

2015 - 2016

Annual Report

advans™ 
Growing together

The Advans Group in brief

The Advans Group is active in nine countries in Africa and Asia: Cambodia, Cameroon, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Nigeria, Pakistan, Tanzania and Tunisia. Advans has also created an institution in Myanmar and is waiting for its licence to operate.

Vision

To build a model group of financial institutions which contribute to strengthening local businesses, creating and sustaining jobs and improving clients' living standards, in order to foster private sector-led economic and social development in Africa, the Middle East and Asia.

Mission

Respond to the need for financial services of Micro, Small and Medium-sized Enterprises (MSMEs) and other populations who have ill-adapted, limited or no access to formal financial services through providing tailored financial services in a sustainable and responsible manner.

Key figures 2016*

€ 82.2 million
TOTAL INVESTMENT



5,621
TOTAL STAFF

€ 87.8 million
TOTAL ASSETS



649,660
CLIENTS

10
NO. OF FINANCIAL INSTITUTIONS



€ 544 million
OUTSTANDING LOAN PORTFOLIO

204
POINTS OF SALE



€ 266 million
TOTAL DEPOSITS

*As at 31 March 2016

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CHAIRMAN'S LETTER



“ A reinforced group structure, with Advans International as the network operating headquarters, will ensure that Advans can grow responsibly, focusing over the next years on improving outreach, client centric design and proximity channels, as well as client and staff development. ”



Progress was made on several fronts in the Advans Group during the year in question. Financial year 2015-16 marked the tenth anniversary of Advans, enabling the group to look back on its many achievements over the years, but also encouraging it to continue to relentlessly strive for new successes. Advans was first created in 2005; ten years on with ten affiliates, 650,000 clients and over 5,500 staff, it has become a strong and responsible microfinance group committed to providing MSMEs and other populations with tailored, accessible and affordable financial services in a sustainable manner. At year-end Advans SA had a total of EUR 87.8 million in assets with a net profit of EUR 12.1 million over the fiscal year (non-consolidated).

Through both internal and external events, Advans shared this 10 year milestone with the people who have made its accomplishments possible: the group's shareholders, partners and, of course, its staff.

Over time, Advans has been able to build on its strengths, using the knowledge gained in each new greenfield to refine practices, procedures and methods and constantly evolve so as to increase impact and better respond to clients' needs. Advans Tunisie, the group's latest greenfield, illustrates this evolution perfectly: thanks to the expertise built up at Advans, the MFI was able to launch its activities rapidly, with three branches, 1,685 clients and EUR 3.1 million in loans outstanding after just a year of operations. In return, Advans Tunisie has already been able to bring innovation to the group in the form of integrated CRM and web reporting tools to improve the credit process. As the Advans Group matures, this constant exchange of know-how and experience will serve to enrich the group's pool of knowledge and make sure that it remains at the forefront of the industry. In terms of client protection, the group also marked a significant milestone in 2016 with Amret becoming the first Advans affiliate to be awarded SMART campaign certification in June; we hope that other affiliates will follow in Amret's footsteps. For Advans, responsible finance does not start, nor end, with certification; it is one of the cornerstones of its 'DNA'.

2015 saw the group strengthen its sustainability with two greenfields, Advans Côte d'Ivoire and Advans Nigeria, achieving annual breakeven for the first time, thus bringing the number of profitable affiliates to six. This improved stability for the group and its institutions means that Advans can secure its role as a long-term financial partner for its current clients, while reaching out to new clients who were previously harder to reach through introducing new channels and new products. This is especially true in rural areas: now that the affiliates have built a sound base in urban centres, they are looking to expand their operations to peri-urban and rural areas with high potential for growth. This is being achieved by designing tailored loan and deposit packages for farmers and non-farmer MSMEs, and by developing new distribution channels. Another area for meeting Advans clients' needs is education finance, with some affiliates beginning to develop loan products that are adapted to schools, in order to fund their development, or to parents, so as to help out with school fees. In seeking out areas and client segments where there is significant potential to impact social and economic development, Advans demonstrates its commitment to serving clients most in need of financial services.

The scope of the Advans Group today means that strong core organisation and leadership is needed. The group departments and business lines work together to bring guidance, resources and expertise to affiliates, supporting them in their development. In June 2016, Advans completed the 'transformation' process, which brought this know-how into the group. In this transaction, the former Horus Development Finance, renamed Advans International to reflect its position within the group, became a 100% owned subsidiary of Advans SA. The transaction aligns shareholder and staff interests, with Advans International staff having the possibility to participate in the shareholding of Advans SA through the newly created Advans Invest, and staff incentive schemes based on the performance of the network. This reinforced group structure, with Advans International as the network's operating headquarters, will ensure that Advans can grow responsibly, by focusing over the next few years on improving outreach, client-centric design, and proximity channels, as well as on client and staff development. Advans will enhance its core business of providing loans and collecting savings by means of new technologies which will enable it to increase productivity and provide quicker, more cost-effective and user-friendly services to target clients.

To conclude, I would like to thank Advans staff and management across the network for their commitment over the past 10 years, helping to make the Advans Group what it is today. On behalf of the Board of Directors I would also like to thank our shareholders for their confidence, advice and shared vision of Advans as a renowned, responsible finance driven banking network. I am confident that, as we move into a new phase in Advans' history, we can work together to have an even greater impact on financial inclusion, for the benefit of our clients.

Matthias Adler
Chairman of the Board of Directors

ABOUT ADVANS



Our mission and strategy

Advans primary mission is to respond to the need for financial services of Micro, Small and Medium-sized Enterprises (MSMEs) and other populations who have ill-adapted, limited or no access to formal financial services through providing tailored financial services in a sustainable and responsible manner. Although MSMEs play a pivotal role in fostering economic growth in developing, emerging and frontier countries, they often lack access to efficient financial services tailored to their needs. Advans SA has the dual bottom-line objective of contributing to the private sector-led economic and social development of the countries in which it operates, and 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 which share its mission and values. All investments are made in accordance with Advans SA's risk management policy, which applies geographical risk diversification ratios. Investing for the long term, Advans SA not only provides equity to its affiliates, but also offers them financial resources such as loans and guarantees to help them face short or medium term financial needs.

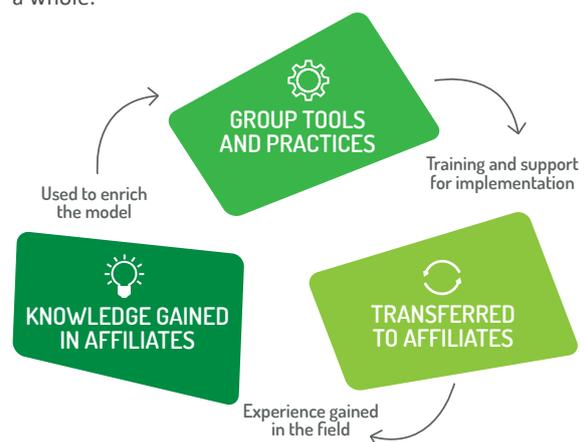
As lead shareholder, Advans SA actively participates in the governance of its financial institutions. Moreover, the company provides guidance, resources and expertise to the Advans affiliates through Advans International, its manager and technical partner.

Advans International has set up a number of group departments and business lines – Credit, Financial Services and Rural Outreach, Human Resources, Finance, Investment, Strategy and Legal IT and Audit & Risk – that provide support to affiliates across the network.

Over the next five years, Advans hopes to consolidate and expand its existing network as well as invest in additional greenfield operations and/or acquisitions in its current regions of operation.

The Advans Model

Advans has brought together its financial and technical expertise in order to develop the Advans model, which is 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.



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 affiliates.

All Advans institutions share the core values of:



Responding TO CLIENTS' NEEDS

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



Promoting STAFF DEVELOPMENT

- 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



Employing CUTTING-EDGE TECHNOLOGY AND THINKING

- 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

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



Maintaining INTEGRITY

- 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

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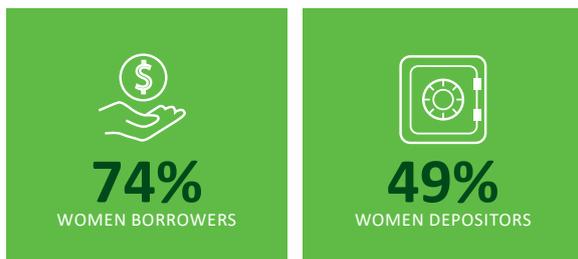


Advans is looking to improve the way it evaluates, monitors and communicates on social performance. In December 2015, the Board of Directors of Advans SA approved a new strategy for monitoring Advans' Social & Environmental performance, which included the redefinition of Advans vision, mission and social goals, ensuring that it has social performance champions on all Boards of Directors throughout the group, monitoring social KPIs and redefining its environmental and social policy and training.

As a first step the Board of Advans SA nominated an SPM (Social Performance Management) Champion and approved Advans' new mission, vision and social goals. Affiliate boards did the same in July 2016.

Following the work done by Grassroots, an external consultant, with Advans Côte d'Ivoire, Advans decided to redefine its mission and vision, and articulate its social goals. We worked with management and staff across the network to agree on a vision, mission and goals that matched everyone's perception of Advans. The social goals intend to break down Advans' vision and mission into goals centred around Advans desired social impact, that can be later translated into specific objectives by each affiliate which will be monitored, measured and improved upon. Through communicating clearly with staff and Board members on its social goals, Advans is looking to ensure that everyone who contributes to the development of the Advans network is on board with its core mission, and therefore guarantee that there is no mission drift. The social goals will also be a key way to measure social performance; Advans is working on the definition of key indicators corresponding to each goal so that it can measure this on a regular basis through a quarterly social dashboard and regular qualitative evaluations, reports and surveys. By setting out a new vision, mission and social goals, Advans intends to raise awareness on the importance of social responsibility at all levels and look to improve its social performance in the future.

As at 31 March 2016, the Advans group had 649,660 clients including:



As at 31 March 2016 the Advans group had:



Advans social goals

 **Have a positive impact on clients' revenues and savings through supporting their activities and building their financial stability:** Through offering appropriate financial services such as loans, deposits and insurance Advans aims to help clients grow and streamline their businesses so as to create and sustain jobs and improve profitability. Via these products we also strive to help reduce clients' financial vulnerability and improve household living standards.

 **Reach out to underserved populations with appropriate products and channels:** Advans endeavours to create tailored products and use innovative distribution channels to serve clients in urban and rural areas who have ill-adapted, limited or no access to formal financial services due to their economic activity, gender, social status, level of education or location.

 **Provide clients with quality services in a transparent, respectful and conscientious manner:** Advans commits to give clients full and clear information on its products and to raise awareness of good financial management, while maintaining high standards of customer service and ensuring the respectful treatment of clients. We promise to lend responsibly through conducting individual risk assessments and follow up and supporting the prevention of over-indebtedness in the market.

 **Create a fair, healthy and dynamic working environment for our staff:** Advans upholds high and progressive HR standards, building a working environment based on equal opportunity, fair remuneration, social protection and open communication. We focus on the professional development of employees through providing adapted training and opportunities for career progression based on merit as well as offering assignments across different affiliates.

 **Be accountable and build awareness of social and environmental issues amongst employees and clients:** Advans aspires to set an example to its clients, staff and partners through raising awareness of the importance of environmental and social questions, finding pragmatic solutions and in defining and implementing a list of activities unsuitable for financing due to non-respect of human rights or working standards or their potential negative impact on society or the environment.

Advans Code of Ethics

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, Prevention of over-indebtedness, Transparency, Responsible pricing, Fair and respectful treatment of clients, Privacy of client data, and Mechanisms for Complaint resolution.

The Advans group is also dedicated to providing a positive and stimulating working environment for its valued staff, founded on equal opportunity, training and exchange, mobility, communication, fair remuneration, protection and awareness.

In order to harmonise group standards for behaviour when dealing with clients and when working in teams in December 2015, Advans SA and all Advans affiliates' Boards of Directors approved the new Advans' Code of Ethics. The five pillars of the Advans' Code of Ethics are as follows:

- 1. Integrity:** each Advans staff member commits to acting in a transparent and honest manner, and to putting the interests of the company before their own during their time spent at work.
- 2. Respect for clients:** each Advans staff member commits to treating clients with the utmost care and respect, and to providing an excellent customer service. Staff should in no way abuse the trust that they have gained from clients.
- 3. Respect for staff members:** each Advans staff member commits to respecting, protecting and valuing their co-workers, and to working together to make Advans a pleasant and friendly working environment. This means acting honestly and treating each other fairly.
- 4. Respect for the community and the environment:** each Advans staff member commits to respecting the environment and the community and to making a conscious effort to ensure that Advans' activities have a positive impact.
- 5. Taking responsibility:** each Advans staff member is held accountable for their actions and areas of responsibility and authority.

STAFF PROFILES

Zine Otmani
CEO, Advans Pakistan



“I think that the first priority as a CEO is to guarantee that each day we are that little bit closer to achieving the goals that the institution has set itself.”

What is your job history?

