due to devaluation of local currency against USD in most of the operating subsidiaries. Loan processing fees increased mainly in Tanzania where an additional transaction fee equivalent to 1% of disbursement is introduced in 2022.

4.2. Other interest and similar income

	2022 USD'000	2021 USD'000 (Restated)
Interest income on short-term deposits	**3,916**	4,579
Other interest income	**207**	558
	4,123	5,137

5. Interest and similar expense

Included in interest and similar expense are accruals for interest payments to customers and other charges from banks.

	Notes	2022 USD'000	2021 USD'000
Interest expense on loans		**(31,565)**	(33,508)
Interest expense on security deposits and others		**(3,788)**	(4,631)
Interest expense on lease liability		**(299)**	(301)
Commitment and processing fees		**(274)**	(266)
Amortisation of forward points of forward contracts and currency basis spread of swap contracts	37.	**(4,396)**	(3,733)
		(40,322)	(42,439)

6. Other operating income

	2022 USD'000	2021 USD'000
Members' admission fees	**1,875**	1,881
Document fees	**928**	856
Proceeds from sale of passbooks	**141**	159
Income from death and multipurpose risk funds	**3,743**	3,867
Service fees income from off-book BC model (ASA India)	**2,045**	2,503
Distribution fee MBA Philippines	**890**	846
Other	**729**	406
	10,351	10,518

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

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

7. Expected credit loss expense

	Notes	2022 USD'000	2021 USD'000
ECL on loans and advances to customers	13.2.	**(4,847)**	(28,227)
Impairment on bank and intercompany		**13**	(109)
ECL on interest receivable		**368**	(6,441)
Other expected credit loss expense		**(1,294)**	(3,000)
Recovery of previously written off loans		**5,117**	268
		(643)	(37,509)

The Group made large ECL provision in 2021 on account of increased credit risk of the loan portfolio caused by the adverse impact of Covid on the businesses of clients. The situation has improved significantly in 2022 as operating performance in most the markets is back to pre-covid level. The key assumptions applied for the expected credit loss provision and related expense are explained in note 2.5.1.

Other expected credit loss includes loss allowance provided against off-book portfolio in India and loan and interest exemptions for settlement of customer loans in case of death or disability.

The Group was able to collect a significant amount of previously written off loans, mainly in India and the Philippines.

8. Personnel expenses

Personnel expenses include total base salary expenses and employee benefit plans:

	Notes	2022 USD'000	2021 USD'000
Personnel expenses		**(55,253)**	(51,287)
Defined contribution plans		**(4,221)**	(3,951)
Defined benefit plans	8.2.	**(1,001)**	(1,575)
		(60,475)	(56,813)

8.1. Retirement benefit liability

	Notes	2022 USD'000	2021 USD'000
Retirement benefit liability as at beginning of period		**5,391**	5,446
Payments made during the period		**(572)**	(592)
Charge for the period	8.2.	**1,001**	1,575
Actuarial gains and losses on defined benefit liabilities (OCI)		**(470)**	(698)
Foreign exchange differences		**(757)**	(340)
Retirement benefit liability as at end of the period		**4,593**	5,391

ASA India, ASA Pakistan, Lak Jaya, Pagasa Philippines, ASA Nigeria, ASA Kenya, ASA Zambia, ASA Sierra Leone and AMSL are maintaining defined benefit pension plans in the form of gratuity plans at retirement, death, incapacitation and termination of employment for eligible employees. The funds for the plans in ASA Pakistan, Pagasa Philippines, Lak Jaya, ASA Nigeria 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.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

8. Personnel expenses continued
8.2. Charge for the period

	2022 USD'000	2021 USD'000
Current service cost for the period	**(504)**	(1,156)
Interest cost for the period	**(497)**	(419)
Impact from change in assumptions (see note 2.5.2)	**–**	–
	(1,001)	(1,575)

8.3. Sensitivity analysis
A quantitative sensitivity analysis for significant assumptions as at 31 December 2022 and 31 December 2021 is shown below.

Assumptions

		Discount rate		Future salary increases	
Sensitivity level	Year	1% increase USD'000	1% decrease USD'000	1% increase USD'000	1% decrease USD'000
Impact on defined benefit obligation	**2022**	**(180)**	**1,290**	**1,298**	**(197)**
	2021	(501)	1,384	1,379	(513)

9. Other operating expenses
The other operating expenses includes the following items:

	Notes	2022 USD'000	2021 USD'000
Administrative expenses	9.1.	**(27,975)**	(24,758)[1]
Professional fees	9.2.	**(2,579)**	(2,707)
Audit fees	9.3.	**(1,527)**	(1,406)
International travel		**(646)**	(327)
CSR expenses		**(249)**	(337)
Other		**(327)**	(369)
		(33,303)	(29,904)

1 CSR expenses have been separately disclosed.

9.1. Administrative expenses

	2022 USD'000	2021 USD'000
Office expenses	**(5,158)**	(3,557)
Transport and representation expenses	**(10,391)**	(9,405)
Gas, water and electricity	**(1,106)**	(1,079)
Telecommunications and internet expenses	**(3,119)**	(2,865)
VAT/Output tax/Service tax	**(3,445)**	(3,414)
Bank charges	**(1,472)**	(1,747)
Insurance expenses	**(642)**	(489)
Other administrative expenses	**(2,642)**	(2,202)
	(27,975)	(24,758)

Office and transport expenses increased compared to last year primarily due to high inflation in most of the operating subsidiaries.

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

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

9. Other operating expenses continued

9.2. Professional fees

	2022 USD'000	2021 USD'000
Legal services fees	**(295)**	(378)
Other professional fees	**(2,284)**	(2,329)
	(2,579)	(2,707)

Other professional fees includes fees for various consultants on tax, IT, accounting and actuary valuation services.

9.3. Fees payable to the Group's auditor is analysed as below:

	2022 USD'000	2021 USD'000
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**(1,008)**	(940)
Fees payable to the Group's auditor for other services:		
Audit of the accounts of subsidiaries	**(219)**	(269)
Audit related assurance services	**(295)**	(194)
Total audit and audit related assurance services	**(1,522)**	(1,403)
Other assurance services	**(5)**	(3)
	(1,527)	(1,406)

10. Exchange rate differences

The Group incurred certain foreign exchange losses on monetary assets denominated in currencies other than the Group's functional currency

	2022 USD'000	2021 USD'000
Foreign currency losses	**(4,876)**	(7,530)
Foreign currency gains	**3,317**	5,998
	(1,559)	(1,532)

11. Income tax and withholding tax expense

	2022 USD'000	2021 USD'000
Income tax expense		
Current income tax	**(20,883)**	(18,844)
Income tax for previous period	**(7)**	477
Changes in deferred income tax	**(6,284)**	2,773
	(27,174)	(15,594)

11.1. Current tax liability

	2022 USD'000	2021 USD'000
Balance as at beginning of period	**6,265**	2,502
Tax charge:		
Current period	**20,883**	18,844
Previous period	**7**	(477)
Tax paid	**(16,643)**	(14,085)
Foreign exchange adjustment	**(1,639)**	(519)
Balance as at end of period	**8,873**	6,265

11.2. Deferred tax assets

	2022 USD'000	2021 USD'000
Balance as at beginning of period	**13,362**	11,303
(Adjustment)/Addition during the period	**(7,436)**	2,488
Foreign exchange adjustment	**(1,301)**	(429)
Balance as at end of period	**4,625**	13,362

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. In 2022, the Group derecognised deferred tax assets amounting to USD 8.0 million for India, Myannmar, Sri Lanka and ASAI NV as it was not reasonably certain that sufficient taxable income will be available against which such deferred tax assets can be realised.

11.3. Deferred tax liability

	2022 USD'000	2021 USD'000
Balance as at beginning of period	**2,296**	–
(Adjustment)/Charge during the period	**(112)**	2,296
Foreign exchange adjustment	**–**	–
Balance as at end of period	**2,184**	2,296

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

11. Income tax and withholding tax expense continued
11.4. Deferred tax relates to:

	2022			2021		
Deferred tax relates to:	Deferred tax assets USD'000	Deferred tax liabilities USD'000	Income statement USD'000	Deferred tax assets USD'000	Deferred tax liabilities USD'000	Income statement USD'000
Allowance for ECL	**1,321**	**–**	**(4,759)**	6,205	–	1,365
Provision for retirement liabilities	**1,138**	**–**	**(322)**	1,505	–	(95)
Provision on FX loss	**51**	**–**	**(21)**	–	(97)	200
Unused tax losses	**–**	**–**	**(3,139)**	3,244	–	1,803
Other temporary differences	**3,177**	**(183)**	**2,407**	1,682	310	254
IFRS 16 Lease	**–**	**183**	**8**	–	(213)	(40)
Undistributed profit of subsidiary	**–**	**2,184**	**113**	–	2,296	(2,296)
Modification loss	**236**	**–**	**(459)**	812	–	(715)
Other comprehensive Income/ Revaluation of cash flow hedge	**(1,298)**	**–**	**(1,152)**	(86)	–	(284)
	4,625	**2,184**	**(7,324)**	13,362	2,296	192

11.5. Reconciliation of the total tax charge

	2022 USD'000	2021 USD'000
Accounting result before tax	**46,281**	25,705
Income tax expense at nominal rate of consolidated entities	**(15,373)**	(9,565)
Over/(under) provision for income tax previous year	**(7)**	477
Net allowable/(non-allowable) expenses	**(1,114)**	(271)
Movement in unrecognised deferred taxes	**(11,285)**	(6,191)
Exempt income	**74**	185
Tax impact on elimination	**531**	(11)
Other permanent differences	**–**	(218)
Total income tax expense for the period	**(27,174)**	(15,594)
Weighted average nominal rate of consolidated entities	**33%**	*37%*
Consolidated effective tax rate	**59%**	*61%*

11.6. Income tax per region

	2022 USD'000	2021 USD'000
Corporate income tax – West Africa	**(9,417)**	(10,564)
Corporate income tax – South Asia	**(9,292)**	(4,164)
Corporate income tax – East Africa	**(3,994)**	(1,974)
Corporate income tax – South East Asia	**(1,653)**	(344)
Corporate income tax – Holding and other non-operating entities	**(2,818)**	1,452
Total income tax per region	**(27,174)**	(15,594)

11.7. Withholding tax expense

	2022 USD'000	2021 USD'000
Withholding tax on interest income, dividend, royalties and service fees	**(1,332)**	(1,457)
Deferred tax on undistributed dividend	**112**	(2,296)
Total withholding tax expense	**(1,220)**	(3,753)

Interest income, dividends, royalties and service fees are subject to withholding tax in certain jurisdictions. The applicable withholding tax rates vary per country and per type of income.

12. Cash at bank and in hand

	2022 USD'000	2021 USD'000
Cash at bank	**83,006**	87,684
Cash in hand	**111**	267
	83,117	87,951

An amount of USD 32.6 million (2021: USD 21.5 million) of cash at bank is restricted and cannot be readily available. Out of this USD 17.1 million (2021: USD 16.3 million) in the Philippines is restricted as per Securities and Exchange Commission ('SEC') 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 7.5 million (2021: 5.2 million) is restricted and maintained in a separate account as per the Bank of Tanzania requirement for non-deposit-taking microfinance institutions as it relates to security deposits from the clients. In Kenya, the new 'Central bank of Kenya (AMENDMENT) ACT' restricted non-deposit microfinance companies from taking cash collateral from clients. ASA Kenya is repaying the collateral amount to the clients once the loan matures. The year-end balance of USD 7.9 million is presented as restricted.

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

13. Loans and advances to customers

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

	Notes	2022 USD'000	2021 USD'000
Gross loan portfolio	13.1.	**344,985**	393,298
Interest receivable on loans to customers		**7,265**	10,700
Unamortised processing fee		**(4,303)**	(3,775)
Net impact of modification loss		**(149)**	(1,187)
Gross loans		**347,798**	399,036
Allowance for expected credit loss	13.2.	**(15,900)**	(25,794)
Net loan portfolio		**331,898**	373,242

13.1. Gross loan portfolio

As of 31 December 2022 is USD 345.0 million (31 December 2021: 393.3 million).

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

ASA India operates a Business Correspondent and partnership model with IDFC First Bank ('IDFC') and Jana Small Finance Bank ('JSFB') . ASA India operates as an agent whereby ASA India selects borrowers based on the selection criteria of the BC Partner. After approval of the selected borrowers, the BC Partners disburse the loans through ASA India or directly to the clients and ASA India collects the interest and repayments from the borrowers on behalf of the BC Partners. In exchange for these services, ASA India receives service fees and processing fees.

The loans to borrowers of IDFC and JSFB and related funding are not recognised on the balance sheet since the loan agreements are made between the partners and the borrowers. In case of IDFC, ASA India has a limited liability for the non-performing loans under this agreement. The service fees received are reported under 'Other operating income' in note 6.

Under the agreements with the BC Partners, ASA India is liable for payment of non-performing loans, which is regarded as a financial guarantee. This liability for BC partners is reported under 'Provisions' in note 28. This liability is based on the Group's ECL policy as explained in note 2.5.1 taking into account any limits in the liability towards the BC Partners, because it is the best estimate for the expected outflow of cash at reporting date. The related expense is reported under credit loss expenses in note 7.

ASA India provided security deposits to the BC partners as collateral for the financial guarantees provided. These security deposits are reported under 'Due from banks' in note 14. Other receivables and payables related to the BC model are reported under 'Other assets' and 'Other liabilities'. More information is available in note 2.5.

