

Putting clients at the centre

2018 ANNUAL REPORT



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ADVANS CÔTE D'IVOIRE

START OF OPERATIONS:
MARCH 2012

ADVANS INTERNATIONAL

ADVANS TUNISIE

START OF OPERATIONS:
MARCH 2015

ADVANS CAMEROUN

START OF OPERATIONS:
MAY 2007

ADVANS NIGERIA

START OF OPERATIONS:
FEBRUARY 2013

ADVANS GHANA

START OF OPERATIONS:
OCTOBER 2008

ADVANS BANQUE CONGO

START OF OPERATIONS:
JULY 2009

ADVANS MYANMAR

START OF OPERATIONS:
APRIL 2017

ADVANS PAKISTAN

START OF OPERATIONS:
JANUARY 2013

AMRET

START OF OPERATIONS:
JULY 1991

Message from **our Chairman**

Over the year Advans remained dedicated to its mission to accelerate financial inclusion, aiming to respond to the financial needs of small businesses and underserved populations while helping to promote lasting economic and social development. The group continued its steady growth in core markets, with 156,000 new clients joining us in 2018. At the end of 2018 we had a global client base of 917,000 clients across the network, up from 760,000 clients at the end of 2017, with 62% female borrowers.

Sustained uncertainty on a global scale meant that economic expansion was limited over 2018 with GDP growth in Sub-Saharan Africa at 2.3% compared with 2.5% in 2017¹. Macroeconomic uncertainty and political instability had an impact on several African economies, including some of our markets, even though countries like Nigeria and The Democratic Republic of the Congo (DRC) increased growth compared to 2017. In Tunisia the economic recovery continued while Pakistan experienced growth despite some imbalances. Cambodia pursued its strong growth trend with poverty continuing to fall whereas growth slowed slightly in Myanmar.

“ *Innovation continues to be an important driver for Advans* ”

Despite various economic and political challenges, the group carried on building its loan and deposit portfolios, reaching €876 million and €511 million respectively, thanks to the strong performances of several Advans's subsidiaries, including Amret, Advans Ghana, Advans Tunisie and Advans Myanmar. These institutions were able to leverage on the strength of group synergies, local market opportunities and the knowledge accumulated over the years. Advans' subsidiaries in Cameroon, Côte

d'Ivoire and DRC faced a number of challenges and difficult market conditions, but with the support of the group, these institutions are strengthening their foundations to resume growth.

At Group and Board level we continue to work on the execution of the Advans strategy for the years to come. Innovation continues to be an important driver for Advans and we were recognised for our innovative leadership in financial inclusion during the year, with Advans Côte d'Ivoire winning the European Microfinance Award for its unique digital savings and loan services for cocoa farmers. To further improve the client experience, Advans aims to create new digital propositions to better serve clients, work closely with digital partners to increase client outreach and deliver a high-tech high-touch omni-channel experience adapted to our targets. We also intend to use data to develop credit scoring models and to enhance the efficiency of our loan process. Advans is drawing on the experience gained over the past 10 years to accelerate and scale our digital transformation, using technology to fuel growth and to drive change for the benefit of our clients.

To conclude I would like to thank Advans' shareholders, fellow Board Members, Management and staff for their continued commitment to Advans' mission and to serving our clients in the best possible manner. The future looks promising as we continue our journey to improve financial inclusion and keep our clients satisfied.

Eelko Bronkhorst
Chairman of the Board of Directors, Advans SA



¹ World Economic Outlook 2018/9

Message from our CEO

In all our countries of operation our objective is to be a **privileged financial partner to our small business clients**, getting to understand their financial needs, the barriers they may be facing in gaining access to financial services and how to accompany them in the long term so they can grow and build their financial resilience.

In 2018 **our nine subsidiaries expanded their operations** with this goal in mind. We concentrated on reaching more customers with a modernised brand, increasing convenience for our clients through new innovations, and improving customer service. **On the whole Advans exceeded expectations with regards to outreach** (serving 20% more clients than in 2017), made **good progress on the loan portfolio** (+14% in volume) and saw **strong growth on deposits** (+27% volume), even though some subsidiaries had a more challenging year.

