

2013-2014  
ANNUAL REPORT



advans<sup>TM</sup>   
Growing together

# The Advans group in brief

Advans SA SICAR (Advans SA) is a Luxembourg-based investment company. Its purpose is to build a network of microfinance institutions (MFIs) or microbanks which provide adapted financial services to micro, small and medium sized enterprises (MSMEs) and low-income populations in developing, emerging, and frontier countries.

Advans institutions share the same driving principles, values and methods. The Advans group is currently active in eight countries in Africa and Asia: Cambodia, Cameroon, Ghana, Democratic Republic of Congo, Tanzania, Côte d'Ivoire, Nigeria and Pakistan with preparations for the launch of operations in Tunisia underway.

## Key figures

as of 31 March 2014 (EUR)

### Balance sheet figures for Advans SA SICAR

Paid in capital .....	43,600,000
Total investment .....	46,419,791
Total assets .....	50,788,279

### Key data for the Advans group

	Total
No. of financial institutions .....	9
No. of employees .....	4,147
Points of sales .....	162
No. of active loans .....	352,751
Outstanding portfolio .....	228,822,154
No. of active deposits .....	302,771
Volume of active voluntary deposits	104,413,130

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*“ Moving forward together, we can ensure the advancement of the Advans group and continue to broaden access for micro and small entrepreneurs to tailored financial services with a view to boosting employment levels, improving living conditions and therefore fostering sustainable and inclusive economic growth.”*

# Letter from the Chairman of the Board of Directors



The Advans group expanded and strengthened further during the 2013-14 financial year, with our eight affiliates focusing on developing their operations and enhancing their profitability. Despite continued economic stagnation in many developed countries, the countries in which Advans operates posted positive growth in 2013 with, generally, growth rates equal to or slightly lower than in 2012 and declining inflation, with the notable exception of Ghana. The performance at the start of 2014 was, however, affected by the seasonality effect and deteriorating economic conditions in some countries. Although the countries where our network is present are principally economically and politically stable, poverty levels remain high in these regions, and the lack of access to financial services for MSMEs and low-income populations continues to act as a barrier to economic and social development.

Over the period, the affiliates of the Advans group continued with their mission to provide financial services adapted to MSMEs. Our two most mature greenfields confirmed the effectiveness of the “Advans model” which aims to create sustainable, sound institutions operating in a responsible manner: Advans Ghana was profitable

over the full-year for the first time, while Advans Cameroun completed its third year of profitability. Our Cambodian affiliate Amret also maintained its high level of productivity and profitability, with sustained growth for both its loan and deposit portfolios.

Meanwhile the most recent institutions in the group continued to expand rapidly. As at 31 March 2014, Advans Côte d’Ivoire served around 11,150 clients and had an outstanding loan portfolio of EUR 6.8 million after just two years of operations. Our latest Advans affiliate La Fayette MFB (Advans Nigeria), which began operations in February 2013, notably flourished with 3,600 active clients and EUR 2.0 million in outstanding loans at the end of the period. The institution also performed very well financially, with initial losses lower than expected. Our sixth greenfield, Advans Pakistan, which was also launched in early 2013, had a more difficult start due to ongoing security issues, but we expect that strengthening local middle management and an increased focus on productivity in 2014-15 will help to boost operations.

Furthermore, Advans affiliates carried on developing innovative new products, services and delivery channels in order to increase their outreach and better respond to the needs of their clients. Key projects such as Advans Cameroun’s rural lending scheme, Advans Bank Tanzania’s mobile banking service and Advans Côte d’Ivoire’s cocoa loans project will serve as pilot examples for the future development of the group.

In 2013-14, Advans affiliates continued to share knowledge, experience and best practices, with several training courses and exchanges ongoing between different Advans institutions through local manager assignments, group seminars and field expertise missions. By capitalising on the experience of its more mature institutions and facilitating staff mobility and development, Advans strengthens the ties between its affiliates and improves the quality of financial services across the network.

We will continue to streamline the Advans model during the coming year, with a focus on sustained profitability, product diversification, and visibility in the market. 2014-15 will also see further extension of our network with the launch of our eighth greenfield project, and the first in the MENA region, Advans Tunisie. Moving forward together, we can ensure the advancement of the Advans group and continue to broaden access for micro and small entrepreneurs to tailored financial services with a view to boosting employment levels, improving living conditions and therefore fostering sustainable and inclusive economic growth.

Finally, the year to come will set the stage for the integration of Horus into the Advans group which will be accompanied by an increase in the Company’s committed capital. These measures will further strengthen the group’s infrastructure, ensuring that it can accompany the growth of its current affiliates and continue to invest in new strategic countries.

To conclude, I would like to thank the entire staff of the Advans group, whose hard work and commitment has made these achievements possible. On behalf of the Board of Directors, I would also like to thank our shareholders for their continued support.

**Matthias Adler**  
*Chairman of the Board of Directors*



## Our mission and strategy

Advans' primary mission is to offer simple and effective financial services such as loans and deposits to MSMEs in developing, emerging, and frontier countries. Although MSMEs play a pivotal role in fostering economic development in these countries, they often lack access to effective financial services tailored to their needs. Advans SA has the dual bottom-line objective of contributing to the economic development of the countries in which it operates while offering an acceptable financial return to its shareholders.

Advans SA invests as majority shareholder in the creation of new financial institutions otherwise known as microfinance institutions (MFIs), and also as lead investor in existing MFIs which have similar goals and values and wish to join the Advans group. Advans SA invests alongside like-minded co-shareholders that bring both financial support and strategic and operational expertise. All investments are made in accordance with Advans SA's risk management policy, which includes geographical risk diversification ratios.

Investing for the long term, Advans SA remains the lead or majority shareholder until the institution reaches financial self-sufficiency. In addition to providing equity and — in exceptional cases — debt funding via loans or guarantees on a commercial basis, Advans SA provides technical know-how to its affiliates through Horus Development Finance (Horus), its manager and technical partner. Horus has set up a number of departments including Operations, Human Resources, Finance and Audit to provide support to affiliates across the network in order to render them sustainable and profitable. As lead shareholder, Advans SA actively participates in the governance of its financial institutions.

Over the next five years, Advans hopes to consolidate and expand its existing network in Africa and Asia, creating a group of MFIs with common goals, philosophies and practices.

## The Advans Model

Advans has brought together its financial and technical expertise in order to develop the Advans model, a package which aims to transfer the latest and most effective practices in corporate governance and operations management to affiliates. The organisation's core values are laid out and communicated to all affiliates through common policies. A standard set of procedures is implemented throughout the network and centred on common tools such as a core banking system, accounting software, Customer Relationship Management and Business Intelligence. The Advans model is continually being updated to reflect the best practices that develop internally – in all the institutions in the group – and externally – in the microfinance sector as a whole.

### Catering for clients' needs through:

- ◆ Offering simple and effective financial services
- ◆ Being open to everyone who runs a revenue-generating activity, especially MSMEs
- ◆ Providing transparent information
- ◆ Focusing on quality service and client satisfaction

### Promoting staff development by:

- ◆ Placing strong emphasis on internal and external training
- ◆ Favouring proximity management and teamwork across the network
- ◆ Setting up performance-based incentives and opportunities for career development
- ◆ Promoting innovation and a stimulating professional environment

## Our values

The corporate culture of Advans is based on a set of values and management principles shared by all the MFIs of the Advans group. Advans' core culture encourages growth and support within the group through the sharing of techniques and approaches between its financial institutions.

### All Advans institutions share the core values of:

#### Employing cutting-edge technology and ideas in:

- ◆ Defining and implementing common methods and tools for the whole network
- ◆ Developing innovative new products and services

#### Encouraging sustainable development via:

- ◆ Monitoring social and environmental impact
- ◆ Raising staff awareness of environmental and social issues
- ◆ Targeting self sufficiency

#### Maintaining integrity through:

- ◆ Supporting transparent policies in order to tackle corruption of any kind
- ◆ Implementing AML-CFT (Anti-Money Laundering and Combatting the Financing of Terrorism) policies to prevent affiliates from financing illegal activities

# Our Commitment



*Beyond the economic benefits of microfinance, the Advans group carefully monitors the social and environmental influence of its activities. The group's Environmental and Social Policy ("ESP"), which includes its Exclusion List, aims to encourage Advans affiliates to generate a positive social impact in the country of operation while at the same time ensuring that their undertakings with MSMEs have no negative environmental or social impact.*

## All Advans institutions:

- Comply with local regulations and respect fundamental human and social principles as defined by international conventions.
- Identify and solve potential social and environmental issues in the area of operations and continually update and refine practices to be in line with industry developments and best practices.
- Raise environmental awareness among employees and clients in order to encourage environmentally-friendly practices and to reduce any potential negative impact of their activities.
- Apply the group's Exclusion List, which prohibits the financing of activities considered as having a negative social or environmental impact.

The group's Social and Environmental Management System (SEMS) was designed at head office and is implemented across the group via a coordinator in each affiliate who works along with the General Manager and through a team at Advans SA level which ensures that the SEMS is enforced correctly.

## Commitment towards our clients

As at 31 March 2014 the Advans group had:

**74%**  
Female borrowers

**47%**  
Female depositors

Advans affiliates are committed to providing clients with quality, adapted financial services and excellent customer service. All Advans institutions endorse the Smart Campaign and the seven key Client Protection Principles (CPP) detailed therein:

### Appropriate product design and delivery:

Advans institutions cater to clients' needs by developing products and services which respond to their requirements. They provide simple and affordable products which are designed according to the needs expressed by clients during market surveys carried out before the launch of operations or of a new product.

### Prevention of over-indebtedness:

Affiliates in the network use the Advans group's credit methodology to analyse a client's repayment ability during the initial business evaluation (cash-flow based lending). This prevents affiliates from over-lending to clients with inadequate repayment capacity. Advans affiliates aim to be proactive in building a professional microfinance industry in their respective countries through cooperating with local Credit Bureaus and other financial institutions where possible.

### Transparency:

Advans MFIs provide clear and transparent information to their clients. Client information sessions, often an obligatory part of the loan application process, are given in official and local languages. Moreover, loans extended by Advans institutions have no hidden costs. Expenses are clearly stated in the loan contract and duly explained to clients.

### Responsible pricing:

Pricing for any given loan is calculated using two main criteria: i) current market tariffs; and ii) the return needed for the institution to achieve sustainability. In general, Advans' loan tariffs are in line with or slightly lower than those of similar competitors. Advans affiliates also strive to offer competitive returns on deposits.

### Privacy of client data:

Advans affiliates do not pass client data on to third parties unless expressly authorized to do so by the client. Client information is kept on secure databases and interior regulations applying to staff aim to ensure that the privacy of client data is respected.



### Fair and respectful treatment of clients:

Advans affiliates do their utmost to ensure that clients are treated equally and without discrimination of any kind. Branch staff are closely managed throughout the Advans network in order to monitor the quality of customer service provided. Policies have been clearly defined across the group so as to quickly identify any suspected cases of fraud or misconduct and to avoid the use of any coercive loan recovery methods.

### Complaint resolution:

All Advans affiliates have implemented or are in the process of implementing complaint resolution systems including suggestion boxes, dedicated telephone numbers or e-mail addresses. Complaints are dealt with as quickly as possible by the relevant department.

### Commitment towards our staff

As at 31 March 2014 the Advans group had:

**4,147**  
employees

**42%**  
were female

The Advans group is dedicated to its valued staff, and aspires to create a positive and stimulating working environment founded on:

### Equal opportunity:

Promoting equal opportunities for employment and career development, without discrimination.

### Training and exchange:

Promoting the personal and professional development of employees and interns by providing training opportunities within their institution and exchanges within the Advans network.

### Mobility:

Offering opportunities for career progression within the group and favouring internal promotion. Advans affiliate staff have the chance to take part in exchanges with other institutions in the network through taking on short and medium term assignments in other institutions.

### Communication:

Facilitating and promoting internal communication and transparent management within affiliates and throughout the group; encouraging the sharing of information, dialogue and innovation, and creating a pleasant working environment.

### Fair remuneration:

Offering fair and competitive pay schemes in line with the economic environment, and benefits including social protection and retirement policies in order to motivate and reward staff.

### Protection and awareness:

Identifying any security or health issues linked to activities and adopting appropriate measures to protect staff; raising awareness among employees of key health or environmental concerns.

