

Bringing financial inclusion to the next level

2019 ANNUAL REPORT



What our clients say



Stephen Kpabitey Ogum

College director, Ghana

“Advans Ghana was responsive, professional and easy to bank with and understood our complex credit needs and how to get us where we wanted to be.”

The vision and financial resources needed for the growth of Pinnacle College were given a lifeline when we knocked at the doors of Advans Ghana and they tailored their service to our needs. Today we are proud we built that great relationship which helped us succeed. Talk to Advans now, for they have your banking solution waiting.

Oladipo Omokemi Funke

Owner of a medical equipment shop, Nigeria

“Advans Nigeria has been providing me with financial support and advice whenever I need it.”

Thanks to Advans' support I was able to significantly expand my business with the creation of more outlets.

I now can supply more hospitals and pharmacies with medical equipment when they need it and at the quantity they require. Clients now trust me to meet their medical supplies needs all the time.

Irfan Brohi

Shoe vendor, Pakistan

“My business has grown further in just a year's time and I am thankful to Advans' team.”

I started my ladies' shoes business with a small shop at Ashiana Market. My business gained loyal women customers and their male family members started asking for men's shoe variety. Market also grew with men's brands and more visitors started coming to the Ashiana mall. The loan that I received from Advans provided me with the funds needed to start my men's shoes collection.



Abboud Tayeb

Farmer, Tunisia

“Thanks to Advans' support, I managed to increase my production of vegetables and fruits and my activity has been very profitable.”

I started developing my agriculture activity in 2017, growing peppers and tomatoes in greenhouses. A year later, I decided to use my experience in this area and request a second loan from Advans to add more greenhouses. My success encouraged me to apply for a third loan in 2019 to continue building my business.



Message from our Chairman

Throughout 2019 Advans remained engaged in contributing to the advancement of financial inclusion for the unserved and the creation of sustainable livelihoods, **servicing a total of 1.02 million clients at year end, including 47% rural clients and 63% female borrowers.**

Despite considerable trade, geopolitical and other challenges, **Advans kept growing and was able to strengthen its performance with the remarkable achievement of reaching over a million clients globally and a total loan portfolio of €1 billion in 2019.** This outstanding accomplishment was made possible through the excellent performance of the majority of our subsidiaries and notably our two youngest greenfield institutions, Advans Myanmar and Advans Tunisie, while Amret continued its solid performance. Staying committed to our core activity, namely serving small business enterprises that lack access to formal financial services, we relentlessly kept seeking new and innovative opportunities to contribute to inclusive growth in our countries of operation.

“ Advans kept growing and was able to strengthen its performance with the remarkable achievement of reaching over a million clients and a total loan portfolio of €1 billion. ”

Continuing to create positive impact in the communities we serve, in 2019 we also focused on further developing our Environmental and Social Policy with an ambitious strategy for the years to come. **Advancing financial inclusion through the increased use of technology remains a major priority for the Advans group.** Our digital strategy will continue to be crucial in optimising our performance and processes and to enhance overall client satisfaction. The launch of AIR+, our global initiative to improve the group's IT capabilities will drive the implementation of this strategy in 2020 and beyond. It will enable us to take advantage of current trends in the industry and to accelerate our digital agenda with the ultimate goal of improving our operational efficiency and providing a seamless client experience across multiple channels.

At the time of writing, the impact of Covid-19 on the global economy is becoming clear, with the World Bank forecasting a 5.2% contraction in global GDP in 2020 and predicting the deepest global recession in decades. Advans has acted quickly to safeguard the health of our staff and to support our clients throughout the crisis. All Advans subsidiaries were successful in raising awareness and promoting protective measures with staff working remotely and the increased mobilisation of alternative distribution channels for our clients. **As Board we would like to thank the Advans leadership team and global staff for their tremendous efforts and commitment to weather this unprecedented crisis.** We are also very grateful for the continuing support we receive from our shareholders and business partners and in particular for the additional funding we obtained to support our clients and their families to overcome this crisis.

Although at this moment it is unclear when the Covid-19 crisis will end we surely will still face many challenges ahead, but I am confident that Advans will come out of this crisis stronger and well prepared to serve its clients even better in the future. Advans is more than ever committed to fulfilling its financial inclusion mission – supporting MSMEs and low-income populations with adapted and tailored financial services – helping them to successfully build their businesses and to improve their economic and social livelihoods.

Eelko Bronkhorst
Chairman of the Board of Directors, Advans SA



Message from our CEO

2019 was a successful and very dynamic year for the group. As a responsible financial services provider, **Advans kept pursuing its goal of democratising access to financial services through products adapted to our clients' evolving expectations.** We also maintained a focus on increasing proximity to our customers and developing convenient solutions to meet their everyday needs.

We kept strengthening our teams and our performance with significantly improved financial results and all our subsidiaries, but one, being profitable. **We made great progress on implementing our strategy through our 4 key pillars.** Being a customer centric organisation, we conducted satisfaction surveys in 6 subsidiaries with a total of 92% of our clients satisfied with Advans. Our impact on financial inclusion considerably increased with the achievement of two of our main objectives for the year: serving over a million clients (a 12% increase compared to 2018) and hitting the target of a total loan portfolio of €1 billion (+23% in volume) whereas deposits were up by 19% for a total of € 608 million. We also kept working towards the improvement of our risk management framework and quality of services.