“ We will strive to pursue our growth with the important milestones of 1 million clients and €1 billion outstanding loan portfolio in view. ”

Our two youngest subsidiaries had especially good levels of portfolio growth and profitability. **In Tunisia Advans almost doubled its loan portfolio** (+94%), grew its client base by 70% and completed its first year of profitability. In Myanmar our youngest subsidiary showed its high potential to increase financial inclusion in the country, serving over 27,000 clients with a €5.5m loan portfolio after just 18 months of operations.

Meanwhile, Amret continued to be a model for our greenfield subsidiaries, pursuing its growth in an evolving market while maintaining an excellent level of portfolio quality thanks to responsible lending practices. The MDI (microfinance deposit-taking institution) continued to implement its Amret + strategy for sustainable growth, to further increase its outreach, impact and efficiency in years to come, with a key emphasis on client centricity. In Ghana we celebrated 10 years of commitment to responsible microfinance. Advans Ghana has disbursed over 125,000 loans since its launch and served almost 60,000 clients at the end of 2018, a year when it was able to attain excellent levels of growth (+28% on the loan portfolio and +37% on deposits) and profitability.

We also **expanded our global footprint** with 20 new points of sale, as well as the **on-going implementation of alternative delivery channels to increase our proximity to clients**. This included the development of Advans Point Agent network in Cameroon, the launch of a partnership with a third party agent network in Côte d'Ivoire and expansion of the Mobibank service in Ghana. We kept on improving our rural and agri-finance offers, with a successful pilot of agricultural loans in Tunisia and the scaling up of our award winning digital services for rural populations in Côte d'Ivoire.

With the pace of change around us, in 2019, we aim to accelerate our digital transformation to continue innovating and delivering services adapted to our clients' changing needs. **We will strive to pursue our growth with the important milestones of 1 million clients and €1 billion outstanding loan portfolio in view.** We have defined four key strategic pillars to strengthen the group as a whole, aiming to put clients at the centre of everything we do, build our impact and outreach, enhance performance and productivity, and finally harness opportunities to innovate through using technology to improve both client and staff experience. We will also carry on building the capacity of our staff and strengthening our leadership teams to take our subsidiaries to the next level.

We will continue to reinforce our leading position through focusing on the sustainable growth of our network and seizing opportunities to increase our efficiency and proximity to clients.



Steven Duchatelle
CEO, Advans Group

A look back on 2018

February

End of Advans' first pilot with Jumia, with 64 loans disbursed during a four month pilot for €164,000.



April

Advans Myanmar hits the 10,000 client mark after just one year of operations.



August

Advans Ghana launches its 10 year celebrations having disbursed over 125,000 loans since its launch.



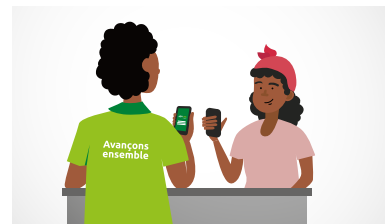
October

Advans Tunisie begins the roll out of its agricultural loan.



January

Advans Cameroun continues the expansion of its agent network with 69 agents across the country.



March

Advans launches its new brand across the network.



June

Amret inaugurates its new eco-friendly head office.



September

Eelko Bronkhorst becomes Chairman of the Board for Advans SA.



November

Advans Côte d'Ivoire wins the European Microfinance Award for its digital services for cocoa farmers.



Our strategy

OUR MISSION

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

AMBITION

Be the preferred financial service partner for small businesses

STRATEGIC PILLARS



1

PUT THE CLIENT FIRST

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



2

BUILD OUR IMPACT

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



3

ENHANCE OUR PERFORMANCE

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



4

HARNESS OPPORTUNITIES TO INNOVATE

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

KEY DRIVERS

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

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

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

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

VALUES

OPEN

COMMITTED

ENTREPRENEURIAL

INNOVATIVE

Our Board of Directors

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

Advans SA Board Members are as follows:



Eelko Bronkhorst

CHAIRMAN OF THE BOARD



Claude Falgon



Gail Buyske



Harry Schoon



Hervé Schricke



Jan-Albert Valk



Matthias Adler

Our Executive Committee

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

Advans International Executive Committee Members are as follows:



Steven Duchatelle

CEO



Grégoire Danel-Fedou

DCEO, COO



Isabelle Montfort

FINANCE



Frédéric Mille

INVESTMENT



Fanny Serre

MARKETING



Laurent Clauser

RISK



Marc Bittoun

AUDIT



Gaël Briot

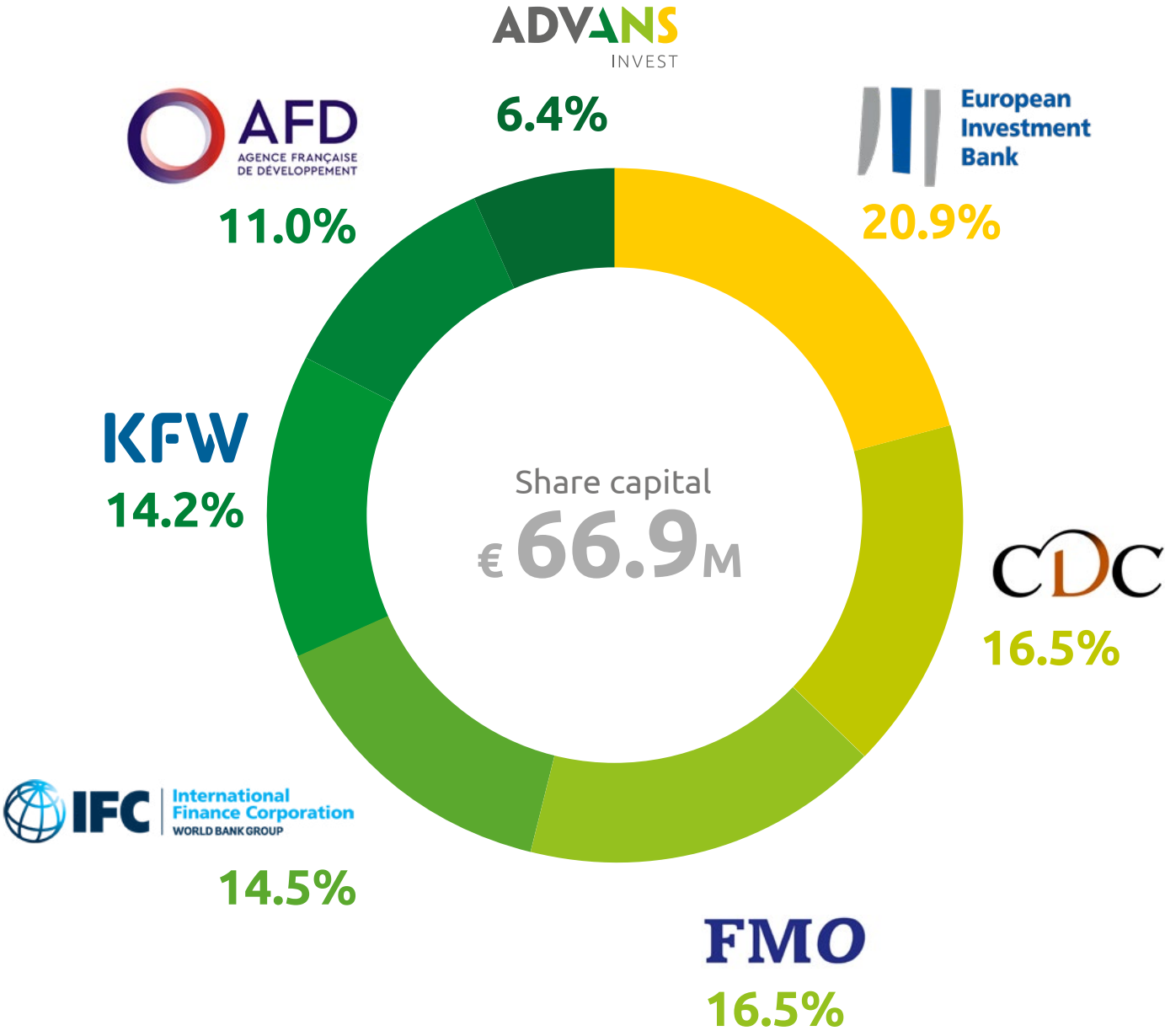
ORGANISATION



Anne-Laure Asboth

BUSINESS DEVELOPMENT

Our shareholders



01. Put the client first

Stories from our clients



Nhor Bros

Owner of a farm tools depot, Cambodia

“Amret’s loans are easy to apply for and they have affordable interest rates. Staff are really friendly, that’s what I love about Amret.”

