

VisionFund
INTERNATIONAL

2020

ANNUAL
REPORT



Message from **Leadership**

2020 has been an unprecedented year for VisionFund's clients. With the COVID-19 pandemic sweeping every country in our Network, we have seen our microfinance institutions rapidly adapt and come together like never before to protect, serve and give hope to our clients in their darkest hours.

Our institutions have rescheduled loans, provided deferments and paid out savings or insurance. Often, we have been the only support that our clients have received through hard months of lockdown, where business activity was suspended and families' livelihoods threatened. We are proud to have been the shelter our clients needed during a year of profound economic hardship, and stand ready to step into a strong recovery in 2021.

Our purpose has not changed despite the pandemic. We exist to build brighter futures for vulnerable families and children. We were particularly moved by the story of Doria, a mother of four who contracted COVID-19 in Zambia and was isolated from her family and community. VisionFund staff not only deferred her loan repayments, but checked on her children's welfare, called her on the telephone every day of her isolation to encourage and pray with her, and supported her with a recovery loan when she was well.

Renewal has been a key theme for 2020, with our 2030 Strategy approved by the Board in March. Our last quarter of the year has been focused on preparing our MFIs for the journey ahead, as we seek to serve 30 million children by 2030, with strong and faithful partnerships, including with World Vision.

In June we bid farewell to our CEO and President, Michael Mithika, who led VisionFund with humility and faithfulness since 2017. Please join us in praying for him and his family in their new season.

In 2021, we will welcome our new President and CEO Edgar S. Martinez, as he steps in to lead our ministry, bringing with him a wealth of experience in the financial sector. We pray that God will bless Edgar's calling to join our organisation, as we continue to bring hope to children and clients in the 28 countries in which we serve.

Finally, we give thanks to all of our partners, staff, donors, funders, board members, and the broader VisionFund family, who thrive on a shared love of Christ, a commitment to the most vulnerable, and life in all its fullness from every corner of our earth. We hope you will join us as we continue to renew our organisation for our clients and their families, and boldly reach for our 2030 goals.

Jean Baptise Kamate
Interim Co-CEO and President, VisionFund International

Stephen Lockley
Interim Co-CEO and President, VisionFund International

James Bere
Chair of the Board, VisionFund International

We are VisionFund

VisionFund is a different kind of financial institution. Our financial inclusion services are integrated with the work of World Vision, the global Christian relief, development and advocacy organisation, a global leader in improving and transforming the lives of children, their families, and their communities.

VisionFund is part of World Vision's livelihoods programming, which addresses the underlying causes of childhood poverty, food and nutrition insecurity, vulnerability to climatic events, and lack of access to markets and financial services. Together, we work within communities by providing financial inclusion products and services to effect change along the poverty continuum.

OUR VISION

Our vision for every child, life in all its fullness;
Our prayer for every heart, the will to make it so.

OUR MISSION

We believe in brighter futures for children.
Empowering families to create income and jobs.
Unlocking economic potential for communities to thrive.



GLOBAL
28 microfinance institutions
7,089 employees
989,000 clients
3.6 million children benefit from the impact of our work