“ In 2020, accelerating the Group's digital transformation is the cornerstone of our strategy. ”

We sustained our stable growth and reinforced our presence in our 9 subsidiaries with 283 points of sales, 12 more than in 2018. Two years after start of operations, our youngest greenfield, **Advans Myanmar carried on its rapid expansion with an impressive portfolio growth (+128%)** and a **doubled client base of over 55,000.** Advans Nigeria got its national license and further expanded operations across the country, opening new branches in Lagos and Kwara states. In Côte d'Ivoire, the subsidiary was able to get back on the track of a healthy performance after a difficult previous year and in Cameroon, we succeeded to reach positive net results after several challenging years. Amret continued to build its sustainability, while generating positive impact for its almost half a million customers and reaffirmed its commitment to responsible lending practices reflected in the renewal of its SMART Client Protection Principles certification. Advans Tunisie pursued its robust expansion, serving close to 16,000 clients with a €28.9m loan portfolio while Advans Ghana enhanced financial inclusion for over 66 000 clients (a 12% increase). Celebrating its tenth anniversary, Advans Banque Congo ran a special deposit campaign which resulted in the opening of 2,700 new accounts with a cumulated €2,9m in total deposits.

Continuing on this positive trend, we have set high goals for the year to come when we will strive to reach 1,2 million clients, €1,3 billion loan portfolio and more than €750 million in deposits. **In 2020, accelerating the Group's digital transformation is the cornerstone of our strategy, kicking off the deployment of a New Core Banking System, along with new digital tools for staff and clients.** Our objective is clear: thanks to the opportunities offered by advanced technologies, we are eager to offer the best experience that will drive financial inclusion one step further.

However, looking at 2020, we know that progress made over years to support financial inclusion is at risk because of the Covid-19 global pandemic. It has already affected a lot of our clients across multiple countries. I am extremely proud of the way Advans' teams have so far dealt with the crisis: demonstrating again that we are a sustainable network, driven by a set of common values, from Cameroon to Myanmar. We are supporting all our clients who face difficulties and we had their back when the crisis was strongly impacting them, helping them to navigate uncertainty. 2020 is certainly the most challenging year since Advans started operating 15 years ago, but **we are strong enough, with robust foundations, to demonstrate that financial inclusion is more than ever a strategic goal to achieve social and economic development - and with all our partners, colleagues and clients, we are standing tall to make it happen.**



Steven Duchatelle
CEO, Advans Group

Our Board of Directors

Advans SA's Board of Directors is chiefly responsible for the overall management of Advans SA in accordance with the company's statutes and Luxembourg law. The Board is made up of qualified senior professionals with extensive experience and in-depth knowledge of financial services. Advans SA has also created committees to support the Board of Directors, the Audit and Risk Committee and the HR and Governance Committee. A Social Performance Champion has also been nominated on the Board.

Advans SA Board Members are as follows:



Eelko Bronkhorst

CHAIRMAN OF THE BOARD



Claude Falgon



Gail Buyske



Harry Schoon



Hervé Schricke



Jan-Albert Valk



Matthias Adler

Our Executive Committee

Advans Group support services are based at Advans International in Paris. At Advans International level we have created strong group departments and business lines to guide and back subsidiaries' development. Advans International supports, oversees and sets standards for the group providing guidance, resources and expertise.

Advans International Executive Committee Members are as follows:



Steven Duchatelle

CEO



Grégoire Danel-Fedou

DCEO, COO



Isabelle Montfort

FINANCE



Frédéric Mille

INVESTMENT



Fanny Serre

MARKETING



Laurent Cluser

RISK



Marc Bittoun

AUDIT



Gaël Briot

ORGANISATION



Anne-Laure Asboth

BUSINESS DEVELOPMENT



Xavier Chevalier

INFORMATION SYSTEMS



Laure Vandewalle

HR

Our strategy

OUR MISSION

Provide client centric financial services to small businesses and under-served populations in a sustainable and responsible manner

AMBITION

Be the preferred financial service partner for small businesses

STRATEGIC PILLARS



1

PUT THE CLIENT FIRST

We are ensuring that we start and end with our clients and create and adapt our services to their needs



2

BUILD OUR IMPACT

We are looking to accelerate financial inclusion and resilience for our clients, and support the professional development of our staff



3

ENHANCE OUR PERFORMANCE

We are improving our profitability, efficiency and risk profile to raise resources for our development



4

HARNESS OPPORTUNITIES TO INNOVATE

We are using new technologies to improve access for our clients and boost staff productivity

KEY DRIVERS

- › Improve our segmentation
- › Improve client experience
- › Better answer client needs through diversifying our services (agri, housing, insurance, emergency loans...)

- › Expand outreach
- › Assess the impact of our activities
- › Implement social responsibility best practices

- › Better monitor performance
- › Improve cost of risk, cost of funds & productivity, reduce operational risks
- › Improve quality of services and processes
- › Attract, retain and develop capacity of staff

- › Become a data-driven organisation
- › Digitalise the client experience
- › Develop omni-channel capacities
- › Digitalise and improve our processes

VALUES

OPEN

COMMITTED

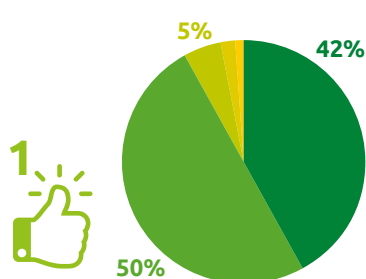
ENTREPRENEURIAL

INNOVATIVE

01. Put the client first

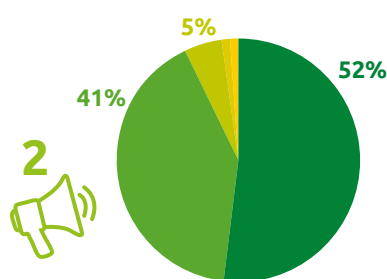
Listening to our clients: key in developing adapted services

For the first time in 2019 Advans conducted a global client satisfaction survey with 2,219 customers in 6 subsidiaries: Cameroon, Ghana, Côte d'Ivoire, Nigeria, Tunisia and Myanmar. The results helped the team across countries to identify any areas of improvement in order to continue responding to clients' needs in the best possible way. Overall, **92% of our clients are satisfied** and **93% say they would recommend Advans**.



