BAOBAB

2021 Annual Report









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THE LETTER FROM THE CHAIRMAN

Arnold EKPE, Chairman of the Supervisory Board

2021 was a difficult year globally, marked by the continued challenges of Covid. I am pleased to note that Baobab's management team moved quickly and effectively to address the situation and the impact on our company was well contained. As a result, we have come out of the pandemic well positioned for growth. And in spite of the challenges, we continued with our efforts in technology and in transforming the group to focus on its markets in Africa.

As broader forces transform the financial services space, Baobab has taken a strategic view in investing to prepare for the future of inclusive financial services. This means, first and foremost, revisiting our impact goals. Microfinance is maturing, with a growing awareness of sustainability effects that urgently need to be understood. We believe that only institutions that successfully negotiate this shift will succeed. To this end, Baobab is investing in impact assessment tools to understand how we can better bring financial services to underbanked microentrepreneurs, thereby empowering communities to thrive.

Due to its lack of legacy infrastructure, Africa is at the forefront of digital transformation in financial services. Furthermore, microfinance operates within a competitive and broadening field where it is not isolated, but a branch of mainstream financial services. Here again, the company is building a strong team and is forging ahead with an ambitious digital transformation.

Together with the company's executives, the board fulfils its role by ensuring strategic discipline and effective governance to ensure the company is operating in line with its corporate objectives. We are building a resilient institution with more capital flexibility, more operational flexibility, and more strategic flexibility. This way we can respond to the unexpected shocks that are inevitable in today's world, and often amplified on the African continent. So, while 2022 is likely to be another volatile year which will affect interest rates, investment flows and capital and consumer good prices, we are confident that our business model is resilient and will adapt to these challenges.

" We are building a resilient institution that is able to absorb shock with more capital flexibility, more operational flexibility and more strategic flexibility "

I would like to conclude by thanking the management and employees both at the head office and in the field for their hard work and effective stewardship of the company. I am also immensely grateful to my colleagues on the board and to our shareholders for their continued support.

Arnold Ekpe
Chairman of the Board of Directors

THE LETTER FROM THE CEO

Philip SIGWART, Chief Executive Officer

Like most of the world, we entered 2021 with high hopes of leaving the Covid-19 pandemic behind us. That proved not to be the case, as new variants emerged, bringing more restrictions and sanitary measures. But by the end of the year, we had fully recovered from the sharp decline in activity we registered in 2020 as a result of the health crisis.

Recovery was by no means smooth sailing, however. It wasn't until the second half of 2021 that we started to feel more optimistic. By then, the economies of countries Baobab operates in were bouncing back, except for Tunisia, Senegal and Madagascar, which were more severely impacted. As economies picked up, so did our activity, with high demand for credit fueling growth in both our outstanding loan book and disbursements. We continued to grow organically, focusing on denser coverage in our larger markets such as Nigeria and DRC Congo.

" In 2021 we invested significantly in building the capabilities Baobab needs to be robust for the long term "

The recovery in our business meant that we could renew our focus on people with hiring and staff training. In 2021 we invested significantly in building the capabilities Baobab needs to be robust for the long term. Thanks to funding and consultants from the European Investment Bank (EIB), we rolled out a major middle management training program. In total, we trained almost 650 managers and 3,000 staff employees in 2021. The program delivered over 90,000 hours of training focused on knowledge sharing and anchoring this expertise in-house for the future. These ongoing efforts will continue in 2022.

Another priority last year was digitalization. We invested heavily in paperless credit processing and automating our loan underwriting with data scoring. We signed new partnerships with mobile money providers, allowing clients to transact directly from a Baobab account via cell phone. We furthermore launched an improved version of our mobile app that includes payment functions and mobile money features. At year's end, more than 22,000 customers were already using it.

Our recovery last year has put us on strong footing for further success in 2022. We are pleased to welcome growing competition emerging in the microfinance area. With a significant portion of the population on the African continent still unbanked, there is ample room to grow and structure the market. Most of all, competition means better access to financial services for the populations we serve. And that is the purpose and mission of Baobab.

My heartfelt thanks to the Baobab staff, our partners and shareholders, for their unwavering support, as well as to our clients for placing their trust in us.

Philip Sigwart
Chief Executive Officer

1 OUR KEY FIGURES & OUR CORPORATE GOVERNANCE

KEY FIGURES IN 2021

Our vision is to be the preferred financial partner for entrepreneurs

Baobab is a financial services group with operations in eight countries on the African continent and one province of China. Via its subsidiaries, Baobab provides financial services to half a million micro entrepreneurs and small businesses, **fulfilling its mission of broadening access to funding among those underserved by traditional banks**. Our global range of products includes micro-loans, savings solutions, transaction and daily banking services as well as innovative banking products like mobile payments, buy-now-pay later plans and digital nano loans.

BAOBAB LOANS | BAOBAB SAVINGS | BAOBAB PAY | BAOBAB INSURANCE

10 COUNTRIES

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

457,079 active customers*

46% of customers are women

44% of customers are between 25 and 40 years old

1,282 sales points**

4,301 employees

54% loan officer

2.7% portfolio at Risk 30 days

52% digital loans***

723 million euros of loan portfolio

311 million euros of total deposits

An active customer is a person or a legal entity having done a transaction on a Baobab account over the last 12 months.
** *Sales points includes our branches and our network of banking agents.*
*** *Digital loans include all loans that have a total or partially digital process, such as our Taka and Alip offers, our Tune Loan disbursement process or all our loans in China.*

Christina REIFSCHNEIDER
Group Chief Financial Officer

> "Our success last year underscores the value of the close, longstanding relationships we have built up with our clients over the years"

How would you characterise Baobab's performance in 2021?

The company performed remarkably well, both financially and operationally, making a near complete recovery to pre-Covid levels. This included significant growth in our net loan portfolio, which rose to €723M. In the second half of the year, our disbursements grew strongly, while our liquidity situation remained comfortable thanks to stable client deposits.

What were some of the year's main achievements?

The level of restructured loans in our portfolio dropped from 35% in 2020 to just 2.4% at the end of last year, an impressive development and much better than we expected. This is thanks to measures we took both in 2020 and in early 2021 to support our clients in recovering from the Covid-induced economic downturn, restarting and recapitalising their businesses. In line with our strategic focus on subsaharian Africa, Baobab Holding acquired minority shares in various subsidiaries, strenghtening our ownership position there. This decision allowed us to shift resources to countries with high potential for growth, such as Nigeria and DRC Congo. We also onboarded a new minority shareholder, Norfund, in our Baobab+ subsidiary.

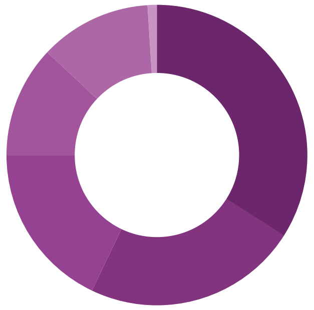
Can you share your roadmap for 2022?

Our success last year underscores the value of the close, longstanding relationships we have built up with our clients over the years. These relationships give us the agility to act quickly to changing circumstances, relying on our own insights and understanding rather than just a scoring model. In 2022 we will continue to strengthen our client relationships because we believe this is the key to resilience and success in microfinance. Our model is working, so we are confident that we will post another solid financial performance this year.

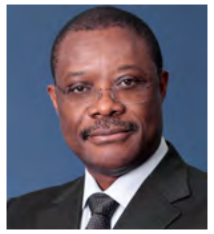
FOCUS: How Baobab+ managed to succeed in 2021

Baobab+ is a subsidiary of the group dedicated to distributing solar kits to support the electrification of poorly served areas in African countries. Baobab+ is based on a leasing model: clients take home their equipment and pay as they go to use the service.
While Baobab+ has yet to become profitable, the company did remarkably well in 2021, posting a result with budgeted performance. And the outlook for 2022 is extremely positive: The onboarding of Norfund, the Norwegian Investment Fund for developing countries, gives Baobab+ the financial resources to expand operations to new markets and the benefit of Norfund's presence on its board.

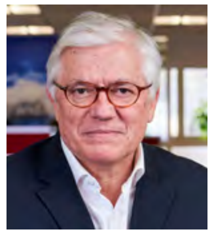
OUR GOVERNANCE



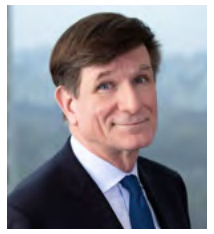
OUR SUPERVISORY BOARD



Arnold **EKPE**
Chairman of the Supervisory Board - Honorary President of the Business Council For Africa



Jean-Michel **PIVETEAU**
VIce President - Independant Consultant



Thierry **PORTE**
Chairman of the Audit, Risk & Compliance Committee - Managing Director JC Flowers & Co

François **ROBINET**
Member - President of Axa Strategic Ventures, AXA

Alain **NADEAU**
Chairman of the ESG Committee - Senior Advisor for the EBRD

Garance W. **RICHARD**
Member - Head of AXA Emerging Customers, AXA

Nick **TALWAR**
Chairman of the Strategy Committee - CEO of CircleUp

Houssam A. **MOUSSA**
Member - Partner, Apis

Erick **DECKER**
Member Chief Investment Officer, Southern Europe & Emerging Markets, Axa

Kasper **SVARRER**
Member - Managing partner, Maj Invest

Thomas **KLUNGSOEYR**
Chairman of the HR Committee - Investment Director, NMI

EXECUTIVE MANAGEMENT TEAM

Philip **SIGWART**
Chief Executive Officer

Christina **REIFSCHNEIDER**
Group Chief Financial Officer

Hervé **GUYON**
General Counsel

Guillaume **LESAY**
Group Chief Risk Officer

Nicolas **SERRE**
Group Chief Technology Officer

Ruben **DIEUDONNÉ**
WAEMU Regional Director Country Manager Baobab CI

Delphine **MARTIN**
Group Chief People Officer

Marion **BOUILLIE**
Group Audit Director

Emmanuel **DECAMPS**
Country Manager Baobab Tunisia Group Head of Credit Operations

Mamadou **CISSÉ**
Country Manager Baobab Senegal

Kazeem **OLANREWAJU**
Country Manager Baobab Nigeria

Mor Talla Diop **TINE**
Country Manager Baobab Mali

Hugues **BONSHE**
Country Manager Baobab Madagascar

Adje **MISSA**
Country Manager Baobab Burkina Faso

Alexandre **COSTER**
CEO Baobab+

Bodo **LIEBERAM**
Country Manager MicroCred China

Kabeya **KANYONGA**
Country Manager Baobab Democratic Republic of Congo

2 REVIEW OF 2021 ACTIVITIES

HIGHLIGHTS 2021

As the world emerged from the Covid-19 pandemic last year, Baobab Group was able to shift from crisis management to focusing on measures to strengthen our leadership position in the increasingly competitive world of microfinance. Here are some of the highlights:

- We implemented closer monitoring of financial risks with the creation of a new "activity" field in our database to flag troubled businesses in order to take action quickly and avoid non-payments. As a result, the level of restructured loans in our portfolio fell to a record low level of **just 2.4%**.
- Thanks to our virtual training platform, Baobab Academy, we rolled out a major training program to identify and nurture high-potential talents in middle management. A full 76% of our managers participated in courses across a variety of soft and technical skills, including cybersecurity.
- We carried out our first Group-wide engagement survey to understand our employees' motivations at work. The survey had an impressive **90% participation rate** and provided a basis for action to improve on this important metric.
- We launched an enhanced version of our mobile app that includes payment functions and mobile money features. In addition to checking their bank account status, customers can now carry out transactions. More than **22,000** of our customers were already using the new version.
- In Nigeria, we launched a payment card with Interswitch, a leading African electronic payments and digital commerce company, that allows customers to make cash withdrawals as well as payments in shops and online.
- We closed a €10 million capital increase at Baobab+, our pay-as-you-go solar panel business. We will use the funds to expand this new business line, dedicated to low-cost electrification in rural areas, **into Nigeria and DRC Congo**.
- As part of the larger transformation of our business, we began a full renovation of our IT system designed to improve operational efficiency and customer satisfaction.
- Baobab Banque Madagascar signed a partnership agreement with Sanlam Madagascar, subsidiary of a leading pan-African insurance group, to develop bank-insurance offers. The partnership allows Baobab Banque Madagascar to broaden its range of financial products and services.

CLIENTS & PRODUCTS

Our customers

On December 31st, 2021, Baobab Group had more than **457,000 active customers**, mostly consisting of micro-entrepreneurs and small and medium-sized businesses, which receive little or no support from the formal financial sector. Baobab supports its customers with adapted and flexible financing offers.

At the end of 2021, the gross loans portfolio amounted to €723 million and the average loan amount was €3,111. Most of the loan book portfolio is for working capital financing of small businesses. Baobab mostly finances the trade sector (63%), followed by services (14%) and small scale manufacturing (7%). 46% of our borrowers are women and 44% are under 40 years of age.

Total savings collected reached **€311 million in 2021.**

Profile of our clients' activities

63%
Trade sector

14%
Services sector

7%
Agriculture

7%
Small scale manufacturing

9%
Other

Our Products and Services

LOANS
BAOBAB

Our micro and small business loans are either working capital or investment loans. Target customers may be very small entrepreneurs who need a micro-credit (less than €3,000) repayable in the short term (less than 12 months), and SMEs in need of bigger loans (up to €200,000) and longer maturities (up to 36 months), to support more substantial investments.

Like all financial institutions, for Baobab, 2021 was marked by the Covid-19 pandemic, which considerably impacted our own business and that of our customers. Throughout the period, Baobab's financial risk management and sales teams have worked hand in hand, supporting our clients while safeguarding our loans.
(see page 32)

INSURANCE
BAOBAB

The main insurance product offered by the Group's subsidiaries protects borrowers and their families in the event of death or disability.

SAVINGS
BAOBAB

Baobab offers savings accounts where the funds can be withdrawn at any time, various savings schemes and a range of term deposits with attractive yields.

PAYMENTS
BAOBAB

In addition to cash transactions available in Group branches, Baobab has developed partnerships to offer payment options in several subsidiaries. The payment options include electronic and interbank transfers, payment cards, cheques, payment vouchers and electronic bill payment. Specific payment products have been launched in some countries, such as NIBSS in Nigeria which can be used to securely make a loan repayment via a mobile phone.

CALL CENTRE
BAOBAB

Baobab has rolled out call centres in all countries to improve its customer service. Call centres gather suggestions, opinions and complaints from customers on every claim communication channel (Calls, mails, Facebook) and provide information about our products and services. They also carry out customer satisfaction surveys and are becoming a means of acquiring potential customers through out-bound campaigns.

BANKING AGENTS
BAOBAB

The Baobab Group now operates networks of banking agents in three markets (Côte d'Ivoire, Madagascar and Senegal), with over 900 agents completing the networks of branches in these countries. At Baobab banking agents, customers can make deposits and withdrawals, open a Baobab account, apply for a loan, check their account balance, pay bills, obtain nano-credits and transfer money.
Baobab has two types of banking agents, exclusive banking agents and non-exclusive agents who also provide agency services for other financial institutions and telecom providers. The staff in Baobab branches hires and trains the exclusive agents who are generally motivated young entrepreneurs. They are provided with Baobab kiosks featuring special branding in semi-rural areas where Baobab detects potential for growth. Each kiosk is located at least three kilometres from a Baobab branch. As support when they start up their business, these entrepreneurs receive working capital funding, a tablet and a basic minimum salary. The aim is to assist them over the first six months of their start-up phase.

ACCOUNT OPENING IN THE FIELD AND SMARTPHONE LOAN APPLICATION
BAOBAB

Baobab has developed an application for opening an account in the field. It allows sales staff or banking agents to open accounts for new customers anywhere in just five minutes. With the application, the employee collects the customer's information from their ID card and their fingerprints via a biometric identification system. After the data is collected, branch staff checks the information and confirms the opening of the account.

