

2019

ANNUAL REPORT



We are **VisionFund**

In 2019 VisionFund impacted the lives of 3.5 million children globally. Our financial inclusion efforts reached over 1.1 million people in 28 countries offering them the tools, services and resources to build more resilient lives and capture opportunities. We were once again proud to see families strengthened and communities thriving.

In the financial year, we began our process to create a 2030 strategy that aligns VisionFund with World Vision's global strategy *Our Promise*. We seek to ensure that VisionFund is positioned for even greater impact, both now and into the future. Across the Network our leaders have been developing their country strategies focused on improving the well-being of children by empowering millions of vulnerable people through increased income and stronger livelihoods.

Together with World Vision, we are called to go where the need is greatest. In July we began serving displaced persons in northern Uganda, mostly women, offering loans to refugee and host populations. We continued to innovate with new insurance products to help clients prepare for and mitigate risks and recover from shocks.

Our powerful foundation of faith remains at the core of VisionFund's work, and we solidified our vision during the year by recruiting our first-ever Faith and Development Director. The Director is providing leadership and guiding us in living out our faith so that we may share the love of Christ through our work across the world. A long and fruitful season came to an end this year as we bid farewell to our director and board chair Rev. Jon Hartley. We are grateful for Jon's devotion and commitment to this ministry serving on the boards of two of our Asia institutions and the international board. We wish him well in his new season.

Most profoundly, the reach and delivery of our work is made possible because of the commitment of more than 7,400 staff who care deeply for our clients and build strong bonds of trust in the communities where they live and work. The support of World Vision colleagues, strong partnerships with our donors and funders, and dedication of board members assures us that we can continue to bring fullness of life to vulnerable children, as we help to provide caregivers and communities with opportunities to thrive.

We hope you are inspired and will join us as we seek to go even further than we imagined together.

Michael Mithika
President and CEO, VisionFund International

Jim Bere
Chair of the Board, VisionFund International

Message from our **CEO and Board Chair**

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.



ASIA

6 microfinance institutions
148 branches
2,241 employees
345,000 clients

AFRICA

11 microfinance institutions
265 branches
2,987 employees
455,000 clients

GLOBAL

28 microfinance institutions
3.5 million children benefit from the impact of our work
7,398 employees
1.1 million clients