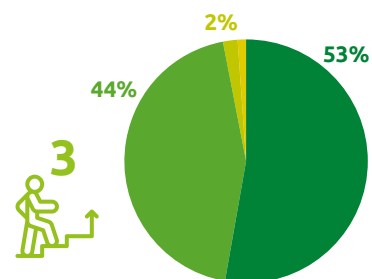
92% of our clients are satisfied with Advans

- Very satisfied
- Satisfied
- Not sure
- Dissatisfied
- Very dissatisfied



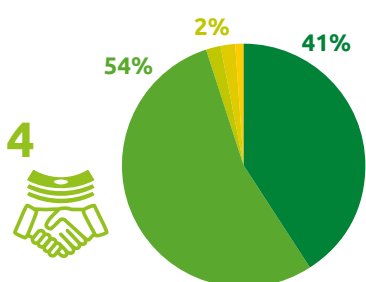
93% of our clients would recommend Advans

- Yes definitely
- Yes
- Not sure
- No
- Definitely not



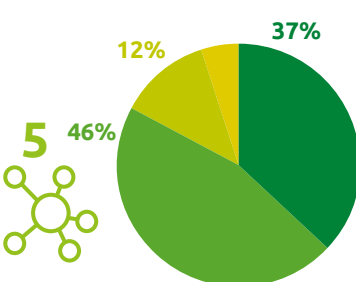
96% of borrowers agree that Advans has helped their business grow

- Completely agree
- Agree
- Not sure
- Disagree
- Completely disagree



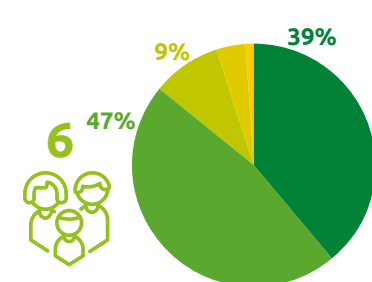
86% of clients agree that Advans has a positive impact on their life

- Completely agree 39%
- Agree 47%
- Not sure 9%
- Disagree
- Completely disagree



53% of clients have used alternative channels* with 83% satisfied with the experience

- Very satisfied
- Satisfied
- Not sure
- Dissatisfied
- Very dissatisfied



95% of clients find accessing Advans services easy

- Completely agree
- Agree
- Not sure
- Disagree
- Completely disagree

Number of responses:
1: 2,182 | **2:** 2,186 | **3:** 1,436 | **4:** 2,166 | **5:** 764 | **6:** 2,184
 *In relevant markets – Cameroon, Ghana, Cote d'Ivoire, Nigeria

02. Build our impact

Growing along with our 1 million clients



1.02
million
clients



9 countries



€1.08billion
loan portfolio

A milestone in Advans' development

The strength of our network throughout the years has been and continues to be our shared values and the expertise that we build together. Over the last 14 years we built our position as a leading microfinance network through our collective efforts and the continuous work of our teams across the globe. We kept growing as a group: in 2014 we were already serving over 500,000 clients and maintained a steady growth of our loan portfolio and client outreach during the next years with a culmination in 2019 when the group reached two important milestones: serving **over a million clients** with a total loan portfolio of more than **€1 billion across 9 countries**.

We believe that supporting entrepreneurs with tailored loans, savings and other financial solutions is crucial to boosting long lasting economic and social development in our countries of operation. Seeing the results of our work is the key driver that motivates us as we continue going forward: **96% of our clients agree that Advans helped their business grow!** There remains however a lot to be done to promote financial inclusion, with a large credit gap still existing in our markets and inequalities in terms of access to all financial services.

Focus on Expansion of microfinance in Myanmar

Advans Myanmar obtained its microfinance license in 2017. Two years later, Advans' ninth subsidiary had opened **14 branches in the Mandalay, Sagaing and Magway regions** and **employed close to 350 staff**. Advans Group's youngest greenfield institution, is one of 176 MFIs operating in the country and serving **3 million clients for a total loan portfolio of nearly € 500 million** according to the 2018 MAP Myanmar Diagnostic. Advans Myanmar responds to the financial needs of micro, small and medium entrepreneurs and farmers, offering small group and individual loans as well as village banking loans for its clients in rural areas. Its unique regional partnership with Amret, the largest MFI in the Advans Group, helped a fast-paced expansion in only two years of operation. The institution went from serving **10,000 clients at its first year** mark to serving more than **55,800 clients at end 2019** with a loan portfolio of around € 15 million.

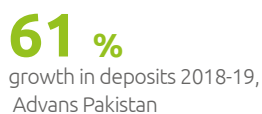
1 2019 Advans Client Satisfaction Survey





03. Enhance our performance

Advancing financial inclusion in our communities



Improving performance to fulfill the potential of Advans' subsidiaries

In 2019, the majority of our subsidiaries reached profitability with most of them being profitable for the first time. Our two youngest greenfields maintained excellent levels of performance with notably Advans Myanmar's remarkable **portfolio growth of 128%** and doubled client base of over 55,000 and Advans Tunisie's continuous rapid expansion, serving close to 16,000 (+42%) clients and **increasing its loan portfolio by 81%**. Advans Pakistan also registered steady levels of growth and **grew deposits by 61% and its loan portfolio by 34%**.