In 2020 Baobab Group launched a new lending platform, Tune Loan. In 2021, after a successful pilot Baobab deployed the Tune Loan lending platform to all the other subsidiaries on the African continent.

Nicolas SERRE
Baobab Group Chief Technology Officer

"Our ambition is to move from our prior bricks-and-mortar model to a multichannel framework"

What can you tell us about Baobab's digital transformation in 2021?

While 2020 was devoted to groundwork, 2021 was really the year we started to execute on this transformation, and I'm proud to say we have made measurable progress, while all the while remaining "open for business" and serving our customers.

What motivated this undertaking?

Our ambition is to move from our prior bricks-and-mortar model to a multichannel framework. A strong digital platform gives customers the freedom to choose how they interact with us, reducing frustration and busy work as well as freeing up agents to focus on interactions. This vision will become a reality in at least 2 of our African markets starting in 2022, opening the path for easier integration with additional technologies, such as Whatsapp or Messenger 'bots'.

What features with a client-facing component have you implemented so far?

The most visible is the latest version of our mobile app, which is already deployed in six of the eight countries in Africa in 2021 where we operate *(see Focus)*. This update integrated mobile money in some Western African countries, and even instant payment in Nigeria, a market where we launched a payment card with our local partner, Interswitch as well. Also in 2021, we started a nano-lending initiative in patnership with a Mobile Money Operator with operations in Mali and Senegal, which we will enlarge and scale up in 2022.

What about middle and back-office processes?

We are currently in the implementation of a brand-new group-wide Core Banking System based on SaaS (Software as a Service) modelsubscriber system to help us optimize costs and coordinate a single operating model and processes among affiliates, adapting to local language and regulations. The system should go live in the first of our countries during the year ahead.

FOCUS: Baobab's mobile app remix is a hit

The new release of our mobile app with enhanced functionalities across such as money transfer has quickly gained favour, with 22,000 active users at end 2021, on track towards a target of 100,000 by end 2022.

The goal is to pool our technology investments in a single app covering six of our African markets. This is a complex technical challenge involving significant localising so users can choose their language and access country-specific features. A seamless system makes life.

Delphine MARTIN
Baobab Group 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!

OUTLOOK FOR 2022

Having successfully navigated the Covid-19 crisis over the past two years, in 2022 we will continue transforming our activity to meet new challenges with a better trained, more committed workforce and first-rate technology.

The digital transformation of Baobab Group will remain one of the focus areas for 2022. Our priority is to leverage our data capabilities to automate more of the loan underwriting with automated credit scoring and maChina learning. Our partnership with Orange will be rolled out in additional countries, such as Madagascar and Senegal. Lastly, We will continue deploying Tune Loan, the lending platform we introduced in late 2020, to loan officers in the remaining countries of operation in Africa. By introducing a data-driven component in lending decisions, we can better control our operating costs while making financial services more fair, accessible, and inclusive. Our IT team will continue to prepare the migration of the core banking system to a new platform. We expect that we will migrate the first country of operations to the new platform in 2022. This project will help us speed up our digital transformation and our ability to swiftly launch new products.

Last year, our employee training programs focused on middle management; this year we will target top management, once again thanks to our virtual training platform, Baobab Academy. Fostering and retaining talent is critical to our business, and we will continue reinforcing initiatives such as reviewing our salary policies and improving employee evaluation to eliminate bias. To track our progress enhancing staff commitment, we will renew our Engagement Survey, introduced last year. Finally, we will strengthen our country's human resources teams, sharing best practices to ensure fair and equal working conditions for all employees. Women represent 46% of our customer base, a percentage we are committed to drawing level with parity. One way is through our ongoing mentoring program for 14 women entrepreneurs in Senegal.

In the year ahead, we will publish our new enriched impact report , launched in 2021, to assess how our products and services are improving living conditions for our micro and small business customers and their communities. These ratings cover social goals such as transparency, information reliability and reporting, as well as governance practices.

Last but not least : Baobab+, our pay-as-you-go solar panel business, will continue deploying funding from its €10 million capital increase to densify coverage and reach new markets in our on-going effort to help electrify rural African areas in a manner accessible to all.

We believe that, as Covid recedes, the economies we operate in will continue to grow and demand for access to credit will remain essential. We are convinced that our business model based on close, longstanding relationships with our customers is fundamental to our continued resilience and success as leaders in microfinance. And we are confident that in 2022, our loan book will increasingly reflect a payoff for our efforts and investment in building infrastructure to serve the underbanked.

Guillaume LESAY
Group Chief Risk Officer

Managing risks is fundamental to ensuring the health of the institution

What are Baobab's main risk exposures?

On the one hand, Baobab is exposed to similar risks as other financial services companies. Financial risk such as liquidity risk, IT risks such as cyber security, regulatory risk and, of course, geopolitical risk. On the other, because we serve underbanked populations through a broad network of field agents, our credit and operational risks call for unique solutions that apply best practices with an understanding of local specificities. We are building our management of risk around these twin principles.

Do you have a roadmap for improving risk management?

Definitely! Over the past 3 years, we have undertaken to enhance and structure this function at every level of the company through a combination of culture and guidelines. This ongoing process has included new hires, 20 across the subsidiaries in 2021 only, and leveraging existing resources with processes and training. My own Group-level Risk Management team interacts closely with the Risk personnel in our subsidiaries and works with designated members of the Operations, Finance, HR and IT departments on their respective perimeters.

In terms of credit risk, we help managers gain perspective and diversify risks with training on portfolio analysis. On operational risks, we started with awareness and a progressive deployment roadmap to ensure a sound basis to establish this new risk focus.

How do subsidiaries contribute?

It's a two-way process. We are helping subsidiaries gain autonomy in managing the risks they encounter, and in return we receive relevant information and analyses that help us form the Group-wide risk assessment. Subsidiaries are feeding us back with way to adapt group guidelines to local specificities. Subsidiaries gradually implement guidelines, frameworks, best practices as shared and instructed by the Group team. This is a very interesting challenge, and one I personally relish, as the strength of the subsidiaries is ultimately our strength.

In a nutshell, what does risk management mean to you?

Managing risks is fundamental to ensuring the health of the institution and its continued ability to support our clients in strengthening the economic and social fabric of their communities.

3 OUR IMPACT

Hervé GUYON
Group General Counsel

&

Bianca Le THANH
Secretary General for Microcred China

> The competitive landscape has also changed, and clearly defined social objectives are an important differentiating factor

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 performance management 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 committee 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 partners 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 engagement 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 SPM 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 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 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 Chinase province of Sichuan. 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.

Of course, the world of microfinance is fraught with risks other than financial, including geopolitical instability. While we consider ourselves partners for the long term, we do not hesitate to exit markets when necessary. Likewise, we do not grant loans to businesses operating in sectors identified in the IFC exclusion list.

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.

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.

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

Over 50 000 customers *benefited from our deferral offers*

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.

Baobab stands out from other microfinance institutions due to its speed, flexibility and above all its unwavering support

Mafar

FOCUS ON OUR SOCIAL PERFORMANCE MANAGEMENT (SPM)

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.

OUR IMPACT FIGURES

90,000
hours of internal 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

1,500,000
beneficiaries of **Baobab +** solar kits (since the creation of Baobab+ in 2017)

4 OUR SUBSIDIARIES

BAOBAB MADAGASCAR

▸ Hugues **BONSHE**
Country Manager
Baobab Madagascar

Baobab Bank Madagascar launched its first operations in December 2006. Thanks to its diversified offering, the institution has been able to support very small businesses as well as small and medium-sized businesses with their projects. In 2021, Baobab Bank Madagascar provided financing to 60,535 customers. It has a country-wide presence with 40 branches and 284 banking agents.

60,535
active customers

€47M
loan portfolio

€60M
total deposits

11.1%
portfolio at Risk 30 days

654
employees

324
sales points

€1,483
average loan amount

71
million euros of total assets in 2021

9
million euros of total equity in 2021

1
million euros of net result in 2021

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 machinary 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 machinary 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.

BAOBAB SENEGAL

Mamadou **CISSÉ**
Country Manager
Baobab Senegal

Baobab Senegal opened its first branch in Dakar in September 2007. Today, Baobab Senegal has become a leader in microfinance, offering increasingly innovative, differentiated services that are unique on the market. In 2021, Baobab Senegal granted more than 50,000 loans to its customers. The Baobab Senegal network now covers almost the whole country with 59 branches and 439 banking agents. Thanks to a BBB+/Stable/w-3 rating by the West Africa Rating Agency (WARA) on its regional scale, Baobab Senegal has benefitted from better financing conditions on the West African market.

155,631
active customers

€157M
loan portfolio

€90M
total deposits

3.3%
portfolio at Risk 30 days

720
employees

498
sales points

€3,147
average loan amount

178
million euros of total assets in 2021

20
million euros of total equity in 2021

3.9
million euros of net result in 2021

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!"

BAOBAB NIGERIA

Kazeem **OLANREWAJU**
Country Manager
Baobab Nigeria

Baobab opened its Nigerian subsidiary in March 2010 and is one of eight national microfinance banks licensed to operate in Nigeria. In addition to cash transactions, Baobab Nigeria offers other payment solutions through its electronic channels and the NIBSS platform. Customers can make payments and instant repayments via dedicated terminals or partner banks. Baobab aims to fill the gap faced by 47% of Nigerians who have no access to the traditional banking sector and then to be a driver of economic development in Nigeria.

57,653 active customers

€40M loan portfolio

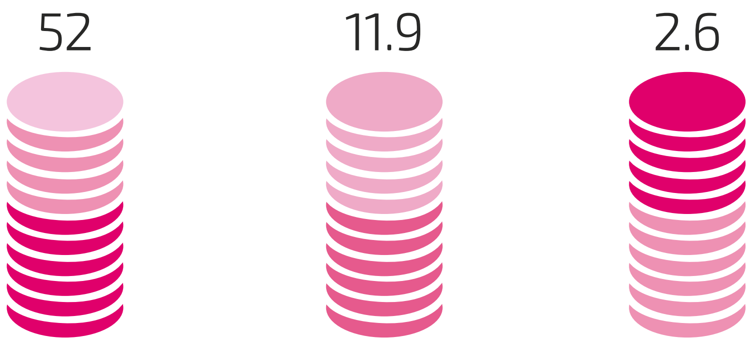
€28M total deposits

3.2% portfolio at Risk 30 days

625 employees

27 branches

€1,181 average loan amount



52 million euros of total assets in 2021

11.9 million euros of total equity in 2021

2.6 million euros of net result in 2021

Thankgod

Trader

Customer since 2010

Thankgod is a trader, selling aluminium roofing sheets in Garki, Abuja. He opened an account with Baobab Microfinance bank in 2010, when his business was about to go bankrupt. He heard of Baobab from one of his friends who holds a savings account within the bank.

First, Thankgod did not want to ask for a loan in an MFI : his concerns were mainly due to the fact that a large number of microfinance banks have been closed down and liquidated by the Nigeria Deposit Insurance Corporation (NDIC) due to mismanagement and other regulatory issues.

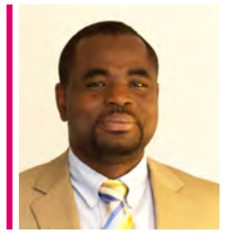
However, when he discovered that Baobab Bank in Nigeria had an important network, that this institution had a solid reputation, and also that the loan portfolio was significantly growing, he decided to give it a try. As the loan process was smooth and agile, this finally convinced him that the bank was serious and reliable.

After filling in all his documents, he got a loan worth N1,500,000 in a few days.

Then, the Covid 19 pandemic broke out with a serious impact on businesses, but Baobab Nigeria was there to support him financially. He obtained a higher loan amount that enabled him to open new business sites : he is now making over N70 M in revenue.

So far, he obtained more than five loan facilities from the bank. More specifically, Thankgod appreciates the service and relationship provided by his Portfolio Manager.

BAOBAB CÔTE D'IVOIRE



Ruben **DIEUDONNÉ**
WAEMU Regional Director
Country Manager Baobab CI

Baobab Ivory Coast is one of the biggest subsidiaries of Baobab Group. It was founded in 2009, but only opened its first branch in October 2010 due to the 2010 political crisis. Baobab Ivory Coast began active operations in June 2011 and contributed to improving the lives and livelihoods of its customers. Until 2013, the institution was only present in Abidjan with five branches. The following year, Baobab Ivory Coast expanded outside Abidjan, opening more than fifteen branches in the provinces. Today, Baobab Ivory Coast has 33 branches and 295 banking agents.

73,690
active customers

€165M
loan portfolio

€88M
total deposits

2.1%
portfolio at Risk 30 days

625
employees

328
sales points

€5,180
average loan amount

181
million euros of total assets in 2021

28
million euros of total equity in 2021

8.4
million euros of net result in 2021

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.

BAOBAB MALI

Baobab Mali opened its first branch in Bamako in September 2013. The institution is one of the country's leading financial inclusion specialists. Today, Baobab Mali has 34,928 active customers, mostly working in the retail trade sector. Its network consists of 18 branches, with nine in Bamako and nine in the regions. The subsidiary employs 295 people, half of whom work out in the field.

Mor Talla Diop **TINE**
Country Manager
Baobab Mali

34,928 active customers

€39M loan portfolio

€23M total deposits

2.3% portfolio at Risk 30 days

295 employees

18 branches

€2,093 average loan amount

45 million euros of total assets in 2021

3 million euros of total equity in 2021

1.7 million euros of net result in 2021

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 a leap of faith and applied for his very first loan. After a few days, he received financing for CFAF 700,000 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 CFAF 1,500,000.

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".

BAOBAB TUNISIA

▸ Emmanuel **DECAMPS**
Country Manager Baobab Tunisia
Group Head of Credit Operations

Baobab Tunisia opened its first branch in November 2014 and finances a wide range of customers, from very small businesses to SMEs. Today, Baobab Tunisia is one of the leading microfinance institutions in Tunisia with more than 18,000 active customers through its network of 7 branches dotted around the country, and 370 million dinars committed in the different sectors of the economy. Baobab Tunisia currently employs 250 people dedicated to achieving its mission.

18,382
active customers

€25M
loan portfolio

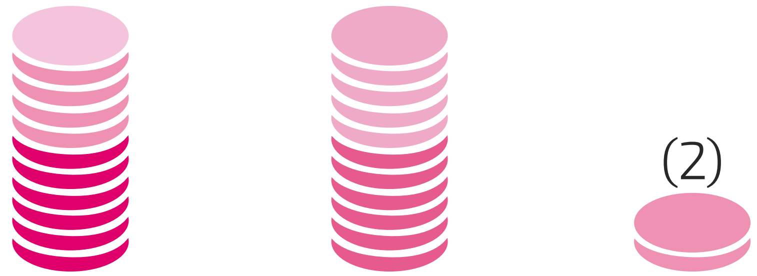
2.4%
portfolio at Risk 30 days

360
employees

20
branches

€1,356
average loan amount

2.3 | 1.5 | (2)



million euros of total assets in 2021

million euros of total equity in 2021

million euros of net result in 2021

Achraf

Sheep Farmer
Customer since 2020

Achraf, age 30, is a native of Teboursouk, a town in northwest Tunisia.
Achraf started off raising a small flock of 10 sheep with very limited means, but his passion for sheep farming pushed him to persevere.

After a few months, he decided to apply for a loan from Baobab. "I went to the nearest branch to enquire about the financing options I could be eligible for and thankfully I was able to receive the funding I needed". Thanks to this initial loan, he was able to boost the working capital of his business, buy additional sheep and enlarge his enclosure.

In 2020, his business was hard hit by the health crisis, particularly as a result of health restrictions and measures impacting procurement and sales. During this period, it was very hard for Achraf to find affordable fodder, as prices had practically doubled.

Fortunately, with the help of the SANAD programme, developed with USAID Tunisia Jobs and Baobab Tunisia to support small business owners, Achraf was able to receive special support.

"I obtained financing from Baobab for 3,000 Dinars as well as a grant of 333 Dinars from the USAID Tunisia Jobs programme. Thanks to this help, I was able to buy the necessary amount of good quality fodder."