After finishing my Finance qualification at a business school I worked for Ernst & Young then Mediaco Maroc, a company specialising in the handling of materials, construction and industrial transport, first as a business controller then as Assistant Finance Director. In 2004 I joined Albaraka (formerly FONDEP), a Moroccan microfinance institution where I worked as CEO, before joining the Advans Group in 2011.

What does the role of CEO at Advans entail for you?

I think that the first priority as a CEO is to guarantee that each day we are that little bit closer to achieving the goals that the institution (the Board of Directors and the Management) has set itself. More precisely, to make sure that problems, incidents and queries are identified and dealt with in order of importance and urgency. Also to ensure that the means given to the institution are being put to effective use. It is important as well to enable teams to work in a motivating, dynamic and friendly environment where their efforts are recognised and rewarded. Finally, to anticipate the future needs of the institution, propose solutions and make suggestions for improvement.

Which affiliates have you visited or worked in? Are there a lot of differences between affiliates?

My first affiliate was Advans Cameroun and since I have visited five more affiliates during different missions: Advans Ghana, Advans Banque Congo, Amret, Advans Pakistan and La Fayette MFB - Advans Nigeria. I was CEO for the latter during the launch of operations, from 2012 to 2015. I'd say that there are a few differences between affiliates, but not as many as you'd think. Because of the nature of our business, the impact of local staff and local clients, and therefore the local culture is strongly felt in each affiliate; this is what makes our business interesting and attractive. However, I'd say that there is a common thread which runs through all Advans affiliates: the pride of belonging to a group with strong values and a strong mission. Also, in terms of our business practices, the group model means that there is a relative amount of harmonisation between affiliates.

For you what is the importance of Advans' seminars/exchanges?

First of all, it's always a pleasure to see colleagues from around the world and put names to faces. Secondly, it creates a wider sense of team collaboration, with the chance to share experiences, ideas and new projects. This has a direct impact on our development opportunities, whether for the launch of a new product, a new distribution channel, human resources practices, or procedures. Finally, it gives us the chance to measure and to appreciate the group's achievements up until that point.

What skills would you say you had developed at Advans?

I have learnt a great deal already since I joined the group. I have definitely developed my understanding of SME needs and financing as well as the management of savings collection both technically and strategically. I have also learnt a lot about different financial services. However, it is not all about technical skills: HR management and managing teams of people from different backgrounds was something new to me when I started at Advans, and I am still learning on this front.

Why did you choose to work in microfinance?

Because it is a job where contact with reality and with the field are key, even though that does not change the fact that you need to have in-depth understanding of banking, finance and management. What's more, it's great to feel that you are having a positive impact on clients and on the economy of the country in which you are working.

What do you appreciate most about the Advans group?

Its ambition and its goals, the spirit of the group, the strong sense of ethics and, most of all, the people who work here.

Nastasia Le Tallec

Branch Manager, Sousse, Advans Tunisie
(branch opened in April 2016)



“I began as a young graduate with an idealistic and theoretical notion of microfinance: I now have four years of experience, most of which has been in the field, and I have therefore discovered the realities and the technical side of the sector.”

What is your job history at Advans and how has your role developed?

My Advans group adventure started almost four years ago, in 2013, when I joined the Operations Unit at Advans International as an intern. After that I was offered a position as Operations Officer while I finished my studies (I worked three weeks at Advans and studied one week per month). Finally, in January 2015, I joined Advans Tunisie.

My position at Advans Tunisie was a logical step in my experience at Advans: I gained initial understanding of microfinance and discovered the group during my internship, then during my year as Operations Officer I visited my first affiliates (Congo, Cameroon, Tanzania, Nigeria) and built up my knowledge of Advans' operations. Following that I was able to use this experience to take on a longer-term mission in an affiliate and assist with the launch of Advans Tunisie as Project Manager I've gained more field experience with commercial teams and clients through my current position.

What is a typical day for you at Advans?

I open the branch every day at 7:30am to plan my day, reply to all pending emails and review the logistical, IT, HR and financial activities of the branch over a coffee. When the teams arrive at 8:00am, management of the teams takes over: I have individual weekly meetings with all the client officers and team meetings. I help with loan applications, follow up on repayments, client visits and prospecting activities, while I also have meetings with all the different supervisors in the branch to check that everything is going well on all levels. After that, it is time for lunch, when everyone can relax over some homemade food. In the afternoon we hold our credit committees to validate each loan request and make sure that the amount given to the client is in line with their payment capacity. The end of the day is usually more relaxed, and we have time for team-building activities.

How has your experience at Advans helped you to develop your skills and career prospects?

At Advans I've been able to thrive both personally and professionally. I began as a young graduate with an idealistic and theoretical notion of microfinance: I now have four years of experience, most of which has been on the field, and I have therefore discovered the realities and the technical side of the sector. I have also been able to discover different cultures, methods of working and I have met people from across the network who are passionate about what they do. My first two years with Advans Tunisie have really been satisfactory and inspiring for me: after building up my theoretical knowledge at Advans International on various subjects and themes, I have been able to put this theory into practice in Tunisia. I have also discovered new themes which I am passionate about through the various projects I have worked on. This year, as branch manager, I have developed my managerial and commercial skills and have gained true field experience, focusing on our core business and working daily with field staff and clients.

Marie Noel Amanlaman

Head of Operations in charge of the Back Office,
Marketing and Communication, Advans Côte d'Ivoire



“Thanks to Advans I've learnt how to manage a team and take the initiative to change things, to no longer be the person executing the tasks but the person who leads a project, making the decisions on how to go forward.”

What is your job history at Advans and how has your role developed?

I started working at Advans in 2011 when I was hired to do the market studies for Advans Côte d'Ivoire during its preparation phase (before the launch of operations in March 2012). I then became Operations Assistant in November 2011. Following the opening of the first branch and the training mission by staff from Advans Cameroun, I became Client Assistant Supervisor for six months, a period in which I trained the first two Client Assistants in the network. I then went back to head office, where I was promoted to Coordinator of Support Operations a few months later: I was in charge of the back-office, training, and the legal department and took part in various implementation projects for new products and services. I've been in my current position since July 2014.

What is a typical day for you at Advans?

At the back office level I do a lot of supervision and follow-up. I ensure that the products and services we offer are correctly processed and validate the different batches. I oversee product development and the implementation of new products. In terms of communication and marketing I monitor the different projects we have running on a daily basis. I also keep an eye on what events are coming up to make sure that Advans participates in the most relevant and important events locally. Finally, I also make sure that all client complaints are recorded and dealt with.

How has your experience at Advans helped you to develop your skills and career prospects?

My experience at Advans has really brought me a lot. I learnt how to push my limits and try that little bit harder. I studied marketing and even though I also did communication I'm someone who is quite reserved, serious and who doesn't really like to be in the limelight. But thanks to Advans I've learnt how to communicate with both my managers and my co-workers. I've learnt how to manage a team and take the initiative to change things, to no longer be the person executing the tasks but the person who leads a project, making the decisions on how to move forward. This has helped me to open up to others and develop my skills.

Why did you choose to work in microfinance?

I chose to work in microfinance because I wanted a new experience. Previously, I worked in communication agencies and I had started to get bored. Advans was an opportunity that I seized to see how far I could push myself – a real challenge!

What do you like the most about the Advans group?

The team spirit and the easy communication. Advans has been a very exciting professional adventure and if I could I would do it all over again! I was also given the chance to travel to France for the Advans 10 year anniversary seminar, where I got to meet and exchange with staff from all over the network.

THE YEAR IN REVIEW

(April 2015 – March 2016)



April

■ On 2 April 2015 Advans Côte d'Ivoire receives a visit from the Ivoirian Minister for Employment, Social Affairs and Professional Training for having trained and recruited 25 PEJEDEC interns (Project supporting youth employment and skills development)

■ Advans Pakistan participates in the 'My Karachi-Oasis of Harmony' Exhibition 2015 from 10-12 April

■ Advans Ghana extends its smartphone pilot project, enabling Client Officers to enter GPS data and other information into the CRM in the field, to two new branches, after the initial pilot in the Ashaiman branch in August 2014



June

■ Amret celebrates National and International Environment Day on 5 June with the Provincial Town Office at the Provincial Hall of Prey Veng

■ Advans Côte d'Ivoire opens its seventh branch at Koumassi St-Etienne in Abidjan and is announced as one of three finalists for the Microfinance Best Practices International Award from the Giordano dell'Amore Foundation

■ Advans Banque Congo opens its first branch outside Kinshasa, at Kikwit

■ Advans Tunisie officially opens its second branch at Place de Barcelone in Tunis on 29 June



August

■ Advans Tunisie signs a partnership with Assurances Maghrebria VIE on 26 August 2015 in order to offer micro insurance products to its clients

■ Amret begins the roll-out of the mobile teller channel in its mobile financial services project, with the goal of extending the service to 130 branches with 260 tellers in September 2016

2015



May

■ Advans Cameroun receives a visit from the French Ambassador to Cameroon, accompanied by the head of the Agence Française de Développement in Cameroon

■ Advans Ghana's CEO holds breakfast meetings with clients to encourage them to sign up to a 9-day business development training course for 240 clients, supported by IFC and AFD



July

■ Advans Banque Congo participates in the International Fair at Kinshasa from 11 July - 11 August

■ Advans Nigeria – La Fayette MFB launches Advans Access which is an individual loan for small micro-business owners



September

■ Advans Cameroun opens its fifteenth branch and fourth one in the city of Yaoundé



October

- Advans Côte d'Ivoire attends the National Cocoa and Chocolate days (JNCC 2015) in Yamoussoukro from 1-3 October
- Advans celebrates its tenth anniversary at a staff seminar in Burgundy, France, from 4-7 October
- Advans Ghana introduces international money transfer services to enable its customers to receive and send cash internationally, and launches its first low-cost point of sale at the Galaxy Oil fuel station in Suhum, in the Eastern region, as part of its ADC project



December

- Advans celebrates its tenth anniversary with investors and partners in Paris on 4 December
- Advans Cameroun takes part in the SME Exchange, organised by employers association ECAM (Entreprises du Cameroun) in Douala, from 5-9 December



February

- IFC announces that it will be providing a USD 50 million financing package to Amret to help the MFI increase its lending to small businesses, particularly in the agricultural sector and rural areas
- Advans Cameroun holds its first network wide seminar

2016



November

- Advans Côte d'Ivoire completes a capital increase, bringing its capital from FCFA 3,750,000 (EUR 5.7m) to FCFA 5,000,000 (EUR 7.6m) with all shareholders subscribing
- Advans Tunisie opens its third branch in the Ariana region of Tunis on 4 November
- Advans Bank Tanzania welcomes Letshego Holdings Limited as majority shareholder; Advans SA remains minority shareholder with a presence on the Board of Directors. The bank is renamed Letshego Bank (T) Limited in August 2016
- Advans Ghana begins its rural expansion project with the support of the Rural and Agricultural Finance Programme – IFAD



January

- Advans Nigeria – La Fayette MFB opens its sixth and seventh branches in Oyo and Ogbomosho, the MFB's first branches outside of Ibadan



March

- On 1 March 2016, Advans Côte d'Ivoire organises its second SME Event, on the theme 'Financing Small and Medium Entrepreneurs: Advans' SME range, a solution to all your needs'
- Advans Pakistan organises a cricket competition under the Employee Engagement initiatives on 12 March

KEY PROJECTS

Rural Expansion in Ghana

Now that Advans Ghana has reached financial stability in urban centres, the MFI is focusing on scaling up its activities and increasing its outreach, especially in peri-urban and rural areas where there is high potential for growth. In line with the group strategy, and in order to serve rural clients in a sustainable and responsible manner, Advans Ghana aims to: i) develop tailored credit and deposit products for farmers and other clients in their value chains, together with a suitable risk mitigation methodology; and ii) introduce innovative, adapted delivery channels (including digital solutions and agent networks) to serve rural clients in remote areas.

The Ghanaian agricultural sector is undergoing rapid expansion with an annual growth rate in excess of 4.5%. Due to this growth, small and micro businesses operating along agricultural supply chains are in need of financial services to support their development. While agriculture contributes to 21% of GDP in Ghana and employs 45% of the workforce, only 10% of loans in Ghana are dedicated to agriculture. Although there are a number of well-established rural banks in Ghana, they have much higher deposit portfolios than loan portfolios and therefore have a limited impact. In creating an accessible and innovative all-in-one service for rural clients, Advans Ghana aims to act as a pioneer in the market and encourage rural economic development in Ghana.

In 2015, the MFI obtained funding from the Rural and Agricultural Finance Programme (IFAD funded) to carry out market studies with farmers and research into delivery channels in the areas around its branches identified as having the most agricultural potential. The MFI conducted studies, which included individual qualitative surveys with 122 farmers, in the Volta, Eastern and Greater Accra regions.

Key take outs from the studies:

- 75% of the farmers interviewed had never received a formal loan
- While the majority of farmers already had an account in a financial institution a number of improvements can be made to ensure that they have savings to suit their needs.
- The main reasons for farmers to save were to prepare for the next cropping season and to cope with emergencies
- More than half of the farmers had already used a mobile wallet, with proximity being a very important factor for the choice of their financial services provider

In light of the results of these studies, Advans Ghana intends to position itself as an all-in-one financial partner for rural segments, offering loans, deposits and service packages tailored to rural clients' needs. The MFI aims to take an educational approach to offering financial services through information sessions for clients.

