

The General Director of the MSA speech

The data recently communicated by the BTS to the MSA on March 12, 2019, made it possible to establish for the first time, an approximate estimation of the active customers of the MCAs as of December 31, 2018. With 240,184 active customers, this number must be apprehended with caution since approximately 40% of these customers, that is to say that 97,129 people, hold an outstanding debt dating back to a period prior to January 2014. The declaration of these people to the MRC is imminent and it is expected that the recovery of MCA debts will experience a real boom.

At the time of writing of this sixth issue of the microfinance barometer, the sector includes four public companies that have obtained an agreement from the MSA in accordance with its note N° 22 of June 26, 2018, to grant an amount of micro-financing with an amount superior to 20,000 TND without exceeding 40,000 TND and with a maximum payment term of 7 years.

On January 29, 2019, the 4th batch of MRC was launched and a kick-off meeting of the project was organized on the same day at the MSA headquarters, and was attended by all members of the steering committee. A second meeting of this committee took place on 8 March 2019 and a good remark on the progress of the project including the first three sub-batch dealing respectively with (i) the introduction of a basic score at of the consultation report, (ii) the modification of the contract flow by the addition of the TEG, and (iii) the modification of the contract flow by the addition of all elements included in the calculation of the cost of the credit, will be made at the beginning of June 2019.

Microfinance sector in Tunisia

9 Approved IMFs

in accordance with the provisions of the Decree-law No. 2011-117 of 5-11-2011, as amended by Law No. 2014-46 of 24 July 2014

7 MFI-Ltd Public Limited Company form

ENDTA Tamweel | TAYSIR Microfinance |
MICROCRED Tunisia | ADVANS Tunisia |
CFE Tunisia | ZITOUNA Tamkeen | EL
AMEL of Microfinance

151 agencies

2 MFI-MCA association form

ASAD Tamweel | AKDI

6 agencies

287 Microcredit

Associations (MCA)

Including 197 (including ASAD Tamweel and AKDI) having benefited during the year 2018 from BTS funding. Nevertheless, except for the 2 MCAs mentioned above, all others are required to comply with the provisions of Decree-Law No. 2011-117 of November 5, 2011, as amended by Law No. 2014-46 of July 24 2014.

Data of the Sector:

On December 31, 2018: **597 053** customers for a portfolio of **1 039** million TND

MFI-Ltd manage 66% of customers and 76% of total outstanding against 40% and 24% for MCA MFI, for the sector average outstanding of 1,740 TND per active customer.

The average outstanding amount per active customer without duplicates of the MFI-Ltd registered an average increase of 21.8% between 2016 and 2018, going from 1,359 TND to 2,016 TND.

The microcredits outstanding granted by MFIs-Ltd and MCAs rose from 809 million TND on December 31, 2017 to 1039 million TND on December 30, 2018, thus recording a growth rate of 28.3%. In fact, the stock of microcredits granted by MFI-Ltd increased by 1658 34.2% against only 12.3% for MCA and represents on December 31, 2018 about 76% of the total outstanding of the microfinance sector compared to 73% a year earlier.

The credits disbursed by MFIs (Ltd and MCA) in 2018, increased by 24.5% compared to 2017, from 923 million TND to about 1150 million TND.

The average microcredit amount on the sector recorded a growth rate of 12.8%, rising from 2,236 TND to 2,522 between December 2017 and December 2018. On December 31, 2018, the average amounts of microcredits allocated to income-generating activities and improvement of living conditions were respectively up to 2854 TND and 1187 TND.

The share of men in the total value of microcredits disbursed rose from 45.6% in 2016 to 51.6% in 2018, while the share of women has continued to fall since 2016 to be at the end of December 2018 at 48.4%. In fact, until December 31, 2018, approximately 592.7 million TND corresponding to 196.6 thousand credits were allocated to men operating in all sectors. On the other hand, women benefited from TND 556.8 million or 259.2 thousand credits, representing 56.9% of the total number of granted microcredits. The average microcredit for female beneficiaries thus stood at 2017 TND on December 31, 2018, and it remained well below that of men, which amounted to 3014 TND.