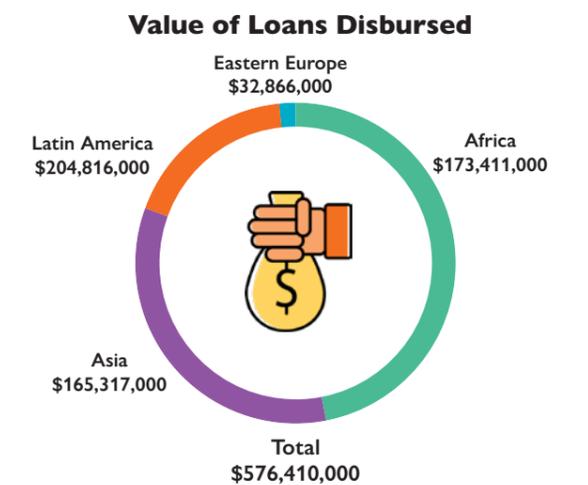
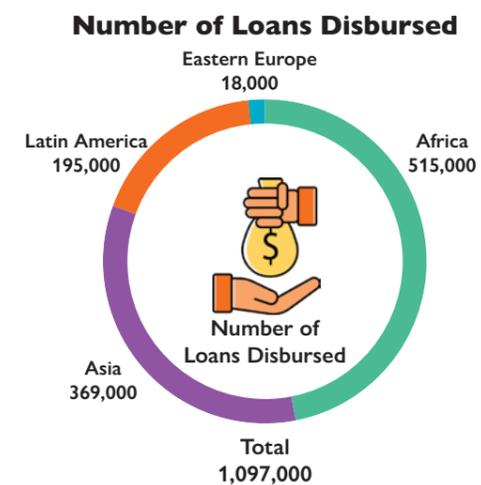
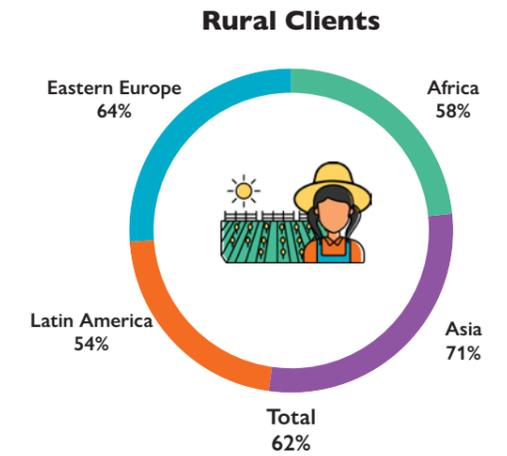
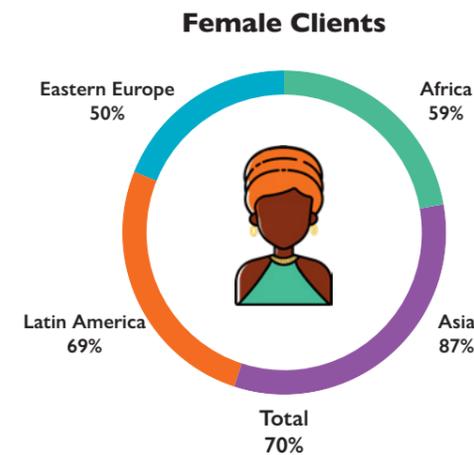
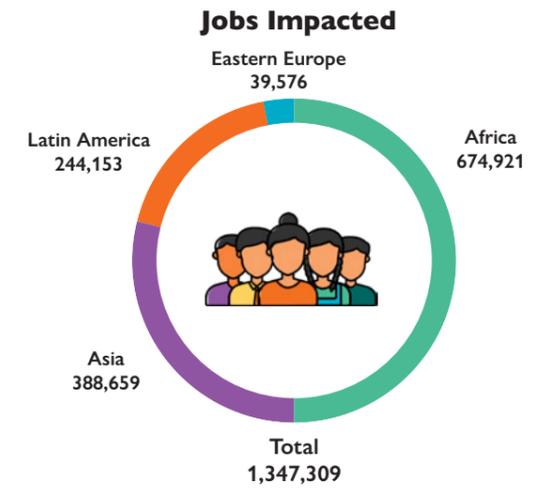
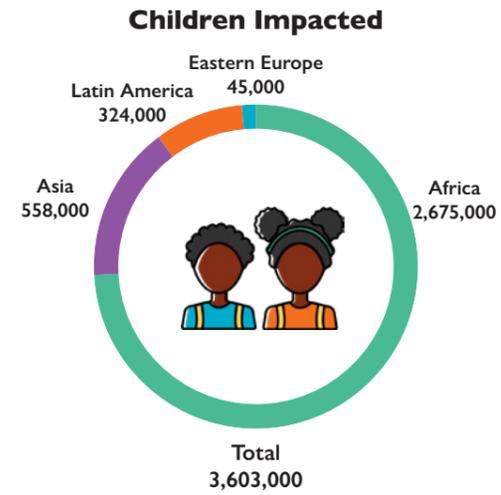
AFRICA
11 microfinance institutions
266 branches
9,251 employees
435,000 clients
53% of clients in World Vision Area Programmes

LATIN AMERICA
7 microfinance institutions
111 branches
1,498 employees
190,000 clients
34% of clients in World Vision Area Programmes

ASIA
6 microfinance institutions
139 branches
2,199 employees
332,000 clients
52% of clients in World Vision Area Programmes

EASTERN EUROPE
4 microfinance institutions
49 branches
440 employees
32,000 clients
39% of clients in World Vision Area Programmes

Our global impact



Our focus

As of April 2020, COVID-19 had been identified in all 28 of our country contexts, with severe implications for people living at or below the poverty line. Families living in rural poverty are substantially less likely to be able to access the social protections and healthcare required to stave off the pandemic, potentially leaving them unable to recover from the economic shock of COVID-19.