On the agricultural lending side, commercial farmers, especially those located around current coverage areas, will be served with an individual or small group agricultural loan product involving a standard individual cash flow-based loan appraisal. Smaller farmers will be offered a financing product through their value chain, with a loan appraisal at the cooperative or association level, and a risk-sharing mechanism within the value chain, to enable larger-scale financing for these groups.

Due to the lack of organisation in Ghana and the high cost of funding, Advans Ghana will adopt a gradual approach to financing farmers in value chains. Tailored savings plans will be used as an entry point to build a relationship with these farmers, prior to expansion to loans. Piloting savings will enable the MFI to: i) test the groups' organizational capacity; ii) evaluate the farmers' willingness to save and their commitment to their group; and iii) develop a more in-depth understanding of farmers' needs.

In terms of distribution channels: Advans will make accounts accessible on three levels: i) low-cost points of sale with Client Officers in rural towns; ii) Advans field tellers equipped with a mobile solution; and iii) third-party mobile money agents for cash-in cash-out transactions through mobile wallets in villages.

Advans Ghana has already begun to pilot some rural activities and created partnerships. This includes a pilot of non-agri rural lending products for businesses in rural areas in close proximity to existing branches, with a small new team of rural Client Officers. In addition, Advans Ghana's field tellers are now able to cover a wider area around branches with an enhanced mobile solution enabling them to open accounts in the field, collect deposits and make small withdrawals. Advans Ghana is also finalising the integration for wallet to bank and bank to wallet transfers, to act as cash-in and cash out points for rural clients. The institution has established links with possible value chain partners, interested in testing a partnership with a microfinance institution and has launched some deposit pilots with cocoa cooperatives and rice farmers which can be extended in future. Finally, the MFI is looking at offering an adapted insurance product for clients in rural areas with its current insurance partner.



Education Finance in Cameroon

In 2015 Advans Cameroun received a credit line and technical assistance from the REFFA fund (Regional Education Finance Fund for Africa, a fund focusing on financing education related projects across Africa) to facilitate the development of its loan portfolio for educational funding purposes. The new financing scheme will benefit four principal groups of clients:

- Schools and training centres
- Entrepreneurial parents looking to fund their children's education
- Employee parents receiving their salary through Advans Cameroun looking to fund their children's education
- Students

An external consulting firm assisted with the initial project launch in March 2015 by providing the technical expertise for development of the products. Advans Cameroun appointed an internal Project Manager to ensure the efficient development and implementation of Education Finance at the institution, and the project was also supported by the Credit Unit at Advans International.

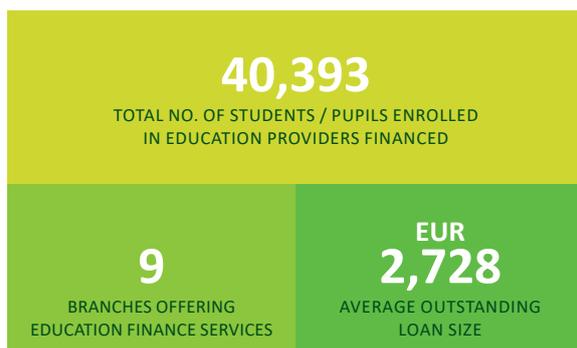
Initial market studies aimed to analyse the local school system and environment, in order to establish the profiles and needs of prospective educational loan clients and develop a tailored offer. These studies showed that the Education Finance project is innovative and appealing in Cameroon because of the global approach taken to education finance (i.e. the financing of different players), which thus positions Advans Cameroun as a pioneer in this field.

Results: March 2016

March 2016 marked the end of the first step of the school loan pilot, which focused on the implementation of two main product lines:

- **Loans to schools:** Advans Cameroun's existing investment loan was redesigned so as to provide flexible repayment schedules adapted to the cash cycles of the schools
- **Loans to parents:** targeted at both entrepreneurs and employees, this new loan covers expenses related to school fees.

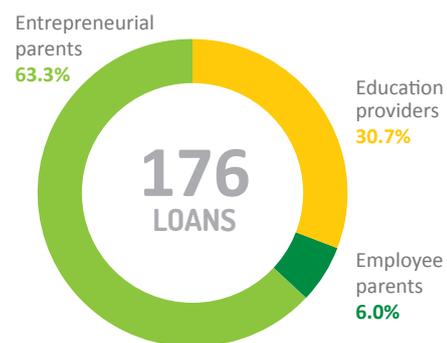
A new product is also currently being launched which aims to fulfil the short term working capital needs of schools.



In providing education finance, Advans Cameroun hopes to have a positive effect on the education sector and therefore the economic and social development of the country in general. This involves helping parents to send their children to school, but also contributing to the formalisation of school establishments, by providing the means for schools to invest in resources and renovate their premises in order to increase the quality of teaching provided.

Education finance will also be piloted in Advans Ghana, again with the support of REFFA, the first phase of the three phase pilot began in July 2016.

Outstanding Education finance portfolio (Number)



Outstanding Education finance portfolio (Volume)





New innovative tools being launched in affiliates

Affiliates of the Advans group have recently been developing and piloting new technological solutions which can be used during prospecting activities, monitoring, follow-up and recovery. The Credit Unit and IT Department at Advans International have selected the tools developed in affiliates that have the greatest potential to improve cost-effectiveness, efficiency and productivity for integration into the Advans model and dissemination in the network. The solutions chosen have to be compatible with a smartphone or a tablet, designed for Advans staff and/or external agents and usable on the field. Three of these tools are described below:

Data collection during prospecting activities and beyond:

Advans Ghana, Advans Banque Congo and Advans Côte d'Ivoire are using data collection technology to gather data on clients; the technology can be used for gathering information on prospective clients on the field to later create client files in the system and for client follow up. The benefits of the tool include:

- Easy to implement and use and available offline on a smartphone or tablet;
- Client Officers can collect information on the field on clients or prospective clients, i.e. GPS details, name, profession, photograph, etc. and upload them later (possible to upload to the CBS when a specific link has been developed);
- The information is collected through standardised forms (which in addition are easy to create and change);
- The information collected can be accessed and used during the loan appraisal process or during the evaluation of staff performance;
- It enables Client & Recovery Officers to improve the monitoring of clients and helps them to optimise and prioritise their activities; and
- It eases the monitoring of activities on the field and will help affiliates to develop more in-depth geo-marketing strategies in future.

Customer relationship management on the field:

Advans Tunisie implemented an inter-connected web-based Customer Relationship Management tool which has the following benefits:

- The application can be accessed remotely on a smartphone or tablet and all data is synchronized automatically with the central CRM;
- Each user has a username and password which is the same as that for the central CRM;
- Prospective client profiles can be created and edited on the field and the central CRM can be accessed from the application; and
- Client Officers can manage their client visits through an online agenda with alerts, make direct calls to clients and save details of their calls.

Following up on the portfolio:

A web-based reporting system was piloted by Advans Tunisie's teams over the year and is under implementation in Advans Ghana (pilot phase). This system is beneficial because:

- It enables quick and remote access (through smartphones, tablets, PCs) to key information on the loan portfolio including reports on pending loan applications, active clients, disbursements, repayment dates, and client contact details;
- Key information is displayed on a dashboard which is updated in real time; and
- Each user has rights according to their specific needs at their level (e.g. Client Officer, Branch Manager, Recovery Officer, CEO). For example Client Officers can see their individual portfolios, while the CEO can see the overall portfolio and analyse achievements against targets.

Results of the pilots have shown that the tools described above improve prospective client management and follow-up of loan clients. For commercial staff, the tools increase productivity and motivation because staff feel that there is more structure to their work. This also means commercial staff better respect the policies and processes in place and, consequently, as well as enhancing performance, these tools help to improve the quality of the loan portfolio and the service provided to clients. So as to make the best possible use of these tools, the Credit Unit and IT department at Advans International are working on standardising and optimising their use, depending on the specific needs of each affiliate. Advans hopes that in sharing these new tools with other affiliates in the network, it can improve the efficiency of the lending process across the group.

Advans Heroes

In the final quarter of 2014, four Advans affiliates – Advans Cameroun, Advans Ghana, Advans Bank Tanzania, (which only participated in stage 1 of the project) and Advans Nigeria – La Fayette MFB began working with a South African communications agency, FCB Africa, in order to improve their communication, especially for deposit clients. The project, funded by Regmifa, was the first of its kind in the network, and gave Advans some key insights into what it needs to do to improve its marketing and communication methods. The project began with a brand analysis where the consultant examined information on the position of each affiliate on the market, their strengths and weaknesses in terms of communication, and how this compared to competitors. The consultants spoke to key stakeholders, including management and clients, and also examined affiliates' communication materials.

Following the brand analysis, the agency began to work in early 2015 on defining the desired positioning of the brand, and a 'Big Idea' for a deposits campaign to be carried out in all three countries. FCB recommended that Advans put an emphasis on its role as a supporter of its clients and defined itself as a privileged partner that helps ambitious clients to achieve their goals.

The 'A Different Kind of Hero' idea, which was chosen as the campaign theme by affiliates, aims in particular to get across this notion of Advans as a privileged partner; there to accompany clients and give them the financial services they need to reach their objectives. The client is painted as an everyday 'hero' at the forefront of the campaign and the idea of the community is brought in through the suggestion that the actions of this 'hero' also help others. The campaign has a strong emotional message which aims to attract the attention of Advans' target clients: they can identify with the 'hero' at the centre of the campaign.

Following the Big Idea stage, the third stage of the project translated these ideas into visuals and media (TV, radio) suggestions for a campaign. The key visual pull is the client with a flowing green cape which draws the eye and pinpoints the character as a hero. The final stage was then a marketing plan, which set out the different channels to be used and the timetable for the launch of the campaign. While the funding covered all the stages described above, the actual production of the materials was not part of the funded project. In early 2016, the three affiliates decided to go ahead and produce television, radio and billboard campaigns using the same agency and the 'Hero' idea. Elvis Oheneba, Head of Sales, Marketing and Retail at Advans Ghana, was sent to South Africa to represent Advans during the production. The campaigns were launched in summer 2016 and affiliates have had positive reactions from clients so far; a more in-depth look at the results of the campaign will be carried out later in 2016.





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 Horus 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. In June 2016, Horus changed its name to Advans International and was acquired by Advans SA.

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.

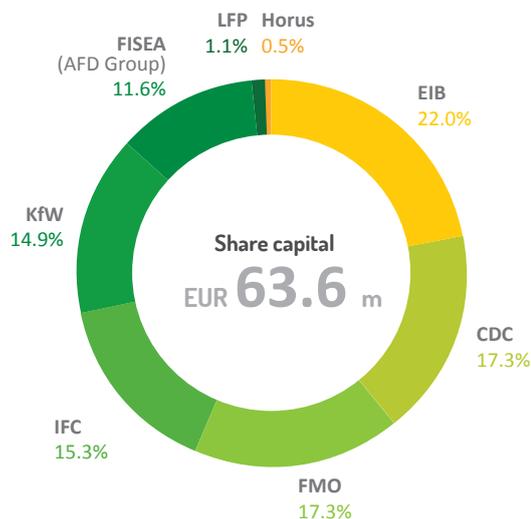
As at 31 March 2016, Advans SA’s total committed capital amounted to EUR 63.6 million, split as follows:



European Investment Bank (EIB)

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

As of end December 2015, the EIB had about EUR 980 million in active commitments to about 54 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 79.3 billion in 2015 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 on the private sector in emerging markets. Working with 2,000 businesses worldwide, it uses its six decades of experience to create opportunity where it's needed most. In FY-16, its long-term investments in developing countries rose to nearly USD 19 billion, leveraging its capital, expertise and influence to help the private sector end extreme poverty and boost shared prosperity.

FMO

Netherlands Development Finance Company (FMO)

FMO is the Dutch development bank. FMO has invested in the private sector in developing countries and emerging markets for more than 46 years. Its mission is to empower entrepreneurs to build a better world. It invests in sectors where it believes our contribution can have the highest long-term impact: financial institutions, energy and agribusiness. Alongside partners, it invests in the infrastructure, manufacturing and services sectors. With an investment portfolio of EUR 9.2 billion spanning over 85 countries, FMO is one of the larger bilateral private-sector development banks globally.



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 nine-year investment target of EUR 250 million. Owned by the AFD and managed by PROPARCO, it makes equity and quasi-equity investments in businesses, banks, microfinance institutions, investment funds, social business funds, and infrastructure projects operating in Sub-Saharan Africa. FISEA targets regions that are more unstable or emerging from crisis situations, as well as sectors traditionally bypassed by investors, such as agriculture, microfinance and healthcare.

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 2016, its members were the following:

Matthias Adler

Chairman of the Board, Head of Division, Infrastructure & the Financial Sector in West Africa, KfW

Maria Largey

Microfinance Investment Manager, CDC Group

Eelko Bronkhorst

Partner, Financial Access Capital Partners

Claude Falgon

Chairman and Chief Executive Officer, Advans International

Laurent Klein

Advisor to the Management Board, Proparco

Gail Buyske

International Banking Consultant

Audit and Risk Committee

The Audit and Risk Committee plays a fundamental role in i) monitoring financial information; and 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 Audit and Risk Committee was chaired by Gail Buyske as at 31 March 2016.

