

A smiling woman in a vibrant red patterned dress and headwrap is carrying a large woven basket filled with packaged goods, likely baobab products, in a bustling market setting. The background is filled with other people and colorful items, creating a lively atmosphere.

2021

BAOBAB
IMPACT
REPORT



BAOBAB



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OUR APPROACH

By providing flexible financial services adapted to micro and small businesses, Baobab empowers entrepreneurship and encourages innovation

Baobab serves underbanked populations on the African continent and in the Chinese province of Sichuan in the industry of microfinance. Like the tree we are named for, Baobab enhances the social fabric of communities and grows both by strengthening the trunk and putting out shoots. As the microfinance industry matures, we are refining our operating model through digitalisation and professionalisation to be the best possible financial partner for small businesses in the countries where we operate.

We aim to meet the needs of African entrepreneurs by simplifying banking, bringing the financial tools they need to fulfil their true potential within reach. Since speed is of the essence in the populations we serve, we offer simple application processes, with rapid approvals and transfers. Our goal is to create a pool of lifelong clients who can move from small loans used for working capital towards increasingly large loans as their business grows and their credit history gains credibility.

This involves constantly reconciling our social mission with the financial imperatives of loan underwriting. To this end, we have developed a hybrid approach to risk management that blends on-the-ground tracking of our customers' businesses with best-in-class monitoring and data scoring tools. We believe that maintaining close relationships with our customers is the best way to manage credit risk, allowing us to identify and tackle problems early on to forestall the spiral of non-payments.

To reinforce the human component of lending decisions, we invest in initiatives to strengthen the skills of local teams in risk analysis and segmentation. At the same time, we are constantly upgrading our IT capabilities to produce new digital products for lending. In this way, we combine algorithms with human discernment to offer credit decisions and disbursements even more quickly.

Our mobile app exemplifies our customer focus with an approach that goes beyond micro-credits to include payment functions and mobile money features. We continuously explore the potential for new partnerships with local players as a way to provide our clients solutions for the way they live, combining industrial scaling with local adaptations for the benefit of all our markets.

By combining the best aspects of automation and scaling with the customer intimacy of a rich on the ground network of agents, Baobab builds resilient portfolios that address local needs and meet global standards. After all, it is by flourishing itself that Baobab can extend its efforts to even more entrepreneurs and help build wealth in communities.





▶ **Hervé GUYON**
General Counsel



Bianca Le THANH ◀
Secretary General
for Microcred China



“ The Impact initiatives they are spearheading at Baobab ”

How has the notion of impact evolved in microfinance and at Baobab?

Hervé: As a provider of inclusive financial services, impact is at the heart of Baobab's mission. While the company did a lot of work about 10 years ago to better define how it was serving its clients, we launched a major reset in 2020 to bring us up to speed with a changing landscape of tools. That included bringing it under the aegis of compliance and allocating significant resources.

Bianca: Understanding of microfinance has matured in the last 20 years, as has the notion of social performance in financial services, supported by digitalisation and the data it can deliver. The competitive landscape has also changed, and clearly defined social objectives are an important differentiating factor. To know how well Baobab is fulfilling its mission, we need to have clear priorities defined at board level, and effective tools at country level to evaluate performance.

What concrete actions are you taking?

Bianca: Training first and foremost. In 2021 we trained all our social coordinators on SPI4, a framework for management, monitoring and reporting social performance. It's the most widely used social audit tool in inclusive finance and widely endorsed by major development banks and NGOs.

Hervé: We work hand in hand with the ESG and steering committees to identify the KPIs. We are working to create action plans for implementing these at each subsidiary. At the same time, because we are a lean organisation, all of us

involved in impact initiative are also active on other fronts, like Bianca and myself. Nigeria is the only country with an employee fully dedicated to impact.

You published Baobab's first impact report in 2021. What's the function of this document?

Hervé: Part of it was to share what we are doing with our investors and other NGOs that support us. And part of it was to strengthen understanding within our organisation. We received great feedback from leadership. Everyone said they learned something, which was very encouraging. The report promotes engage with the topic and support for action.

Bianca: I like to call publishing this report a “large small step.” Our impact report documents our many efforts across the board in one place and provides a basis for situating Baobab within the broader microfinance community. Ultimately, we want to be a leading voice for best practices.

What are your next steps?

Bianca: Now that all our coordinators are trained, we need to support and encourage our subsidiaries. We are weaving automation of data collecting into compliance practices. This is a big project, and we are taking baby steps, but we look forward to reporting on our progress.

Hervé: We aim to publish more country-level impact reports based on our internal audits, and also 3rd party audit reports, which are valuable for benchmarking. Last year was very much a turning point for us, and we did a lot of valuable groundwork we are following up on.