I sell farming tools and other products from my kiosk in Battambang province. Demand from clients increased and I started having a hard time supplying all the products due to my limited family budget. That is why I decided to apply for my first loan with Amret in May 2017. Since then, my business has kept growing and I have gone from a small kiosk to a big depot. Today I have a much bigger business thanks to Amret’s support.



Justin Phuela Kambu

Convenience store owner, DRC

“I appreciate Advans’ customer care and the close relationship with staff thanks to their regular visits.”

The loan I received from Advans has really helped me to develop my activity. I have increased my stock significantly and I was able to buy some land and build a house. In terms of day-to-day activities, I find mini branches very practical and use them regularly for my operations. I was introduced to Advans Banque Congo by a Client Relationship Officer that gave me some information and I decided to apply for a loan. I would definitely recommend Advans because my loan has had a big impact on my life.

Sarlomey Ntow

Fabrics wholesale shop owner, Ghana

“I always enjoy the excellent customer service I receive whenever I visit the branch.”

I started as a street vendor in the central business district, but thanks to my solid partnership with Advans Ghana my business has progressed, and I am now the proud owner of two shops with 6 employees. I have already introduced lots of my friends and business acquaintances to Advans Ghana and I always mention Advans as having played an important role in my success!



Oluyede Omolola Temidayo

Souvenirs seller, Nigeria

“Advans has supported my business tremendously, I have been able to grow my business and improve life for my family.”

What I like most about Advans is their quick response to enquiries and turnaround time for services. I have recently tried the new Advans mobile app which was very easy to use! It’s nice to know that I now have access to my account without having to visit a branch.



Martin M Tihyoh Ndongla

Owner of a steel construction and transport company, Cameroon

“I am impressed with how transparent and respectful Advans’ staff are!”

The process of getting a loan at Advans Cameroun is really fast and straightforward. The loan that I acquired from Advans helped me to build my business and my reputation. My family is now able to enjoy a comfortable lifestyle and thanks to Advans I have acquired a plot of land. I am really happy with the quality of service and especially the availability of staff.



Knowing our customers and their needs



6

priority segments defined on average per subsidiary



780K

clients identified in the new model



5

subsidiaries reviewed their customer segmentation

What is client segmentation and why is it important?

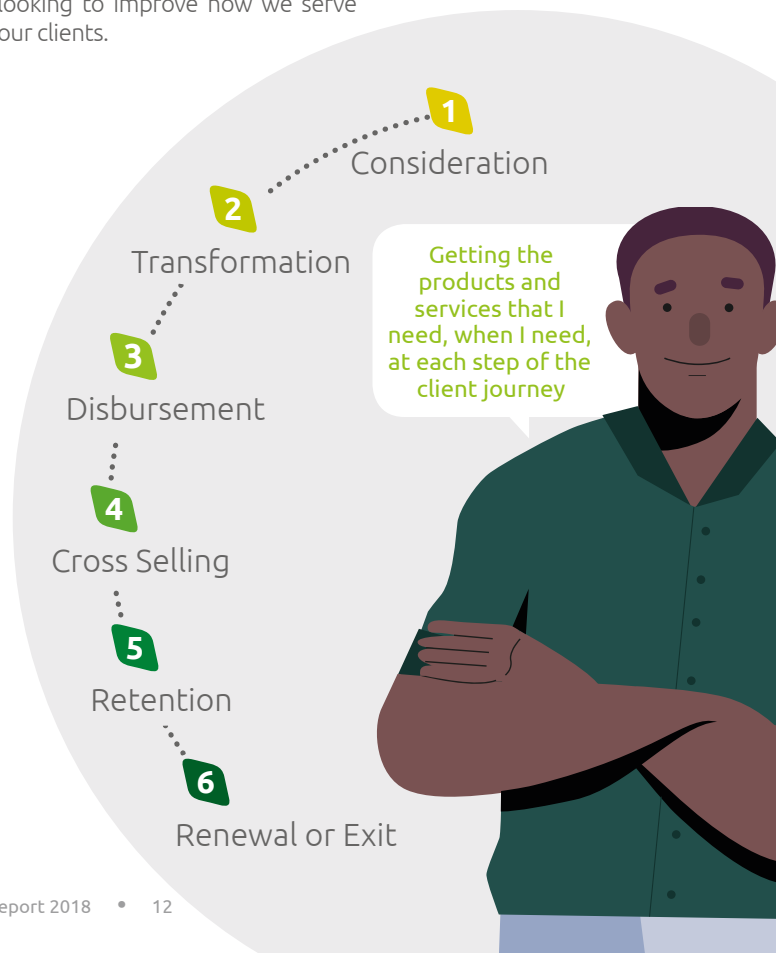
Knowing our clients, their characteristics, preferences and behaviours is key to being able to provide them with services that are in line with their everyday and long term financial needs. Segmenting customers and building relevant profiles is a first step towards a more customer centric approach. It is essential to change a product centric culture to a customer centric culture. Although several Advans' subsidiaries have had a basic segmentation since the start of operations, we have recently identified the need to review how we classify and identify our different target segments so that we can better adapt our approach to the segments in each of our markets. The main objective of the project is to deliver more value to our target clients throughout the customer journey, starting from their first steps with Advans. Segmentation entails analysing a group of diverse profiles and creating homogenous groups according to client characteristics, be they geographic, demographic, behavioural or psychographic. At Advans we have focused especially on the business profiles of our clients, since our main mission is to help them to grow their professional activities, but also linking this to their financial habits and attitudes, family needs and lifestyle.

