2023
Annual Report

baobab

Together
we flourish


TOLIARY

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Letter from the Chairman

"Growth is a major part of our strategy, but profitable growth, not growth at any cost"

Arnold Ekpe
Chairman of the Supervisory Board

The Baobab Group successfully navigated strong headwinds in 2023 in terms of inflation and liquidity, in large part due to its transformation over the past half decade. The group has successfully put in place a stronger and more robust governance and management process that takes into account the interests of its various stakeholders.

As a Group, we are increasingly focused on our core Africa franchise, where we see the opportunity for significant growth. As such, we are looking to exit businesses and countries that are not core to our strategy and business model of providing financial services to underbanked micro and small businesses in Sub-Saharan Africa.

The challenge ahead can be broadly considered in terms of three interrelated objectives. Firstly, leveraging the potential of technology; secondly, making our operating subsidiaries self-funding; and, thirdly, growing our market share as a whole in each of our markets.

Technology is a strategic lynchpin for the Baobab Group, as it provides an opportunity to reap the benefits of scale and efficiency through centralisation and digitalisation, while at the same time improving and localising the experience of our customers in our various markets. This approach fits in with the Group's omnichannel strategy. Simply put, our objective is to serve the customer through the channel that is most convenient for them, whether through branches, agents or digital channels.

Ultimately, all subsidiaries should be self-funding. Not only does this encourage a virtuous cycle of mobilising local deposits to provide capital for loans, but it also serves to partly insulate the Group from currency devaluation effects, a major concern in developing economies.

Africa remains largely an underbanked market, especially for small and medium-sized businesses. This creates significant additional room for growth, and our strategic objective is to be recognised as the leading and largest microfinance group in Africa. Therefore, growth is a major part of our strategy, but profitable growth, not growth at any cost.

I am grateful to all those whose hard work has made possible Baobab Group's achievements over the past year, including the management and employees both at Group level and at our subsidiaries, as well as my fellow members of the Board Supervisory. Last but not least, one of the Baobab Group's key strengths lies in the actively engaged shareholders who support its activities, and to whom I would also like to express my sincere appreciation.

Letter from the CEO

“ Lending was strong across all countries of operation, with Côte d’Ivoire and Senegal standing out especially”

Philip SIGWART
Chief Executive Officer

2023 featured several outstanding achievements for the Baobab Group, macroeconomic challenges notwithstanding. First and foremost, our core business on the African continent grew 18%. What’s more, the Group’s 12% growth in active customers put us next to half a million, a milestone we are very proud of because it speaks to the heart of what we do: meeting the needs of micro entrepreneurs and small businesses that fall in the gap between increasingly available nano-loans on digital platforms and the traditional offerings by commercial banks which cater to the needs of more established businesses.

Performances were strong across all subsidiaries in our core business which is small business lending on the African continent, with Côte d’Ivoire and Senegal standing out especially. Nigeria, affected by a sharp currency devaluation, was the sole exception, a reminder that we remain exposed to currency fluctuations. As part of a long-term strategy to mitigate liquidity and currency risk, the Baobab Group is building its savings business line, which delivered 10% growth in deposits for 2023. This solid result was consistent with last year’s performance, despite a widespread liquidity crunch due to inflation and political turmoil.

Challenges in 2023 included headwinds in China’s economy and the increased cost of financing in a high-interest rate environment. This necessarily affected the Baobab Group’s bottom line, as did the performance of Baobab+, our subsidiary offering pay-as-you-go solar kits. Here, a rapidly changing market is causing players to reorganize, and the Group is adjusting the business model to better align with the customer base of SMEs that we know best to ensure predictability and profits.

Taking a step back, our digital transformation is yielding results, as evidenced by the excellent growth of monthly transactions in 2023, which topped 100%, led by Senegal, Nigeria and Madagascar. This is very encouraging news as we continue to roll out multi-channel services via our branches, digital app and agency banking partners. Our aim is to give people more choices and increase productivity to further enhance our customer service even as we grow our customer base.

Because our employees are the key to achieving all these ambitions, we are committed to investing in our teams. Our Chief Operating Officer and Chief HR Officer are working hand in hand to ensure that talent at every level get the support they need to understand and use new tools effectively, and to encourage knowledge sharing across our subsidiaries.

Building on our achievements as one of the African continent’s leading micro and small business finance providers, we will continue our growth trajectory in 2024 and advance the digitalization of our back-end processes. In doing so, we look forward to the invaluable support of our Board, whom I would like to take this opportunity to thank for their service in 2023, as well as our teams – without whom our mission would be impossible.

Our Key Figures & Our Corporate Governance

Our History

From seedling idea to thriving ecosystem: How Baobab became a leader of digital financial inclusion

2005

The foundation

The Baobab story begins in 2005, with the foundation of Microcred, supported by Positive Planet (formerly PlaNet Finance) via its Chairman Jacques Attali, and co-founder Arnaud Ventura as well as shareholders AXA Group, the European Investment Bank (EIB) and the International Finance Corporation (IFC). We started with the belief that everyone deserves access to fair finance. And we set out to provide just that, with a range of fair financial services.

The vision

From Microcred's first loan in February of 2006 (funding a fruit and vegetable stand) to the launch of instant loans via our mobile app, the Group's vision has always been to fuel the ambitions of people, so that great ideas and communities can flourish.

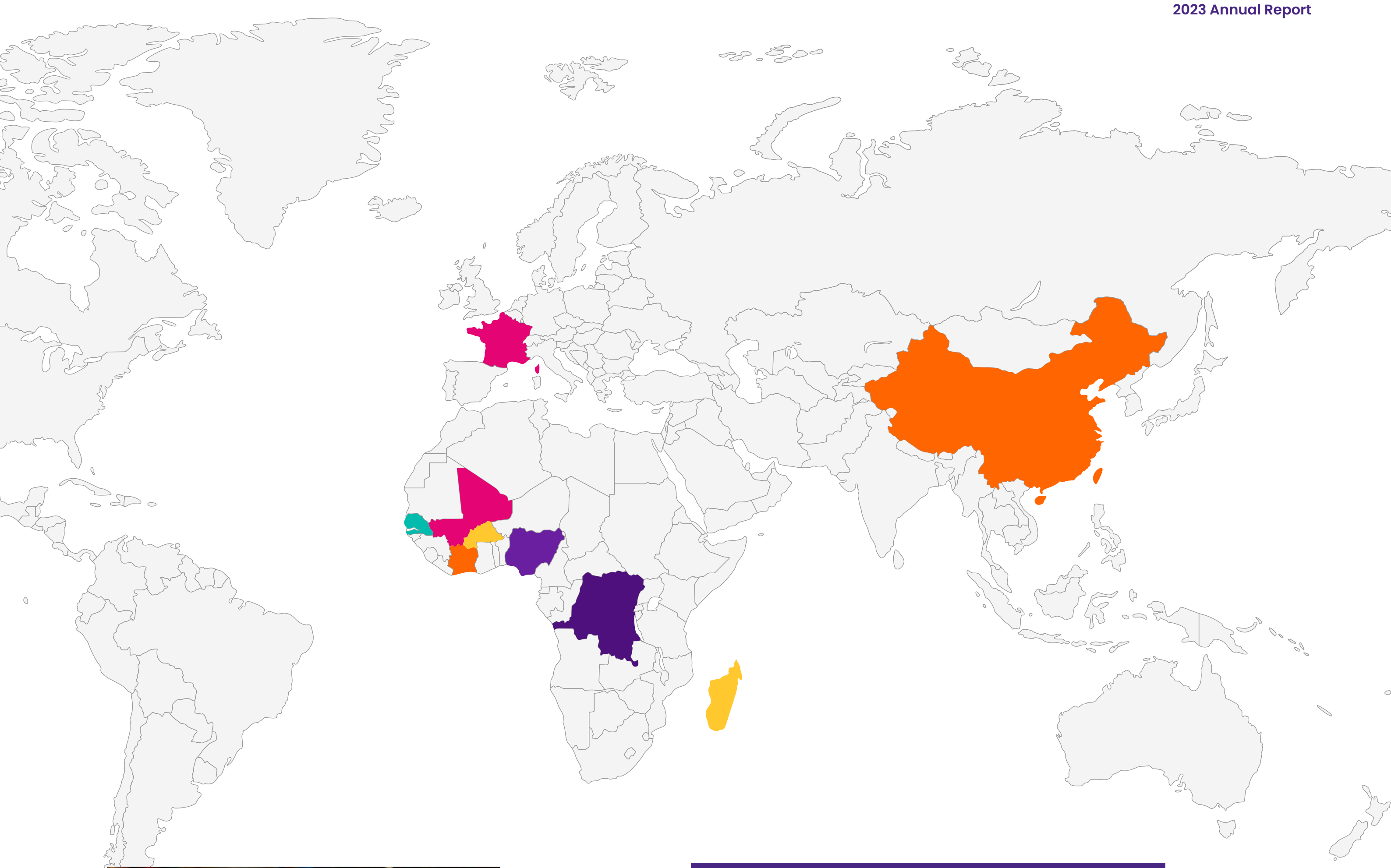
After starting operations in Mexico in February 2006 (exited 2010), the second country we offered loans in was Madagascar (November 2006). Since this landmark moment, the Baobab Group has never stopped growing and developing on the African continent.

2006

2007

Launched in China

We are also proud to have been the first Microcredit Company in China: in 2007, we launched operations in the province of Sichuan. Currently, the Group operates subsidiaries in Burkina Faso, China, Democratic Republic of Congo, Ivory Coast, Madagascar, Mali, Nigeria and Senegal.



2018

Microcred becomes Baobab

In 2018, we cemented this by taking the name Baobab. Strong and resilient, the African baobab — or 'tree of life' – thrives in harsh conditions, providing food, shelter and water to millions. Committed to supporting its customers beyond financial services, the Group founded Baobab+ in 2018 to offer non-financial solutions. Today, Baobab+ brings access to light and digital technologies—two drivers of economic development—within reach of rural populations.

Looking ahead

Moving ahead, Baobab is deepening its roots in the local communities it serves. We're combining the best aspects of automation and scaling with the intimacy born of our unparalleled network of field agents to connect people through trust, in life and in business.

And the best part is that by continuing to flourish itself, Baobab can extend its efforts to ever more entrepreneurs, supporting a virtuous circle of shared prosperity in the communities we serve.

2024

Baobab's Mission and Vision Statement

Our Mission

To empower small businesses in Africa

Our Vision

To become the leading financial services provider to small businesses in Africa.
We place the customer at the heart of our strategy and enhance financial inclusion to shape a brighter future

Our Values

Proximity
We are close to our customers and staff members, and easily accessible

Simplicity
We keep things simple, understandable and efficient

Commitment
We strive to establish a relationship of trust with our customers and employees

Transparency
We are committed to being transparent and accessible to our customers

Integrity
We are honest, respectful and fair

Our impact at a Glance

Baobab is a financial services group with operations in seven 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 to empower small businesses in Africa**. Our global range of products includes loans, savings solutions, transaction and daily banking services as well as innovative banking products like mobile payments, digital nano loans & also pay-go solar products via our subsidiary Baobab+.

loans

savings

insurance

payments

Operational outreach key figures

462,546
active customers

46%
women customers

33%
of customers are under 35

4,889
employees

1,214
total branches

Financial key figures

€834m
loan portfolio

€4,400
average loan amount

€369m
total deposits

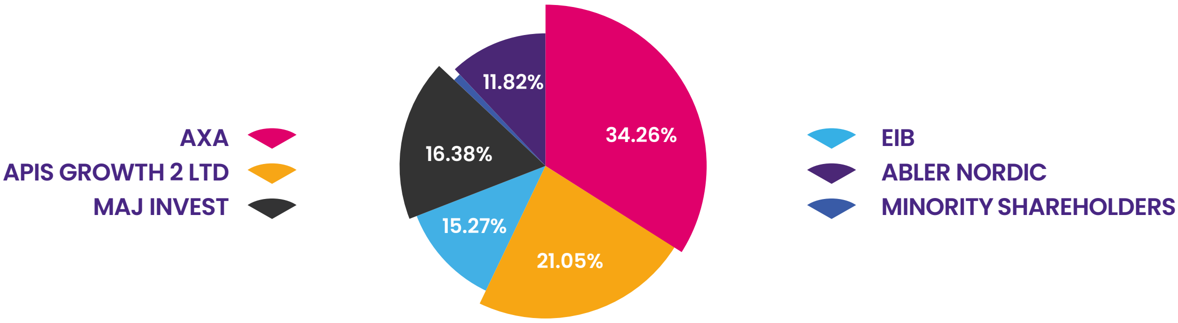
2.6%
portfolio at risk 30 days

Note:

m: amounts are in millions
€ : euro

* 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.

Our Governance



Social impact

1,860,000
Baobab+ beneficiaries since the launch

72%
of customers who were unbanked before they joined Baobab

€1.140bn
total loans disbursed in 2023

Burkina Faso | China | Côte d'Ivoire | France (HQ) | Madagascar | Mali | Nigeria | Democratic Republic of Congo | Senegal

Our Governance

Our Supervisory Board

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

Jean-Michel PIVETEAU
Vice chairman
Independant Director

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 - EIB Group Representative in Hungary

Nadia BOUGHARA
Member - Integrated Healthcare, Head of Synergies, Axa

Nick TALWAR
Chairman of the Strategy Committee - Senior Partner, K50 Ventures

Hossam A. MOUSSA
Member - Partner, Apis

Erick DECKER
Member - Chief Investment Officer, Southern Europe & Emerging Markets, AXA

Kasper SVARRER
Member - Managing partner, Maj Invest

Thomas KLUNGSØEYR
Chairman of the HR Committee - Investment Director, Abler Nordic

Executive Management Team

Philip SIGWART
Chief Executive Officer

Dr. Christina REIFSCHNEIDER
Group Chief Financial Officer

Hervé GUYON
General Counsel

Guillaume LESAY
Group Chief Risk Officer

Cécile CHAHID-NOURAI
Group Chief Operating Officer

Ruben DIEUDONNÉ
WAEMU Regional Director
Country Manager Baobab CI

Sarah TANC-WATTEEUW
Group HR Director

Emmanuel DECAMPS
Group Head of Credit Operations

Thibaud REROLLE
Group Chief Technology Officer

Mamadou CISSÉ
Country Manager
Baobab Senegal

Sandrine MAYINDOMBE
Country Manager Baobab
Democratic Republic of Congo

Hugues BONSHE
Country Manager
Baobab Madagascar

Marion BOUILLIE
Group Audit Director

Missa ADJE
Country Manager
Baobab Burkina Faso

Mor Talla Diop TINE
Country Manager
Baobab Mali

Eric NTUMBA
Country Manager
Baobab Nigeria

Bodo LIEBERAM
Country Manager Microcred China
CEO Baobab+

Review of 2023 Activities

Highlights 2023

In 2023, Baobab Group demonstrated the success of its focus on SubSaharan Africa, with strong financial performance in core markets despite major headwinds from inflation, currency effects and political turmoil. The Group also made strides on digitalisation, laying the groundwork for healthy future growth.

- During 2023, the Baobab Group significantly grew its client base, passing the milestone of **500,000 active customers**, while the **loan book grew to by 12%**.
- Risk ratios were outstanding, with Portfolio at Risk of 2.6%, beating expectations by 0.5 p.p. and reducing the Group's cost of risk.
- Savings deposits maintained growth levels of 10% despite severe inflation and liquidity issues in the countries where we operate.
- **Digital transactions doubled**, with Madagascar, Nigeria and Senegal leading the charge.
- The Group welcomed a new **Chief Technology Officer, Thibaud Rerolle**, who brings 30 years' experience in telecoms to this critical topic.
- Human Resources made great strides, including an in-depth update of our **Code of Ethics**, to be rolled out in 2024 in addition to **adjusting salary grids and benefits** to ensure fair and competitive remuneration.
- We published the first ever continuing education catalogue and made significant additions to our group online training platform. The Group also established **mandatory cybersecurity training** for all employees.
- Operations moved forward on digitalisation and automation with the launch of **CollectSmart By Principa**, a tool for tracking loan payment data and facilitating collections in two countries: Senegal and Madagascar.
- To further refine risk management, a risk apperite framework has been defined and implemented at group and subsidiary level.

- We continued our commitment to impact with an **active membership in Cerise-SPTF**. Via our partnership with industry leader Microfinanza, we conducted **impact assessments for three subsidiaries**: Côte d'Ivoire, Madagascar and Mali. Côte d'Ivoire and Mali further benefitted from Performance Summaries commissioned from 60 Decibels, as did Burkina Faso.
- Baobab+ underwent a significant overhaul of its organisation, including a shift away and associated FX risk.
- Baobab Group completed a minority shareholder buyout in Senegal, bringing ownership to 90%, consistent with our strategy of consolidation.
- And, last but not least, the Baobab Group signed a $50 million multi-country, multi-currency financing package with our longstanding partner IFC covering Burkina Faso, Côte d'Ivoire, DRC, Madagascar, Mali and Senegal.