OUR KEY FIGURES

 BURKINA FASO |  CHINA |  CÔTE D'IVOIRE |  FRANCE (HOLDING) |  MADAGASCAR |  MALI |  NIGERIA |  DEMOCRATIC REPUBLIC OF CONGO |  SENEGAL |  TUNISIA

Founded in 2005, Baobab now has around 457,000 active customers in nine markets. Over 4,300 employees work together **to simplify banking and meet the needs of entrepreneurs**. We aim to make financial services easier, more accessible and inclusive, and thus unleash the potential of our customer.



BAOBAB
LOANS



BAOBAB
SAVINGS



BAOBAB
PAY



BAOBAB
INSURANCE



457,079
active customers



46%
of customers are
women



44%
of customers are
between 25 and 40
years old



249
sales points



4,301
employees



54%
loan officer



3,2%
portfolio at
Risk 30 days



44%
digital loans



723
million euros of
loan portfolio



311
million euros of
total deposits

OUR VALUES



Proximity

We are always available and easily accessible.



Integrity

We are honest, respectful and perform to a high standard.



Simplicity

We are helpful and efficient.



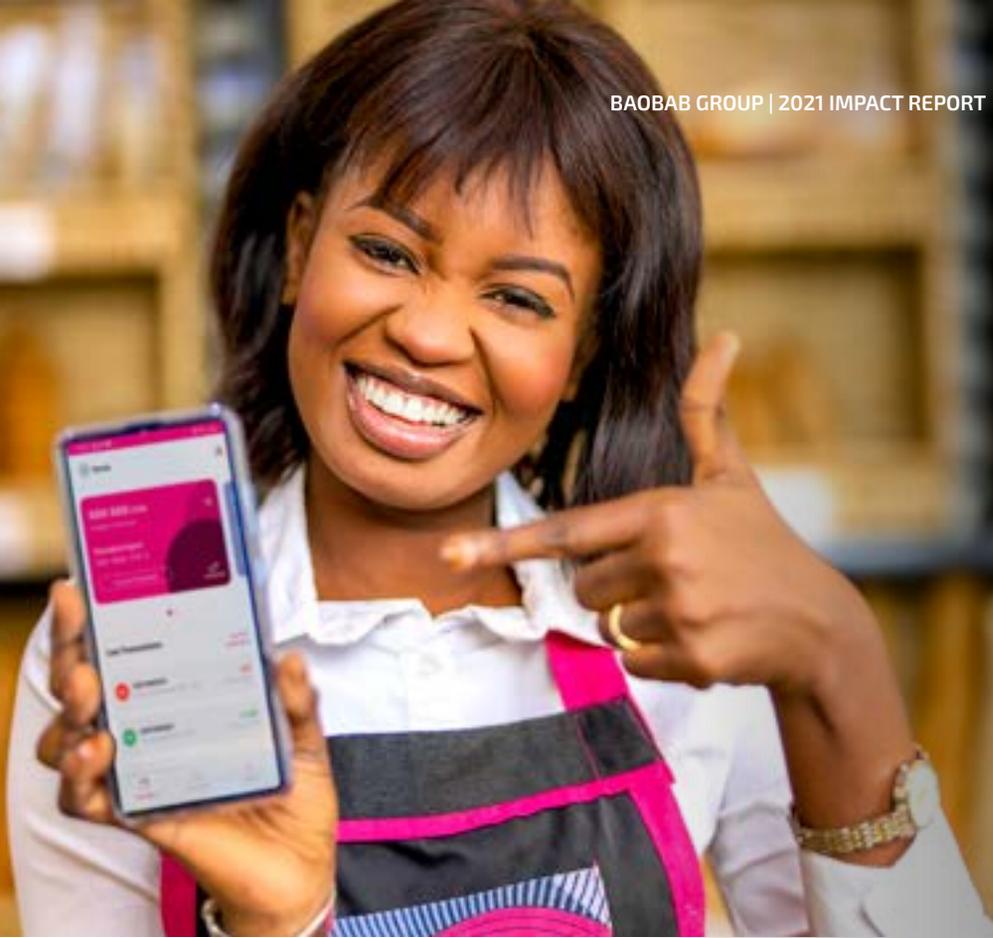
Transparency

We are transparent and clear.



Commitment

We strive to build a relationship of trust with our customers and employees.



