

2014-2015
ANNUAL REPORT



advansTM 
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 nine countries in Africa and Asia: Cambodia, Cameroon, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Nigeria, Pakistan, Tanzania and Tunisia.

Key figures 2015

€ 68,013,617
TOTAL INVESTMENT

€ 70,854,610
TOTAL ASSETS

9
NO. OF FINANCIAL INSTITUTIONS

4,556
TOTAL STAFF

181
POINTS OF SALE

546,118
CLIENTS

€ 384 million
OUTSTANDING PORTFOLIO

€ 197 million
TOTAL DEPOSITS

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“ On the strength of its extensive experience, and in looking towards the future, Advans aims to pursue its goal of accelerating financial inclusion and reaching out to the non-banked in the countries in which it operates, thus helping to generate sustainable and fair economic expansion. ”

Letter from the Chairman of the Board of Directors



The financial year 2014-15 was particularly successful for the Advans group with several important milestones and key achievements reached during the period. Advans continued in its mission to serve Micro, Small and Medium-sized Enterprises (MSMEs) and low-income populations with little or no access to financial services, and reached the landmark of serving over 500,000 clients this year, an achievement which confirms the group's impact. Advans also successfully completed its third round of fundraising and became the majority shareholder in its first investment, Amret. The year additionally saw the successful launch of Advans Tunisie, Advans' eighth greenfield institution and the first in the MENA region.

Amret (Cambodia) once again posted a significant profit at year end, and achieved sustained growth in both its deposit and loan portfolios. Advans and Amret have collaborated on several projects over the years with Advans supporting Amret in adapting its individual lending methodology, launching SME and agricultural credit products, implementing a new Core Banking System, developing mobile financial services, and improving its HR infrastructure. In March 2015 Amret became a full subsidiary

of the Advans group, which will enable Advans to work even more closely with the institution. Further integration will be achieved through regular group exchanges, workshops and seminars with a special focus on Audit and Risk Management, Governance and HR practices.

Regarding the Advans greenfields, despite the fact that some affiliates were affected by political crises and economic difficulties in the countries in which they operate, our institutions have been able to expand their operations, reaching out to more clients and improving their levels of productivity and profitability. Advans Banque Congo reached annual break even in 2014, while Advans Cameroun and Advans Ghana, the two most mature greenfields in the group, were able to improve their results. Our younger institutions also continued to thrive and develop, expanding their networks and client bases. Advans Bank Tanzania opened two new branches outside of Dar es Salaam, in Mwanza and Mbeya, while Advans Côte d'Ivoire opened its first branch in the interior of the country at Bouaké. Advans Côte d'Ivoire continued to expand rapidly, increasing its loan and deposit portfolios to EUR 16.2 million and EUR 9.2 million, respectively, at 31 March 2015, and serving over 29,000 clients.

La Fayette MFB (Advans Nigeria) opened two new branches in Ibadan and posted accelerated growth of operations, with its loan portfolio increasing to EUR 5.7 million at end March 2015 vs. EUR 2.0 million at end March 2014, while its deposit portfolio grew from EUR 278k to EUR 939k over the same period. Our Nigerian affiliate also produced outstanding financial results, including excellent portfolio quality, with initial losses that were much lower than expected in the business plan. Advans Pakistan, after facing some challenges, which led to lower-than-expected outreach and portfolio dynamics, subsequently focused on consolidating its current network and boosting loan productivity; the affiliate was thus able to increase its loan portfolio by 175% to EUR 1.3 million at the end of March 2015. Finally, Advans Tunisie got off to a flying start, with a large amount of prospective clients interested at the launch and a credit performance which surpassed targets in the first three months (EUR 566k in outstanding loans as at 30 June 2015).

Over the year Advans has strengthened its focus on building impact and outreach, looking to develop innovative and cost-effective delivery channels, and expanding into peri-urban and rural areas. Amret's ongoing Mobile Financial Services project (supported by the World Bank) aims to use mobile tellers, third-party agents and self-service banking to cater for rural clients, while Advans Cameroun and Advans Côte d'Ivoire are looking to scale up their rural lending (Cameroun) and Cocoa projects (Côte d'Ivoire) through designing and implementing branchless banking services. Both of these projects have received the support of external partners, with Advans Cameroun benefiting from the backing of IFC and the MasterCard Foundation, and Advans Côte d'Ivoire awarded funding from CGAP as part of the Branchless Banking Challenge Fund. These projects are very important for the future development of the group, as other affiliates looking to expand into rural areas (namely Advans Ghana, Advans Banque Congo and Advans Nigeria) will be able to capitalise on the expertise gained.

2015 is a very significant year for the Advans group as it will be celebrating its tenth anniversary. Advans has expanded rapidly over the past ten years; what started out as a simple investment project has become an established, international group, with nine affiliate institutions (and a tenth in the pipeline), more than half a million clients, EUR 400 million in outstanding loans and a staff of over 4,800. While this momentous occasion allows us to celebrate our current successes and past achievements, it also strongly encourages us to look towards the future with optimism, taking into account Advans' growing network and the fact that we have responded positively to a continually changing global environment. The year will also see the integration of Horus into the Advans group, which will reinforce the group's organisation and ensure that it can fully support the growth of its affiliates and expansion of the network in the years to come.

On the strength of its extensive experience, and in looking towards the future, Advans aims to pursue its goal of accelerating financial inclusion and reaching out to the non-banked in the countries in which it operates, thus helping to generate sustainable and fair economic expansion.

Last but not least, I would like to thank the management and staff of the Advans group for their sustained hard work and commitment. I know that a considerable effort has been made over the years with the group remaining focused on its mission and on value creation for its shareholders. On behalf of the Board of Directors I would like to also thank our shareholders for their continued support over the last ten years.

Matthias Adler
Chairman of the Board of Directors

About Advans



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), or as lead investor in existing MFIs which have similar aims 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 provides equity and — in exceptional cases — debt funding via loans or guarantees on a commercial basis. As lead shareholder, Advans SA actively participates in the governance of its financial institutions. In addition, Advans delivers technical know-how to its affiliates through Horus Development Finance (Horus), its manager and technical partner. Horus has therefore set up Human Resources, Finance, IT, Internal Audit and Risk departments and Credit and Financial Services & Rural Outreach business lines to guide and assist affiliate functions across the network. Furthermore, Horus closely supervises affiliates' financial and operational performance and provides support for affiliate strategic planning, refinancing, grants, legal matters and communication.

Over the next five years, Advans aims 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 intended 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 constantly 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.

All Advans institutions share the core values of:

Catering for clients' needs through:

- ◆ Offering simple and effective financial services
- ◆ Giving access to underserved populations who run 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, communication and teamwork across the network
- ◆ Setting up performance-based incentives and opportunities for career development
- ◆ Encouraging innovation and creating 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 SA's core culture encourages growth and support within the group through the sharing of techniques and methodologies between its financial institutions.

Employing cutting-edge technology and thinking in:

- ◆ Defining and implementing common methods and tools for the whole network
- ◆ Developing innovative new products and services to respond to clients' needs

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 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 effect of its activities. The group's Environmental and Social Policy ("ESP"), which includes its Exclusion List, sets out a number of principles to be followed by Advans' affiliates to guarantee that they have a positive social influence in their 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, based on Advans SA's shareholders' and donors' exclusion lists, 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 group level that ensures the SEMS is enforced correctly.

Commitment towards our clients

As at 31 March 2015 the Advans group had 546,118 clients across its 9 affiliates, including:


73%
women borrowers


49%
women 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 for their clients through offering products and services which are tailored to their needs. Products are developed through market surveys, focus groups and information meetings to determine and validate customers' needs, then defined, developed and pilot tested to ensure that they meet clients' expectations. Staff are trained on product features and delivery to guarantee that clients are able to make an informed choice when selecting a product.

Prevention of over-indebtedness

Affiliates in the network use the Advans group's credit methodology to analyse a client's repayment capacity during the initial business evaluation (cash-flow based lending). This ensures that affiliates lend amounts which clients are capable of paying back. Advans affiliates aim to be proactive in building a professional microfinance industry in their respective countries, through cooperation with local Credit Bureaus and other financial institutions where possible.

Transparency

Advans MFIs provide clear and transparent information to their clients. Affiliates clearly display product features and tariffs in branches, on leaflets, on their websites and on contracts to ensure that there are no hidden costs. Information sessions are provided to clients in official and local languages.

Responsible pricing

Pricing for Advans' loan products is calculated using two main criteria: i) current market tariffs and ii) the return needed for the institution to achieve sustainability. In general, Advans' loans are priced at around the average or slightly lower than those of similar competitors. Advans affiliates also endeavour to offer fair returns on deposits.

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 receive introductory and regular refresher training on respect of clients and are closely monitored throughout the network in order to guarantee that clients receive quality customer service. Debt collection methods are well defined to avoid the use of any coercive recovery methods, and policies have been implemented across the group so as to quickly identify any suspected cases of fraud or misconduct.

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.

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 2015 the Advans group had:



The Advans group is dedicated to its valued staff, and seeks 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

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, environmental or social concerns.

Staff Profiles

Yvette Guela Diesse

Head of Human Resources, Advans Cameroun



“The interesting thing about working for the Advans group is that a great deal of importance is attached to working efficiently and producing results, so you are always pushed one step further.”

What is your history at Advans and how has your role evolved ?

I first arrived at Advans Cameroun in 2007 as an HR intern focused on recruitment and employee contracts. In January 2008 I became HR Officer in charge of payroll, drafting of procedures and relations with social institutions. Then in 2011 I became Head of HR, supervising the management and the development of all HR activities.

What does your role involve on a day-to-day basis?

It is difficult to describe a typical day because the HR function is very dynamic and diverse, and the unexpected always has to be taken into consideration in my daily schedule. My job involves a variety of HR tasks including updating of HR tools and policies, following up on recruitments, and managing staff insurance and staff loans. I carry out HR training sessions and communication and go out into branches to visit teams when necessary. I am also on hand to respond to any career development issues or other preoccupations raised by employees, and to help managers in organising their teams.

Have you been in contact with other Advans affiliates? Have you already participated in seminars or exchanges across the network?

We communicate among HR departments regularly, sharing experiences and tools so as to pool our collective knowledge. We also discuss existing problems in each affiliate and the available solutions. The Advans group seminars give us the opportunity to do this face to face; I was able to participate in the 2013 HR seminar and came away feeling full of experience, with a lot of useful advice and with better knowledge on HR management and organisation methods. The group also supports us in our daily management of HR and in any specific complex HR issues.

How do you think your experience at Advans has improved your skills and helped in your career development?

My experience at Advans has taught me a great deal about managing relationships with people with different personalities, backgrounds and ways of thinking. It has also taught me how to step back and listen to others before making a decision or taking action. The size and organisation of the institution has meant that, since the beginning of my internship, I have been confronted with a multitude of complex HR issues. This has enabled me to gain experience and take on increasing responsibility. Once I was promoted to management level, I had to work on my leadership skills in order to accompany, manage and direct a team towards the achievement of common goals. My position on the Executive Committee has also enabled me to develop a global view of how a company is managed, the key issues and limitations involved.

Why did you choose to work in the microfinance sector?

I decided to work in microfinance so I could participate in building a sector that is still young and therefore somewhat informal but has an important role to play in economic development. At Advans Cameroun I have been able to make good use of my skills, through the creation and implementation of the HR Department and have also been able to build expertise on several aspects of HR. I believe that a strong HR function helps create a more efficient institution that is thus able to be more effective in providing microfinance services to the local population.

What do you appreciate most about being part of the Advans group?

The interesting thing about working at the Advans group is that a great deal of importance is attached to working efficiently and producing results, so you are always pushed one step further. This constant aim to produce the best possible results leads to more job satisfaction when you have performed well. Advans values are key to our daily activities and are relevant at every level of the institution. These values are constantly communicated during training and information sessions to ensure that everyone adheres to them and respects them. Career development, support and exchange of experience are constant in the group and are part of everyday working life.

Abbas Ali Antaria
Building & Branch Projects Manager, Advans Pakistan



“ Advans Pakistan gives you the chance to accelerate your career and achieve success and above all it is a pleasant environment to work in.”

What is your history at Advans and how has your role evolved?

I was initially hired as a Building & Branch Projects Officer in Advans Pakistan. After a three-month period, I was promoted to Assistant Manager – Building & Branch Projects on the opening of two branches in Karachi. After a year I was finally promoted to Building and Branch Projects Manager.

What does your role involve on a day-to-day basis?

My current role is centred on four main axes: branch expansion, branch maintenance, administration and lease management. When a new branch is scheduled to open, I am responsible for concluding the lease agreement and ensuring that the premises are fully equipped and safe in terms of electricity, heating ventilation, air conditioning and plumbing. I also deal with the government authorities, the installation of fire and safety equipment as well as fixtures, furniture and marketing materials, thus getting the branch ready for customers. For the existing network, I deal with distribution of resources (furniture and office materials), managing maintenance staff, staff vehicles and internal and external couriers. I also manage our portfolio of lease agreements and process rental payments.