### Staff Profile:

Mageland Yepmezoué Tchiengué



**“ Staff of the Advans group are able to share and exchange experiences and have the chance to seize new opportunities.”**

#### Date of joining Advans and initial role/institution:

2009, Branch Manager at Advans Cameroun

#### Position within the network:

Deputy Head of Operations, Advans Côte d'Ivoire, September 2012 to present

#### What does your role in another affiliate entail?

I'm responsible for the implementation of an SME lending unit, network expansion projects and the everyday supervision of branch operations. I have actively participated in the opening of three of the current branches in Côte d'Ivoire. My position also focuses on identifying and supporting future managers and helping them take on their new roles.

#### Why did you want to do an exchange within the Advans group?

To be able to share my experience and test my skills in a new and challenging environment. In addition to adjusting to another culture, this meant adapting and developing my managerial and commercial skills to a different working situation.

#### What key skills have you learnt from the exchange?

I've learnt a great deal from my co-workers and managers. On a day-to-day basis, my job helps me to develop my skills and to overcome my weaknesses. The exchange has opened up new opportunities for me on an international scale and I will be able to share my knowledge and experience with other Advans affiliates in the future.

**Staff profile:**  
Elvis K. Oheneba



**“ I appreciate Advans’ core values, the opportunities given to young people for career development, and the Advans group’s commitment to the financial and social empowerment of low-income populations.”**

**Date of joining Advans and initial role/institution:**  
2009, Customer Services Officer at Advans Ghana

**Position within the network:**  
Network Manager, Advans Nigeria, March 2013 to present

**What does your role in another affiliate entail?**

My role involves developing and managing the network portfolio, supervising network activities, training, and product development. I also identify and coach staff for middle management positions, set network targets and define budgets. In addition, I assist the Chief Operations Officer in the development of monitoring, planning and control tools and addressing any internal complaints or issues.

**Why did you want to do an exchange within the Advans group?**

In order to gain intercultural communication and interpersonal skills, to further develop my technical, managerial and leadership skills, and to build the capacities of local junior staff.

**What key skills have you learnt from the exchange?**

Thanks to the exchange I have become more adaptable with enhanced cultural, political and economic awareness. Technically, my skills in the core areas of microfinance as well as my management, training and leadership abilities have improved tremendously. With an international perspective and improved communication skills, I am well equipped to handle critical management issues or leadership challenges which will come my way in the future.

**Staff profile:**  
Bunchhoeun Yim



**“ I appreciate the sharing of human resources within the group and the balance between profit and social responsibility.”**

**Date of joining Amret and current role:**  
2006, Manager of Credit Product Training

**Secondment within the network:**  
Customer Relationship Officer Coaching, Advans Pakistan, June-August 2013

**What did your role in another affiliate entail?**

I provided commercial coaching to newly-hired customer relationship officers at Advans Pakistan in the first few months of the bank’s operations. I worked on maximising staff productivity and enhancing staff capacity and loyalty.

**Why did you want to do an exchange within the Advans group?**

It was an opportunity to share Amret’s practical experience in the field with commercial staff in the Advans network, and a chance to benefit from an international experience.

**What key skills have you learnt from the exchange?**

The assignment enhanced my leadership and communication skills and also taught me a lot about interacting with people from other cultures. I was able to build on my coaching experience and I became better at identifying commercial trainees’ skills and capabilities. I hope that in the future I will have another chance to contribute to the commercial development of the Advans network.



## Key Events 2013-14:

*Below are some of the highlights for the group departments throughout the year.*

### Group Audit reinforces its on-field support to affiliates

During the year, Group Audit continued to reinforce its standards and its support to the Internal Audit departments of the Advans affiliates. A newly-appointed Internal Audit consultant provided on-field support to two affiliates (Advans Banque Congo and Advans Bank Tanzania). The assistance provided is in line with the Group Audit department's mission to contribute to the development of the Internal Audit departments and to ensure the standardisation of the internal audit function within the group.

Working alongside the heads of the Internal Audit departments, the Internal Audit consultant was involved in the monitoring and supervision of affiliates' internal audit activities in order to improve the quality of deliverables. He also assisted, coached and provided guidance to the teams. Benefiting from his position in the field, he had the opportunity to implement new audit tools and to participate in the global evaluation of risks and related control systems. This experience was advantageous for the Group Audit department, the selected affiliates and the development of the Advans model. Other affiliates in the network will have the chance to benefit from this field support during the remainder of 2014 and 2015.

### The Group HR department professionalises affiliate HR functions

The Group HR department's main objective this past year was to professionalise HR functions at Advans affiliates by developing technical tools to support affiliate HR activities. Several core HR processes and methods were drawn up and implemented across the network, notably a compensation and benefits policy, a jobs and skills policy, templates for annual performance appraisals, and the definition of management recruitment procedures. In order to facilitate the implementation of these tools and to develop HR Managers' technical skills, the Group HR department provided coaching and training to affiliates throughout the year by means of on-site missions, remote support, and sessions at the Advans group's first HR seminar.

This HR seminar, attended by HR managers from across the network, took place in Paris in September 2013. It gave participants the opportunity to share their experiences and discuss best practices, while simultaneously improving their knowledge of critical core HR processes. The seminar enabled the HR department to communicate and endorse the Advans group's HR principles and to present managers with the tools and methodologies required. On-site missions were also conducted in Advans Cameroun, Advans Bank Tanzania and Amret over the year in order to reinforce the capacity of local HR teams. In 2014-15 the Group HR department will focus on developing a talent management program for staff with high potential by setting up dedicated training programs.

### A new Group Finance department

The dedicated Group Finance department, which is a spinoff of the Operations department, was created in the second half of 2013. The finance team aims to provide enhanced technical guidance and coaching to finance departments and finance managers across the Advans group. The department also has the objective of defining and developing common accounting and finance tools for the network, focusing on management control, asset and liability management, provisioning and budget definition and monitoring. Support is delivered through regular conference calls, field missions and during seminars for affiliate Chief Financial Officers. By improving key financial procedures and methods the Finance department aims to heighten productivity and profitability and contribute to the development of the Advans model.

## Key Projects in 2013-14:

### Advans Cameroun: Easy Cash co-branded card



Advans Easy Cash is the first co-branded debit card to be developed in Cameroon, and is the result of the partnership between Advans Cameroun and Société Générale Cameroun (SG Cameroun). The Easy Cash ATM card was created in order to facilitate withdrawals and to save time for Advans Cameroun's growing client base.

The service allows Advans Cameroun's customers to withdraw money from their accounts through any SG Cameroun ATM. Customers can therefore conduct transactions outside Advans Cameroun's opening hours and make withdrawals in cities where Advans is not yet present. The service is especially aimed at clients who live or work far away from Advans Cameroun's branches.

Advans Easy Cash is available to all savings account and current account holders, with monthly tariffs differing according to the frequency of withdrawals. Customers are given confidential PIN codes and the possibility to choose their daily withdrawal limit, which they can adjust upon request at no extra cost.

The product took almost two years to develop, with six months of feasibility studies, testing and configuration, followed by pilot testing by Advans Cameroun's staff. In March 2014, after six months of commercial availability, 588 Easy Cash cards were in circulation, with Advans Cameroun and SG Cameroun closely monitoring any client enquiries or technical issues. In order to support future development of the service, SG Cameroun ATMs will be installed in Advans Cameroun's branches from this year onwards.

### Advans Banque Congo: Total service station mini points of sale

Advans Banque Congo won a bid at the beginning of 2014 to install co-branded MoneyGram mini points of sale in Total DRC's service stations. Thanks to these new points of sale, Advans Banque Congo's clients will be able to carry out MoneyGram transactions outside of Advans Banque Congo's branches. The first three mini points of sale will enter a six month pilot phase in July 2014. This pioneering project will enable Advans Banque Congo to better serve its current clients and reach out to a wider client base through improving its visibility.

### Advans Bank Tanzania: Advans Mobile

Advans Bank Tanzania's Advans Mobile "Benki Mkononi" service allows customers to carry out their banking transactions at the touch of a button, without having to leave their home or place of work. The service, much in demand from customers, comes along with the gradual development of mobile banking services in Tanzania by telecommunication companies such as M-Pesa. Thanks to the new technology, clients can use any mobile telephone to access their accounts by using a simple menu.

Advans Mobile, a secure service created in partnership with the UMOJA switch network, enables clients to check their account balances, pay their bills, buy phone credit for themselves or for others, or even transfer money to their electronic wallets. In addition, Advans Bank Tanzania's borrowers can make their loan repayments through the 40,000 M-Pesa agents active in Tanzania.

Advans Bank Tanzania hopes that the Advans Mobile service, which has been extremely popular since its launch, will attract new borrowers and depositors alike.

*\* "Banking at your fingertips" in Swahili*



## Advans Côte d'Ivoire: Cocoa Loans Project

Launched in 2012, Advans Côte d'Ivoire's Cocoa Loans project aims to encourage development of the cocoa sector in Côte d'Ivoire as part of the World Cocoa Foundation Cocoa Livelihoods Programme. The MFI has developed an innovative disbursement and repayment process, collaborating with cocoa exporters and certified cocoa cooperatives to finance the purchase of fertilisers and phytosanitary products. Advans Côte d'Ivoire will continue to expand the project over the next two years, with the support of grants from Proparco, the IDH Sustainable Trade Initiative and the World Bank through the CGAP challenge fund. The scheme aims to work with 50 cocoa cooperatives and disburse EUR 870,000 of loans to cocoa farmers in 2014-15.

### Why Cocoa?

Cocoa exports represent 15% of the Ivorian gross domestic product and constitute an important source of revenues for 800,000 cocoa farmers. However, modernisation of the sector is hampered by the limited use of fertilisers and phytosanitary products. Cocoa producers often lack access to formal lending services and therefore have insufficient financial means to buy the products in the relevant period (March-July). By providing tailored cocoa loans, Advans Côte d'Ivoire confirms its commitment to developing viable solutions for anyone previously lacking access to formal banking services.

### Figures for the 2013-14 campaign

**2,290**  
cocoa farmers financed

**EUR 256,000**  
of loans disbursed

**100%**  
reimbursement rate

**18**  
cocoa cooperatives involved

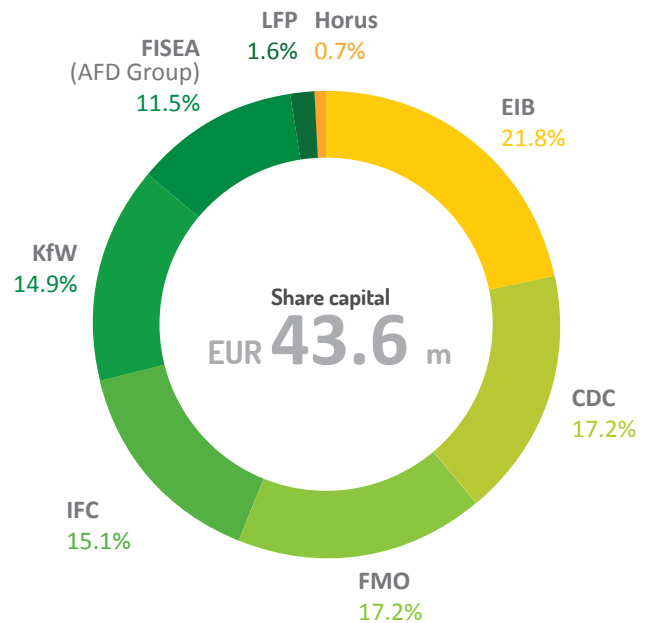
**4**  
participating exporter  
companies

**3**  
fertiliser suppliers  
participated



Advans SA is a regulated venture capital investment company (“Société d’Investissement en Capital à Risque” or “SICAR”), based in Luxembourg and incorporated in 2005. As such it is licensed and supervised by the CSSF (Commission de Supervision du Secteur Financier – Financial Sector Supervision Commission). As recognition of its commitment to investing in the microfinance sector, Advans SA was the first SICAR to be granted the LuxFLAG Microfinance Label.

As at 31 March 2014, Advans SA’s total share capital amounted to EUR 43.6 million, split as follows:



## Horus Development Finance (Horus) and La Fayette Participations (LFP)

Horus has been providing services in the field of development finance since the early 1990s. It built up its expertise in microfinance and SME financing by offering short-term consulting services to donors, governments and financial institutions (banks and MFIs) and has also gradually been sought out by financial institutions and microfinance programmes for longer-term technical assistance. Horus is not simply a shareholder, it is also the sponsor and manager of Advans SA and provides technical assistance to the institutions of the Advans group.

La Fayette Participations (LFP) is an investment company created by Horus in 2000 for the purpose of subscribing to shares in MFIs and microfinance banks. In creating LFP, Horus aimed to combine its technical expertise with shareholder status.