OUR IMPACT FIGURES



90,000

hours of training focused on knowledge sharing and anchoring this expertise in-house for the future



47%

of Women customers



78%

of our customers were unbanked before they joined

> chiffre non fiable €975M of loans originated in 2021



1,500,000

beneficiaries of **Baobab +** solar kits (since the creation of Baobab+ in 2017)



OUR IMPACT ON THE SDGS

SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION 	14 LIFE BELOW WATER 	15 LIFE ON LAND 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

MAJOR SDG

SUSTAINABLE DEVELOPMENT GOALS



1. No Poverty



78%

of our customers were unbanked before they joined Baobab Group



975M

outstanding loans in 2021



MAJOR SDG

SUSTAINABLE DEVELOPMENT GOALS



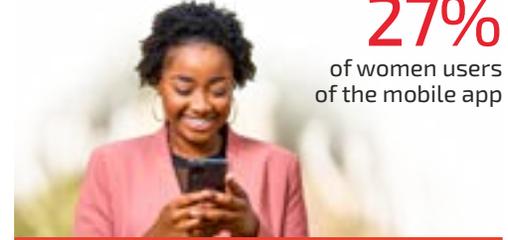
5. Gender Equality



45%
of women in our
team members



46%
women
customers



27%
of women users
of the mobile app



1. **Girl Child Education Scholarship** in Nigeria
2. **Primary school girls** from low income household in underserved communities (*April 2021*)
3. **Free primary school education for 50 girls**, addressing the gender disparity between boys and girls in schools and classrooms



MAJOR SDG

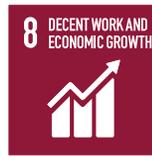
SUSTAINABLE DEVELOPMENT GOALS



7. Affordable and Clean Energy

In Africa, two thirds of the population does not have appropriate access to electricity. **Baobab+** addresses this issue by making domestic solar solutions available and enabling people to have access to light. The lamps significantly improve the lives and prolong the activity hours of the population by enabling them to cook, study and work beyond the hours of daylight. Additionally, people can communicate more freely by being able to recharge their phones at any time, at any time and autonomously.





8. Decent Work and Economic Growth



Lancement Nouvelle Application avec fonctionnalité Mobile Money



Lancement partenariat M-Baobab avec Orange au Mali

Digital offers in Rural areas through Baobab+
 90,000 homes equipped
 350,000 beneficiaries



224,000
of active borrowers

418,400
of active depositors

249
of branches & outlets

839
of correspondents

43.8%
of SME loans



USAID
FROM THE AMERICAN PEOPLE

Grant to support MSMEs heavily impacted by the Covid 19 pandemic, particularly in financially excluded interior regions.

Goals and Achievements:

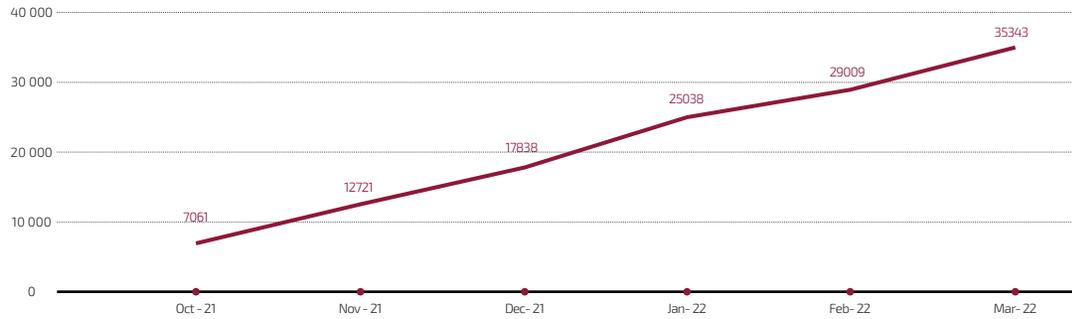
USD 2 M
for USD 18.5 M disbursement

11,645 MSME
beneficiaries against initial target of 8,400

19,560 jobs
saved against initial target of 9,600



Digital transactions :



Services concerned:

- Nibss Services (*Nibss Inflow & Nibss Outflow*)
- Interswitch Services (*Cards Request, USSD activation, USSD transactions*)
- Interop Mada
- Mobile app (*B2B, B2Others, W2B, B2W, Taka*)

30 000
 Customers subscribe to the service (*Mali, Senegal, Madagascar*)



10 000€
 Loans disbursed for a average amount of 185€



Support of cooperatives and small producers in the coffee / cocoa sector with the technical assistance of IDH (Dutch NGO) and the Coffee-Cocoa Council.

Objectives and achievements:

15
 Regions reached by the program.program.

96
 cooperatives financed

41,784
 beneficiary producers

FCFA 3.16M
 of Agri Portfolio in 2020



3. Good Health and Well Being



USAID
 FROM THE AMERICAN PEOPLE

MADAGASCAR

Program to promote access to financing for the private health sector and the water, sanitation and hygiene sector.