Today, his situation has improved considerably. Achraf even has plans to increase his yield and revenue by buying additional livestock. His collaboration with Baobab continues and Achraf is very satisfied: "I chose Baobab because the institution is recognised for the support it provides to business owners, and its quality and speed of service".

BAOBAB BURKINA FASO

▸ Adje **MISSA**
Country Manager
Baobab Burkina Faso

Baobab Burkina Faso started operations with the opening of its first branch in September 2016 in Ouagadougou. To better serve its customers, in addition to traditional credit and savings, the institution offers the Taka nano credit and the Alip automated loan renewal. In five years, Baobab Burkina Faso has opened 7 branches, including four in Ouagadougou and one in Bobo-Dioulasso. The 196 employees of Baobab Burkina Faso work together to support their 22,428 customers.

22,428
active customers

€38M
loan portfolio

€19M
total deposits

1.4%
portfolio at Risk 30 days

196
employees

7
branches

€2,279
average loan amount

43.4
million euros of total assets in 2021

5
million euros of total equity in 2021

0.9
million euros of net result in 2021

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 CFAF 400,000.

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 CFAF 3,600,000. 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, despite having no 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!

BAOBAB DR CONGO

In 2017, Baobab Group acquired OXUS DRC, a microfinance institution that began operating in July 2013. It is currently providing financing to over 13,000 customers, mostly micro-enterprises and small and medium-sized companies. Baobab DRC supports the needs of its customers, particularly by rendering its offering more digital.

Kabeya **KANYONGA**
Country Manager Baobab
Democratic Republic of Congo

13,570
active customers

€17M
loan portfolio

€4M
total deposits

2.6%
portfolio at Risk 30 days

218
employees

8
branches

€1,557
average loan amount

20
million euros of total assets in 2021

3
million euros of total equity in 2021

0.4
million euros of net result in 2021

Aimé is a merchant specializing in the sale of fresh produce, namely meat, fish and vegetables. The adventure began in 2016, when Aimé took the advice of a friend and decided to start selling food products on markets. After being unemployed for several years, Aimé was driven by the ambition to be financially independent. She started her business with barely 50 US dollars and sold her goods on a mat on the ground. Determined to succeed, she held out and weathered the many difficulties her business faced.

After years of working very hard on markets, Aimé managed to open her first shop with the profits she had made. But she soon realized that she was lacking both equipment and stock: "I had no money to increase my stock and to buy equipment such as a freezer."

One day, a group of friends spoke to her about a financial institution, Baobab, and she found out that it offered financing for Congolese merchants. She therefore decided to go for it and applied for her very first loan in October 2017. After only a few days, Aimé received a positive response. Her first 600-US dollar loan allowed her to build up her stock of goods and finance her equipment needs.

"Baobab supported me by offering the financing I needed to develop my project." Today, Aimé has three shops in Kingasani after opening her newest one in April 2022. She serves a diverse customer base, including restaurant and bar owners, as well as retail customers.

Over the next five years, Aimé's goal is to grow her business and buy a cold room to store her goods. To her, Baobab stands out from other credit institutions due to the speed with which it processes applications and the quality of its branch staff. Aimé says, "When I saw how much Baobab had boosted my business, I decided to stay with them as long as possible!".

MICROCRED CHINA

Bodo **LIEBERAM**
Country Manager
MicroCred China

MC China started operations in Nanchong in December 2007 and expanded into Chengdu in January 2011 (both cities are located in the Sichuan province). The institution performs an onsite investigation for its clients which ensures an excellent quality of the loan portfolio and a good relationship with the client. At the same time, the company provides a range of different digital solutions to improve customer experience, such as digital loan application and digital loan contracts. Microcred customers have the possibility to renew their credit via WeChat : all the process is 100% digital and the money is available in less than one hour. After 14 years of steady expansion, Microcred China has become one of the most successful microcredit institutions in China. The institution has 52 outlets in 13 cities across the Sichuan province.

20,262
active customers

€194M
loan portfolio

0.9%
portfolio at Risk 30 days

532
employees

52
branches

€14,5K
average loan amount

208.2
million euros of total assets in 2021

73
million euros of total equity in 2021

9.9
million euros of net result in 2021

Guan Guan

Restaurant Owner
Customer since 2021

Between 2016 and 2020, Guan Guan and her friends opened two Yanbang Rabbit Meat Restaurants in Le Shan. They put a strong focus on the quality of food and then expanded their influence and reputation with quite a positive word of mouth.

At the beginning of 2021, after an extensive market investigation, they opened their third restaurant in Ziyang. They chose to use smart strategies to tackle this new market : they first created a cooperation relationship with a rabbit breeding base to ensure the freshness of the meat, and then to develop a positive reputation. Unfortunately, 3 months after they opened the Ziyang restaurant, they still had a profitability issue: it was necessary to rapidly react and solve their capital shortage problem. Guan Guan and friends heard of MicroCred Sichuan and its 52 sites in the province of Sichuan : they decided to ask for a credit and MicroCred's proposal was really adapted and attractive for a newcomer.

So, Guan Guan decided to accept the MicroCred proposition : The 100k credit loan solved her urgent needs. Finally, Guan Guan decided to change from late-night food to "lunch and supper menu", and to add new propositions and dishes to the menu in order to target a broader range of customers. Gradually, the business reached its ambition, attracted new customers and finally succeeded. And it is only the beginning ! Guan Guan is really grateful to MicroCred China who believed in a group of young people and provided them with capital support.

BAOBAB PLUS

Alexandre **COSTER**
CEO Baobab+

Baobab+ is a key player providing access to energy and digital technology in DRC, Nigeria, Senegal, Mali, Ivory Coast and Madagascar. Baobab+ markets innovative products (solar kits and digital products featuring high social impact content) and offers financing solutions such as Pay-As-You-Go (PAYG) to make them accessible to all.

240,000
Households, supposedly 1 200 000 beneficiaries equipped with solar

90,000
Households equipped with digital products (smartphones and tablets)

6
Countries : Madagascar, Senegal, Mali, Côte d'Ivoire, Congo DR & Nigeria

545
Employees

190
Sales points

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

Fanignoro Silue

*Lakpolo, **Côte d'Ivoire***

Fanignoro Silue got her Baobab+ home solar kit in 2019. Fanignoro is a traditional healer and she is the mother of 6 children : her husband died a few years ago. At the time of our visit, she was ill.

When she built her house, the neighborhood didn't have any connection to the electric grid. Now, thanks to the 3 solar lights, her children can study. Next to her house, she is currently building rooms to let out.
Fanignoro's biggest wish is to have a solar powered car, so she will be able to easily visit patients who live in remote areas.

5 FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Baobab SAS for the year ended 31 December 2021.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

BASIS FOR OPINION

Audit Framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence
We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors for the period from 1 January 2021 to the date of our report.

Emphasis of Matter
Without qualifying our opinion, we draw your attention to the matters set out in Note 9.2 to the consolidated financial statements regarding non-current assets held for sale.

Justification of Assessments
Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you that the most significant assessments we made, in our professional judgement, concerned the appropriateness of accounting policies used and the reasonableness of significant estimates made, as well as the overall presentation of the consolidated financial statements.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of these consolidated financial statements.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the President's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for establishing the internal control it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 it expects to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the President.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Marseille and Sarcelles,
2 June 2022

The Statutory Auditors

PricewaterhouseCoopers Audit	Cabinet Jean Lebit
Vincent Thyssen	Jean Lebit

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Unless otherwise indicated, financial information is presented in thousands of Euros (K €). "K €" and "M €" represent "thousands of Euros" and "millions of Euros" respectively.

CONSOLIDATED BALANCE SHEET

(IN THOUSANDS OF EURO - KEUR)

ASSETS	Notes	2021	2020	Variation
Cash and cash equivalents	**10**	**91 316**	**105 807**	**(14 491)**
Cash on hand		17 695	17 078	617
Deposits		73 620	88 729	(15 108)
Demand deposits and short term investments		66 466	82 716	(16 249)
Deposits to central banks		7 154	6 013	1 141
Loans and advances to customers	**8**	**683 357**	**631 005**	**52 352**
Gross portfolio (incl. Accrued interests)		698 450	659 301	39 149
Loan impairment		(15 093)	(28 296)	13 203
Other assets		**104 377**	**57 307**	**47 070**
Intangible assets	4	5 774	2 651	3 123
Tangible assets	5	17 728	19 201	(1 473)
Financial assets	6	1 206	1 396	(190)
Inventories		4 928	2 702	2 225
Deferred tax assets	7	10 599	9 015	1 584
Other receivables	9	29 541	22 341	7 200
Non-current assets held for sale	9	34 601		34 601
TOTAL ASSETS		879 050	794 118	84 932

LIABILITIES	Notes	2021	2020	Variation
Debts to customers	**12**	**313 315**	**264 463**	**48 852**
Demand deposits		117 195	102 729	14 466
Term deposits - Customers		134 645	116 258	18 387
Term deposits - Institutions		61 475	45 476	15 999
Debts issued and borrowed funds	**12**	**315 271**	**333 019**	**(17 748)**
Senior debt		305 197	314 716	(9 519)
Subordinated debt		10 073	18 302	(8 229)
Provisions	**13**	**3 900**	**5 611**	**(1 711)**
Non-current liabilities held for sale	**9**	**32 249**		**32 249**
Other liabilities	**13**	**31 561**	**30 235**	**1 326**
Total Shareholders' Equity	**11**	**182 754**	**160 790**	**21 964**
Share capital and share premium		101 821	101 821	0
Reserves		21 841	18 500	3 341
Net result, Group share		14 411	1 070	13 341
Translation reserves		(145)	(7 095)	6 950
Shareholders' equity, Group share		**137 928**	**114 296**	**23 632**
Minority interest		44 826	46 494	(1 668)
TOTAL LIABILITIES AND EQUITY		879 050	794 118	84 932

CONSOLIDATED INCOME STATEMENT

IN K€	Notes	2021	2020	Variation
Interest received and similar income	18	158 874	157 378	1 496
Interest paid and other similar expenses		(37 184)	(40 421)	3 237
NET INTEREST INCOME		**121 690**	**116 957**	**4 733**
Commissions	18	13 408	12 400	1 008
Other financial revenue	**19**	**(796)**	**(3 335)**	**2 540**
Financial expenses		(1 475)	(7 264)	5 789
Financial income		679	3 929	(3 249)
GROSS FINANCIAL INCOME		**134 302**	**126 022**	**8 281**
Cost of risk	20	(18 219)	(26 353)	26 353
NET FINANCIAL INCOME		**116 084**	**99 669**	**34 633**
Income from Baobab Plus		15 338	10 735	4 603
Others revenues		5 141	3 222	1 919
OTHER INCOME		**20 478**	**13 957**	**6 521**
OPERATING INCOME		**136 562**	**113 626**	**22 936**
Personnel expenses		(51 986)	(48 180)	(3 806)
External expenses		(41 593)	(34 594)	(6 999)
Amortization and depreciation		(9 206)	(9 098)	(109)
Taxes, duties and similar expenses		(4 994)	(8 021)	3 028
OPERATING EXPENSES	**21**	**(107 779)**	**(99 893)**	**(7 886)**
PROFIT BEFORE TAX		**28 783**	**13 733**	**15 050**
Tax expenses	**22**	**(5 938)**	**(6 513)**	**575**
Deferred tax		1 561	829	732
Current tax		(7 668)	(7 433)	(235)
Tax credits		169	91	78
Results of assets held for sale	9	(2 050)		
PROFIT AFTER TAX		**20 795**	**7 220**	**13 575**
MINORITY INTERESTS		**6 384**	**6 150**	**234**
PROFIT AFTER TAX, GROUP SHARE		14 411	1 070	13 341

OTHER COMPREHENSIVE INCOME

	2021	2020
Consolidated net result	**20 795**	**7 220**
Other comprehensive income	1 257	(539)
Total income and expenses recognized under other items of the profit and loss account	0	0
Total currency translation gains and losses	9 532	(2 357)
Total consolidated net results	**31 583**	**4 325**
Group share	22 657	(244)
Minority interests	8 926	4 568

The positive impact of gains on foreign currency translation is mainly due to the positive change in translation reserves, notably in the amount of €10 million due to the appreciation of the Chinese Yuan in 2021.

CHANGES IN EQUITY

	Capital	Share premium	Consolidated reserves	Relations with minority interests	Currency Translation Gain/Loss	Net Result Group Share	Total Equity Group Share	Total Equity Minority Interest	Total Consolidated Equity
Equity Position as of December 31, 2019	**77 807**	**24 002**	**16 560**	**(13 050)**	**(6 246)**	**15 456**	**114 528**	**43 727**	**158 255**
Allocation of the previous year's profit			15 456			(15 456)			
Capital increase		12					12		12
Transactions related to share-based payment plans									
Dividends paid								(2 690)	(2 690)
Effect of the first implementation of IFRIC 23									
Additional goodwill on purchase of minority interests									
Impact of the Put and Swap options								889	889
Sub-total associated with shareholders		**12**	**15 456**			**(15 456)**	**12**	**(1 801)**	**(1 789)**
Income						1 070	1 070	6 150	7 220
Other items of the consolidated net result									
Currency translation gains/losses			(11)		(849)		(860)	(1 496)	(2 357)
Gains and losses recognized in equity			(481)				(481)	(84)	(566)
Other items			27				27	()	27
Equity Position as of December 31, 2020	**77 807**	**24 014**	**31 551**	**(13 050)**	**(7 095)**	**1 070**	**114 296**	**46 494**	**160 790**
Allocation of the previous year's profit			1 070			(1 070)			
Capital increase									
Transactions related to share-based payment plans									
Dividends paid								(4 850)	(4 850)
Effect of the first implementation of IFRIC 23									
Additional goodwill on purchase of minority interests									
Impact of the Put and Swap options				974			974	(5 716)	(4 742)
Sub-total associated with shareholders			**1 070**	**974**		**(1 070)**	**975**	**(10 567)**	**(9 592)**
Income						14 411	14 411	6 384	20 795
Other items of the consolidated net result									
Currency translation gains/losses					6 950		6 950	2 558	9 508
Gains and losses recognized in equity			1 296				1 296	(43)	1 253
Other items								()	()
EQUITY POSITION AS OF DECEMBER 31, 2021	**77 807**	**24 014**	**33 917**	**(12 076)**	**(145)**	**14 411**	**137 928**	**44 826**	**182 754**

CASH FLOW STATEMENT

	IN KEUR	2021	2020
Activity-related operations	Consolidated net result	20 795	7 220
	Net depreciation	9 206	9 098
	Net provision expenses	(17 832)	(7 987)
	Changes in deferred tax	(1 561)	(829)
	Other unpaid income and expenses	1 135	775
	Self-financing capacity	**11 743**	**8 276**
	Net disbursements on loan portfolio	(41 837)	35 274
	Loans disbursed	(975 168)	(832 153)
	Loans paid back	933 330	867 428
	Changes in working capital requirements	**3 468**	**1 733**
	Changes in customer deposits	48 852	6 438
	Working capital requirements	**10 483**	**46 135**
	A - Net Operating cash flows	**22 226**	**54 411**
Investment Operations	Acquisition of intangible assets	(4 379)	(452)
	Acquisition of tangible assets	(4 545)	(5 350)
	Acquisition of financial assets	(9 345)	(111)
	Assets entry in scope	0	0
	Disposal of financial assets	0	0
	Disposal of assets : scope exit	0	(23)
	Dividends paid to minority shareholders	(4 850)	(2 690)
	Cash flow from non-current assets held for sale	(10 075)	
	B - Net cash flows provided by/used in investing activities	**(33 195)**	**(8 625)**
Financing Operations	Capital increase	28	12
	Change in minority interest	1 668	(2 767)
	Change in borrowings	(17 748)	(35 364)
	C - Net cash flows provided by/used in investing activities	**(16 051)**	**(38 119)**
	Effects of the foreign exchange gains/losses	9 508	(2 357)
	CASH FLOWS	**(17 512)**	**5 310**
	Cash and cash equivalent at opening	*102 050*	*96 740*
	Cash and cash equivalent at closing	*84 538*	*102 050*

NOTES TO THE CONSOLIDATED ACCOUNTS

The notes below are an integral part of the consolidated financial statements.