HR and Governance Committee

The HR & Governance Committee supports the Board of Directors in exercising both its corporate governance functions, notably through: i) ensuring the Board's effectiveness and development by reviewing and making recommendations on its composition; and ii) ensuring the group's adhesion to good corporate governance by reviewing and making recommendations on the situation in all group companies; and its HR functions, through: i) proposing candidates for senior management positions to the Board of Directors; and ii) reviewing and proposing appropriate compensation packages. The HR & Governance Committee was chaired by Maria Largey as at 31 March 2016.

Social Performance

Advans has nominated a Social Performance Management (SPM) Champion who is responsible for supervising the integration of social performance practices within the group. The SPM Champion is responsible for building awareness amongst Board Members of the importance of good SPM practices and giving feedback in general on the group's social performance. Maria Largey was Advans' SPM Champion as at 31 March 2016.

Management

Advans International supports, oversees and sets standards for the group, by providing guidance, resources and expertise. In capitalising on the experience and know-how developed over the last ten years, Advans International ensures that Advans continues to innovate and employ the best practices and methods in the sector. Advans International has created group departments and business lines to guide and back affiliates' development.

Advans International has brought together a strong management team who share Advans values and are committed to ensuring the successful operation of the Advans group:

Claude Falgon

Chairman and CEO of Advans International, Board Member, Advans SA

Steven Duchatelle

Deputy CEO of Advans International – Operations

Amanda Hannan

Deputy CEO of Advans International – Investment

Isabelle Montfort

Chief Finance Officer

Marie Krugler

Chief HR Officer

Rodolphe Dartigues

Chief Information Officer

David Paulson

Head of Audit and Head of 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.



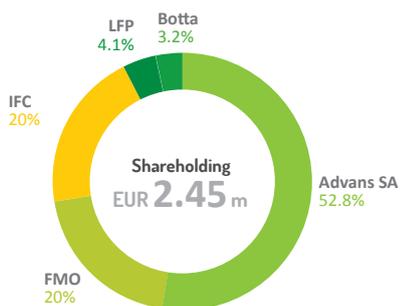
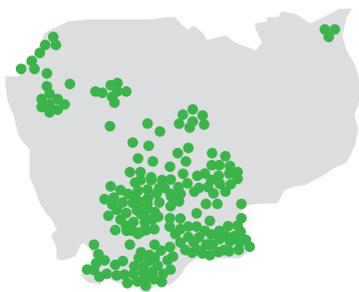
AMRET



July 1991
START OF OPERATIONS

3,262
EMPLOYEES

138
POINTS OF SALE



Business Development

Amret delivered very good operating and financial results in 2015-16, expanding its footprint in a healthy economic context with real GDP growth of 6.9% in Cambodia. By end March 2016, there were 36 commercial banks, 11 specialised banks, 8 MDIs, 50 MFIs and 104 registered NGOs in the country. Despite this intense competition, Amret continued to grow at a steady rate with a 45% increase in the loan portfolio and a 37% increase in total deposits. Meanwhile PAR (Portfolio-at-risk) 30 remained relatively stable at 0.16%.

In order to respond to market and client expectations, Amret invested in improving the customer experience during the year by creating a new Branded Customer Experience Policy. This aims to embed a client-centric culture in the MFI, by training staff to offer the best customer service possible, thus enabling Amret to retain its existing clients and reach out to new ones. In keeping with a client-centric culture, Amret has implemented the SMART Campaign's Client Protection Principles (CPP) at all levels of operations, and, thanks to the work in 2015-16 received CPP certification in June 2016.

The year also saw the roll out of Amret's mobile collection service, the first channel in its Mobile Financial Service (MFS) Project which aims to reach out to rural lenders and depositors through the use of innovative delivery channels. The service should be available in 127 branches by September 2016. On the HR side, Amret strengthened its internal organizational structure in order to support sustainable growth, building a strong leadership team to focus on the strategic enlargement of the scope of products and services on offer to its target market segments.

In the year to come Amret aims to increase the maximum amount available for several of its credit products in order to adapt its offering to the changing market, launch an ATM service and pilot a third-party agent network (the second channel in the MFS project). In terms of expansion, the MFI will be concentrating on expanding in Phnom Penh, where there is high potential for deposit collection and demand for SME loans.



Yin Chantha

Mrs Yin Chantha is 40 years old and lives in Prey Tear village, Chaom Chao commune, in the Porsenchey district of Phnom Penh. She is a mother, with one son and two daughters. She runs an embroidery business at her home while her husband works as a freelance photographer. Over the past few months, Mrs Yin Chantha has begun to save via Amret's mobile teller service. "I was surprised and pleased to see Amret launching a doorstep savings service. Previously, due to my busy work schedule at home, I didn't have the time to travel to the branch to make deposits" she commented. She also added that thanks to the new service she will be able to save more money for her children's higher education in the future.

“ Thanks to Amret's mobile teller service, I can save easily from home! ”

Lending Activity

Amret's lending activity grew 8% above the market average. The overall increase in volume was largely due to the expansion of individual loans which increased by 59%: individual loans represented 85% of the total portfolio volume at year end. This was driven by the acquisition of new individual customers (up 13% to 146,174 clients) and a rise in the average individual outstanding loan size (up 38% to USD 2,784). Conversely, the number of group loan clients was on a downtrend and fell by 8%. This move to promote larger individual loans is part of a deliberate strategy by the MFI, which continues to screen out group clients with a high level of over-indebtedness due to market saturation for this segment. Nonetheless Amret still considers group loan clients as a key target and showed its dedication to serving these borrowers through increasing the loan ceiling by around 13% to USD 365 during the year. To ensure good portfolio quality in a challenging market, Amret closely monitored all lending transactions, reinforced implementation of the credit policy and procedures, strengthened training on credit risk culture for all lending officers, reviewed loan assessment processes and monitored the overall concentration of risk in the portfolio. Over the year to come Amret will continue to concentrate on maintaining a good level of portfolio quality and further diversifying the portfolio, with a specific effort to increase the volume of agricultural loans.

Deposits and Other Financial Services

Amret's overall savings portfolio increased by 37% in 2015-16. This was lower than growth in the industry as a whole, which stood at 46%. The number of savings accounts grew by 42% to 265,701 at end of March 2016 vs 181,575 at end March 2015. The roll-out of mobile collection as part of Amret's Mobile Financial Services project enabled the MFI to gain an advantage over competitors and boost its savings mobilisation. By end March 2016, Amret had 23,274 active mobile accounts with a savings portfolio of USD 1.8m (ca. EUR 1.6m) in 68 branches from 140 mobile tellers. Amret wants to maintain a competitive edge and continue to attract small and stable deposits. The MFI is thus looking to introduce new products and services, such as insurance, overseas remittance and transfers in the near future, by partnering with banks, insurance providers and mobile payment companies.

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.



406,230
CLIENTS



EUR 199.8 m
TOTAL DEPOSITS



EUR 420.0 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity



ADVANS CAMEROUN



May 2007
START OF OPERATIONS

453
EMPLOYEES

15
POINTS OF SALE

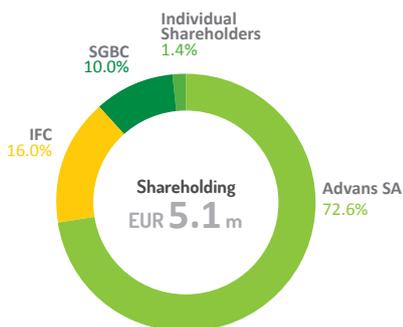


Business Development

Advans Cameroun's loan portfolio remained stable year-on-year, with an increase up until November 2015, but a subsequent decline over the December to March period. At the same time, the institution was able to improve its portfolio quality thanks to increased monitoring and recovery efforts. The MFI also achieved sustained growth in the deposit portfolio volume, with a 15% increase from March 2015 to March 2016. The Cameroonian economy showed an acceleration in GDP growth in 2015, due to expanding oil production and the development of some other key sectors, but there were also persistent security issues in the north affecting some of the institutions' branches.

During the year, Advans Cameroun continued with the launch and implementation of its alternative delivery channel project in partnership with IFC and the Mastercard Foundation, which aims to expand its outreach, especially in rural areas. The MFI also expanded its network over the period with the opening of its fifteenth branch in Yaoundé. In terms of products, new education finance products were launched to fund schools and parents in partnership with REFFA, with a special challenge to boost commercial staff's sales on this front. Under its agricultural financing programme, the MFI also began to fund cocoa cooperatives using a similar mechanism to that in Côte d'Ivoire, by providing 330 cocoa producers with inputs through a partnership with a fertiliser company. The first network-wide seminar was held in February 2016, in order to encourage teamwork and cooperation and to communicate on the 2016 strategy.

In the year to come, Advans Cameroun will concentrate on building up its lending activity through the acquisition of new clients. The individual productivity of client officers will be key, with a reinforced supervision of credit teams and ongoing specialisation of client officers in order to develop the agricultural and SME portfolios. The goal to increase outreach will be aided by the pilot of new delivery channels such as agency banking and mini cashless outlets in the IFC and Mastercard-Foundation supported project. The institution hopes that it will be able to increase the dynamism of its operational activities and reinforce its profitability in the coming year.





Achile Valère Ayissi

Mr Ayissi is a primary school teacher who also acts as a teaching inspector. He began his school project in 2006 when he opened a nursery school for children in Yaoundé. In 2012, when he was first approached by Advans, he had a primary school, a nursery school and a training centre for teachers. At that time he had 12 classrooms, 267 students and 15 staff. Since then he has used Advans loans to extend the school premises, by building new classrooms and adding on a secondary school building. He was also one of the first clients to benefit from the REFFA project in 2015, and has received two loans worth a total of FCFA 32 million (ca. EUR 48.8k) to help him build the secondary school. Today, with the help of Advans, he has 26 classrooms, 62 staff (14 administrative staff and 48 teachers) and 937 pupils at the school. He intends to maintain his partnership with Advans to carry on extending his school project in future.

“With the help of Advans, I have been able to progressively extend my school project!”

Lending Activity

Advans Cameroun focused on the reorganisation of its credit teams in branches to ensure that a proportion of Client Officers were targeting specific borrower segments, i.e. SME, Microentrepreneurs, Rural and agricultural clients, so as to increase productivity. One of the key aims on the commercial side was to improve motivation and ensure that all staff were involved in a team effort to reach common performance goals. The composition of the loan portfolio remained similar to March 2015: at year end, Individual Micro loans represented 42% of the portfolio volume, Group loans 3%, SME loans 42% and Agricultural loans 10%. The average outstanding loan size grew by 14% over the year to FCFA 1.8 million (ca. EUR 2.9k), with the SME loan size increasing by 6% to FCFA 7.0 million (ca. EUR 10.7k). The total volume of disbursements remained similar to 2014-15 (-2%), with FCFA 32.9 billion (ca. EUR 50.1 million) disbursed in total. In 2016-17, the MFI will maintain its focus on building productivity and diversifying the credit portfolio, concentrating on developing education and agricultural finance, and introducing housing finance, as well as its core business of micro and SME loans.

Deposits and Other Financial Services

Deposit activity continued to grow healthily during the year, and totalled FCFA 15.3 billion (ca. EUR 23.4 million) with 30,044 depositors at year-end. This enabled the MFI to reduce external financing costs for the loan portfolio. Expansion was mainly driven by the increase in current and savings account volumes (up 23% and 25% respectively, compared to end March 2015), with limited growth on the Term Deposit side (+3%). A challenge for commercial teams was set during the period to promote the sale of insurance products with Advans Cameroun’s insurance partner Activa, which brought about a five-fold increase in the sale of insurance products. The use of other services such as transfers and SMS information also developed in line with budget. Going forward, Advans Cameroun aims to encourage depositors to conduct regular transactions and make full use of the financial services available to inspire a savings culture amongst its clients and ensure that accounts remain active.