Results and impact to date:

USD 2.5 M

in cumulative disbursements
 (50% investment credits)

97

beneficiary clients
 (practices, dispensaries, centers, clinics...)

1154

private health providers targeted in the Analamanga region

4000

health professionals targeted in the Analamanga region

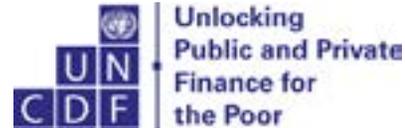
Baobab Banque Madagascar is celebrating its 15th anniversary, and in its desire to mark its commitment to the transformation of Malagasy society, the bank has decided to put people at the center of its development. To kick off this celebration, the Bank has carried out a symbolic social action: the sharing of food with

underprivileged families in collaboration with SOS Children's Village, a non-profit organization that has been working in Madagascar since 1989 to support families and enable children and young people at risk to grow up in the warmth of a home.



4. Quality Education

Thanks to our virtual training platform, Baobab Academy, **a full 76% of our managers participated in courses across a variety of soft and technical skills, including, for the first time, cybersecurity.** We are also developing our in-house resources, and in 2021, our 20 master trainers and 138 Baobab coaches delivered 82% of all training.



The Support Project for Emigration Reduction and Reintegration in the Arachidier Basin (PARERBA) aims to settle the population in the central areas, especially young people. particularly young people. 5,000 small farmers and entrepreneurs are targeted by this program by this program.

Results and impact to date:

Production of



4

financial literacy training modules



5

mini branches and 6 Kiosks opened



3500

entrepreneurs trained



3921

new clients financed for FCFA 655 M and FCFA 196 M in deposits



► **Delphine MARTIN**

Baobab Chief People Officer

Thanks to our virtual training platform, Baobab Academy, a full 76% of our managers participated in courses across a variety of soft and technical skills

What is your vision of Human Resources at Baobab?

Baobab group's HR's policy aims to ensure that every one of the nine countries we operate in provides a comparable employee experience. To make this happen, my team and I set the course, while giving subsidiaries leeway to adapt their own processes.

Each year, the Group decides at board level on a shortlist of themes which all countries then adapt and implement. And, of course, my team and I work closely and continuously with HR leads in each country.

What were the themes highlighted in 2021?

In 2021 we focused mainly on training middle management. These employees are at the heart of our company's operations, interpreting group-level directives and motivating their teams to work on current priorities. Thanks to our virtual training platform, Baobab Academy, a full 76% of our managers participated in courses across a variety of soft and technical skills, including, for the first time, cybersecurity. We are also developing our in-house resources, and in 2021, our 20 master trainers and 138 Baobab coaches delivered 82% of all training.

Any other initiatives from the past year you would like to share?

One very exciting project was our first-ever engagement survey. After more than two years of development, this organisation-wide survey will be conducted annually. Also in 2021, we devoted significant resources to reviewing salary policies, ensuring compensation is comparable cross countries and free of all bias. Providing fair and equal working conditions for all our employees is paramount, not only because it's right, but as the best way to retain talent. These efforts will continue in 2022.

Speaking of 2022 ... what's ahead?

We are continuing our focus on training, with an emphasis on senior & top management this year. We are taking action to improve engagement. We will continue maturing our country HR teams, sharing best practices and enhancing our skills for the benefit of our employees and our clients. After all, people are our business!.



13. Climate Action

Avoided CO2 emission : **130 000 metric tons of CO2eq have been saved**



240,000
Homes Equiped



+75%
Study Time



94%
feel Safe



1,500,000
Beneficiaries



+25%
Income



130,000
Tons Saved

Digital access :
90,000 homes equipped
350,000 beneficiaries



MEET OUR TEAM MEMBERS



► Yusuf Abiola

xxx
Lagos, Nigeria

Could you describe your day-to-day work?

My daily activities involve identifying prospects, recommending the suitable product to meet their need, following up with these prospective clients, visiting their business location and residence of evaluation, meeting their guarantors and co-debtor, preparing their file for the credit committee, and satisfying their financial needs by providing a timely facility. Also carrying out post disbursement visits and following up with their repayment.

What do you prefer in your job? Which aspect/elements?

I love being able to render financial assistance to my client within the shortest time frame and involving flexible documentation with little paperwork. My favorite aspect is being able to interact and disburse a loan for various classes of clients. I appreciate the knowledge gained as regards the uniqueness of clients' businesses and being able to decipher the loan product that can help to grow their business.

Could you give an example of an achievement that you undertook for a client, and which you are most proud of?