## European Investment Bank (EIB)

The European Investment Bank (EIB), created by the Treaty of Rome in 1958, is the European Union’s long-term financing institution. The EIB contributes towards the integration, balanced development and economic and social cohesion of the Member Countries. Outside the Union, the EIB implements the financial components of agreements concluded under European development aid and cooperation policies. The EIB has a longstanding record in microfinance. Since 2000, it has supported MFIs, fund providers and other industry stakeholders in addressing specific market failures and promoting financing solutions for MSMEs and low-income self-employed business people.

As of end December 2013, the EIB had about EUR 530 million in active commitments to about 45 microfinance institutions or intermediaries. Operations are financed from the EIB’s own resources or under the European Union’s mandates. The EIB’s microfinance activities are deployed in three regions: Sub-Saharan African, Caribbean and Pacific countries (ACP region), Mediterranean partner countries, and Europe.



## CDC Group plc. (CDC)

CDC was established in 1948 as the first ever Development Finance Institution (DFI). Wholly-owned by the UK Government, CDC is part of DFID's private-sector strategy to alleviate poverty. Its mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places.

CDC aims to invest in countries where the private sector is weak and jobs are scarce, and in sectors where growth leads to jobs – directly and indirectly – especially manufacturing, agribusiness, infrastructure, financial institutions, construction, health and education. Capital is provided by CDC in all its forms, including equity, debt, mezzanine and guarantees, and this capital is typically used to fund growth. CDC invests directly and through fund managers that are aligned with its aims.



## Netherlands Development Finance Company (FMO)

The Netherlands Development Finance Company (FMO) is the international development bank of the Netherlands. FMO is a public-private bank founded by the Dutch government and business community in 1970. The Dutch State holds 51% of its shares while large Dutch banks retain 42%. The remaining 7% is held by employers' associations, trade unions and some 100 Dutch companies and individual investors. FMO supports sustainable private-sector growth in developing and emerging markets by investing in entrepreneurs with ambition. FMO believes a strong private sector leads to economic and social development, empowering people to employ their skills and improve their quality of life. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food & water. With an investment portfolio of EUR 6.6 billion, FMO is one of the largest private-sector development banks.



## International Finance Corporation (IFC)

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in more than 100 countries, it uses its capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity. In 2013, its investments climbed to an all-time high of nearly USD 25 billion, leveraging the power of the private sector to create jobs and tackle the world's most pressing development challenges.



## KfW Development Bank (KfW)

KfW is one of the world's leading and most experienced promotional banks. As an integral part of the KfW group, KfW Development Bank carries out Germany's Financial Cooperation with developing and emerging countries on behalf of the Federal Government. The 600 staff at its head office in Germany and about 200 specialists in almost 70 local offices cooperate with partners all over the world. Its goal is to combat poverty, secure peace, protect the environment and the climate, and make globalisation fair.



## FISEA (AFD Group)

The Investment and Support Fund for Businesses in Africa (FISEA) was established in 2009. The fund is one of the key components of France's initiative to promote growth and jobs in Africa and has a five-year investment target of EUR 250m. Owned by the AFD and managed by PROPARCO, it makes equity investments in businesses, banks, microfinance institutions and investment funds operating in Sub-Saharan Africa. FISEA targets regions that are more unstable or emerging from crisis situations, as well as sectors traditionally bypassed by investors, such as agriculture, microfinance and healthcare.



## Board of Directors

Advans SA's Board of Directors is primarily responsible for the overall management of Advans SA in accordance with its articles of association and Luxembourg law. It is made up of qualified senior professionals with extensive experience and in-depth knowledge of financial services.

As at 31 March 2014, its members were the following:

**Matthias Adler**, Chairman of the Board, Head of Division, Infrastructure & the Financial Sector in West Africa, KfW;

**Henk Nijland**, Manager Financial Institutions – Europe & Central Asia, FMO;

**Maria Largey**, Microfinance Investment Manager, CDC Group;

**Gail Buyske**, International Banking Consultant;

**Perrine Pouget**, Investment Officer, EIB;

**François Lagier**, Finance Consultant;

**Claude Falgon**, Chairman and Chief Executive Officer, Horus Development Finance.

## Investment Committee

The Investment Committee, appointed by the Board of Directors, reviews investment proposals prepared by the Manager and makes recommendations to the Board of Directors. As at 31 March 2014, the Investment Committee was chaired by François Lagier.

## Audit and Risk Committee

The Audit and Risk Committee of the Board of Directors has a fundamental role in (i) overseeing financial reporting and disclosure; and (ii) supervising the internal control and risk management system of the Advans group and ensuring its effectiveness. The Audit and Risk Committee comprises

three non-executive directors appointed by the Board of Directors. The Group Audit department reports directly to the Audit and Risk Committee on a quarterly basis.

## The Manager

Horus Development Finance (Horus) manages the assets of Advans SA under the supervision of the Board of Directors and the Investment Committee. Its responsibilities include the identification, evaluation and negotiation of potential investment and divestment opportunities and the review, monitoring and supervision of the investment portfolio.

In order to carry out its management duties, Horus has brought together a team of international professionals, experienced in microfinance and private equity:

**Claude Falgon**,  
Chairman and CEO of Horus

**Steven Duchatelle**,  
Deputy CEO of Horus, Head of Operations

**Amanda Hannan**,  
Deputy CEO of Horus, Head of Investment

**Thibaud Ponchon**,  
Senior Investment Officer

**Emmanuel Aris**,  
Investment Officer

**Vidary Inthamone**,  
Investment Officer

**Juliette Vasseur**,  
Investment Officer

**Rouguyatou Touré**,  
Legal Counsel

**Katherine Brown**,  
Corporate Communications and Reporting Officer





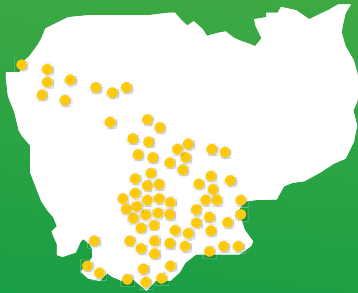
# The Advans Group



**The Advans group is currently active in eight countries:**

Cambodia, Cameroon, Ghana, Democratic Republic of Congo, Tanzania, Côte d'Ivoire, Nigeria and Pakistan.

Preparations for the launch of operations in Tunisia are underway.



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**July 1991**

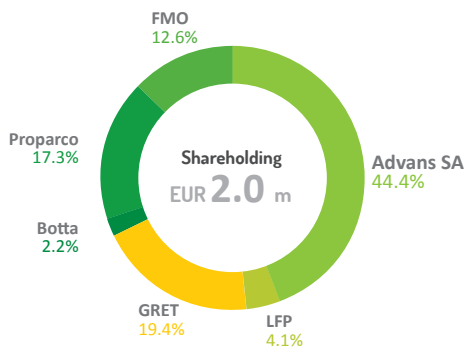
Start of operations

**2,541**

Employees

**117**

Points of sale



**Key Events during the year**

**August 2013:** Amret held workshops and carried out field visits with visitors from the Association of Micro-Credit Companies in Guangxi, China as part of its International Visiting Programme (IVP)

**October 2013:** a Managers' Seminar took place for middle managers to focus on improving staff productivity in 2014

**December 2013:** Amret made donations to the Cooperation for Peace Organization, which works to promote education for orphans and poor children

**March 2014:** Roll out of the T24 Core Banking System was completed

**Roll out** of the SME loan product

**Pilot test** of the Agrifin project (Agri-loan and Mobile banking) rolled out in 2014

**Business Development**

Amret performed strongly in 2013-14 and achieved high levels of growth and profitability despite certain economic and political challenges in Cambodia, such as the general elections in summer 2013, heavy floods in the third quarter and increasing competition in the microfinance sector.

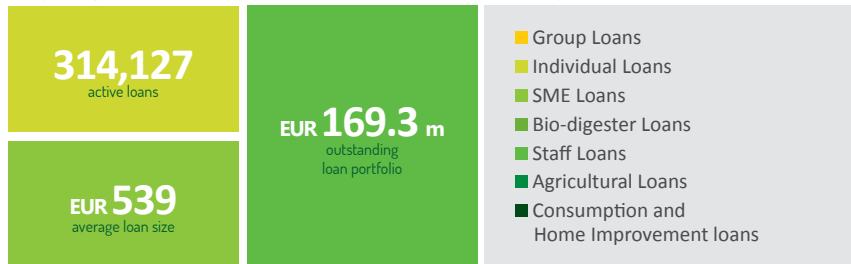
As at 31 March 2014, Amret served 342,380 clients from 117 points of sale. The outstanding loan portfolio increased by 48% over the reporting period, while quality remained very good. Growth on the savings collection side was not so clear-cut, with a 19% increase in volume compared to March 2013. This slower progress was mainly due to the effect of the general elections in July 2013, which caused a wave of withdrawals, but deposit growth resumed in the latter part of the reporting period. Nevertheless, the institution achieved an excellent level of profitability with high productivity continuing in the first quarter of 2014.

Amret also introduced new products over the year, notably the Agri-loan, a credit product tailored to commercial farmers' needs, while successfully completing the roll-out of T24, its new Core Banking System (CBS). This CBS will facilitate implementation of the M-banking project in 2014, 50% of which is supported by technical assistance grants from the World Bank.

Amret sustained its strong expansion throughout the period and hopes that the year to come will be as successful. In 2014-15, the institution will focus on strengthening its human resources and gradually improving its organisation and structure.

## Lending Activity

### Key Figures



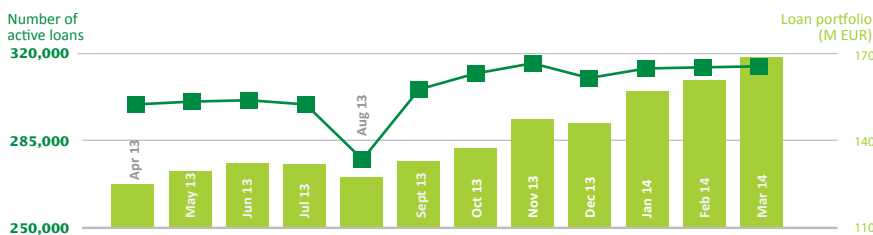
### Loan products:

- Group Loans
- Individual Loans
- SME Loans
- Bio-digester Loans
- Staff Loans
- Agricultural Loans
- Consumption and Home Improvement loans

2013-14 was the third consecutive year in which Amret posted steady growth in terms of both the outstanding loan portfolio and number of active borrowers. From March 2013 to March 2014 Amret's outstanding loan portfolio increased from KHR 640 billion (ca. EUR 123.9 million) to KHR 944 billion (ca. EUR 169.3 million) while the number of active borrowers grew by 6%. This growth can largely be attributed to the increase in the volume of individual loans, at KHR 716 billion (ca. EUR 128.4 million) at the end of the period, or 61% higher than at 31 March 2013. Portfolio quality remained more than satisfactory over the year with PAR 30 at only 0.05% at the end of the period.

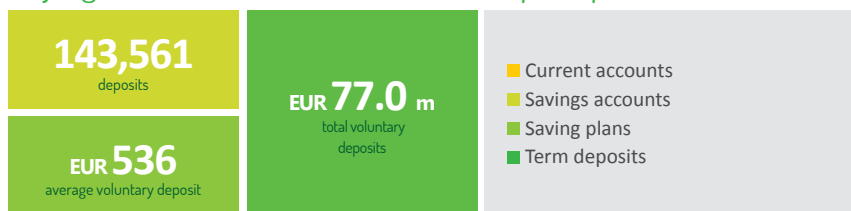
In 2013-14, Amret successfully rolled out its SME loan product, introduced in urban, semi-urban and rural areas to satisfy existing clients who have moved on from individual lending products, or new clients wishing to develop their business. At 31 March 2014, 329 clients had benefited from SME lending and the MFI had an outstanding SME portfolio of approximately KHR 32 billion (ca. EUR 5.7 million). Amret is also carrying out a pilot test of a new agricultural loan to satisfy the needs of its rural clients, especially commercial farmers.