Significant events of the year 2021

In the health context linked to the Covid crisis in 2020, the Baobab Group continued the gradual recovery of activities in order to reach a level of performance close to 2019.

During the year, the Group increased its share of ownership in the following subsidiaries:

- BAOBAB Madagascar: On 28/01/2021, 20,500 minority shares were purchased by Baobab Holding, bringing its shareholding to 100%.
- BAOBAB Senegal: On 28/01/2021, 68,243 minority shares were purchased by Baobab Holding, bringing its shareholding to 69.27%.
- Baobab Cote d'Ivoire: On 23/08/2021, 72,155 minority shares were purchased by Baobab Holding, bringing its shareholding to 79.8%.
- BAOBAB Nigeria: On 28/05/2021 and 09/12/2021, 510,000,000 minority shares were purchased by Baobab Holding, bringing its shareholding to 80.10%.
- BAOBAB Mali: On 28/01/2021 and 22/12/2021, 72,155 shares were subscribed by Baobab Holding. Part of these shares was bought from the minority shareholder I.F.C. and the other part corresponds to the conversion of part of Baobab SAS's receivables from the subsidiary into equity securities, thus increasing the Group's holding percentage to 100.00%.

In addition, for the subsidiary BAOBAB Services, which is already 100% owned, a capital increase by debt conversion was carried out on 27/09/2021.

The sale process of the subsidiary Baobab Zimbabwe initiated in 2020 was finalised in 2021.

The Group's Supervisory Board took the decision during 2021 to withdraw from its subsidiary Baobab Tunisia as part of a change in strategic vision aimed at focusing Operations in Africa more specifically on sub-Saharan Africa. This withdrawal has resulted in the active search for a buyer during year 2021. For this reason, the data relating to this subsidiary has been reclassified as "Assets held for sale" in accordance with the application of IFRS 5 *(cf see Note 9.2)*.

NOTE 1 – GROUP PROFILE

Baobab S.A.S is a simplified joint stock company headquartered in Paris (France) and created in 2005. Its corporate purpose is to create and develop a network of microfinance institutions serving clients excluded from or with poor access to the traditional financial system.

Baobab invests in microfinance banks and companies and provides them with the technical assistance they need to become leading microfinance institutions in their country.

Details of the institutions held by Baobab S.A.S at the end of 2021 are provided in Note 2.4.

The financial statements of the Group Baobab (" the Group" or "Baobab") are in KEUR unless otherwise stated.

On May, 24th 2022, the Chairman approved the financial statements of Baobab S.A.S., which are subject to approval by the annual general meeting.

NOTE 2 - ACCOUNTING PRINCIPLES AND METHODOLOGIES APPLIED TO THE EVALUATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 GENERAL PRINCIPLES APPLIED TO THE EVALUATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated accounts of Baobab and its subsidiaries (The Group) are stated in Euros and prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

This frame of reference includes: the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the International Financial Reporting Interpretations Committee (IFRIC).

The Baobab Group's consolidated financial statements as of December 31, 2021 are prepared on a going concern basis. The impacts of the Covid 19 pandemic mitigated by all the risk management, cost reduction and business resumption measures, as well as the supporting measures of the authorities and the economic activity recovery plans from which clients benefit, mainly concern expected credit losses and asset valuation. The estimation of these impacts has been made in a context of uncertainty as for the extent of the consequences of this epidemic on local and global economies.

Similarly, the impacts of the conflict between Russia and Ukraine, which began on February, 24th, 2022, were analysed, particularly in terms of impacts on the production chain of goods that are necessary for the activities of our clients or in terms on impacts on the global macroeconomic environment.

The methods and principles applied for the consolidated accounts as of December 31, 2021 are consistent with those used to prepare the Group's consolidated accounts as of December 31, 2020.

The standards, amendments and interpretations mandatory as from a later date than January 1, 2021 and that have not been applied in advance by the Group are:

- IFRS 17 "Insurance Contracts" issued in May 2017, amended in June 2020, will replace IFRS 4 "Insurance Contracts". It was adopted by the European Union in November 2021, with an optional exemption from the application of annual cohort pooling for participating contracts that rely on intergenerational pooling. It will become mandatory for accounting periods beginning on or after 1 January 2023.
- An amendment to IFRS 17 relating to the presentation of the IFRS 9 / IFRS 17 comparison has also been published by the IASB in December 2021, and has not yet been endorsed by the European Union.
- The analysis of the standard and the identification of its effects is continuing as part of the implementation project and the monitoring and validation work.

2.2 ESTIMATES USED TO PREPARE THE FINANCIAL STATEMENTS

To prepare the financial statements, the Management must make assumptions and estimates, which impact the determination of revenues and expenses, assets and liabilities, and the related notes. The company trusts its managers to use their analytical skills and rely on all the information available when preparing the financial statements. Obviously, the future results of operations may differ noticeably from the estimate made, due in particular to unforeseeable market conditions, which may affect the financial statements.

This is the case in particular for:

- the determination of impairment losses to cover credit risk and possible impairment of financial assets
- provisions for post-employment benefits
- estimates based on data included in the business plan of the subsidiaries (estimation of the value of debts related to the buy-out of minority interests). This assessment requires the Group to estimate future cash flows and discount rates;
- deferred tax assets recognition. Deferred tax assets are recognised on tax losses if it is likely that the Group will have future taxable profits that could be used to offset these losses. To determine the amount of deferred tax assets that can be recognised, the Management must put forward assumptions both on the period of consumption of the deferred losses, and on the amount of future taxable profit.

2.3 SCOPE OF CONSOLIDATION

The consolidated accounts include the financial statements of the French entities (Baobab S.A.S, Baobab Plus S.A.S) and of the foreign companies making up the Baobab Group. The financial statements of foreign subsidiaries, prepared in accordance with local accounting rules, have been restated to comply with the accounting principles adopted by the Group at December 31, 2021.

At the closing date, Baobab S.A.S. holds more than 50% of the shares and voting rights of its subsidiaries and consequently the subsidiaries are fully consolidated. In addition, the Group has no other interests in any joint venture or associate.

During 2021, the Group increased its stake in five of its subsidiaries (Baobab Senegal, Baobab Nigeria, Baobab Madagascar, Baobab Mali, Baobab Côte d'Ivoire) by buying back minority interests, subscribing to new shares or converting receivables, thereby strengthening the Group's stake in these various subsidiaries. The subsidiaries Baobab Plus Nigeria and Baobab Plus DRC, which were registered in 2020, are now consolidated as of 2021 following the launch of their activities in their respective jurisdictions.

In case of minority interests acquisition, in accordance with the provisions of IFRS 3, the difference between the purchase price of these shares and the additional share of consolidated shareholders' equity that these shares represent at the date of acquisition has been charged to Group shareholders' equity without any change in the initial value of goodwill.

Subsidiaries' financial statements are prepared for the same accounting period as the parent company. Consolidation adjustments may be recorded in order to harmonize all the Group's accounting methods and principles. Restatements and reclassifications necessary to bring the accounts of all consolidated subsidiaries in line with the Group's accounting principles are made.

The determination of the percentage of control takes into account potential voting rights granting access to additional voting rights, when they are immediately exercisable or convertible.

The accounting methods used for the current closing are consistent with previous year. The scope of consolidation as of December 31, 2021 is as in the opposite table:

All entities included in the scope are fully consolidated as of 31/12/2021 except for Baobab Tunisia which the Group agreed to sell at the end of the financial year and which will be sold during 2022.
The financial statements of subsidiaries are included line by line in the consolidated financial statements from the date control is obtained until the date control ceases.
In the specific case of Baobab Tunisia, the data relating to this subsidiary has been reclassified in the balance sheet as "Assets or liabilities held for sale" and in the income statement as "Income from assets held for sale" in accordance with the application of IFRS 5. *(cf see Note 9.2)*

Company	Country	Currency	dec-20	dec-19
Baobab S.A.S	France	EUR	100,0%	100,0%
Baobab Madagascar	Madagascar	MGA	100,0%	88,1%
Baobab Senegal	Senegal	FCFA	69,3%	53,9%
Baobab Nigeria	Nigeria	NGN	80,1%	58,9%
Baobab Côte d'Ivoire	Côte d'Ivoire	FCFA	79,8%	69,7%
Baobab Mali	Mali	FCFA	100,0%	87,0%
Microcred China	Hong Kong	HKD	71,1%	71,1%
Microcred Nanchong	China	CNY	71,1%	71,1%
Microcred Sichuan	China	CNY	71,1%	71,1%
Baobab Tunisia i	Tunisia	DTN	66,9%	66,9%
SCI Baobab RE Senegal	Senegal	FCFA	100%	100%
SCI Baobab RE CI	Côte d'Ivoire	FCFA	100%	100%
Baobab Services	Senegal	FCFA	100%	100%
Baobab Burkina Faso	Burkina Faso	FCFA	100%	100%
Baobab Money Madagascar	Madagascar	MGA	100,0%	88,1%
Baobab Services Madagascar	Madagascar	MGA	100%	100%
Microcred DRC	DRC	USD	99,96%	99,96%
Baobab + Côte d'Ivoire	Côte d'Ivoire	FCFA	100%	100%
Baobab + Holding	France	EUR	100%	100%
Baobab + Mali	Mali	FCFA	100%	100%
Baobab + Senegal	Senegal	FCFA	100%	100%
Baobab + Nigeria ii	Nigeria	NGN	100%	100%
Baobab + DRC ii	DRC	CDF	100%	100%

i Entity reclassified as "Assets held for sale" in accordance with IFRS5
ii Entity entering the consolidation perimeter in 2021

- Companies removed from the scope of consolidation as of December 31, 2021

(None)

- Newly consolidated companies as of December 31, 2021

The subsidiaries Baobab Plus Nigeria and Baobab Plus DRC registered in 2020 are consolidated as of 2021

2.4 LIABILITIES RELATED TO MINORITY INTEREST BUY-OUT COMMITMENTS

Baobab S.A.S. has made commitments to minority shareholders of some of the Group's subsidiaries to buy back their interests. Baobab S.A.S. grants them options to sell their shares from a certain date, at prices determined according to calculation methods predefined at the time of acquisition of the subsidiary's shares, taking into account the future activity of the subsidiary. These buy-back commitments are conditional.

These commitments constitute put options granted to minority shareholders, which, in accordance with the provisions of IAS 32, result in the minority interests concerned being classified as debt and not as equity.

Put commitments entered into on or after January 1, 2010 are recognised as a liability at the fair market value of the strike price at the date of acquisition. Subsequent changes in this liability arising from changes in the estimated strike price of the options and the carrying amount of the minority interests are recognised in full in consolidated Reserves, Group share.
At the end of the commitment, if the buyout is not carried out, the entries previously recognised are reversed with an impact on equity. If the purchase is made, the amount recognised in financial debt is reversed by offsetting the cash outflow related to the purchase of the minority interest as defined by IFRS 3.

A swap option is the possibility for a minority shareholder to exchange the shares held in a subsidiary for newly issued shares of the holding company. The valuation of the newly issued shares of the holding company in the context of the contracts concluded by Baobab with its minority shareholders is based on the book value of the subsidiaries concerned. The Group considered that as such a transaction did not require the raising of funds outside the Group, the recognition of a financial debt in advance was not required.

During the year 2021, the put on the Baobab Côte d'Ivoire securities held by the African Development Bank was exercised. Also in December, the European Investment Bank sent a letter to exercise the equity swap it had previously entered into with Baobab Holding in respect of the shares it holds in Baobab Côte d'Ivoire. The transactions relating to this equity swap were finalised during the first quarter of 2022.*(cf see Note 9.2)*

2.5 ELIMINATION OF INTRA-GROUP TRANSACTIONS

Balances of gains and losses on transactions between Group entities, and intra-group transactions such as intra-group billing and provisions for impairment of consolidated investments, are eliminated.

2.6 MINORITY INTEREST

Stakes that do not grant control (minority interests) are presented separately in the consolidated net income, as well as in the consolidated balance sheet under equity. Losses are allocated to the Group and the minority interests in proportion to the equity held.

2.7 FOREIGN CURRENCY TRANSLATIONS

The accounts of foreign subsidiaries using another currency are translated at the closing exchange rate. Accordingly, all the monetary and non-monetary items recorded in Assets and Liabilities are translated at the closing exchange rate. The revenues and expenses are translated at the average exchange rate of the period.

The currency translation adjustments on items of the balance sheet and profit and loss account are recorded, for the Group's share, in the Other Comprehensive Income.

In the event of disposal, or partial disposal, of an investment in a foreign entity outside the Euro zone resulting in a change in the investment (loss of control, significant influence or joint control), the currency translation adjustment recorded in equity at the date of liquidation or disposal shall be reallocated to the profit and loss account.

In case change in the percentage of interest does not modify the nature of the investment, the currency translation adjustment is reallocated to the Group share and the minority interests, if the entity is fully consolidated.

The Group is exposed to foreign exchange sensitivity due to stakeholding in subsidiaries implemented in countries where the functional currency is different from the Group reporting currency (Nigeria, Madagascar, China, etc.).

2.8 BUSINESS COMBINATIONS AND GOODWILL VALUATION

Business combinations are recorded using the acquisition method. Accordingly, the assets, liabilities and contingent liabilities acquired and meeting the IFRS recognition criteria are recorded at market value at the acquisition date. Non-current assets and assets held for sale are recorded at market value net of the costs of disposal. The acquisition cost is equal to the market value, or its equivalent, at the date of exchange of the assets given, the liabilities representing a present obligation at the date of acquisition of control and whose market value can be reliably estimated, or the equity instruments issued to obtain control of the acquired company.
Costs directly related to the business combination are a separate transaction from the business combination and are recognised in profit or loss.
Goodwill is the difference between the acquisition cost and the acquirer's share in the fair market value of the assets, liabilities and contingent liabilities at the date of purchase. At this date, positive goodwill is recorded in Assets in the acquirer's accounts and negative goodwill is recorded as a loss. The value at stake is denominated in the currency of the purchased company and translated at the closing exchange rate. Changes in the market value of assets, liabilities and contingent liabilities of the Group share are recorded against the reserves.

If the Group raises its share in an entity over which it already exercises exclusive control, the difference between the price paid for the additional stake and the share acquired in the net equity of the entity at that date is recorded in consolidated reserves, Group share. Similarly, any reduction in the Group's stake in an entity over which it keeps sole control is recorded as an equity transaction in the accounts.

Goodwill is the difference between the acquisition cost of securities and the share of ownership in the equity of the entity whose securities were acquired.
Goodwill is subject to a periodic analysis based on the discounted future cash flows generated by the activities to which it is allocated corresponding to the most probable assumptions used by Group management.
This impairment test is based on assumptions in terms of growth rates, credit risk, discount rates and tax rates. The assumptions used are based on the five-year business plans of each subsidiary.
This assessment is performed annually or whenever an indication of risk of impairment is identified. However, actual results may differ from projections. An impairment loss is recorded when the valuation reveals a shortfall in the value of the intangible items assessed.

2.9 INTANGIBLE ASSETS

Intangible assets acquired separately are recognised at purchase cost.

Software and information systems that qualify as assets are recorded on the balance sheet for the value of the direct development costs, which mainly include external costs. After initial recognition, intangible assets are recognized at cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. The assets are depreciated over their estimated useful lives according to the straight-line method.

Software maintenance costs are recognised as an expense in the profit and loss account, when incurred. Expenses made to improve existing software or extend its service life are recognised as an additional acquisition or production cost.