What are the key stages of the segmentation process?

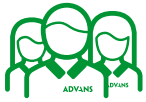
First of all we analyse the quantitative and qualitative data we have on our clients and create a proposition for the new segments. Then, once we have key data on the new segments, we aim to better understand the characteristics of each typical client 'profile', through internal workshops and client research. The second stage of the project entails identifying opportunities and designing action plans to better address customers' needs, looking at how our services respond to the problems our clients face and how we accompany them throughout their journey with us – this can also help us to identify gaps and new propositions for the future. The final stage involves implementing this across our activities, updating the system, training commercial staff and changing any organisational aspects.

Results and looking ahead

Our segmentation strategy was officially launched in 2017 with the start of a customer segmentation review in Amret and it is currently at various stages of development in different subsidiaries, with Advans Cameroun being our first greenfield to implement the new segmentation. In 2018-19, work on local segmentation review processes, and specifically reclassifying clients, started in the majority of countries in our network, namely: Advans DRC, Advans Pakistan and Advans Côte d'Ivoire. Almost 780,000 clients have been reclassified, with on average 6 priority segments per subsidiary, thus allowing for the adaptation of segment specific value propositions. We have the goal of having implemented a clear segmentation approach across the network by the end of 2020. Results are promising and confirm that staff consider the process of identifying the right offer for specific clients has a positive impact on their capacity to accompany customers and therefore improves our quality of service. Following implementation we can closely monitor how each segment evolves with us, the products they are using and also analyse data and client research according to our new client profiles, always looking to improve how we serve our clients.