ASA India has entered into Direct Assignment ('DA') agreement with State Bank of India ('SBI'). Under the agreement the entity transferred a pool of its loans to customers amounting to USD 16.5 million to the SBI against a purchase consideration of USD 14 million which is 85% of the loan portfolio. 15% is retained by ASA India as the Minimum Retention Rate ('MRR') as per the guidance of RBI. ASA India will continue to collect the instalments from all the borrowers and transfer the amount to the SBI where the SBI will retain collections from 85% of the clients and adjust that with the purchase consideration (borrowings) and repay collections from 15% of the customers to ASA India. The 85% of the pool is hence not recognised in the books of ASA India as the company transferred all significant risks and rewards of such loans to the SBI.

The outstanding loans to borrowers under the BC model and DA model which are not recognised on the balance sheet at 31 December 2022 amounted to USD 21.4 million and USD 1.2 million, respectively (2021: USD 35.6 million and USD 1.8 million).

13.2. Allowance for expected credit loss

	Notes	2022 USD'000	2021 USD'000
Balance as at beginning of the period		**(25,794)**	(25,242)
ECL on loans and advances	7.	**(4,847)**	(28,227)
ECL on interest receivable		**368**	(6,441)
Write-off of loans and interest		**10,828**	32,770
Exchange rate differences		**3,545**	1,346
Balance at end of the period		**(15,900)**	(25,794)

The key assumptions applied for the expected credit loss provision are explained in note 2.5.1.

Write-offs have been significantly decreased as most of the loans affected on account of the Covid pandemic were written off in 2021.

Management expects the write-offs to further come down in future years.

13.3. The breakdown of the allowance for expected credit loss is as follows:

	2022 USD'000	2021 USD'000
ECL on loans and advances	**(15,197)**	(24,098)
ECL on interest receivable	**(703)**	(1,696)
	(15,900)	(25,794)

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

13. Loans and advances to customers continued
13.4. The following tables explain the movement of gross OLP and Interest receivable and related provisions in stages

	Stage 1 USD'000				Stage 2 USD'000				Stage 3 USD'000				Total USD'000			
	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL	Gross OLP	Interest receivable	Total	ECL
At 1 January 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)	5,202	(9,131)	(35,596)	(44,727)	–	(14,054)	(10,433)	(24,487)	–	(925,508)	(164,319)	(1,089,827)	–
ECL (charges)/releases		–	–			–	–	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)**

	Stage 1 USD'000				Stage 2 USD'000				Stage 3 USD'000				Total USD'000			
	Gross OLP			ECL	Gross OLP			ECL	Gross OLP			ECL	Gross OLP			ECL
At 1 January 2021	319,122	10,128	329,250	(1,961)	52,202	3,377	55,579	(8,613)	25,281	1,183	26,464	(14,668)	396,605	14,688	411,293	(25,242)
New assets originated	944,097	–	944,097	–	–	–	–	–	–	–	–	–	944,097	–	944,097	–
Interest revenue	–	151,521	151,521	–	–	15,436	15,436	–	–	8,775	8,775	–	–	175,732	175,732	–
Assets realised	(832,248)	(148,617)	(980,865)	–	(39,701)	(15,768)	(55,469)	–	(22,788)	(9,519)	(32,307)	–	(894,737)	(173,904)	(1,068,641)	–
ECL (charges)/releases	–	–	–	(5,694)	–	–	–	2	–	–	–	(28,976)	–	–	–	(34,668)
Transfers:																
Stage 1 to Stage 2	(12,975)	(2,028)	(15,003)	89	12,975	2,028	15,003	(89)	–	–	–	–	–	–	–	–
Stage 2 to Stage 1	431	51	482	(68)	(431)	(51)	(482)	68	–	–	–	–	–	–	–	–
Stage 1 to Stage 3	(32,714)	(3,518)	(36,232)	216	–	–	–	–	32,714	3,518	36,232	(216)	–	–	–	–
Stage 2 to Stage 3	–	–	–	–	(6,447)	(1,949)	(8,396)	1,225	6,447	1,949	8,396	(1,225)	–	–	–	–
Stage 3 to Stage 1	11	3	14	(6)	–	–	–	–	(11)	(3)	(14)	6	–	–	–	–
Stage 3 to Stage 2	–	–	–	–	52	17	69	(31)	(52)	(17)	(69)	31	–	–	–	–
Write-off	–	–	–	–	–	–	–	–	(26,954)	(5,816)	(32,770)	32,770	(26,954)	(5,816)	(32,770)	32,770
Fx impact	(23,768)	–	(23,768)	385	(1,469)	–	(1,469)	314	(476)	–	(476)	647	(25,713)	–	(25,713)	1,346
At 31 December 2021	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)

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

14. Due from banks

	Notes	2022 USD'000	2021 USD'000
Due from banks	14.1.	**18,208**	44,794
Escrow bank account at Citibank		**20,692**	20,465
		38,900	65,259

14.1. Escrow bank account at Citibank

In certain countries in which the Group operates, Non–Resident Capital Gains Tax ('NRCGT') regimes have been enacted in recent years which may give rise to an NRCGT liability if there is a change of control ('COC') of more than 50% of the underlying ownership of a subsidiary of the Company resident in that country as measured over a rolling three-year period. In each case, the liability is payable by the local subsidiary. A COC of certain of the Group's subsidiaries resulting from the offering to certain institutional and professional investors in view of the admission of the Group to the London Stock Exchange in 2018 (the 'Global Offer'), or thereafter, may trigger NRCGT liabilities in certain jurisdictions for the affected subsidiaries. In connection with the potential NRCGT liability, CMI, being the selling shareholder at the time of the listing of the Group on 13 July 2018, agreed upon admission to place USD 20 million (the 'Escrow Amount') of its net proceeds from the sale of shares in the Global Offer in an escrow account for the sole benefit of the Company (the 'Escrow Account'). The Escrow Amount may be applied to fund NRCTG liabilities in accordance with the escrow deed dated 29 June 2018 between, inter alia, CMI and the Company. The Escrow Account is established in the name of the Company and is therefore presented as part of 'Due from banks'. The beneficial ownership of these funds, including any interest accrued thereon and less any expenses, rests with CMI because the Company will need to return all remaining funds to CMI in accordance with the terms of the escrow deed. Therefore, the same amount is presented as a liability to CMI under 'Other liabilities'.

15. Equity investments at FVOCI

	2022 USD'000	2021 USD'000
MFX Solutions, LLC		
Balance at the beginning of the period	**237**	238
Gain/(loss) on revaluation through OCI	**7**	(1)
Balance at the end of the period	**244**	237

The Group purchased 153,315 shares of MFX Solutions, LLC USA on 7 April 2017. This represents 1% of the total number of issued shares of 15,331,330. These unlisted equity investments were irrevocably designated at initial recognition as held at FVOCI. Their fair value has been classified as level 2.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

16. Property and equipment
Property and equipment consists of land and buildings, office furniture and equipment. Depreciation policies are described in detail in the accounting policies. The movements are as follows.

	2022					2021				
	Furniture and fixtures USD'000	Vehicles USD'000	Office equipment including IT USD'000	Buildings USD'000	Total USD'000	Furniture and fixtures USD'000	Vehicles USD'000	Office equipment including IT USD'000	Buildings USD'000	Total USD'000
Cost at the beginning of the period	**1,683**	**320**	**9,483**	**1,229**	**12,715**	1,999	400	8,621	1,306	12,326
Accumulated depreciation at the beginning of the period	**(1,166)**	**(252)**	**(7,055)**	**(157)**	**(8,630)**	(1,366)	(298)	(5,908)	(137)	(7,709)
Carrying value at the beginning of the period	**517**	**68**	**2,428**	**1,072**	**4,085**	633	102	2,713	1,169	4,617
Additions during the period at cost	**219**	**210**	**1,146**	**–**	**1,575**	168	6	1,539	–	1,713
Foreign currency adjustment	**(277)**	**(100)**	**(1,375)**	**(102)**	**(1,854)**	(107)	(21)	(467)	(77)	(672)
Disposal during the period	**(60)**	**(25)**	**(248)**	**–**	**(333)**	(377)	(65)	(210)	–	(652)
Depreciation during the period	**(242)**	**(66)**	**(1,485)**	**(23)**	**(1,816)**	(254)	(39)	(1,667)	(25)	(1,985)
Adjustment of depreciation for disposals	**77**	**40**	**371**	**–**	**488**	370	61	186	(4)	613
Foreign currency differences	**211**	**60**	**1,084**	**13**	**1,368**	84	24	334	9	451
Carrying value at the end of the period	**445**	**187**	**1,921**	**960**	**3,513**	517	68	2,428	1,072	4,085
Cost at the end of the period	**1,565**	**405**	**9,006**	**1,127**	**12,103**	1,683	320	9,483	1,229	12,715
Accumulated depreciation at the end of the period	**(1,120)**	**(218)**	**(7,085)**	**(167)**	**(8,590)**	(1,166)	(252)	(7,055)	(157)	(8,630)
Carrying value at the end of the period	**445**	**187**	**1,921**	**960**	**3,513**	517	68	2,428	1,072	4,085

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

17. Right-of-use assets and lease liabilities

	2022 USD'000	2021 USD'000
Right-of-use assets at the beginning of the period	**5,031**	5,195
Additions during the period	**3,815**	4,265
Depreciation during the period	**(3,931)**	(4,398)
Exchange rate differences	**(326)**	(31)
Right-of-use assets at the end of the period	**4,589**	5,031

	2022 USD'000	2021 USD'000
Lease liabilities at the beginning of the period	**3,459**	3,629
Interest expense of lease liabilities	**299**	301
Additions on lease liabilities during the period	**3,815**	4,265
Payment of lease liabilities	**(4,353)**	(4,680)
Exchange rate differences	**(129)**	(56)
Lease liabilities at the end of the period	**3,091**	3,459

The Group recognises leased office premises under Right-of-Use Assets ('ROU').

Between January and December 2022, the Group entered into 1,058 new contracts and renewal contracts. This excludes the new/renewal contracts of Ghana, Nigeria and Tanzania as they have fully prepaid contracts and are not impacted by IBRs. A sensitivity analysis of a 50% increase in the IBR rates for those contracts gives a total impact in the net asset of negative USD 22K and in net profit of negative USD 22K, which is insignificant. Based on the above, management concluded no impairment had occurred on the ROU as of 31 December 2022.

18. Other assets
The other assets comprises of the following:

	Notes	2022 USD'000	2021 USD'000
Receivables from related parties	18.1.	**249**	70
Prepayments		**2,874**	2,157
Employee advances		**2,296**	1,856
Advance income tax		**2,147**	2,150
Security deposit		**249**	236
Receivables under off-book BC model (ASA India)	18.2.	**569**	762
Insurance claim receivable		**109**	260
Interest receivable on due from banks		**337**	457
Receivable against DA		**–**	15
Other receivables	18.3.	**1,140**	976
		9,970	8,939

Prepayments and employee advances are in line with security against housing contracts, funding agreements and employee receivables.

Advance income tax will be set off against current tax payable after completion of the tax assessment.

18.1. Receivables from related parties

	2022 USD'000	2021 USD'000
Sequoia BV	**145**	53
MBA Philippines	**86**	5
Catalyst Investment Management services	**18**	12
	249	70

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

18.2. Receivables under off-book BC model (ASA India)
Under off-book BC model is presented net of impairment. Gross amount receivable under off book BC model is USD 2.2 million (2021: 2.1 million).

18.3. Other receivables
Includes various advances in relation to employee's insurance, receivable from VAT and service tax authorities etc.

Individually none of the advances are over USD 150K.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

19. Derivatives

	2022 USD'000	2021 USD'000
Forward contracts	**7,131**	3,143
Swap agreements	**724**	823
Derivative assets total	**7,855**	3,966
Forward contracts	**(456)**	(602)
Derivative liabilities total	**(456)**	(602)
Total derivatives at fair value	**7,399**	3,364

19.1. The Group is holding the following foreign exchange forward contracts:
As of 31 December 2022

	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**
Tanzania					
Notional amount (in USD)	–	–	–	–	–
Average forward rate (USD/TZS)	–	–	–	–	–
Carrying amount (in USD)	–	–	–	–	–
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)**

As of 31 December 2021

	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	11,999	29,213	–	44,112
Average forward rate (USD/PKR)	171	168	180	–	173
Carrying amount (in USD)	104	838	2,201	–	3,143
Myanmar					
Notional amount (in USD)	1,000	2,000	–	–	3,000
Average forward rate (USD/KYAT)	1,947	1,942	–	–	1,945
Carrying amount (in USD)	(77)	56	–	–	(21)
Tanzania					
Notional amount (in USD)	500	800	–	–	1,300
Average forward rate (USD/TZS)	2,346	2,541	–	–	2,444
Carrying amount (in USD)	(5)	(76)	–	–	(81)
Sierra Leone					
Notional amount (in USD)	–	–	2,000	–	2,000
Average forward rate (USD/SLL)	–	–	13,396	–	13,396
Carrying amount (in USD)	–	–	(117)	–	(117)
Zambia					
Notional amount (in USD)	–	–	–	750	750
Average forward rate (USD/ZMW)	–	–	–	32	32
Carrying amount (in USD)	–	–	–	(383)	(383)

Please see note 36 and 37 for more information.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

19. Derivatives continued
19.2. The Group also holds the below swap contracts:

		2022 USD'000	2021 USD'000
Cross-currency interest rate swap	Notional value	**1,750**	16,104
	Carrying value	**724**	823

At 31 December 2022, the Group had three cross-currency interest rate swap agreements in place.