How do you think your experience at Advans has improved your skills and helped in your career development?

My experience at Advans Pakistan has been really helpful in building my skills and capacities. I currently lead a team of five people which has developed my managerial skills and increased my confidence. I am now very comfortable at handling administrative issues for a relatively large organization; I know how to successfully launch a branch, I can delegate to my subordinates and confidently tackle the logistical challenges which come my way on a day-to-day basis. In particular, I have bettered my knowledge of real estate and gained experience in project management.

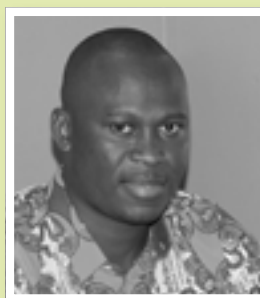
Why did you choose to work in the microfinance sector?

Microfinance is a vibrant industry in Pakistan and one that is growing at a rapid pace. I believe the Microfinance industry is a great sector to develop my career in as I am faced with new goals and challenges every day.

What do you appreciate most about being part of the Advans group?

At Advans Pakistan, I am surrounded by exceptionally supportive colleagues; I have the opportunity to learn from staff from diverse cultures and backgrounds. I also take pride in the fact that I work for the Advans group, an international group that is constantly evolving and expanding.

Dominique Kaba
Head of IT and Operations, Advans Banque Congo



“ I was lucky enough to be able to join Advans Banque Congo at the very beginning and every day I get satisfaction from witnessing and being part of its development.”

What is your history at Advans and how has your role evolved?

I first started working at Advans Banque Congo in 2009, as an IT Officer in charge of system administration, installation of new applications and Orbit development (Advans' Core Banking System). I stayed in this role until 2011 when I became Head of Organisation, Methods and Conformity. Then in 2013 I became Head of Operations and subsequently I was given my current role as Head of Operations and IT in September 2014. To aid me in my career development I have been given training on various topics needed for my role including team management and managing MFI performance.

What does your role involve on a day-to-day basis?

I deal with several different subjects on a regular basis. One of the main focuses of my work is product development and management including: defining products according to the commercial strategy of the institution, monitoring products with relevant departments, addressing any problems, ensuring the quality of service, analysing product profitability and making suggestions for improvement. I also oversee technical support and error management, and supervise the processing of payments (through various mechanisms) to ensure that they are carried out in accordance with banking regulations. Lastly, I organise and coordinate team resources, and, in this role, help lead projects to enhance the structure of the organisation.

Have you had contact with other Advans affiliates? Have you already participated in seminars or exchanges in the network?

We are often in contact with other affiliates, most regularly Advans Cameroun, in order to discuss product development and any technical issues. I took part in the group-wide seminar hosted by Advans Banque Congo in 2013.

How do you think your experience at Advans has improved your skills and helped in your career development?

I first came to the bank as an intern and now I am a manager with advanced technical skills and knowledge such as project and team management, risk evaluation, banking strategy, client relationship management and interpersonal skills. I have therefore learnt a great deal from my role here.

Why did you choose to work in the microfinance sector?

I wanted to work in a sector which has a large impact on the future development of the country's economy.

What do you appreciate most about being part of the Advans group?

I like the synergies that build up between institutions, and the collaboration among affiliates themselves and between the group and affiliates.

The year in review (April 2014 – March 2015)



April 2014

- ◆ Advans Nigeria opens two new branches in Ibadan, the Challenge branch and a temporary branch at Gbagi Market (the permanent branch was inaugurated in April 2015).
- ◆ Amret attends the Client Protection Principles Assessment Course provided by the Smart Campaign.



June 2014

- ◆ The Group Operations Seminar is held in Paris from 1-5 June.
- ◆ Advans Pakistan partners with MicroEnsure Pakistan and EFU Life to launch Credit Cover (both Life and Health cover) facilities for loan clients.
- ◆ Advans Côte d'Ivoire opens its first branch outside Abidjan, at Bouaké.
- ◆ Advans Nigeria introduces SME banking with the provision of both loan and deposit services to customers within this segment.



September 2014

- ◆ The Group Finance seminar is held in Paris from 22-25 September.
- ◆ The Advans group celebrates the milestone achievement of serving more than 500,000 clients. Affiliates across the group celebrate with their staff.
- ◆ Advans Cameroun officially opens its fifth branch in Douala, at the Central Market, thus bringing the network to 14 branches.

May 2014

- ◆ Advans Bank Tanzania opens its first branch outside Dar es Salaam, at Mwanza; a second followed at Mbeya in September bringing the network to five branches.



July 2014

- ◆ Advans Banque Congo launches its Total mini points of sales in Total service stations pilot with three mini-booths for clients to carry out cash transactions, including withdrawals, deposits, and loan repayments, and to use MoneyGram services.

October 2014

- ◆ The first Group Audit seminar is held in Paris from 6-8 October.
- ◆ Launch of the Advans Ghana cash card giving customers access to cash withdrawals and other banking services throughout the country.
- ◆ Advans Côte d'Ivoire launches the *Advans Liberté* card in partnership with SGBCI (Société Générale des Banques en Côte d'Ivoire).

November 2014

- ◆ Advans Ghana begins its capacity building programme for SME clients, a project supported by the AFD and IFC with EDC Consulting Limited as the training facilitator.
- ◆ Advans Côte d'Ivoire launches *Advans Mobilité*, a mobile banking partnership with MTN Côte d'Ivoire.
- ◆ Advans Nigeria partners with Stanbic IBTC Bank and Appzone Limited on Debit Card issuance and correspondent banking services to its customers.



January 2015

- ◆ Advans Tunisie obtains its licence to operate as a microfinance institution from the Tunisian Ministry of Finance.



March 2015

- ◆ Advans and Amret celebrate the transaction in which Advans becomes a majority shareholder in Amret and Amret becomes a full subsidiary of Advans SA.
- ◆ Advans Tunisie's first branch in the El Intilaka area of Tunis opens to clients.
- ◆ Advans Pakistan opens its first Sales and Service Centre at Gulshan-e-Iqbal in Karachi.



December 2014

- ◆ Advans Cameroun undertakes a capital increase to reach a capital of FCFA 3.35 billion (ca. EUR 5.1 million).
- ◆ CGAP announces that it is supporting Advans Côte d'Ivoire's Branchless Banking Project for cocoa farmers as part of the CGAP Branchless Banking Challenge Fund in partnership with the MasterCard Foundation.
- ◆ Advans Banque Congo reaches annual break even for the first time.



February 2015

- ◆ Announcement of the launch of the IFC MasterCard project in Advans Cameroun.
- ◆ Advans Pakistan partners with a leading commercial bank in Pakistan, United Bank Limited (UBL), in February 2015 to offer convenient loan repayment facilities to customers through UBL's Omni branchless banking product.

Key Projects



Rural Lending and Alternative Delivery Channels

Now that its first greenfields have reached a certain level of sustainability and maturity, Advans has the capacity to further its mission to bank the unbanked through developing its network into rural areas so as to reach out to and cater for underserved rural populations in a sustainable and responsible manner.

Rural expansion is one of the key focuses for the group over the years to come for a number of reasons: i) rural areas remain underserved by the banking and microfinance sectors due to the high cost of operations and specific, often systemic, risk factors involved; ii) agricultural enterprises often play an important role in the economy of the countries in which we operate; and iii) poverty in rural areas is disproportionately high. Up to now Advans institutions (except Amret, for which over 95% of borrowers are rural) have focused mainly on urban areas, launching operations in major towns and cities, and building up their portfolios and client bases to rapidly reach self-sufficiency. As they develop, Advans affiliates start looking to extend their operations to peri-urban and rural areas, providing adapted and easily accessible financial services to rural clients and therefore encouraging rural economic development.

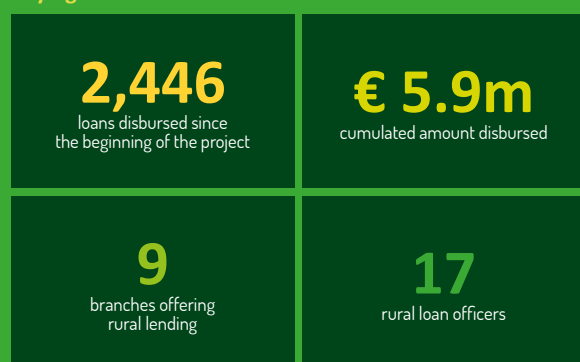
In order to fully serve these clients, Advans has to adapt the products on offer to respond to rural and agricultural needs, taking into account the specific risks associated with rural finance. Advans Cameroun and Advans Côte d'Ivoire, particularly, have already begun to focus on rural expansion by designing products tailored to such needs: Advans Cameroun began its rural lending project in 2011 and Advans Côte d'Ivoire started offering cocoa loans in 2012. Due to the remote and sparsely populated nature of rural areas, however, prospective rural and agricultural clients cannot be served by a traditional bricks and mortar network. Advans thus has to develop and implement innovative and cost-effective alternative delivery channels to serve this clientele in a responsible manner. The solutions developed will not only enable Advans affiliates to be pioneers in their countries of operation, the expertise gained will be shared in the network so that other affiliates can adapt them to their own markets.

Advans Cameroun: Rural lending

Rural lending at Advans Cameroun is aimed at financing agricultural and non-agricultural activities in rural areas. The affiliate offers four different lending products to rural clients: *Agro Solidaire* for group loans, *Agri Plus* for individuals, an agricultural SME loan, and non-agricultural credits for rural non agri MSMEs.

National statistics show that 60% of Cameroon's active population is in rural areas, so this is without doubt a key target segment. The rural lending pilot began in 2011 with market studies carried out to assess the needs of rural clients in Cameroon and to identify the best place to launch these activities. Once it was clear that a market existed for rural lending, the MFI chose its Bafoussam branch in the main hub of the Western region, which has strong and diverse agricultural potential, for the pilot. The rural lending service was launched in July 2012, and has been progressively rolled out since, with nine out of Advans Cameroun's fourteen branches in five regions (Bafoussam, Bamenda, Kumba, Douala, Yaoundé) currently financing rural activities. Initially rural activities signified any activity in locations outside large towns, but as rural lending has developed, this has grown to include any agricultural activity in urban areas.

Key figures at March 2015



The project has proved a success until now, but the institution needs to focus on two main areas of improvement i) growth of the rural deposit portfolio in order to lower the cost of refinancing and ii) maintaining a healthy portfolio. With regard to the first point Advans Cameroun expects that the IFC MasterCard Project described below will facilitate the collection of rural deposits and therefore increase its deposit to loan coverage. Regarding the latter issue, the MFI still needs to improve its analysis and reporting tools and reinforce the training of its teams on the field. In Cameroon, the diversity of the rural activities financed is a crucial aspect in terms of risk mitigation: subsistence crops and poultry farming predominate in the Western region, for example, and cocoa farming is the main activity in the South West, while oil palms are grown in the coastal region and, finally, cattle farming is widespread on the Adamaoua plateau. In the long term, rural lending should become a core part of Advans Cameroun's expertise, and make up at least 30% of its lending activity.

Advans Cameroun: ADC project

Launched in April 2015, the IFC MasterCard project aims to facilitate Advans Cameroun's regional expansion into zones not yet covered by its branches, particularly small towns and rural areas, at limited cost. This will be achieved through mobile financial services offered through an organised network of agents. As opposed to the traditional branch approach, clients will be able to access financial services via telephone, through third-party agents, and by mobile collection services. The project will help foster growth of the loan portfolio, and development of the deposit portfolio. The initial stages of the project will focus on scaling up and improving the services already in place in the institution, such as mobile collection. The project is part of the Partnership for Financial Inclusion, a joint USD 37.4 million (ca. EUR 34.5 million) initiative by IFC and The MasterCard Foundation that aims to scale up commercial microfinance and develop mobile financial services to increase financial inclusion in Sub-Saharan Africa.



Advans Côte d'Ivoire: Branchless Banking Project

As part of its cocoa scheme through which Advans Côte d'Ivoire (Advans CI) has already financed 5,449 cocoa farmers for input credits, Advans CI has embarked on a project, supported by the CGAP Branchless Banking Challenge Fund, to provide a branchless banking solution to enable cocoa cooperatives to make digital payments to their producers. One of the major barriers to accessing financial services for cocoa producers is the lack of banking infrastructure in villages and camps where cooperatives and producers operate. Farmers are geographically spread out and it is too costly and complex for traditional financial service providers to serve these areas. The cooperatives' only option at present is to pay producers in cash, creating an opaque situation and increasing risks for both parties. Moreover, producers do not have access to formal basic financial services, such as deposit accounts, micro loans or micro insurance products. Branchless banking therefore presents an opportunity to reduce those risks and offer financial services to this important segment of the Ivorian economy.