2.10 TANGIBLE ASSETS

In accordance with the provisions of IAS 16, tangible assets are recorded at the acquisition cost, excluding maintenance expenses, after deducting accumulated depreciation and accumulated impairment losses. The costs incurred by replacing or renewing parts of the asset can be included, if the accounting criteria are met. Depreciation is calculated on the estimated useful life of assets, according to the straight-line method. Assessments are carried out on a regular basis to make sure that there is no major discrepancy between the book value and fair value of the assets.

Where an asset is made up of several components that can be replaced at regular intervals, have different uses and/or do not produce benefits simultaneously, each component is accounted for separately and each component is depreciated according to its own depreciation schedule.

Depreciable assets are tested for impairment when, at the balance sheet date, there is an indication that the asset may be impaired. If there is any indication of impairment, the new recoverable amount of the asset is compared with the net book value of the asset. If the event of an impairment loss, an impairment loss is recognised in the income statement. The impairment loss is reversed if there is a change in the estimate of the recoverable amount or if there is no indication of impairment.

The depreciation life of the Group's fixed assets is as follow:

Depreciable life of tangible assets	
Software and Information systems	3/5 years
Hardware	3/4 years
Office equipment and furniture	5/10 years
Fixtures, layout and renovation works	3/9 years
Vehicles	4/5 years

2.11 RIGHTS-OF-USE

Since January 1, 2019, the Group applies IFRS 16 standard "Leases".

According to IFRS 16, the definition of leases involves, on the one hand, the identification of an asset and, on the other hand, the lessee's control of the right to use that asset.

IFRS 16 requires the lessee to recognise leases in the balance sheet in the form of a right of use of the leased asset presented as an asset under property, plant and equipment and a lease liability. The lease liability is a financial liability that corresponds to the present value of the outstanding lease payments over the term of the lease.
The right of use is amortised on a straight-line basis and the lease liability is amortised actuarially using the group's incremental borrowing rate as the discount rate.

The main impact on the income statement is the replacement of rent previously recorded on a straight-line basis in general expenses by an increase in interest charges in net banking income due to lease liabilities, and an increase in depreciation charges due to right of use.
The charge for the lease liability is included in interest expense within the financial result, while the depreciation charge for the right of use is included in operating expenses.

Baobab's implementation of IFRS 16 focuses to a very large extent on property assets leased for operational purposes as offices and sales offices.

2.12 CURRENT AND DEFERRED TAX

Tax assets and liabilities (IAS 12) for the current and the previous financial years are determined on the basis of the amount the company can reasonably expect to pay or recover. The tax rates and rules used to calculate this amount are those in force at the closing date, or shortly coming into force.

Deferred taxes are recorded in the event of a timing difference between the book value of the assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable timing differences.

Deferred taxes are valued using the liability method. Deferred tax assets are recognised when the company is likely to recover such tax benefits. They are presented in the balance sheet under the items "Deferred tax assets" or "Liabilities" depending on whether the position is active or passive.

The income tax expense is determined for each subsidiary on the basis of the rules and rates of the operating country, over the relevant financial year. The tax rates in force in current operating subsidiaries are as follows:

Country	Tax rate
France	26,5%
Madagascar	20%
Senegal	30%
China	25%
Nigeria	30%
Ivory Coast (MicroFinance)	0%
Ivory Coast (ordinary tax rate)	25%
Mali	30%
Tunisia	15%
Burkina Faso	27.5%
Democratic Republic of Congo	30%

Baobab Ivory Coast is not subject to corporate income tax due to its microfinance activity, which grants it the status of an entity exempt from corporate income tax by the local tax authorities. However, the Baobab Plus Ivory Coast subsidiary, which markets non-financial products, is subject to the 25% standard tax rate.

Deferred tax assets and liabilities can offset each other if they originate in the same tax group, relate to the same tax authority and if there is a legal right to do so.

The impact of a change in tax rates is recorded in the consolidated statement or in equity depending on the item it is related to.

2.13 FINANCIAL INSTRUMENTS

Classification and measurement of financial assets and liabilities

IFRS 9 provides for the classification of financial assets into three categories (amortised cost, fair value through profit or loss and fair value through equity) based on the characteristics of their contractual flows and the way the entity manages its financial instruments (business model).

Business model

The Business Model reflects how the Entity manages its assets in order to generate cash flows. Judgment should be applied in assessing the business model.
The determination of the business model should take into account all the information on how the cash flows were collected in the past, as well as any other relevant information.
At Baobab Group, the business model under IFRS 9 is determined by management based on the actual circumstances prevailing at the time of the assessment. The main decision criteria are:

- The Group's business and risk strategy
- The state of the Group's performance and monitoring of the strategy's implementation as reported to the Baobab Group's Executive and Supervisory Boards
- In the case of portfolio disposals in the past, the frequency, volume and reasons for such transactions.

Financial Assets at Amortised Cost

Financial assets are classified at amortised cost if both of the following criteria are met: the business model consists of holding the instrument to collect the contractual cash flows ("collection") and the cash flows consist solely of principal and interest payments on the principal.

Assets at amortised cost are basic financial assets held in a collection model. The vast majority of the credits granted by the Group are classified in this category.

Upon initial recognition, financial assets are recognised at fair value, including transaction costs directly attributable to the transaction and commissions related to the provision of loans. They are subsequently measured at amortised cost, including accrued interest not due and net of principal repayments and interest payments made during the period. These financial assets are also initially subject to an impairment calculation for expected credit risk losses.
Interest is calculated using the effective interest rate method determined at the start of the contract.

Cash and cash equivalent

Cash and cash equivalents recognised in the balance sheet comprise cash at bank, cash in hand, deposits with central banks and short-term deposits with an original maturity of three months or less.

Offsetting financial assets and liabilities

Assets and liabilities are offset (so as to present a net balance) only in cases when the Group has a legal right to offset the recognised amounts, and intends either to settle the net amount, or to realise the assets and settle the liabilities simultaneously.
The conditions are not met for the Group to make such offsetting.

Derecognition of financial assets or liabilities

The Group derecognises all or part of a financial asset when the contractual rights to the cash flows of the asset expire or when the Group has transferred the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership of that asset. If all of these conditions are not met, the Group retains the asset on its balance sheet and recognises a liability representing the obligations arising on transfer of the asset. The Group derecognises all or part of a financial liability when all or part of the liability is extinguished.

Credit risk

IFRS 9 's model is based on the recognition of expected credit losses. As a result, impairment and provisions are recognized upon initial recognition of financial assets, funding commitments and financial guarantees without waiting for the occurrence of an event triggering an incurred credit risk.

Credit risk is the risk of impairment losses on account receivables carried by institutions, existing or potential due to given commitments, and resulting in the downgrading of the credit quality of debtors, up to their default. The measurement of this probability of default and the expected recovery in the event of default is the essential element for measuring credit quality.

The risk cost includes, in respect of credit risk, provisions and reversals of provisions for depreciation of loans and receivables on customers, losses on bad debts and recoveries on amortised receivables. It is recorded in the income statement under "Provision for customer loans and loan losses".

2.14 IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

The credit risk impairment model is based on expected losses. Financial assets at amortised cost are systematically subject to an impairment or provision for expected credit losses. These impairment and provisions are recorded as soon as the loans are granted or the commitments are concluded without waiting for the appearance of an objective indication of impairment.

To determine the amount of impairment or provisions to be recognized at each balance-sheet date, these assets and liabilities are divided into three categories based on the change in credit risk noted since their initial recognition. An impairment or provision for credit risk must be recorded in the outstanding amounts of each of these categories.

The Group identifies three "strata" each corresponding to a specific situation with respect to the change in the credit risk of the counterparty since the initial recognition of the asset.

- Expected credit losses at 12 months ("Stratum 1"): if, at the balance sheet date, the credit risk of the financial instrument has not increased significantly since its initial recognition, this instrument is subject to an impairment allowance for an amount equal to the expected credit losses at 12 months (resulting from default risks in the next 12 months).

- Credit losses at maturity for non-impaired assets ("Stratum 2"): the impairment provision is measured for an amount equal to the expected credit losses over the lifetime (at maturity) if the credit risk of the instrument has significantly increased since the initial recognition without the financial asset being considered impaired or doubtful.

- Expected credit losses at maturity for impaired or doubtful financial assets ("Stratum 3"): the impairment allowance is also measured for an amount equal to the credit losses expected at maturity.

This general model is applied to all instruments within the scope of impairment under IFRS 9, namely financial assets at amortised cost.

Definition of the default

The default for the purposes of ECL provisioning is defined as the past due generally of more than ninety days unless special circumstances show that the past due results from causes unrelated to the debtor's situation.

The definition of "default" is applied consistently to all financial instruments unless information becomes available that indicates that another definition of "default" is more appropriate for a specific financial instrument.

The notion of Expected Credit Loss "ECL"

The ECL is defined as the probable weighted expected value of the credit loss (principal and interest) discounted. It is the present value of the difference between the contractual cash flows and the expected cash flows (including principal and interest).
The ECL approach aims at anticipating as soon as possible the recognition of expected credit losses.

Governance and measurement of ECL

The governance of the IFRS 9 measurement system is based on the organization set up by the Group Finance Department, Data Department and Group Risk Department. They are responsible for defining the methodological framework and the supervision of the mechanism for provisioning the outstanding amounts.

The calculation formula integrates the parameters for probability of default, loss in case of default and exposure at the time of the default.

Expected credit losses for the next 12 months are a portion of expected lifetime credit losses, and represent cash flow shortfalls in the event of a default in the 12 months following the balance-sheet date (or a shorter period if the expected lifetime of the financial instrument is less than 12 months), weighted by the probability of default.

Expected credit losses are discounted at the nominal rate determined upon initial recognition of the financial instrument. The IFRS 9 parameters are measured and updated according to the methodologies defined by the Group and therefore allowing to establish a first reference level, or shared base, of provisioning.

The back-testing of the models and parameters used is done at least once a year.
In accordance with IFRS 9, these calculations are made based on an analysis at the balance-sheet date (Point in Time) while taking into account historical losses in the assessment of the parameters used. The calculated parameters are specific to the credit risk profiles of each entity in the Group. They are calculated on a collective basis.

Forward Looking factors

On December, 31st 2021, based on the analyses carried out, and the absence of correlation observed between the risk parameters and the macroeconomic environment of each country, the implementation of forward looking data was considered insignificant.
Specifically, an analysis of the evolution of default probabilities given GDP growth was carried out and this analysis did not reveal any correlation between the two parameters, nor with the evolution of the price of a barrel of oil in Nigeria. Despite these results showing no obvious correlation, other criteria are being considered depending on their availability and relevance to Baobab's markets.

In addition, it is difficult to find reliable databases for regular (monthly or quarterly) indicators in the geographical areas where the Group's subsidiaries are located. In this context, the standard states that application must be based on reasonable and supportable information and it is specified that "for the purposes of this standard, reasonable and supportable information is that which is reasonably available at the balance sheet date without incurring unreasonable cost or effort, including information about past events and current circumstances and forecasts of future economic conditions".

However, considering the resurgence of Covid cases during the fourth quarter of 2021, notably linked to a new highly contagious "Omicron" variant, as well as the increased risk of supply chain failure, notably from China, the Group anticipated a further deterioration of credit risk in its various subsidiaries by integrating a Forward looking stress (through expert judgement) which resulted in a 10% increase in the probability of default of Strate 1 credits.
This stress factor was not applied to China, which carried out in-depth analyses locally to assess an additional adhoc provision.

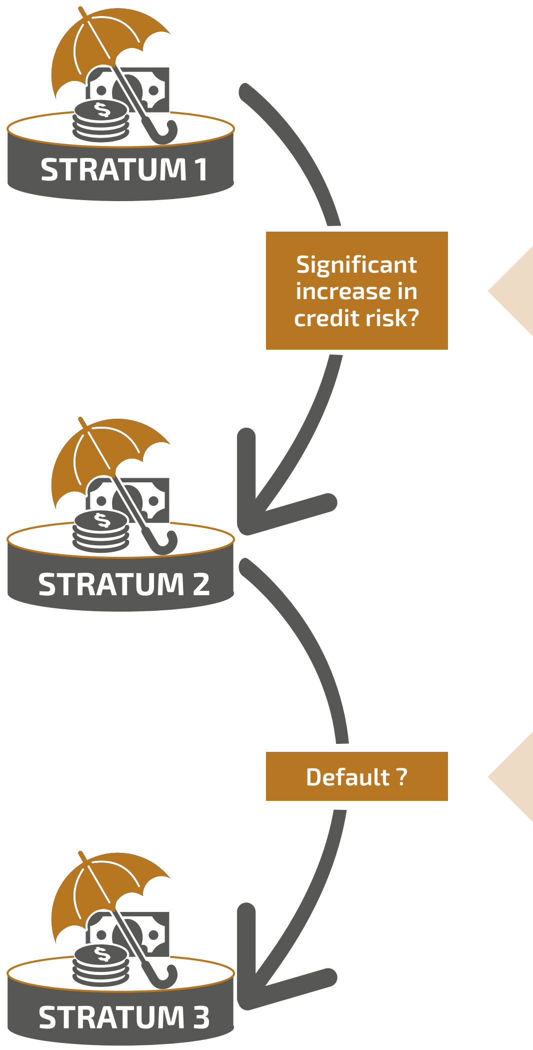
Significant deterioration in credit risk

All the Group entities must measure, for each financial instrument, the deterioration in the credit risk from the outset at each balance-sheet date based on the number of days past due. This measurement of the change in credit risk leads entities to classify their operations by risk class (Strata).

The Baobab Group retains the absolute threshold of more than 30 days past due as the ultimate threshold of significant deterioration and classification in Stratum 2 as a quantitative criterion. However, in addition to the number of days past due, qualitative criteria can also be considered by the Group to judge the deterioration in a credit (historical past due, taking into account the economic situation of the client...).

If the outstanding payments is settled, the impairment is reduced to losses expected at 12 months.

The measurement of the increase in credit risk is as follows in relation to these categories:
(cf see Table page 71)



Assessment of the increase in credit risk - Baobab Group's approach

- Assessment relative to the level of risk at the time of granting
- The significant increase in risk usually occurs prior to the loss.
- Assessment without considering account guarantees
- Assessing the significance of the increase in credit risk on a collective basis (IFRS9 B5.5.1-6)
- Failure to rebut the presumption of more than 30 days past due (IFRS9 B5.5.19-21)
- Consideration of reasonable and supportable information that can be obtained without unreasonable cost or effort (IFRS9 B5.5.15-18)

Identification of Defaulting Contracts - Baobab Group's Approach

- Definition of default used and linkage with regulatory requirements: Default from 90 days past due
- Differentiating technical defects
- Consideration of qualitative indicators

Non-recoverability

When a receivable is deemed unrecoverable, i.e. there is no more hope of recovering all or part of it, the amount deemed unrecoverable should be derecognised in the balance sheet and written-off.
The assessment of the period before the write-off is based on the expert judgement. Each entity must therefore determine it, with its Risk Department, according to the knowledge it has of its activity. Before any writing-off, a stratum 3 provision will have to be created (with the exception of assets at fair value through profit or loss).

For loans at amortized cost or at fair value through recyclable equity, the amount written off is recorded under Allocation for provisions on loans to customers and credit losses for the par value, and interest.

2.15 FEES FROM SERVICES

Revenues and expenditures derived from the provision of services are recorded in profit or loss according to the type of service provided:

- fees and commissions which are an integral part of the yield of a financial instrument are recognized as a yield adjustment of this instrument and integrated into the effective interest rate;
- if the result of a transaction involving the provision of services can be reliably estimated, the yield of the commissions charged for it are recognized under "commissions" by reference to the stage of completion of the transaction at the date of closing

a) fees and commissions collected or paid as remuneration for one-time services are recorded in profit or loss. Fees and commissions due to be paid or collected, and subject to the achievement of a performance condition, are recorded only if all the following requirements are met:

- the amount of the fee can be reliably estimated;
- the economic benefits associated with the transaction are likely to be collected by the company;
- the stage of completion of the transaction can be reliably determined, and the costs incurred for the provision of services and the completion of the transaction can be reliably estimated.

b) fees and commissions collected for the provision of on-going services are spread over the duration of the service provided.