Active population of the Microfinance sector

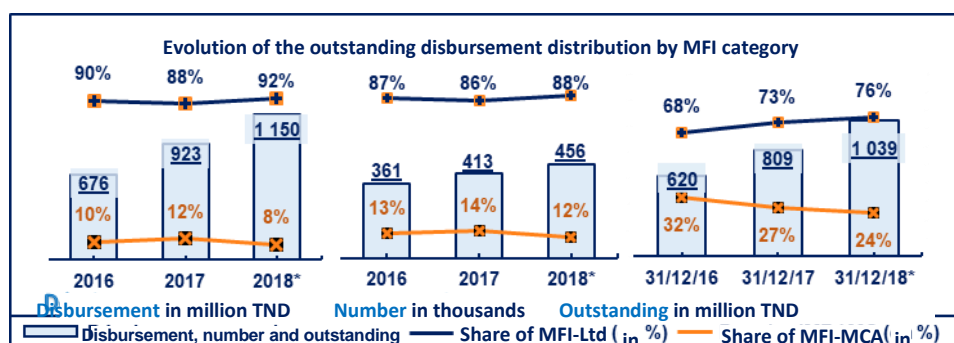
Microfinance Sector	31/12/2016		31/12/2017		31/12/2018*	
	Value	%	Value	%	Value	%
MFI-Ltd active customers	308 709	80%	349 409	77%	393 730	66%
MFI-MCA active customers ¹	88 266	23%	127 035	28%	240 184	40%
MFI cross customers (Ltd-MCA)	-13 395	-3%	-20 195	-4%	-36 861	-6%
Active customers total N°	383 584	100%	456 249	100%	597 053	100%
MFI-Ltd outstanding	419 676	68%	591 413	73%	793 939	76%
MFI-MCA outstanding ²	200 709 ³	32%	217 970	27%	244 883	24%
Total outstanding (Thousand TND)	620 385	100%	809 383	100%	1 038 822	100%
Average outstanding / customer (TND)	ND		ND		1 740	

compared with the number customers who obtained loans before January 2014 and who are still active in the sense that they remain holders of unpaid outstanding amounts. In 2018, the number of active customers includes those who obtained loans before January 2014 and who still have outstanding debt.

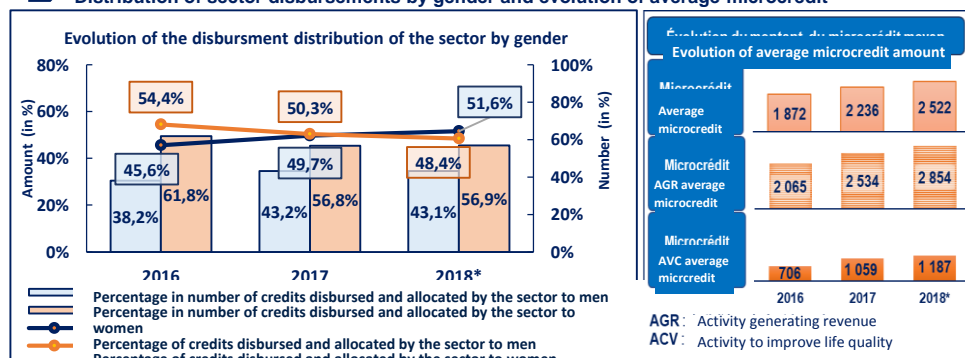
(2) The MFI-MCA outstanding represents all active customers, including those who obtained loans in a period prior to January 2014.

(3) The MFI-MCA outstanding on 31-12-2016, includes outstanding credits for agriculture of 19,189 thousand TND and abandoned at the end of the same year.