A monitoring tool for staff capacity development and improved performance

This performance is the result of our long term commitment to focus on the efficiency of our operations in order to serve our clients better and faster – killing complexities to support productivity, improving tools

to monitor our activities on a daily basis and empower our managers across countries to perform better – have all played a critical role in delivering this result.

One iconic example is the work we accelerated in 2019 to empower the commercial line (team leaders, branch managers, network managers) thanks to the development of a set of Management toolkits. The objective is to help managers at all levels to closely monitor their teams' performance while developing their skills and productivity: new tasks management tools, simplified monitoring framework, improved collaboration at all levels... The deployment of these toolkits has helped the entire management line to better understand their pivotal role in supporting the productivity and performance of their teams, in order to deliver sustainable growth for financial inclusion. **Advans Ghana's evolution of on-time repayment (in number) from 60.8% in May to 70% in December 2019** is a clear example of the benefits of the toolkits.

04. Harness opportunities to innovate

Diversifying our services and channels to respond to clients' evolving needs



39 %
transactions outside
branches



18 %
growth of transactions
outside branches
2018-2019



11 %
transactions via digital
channels

Advans' approach to customer service

Advans strongly believes that the key to responding to clients' evolving needs lies in combining the traditional microfinance high-touch model with high-tech channels in order to digitise clients interactions responsibly and in line with clients' everyday reality. Key learnings from a client satisfaction survey conducted in the course of the year showed that channels outside branches play a significant role in branch network efficiency, allow for more clients to be served and strongly contribute to client satisfaction.

In 2019, the group continued to advance its omni-channel development and marked some key achievements. All Advans subsidiaries invested in optimising the existing channels or launching new ones with the aim of increasing accessibility and convenience for customers.

Improving our clients' experience through innovation

The first mobile banking applications within the group were launched in Advans Nigeria and Amret this year, allowing clients to easily access and manage their accounts. **Transactions via Amret Mobile reached 8%** of total number of transactions of the subsidiary in only a few months, while **Advans Mobile in Nigeria helped decrease the number of cashier operations in branches with a total volume of transactions done via the app of NGN 1,049 million (€2,6m)** in December 2019.

Advans Cameroun also focused on digital channels through the soft launch of Advans Money, enabling transfers between their accounts and Orange Money.

In Côte d'Ivoire, the MFI launched a pilot of an owned agent network, Advans Point, with the objective of increasing proximity and responding to clients' specific needs in rural areas. By end of 2019 **the 5 pilot Advans Points reached over €100,000 in deposits**. Meanwhile, Advans Pakistan began partnering with JazzCash, the 2nd biggest agent network in the country, to provide a convenient solution for loan repayments outside of branches and beyond banking hours. In Myanmar, the subsidiary started a partnership with the agent network Ongo to create additional touchpoints for clients and rural CROs.

We also optimised our existing channels, as for example in Ghana where the new role of the Rural Mobile Banking Officers aims to promote digital banking education for rural clients.