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

### Key figures

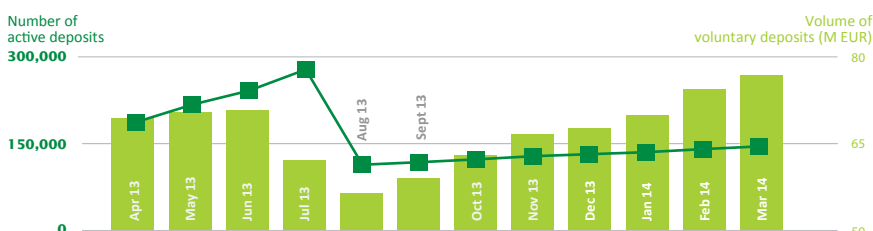


### Deposit products:

- Current accounts
- Savings accounts
- Saving plans
- Term deposits

Savings collection was a challenge for Amret over the period, chiefly due to the political tension prior to the national elections in summer 2013, which triggered a surge of withdrawals and caused a decline in the savings portfolio. However, after the situation returned to normal, the institution was able to resume its deposit growth. At 31 March 2014 the savings portfolio had increased to KHR 429 billion (ca. EUR 77.0 million), i.e., 19% growth in volume terms compared to 31 March 2013. Nevertheless, the number of saving accounts remains lower than in March 2013, and fell by around 10% over the year to 143,561. Taking into account the difficult political situation in 2013, Amret's performance on the deposits side demonstrates the loyalty of its clients and the institution remains one of the top MFIs in Cambodia in terms of deposit collection.

### Monthly trend in deposit activity, 2013-14



*“ Before, I never would have thought that I would be able to send both of my sons to high school but now, thanks to Amret, I can. ”*



**Client Profile:**  
Mrs Thong Phoeun

Mrs Thong Phoeun is a widow from Kompong Chhnang province.

Mrs Thong Phoeun says; “I have borrowed money from Amret three times now. I took out my current loan, for 16,000 dollars (ca. EUR 11,600), in order to purchase palm sugar to be stored and sold during the rainy season. As selling palm sugar is a competitive business, I chose a new method of paying the village producers in advance in order to secure my supply of the product. In October I pay each family between 300,000 to 500,000 riels (ca. EUR 55 to EUR 90), then, when the villager starts to produce palm sugar at the beginning of January, I go to collect it from their houses and pay the outstanding fee.”

“Before, when I had a small amount of capital, I could only collect 10 bags (with 120-130kg of sugar per bag) and transport them to be sold in Phnom Penh. However, now I have increased my capital thanks to Amret I can buy and store 7,000 to 8,000 kilos of sugar, then transport it to Phnom Penh, or have it collected, according to the client's wishes.”

“My success would not have been possible without a good deal of hard work or without the capital provided to me by Amret. Before, I never would have thought that I would be able to send both of my sons to high school but now, thanks to Amret, I can.”



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**May 2007**

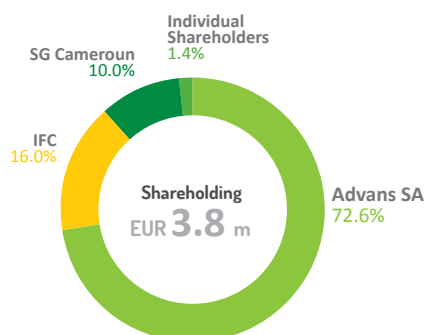
Start of operations

**408**

Employees

**13**

Points of sale



**Business Development**

Advans Cameroun’s activity expanded strongly in 2013-14, with the MFI achieving its targeted operational and financial results. The institution continued to thrive in a generally stable economic and political context, where growth is set to continue in the year to come. Nevertheless, the Cameroonian population remains afflicted by poverty, with high levels of unemployment. In order to encourage inclusive financial growth, Advans Cameroun thus continues to provide financial services to MSMEs poorly served by the traditional banking sector.

The MFI’s branch network did not expand over the period, but two branches were relocated in order to better respond to the needs of existing customers. Optimisation of the MFI’s infrastructure resulted in the client base growing by 25% over the year, with 37,269 clients as at 31 March 2014. The loan and deposit portfolios also posted dynamic growth, with increases of 31% and 30% respectively. In addition, the institution was able to roll out its rural lending project and continued with the commercial launch of the co-branded Advans Easy Cash card.

Advans Cameroun will focus on mobilising deposits and improving its financial services in 2014-15, while simultaneously streamlining its human resources organisation and enhancing its productivity.



**Key Events during the year**

**June 2013:** the Yaoundé Mfoundi Market branch was relocated to Yaoundé Central Market in order to serve more clients

**October 2013:** A Branch Directors conference on productivity and commercial strategy took place in Yaoundé

**February 2014:** Advans Cameroun held its annual conference and training workshops for managers and all staff

**March 2014:** Advans Cameroun inaugurated the newly transferred Bonabéri branch, the first branch to have an ATM machine installed

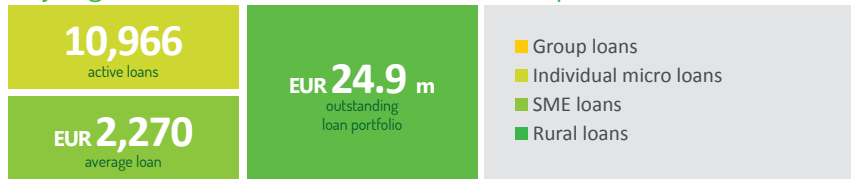
**Extension** of the Rural Lending project to ten branches

**Launch** of micro insurance products in partnership with ACTIVA insurance

**Commercial launch** of the Advans Easy Cash card

## Lending Activity

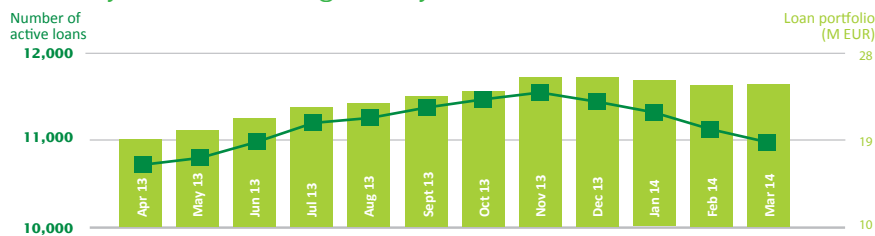
### Key Figures



The dynamic growth in lending activity witnessed over the past few years continued over 2013-14 for Advans Cameroun. At 31 March 2014 the MFI had an outstanding loan portfolio of FCFA 16.3 billion (ca. EUR 24.9 million), a 31% increase in volume terms compared to March 2013 with 4,795 new borrowers over the period. SME loans continued to represent a significant proportion of the outstanding loan portfolio with FCFA 6.7 billion (ca. EUR 10.2 million) outstanding. Meanwhile, the portfolio quality improved in 2013 with PAR 30 dropping to under 4% at December 2013. However, due to seasonal difficulties in early 2014, the portfolio quality worsened with PAR 30 at 5.2% at the end of March.

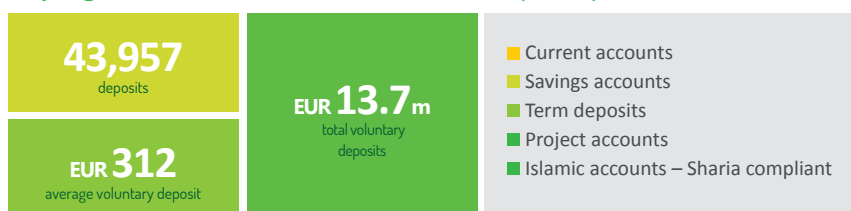
Advans Cameroun's rural loans project, which aims to provide tailor-made loans to finance agricultural activities, was rolled out to ten branches in the southern regions of the country. At the end of March 2014 there were 823 active loans and an outstanding portfolio of FCFA 984 million (ca. EUR 1.5 million). More than 1,200 loans have been disbursed and 26 Client Officers have received rural credit training since the project started.

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

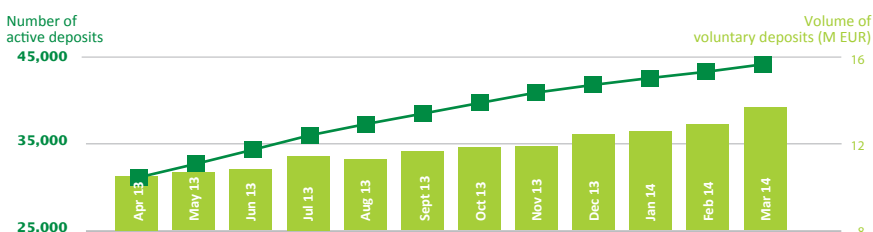
### Key figures



The deposit portfolio showed consistent growth over the period with a 30% increase in volume terms and a 48% increase in the number of accounts. The outstanding portfolio was FCFA 9.0 billion (ca. EUR 13.7 million) at the end of March 2014. Mobilising deposits is a major pillar of development for Advans Cameroun, and the institution undertook several actions during the year to boost savings collection and bring added value to its services. Specialised deposit positions such as a Deposit and Financial Services Manager and a Deposit Advisor were created over the year in order to maximise deposit collection. Note also that the new co-branded Advans Easy Cash ATM card in partnership with Société Générale Cameroun was launched commercially in September 2013, and a partnership was established with a local insurance company to enable depositors to benefit from death and disability insurance.

Collecting deposits remains a key challenge for the institution over the coming year. The institution is targeting both retail and institutional partners in order to mobilise Term Deposits and thus significantly increase the volume of deposits. In the first quarter of 2014, four new insurance companies contracted term deposits with the institution.

### Monthly trend in deposit activity, 2013-14



*“ I have gained independence and a sense of achievement from my business and I'm proud to be a customer of Advans Cameroun. ”*



### Client Profile:

Ms Engèle Aimé Nyabeueye

Ms Engèle Aimé Nyabeueye is a poultry farmer in Douala and was one of Advans Cameroun's first agricultural loan clients in the area. Formerly a housewife who raised chickens on a small scale, Ms Nyabeueye decided to create her own business in order to contribute to her household revenue.

Initially Ms Nyabeueye experienced difficulties in managing her chickens because she did not have enough personal funds to buy new chickens when the flock reached a critical threshold. When she heard about Advans Cameroun from a friend, she decided to request a loan and was granted a credit of FCFA 1 million (ca. EUR 1,500) for a period of eight months.

Ms Nyabeueye has significantly developed her business since she took out the loan and she no longer faces any stock shortages. Chickens from her farm feed many families in the neighbourhood and she even manages to supply distributors at Douala market. Married with children, Ms Nyabeueye is now able to help her husband with the payment of household expenses. She has gained independence and a sense of achievement from her business and is proud to be a customer of Advans Cameroun.



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**October 2008**

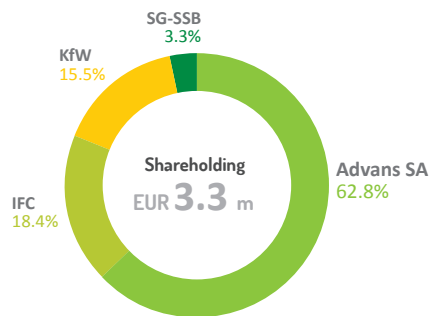
Start of operations

**337**

Employees

**12**

Points of sale



**Key Events during the year**

**July 2013:** Advans Ghana successfully concludes a GHS 5.29 million (ca. EUR 1.4 million) capital increase

**August 2013:** Introduction of Western Union transfer services; market clean-up activities carried out at Newtown Market in conjunction with a waste management company

**September 2013:** Opening of Advans Ghana's twelfth branch at Roman Hill, Kumasi; the institution made donations, including food & laundry items, to an orphanage in the central region of Ghana

**October 2013:** Advans Ghana celebrates its five-year anniversary

**January 2014:** Launch of Prestige Banking services designed to facilitate banking for SME clients

**Free health screening and education** was provided along with a local medical facility on two occasions during the year, at Kantanamo and a mall in Accra. This included eye screening, BMI testing, family planning, and facilities to renew national health insurance

**Business Development**

2013 was a key milestone for Advans Ghana, as it was profitable over the full year for the first time since the start of operations. The institution also carried out a GHS 5.29 million (ca. EUR 1.4 million) capital increase in July 2013 subscribed by its shareholders, Advans SA, IFC and KfW. Despite these positive developments, the MFI had to face the gradual deterioration of the Ghanaian macroeconomic environment over the period, with a real GDP growth that contracted to 5.4% in 2013 (vs. 7.9% in 2012), high inflation, and depreciation of the Ghana cedi, a climate which worsened in the first quarter of 2014.

All the same, Advans Ghana was able to broaden its client base over the year, and opened its twelfth branch in September 2013. The institution served 26,481 clients at the end of March 2014, a 28% increase compared to March 2013. Furthermore, both the loan and deposit portfolio grew significantly with a 42% increase in the outstanding loan portfolio and an 83% increase of the deposit portfolio thanks to an improved focus on deposit mobilisation.