A word from ...

Cécile CHAHID-NOURAI

Group Chief Operating Officer

“ Steering a course of continuous improvement in a changing market ”

Can you describe your role as Chief Operating Officer at the Baobab Group?

As a COO, my role is to ensure the proper functioning of credit, banking and marketing operations, as well as developing process efficiencies, including robotics and automation. This means that I have to step back from day-to-day operations and look ahead to prepare for the future, in order to execute on the projects required to continuously improve. It's both very hands-on—incidents, complaints, how much business we did—and strategic. Which is just right for me—I originally left management consulting to be more involved in field operations.

What is your central focus right now in preparing for the future?

Without a doubt, digital transformation, for two main reasons. First, we've seen it in Europe and we see it also in Africa: clients are very keen on digitalisation. Our markets are rapidly evolving, so it's critical that the Group adopt digital tools to meet their expectations. Second, digitalisation will allow our colleagues in the field to be more productive, automating information flows, eliminating cumbersome paper and reducing risk. Multichannel access and increased efficiencies ultimately make for a better client experience.

How are you working with other departments and with the Group's subsidiaries ?

Change management is key. There's a learning curve in implementing any new process or tool. So, the Project team, Human Resources, and the Operations of each country team up to deliver an end-to-end presentation of the new system or new product. The project team explains what's being delivered, what it replaces and what it can do. HR works with us to deliver the teaching materials and organise training. Then, Operations in each country take a lead on deployment, with strong champions who can advocate for the new systems or new product offerings. Also, an audit is performed after six months to make sure implementation is smooth. This is critical, as a tool that isn't used or a product that is not sold delivers no value.

Clients & Products

Our customers

As of December 31st, 2023, Baobab Group had more than **462,546 active customers**, mostly consisting of micro-entrepreneurs and small and medium-sized businesses, who receive little or no support from the formal financial sector. Baobab supports its customers with adapted and flexible financing offers.
At the end of 2023, the gross loan portfolio amounted to €834 million, with an average loan amount of €4,400. Most of the loan portfolio is for working capital financing of small businesses. Baobab primarily finances the trade sector (63%), followed by services (14%) and small scale manufacturing (7%). Additionally, 46% of our borrowers are women and 34% are under 35 years old.

Total savings collected reached **€369 million in 2023**.

Profile of our clients' activities

63%	14%	7%	7%	9%
Trade sector	Services sector	Agriculture	Small scale manufacturing	Other

Our Products and Services

Loans

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.

Insurance

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

Savings

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

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 allows secure loan repayment via mobile phone.

Call Center

Baobab has rolled out call centres in all countries to improve its customer service. These call centres centres gather suggestions, opinions and complaints from customers on every claim communication channel (calls, email, 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.

Account opening in the field and smartphone loan application

Baobab has developed an application for opening accounts in the field. This application allows sales staff or banking agents to open accounts for new customers anywhere in just five minutes. Using the application, employers collect customer information from their ID cards and fingerprints via a biometric identification system. After data collection, branch staff checks the information and confirms the opening of the account.

Banking Agents

The Baobab Group now operates networks of banking agents in four markets (Côte d'Ivoire, Madagascar, Senegal and DR Congo), with over 900 agents complementing the Baobab branch network in these countries. Customers can make deposits and withdrawals, open Baobab accounts, apply for loans, check their account balances, pay bills, obtain nano-loans, and transfer money through Baobab banking agents.

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 at 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.

A word from ...

Sarah TANC WATTEEUW

Group Human Resources Director

“ Meeting the challenge of moving forward together ”

Can you say a word about your strategic focus as Group Chief HR Officer?

To categorise broadly, I see four main areas. First, training—to continue promoting from within, we must ensure robust career paths by investing in quality training. Second is identifying future leaders and ensuring that succession plans are in place. Third comes performance management—how do we find the right combination of tools and incentives to promote excellence. Last is compensation—which must be competitive and equitable to attract and retain talent.

How did strategic priorities translate to action in 2023?

2023 focused on the human component of success. Notably, we convened all heads of learning together in person for the first time, to discuss on key topics and equip them to serve as advocates within their respective subsidiaries. Our initiatives were centred on onboarding, professional development, and management training (middle and senior managers). We achieved record content production for our on-demand learning platform, both new and revamped from other formats. The first Baobab Academy catalogue has also been published, yet another step in promoting learning at work as a key priority.

Any noteworthy changes within the human resources department?

Many! We are revising our toolset. On the software side, we've looked at new options, plus unused features of existing tools, consulting with subsidiaries to identify inefficiencies. Lightening administrative tasks like scheduling frees up bandwidth for interactions. In terms of processes, we conducted a high-level review of Baobab's leadership model and finalised a new Ethics Charter. Working with our subsidiaries, we adjusted performance reviews to better identify potential leaders for the 'New Generation' program and updated our salary tables in several countries to be competitive and equitable in order to attract and retain talent.

What about digital transformation?

When you alter employees' daily routines, there are consequences. Together with the CTO and COO, we distilled lessons from projects that launched well and poorly. We've worked on expectations by explaining why, how, and what changes are coming. We're developing on-demand training modules—currently for the Core Banking System. We also tested having local champions to promote the new systems on a day-to-day basis. It's critical that people get familiar with new tools and processes, and know what to look forward to, such as a better work-life balance thanks to productivity.

Baobab Academy: long-term scaling for our know-how and culture

Last year, we launched a group wide in-person training program to be held for the first time in April 2024. The course will bring together employees from all subsidiaries, from the branch network, the head offices and executive committee (one each). The curriculum will combine concrete skills development, fostering shared values, nurturing Baobab Group's corporate culture, and facilitating interpersonal connections. It will complement existing successful programs such as the middle manager program. For now, the inaugural cohort brings together a select group of our most promising and high-performing employees. However, as our organisation expands, we aim to build a broad curriculum with a significant in-person component to support career growth, mobility and engagement.

A word from ...

Dr. Christina REIFSCHNEIDER
Group Chief Financial Officer

" Deepening its roots, the Baobab Group keeps the cycle of growth in motion "

What broad conclusion can we draw from the 2023 results?

The biggest takeaway from 2023 is that the measures we took to build a strong and resilient company are working out. Despite major headwinds, including significant inflation, strongly reducing liquidity levels in several markets, a severe devaluation of Nigeria's currency, political tensions in Mali and Burkina Faso as well as election related disruptions in some countries, we made around 90% of the overall budget for core business in Africa. Among others, Baobab's strong balance sheet and relationships allowed us to tap sufficient funding for our impressive loan book growth in 2023, despite tightening credit conditions.

Any specific achievements you'd point to?

Many. We grew our deposit portfolio significantly, a strategic priority for Baobab Group. We also increased the number of active clients while maintaining a very good level of credit risk. Digital transactions doubled, gaining momentum. And lastly, we continued to consolidate our equity positions in subsidiaries, completing the buyout of minority shares in Baobab Senegal, to achieve a stake of 90%.

What about non-core business?

Our activities in China suffered from a sluggish economic environment and retroactive changes to tax regulations, leading to a tax repayment of 1.5 million euros. Baobab+ had a severe shortfall for multiple reasons : the Mali division had to be shut down due to security concerns in rural areas, leading to a significant impairment. Furthermore, currency effects, especially in Nigeria, caused additional losses. By addressing these problems, we will pave the way for a more robust operation going forward.

Can you share your expectations for 2024?

The year is off to a great start across the board. Currency fluctuations are an ongoing risk; however, geopolitical concerns are somewhat abated, and inflation is tapering. Baobab Group will continue its growth trajectory on customer base, loan book and deposits. On the digitalisation side, systems pre-launched in 2023 will roll out in 2024, leading to better customer service and efficiency gains.

Deepening its roots, the Baobab Group keeps the cycle of growth in motion

Maintaining a healthy balance sheet and earning stakeholders' trust are priorities the Baobab Group has focused on achieving in recent years. And, in the current climate of tight credit, this strategy is proving its worth. Despite the liquidity crunch, the Group can count on strong backing from investor partners and development agencies, as evidenced by the financing package in the amount of USD 47.5 million signed with longstanding partner IFC in July 2023. This multi-currency facility consists of six loan agreements extended under the IFC's 'Bottom of the Pyramid' (BOP) platform to support activity and resilience in Senegal, Mali, DRC, Burkina Faso, Côte d'Ivoire, and Madagascar. This ensures the Baobab Group's subsidiaries in these countries can continue scaling to meet demand, providing loans to underbanked small businesses.

Outlook 2024: Focus yields its dividend of growth and stability

In 2024, we will continue our growth trajectory, reaching more MSME customers in all our countries while developing our deposit platform. We will also roll out additional new digital infrastructure, enhancing productivity and reducing risk. Naturally, this will be paired with training and support to ensure we're ready!

Technology will be putting in a star turn in 2024 as we prepare to roll out our loan repayment tool, CollectSmart By Principa, across all remaining markets (Burkina Faso, Côte d'Ivoire, Democratic Republic of the Congo, Mali, Nigeria). The Group's new Loan Origination System (LOS) will be launched in Nigeria, followed by additional countries.

Obviously, changes of such magnitude demand that we protect our most precious resource, our teams. To provide support effectively, we will be building on previous work by our local champions, explaining the advantages of new tools and providing comprehensive training to limit frustration. Middle management plays a crucial role in implementing procedural changes, and we aim to train 100% of the newcomers in the coming year, especially as the new Code of Ethics will also enter into force. In April 2024, we will welcome our first cohort to the new Baobab Academy, which brings together high-potential employees from every level and geography to share knowledge, training and culture.

COO Cécile Chahid-Nourai will drive operational excellence as these transformations take place over the coming year, working closely with Human Resources, Risk Management and Technology to push the needle on precision and productivity: the right people, with the right tools, and the resources to use them.

The risk management department will continue strengthening governance processes, with a dedicated risk committee meeting monthly at all subsidiaries. 2024 will also be the year we formally adopt risk-appetite targets at the subsidiary level, based on our newly established KPIs.
To be sure we fulfill our mission of serving underbanked micro-enterprises in Sub-Saharan Africa and their owners, we will continue our partnership with MicroFinanza, analysing our impact on the lives of our customers. Many subsidiaries are also gearing up to take action locally on issues such as financial literacy, women in business and more.
Related to our work on impact, the Group is preparing to issue a Green Bond in Senegal during Q3 2024. Total issue is expected to be 20 billion XOF (€30 million). While no acquisitions are currently scheduled, the Baobab Group remains open to possible investments in countries adjacent to current subsidiaries.

We expect liquidity to remain tight across the region, although inflation should pursue its cooling. Political tensions in Mali and elsewhere is likely to extend into 2024, but the Group's business is broadly resilient to such turbulence. We expect to continue growing, while improving profitability thanks to scale effects, risk management, and a focus on core business.

A word from ...

Guillaume LESAY
Group Chief Risk Officer

“ Futureproofing our risk reduction with digital tools and human know-how ”

What stands out for you about 2023?

I'm pleased that the Group delivered excellent results in credit risk and portfolio quality in 2023, with much below-expectation losses. It was also the year I filled out my team at group level. I now have experts covering fraud, operational risk, ESMEs and portfolio risk (financial and IT risk are jointly handled with their departments). Governance was strengthened, with gradual implementation of dedicated monthly risk management committees and enterprise risk appetite dashboards at subsidiary level. This is an important step, as external stakeholders increasingly expect leading microfinance companies to have rigorous risk management frameworks.

The Group now has a COO, have you coordinated with her on operational risk?

Absolutely. While risk management can point out problems, it usually resides with operational teams to actually fix them. That's why the shared understanding and constructive collaboration we have with Cecile Chahid-Nourai are essential.

What are the main projects underway at Group level?

Digitalisation is a major transformation to improve client services, reduce inefficiencies, and enhance controls. So far, we've focused on getting individual pieces, like the CollectSmart arrears management system, up and running. Next, our new origination workflow will completely transform the way we engage with our customers. As data collection improves, we are preparing to formalise controls with key indicators and thresholds. This will allow us to track risk levels and define risk appetites at all levels of the institutions.

What's in store ahead?

Mainly, we'll seek to maintain or improve the quality of our client portfolio. We should also start seeing the impact of our operational risk strategy in 2024 and be able to identify areas where processes must be improved. Finally, we'll also be carefully watching geopolitical trends to help prepare our institutions to adapt to our volatile environment.

Operationalising digital data capture to improve loan collections

CollectSmart is a digital tool designed by Baobab Group to guide and track the arrears management process. Expediting the payment of overdue loans and reducing write-offs with a lower burden on teams has both risk-management and operational upsides. CollectSmart identifies customers with arrears and provides nudges for employees, who then log their actions, specifying the date and channel of communications using an interface developed with Operations' input. Data collection on payments, combined with channel and frequency of actions, provides insights on the most effective outreach for each market. Supported by extensive training of users, Madagascar rolled out the tool in 2023. Senegal and Nigeria are next, in early 2024, with the remaining subsidiaries following throughout the year.

Our Impact


Retrouvez-nous en Zone UEMOA ;
et bien au-delà :
Baobab Burkina
Baobab Côte d'Ivoire
Baobab Mali
Baobab Banque Madagascar
Baobab Nigéria
Baobab RD Congo

Our Impact Figures

72%
of customers who were unbanked before they joined Baobab

46%
women customers

€1.140 bn
total loans disbursed in 2023

1,860,000
Baobab+ beneficiaries since the launch

A short word from ...

Hervé Guyon
General Counsel Baobab Group

&

Bianca Le Thanh
General Counsel Microcred China

The word "impact" conjures images of spectacular, sudden, change. When it comes to the reality of social and environmental impact, however, nothing could be further from the truth. Successful impact is a process of accretion: lasting achievements take time to build. Furthermore, reliably measuring progress is a science in its own right.

In the past three years, the Baobab Group has focused on understanding and measuring impact in its activities, joining leading micro-finance industry groups Cerise-SPTF and the European Microfinance Platform (e-MFP) as well as commissioning impact assessments from trusted providers 60-Decibel and MicroFinanza. In 2023, we continued these partnerships, with impact assessments (MFR) conducted for Madagascar, Côte d'Ivoire and Mali. The latter two subsidiaries also benefitted from Summary Performance Reports (60dB), as did Burkina Faso. Based on customer surveys that are analysed against broader country data, these reports serve both to point out areas of strength and identify areas for further attention.

By illustrating for our talent, with metrics, how valuable their work is, impact reporting helps galvanise teams to engage and improve.

Just as "impact" can be misleading as to its pace, the word can also suggest a purely external force. This is far from being the case. Impact consists of long-term positive outcomes that result from local interactions. This is why in 2023, the Baobab Group also focused on encouraging each subsidiary to explore and undertake impact initiatives suited to their specific community. The result has been a wealth of projects to promote health and gender equality, reduce carbon emissions and more.

Our Social Performance Management (SPM)

Striving to uphold microfinance industry standards & best practices

Since day one, Baobab has been committed to upholding responsible financial inclusion practices in the microfinance industry, and following the latest standards as set out in the Client Protection Pathway (CPP), and the Universal Standards for Social and Environmental Performance Management (USSEPM) managed by Cerise - SPTF (https://cerise-sptf.org/).

All Baobab subsidiaries formally adhere to the CPP, and endeavour to be continuously active on the Cerise-SPTF list of Financial Service Providers committed to Client Protection.

Aligned with its commitment to those standards, Baobab strives to integrate equally the 5 key pillars of SPM: clients, highest governance (board members and shareholders), staff, environment, and community. To promote social performance in every step of its operations, each Baobab subsidiary integrates a system of Environmental & Social policies and a framework, with an SPM Coordinator as a focal local SPM point.

The Supervisory Board has set up an ESG Committee in order to monitor the implementation of the standards of SPM practice, to oversee SPM-related actions and reporting, and to advise the Supervisory Board on all SPM matters.

Since 2017, Baobab subsidiaries conduct annual SPI self-assessments to evaluate and monitor their SPM progress and achievements. SPI5 is an industry recognised tool that helps microfinance institutions assess and monitor their level of implementation of the USEPM and CPP.

Since 2021, Baobab has continuously measured the social impact of its operations via Social Rating and/ or Impact Assessments performed by third party partners. In total, 7 Social Ratings and 9 Impact Assessments were performed in the past 3 years, and each Baobab subsidiary has received at least one.

In 2023, Baobab Ivory Coast, Baobab Mali, and Baobab Madagascar each received a Social Rating and a Social Impact Assessment performed by Microfinanza. Baobab Ivory Coast and Baobab Madagascar both scored sBB+, while Baobab Mali scored sBB in their respective Social Ratings. These scores reflect "adequate social performance management and client protection systems, and satisfactory alignment to the social mission" (according to Microfinanza score scale). All 3 achieved an overall impact score score of 4/5, which reflects "high probability of making a positive impact on the lives of the clients, and good alignment of impact results with the mission and theory of change" (according to Microfinanza score scale).

In 2023, in the newly updated SPI5 tool, the environmental dimension has been given greater weight, reflecting the microfinance industry's increased attention to environmental impact alongside social impact.