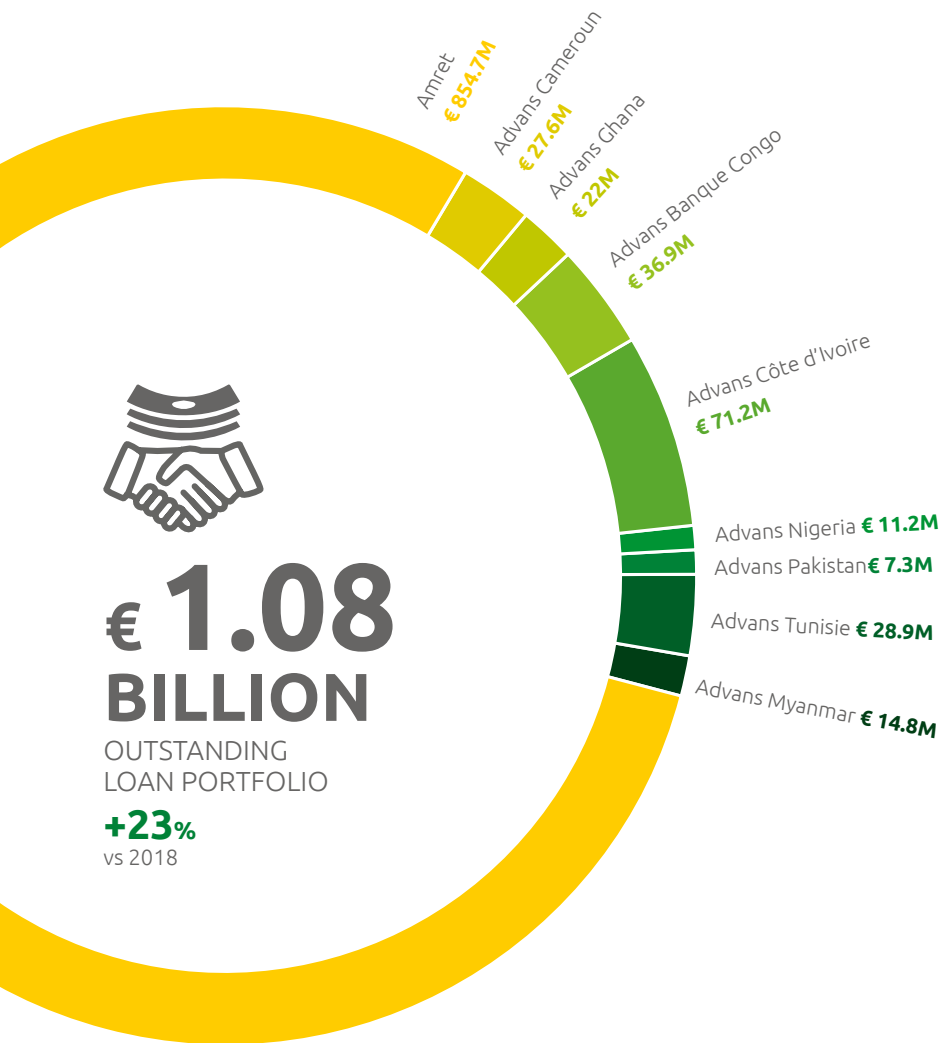
Ambitious goals for the years ahead

Having introduced various channels in 2019, our main focus for the upcoming years will be **scaling up the current omni-channel set up** towards an ever simpler and more fluid customer experience through both digital and physical channels. While we will continue improving our full range of available alternative distribution channels, **digital solutions will play an increasingly important role in our strategy**. Taking into account the expansion of digitalisation in our markets, we will keep diversifying with a special focus on boosting digital channels depending on local context and in line with our different segments' profiles and digital footprints. Our strengthened efficiency in delivering adapted products and services through the use of new technologies will help us to continue deliver on our mission of enhancing financial inclusion for underserved populations.