2.16 DEBTS TO FINANCIAL INSTITUTIONS AND CLIENT DEPOSITS

Amounts due to financial institutions and client deposits are broken down according to their initial term and type: demand (demand deposits and current accounts), savings accounts and term debt. Accrued interest on these amounts is recorded as related payable through profit and loss.
Financial liabilities include borrowings and financial long-term debt. They are initially recorded at fair value, less directly attributable transaction costs.

2.17 PROVISIONS

Baobab records an allowance for risks and liabilities when the Group has a present obligation (legal or constructive) resulting from a past event, if it is likely that an outflow of resources will be required to settle the obligation and if the amount at stake can be reliably estimated. The net amount of the provision is presented as an expense in the profit and loss account, for its amount net of any repayment.

2.18 IFRIC 23

The Group has applied IFRIC 23 « Uncertainty about tax treatments » in preparing its consolidated financial statements. This standard results in the reclassification of provisions for uncertainties relating to income taxes to the heading « Current and deferred tax liabilities ».

2.19 OPERATING SUBSIDIES

Operating subsidies are recognised when there is reasonable assurance that they will be paid and that the company will comply with any conditions attached to the grant. A grant receivable as compensation for costs already incurred should be recognised as income on a systematic basis, and over the appropriate period to link it to the expense it is meant to cover.

2.20 STAFF BENEFITS

Group staff benefits fall into four categories:

- short-term benefits such as wages and annual leave;
- long-term benefits, such as paid leaves;
- termination benefits;
- post-employment benefits, in particular bonuses allocated upon retirement.

Short-term benefits
The company recognises an expense when the economic benefit arising from the employee's services is consumed in exchange for the benefits granted.

Long-term benefits
They are benefits granted to staff members upon termination of the work contract by the Group before the normal age of retirement, or upon an employee's decision to accept voluntary redundancy in exchange for those benefits.

Termination benefits
They are benefits granted to staff members upon termination of the work contract by the Group before the normal age of retirement, or upon an employee's decision to accept voluntary redundancy in exchange for those benefits.

Post-employment benefits
In France, this category refers in particular to supplemental retirement pension schemes and one-time retirement bonuses. The method used to calculate them is called

Projected Benefit Obligation (PBO): it consists in calculating the actuarial value of the benefits due to each employee upon retirement, and spreading this amount over the career of the employee.

The Company's aggregate commitments toward this participant (Total actuarial value of Future Benefits) are then calculated by multiplying the estimated benefit by an actuarial factor, considering the following:

- the probability of survival in the participant's business up to the age of payment of the benefit (death or mobility – departure from the company),
- the discounting of the benefit at the date of the valuation.

These aggregate commitments are then allocated to each of the financial years, past and future, resulting in an allocation of rights with the participant's plan.

Opening differences between commitments and recognised amounts have been recorded in equity.

At year-end 2021, provisions for post-employment benefits were recognized for an amount of KEUR 850 for the following entities:
- Baobab SAS
- Baobab Senegal
- Baobab Ivory Coast
- Baobab Mali
- Baobab Burkina Faso
- Baobab Services
- Baobab Plus entities

2.21 SEGMENT INFORMATION

The segment assets and liabilities include all components of the Group's consolidated balance sheet. Segment reporting is based on business lines (Baobab's business lines are specific groups of assets and operations, associated with the provision of products and financial services subject to various risks and generating various income) and on geographical criteria (each geographic segment operates within a specific economic environment and provides products and services subject to different risks and generating various income).

NOTE 3 - GOODWILL

	2 021	2 020
Goodwill at opening	89	89
Changes in minority interest	0	0
Goodwill at closing	**89**	**89**

	2 021	2 020
Goodwill on Microcred DRC	89	89
Goodwill at closing	**89**	**89**

Impairment tests were carried out based on 5-year business plans.

NOTE 4 - INTANGIBLE ASSETS

GROSS VALUE	Closing 2020	Acquisitions	Disposals	Other changes	Scope entry	Cur. Transl.	Closing 2021
Concessions, licences, patents, similar assets	3 922	1 679	(392)	298	0	80	5 587
Leasehold rights	676	683	0	(1 044)	0	323	638
Business and Goodwill	140	0		0			140
Other intangible assets	58	0		(27)	0	0	31
Assets in progress	1 282	2 017		0	0	0	3 299
TOTAL	**6 077**	**4 379**	**(392)**	**(774)**	**0**	**403**	**9 694**

DEPRECIATION	Closing 2020	Provisions	Disposals	Other changes	Scope entry	Cur. Transl.	Closing 2021
Concessions, licences, patents, similar assets	3 357	472		0		51	3 879
Leasehold rights	22	678		(877)		194	17
Business and Goodwill	0			0			0
Assets in progress	47	2				(27)	23
TOTAL	**3 426**	**1 152**	**0**	**(877)**	**0**	**218**	**3 920**

NET VALUE	Closing 2020	Closing 2021
Concessions, licences, patents, similar assets	565	1 708
Leasehold rights	654	621
Business	139	139
Other intangible assets	10	8
Assets in progress	1 282	3 299
TOTAL	**2 651**	**5 774**

The increase in "Concessions, licenses and other similar assets" relates to the following changes:
- Costs of finding a new investor for the subsidiary Baobab Plus for €0.4M spread over 3 years
- Software royalties for the Chinese entities which, since this year, have a computer system, including credit disbursements, for €0.4 M
- Software royalties at the Holding company level for €0.7M.

In addition, the Group has invested in the digitalization of its operations, resulting in the renewal of the IT tools necessary for the operational activity in necessary for the operational activity of the subsidiaries. The costs related to this digitalization, known as the "Digital Banking Platform", amounted to Banking Platform" amounted to €2M for year end 2021.

NOTE 5 - TANGIBLE ASSETS

GROSS VALUE	Closing 2020	Acquisitions	Disposals	Other changes	Scope entry	Cur. Transl	Closing 2021
Land	485	(42)					443
Office equipment and computers	9 061	1 479	(131)	(504)		144	10 049
Fixtures / layouts	16 023	1 171	(7)	(581)		235	16 841
Vehicles	5 606	1 163	(152)	(181)		98	6 533
Advances on fixed assets	15	402	0	0		6	423
Assets under construction	66	378	(2)	0		3	445
Rights of use	12 571	(7)					12 565
TOTAL	43 826	4 545	(292)	(1 266)	0	486	47 300

DEPRECIATION	Closing 2020	Acquisitions	Disposals	Other changes	Scope entry	Cur. Transl	Closing 2021
Office equipment and computers	6 133	1 476	(125)	(417)		91	7 158
Fixtures / layouts	9 249	1 635	(13)	(380)		195	10 686
Vehicles	2 982	1 078	(173)	(109)		68	3 846
Advances on fixed assets							
Assets under construction							
Rights of use	6 261	1 621					7 883
TOTAL	24 626	5 811	(312)	(906)	0	354	29 573

OFFICE EQUIPMENT AND COMPUTERS	Closing 2020	Closing 2021
Fixtures / layouts	485	443
Vehicles	2 928	2 891
Advances on fixed assets	6 773	6 155
Assets under construction	2 624	2 687
Rights of use	15	423
Total	66	445
Right-of-use	6 310	4 682
TOTAL	19 201	17 728

The tangible fixed assets consist of office equipment, computer equipment, vehicles fixtures and fittings. None of the Baobab Group's institutions has a building in its fixed assets, as all the subsidiaries rent their premises. In general, the increase in property, plant and equipment is explained by the needs related to the opening of new branches in 2021 and the renewal of the vehicle fleet in certain subsidiaries.

The rights of use recognized by the Group correspond mainly to rights relating to office and branches leases.

NOTE 6 - FINANCIAL ASSETS

	2020	Increase	Decrease	Scope entry	Cur. Transl	2021
Guarantees and deposits	1 215	66	(247)	0	15	1 049
Non-consolidated shares	181	(40)	0		15	157
Total	1 396	27	(247)	0	31	1 206

"Guarantees and deposits" are mainly security deposits required under lease terms.

NOTE 7 - DEFERRED TAX

The change in deferred tax assets for the year 2021 is as follows:

Closing 2019	Change in income	Change in OCI	Cur. Transl	Other change	Closing 2020
8840	829	(342)	(250)	(62)	9015
Closing 2020	**Change in income**	**Change in OCI**	**Cur. Transl**	**Other change**	**Closing 2021**
9 015	1 561	268		(245)	10 599

In accordance with IAS 12 "Income Taxes", deferred taxes have been recognised on tax losses, using the liability method. The carrying amount of the deferred tax assets is reviewed at each reporting date and is reduced if it is no longer probable that sufficient taxable income will be available to recover all or part of the asset. The deferred tax asset on tax losses has changed by approximately €1M between 2020 and 2021

Follow up of deffered taxes on losses

Closing 2018	Change in income	Change in OCI	Change in DTA recognition	Cur. Transl	Other change	Closing 2020
3492	967	(342)	0	0	(124)	3 993

Follow up of deffered taxes on losses

Closing 2020	Change in income	Change in OCI	Change in DTA recognition	Cur. Transl	Other change	Closing 2021
3 993	1 127		0	0	(100)	5 020

Given the nature of the Group's activity, its economic structure and the development prospects on the various markets, Baobab Group foresees enough taxable profits in the future to offset losses carried forward.

NOTE 8 – CURRENT ASSETS

8.1 INVENTORIES

Under IAS 2, inventories are assets held for sale in the ordinary course of business, assets in production for such a sale, or raw materials or supplies to be consumed in the production process.

Inventories as of December 31, 2021 amount to EUR 5 M and correspond to the goods relating to the "Baobab Plus" activity (solar lamps, tablets and telephones).

The cost of inventories shall include all acquisition costs, conversion costs and other

costs incurred in bringing the inventories to their present location and condition.
The acquisition costs of inventories include the purchase price, customs duties and other taxes (other than taxes subsequently recoverable by the entity from tax authorities), and transportation, handling and other costs directly attributable to the acquisition of the goods. Trade discounts, rebates and similar items are deducted from the acquisition costs.

An impairment loss is recognised if the net realizable value of the goods is less than the cost price recognised.

8.2 LOANS AND CLAIMS ON CLIENTS

		Loans to customers
2021	Gross portfolio	698 450
	Impairment	(15 093)
	Net portfolio	683 357
2 020	Gross portfolio	659 301
	Impairment	(28 296)
	Net portfolio	631 005

The average rate of provisioning applied to the outstanding portfolio amounts to 2.16 % at the end of 2021 against 4.30 % at the end of 2020.

The Group has introduced a maximum financial write-off date of 180 days for the 2021 closing, which has resulted in a writing-off of the portfolio beyond this threshold. This change leads to a mechanical decrease in the average provision rate.

The decrease is also explained by better control of the portfolio by operational staff and the Risk Department, as well as a decrease in the proportion of deferred loans in the Group's portfolio which have a higher probability of default than non-deferred loans, due in particular to a stress factor that has been applied to them.

The observation of provisions by "stratum" at December 31, 2020 and December 31, 2021 is as follow :

Provisions per stratum on 12/31/2020

Country	Stratum 1	Stratum 2	Stratum 3	Financial Assets Impairments 31/12/2020
Amounts in K€	5 339	3 002	19 955	28 296

Provisions per stratum on 12/31/2021

Country	Stratum 1	Stratum 2	Stratum 3	Financial Assets Impairments 31/12/2021
Amounts in K€	4 309	2 222	8 562	15 093

The analysis of the change in depreciation by stratum is as follows:

	Stratum 1	Stratum 2	Stratum 3	TOTAL
31/12/2019	3 112	2 745	47 011	52 868
New financial assets originated	4 565	3 371	16 780	24 716
Transfers	(1882)	(2 706)	(15 054)	(19 643)
Other variations (incl. Impact of Financial write off date alignment)			(27 847)	(27 847)
31/12/2020	5 339	3 002	19 955	28 296
New financial assets originated	4 653	3 035	5 215	12 902
Transfers	(5 683)	(3 815)	(16 608)	(26 106)
31/12/2021	4 309	2 222	8 562	15 093

In fiscal year 2021, the Group harmonized the financial write-off date of the portfolio at 180 days of arrears.

NOTE 9.1 – OTHER RECEIVABLES

	2021	2020
Advance payments to suppliers	1 112	1 385
Trade receivables	199	61
Receivables towards administration	4 132	3 879
Other receivables	21 837	14 115
Prepaid expenses	2 262	2 901
Total	29 541	22 341

Other receivables" primarily includes:
- trade receivables relating to the "Baobab Plus" business for approximately €13m
- A receivable of €1.1m from the former partner Money Express for Baobab Côte d'Ivoire. A provision for risk and expense of the same amount has been recorded in liabilities for this receivable. *(cf see Note 13)*
- Approximately €5 million corresponding to deposits on interest-bearing accounts made by subsidiaries to make their excess cash flow profitable, as well as pending reimbursements from insurance companies
- loans to staff and miscellaneous receivables.

Prepaid expenses include, mainly, the rent of premises for branches, which is payable in advance.

NOTE 9.2 – NON-CURRENT ASSETS HELD FOR SALE

An entity shall classify a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through perpetual use.
In order to make it happen, the asset (or disposal group) must be available for immediate sale in its present condition, subject only to those conditions that are usual and customary for the sale of such a kind of assets (or disposal groups) and its sale must be highly probable.
For the sale to be highly probable, management at an appropriate level must be committed to sell the asset (or disposal group), and has to be actively involved in a program to find a buyer and to finalise the plan. In addition, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale could be expected to qualify for recognition as a completed sale within one year from the date of its classification, and the actions necessary to finalise the plan must indicate that it is unlikely that significant changes will be made to the plan or that the plan will be withdrawn.
The Group's Supervisory Board has taken the decision during 2021 to divest from its subsidiary Baobab Tunisia as part of a change in strategic vision to focus Operations in Africa more specifically on Sub-Saharan Africa. For this reason, the data relating to this subsidiary has been reclassified as "Assets held for sale" in accordance with the application of IFRS 5 *(cf see Note 9.2)*.

For a better understanding of the performance of this subsidiary, the following is the balance sheet and income statement of Baobab Tunisia as on December 31st, 2021 if it had not been reclassified as an asset held for sale:

ASSETS	2021	2020
Cash and cash equivalents	10 075	16 244
Loans (gross outstanding)	25 559	29 966
Provisions on loans	(746)	(1 444)
Loans (net outstanding)	24 814	28 522
Other assets	(290)	217
Total assets	34 598	44 983

LIABILITIES	2021	2020
Amounts owed to credit institutions	29 885	37 124
Provisions for liabilities and charges	696	944
Other liabilities	1 666	2 538
Equity, Group share	1 557	2 913
Minority interests	795	1 463
Shareholders' equity	2 352	4 377
Total Liabilities	34 598	44 983

IN K€	2021	2020	Variation
Interest received and similar income	8 766	9 990	(1 224)
Interest paid and other similar expenses	(3 902)	(3 816)	(86)
Net interest income	**4 864**	**6 174**	**(1 310)**
Cost of risk	(2 463)	(2 367)	(96)
Net financial income	**2 401**	**3 807**	**(1 406)**
Other income	**383**	**(581)**	**964**
Operating income	**2 784**	**3 227**	**(442)**
Operating expenses	**(4 651)**	**(4 304)**	**(347)**
Profit before tax	**(1 866)**	**(1 077)**	**(789)**
Tax expenses	(180)	(115)	(65)
Profit after tax	**(2 047)**	**(1 193)**	**(854)**
Minority interests	**(677)**	**(394)**	**(282)**
PROFIT AFTER TAX, GROUP SHARE	(1 370)	(798)	(572)

NOTE 10 – CASH AND CASH EQUIVALENTS

	2021	2020
Petty cash and demand deposit	51 188	65 831
Short term deposit	40 127	39 975
Total	**91 316**	**105 807**
Overdraft	6 777	3 756
Cash and Cash equivalent	**84 538**	**102 050**

Following the gradual recovery of activities after the fall in the portfolio in 2020 in the Covid context, the subsidiaries have resumed a more sustained pace of loan disbursements in 2021, explaining the decline in the Group's overall cash position.
Group's overall cash position. It should be noted that the Group's cash level is more appropriate at the end of 2021, the abnormal increase at the end of 2020 being linked to the decline in disbursements in the Covid context.