A swap agreement with a notional amount of USD 1 million was entered on 7 July 2021 by ASA Sierra Leone whereby ASA Sierra Leone pays a fixed rate of interest of 19.09% in SLL and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

A swap agreement with a notional amount of USD 0.5 million was entered on 2 February 2022 by ASA Sierra Leone whereby the entity pays a fixed rate of interest of 19.22% in SLL and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

A swap agreement with a notional amount of USD 250K was entered on 3 February 2022 by ASA Zambia whereby ASA pays a fixed rate of interest of 24.8% in ZMW and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

The applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows using future exchange rates and discounting them with the appropriate interest rate curves. These derivative contracts are classified as Level 2 financial instruments.

20. Intangible assets and goodwill

	Goodwill USD'000	Intangible assets USD'000	Total USD'000
Cost			
At 1 January 2021	33	–	33
Additions	–	452	452
Fx movement	(3)	–	(3)
At 31 December 2021	30	452	482
Additions	–	4,592	4,592
Impaired	(17)	–	(17)
Fx movement	(13)	(3)	(16)
At 31 December 2022	**–**	**5,041**	**5,041**

Goodwill arose from the acquisition of Lak Jaya by CMI Lanka in 2008.

For the year ended 31 December 2022, an impairment assessment on the remaining goodwill was conducted and based on such the goodwill has been fully impaired.

Intangible assets includes initial investments on a new project to develop a digital financial services ('DFS') platform. A pilot is expected to take place in Ghana in 2024 and, if successful and upon approval from regulator, this will be followed by the launch of a range of digital financial and other services to support the growth of small businesses. The platform will add a digital channel to the existing branch model. The DFS will be offered to its clients through a smartphone app, where clients will be able to apply online for loans and other financial services like a current account and a savings or deposit account. As part of the DFS, the Group is also developing a Supplier Marketplace app ('SMP') where clients can purchase goods for their small businesses. SMP will be a separate app but is part of the DFS model to retain and attract loan and savings clients and generate payment transactions that generate commissions.

For the introduction of current accounts and savings and deposits accounts and other digital services to our clients, the Group decided to add a Core Banking System ('CBS') to its IT infrastructure. The Group has procured a 10-year licence to the Temenos Financial Inclusion suite, which is an off-the-shelf CBS system.

ASA India is procuring an additional 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 is expected to be implemented from Q2, 2023.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

20. Intangible assets and goodwill continued
Total spent during the year against DFS and CBS are as follows:

	2022			2021		
Particulars	Capitalised USD'000	Charged to P&L USD'000	Total USD'000	Capitalised USD'000	Charged to P&L USD'000	Total USD'000
Development fees	**1,032**	**–**	**1,032**	83	–	83
Licence fees	**1,906**	**588**	**2,494**	–	–	–
Implementation cost	**948**	**–**	**948**	–	–	–
Consultancy	**180**	**–**	**180**	213	–	213
Salary and travelling	**526**	**218**	**744**	156	–	156
	4,592	**806**	**5,398**	**452**	**–**	**452**

21. Issued capital

	2022 USD'000	2021 USD'000
ASA International Group plc 100 million shares of GBP 0.01 each	**1,310**	1,310
	1,310	1,310

No movements in issued capital during 2022 and 2021.

22. Retained earnings
Total retained earnings are calculated as follows:

	2022 USD'000	2021 USD'000
Balance at the beginning of the period	**155,405**	147,291
Dividend declared	**–**	–
Disposal of ASA Consultancy Limited and ASA Cambodia Holdings	**–**	(673)
Result for the period	**17,892**	8,787
Balance at the end of the period	**173,297**	155,405

	2022 USD'000	2021 USD'000
Profit for the period		
Attributable to equity holders of the parent	**17,892**	8,787
Non-controlling interest	**(5)**	(2,429)
	17,887	6,358

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 2.0 million at 31 December 2022 (2021: USD 1.7 million).

ASA S&L, ASA India, ASHA 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 23.4 million in December 2022 (2021: USD 18.1 million).

No dividend was declared in 2022.

23. Other reserves
Total other reserves are calculated as follows:

	Notes	2022 USD'000	2021 USD'000
Balance at the beginning of the period		**995**	(718)
Actuarial gains and losses on defined benefit liabilities	8.1.	**470**	698
Movement in hedge accounting reserve		**3,004**	1,381
Gain/(loss) on revaluation of MFX investment	15.	**7**	(1)
Others (net of tax)		**(1,152)**	(365)
Balance at the end of the period		**3,324**	995

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

24. Foreign currency translation reserve
The translation of the Company's subsidiaries and overseas branches from local currency into the Group's presentation currency (USD) results in the following currency translation differences:

	2022 USD'000	2021 USD'000
Balance at the beginning of the period	**(54,132)**	(43,091)
Translation of assets and liabilities of subsidiaries to USD	**(33,991)**	(11,596)
Disposal of ASA Consultancy Limited and ASA Cambodia Holdings	**–**	555
Balance at the end of the period	**(88,123)**	(54,132)

The entity-wise breakdown of translation adjustment is as follows:

	2022 USD'000	2021 USD'000
Ghana	**(17,395)**	(1,936)
Pakistan	**(9,400)**	(3,779)
Nigeria	**(2,540)**	(1,484)
Sri Lanka	**(1,450)**	(334)
Philippines	**(978)**	(680)
Myanmar	**(766)**	(2,911)
Sierra Leone	**(685)**	(164)
Kenya	**(525)**	(206)
Others	**(252)**	(102)
	(33,991)	(11,596)

25. Debt issued and other borrowed funds

	Notes	2022 USD'000	2021 USD'000
Debt issued and other borrowed funds by operating subsidiaries	25.1.	**201,590**	244,788
Symbiotics-managed funds (ASAIH/ASAI NV)	25.2.	**14,000**	29,000
Oikocredit (ASAIH)	25.3.	**7,500**	7,500
OPIC (ASAIH)		**–**	5,000
BIO (ASAIH)	25.4.	**10,000**	10,000
OeEB (ASAIH)	25.5.	**9,375**	13,125
Citi (ASAI NV)	25.6.	**5,000**	5,000
Ninety one (ASAI NV)	25.7.	**10,000**	–
Interest payable on third-party loans		**3,836**	4,261
		261,301	318,674

25.1. Breakdown of borrowings by operating subsidiaries are shown below:

	2022 USD'000	2021 USD'000
ASA India	**32,841**	94,911
PPFC	**44,512**	45,042
ASA Pakistan	**50,705**	47,844
ASA Tanzania	**39,596**	23,815
ASA Kenya	**13,246**	8,580
ASA S&L	**–**	2,929
ASA Myanmar	**11,438**	11,977
ASA Uganda	**4,742**	4,380
Lak Jaya	**1,332**	2,767
ASA Nigeria	**–**	–
Others	**3,178**	2,543
	201,590	244,788

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 257.0 million (2021: USD 314.0 million), USD 82.5 million (2021: USD 131.0 million) had breached loan covenants as at year end. As of 31 December, the balance for credit lines with breached covenants and which does not have waivers amounts to USD 65.0 million (2021: USD 111.0 million) out of which waivers have been subsequently received for USD 64.0 million (2021: USD 36.7 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 as at 31 December 2022. The lenders have not requested any early repayment of loans as of the date when these financial statements were approved by the Board of Directors. The management is in the process of renegotiating to obtain waivers for the remaining balance.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

25. Debt issued and other borrowed funds continued
25.2. Symbiotics-managed funds (ASAIH/ASAI NV)
ASAIH entered into loan agreements with three investment funds managed by Symbiotics SA in November 2018 for a total amount of USD 5.0 million (the 'Symbiotics loans'). ASAIH took a new loan of USD 5.0 million on July 2019 at 6.25%. These loans are repaid during the year.

In October 2019, ASAI NV entered into a loan agreement with one investment fund managed by Symbiotics SA. In November 2021 ASAI NV received USD 10.0 million at six months Libor plus 4.75% per annum. In April 2022 ASAI NV received an additional USD 4.0 million at six months Libor plus 4.75% per annum. All the loans will be repaid within three years of disbursement. ASAIH is a guarantor for these loans.

25.3. Oikocredit (ASAIH)
On 12 July 2018, ASAIH entered into a new agreement with Oikocredit for a credit line of USD 7.5 million which has been fully drawn as of December 2019. The term of this credit line is five years. Interest on the loans is six-month LIBOR or 3.5% whichever is lower plus a margin of 3% for the direct loan and 2.5% for the credit line.

25.4. BIO (ASAIH)
ASAIH entered into a USD 10.0 million subordinated loan agreement with Belgian Investment Company for Developing Countries SA/NV ('BIO') in December 2019. The term of this loan is seven years. Interest amounts to LIBOR+ 5.9% per annum.

25.5. OeEB (ASAIH)
ASAIH entered into a USD 15.0 million loan agreement with Oesterreichische Entwicklungsbank Ag ('OeEB') in March 2020 of which USD 10.0 million is drawn up to June 2020. The loan is repayable in eight equal instalments and the term of this loan is five years. Interest amounts to LIBOR + 3.5% per annum. ASAI NV is also a co-borrower of the loan.

25.6. Loan from Citi (ASAI NV)
ASAI NV entered into a USD 10.0 million loan agreement with CITIBANK, N.A., JERSEY BRANCH ('Citi') on October 2020. The term of this loan is 30 months. Interest amounts to LIBOR +4.55% per annum. ASAIH is also a co-borrower of the loan. USD 5.0 million has been drawn until December 22.

25.7. Ninety one (ASAI NV)
ASAI NV entered into a USD 10 .0 million loan agreement with NINETY ONE SA PROPRIETARY LIMITED on October 2022. The term of this loan is four years. Interest amounts to three months term SOFR + 5.5% per annum. ASAIH is also a co-borrower of the loan.

26. Due to customers
Clients of the Group'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.

	2022 USD'000	2021 USD'000
Clients' security deposits	**68,894**	73,518
Clients' voluntary savings	**15,217**	14,294
Interest payable on deposits and savings	**44**	–
	84,155	87,812

Clients can deposit voluntary savings where the subsidiary has a licence to do so. The rate of interest on client security deposits and client voluntary savings amount to 8% in Ghana and 7% in Nigeria. In ASA Myanmar the interest rate on voluntary savings is 10% and for compulsory savings 14%. ASA Rwanda provides 6% interest on voluntary savings.

27. Other liabilities
Other liabilities are as follows:

	Notes	2022 USD'000	2021 USD'000
Security deposits		**2,530**	2,630
Other deposits		**426**	418
Liability for death and multipurpose risk funds		**146**	211
Accrued expenses		**1,533**	921
Accrued audit fees		**1,224**	1,192
Taxes payable, other than corporate income tax		**2,598**	2,830
Amounts due to employees		**1,356**	1,111
Amounts due to related parties	27.1.	**41**	102
Liability to CMI regarding Escrow Account at Citibank	14.1.	**20,692**	20,465
Liabilities under off-book BC model (ASA India)		**255**	364
Liabilities under off-book DA model (ASA India)		**38**	133
Industrial training fund		**189**	191
Other sundry liabilities	27.2.	**3,372**	2,369
		34,400	32,937

Security deposits mainly relate to deposits taken from employees as a form of security. Other deposits relate to various smaller deposits in different countries.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

27. Other liabilities continued
27.1. Amounts due to related parties

	2022 USD'000	2021 USD'000
Sequoia BV	**10**	24
MBA Philippines	**31**	78
	41	102

27.2. Other sundry liabilities
Other sundry liabilities include various smaller accruals and provisions for various entities in the Company. Individually none of the payables are over USD 150K.

28. Provisions

	2022 USD'000	2021 USD'000
Provision for financial guarantees under off-book BC model (ASA India)	**1,038**	1,675
	1,038	1,675

Provision for financial guarantees include expected credit loss provision against the off-book BC portfolio in India. The maximum credit loss under financial guarantee is 5% of OLP. For details on the Group's ECL policy see note 2.5.1. As at 31 December 2022, stage 3 loans under this portfolio amount to USD 6.5 million (2021: USD 9.8 million).

29. Additional cash flow information
29.1. Changes in operating assets

	2022 USD'000	2021 USD'000 (Restated)
Loans and advances to customers	**(33,400)**	(89,112)
Movement in due from banks	**18,952**	5,500
Movement in right-of-use assets	**(3,815)**	(4,265)
Other assets excluding income tax advances	**(1,034)**	3,268
	(19,297)	(84,609)

29.2. Changes in operating liabilities

	2022 USD'000	2021 USD'000
Due to customers	**15,332**	13,024
Other liabilities	**(2,895)**	(2,925)
Retirement benefit	**(572)**	(592)
Movement in lease liability	**3,815**	4,265
Movement in provisions	**(637)**	(768)
	15,043	13,004

29.3. Non-cash items

	2022 USD'000	2021 USD'000
Depreciation on:		
– Property and equipment	**1,833**	1,985
– Right-of-use assets	**3,931**	4,398
Interest expense on lease liability	**299**	301
Credit loss expense	**643**	37,509
Write-off of portfolio	**10,828**	32,965
Fair value movement of forward contracts	**(1,031)**	(3,422)
Charge against defined benefit plan	**1,001**	1,575
Foreign exchange result	**1,559**	1,532
	19,063	76,843

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management
30.1 General
Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to certain risk limits and other controls as described in the paragraphs below. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is, amongst others, exposed to business risk, operational risk, IT risk, finance risk, and legal & compliance risk.