50,837
CLIENTS



EUR 23.4 m
TOTAL DEPOSITS



EUR 24.8 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



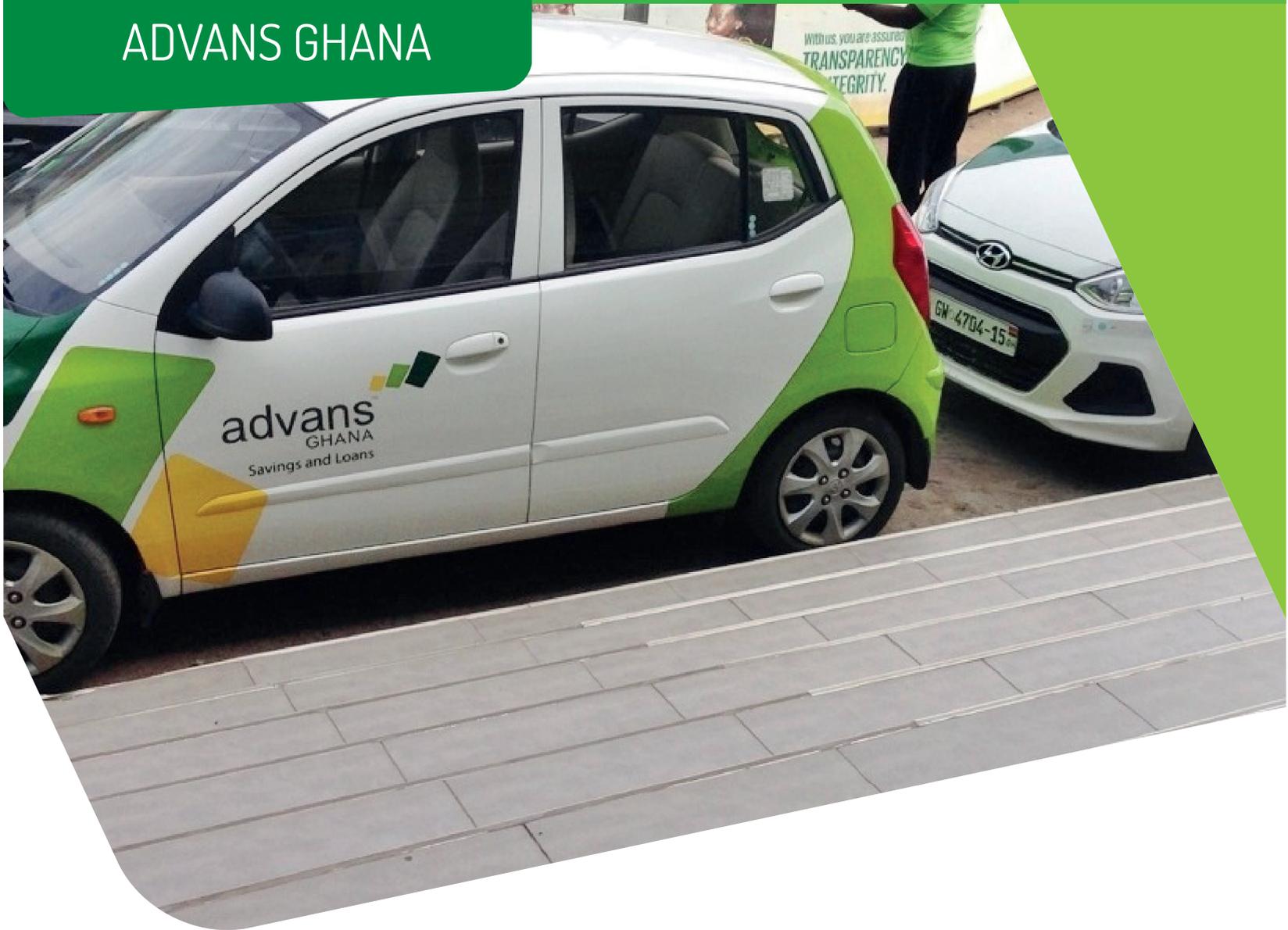
Outstanding loan portfolio (€ m) Number of loans (Thousands)

Deposit Activity



Total deposit portfolio (€ m) Number of deposits (Thousands)

ADVANS GHANA



Oct 2008

START OF OPERATIONS

452

EMPLOYEES

13

POINTS OF SALE

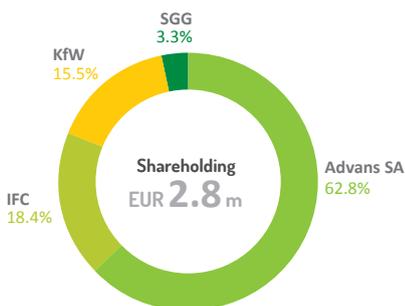


Business Development

Despite volatile macro-economic activity in Ghana, combined with an industry crisis, Advans Ghana continued to expand on both the lending and deposit side in 2015-16 and achieved profit in line with its target. The institution grew its loan and deposit portfolios by 32% and 39% respectively, and increased its average loan size by 34% thanks to the significant drive on SME portfolio growth. The macro-economic challenges were worse than expected in 2015-16, with the power crisis and depreciation of the cedi persisting throughout the year. The real GDP growth rate thus contracted from 4.2% to 3.9%, which added to the challenges already faced by businesses in general. The image of the microfinance industry also deteriorated further with the Bank of Ghana closing 70 MFIs in January 2016.

In this extremely difficult context Advans Ghana primarily focused on improving production through network expansion via alternative delivery channels, increasing client satisfaction with the setting-up of a call centre, and implementation of a segmented marketing approach. Boosting deposit mobilisation, efficient cost control and risk management were also key strategic areas during the year. As a result of these actions the number of clients remained stable throughout the period despite a high dropout rate in the industry.

The institution will consolidate and further develop its investments in human resources and capacity building in the coming year, as well as expand the network, especially in rural areas, through cost-effective distribution channels. The latter will include mini points of sales, the first of which was opened at Suhum in October 2015, in order to bring banking closer to clients and to reach out to underserved communities in remote areas. The MFI will continue to concentrate on customer satisfaction and development of the SME portfolio so as to increase productivity. It will further the implementation of a segmented marketing approach in order to better serve its clientele, enhance customer loyalty and increase client retention. Advans Ghana is also investing in external commercial training for all branch staff, launching the FCB hero advertising campaign and conducting other targeted activities to improve its visibility and expand client acquisition.





Rebecca Amu

Rebecca Amu owns a business called Curly Enterprise which specializes in cow hide production. She makes use of Advans' SME loans and deposits to accrue interest on her savings and develop her business. Before becoming a client at Advans, Rebecca was struggling to keep her business afloat and paying her workers was generally difficult. Today, thanks to her loan and the interest she enjoys on her savings, her business is thriving on all fronts and this has had positive effects on her living standards and family life. Rebecca would recommend Advans to business owners looking to expand. Due to her busy schedule, she is not able to travel to deposit money at the bank, so she appreciates Advans Ghana's field teller service which enables her to make deposits at home, thereby saving her a lot of time and energy.

“ Advans Ghana has helped me to grow my business and increase my savings; what's more their customer service is great! ”

Lending Activity

Advans Ghana's loan portfolio grew from GHS 34.1 million (ca. EUR 8.3m) in March 2015 to GHS 45.1 million (ca. EUR 10.3m) at the end of March 2016. The strong push on development of the SME segment continued to be an engine for growth with SME volume representing 29% of the portfolio in March 2016 vs. 25% in March 2015. The average loan size thus grew from GHS 3.2k (EUR 730) to GHS 4.3K (EUR 980) year-on-year, while the number of borrowers decreased marginally (by 4%) to 11,086. In the coming year, the launch of mobile money and the use of smart phone technology by recovery officers will likely improve repayment and loan recovery. Advans Ghana also launched rural financing and salary loans during the past year to improve access to finance in rural communities, develop the retail segment and diversify the range of products on offer. In 2016-17, the institution will progressively develop education financing, grow the rural portfolio by introducing agricultural financing and improve the salary loan package for the retail segment.

Deposits and Other Financial Services

The deposit portfolio grew from GHS 12.2 million in March 2015 (ca. EUR 3.0m) to GHS 16.8 million (ca. EUR 3.8m) in March 2016. The number of accounts grew by 14% to 61,845. Current Accounts were the main growth driver with a 38% increase in volume over the period thanks to better service quality. There was a substantial increase in the volume of Term Deposits (+70%) as well with clients preferring high-yielding investment accounts to regular savings due to the depreciation of the cedi. Advans Ghana launched an international money transfer service in the second half of 2015 to increase its product offer. The MFI also expanded its field teller service, with tellers now able to cover a wider area with an enhanced mobile solution, which enables them to open accounts in the field, collect deposits and make small withdrawals for clients. In 2016-17, the MFI will continue to implement new innovative channels and concentrate on improving service quality in order to fuel deposit mobilisation.



Lending Activity



Deposit Activity





July 2009
START OF OPERATIONS

324
EMPLOYEES

7
POINTS OF SALE

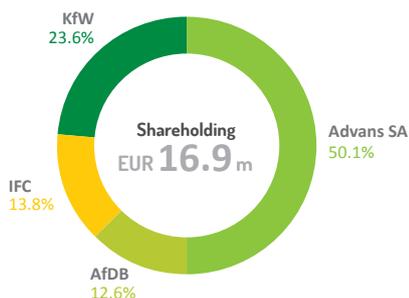


Business Development

Advans Banque Congo posted steady growth in its lending activities over the year, with less rapid development of the portfolio volume than in 2014-15 (up 18% versus 33%), but higher growth in terms of number of borrowers (up 58% compared to 6%) in an effort to rebalance SME/Micro portfolios. On the deposits side, volume grew by 9% with the number of accounts up 45%. This strong operational performance led to consolidation of the bank's profitability with the MFI's bottom-line 60% above target at end 2015. The banking and microfinance sector remained relatively stable in the DRC during the year, but the economy is on a downtrend and the elections to be held in late 2016 could have a negative effect on financial service providers.

2015-16 was a year of network expansion for Advans Banque Congo, with the affiliate extending its presence in Kinshasa in a cost-effective manner, opening five mini-booths in partner premises (petrol stations, supermarkets), and two offices. Moreover, the bank opened its first branch in the provinces, at Kikwit, in June 2016, giving it the means to reach out to underserved populations in the interior of the country where potential for development is high. The institution also launched new services during the year, including the Advanscard and ATM service, and an Orange money electronic payment facility. Advans Banque Congo hopes that by offering a wide range of accessible services to clients it will be able to improve the quality of its offer and reach out to more clients in future.

The coming year will see the bank increase its coverage in Kinshasa, through more low-cost mini-booths in partner points of sale and Advans offices, and in the provinces, with both traditional branches and low-cost points of sale. The bank will also look to develop agri-lending activities in Kikwit and in other suitable peri-urban and rural areas around branches in order to reach out to rural clients. As was the case during the past year, the bank will maintain its emphasis on improving efficiency and productivity and growing a healthy portfolio.





Mariam Rehema Binti Ramazani

Ms Rehema Binti Ramazani has a shop selling plastic goods which she runs with the help of her oldest children. She first came into contact with Advans Banque Congo in 2010 when a team of client officers was carrying out prospecting activities in her area. At the time she just had a basic food stall and a few plastic items to sell; she is now on her fifth credit cycle, for USD 3,200 (ca. EUR 2,800) and has a small shop. Ms Rehema Binti Ramazani likes her current loan product, Advans Kimia, because it is adapted to her needs and easy to use. She always makes repayments two or three days before they are due. In the future Ms Rehema Binti Ramazani would like to obtain a larger loan to fund the further development of her business.

“ I like my loan product with Advans because it is adapted to my needs and easy to use. ”

Lending Activity

Balancing the SME and Micro portfolios was a key strategy for the bank in 2015-16 and aimed at reducing risk exposure: the volume of SME loans in the portfolio thus decreased from 63% to 56% year-on-year. As a result of this shift the average outstanding loan size declined significantly (by 24%) to USD 3.5k (ca. EUR 3.1k). Other efforts to diversify the portfolio included the launch of a group credit product and an agri-lending pilot. Due to the difficult macroeconomic environment, portfolio quality fluctuated over the period, and there was a slight deterioration on this front in the months leading up to March 2016. Measures taken to reduce portfolio risk include a strong emphasis on selecting the right borrower profiles and a close follow-up of supervisors in the management of recovery activities. In the period to come the bank will channel its efforts into increasing productivity in terms of number of borrowers and close monitoring of portfolio quality.

Deposits and Other Financial Services

Notwithstanding a difficult economic context, Advans Banque Congo was able to increase its deposit portfolio over the year thanks to an emphasis on marketing activities and closer contact with clients. The number of accounts grew by 45% to 65,843, with robust growth in the number of current accounts (+79%). Efforts to promote Advans Banque Congo’s savings solutions included more emphasis on deposit mobilisation in the branches, awareness campaigns and marketing actions on the bank’s deposit products, as well as a better management of deposit clients in general, with a view to building trust and loyalty. Deposit clients can also use the Advanscard, Tigo cash and Orange Money services, which enables them to access their money more easily.