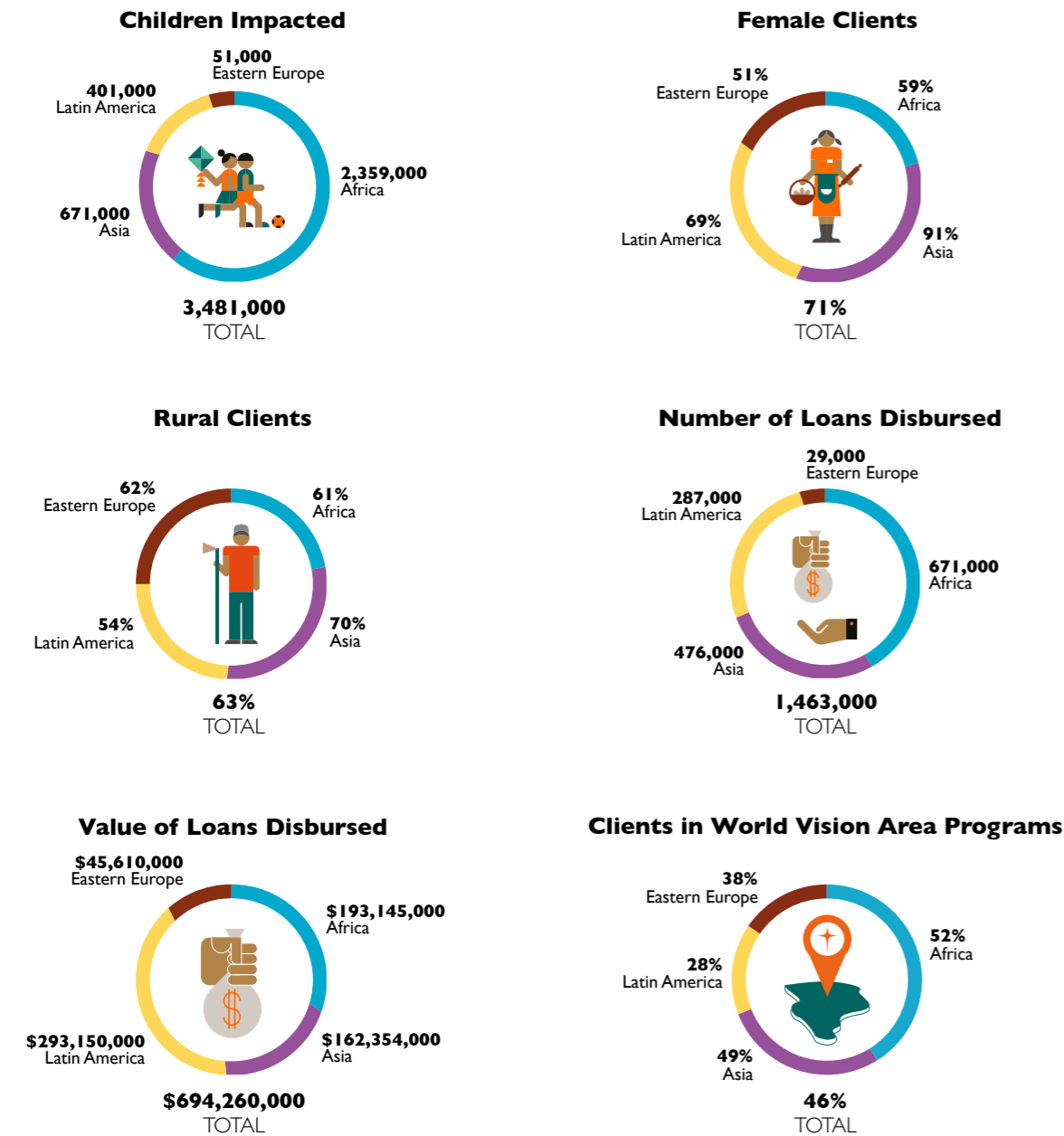
LATIN AMERICA

7 microfinance institutions
117 branches
1,631 employees
212,000 clients

EASTERN EUROPE

4 microfinance institutions
49 branches
450 employees
38,000 clients

Our global impact



VisionFund is committed to delivering impact at every stage of our work with our clients, to ensure that our financial inclusion services are delivering the most positive impact they can for the lives of children and families.

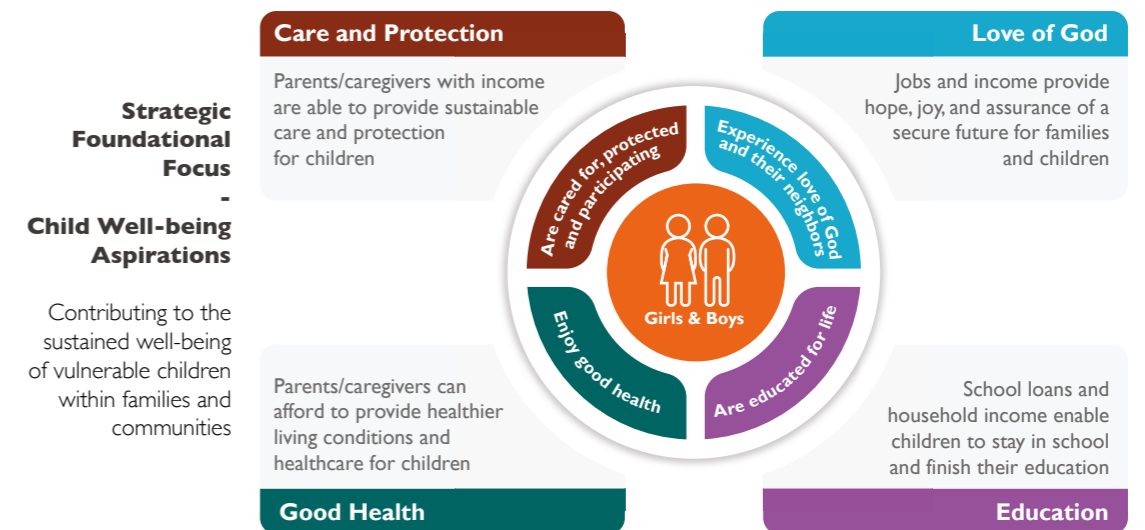
Using measurements including the Poverty Probability Index (PPI) and World Vision's Child Well-being Outcome surveys, we rigorously test our products to ensure both our targeting and outcomes are aligned. PPI targeting shows that VisionFund is consistently reaching the most vulnerable families, who are living under the national and international poverty lines.