Advans CI carried out surveys with 23 cooperatives and 67 cocoa producers from September 2014 to February 2015. These showed that, while all the producers and cooperatives involved were interested in a solution that enabled digital payments, in reality many are unfamiliar with these kinds of mechanisms and would be reluctant to use them.

Producers are used to being paid in cash, for example, and studies show that 50% of this population lack trust in financial institutions due to bad experiences in the past. Moreover, even though digital payments would increase security and transparency, and in the long term enable producers to benefit from other services (loans, deposits etc.), they do not necessarily want to pay upfront fees.

The cooperatives saw their involvement in the process (client registration, loan applications etc.), and role in the adoption of these new services, as a potential additional drain on time and resources. Advans has therefore ensured that cooperatives have been involved at every stage of the process (surveys, testing etc.), so that they fully understand the benefits of a cashless solution.

Advans CI has consequently taken a multi-angle approach to digital payments which combines electronic wallets, a deposit and withdrawal system through Mobile Network Operators and its own mobile solution which enables actors in the value chain to transfer funds to each other. These services will be accompanied by information sessions and training for clients to build awareness and trust. Advans CI believes that a gradual approach will enable it to not only refine the solutions as it progresses, but also to ensure that clients are fully comfortable with a new way of carrying out financial transactions.

Amret: Mobile Financial Services

Amret launched its Mobile Financial Services (MFS) project in early 2014. The project is aimed at modifying the weighting of Amret's deposit portfolio, by: i) focusing on stable rural small and low-interest earning deposits; ii) diversifying the financial services on offer to rural clients who represent Amret's core clientele; and iii) reaching out to new individual loan clients located far from branches in rural areas.

The project has received financial support from the World Bank's Agrifin Program and technical support from Horus. The scope of services considered includes deposits, withdrawals, domestic transfers and loan repayments, as well as bill payment, mobile phone top-up and information services. The project encompasses the roll-out of three new distribution channels to deliver these services, including:

Channel 1:

Mobile Tellers (MTs), Amret's own staff who visit customers at their premises regularly, primarily to collect deposits

Channel 2:

Third-party agents (TPAs), where selected partner businesses in villages offer access to a wider range of financial services from their stores, on behalf of Amret

Channel 3:

Self-service banking, where clients may carry out cash-less transactions or access financial information on their mobile phones

In April 2014, Amret launched a manual pilot for mobile deposit collection services (Channel 1) at four branches in four different provinces, with a total of twelve Mobile Tellers. Services offered include deposits and withdrawals, as well as new customer registration and account opening. In December 2014, a mobile app technology was introduced at the same four branches to improve productivity, with online cash deposits and withdrawals carried out using smartphone application. The solution is also able to send i) SMS confirmation of all MFS transactions to clients in real-time and ii) SMS messages with a one-time password for clients to approve withdrawals securely. At end March 2015 3,420 clients had benefited from the service (57% being new clients), for an outstanding deposit portfolio of USD 304k (ca. EUR 280k).

The mobile app will be rolled out to all branches from August 2015 onwards with the service set to be available in 27 branches by the end of 2015 through 58 MTs. At the same time, Amret has started development of the third-party agent service (Channel 2), while self-service banking (Channel 3) is due to be developed as part of a third project phase to be initiated by 2016.





A New Group Audit and Risk Department

The creation of the risk function in the Advans group dates back to June 2012 when the Audit Committee at supervisory level became the Audit and Risk Committee after the Board of Directors decided to widen its scope. The risk function at group level was initially split into different departments but it became increasingly evident that a dedicated group function was necessary; it is for this reason that the Group Audit Department was transformed into the Group Audit and Risk Department in January 2015. David Paulson, head of the new department, has more than fifteen years' experience in the financial, audit and risk sector in Africa, Eastern Europe/Central Asia and South East Asia, and has been working in the microfinance sector for three years. In the following interview, David explains the importance of a dedicated group risk function for the Advans network.

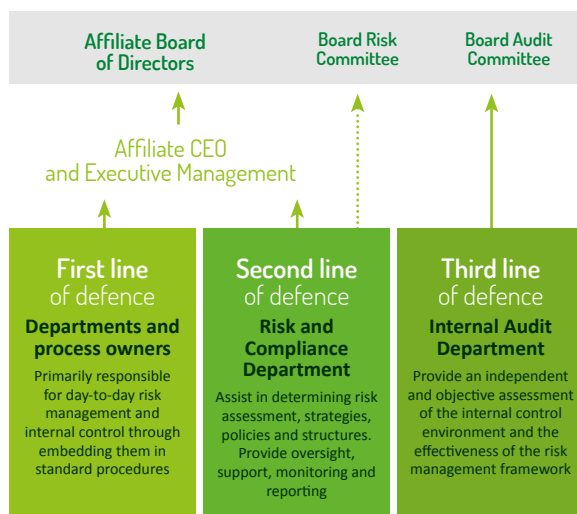
Why is the creation of a dedicated group risk function so important for the future development of the Advans group?

Prior to the creation of the dedicated group risk function, several different group-level departments supported risk management activities at the affiliates. As the dedicated risk management function at each Advans affiliate has continued to broaden its scope of work, it is important that the group evolves to provide the appropriate assistance and technical oversight. Adding a dedicated group risk function is important for several reasons:

- It helps to harmonise affiliate practices;
- It facilitates the sharing of tools, approaches and experience across the network;
- It develops efficiencies within the risk management processes;
- It provides risk management information to Advans shareholders.

What approach has Advans taken to risk management?

The Advans risk management framework model is based on the best-practice "Three Lines of Defence" approach to risk management and internal control. This approach establishes distinct roles and responsibilities for the implementation, monitoring and assessment of the risk management process with the Internal Audit and Risk Management functions playing complementary, but distinct roles within the organisation. The three lines of defence are detailed in the diagram below:



What are the key focus areas this year for Group Risk?

The focus this year is to establish the risk management framework for the network and the Advans model for the risk management and compliance function in affiliates. The group function will also support the affiliate departments in their current activities and the evolution of the Advans model under development. The Group Risk function will similarly collaborate with other risk management owners, particularly the Finance department, which has implemented financial risk tools and procedures in the affiliates.

How do the relations work between the Group Risk function and the Risk functions of the Advans affiliates?

Direct supervision of the affiliate's Risk Management and Compliance function will come from the affiliate's CEO. The Group Risk function will provide technical support to the Risk Management function at affiliates but also have some reporting requirements for affiliates to facilitate proper risk monitoring and reporting at Advans SA level. This technical support will include the sharing of tools, on-site missions and seminars, similar to the other technical functions at group level.

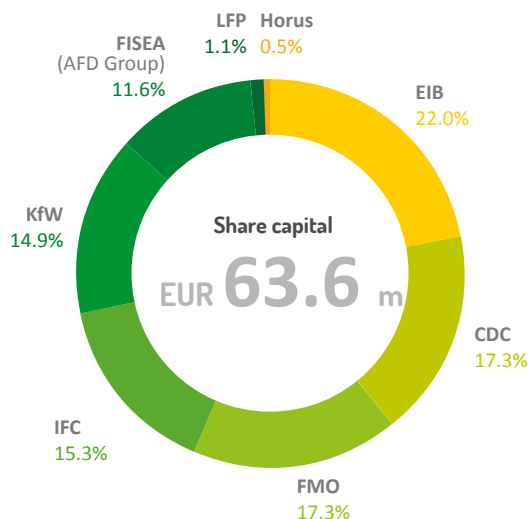
How will the work done by the Group Risk Department and by the Risk Departments in each affiliate help improve the Advans model?

Risk management touches on all aspects of an affiliate's activities. Equally, the Risk function is influenced and informed by what is happening within these activities. This interplay between the Risk function and the other functions within each Advans affiliate will provide new perspectives on how individual affiliates execute their activities and will in turn inform the Advans model at group level. The Group Risk function will assist in the review and improvement of certain aspects of the Advans model; at the same time the affiliate Risk function will help to refine policies and processes at affiliate level.

Shareholders

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 2015, Advans SA’s total committed capital amounted to EUR 63.6 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). Horus has also gradually been sought out by financial institutions and microfinance programs for longer-term technical assistance. Horus is not simply a shareholder; it is also the sponsor and manager of Advans SA. In addition it has the privilege of providing technical assistance to the institutions of the Advans group.

La Fayette Participations (LFP) is an investment company created by the Horus group 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 Bank (EIB) Investment

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 2014, the EIB had about EUR 610 million in active commitments to about 50 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.



KfW Development Bank (KfW)

KfW is one of the world's leading promotional banks. With its decades of experience, KfW is committed to improving economic, social and ecological living conditions all around the world on behalf of the Federal Republic of Germany and the federal states. To do this, it supplied funds totalling EUR 74.1 billion in 2014 alone. The focal points of its work include: promotion of small and medium-sized companies and start-ups, provision of equity capital, programmes for energy-efficient refurbishment of residential buildings, support of measures to protect the environment, educational finance for retail customers, funding programmes for municipalities and regional development banks, export and project finance and the promotion of developing and emerging market countries. In Germany, KfW Group is represented by locations in Frankfurt, Berlin, Bonn and Cologne. Its network includes about 80 offices and representations around the world.



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 about 100 countries, IFC uses its capital, expertise, and influence to help eliminate extreme poverty and boost shared prosperity. In 2014, IFC provided more than USD 22 billion in financing to improve lives in developing countries and tackle the most urgent challenges of development.



Netherlands Development Finance Company (FMO)

FMO (the Netherlands Development Finance Company) is the Dutch development bank. For 45 years, FMO has been investing in the private sector in developing countries. FMO believes in a world in 2050 where nine billion people can live well and within the boundaries of the planet. In pursuit of this vision, FMO mission is to empower entrepreneurs to build a better world. FMO specializes in sectors where it believes our contribution can have the highest long-term impact: financial institutions, energy and agribusiness. Alongside partners, FMO invests in the infrastructure, manufacturing and services sectors. With an investment portfolio of EUR 8 billion, FMO is one of the largest bilateral private sector development banks.



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 PROPARGO, it makes equity investments in businesses, banks, microfinance institutions and investment funds operating in Sub-Saharan Africa. FISEA targets regions that are unstable or emerging from crisis situations, as well as sectors traditionally bypassed by investors, such as agriculture, microfinance and healthcare.

Corporate Governance



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 2015, the Investment Committee was chaired by François Lagier.

Audit and Risk Committee

The Audit & Risk Committee plays a fundamental role in (i) monitoring financial information, (ii) supervising the internal control and risk management system of the Advans group and ensuring its effectiveness. The Audit & Risk Committee comprises three non-executive directors appointed by the Board of Directors. The Group Audit and Risk departments report 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 towards Advans SA and provide technical support to its affiliates, Horus has brought together an experienced management team:

Claude Falgon,
Chairman and CEO of Horus, Manager of Advans SA

Steven Duchatelle,
Deputy CEO of Horus, Head of Operations

Amanda Hannan,
Deputy CEO of Horus, Head of Investment

Marie Krugler,
Head of HR

Isabelle Montfort,
Head of Finance

David Paulson,
Head of Audit and Risk

Olivier Bailly-Béchet,
Head of Credit

Estelle Darie-Rousseaux,
Head of Financial Services and Rural Outreach

The Advans group



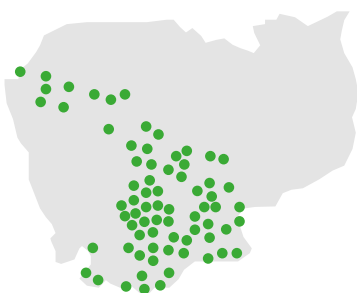
The Advans group is currently active in nine countries: Cambodia, Cameroon, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Nigeria, Pakistan, Tanzania, and Tunisia.



July 1991
START OF OPERATIONS

2,570
EMPLOYEES

129
POINTS OF SALE

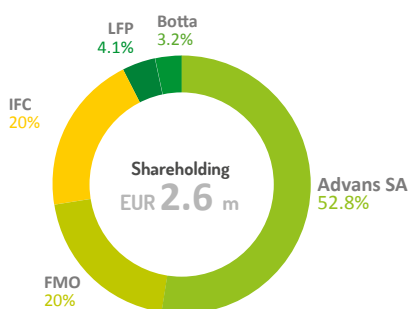


Business Development

Amret was able to achieve excellent operational and financial results in 2014-15 and continued to expand its operating area and client base in a stable political and economic context, serving 368,516 clients from 129 branches at end March 2015. The Cambodian economy sustained its steady progress over the reporting period, with a Real GDP growth of 7.0% in 2014, improved economic infrastructure and a gradual increase in consumer spending. The microfinance sector thrived in this environment with annual average loan portfolio growth for MFIs at around 45%. Despite this intense competition Amret was able to increase both its loan and deposit portfolios by 37% and 51%, respectively (in local currency). Loan portfolio growth was particularly driven by individual lending, with a 27% increase in average loan size, while the institution was able to catch up on its deposit portfolio after the difficulties experienced during 2013, ending the period with a deposit to loan ratio of 50% (compared to 45% at end March 2014). Over the year, Amret also successfully rolled out a new Core Banking System (CBS) and continued its Mobile Financial Services project supported by the World Bank, aiming to reach out to rural lenders and depositors through the use of innovative delivery channels.