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

30.2 Risk management structure
The Company's risk management principles allow it to balance its risk and reward effectively by aligning its risk appetite with its business strategy. The Company's risk management framework is based on its three lines of defence model, which has been adopted at both the Company level and at each of the Company's 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 based on their risk ratings but at least once a year.

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

Risk category	Definition	Risks	Description
Business risk	Business risk is an organisation's exposure to factors that will lower its profit or lead it to fail. Anything that threatens a company's ability to achieve its financial and operational goals is considered a business risk.	Growth risk	Risks and challenges associated with the Group's operational expansion.
		Competition risk	Risk that the Group might face for not responding to the competitive environment or failing to meet customer needs.
		Reputation risk	Risk to earnings or capital arising from negative public opinion.
		Climate-related risk	Risk related to potential negative impact of climate change on the organisation.
		Health & Environmental risk	Risk arising from the threat of natural disasters and viral diseases.
Operational risk	Operational risk refers to uncertainties a company faces when it attempts to do its day-to-day business activities. It can result from breakdowns in internal procedures, people and systems.	Transaction risk	Human or system errors within the Group's daily product delivery and services.
		Human Resource risk	Likelihood of negative results due to a failure within its human resource department.
		Fraud and Integrity risk	Risk of incidents of fraud and misappropriation by staff or client.
IT risk	Information technology risk is any threat to business data, critical systems and business processes due to IT failure. It is the risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an organisation.	Business continuity	This risk refers to loss of data in case of a catastrophic event.
		System vulnerability	This risk refers to the vulnerability of our IT system to different types of cyber-attacks.
		Network availability	Risk of inadequate internet connectivity for running real-time branch operations.
		IT support	Risk of delay in resolving IT related issues which may negatively impact the operations.
		System access control	Risk of misuse of system access.
		IT fraud risk	Risk of fraud due to control gap in IT system and processes.
		Data migration risk	Risk of loss of data during the time of data migration.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.3 Key Risk management areas and mitigation continued

Risk category	Definition	Risks	Description
Finance risk	The Group experiences financial risks such as credit risk, liquidity risk, exchange rate/ currency risk and interest rate risk which can adversely impact the earnings.	Credit risk	Risk that the Group will incur a loss because its clients or counterparties fail to discharge their contractual obligations.
		Liquidity risk	Risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.
		Exchange rate risk	Possibility of financial loss to the Group arising from adverse movements in foreign exchange rates.
		Interest rate risk	Risk arising from the possibility of change in the value of assets and liabilities because of changes in market interest rates.
Legal & Compliance risk	Financial and other losses the Group may suffer as a result of regulatory changes or failure to comply with applicable laws and regulation.	Local regulation	Risk of non-compliance to local regulation.
		Change of policy	Risk of negative impact arising from change in policies by regulatory authorities.
		Product transparency	Risk of negative public opinion for not ensuring product transparency.

Business risk
The Group manages its business risks by adopting various mitigation strategies at Group level as well as at subsidiary level. While setting growth targets the Group remains prudent, as uncontrolled growth may lead to increased overdue loans. Sites for new branches are selected after thorough assessment as per the operational manual.

When it comes to competition, the Group continuously monitors client satisfaction and focuses on tailoring its products according to client needs. In order to safeguard its reputational risk, the Group ensures that staff meet the highest standards in terms of client protection principles and business transparency.

Climate change risk is thoroughly assessed by the Group. The Group has started the process of collecting its carbon emission data to determine the major emission sectors so a carbon management plan can be put in place to reduce emissions. During the year, the Group's operations were adversely impacted by the Covid pandemic; however, this was mitigated by proactively amending operational procedures 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. The Group's IT business continuity is safeguarded by maintaining secure data centres with disaster recovery sites, either on premises or in the cloud. System vulnerability is regularly assessed and virus guards, firewalls and other security measures are kept up to date. Adequate internet connectivity is provided at all branches to ensure smooth running of operations; proper internet connectivity is provided at head office level. IT issues are addressed through the JIRA issue management software based on priority. A strong password policy is in place to prevent unauthorised system access and staff are made aware that password sharing is prohibited.

Finance risk
Regarding credit risk, the Group adheres strictly to the operating procedures of the ASA Model, which includes setting limits on the amount of risk it is willing to accept for each individual borrower, taking a security deposit where it is customary and allowed under the current licence, preventing over-borrowing and preventing excessive geographic concentration. The Group continuously monitors changes in the portfolio and will take immediate action when changes occur.

As for liquidity risk, the Group is diversified across thirteen countries, remains well funded and continues to have good access to a wide range of funding sources, both at local and holding level. The Company maintains solid relationships with its debt providers who continue to show strong interest in funding its operations both locally and at the holding level.

The Group 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.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.3 Key Risk management areas and mitigation continued
Legal and Compliance risk
New changes are proactively discussed with regulators; new requirements (such as minimum capital requirements) are timely implemented; and the Company's ASA Model and digital strategy are proactively discussed with different authorities in order to be well understood when new regulations are being proposed and drafted. The Group closely monitors the political developments in countries like India and Myanmar. Risks are mitigated through standardised practices that are part of the ASA Model of microfinance. These include:

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

30.4 Financial risks
30.4.1 Credit risk
Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by adhering strictly to the operating procedures set forth in the operational manual which includes setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Maximum exposure to credit risk
The maximum credit exposure is equal to the carrying amounts of the financial instruments on the Group's statement of financial position except the off-book BC portfolio where the risk is determined as per contract with BC partners. As mentioned above, the Group reduces its concentration risk by ensuring a widely diverse portfolio, distributed amongst various countries and continents. At present the Group invests in West Africa, East Africa, South Asia and South East Asia.

Customer security deposits are cash collateral and are presented as part of Due from customers in the statement of financial position. These security deposits are considered as collateral for the loans to customers and therefore reduce the credit risk on these loans.

There are no significant concentrations of credit risk through exposures to individual customers, specific industry/sectors. However, Pakistan holds 24% of the Group's credit exposure in 2022 (2021: 20%). Management regularly monitors the concentration risk and manages loan distribution if required.

Maximum exposure to credit risk

	2022 USD'000	2021 USD'000
Cash and cash equivalents (excluding cash in hand)	**83,006**	87,684
Loans and advances to customers	**331,898**	373,242
Customer security deposit	**(68,894)**	(73,518)
Off-book portfolio (BC model)[1]	**3,641**	1,675
Due from banks	**38,900**	65,259
Other assets[2]	**12,804**	8,598
Maximum credit exposure	**401,355**	462,940

1 Credit risk on IDFC off-book BC model portfolio is restricted to 5% of the outstanding portfolio.
2 Other assets includes net financial derivatives and excludes prepayments and advance tax.

Geographic distribution of maximum credit exposure as at 31 December 2022.

	Cash and cash equivalents (excluding cash in hand) USD'000	Loans and advances to customers USD'000	Customer security deposit USD'000	Due from banks USD'000	Other assets USD'000	Off-book portfolio (BC model) USD'000	Total USD'000
West Africa	16,712	82,586	(27,988)	3,791	1,499	–	76,600
East Africa	22,893	85,465	(20,087)	810	506	–	89,587
South Asia	11,272	99,717	(1,345)	8,606	9,163	3,641	131,054
South East Asia	29,261	64,130	(19,474)	5,000	1,069	–	79,986
Non-operating entities	2,868	–	–	20,693	567	–	24,128
Maximum credit exposure	**83,006**	**331,898**	**(68,894)**	**38,900**	**12,804**	**3,641**	**401,355**

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.4 Financial risks continued
30.4.1 Credit risk continued

Geographic distribution of maximum credit exposure as at 31 December 2021.

	Cash and cash equivalents (excluding cash in hand) USD'000	Loans and advances to customers USD'000	Customer security deposit USD'000	Due from banks USD'000	Other assets USD'000	Off-book portfolio (BC model) USD'000	Total USD'000
West Africa	19,584	95,507	(34,731)	15,262	891	–	96,513
East Africa	13,167	64,188	(17,012)	2,500	341	–	63,184
South Asia	7,970	150,364	(2,464)	23,032	6,070	1,675	186,647
South East Asia	31,753	63,183	(19,311)	4,000	988	–	80,613
Non-operating entities	15,210	–	–	20,465	308	–	35,983
Maximum credit exposure	87,684	373,242	(73,518)	65,259	8,598	1,675	462,940

The Group provides direct lending to customers through the MFIs (owned and controlled by it). In addition, the Group accepts savings in the countries where it has a deposit-taking licence.

Credit risk from lending as at 31 December 2022

	Due from banks[1] USD'000	Gross loans and advances to customer[2] USD'000	Total lending USD'000	Total direct lending/IFRS 9 stages: Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	3,791	85,885	89,676	82,270	1,061	2,554
East Africa	810	88,795	89,605	87,964	269	562
South Asia	8,607	109,591	118,198	96,234	2,943	10,414
South East Asia	5,000	67,978	72,978	63,625	315	4,038
Non-operating entities	20,692	–	20,692	–	–	–
Total	**38,900**	**352,249**	**391,149**	**330,093**	**4,588**	**17,568**
ECL provision	–	(15,900)	(15,900)	(1,235)	(859)	(13,806)
Coverage ratio[3]		**4.5%**	**4%**	**0.4%**	**18.7%**	**78.6%**

1 Due from banks are neither past due nor credit impaired.
2 Includes interest receivable
3 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount.

Credit risk from lending as at 31 December 2021

	Due from banks[1] USD'000	Gross loans and advances to customer[2] USD'000	Total lending USD'000	Total direct lending/IFRS 9 stages: Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000
West Africa	15,262	98,303	113,565	94,929	1,508	1,866
East Africa	2,500	67,755	70,255	66,036	222	1,497
South Asia	23,032	170,072	193,104	145,339	14,756	9,977
South East Asia	4,000	67,868	71,868	63,192	3,785	891
Non-operating entities	20,465	–	20,465	–	–	–
Total	65,259	403,998	469,257	369,496	20,271	14,231
ECL provision	–	(25,794)	(25,794)	(7,039)	(7,124)	(11,631)
Coverage ratio[3]		6.4%	5.5%	1.9%	35.1%	81.7%

1 Due from banks are neither past due nor credit impaired.
2 Includes interest receivable
3 Coverage ratio is calculated as the total ECL provision divided by the underlying assets' gross carrying amount.

30.4.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Most subsidiaries of the Group are now able to attract third-party funding and various local currency and USD loans are in place. Liquidity management is evaluated at the microfinance institution level and on a consolidated Group basis. Each of the Group's microfinance institutions are required to meet the financial obligations of their internal and external stakeholders. Failure to manage liquidity risks may cause the Group to lose business, miss opportunities for growth, or experience legal or reputational consequences. To mitigate its liquidity management risk, the Group has established liquidity management policies, published in its operation manual, finance manual and its treasury manual.

The Group is confident it will be able to meet the payment obligations under the aforementioned loans for various reasons, including but not limited to:

- The main class of assets are loans to customers. Due to the nature of the microfinance business the Group is engaged in these loans to customers have short-term maturities, hence the Group is in a position to generate a constant stream of cash inflows.
- The Group is in the position to accumulate sufficient funds to cover its obligations, although this may entail limitations on new loan disbursements.
- The Group has been able to receive most of the waivers against covenant breaches from the lenders and no indication received from lenders from any early repayment.

As at 31 December 2022 the Group had an unrestricted cash balance (including short-term deposits) of USD 55.0 million (2021: USD 91.0 million). The Group is able to fund its operations and budgeted growth of its loan portfolio from new loan facilities supplied by third parties, security collateral and/or savings provided by its clients, and internally generated cash flows.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.4 Financial risks continued
30.4.2 Liquidity risk continued
The table below shows undiscounted cash flow analysis of liabilities according to when they are expected to be recovered or to be settled.

Liabilities FY2022 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Debt issued and other borrowed funds	**68,077[1]**	**33,918**	**69,177**	**171,172**	**90,129**	**–**	**90,129**	**–**	**261,301**
Due to customers	**15,098**	**32,704**	**36,344**	**84,146**	**9**	**–**	**9**	**–**	**84,155**
Lease liability	**142**	**150**	**690**	**982**	**2,089**	**20**	**2,109**	**–**	**3,091**
Derivative liabilities	**–**	**190**	**266**	**456**	**–**	**–**	**–**	**–**	**456**
Other liabilities	**395**	**4,518**	**5,410**	**10,323**	**662**	**132**	**794**	**23,283**	**34,400**
Provisions	**–**	**285**	**682**	**967**	**71**	**–**	**71**	**–**	**1,038**
	83,712	**71,765**	**112,569**	**268,046**	**92,960**	**152**	**93,112**	**23,283**	**384,441**

1 This includes loans amounting to USD 65.0 million on which waiver had not received at the balance sheet date. Subsequently waivers for loans amounting to USD 64.0 million have been received.