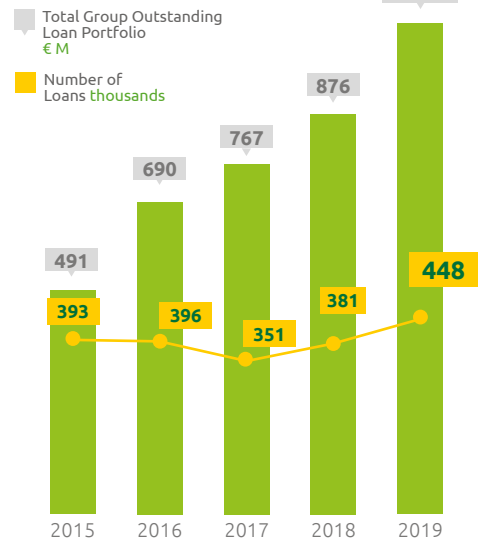
Our performance

LENDING PERFORMANCE 2019

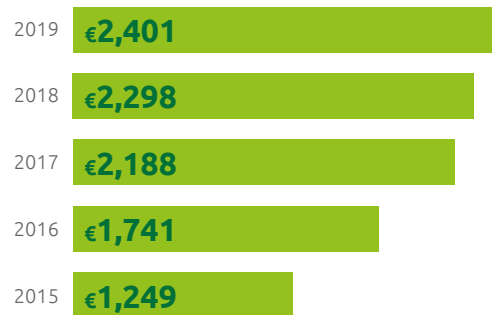


€2,401
AVERAGE LOAN SIZE
+5%
vs 2018

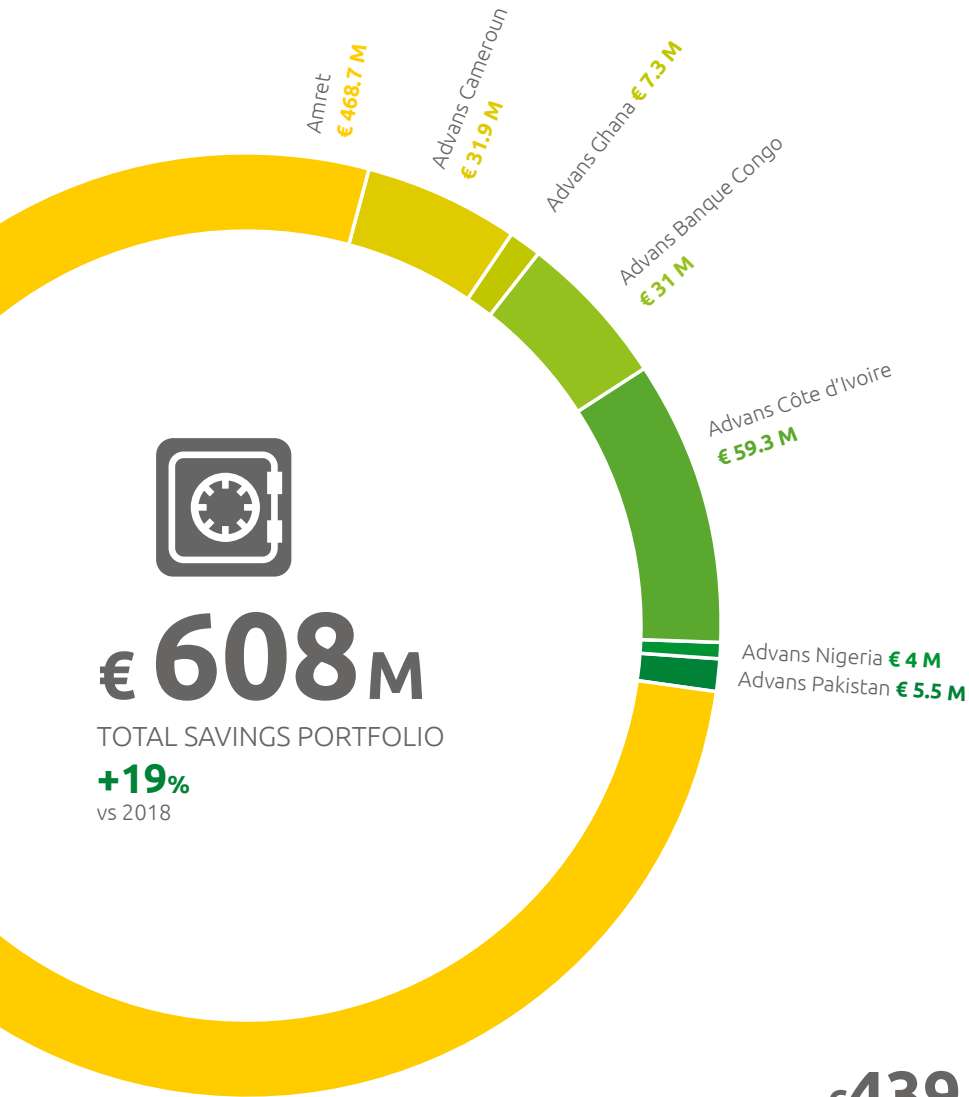
LOAN PORTFOLIO TREND 2015-19



Group average loan size 2015-19



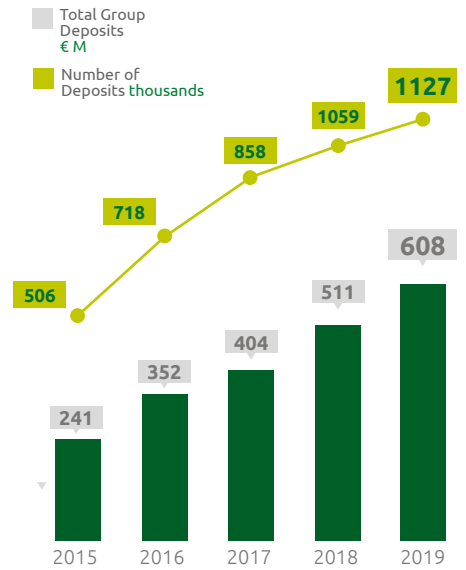
SAVINGS PERFORMANCE 2019



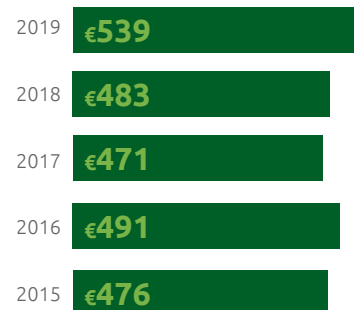
€ 608M
TOTAL SAVINGS PORTFOLIO
+19%
vs 2018

€439
AVERAGE DEPOSIT SIZE
+2%
vs 2018

SAVINGS TREND 2015-19

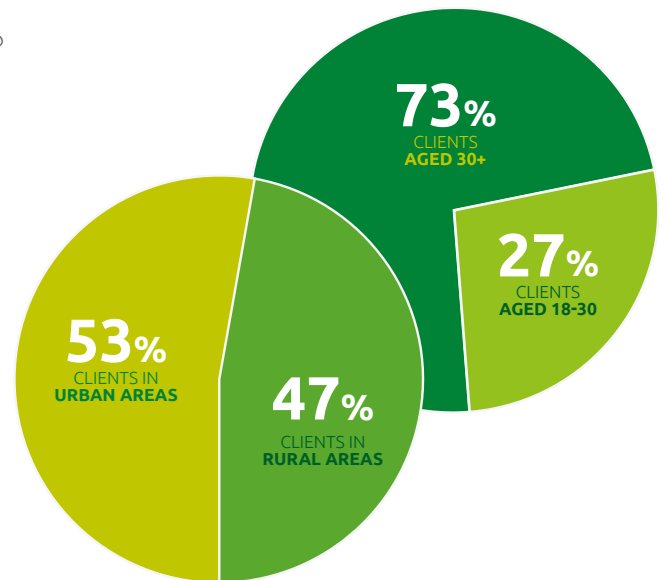
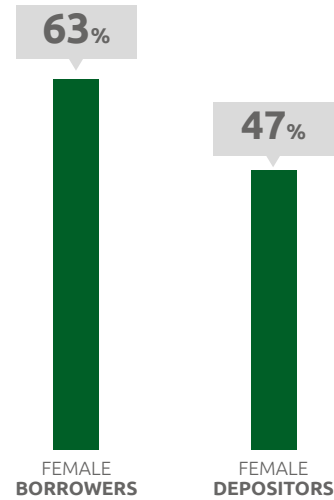
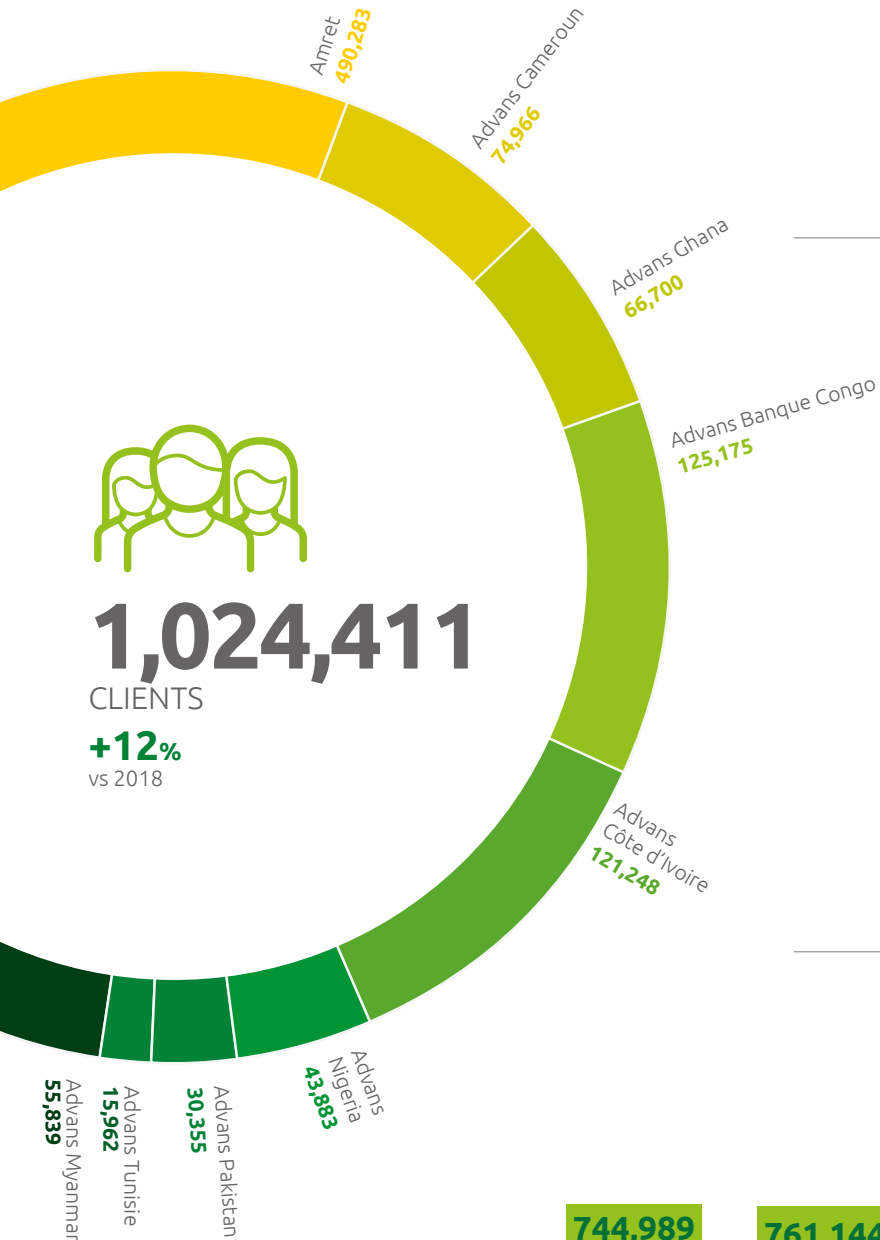