The year to come will see further streamlining of the institution's infrastructure and organisation. The MFI will also focus on enhancing its marketing and communication drive in order to mobilise deposits and attract more SME loan clients. The strengthening of its existing structure will prepare Advans Ghana for further network expansion from 2015 onwards.

## Lending Activity

### Key Figures

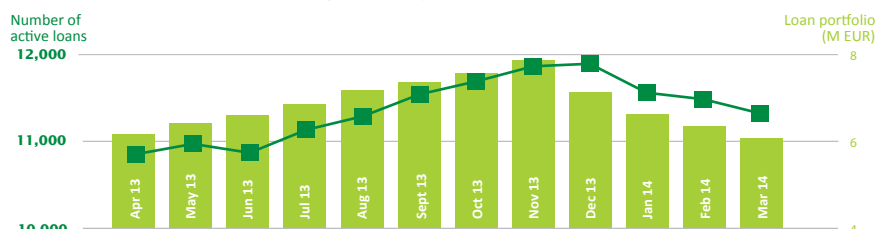


### Loan products:

Loan portfolio growth continued over the period, with the outstanding portfolio increasing by 42% year-on-year to GHS 22.4 million (ca. EUR 6.1 million) at end March 2014. The number of borrowers stood at 11,251 at year end, with the average loan size increasing by 36% (in GHS) over the year. Portfolio expansion was boosted by the SME loan product, which represented 17% of the volume outstanding as at 31 March 2014, compared to 10% at the end of the previous reporting period. Meanwhile, the portfolio quality remained fairly stable at under 5%, with some minor fluctuations.

In order to boost loan portfolio growth and improve its loan product offering, Advans Ghana launched the Guarantor Smart loan in 2013, a product which is aimed at attracting entrepreneurs who act as guarantors for other lenders. The institution will focus on gradually developing the SME segment of its portfolio in 2014-15.

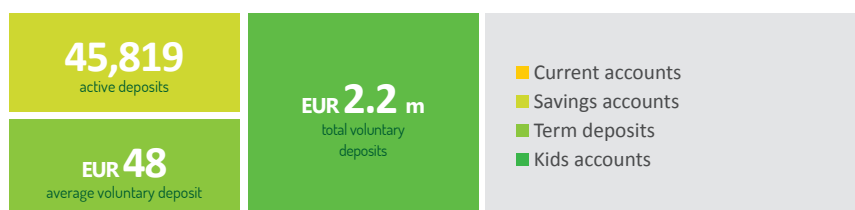
### Monthly trend in lending activity, 2013-14



In GHS the loan portfolio increased steadily over the year from GHS 15.8 million to GHS 22.4 million, however, due to exchange rate fluctuations, the portfolio volume in Euros decreased at the end of the period.

## Deposits and other financial services

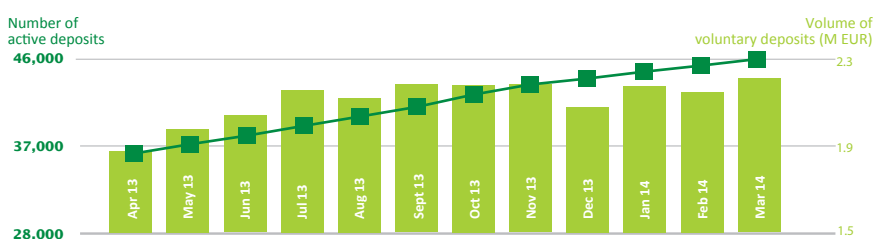
### Key figures



### Deposit products:

The deposit portfolio increased by 83% in volume terms over the year to GHS 8.2 million (EUR 2.2 million), with 45,819 accounts, up 30% compared to March 2013. This significant expansion of the savings portfolio was due to the increased focus on mobilising deposits, a strategy which will be intensified over 2014-15 with new deposit-oriented bonus schemes for commercial staff. In order to improve the range of financial services on offer, the MFI also launched Western Union transfer services in the second half of 2013 and will start mobile banking and debit card projects during the 2014 financial year.

### Monthly trend in deposit activity, 2013-14



*“ I would recommend Advans Ghana to others because of the transparent interest rates and flexible terms of payment. ”*



### Client Profile: Ms Kadija Alhassan

Ms Alhassan runs a business in the wholesale and retail of assorted drinks and confectionery. She took out her first loan with Advans Ghana in October 2013 and currently has both deposit and loan products with the MFI.

Prior to banking with Advans Ghana, Ms Alhassan already owned two shops but did not have a wide enough variety of stock to meet the demand of her clients. With a loan from Advans Ghana she has been able to increase her range of stock and expand her client base. Ms Alhassan's sales have increased rapidly, her business has expanded, and she now has six employees.

Ms Alhassan says that she would choose Advans Ghana over other MFIs because of the financial advice she receives from the institution. The guidance given to her by the MFI has helped her with the registration of her business and she now knows how to keep adequate records of business transactions. “I would recommend Advans Ghana to others because of the transparent interest rates and flexible terms of payment,” she says.



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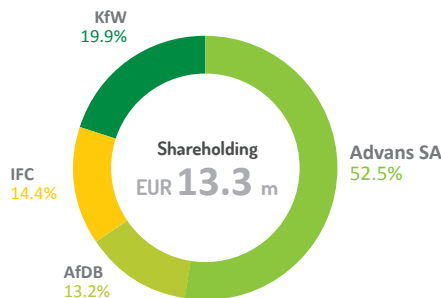
**July 2009**

Start of operations

**261**  
Staff

**6**

Points of sale



**Business Development**

Advans Banque Congo continued its expansion in 2013-14 with strong growth in both the loan and deposit portfolios and an expanding clientele. The economy in the Democratic Republic of Congo remained strong over the period, with high real GDP growth (8.5 %) and stable inflation (around 1.0%). Nevertheless, the country still suffered from social problems, with poverty remaining widespread, and with very few people having access to formal banking services.

Continuing in its mission to provide lending services to MSMEs, Advans Banque Congo increased its outreach, with the number of clients doubling over the period to reach 29,966 at 31 March 2014. The institution's outstanding loan portfolio increased by 55%, while its deposit portfolio grew by 78%. The launch of new products and financial services over the year, such as the new civil servant and business employee loan, as well as the collection of trading licence fees, added value to the bank's commercial offering.

Advans Banque Congo's goal for the coming year is to work on maximising its profitability, promoting SME lending products, and improving its visibility. It will also review the structure of its branches in order to maximise commercial productivity and mobilise both deposits and loans. The Total mini points of sale, to be launched in July 2014, will help the bank reach out to more clients and achieve its commercial and social goals.



**Key Events during the year**

**April - May 2013:** Branch management teams participated in two external training sessions with the Microfinance Promotion Fund that were focused on managerial skills and promotion of non-credit products

**May 2013:** Advans Banque Congo signed an agreement with the province of Kinshasa, enabling it to collect trading licence fees from businesses, 300,000 of which are MSMEs

**June 2013:** Involvement in the Access to Finance Forum organised by the Microfinance Promotion Fund

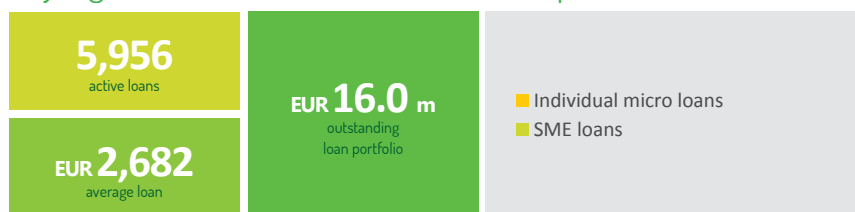
**October 2013:** Advans Banque Congo participated in the International Day of Savings celebrations, a day organized by the Banque Centrale du Congo

**March 2014:** Launch of "Crédit Privilège", a loan product especially designed for civil servants and employees of private companies



## Lending Activity

### Key Figures



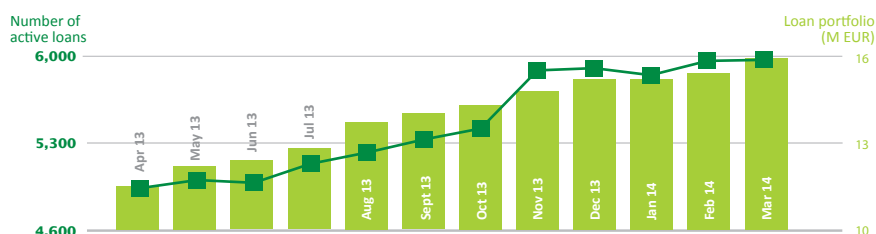
### Loan products:

- Individual micro loans
- SME loans

The loan portfolio increased from USD 14.2 million (ca. EUR 11.0 million) at end March 2013 to USD 22.0 million (EUR 16.0 million) at end March 2014. This growth was notably driven by the increase of the SME loan portfolio, which represented 57% of the outstanding portfolio at 31 March 2014. The institution disbursed almost 7,800 loans over the period, for a cumulated amount of USD 31.3 million (ca. EUR 22.8 million) which represents a 37% increase in volume terms in comparison with the total amount disbursed in 2012-13. Portfolio quality fluctuated during the period, hovering around the 5% mark up until February 2014, when it increased due to the seasonality effect. Recovery actions were stepped up in order to lessen this trend.

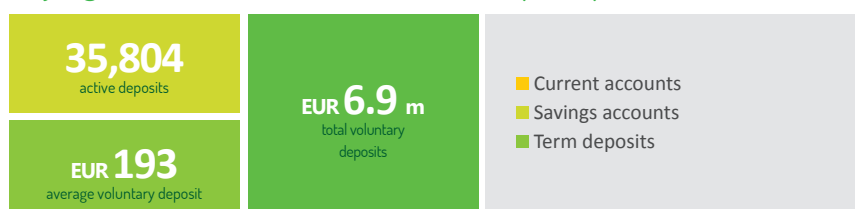
The bank aims to continue to expand its SME loan portfolio in 2014-15, with further coaching for SME Client Officers and a special focus on attracting new SME clients.

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

### Key figures



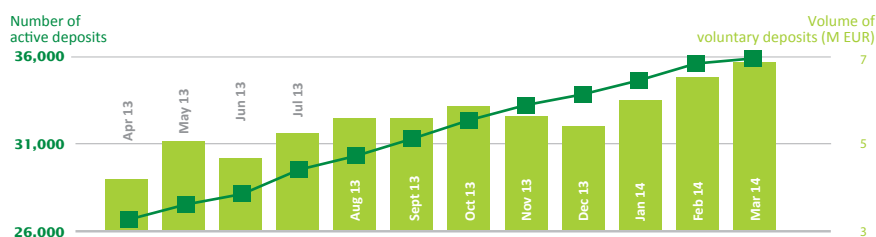
### Deposit products:

- Current accounts
- Savings accounts
- Term deposits

The deposit portfolio expanded rapidly over the period with USD 9.5 million (EUR 6.9 million) in outstanding deposits at 31 March 2014 compared to USD 5.3 million (EUR 4.2 million) at 31 March 2013. This growth was mainly due to the increase in the number of deposits (+39%) with the average deposit size increasing by around 19%.

Advans Banque Congo offers clients both savings and current accounts in USD, CDF and Euros, with term deposits in CDF and USD. Financial services such as MoneyGram, Advans mobile, domestic and international transfers and cheque services remain popular with clients. In order to raise its profile and extend its coverage, the bank will be launching points of sale in partnership with MoneyGram in Total service stations in the summer of 2014.

### Monthly trend in deposit activity, 2013-14



*“ I would recommend Advans to other microentrepreneurs because they offer easy and flexible access to credit. ”*



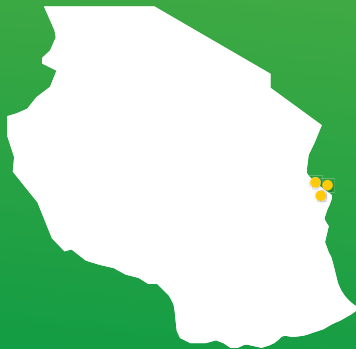
### Client Profile:

Guy Bwanza Ikuripu

Mr Bwanza Ikuripu is the owner of the establishment Light Telecom, which, thanks to the help received from Advans, operates several businesses in Kinshasa and in other provinces. He first came in to contact with Advans in November 2011, when he took out a loan for USD 16,500 (ca. EUR 12,000) in order to expand his business activities.