Liabilities FY2021 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Debt issued and other borrowed funds	112,475[2]	51,434	60,132	224,041	94,633	–	94,633	–	318,674
Due to customers	19,850	28,857	38,534	87,241	571	–	571	–	87,812
Lease liability	–	17	433	450	2,924	85	3,009	–	3,459
Derivative liabilities	–	102	117	219	383	–	383	–	602
Other liabilities	835	4,710	3,328	8,873	596	–	596	23,468	32,937
Provisions	–	384	752	1,136	539	–	539	–	1,675
	133,160	85,504	103,296	321,960	99,646	85	99,731	23,468	445,159

2 This includes loans amounting USD 111.0 million on which waivers have not received at the balance sheet date. Subsequently waivers for loans amounting to USD 36.7 million has been received. The 2021 numbers has been restated to reflect this.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.4 Financial risks continued
30.4.2 Liquidity risk continued
The table below shows undiscounted cash flow analysis of assets according to when they are expected to be recovered or to settled.

Assets FY2022 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Cash at bank and in hand	**48,666**	**1,459**	**32,992**	**83,117**	**–**	**–**	**–**	**–**	**83,117**
Loans and advances to customers	**11,070**	**192,736**	**127,495**	**331,301**	**597**	**–**	**597**	**–**	**331,898**
Due from banks	**–**	**3,896**	**12,717**	**16,613**	**1,595**	**–**	**1,595**	**20,692**	**38,900**
Equity investments at FVOCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**244**	**244**
Derivative assets	**–**	**1,871**	**5,260**	**7,131**	**724**	**–**	**724**	**–**	**7,855**
Other assets	**–**	**4,489**	**5,132**	**9,621**	**349**	**–**	**349**	**–**	**9,970**
	59,736	**204,451**	**183,596**	**447,783**	**3,265**	**–**	**3,265**	**20,936**	**471,984**

Assets FY2021 in USD'000	On demand	<3 months	3-12 months	Sub-total 1-12 months	1-5 years	Over 5 years	Sub-total >12 months	No fixed maturity	Total
Cash at bank and in hand	62,440	3,854	21,657	87,951	–	–	–	–	87,951
Loans and advances to customers	14,233	60,149	280,289	354,671	18,571	–	18,571	–	373,242
Due from banks	–	27,066	7,228	34,294	10,499	–	10,499	20,466	65,259
Equity investments at FVOCI	–	–	–	–	–	–	–	237	237
Derivative assets	–	955	2,358	3,313	653	–	653	–	3,966
Other assets	–	1,613	4,843	6,456	2,483	–	2,483	–	8,939
	76,673	93,637	316,375	486,685	32,206	–	32,206	20,703	539,594

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.4 Financial risks continued
30.4.2 Liquidity risk continued
Changes in liabilities arising from financing activities:

FY 2022	1 January 2022 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2022 USD'000
Debt issued and borrowed funds	**318,674**	**(25,370)**	**–**	**(32,003)**	**261,301**
Lease liabilities	**3,459**	**(4,353)**	**4,114**	**(129)**	**3,091**
Total liabilities from financing activities	**322,133**	**(29,723)**	**4,114**	**(32,132)**	**264,392**

FY 2021	1 January 2021 USD'000	Cash flows USD'000	Non-cash movement USD'000	Foreign exchange movement USD'000	31 December 2021 USD'000
Debt issued and borrowed funds	342,186	(7,734)	–	(15,778)	318,674
Lease liabilities	3,629	(4,680)	4,566	(56)	3,459
Total liabilities from financing activities	345,815	(12,414)	4,566	(15,834)	322,133

30.4.3 Foreign exchange rate risk
Currency risk is the possibility of financial loss to the Group arising from adverse movements in foreign exchange rates. Currency risk is a substantial risk for the Group, as most loans to MFIs and borrowers are in local currency in countries where currency depreciation against the USD is often considered less predictable. At present the Group manages currency risk mainly through natural hedging, i.e. by matching the MFI's local currency assets consisting of the MFI's loan portfolio with local currency liabilities. The Group's risk policy allows the Group treasurer the possibility of hedging with instruments such as swaps and forward contracts if and when appropriate. In order to mitigate the foreign exchange risk on foreign currency loans, ASA India, ASA Pakistan, ASA Myanmar, ASA Sierra Leone and ASA Tanzania have entered into hedging agreements. The Group applies hedge accounting to the foreign currency loans and related hedge contracts. Reference is made to note 37.

While the Group faces significant translation exposure on its equity investments in local MFIs (as the functional currency of the Group is USD), the 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 Group decides to invest in a certain country.
- The Group endeavours to procure its MFIs to secure local currency loans (instead of foreign currency loans) to the extent possible or deemed commercially advantageous.

Simulation: Foreign currency translation reserve

	FX translation reserve actual 2022 USD'000	FX translation reserve after -10% rate 2022 USD'000	Movement 2022 USD'000	FX translation reserve actual 2021 USD'000	FX translation reserve after -10% rate 2021 USD'000	Movement 2021 USD'000
West Africa	**(46,638)**	**(52,595)**	**(5,957)**	(26,017)	(31,553)	(5,536)
East Africa	**(2,551)**	**(5,038)**	**(2,487)**	(1,485)	(3,317)	(1,832)
South Asia	**(33,324)**	**(37,028)**	**(3,703)**	(22,814)	(26,288)	(3,477)
South East Asia	**(5,197)**	**(6,683)**	**(1,486)**	(3,453)	(4,977)	(1,524)
Non-operating entities	**(413)**	**(432)**	**(19)**	(365)	(391)	(25)
Total	**(88,123)**	**(101,776)**	**(13,652)**	(54,134)	(66,526)	(12,394)

Analysis of the actual exchange rate fluctuations against the USD for the period 2022 shows different trends for all the operating currencies. The annual exchange rate fluctuations are between 81% and 1%, but most moved within 3% to 15%. For the simulation of foreign currency effects the Company has therefore assumed an additional 10% movement year on year in these currencies as compared to USD.

The following overview shows the actual foreign currency exchange results by country for 2022 as well as the simulation of the impact of a 10% downward movement of the FX rates on the foreign exchange results.

As at 31 December 2022 a 10% downward movement of FX rates against the USD has a positive impact on the foreign currency exchange result of USD 3K (2021: USD -633K). The lower impact on the result of the Company results from the decrease in short-term intercompany USD loans, which cannot be hedged.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.4 Financial risks continued
30.4.3 Foreign exchange rate risk continued
Simulation: Foreign exchange profit and loss

	Foreign exchange profit and loss actual 2022 USD'000	Foreign exchange profit and loss after -10% rate 2022 USD'000	Movement 2022 USD'000	Foreign exchange profit and loss actual 2021 USD'000	Foreign exchange profit and loss after -10% rate 2021 USD'000	Movement 2021 USD'000
West Africa	**350**	**182**	**(168)**	(142)	8	150
East Africa	**(37)**	**216**	**254**	151	225	73
South Asia	**(259)**	**(266)**	**(6)**	(331)	(342)	(11)
South East Asia	**(614)**	**(475)**	**139**	(562)	(436)	126
Non-operating entities	**(998)**	**(1,212)**	**(216)**	(648)	(1,618)	(969)
Total	**(1,558)**	**(1,555)**	**3**	(1,532)	(2,163)	(631)

30.4.4 Interest rate risk
Interest rate risk is the risk that profitability is affected by fluctuations in interest rates. The greatest interest rate risk the Group experiences occurs when the cost of funds increases faster than the Group can or is willing to adjust its lending rates. The Group's strategy in evaluating and managing its interest rate risk is to consider any risk at the pre-investment stage, to conduct a cost of funds analysis and to consider interest rates in particular, where there is a limit on the amount of interest it may charge, such as in Myanmar and Tanzania.

The credit methodology of the MFIs determines that loans to microfinance clients have short-term maturities of less than one year and at fixed interest rates. Third-party loans to MFIs, sourced from both local and international financial institutions, mostly have relative short terms between one and three years. 37% (2021: 30%) of the consolidated debt has variable interest rates. Depending on the extent of the exposure and hedging possibilities with regard to availability of hedging instruments and related pricing, the Group might actively hedge its positions to safeguard the Group's profits and to reduce the volatility of interest rates by using forwards, futures and interest rate swaps. The very short tenor of the loans provided to microfinance dampens the effect of interest rate fluctuations. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the loans and borrowings affected.

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

			2022		2021	
			Effect on profit before tax		Effect on profit before tax	
	Increase in basis points	Decrease in basis points	USD'000	USD'000	USD'000	USD'000
USD	+100	–100	**806**	**(806)**	622	(798)
PKR	+100	–100	**77**	**(77)**	72	(72)
INR	+100	–100	**10**	**(10)**	62	(62)

30.5 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 project to manage the transition for any of its contracts that could be affected. The project is led by the Group Treasury. The project provides periodic updates to senior management and the Board. The Group has already completed the transition of a portion of its IBOR exposure to Risk free rates ('RFRs') and is confident it will complete the remaining transitions to RFRs for those interest rate benchmarks, including exposures to USD LIBOR of 3 and 12 months, that will cease to be available after 30 June 2023. As of 31 December 2022, the Group has loans amounting to USD 50.0 million which are based on USD six-month LIBOR and will mature after 2023. 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.

Derivatives

The Group holds forward and cross currency interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to either Euribor or LIBOR. The Group's derivative instruments are governed by contracts based on 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.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

30. Risk management continued
30.5 Managing interest rate benchmark reform and associated risks continued
Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2022. The Group's hedged items and hedging instruments continue to be indexed to Euribor or LIBOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with counterparties as usual. The calculation methodology of Euribor changed during 2019. In July 2019, the Belgian Financial Services and Markets Authority granted authorisation with respect to Euribor under the European Union Benchmarks Regulation. This allows market participants to continue to use Euribor for both existing and new contracts and the Group expects that Euribor will continue to exist as a benchmark rate for the foreseeable future.

In terms of the Group's LIBOR cash flow hedging relationships, all the contracts will mature before the anticipated cessation date of June 2023. In terms of non-hedged loans, the Group has loans linked to USD LIBOR which will mature after the cessation date. The Group is in the process of amending contracts of those affected loans.

30.6 Climate-related risks
The Group and its customers may face climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and droughts, and longer-term shifts in climate patterns, such as sustained higher temperatures and rising sea levels.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and products and services due to changes in consumer behaviour and investor demand. These risks are receiving increasing regulatory, political and societal scrutiny, both within the operating country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Group is making progress on embedding climate risk into its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Sustainability Committee, which is responsible for developing Group-wide policies, processes and controls to incorporate climate risks into the management of principal risk categories, appointing a Climate Officer for each operating subsidiary and setting up SMART targets to reduce GHG emissions.

The impact of climate-related risks has been assessed on a number of reported amounts and the accompanying disclosures. Refer to page 49 for details in relation to climate-related risks.

30.7 Legal and compliance risk
Legal and compliance risks in the countries that the subsidiaries or MFIs are active in will be mitigated through continuous monitoring of the regulatory and legal environment, through inter alia tier-one law firms and the local corporate secretaries and compliance officers in certain countries. In most countries the relevant microfinance subsidiary also maintains direct relationships with the regulator, including central banks. In addition, the Group believes it is, through its local and international network, well positioned to identify any relevant changes in the law that will have a material impact on any of the businesses it invests in. A number of investments in the MFIs are made by ASAI NV in the Netherlands. The Netherlands has entered into an extensive network of Bilateral Investment Treaties that offer compensation in case any of such investments are nationalised or expropriated by a country in which an investment is made. Currently, the investments in the Philippines, Sri Lanka, Uganda, Kenya and Ghana are owned by ASAI NV, an indirectly owned but wholly controlled subsidiary of the Group.

Product transparency is also key to the Group's strategy in mitigating its legal and compliance risk. Because the education and knowledge levels of the Group's target clients are low, the Group aims to be transparent in its products and prices. The Group established a Legal and Compliance department headed by the General Counsel. The General Counsel assigns and supervises all legal matters involving the Group. The General Counsel, Deputy General Counsel and Group Compliance Manager establish and maintain an operationally independent Compliance function at the corporate level led by the Group. Whilst the General Counsel bears overall responsibility for the Compliance function, the General Counsel has delegated day-to-day responsibility for managing the Compliance function to the Group Compliance Manager, who performs the compliance duties independently. The Group Compliance Manager is responsible for overseeing and implementing the Group compliance framework, including the Group compliance policy (the 'Compliance Policy'). The Compliance Policy sets out the principles and standards for compliance and management of compliance risks in the Group. The Group seeks to reduce compliance risks taking into account the nature, scale and complexity of the business and ensures the policies are in alignment with the Group strategy and its core values.

30.8 Strategic risk
Strategic risk is the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the environment. The Group evaluates its strategic risk by analysing its cost reduction and growth, its liquidity management and its competition and reputational risk.

Competition and reputational risk are frequent in the microfinance industry. The Group defines reputational risk as the risk to earnings or capital arising from negative public opinion. The Group believes that reputational risk may impact its ability to sell products and services or may limit its access to capital or cash funds. To mitigate any competition or reputational risk, the Group evaluates the introduction of highly subsidised competitors, movements in average borrowing rates, and information sharing with different agencies.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

31. Commitments
The Group agreed certain commitments to BC Partners under the BC model in ASA India. Reference is made to note 13. As per the current model ASA India holds 5% risk on the portfolio managed on behalf of IDFC. As of 31 December 2022, the risk of the Group on such BC portfolio stands at USD 0.9 million (2021: USD 1.7 million).

The Group also entered into a contract with CSHARK Spółka z ograniczoną odpowiedzialnością (Ltd.) on 14 October 2021, an IT company based in Poland, to develop an android-based digital financial module for its clients. The initial cost of the application is estimated at USD 1.3 million.