Evolution of disbursements and outstanding of the sector

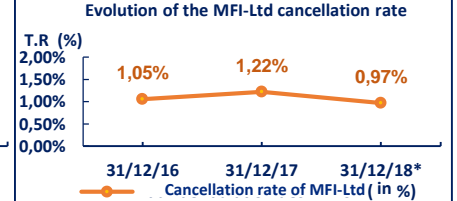
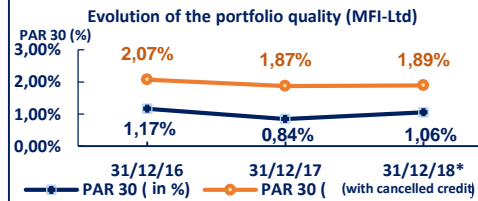


Distribution of sector disbursements by gender and evolution of average microcredit



The PAR 30 of the MFI-Ltd was 1.06% on December 31, 2018 against 0.84% a year earlier. The PAR 30 including cancelled credits was 1.89% on December 31, 2018 against 2.07% and 1.87% respectively for the years 2016 and 2017.

The rate of cancelled debt by the MFI-Ltd was as of December 31, 2018 at 0.97% of their average gross portfolio compared to 1.22% a year earlier.



ANALYSIS OF THE CROSS DEBT OF MFI CUSTOMERS

A generally controlled evolution, but attention is necessary.

On December 31, 2018, 78275 customers (without duplicates) have more than one credit from more than one institution (MFI Ltd - Banks and Leasing companies ...), that is 19,88% of MFI-Ltd customers.

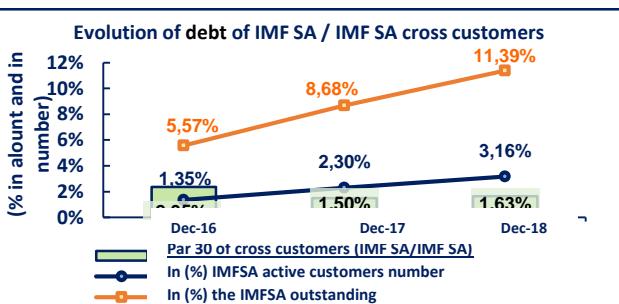
FOCUS ON CROSS CUSTOMERS MFILTD - MFILTD

The number of MFI Ltd-MFI-Ltd cross-customers has increased from 8036 customers as of 31-12-2017 to 12,425 customers at the end of 2018.

On December 31, 2018, the numbers of MFI Ltd-MFI Ltd cross customers represent 3.16% of all active customers. These cross-customers hold 11,39% of the MFI-Ltd outstanding.

The PAR30 of MFI Ltd-MFI Ltd cross customers settled at 1.63% on December 31, 2018 against 1.50% a year earlier.

The average outstanding amount per cross customer MFI Ltd-MFI Ltd at MFI-Ltd, amounted to 7279 TND on 31-12-2018 against 6386 TND on December 31, 2017, thus registering an increase of around 14%.

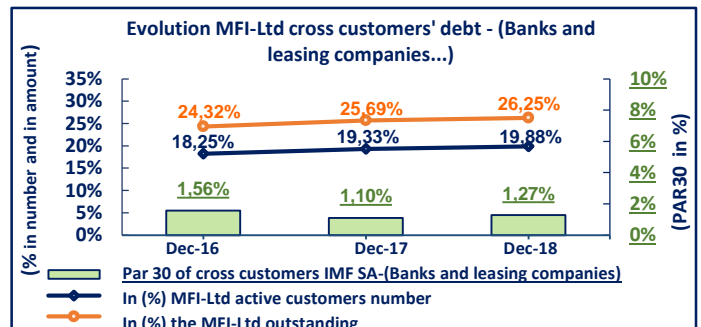


FOCUS ON CROSS CUSTOMERS MFI-Ltd - (Banks and leasing companies...)