The year also marked an important milestone in the relationship between Amret and Advans, with Advans becoming a majority shareholder in Amret in March 2015 with 52.8% of the capital. This was part of a transaction in which GRET and Proparco exited from the capital by selling their combined stakes of 36.7% to Advans SA, FMO, which increased its stake from 12.6% to 20.0%, and IFC which became a new shareholder by purchasing a 20.0% stake. Amret is therefore now a full subsidiary of the Advans group, enabling an even closer collaboration between the two entities.

In the year ahead Amret will continue to strengthen and develop its productivity and infrastructure. This will include further fine tuning of its human resources management, strategies and methods, and an increased focus on enhancing its Social Performance Management with integration of the Smart Campaign's Client Protection Principles (CPP) at all levels of operation. Through constantly striving to improve its products, practices and approaches, Amret aims to pursue its responsible growth trajectory and remain a leading microfinance institution in Cambodia.





Chhin Chharn

Mr. Chhin Chharn, 64, a farmer, is an Amret customer living in the village of Prek Tahing, Prek Thmei commune, Koh Thom district, Kandal province. He has been using Amret's Individual loan for three cycles now. He has used his current loan to buy pest control products in order to expand his sapodilla and

“ I would like to express my thanks to Amret for providing me with credit, the loans I have received have helped me to improve my standard of living and alleviate a great deal of the hardships my family has faced in the past.”

mango fields, and purchased a tractor with the rest of the money to rent out to other farmers and generate additional income. He says, “Using credit with appropriate planning, and working hard is the key to continually improving your business practices and standard of living.” He adds, “I would like to express my thanks to Amret for providing me with credit, the loans I have received have helped me to improve my standard of living and alleviate a great deal of the hardships my family has faced in the past.”

Lending Activity

Amret's credit activities grew strongly during the year with overall portfolio growth of 37% year-on-year, reaching a total volume of KHR 129.3 billion (ca. EUR 296.2 million) at end March 2015. This was mainly driven by the surge in larger individual credits (micro and SME) which increased by 43%, whereas group loans showed moderate growth of 13%. As a result, the individual/group split went from 76%/24% at end March 2014 to 79%/21% at end March 2015. The total number of active loan accounts rose by 7.5% to 337,641; this was mainly due to a 22% increase in individual lending accounts, with the number of group lending accounts remaining more or less stable, but representing 62% of the total at 31 March 2015. The average loan size increased from KHR 3.0 million to KHR 3.8 million year-on-year (EUR 688 to EUR 877).

The MFI was also able to maintain constantly good portfolio quality over the period thanks to effective credit risk management and a responsible loan growth strategy (concerning saturated or high-risk areas). Amret gave refresher training on risk culture to all its line managers (branch and provincial level) in January 2015, in order to ensure that staff remain aware of the growing threat of over indebtedness in Cambodia, and continue to provide loans in a responsible manner.

In keeping with its remit of expanding responsibly, Amret continued to diversify its loan products over the year, with the roll out of agri-loans (the Agrifin product supported by the World Bank), which provide capital for small and micro agricultural entrepreneurs looking to expand their business, and Independent Group loans for small groups of 2-5 borrowers. These new products, along with the SME credit rolled out in 2013, will provide further development opportunities for the MFI in the future.

Deposits and other financial services

Amret's overall savings portfolio increased by 51% in 2014-15 to KHR 646.6 billion (ca. EUR 148.0 million) at 31 March 2015. Similarly, the number of saving accounts grew 26% to 181,575 at end March 2015 vs. 143,561 at end March 2014. The growth in the deposit portfolio can be seen as the confirmation of client confidence in the institution, thanks to its visibility and good customer service.

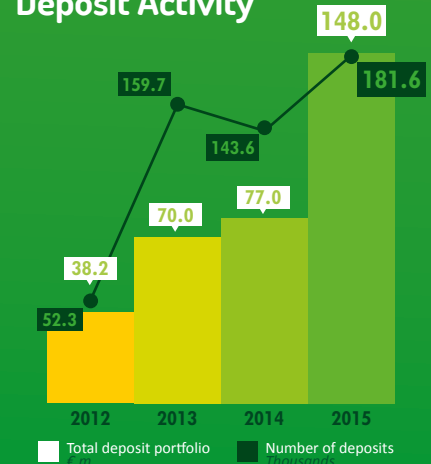
Competition on the deposit side is increasingly stiff, and Amret is thus striving to improve the level of services on offer to clients and increase its deposit productivity so as to better its loan coverage ratio in the years to come. One of the key drivers for this will be establishing a base of small rural depositors. Amret's Mobile Financial Services project, designed to allow customers living in rural areas to save money with Amret, aims to facilitate this advancement. Thanks to new and innovative delivery channels, customers can get access to their cash safely, conveniently and inexpensively with the help of Amret's staff, at their house or place of business. The service is being piloted and is currently used by over 3,000 customers.



Lending Activity



Deposit Activity

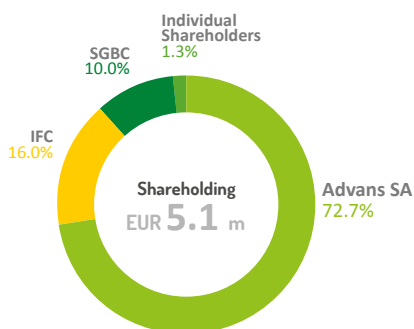
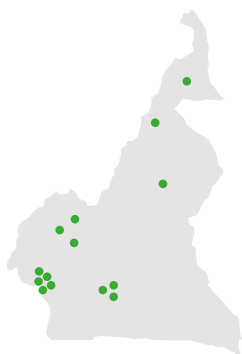




May 2007
START OF OPERATIONS

432
EMPLOYEES

14
POINTS OF SALE



Business Development

The year in question saw mixed results for Advans Cameroun with the institution significantly growing its deposit activity to reach a total deposit portfolio of over EUR 20 million, but having more difficulty in achieving growth on the lending side. This took place in a challenging geopolitical and economic context: security issues along the northern and eastern borders with Nigeria and the Central African Republic combined with the indirect impact of the Ebola crisis (closure of the border with Nigeria, Cameroun's primary economic partner, for three months) and economic difficulties due to stoppage at the port of Douala, which many SMEs rely on for the import/export of goods. Despite these setbacks the institution reached a level of profitability in line with the previous year and was able to expand its network, client base and the range of services on offer.

The MFI rolled-out rural lending to all branches in 2014 (with the exception of those in the North), opened a strategically placed branch at the Central Market in Douala, thus bringing the network to 14 branches, and implemented new services such as the *Advans Easy Cash Card*, micro insurance products and salary payments. These improvements helped Advans Cameroun expand its client base, with the number of clients increasing by 20% to 44,770 at end March 2015. The MFI also worked to improve its internal organisation and structure, focusing especially on reinforcing the HR and Risk functions, reviewing its processes and policies and providing capacity building for managers.

The year to come will see the opening of an additional branch in Yaoundé, a focus on increasing profitability in existing branches and an emphasis on growing the loan portfolio in terms of volume and number while concentrating on quality and product diversification (introducing for example education finance). In addition, the IFC MasterCard project, launched in April 2015, will allow Advans Cameroun to reach out to more clients, especially in rural areas, through the development of innovative alternative delivery channels.



Jules Christ Afogno

Jules Christ Afogno is a young and ambitious businessman. He has been the manager of a petrol station for a few years now and a client at Advans Cameroun for two years. He uses both Advans' loan and deposit facilities. He first took out a credit because he wanted to open a shop in the petrol station and he needed financing to

“ I built up a relationship of trust with Advans from the very beginning; they gave me the means to expand my business.”

do so. Advans Cameroun provided him with a loan which responded to his needs and today, thanks to his Advans loan, Mr Afogno has been able to open his shop and double his income. Mr Afogno is more than satisfied with the customer service he has received at Advans and would recommend it to others because Advans gave him the means to develop and expand his business activities.

Lending Activity

Growth in credit activity slowed down for Advans Cameroun over the period compared to previous years, with the institution ending the year with an outstanding portfolio of FCFA 16.3 billion (EUR 24.9 million) for 9,764 loans outstanding. While the portfolio increased steadily in terms of volume up to end 2014, there was a contraction from December to March, and a slight decline in portfolio quality. The average loan size continued to grow, from FCFA 1.5 million (ca. EUR 2,270) at end March 2014 to FCFA 1.7 million (EUR 2,546) at end March 2015, which represents a 12% increase. The breakdown of the portfolio remained along the same lines as in March 2014 with SME and Micro loans representing 42% and 41% of the portfolio, respectively, with a slight decline in group loans (4% in 2015 vs 6% in 2014), while rural loans and investment loans were stable, both representing 6% of volume.

Over the coming year the MFI hopes to boost growth through focusing on productivity per loan officer and growing its microloan portfolio, with the objective of increasing the number of clients. It also aims to increase the weight of the rural portfolio and introduce salary loans. Studies are currently underway to introduce education finance in the institution; the MFI has received support from the REFFA fund (Regional Education Finance Fund for Africa) and plans to introduce education finance products designed for schools and training centres, parents, employees and students.

Deposits and other financial services

2014-15 was a successful year for Advans Cameroun on the deposits side: the total deposit portfolio increased by 46% year-on-year to FCFA 13.4 billion (ca. EUR 20.5m) bringing the deposit to loan coverage ratio to 82%. As a result, the MFI has been able to reduce the cost of external financing. The number of deposits also increased by 21% to 53,125 at the end of March 2015. This strong performance on the deposit side demonstrates the trust Advans Cameroun has built up with customers and means that further growth of the loan portfolio can be supported by deposits going forward.

As mentioned above, the introduction of new financial services such as ATM cards and micro insurance over the year has helped the institution better cater for its clients. The IFC MasterCard project, which aims to introduce mobile financial services to support Advans Cameroun's expansion to rural areas not covered by its traditional branches, will help the institution attract more depositors and borrowers in the future.



44,770
CLIENTS



EUR 20.5 m
TOTAL DEPOSITS

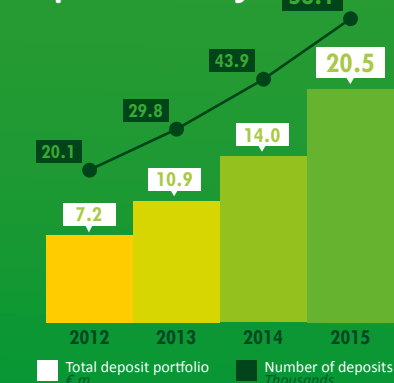


EUR 24.9 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity

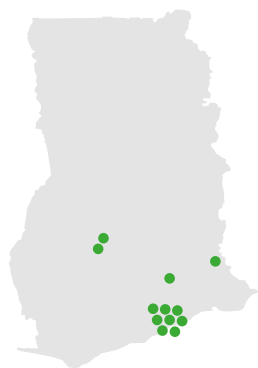




Oct 2008
START OF OPERATIONS

401
EMPLOYEES

12
POINTS OF SALE

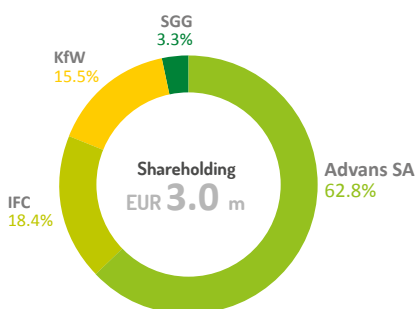


Business Development

2014 was the second year of profitability for Advans Ghana, with the MFI improving its financial results despite a challenging economic context. The Ghanaian macroeconomic environment continued to deteriorate over the period, with a Real GDP growth rate of just 4.2% compared to 7.3% in 2013, high inflation and further depreciation of the Ghana Cedi. The situation worsened in the first quarter of 2015 with the Ghanaian power crisis which caused frequent power outages due to issues with the country's energy system and this affected both Advans Ghana's and customers' activities.

In this difficult context, Advans Ghana's primary focus was increasing productivity and improving cost control and risk management. The institution served 29,298 clients at the end of March 2015, an 11% increase compared to March 2014. Furthermore, the MFI grew its loan and deposit portfolios significantly, increasing the outstanding loan portfolio by 53% (with a 63% increase in the average loan size) and the deposit portfolio by 45% thanks to an enhanced focus on deposit mobilisation and the development of new financial services.