As at 31 December 2022 USD 1.0 million of the initial purchase price has already been paid. There are no other contingent liabilities at the balance sheet date except for the pending litigation claims disclosed in note 34.

32. Related party disclosures
32.1 Key management personnel
The Dhaka office is managed by a team of experienced microfinance experts who have previously held senior positions in ASA NGO Bangladesh, and have many years of expertise in managing and supporting 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 key management personnel who provides support on treasury, investor relations, legal, specialised accounting support and the management of business development projects. They are on the payroll of ASAI NV.

The experienced CEOs that are deployed in the countries are part of key management personnel. They are paid by their respective entities.

The Group CEO, Executive Director, Corporate Development (based in Amsterdam) and Executive Director Operations (based in Dhaka) are members of the Board and are paid by ASA International Group plc.

Remuneration of Directors
In 2022, the Directors of the Group received total compensation of USD 1.12 million (2021: USD 1.05 million).

Total remuneration to key management personnel of the Group

	2022 USD'000	2021 USD'000
Short-term employee benefits	**2,273**	2,110
Post-employment pension and medical benefits	**–**	–
Termination benefits	**–**	–
Share-based payment transaction	**–**	–
	2,273	2,110

Total remuneration takes the form of short-term employee benefits for ASAI. In 2022, total remuneration paid to key management personnel of the Group amounted to USD 2.3 million (2021: USD 2.1 million). No post-employment pension and medical benefits are accruing to Directors under defined benefit schemes. The aggregate of emoluments of the highest paid Director was USD 425K (2021: USD 425K).

Long Term Incentive Plan
The Group has granted options ('Options') of over about 2,500,000 ordinary shares of £0.01 each in the Group Company under its LTIP to certain Executive Directors and Persons Discharging Managerial Responsibilities ('PDMRs') on 28 October 2022. 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 93 pence 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.

None of the participants have accepted the offer as at the balance sheet date and hence no expenses have been booked in 2022.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

32. Related party disclosures continued
32.2 Subsidiaries

	Country of Incorporation	2022 ownership	2021 ownership
ASAIH subsidiaries:			
ASA India	India	90.02%	90.02%
Pagasa Consultancy	India	99.99%	99.99%
Pinoy	India	99.99%	99.99%
Pagasa ng Masang Pinoy Microfinance, Inc	The Philippines	N/A[1]	N/A
PT PAGASA Consultancy	Indonesia	99.00%	99.00%
A1 Nigeria	Nigeria	100%	100%
ASHA MFB	Nigeria	99.99%	99.99%
ASIEA	Nigeria	N/A	N/A
ASA Pakistan	Pakistan	99.99%	99.99%
ASA Tanzania	Tanzania	99.99%	99.99%
ASA Zanzibar	Tanzania	99.99%	N/A
ASA Myanmar	Myanmar	99.99%	99.99%
ASA Zambia	Zambia	99.99%	99.99%
ASA Rwanda	Rwanda	99.99%	99.99%
ASA Sierra Leone	Sierra Leone	99.99%	99.99%
ASAI NV subsidiaries:	The Netherlands	N/A	N/A
PPFC	The Philippines	100%	100%
ASA S&L	Ghana	100%	100%
CMI Lanka	Sri Lanka	100%	100%
Lak Jaya	Sri Lanka	97.14%	97.14%
ASA Lanka	Sri Lanka	100%	100%
ASA Kenya	Kenya	100%[2]	100%
ASA Uganda	Uganda	99.99%	99.99%
AMSL	Bangladesh	95%	95%
ASAI I&M	The Netherlands	100%	100%
ASA Dwaso	Ghana	100%	N/A

1 ASAI officials/representatives control the governing body and the Board.
2 ASAIH holds 0.5% of the shares.

32.3 Relationship agreement
Relationship agreement with the Controlling Shareholder Group

The Group, its founders and Catalyst Continuity (jointly the 'Controlling Shareholders') have entered into a relationship agreement (the 'Relationship Agreement'), the principal purpose of which is to ensure that the Group will be able, at all times, to carry out its business independently of the members of the Controlling Shareholder Group and their respective associates. The Relationship Agreement contains undertakings from each of the members of the Controlling Shareholder Group that (i) transactions and relationships with it and its associates will be conducted at arm's length and on normal commercial terms, (ii) neither it nor any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules, and (iii) neither it nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The Relationship Agreement also sets forth the conditions for appointment of Non-Executive Directors by Controlling Shareholders. For so long as the Group has a controlling shareholder, the UK Listing Rules require the election of any independent Director to be approved by majority votes of both (i) the shareholders as a whole and (ii) the shareholders excluding any controlling shareholder.

32.4 Other related parties
A list of related parties with which the Group has transactions is presented below. The transactions in 2022 and 2021 and the balances per the end of the year 2022 and 2021 with related parties can be observed in notes below. Related party transactions take place at arm's length conditions.

Name of related party	Relationship
CMI	Major shareholder (30.4%)
Sequoia	Service provider to the Company
ASA NGO Bangladesh	Service provider to the Company
MBA Philippines	Business partner
IDFC	Minority shareholder in ASA India
ASAICH and CMIIH	Subsidiaries of CMI
CMIMC	Holding company of founders CMI
CMIC	Investment manager of CMI
CMIH	Subsidiary of CMI
ASA Social Services	Service provider to the Parent
CIMS BV	Service provider to the Parent

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

32. Related party disclosures continued
32.4 Other related parties continued

		Income from related parties USD'000	Expenses to related parties USD'000	Amount owed by related parties USD'000	Amount owed to related parties USD'000
CMI	31 December 2022	–	–	–	20,692
	31 December 2021	–	–	–	20,465
Sequoia	31 December 2022	117	47	145	10
	31 December 2021	185	129	53	24
MBA Philippines	31 December 2022	890	–	86	31
	31 December 2021	846	–	5	78
IDFC	31 December 2022	2,045	–	2,224	285
	31 December 2021	2,503	–	2,350	630
CIMS BV	31 December 2022	–	–	18	–
	31 December 2021	–	–	12	–

32.5 Reporting dates of subsidiaries
All of the Group's subsidiaries have reporting dates of 31 December, with the exception of ASA India, Pinoy, Pagasa Consultancy and ASA Myanmar (where the market standard reporting date is 31 March). These entities have provided financial statements for consolidation purposes for the year ended 31 December.

32.6 Non-controlling Interest
The Company reports non-controlling interest ('NCI') in its subsidiaries ASA India and Lak Jaya. The NCI in ASA India, having its principal place of business in India, amounts to 9.98%. ASA India did not pay any dividends in 2021 and 2022. The NCI in Lak Jaya, having its principal place of business in Sri Lanka, amounts to 2.86%. Lak Jaya did not declare any dividends in 2021 and 2022.

The summarised financial information of Lak Jaya and ASA India as at 31 December 2022 is as follows:

	31 December 2022		31 December 2021	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Current assets	**5,317**	**27,079**	9,834	92,360
Non-current assets	**156**	**394**	465	6,381
Current liabilities	**4,074**	**34,965**	6,862	98,913
Non-current liabilities	**247**	**1,206**	421	2,386
Net Operating Income	**1,626**	**7,186**	2,367	11,715
Net loss	**(564)**	**(6,445)**	(392)	(22,289)
Non-controlling interest	**33**	**(868)**	86	(221)

The following table summarises financial information for each subsidiary that has material non-controlling interest to the Group. The voting rights are similar to NCI's shareholding percentage in India but in the case of Lak Jaya the Group holds 91.3% of the voting rights. The amounts disclosed for each subsidiary are before inter-company eliminations:

	31 December 2022		31 December 2021	
	Lak Jaya	ASA India	Lak Jaya	ASA India
Total no. of shares	**10,704,955**	**195,950**	10,704,955	195,950
Shares held by ASAI Group	**10,398,950**	**176,369**	10,398,950	176,369
Shares held by NCI	**306,005**	**19,581**	306,005	19,581
NCI %	**2.86%**	**9.98%**	2.86%	9.98%

	31 December 2022		31 December 2021	
	Lak Jaya USD'000	ASA India USD'000	Lak Jaya USD'000	ASA India USD'000
Summarised statement of financial position:				
Net assets	**1,152**	**(8,698)**	3,016	(2,556)
Net assets attributable to NCI	**33**	**(868)**	86	(221)
Summarised statement of profit or loss and other comprehensive income:				
Net operating income	**1,626**	**7,186**	2,367	(11,715)
Net loss after tax	**(564)**	**(6,445)**	(392)	(22,289)
Loss allocated to NCI	**(16)**	**(643)**	(11)	(2,429)
Dividend paid to NCI	**–**	**–**	–	–
Summarised statement of cash flow:				
Cash flow from operation activities	**2,219**	**41,755**	378	24,145
Cash flow from investing activities	**(10)**	**(36)**	(15)	(45)
Cash flow from financing activities	**(1,364)**	**(47,522)**	252	(38,141)
Net cash flow attributable to NCI	**24**	**(579)**	18	(1,401)

Reference to note 32.3, the remaining shares in Pagasa Consultancy, Pinoy, A1 Nigeria, ASHA Nigeria, ASA Pakistan, ASA Tanzania, PPFC, ASA Uganda, CMI Lanka and AMSL are held either by employees nominated by the Group or by ASAI I&M, CMI or CMII. Hence those are not treated as non-controlling shares.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

33. Subsequent events disclosure
In Myanmar, the Group signed a restructuring agreement with two international lenders in 28 March 2023 pursuant to restrictions imposed by Central Bank of Myanmar vide circular dated 13 July 2022 suspending interest and principal repayments on foreign loans and directing companies to restructure the same read with circular issued on 16 August 2022 permitting certain transactions with approval from the Foreign Currency Supervision Committee.

Central Bank of Ghana approved ASA Ghana's Digital Financial Service (DFS) application on 14 March 2023. The company expects to offer the digital financial services from 2024.

These matters have been treated as a post-balance sheet non-adjusting events.

34. Contingent liabilities
ASA India
A demand was raised by income tax authorities after the disallowance of some expenditures such as the misappropriation of funds, gratuity etc. for the assessment years (AY) 2012-2013. The disallowance amount for AY 2011-2012 is USD 177K and for AY 2012-2013 is USD 69K. The matters are pending before the Commissioner of Taxes (Appeals). In addition, another demand has been raised by the income tax authorities for USD 1.1 million for the AY 2012-13 in December 2019 which has been challenged before the concerned assessing officer. ASA India has also applied for a stay order of the demand.

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 is preparing to file a writ petition against such adjustment. The entity took a provision of USD 560K against such demand.

ASA India breached its capital and qualifying assets requirements during the year, however, remained in compliance with requirements subsequently. No provision was created against such breach.

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.

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 Nigeria
ASA Nigeria is 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 management concludes that any penalty imposition by CBN in this regard is low.

35. Capital management
ASA International Group Plc is registered as a public limited company, incorporated in England and Wales with the registered number 11361159 and with its registered office situated at Highdown House, Yeoman Way Worthing, West Sussex BN99 3HH, United Kingdom. It had listed its shares on the premium listing segment of the London Stock Exchange on 18 July 2018. The Group is not subject to externally imposed capital requirements and has no restrictions on the issue and re-purchase of ordinary shares.

Many of the Group's operating subsidiaries are regulated and subject to minimum regulatory capital requirements. As of 31 December 2022, the Group and its subsidiaries were in full compliance with minimum regulatory capital requirements.

36. Financial instruments
The table below shows the classification of financial instruments, as well as the fair value of those instruments not carried at fair value.

	Carrying values		Fair values	
	31 December 2022 USD'000	**31 December 2021 USD'000**	**31 December 2022 USD'000**	**31 December 2021 USD'000**
Assets				
Equity investments at FVOCI	**244**	237	**244**	237
Derivative assets	**7,855**	3,966	**7,855**	3,966
Loans and advances to customers	**331,898**	373,242	**331,898**	373,242
Due from banks	**38,900**	65,259	**38,900**	65,259
Other assets	**4,840**	4,357	**4,840**	4,357
Cash at bank and in hand	**83,117**	87,951	**83,117**	87,951
Liabilities and Equity				
Financial liabilities measured at amortised cost				
Debt issued and borrowed funds	**261,301**	318,674	**261,301**	318,674
Due to customers	**84,155**	87,812	**84,155**	87,812
Derivative liabilities	**456**	602	**456**	602
Other liabilities	**34,400**	32,937	**34,400**	32,937

- 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 carried at amortised cost net of ECL. Furthermore, the term of the loans to the microfinance borrowers are short (mostly 6 to 12 months). Due to these circumstances, the carrying amount approximates fair value.
- Regarding the 'Debt issued and other borrowed funds', this amount reflects the loans from third parties on a holding level as well as the loans provided by third parties directly to the subsidiaries of ASA International. The loans are held at amortised cost. The carrying amount is the best approximation of the fair value.

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

37. Hedge accounting
Forward contracts
The Group applies hedge accounting to USD and Euro loans provided to subsidiaries reporting in foreign currencies and the related forward contracts. The foreign currency risk exposure of the USD and Euro loans and the potential negative impact on net result of the subsidiaries are being mitigated by way of these forward contracts. Any positive impact is therefore also limited. ASA International has only entered into non-deliverable forward contracts. Management considers the hedges as cash flow hedges. The formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge are documented in the individual files and memos for every forward contract.

Swaps
As at 31 December 2022, the Group had three cross-currency interest rate swap agreements in place.