Group average deposit size 2015-19

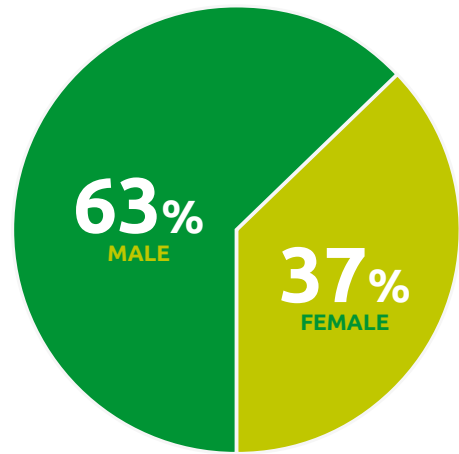
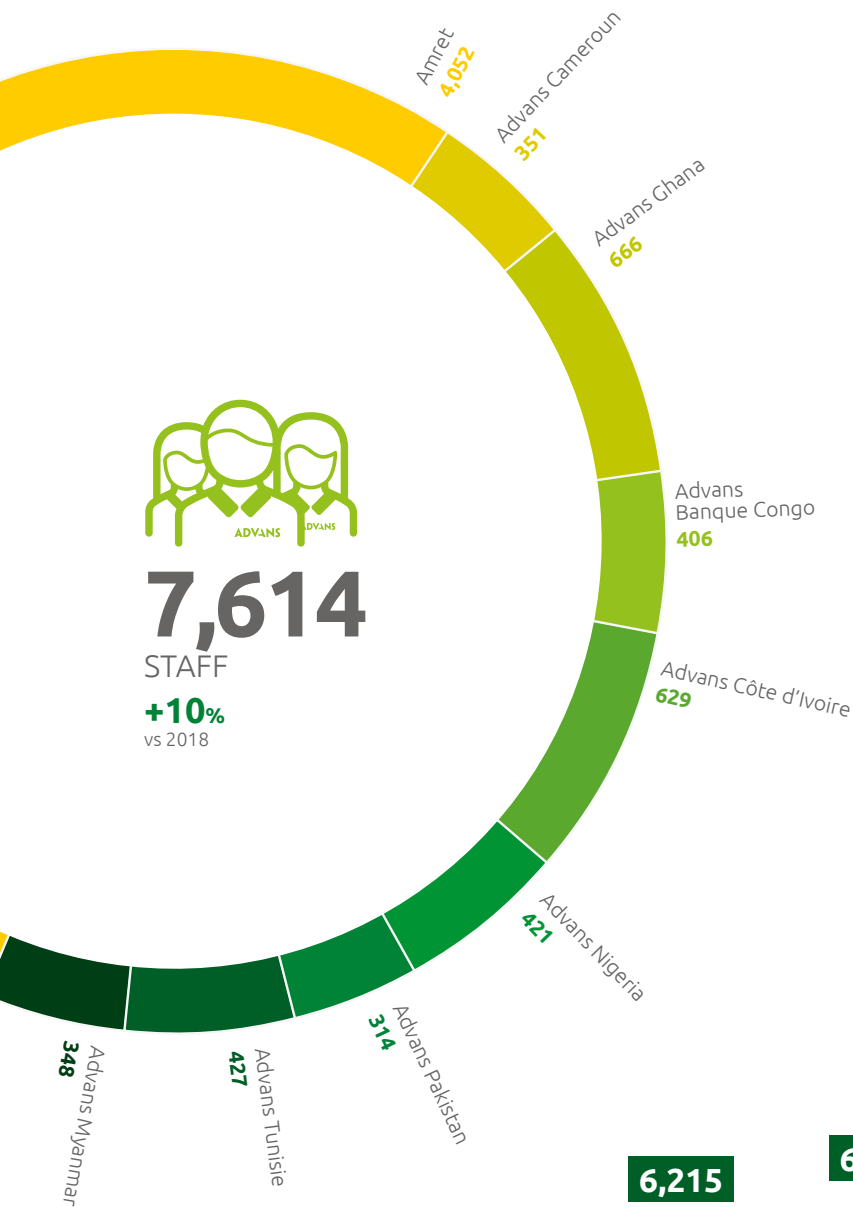