High performing teams to better serve customers



6,880
Staff

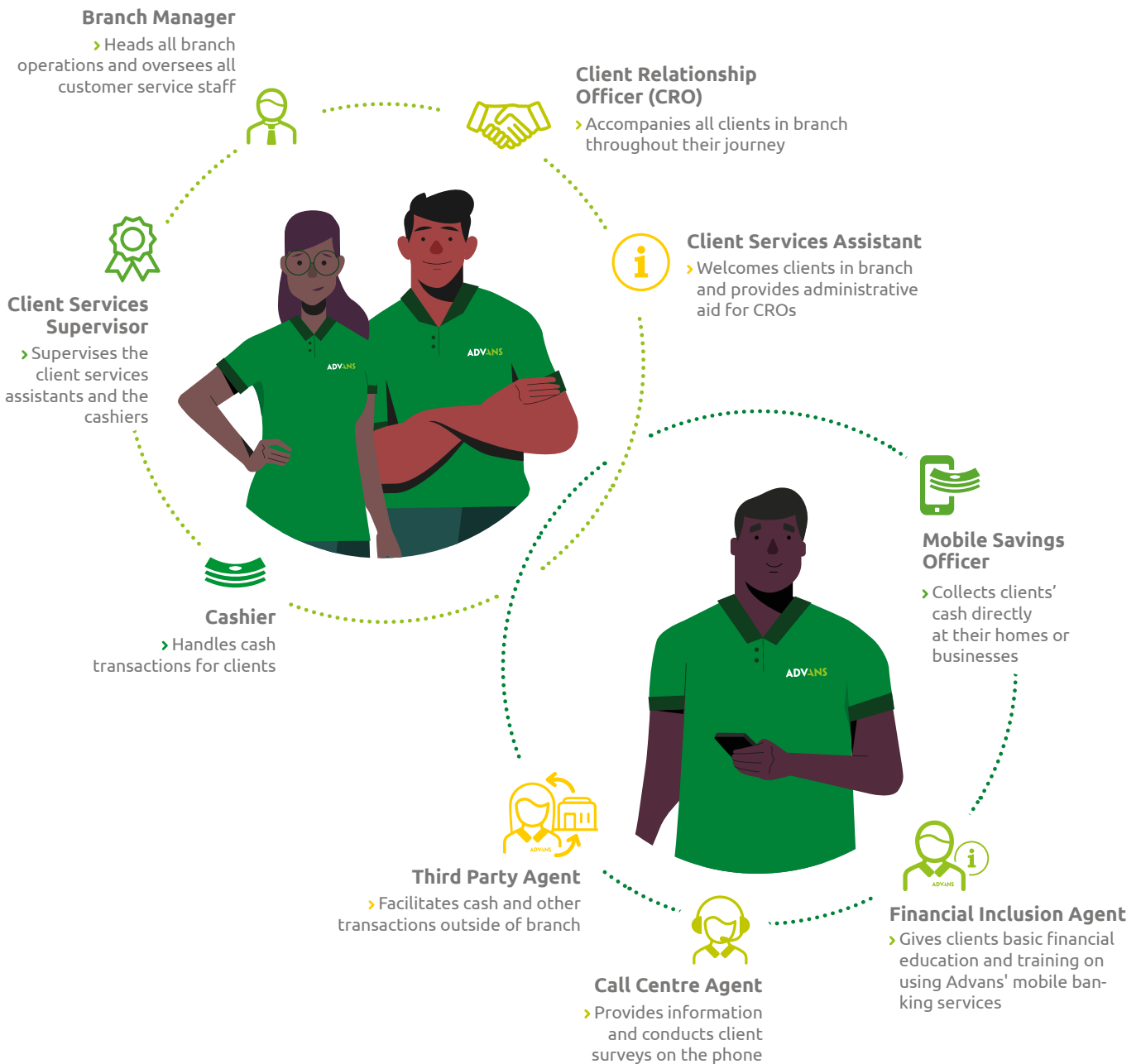


2,860
Loan officers



81%
Staff at points of sale
(Greenfields only)

By embracing a high touch-high tech approach to customer service, Advans' teams are ensuring that clients fully benefit from our financial services while developing a meaningful and sustainable relationship with them.



Helping rural clients to save thanks to digital solutions and partnerships



19,000

cocoa farmers with saving accounts



3,800

village association members saving



€ 180,000

in digital school loans disbursed

Why target rural populations in Côte d'Ivoire?

In Côte d'Ivoire, rural populations, and in particular cocoa farmers and women, have limited or inadequate access to traditional financial services. Only 37% of people in rural areas have an account at a financial institution and only 2% have borrowed money from a formal institution, compared to 36% who borrowed money from informal sources². Since 2015, Advans Côte d'Ivoire has been targeting underserved rural populations with adapted financial services and digital solutions. Advans' main objective is to increase the capacity of these communities to save, mobilise and manage their own resources, and then redistribute them. Integrating technology into tailor made products and services has been successful so far and paves the way for other Advans' subsidiaries looking to adopt similar digital channels in rural areas.