VisionFund's financial inclusion services are responsive to the global environment. Our deep understanding of the issues of global poverty, financial and technology access, and women's economic empowerment defines our service to the world's most vulnerable people.

Our new focus

Our five year strategy, Building Futures Together, concluded at the end of 2019. VisionFund's focus in 2019 has been on repositioning under World Vision's *Our Promise* global strategy. Together we are helping realise sustainable impact through our contribution to child well-being through livelihoods focused programming. Our shared vision is to bring life in all its fullness to children. We are committed to vulnerable groups, especially women, in low-income and rural communities.

At the core of VisionFund's work, child well-being forms the basis of all financial products and livelihood solutions. A child living in a household that has access to financial services is more likely to have nutritious food on the table, a proper education, and the health services they need to grow up thriving. We are committed to measuring Child Well-being Outcomes at every stage of our work. Through our ministry, families are able to break the inter-generational cycle of poverty.



Faith and Development

In 2019, VisionFund appointed for the first time a Faith and Development Director responsible for helping our network live out our Christian faith and calling with boldness and humility. As a result, we have developed a Faith and Development strategy that builds on our organisational strengths, including a strong faith base and our roots in World Vision, and will help us further develop Christian leadership based on biblical values, as well as, strengthen client relationships that are grounded in the mission to serve, protect, and empower.

Talent and Leadership

VisionFund also appointed a Talent and Leadership Director in late 2019, to ensure that our strategy development is supported by the right leadership and expertise across the organisation. The new Talent and Leadership Director will play a fundamental role in ensuring we are committed to investing in and making VisionFund a 'people-first' organisation. The role will focus on building innovative strategies across VisionFund in support of our strategic priorities and *Our Promise*, for today's organisation, as well as, tomorrow's impact engine.

Our 2019 highlights

Armenia
In 2019, Armenia grew their portfolio 13% year over year which is a great achievement in a competitive market environment.

Montenegro
VisionFund Montenegro closed the fiscal year at 119% operational sustainability and ahead of budget; one of the highest sustainability percentages in the Network.

Malawi
VisionFund Malawi is one of three partners, alongside World Vision and Farm Concern International, delivering the multiple-intervention THRIVE project in four area programs. VisionFund is providing financial education to World Vision area programs and access to loans for agricultural needs, and in 2019 reached 3,590 clients. As Malawi has distinct dry and rainy seasons, most clients are alternating between agricultural and business loans.

Mexico
VisionFund Mexico grew its Small and Growing Businesses (SGB) portfolio from 62 clients and USD \$185K to 135 clients and USD \$465K. SGBs are businesses on a growth or formalisation path, that often employ five or more staff and may facilitate trade flows, stimulating the economy in their communities.

Bolivia
VisionFund Bolivia provided financial training to 71,466 clients and 12,531 village banks in claims mechanisms, savings accounts, credit, insurance, guarantees and financial operations. Bolivia has also been conducting non-financial education with its clients on issues such as child rights, water and education to ensure that clients are supported through their journey out of poverty.