The year to come will see the institution consolidate and expand further, with two additional branches due to open in the first quarter of 2016. The MFI will also focus on developing a segment approach to better serve its clientele, and introducing alternative delivery channels to extend its coverage to underserved areas. Advans Ghana has built strong foundations that will pave the way for further network expansion from 2016 onwards.





Shirley Arthur

Shirley Arthur and her husband started Kuu-Daabs Ventures, a frozen food import company 15 years ago. Every month they receive four or five containers filled with poultry, meat or fish from Europe or the US. The food is sold to about 12 Ghanaian wholesalers or retailers. The company employs four permanent salaried workers and about 30 temporary workers.

“Trustworthiness, transparency and good customer service: that is why I would recommend Advans Ghana.”

Shirley Arthur has been banking with Advans Ghana for three years now, and has used both loan and deposit products. She says the loans from Advans Ghana have helped her improve her business’s efficiency and stock values. She is more than satisfied with her choice of Advans Ghana as her financial partner. Advans Ghana’s transparency, trustworthiness and excellent customer service make it so different from other banks she has dealt with.

Lending Activity

Advans Ghana’s loan portfolio totalled GHS 34.2 million (ca. EUR 8.3 million) at end March 2015, a 53% increase vs. end March 2014. Portfolio growth was notably driven by the development of SME activity, with SME loans representing 25% of the total volume outstanding as at 31 March 2015, compared to 17% at the end of the previous reporting period. The average loan size grew by 62% year-on-year to GHS 3.2k (EUR 783), while the number of borrowers remained constant at 11,504 (compared to 11,251 at end March 2014). Portfolio quality remained fairly stable over the period at under 5%. The use of smart phone technologies is being tested to improve productivity and portfolio quality through client monitoring and client localisation (via GPS).

Advans Ghana launched auto loans and ‘power your business’ loans during the period in order to improve the range of products on offer. In 2015-16, the institution will focus on progressively developing the retail segment by offering salary loans and will also look into introducing agricultural finance products for rural clients.

Deposit and other financial services

The deposit portfolio increased by 44% in volume terms to GHS 12.2 million (EUR 3.0 million), with 54,257 accounts – a growth of 18% in number compared to end March 2014. The substantial increase in the current & savings portfolio (up 62% in 12 months) was due to intensified strategies to improve deposit mobilisation, and deposit promotions aimed at encouraging clients to save.

The MFI launched an ATM Cash Card, Mobibank (account information and transactions through a mobile service), and E-Cash (secure electronic field cash collection system) services in the second half of 2014 in order to expand the range of financial services, and will start offering national & international transfers in the year to come.



29,298
CLIENTS



EUR 3.0m
TOTAL DEPOSITS

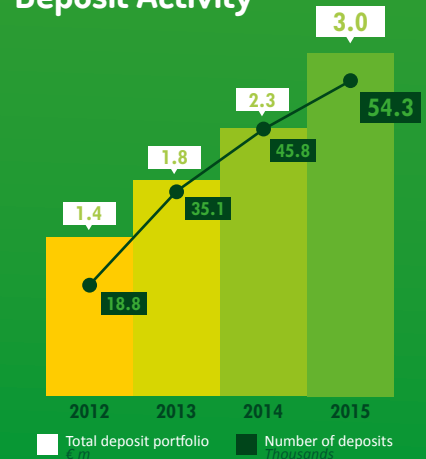


EUR 8.3m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity





July 2009

START OF OPERATIONS

248

EMPLOYEES

6

POINTS OF SALE

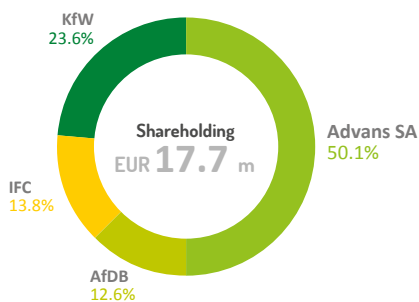


Business Development

2014-15 was especially successful for Advans Banque Congo as it achieved its first full year of profitability at the end of December 2014 and was able to maintain sustained growth of its loan and deposit portfolios. This was in a context of strong economic growth in the country (9.1% Real GDP rate in 2014) however there was some political instability over the period, such as the riots in Kinshasa in mid-January 2015.

The bank continued in its mission to accelerate financial inclusion and was able to expand its client base by over 9,000 clients to reach more than 39,000 at the end of March 2015. No new branches were opened over the year, but the bank increased its visibility by launching new service points which enabled it to reach out to more clients and secure its place on the market at minimal cost. This included the launch of three new mini booths in Total service stations from July 2014 onwards, and one new 'bureau' allowing customers to carry out transactions outside of branches. Thanks to its strengthened network and the launch of new products and services, such as the Privilege loan for salaried workers, Advans Banque Congo was able to increase its loan portfolio by 34% and deposit portfolio by 29%.

Having developed a strong network in Kinshasa and achieved its goal of reaching financial sustainability, Advans Banque Congo now plans to expand its network outside the capital in order to reach out to underserved clients in rural areas where the demand for financial services is unmet. The launch of Advans Banque Congo's seventh branch in Kikwit in June 2015 marks the start of the institution's gradual expansion into the provinces in DRC, focusing on pockets of growth outside of Kinshasa where MSMEs are underserved by the traditional banking sector.





Auguy Kabanga Babinyi

Mr Kabanga Babinyi owns a company called A.K. Phone, which sells mobile phones and accessories. He currently has four employees who are all sales people. He first became aware of Advans Banque Congo because his shop is next to the main branch. He took out his first loan of USD 3,000 (ca. EUR 2,765) in October 2010 and is now in his sixth cycle. Mr Kabanga

“When I started my business I was alone and now, thanks to Advans, I have staff who I pay at the end of each month.”

Babinyi says, “My Advans loans have been a great help, and my activity has been boosted with every new loan. When I started my business I was alone and I now have staff I pay at the end of each month.” He says he would recommend Advans because: “They really care about their clients and customer satisfaction and seek to respond to client needs by expanding their range of products and providing guidance throughout the loan cycle.”

Lending Activity

The lending activity was upbeat on the whole over the year with an increase in productivity in terms of volume and number of accounts. The bank thus posted an outstanding loan portfolio of USD 29.4 million (ca. EUR 27.0 million) at end March 2015, with 6,279 borrowers and a micro to SME loan split of 37%/63%. The average loan size increased by 25% to USD 4,627 (ca. EUR 4,264) at end March 2015 vs. USD 3,689 (ca. EUR 2,682) at end March 2014. Growth was consistent throughout the year but seasonality and political unrest in January had a negative effect on operations. Portfolio quality fluctuated over the period, with PAR 30 staying around the 5% mark from April to December 2014 but deteriorating in January 2015 due to the aforementioned reasons. The recovery team was strengthened in order to address this problem, and portfolio quality has subsequently improved.

Over the next year, Advans Banque Congo aims to rebalance its loan portfolio in terms of micro to SME loans, reducing the SME portfolio to just over half of the total portfolio volume. The bank also aims to further improve portfolio quality, and continue to focus on increased productivity in terms of the number of loans disbursed per loan officer.

Deposits and other financial services

Advans Banque Congo performed very well on the deposits side over the year, increasing its total deposit portfolio by 29% to USD 12.6 million (ca. EUR 11.6 million). This growth in volume was driven by term deposits, which increased 50% year-on-year, followed by savings accounts, up 32%, while current account volumes grew 17%. The portfolio is made up of 44% savings accounts, 38% current accounts and 18% term deposits. The number of depositors was also on an upward trend, increasing by 26% year-on-year to 35,200 at end March 2015.

The institution is currently piloting a new debit card which will enable clients to make withdrawals from their Advans accounts from both Advans and partner ATMs and help it to attract more clients.



39,072
CLIENTS

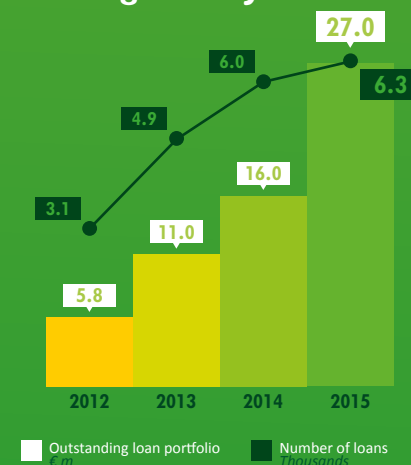


EUR 11.6m
TOTAL DEPOSITS

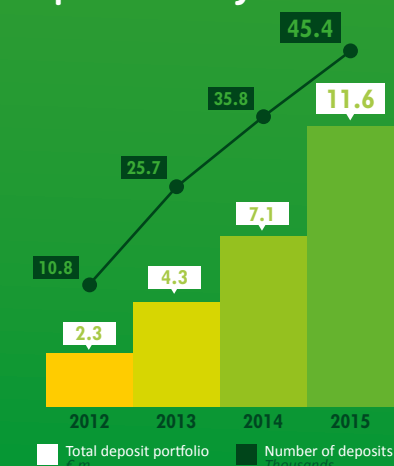


EUR 27.0m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity





Feb 2011
START OF OPERATIONS

225
EMPLOYEES

5
POINTS OF SALE

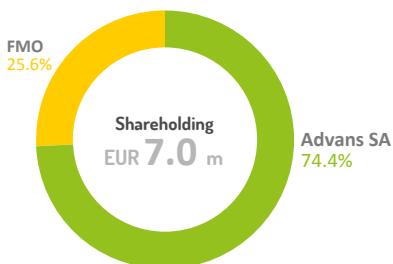


Business Development

Advans Bank Tanzania expanded its outreach substantially in the year ending March 2015, against a backdrop of stable economic growth in Tanzania. The MFI increased its physical presence in the market by opening two branches outside Dar es Salaam, in Mwanza and in Mbeya, and through its first 12 agents in Dar es Salaam with the start of its Agency Banking operations. Advans Bank Tanzania also improved its proximity to clients through the launch of mobile banking and field cash collection services, which enable customers to access their accounts and carry out transactions without having to go into branches.

On the lending side the focus during the year was on improving quality and reducing credit concentration, following a portfolio quality crisis in the first half of 2014. The loan decision and loan follow up processes were reinforced, a risk department with field compliance officers and risk analysts was created and its staff trained with the help of Advans Cameroun's Risk Manager. These measures resulted in a significant reduction of the number of defaulters and portfolio at risk, both in absolute and in relative terms, bringing PAR 30 down to below 5% from January to March 2015. However, this strategy to improve portfolio quality, while successful, hampered growth of loan portfolio volume which increased by only 12% over the period. Notwithstanding this trend credit concentration was reduced sharply with a 41% increase in the number of borrowers year-on-year to reach 4,136 at end March 2015. On the deposit side the expansion and the introduction of new financial services had a very positive effect on the bank's performance, with the deposit volume soaring 63% during the period and the number of depositors almost doubling.

Staff capacity building was one of the key objectives for the past year and this was achieved through a comprehensive training and coaching plan. This approach enabled the bank to keep the increase in staff under control despite the strong expansion in activity. It also allowed for the departure of two foreign technical assistants (the Deputy CEO and the Commercial Manager), reducing the number of international managers to two.





Elizabeth Kikarugaa

Ms Kikarugaa owns a business called Banfu Lodge and Catering Services which employs 13 people in total. Ms Kikarugaa is both a loan and deposit customer at Advans Bank Tanzania. She first took out an SME loan in 2013 to renovate her bar and lodge and applied for a second in 2014 to install new fuel efficient wood stoves. The new stoves have enabled her to save

“ I would recommend Advans because staff are friendly and treat customers with respect.”

money and time for cooking and are much more ecological, enabling her to easily cook large quantities of food for her clients. Ms Kikarugaa says that she would recommend Advans because staff are friendly and treat customers with respect, and as a result relations with the bank are very easy.

Lending Activity

As mentioned above, the bank focused on portfolio quality improvement and reducing credit concentration in 2014-15. This strategy, combined with the introduction of MicroXpress loans during the fourth quarter of 2014 (small loans with a simplified credit methodology) resulted in average loan amounts decreasing by 21% (to TZS 2.1 million or ca. EUR 1,070) overall and 23% in the micro segment, while the average SME amount declined by 6%. Portfolio growth during the year was limited overall (+12%) with the SME portfolio growth outpacing that of micro loans, with SME loans as a percentage of the total portfolio increasing slightly to 35% at 31 March 2015 vs. 34% at end March 2014.

The introduction of MicroXpress loans boosted productivity with MicroXpress loan officers being able to disburse up to 28 loans per month. As at 31 March 2015, 653 MicroXpress loans were disbursed for a total volume of TZS 332 million (ca. EUR 170k).