19.88% of MFI-Ltd active customers are cross with banks and leasing companies ... These customers hold 26,25% of outstanding MFI-Ltd. This percentage has increased by 2.8% during 2018 and does not currently appear to carry risks. In fact, among the MFI-Ltd, the PAR 30 of these cross customers is kept stable at around 1.27% on December 31, 2018 against 1.56% and 1.10% respectively at the end of the years 2016 and 2017.

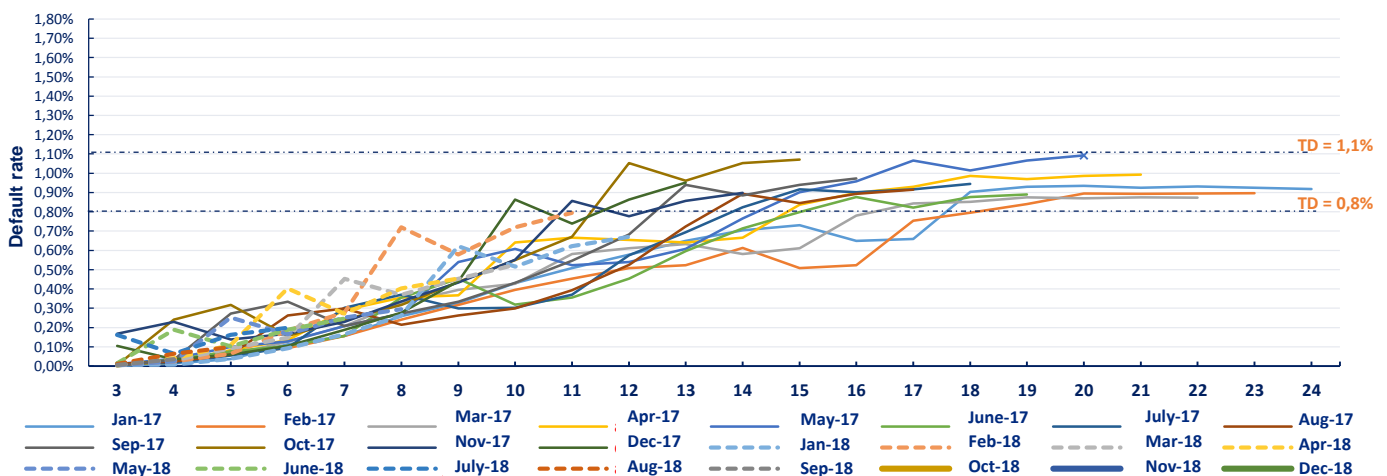
On the other hand, 31-12- 2018, the outstanding amount of these customers with banks and leasing companies is equal to approximately 5,5 times the value of their outstanding loans to the MFIs LTD compared to 6 times a year earlier.

The outstanding amount of cross customers of MFIs LTD - (Banks and leasing companies ...) amounted on 31-12-2018 to about 1147 million TND from banks, leasing companies and 208.4 million TND from MFI-Ltd.



General charts of MFI-Ltd: Monitoring Tool and Performance Indicator Sector Portfolio

Generational chart of the disbursed credits during the period 2017 - 2018



Representing the monthly evolution of the default rate of disbursed credits by the six MFI-Ltd, these generational charts were plotted from 24 generated monthly credits released between January 2017 and December 2018. Taking into account cancelled credits, the default rate calculated for each generation of credits is equal to the unpaid amounts accumulated more than 30 days late, in principal and interest and relating to the generation of disbursed credits, in relation to their amount.

The generational charts obtained reveal a risk situation globally mastered by the MFIs-Ltd, translated in particular by low default rates for all generations of credits. However, credits disbursed during the first half of 2017 recorded default rates of less than 1%, which are relatively better than those of subsequent generations disbursed in the second half of the same year. This slight upward trend in the default rate is not a case of concern as the projection of these curves over periods of credits maturity shows similar levels of default rates.