At the same time, Baobab will continue to measure the impact of its activities, to improve weaknesses identified, and adjust its SPM standards and practices to follow the evolution of microfinance industry standards.

Our Subsidiaries


Hello!
N730,315

A moment with the Regional Manager for WAEMU and Managing Director for Baobab Ivory Coast

How do you see your role as Regional Manager for WAEMU?

I'm basically a moderator. There's both a spirit of healthy competition among our four countries—Côte d'Ivoire, Senegal, Mali and Burkina Faso—and great cooperation. My task is to channel this energy, making sure that best practices are shared and encouraging our teams to outdo themselves. We meet twice a week, and I've known most of the management for over a decade, so we're very close. I also have a longstanding operational role as country manager for Ivory Coast which gives me direct insight into what's working or not.

What word would you say best characterises 2023 and why?

Exceptional. That's the word. Exceptional performance, exceptional people. To me, what distinguishes Baobab Group from the competition is the quality of customer service provided by our teams on the ground. Our employees are incredibly committed to their work and the proof is in the numbers. Of course, our governance and processes are factors, but nothing is possible without people.

Does the Group's model support this people-centric approach?

As I said, our governance and processes are critical. There's a strong balance between subsidiaries' autonomy and standardised practices with oversight and accountability. The Baobab Group has a lot of internal promotion, so we don't just pay lip service to bottom-up change—management actually has the insights to implement new ideas.

This also means that training is critical, because people learn on the job as they move up. Also, our customer focus is quite singular in the microfinance world, so the Group is developing in-house training taught by experienced talent to carry our success forward.

Digital transformation is a Group-wide project, how do you see its place?

Digitalisation needs to serve the aims of the business, not be an end in itself, but it is essential. For one, it facilitates life for customers, they can perform transactions at a distance. It also frees up our employees' time so they can focus on bringing more value to customer relationships. And lastly, we're already seeing how digital tools can improve our oversight and control to help limit credit risk, although the core of our KYC is and will remain very much a human endeavour.

And are your ambitions for the year to come? Any challenges?

We're not reinventing the wheel. It will be tough to match our 2023 growth of over 20%, but I'm confident. We have years of growth left in our current countries, though we're always on the lookout for new opportunities. We're also migrating back-end systems to a new consolidated platform which will enable us to scale up the savings side of the business.

“Growing through continuity, emulation and change”

Ruben DIEUDONNÉ
WAEMU Regional Director & Country Manager Baobab CI

Baobab Banque 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 2023, Baobab Bank Madagascar provided financing to 58,102 active customers. It has a country-wide presence with 37 branches and 284 banking agents.

Human capital key figures

58,102
active customers

837
employees

37
total branches

Note :
m : amounts are in millions
€ : euro

Financial key figures

€56m
loan portfolio

€52m
total deposits

€2,135
average loan amount

12.35%
portfolio at risk 30 days

A word from ...

Nadia

CEO of a private university,
Baobab client since 2015

“ Baobab’s attractive offer, its proximity, fast processing of applications, and excellent quality of service make Baobab the loyal partner for my institution ”

Well-known in the country, Nadia is the CEO of UPRIM, a private university in Madagascar. This cosmopolitan institution has branches in Tamatave and Majunga and targets middle-class students seeking affordable education.

At 37, Nadia is passionate about her work, married, and a mother of two; she is a very ambitious woman. In fact, she won the Young Women Entrepreneurs Trophy in Zimbabwe at the African Awards Women event in 2015, the same year she also started working with Baobab.

Nadia’s strength in managing this family business lies mainly in coordinating the entire team, both in education and administration. Baobab joins the UPRIM family as a partner to provide financial means, especially for the acquisition of educational equipment.

The collaboration began in 2015, and for Nadia, “Baobab is now an integral part of UPRIM’s development.” It started with opening a current account, savings account, investments, and gradually evolved into obtaining loans.

In 2022, UPRIM celebrated its 15th anniversary, and Nadia is already considering opening other branches and new courses with Baobab’s support. “Baobab’s attractive offer, its proximity, fast processing of applications, and excellent quality of service make Baobab the loyal partner of my institution” says Nadia.

Baobab Madagascar Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	9,702	10,935
Net loan portfolio	61,502	52,332
Other assets	5,702	3,957
TOTAL ASSETS	**76,906**	**67,223**
LIABILITIES		
Clients liabilities	55,642	53,692
Borrowings	5,828	432
Other liabilities	4,598	2,578
TOTAL LIABILITIES	**66,068**	**56,702**
EQUITY		
Total Equity	10,838	10,521
TOTAL EQUITY AND LIABILITIES	**76,906**	**67,223**

Income Statement

IN K€	2023	2022
Interest and similar income	17,383	15,197
Interest and similar expense	4844	5,030
Net Interest Income	**12,539**	**10,166**
Loan loss provision	2,532	772
Net interest income after allowances	**10,007**	**9,394**
Net other financial income	2,022	1,635
Operating income	**12,029**	**11,029**
Operating expenses	10,241	9,796
Operating result	**1,788**	**1,233**
Net non-operating income	404	853
Income Taxes	505	587
PROFIT FOR THE YEAR	**1,687**	**1,500**

Ampela, an initiative of Baobab Banque Madagascar

Baobab Banque wanted to put Malagasy women, the backbone of the Big Island's economy, at the heart of its mission to transform Madagascar's socio-economy. Through the AMPELA project, which means "woman" in the Malagasy language, Baobab Banque Madagascar supports the empowerment of women and promotes gender equality in the entrepreneurial environment, in line with its values of financial inclusion.

Women at Baobab Banque

Today, 51% of Baobab Banque customers are women, i.e. over 155,000 female customers. However, the average amount of credit granted to women is much lower than that granted to men. This is a major obstacle to the development of these women's activities. The AMPELA project aims to bridge this gap and provide these women with greater support in their development.

This project is based on 3 key levers:

Access to skills

The common challenge faced by micro and small businesses in the informal sector in particular is that of labor standards and governance, resulting in a lack of competitiveness that makes them highly vulnerable. Women-owned or managed businesses are no exception. With various local and international partners, Baobab Banque is building up an ecosystem of experts, coaches, mentors and female role models who will enable us to respond to this challenge in a significant and impactful way.

Market access

The ecosystem being built around work standards and governance will also be a platform for connecting female business leaders (owners of leading SMEs or managers of large groups, aggregators of major value chains) with women at the bottom of these value chains or owners of start-ups. Connecting these two ends of the value chain will go a long way towards solving the market access problems faced by all these women, particularly in agricultural value chains such as in the Menabe region, where Baobab Banque is piloting the AMPELA project with the Groupement des producteurs d'Arachide du Menabe (GPAM), a group of 37 cooperatives and associations with a total of 8,000 members (the majority of whom are women producers).

Access to financing

The success of the first two levers is a *sine qua non* for genuine, sustainable financial inclusion. This system of 3 interconnected keys enables Baobab Banque to make a more significant contribution to the financing of women entrepreneurs by overcoming constraints linked to the solid guarantees required to access a certain amount of financing, which today creates a glass ceiling for women entrepreneurs that Baobab Banque wishes to address through this initiative.

First review

The AMPELA project has had a positive impact on women's work in the local agricultural sector, particularly in peanut growing, chosen for its extensive value chain. All the players in the value chain are involved, from farmers to collectors, processors and growers. Over the past two years, more than 3,000 women from this sector have been supported through training and diversification of their activities. Baobab Banque has also provided 13 women's groups with financing tailored to the agricultural sector. Today, over **110 women** have benefited from loans to support the development of their businesses. Baobab Banque intends to continue this initiative in the years to come. For 2024, the institution aims to extend its support to women in sectors other than agriculture, and to develop partnerships with new women's groups.

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. The Baobab Senegal network now covers almost the whole country with 44 branches and 439 banking agents. Thanks to a BBB+/ Stable/w-3 rating by the GCR-Rating Agency on its regional scale, Baobab Senegal has benefitted from better financing conditions on the West African market.

Human capital key figures

160,859
active customers

786
employees

44
total branches

Note :
m : amounts are in millions
€ : euro

Financial key figures

€221m
loan portfolio

€122m
total deposits

€3,584
average loan amount

1.4%
portfolio at risk 30 days

A word from ...

Combé

Merchant, Baobab client since 2017

“ Baobab has played a crucial role in realising my greatest dream: owning my own boutique ”

Combé is a shopkeeper based in Pikine, Dakar, where she runs a boutique selling tableware and fabrics. Her partnership with Baobab began modestly with an initial loan of 75,000 Fcfa (115 euros). Since then, Combé's business has flourished, and today her loan amounts to 2,000,000 Fcfa, the equivalent of 3,000 euros.

Every day, Combé dedicates herself to purchasing products and managing her store, an activity that is a daily source of happiness for her. Combé proudly asserts, "Baobab has played a crucial role in realising my greatest dream: owning my own boutique". She fondly recalls the day she opened her doors for the

first time: "I'll never forget the day I opened my store. That day, I realised just how much Baobab positively impacts my life."

The strong partnership between Combé and Baobab is a constant source of motivation for her. She recognises Baobab's significant contribution to her professional and personal success, and looks forward to the future opportunities this collaboration will bring.

Baobab Senegal Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	11,944	11,430
Net loan portfolio	224,629	177,439
Other assets	7,409	5,186
TOTAL ASSETS	**243,982**	**194,054**
LIABILITIES		
Clients liabilities	119,909	105,805
Borrowings	73,821	50,129
Other liabilities	13,298	5,525
TOTAL LIABILITIES	**207,028**	**161,459**
EQUITY		
Total Equity	36,954	32,595
TOTAL EQUITY AND LIABILITIES	**243,982**	**194,054**

Income Statement

IN K€	2023	2022
Interest and similar income	42,487	35,154
Interest and similar expense	6,692	5,934
Net Interest Income	**35,795**	**29,220**
Loan loss provision	1,883	1,971
Net interest income after allowances	**33,912**	**27,249**
Net other financial income	4,986	3,096
Operating income	**38,898**	**30,344**
Operating expenses	27,144	21,908
Operating result	**11,755**	**8,436**
Net non-operating income	126	626
Income Taxes	3,599	2,750
PROFIT FOR THE YEAR	**8,282**	**6,313**

Credit Jappo, an initiative of Baobab Senegal

What is Jappo?

In finance, group credit refers to simultaneous financing granted to several members of an organised group. This form of credit is often used in projects where multiple entities or individuals are involved and require funding.
Credit Jappo is specifically aimed at members of a cooperative or association. The idea is that each member of the group benefits from the financing to contribute to the collective project's realisation.
This type of credit offers advantages in terms of risk distribution and ease of management for lenders, as they assess the financial strength of the group as a whole rather than each individual member. However, it also involves collective responsibility, meaning that each member is generally responsible for repaying the entire loan, even if some members fail to fulfill their financial obligations.

What are the benefits for Baobab Group?

Addressing the needs of a large portion of the population not yet served by microfinance (particularly in rural areas), through the principles of solidarity guarantee.

- Financial inclusion targeting rural areas;
- Tackling the currently fierce competition;
- Risk management;
- Mobilisation of savings;
- Economic empowerment of female entrepreneurs.

What types of businesses are taking advantage of Jappo?

- Trade or regular income-generating activities: For this type of financing, repayments are monthly and the duration varies between 4 and 12 months;
- Cattle or sheep farming: This is an activity mainly aimed at targets in rural areas who are primarily engaged in agriculture. For this type of financing, repayment is made in a lump sum, with the duration ranging from 3 to 8 months;
- Poultry farming: Seasonal income-generating activity, with repayments made on a bi-monthly or quarterly basis;
- Agricultural campaigns and market gardening: Mainly during agricultural campaign periods

What is “la caisse de solidarité”?

Solidarity constitutes the main guarantee of credit within the group. Whenever one or more members in the group fall behind, the other members are obliged to contribute (Solidarity Fund) the overdue amount for repayment. It thus encourages good behaviour on behalf of all. The fund involves making regular payments at well-defined intervals to guard against potential delays. Ultimately, unused funds will be shared among the members, and a new fund is opened for another cycle. Borrowing members must repay during the ongoing credit cycle, failing which they are unable to benefit from credit again.

Baobab Nigeria

Eric Ntumba
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 to be a driver of economic development in Nigeria.

Human capital key figures

61,276
active customers

824
employees

31
total branches

Note :
m : amounts are in millions
€ : euro

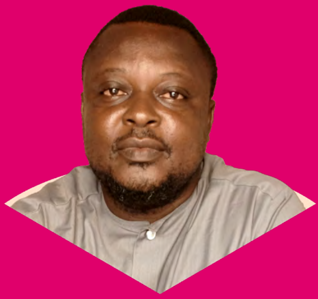
Financial key figures

€39m
loan portfolio

€22m
total deposits

€2,236
average loan amount

1.1%
portfolio at risk 30 days



A word from ...

Christian

paint vendor, Baobab client since 2022

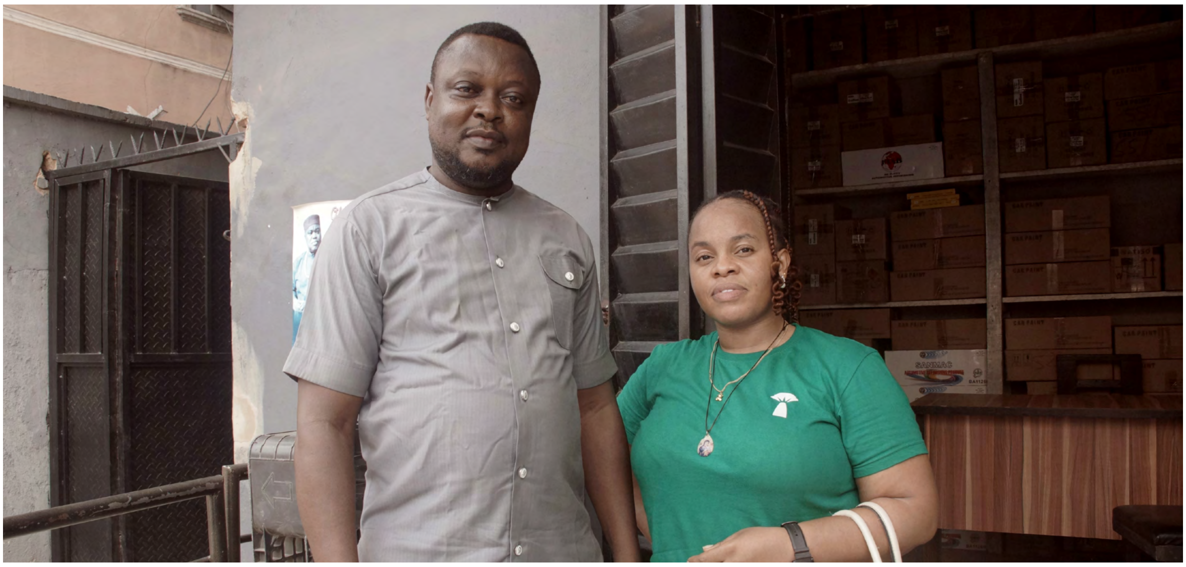
“ Yes, I am satisfied with Baobab’s services, particularly noting their quick loan disbursement. ”

Obi Christian is the manager of Nony Ventures Limited, a company that serves automotive businesses and individuals in need of quality paint services. With suppliers in China and Nigeria, Christian’s typical day involves managing the operations of his growing business.

Christian began his journey with Baobab in 2022 by subscribing to their loan and savings products. His first loan was for 10 million naira, and the current loan stands at 15 million naira. Baobab’s quick loan disbursement and availability have been crucial for his business, particularly in clearing goods, and have played a significant role in supporting the growth of Nony Ventures Limited.

Despite the challenges of fluctuating dollar rates, Christian’s business has been growing steadily over the years due to quality products, efficient operations, and effective financial management. Christian is particularly satisfied with Baobab’s services, highlighting their quick loan disbursement and satisfactory customer service.

Looking ahead, Christian aims to expand, market more aggressively, and possibly diversify his product offerings. His goal for the next five years is to grow even bigger. He was introduced to Baobab by the Branch Manager and has since recommended their services to others. “Baobab offers quick loan disbursement and availability, which are crucial for my business needs,” Christian says confidently.



Baobab Nigeria Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	9,390	4,958
Net loan portfolio	39,150	52,151
Other assets	3,846	8,355
TOTAL ASSETS	**52,386**	**65,465**
LIABILITIES		
Clients liabilities	22,411	27,696
Borrowings	12,808	14,736
Other liabilities	9,831	9,040
TOTAL LIABILITIES	**45,050**	**51,472**
EQUITY		
Total Equity	7,336	13,993
TOTAL EQUITY AND LIABILITIES	**52,386**	**65,465**

Income Statement

IN K€	2023	2022
Interest and similar income	19,875	22,393
Interest and similar expense	5,191	3,790
Net Interest Income	**14,684**	**18,604**
Loan loss provision	1,176	1,676
Net interest income after allowances	**13,508**	**16,928**
Net other financial income	81	72
Operating income	**13,589**	**17,000**
Operating expenses	12,787	12,813
Operating result	**802**	**4,187**
Net non-operating income	907	299
Income Taxes	463	1,771
PROFIT FOR THE YEAR	**1,246**	**2,716**

Baobab Celebration

The 2023 End of Year Party for Baobab Nigeria was a memorable celebration of our achievements and the hard work of our dedicated team. Held in December, the event brought together employees from various branches to reflect on our successes and share in the festive spirit. Highlights included awards for outstanding performance, team-building activities, and inspiring speeches from leadership. The celebration was a testament to our collective efforts and commitment to providing excellent financial services.