64,056
CLIENTS

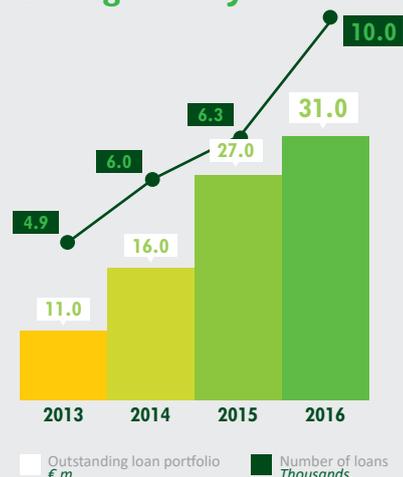


EUR 13.4 m
TOTAL DEPOSITS



EUR 31.0 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity

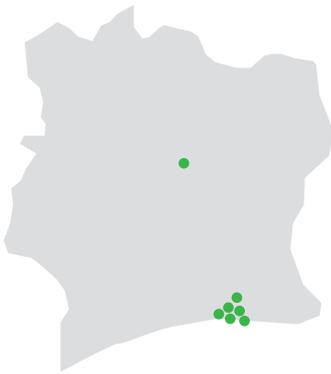




March 2012
START OF OPERATIONS

390
EMPLOYEES

7
POINTS OF SALE

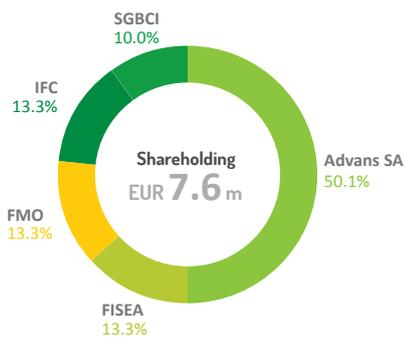


Business Development

Advans Côte d'Ivoire had a particularly successful year in 2015-16, surpassing its operational and financial targets and extending its network and client base. The institution increased the volume of its loan portfolio by over 150% and the volume of its deposit portfolio by over 160%. This exceptional operational performance meant that the MFI was easily able to achieve its target of completing its first year of profitability in 2015. The macroeconomic context in Côte d'Ivoire remained relatively stable with the presidential elections in October 2015 going ahead without any major disturbances, growth continuing to rise, and inflation remaining at an acceptable level. Competition remained fierce in the microfinance sector, but Advans Côte d'Ivoire was able to expand its share of the market and maintain a good level of portfolio quality.

In terms of network expansion, the MFI opened a new branch at Koumassi in 2015-16. This branch is different in that it is shared with Advans Côte d'Ivoire's investor and partner SGBCI. The year also proved the viability of the cocoa loans project: EUR 2.5 million in loans were disbursed in 2015 to around 12,500 producers and in the first months of 2016 alone (up until March), another EUR 2.5 million was disbursed. The branchless banking project for cocoa farmers, which enables producers to receive some of their salary through digital payment and have access to interest-earning savings accounts to increase their financial security, also came on in leaps and bounds. So far 7,000 producers have signed up to this service.

The coming year will see the affiliate pursue its ambitious growth targets; it will open two fully-fledged branches in Abidjan, as well as take opportunities to open low-cost points of sale with possible partners (banks, service stations, supermarkets, etc.). The MFI will also continue its expansion into the rest of the country with new branches at Khorogo and San Pedro. On the lending side, Advans Côte d'Ivoire will look to boost its SME activity, improve its productivity with new digital tools, and expand its agricultural lending scheme to other value chains. As for savings, the institution plans to improve its coverage of the loan portfolio, by investing further in communication campaigns, reinforcing the deposit unit at the head office, and introducing specialised deposit client assistants in branches focused on the sale of deposits and services.





Zadi Bede Eliezer

Mr Zadi Bede Eliezer is a client at Advans Côte d'Ivoire's Koumassi branch. He has been in the business of installing and providing maintenance for taxi meters since 1998 and has 12 employees, including himself and his wife. He first found out about Advans from one of his entrepreneur friends back in 2012 and he decided to apply for a loan himself to increase his stock. He is currently on his fourth Advans loan for FCFA 7 million (ca. EUR 10.7k). He says: "Thanks to Advans I quickly obtained financing to start improving my business even though traditional banks are not usually willing to finance small entrepreneurs like me. In the beginning, Advans' team was unsure about my application since the taxi meter business is quite rare in Côte d'Ivoire but as soon as they saw the potential of what I was doing they offered me my first loan. Advans has supported me ever since and has enabled me to stabilise the growth of my business. What's more I can pay my loan instalments with zero stress. If I had to say what I appreciate the most about Advans I would say the transparency of the process and the strong relationship staff have with clients."

"Thanks to Advans I quickly obtained financing to start improving my business even though traditional banks are not usually willing to finance small entrepreneurs like me."

Lending Activity

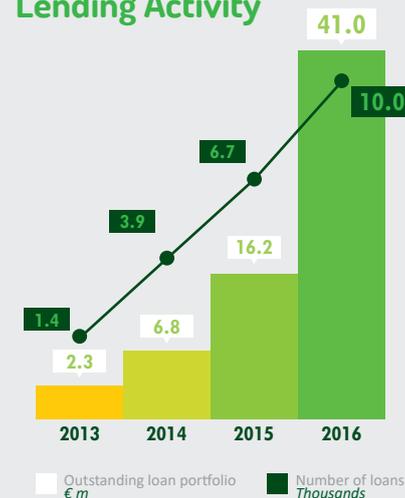
Portfolio development over the year was extremely dynamic for Advans Côte d'Ivoire, with the total volume outstanding increasing by FCFA 16.2 billion (ca. EUR 24.8 million). The high level of growth was mainly due to better targeting of big commercial clients and small SME clients, with the volume of SME loans in the portfolio expanding by 9% to reach 40%. The institution also tried to simplify its loan products and processes in general, by notably introducing a more flexible collateral policy, increasing the length of the first loan cycle and enabling good-performing clients to access higher loan amounts. One of the most important decisions in 2015-16 concerned the reorganisation of credit committees, which enabled management staff to have more time in the field to mobilise teams. These moves have helped reduce the average credit decision time. Advans Côte d'Ivoire will focus on further improving productivity in the coming year with the introduction of a smart phone application and web-reporting tools to facilitate loan appraisal, follow-up and monitoring. Teams will also be reorganised in order to enhance efficiency, with the introduction of Client Officer Supervisors in charge of managing teams of 5-6 COs.

Deposits and Other Financial Services

Deposit collection was a key strategic vector for Advans Cote d'Ivoire in 2015-16, with the MFI exceeding its target of a 45% deposit to loan coverage ratio by 13pts at the end of the year (58% deposit to loan coverage ratio as at March 2016). This was achieved through a concerted effort to mobilise deposits through strengthening the organisation at head office and branch level, as well as targeted deposit billboard campaigns to attract new customers. The MFI also focused on promoting its financial services, especially its ATM card, *Advans Liberté*, and its mobile-money service *Advans Mobilité*. In 2016-17 the MFI will look to mobilise more institutional deposits, launch additional deposit-orientated communication campaigns and develop partnerships with associations (farmers, business employees, NGOs) so as to encourage isolated and low-income populations to save.



Lending Activity



Deposit Activity





Jan 2013
START OF OPERATIONS

125
EMPLOYEES

9
POINTS OF SALE

Business Development

The year in question was challenging for Advans Pakistan, with the institution struggling to meet growth targets. Loan portfolio expansion continued steadily until November 2015 but then slowed from December onwards due to efforts to retain good portfolio quality. In terms of the macroeconomic context, growth in Pakistan recovered steadily but the country is still experiencing security and governance issues which impede development. The microfinance sector saw the expansion of several established networks and the entry of new MFIs, which intensified the level of competition on the market.

Advans Pakistan continued to structure its head office during the year with the arrival of a new Head of Sales and a Human Resources Manager. From January 2016 onwards the affiliate also had the support of a Chief Operating Officer from Advans group in order to streamline credit operations. Several actions were taken to improve efficiency and loan portfolio quality during the period, including new incentive schemes for client officers to drive performance, increased monitoring of the branches with management conducting regular on-site visits as well as the hiring of a Recovery Manager and an extra Recovery Officer. In addition, the MFB reviewed its recruitment process and amended its training for incoming commercial staff. On the deposits side, the total deposit volume remained stable, due to the institution concentrating more on credit. However a new current account and a new savings account for low-income clients were introduced during the year, in line with the central bank's regulations. Advans Pakistan was also able to launch an ATM service in January 2016.

The MFB will look to boost growth in 2016-17 while maintaining a good level of portfolio quality. This will include simplifying its range of loan products, in order to facilitate the promotion of larger business loans, and recruiting a Product and Marketing Manager to strengthen commercial and marketing actions. Advans Pakistan will remain focused on developing its training for commercial staff and continue coaching in branches, implementing a solid internal control system and monitoring credit risk closely. Through working on all these areas, Advans Pakistan hopes to grow responsibly and reach out to new clients in the year to come.





Muhammad Ikrham

Muhammad Ikrham has ten years' experience in the scrap metal business. He first heard of Advans Pakistan in 2013 when he encountered the bank's staff conducting prospecting activities, and he then visited a branch to get more information. Muhammad was impressed with the good customer service he received at the bank and decided to apply for a micro loan of PKR 85,000 for ten months. At the time he had five employees and his business was worth PKR 400k (ca. EUR 3.4k); today, he employs 14 staff and his business is worth PKR 1 million (ca. EUR 8.4k). He is currently in his fourth loan cycle with Advans Pakistan. He describes Advans staff as cooperative and respectful, with good communication skills. Overall he is very pleased with the level of transparency and quality of services at the bank.

“ Advans staff are cooperative and respectful, with good communication skills ”

Lending Activity

Despite continuous growth until December 2015, the loan portfolio contracted in the first calendar quarter of 2016 due to concerns over portfolio quality. Full-year growth thus stood at 19%. The number of active borrowers increased by 37% versus 2014-15, with 2,794 borrowers at the year-end. Advans Pakistan designed a new product combining its Micro and Enterprise loans in the first quarter of 2016, in order to attract more clients and simplify the product offer, with special benefits for returning customers without default payments. The MFB also changed the terms and conditions for its Gold loan product, facilitating quick disbursement and offering an option with bullet repayments. These products will be launched in the second quarter of 2016. The MFB believes that these reworked products will enable it to increase its competitive edge and regain momentum in terms of portfolio growth.

Deposits and Other Financial Services

The number of deposit accounts increased 44% to 7,057 in March 2016 versus 4,884 in March 2015 but the volume of deposits remained relatively stable, decreasing a slight 2% from its 2015 level. Deposit collection was not a priority in 2015-16 due to the strong focus on lending activity. As per the instructions of the State Bank of Pakistan, Advans Pakistan introduced two new products for low-income clients, the Advans Asaan current account and Advans Micro saving account. The implementation phase of Advans Pakistan's ATM project was also successfully completed during the period. Before the go-live of the project, staff conducted an outbound calling campaign and marketing activities were held in all branches. The first phase of the project, which was launched on 4 January 2016, includes the ATM card facility which allows clients to withdraw cash and make balance enquiries on their Advans accounts 24/7 from 10,000 ATMs across the country, along with additional SMS facilities. The second phase, to be completed in the coming year, will include the incorporation of fund transfers, payment of utility bills, and mobile phone top-ups through Interactive Voice Response/Contact Centre services.



6,497
CLIENTS



EUR 124.2 k
TOTAL DEPOSITS

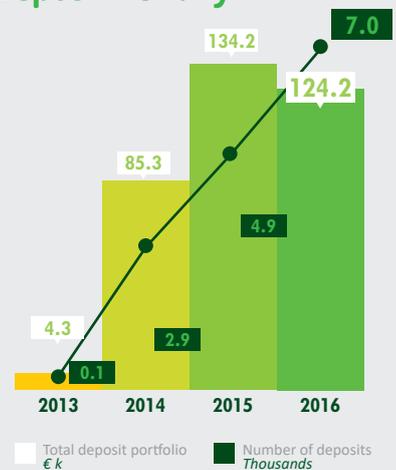


EUR 1.4 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Deposit Activity



LA FAYETTE MFB



Feb 2013

START OF OPERATIONS

300

EMPLOYEES

7

POINTS OF SALE



Business Development

Advans Nigeria - La Fayette MFB had a successful year in terms of both loan and deposit expansion and the bottom-line, with the bank completing its first year of profitability in 2015, notwithstanding macroeconomic issues in the country, such as volatile exchange rates, inflation and stagnant GDP growth. The loan portfolio grew by 57%, while deposits grew by 93% with strong growth in the number of clients, up 86% compared to March 2015. Thanks to this strong development on the operational side, Advans Nigeria - La Fayette MFB became profitable on an annual basis in only its third year of operations. This was also achieved against a backdrop of stiffer competition, with several players already established in Nigeria arriving in Oyo state.

Following a year of network consolidation in Ibadan, the MFB added two branches to its network in the semi-urban cities of Oyo & Ogbomosho in Oyo state in January 2016. The purpose of this expansion is to reach wider market segments in Oyo state and provide them access to credit and financial services. These branches will also act as a platform to offer services to clients in peri-urban and rural areas, with Advans Nigeria - La Fayette MFB planning to expand its footprint in the state, especially in remote areas through the implementation of new alternative delivery channels.

The beginning of 2016 was marked by escalating economic difficulties in Nigeria, and Advans Nigeria - La Fayette MFB will concentrate in the year ahead on further strengthening its head office, keeping a watch on developments in terms of competition, and monitoring credit activity carefully. The MFB will also concentrate on improving its customer service and customer experience through refining its training and feedback mechanisms, and monitoring key performance indicators on the brand. Expansion of the network will continue with the opening of a new branch in Oyo state and some small outlets in Ibadan to increase coverage at a minimum cost.





Adekunle Mary Omolola

Mrs Adekunle Mary Omolola sells consumables including rice, beans, garri and other food spices, and she has one employee. Mrs Omolola was the first loan client at Advans Nigeria - La Fayette MFB's Challenge Branch when it opened in April 2014. She says "Since I got access to my first loan with Advans Nigeria, my business has grown tremendously. I have been able to consistently purchase stock for my shop and sell it to customers, which has enabled me to increase my profits. I put the extra profits into savings and I have now saved enough to build my own house. I have recommended Advans Nigeria - La Fayette MFB to my friends and some of them are currently on their second loan cycle. I am very happy with the service I have received so far from Advans Nigeria - La Fayette MFB."