VisionFund responded quickly across the Network to support our clients during the pandemic and widespread economic shutdowns. A suite of tools and methods were developed, and these were enacted rapidly and in contextually-specific ways to preserve business continuity for our clients. A renewed focus on digital and mobile money processes has ensured that we are enabling clients to transact while keeping safe, bringing our technology operations into the cutting-edge of financial services.

VisionFund's frontline teams have been the hidden heroes of the COVID-19 pandemic; they have been committed to rescheduling loans, enabling savings withdrawal, lending for recovery, triggering micro-insurance, pivoting client business operations towards pandemic needs, conducting COVID-19 prevention and awareness activities, or just calling our clients for prayer and support.

We remained prayerful and true to our Christian identity, which has been a guiding light for us during these unprecedented times. We pray for all those affected by COVID-19, as well as those offering treatment, education and support; and we pray that our Partnership will continue to come together to carry out the work of Christ, and bear witness to His name.



Our strategy

In March, the Board approved the 2030 Strategy for VisionFund International, and in July, our new Chief of Strategy, Impact and Services, Sally O'Neill was appointed to lead the development and execution of this exciting strategic vision. The 2030 Strategy is a partner strategy to World Vision's Our Promise, and affirms our commitment to impact 30 million children by 2030 by broadening and deepening our impact, strengthening operations, investing for the future and empowering our people. This will be achieved through strong partnership with World Vision in all our operating contexts, and delivering operational excellence in financial and livelihoods solutions.

The 2030 Strategy commenced with five strategic priorities to March 2021, in immediate response to the COVID-19 crisis. The priorities include operational needs such as strengthening our digital capacity for the recovery process, as well as refining our business model to thrive in a changing environment. In close consultation with our MFIs, we are also developing three-year planning cycles to enable our journey to 2030, ensuring each of our institutions is equipped for the road ahead. Please join us in prayer as we begin our new strategic journey to serve children across the Network so they reach their full potential.

**Now to him who is able to do immeasurably more than all we ask or imagine.
(Ephesians 3:20)**



Our 2020 highlights

Kosovo

VisionFund's MFI in Kosovo, KosInvest, was proud to partner with World Vision Kosovo throughout the pandemic to support clients and their families. The two organisations delivered 150 food packages for the most vulnerable of VisionFund's clients, who were unable to work or receive government assistance.

Ghana

To best support clients through the pandemic, VisionFund Ghana contracted one of its Small and Growing Business (SGB) Loan clients, a fashion designer, to produce VisionFund-branded face masks. Every one of our clients in Ghana received a face mask and a bottle of hand sanitiser during loan officer outreach activities in May, and our SGB client was able to use the proceeds of the VisionFund contract to revitalise her COVID-affected business and take on new employees at a new shop to meet rising demand.

Senegal

VisionFund Senegal was proud to partner with World Vision Senegal on the EverGreen Project, an environmental initiative aimed at delivering sustainable farming, improved food security and soil regeneration to communities. VisionFund provided loans to 934 clients in World Vision Area Programs to purchase the agricultural materials needed to join the project, and loan officers were also involved in training clients in new regenerative farming techniques. As a result of VisionFund's involvement, 3,775 children will see the benefit of improved livelihoods and food security.

Malawi

VisionFund Malawi deepened rural financial inclusion by providing mature Savings Groups with an option to increase capital available to lend onwards to its members through a Savings Linkage Product. Working with World Vision Savings Groups, VisionFund reached 132 groups which helped build communities' resilience to the financial impact of COVID-19.