Baobab Côte d'Ivoire

Ruben DIEUDONNÉ
WAEMU Regional Director
Country Manager Baobab CI

Baobab Côte d'Ivoire 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 Côte d'Ivoire 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 Côte d'Ivoire expanded outside Abidjan, opening more than fifteen branches in the provinces. Today, Baobab Côte d'Ivoire has 35 branches and 295 banking agents.

Human capital key figures

84,327
active customers

809
employees

35
total branches

Note :
m : amounts are in millions
€ : euro

Financial key figures

€222m
loan portfolio

€105m
total deposits

€5,621
average loan amount

2.1%
portfolio at risk 30 days

Testimonial

A word from ...

Karidja

Merchant, Baobab client since 2011

“ Without Baobab, I wouldn’t be where I am today. Nobody within my connections would have financed my business, but Baobab did ”

Based in Abidjan, Karidja specialises in the sale of clothing, household linens and hardware products. She began her entrepreneurial journey by pursuing her passion for hairdressing, while selling hair highlights.

Initially reluctant to take out loans, Karidja found in Baobab a source of confidence and support. Baobab’s financing and support enabled her to successfully diversify her activities.

For Karidja, what sets Baobab apart from other financial institutions is the human aspect of its customer relations. She says: “Thank God, I came across some nice people when I didn’t want to take out loans. Without Baobab, I wouldn’t be where I am today. Nobody in my circle would have financed my business, but Baobab did.”

Thanks to Baobab’s support, Karidja has been able to make major acquisitions such as a car and real estate, and considers 2023 to have been the best year of her career.

Looking ahead, Karidja plans to continue developing her business, with Baobab’s continued confidence and support.

Baobab Côte d'Ivoire Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	9,509	12,284
Net loan portfolio	227,148	184,523
Other assets	9,782	10,042
TOTAL ASSETS	**246,439**	**206,849**
LIABILITIES		
Clients liabilities	105,930	90,378
Borrowings	83,051	66,309
Other liabilities	15,501	13,780
TOTAL LIABILITIES	**204,483**	**170,467**
EQUITY		
Total Equity	41,957	36,383
TOTAL EQUITY AND LIABILITIES	**246,439**	**206,850**

Income Statement

IN K€	2023	2022
Interest and similar income	40,386	35,927
Interest and similar expense	7,330	6,310
Net Interest Income	**33,056**	**29,617**
Loan loss provision	4,306	4,924
Net interest income after allowances	**28,749**	**24,693**
Net other financial income	12,139	8,075
Operating income	**40,888**	**32,768**
Operating expenses	28,919	23,065
Operating result	**11,970**	**9,703**
Net non-operating income	282	680
Income Taxes	0	0
PROFIT FOR THE YEAR	**12,252**	**10,382**

Baobab honours clients

Baobab Côte d'Ivoire recently hosted a prestigious event in honours of its clients, highlighting the importance of their loyalty and trust. The elegant dinner included awards for outstanding clients, recognising their contributions and successes. The evening was enriched by performances from Bao-talents, adding an artistic and entertaining touch to the event. Additionally, several clients shared their inspiring testimonials, emphasising the positive impact Baobab has had on their financial journeys. This event was a wonderful opportunity to celebrate mutual achievements and strengthen the bond between Baobab Côte d'Ivoire and its valued clients.

Baobab Mali

Mor Talla Diop TINE
Country Manager
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 36,121 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 327 people, half of whom work out in the field.

Human capital key figures

36,121
active customers

327
employees

18
total branches

Note :
m : amounts are in millions
€ : euro

Financial key figures

€52m
loan portfolio

€26m
total deposits

€2,882
average loan amount

2.1%
portfolio at risk 30 days

A word from ...

Boubacar

Merchant of food products
Client of Baobab since 2012

“ Without the support of Baobab, I wouldn’t have been able to achieve all this, because I didn’t have the funds to start my business ”

At 35 years old, Boubacar began his entrepreneurial activity in 2005 in his native village, in the region of Kati. It was in 2012 that Boubacar decided to migrate to Bamako to continue his trading activity in the heart of the capital.

Upon his arrival in Bamako, Boubacar partnered with a friend to open a shop and took out a loan of 800,000 Fcfa (approximately 1,220 euros) with Baobab. After a few years of activity, Boubacar decided to venture out on his own and opened his first shop.

In 2019, Boubacar decided to submit a new financing request for an amount of 500,000 Fcfa (approximately 760 euros), and the funds were quickly made available to his great delight. Today, Boubacar benefits from loans of up to 2,000,000 Fcfa (approximately 3,000 euros).

The financing from Baobab has been very beneficial for him. Indeed, before, he had a small food store. Whereas today, he owns a large store and even has storage space near his shop. Boubacar says with a smile: "Without the support of Baobab, I wouldn’t have been able to achieve all this, because I didn’t have the funds to start my business."

This year, Boubacar plans to open another shop in the city centre, still with the financial support of Baobab.

Baobab Mali Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	1,163	2,167
Net loan portfolio	55,657	47,561
Other assets	1,316	1,896
TOTAL ASSETS	**58,136**	**51,624**
LIABILITIES		
Clients liabilities	26,687	25,200
Borrowings	24,056	19,422
Other liabilities	1,878	2,464
TOTAL LIABILITIES	**52,622**	**47,086**
EQUITY		
Total Equity	5,514	4,538
TOTAL EQUITY AND LIABILITIES	**58,136**	**51,624**

Income Statement

IN K€	2023	2022
Interest and similar income	11,838	10,148
Interest and similar expense	3,007	2,441
Net Interest Income	**8,831**	**7,707**
Loan loss provision	421	575
Net interest income after allowances	**8,410**	**7,132**
Net other financial income	1,818	2,235
Operating income	**10,228**	**9,367**
Operating expenses	8,433	6,316
Operating result	**1,795**	**3,051**
Net non-operating income	137	175
Income Taxes	966	990
PROFIT FOR THE YEAR	**966**	**2,236**

Clients acquisition campaigns in Bamako

Baobab Mali recently organised a dynamic marketing caravan, a roadshow aimed at acquiring more clients directly in the field. This initiative involved visiting various locations to engage with potential clients, showcase Baobab's financial products, and provide personalized consultations. The roadshow was a vibrant and interactive way to connect with the community, demonstrating Baobab's commitment to expanding its reach and offering accessible financial solutions to a broader audience. This effort not only increased brand visibility but also strengthened relationships with local communities.

Baobab Burkina Faso

Missa ADJE
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 Alip automated loan renewal. In five years, Baobab Burkina Faso has opened 12 branches, including seven in Ouagadougou, two in Bobo-Dioulasso, one in Koudougou, one in Koupela and one in Banfora. The 283 employees of Baobab Burkina Faso work together to support their 29,839 customers.

Human capital key figures

29,839
active customers

283
employees

12
total branches

Note :
m : amounts are in millions
€ : euro

Financial key figures

€57m
loan portfolio

€27m
total deposits

€3,548
average loan amount

1.9%
portfolio at risk 30 days

A word from ...

Safora OUATTARA
Baobab Burkina Credit Supervisor

“ The Baobab loan is a real lever that gives you the means to implement innovative ideas to develop your business ”

What is your position?

I am a Credit Supervisor at Baobab Burkina. My role is to ensure that our clients quickly obtain financing solutions tailored to their needs. I also support them in developing their business activities.

What are your main responsibilities on a daily basis?

On a daily basis, my main responsibilities include supervising portfolio managers, analyzing borrower client files, monitoring SME clients, and promoting the products and services of our institution.

What do you appreciate the most about your job?

What I appreciate the most about my job is the dynamism and energy of my team. We are a young, motivated team committed to satisfying our clients. As a female supervisor, I have had to overcome some challenges to balance my family and professional life. However, I firmly believe in gender equality in all professional fields. Proof of this is that I have managed quite well so far.

A remarkable story to share?

Among the many stories I have experienced, one has particularly struck me. It is the journey of a client who made an initial loan request of 1,000,000 FCFA (1,520 euros) in 2018 to boost sales at her retail store. Her latest loan, disbursed in March 2024, amounted to 61,000,000 FCFA (92,733 euros). Today, she has become a wholesaler, owning 4 retail outlets primarily supplied from China. Additionally, she has acquired two plots of land, one already built and rented out, while the other is under construction. This woman has become a true ambassador for Baobab within her circle, clearly demonstrating that the financing we provided was a key factor in her success!

A final word

We invite our prospects to visit our different branches to benefit from optimal care of your financing needs. We have 7 branches in Ouagadougou (Agence Nation, Patte d'Oie, Dassasgho, Tampouy, Pissy, Sankar-yaare, Saaba), as well as 2 branches in Bobo, one in Koudougou, one in Koupela and one in Banfora.

Baobab Burkina Faso Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	4,378	4,096
Net loan portfolio	57,656	48,072
Other assets	1,123	1,393
TOTAL ASSETS	**63,156**	**53,560**
LIABILITIES		
Clients liabilities	27,623	24,084
Borrowings	23,848	20,232
Other liabilities	3,719	2,511
TOTAL LIABILITIES	**55,190**	**46,827**
EQUITY		
Total Equity	7,966	6,732
TOTAL EQUITY AND LIABILITIES	**63,156**	**53,559**

Income Statement

IN K€	2023	2022
Interest and similar income	11,092	9,271
Interest and similar expense	2,420	2,052
Net Interest Income	**8,672**	**7,220**
Loan loss provision	965	708
Net interest income after allowances	**7,707**	**6,512**
Net other financial income	1,500	1,144
Operating income	**9,207**	**7,655**
Operating expenses	7,507	5,970
Operating result	**1,700**	**1,685**
Net non-operating income	160	40
Income Taxes	627	608
PROFIT FOR THE YEAR	**1,233**	**1,118**

Knight in the Order of Burkinabe Merit

Missa ADJE, the Managing Director of Baobab Burkina, has been elevated to the rank of Chevalier in the Order of the Burkinabé Merit. This prestigious honor recognises his significant contributions and dedication to the financial sector in Burkina Faso. The ceremony celebrated his outstanding leadership and commitment to advancing Baobab's mission of providing accessible financial services. This accolade highlights the impactful work of Baobab Burkina under his direction.

Baobab DR Congo

Sandrine Mayindombe
Country Manager Baobab
Democratic Republic of Congo

In 2017, Baobab Group acquired OXUS DRC, a microfinance institution that began operating in July 2013. It currently provides financing to over 14,206 active 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.

Human capital key figures

14,206
active customers

294
employees

9
total branches

Note :
m : amounts are in millions
€ : euro

Financial key figures

€33m
loan portfolio

€10m
total deposits

€4,216
average loan amount

3.8%
portfolio at risk 30 days

A word from ...

David

Merchant, Baobab client since 2017

“ Thanks to the instituiton, I have been able to overcome lots of obstacles ”

Ngandu, an entrepreneur based in Lubumbashi, owns wholesale and retail stores with a clientele made up mainly of passers-by and local residents.

His entrepreneurial rise began modestly, selling items from a small table in front of his house, a local practice known as “Ligablo”. Today, he has expanded his business to successfully run two boutiques, a testament to determination.

He discovered Baobab through former customers and employees of the former Oxus Bank, which later became Baobab. Although he was not initially inclined to use credit, a difficult financial period prompted him to submit an application to Baobab, which was approved. The credit enabled him to successfully boost his business.

Ngandu is very satisfied with the services provided by Baobab, a satisfaction he doesn’t hesitate to share by recommending the institution to his family and friends. Thanks to the institution’s financial support, he has been able to boost his business and overcome a number of obstacles, including major medical expenses linked to a serious health problem in his family.

Although very confident about the future, he prefers not to engage in long-term projections, concentrating instead on the immediate challenges of the current year. His main objective remains to grow his business while finalizing the construction of his home.

Baobab DR Congo Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	7,529	8,224
Net loan portfolio	33,816	27,762
Other assets	2,375	1,651
TOTAL ASSETS	**43,720**	**37,638**
LIABILITIES		
Clients liabilities	10,474	10,179
Borrowings	20,534	16,355
Other liabilities	2,545	3,312
TOTAL LIABILITIES	**33,553**	**29,846**
EQUITY		
Total Equity	10,167	7,791
TOTAL EQUITY AND LIABILITIES	43,720	37,637

Income Statement

IN K€	2023	2022
Interest and similar income	15,419	11,738
Interest and similar expense	2,131	1,480
Net Interest Income	**13,288**	**10,258**
Loan loss provision	1,928	1,382
Net interest income after allowances	**11,361**	**8,876**
Net other financial income	312	268
Operating income	**11,673**	**9,144**
Operating expenses	8,131	6,416
Operating result	**3,542**	**2,728**
Net non-operating income	60	131
Income Taxes	939	842
PROFIT FOR THE YEAR	2,662	2,017

Acquisition campaign in Kinshasa and Lubumbashi

In 2023, Baobab RD Congo led an aggressive field acquisition campaign in Kinshasa and Lubumbashi. This strategic initiative aimed to increase Baobab's presence in these two major cities, by directly engaging local communities and offering financial services tailored to their needs. The campaign raised Baobab's profile and broadened its customer base, while supporting financial inclusion in the country.

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 15 years of steady expansion, Microcred China has become one of the most successful microcredit institutions in China. The institution has 54 outlets in 13 cities across the Sichuan province.

Human capital key figures

17,816
active customers

475
employees

54
total branches

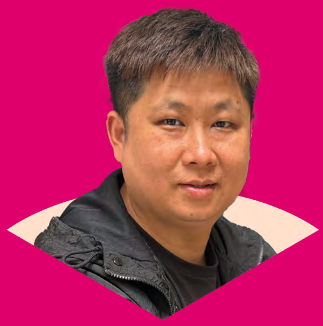
Note :
m : amounts are in millions
€ : euro

Financial key figures

€135m
loan portfolio

€13,307
average loan amount

1.9%
portfolio at risk 30 days



A word from ...

Zengbin

Owner of a supermarket,
Microcred client since 2019

“ I was immediately convinced, when I came across MicroCred’s Portfolio Manager, that this was just what I needed! ”

Zengbin’s supermarket is located in the city of Fengyu, in Ziyang. It has a bright storefront and a wide range of products. His employees are very dedicated and provide quality service. Zengbin sells household items and everyday consumer goods.

Initially, household items did not sell very well, but they occupied a large area, so the turnover was always very low. After some consideration, Zengbin decided to adjust the proportion of household items as well as everyday consumer goods. Following a market study, he decided to also market frozen products. Thanks to these changes, his turnover quickly tripled. However, his sales area was becoming increasingly insufficient.

”That’s when I met MicroCred’s Portfolio Manager who came to promote loan offers. I was immediately convinced that this was what I needed!”

In 2019, Zengbin became a client of MicroCred. He was able to finance the work to expand his store’s sales area, buy new merchandise stocks, and improve the decoration.

”Do not underestimate decoration; lighting is very important for product presentation. It’s proven that this investment is worth it,” he said with a smile.

Grateful for the efficiency and professionalism of MicroCred, Zengbin regularly recommends the institution to his circle.

Microcred China Financial Statement

Balance Sheet (IN K €)

ASSETS	2023	2022
Cash and cash equivalents	14,465	2,927
Net loan portfolio	132,743	148,378
Other assets	7,949	8,191
TOTAL ASSETS	**155,157**	**159,496**
LIABILITIES		
Clients liabilities	0	0
Borrowings	73,478	72,054
Other liabilities	6,553	6,148
TOTAL LIABILITIES	**80,031**	**78,202**
EQUITY		
Total Equity	75,126	81,294
TOTAL EQUITY AND LIABILITIES	**155,157**	**159,496**

Income Statement

IN K€	2023	2022
Interest and similar income	27,343	36,283
Interest and similar expense	6,240	9,452
Net Interest Income	**21,103**	**26,831**
Loan loss provision	3,221	5,726
Net interest income after allowances	**17,882**	**21,105**
Net other financial income	696	785
Operating income	**18,578**	**21,890**
Operating expenses	14,277	14,951
Operating result	**4,301**	**6,939**
Net non-operating income	(1,051)	(186)
Income Taxes	1,455	3,527
PROFIT FOR THE YEAR	**1,795**	**3,226**

2023 Year-End Dinner

Microcred China hosted a year-end 2023 dinner attended by key figures including Philip Sigwart, CEO of the BAOBAB Group, and Bodo Lieberam, Managing Director of Microcred China. The event provided an opportunity to celebrate the successes of the past year, strengthen relationships within the team and discuss future prospects. The presence of these leaders underlined the importance of the event, and enabled us to share inspiring and motivating moments with all participants.