“ I put the extra profits from my business into savings and I have now saved enough to build my own house. ”

Lending Activity

Advans Nigeria - La Fayette MFB maintained a steady growth rate for its loan portfolio (+57%) over the year, although the pace dipped slightly from December to March due to seasonality and macroeconomic difficulties, which adversely affected portfolio quality as well. In terms of number, the institution performed very well, with the total number of borrowers increasing by 60% to 8,579 at end March 2016. Microloans continued to represent the largest proportion of the portfolio, with the MFB's two microloan products, Advans Further and Advans Access representing 67% and 23% of the total volume respectively. The Advans Access product, which targets the lower end of the micro segment, was launched in July 2015. The SME segment of the portfolio grew significantly, and represented 9% of the portfolio at year end vs. 5% at the end of 2014-15. Over the coming year, the MFB will concentrate on acquiring new clients to grow the portfolio, and maintaining a high level of monitoring of the credit activity in general.

Deposits and Other Financial Services

The MFB generated more than 50% growth per deposit product from March 2015 to March 2016 with an especially strong increase for term deposits. Advans Nigeria - La Fayette MFB streamlined its deposit & financial services approach through reorganising its deposit and financial services team, which now focuses mainly on deposit mobilisation and mass prospecting in markets through roadshows and individual selling. There was also a major drive on savings from prospects and businesses during the year, especially following the rise in inflation and the volatility of exchange rates. Increased focus will be placed in 2016-17 on encouraging planned savings and promoting the use of financial services and means of payments. Advans Nigeria - La Fayette MFB will also push the adoption of alternative channels in order to reach more target segments.



19,053
CLIENTS



EUR 1.7 m
TOTAL DEPOSITS



EUR 8.5 m
OUTSTANDING LOAN PORTFOLIO

Lending Activity



Outstanding loan portfolio (€ m) Number of loans (Thousands)

Deposit Activity



Total deposit portfolio (€ m) Number of deposits (Thousands)

ADVANS TUNISIE



March 2015
START OF OPERATIONS

123
EMPLOYEES

3
POINTS OF SALE



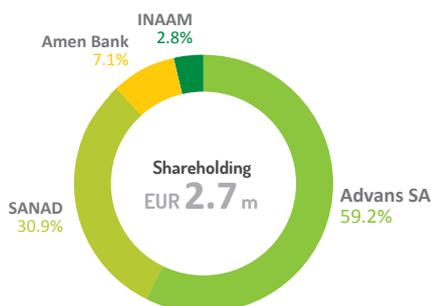
Business Development

Advans Tunisie expanded swiftly in its first year of operations, with rapid growth of its loan portfolio and two new branches in Tunis. This was achieved against the backdrop of fierce competition in the microfinance sector in Tunisia, with four new greenfields (including Advans), licensed under the new microfinance regulation, plus the dominant MFI settled in the country since 1995.

The MFI launched its first branch in the capital's largest low-income suburban area, Cité Ettadhamen, and subsequently opened two additional branches in the centre of Tunis during the year: one in Place de Barcelone, facing the main train station, and one in the northern suburb of Ariana. The strategic location of the three branches enables the MFI to reach out to the whole Tunis area.

This fast development of Advans Tunisie's operations demanded a strong pool of human resources, and the affiliate thus received the support of experienced staff from Advans Cameroun during the first few months. The MFI also worked to further structure its head office by introducing an Internal Audit Department, and creating three departments to support commercial operations: Operations Support, Business Development and Credit. As Advans's ninth affiliate, Advans Tunisie was able to draw lessons from the network in order to make use of its team's broad IT skills to develop a set of web-based tools: a reporting system, a CRM platform, and loan appraisal forms to help its branch staff get easier access to information, work faster, and thus better manage priorities. These tools are currently being shared with other affiliates in the group.

The coming year will be just as challenging: Advans Tunisie aims to expand outside the city of Tunis in regional capitals and less developed areas in the interior of the country. The goal is twofold: sustain the high growth of its credit activities and ensure maximum impact on financial inclusion in Tunisia.





Sofiane Ben Rabeh

Mr Ben Rabeh is a very ambitious man. He started his career in the photography business when he was 17 years old and working as a seasonal employee with his uncle during the summer holidays. He then decided to start his own business so he purchased a small shop and converted it into a photography store. Ten years later, he expanded the business by opening a photo laboratory. He used his own financial resources but experienced some difficulties in developing the business. One day, when he was talking about his problems, one of his clients spoke to him about Advans Tunisie. He went with his client to the Advans branch in Ariana and made a loan application. 15 days later, he received approval for a loan of TND 20k (ca. EUR 8k) which enabled him to purchase new machines for his lab. Mr Ben Rabeh said that he was satisfied with Advans Tunisie's microfinance services and confirmed he was looking to renew his credit to further extend his shop and laboratory.

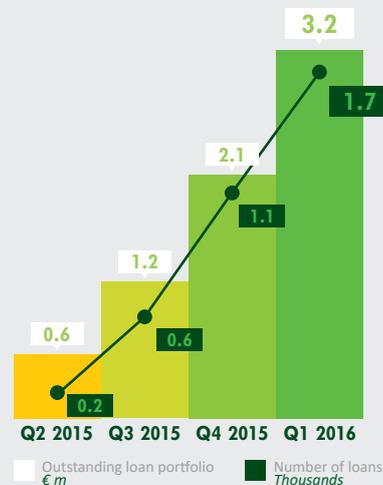
“ I'm satisfied with Advans Tunisie's microfinance services and would like another loan to further develop my business. ”

Lending Activity

Advans Tunisie started with two simple products targeting urban customers: an individual loan with equal instalments and, for those lacking collateral, a group micro-loan product. In Tunis, demand was mainly focused on individual loans as the MFI accepts a flexible range of collateral. At year end, group loans represented 6% of the portfolio in number, while individual loans represented the remaining 94%. An insurance product was introduced in August to insure borrowers in case of death or permanent invalidity. From March 2015 onwards the loan portfolio grew above expectations, with 1,685 active loans in March 2016, for a total portfolio volume of TND 7.2 million (ca. EUR 3.2m). Portfolio quality remained good, with PAR 30 at 2.49%. This performance is more than satisfactory in a context where loan delinquency is traditionally high for banks, and where economic growth is highly affected by periodic terrorist attacks.



Lending Activity



LETSHEGO BANK (T) LIMITED

Feb 2011

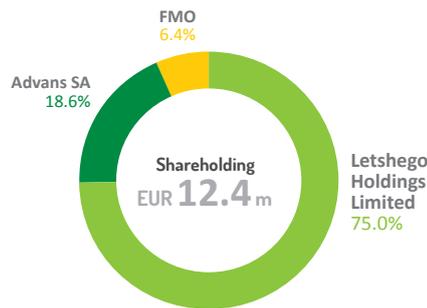
START OF OPERATIONS

196

EMPLOYEES

5

POINTS OF SALE



Entry of a New Strategic Shareholder

In November 2015, Letshego Holdings Limited became the majority shareholder of Advans Bank Tanzania by means of its subscription to newly-issued shares. Following the completion of the transaction, the company was renamed Letshego Bank (T) Limited in August 2016. This transaction enabled Advans Bank Tanzania to comply with the new minimum regulatory core capital for banks in Tanzania, which the Bank of Tanzania raised from TZS 5 billion to TZS 15 billion (ca. EUR 2.1m to EUR 6.4m). Advans Bank Tanzania's founding shareholders, Advans SA and FMO, remain minority shareholders in the institution. Advans will continue to play an active role in the bank's development, providing some technical assistance and remaining involved in the governance of the institution with a presence on the Board of Directors.

In addition to reinforcing the shareholding structure of the institution, Letshego provided Advans Bank Tanzania with the resources needed to scale up its operations and expand its outreach. Letshego already serves over 50,000 Tanzanians through its credit institution, Faidika, which offers consumer finance products to its clients through its network of 105 branch and satellite offices.

In line with Letshego Group's transformation strategy that is focused on embracing financial inclusion, Advans Bank Tanzania was rebranded to Letshego Bank (T) Limited in August 2016. The synergies created between the two entities will enable Letshego Bank (T) Limited to better serve its core clientele of MSMEs and low-income populations, and increase its impact thanks to broader geographical coverage and an expanded range of services. Network expansion will be facilitated by Letshego's existing network across Tanzania, and the bank will further diversify the products and services on offer to clients. For its part, Letshego will gain from Advans Bank Tanzania's experience in providing financial solutions to MSMEs, a new target client segment for the group in Tanzania. The acquisition adds further deposit taking, payment, business loan and savings solutions capability to Letshego's footprint, in line with its strategy to diversify its customer and revenue mix.

The handover process has been smooth, and Letshego Bank's operations remained relatively stable over the year with no major increase or decrease in the lending portfolio, although there was a 30% increase in the number of clients. On the deposits side, there was a slight decrease in overall volume, due to the withdrawal of institutional deposits, but the volume of deposits from individual clients actually increased. The integrated operations of Faidika and the new Letshego Bank (T) Limited will enable the cross selling of financial services to Tanzanian low and middle-income employees and the MSME sector and therefore significantly contribute to accelerating financial inclusion in the country.

¹Letshego Holdings was incorporated in 1998 and is headquartered in Botswana. It is a holding company with consumer, micro lending and deposit-taking subsidiaries across nine countries in Southern and East Africa – Botswana, Kenya, Lesotho, Mozambique, Namibia, Rwanda, Swaziland, Tanzania and Uganda.



26,291
CLIENTS



EUR 2.8 m
TOTAL DEPOSITS



EUR 4.6 m
OUTSTANDING LOAN PORTFOLIO

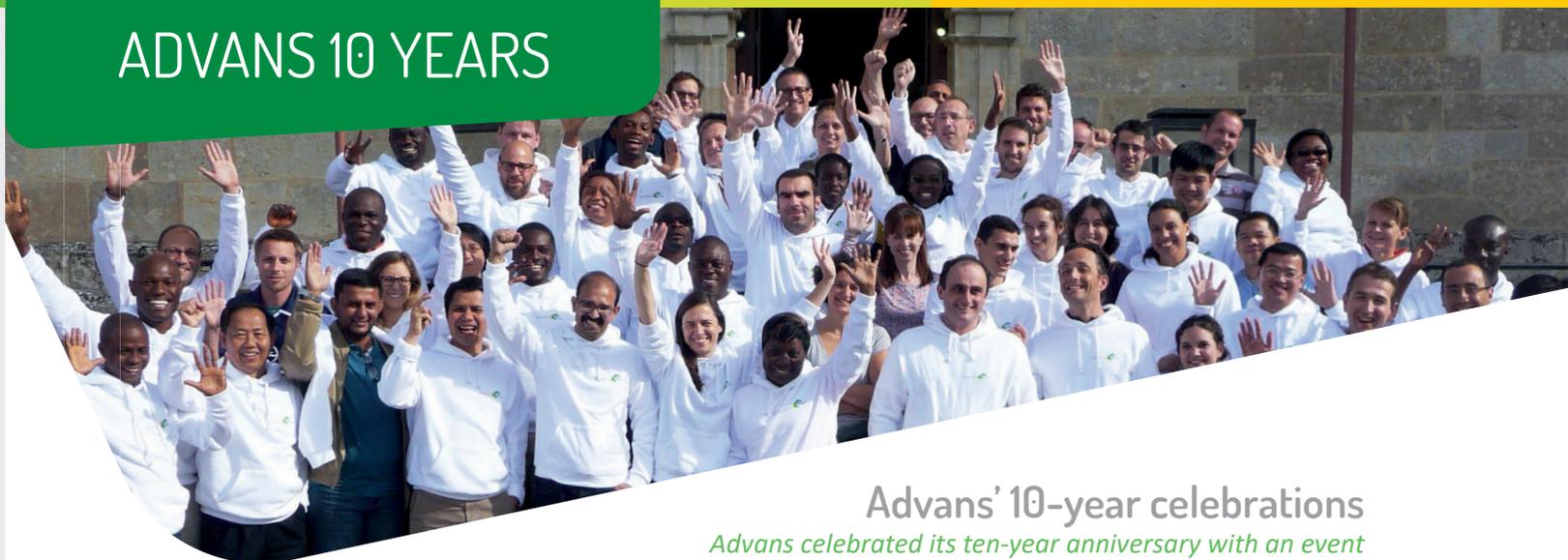
Lending Activity



Deposit Activity



ADVANS 10 YEARS



Advans' 10-year celebrations

Advans celebrated its ten-year anniversary with an event for investors and partners in Paris, and an event for staff in Burgundy

The External Event

Advans held a celebratory event in Paris on 4 December 2015, which brought together investors, partners and staff to commemorate the group's tenth anniversary. The event looked back at Advans' achievements over the past ten years and discussed the challenges confronting the microfinance sector in the years to come. Cyrille Arnould, the first Chairman of the Board at Advans, Matthias Adler, the current Chairman, and Claude Falgon, CEO of Advans International and Member of the Board of Directors of Advans SA, launched the proceedings by sharing their experiences of the creation and development of Advans. This was followed by an insightful keynote speech from Doris Köhn on the issues the microfinance sector has faced over the years and key prospects for the future.