Deposits and other financial services

Advans Bank Tanzania’s deposit activity expanded strongly over the year with the number of deposits climbing 88% and volume up 63%. This growth was fuelled by the 75% increase in the volume of savings accounts, while the volume of current accounts increased three-fold and non-institutional term deposits fourfold. Meanwhile institutional term deposits, which represented 62% of the deposit volume at end March 2015, increased by 250% over the reporting period.

In addition, the bank launched a number of new services and products during the year: i) mobile banking and field cash collection services: the former had 3,628 subscribers as at 31 March 2015 (288 new subscribers per month on average), while TZS 735 million (EUR 377k) was collected through the field cash collection pilot which began in Q2 2014; ii) agency banking, launched as a pilot in October 2014; iii) two micro-insurance products *Mlinzi wa Familia* (Life insurance) and *Mlinzi wa Biashara* (Life, disability and loss of assets insurance) were also introduced to protect clients in case of unforeseen circumstances, the former is offered free of charge on certain savings accounts, while the latter is compulsory for all borrowers.



20,583
CLIENTS

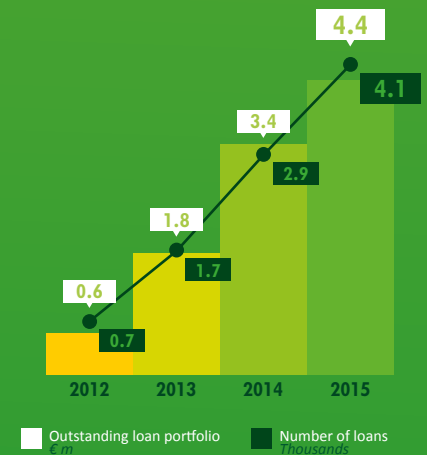


EUR 3.3 m
TOTAL DEPOSITS



EUR 4.4 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity





March 2012

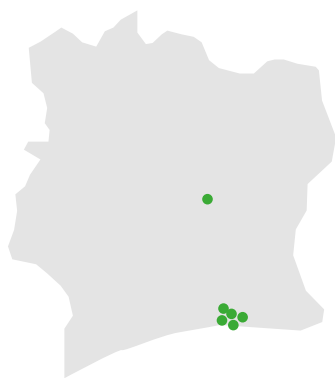
START OF OPERATIONS

298

EMPLOYEES

6

POINTS OF SALE

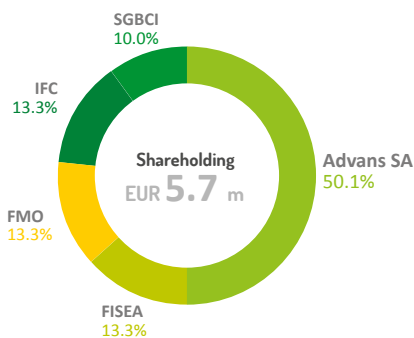


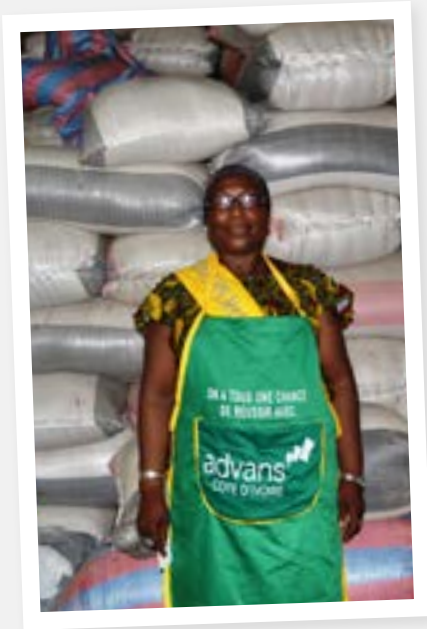
Business Development

Côte d'Ivoire has gradually advanced towards sustained economic development over the past few years after the post-election crisis, with Real GDP growth of 7.5% in 2014 and a forecast growth of 7.7% in 2015. While recovery is ongoing, disparities in terms of wealth are still predominant in the country, especially in rural areas, with access to financial services remaining limited (only 14% of the population holds a bank account). Advans Côte d'Ivoire pursued its mission to reach out to the unbanked population and continued to thrive over the year, surpassing its commercial and financial targets and expanding its coverage and client base.

In 2014 Advans Côte d'Ivoire was able to embark on its extension to the interior of the country, with its first branch outside Abidjan opening in Bouaké in June 2014. It opened a sixth branch in Abidjan at Adjamé Château d'Eau in March 2015. The institution also launched a number of new products and services, including a widened SME credit range, the *Advans Liberté* withdrawal card, and began its implementation of mobile banking with *Advans Mobilité*. Through investing more in communication and marketing campaigns over the year, Advans Côte d'Ivoire was able to reposition itself on the market and improve its relationship with customers. The MFI enhanced the client's in-branch experience through better branding, standardising staff uniforms, and installing screens to manage queues. To support this strong commercial development, Advans Côte d'Ivoire continued to strengthen the organisation of its head office with the creation of Marketing and Communication, Deposit and Financial Services and SME Departments. The MFI also recruited a Head of Internal Audit, a Head of HR and a procurement officer, as well as other technical staff to enhance head office expertise and support its growing branch network.

The year ahead holds a great deal of potential for Advans Côte d'Ivoire, with the institution aiming to improve its profitability, end the year with a network of eight branches and improve loan and deposit productivity. The institution will also pursue its cocoa loans project and continue to develop branchless banking solutions for cocoa farmers, looking to develop its rural coverage and rural client base in years to come.





Epe Diolompo Ini Palé

Married and a mother of four children, Ms Palé has been a client with Advans Côte d'Ivoire since 2013, when she obtained her first credit for FCFA 10 million (ca. EUR 15,200). She is now on her third loan cycle with a credit of FCFA 20 million (ca. EUR 30,400). Ms Palé has a grain trading business at the Forum d'Adjamé market with four full-time employees. She buys bags of

“ I would most certainly recommend Advans’ services to my friends and family. Advans is a reliable institution which offers easy access to credit, with no prior savings required. ”

millet, corn and other grain from countries in the West Africa region (Burkina Faso, Mali) which she sells to wholesalers, semi-wholesalers and retailers operating in Abidjan or in the interior of the country.

Extremely satisfied with the level of service she receives at Advans, Ms Palé has also subscribed to several other services at the MFI, namely a savings account, a term deposit account and the *Advans Liberté* ATM card. With the loan she has taken out with Advans, Ms Palé has been able to improve the running of her business and order better quality stock more frequently. She now orders one stock load a week as opposed to one a month before she obtained her first credit.

Lending Activity

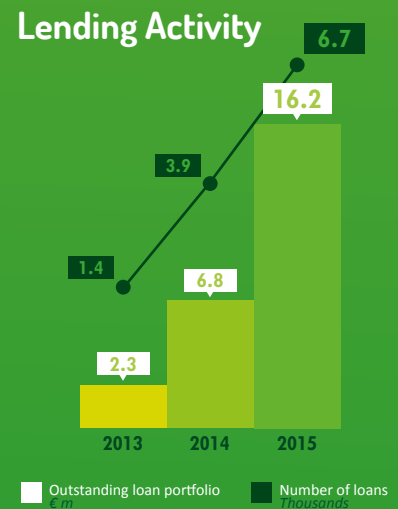
The lending arm performed well over the period : despite a slight dip at the beginning of 2015 due to seasonal effects, portfolio volume increased by 140% with the outstanding portfolio totalling FCFA 10.7 billion (ca. EUR 16.2 million) at end March 2015 vs. FCFA 4.4 billion (ca. EUR 6.8 million) at end March 2014. In all, 7,845 loans (not including cocoa loans) were disbursed from April 2014 to March 2015 for a cumulated volume of FCFA 17.9 billion (ca. EUR 27.2 million). Portfolio quality also remained good, with the institution staying on or under 2.5% PAR 30 over the year. SME loans represented 31% of the total outstanding volume at year end, as opposed to 25% at end March 2014.

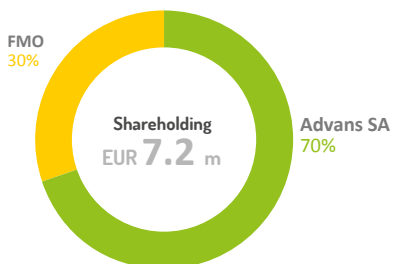
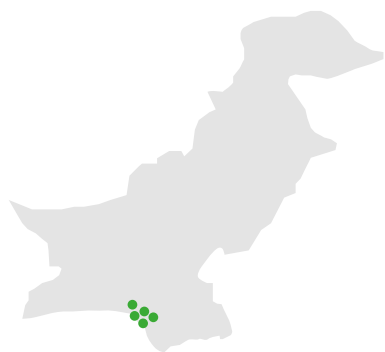
Meanwhile, the cocoa loans project continued to thrive, with FCFA 386.8 million (ca. EUR 590k) disbursed, 35 partner cooperatives and 5,449 client beneficiaries. The 2015 campaign got off to a flying start with FCFA 604.2 million (ca. EUR 976k) disbursed in March alone.

Deposits and other financial services

The deposit portfolio more than tripled year-on-year in 2014-15, reaching FCFA 6.0 billion (ca. EUR 9.2 million) at year end vs. FCFA 1.7 billion (ca. EUR 2.5 million) at end March 2014. This impressive performance was attributable to the increase in classic savings accounts and strong growth in term deposits, which represented only 10% of the portfolio at end March 2014 compared to 26% at end March 2015. The institution also saw an upsurge in the number of accounts and depositors, with 38,417 of the former and 29,346 of the latter at the end of the year, against 14,623 and 11,154, respectively at end March 2014. These results show the increased confidence that clients have in the MFI and the positive effects of the communication and marketing campaigns carried out over the year.

As well as developing its *Advans Liberté* and *Advans Mobilité* services, Advans Côte d'Ivoire launched a new life insurance policy for its clients in partnership with SUNU insurance.





Jan 2013
START OF OPERATIONS

130
EMPLOYEES

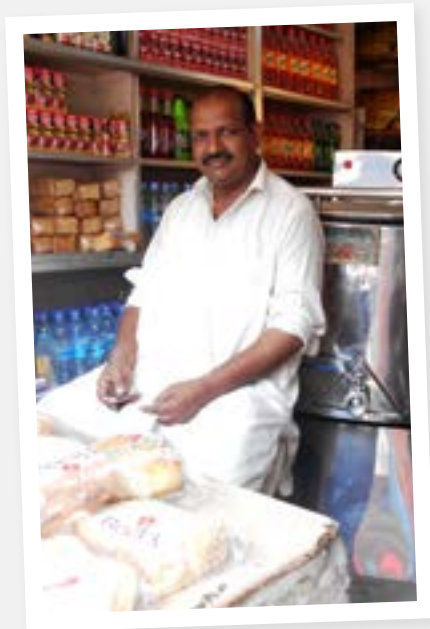
5
POINTS OF SALE

Business Development

In 2014-15 Advans Pakistan strived to improve its productivity and efficiency after a difficult start to operations. The bank also had to face worsening security conditions in Karachi. Nevertheless, Advans Pakistan achieved its disbursement targets and posted significant growth in its loan portfolio, with commercial activity picking up from September 2014 onwards.

This past year was one of consolidation and reinforcement for Advans Pakistan, as no new branches were opened aside from the bank's first sales and service centre in Gulshan-e-Iqbal in March 2015. The bank focused on commercial targets through optimisation of resources and team motivation, with an increased emphasis on following up on disbursements and improving portfolio quality. Advans Pakistan also introduced a new gold loan product, credit insurance products and redesigned its numerous policies to make its services more competitive and cost effective for micro clients. Thanks to these efforts the loan portfolio grew by 175% year-on-year.

The year ahead will see a continued focus on productivity and accomplishing commercial targets, as well as rapid expansion of the network with two new permanent booths and two new service centres opened in Karachi. The Alternative Delivery Channel project, launched during the 2014-15 reporting period will be ongoing; the MFI thus aims to develop and implement accessible and cost-effective services to make banking easier for clients.



Muhammad Rafique

Mr Muhammad Rafique has had a business selling dairy products in Akhtar Colony for the past 15 years. He started with one shop but with time his business has flourished and he now has three. At each shop he has one employee, with Mr Rafique visiting them regularly. Mr Rafique is currently in his third loan cycle with Advans Pakistan and is considered to be one of Advans Pakistan's most loyal customers. He started his business relationship with the bank

“ Advans offers the best loans to facilitate business expansion.”

in February 2013 when a Customer Relationship Officer approached him and briefly presented Advans Pakistan and its product offering. He was interested in the services and went into the branch to take out his first Advans micro loan. He used his first loan to increase the level of stock and to refurbish his shop, finding that the extra funds had a significant positive impact on his business's turnover and the number of customers. As a result, he paid off the loan amount in time and was able to request a second loan. He is currently in his third loan cycle for PKR 400,000 (ca. EUR 3,575) and is very satisfied with the level of customer service at the bank. He would recommend Advans' services to fellow businessmen because they offer tailored loans to facilitate the expansion of business activities.