Armenia

As Armenia's children transitioned to online learning during the COVID-19 lockdown, VisionFund's Armenian MFI saw that many of their clients' children were being excluded from continued education without computers or internet. In consultation with their staff, the MFI decided to use their special charity fund to purchase 45 tablets for the children of their most vulnerable clients, meaning that 209 children are now able to share online resources with their siblings, and be included in online classes.

Ecuador

Though Ecuador was badly affected by high COVID-19 numbers and economic shutdowns in 2020, VisionFund Ecuador's strong portfolio of recovery lending with simple repayment terms supported our clients through a very difficult time of their lives. Recovery lending has allowed our clients to borrow the capital they need to get back on their feet and see their businesses into an improved situation for 2021.

Bolivia

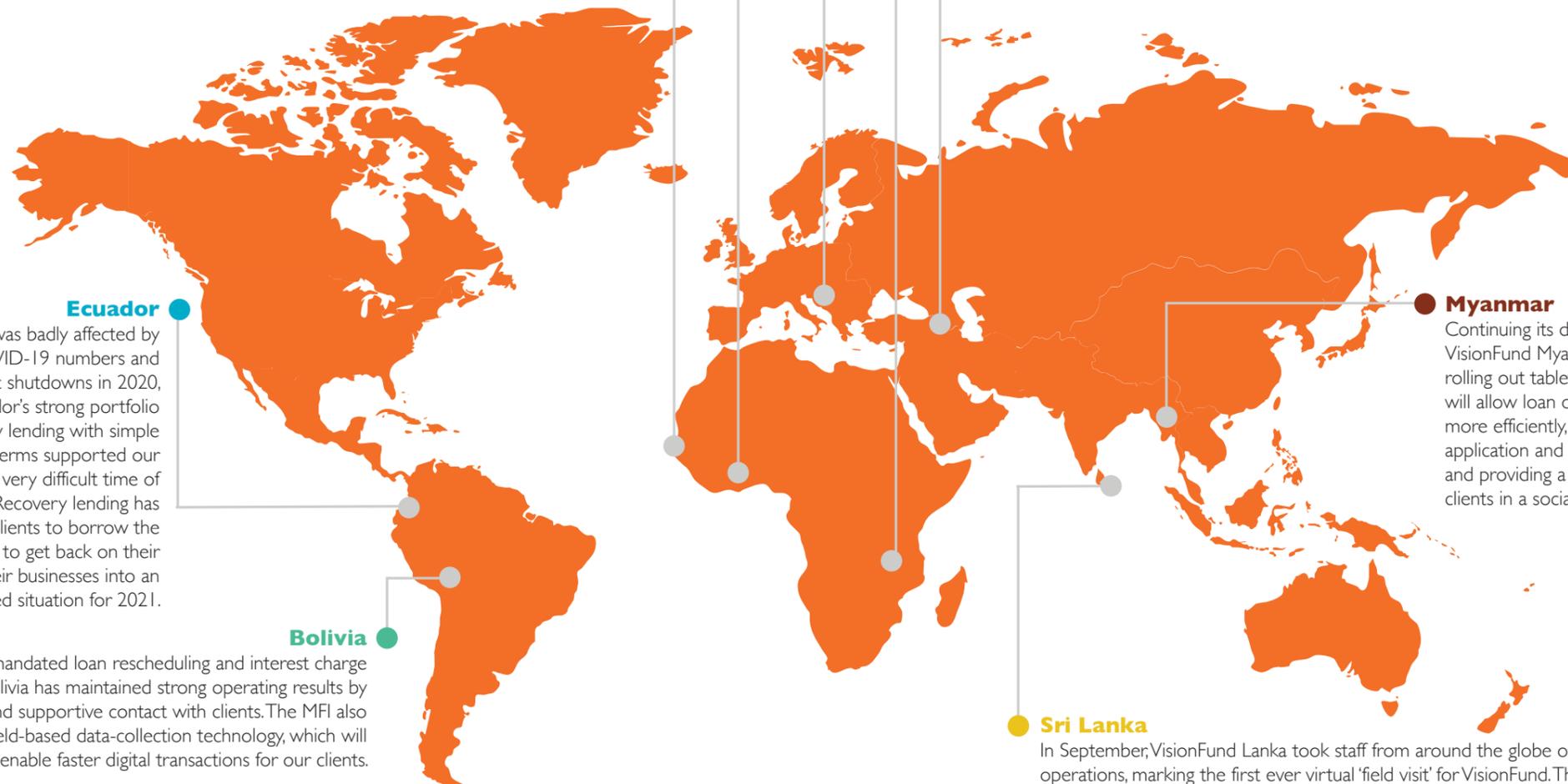
Despite government-mandated loan rescheduling and interest charge restrictions, VisionFund Bolivia has maintained strong operating results by keeping in close and supportive contact with clients. The MFI also implemented exciting field-based data-collection technology, which will enable faster digital transactions for our clients.