Baobab Plus

Key figures

6
countries

310,000
solar products

200,000
digital products

333
tons CO_2 saved

36,000
clean cookstoves

530
sales points

Expertise: Energy & Digital

Access to energy

Access to clean, reliable electricity and clean cooking is essential for poverty alleviation, economic growth and improved living standards. Baobab+ commercializes innovative solar products that meet the needs of households and entrepreneurs such as clean cookstoves, solar home systems, freezers or generators.

Pay-As-You-Go financing

In addition to make our products available via Baobab branches network, a PAYG offer extends access to all. The client makes weekly or monthly payments, as his or her cash flow allows to activate the product and build towards ownership.

Access to digital

Digital technology will be vital in facing tomorrow's challenges. Baobab+ takes part in this digital revolution by equipping thousands of households with digital products. We partner with local telco operators such as Orange, MTN or Airtel to distribute this offer.

Financial inclusion

Thanks to our partnership with Baobab Group our clients who previously were not eligible for microfinance institutions, can now become eligible for financial products thanks to their Pay-As-You-Go credit history.

A word from ...

Guilla Lenne Venance

CEO of Baobab+ Madagascar

“ I believe in making contradictions productive, not in having to choose one side or the other side ”

What was your journey to becoming the CEO of Baobab+ Madagascar?

With an economics background, I spent over 15 years in the microfinance sector, working as an accountant, CFO, project manager, and CEO, in Madagascar, France, and Haiti, before joining Baobab+.

Who inspired you throughout your professional journey?

One of my former superiors, Aurore. She trusted me when I was 27, giving me my first CEO position. I will be forever grateful to her.

What was the main challenge you faced as a woman leader?

A fairly common challenge; when you’re a young, single, somewhat rebellious woman, going against certain practices, holding a position of responsibility, you need to develop a thick skin to earn respect and establish your legitimacy.

Can you share a moment where you made a mistake and what you learned from it?

Being blinded by good results. Unfortunately, you should never fully trust. It’s essential to take the time to analyse things and ensure that everything is done by the book.

What was your first job, and what did you learn from that experience?

Accountant. From this experience, I learned that just because you were bad at accounting in college (in 4 years of study, I never scored more than 5/20), it doesn’t mean you can’t excel in practice. I believe that everything is described somewhere and that it just takes time to learn and be well-guided to master things.

When you started your career, did you ever imagine holding your current position?

No, not at all. I remember it as if it were yesterday when I was asked what position I would like after being an accountant. Logic would have dictated that I become a CFO, yet I found myself catapulted to the top of the organisational chart only 3 years after my first job.

How do you manage the balance between your career, personal life, and passions? Is there really a balance?

It’s difficult to find a balance between professional and personal life, especially when you hold a position of responsibility and have children. But you have to adapt and find that balance. For me, my professional life ends as soon as I leave the office to dedicate myself to my family. And since I’m an early riser, I can afford to go for a run in the morning, take my children to school before coming to the office.

What advice do you have for women ?

To believe in their ambitions and do everything to achieve them. It’s not always easy and it can take time, but there’s no reason why we shouldn’t succeed when we have the desire.

How did you build your confidence and resilience throughout your career?

By learning from my surroundings, it has always been a good school for me. Having a guiding principle and sticking to it, no matter what...

I’ll end with a quote from Angela Davis, an American civil rights activist: “I’m a feminist so I believe in inhabiting contradictions. I believe in making contradictions productive, not in having to choose one side or the other side. As opposed to choosing either or, choosing both”. Being a feminist is not being one. Men, women, there’s no question to ask...■

baobab

Financial Statements


baobab
enaire de
des petites
eprises.

Statutory Auditors' report on the Consolidated Financial Statements

For the year ended 31 December, 2023

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, 2023.
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, 2023 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 January 1, 2023 to the date of our report.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 9.2 to the consolidated financial statements, which outlines the accounting classification of the Chinese subsidiaries in view of their disposal.

Justification of Assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the following matters that, in our professional judgement, were the most significant in our audit 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 the consolidated financial statements.

Accounting estimates

Assets relating to Baobab Plus, as presented in Note 9.1 to the consolidated financial statements, amounted to €17,131 thousand on the balance sheet at 31 December, 2023. In order to assess the recoverability of these assets, our work consisted of assessing the data and assumptions on which these estimates are based, in particular the cash flow forecasts prepared by management, reviewing the calculations made by the Company and reviewing the procedures for the approval of these estimates by management.
We assessed the reasonableness of these estimates.

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 Chairman'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 implementing the internal control procedures 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 Chairman.

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.821-55 of the French Commercial Code, our 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,
July 3, 2024

The Statutory Auditors

PricewaterhouseCoopers Audit	**Cabinet Jean Lebit**
Vincent Thyssen	**Jean Lebit**

Contents

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	2023	2022	Variation
Cash and cash equivalents	**10**	**59,994**	**67,927**	**(7,933)**
Cash in hand		18,093	19,541	(1,448)
Deposits		41,901	48,386	(6,485)
Demand deposits and short-term investments		38,150	42,552	(4,402)
Deposits to central banks		3,751	5,834	(2,083)
Loans (net outstanding and accrued interest)	**8**	**683,790**	**727,979**	**(44,189)**
Loans (gross outstanding and accrued interest)		696,796	743,968	(47,172)
Loans impairment		(13,006)	(15,989)	2,983
Other assets		**211,810**	**89,749**	**122,061**
Intangible assets	4	13,962	9,365	4,597
Tangible assets	5	23,594	21,429	2,165
Financial assets	6	1,381	1,335	46
Inventory		7,761	10,150	(2,389)
Deferred tax assets	7	12,388	13,781	(1,393)
Other receivables	9	32,962	33,690	(728)
Non-current assets held for sale		119,763	0	119,763
TOTAL ASSETS		**955,594**	**885,655**	**69,939**

LIABILITIES	Notes	2023	2022	Variation
Debts to clients	**12**	**368,676**	**337,034**	**31,641**
Demand deposits		156,089	134,784	21,304
Term deposits - Clients		54,619	60,757	(6,138)
Term deposits - Institutions		60,380	59,257	1,123
Mandatory deposits		97,588	82,236	15,352
Debts to financial institutions	**12**	**301,387**	**310,508**	**(9,121)**
Senior debt		297,600	306,721	(9,121)
Subordinated debt		3,787	3,787	0
Provisions	**13**	**5,050**	**4,322**	**728**
Non-current liabilities held for sale		**79,828**		
Other Liabilities	**13**	**46,764**	**37,942**	**8,822**
Total Equity	**11**	**153,890**	**195,848**	**(41,958)**
Share capital and share premium		109,821	109,819	2
Reserves		63,308	36,340	26,968
Net result, Group share		(17,273)	17,870	(35,143)
Translation reserves		(12,303)	(1,518)	(10,786)
Equity, Group share		***143,552***	***162,512***	***(18,959)***
Minority interests		10,338	33,336	(22,998)
TOTAL LIABILITIES AND EQUITY		**955,594**	**885,655**	**69,939**

Consolidated Income Statement

IN K€	Notes	2023	2022	Variation
Received interest and related income	18	161,320	142,445	18,875
Interest paid and related expenses		(34,196)	(29,310)	(4,885)
Net interests		**127,124**	**113,135**	**13,990**
Commission	18	17,211	14,469	2,742
Other financial income	19	(4,390)	(2,104)	(2,286)
Financial expenses		(13,368)	(2,104)	(11,263)
Financial income		8,978	0	8,977
Gross financial income		**139,946**	**125,500**	**14,445**
Cost of risk	20	(14,764)	(12,848)	(1,916)
Net financial income		**125,182**	**112,652**	**12,529**
Baobab plus income		23,205	20,743	2,462
Other income		8,628	11,299	(2,671)
INCOME FROM OTHER BUSINESS		*31,834*	*32,042*	*(209)*
TOTAL OPERATING REVENUE		**157,015**	**144,695**	**12,321**
Personnel expenses		(62,356)	(54,580)	(7,776)
External expenses		(57,210)	(54,157)	(3,052)
Operating allowances		(13,263)	(9,798)	(3,466)
Taxes and duties		(5,470)	(3,811)	(1,659)
TOTAL OPERATING EXPENSES	**21**	**(138,299)**	**(122,346)**	**(15,953)**
PRE-TAX INCOME		**18,716**	**22,349**	**(3,632)**
Tax on profits	**22**	**(5,636)**	**(5,123)**	**(513)**
Deferred tax		1,645	2,569	(925)
Current tax		(7,266)	(7,743)	477
Tax credit		(15)	50	(65)
NET INCOME FROM CONTINUING OPERATIONS		**13,080**	**17,225**	**(4,145)**
Net income from continuing operations, Group share		*11,924*	*15,548*	*(3,624)*
Net income from discontinued operations		**(28,598)**	**4,927**	**(33,525)**
NET INCOME		**(15,518)**	**22,153**	**(37,670)**
Minority interests		1,755	4,283	(2,527)
NET PROFIT/LOSS, GROUP SHARE		**(17,273)**	**17,870**	**(35,143)**

Other Comprehensive Income

	2023	2022
Total Net profit/loss	**(15,518)**	**22,153**
Other comprehensive income	(928)	0
Impact of changes in scope of consolidation on discontinued operations	(4,954)	0
Total income and expenses recognised through other comprehensive income	0	0
Total translation gains and losses from continuing operations	(8,534)	(1,532)
Total gains and losses on translation of discontinued operations	(4,445)	(1,532)
Comprehensive income for the year	**(34,378)**	**20,621**
Of which group share	(28,880)	16,497
Of which minority interests	(5,498)	4,124

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 as of 31/12/2020	**77,807**	**24,014**	**33,917**	**(12,076)**	**(145)**	**14,411**	**137,928**	**44,826**	**182,754**
Allocation of the income from the previous period			14,411			(14,411)			
Capital increase	6,369	1,629					7,998		7,998
Operations resulting from share-based payment plans									
Dividends distributed								(6,856)	(6,856)
Impact of 1st application of IFRIC23			(1,601)				(1,601)	(117)	(1,718)
Additional goodwill on minority buy-out									
Impact of Put and Swap options and changes in scope				1,689			1,689	(8,639)	(6,950)
Sub-total of movements related to shareholder relations	**6,369**	**1,629**	**12,810**	**1,689**		**(14,411)**	**8,086**	**(15,613)**	**(7,527)**
income for the year						17,870	17,870	4,283	22,153
Other comprehensive income									
Translation adjustments					(1,372)		(1,372)	(159)	(1,532)
Gains and losses recognised directly in equity									
Other items									
Equity as of 31/12/2022	**84,176**	**25,643**	**46,727**	**(10,387)**	**(1,518)**	**17,870**	**162,512**	**33,336**	**195,848**
Allocation of the income from the previous period			17,870			(17,870)			
Capital increase	2						2		2
Operations resulting from share-based payment plans									
Dividends distributed								(2,583)	(2,583)
Prior years adjustments			(370)				(370)	(33)	(403)
Additional goodwill on minority buy-out									
Impact of Put and Swap options and changes in scope				9,502			9,502	(14,884)	(5,381)
Sub-total of movements related to shareholder relations	**2**		**17,500**	**9,502**		**(17,870)**	**9,134**	**(17,500)**	**(8,366)**
Profit/loss of the period						(17,273)	(17,273)	1,755	(15,518)
Other comprehensive income									
Translation adjustments					(10,786)		(10,786)	(2,193)	(12,979)
Gains and losses directly recognized in equity								(5,061)	
Other items			(35)				(35)		(5,062)
EQUITY AS OF 31/12/2023	**84,178**	**25,643**	**64,192**	**(885)**	**(12,304)**	**(17,273)**	**143,552**	**10,339**	**153,890**

Cash Flow statement

	IN KEUR	2023	2022
Activity related Operations	Consolidated net result	(15,518)	22,153
	Net depreciation	13,263	10,771
	Net provision expenses	33,165	(7,773)
	Changes in deferred tax	(1,645)	(2,913)
	Other unpaid income and expenses	(5,077)	(4,373)
	Operating cash flow	***24,189***	***17,864***
	Net disbursements on loan portfolio	(126,845)	(53,047)
	Loans disbursed	(1,140,379)	(1,037,277)
	Loans paid back	1,013,534	984,230
	Changes in working capital requirements	**10,344**	**(12,799)**
	Changes in customer deposits	31,641	23,719
	Working capital requirements	***(10,805)***	***(42,127)***
	Net operating cash flow from discontinued operations	26,251	
	A - Net Operating cash flows	**39,635**	**(24,263)**
Investment Operations	Acquisition of intangible assets	(4,597)	(4,881)
	Acquisition of tangible assets	(2,165)	(7,397)
	Acquisition of financial assets	(46)	(138)
	Assets entry in scope	(13,659)	0
	Disposal of financial assets	438	5,987
	Disposal of fixed assets: deconsolidation	0	5,134
	Dividends paid to minority shareholders	(2,583)	(6,856)
	Net cash used in investing activities from discontinued operations	(1,098)	0
	B - Net cash flows provided by/used in investing activities	**(23,709)**	**(1,295)**
Financing Operation	Capital increase	0	86
		22,998	11,490
	Increase borrowings (Long and short term)	(9,121)	(4,763)
		(13,202)	
	C - Net cash flows provided by/used in financing activities	**675**	**6,813**
	Effects of the foreign exchange gains/losses	(12,994)	(1,532)
		(14,460)	
	Cash flows	**(10,852)**	**(20,277)**
	Cash and cash equivalent at opening	64,261	84,538
	Cash and cash equivalent at closing	53,409	64,261

Notes to the Consolidated Accounts

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

2023 milestones

The key events for Baobab SAS during the fiscal year 2023 are as follows:

- Excellent performance of African financial institutions with a 15% increase in the portfolio in this geographic sector and an improvement in financial income on underlying loans of more than 13%, i.e. an increase of €19 million, mainly in Senegal, Ivory Coast, and the Democratic Republic of Congo.

- A capital increase of €1,618 was recorded as part of as part of an LTIP (Long Term Incentive Plan).

- The Group's Supervisory Board, during its session on September 15, 2023, endorsed the decision to withdraw from China as part of a strategic move to focus the Group's operations on sub-Saharan Africa. This divestment process led to the conclusion of a Term Sheet in November 2023. The financial consequences of this decision have been anticipated in the in the Year end 2023 accounts. *(see note 9.2)*

- The Group's Supervisory Board decided during the fiscal year to end the activities of its subsidiary Baobab Plus Mali and subsequently proceed with its liquidation. The end of Baobab Plus Mali's activities is already effective, and the liquidation will be launched in 2024.

- In 2023, Baobab SAS repurchased the shares of minority shareholders in its subsidiaries Baobab Senegal and MC China:

  - *Baobab Senegal:* shares were repurchased from minority shareholders NMI and ASN Novib for a total amount of €8,618,877.46. The Group's stakeholding in Baobab Senegal's capital then increased to 89.28%.

  - *MC China:* shares were repurchased from minority shareholders KFW and DWM for a total amount of €4,940,131.75. The stakeholding increased to 85.72%. This repurchase was part of the Group's divestment process from its subsidiaries in China.

- Further to Norfund's acquisition of Baobab Plus Holding's shares, at the beginning of the year, the Group proceeded with a subsequent capital increase by converting current account advances for an amount of €2,014,634.50. The ownership percentage thus decreased to 73.40%.

- In June 2023, the Nigerian Naira was devalued with the Euro/Naira exchange rate moving from around 493 NGN at the end of May to 828 NGN at the end of June, reaching 990 NGN on 31 December, 2023.

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 limited 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 2023 are provided in Note 2.3.

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

On 5 June, 2024, the Chairman approved Baobab S.A.S.'s accounts. The accounts shall be submitted to the General Assembly of Shareholders.

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 financial statements of Baobab and its subsidiaries (the Group) are presented in euros and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These standards include: International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) texts.

The Baobab Group's consolidated financial statements for the year ended 31 December, 2023 have been prepared on a going concern basis. The continuing conflict in Ukraine, as well as other geopolitical crises and prolonged inflation, are parameters that have been taken into account during the closing work, particularly with regard to the assessment of credit risk.
The accounting methods and principles applied for the consolidated financial statements at 31 December, 2023 are identical to those used in the consolidated financial statements at December 31, 2022.

The entry into force of the standards, amendments and interpretations whose application is compulsory from January 1, 2023 had no effect on the Group's financial statements at 31 December, 2023. The Group has not anticipated the application of new standards, amendments and interpretations adopted by the European Union where application in 2023 is optional.

2.2 Estimates used to prepare the financial statements

The preparation of financial statements requires the Management to make assumptions and estimates that are reflected in the determination of revenues and expenses in the income statement, the valuation of assets and liabilities in the balance sheet and the preparation of 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 to make the necessary estimates. Obviously, the future results of operations may differ noticeably from the estimates 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 buyout 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 on 31 December 2023.