One of my proudest moments is having to see positive results from the financial advice and business ideas shared with clients. Through the credit facility received, I have witnessed impressive growth in the business of my clients. I have clients whose businesses have grown internationally and their obligor limit keeps increasing.

You have the last word of your testimony?

I love my job. I am grateful for the opportunity to work with amazing colleagues and gain impactful on-the-job experience. I am excited to fulfill the company's mission and vision as I have witnessed superb career growth without any patriarchy.

Abiola

MEET OUR CUSTOMERS



► **Hippolyte**
Storekeeper
Customer since 2017

Hippolyte, age 40, is a father of three children and lives in Ouagadougou.

Hippolyte started his business in 2003 selling paper handkerchiefs. He then decided to diversify and began selling suitcases.

In 2017, Hippolyte turned to Baobab with a view to increasing his stock of goods and applied for his first loan of 400,000 CFA Francs.

Once he had paid off this first credit, he decided to renew his application with a second cycle, and then a third, a fourth and finally, a fifth loan of 3,600,000 CFA Francs. Thanks to these different loans, Hippolyte was able to grow his business and open two other stores. And with the profit he made, he was able to buy a motorbike and finance the schooling of his three children.

Alongside the conventional loan, Hippolyte benefitted from the TAKA credit (five times) which has contributed to the health of his business. "I would be nothing without TAKA! TAKA has made me what I am." Today, Hippolyte is proud to be a Baobab customer as it has enabled him to carry out his projects and provide for his family.



Hippolyte says he is very pleased with Baobab's services: "My loan was available in less than 15 days, with no previous savings! And whenever I go to a branch, I am always fully satisfied with the services of the extremely professional customer managers".

Naturally, Hippolyte has faced difficulties with the Covid-19 pandemic which greatly impacted his business, due to the restrictions imposed (suspension of flights, border closures, etc.). This slowed down his main business selling suitcases. Hippolyte's sales figure and profits plunged for at least a year. However, business has picked up recently, as the situation gradually returns to normal.

In the near future, Hippolyte not only aims to procure his supplies himself by travelling to China, but he also has the ambition of become a leading supplier for all luggage vendors in Burkina Faso!

MEET OUR CUSTOMERS



► Moussa

Car Accessories Merchant
Customer since 2020

Moussa, who is married and a father of four, lives in Bamako, in the Kalabancoro Tiebani district to be precise. For more than eight years, Moussa has been selling spare parts and accessories for cars. After starting as an employee, he decided to open his own business in 2012.

Moussa first discovered Baobab and its financing offers tailored for merchants thanks to one of his customers. In 2020, he took the plunge and applied for his very first loan. After a few days, he received financing for 700,000 CFA Francs to increase his stock of goods. Once he had paid off this first loan, Moussa decided to reach out to Baobab again. His second credit cycle amounted to 1,500,000 CFA Francs.

These successive loans have greatly contributed to the development of his business: "Working with Baobab really helps me consolidate my working capital and grow my business. Thanks to Baobab I was able to finance my second store."



Today, his business is doing very well. To satisfy his customers, he offers a wide range of car accessories and parts that he orders from suppliers abroad (Dubai, Dakar and Nigeria).

Moussa now has three employees who work in his two stores. His customers include state employees, managers, traders and even some important local figures.

Moussa is very satisfied with the support he receives and regularly recommends Baobab to his family and friends, as well as his customers. "My customers are very diverse and I consistently refer all those who work in trade to Baobab".

Moussa

MEET OUR CUSTOMERS



▶ Jean Riri

Farmer

Customer since 2017

Jean Riri is the founder of an agricultural business specializing in hen farming, fertilizer transformation and corn cultivation. This is a booming business sector in Madagascar, despite frequent fluctuations in feed prices. Right from the beginning, Jean Riri decided to be independent and self-produce the feed for his hens. This means he does not depend on local suppliers and can better manage his costs.

In 2017, as his sales continued to grow, his need for working capital intensified. He decided to apply for financing from his usual bank, but it was unable to help him. That's when he contacted Baobab which had been recommended by his mother, who is a customer herself. Thanks to the loan he was granted, he was able to purchase new corn farming machinery in order to meet the sector's new standards. Jean Riri says he was pleasantly surprised by the ease and speed with which his application was processed: "Despite the constraints, Baobab immediately offered to help me expand my business."



In 2020, the health crisis had little impact on his business as egg consumption even increased. "Food will always remain one of the basic needs even in times of crisis," says Jean Riri.

Jean Riri began his business with 500 hens. Today, his farm has more than 100,000 laying hens. The success of his business lies in the effective organisation of human and material resources, respect for basic animal welfare and the use of state-of-the-art machinery financed by his loan.