Our impact

CLIENT STATISTICS 2019



STAFF STATISTICS 2019



STAFF GENDER



GROUP STAFF
2015 - 19



25%
Female managers



9
Number of days
of training per employee

Financial Statements Advans SA

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 31 December 2019 (EUR)

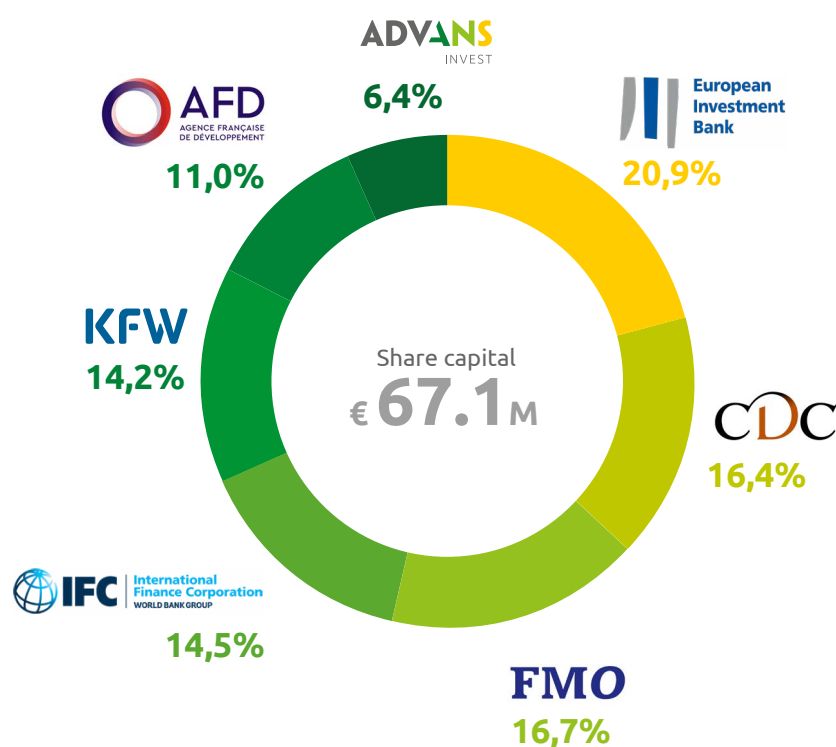
Fixed Assets	As at 31/12/2019	As at 31/12/2018
Shares in affiliated undertakings	191,289,807	159,694,982
Total Fixed assets	191,289,807	159,694,982
Current Assets		
Amounts owed by affiliated undertakings becoming due and payable after more than one year	4,016,423	4,806,432
Amounts owed by affiliated undertakings becoming due and payable within one year	6,089,213	227,822
Other receivables becoming due and payable within one year	137,292	211,727
Cash at bank	1,339,844	3,309,544
Total current assets	11,582,772	8,555,525
Total assets	202,872,579	168,250,507
Liabilities		
Other creditors becoming due and payable within one year	833,235	445,825
Amounts owed to credit institutions becoming due and payable within one year	4,938,616	5,719
Debenture loans becoming due and payable within one year	2,371,696	169,609
Debenture loans becoming due and payable after more than one year	15,942,129	16,392,319
Tax becoming due and payable within one year	4,815	4,815
Total liabilities	24,090,491	17,018,287
Net assets	178,782,088	151,232,220
Equity		
Paid-up share capital	67,116,000	66,914,000
Share premium account	730,438	512,949
Retained earnings	83,805,271	71,531,751
Profit/(loss) for the financial year	27,130,379	12,273,520
Total shareholder's equity	178,782,088	151,232,220

PROFIT AND LOSS ACCOUNT

for the financial year ended 31 December 2019 (EUR)

Income	For the year ended 31/12/2019	For the year ended 31/12/2018
Interest income	722,765	702,214
Dividend income	2,018,637	2,269,028
Other operating income	302,397	440,885
Net changes in fair value on financial fixed assets	29,097,548	14,768,127
Total net income	32,141,347	18,180,254
Expenses		
Operational expenses	3,851,925	3,157,744
Net loss on sale of investments	-	1,933,762
Interests and expenses due	1,156,629	812,006
Taxes	2,414	3,222
Total expenses	5,010,968	5,906,734
NET PROFIT	27,130,379	12,273,520

Our shareholders



ADVANS

Growing together



Advans SA SICAR

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