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 the 2022 financial year, the Group increased its stakeholding in its subsidiaries Baobab Senegal & Microcred China, bringing to 89.3% and 85.7%, respectively.

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 harmonise 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 are consistent with those of the previous year. The scope of consolidation as of 31/12/2023 is as follows:

			% of stakeholding	
Company	**Country**	**Currency**	**Dec-23**	**Dec-22**
Baobab S.A.S	France	EUR	100.0%	100.0%
Baobab Madagascar	Madagascar	MGA	100.0%	100.0%
Baobab Senegal	Senegal	FCFA	89.3%	69.3%
Baobab Nigeria	Nigeria	NGN	80.1%	80.1%
Baobab Côte d'Ivoire	Côte d'Ivoire	FCFA	95.4%	95.4%
Baobab Mali	Mali	FCFA	100.0%	100.0%
Microcred China [i]	Hong Kong	HKD	85.7%	71.1%
Microcred Nanchong [i]	China	CNY	85.7%	71.1%
Microcred Sichuan [i]	China	CNY	85.7%	71.1%
Baobab Services	Senegal	FCFA	100%	100%
Baobab Burkina Faso	Burkina Faso	FCFA	100%	100%
Baobab Money Madagascar	Madagascar	MGA	100.0%	100.0%
Microcred DRC	DRC	USD	99.96%	99.96%
Baobab + Holding	France	EUR	73.4%	100%
Baobab + Côte d'Ivoire	Côte d'Ivoire	FCFA	73.4%	100%
Baobab + Madagascar	Madagascar	MGA	73.4%	100%
Baobab + Mali	Mali	FCFA	73.4%	100%
Baobab + Senegal	Senegal	FCFA	73.4%	100%
Baobab + Nigeria	Nigeria	NGN	73.4%	100%
Baobab + DRC	DRC	CDF	73.4%	100%

i Entities whose data have been reclassified as "Non-current assets held for sale" in accordance with IFRS5

All entities included in the scope of consolidation are fully consolidated as of 31/12/2023.

The subsidiaries' financial statements are included line by line in the consolidated financial statements from the date control is obtained until the date control ceases.

- Companies removed from the scope of consolidation as of 31 December 2023

None

- Newly consolidated companies as of 31 December 2023

None

2.4 Elimination of intra-group transactions

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

2.5 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.

2.6 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 period's average exchange rate. The exchange rates used are those available on documented databases recognised in particular by local regulators.

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

In the event of disposal or partial disposal of an investment in a foreign entity outside the eurozone 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.

If a 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 stakeholdings in subsidiaries implemented in countries where the functional currency is different from the Group reporting currency (Nigeria, Madagascar, China, etc.). Particularly in June 2023, Nigeria's Naira currency underwent a devaluation, with the Euro/Naira rate rising from around 493NGN at the end of May to 828NGN at the end of June, and reaching 990NGN by 31 December, 2023.

2.7 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 fair value at the acquisition date. Non-current assets and assets held for sale are recorded at market value net of the disposal costs. 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 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.

Any earn-outs are included in the acquisition cost at fair value at the acquisition date. At the date of acquisition of control of an entity, any stake previously held in that entity is revalued to its market value and offset against the income statement.

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.

2.8 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 recognised 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.

When incurred, software maintenance costs are recognised as an expense in the profit and loss account. On the other hand, expenses that contribute to improving the functions of existing software or to extending its service life are recognised as an additional acquisition or production cost.

2.9 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 the fair value of the assets.

Where an asset comprises 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 follows:

Depreciation life of fixed assets	
Software and information systems	3 /5 years
Computer supplies	3 /4 years
Office furnitures and supplies	5 / 10 years
Fixtures and fitting works	3 /9 years
Vehicles	4 / 5 years

2.10 Rights-of-use

Since 1 January 2019, the Group has applied the standard IFRS 16 "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 branches.

2.11 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. Deferred taxes on tax losses are recognised in view of the prospects of tax recovery. They are presented in the balance sheet under the items "Deferred tax assets" or "Liabilities", depending on whether the position is active or passive. When conditions do not allow it (no foreseeable tax benefits), all or part of the deferred tax assets generated by tax losses are not recognized.

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	25.0%
Madagascar	20%
Senegal	30%
China	25%
Nigeria	30%
Côte d'Ivoire (MicroFinance)	0%
Côte d'Ivoire (standard rate)	25%
Mali	30%
Burkina Faso	27.5%
Democratic Republic of the Congo	30%

The subsidiary Baobab Côte d'Ivoire entity is not subject to corporate income tax due to its microfinance business, which grants it the status of an entity exempt from corporate income tax by the local tax authorities. However, the Baobab Plus Côte d'Ivoire 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.

2.12 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. Judgement 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 the 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. All the credits granted by the Group are classified in this category.

Upon initial recognition, financial assets are recognised at market 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 upon the 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 introduces a model based on the recognition of expected credit losses. As a result, impairment and provisions are recognised 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 clients, losses on bad debts and recoveries on amortised receivables.

2.13 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 impairments 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 recognised 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.

Stages	Criteria
Stratum 1 *(healthy contracts that have not experienced a significant increase in their credit risk)*	All contracts with a number of days past due less than or equal to 30 at the balance sheet date
Stratum 2 *(healthy contracts that have experienced a significant increase in their credit risk)*	All contracts with a number of days past due between 31 and 90 at the balance sheet date
Stratum 3 *(defaulting contracts)*	All contracts with a number of days past due more than or equal to 91 at the balance sheet date

- 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"

ECL is defined as the present probability-weighted expected value of the credit loss (principal and interest). 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 to anticipate the recognition of expected credit losses as soon as possible.

Governance and measurement of ECL

The governance of the IFRS 9 measurement system is based on the organisation 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 the 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; therefore, they make it possible to establish a first reference level, or shared base, for 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 performed 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

As of 31 December 2022, based on the analyses performed and the absence of any correlation between the risk parameters and the macroeconomic environment of each country, the implementation of forward-looking data was deemed insignificant.
Specifically, an analysis of the change in the default probabilities taking into account the variation in certain parameters was carried out, and this analysis did not reveal any correlation between the two parameters. Despite these results showing no clear correlation, other criteria have been considered based on their availability and relevance to Baobab's markets.

Thus, for the year 2023, specifically for the Baobab Nigeria subsidiary, our work has demonstrated a correlation between the crude rate as well as inflation with default rates. On this basis, a forward looking factor has been integrated into the model for calculating the ECL of Baobab Nigeria. For the other subsidiaries, this work of finding a relevant correlation according to the indicators is still in progress.

Moreover, it is complicated to find reliable databases for regular indicators (monthly or quarterly) in the geographical areas where the Group's subsidiaries are located. In this context, the standard also states that its application should be based on reasonable and supportable information and states that "for the purposes of this standard, the reasonable and supportable information is information that is reasonably available at the closing date without incurring unreasonable costs or efforts, including information about past events and current circumstances and forecasts of future economic conditions."

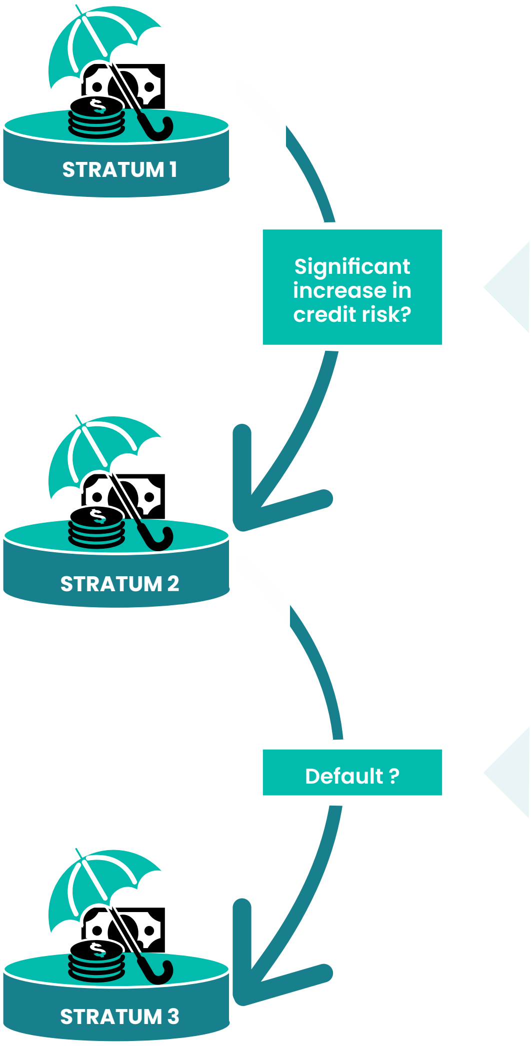
However, given the current geopolitical context and widespread inflation, the Group anticipated a further deterioration of credit risk in its various subsidiaries by integrating a forward-looking stress test (by expert judgement), which resulted in a 10% increase in the probability of default on Stratum 1 loans.
This stress factor was not applied to China, which conducted in-depth local analyses to assess an additional ad hoc 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, the Group can also consider qualitative criteria to judge the deterioration in a credit (historical past due, taking into account the client's economic situation, etc.).

If the outstanding payments are 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:



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

- Assessment relative to the level of risk at granting
- Significant increase in risk usually occurs prior to loss
- Assessment without taking guarantees into account
- Assessment of the significance of the increase in credit risk on a collective basis (IFRS9 B5.5.1-6)
- No rebuttal of the presumption relating to arrears of more than 30 days (IFRS9 B5.5.19-21)
- Consideration of reasonable and justifiable 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 defect used and linkage with regulatory requirements: Defect from 90 days of unpaid invoices onwards
- Distinction from 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 expert judgement. Each entity must therefore determine it, together with its Risk Department, based on its knowledge 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 amortised cost or at fair value through recyclable equity, the amount written off is recorded under Allocation for provisions for client loans and loan losses for the par value and the interest.

2.14 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 recognised 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 commission income associated with that transaction is recognised under "commissions" and, depending on 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 ongoing services are spread over the duration of the service provided.

2.15 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 long-term financial debt. They are initially recorded at fair value, less directly attributable transaction costs.

2.16 Provisions

Provisions are recognised if the Group has a present obligation (legal or constructive) resulting from a past event, if it is probable that an outflow of resources embodying economic benefits 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.

2.17 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".

2.18 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.
For the Baobab Plus business, in accordance with IAS 20.29, subsidies received to finance the business and, in particular, the acquisition of inventory for sale have been recognised as a reduction in the purchase cost of this inventory.

2.19 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 2023, provisions for post-employment benefits were recognised for an amount of 1,5M€ for the following entities:

- Baobab SAS
- Baobab Senegal
- Baobab Côte d'Ivoire
- Baobab Mali
- Baobab Burkina Faso
- Baobab Services
- Baobab Plus entities in Senegal, Ivory Coast and Mali

2.20 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 incomes) 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 incomes).

2.21 Recognition of revenue

As part of the «Baobab Plus» (BB+) ancillary business, part of the revenue is generated by purchases of non-financial products in Baobab branch financed by additional credit granted to customers by Baobab; the price of these products is therefore paid in full to Baobab Plus.

Another part of BB+'s revenue is generated by "PayGo" (Pay as you go). PayGo products are sold via BB+'s own branch network and dedicated agents. The customer benefits from the product but pays according to a schedule defined in the contract.

The possibility of payment deadlines for the customer results in a revenue split between transaction price and financial income. The difference between the contractual transaction price and the price that would have been paid in cash, along with the direct costs incurred in concluding these contracts, represents the financial income component.

Baobab Plus, acting as a manufacturer/distributor with payment facilities granted to its customers, is in a situation of continuous transfer of control for revenue recognition. Thus, IFRS 15 is applicable because the contracts give rise to a five-step recognition process as recommended by this standard:

- Identification of the contract(s) with a customer
- identification of the distinct performance obligations within the contract
- determination of the transaction price
- allocation of the transaction price to the distinct performance obligations
- recognition of revenue when the performance obligations are satisfied.

Note 3 - Goodwill

	2023	2022
Opening Goodwill	89	89
Change in minority interests	0	0
Closing Goodwill	**89**	**89**

	2023	2022
Goodwill on Baobab DRC	89	89
Closing Goodwill	**89**	**89**

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

Note 4 - Intangible assets

GROSS	End of 2022	Acquisitions	Disposals	Other changes	First-time consolidation	Foreign exchange effect	End of 2023
Concessions, licences and equivalent	6,154	137	(621)	109	0	(160)	5,619
Lease right	628	943	0	(705)	0	(239)	628
Goodwill	140	0		0			140
Other intangible assets	34	1	0	(14)	0	0	21
Assets under construction	7,431	5,522	(17)	(937)	0	0	11,999
TOTAL	**14,386**	**6,603**	**(638)**	**(1,546)**	**0**	**(398)**	**18,406**

Amortisation and depreciation	End of 20212	Allowances	Disposals	Other changes	First-time consolidation	Foreign exchange effect	End of 2023
Concessions, licences and equivalent	4,369	500	(574)	(405)		(90)	3,799
Lease right	628	722		(542)		(180)	628
Goodwill	0			0			0
Other intangible assets	24	4				(9)	18
TOTAL	**5,021**	**1,225**	**(574)**	**(947)**	**0**	**(279)**	**4,446**

NET	End of 2022	End of 2023
Concessions, licences and equivalent	1,785	1,820
Lease right	(1)	(1)
Goodwill	139	139
Other intangible assets	10	3
Assets under construction	7,431	11,999
TOTAL	**9,365**	**13,960**

The Group is investing in the digitization of its operations, resulting in the renewal of the IT tools required for the subsidiaries' activity. Costs relating to this digitalization, known as the «Digital Banking Platform», amounted to €5.5 million during 2023, which explains the increase of the "Assets under construction".

Note 5 - Tangible assets

GROSS	End of 2022	Acquisitions	Disposals	Other changes	First-time consolidation	Foreign exchange effect	End of 2023
Land	377		(52)				325
Office and computer supplies	12,035	2,929	(1,123)	(488)		(1,530)	11,822
Fixtures / fittings	17,907	2,636	(344)	34		(835)	19,398
Vehicles	8,233	2,191	(693)	(248)		(965)	8,517
Advances on fixed assets	827	651	0	0		(79)	1,400
Construction work in progress	1,266	1,150	(83)	0		(104)	2,229
Rights of use	16,075	(0)		(1,693)			14,382
TOTAL	**56,720**	**9,557**	**(2,295)**	**(2,395)**	**0**	**(3,513)**	**58,073**

Amortisation and depreciation	End of 2022	Allocations	Disposals	Other changes	First-time consolidation	Foreign exchange effect	End of 2023
Land and buildings			11				11
Office and computer supplies	7,897	1,518	(817)	(339)		(783)	7,475
Fixtures / fittings	11,671	1,187	(203)	26	(22)	(529)	12,129
Vehicles	4,623	1,324	(481)	(194)		(373)	4,900
Advances on fixed assets							
Construction work in progress							
Rights of use	11,100	(1,143)					9,957
TOTAL	**35,292**	**2,885**	**(1,501)**	**(507)**	**(22)**	**(1,686)**	**34,472**

NET	End of 2022	End of 2023
Land	377	314
Office and computer supplies	4,137	4,347
Fixtures / fittings	6,236	7,269
Vehicles	3,610	3,617
Advances on fixed assets	827	1,400
Construction work in progress	1,266	2,229
Rights of use	4,975	4,425
TOTAL	**21,429**	**23,595**

Property, plant and equipment comprise office equipment, computer hardware, vehicles, fixtures and fittings. Most Baobab Group institutions do not hold any buildings in their fixed assets, as all subsidiaries rent their premises. Generally speaking, the increase in property, plant and equipment is explained by the costs incurred for new branches'opening in 2023 and to renew the vehicle fleet in some subsidiaries.
Rights of use recognised by the Group correspond mainly to rights relating to offices and branches. The decline in gross value of these rights was mainly due to some lease agreements'termination and the reduction in Euros counter-value of Nigerian rights of use further to the Naira devaluation.

Note 6 - Financial Assets

Financial assets	2022	Increase	Decrease	Other changes	Entering the perimeter	Foreign exchange effect	2023
Guarantees and deposits	1,182	294	(59)	(17)	0	(24)	1,376
Non consolidated investments	153	0		(143)		(6)	4
Total	**1,335**	**294**	**(59)**	**(160)**	**0**	**(30)**	**1,380**

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

Note 7 - Deferred tax assets

The change in deferred tax assets for the year 2023 is as follows:

End of 2022	Change in profit/loss	Change in OCI	Foreign exchange effects	Impact IFRS5	Other changes	End of 2023
13,781	1,645		(191)	(2,847)	(0)	12,388

In accordance with IAS 12 "Income taxes", deferred taxes have been recognized on tax losses, using the liability method. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced if it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

End of 2022	Change in profit/loss	Change in OCI	Change in recognition of deferred tax assets	Foreign exchange effects	Other changes	End of 2023
6,670	2,050		(2,295)	0	44	6,469

The deferred tax asset on tax losses remained stable between 2022 and 2023 despite the increase in deficits for loss-making entities due to the non-recognition of these assets for certain entities.