Over the next five years, Jean Riri plans to step up his presence in the local market by developing new large-scale hen farming methods. His goal is to produce enough to be able to work with the largest local confectionery companies.

MEET OUR CUSTOMERS



► Romuald

Mobile Operator Distributor
Customer since 2015

Romuald began his business with just one store specialising in mobile money transactions.

The early days were difficult with a lot of mishaps but Romuald was determined to stay the course. In 2015, he sought financial support in order to develop his business. At the time, he applied to Baobab for a loan of 1,000,000 CFA Francs and thanks to this funding, his business performance increased significantly. As a result, he was appointed official distributor for several mobile operators (Orange, MTN and Moov). And in just a matter of months, Romuald paid off his loan and renewed his application for a higher amount (9,000,000 CFA Francs). His business quickly took off and he therefore decided to create his own mobile operator distribution network. Today, the network has 420 MTN, 142 Moov and 32 Orange authorised dealers.

In 2020, the health crisis did not have any negative impact on his company. Quite the opposite, both deposits and withdrawals increased. "I continued to repay my loans without any trouble over that period". In 2021, he won awards as Best Orange and MTN Distributor in Abidjan.



Romuald has now branched out with two new businesses, the distribution of cement and electrical appliances. He has been contacted several times by other financial institutions but he is keen to continue working with Baobab. "I'm with Baobab and I will continue to go with Baobab. You believed in me right from the start. Today, I am well-known and recognised in my sector thanks to Baobab."

Recently, Romuald obtained a loan for 60,000,000 CFA Francs (or more than 90,000 Euros) to support the development of his new businesses

MEET OUR CUSTOMERS



► **Matar**
Shoe Merchant
Customer since 2016

For more than eight years, Matar has been selling shoes on Rufisque central market in Senegal. His customer base is very diverse and includes men, women and children. Matar began his business with a personal investment of only 350,000 CFA Francs (or 539 Euros) which allowed him to buy his very first stock of goods. In 2016, Matar learned about Baobab through a friend: "I discovered Baobab thanks to a friend who had obtained a loan under very good terms."

Matar also received a positive response when he applied for his first loan and he was able to finance his stock of goods in order to satisfy his increasingly demanding customers. In just a few months, Matar made a name for himself not only on Rufisque market but also in his business sector. He proudly says, "Since I began working with Baobab, my business has taken a positive turn."

In 2020, the worldwide Covid-19 pandemic was a difficult time for Matar with, in particular, a series of curfew measures that considerably reduced his sales. Given the context, Matar was offered a deferral of his repayments,



but he decided to continue paying off his loans. He is thankful for the initiative and says, "Baobab stands out from other microfinance institutions due to its speed, flexibility and above all its unwavering support."

Today, business has picked up again. Matar's goal is to open a second store and expand his business by selling clothes and accessories. He plans to travel to China to meet his suppliers and is even thinking about launching into the wholesale business. For his future projects, he is again counting on Baobab's support: "I'm grateful to the Baobab teams for their support and the confidence they have always had in my projects. I hope to continue working with them for as long as possible!"

Matar

MEET OUR CUSTOMERS



► Guan Guan

Restaurant Owner
Customer since 2021

Guan Guan and her friends have opened two Yanbang Rabbit Meat Restaurants in Le Shan from 2016 to 2020. They focused on the quality of food and won a certain amount of markets and good word of mouth. In the beginning of 2021, after a thorough market investigation, they opened the third chain restaurant in Ziyang. They took smart strategies to deal with the new market. They established cooperation relationship with rabbit breeding base to ensure the freshness of the meat.

The business has just started, and has not established any reputation or word of mouth. In the first 3 months after the Ziyang chain restaurant opened, it was not profitable. They needed to change immediately and solve the capital shortage problem. MicroCred Sichuan has 52 sites in Sichuan province and they have heard before. MicroCred's credit loan was very convenient for Guan Guan who is an out comer. Guan Guan finally cooperated with the long known MicroCred. The 100k credit loan solved their urgent needs.



Through changing the path from late-night food to lunch and supper, and added more cuisines of other tastes to cater for the market. Gradually, the business was on the track and won many fans. The developing business brings them more passionate about future.

Guan Guan thanks MicroCred China for believing in a group of young people by providing capital support to them on their ways.



A GLANCE AT BAOBAB+

ACCESS TO ENERGY

In Africa, two thirds of the population do not have access to electricity. Electricity is a primary factor in fighting poverty and it fosters access to health, education and employment, the three pillars of a country's economic development. In response to this problem, Baobab+ markets solar lamps and solar kits that allow people to have light, to recharge their phones and to have access to information on the television. In five years, Baobab+ has equipped 200,000 households, i.e. 1,200,000 beneficiaries, more than 80% of whom live in rural areas.