Lending Activity

Advans Pakistan grew its outstanding loan portfolio by 175% in 2014-15 to PKR 143 million (ca. EUR 1.3 million) with the number of loans increasing by 68% to 1,872. Growth accelerated from September 2014 onwards, with the volume of disbursements per month building up to PKR 29.7 million (EUR 265k) in March 2015 vs. PKR 8.9 million (EUR 66k) in March 2014. The average outstanding loan size also climbed from PKR 47k (ca. EUR 342) to PKR 76k (EUR 681). Enterprise loans boosted portfolio growth during the year and represented 55% of the total portfolio volume at end March 2015, compared to 29% at end March 2014. Advans Pakistan also launched the *Advans Sona Sarmaya* (Gold loan) in September 2014 with a view to diversifying its product range. This loan ranges from PKR 10,000 to PKR 250,000, does not require a guarantor and is processed quickly; it currently represents 3% of the portfolio volume (5% in terms of number).

The loan portfolio quality deteriorated during the summer of 2014, with PAR 30 hitting a low in August, but Advans Pakistan was able to bring PAR 30 to under the 5% mark from December 2014 onwards, through strengthening the credit process on new loans and enhancing its monitoring and collection practices.

Advans Pakistan also partnered with United Bank Limited (UBL), a leading commercial bank, in February 2015 to offer a loan repayment facility to customers. Thanks to this service, Advans Pakistan's clients are now able to pay their loan instalments to UBL Omni Agents in the market without having to go into a branch.

Deposits and other financial services

Advans Pakistan's deposit portfolio grew 29% to PKR 15 million (EUR 134k) during the period from April 2014 to May 2015. The number of deposit accounts also increased from 2,923 in March 2014 to 4,884 in March 2015.

In the meantime, the bank's Alternative Delivery Channel project came on in leaps and bounds with the IT, Operations and Finance teams working together to develop solutions to increase accessibility and ease of service for clients with current and savings accounts. The bank is currently in the testing and preparatory phases for the introduction of ATM and phone banking services.



4,316
CLIENTS

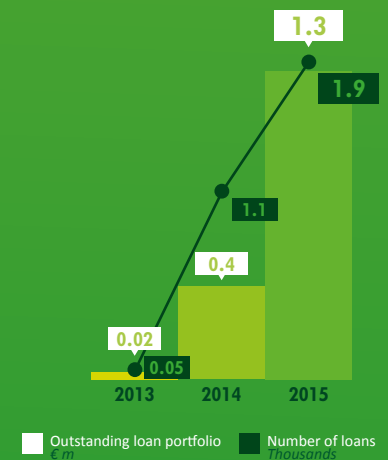


EUR 134.2k
TOTAL DEPOSITS

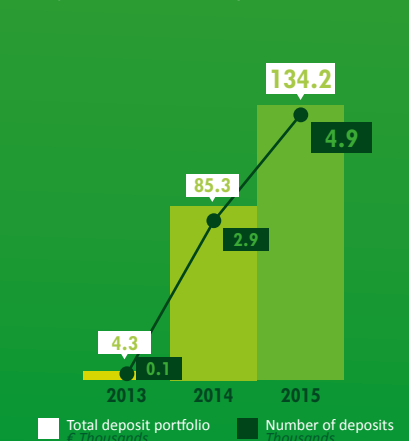


EUR 1.3 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity

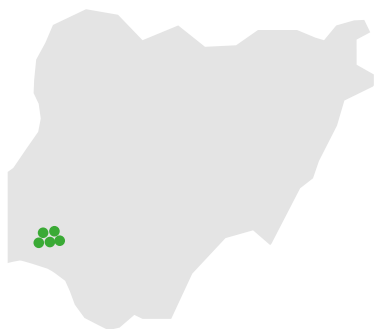




Feb 2013
START OF OPERATIONS

252
EMPLOYEES

5
POINTS OF SALE

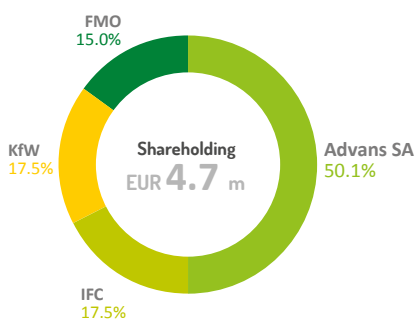


Business Development

Advans Nigeria's operations expanded rapidly in 2014-15 despite a difficult economic and political climate due to the depreciation of the Naira and the presidential elections in the first quarter of 2015. The institution was able to exceed its loan portfolio and financial targets, with outstanding loan portfolio growth of 177% year-on-year and initial losses that were much lower than expected.

Following the opening of the Challenge and Gbagi branches in April 2014 Advans Nigeria decided to focus on strengthening and consolidating its current network of five branches over the reporting period. The focus was placed on growing the loan and deposit portfolios and expanding the client base; the institution thus served 10,217 clients in all at end March 2015 – a ca. three-fold increase vs. end March 2014 (3,598). In addition deposit volume more than tripled over the period. The institution also concentrated on improving its products and services, launching SME lending in June 2014 and piloting new financial services such as ATM cards and mobile tellering. Consolidating the bank's structure through HR capacity building was also a priority over the year with the institution filling top managerial positions including the Human Resources Manager, Audit Manager, Product & Network Manager, Risk & Compliance Manager, Deposit & Financial Services Manager, Network Supervisor and finally a Communications & Marketing Manager.

Now that the bank has built strong foundations, it will be able to continue to innovate and evolve to meet the ever-increasing needs of its target market; MSMEs, and low income populations. The year ahead holds a great deal of promise for Advans Nigeria, with greater opportunity for growth, new product development, and network expansion into the underserved areas of Oyo state.





Ajibola Ruqoyah

Mrs Ajibola Ruqoyah owns a Mummy Fathia Shop which sells canned foods, vegetable oil and spices, and has one employee. She first took a loan out with Advans Nigeria in April 2014 and also deposits with the bank. Her first loan was for NGN 200,000 (ca. EUR 944); she used this credit to buy stock in Lagos for her store. Since then, Mrs Ruqoyah has improved her sales and profits. The flexible repayment period allowed her to use the extra income from her

“ Advans has helped my business to grow tremendously and I trust them to support me and other entrepreneurs in the future. ”

sales to pay back the loan. She says “The loans have really helped me develop my trade. The repayment time is flexible; you can concentrate on your business, make profits and pay back the loan without any stress. I have already told people to bank with Advans due to the benefits I have enjoyed; Advans has helped my business to grow tremendously and I trust them to support me and other entrepreneurs in the future.”

Lending Activity

Lending activity thrived over the period with the outstanding portfolio growing from NGN 434 million (ca. EUR 2.0 million) in March 2014 to NGN 1.2 billion (ca. EUR 5.7 million) in March 2015. The total amount disbursed over the year reached NGN 3.1 billion (ca. EUR 14.6 million) with 9,942 loans disbursed (829 loans per month on average compared to 307 in the 2013-14 period). The institution was also able to maintain a very good level of portfolio quality, with a PAR 30 below 1.5% throughout the year. SME loans, which were launched in June 2014, represented 5% of the outstanding portfolio volume at year end.

The strong trend in 2014-15 is expected to gather pace in 2015-16. Client officer productivity is set to increase as the bank steps up its emphasis on coaching and refresher training, together with a strong target-oriented culture, and a drive to improve performance. The bank will also introduce more flexibility in loan processes and procedures for certain products.

Deposits and other financial services

Deposit portfolio growth was on a strong upward track over the year with a 253% growth in volume and an additional 8,068 accounts (12,247 in all at 31 March 2015) reaching a total deposit amount of NGN 193 million (ca. EUR 939k) at year end. The bank however experienced some challenges in reaching its deposit targets due to lack of trust in Microfinance institutions and the generally negative perception that comes with the sector with regards to deposits. These factors, coupled with the difficult political climate in the run up to the elections made deposit mobilisation difficult for Advans Nigeria over the year.

Nevertheless, the introduction of financial services from the second half of 2014 onwards, such as mobile collection, ATM cards and interbank transfers has helped to enhance the credibility of the bank. As a result the bank has begun to improve its results and is now able to compete with other financial institutions.



10,217
CLIENTS

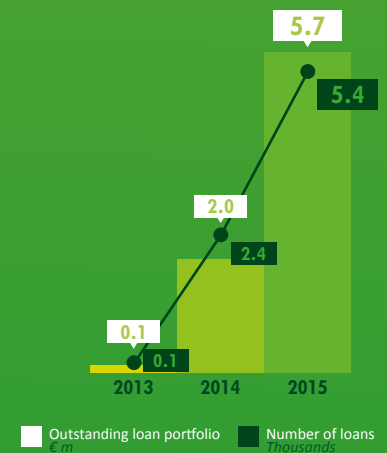


EUR 938.9k
TOTAL DEPOSITS

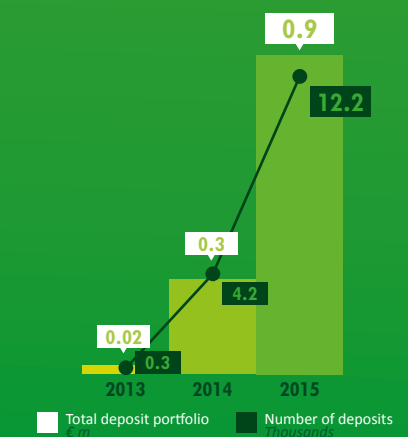


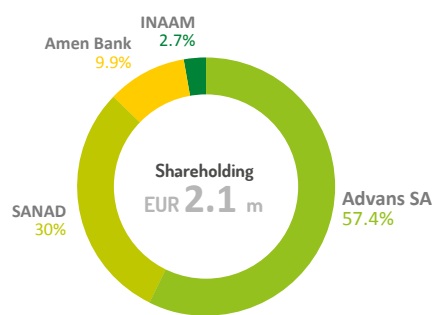
EUR 5.7 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity





March 2015

START OF OPERATIONS

40

EMPLOYEES

1

POINTS OF SALE

Creation of Advans Tunisia

In post-revolutionary Tunisia, economic expansion, job creation and development of Tunisia's interior regions were identified by the government as key factors to drive progress in the country. Microfinance was quickly selected as a strong instrument to alleviate poverty and reduce disparities between regions. On 5 November 2011, a law was therefore passed to develop a dynamic and competitive microfinance sector in Tunisia. A new regulatory framework was adopted by the government, allowing private limited liability companies to offer micro-credits for amounts of up to 20,000 Tunisian Dinars (ca. EUR 10,000) and deliver micro-insurance products. The number of potential microfinance clients was estimated at between 2.5 and 3 million, with 1.2 to 1.4 million prospective borrowers. Advans SA carried out a market-survey in November and December 2011 that confirmed the existence of strong demand from both informal and semi-formal micro-enterprises. The positive results of this market survey led to Advans eighth greenfield project and its first in the MENA region: Advans Tunisia.

Advans Tunisia was created in September 2013 by Advans SA (as majority shareholder), along with SANAD (an investment fund specialised in the MENA region and backed by the EU, Germany and Switzerland), Amen Bank (a Tunisian bank) and INAAM (a holding company restricted to Tunisian socially-oriented investors). The project has also been granted support from the Swiss Capacity Building Facility (SCBF), an association for job creation and revenue generation. Advans Tunisia was incorporated as a private company with a capital of TND 4.5 million (ca. EUR 2.1 million).

The preparatory phase began in September 2014 when Advans Tunisia obtained its preliminary approval for a licence to operate as a microfinance institution from the Tunisian Ministry of Finance. The six months of preparation from September 2014 to March 2015 involved the finding of premises for the head office and the first branch, further market studies, the recruitment and training of key staff, and setting up key procedures and systems. The institution received its official licence in January 2015. After a successful preparatory phase, Advans Tunisia was able to open its first branch in the El Intilaka area of Tunis on schedule: 13 March 2015 marked the start of operations of Advans' ninth affiliate.



Faten Wada

Mrs Faten Wada started her business in 2005 with a small beauty shop located in Cité Intilaka, a western suburb of Tunis. After that, she travelled for the first time with her sister to Turkey and bought some wedding dresses which she rented out to clients. This experience turned out to be profitable, so she decided to purchase a larger space and expand her business by introducing a wedding dress rental service. In March 2015 she noticed the new Advans

“ I am more than satisfied with Advans Tunisie’s microfinance services and I am already thinking about taking out another loan in the future to further develop my business.”

branch in Cité Intilaka and decided to go in and make enquiries. After receiving information on Advans Tunisie’s products she decided to file a loan application. Seven days later, she received a positive answer for a loan of TND 5,000 (ca. EUR 2,500) which enabled her to purchase more fabrics and accessories for her wedding dress business. Mrs. Faten Wada says that she is more than satisfied with Advans Tunisie’s microfinance services and she is already thinking about taking out another loan in the future to further develop her business once her current loan term is over.