Deferred tax assets on tax losses have been recognized on the basis of 5-year business plans, which is the horizon over which the Group expects to use most of these losses.

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 31 December 2023 amount to €7.8M and correspond to the goods relating to the "Baobab Plus" activity (solar lamps, tablets and telephones). This item decreased by approximately 25% due to a strategy of better inventory turnover (to reduce storage costs) and the impact of the devaluation of the Naira in Nigeria, which mechanically reduced the value of stocks in Euro equivalent.

The cost of inventories must include all acquisition costs, conversion costs and other costs incurred to bring 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), as well as 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.

- Subsidies received to finance the acquisition of this inventory have been recognised as a reduction in the purchase cost of this inventory *(see Note 2.19)*.

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

8.2 Loans and claims on clients

		Loans to customers	Total
2023	Gross value	696,796	**696,796**
	Provision	(13,006)	**(13,006)**
	Net value	683,790	**683,790**
2022	Gross value	743,968	**743,968**
	Provision	(15,989)	**(15,989)**
	Net value	727,979	**727,979**

The average provision rate on the outstanding portfolio was 1.87% at the end of 2023, compared with 2.15% at the end of 2022, reflecting tight control over operational risk.
The decline in the portfolio is mainly due to the reclassification of the assets of the Chinese entities as "Non-current assets held for sale".

Without this reclassification of the Chinese entities' portfolio, the evolution of the portfolio would be as follows :

		Customer loans excluding IFRS5 reclassification	Total
2023	Gross value	834,213	**834,213**
	Provision	(15,682)	**(15,682)**
	Net value	818,531	**818,531**
2022	Gross value	743,968	**743,968**
	Provision	(15,989)	**(15,989)**
	Net value	727,979	**727,979**

The observation of the provisions by "stratum" as of 31 December 2022 and 31 December 2023 is as follows:

Provisions per stratum on 12/31/2022

Baobab Group	Stratum 1	Stratum 2	Stratum 3	Financial Assets Impairments 31/12/2022
Amounts in K€	**5 842**	**2 923**	**7 224**	**15 989**

Provisions per stratum on 12/31/2023

Baobab Group	Stratum 1	Stratum 2	Stratum 3	Impairment of financial assets 31/12/2023
Amounts in K€	**4 172**	**2 149**	**6 685**	**13 006**

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

	Stratum 1	Stratum 2	Stratum 3	TOTAL
Balance on 31/12/2021	**4,309**	**2,222**	**8,562**	**15,093**
Production and acquisition	3,359	3,157	2,670	9,187
Derecognition and transfers between buckets	(1,826)	(2,456)	(4,008)	(8,290)
Balance on 31/12/2022	**5,842**	**2,923**	**7,224**	**15,989**
Production and acquisition	4,177	3,245	3,049	10,471
Derecognition and transfers between buckets	(5,847)	(4,019)	(3,588	(13,454)
Balance on 31/12/2023	**4,172**	**2,149**	**6,685**	**13,006**

Note 9.1 – Other receivables

	2023	2022
Suppliers advances and prepayments	521	625
Loans to personnel	976	752
Trade receivables	36	296
Government receivables	6,877	4,698
Baobab Plus receivables	17,131	14,654
Escrow accounts	670	670
Other receivables	4,165	8,869
Prepaid expenses	2,586	3,126
Total	**32,962**	**33,690**

“Other receivables” include primarily:

- receivables from deceased customers awaiting insurance reimbursement
- deposits to interest-bearing accounts made by subsidiaries to make their excess cash flow profitable
- loans to staff and miscellaneous receivables

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

Note 9.2 – Discontinued activities

An entity must classify a non-current asset (or Group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or Group) must be available for immediate sale in its present condition, subject only to the conditions that are usual and customary for the sale of such assets (or Group), and its sale must be highly probable.

For the sale to be highly probable, management at an appropriate level must have committed to a plan to sell the asset (or Group), and an active program to find a buyer and finalize the plan must have been launched. In addition, the asset (or 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 as a completed sale within one year of the date of its classification, and the steps required to finalize the plan must indicate that it is unlikely that any significant changes will be made to the plan, or that it will be withdrawn.

During its meeting held on September 15, 2023, the Group's Supervisory Board endorsed the decision to withdraw from China as part of a change in strategic vision aimed at focusing the Group's Operations on sub-Saharan Africa. This position was reinforced by similar resolutions at subsequent Supervisory Board meetings in late September and December 2023.

The search for a potential buyer for these subsidiaries in China accelerated with the conclusion of a Term sheet in November 2023.

As a result, a well-identified buyer of the equity interests in the chinese entities, signed, in 2023, a term sheet with Baobab Group at a price reasonably defined and agreed between the parties. In addition, the transaction should be completed within 12 months from the date of the term sheet signature before November 2024; furthermore, an indemnity has been planned in the Term sheet to the benefit of the other part, in case one of the parties fails to pursue negotiations.
For these reasons, the Group considered that the conditions were met for the application of IFRS5 to its Chinese assets, and consequently the data relating to these subsidiaries have been reclassified as «Assets held for sale» and «Income from discontinued operations» in the income statement, in accordance with the application of IFRS5.

In accordance with IFRS 5 on disposal groups, the Group's consolidated financial statements have been adapted to present Microcred China, Microcred Nanchong and Microcred Sichuan separately in 2023 and 2022 (for the income statement):

- assets are reclassified on a separate balance sheet line «Non-current assets held for sale» ;
- liabilities are also reclassified on a separate line «Non-current liabilities held for sale»;
- income and expenses are reclassified on a separate line in the income statement under «Net income from discontinued operations».
- Cash flows from discontinued operations are isolated on separate lines of the cash flow statement for each cash flow category.
- In addition, the contribution of China to the Group's accounts has been revalued at fair value, and an impairment has been recognized in order to anticipate the market value of the Chinese subsidiaries.

Details of the financial statements of entities reclassified as non-current assets and liabilities held for sale and as net income from discontinued operations are given below:

Discontinued activities balance sheet

ASSETS	2023	2022	Variation
Cash and cash equivalents	14,460	2,919	11,541
Loans (gross outstandings)	*137,417*	*155,061*	*(17,644)*
Loan provisions	*(2,676)*	*(4,352)*	*1,676*
Loans (net)	*134,741*	*150,709*	*(15,968)*
Provision for discontinued operations	(35,476)	0	(35,476)
Other assets	6,038	5,637	401
TOTAL ASSETS	**119,763**	**159,265**	**(39,502)**

LIABILITIES	2023	2022	Variation
Amounts owed to credit institutions	75,728	74,258	1,471
Other liabilities	4,099	3,697	402
Shareholders' equity	39,936	81,310	(41,375)
TOTAL LIABILITIES	**119,763**	**159,265**	**(39,502)**

Discontinued activities income statement

IN K€	2023	2022	Variation
Received interest and related income	27,236	37,060	(9,823)
Interest paid and related expenses	(6,132)	(9,131)	2,999
Net interests	**21,104**	**27,929**	**(6,824)**
Other financial income	(69)	(281)	212
Gross financial income	**21,035**	**27,648**	**(6,613)**
Cost of risk	(3,221)	(5,726)	2,505
Net financial income	**17,814**	**21,922**	**(4,108)**
TOTAL OPERATING REVENUE	**17,814**	**21,922**	**(4,108)**
Personnel expenses	(9,134)	(10,144)	1,010
External expenses	(4,495)	(3,832)	(663)
Operating allowances	(882)	(973)	91
Taxes and duties	(236)	(179)	(57)
TOTAL OPERATING EXPENSES	**(14,748)**	**(15,129)**	**381**
PRE-TAX INCOME	**3,066**	**6,793**	**(3,727)**
Tax on profits	**(1,252)**	**(3,527)**	**2,275**
Net income from discontinued operations	(30,412)		(30,412)
NET INCOME	**(28,598)**	**3,266**	**(31,864)**
Minority interests	599	944	(345)
NET PROFIT/LOSS, GROUP SHARE	**(29,197)**	**2,322**	**(31,519)**

Note 10 – Cash and cash equivalents

	2023	2022
Petty cash and demand deposit	41,167	48,763
Short term deposit	18,827	19,165
Total	**59,994**	**67,927**
Overdraft	6,654	3,666
Cash and Cash equivalent	**53,341**	**64,261**

The decrease in cash and cash equivalents is explained by a strong increase in disbursements in 2023.

Cash and cash equivalents recognised in the balance sheet include demand deposits, cash in hand, short-term deposits (maturity date under three months) and all monetary placements with negligible risks of change in value.

Note 11 – Equity

The share capital of Baobab S.A.S. is EUR 84,178 K. The issue premium amounts to EUR 25,643 K.
The shareholding of Baobab S.A.S. breaks down as follows:

	2023			2022		
Shareholders	**Number of shares**	**Capital**	**%**	**Number of shares**	**Capital**	**%**
Axa group	3,384,719	28,837,806	34.26%	3,384,719	28,837,806	34.26%
Bei	1,508,761	12,854,644	15.27%	1,508,761	12,854,644	15.27%
Maj invest	1,618,577	13,790,276		1,618,577	13,790,276	
Dmp	927,452	7,901,891	9.39%	927,452	7,901,891	9.39%
Mifif ii	691,125	5,888,385	7.00%	691,125	5,888,385	7.00%
Apis	2,079,942	17,721,106	21.05%	2,079,942	17,721,106	21.05%
Nmi	1,168,272	9,953,677	11.82%	1,168,272	9,953,677	11.82%
Other	119,748	1,020,253	1.21%	119,558	1,018,634	1.21%
Total	**9,880,019**	**84,177,762**	**100%**	**9,879,829**	**84,176,143**	**100%**

Note 12 – Debts to clients

12.1 Client deposits

	2023	2022
Demand deposits	156,089	134,784
Term deposits - Clients	54,619	60,757
Term deposits - Institutions	60,380	59,257
Mandatory deposits	97,588	82,236
Total	**368,676**	**337,034**

12.2 Debts to financial institutions

	31/12/2023	31/12/2022
Long-term borrowings	278,987	205,715
Short-term borrowings	14,179	89,317
Subordinated debt	3,787	3,787
Shareholder debt	168	7,668
Debts on right of use	4,267	4,022
Total	**301,387**	**310,508**

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.

Note 13 – Provisions and other liabilities

13.1 Provisions

The "Provisions" item of €5M is mainly composed of:

- provisions for HR-related risks and charges for €2.3 million
- a provision for the liquidation costs of the subsidiary Baobab Plus Mali (whose activities have been discontinued) for €1.4 million
- provisions for miscellaneous tax risks (excluding IFRIC 23) for €0.7 million
- a provision for commercial risks and disputes of €0.6 million

13.2 Other liabilities

	2023	2022
Suppliers debts	13,023	8,290
Deferred income	2,101	1,158
Payroll liabilities	5,546	6,221
Tax liabilities excl. corporate income tax	6,834	6,683
Other taxes	4,223	6,046
Other debts	15,037	9,544
Total	**46,764**	**37,942**

Most trade payables at 31 December, 2023 were settled during the first quarter of 2024.
"Other payables" include funds received from the Nigerian government by our subsidiary Baobab Nigeria to be lent as intermediaries to young people as part of a financial inclusion program for this population.

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 more than one month.

BAOBAB GROUP	Contractual maturity in EUR 000						
31/12/2023	< 1M	1-3M	3-6M	6-12M	1-2Y	> 2Y	TOTAL
BAOBAB HOLDING							
Liquidity	59,861	91	13	6,957	389	743	68,054
Loan portfolio	91,967	169,596	209,165	270,909	83,975	17,012	842,624
All other assets	16,867	446	4,132	518	2,077	17,633	41,674
Total assets	**168,696**	**170,133**	**213,310**	**278,384**	**86,442**	**35,387**	**952,352**
Clients deposits	169,325	36,894	33,830	73,039	37,695	20,200	370,984
Financial debts	22,069	44,640	40,218	92,649	126,570	34,792	360,938
All other liabilities	54,187	3,422	2,775	2,802	544	1,402	65,132
Total liabilities	**245,582**	**84,956**	**76,823**	**168,490**	**164,809**	**56,394**	**797,054**
Financial gap	**(76,886)**	**85,178**	**136,487**	**109,894**	**(78,367)**	**(21,007)**	**155,298**

BAOBAB GROUP	Expected maturity in EUR 000						
31/12/2023	< 1M	1-3M	3-6M	6-12M	1-2Y	> 2Y	TOTAL
BAOBAB HOLDING							
Liquidity	59,861	91	13	6,957	389	743	68,054
Loan portfolio	44,635	87,331	124,212	242,607	316,368	-	815,153
All other assets	16,867	446	4,132	518	2,077	17,633	41,674
Total assets	**121,363**	**87,869**	**128,356**	**250,082**	**318,835**	**18,376**	**924,881**
Clients deposits	53,401	50,979	53,173	81,654	85,442	17,219	341,868
Financial debts	22,069	44,640	40,218	92,649	126,570	34,792	360,938
All other liabilities	54,187	3,422	2,775	2,802	544	1,402	65,132
Total liabilities	**129,658**	**99,041**	**96,166**	**177,105**	**212,555**	**53,413**	**767,938**
Financial gap	**(8,294)**	**(11,172)**	**32,190**	**72,977**	**106,279**	**(35,038)**	**156,943**
Cumulative gap	**(8,294)**	**(19,466)**	**12,724**	**85,701**	**191,981**	**156,943**	**156,943**

The Group manages its liquidity in its various jurisdictions with a conservative approach, namely on a stressed maturity basis. Nevertheless, liquidity remains in surplus even with these stressed scenarios at all maturity dates.

Note 15 – Headcount as of 31/12/2023

	Sales staff	Other employees	Total 2023	Total 2022
France	0	53	53	48
Services	0	107	107	94
Madagascar	685	152	837	791
Senegal	689	97	786	739
China	388	87	475	506
Nigeria	692	132	824	708
Côte d'Ivoire	695	114	809	832
Mali	257	70	327	384
Burkina Faso	231	52	283	240
DRC	231	63	294	255
Total	**3,868**	**927**	**4,795**	**4,597**

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 information on the results and shares, which was used to calculate the basic earnings per share, for all the activities:

	2023	2022
Net profit attributable to the ordinary shareholders of the entity (in KEUR)	(17,273)	17,870
Weighted average number of ordinary shares for basic earnings per share	9,879,924	9,506,087
Total number of shares at end of the year	9,880,019	9,879,829
Profit per weighted average number of shares in Euros	**(1.75)**	**1.88**

- Earnings per share are negative due to the impact of IFRS5 restatements on Chinese entities *(see note 9.2)*. Excluding non-current activities held for sale, earnings per share would be as follows:

	2023	2022
Net income from continuing operations attributable to ordinary equity holders of the parent (in KEUR)	13,080	17,870
Weighted average number of ordinary shares for basic earnings per share	9,879,924	9,506,087
Total number of shares at end of the year	9,880,019	9,879,829
Profit per weighted average number of shares in Euros	**1.32**	**1.88**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Note 17 – Segment information

- **Breakdown per activity 2023**

ASSETS	2023	Holding Company	Institutions
Loans (gross outstanding)	696,796	0	696,796
Provisions for loans	(13,006)	0	(13,006)
Loans (net outstanding)	683,790	0	683,790
Non-current assets held for sale	119,763		119,763
Other assets	152,041	35,935	116,107
TOTAL ASSETS	**955,594**	**35,935**	**919,659**

LIABILITIES	2023	Holding Company	Institutions
Customer deposits	368,676	0	368,676
Deposits from banks	301,387	57,618	243,769
Non-current liabilities held for sale	79,828		79,828
Other debts and equity	205,704	(21,683)	227,387
TOTAL LIABILITIES	**955,594**	**35,935**	**919,659**