DIGITAL ACCESS

Baobab+ is also contributing to the digital revolution by equipping households with digital products with high social impact content to meet various needs: literacy, health, and management of small business activities. Baobab+ has equipped over 70,000 households with digital products and was the first company in West Africa to launch a pay as you go (PAYG) offer for smartphones.

SYNERGY WITH THE BAOBAB BRANCH NETWORK

Baobab customers can apply for a specific loan, in addition to the loan obtained to develop their business activities. This top-up credit allows them to purchase solar or digital products.



A DEDICATED MOBILE SALES FORCE

To reach people living in rural areas too (last mile distribution), Baobab+ has offices in the main regions of countries, and mobile agents to travel to the villages. People living in rural parts can therefore use the PAYG offer for their solar kits. This loan removes the major obstacle of the price and makes products accessible to low-income households, by adapting to their spending habits. It also allows remote monitoring of the product. After an initial deposit equivalent to 10% of the price, the customer makes payments via mobile money according to their repayment capacity so that they can use the product before they actually own it.

FROM SOLAR POWER TO CREDIT

In partnership with Baobab Group, Baobab+ has developed a unique scoring analysis to allow its customers, especially those in rural areas, who were previously ineligible for financing, including with microfinance institutions, to gain access to financial products and services, using PAYG as their first financial experience.

The aim is to offer eligible PAYG customers a digital nano credit. The application is made directly on their mobile phone and the loan is paid out through the Baobab relay outlets. The credit decision is made by a scoring algorithm that analyses the payment data relating to solar kits. The first results are promising and seem to have real impact on our customers' lives. After being developed and tested in Senegal, this offer will be available in Madagascar, Côte d'Ivoire and Mali in 2021.



240,000

Households, supposedly
1 200 000 beneficiaries
equipped with solar

90,000

Households equipped with
digital products
(smartphones and tablets)



545

Employees



190

Sales points



6

Countries : Madagascar, Senegal, Mali,
Côte d'Ivoire, Congo DR & Nigeria

AWARDS 2021



1.

1st in the Europe
competition in
the decentralized
model category
- Commercially
available Solutions
- Empower a Billion
Lives



2.

Silver Award
"Best Energy
Project" and "Best
Renewable Energy
Project

3.

Africa Investment
Forum Award 2019
& Nomination
2022



4.

Award "Grand prix
de l'entrepreneur
français à
l'international" 2019
& special mention
2021 - Grand Prix
des Entreprises de
Croissance



5.

Ashden Award
finalist in the
innovative
business model
category 2019

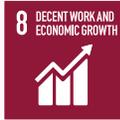


6.

Nomination for the
"Disrupter of the
Year" Award Africa
CEO Forum 2019 &
2020

A GLANCE AT MICROCRED CHINA

Business



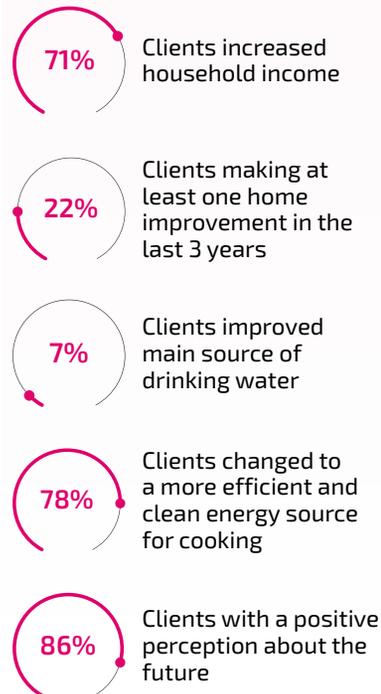
Nearly one third of clients with a loan from MC Nanchong show a positive change in their business income and assets that is plausibly linked to the institution's intervention.



Quality of Life



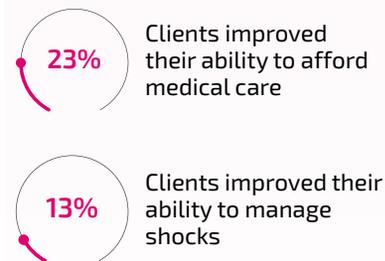
A large share of clients with a loan from MC Nanchong report an improvement in the quality of their lives in terms of increase in household income and adoption of a more efficient and clean energy source for cooking, which is possibly linked to the institution's intervention. The majority of clients have a positive perception of the future.