Initially the owner of a small grocery and telecommunications shop selling phone credit, Mr Bwanza Ikuripu has used his Advans loans to establish several other businesses. He took out several other loans with Advans and currently has an outstanding loan for USD 180,000 (ca. EUR 131,000). He now owns a mini-supermarket, a travel agency and a money transfer agency, the latter to enable people to transfer funds in provincial regions such as the Bandundu region. He is one of the principal players in electronic money transfers, and is responsible for transferring civil servants' salaries in provincial regions through M-Pesa.

Mr Bwanza Ikuripu also holds a deposit account and uses many of Advans Banque Congo's financial services. He says "I would recommend Advans to other microentrepreneurs because they offer easy and flexible access to credit."



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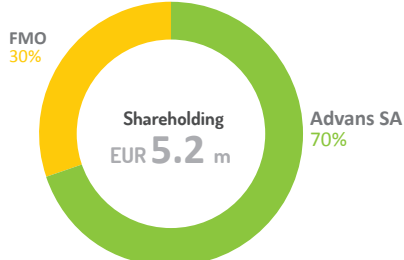


**February 2011**

Start of operations

**179**  
Staff

**3**  
Points of sale



**Business Development**

In a context of steady economic growth and decreasing inflation, yet with high competition on the lending market, Advans Bank Tanzania expanded strongly during the year. The bank's two existing shareholders, Advans SA and FMO, demonstrated their commitment in the course of 2013, by carrying out a TZS 4.5 billion (ca. EUR 2.0 million) capital increase, thus enabling Advans Bank Tanzania to remain compliant with central bank core capital regulations and paving the way for further branch expansion outside of Dar es Salaam from May 2014 onwards.

Despite the MFI not increasing its infrastructure, the number of clients almost trebled to 11,840 over the period. From April 2013-March 2014 Advans Bank Tanzania's outstanding loan portfolio increased by 110%, while the deposit portfolio increased by 69%. In addition, the bank introduced a number of new services in order to better cater for its clients' needs, notably semi-automatic loan repayments through M-Pesa. Along with commercial expansion, the bank continued to work on consolidating its internal processes and methods. Capacity building in terms of human resources was carried out: the number of expatriates was reduced from five to three, with the CFO and the SME manager being replaced by locally hired and trained managers.

The bank hopes to continue this growth over the coming year through optimising its productivity, expanding its outreach, and creating new delivery channels in order to better serve its clientele.



**Key Events during the year**

**May 2013:** Implementation of semi-automatic loan repayments via M-Pesa and installation of ticket OS customer service software

**June 2013:** Subscription to and use of the first Tanzanian credit bureau, Credit Info, and introduction of loans with flexible instalments for businesses with high seasonal swings

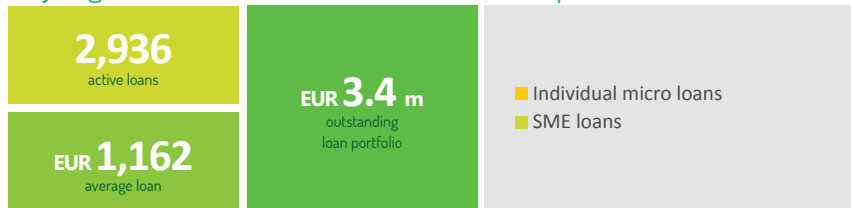
**October 2013:** TZS 4.5 billion (ca. EUR 2 million) capital increase

**January 2014:** Advans Bank Tanzania's staff day out

**March 2014:** Launch of Mavuno account (savings plan) and Western Union transfers

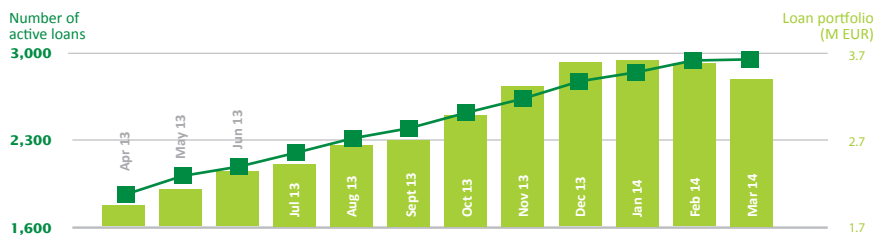
## Lending Activity

### Key Figures



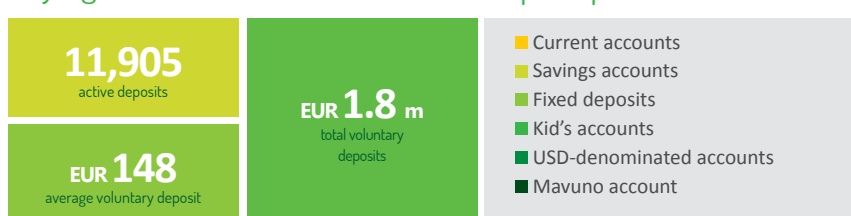
Advans Bank Tanzania's loan portfolio more than doubled from March 2013 to March 2014 to TZS 7.7 billion (ca. EUR 3.4 million). Growth was especially strong in the SME segment, which represented 34% of the portfolio at 31 March 2014 compared to 28% at 31 March 2013. Growth in the portfolio gathered pace in the second half of 2013, but a downturn occurred in the first quarter of 2014. This slump was mostly due to the seasonal effect, with clients facing high living expenses at the beginning of the year, and a slowdown in business activity, resulting in weak demand for loans and more difficult repayment of outstanding loans. In general, portfolio quality improved over the period, with PAR 30 decreasing substantially in the second half of 2013. However, the portfolio quality worsened in the first quarter of 2014 as a result of the adverse seasonality.

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

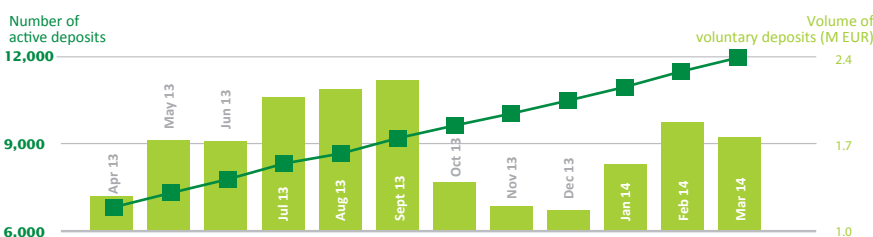
### Key figures



The total deposit portfolio stood at almost TZS 4 billion (ca. EUR 1.8 million) at the end of March 2014, with 11,418 voluntary depositors compared to 6,493 at 31 March 2013. The deposit portfolio growth in volume was to a large extent due to the mobilisation of term deposits. As shown by the graph, institutional term deposits were volatile throughout the year and greatly influenced the total volume of deposits.

In order to provide better customer service and to attract new depositors, the bank launched a number of new products and services over the period. As well as introducing Western Union transfers and M-Pesa payments for depositors, the MFI launched the new Mavuno account (providing savings for personal and business projects, with attractive interest rates and without any commitment in terms of duration) in the first quarter of 2014.

### Monthly trend in deposit activity, 2013-14



*“ I’ll never take a loan from any other bank apart from Advans because they offer such good customer care services. ”*

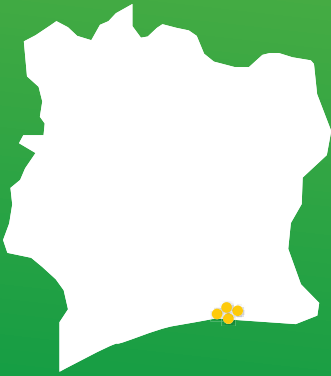


### Client Profile: Mary Kalongola

Mary took out her first loan with Advans Bank Tanzania in April 2011 for TZS 2.5 million (ca. EUR 1,100). She is now about to finish her third loan cycle for a loan of TZS 4.0 million (ca. EUR 1,775).

Mary, who is also an active depositor, started off with a small pharmacy. After her initial Advans loan she acquired a second shop selling clothes and was able to hire an employee. “I can now pay my children’s school fees with the profits from my business, the loan has truly helped me,” she declared. “I’ll never take a loan from any other bank apart from Advans because they offer such good customer care services.”

Mary says she would recommend Advans Bank Tanzania because “there’s no longolongo (inconvenience) during the loan application, the process is very short and clear,” she stated. “I’m so proud to bank with Advans, if business continues to go well I’ll certainly proceed with the fourth cycle”, she added.



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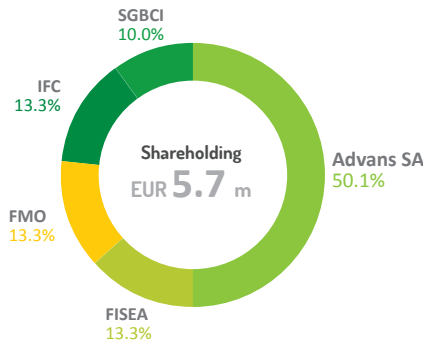
**March 2012**

Start of operations

**189**  
Staff

**4**

Points of sale



**Key Events during the year**

**August 2013:** The institution opened its fourth branch in Yopougon, Abidjan

**October 2013:** Advans Côte d'Ivoire participated in the first national trade fair in Côte d'Ivoire, showing its commitment to supporting Ivorian MSMEs

**November 2013:** Launch of Western Union transfer services in all branches

**January 2014:** Advans welcomed 10 interns through its partnership with PEJEDEC, a project in association with the World Bank and International Development Association that aims to promote employment and skills for young people aged 18-30 years old

**March 2014:** To celebrate International Women's Day on 7 March 2014, Advans Côte d'Ivoire participated in the first Forum for Female Entrepreneurship and Employment in Côte d'Ivoire

**Business Development**

2013 confirmed the successful commercial launch of Advans Côte d'Ivoire, with the institution achieving or exceeding all its key targets for December 2013, and planning further expansion in 2014. While economic growth continued in Côte d'Ivoire, the microfinance sector experienced some difficulties satisfying the high financing needs of SMEs and low-income populations. The year also saw a change in regulation, with the reduction of the interest rate cap from 27% to 24% in the WAEMU zone, applicable from 2014 onwards.

The MFI performed well both in terms of lending and savings collection over the period, expanding its client base to over 11,150 active clients in March 2014 versus around 3,300 in March 2013. From March 2013 to March 2014 the loan portfolio almost tripled, while the deposit portfolio increased by FCFA 1.2 billion (ca. EUR 1.8 million). The institution also continued its innovative Cocoa Loans Project, providing loans to around 2,300 cocoa producers in conjunction with the WCF Cocoa Livelihoods Program. In addition, the institution was able to reinforce its human resources; it had a headcount of 189 people at the end of the period, with 13 new managers appointed through internal promotion and a dedicated training department created in March 2014. The focus on promoting local managers, especially at head office, will continue over the year to come.

2014-15 will see a number of challenges for the institution. Objectives include extension of the network outside of Abidjan, the creation of an SME department, new products such as debit cards and a mobile money partnership, and continued strong growth of the loan and deposit portfolio.

## Lending Activity

### Key Figures

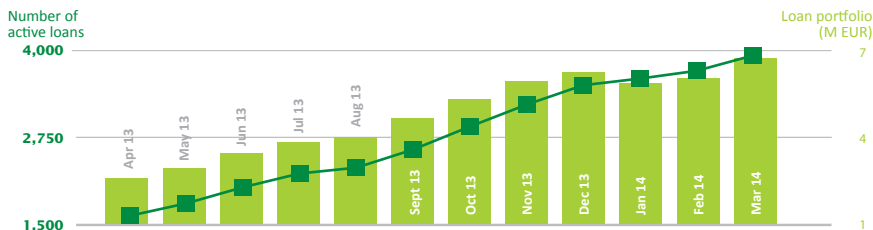


### Loan products:

The loan portfolio grew by over FCFA 2.9 billion (ca. EUR 4.4 million) year-on-year to FCFA 4.4 billion (ca. EUR 6.8 million) at end March 2014, with 3,905 active borrowers. In addition, portfolio quality remained very satisfactory over the period, with PAR 30 at 1.7% at the end of March 2014.

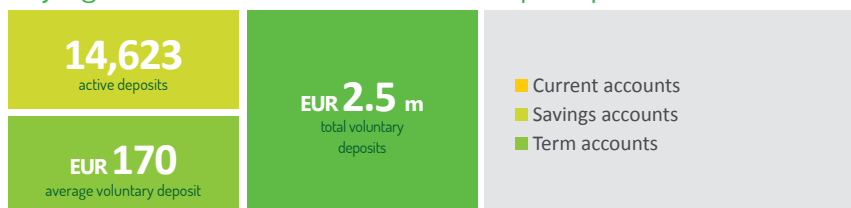
Advans Côte d'Ivoire currently offers loan products ranging from FCFA 150,000 to FCFA 100,000,000 (ca. EUR 230 to EUR 150,000). The SME segment of the portfolio greatly increased over the year, with SME loans representing 25% of the outstanding volume at year end vs. 9% at 31 March 2013. During the period, the institution disbursed 4,754 loans for a cumulative amount of FCFA 8.0 billion (EUR 12.3 million).