A swap agreement with a notional amount of USD 1.0 million was entered on 7 July 2021 by ASA Sierra Leone whereby ASA Sierra Leone pays a fixed rate of interest of 19.09% in SLL and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

A swap agreement with a notional amount of USD 0.5 million was entered on 2 February 2022 by ASA Sierra Leone whereby the entity pays a fixed rate of interest of 19.22% in SLL and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

A swap agreement with a notional amount of USD 250K was entered on 3 February 2022 by ASA Zambia whereby ASA pays a fixed rate of interest of 24.8% in ZMW and receives interest at a fixed rate of 8% in USD notional amount. The swap is being used to hedge the exposure to changes in the cash flow of its 8% USD loan.

The Group applies the qualitative approach for prospective testing effectiveness because the critical terms of the hedged items and hedging instruments are identical. The Group applies a rollover hedge strategy when no forward instruments are available at reasonable pricing for the full term of the hedged item. In those cases, the Group accepts a rollover risk. Retrospective effectiveness is measured by comparing the change in the fair value of the actual derivative designated as the hedging instrument and the change in the fair value of a hypothetical derivative representing the hedged item.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward contracts and swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap and forward contracts are identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:
- Different interest rate curve applied to discount the hedged item and hedging instrument.
- Differences in the timing of the cash flows of the hedged items and the hedging instruments.

The Group assessed it had no ineffectiveness during 2022 in relation to the foreign currency hedges.

Reference is made to note 30.4.3 for the strategy for currency exchange risk. Additional information on the hedged items and hedging instruments as per 31 December 2022 is provided below:

As at 31 December 2022	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Tanzania USD'000	ASA India USD'000	ASA Zambia USD'000	Total USD'000
Fair value of derivative assets	7,001	711	131	–	–	12	7,855
Fair value of derivative liabilities	–	–	–	–	–	456	456
Notional amount hedged foreign currency loans	40,243	1,500	1,000	–	–	1,000	43,743
Period in which the cash flows are expected to occur:							
cash flows in 2023	40,243	–	1,000	–	–	750	41,993
cash flows in 2024	–	1,000	–	–	–	250	1,250
cash flows in 2025	–	500	–	–	–	–	500
Total cash flows	40,243	1,500	1,000	–	–	1,000	43,743
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2023	1,240	47	7	–	–	113	1,407
amortisation of forward points in 2024	–	28	–	–	–	2	30
amortisation of forward points in 2025	–	–	–	–	–	–	–
Total amortisation of forward points	1,240	75	7	–	–	115	1,437
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	3,696	287	108	11	27	267	4,396
for adjustment of net interest on swap	–	36	–	–	837	22	895
for changes in fair value of the forward contracts/swaps	10,175	1,184	(40)	(2)	(551)	(174)	10,592
for recycling of FX result of foreign currency loans	(10,612)	(1,550)	(157)	(9)	(504)	(47)	(12,879)
Total amounts recognised in OCI during the period	3,259	(43)	(89)	–	(191)	68	3,004

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

37. Hedge accounting continued

As at 31 December 2021	ASA Pakistan USD'000	ASA Sierra Leone USD'000	ASA Myanmar USD'000	ASA Tanzania USD'000	ASA India USD'000	ASA Zambia USD'000	Total USD'000
Fair value of derivative assets	3,143	170	–	–	653	–	3,966
Fair value of derivative liabilities	–	117	21	81	–	383	602
Notional amount hedged foreign currency loans	44,112	3,190	3,000	1,300	14,913	750	67,265
Period in which the cash flows are expected to occur:							–
cash flows in 2022	44,112	2,081	2,000	1,300	14,913	–	64,406
cash flows in 2023	–	81	1,000	–	–	750	1,831
cash flows in 2024	–	1,028	–	–	–	–	1,028
Total cash flows	44,112	3,190	3,000	1,300	14,913	750	67,265
Expected period to enter into the determination of profit or loss:							
amortisation of forward points in 2022	1,493	308	115	11	28	240	2,195
amortisation of forward points in 2023	–	49	8	–	–	88	145
amortisation of forward points in 2024	–	17	–	–	–	–	17
Total amortisation of forward points	1,493	374	123	11	28	328	2,357
Amounts recognised in OCI during the period:							
for amortisation of forward points/currency basis spread	2,707	350	352	161	31	132	3,733
for adjustment of net interest on swap	–	27	–	–	1,047	–	1,074
for changes in fair value of the forward contracts/ swaps	2,502	41	662	(152)	(1,131)	(371)	1,551
for recycling of FX result of foreign currency loans	(4,531)	(322)	(1,009)	7	663	215	(4,977)
Total amounts recognised in OCI during the period	678	96	5	16	610	(24)	1,381

As at 31 December 2022	Changes in fair value of hedging instruments: Effective portion: recognised in OCI USD'000	Hedge ineffectiveness: recognised in income statement USD'000	Total USD'000
Cash flow hedge			
Forward contracts	**3,161**	**–**	**3,161**
Cross-currency interest rate swaps	**(157)**	**–**	**(157)**
	3,004	**–**	**3,004**

As at 31 December 2021	Changes in fair value of hedging instruments: Effective portion: recognised in OCI USD'000	Hedge ineffectiveness: recognised in income statement USD'000	Total USD'000
Cash flow hedge			
Forward contracts	691	–	691
Cross-currency interest rate swaps	690	–	690
	1,381	–	1,381

Financial Statements continued

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

38. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. Loans and advances to customers are based on the same expected repayment behaviour as used for estimating the EIR. Debt issued and other borrowed funds reflect the contractual repayments except for debts, where no waivers have been received against breached covenants at the balance sheet date. Those borrowings are presented on demand. The 2021 maturity table has been restated to reflect the above.

As at 31 December 2022	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	83,117	–	83,117
Loans and advances to customers	331,301	597	331,898
Due from banks	16,613	22,287	38,900
Equity investment at FVOCI	–	244	244
Property and equipment	–	3,513	3,513
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 and Intangible assets	–	5,041	5,041
Total assets	448,615	41,137	489,752
Liabilities			
Debt issued and other borrowed funds	171,172	90,129	261,301
Due to customers	84,146	9	84,155
Retirement benefit liability	–	4,593	4,593
Current tax liability	8,873	–	8,873
Deferred tax liability	7	2,177	2,184
Lease liability	982	2,109	3,091
Derivative liabilities	456	–	456
Other liabilities	10,323	24,077	34,400
Provisions	967	71	1,038
Total liabilities	276,926	123,165	400,091
Net	171,689	(82,028)	89,661

As at 31 December 2021	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	87,951	–	87,951
Loans and advances to customers	354,671	18,571	373,242
Due from banks	34,294	30,965	65,259
Equity investment at FVOCI	–	237	237
Property and equipment	–	4,085	4,085
Right-of-use assets	1,013	4,018	5,031
Deferred tax assets	–	13,362	13,362
Derivative assets	3,313	653	3,966
Other assets	6,456	2,483	8,939
Goodwill and Intangible assets	–	482	482
Total assets	487,698	74,856	562,554
Liabilities			
Debt issued and other borrowed funds	224,041	94,633	318,674
Due to customers	87,241	571	87,812
Retirement benefit liability	7	5,384	5,391
Current tax liability	6,265	–	6,265
Deferred tax liability	–	2,296	2,296
Lease liability	450	3,009	3,459
Derivative liabilities	219	383	602
Other liabilities	8,873	24,064	32,937
Provisions	1,136	539	1,675
Total liabilities	328,232	130,879	459,111
Net	159,466	(56,023)	103,443

Financial Statements continued
Notes to the consolidated financial statements continued
for the year ended 31 December 2022

39. Earnings per share
Basic Earnings Per Share ('EPS') is calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

There are no share options which will have a dilutive effect on EPS. Therefore, the Company does not have dilutive potential ordinary shares and diluted earnings per share calculation is not applicable.

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

	2022 USD'000	2021 USD'000
Net profit attributable to ordinary equity holders of the parent	**17,892**	8,787
Weighted average number of ordinary shares for basic earnings per share	**100,000,000**	100,000,000
	USD	**USD**
Earnings per share		
Equity shareholders of the parent for the year:		
Basic earnings per share	**0.18**	0.09
Diluted earnings per share	**0.18**	0.09

The Company has applied the number of shares issued by ASA International Group plc as at 31 December 2022 and 31 December 2021. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of financial statements which would require the restatement of EPS. No dividend is declared for the year 2022 (2021: nil).

The following table shows the dividend per share:

	2022 USD'000	2021 USD'000
Dividend per share	**n/a**	n/a

Financial Statements continued

Company number: 11361159

Statutory income statement and statement of other comprehensive income

for the year ended 31 December 2022

	Notes	2022 USD'000	2021 USD'000
Interest and similar income		–	(29)
Dividend income		**31,064**	3,529
Net revenue		**31,064**	3,500
Personnel expenses	40.	**(1,192)**	(1,045)
Professional fees		**(1,936)**	(1,661)
Administrative expenses		**(976)**	(533)
Exchange rate differences		**(101)**	10
Total operating expenses		**(4,205)**	(3,229)
Profit before tax		**26,859**	271
Profit/total comprehensive profit for the period, net of tax		**26,859**	271

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of financial position

as at 31 December 2022

	Notes	2022 USD'000	2021 USD'000
Assets			
Cash at bank and in hand		**778**	383
Due from banks	14.1.	**20,692**	20,465
Investment in subsidiaries	41.	**120,684**	120,684
Other assets	42.	**225**	765
Total assets		**142,379**	142,297
Equity and liabilities			
Equity			
Issued capital	43.	**1,310**	1,310
Retained earnings	44.	**119,638**	92,779
Total equity attributable to equity holders of the parent		**120,948**	94,089
Liabilities			
Other liabilities	45.	**21,431**	48,208
Total liabilities		**21,431**	48,208
Total equity and liabilities		**142,379**	142,297

Approved by the Board of Directors on 21 April 2023.

Signed on behalf of the Board

Dirk Brouwer
CEO

Tanwir Rahman
CFO

The notes 40 to 47 form an integral part of these financial statements.

Financial Statements continued

Statutory statement of changes in equity

for the year ended 31 December 2022

	Issued capital USD'000	Retained earnings USD'000	Total USD'000
At 1 January 2021	**1,310**	**92,508**	**93,818**
Profit for the period	–	271	271
Total comprehensive loss for the period	**1,310**	**92,779**	**94,089**
Dividend	–	–	–
At 31 December 2021	**1,310**	**92,779**	**94,089**
At 1 January 2022	**1,310**	**92,779**	**94,089**
Profit for the period	–	26,859	26,859
Total comprehensive loss for the period	**1,310**	**119,638**	**120,948**
Dividend		–	–
At 31 December 2022	**1,310**	**119,638**	**120,948**

The notes 40 to 47 form an integral part of these financial statements.

Statutory statement of cash flows

for the year ended 31 December 2022

	Notes	2022 USD'000	2021 USD'000 (Restated)
Operating activities			
Profit before tax		**26,859**	271
Adjustment for movement in:			
Operating assets	46.	**313**	(491)
Operating liabilities	46.	**(3,571)**	744
Net cash flows used in operating activities		**23,601**	524
Financing activities			
Loan (repaid)/received		**(23,206)**	(500)
Net cash flows used in financing activities		**(23,206)**	(500)
Net increase in cash and cash equivalents		**395**	24
Cash and cash equivalents at the beginning of the period		**383**	359
Cash and cash equivalents as at 31 December		**778**	383

The notes 40 to 47 form an integral part of these financial statements.

Financial Statements continued

Notes to the statutory financial statements

for the year ended 31 December 2022

Separate financial statements

The accounting policies applied in the statutory financial statements are similar to those used in the consolidated financial statements except for investments in subsidiaries. Investments in subsidiaries are accounted in the separate financial statements, using the cost method.

At each reporting date it is determined whether there is objective evidence that the investment in the subsidiaries is impaired. If there is such evidence, a calculation will be made for the impairment amount as the difference between the recoverable amount of the subsidiaries and its carrying value.

40. Total other operating expenses

	2022 USD'000	2021 USD'000
Total operating expenses include the following items:		
Personnel expenses	**(1,192)**	(1,045)
Professional fees	**(1,936)**	(1,661)
Administrative expenses	**(976)**	(533)
	(4,104)	(3,239)

41. Investments in subsidiaries

	2022 USD'000	2021 USD'000
Investments in subsidiaries		
ASA International Holding	**75,195**	75,195
ASA International NV	**45,489**	45,489
	120,684	120,684

Name of company	Country	Nature of business	2022 ownership	2021 ownership
ASA International Holding	Mauritius	MFI Holding Company	100%	100%
ASA International NV	Netherlands	MFI Holding Company	100%	100%

42. Other assets

	2022 USD'000	2021 USD'000
The other assets comprised the following:		
Other receivables	**145**	482
Advances and prepayments	**80**	283
	225	765

43. Issued capital

100 million ordinary shares of GBP 0.01 each. No movement occurred during 2022 and 2021.