Resilience



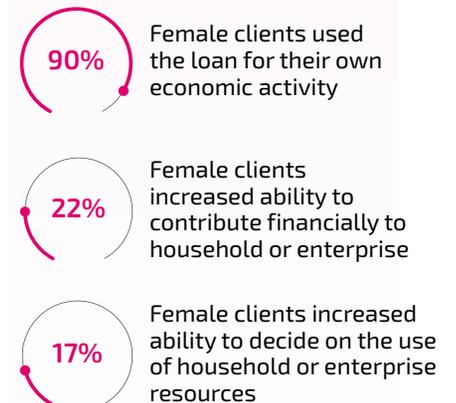
Given the universal access to basic services in China, MC Nanchong's clients display an adequate capacity to manage shocks, which explains the minor share of respondents reporting a positive change in this regard since taking loans from the institution.



Gender



The majority of female clients display a good control over the use of the loan borrowed from MC Nanchong.



Source : MFR - December 2021



HOW WE STOOD VS COVID

Throughout the pandemic, Baobab's financial risk management and sales teams have worked hand in hand, supporting our clients while safeguarding our loans

Obviously, our ability to manage risk was tested in 2020 and 2021 due to Covid-induced lockdowns, forced closures and other pandemic-related externalities. Here, Baobab adopted a pragmatic attitude, providing maximum flexibility to clients while minimising cost to the institution.

Based on previous experience, we were able to offer temporary suspensions of instalments on a

case-by-case basis, confident that payments would resume within months. This solution was less costly than writing off the loans, as well as consistent with our values. We conducted our efforts across our geographies.

The risk department worked with subsidiaries to identify those in need of support, rather than suspending payments across the board, which would have been financially destabilising or culturally unacceptable for some customers.

This stress test has made us stronger from a risk management perspective. One lasting change that has

come out of Covid is closer monitoring. We created a new "activity" field in our database to describe the health of businesses and now have our sales representatives on the ground update this as often as possible. Flagging troubled businesses allows us to intervene to prevent the spiral of non-payments. In fact, **loan restructuring has been falling for 2 years**, and for 2021 stood at just 2.4% of the portfolio, from a peak of 35% in mid-2020, a telling sign that we are managing risk more effectively.

Overall, we have weathered the Covid crisis with levels of defaults lower than 2%, and we can be rightfully proud of our success in containing defaults and maintaining our long-term relationships with clients.

Having almost fully recovered to 2019 levels in 2021, we look forward to a year of growth, despite ongoing fallout from the pandemic and geopolitical challenges.



*In average, **2 months** of installment suspensions*

Over 50 000 customers benefited from our deferral offers



FOCUS ON OUR SOCIAL PERFORMANCE MANAGEMENT

Baobab is committed to implement microfinance industry standard for responsible financial inclusion practice, as set out in the Client Protection (CP) Pathway, and the Universal Standards for Social and Environmental Performance Management (SEPM) of the Social Performance Task Force (SPTF), both widely recognized and adopted by the industry.

Most of Baobab subsidiaries formally joined the CP Pathway and are part of the SPTF list of Financial Service Providers committed to Client Protection.

Aligned with those practices, Baobab carries out its Social Performance Management (SPM) from 5 aspects: clients, board members and shareholders, staff, environment, and community, and strives to promote social performance in every step of its operation. A system of Environmental & Social policies and framework is integrated in each Baobab subsidiary operation, with an SPM Coordinator as a focal local SPM point.

Since 2017, Baobab subsidiaries have conducted SPI4 annual assessment to evaluate and monitor its SPM progress and achievements. SPI4 is an industry recognized SPM assessment that helps microfinance institutions to monitor their level of implementation of the

Universal Standards and CP Pathway. In 2021, all the SPM coordinators of the African subsidiaries were re-trained on the SPI4 tool and audit process by an external expert auditor to refresh their skills and knowledge.

Baobab measures the social impact of its operations via Social Rating and/ or Social Impact studies performed by third party partners. In 2021, Baobab Nigeria and Baobab Senegal received a Social Rating (both with final score sBB), and Microcred Nanchong (China) received one Social Impact study.

In 2022, Baobab Group will launch its 3-year Social Rating and Social Impact studies program to ensure that all its subsidiaries' operation will be evaluated by a third party expert at least once in the next 3 year from SPM perspective. Moreover, Baobab is also setting up an automatization process for the reporting of SPM indicators to better track the performance.

Baobab will continue to adapt its SPM standards to follow the best practices of the microfinance industry on social and environmental performance and measuring its impact.



Baobab Group
(+33) 1 85 73 19 00

1 rue de Gramont
75002 Paris, France

www.baobabgroup.com
f in Baobab Group