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

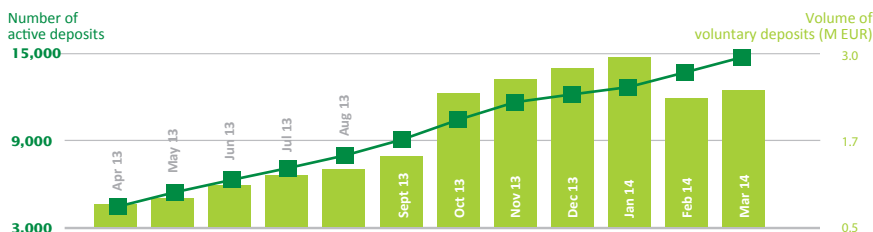
### Key figures



### Deposit products:

The deposit portfolio totaled FCFA 1.6 billion (ca. EUR 2.5 million) at 31 March 2014, with 14,623 deposits compared to 3,864 in March 2013. While the deposit portfolio grew consistently up until the end of January, the withdrawal of an institutional term deposit in February 2014 had a huge impact on the volume of the portfolio. In 2014-15 Advans Côte d'Ivoire plans to launch marketing campaigns in order to attract more depositors.

### Monthly trend in deposit activity, 2013-14



*“ At Advans the service is very friendly, staff are warm and welcoming and withdrawing money is quicker and easier than at traditional banks. ”*



### Client Profile: Affo Monique Aka

Mrs Aka owns eight shoe boutiques and employs around 30 people. Her first contact with Advans Côte d'Ivoire began in August 2012 when she took out her first loan. This first credit enabled Mrs Aka to increase the volume of her merchandise, to ensure that items were always in stock and to maximise her sales capacity.

Following her first successful loan experience, Mrs Aka decided to take out a second loan of FCFA 42 million (ca. EUR 64,000) in October 2013. Thanks to this second loan from Advans, she was able to purchase two minivans and a car to carry out deliveries.

Mrs Aka also holds a savings account and a current account with Advans. She really appreciates the service at Advans Côte d'Ivoire “At Advans the service is very friendly, staff are warm and welcoming and withdrawing money is quicker and easier than at traditional banks. That is why I prefer to bank with Advans.”



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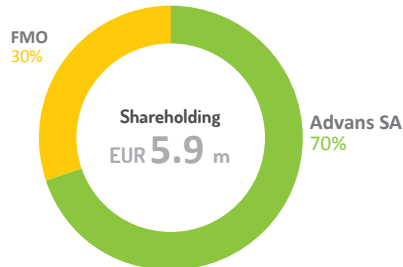


**January 2013**

Start of operations

**108**  
Staff

**4**  
Points of sale



**Business Development**

The year under review was challenging for Advans Pakistan, which started operations in January 2013. In 2013-14, the bank opened one new branch and one permanent booth, both located in Karachi. While inflation dropped to single digits and the trade deficit declined due to increased exports to the E.U., artisanal and agricultural sectors continued to struggle during the period. Politically Pakistan remained stable in comparison to previous years, with elections in May 2013 running relatively smoothly.

This environment resulted in a difficult start of operations for Advans Pakistan, with the bank facing high staff turnover, which consequently had an effect on loan portfolio growth, productivity and quality. Despite competition from several large and experienced MFIs and microfinance banks Advans Pakistan became one of the first microfinance banks in the country to offer loans in excess of PKR 150,000 (ca. EUR 1,100) with the introduction of the Advans Ba-Ikhtiar enterprise loan in October 2013. This product is in high demand and has boosted development of Advans Pakistan's loan portfolio.

Over the next year, Advans Pakistan will concentrate on developing its loan product range and on using alternate delivery channels in order to address market needs and increase growth. The micro-finance bank will also focus on strategies to progressively mobilise deposits in order to accompany this growth.



**Key Events during the year**

**July 2013:** Advans Pakistan opened its third branch in Gole Market

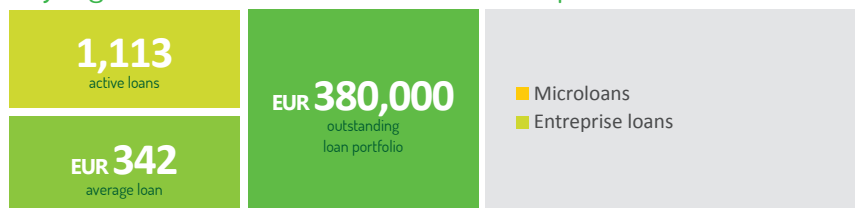
**October 2013:** Advans Pakistan launched its "Advans Ba-Ikhtiar" enterprise loan ranging from PKR 150,000 (ca. EUR 1,100) to PKR 500,000 (ca. EUR 3,670)

**January 2014:** Advans Pakistan was awarded the "Pricing Transparency" Award from the Pakistan Microfinance Network and the Microfinance Transparency Initiative

**February 2014:** Advans Pakistan opened its permanent booth in Shadman Town, linked to its partner branch at Gole Market, and celebrated its first anniversary

## Lending Activity

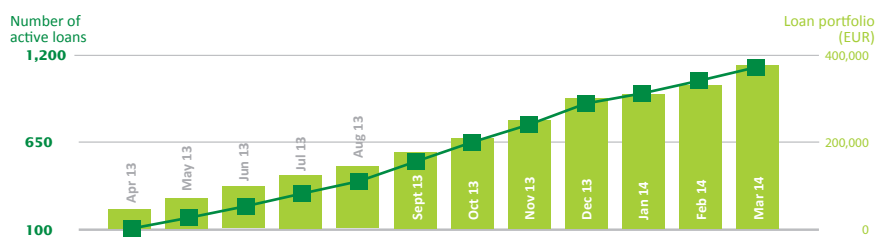
### Key Figures



### Loan products:

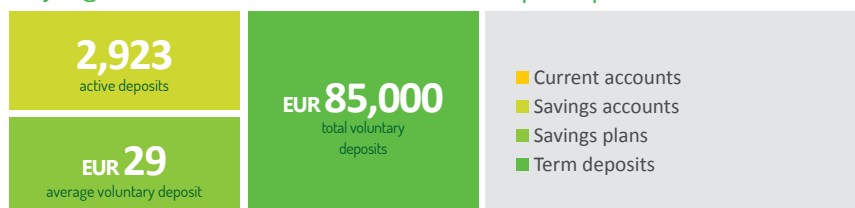
Although Advans Pakistan has opened four points of sale since it opened in January 2013, portfolio growth remained somewhat below budget over the period, with sales staff turnover impeding productivity. Advans Pakistan's loan offer differs from other players on the market as it serves its clientele on an individual basis and has an average loan size that is double the national average. In order to attract a wider range of clients, Advans Pakistan aims to introduce a gold-backed loan product in 2014, while simultaneously developing the enterprise loan section of its portfolio. The enterprise loan has been an important driver for portfolio growth, and accounted for 29% of the outstanding portfolio at March 2014. Advans Pakistan has also revised its recruitment criteria in order to improve the stability and efficiency of its sales teams, while giving opportunities for good performers to take on more responsibility.

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

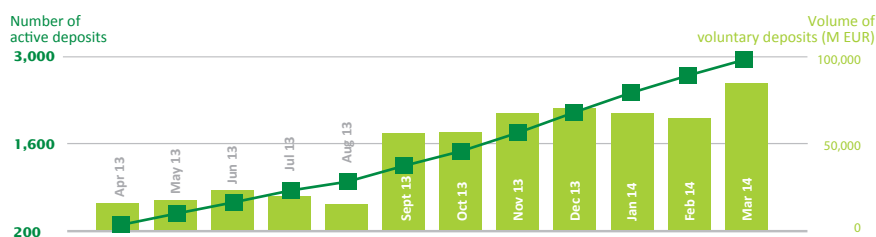
### Key figures



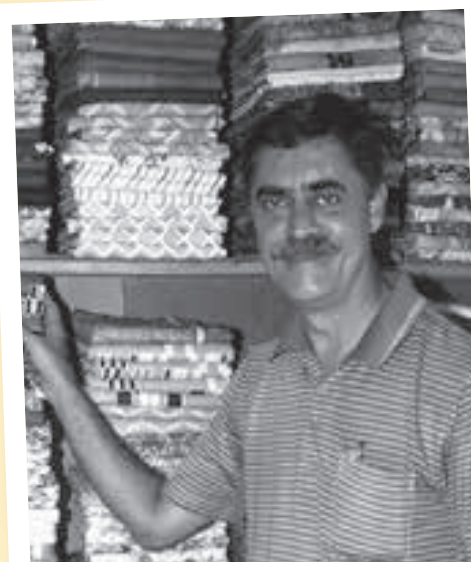
### Deposit products :

Raising deposits was not a priority during the first year of operations, which accounts for the low level of deposits. Nevertheless, Advans Pakistan has put in place a cheque clearing service and mobilised significant resources to implement alternate delivery channels from 2014 onwards. This involved creating a dedicated deposits and financial services plan within the operations department at the end of 2013.

### Monthly trend in deposit activity, 2013-14



*“ I believe that my relationship with Advans Pakistan is based on mutual understanding and trust. ”*

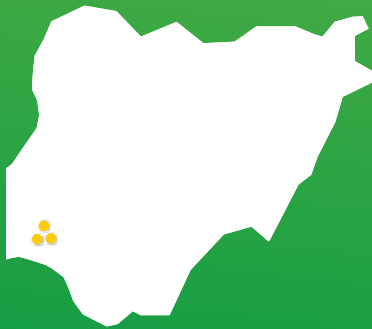


**Client Profile:**  
Mr Khaliluddin

Mr Khaliluddin, currently in his second loan cycle, owns a fabric shop with two employees and is considered to be one of Advans Pakistan's most loyal clients. His banking relationship with Advans Pakistan began in April 2013, and the financial services provided to him have greatly improved his business activities since.

Mr Khaliluddin first took out a micro loan of PKR 100,000 (ca. EUR 730) to allow him to increase his stock. After his first successful loan experience, which enabled him to obtain more supplies and boost sales, therefore increasing his income, Mr Khaliluddin decided to take out a second loan, this time Advans Pakistan's Ba-Ikhtiar or enterprise loan. Mr Khaliluddin is hopeful that, thanks to the extra stock bought with his second loan, he will be able to maximize his sales and further expand his activities, especially during the run up to Eid.

Mr Khaliluddin would recommend Advans Pakistan because he especially appreciates the friendly customer service. He believes that his relationship with the bank is based on mutual understanding and trust. Mr Khaliluddin finds the staff at Advans Pakistan highly motivated, well trained and supportive which, for him, makes a great difference.



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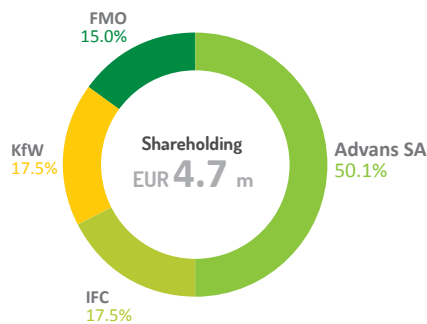


**February 2013**

Start of operations

**124**  
Employees

**3**  
Points of sale



**Business Development**

After a successful preparatory phase, Advans Nigeria focused on building a strong and well trained commercial team during its first year of operations. The Nigerian economy continued to expand rapidly with high GDP growth rates, and Advans Nigeria thrived in this positive economic environment, surpassing its original objectives for the period. During the year the bank was able to position itself as one of the leading institutions in Oyo State, establishing a favorable reputation due to its quality customer service.

Advans Nigeria opened two additional branches during the year and had a total head count of 124 at the end of 2013-14, 75% of whom were network staff. One of the strategic vectors of development in 2013 was to focus on optimising the organisation and motivation of field staff. This helped boost productivity, with the bank posting a NGN 434 million (ca. EUR 2.0 million) outstanding portfolio and serving 3,598 clients after only 14 months of operations. In order to prepare for future growth and to be able to anticipate sector trends, the institution worked on reinforcing the structure of its head office, by strengthening the Audit, Control and Compliance departments. The bank has also started an ambitious project to implement other financial services such as ATM cards and mobile banking.