44. Retained earnings

Total retained earnings are calculated as follows:

	2022 USD'000	2021 USD'000
Balance at the beginning of the period	**92,779**	92,508
Dividend	**–**	–
Result for the period	**26,859**	271
Balance at the end of the period	**119,638**	92,779
Profit for the period		
Attributable to equity holders of the parent	**26,859**	271

Financial Statements continued
Notes to the statutory financial statements continued
for the year ended 31 December 2022

45. Other liabilities

	Notes	2022 USD'000	2021 USD'000
Short-term liabilities			
Accrued audit fees		**563**	557
Accrued cost		**176**	288
Other intercompany payables		**–**	3,692
		739	4,537
Long-term liabilities			
Intercompany loan		**–**	–
Escrow liability to CMI	14.1.	**20,692**	20,465
Purchase price for ASAI NV to ASAIH		**–**	23,206
		20,692	43,671
		21,431	48,208

46. Additional cash flow information

	2022 USD'000	2021 USD'000
Changes in operating assets		
Due from banks	**(227)**	–
Other assets	**540**	(491)
	313	(491)
Changes in operating liabilities		
Other liabilities	**(3,571)**	744
	(3,571)	744
Changes in non-cash items		
Foreign exchange result	**–**	–
	–	–

47. Maturity analysis of assets and liabilities
The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

As at 31 December 2022	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	**778**	**–**	**778**
Due from banks	**–**	**20,692**	**20,692**
Investment in subsidiaries	**–**	**120,684**	**120,684**
Other assets	**225**	**–**	**225**
	1,003	**141,376**	**142,379**
Liabilities			
Other liabilities	**739**	**20,692**	**21,431**
Net	**264**	**120,684**	**120,948**

As at 31 December 2021	Within 12 months USD'000	After 12 months USD'000	Total USD'000
Assets			
Cash at bank and in hand	383	–	383
Due from banks	–	20,465	20,465
Investment in subsidiaries	–	120,684	120,684
Other assets	765	–	765
	1,148	141,149	142,297
Liabilities			
Other liabilities	4,537	43,671	48,208
Net	(3,389)	97,478	94,089

Additional Information

Alternative performance measures

KPI	2022	2021	Definition
Outstanding loan porfolio ('OLP')	**$351.2m**	$403.7m	The figure depicts the consolidated outstanding loan portfolio, including offbook net BC loan portfolio from IDFC and Jana Small Finance Bank and DA loans. It excludes interest receivables and unamortised loan processing fees, as included in the loans and advances to customers in note 13 to the financial statements, and maintains the deduction of modification losses and ECL provisions from the gross outstanding loan portfolio.
Gross OLP/ Client	**$160**	$181	Gross outstanding loan portfolio including BC and DA loans divided by total number of clients.
Total debt/ OLP	**73%**	78%	The ratio is calculated by dividing closing balances of interest-bearing debt with outstanding loan portfolio. Interest-bearing debt includes debt issued and other borrowed funds in note 25, less interest payables.
Profit before tax	**$46.3m**	$25.7m	Consolidated profit before tax for the year as reported in the financial statement.
Reported net profit after tax	**$17.9m**	$6.4m	Consolidated profit for the year as reported in the financial statements.
Net interest margin ('NIM')	**28%**	28%	Net interest margin ('NIM') is calculated as net interest income divided by average interest-earning assets on consolidated basis. Average interest-earning assets is calculated as the sum of cash at bank and in hand, due from banks and loans and advances from customers.
Return on assets ('ROA')	**3.4%**	1.1%	Return on assets ('ROA') is calculated by dividing the net profit after tax by the average of total assets. ROA is displayed as a percentage.
Return on equity ('ROE')	**18.5%**	6.0%	Return on equity ('ROE') is calculated by dividing the net profit after tax by the average of shareholders' equity. ROE is displayed as a percentage.
EPS (USD)	**0.18**	0.09	Earnings per share ('EPS') is calculated by dividing the Company's net profit after tax by the weighted average number of ASAI Group plc ordinary shares outstanding during the year. For 2022, number of shares is equivalent to the number of ASA International Group plc shares, which was 100 million.
Dividend per share ('DPS') (US cents)	**NIL**	NIL	The figure is calculated by dividing the total dividends paid out by ASAI, including interim dividends, over a period of time by the weighted average number of ASAI Group plc ordinary shares outstanding during the year.
Cost to income	**67.5%**	77.4%	Cost to income ratio is calculated by dividing total operating expenses by total net operating income on consolidated basis.
Client economic yield ('CEY')	**5.3%**	5.5%	The Client Economic Yield ('CEY') is calculated by deducting the clients' weekly interest costs from their average weekly income, derived from their business activities.

KPI	2022	2021	Definition
Client retention rate	**72%**	74%	Determined by subtracting the total number of new clients in a period from the number of clients at the end of that period divided by the total number of clients at the beginning of the period. Periods based on tenor of client loans (6, 10, or 12 months).
Number of new branches	**112**	79	The number of new branches commencing operations in the period in all operating markets.
Client satisfaction survey	**93%**	93%	This survey is conducted by interviewing at least two clients per loan officer (long-term and newer clients with loans of greater than 6/12 months as applicable) with yes/no, closed and open-ended questions. The responses are coded and converted into percentages to estimate client's satisfaction with the products and with the services delivered by ASAI.
Carbon footprint	**7,392 tonnes CO_2**	6,382 tonnes CO_2	Carbon footprint is measured as the sum of direct emissions of greenhouse gases, carbon emissions from direct purchase of electricity and fuel combustion for transportation purposes.
Social performance index ('SPI4 ')	**92%**	91%	SPI4 is a social audit tool made by CERISE as per Universal Standards managed by SMART CAMPAIGN. The assessment is divided into six dimensions with both qualitative and quantitative questions. Each dimension carries a score of 100. See www.cerise-spm.org/en/spi4/ for more details.
Number of clients	**2.3m**	2.4m	The number of clients in all operating markets.
Number of branches	**2,028**	2,044	The number of branches in all operating markets.
PAR>30	**5.9%**	5.2%	PAR>30 is the percentage of gross on-book OLP that have one or more instalment repayments of principal past due for more than 30 days, but less than 365 days, divided by total outstanding on-book gross loan portfolio. Credit exposure of the India off-book BC portfolio is capped at 5% of the outstanding portfolio amount. The off-book DA portfolio has no credit exposure.
Number of staff	**13,602**	13,047	The number of people directly employed by the Company.
Client per branch	**1,134**	1,165	Client per branch is the total number of clients divided by the total number of branches.
Employee recruitment	**30%**	30%	Number of staff hired in current period/number of staff at start of current period.
Employee satisfaction rate	**86%**	85%	Using qualitative methods, staff satisfaction analyses employee satisfaction rate along three main areas: professional satisfaction, facility satisfaction and department service satisfaction.

Additional Information continued

List of abbreviations

Abbreviation	Definition
2FA	Two-factor authentication
A1 Nigeria	A1 Nigeria Consultancy Limited
Admission	Admission of the Company to the Main Market of the London Stock Exchange
AGM	Annual General Meeting
ALCO	Asset-Liability Committee
AMBS	ASA Microfinance Banking System
AMSL	ASAI Management Services Limited
ARC	Audit and Risk Committee
ASA NGO Bangladesh	ASA NGO-MFI registered in Bangladesh
ASA Consultancy	ASA Consultancy Limited
ASA Kenya	ASA Limited
ASA Lanka	ASA Lanka Private Limited
ASA Leasing	ASA Leasing Limited
ASA Myanmar	ASA Microfinance (Myanmar) Ltd
ASA Model	The ASA model of microfinance as developed by ASA NGO Bangladesh
ASA Pakistan	ASA Pakistan Limited
ASA Rwanda	ASA Microfinance (Rwanda) Limited
ASA Savings & Loans	ASA Savings & Loans Limited (Ghana)
ASA Sierra Leone	ASA Microfinance (Sierra Leone)
ASA Tanzania	ASA Microfinance (Tanzania) Ltd
ASA Uganda	ASA Microfinance (Uganda) Limited
ASA Zambia	ASA Microfinance Zambia Limited
ASAIH	ASA International Holding
ASAI I&M	ASAI Investments & Management B.V.
ASA India	ASA International India Microfinance Limited
ASAI NV	ASA International N.V.
ASA International	ASA International Group plc

Abbreviation	Definition
ASA Nigeria	ASHA Microfinance Bank Limited
ASIEA	Association for Social Improvement and Economic Advancement (Nigeria)
BC	Business Correspondent
BIO	Belgian Investment Company for Developing Countries SA/NV
Board	Board of Directors of ASA International Group plc
CBS	Core Banking System
DEI	Diversity, Equity and Inclusion
Citi	CITIBANK, N.A., JERSEY BRANCH
CBN	Central Bank of Nigeria
CCRC	Client Complaint Resolution Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
COO	Chief Operating Officer
Companies Act	Companies Act 2006 (UK)
Company	ASA International Group plc
CMI	Catalyst Microfinance Investors
CMI Lanka	C.M.I. Lanka Holding (Private) Limited
CMIC	Catalyst Microfinance Investment Company
CMII	CMI International Holding
CO_2	Carbon dioxide
Code	UK Corporate Governance Code 2016 published by the Financial Reporting Council
COC	Change of control
CPP	Client Protection Principles
CRRO	Climate-Related Risks and Opportunities
CSR	Corporate Social Responsibility
DA	Direct Assignment

Additional Information continued
List of abbreviations continued

Abbreviation	Definition
DCF	Discounted cash flow
DFS	Digital Financial Services
DFS app	Digital Financial Services platform
DR	Disaster Recovery
DRF/MRF	Death Risk Fund/Multipurpose Risk Fund
EBT	Employee Benefit Trust
ECL	Expected Credit Losses
ED	Executive Director
EIR	Effective Interest Rate
EPRP	Emergency Preparedness and Response Plan
ESG	Environmental Social and Governance
ESMS	Environment and Social Management System
EY	Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited
FCA	Financial Conduct Authority
FMPU	Fraud and Misappropriation Unit
FSMA	The Financial Services and Markets Act 2000, as amended
FTE	Full-Time Employee
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
FX	Foreign Exchange
GBP	Pound Sterling
GHG	Greenhouse Gas
GIPC	Ghana Investment Promotion Center
GMC	Grievance Mitigation Committee
Group	ASA International and its consolidated subsidiaries and subsidiary undertakings from time to time
HR	Human Resources

Abbreviation	Definition
IAS	International Accounting Standards
IBR	Incremental Borrowing Rate
IFRS	International Financial Reporting Standards
INED	Independent Non-Executive Director
IR	Investor Relations
IDFC	IDFC First Bank
IRD	Department of Inland Revenue
ISDA	International Swaps and Derivatives Association
IT	Information Technology
JSFB	Jana Small Finance Bank
KPI	Key Performance Indicator
Lak Jaya	Lak Jaya Micro Finance Limited (Sri Lanka)
LCBU	Loan Collateral Build Up
Listing Rules	The listing rules relating to admission to the Official List made under section 73A(2) of the FSMA
LO	Loan officer
LSE	London Stock Exchange
LTIP	Long-term incentive plan
MBA Philippines	PagASA Ng Pinoy Mutual Benefit Association, Inc.
MFB	Microfinance Banking
MFI	Microfinance Institution
MRR	Minimum Retention Rate
NCI	Non-controlling interest
NCIA	Natural Calamity Impact Assessment
NBFC-MFI	Non-Banking Financial Company – Micro Finance Institutions
Non-Executive Directors	The Non-Executive Directors of ASA International
NRCGT	Non–Resident Capital Gains Tax

Additional Information continued
List of abbreviations continued

Abbreviation	Definition
OeEB	Oesterreichische Entwicklungsbank Ag
Oikocredit	Oikocredit, Ecumenical Development Co-Operative Society U.A.
OCI	Other Comprehensive Income
Pagasa	Pagasa ng Masang Pinoy Microfinance, Inc.
Pagasa Consultancy	Pagasa Consultancy Limited
Pagasa Philippines/PPFC	Pagasa Philippines Finance Corporation, Inc.
PDMRs	Persons Discharging Managerial Responsibilities
PD	Probability of Default
Pinoy	Pinoy Consultancy Limited
PSO	Pre-Service Orientation
PT PAGASA Consultancy	PT PAGASA Consultancy
RBI	Reserve Bank of India
RMF	Risk Management Framework
Relationship Agreement	The relationship agreement entered into by ASA International, Catalyst Microfinance Investors, Catalyst Continuity Limited, Dirk Brouwer and Md Shafiqual Haque Choudhury
RFRs	Risk free rates
ROU	Right-of-use
SAAS	Software as a service
SBI	State Bank of India
SBP	State Bank of Pakistan
SC	Sustainability Committee
SEC	Securities and Exchange Commission
SECR	Streamlined Energy Carbon Reporting
Sequoia	Sequoia B.V.
SMP	Supplier Market Place
SPPI	Solely Payments of Principal and Interest

Abbreviation	Definition
SPM	Social Performance Management
Symbiotics	Symbiotics SA
TCFD	Task Force on Climate-Related Financial Disclosures
UK	The United Kingdom of Great Britain and Northern Ireland
UKLA	United Kingdom Listing Authority
US or United States	The United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia
USD	United States Dollar

FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC® C022913

CARBON BALANCED PAPER
WORLD
LAND
TRUST™
www.carbonbalancedpaper.com
CBP00019082504183028

Printed by a CarbonNeutral® Company certified
to ISO 14001 environmental management system.

Printed on material from well-managed, FSC™ certified
forests and other controlled sources.

100% of the inks used are HP Indigo ElectroInk which complies with RoHS legislation and meets the chemical requirements of the Nordic Ecolabel (Nordic Swan) for printing companies, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

Designed and produced by emperor
Visit us at emperor.works

ASA
INTERNATIONAL