India
Our MFI in India had an Operating Cost Ratio (OCR) of 11% - the lowest in the Network.

Sri Lanka
VisionFund Sri Lanka went live with Phase I of its Digital Field Application (tablets) implementation, supporting the loan repayment collection process in the country through technology-based solutions.

Myanmar
With grant assistance, VisionFund Myanmar began piloting loans for those affected by internal displacement and conflict, ensuring that with flexibility and the use of new technologies, fragile places could continue with their economic activities and repayments.

Uganda
In May, VisionFund Uganda opened their first branch in the town of Moyo in the West Nile, where they assist refugee and host populations to access financial inclusion products in an innovative pilot program. By providing savings group linkage loans to existing savings groups, VisionFund Uganda is ensuring even the most vulnerable have access to the finance they need.

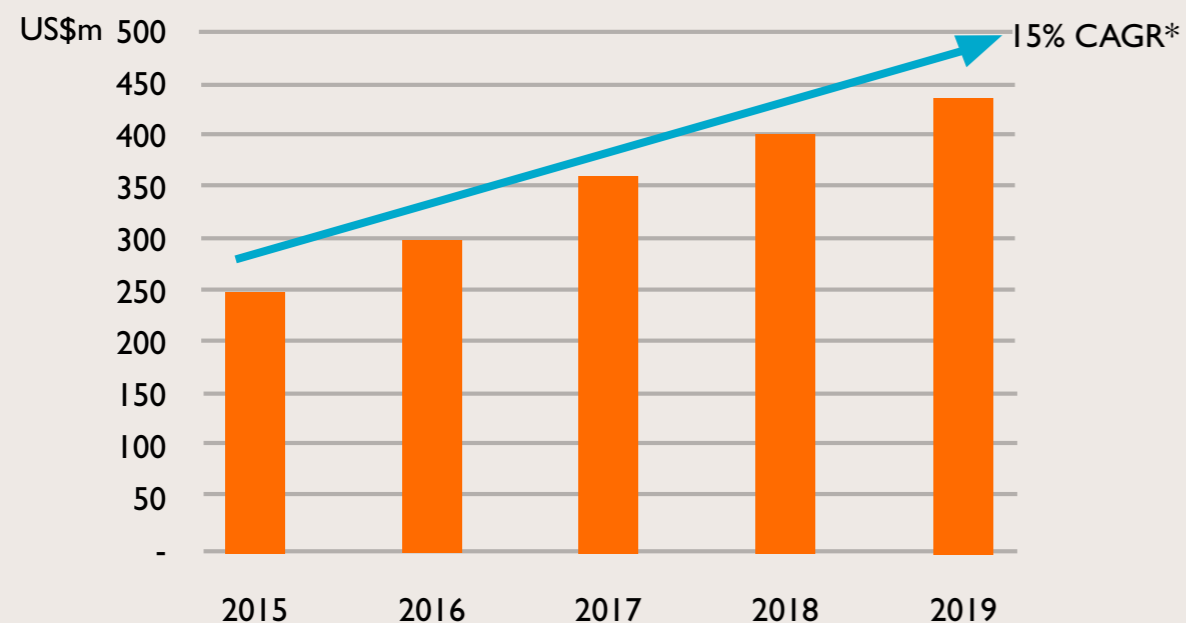
Zambia
VisionFund's innovative new project with the Mastercard Foundation, Savings at the Frontier, began piloting a savings product with savings groups in Zambia using mobile technology. Mobile money means that savings groups don't have to take time out from their businesses to deposit and manage money, saving time on transactions.

Vietnam
Vietnam's Micro Finance Unit (MFU) had 0.2% PAR and loan losses – the best across the Network. The MFU also received their microfinance license from the State Bank of Vietnam, which enables them to provide savings options for clients.