Myanmar

Continuing its digital-first approach to lending, VisionFund Myanmar this year succeeded in rolling out tablets to every branch. The tablets will allow loan officers to serve our clients more efficiently, reducing the time between application and approval for loan requests, and providing a safer way to engage with clients in a socially-distanced manner.

Sri Lanka

In September, VisionFund Lanka took staff from around the globe on a virtual tour of its operations, marking the first ever virtual 'field visit' for VisionFund. The two-hour tour across the country allowed staff to understand more about the MFI's COVID-19 operating context and to hear directly from clients about their needs for livelihoods support.





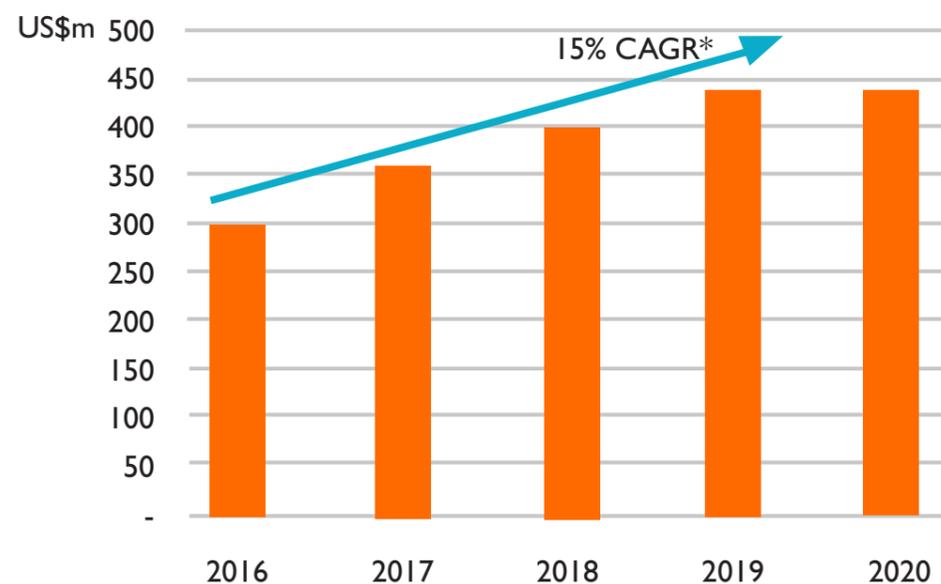
Our financial summary

In 2020, portfolio quality continued to be a key focus due to the pandemic. Because of loan moratoria, provision expense ballooned to \$18.4m over the \$7.4m FY20 forecast, as the portfolio aged due to deferred loan repayments. To be conservative, VisionFund has forecast a greater Portfolio At Risk (PAR) calculation, however as economies reopen, we expect to recover much of our portfolio. Liquidity and solvency analysis has become a major focus, and VisionFund remains in a good cash position due to reserves from the sale of our Cambodia microfinance institution (MFI).

Our major lenders have agreed unilaterally to support VisionFund in the long term, so capital is still accessible to the Network, which will assist us to respond to any additional shocks. MFI Network liquidity is at 12% in the current month, which is above the normal target as MFIs conservatively hold additional liquidity as a response to the COVID-19 crisis. However, we also reduced operating expenses of \$15m, which was 13% under budget for the fiscal year. VisionFund remains conscious of our mission during COVID-19; our continued and full support of clients in view of the balance sheet speaks to our calling to ensure life in all its fullness.