Cash and cash equivalents recognized in the balance sheet include cash at bank, cash in hand, short-term deposits with a maturity of deposits with a maturity of less than three months and any monetary investments subject to an insignificant risk of change in negligible risk of change in value.

NOTE 11 – SHARE CAPITAL

The share capital of Baobab S.A.S. is EUR 77,807 K. The issue premium amounts to EUR 24,014 K.

The shareholding of Baobab S.A.S. breaks down as follows:

	2021			2020		
SHAREHOLDERS	Shares	Capital	%	Shares	Capital	%
AXA Group	3 128 639	26 656 004	34,26%	3 128 639	26 656 004	34,26%
BEI	1 105 744	9 420 939	12,11%	1 105 744	9 420 939	12,11%
Maj Invest	1 618 577	13 790 276		1 618 577	13 790 276	
DMP	927 452	7 901 891	10,16%	927 452	7 901 891	10,16%
MIFIF II	691 125	5 888 385	7,57%	691 125	5 888 385	7,57%
APIS	2 079 942	17 721 106	22,78%	2 079 942	17 721 106	22,78%
NMI	1 079 884	9 200 612	11,82%	1 079 884	9 200 612	11,82%
Autres	119 558	1 018 634	1,31%	119 558	1 018 634	1,31%
TOTAL	9 132 344	77 807 571	100%	9 132 344	77 807 571	100%

NOTE 12 – BORROWINGS

12.1 CLIENT DEPOSITS

	2021	2020
Demand deposits	117 195	102 729
Term deposits - Customers	134 645	116 258
Term deposits - Institutions	61 475	45 476
Compulsory deposits		
Total	313 315	264 463

12.2 DEBT TO CREDIT INSTITUTIONS

	2021	2020
Long term loans	194 368	215 463
Short term loans	98 703	88 987
Subordinated debt	10 073	18 302
Shareholder debt	7 532	0
Debts related to rights of use	4 594	6 206
Debts related to put options	0	4 060
Total	315 271	333 019

In general, subsidiaries have the possibility of refinancing themselves either with Baobab S.A.S., through advances to shareholders' current accounts within the limits granted by the Supervisory Board of Baobab S.A.S., or locally with financial institutions. Long-term and short-term borrowings include only refinancing from outside the Group.
All subscriptions and renewals of loans are for developing the operating subsidiaries.

. Debts on Put Options

This is the valuation of the amount that the Group would have to pay to acquire minority interests in some of its subsidiaries pursuant to the Group's commitment to acquire these shares under Put Options *(cf see Note 2.24)*.
On Decembre, 31st, 2021, the Group has no further commitments to third parties in respect of these minority buyouts.

. Debts on rights of use :

	2019	FTA IMPACT	Proceeds	Repayments	Reclassification	Other changes	2020
Long-term debts right-of-use	6 203	0	324	(2 468)	210	(245)	4 024
Short-term debts on right-of-use	2 733	0	17	(239)	(210)	(119)	2 182
Accrued interests on borrowings							0
RENTAL DEBTS (IFRS)	8 937	0	341	(2 708)	0	(364)	6 206

	2020	FTA IMPACT	Proceeds	Repayments	Reclassification	Other changes	2021
Long-term debts right-of-use	4 024	0	36	(1 931)	309	416	2 854
Short-term debts on right-of-use	2 182	0	5	(162)	(309)	24	1 740
Accrued interests on borrowings							0
RENTAL DEBTS (IFRS)	6 206	0	41	(2 093)	0	439	4 594

This is the consideration for the rights of use in the context of the application of IFRS 16.
(cf see Note 5)

NOTE 13 – CURRENT LIABILITIES

13.1 PROVISIONS

The "Provisions" item of €3.9M is mainly composed of:

- Provisions for various tax risks (excluding IFRIC23) for €1 million
- a provision for commercial risks and disputes of €1.7m
- provisions for HR-related risks and charges of €1.2m.

13.2 OTHER DEBTS

	2021	2020
Suppliers liabilities	6 873	6 734
Prepaid income	573	478
Social debts	5 349	4 656
Tax debts excluding corporate tax	4 887	4 702
Government, corporate tax	4 973	4 295
Other payables	8 906	9 369
Total	31 561	30 235

NOTE 14 – BREAKDOWN OF SOME ASSETS/ LIABILITIES IN THE BALANCE SHEET ACCORDING TO THEIR RESIDUAL TERM

The following table shows the two main aggregates on Baobab Group's balance sheet with a maturity of over one months.

BAOBAB GROUP	Contractual maturity in EUR 000						
31/12/2021	< 1M	1-3M	3-6M	6-12M	1-2Y	> 2Y	TOTAL
GROUP							
Cash	79 900	4 474		1 842	2 552		88 769
Loans to customers	100 242	146 976	187 210	211 573	65 697	7 006	718 705
Other assets	7 195	425	7 288	3 602	1 792	14 376	34 677
Assets	**187 337**	**151 876**	**194 497**	**217 017**	**70 041**	**21 382**	**842 150**
Due to costumers	132 865	25 932	29 791	61 926	33 922	26 256	310 692
Financial debts	7 409	17 035	39 210	90 692	70 808	92 305	317 460
Other liabilities	13 610	7 235	6 509	12 393	901	1 575	42 224
Liabilities	**153 885**	**50 202**	**75 515**	**165 002**	**105 631**	**120 137**	**670 376**
Maturity Gap	33 452	101 673	118987	52006	(35589)	(98 755	171 774

BAOBAB GROUP	Expected maturity in EUR 000						
31/12/2021	< 1M	1-3M	3-6M	6-12M	1-2Y	> 2Y	TOTAL
GROUP							
Cash	79 900	4 474		1 842	2 552		88 769
Loans to customers	34 716	69 433	104 149	208 298	277 731		694 326
Other assets	7 195	425	7 288	3 602	1 792	14 376	34 677
Assets	**121811**	**74 3332**	**111 437**	**213 743**	**282075**	**14 376**	**817773**
Due to costumers	49 675	46 923	45 465	65 646	68 676	25 174	301 559
Financial debts	7 409	17 035	39 210	90 692	70 808	92 305	317 460
Other liabilities	13 610	7 235	6 509	12 393	901	1 575	42 224
Liabilities	**70694**	**71193**	**71285**	**168631**	**140 385**	**119 055**	**661 243**
Maturity Gap	51 117	3 139	20 151	45 111	141690	(104 679)	156 529

The Group manages its liquidity in its various jurisdictions with a conservative approach, i.e. on the basis of stressed maturity. Nevertheless, liquidity remains in excess even with these stressed scenarios across all maturity dates.

NOTE 15 – HEADCOUNT AS OF 12/31/2021

	Commercial Officers	Other Employees	Total 2021	Total 2020
France		43	43	37
Services		79	79	46
Madagascar	323	382	705	564
Senegal	436	297	733	662
China	373	160	533	507
Nigeria	429	199	628	575
Ivory Coast	366	260	626	558
Mali	169	123	292	284
Tunisia	237	123	360	251
Zimbabwe				
Burkina Faso	123	82	205	137
DRC	127	92	219	152
Total	2 583	1 840	4 423	3 773

NOTE 16 – EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.
Below is the data on results and stock which was used to calculate the basic earnings per share, on all the activities:

	2021	2020
Net income attributable to ordinary shareholders of the parent company (KEUR)	14 411	1 070
"Weighted average number of ordinary shares outstanding during the year"	9 132 344	9 132 327
Total number of shares at the date of closing	9 132 344	9 132 344
Net income / Weighted average number of shares in Euros	1,58	0,12

NOTE 17 – SEGMENT INFORMATION

. Breakdown per activity 2021

ASSETS	2 021	Holding	Institutions
Loan portfolio (gross outstanding amount)	698 450	0	698 450
Provisions for loans	(15 093)	0	(15 093)
Loan portfolio (net outstanding amount)	683 357	0	683 357
Other assets	161 092	36 162	124 929
TOTAL ASSETS	844 449	36 162	808 287

LIABILITIES	2 021	Holding	Institutions
Debts to customers	313 315	0	313 315
Debts to credit institutions	315 271	41 612	273 658
Other liabilities and shareholders' equity	218 215	(5 450)	223 665
TOTAL LIABILITIES	846 801	36 162	810 639

IN KEUR	2021	Holding	Institutions	Baobab Plus
Interest received and similar income	158 874	3	152 352	6 519
Interest paid and similar expenses	(37 184)	(1 706)	(34 936)	(542)
NET INTEREST	121 690	(1 704)	117 416	5 978
Commissions	13 408	0	13 408	0
Other financial income	(796)	(117)	(609)	(70)
Financial expenses	(1 475)	(163)	(1 241)	(71)
Financial income	679	46	632	2
GROSS FINANCIAL INCOME	134 302	(1 821)	130 215	5 908
Cost of risk	(18 219)	(4)	(17 736)	(478)
NET FINANCIAL INCOME	116 084	(1 825)	112 479	5 430
Baobab Plus income	15 338		0	15 338
Other income	5 141	1 103	4 038	0
REVENUES FROM OTHER ACTIVITIES	20 478	1 103	4 038	15 338
TOTAL OPERATING INCOME	136 562	(722)	116 517	20 768
Payroll expenses	(51 986)	(9 789)	(38 160)	(4 037)
External expenses	(41 593)	7 179	(38 442)	(10 329)
Amortization and depreciation	(9 206)	(1 927)	(6 743)	(536)
Taxes and duties	(4 994)	(841)	(3 558)	(594)
TOTAL OPERATING EXPENSES	(107 779)	(5 378)	(86 904)	(15 497)
Income from assets held for sale	(2 050)		(2 050)	
PRE-TAX RESULT	26 733	(6 100)	27 563	5 271
Income tax	(5 938)	1 009	(6 733)	(215)
Deferred tax	*1 561*	*1 160*	*182*	*218*
Current tax	*(7 668)*	*(320)*	*(6 915)*	*(433)*
Tax credit	*169*	*169*	*0*	*0*
NET RESULT	20 795	(5 091)	20 830	5 056
MINORITY INTEREST	6 384	0	6 384	0
NET RESULT, GROUP SHARE	14 411	(5 110)	19 043	478

. Breakdown per activity 2020

ASSETS	2 020	Holding	Institutions
Loan portfolio (gross outstanding amount)	659 301	0	659 301
Provisions for loans	(28 296)	0	(28 296)
Loan portfolio (net outstanding amount)	631 005	0	631 005
Other assets	163 113	28 088	135 025
TOTAL ASSETS	794 118	28 088	766 030

LIABILITIES	2 020	Holding	Institutions
Debts to customers	264 463	0	264 463
Debts to credit institutions	333 019	34 352	298 667
Other liabilities and shareholders' equity	196 636	(6 264)	202 900
TOTAL LIABILITIES	794 118	28 088	766 030

IN KEUR	2021	Holding	Institutions	Baobab Plus
Interest received and similar income	157 378	0	157 377	1
Interest paid and similar expenses	(40 421)	(1 520)	(38 687)	(214)
NET INTEREST	116 957	(1 520)	118 690	(213)
Commissions	12 400	0	12 400	0
Other financial income	(3 335)	(272)	(2 963)	(101)
Financial expenses	(7 264)	(319)	(6 758)	(186)
Financial income	3 929	48	3 795	86
GROSS FINANCIAL INCOME	126 022	(1 791)	128 126	(314)
Cost of risk	(26 353)	(16)	(26 040)	(297)
NET FINANCIAL INCOME	99 669	(1 807)	102 087	(610)
Baobab Plus income	10 735		0	10 735
Other income	3 222	485	2 255	482
REVENUES FROM OTHER ACTIVITIES	13 957	485	2 255	11 217
TOTAL OPERATING INCOME	113 626	(1 322)	104 341	10 606
Payroll expenses	(48 180)	(8 959)	(37 389)	(1 832)
External expenses	(34 594)	7 644	(33 191)	(9 047)
Amortization and depreciation	(9 098)	(1 066)	(7 564)	(468)
Taxes and duties	(8 021)	(979)	(6 668)	(374)
TOTAL OPERATING EXPENSES	(99 893)	(3 360)	(84 813)	(11 721)
PRE-TAX RESULT	13 733	(4 681)	19 529	(1 114)
Income tax	(6 513)	1 049	(7 459)	(104)
Deferred tax	*829*	*1 018*	*(265)*	*76*
Current tax	*(7 433)*	*(60)*	*(7 194)*	*(180)*
Tax credit	*91*	*91*	*0*	*0*
NET RESULT	7 220	(3 632)	12 070	(1 218)
MINORITY INTEREST	6 150	0	6 150	0
NET RESULT, GROUP SHARE	1 070	(3 632)	5 920	(1 218)

. Geographical breakdown 2021

ASSETS	2 021	France	Africa	Asia
Loan portfolio (gross outstanding amount)	698 450	0	504 227	194 224
Provisions for loans	(15 093)	0	(13 101)	(1 992)
Loan portfolio (net outstanding amount)	683 357	0	491 126	192 231
Other assets	161 092	36 162	108 892	16 037
Non-current assets held for sale	2 352	0	2 352	0
TOTAL ASSETS	846 801	36 162	602 370	208 269

LIABILITIES	2 021	France	Africa	Asia
Debts to customers	313 315	0	313 315	0
Debts to credit insititutions	315 271	45 797	168 321	101 153
Other liabilities and shareholders' equity	218 215	(9 635)	120 734	107 116
TOTAL LIABILITIES	846 801	36 162	602 370	208 269

IN KEUR	2021	France	Africa	Asia	Subsidiaries
Interest received and similar income	158 874	3	121 851	37 020	158 871
Interest paid and similar expenses	(37 184)	(1 706)	(27 173)	(8 304)	(35 477)
NET INTEREST	**121 690**	**(1 704)**	**94 678**	**28 716**	**123 394**
Commissions	13 408	0	13 408	0	13 408
Other financial income	(796)	(117)	(777)	99	(679)
Financial expenses	*(1 475)*	*(163)*	*(1 033)*	*(279)*	*(1 312)*
Financial income	*679*	*46*	*256*	*378*	*633*
GROSS FINANCIAL INCOME	**134 302**	**(1 821)**	**107 308**	**28 815**	**136 123**
Cost of risk	(18 219)	(4)	(17 225)	(990)	(18 214)
NET FINANCIAL INCOME	**116 084**	**(1 825)**	**90 083**	**27 825**	**117 909**
Baobab Plus income	15 338		15 338		15 338
Other income	5 141	1 103	4 018	20	4 038
REVENUES FROM OTHER ACTIVITIES	**20 478**	**1 103**	**19 355**	**20**	**19 376**
TOTAL OPERATING INCOME	**136 562**	**(722)**	**109 439**	**27 845**	**137 284**
Payroll expenses	(51 986)	(9 789)	(31 691)	(10 507)	(42 198)
External expenses	(41 593)	7 179	(45 075)	(3 697)	(48 772)
Amortization and depreciation	(9 206)	(1 927)	(6 412)	(867)	(7 279)
Taxes and duties	(4 994)	(841)	(3 949)	(203)	(4 152)
TOTAL OPERATING EXPENSES	**(107 779)**	**(5 378)**	**(87 127)**	**(15 274)**	**(102 401)**
Income from assets held for sale	(2 050)		-2 050		(2 050
PRE-TAX RESULT	26 733	(6 100)	20 262	12 572	32 834
Income tax	(5 938)	1 009	(4 462)	(2 485)	(6 947)
Deferred tax	*1 561*	*1 160*	*405*	*(5)*	*400*
Current tax	*(7 668)*	*(320)*	*(4 867)*	*(2 481)*	*(7 348)*
Tax credit	*169*	*169*	*0*	*0*	*0*
NET RESULT	20 795	(5 091)	15 800	10 086	25 886
MINORITY INTEREST	6 384	0	3 526	2 858	6 384
NET RESULT, GROUP SHARE	14 411	(5 110)	12 493	7 028	19 521