IN KEUR	2023	Holding Company	Financial institutions	Baobab Plus
Received interest and related income	161,320	0	160,387	933
Interest paid and related expenses	(34,196)	(2,437)	(30,311)	(1,448)
Net interests	**127,124**	**(2,437)**	**130,076**	**(515)**
Commission	17,211	0	17,211	0
Other financial income	(4,390)	(98)	(1,359)	(2,933)
Financial expenses	(13,368)	(242)	(8,629)	(4,497)
Financial income	8,978	144	7,270	1,564
Gross financial income	**139,946**	**(2,535)**	**145,928**	**(3,448)**
Cost of risk	(14,764)	0	(13,438)	(1,326)
Net financial income	**125,182**	**(2,535)**	**132,490**	**(4,774)**
Baobab plus income	23,205	0	0	23,205
Other income	8,628	4,252	2,692	1,685
Income from other Business	**31,834**	**4,252**	**2,692**	**24,890**
Total operating Revenue	**157,015**	**1,717**	**135,182**	**20,117**
Personnel expenses	(62,356)	(12,440)	(43,600)	(6,316)
External expenses	(57,210)	5,134	(45,232)	(17,112)
Operating allowances	(13,263)	(1,166)	(10,201)	(1,896)
Taxes and duties	(5,470)	(1,338)	(3,162)	(970)
Total operating expenses	**(138,299)**	**(9,810)**	**(102,196)**	**(26,293)**
Pre-tax income	**18,716**	**(8,093)**	**32,986**	**(6,176)**
Tax on profits	(5,636)	(900)	(5,893)	1,157
Deferred tax	*1,645*	*(796)*	*1,210*	*1,231*
Current tax	*(7,266)*	*(89)*	*(7,103)*	*(74)*
Tax credit	*(15)*	*(15)*	*0*	*0*
NET INCOME FROM CONTINUING OPERATIONS	**13,080**	**(8,993)**	**27,093**	**(5,019)**
Net income from continuing operations, Group share	*(28,598)*	*(30,412)*	*1,814*	*0*
NET INCOME	**(15,518)**	**(39,405)**	**28,907**	**(5,019)**
Minority interests	**1,755**	145	2,946	(1,335)
NET PROFIT/LOSS, GROUP SHARE	**(17,273)**	**(39,550)**	**25,961**	**(3,684)**

• Breakdown per activity 2022

ASSETS	2022	Holding Company	Institutions
Loans (gross outstanding)	743,968	0	743,968
Provisions for loans	(15,989)	0	(15,989)
Loans (net outstanding)	727,979	0	727,979
Other assets	157,676	53,737	103,939
TOTAL ASSETS	**885,655**	**53,737**	**831,918**

LIABILITIES	2022	Holding Company	Institutions
Customer deposits	337,034	0	337,034
Deposits from banks	310,508	27,612	282,896
Other debts and equity	238,113	23,121	214,991
TOTAL LIABILITIES	**885,655**	**50,733**	**834,922**

IN KEUR	2022	Holding Company	Financial institutions	Baobab Plus
Received interest and related income	179,505	1	178,290	1,214
Interest paid and related expenses	(38,441)	(1,775)	(35,744)	(922)
Net interests	**141,064**	**(1,774)**	**142,546**	**292**
Commission	14,469	0	14,469	0
Other financial income	(2,413)	(436)	(1,283)	(694)
Financial expenses	*(4,328)*	*(475)*	*(3,070)*	*(782)*
Financial income	*1,915*	*40*	*1,787*	*88*
Gross financial income	**153,120**	**(2,210)**	**155,732**	**(402)**
Cost of risk	(18,574)	(46)	(17,962)	(565)
Provisions, net		(46)	0	(236)
Write-off		0	0	(330)
Recoveries		0	0	0
Net financial income	**134,546**	**(2,256)**	**137,770**	**(968)**
Baobab plus income	20,743	0	0	20,743
Other income	11,327	8,826	1,905	597
Income from other Business	**32,070**	**8,826**	**1,905**	**21,340**
Total operating Revenue	**166,616**	**6,570**	**139,674**	**20,372**
Personnel expenses	(64,725)	(10,800)	(48,635)	(5,290)
External expenses	(57,989)	(1,051)	(41,221)	(15,717)
Operating allowances	(10,771)	(1,180)	(8,457)	(1,133)
Taxes and duties	(3,990)	(1,008)	(2,270)	(712)
Total operating expenses	**(137,474)**	**(14,039)**	**(100,584)**	**(22,851)**
Pre-tax income	**29,142**	**(7,469)**	**39,090**	**(2,479)**
Tax on profits	(8,650)	1,350	(10,213)	213
Deferred tax	*2,913*	*1,163*	*1,217*	*533*
Current tax	*(11,613)*	*136*	*(11,430)*	*(320)*
Tax credit	*50*	*50*	*0*	*0*
Profit/loss from assets held for sale	1,661	0	1,661	0
NET INCOME	**22,153**	**(6,120)**	**30,538**	**(2,266)**
Minority interests	**4,283**	0	4,283	0
NET PROFIT/LOSS, GROUP SHARE	**17,870**	**(6,120)**	**26,255**	**(2,266)**

• Geographical breakdown 2023

ASSETS	2023	France	Africa	Asia
Loans (gross outstanding)	696,796	0	696,796	0
Provisions for loans	(13,006)	0	(13,006)	(0)
Loans (net outstanding)	683,790	0	683,790	0
Non-current assets held for sale	119,763			119,763
Other assets	152,041	35,935	116,107	(0)
TOTAL ASSETS	**955,594**	**35,935**	**799,896**	**119,763**

LIABILITIES	2023	France	Africa	Asia
Customer deposits	368,676	0	368,676	0
Borrowings from banks	301,387	57,618	243,769	(0)
Non-current liabilities held for sale	79,828			79,828
Other debt and equity	205,704	(21,683)	187,451	39,936
TOTAL LIABILITIES	**955,594**	**35,935**	**799,896**	**119,763**

IN KEUR	2023	France	Africa	Asia	Subsidiaries
Interest and similar income received	161,320	0	161,320	0	161,320
Interest and similar expenses paid	(34,196)	(2,490)	(31,706)	(0)	(31,706)
Net interests	**127,124**	**(2,490)**	**129,615**	**0**	**129,615**
Commission	17,211	0	17,211	0	17,211
Other financial income	**(4,390)**	**(98)**	**(4,285)**	**(7)**	**(4,292)**
Financial expenses	*(13,368)*	*(242)*	*(13,119)*	*(7)*	*(13,126)*
Financial income	*8,978*	*144*	*8,834*	*0*	*8,834*
Gross financial income	**139,946**	**(2,588)**	**142,540**	**(7)**	**142,533**
Cost of risk	(14,764)	0	(14,770)	7	(14,764)
Provisions, net		0	(2,754)	0	
Write-off		0	(21,361)	7	
Recoveries		0	9,344	(0)	
Net financial income	**125,182**	**(2,588)**	**127,769**	**0**	**127,769**
Baobab Plus income	23,205	0	23,205	0	23,205
Other income	8,628	4,252	4,377	(0)	4,377
INCOME FROM OTHER ACTIVITIES	**31,834**	**4,252**	**27,582**	**(0)**	**27,582**
TOTAL OPERATING INCOME	**157,015**	**1,664**	**155,352**	**0**	**155,352**
Payroll expenses	(62,356)	(12,440)	(49,916)	0	(49,916)
External expenses	(57,210)	5,134	(62,343)	(0)	(62,343)
Operating allowances	(13,263)	(1,166)	(12,097)	0	(12,097)
Taxes and duties	(5,470)	(1,338)	(4,132)	0	(4,132)
TOTAL OPERATING EXPENSES	**(138,299)**	**(9,810)**	**(128,489)**	**(0)**	**(128,489)**
PROFIT/LOSS BEFORE TAX	**18,716**	**(8,146)**	**26,863**	**(0)**	**26,863**
Tax on profits	(5,636)	(900)	(4,736)	(0)	(4,736)
Deferred tax	*1,645*	*(796)*	*2,441*	*(0)*	*2,441*
Current tax	*(7,266)*	*(89)*	*(7,177)*	*0*	*(7,177)*
Tax credit	*(15)*	*(15)*	*0*	*0*	*0*
NET PROFIT FROM CONTINUING OPERATIONS	**13,080**	**(9,046)**	**22,127**	**(0)**	22,127
net profit from discontinued operations	*(28,598)*	*(30,412)*	*0*	*1,814*	**1,814**
PROFIT/LOSS, NET	**(15,518)**	**(39,458)**	**22,127**	**1,814**	**23,941**
Minority interests	**1,755**	145	1,011	599	**1,611**
NET PROFIT/LOSS, GROUP SHARE	**(17,273)**	**(39,550)**	**21,062**	**1,215**	**22,277**

• Geographical breakdown 2022

ASSETS	2022	France	Africa	Asia
Loans (gross outstanding)	743,968	0	588,907	155,061
Provisions for loans	(15,989)	0	(11,638)	(4,352)
Loans (net outstanding)	727,979	0	577,269	150,709
Other assets	157,676	53,737	95,383	8,556
TOTAL ASSETS	**885,655**	**53,737**	**672,653**	**159,265**

LIABILITIES	2022	France	Africa	Asia
Customer deposits	337,034	0	337,034	0
Borrowings from banks	310,508	28,371	207,879	74,258
Provisions	4,322	784	3,538	0
Other debts	37,942	7,886	26,360	3,697
Equity	195,848	13,692	100,846	81,310
TOTAL LIABILITIES	**885,655**	**50,733**	**675,657**	**159,265**

IN KEUR	2022	France	Africa	Asia	Subsidiaries
Received interest and related income	179,505	1	142,444	37,060	179,504
Interest paid and related expenses	(38,441)	(1,775)	(27,535)	(9,131)	(36,666)
Net interests	**141,064**	**(1,774)**	**114,909**	**27,929**	**142,838**
Commission	14,469	0	14,469	0	14,469
Other financial income	(2,413)	(436)	(1,668)	(309)	(1,978)
Financial expenses	*(4,328)*	*(475)*	*(3,543)*	*(309)*	*(3,852)*
Financial income	*1,915*	*40*	*1,875*	*0*	*1,875*
Gross financial income	**153,120**	**(2,210)**	**127,710**	**27,620**	**155,330**
Cost of risk	(18,574)	(46)	(12,801)	(5,726)	(18,528)
Provisions, net		(46)	10,328	(2,509)	
Write-off			(32,808)	(4,713)	
Recoveries			9,678	1,495	
Net financial income	**134,546**	**(2,256)**	**114,908**	**21,894**	**136,802**
Baobab plus income	20,743	0	20,743	0	20,743
Other income	11,327	8,826	2,473	28	2,501
Income from other business	**32,070**	**8,826**	**23,216**	**28**	**23,244**
Total operating revenue	**166,616**	**6,570**	**138,125**	**21,922**	**160,046**
Personnel expenses	(64,725)	(10,800)	(43,781)	(10,144)	(53,925)
External expenses	(57,989)	(1,051)	(53,106)	(3,832)	(56,938)
Operating allowances	(10,771)	(1,180)	(8,617)	(973)	(9,590)
Taxes and duties	(3,990)	(1,008)	(2,803)	(179)	(2,982)
Total operating expenses	**(137,474)**	**(14,039)**	**(108,307)**	**(15,129)**	**(123,435)**
Pre-tax income	**29,142**	**(7,469)**	**29,818**	**6,793**	**36,611**
Tax on profits	(8,650)	1,350	(6,473)	(3,527)	(10,000)
Deferred tax	*2,913*	*1,163*	*1,406*	*344*	*1,750*
Current tax	*(11,613)*	*136*	*(7,879)*	*(3,871)*	*(11,750)*
Tax credit	*50*	*50*	*0*	*0*	*0*
Profit/loss from assets held for sale	1,661	0	1,661	0	1,661
Profit/loss, net	**22,153**	**(6,120)**	**25,006**	**3,266**	**28,272**
Minority interests	**4,283**	**0**	**3,339**	**944**	**4,283**
NET PROFIT/LOSS, GROUP SHARE	**17,870**	**(6,120)**	**21,667**	**2,322**	**23,989**

Note 18 – Operating income

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

• Revenues derived from the lending activity

Received interest and related income	2023	2022
Interest received on loans	130,549	150,294
Interest Pay-As-You-Go Baobab Plus	933	1,123
Commission on loans	17,807	15,571
Fees, penalties / other income	12,032	12,518
TOTAL	161,320	179,505

• Commissions

COMMISSION	2023	2022
Total	17,211	14,469

This income is generated mainly by savings products, insurance on loans granted, and commissions and fees collected on various transactions other than loans.

• Other income

IN KEUR	2023	2022
Subsidies	227	212
Other income	8,401	11,115
TOTAL	8,628	11,327

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.
Miscellaneous income includes, €2M in capitalised production costs as part of the resources used for the Group's digitalisation.

Note 19 – Other financial income

In 2023, other net financial income was as follows:

IN KEUR	2023	2022
Financial revenue	**8,978**	**0**
FX gains	8,926	0
Net profit on disposal of marketable securities	19	0
Reversals of financial provisions	32	
Other financial revenues	0	0
Financial expenses	**(13,368)**	**(2,413)**
FX loss	(12,444)	(1,342)
Provisions for securities and depreciation	(205)	(76)
Financial expenses on right-of-use	(576)	(540)
Other financial expenses	(143)	(455)
TOTAL	(4,390)	(2,413)

The net foreign exchange losses recorded were mainly incurred in Nigeria, Madagascar, and the DRC, with a greater impact in Nigeria due to a significant devaluation of the Naira.

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	2022	2021
Net provision expenses	(2,754)	7,773
Financial write-off	(21,354)	(37,520)
Recoveries	9,344	11,173
TOTAL	**(14,764)**	**(18,574)**

The data for the year 2023 is impacted by the reclassification of data related to Chinese entities under "Result of discontinued operations." Apart from this impact, the cost of risk remained relatively stable between 2023 and 2022, at (€18) million in 2023 vs (€18.6) million in 2022.

Note 21 – Operating expenses

IN KEUR	2023	2022 (restated)
External expenses	**(62,680)**	**(57,968)**
Purchases and exernal expenses	(57,210)	(54,157)
Tax, duties and similar expenses	(5,470)	(3,811)
Payroll costs	**(62,356)**	**(54,580)**
Operating expenses	**(13,263)**	**(9,798)**
Allowances for depreciation of fixed assets	(9,414)	(7,240)
Allowances for provisions on fixed assets	(2,719)	(581)
Allowances for provisions for risk and liabilities	(537)	(1,204)
Allowances for provisions for pensions	(593)	(773)
TOTAL OPERATING EXPENSES	**(138,299)**	**(122,346)**

Expenses at the end of 2023 are distributed as follows :

- €62,356K in personnel expenses, +14% compared to 2022 due to resumed recruitment, increased disbursement activities leading to higher variable salaries, as well as salary revaluation campaigns. These expenses are distributed 86% in Africa and 14% in holdings, with the portion related to Asia being reclassified under «Result of discontinued operations.»
- Purchases and external charges increased by 6% compared to 2022, indicating effective cost control. This category includes:
  - Mission expenses aimed at ensuring the proper development of entities (participation in boards, information systems control, etc.) and enabling the search for new investors for the Baobab group.
  - IT expenses mainly concerning the maintenance of the current IT tool and the development of the loan management software.
  - Fees for the Group's various service providers.
- The increase in allowances on current assets is related to the rise in impairments recorded on Baobab Plus activities (stocks and receivables).

Note 22 – Reconciliation between nominal and effective tax rates

The tax charge represents the sum of current tax payable and deferred tax. The reconciliation between tax expense and accounting income (for continuing operations) multiplied by the tax rate applicable in France is as follows for the year ended 31 December, 2023.

The theoretical tax rate is the standard tax rate on taxable profits in France at 31 December, 2023, i.e. 25%.

	31/12/23	31/12/22
Profit/loss before tax	**18,716**	**31,146**
Theoretical amount of tax on profits	(4,679)	(7,787)
Tax rate differential in foreign subsidiaries	2,314	1,646
Impact of permanent differences	(625)	(2,216)
Prior year adjustments	372	(211)
Provision for tax risks	129	616
Non recognition of DTA and deconsolidation effects	(2,281)	601
Financial waiver	(778)	0
Minimum flat tax	(74)	(30)
Tax credits and withholding tax	(15)	(1,268)
REPORTED TAX	**(5,636)**	**(8,650)**
EFFECTIVE TAX RATE	**30.11%**	**27.77%**

The ETR increase between 2022 and 2023 is due to the non-recognition of deferred tax assets arising from tax losses in some jurisdictions.

Note 23 –Risk management

1. General observations

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

3. Risk management organisation within Baobab

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. It is completed by the Management overseeing the teams.

The second line of defence is primarily Compliance & 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.

4. 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 debtor's economic situation 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 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 predefined levels of delegation and validated by the Risk Committees
- diversifying its portfolio across different geographical areas. As of 31 December 2022, the Group was investing in West Africa, Central Africa, 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, client 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)
- 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 risks

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 the Group level
- regular holding of ALCO committees

Legal and tax 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 risks

Strategy risk can arise from poor market positioning, from the launch of a product that is disconnected from client needs, from 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.
In addition, 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	2023	2022
Audit of Baobab S.A.S	**121**	**116**
Legal audit fees	103	98
Non audit services	18	18
Audit of subsidiaries	**466**	**503**
Legal audit fees	430	469
Non audit services	35	34
TOTAL	**587**	**619**

Note 25 –Related Parties

As of 31 December 2023, 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

The shareholders of the Group, during an extraordinary general meeting on February 29, 2024, confirmed the decision to withdraw from China as part of a strategic vision change aimed at focusing the Group's operations on sub-Saharan Africa.

The search for a potential buyer for the subsidiaries located in China accelerated during 2023, resulting in the signing of a term sheet and a share purchase agreement on April 30, 2024.

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