Following a successful first year of operations, Advans Nigeria hopes to continue its expansion over the year to come, opening two further branches in 2014. By expanding its outreach and the range of services on offer Advans Nigeria aims to remain the microfinance bank of choice in Ibadan.



**Key Events during the year**

**May 2013:** Opening of Bodija branch

**September 2013:** Advans Nigeria carried out a Back to School promotional event in order to encourage deposit mobilisation and support parents saving for their children's school fees

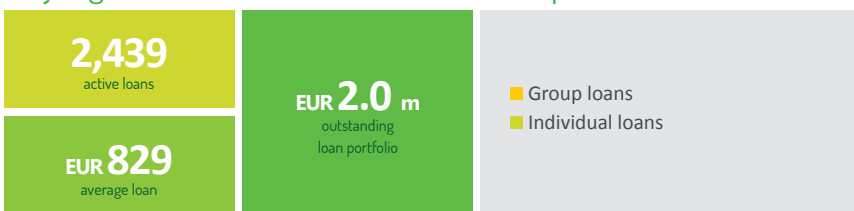
**January 2014:** Opening of Iwo Road branch

**February 2014:** Advans Nigeria celebrated its first anniversary with a day of staff workshops, team-building activities and festivities



## Lending Activity

### Key Figures



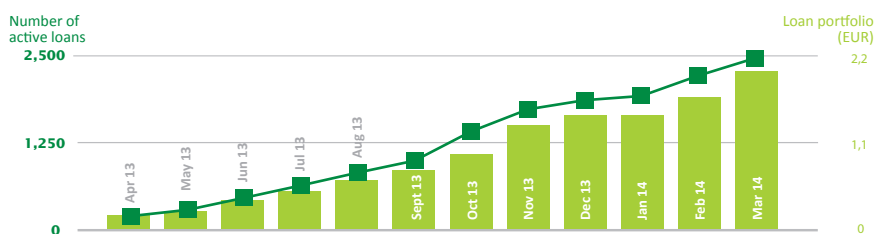
### Loan products:

- Group loans
- Individual loans

Advans Nigeria performed very well on the lending side and posted an outstanding portfolio of NGN 434 million (ca. EUR 2.0 million) at 31 March 2014. From April 2013-March 2014, the bank disbursed 3,688 loans for a total amount of NGN 886 million (ca. EUR 4.1 million). Portfolio quality also remained very good throughout the period, as a result of the bank's consistent risk approach at all stages: (appraisal, decision and monitoring).

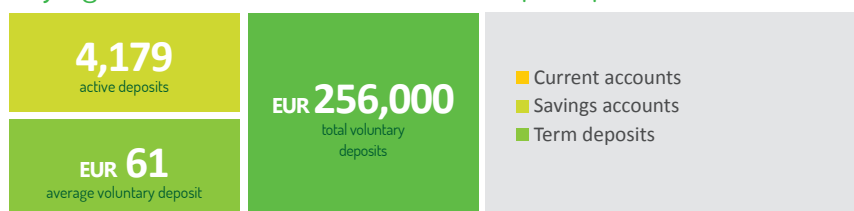
The favourable trend in 2013 gathered pace during the first quarter of 2014 thanks to the growing productivity of Advans Nigeria's loan officers. This productivity is the result of a highly target-oriented culture. The bank plans to continue to generate strong portfolio growth throughout 2014.

### Monthly trend in lending activity, 2013-14



## Deposits and other financial services

### Key figures



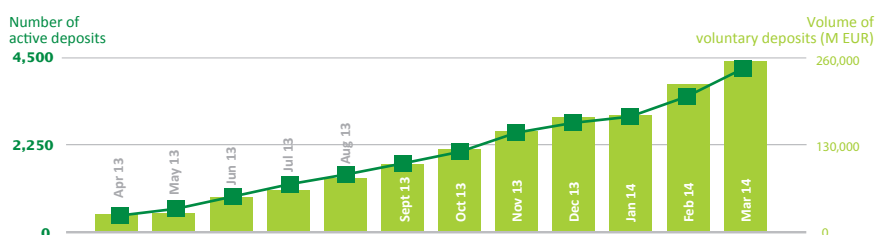
### Deposit products:

- Current accounts
- Savings accounts
- Term deposits

Although the outstanding deposit portfolio was above target at the end of the period at NGN 55 million (ca. EUR 256,000) Advans Nigeria has to face very strong competition for deposit collection. This competition mainly stems from commercial banks which offer inexpensive accounts with a wide range of means of payment and low tariffs. Nevertheless, Advans Nigeria has managed to build a positive image on the market, especially among traders and market people, and has thus been able to progressively mobilise deposits.

In 2014-15, the focus will be on increasing the number of savings accounts, which still count for less than 10% of the total deposits outstanding. The institution hopes that the introduction of financial services such as mobile tellering, ATM cards, cheques, and transfers, in the second half of 2014 will boost deposit mobilisation.

### Monthly trend in deposit activity, 2013-14



*“ Now, with the support of Advans, things are much easier. Being able to borrow a larger sum has really boosted my business. ”*



**Client Profile:**  
Mrs Omolola Sotola

Mrs Sotola owns a boutique, with one employee, which specialises in the sale of men's accessories such as fragrances, wristwatches and jewellery. Mrs Sotola began her banking relationship with Advans Nigeria in May 2013 and is currently in her third loan cycle.

Mrs Sotola says “I started my business with just NGN 10,000 (ca. EUR 45) selling perfume on the street. It wasn't easy, but I fought to borrow money so that I could rent a shop. Before, I had to ask my friends for money, and it was sometimes problematic, but now, with the support of Advans, things are much easier. Being able to borrow a larger sum has really boosted my business; my stock is bigger and I have more clients. In fact, my shop is even too small now and I am looking for larger premises. My Advans loan has enabled me to diversify my activities; with the profit I've made, I bought a house that I rent out to tenants.”

Mrs Sotola continues; “When I travel with other sellers to renew our stock, they are surprised by the quantity of items I buy. They even ask me to lend them some money, but I recommend Advans as a reliable microfinance bank where you can trust the staff. The best recommendation I can give is by showing them the progress I have made.”

## ◆ Outlook for 2014-15



Over the coming year, the Advans group will focus on defining programmes and projects to foster development of the network, with a particular focus on outreach and impact, diversification of services and market segmentation, and enhancing profitability. Our client base continues to expand and we should soon serve more than 500,000 clients, a milestone which demonstrates the Advans group's impact in terms of serving MSMEs and low-income populations.

The majority of the frontier and emerging economies in which Advans operates are forecast to show stable or improving GDP growth over the period. The International Monetary Fund (IMF) predicts that, as a result of the improving global economy and improved domestic production, average GDP growth\* in Sub-Saharan Africa will increase from 4.9% in 2013 to hover around the 5.4-5.5% mark in 2014-15. High GDP growth rates will be maintained in the Democratic Republic of Congo (8.7%) and Cote d'Ivoire (8.2%) while GDP growth will be around 7.0% in Tanzania and Nigeria. Cameroon's growth will likely remain stable, but Ghana is expected to experience a further economic slowdown, with

projected growth of 4.8% (vs. 5.4% in 2013), although this is set to improve in 2015. Meanwhile in Asia, Pakistan's GDP growth rate will likely diminish slightly in 2014 to 3.1% while Cambodia's growth rate will stay at around 7.0%.

In this largely favourable macroeconomic climate Advans' more mature institutions aim to improve their profitability, organisation and visibility with Advans Cameroun, Advans Ghana and Advans Banque Congo concentrating especially on deposit collection and financial services. In Cambodia, Amret will focus on rolling out its mobile banking technology in order to expand its deposit base, with the support of Horus, while strengthening its organisation and control systems.

The network's younger institutions aim to continue their expansion with Advans Bank Tanzania opening its first branches outside of Dar es Salaam, Advans Côte d'Ivoire opening three more branches, including one outside Abidjan, and Advans Nigeria operating from five branches by the end of the year. For its part, Advans Pakistan will

\* Figures given refer to real GDP growth rates.



*“ Our client base continues to expand and we should soon serve more than 500,000 clients, a milestone which demonstrates the Advans group’s impact in terms of serving MSMEs and low-income populations.”*

concentrate on loan portfolio growth and raising productivity in a challenging political and security environment.

This year will also see the continuation of the group’s innovative schemes; the rural lending project at Advans Cameroun will continue in ten of the MFI’s branches and Advans Côte d’Ivoire will further develop its programme offering loans to cocoa growers as part of the WCF Cocoa Loans Project. Key financial service projects such as the launch of cards, m-banking and mobile collection in Advans Ghana and the introduction of cards and mobile tellers in Advans Nigeria will increase these affiliates’ outreach and improve customer satisfaction.

In terms of human resources, the Advans group will continue to promote staff training and development, focusing on offering new opportunities to promising staff members, with ongoing exchanges for local managers and support missions within the network. In addition an Operations seminar, focusing on exploring best practices and tools to enhance productivity, branch profitability

and management of risks, among other topics, as well as Finance and Internal Audit seminars will be organized throughout the year. These group seminars bring together representatives from all affiliates to learn how to use new tools and share experiences, harnessing synergies between different departments across the network.

Finally, preparations for the start of operations of Advans Tunisie, which marks the group’s extension into North Africa, will get underway. 2014-15 will be a year of challenges, innovation and progress for affiliates across the network. By combining our resources and fine-tuning our procedures and methods, we can ensure the continued development and strengthening of the Advans group.

**Claude Falgon**

*Director, Advans SA  
Chairman and Chief Executive Officer, Horus*



# Financial Statements

Advans SA's financial performance reflects that of an equity investment company gradually building up its portfolio of start-up microbanks and MFIs:

## Balance sheet for the financial year ended 31 March 2014 (in EUR)

	31 March 2014	31 March 2013
<b>ASSETS</b>		
<b>Fixed Assets</b>		
<i>Shares in affiliated undertakings</i>	22,274,684	22,844,072
<i>Amounts owed by affiliated undertakings</i>	-	400,000
<i>Shares in undertakings with which the company is linked by virtue of participating interests</i>	24,145,107	16,025,117
<b>Total fixed assets</b>	<b>46,419,791</b>	<b>39,269,189</b>
<b>Current assets</b>		
<i>Amounts owed by affiliated undertakings becoming due and payable within one year</i>	9,548	581,636
<i>Amounts owed by undertakings with which the company is linked by virtue of participating interests becoming due and payable within one year</i>	432,351	321,894
<i>Other receivables becoming due and payable within one year</i>	157,446	77,001
<i>Other transferable securities</i>	2,500,214	-
<i>Cash at bank</i>	1,268,929	4,765,434
<b>Total current assets</b>	<b>4,368,488</b>	<b>5,745,965</b>
<b>Total assets</b>	<b>50,788,279</b>	<b>45,015,154</b>
<b>LIABILITIES</b>		
<i>Tax becoming due and payable within one year</i>	-6,420	-3,210
<i>Other creditors becoming due and payable within one year</i>	-62,817	-54,277
<b>Net assets</b>	<b>50,719,042</b>	<b>44,957,667</b>
<b>EQUITY</b>		
<i>Paid-up share capital</i>	43,600,000	40,100,000
<i>Share premium account</i>	142,000	142,000
<i>Retained earnings</i>	4,715,667	1,254,991
<i>Profit/(loss) for the financial year</i>	2,261,375	3,460,676
<b>Total shareholders' equity</b>	<b>50,719,042</b>	<b>44,957,667</b>

## Profit and loss account for the financial year ended 31 March 2014 (in EUR)

	31 March 2014	31 March 2013
<b>INCOME</b>		
<i>Interest income</i>	81,883	150,621
<i>Dividend income</i>	432,351	522,779
<i>Other operating income</i>	220,300	155,327
<i>Net changes in fair value on financial fixed assets</i>	3,202,845	4,155,833
<i>Net changes in fair value on transferable securities</i>	581	-
<b>Total net income</b>	<b>3,937,960</b>	<b>4,984,560</b>
<b>EXPENSES</b>		
<i>Operating expenses</i>	1,641,276	1,505,561
<i>Depreciation on formation expenses</i>	-	-
<i>Interest payable and charges</i>	13,417	322
<i>Taxes</i>	21,892	18,001
<b>Total expenses</b>	<b>1,676,585</b>	<b>1,523,884</b>
<b>NET PROFIT</b>	<b>2,261,375</b>	<b>3,460,676</b>





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