. Geographical breakdown 2020

ASSETS	2 020	France	Africa	Asia
Loan portfolio (gross outstanding amount)	659 301	0	492 107	167 194
Provisions for loans	(28 296)	0	(25 572)	(2 724)
Loan portfolio (net outstanding amount)	631 005	0	466 535	164 470
Other assets	163 113	28 088	120 336	14 689
TOTAL ASSETS	794 118	28 088	586 871	179 159

LIABILITIES	2 020	France	Africa	Asia
Debts to customers	264 463	0	264 463	0
Debts to credit insititutions	333 019	34 352	220 303	78 363
Other liabilities and shareholders' equity	196 636	(6 264)	102 105	100 796
TOTAL LIABILITIES	794 118	28 088	586 871	179 159

IN KEUR	2 020	France	Africa	Asia	Subsidiaries
Interest received and similar income	157 378	0	120 699	36 679	157 378
Interest paid and similar expenses	(40 421)	(1 520)	(29 770)	(9 131)	(38 901)
NET INTEREST	**116 957**	**(1 520)**	**90 929**	**27 547**	**118 477**
Commissions	12 400	0	12 400	0	12 400
Other financial income	(3 335)	(272)	(3 598)	535	(3 064)
Financial expenses	(7 264)	(319)	(6 677)	(267)	(6 945)
Financial income	3 929	48	3 079	802	3 881
GROSS FINANCIAL INCOME	**126 022**	**(1 791)**	**99 731**	**28 082**	**127 813**
Cost of risk	(26 353)	(16)	(22 595)	(3 742)	(26 337)
NET FINANCIAL INCOME	**99 669**	**(1 807)**	**77 136**	**24 341**	**101 476**
Baobab Plus income	10 735		10 735		10 735
Other income	3 222	485	2 719	18	2 736
REVENUES FROM OTHER ACTIVITIES	**13 957**	**485**	**13 454**	**18**	**13 471**
TOTAL OPERATING INCOME	**113 626**	**(1 322)**	**90 590**	**24 358**	**114 948**
Payroll expenses	(48 180)	(8 959)	(30 157)	(9 064)	(39 221)
External expenses	(34 594)	7 644	(37 940)	(4 298)	(42 238)
Operating allowances	(9 098)	(1 066)	(7 079)	(953)	(8 032)
Taxes and duties	(8 021)	(979)	(6 845)	(197)	(7 042)
TOTAL OPERATING EXPENSES	**(99 893)**	**(3 360)**	**(82 022)**	**(14 512)**	**(96 533)**
PRE-TAX RESULT	13 733	(4 681)	8 568	9 847	18 414
Income tax	(6 513)	1 049	(4 054)	(3 508)	(7 562)
Deferred tax	*829*	*1 018*	*(441)*	*252*	*(189)*
Current tax	*(7 433)*	*(60)*	*(3 613)*	*(3 760)*	*(7 373)*
Tax credit	*91*	*91*	*0*	*0*	*0*
NET RESULT	7 220	(3 632)	4 514	6 338	10 852
MINORITY INTEREST	6 150	0	4 317	1 832	6 150
NET RESULT, GROUP SHARE	1 070	(3 632)	197	4 506	4 703

NOTE 18 – OPERATING INCOME

Operating income is mainly made of interests, fees and commissions on loans. The breakdown of operating income per institution is as follows :

• **Revenues derived from the lending activity**

Interest and similar income	2021	2020
Interest on loans	133 819	133 603
Commissions on loans	12 474	14 076
Fees, penaties and other income	12 580	9 698
TOTAL	158 874	157 378

• **Commissions**

COMMISSIONS	2021	2020
Total	13 408	12 400

These revenues are generated mainly by savings products, insurance on loans granted and commissions and fees collected on various transactions other than loans.
As they are not directly linked to the disbursement activity, they were relatively little impacted by the health and economic crisis which continued over the year 2021.

• **Other income**

IN KEUR	*2021*	*2020*
Grants	1 398	864
Miscelleanous icome	3 743	2 358
TOTAL	5 141	3 222

Subsidies are granted to Holding companies or directly to institutions with the aim of contributing to the financial inclusion of the targeted populations in the jurisdictions where the Group operates.

NOTE 19 – OTHER FINANCIAL INCOME

In 2021, other net financial income is as follows:

IN KEUR	2021	2020
Financial revenue	**679**	**3 929**
Gains on exchange	679	889
Net profit on disposal of marketable securities	0	692
Other financial revenues	0	2 348
Financial expenses	**(1 475)**	**(7 264)**
Exchange loss	(519)	(5 130)
Provisions on investments and other financial assets	0	(150)
Financial expenses on right-to-use	(438)	(498)
Other financial expenses	(518)	(1 486)
TOTAL	(796)	(3 335)

Financial income corresponds essentially to investment income earned by the subsidiaries with their cash surpluses.
Financial expenses on rights of use correspond to interest expenses calculated on financial debts estimated under IFRS 16 *(see 2.12)*.
The interest rates used are the marginal debt rates of each subsidiary.

NOTE 20 – COST OF RISK

Allowances for provisions / loan losses cover the charge for impairments made to value the credit risk on the loan portfolio.

IN KEUR	2021	2020
Net provision expenses	17 832	7 987
Financial write-off*	(44 652)	(41 861)
Recoveries	8 602	7 521
TOTAL	(18 219)	(26 353)

The increase in provisions is due to the portfolie increase between 2020 and 2021, leading to a mechanical increase in provisions. In addition, the Group has maintained stress factors linked to the context of Covid and the continuity risk in the supply chain.

NOTE 21 – OPERATING EXPENSES

IN KEUR	2021	2020
External expenses	**(46 587)**	**(42 615)**
Purchases and exernal expenses	(41 593)	(34 594)
Tax, duties and similar expenses	(4 994)	(8 021)
Payroll costs	**(51 986)**	**(48 180)**
Operating expenses	**(9 206)**	**(9 098)**
Provision expenses on depreciation of fixed assets	(7 412)	(7 484)
Provisions on current assets	(563)	(1 165)
Provisions for risk and liabilities	(709)	(25)
Provisions for pensions	(522)	(423)
TOTAL OPERATING EXPENSES	(107 779)	(99 893)

In 2020, due to the crisis, the management carried out cost control in order to preserve the Group's net position and prepare for resuming the activities at the end of the crisis.

The expenses at the end of 2021 are broken down into:

- 51,986 K€ of personnel expenses, +8% vs 2020 due to the resume of recruitment and the stop of partial unemployment measures; they are spread 63% over Africa, 19% over China and 17% over the holding companies.
- Purchases and external expenses increased by 20% vs 2020. This item includes :

• *Mission expenses, aimed at ensuring the proper development of the entities (participation in boards, control of information systems, etc.) and enabling the search for new investors for the Baobab Group.*
• *IT expenses mainly related to the maintenance of the current IT tool and the development of the loan management software.*
• *Fees for the Group's various service providers*

- The decrease in taxes and similar payments is mainly due to the reversal of provisions for tax risks.

NOTE 22 – RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATES

Tax expenses are the total of current income tax and deferred tax. For the financial year ending on December 31, 2021, the reconciliation between tax expenses and the product of accounting profit multiplied by French tax rate is as follows:

The theoretical tax rate is the standard tax rate on taxable profits in France On December 31st, 2021 is 26,5%.

	2021	2020
Pre-tax result	26 733	13 733
Theoretical amount of corporate tax	(7 084)	(3 845)
Tax rate differential in foreign subsidiaries	1 789	1 989
Impact of any rate change	(211)	(276)
Impact of permanent differences	(1 319)	(2 392)
Minimum tax rate	(67)	(173)
Provisions for tax risks	1 428	(1 243)
Tax credits and withholdings	(530)	(145)
Impacts of DTA recognition	101	(417)
Other restatements	(46)	(11)
TAX RECOGNISED	(5 938)	(6 513)
EFFECTIVE TAX RATE	22,21%	47,43%

NOTE 23 –RISK MANAGEMENT

1. General

Risk is inherent in the Group's business and is managed through a continuous process of identifying, monitoring and taking corrective action. This risk management process is essential to the continued profitability of the Group and each of its subsidiaries.

2. Risk management organisation

Risk management objectives within Baobab Group are multiple:

- Identifying the risk areas facing the institution and minimising losses;
- Protecting clients and minimising their financial risks; Protecting the interests of its shareholders and investors;
- Preserving its estate (assets);
- Maintaining and expanding its operational structure (including the branch network);
- Providing guidance in line with internationally accepted risk management principles
- Defining a risk management framework appropriate to the microfinance business and structure of the institution

The risk management organisation at Baobab follows the governance principles generally defined for financial services. It is based on the principle of three distinct and successive lines of defence.

The first line of defence is the team, person or department that is responsible for carrying out the tasks.

The second line of defence is the management that oversees the first line of defence and the permanent control structure. The latter provides risk management expertise to help develop strategies, policies and procedures to mitigate risks and implement risk control measures.
Historically represented by the Compliance function, this structure is now being strengthened within the institution's Risk teams.

The third line of defence is the Internal Audit department, which assesses and improves the effectiveness of risk management, control and governance processes through audits of risk control measures. Internal Audit departments are based at the national headquarters of each microfinance institution and report to both the Audit Committee of the subsidiaries and the Group Audit Department. The intervention of the audit teams is governed by an annual audit plan approved annually by the Boards of Directors of the subsidiaries and the Group.

3. Type of risks

The main risks faced by the Group are the following:

Credit risk

Credit risk is the risk that a debtor will default or that the economic situation of the debtor will deteriorate to the extent that the institution's claim on the debtor is devalued.
The Group manages and controls credit risk by:

- disseminating and strictly monitoring of operational procedures and rigorous acceptance criteria to limit the risk of client default
- requiring, where possible, guarantees from its clients in order to reduce losses on loans granted. These guarantees are often in cash (client deposits) but may also be in the form of securities (business assets, stocks, etc.), real estate (land title) or moral guarantees (sureties),
- setting up credit committees in each of the subsidiaries to rule on disbursement requests according to pre-defined levels of delegation and validated by the Risk Committees
- diversifying its portfolio across different geographical areas. As of December 31, 2020, the Group was investing in West Africa, Central Africa, the Maghreb, Madagascar and China.

Operational risk

Operational risk is the risk of loss that may result from inadequate or unapplied internal procedures of people, systems or external events. These risk events are internal or external fraud, customer relationship risks, personnel management problems, damage to physical assets, total or partial disruption of systems or processes and poor execution of certain processes whether internal or external to the financial institution.
The Group manages and controls operational risk through:

- the implementation of policies to describe the operation of control processes: fraud detection and prevention, subsidiary operational risk assessment, business continuity plan, access rights and authorisations
- training (initial training and regular updating of skills)
- support for audit teams in carrying out unannounced checks on branches or back office processes
- setting up teams dedicated to permanent control

IT and technology risk

IT and technology risks are common in microfinance institutions. The Group regularly analyses the risks related to hacking or password sharing, possible changes to data and the roles assigned to different users.
An access audit is conducted at least once a year for this purpose.
To mitigate potential information and technology risks, the Group ensures that its employees have appropriate technical support and IT skills. In addition, the Group ensures that it has an adequate data security policy in place.

Financial risk

Financial risk arises from the imbalance between the institution's uses and resources, both in terms of liquidity and cost (interest and exchange). It is broken up into two categories:

- Liquidity risk: the risk that the company will not be able to meet its payment obligations as they fall due under normal and stressed conditions. Most of the Baobab Group's subsidiaries are able to attract and secure third party financing in local currency, Euros or USD.

The Group manages and controls liquidity risk through:
• the implementation of liquidity management policies
• regular and frequent monitoring of liquidity aggregates, assessed at the level of individual microfinance institutions and on a consolidated basis at Group level.
• regular holding of ALCO committees

- Rate risk: the risk of unfavourable fluctuations in financing, interest and exchange rates. At the level of the subsidiaries, the exchange rate risk is minimal, as they refinance themselves locally, either by building up savings when their status allows it, or by taking on debt on the local banking market. At the Group level, the exchange rate risk arises from investments spread over countries whose currencies fluctuate strongly and rapidly.

  The Group manages and controls interest rate risk through:
  • natural hedging, i.e. by offsetting the local currency assets of the institutions, which are essentially the loan portfolio of the subsidiary, against the local currency liabilities.
  • Regular and frequent monitoring of interest rate and foreign exchange position aggregates, assessed at the level of the microfinance institutions and on a consolidated basis at Group level.
  • regular holding of ALCOs.

Legal and task risk
This risk includes, but is not limited to, exposure to fines, penalties or damages resulting from supervisory actions by authorities. It is divided into 3 categories:

- Regulatory risk: Non-compliance with local law or regulation.
- Litigation risk: Litigation with a counterparty resulting from any inaccuracy, deficiency or insufficiency of any kind that may be attributable to the institution in its operations and management.
- Tax risk: Unfavourable and unanticipated changes in the tax regulations applied to Baobab.

The Group manages and controls legal and tax risk through:
- continuous monitoring of the regulatory and legal environment, including through legal officers, compliance officers in all countries where the Group operates and with the assistance of consultancy firms where appropriate
- direct relations with regulators
- functional supervision at the Holding Company level through the establishment of a legal department and a compliance department headed by the Secretary General, who is thus the guarantor of all legal issues concerning the Group
- tax monitoring to prevent risks and anticipate new rules imposed on the Group in its various jurisdictions.

Strategical and reputational risk
Strategy risk can arise from poor market positioning, or from the launch of a product that is disconnected from the customers need, or from an inappropriate pricing, or from a lack of knowledge of the competition's strategy. It can also be the result of poor planning which generates a risk to the profitability or sustainability of the institution, poor management of its resources, or a management error or an external event which affects the image of an organisation.
This risk is mitigated by the presence of experienced management teams in the microfinance business, which allows for adaptation to market needs and local conditions; this also requires the preparation of robust business plans and their updating in line with market developments.
The Group also assesses its strategic risks by analysing its competitive and reputational risk, its liquidity and credit risk management, and by regularly and carefully monitoring its growth and cost control.

NOTE 24 –FEES PAID TO STATUTORY AUDITORS

The fees paid to auditors of Baobab Group can be broken down as follows:
- remuneration of audit services: these services consist of verifying the holding company's consolidated accounts and the subsidiaries' annual accounts;
- remuneration of other audit-related services: These services include those directly related to the audit engagement.

IN KEUR	2021	2020
Audit of Baobab S.A.S	**118**	**102**
Fees paid to statutory auditors	90	84
Non-audit services	28	18
Audit of subsidiaries	**434**	**370**
Fees paid to statutory auditors	413	365
Non-audit services	21	5
TOTAL	**552**	**472**

NOTE 25 –RELATED PARTIES

As of December 31, 2021, no material transaction has been recognised between the Group and related parties other than intra-group transactions eliminated in consolidation.

NOTE 26 –SIGNIFICANT POST-CLOSING EVENTS

At the beginning of 2022, the Group purchased the shares of the minority shareholder EIB (European Investment Bank) in its subsidiary Baobab Côte d'Ivoire, bringing its percentage of holding to 95.41%.
This transaction was carried out via the activation by the EIB of a securities swap concluded with Baobab SAS. Under the terms of this swap agreement, Baobab SAS had the possibility to acquire the EIB's shares in the capital of Baobab Côte d'Ivoire in exchange for newly issued securities of the latter's parent company, i.e. Baobab SAS.
This capital increase of Baobab SAS within the framework of this Swap was followed by a subscription of new shares in cash by the shareholders AXA and NMI through an anti-dilution mechanism. As a result of this operation, the share capital of the parent company increased from €77,807,571 to €84,176,143.

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