Our financial performance

Gross Loan Portfolio



*Compound Annual Growth Rate

Full VisionFund International Network	FY20	FY19
Gross loan portfolio	US\$m 434	434
Total assets	579	543
Notes payable	262	222
Client deposits (savings)	57	54
Total equity	228	235
Financial revenue	146	152
Financial expense	28	26
Financial income	118	126
Operating expense	107	107
Net income after tax and before donations*	(16)	1
Value of loans disbursed	576	694
Portfolio yield	33%	35%
Operational sustainability	93%	102%
Operating expense ratio	22%	24%
Loan delinquencies (portfolio at risk >30 days)	7.4%	3.6%
Loan loss rate	2.1%	2.9%

Data in USD and millions except as otherwise indicated.

Our governance

The VisionFund International Board is the ultimate governing body of the VisionFund network. At the country level, each microfinance institution has a board of directors who are appointed by the VisionFund International Board. The microfinance institutions' boards adopt all the governance policies developed by VisionFund International. Such policies are adapted to the local context to comply with local laws and regulations.

Jim Bere, USA

Chairman & CEO
Alta Resources
Board Chair

Suanne Miedema, Canada

President
Miedema's Board Consulting Inc.
Board Deputy Chair

Petronella Dhitima, Zimbabwe

Managing Director
Mustard Seed Advisory

Chris Glynn, USA

SVP for Transformational Engagement
World Vision US

Luis Hermosa, Ecuador

Independent Financial Consultant

Tiffany T. F. Huang, Taiwan

Senior Partner & Practices Head
Baker & McKenzie

Jean Baptiste Kamate, UK

Partnership Leader - Global Field Operations
World Vision International

Kate Lam, USA

Managing Director
Ideanomics

Stephen Lockley, UK

Chief Financial Officer
World Vision International

Michael Mithika, UK

President & CEO (October - June in 2020)
VisionFund International

Andrew Morley, UK

President & CEO
World Vision International

Emma Osborne, UK

Formerly Chief Investment Officer
The Chubb Corporation



Doria's fight for recovery

When Doria, 47, began experiencing the symptoms of COVID-19, she was unprepared for the journey that lay ahead of her. Having already lost her income from her electrical, mechanical and chemical supply business when her main clients in the mining industry were forced into lockdown, Doria's positive test a few days later was another major setback for her family. A positive COVID-19 test result meant that Doria and her husband were immediately sent to an isolation center, while her four teenage children at home began experiencing verbal abuse and threats for being the only household in the community with the virus. With child protection a major concern around the world during the pandemic, Doria was fortunate her children were well protected by the police in her absence.

As Doria only experienced the mildest symptoms of the virus, the fear in the community and the lack of understanding about the virus became her sole focus and concern. "My only worry was the welfare of my children, with my community threatening to burn my house just because my husband and I tested positive," said Doria. "I am grateful to the government for sending police day and night to watch over my family."

VisionFund Zambia, which has looked after Doria's business loans for many years, switched its focus to looking after Doria and her family as soon as her loan officer became aware of her diagnosis. VisionFund Zambia's CEO, Simon Ziba, became personally involved in Doria's support. "I am so grateful to VisionFund Zambia for their never-ending support and understanding during my struggling time, especially Mr. Ziba," said Doria. "He was always checking up on me when I was in isolation and always giving me words of encouragement, praying for me and giving me much more time on my loan repayment period."

After isolating from her family for several weeks – which Doria described as "the worst time of her life" – she was able to return home safely, and educate her neighbors about COVID-19 safety. Doria has taken a new recovery loan, now that both her health and business are ready to be stronger than ever before as she prepares for an economic reopening.

Our locations

VisionFund International headquarters is located in London, UK and registered in California, USA. Our microfinance institutions are located in the following countries:

Africa

DR Congo
Ethiopia*
Ghana
Kenya
Malawi
Mali*
Rwanda
Senegal
Tanzania
Uganda
Zambia

Asia

India*
Mongolia
Myanmar
Philippines*
Sri Lanka
Vietnam*

Eastern Europe

Armenia
Kosovo*
Montenegro
Serbia

Latin America

Bolivia*
Dominican Republic
Ecuador
Guatemala
Honduras
Mexico
Peru

* Affiliated and controlled, all others are owned and consolidated.