Our financial performance

Gross Loan Portfolio



*Compound Annual Growth Rate

Our financial summary

VisionFund International continued to have strong financial and social impact in September fiscal year 2019, reaching 3.5 million children. Total borrowers impacted were 1.1 million, of which 71% were female, 63% were rural borrowers and 37% were agricultural.

The client gross portfolio of \$434 million continued steady and stable growth, with an increase of 8% year over year and compounded annual growth of 15% over the last four years. VisionFund profitability (measured by net income after taxes, before donations) remained positive year to date at \$1 million.

| Full VisionFund International Network | | FY19 | FY18 |
|---|-------|------|------|
| Gross loan portfolio | US\$m | 434 | 401 |
| Total assets | | 543 | 573 |
| Notes payable | | 222 | 257 |
| Client deposits (savings) | | 54 | 43 |
| Total equity | | 235 | 226 |
| Financial revenue | | 152 | 143 |
| Financial expense | | 26 | 26 |
| Financial income | | 126 | 116 |
| Operating expense | | 107 | 102 |
| Net income after tax and before donations* | | 1 | (1) |
| Value of loans disbursed | | 694 | 663 |
| Portfolio yield | | 35% | 36% |
| Operational sustainability | | 102% | 102% |
| Operating expense ratio | | 24% | 25% |
| Loan delinquencies (portfolio at risk >30 days) | | 3.6% | 3.7% |
| Loan loss rate | | 2.9% | 2.1% |

Data in USD and millions except as otherwise indicated.

Full VFI Network excluding operations in Cambodia and Bosnia

*Excludes \$38.7m of gains on sale of VisionFund Cambodia from FY18.

Our governance

VisionFund Board

With 16 years' experience leading World Vision's microfinance network, VisionFund International (VFI) is the primary owner and operator of World Vision's microfinance institutions (MFIs) located across the globe. The VFI Board is the ultimate governing body of the VisionFund network. At the country level, each MFI has a board of directors. MFI directors are appointed by the VFI Board and approved at the MFI Annual General Meeting/General Assembly, where applicable. MFI Boards adopt all the governance policies developed by VFI. 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 - WVUS

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 - WVI

Kate Lam*, USA

Managing Director - Ideanomics

Stephen Lockley, UK

Chief Financial Officer - WVI

Michael Mithika, UK

President & CEO - VFI

Andrew Morley, UK

President & CEO - WVI

Emma Osborne, UK

Formerly Chief Investment Officer - The Chubb Corporation

* Board members since December 2019

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.



I can provide for my family all year round

From the first introductions to the members of the all-female Djackou Mbougane loan collective, their fierce independence is obvious. "We love not having to ask for help," laughs group secretary Yandé, as the collective busies themselves with their profitable market garden.

Married at 15 and having raised five children, Yandé Diouf simply has not had opportunities to work for a living. When her husband became unexpectedly ill, Yandé was introduced to microfinance when she approached World Vision Senegal for some loan assistance to buy seeds so she could begin farming her own land. Though her family was resistant – being unfamiliar with loan structures, and worried about debt – Yandé persisted in her application and began taking very small loans as an individual, farming her own land for the first time.

As other women in the community began to take similar loans, it made sense to come together through World Vision's microfinance partner, VisionFund, and the Djackou Mbougane loan collective was born in 2017. "Sharing our ideas and skills together is very helpful," Yandé says of the group. "All of us work hard and help each other. Women are much stronger than men." Yandé has been the secretary of the group since 2017.

Today, Yandé has two main businesses, thanks to three loan cycles with the group that have netted her a 50-110% profit each time: her market garden plot with the other women, and animals she raises on her property to sell. The results of these initiatives are impressive: Yandé is proud to be providing complete financial support to her twin daughters at university, paying for all their accommodation, living expenses and tuition in the capital, Dakar.

Albert, her VisionFund loan officer, describes Yandé as a stabilising force for the group who supports the women around her. "Yandé always pays back her loan on time, and will grow her business successfully," he says.



www.visionfund.org

info@visionfund.org