In the afternoon there were two panels led by Advans Board members. The first, moderated by Gail Buyske, looked at 'The role of international microfinance groups such as Advans' with representatives from EIB, Symbiotics and Incofin. Amret opened the panel with a presentation on the benefits an MFI can draw from being part of an international group such as Advans. The second panel, moderated by Maria Largey, focused on the topic 'New horizons for MSME finance', beginning with a presentation on Advans Côte d'Ivoire's Cocoa project. This panel included representatives from CGAP, IFC and FMO, and Estelle Darie-Rousseaux, Head of Financial Services and Rural Outreach at Advans International, presented the Alternative Delivery Channels and technologies currently implemented in the Advans network.

Advans International's Chief HR Officer Marie Krugler, and Advans Tunisie's CEO Gaël Briot also gave a presentation on capacity building, HR management and career development in the group. The day concluded with a speech from Steven Duchatelle, Deputy CEO of Advans International and Chairman Matthias Adler on the outlook for Advans. The networking lunch and cocktail enabled participants to meet old and new contacts, catch up on ongoing projects and topics and discuss possible synergies for the future.

All in all the event created the opportunity for interesting and stimulating exchanges and set the stage for the next ten years. The variety of topics covered enabled investors and partners to get a bigger picture of the Advans group, its scope and range of innovative projects. It was also an opportunity for Advans to show its appreciation of the support it has received over the years.

The Internal Event

Advans launched its ten-year anniversary celebrations in October 2015 with an internal seminar in the Burgundy region of France. The seminar gave staff the chance to come together to celebrate this important milestone and was attended by the Advans International team from Paris, as well as by staff from all nine operating affiliates in the Advans network: Cambodia, Cameroon, Côte d'Ivoire, DRC, Ghana, Nigeria, Pakistan, Tanzania and Tunisia. With staff from all backgrounds and all departments, ranging from staff who had been with the group from the beginning to those who had just joined, the seminar was a true representation of the diversity and scale of the group after just 10 years of operation. It also gave management the opportunity to show their gratitude to staff for all their efforts for the group, and to discuss Advans strategy going forward.

The seminar programme included workshops, team-building activities and free time to meet colleagues from the network. Various themed workshops enabled affiliates to exchange ideas and share their knowledge on key subjects contributing to the success and evolution of the group such as lending productivity, monitoring performance, diversifying the credit product line, managing credit risk, alternative delivery channels, client centricity, marketing and communication and staff retention and commitment. Meanwhile, team-building events gave staff the opportunity to connect with staff from different affiliates in a more relaxed atmosphere, try out new activities and discover the region. During the Gala dinner, held on the final evening, staff were able to enjoy videos from across the network presenting the different affiliate's staff and clients, the local culture and what staff appreciate the most about working for Advans.

Attended by over 70 staff from across the network, the internal seminar was the ideal way to mark Advans' ten-year anniversary, enabling the people at the heart of Advans' success to come together and share their experiences.



Advans intends to expand further in our current markets in 2016-17, with several affiliates looking to diversify their geographical coverage and to reach out to more clients. They aim to achieve this through both traditional 'bricks and mortar' branches, and alternative delivery channels including low-cost points of sale, mobile tellers and third-party agents. New distribution methods will enable affiliates to enlarge their footprints and have more impact in their countries of operation. Advans will also enlarge its network on an international scale, with the planned launch of preparations for Advans Myanmar, carried out in conjunction with Amret.

Moreover, the affiliates are looking to expand and diversify their product ranges further, in order to better meet clients' professional and life needs. Amret plans to pilot a small housing loan to help clients build or buy a new house; Advans Cameroun will extend agricultural lending, continue with its education loans pilot and look to offer housing loans; and Advans Ghana aims to extend its agricultural loan pilot and launch school loans. Meanwhile, both Advans Banque Congo and Advans Nigeria - La Fayette MFB hope to pilot agricultural lending, and Advans Pakistan will launch a new bullet repayment Gold Loan product. On the deposits side, the affiliates aim

to increase their visibility, win clients' trust, and leverage on new delivery channels to upscale their savings collection. Amret, for example, is focusing on building its base of small, stable deposits in rural and urban areas with its new mobile collection service and third party agent pilot, while Advans Côte d'Ivoire plans to intensify deposit mobilisation through new financial services, including mobile banking, e-banking, and international transfers.

Some of our affiliates may have to face, or are already facing, economic downturn, monetary crises or political instability in their countries of operation, especially in Ghana, DRC and Nigeria. This may have a negative effect on lending and deposit collection as our clients face economic difficulties, but we will be monitoring the situation carefully; our affiliates have laid strong foundations and will carry on serving their target clients in a responsible manner during these difficult periods.

At a group level, the integration of the SICAR's Manager as a 100% subsidiary, Advans International will bolster our structure and enable us to provide the best possible support to our affiliates through our departments and business lines, which have built up the skills and capacity to take the Advans model forward.

“Advans’s goal for 2021 is to serve 1.3 million clients, with over 12,000 staff, and to be recognised as the model international group in financial inclusion in its target regions.”

The year will also see the launch of the Advans Training Centre, a new resources centre which will make use of both internal and external materials and expertise and take advantage of new e-learning techniques such as MOOCs. This is a major group-wide project that aims to promote capacity building, facilitate knowledge transfer, reinforce core skills and develop additional expertise, and generally support affiliate-training departments.

We are also drawing up Advans’ strategy for the next five years. By 2021, Advans’s goal is to serve 1.3 million clients, with over 12,000 staff, and to be recognized as the model international group in financial inclusion in its target regions. We intend each affiliate to be known as the preferred banking partner for MSMEs in its market, and a trustworthy and responsible financial partner for low-income populations in general. This status will be achieved thanks to the following merits:

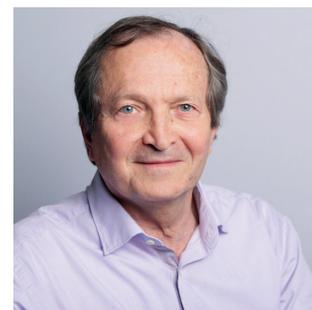
- the range, quality and competitiveness of our MSME financial services, through the introduction of innovative methods and technology;
- Advans’ responsible behaviour towards clients and staff, supported by strong ethical standards; and
- effective risk management, enabling Advans to offer a stable return on investment to shareholders while avoiding reputational risks and mission drift.

In order to attain our goals, Advans will focus on the following key areas:

- using new technologies for cost-effective, quality services;

- diversifying our credit offer through the development of agri-lending and the extension of our SME product range complemented by the introduction of loans which respond to clients’ personal needs (notably education, housing, or emergencies);
- building up a strong deposit base by offering tailored package solutions, convenient and easy access to services;
- deploying a multi-channel strategy offering proximity and facility to clients through new channels; and, lastly,
- investing in the development of our brand and reinforcing a client-centric culture, by focusing on our capacity to better understand the needs of customers, so as to perfect our client-based approach.

Our strengthened organisation and key focal points will ensure that we can guarantee sustainable value creation and responsible development in the years to come, offering our clients innovative financial services to foster growth and increase their financial stability.



Claude Falgon
Board Member, Advans SA
Chief Executive Officer
Advans International

FINANCIAL STATEMENTS

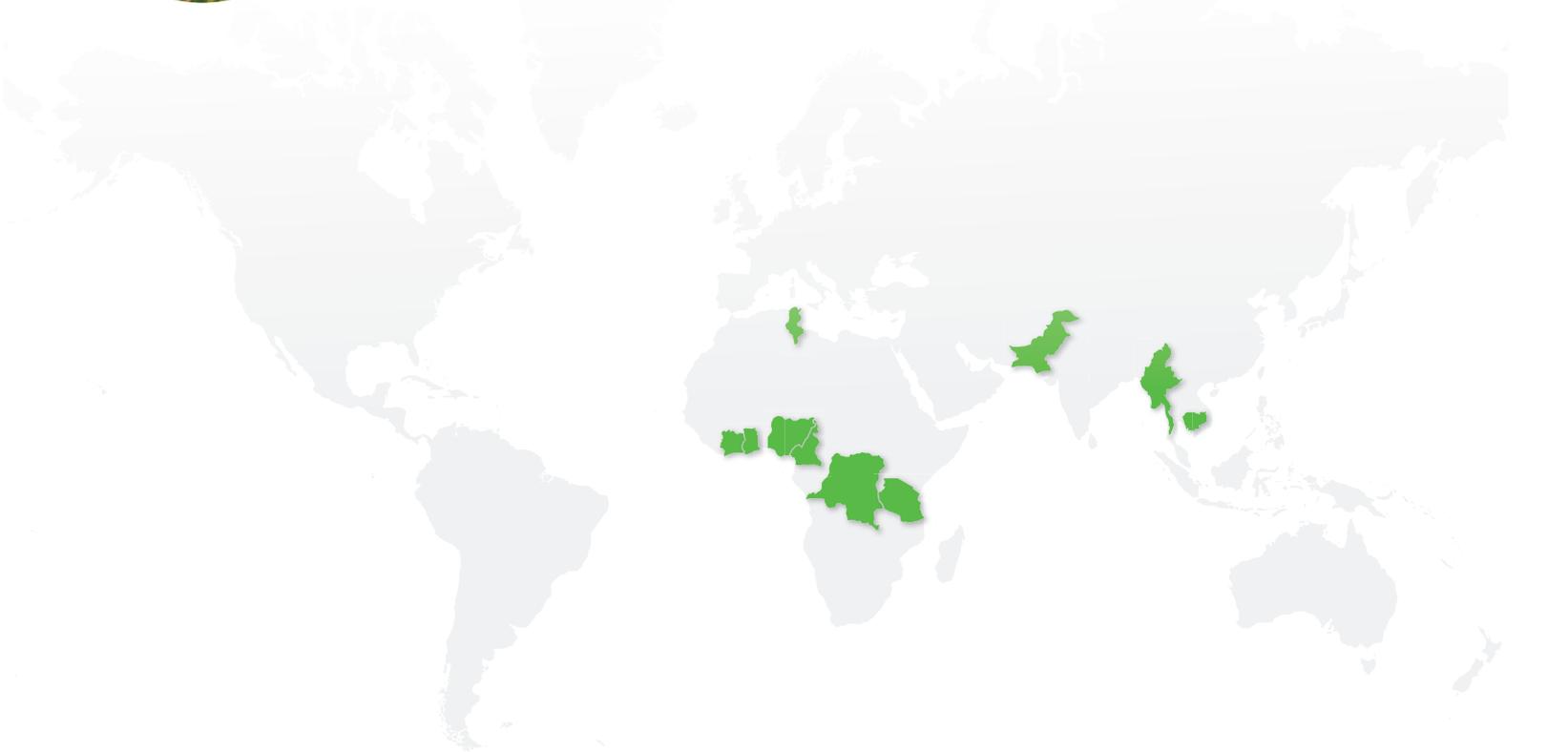
Advans SA's financial performance reflects that of an equity investment company gradually building up its portfolio of start-up microbanks and MFIs:

Balance sheet at March 2016 (EUR)

	31 March 2016	31 March 2015
ASSETS		
Fixed Assets		
Shares in affiliated undertakings	82,178,783	68,013,617
Shares in undertakings with which the company is linked by virtue of participating interests	-	-
Total fixed assets	82,178,783	68,013,617
Current assets		
Amounts owed by affiliated undertakings becoming due and payable within one year	1,411,999	1,161,417
Amounts owed by undertakings with which the company is linked by virtue of participating interests becoming due and payable within one year	-	-
Other receivables becoming due and payable within one year	173,504	174,198
Other transferable securities	-	-
Cash at bank	4,080,825	1,505,378
Total current assets	5,666,328	2,840,993
Total assets	87,845,111	70,854,610
LIABILITIES		
Tax becoming due and payable within one year	-6,420	-9,630
Other creditors becoming due and payable within one year	-69,900	-205,669
Net assets	87,768,791	70,639,311
EQUITY		
Paid-up share capital	56,600,000	51,600,000
Share premium account	142,000	142,000
Retained earnings	18,897,311	6,977,042
Profit/(loss) for the financial year	12,129,480	11,920,269
Total shareholders' equity	87,768,791	70,639,311

Profit and loss account for the financial year ended 31 March 2016 (EUR)

	31 March 2016	31 March 2015
INCOME		
Interest income	701	408,441
Dividend income	1,373,534	1,171,525
Other operating income	235,762	164,831
Net changes in fair value on financial fixed assets	13,485,674	12,144,226
Net changes in fair value on transferable securities	-	-
Total net income	15,095,671	13,889,023
EXPENSES		
Operating expenses	2,013,320	1,931,757
Interest payable and charges	927,230	21,529
Taxes	25,641	15,468
Total expenses	2,966,191	1,968,754
NET PROFIT	12,129,480	11,920,269



advans 
 Growing together

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Credit photos : Advans SA