Mission & Services

Advans Tunisie aims to provide tailored credit services to Tunisian MSMEs to support the growth of their activities, thus complementing the current offer from commercial banks and existing microcredit associations in Tunisia. Through providing Tunisian entrepreneurs across a broad range of economic sectors (including wholesale, retail, crafts, small industry, services, and small farming operations) with access to credit and financial guidance, Advans Tunisie aims to foster sustainable economic development in the country. The institution has started its operations in the Grand Tunis area and intends to have three branches operating in the capital by end of 2015, then plans to expand rapidly to other regions of the country.

Advans Tunisie has made its loan process simple, fast and transparent in order to satisfy the needs of its clients. Credit applications are processed within a maximum of two weeks and clear and adapted information is provided from the first contact with the customer.

Advans Tunisie also aims to play a significant role in helping structure the microfinance sector at national level. It is participating in the creation of a credit bureau, to share information and lessen the risk of client over-indebtedness. In addition, the institution is working actively to facilitate the creation of a professional association for all microfinance institutions. Finally the MFI is working with supervisory authorities on setting regulatory standards to ensure controlled growth of the sector.



Smart phone project

From the very start of operations, Advans Tunisie wanted to enable its staff to benefit from technological solutions through using smartphone and digital applications to facilitate their daily tasks on the field. Advans Tunisie’s smartphone project enables client officers to gather all information (including photos and GPS coordinates) on prospective and current clients’ during home and business visits. The information collected is directly inputted into the MFI’s Customer Relationship Management system from their mobile device on the field.

The smartphone tool, which can be used throughout the loan process, from the initial loan appraisal visit to follow-up visits and recoveries, improves commercial staff’s productivity and increases their motivation. It also simplifies compliance checks, is cost effective and allows for better credit risk management. This tool gives Advans Tunisie a competitive edge and establishes it as an innovator in the microfinance sector. Since the launch of operations in March 2015, all client officers have been equipped with smartphones, making Advans Tunisie the first Advans affiliate where this project is fully implemented (a similar pilot project is also underway in Advans Ghana).



Loan Products

Advans Tunisie provides three types of loans for amounts ranging between TND 500 and TND 20,000 (ca. EUR 250 to ca. EUR 10,000):

Group loans (2 to 4 members):

Takafol (max.: TND 2,000)

Individual loans:

Tatouir (max.: TND 5,000)

Mostakbali (max.: TND 20,000)

All loans are reimbursed with equal monthly instalments.

Outlook for 2015-16

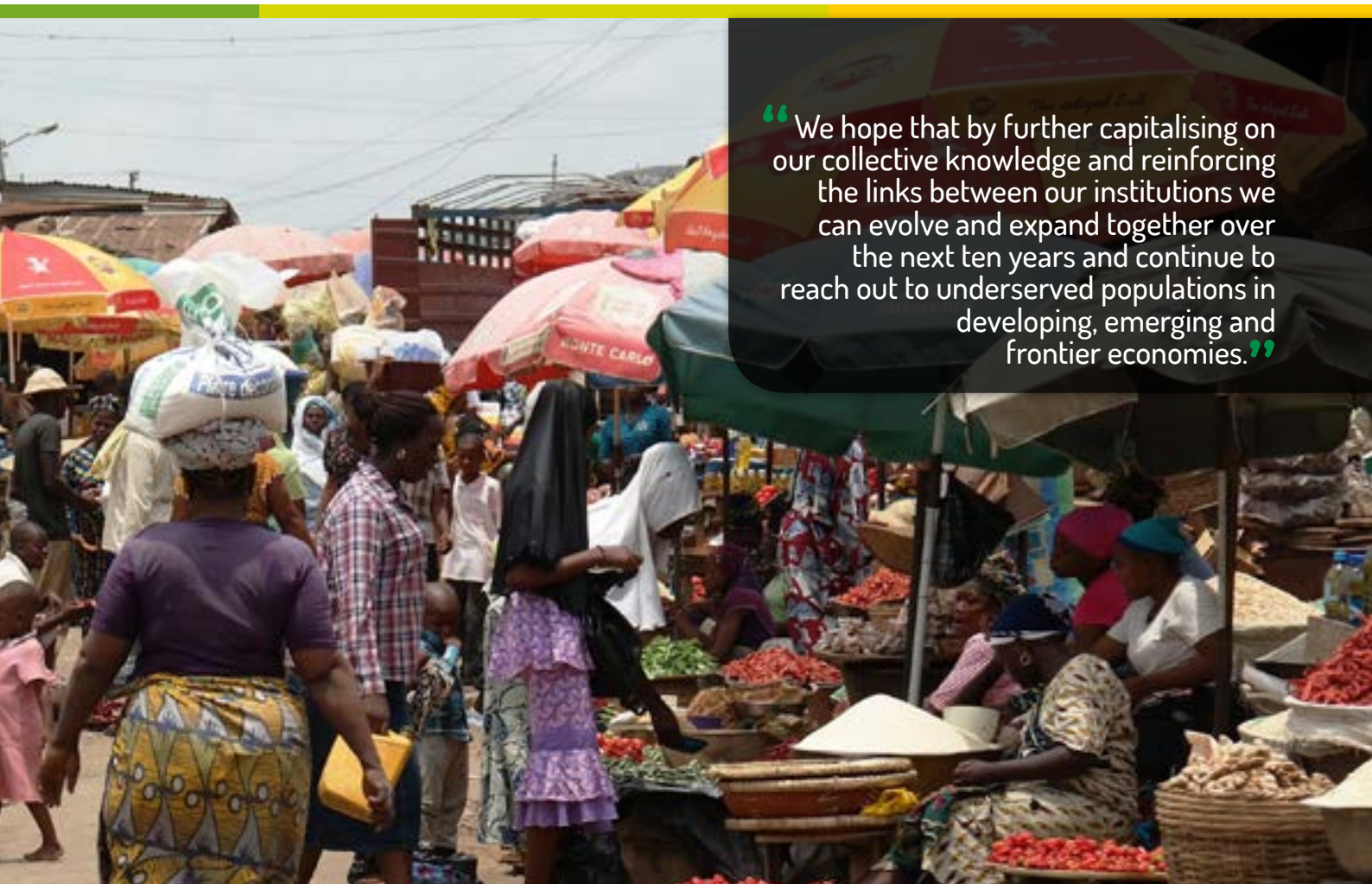


2015-16 holds a great deal of promise for the group with several innovative projects, ambitious financial targets and a number of affiliates expanding their outreach and widening the range of services on offer. We will also be celebrating ten years of the Advans group, a momentous occasion which will allow us to bring together our investors, partners and staff to reflect on Advans' achievements over the past ten years and look towards our future. The expertise we have gained in our nine institutions has enabled us to build a solid network and offer affordable, sustainable and quality services to our clients. We hope that by further capitalising on our collective knowledge and reinforcing the links between our institutions we can evolve and expand together over the next ten years and continue to reach out to underserved populations in developing, emerging and frontier economies, therefore encouraging sustainable economic growth.

The economic and political forecasts in the countries in which we operate are for the most part stable or progressive for 2015-16, with elections due to be held in both Côte d'Ivoire and Tanzania in October. In this generally stable context Advans affiliates will continue to both consolidate and extend their networks and develop their services. In terms of network expansion, Advans Banque Congo and Advans Côte d'Ivoire will be opening new strategic branches in interior regions to reach out to more clients in

rural areas. Advans Nigeria will also begin market studies for expansion outside of Ibadan in 2016. In the meantime, Advans Bank Tanzania will roll out agency banking and expand its network, while Advans Pakistan's new service points in Karachi will enable it to grow its client base while minimising costs. Our youngest affiliate Advans Tunisie will expand with a third branch opening by the end of the year.

As for innovative projects, Amret will see the roll out of mobile banking deposit collection and develop the second two channels in its Mobile Financial Services project; Advans Ghana will roll-out its smart phone project for client officers to improve its productivity and customer service while Advans Pakistan will launch ATM and Interactive Voice Recognition Services as part of its Alternative Delivery Channel project. For its part Advans Cameroun will begin to develop new education finance products and work on developing its alternative delivery channels as part of the IFC MasterCard Project to further its expansion into rural areas, meanwhile Advans Côte d'Ivoire will continue with its project to develop adapted banking solutions for cocoa farmers. Amret has also been focusing on assessing and improving its implementation of the Client Protection Principles and will be applying for Smart Campaign certification in 2016. Where financial targets are concerned, Amret continues to target high levels of profitability while our three most mature greenfields, Advans Cameroun,



“ We hope that by further capitalising on our collective knowledge and reinforcing the links between our institutions we can evolve and expand together over the next ten years and continue to reach out to underserved populations in developing, emerging and frontier economies. ”

Advans Ghana and Advans Banque Congo aim to improve their profitability over the year, and some of our younger affiliates are currently on the way to reaching annual break even.

Finally, the year to come will also see the creation of our ninth greenfield institution, Advans Myanmar, in partnership with Amret and Norwegian Investor Norfund. Myanmar has over 60 million inhabitants but only 20% of the population has a bank account. Since 2010 economic reforms have meant that microfinance regulations have become more flexible and the economy increasingly dynamic, opening the door to foreign investors. This project not only enables Advans to expand its network in Asia, but is also unique in that it will involve close collaboration with our first investment, Amret. As well as having a share in the capital, Amret will bring operational knowledge and experience to the project, giving Advans Myanmar the opportunity to replicate its successful solidarity-based village banking model.

At group level our organisational structure has developed to full maturity, with strong business lines and group functions to support our affiliates' development. In capitalising on the experience and know-how developed over the last ten years throughout the network, the group departments ensure that Advans continues to innovate and employ the best practices and methods in the sector. At head office we

will continue to back the consolidation and expansion of our network, with seminars, exchanges, missions and remote support for all affiliates. We will also continue to facilitate staff development and mobility between institutions, with key local staff taking temporary positions in other affiliates. The Advans Training Centre project, launched in 2015 and backed by funding from the Government of Luxembourg, will enable us to enhance our capacity building through providing comprehensive and tailored training programmes to our staff. We are currently analysing group needs and defining the scope of the project, with the first pilot sessions to be launched in Cote d'Ivoire and Tunisia. As our group matures and develops, the ties between our institutions will multiply and get stronger; we believe these ties are the key to the success of the Advans group. Moving forward together we can continue in our mission to offer MSMEs and low income populations adapted financial services and generate a positive social and economic impact in the countries in which we operate.



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 at March 2015 (EUR)

	31 March 2015	31 March 2014
ASSETS		
Fixed Assets		
<i>Shares in affiliated undertakings</i>	68,013,617	22,274,684
<i>Shares in undertakings with which the company is linked by virtue of participating interests</i>	-	24,145,107
Total fixed assets	68,013,617	46,419,791
Current assets		
<i>Amounts owed by affiliated undertakings becoming due and payable within one year</i>	1,161,417	9,548
<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
<i>Other receivables becoming due and payable within one year</i>	174,198	157,446
<i>Other transferable securities</i>	-	2,500,214
<i>Cash at bank</i>	1,505,378	1,268,929
Total current assets	2,840,993	4,368,488
Total assets	70,854,610	50,788,279
LIABILITIES		
<i>Tax becoming due and payable within one year</i>	-9,630	-6,420
<i>Other creditors becoming due and payable within one year</i>	-205,669	-62,817
Net assets	70,639,311	50,719,042
EQUITY		
<i>Paid-up share capital</i>	51,600,000	43,600,000
<i>Share premium account</i>	142,000	142,000
<i>Retained earnings</i>	6,977,042	4,715,667
<i>Profit/(loss) for the financial year</i>	11,920,269	2,261,375
Total shareholders' equity	70,639,311	50,719,042

Profit and loss account for the financial year ended 31 March 2015 (EUR)

	31 March 2015	31 March 2014
INCOME		
<i>Interest income</i>	408,441	81,883
<i>Dividend income</i>	1,171,525	432,351
<i>Other operating income</i>	164,831	220,300
<i>Net changes in fair value on financial fixed assets</i>	12,144,226	3,202,845
<i>Net changes in fair value on transferable securities</i>	-	581
Total net income	13,889,023	3,937,960
EXPENSES		
<i>Operating expenses</i>	1,931,757	1,641,276
<i>Interest payable and charges</i>	21,529	13,417
<i>Taxes</i>	15,468	21,892
Total expenses	1,968,754	1,676,585
NET PROFIT	11,920,269	2,261,375



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