An award winning digital savings service and school loans for farmers

Advans' mobile banking solution enables farmers to access a digital savings package on a simple mobile, offering them a dedicated current and savings account as well as a wallet to bank and bank to wallet transfer service in partnership with MTN to allow them to make cash transactions. The solution i) improves security and allows cooperatives to pay farmers through digital transfers rather than cash ii) encourages farmers to save during the harvest season so they have reserves during the low season iii) gives cocoa farmers access to a digital school loan in the low season based on their savings history. In order to ensure the success of its mobile banking service, Advans accompanies clients throughout their client journey by deploying a network of financial inclusion field agents who train farmers on how to manage their accounts through the mobile menu. This coaching aspect plays a key role in ensuring that the long-term financial inclusion of target clients is done in a responsible manner. The USSD mobile banking solution has given access to savings accounts to over 19,000 cocoa farmers in remote areas with 1,120 of these clients also benefitting from digital school loans in 2018 for an amount of €180,000. Advans Côte d'Ivoire was awarded the 2018 European Microfinance Award for this innovative service.

Partnering with key actors to bring financial solutions to rural women

In 2015, Advans formed a partnership with the NGO CARE with the goal of enhancing financial inclusion for members of village associations mainly composed of women (about 85%) through capitalising on community links and traditional savings practices. CARE approaches excluded populations and helps to create and formalise Village Savings and Loan Associations (VSLAs), groups of 15-30 people that meet weekly and save regularly using a cash box. The money is then redistributed to finance income-generating activities or to deal with emergencies. Advans intervenes once these groups have been assessed by CARE and are considered established enough, offering them a formal group bank account and remunerated individual accounts as well as access to mobile banking. Financial inclusion agents train groups to use their accounts and the mobile service. These services enable members of VSLAs to secure and grow their savings, to enter the formal system and to be introduced to the use of digital financial services. Once VSLA members have sufficient savings history they can also access a group loan from Advans to finance their activities. Advans' loan offer is preferable to the group informal loans because they allow VSLAs to access larger amounts, for longer periods and at much lower interest rates. In 2018, 3,800 village association members saved more than €10,000 and 17 groups obtained loans for a total of €30,000.



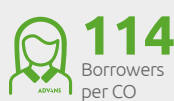
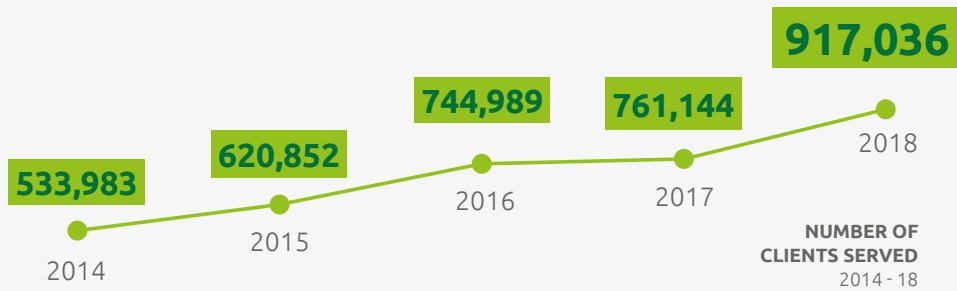
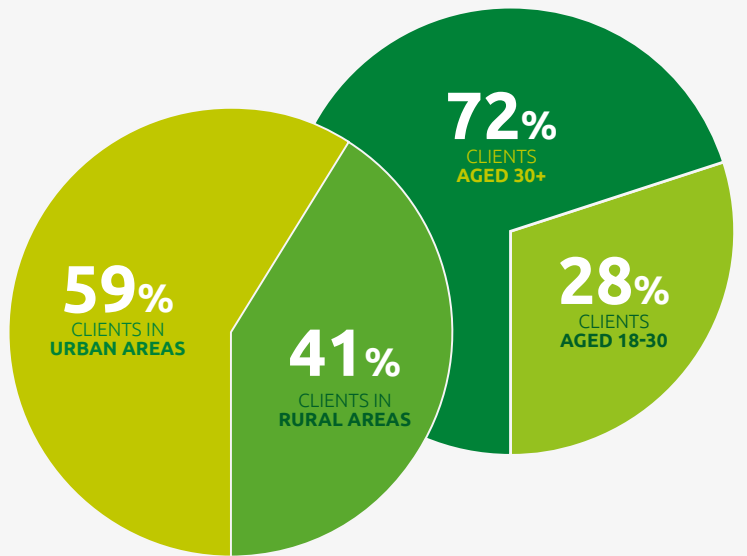
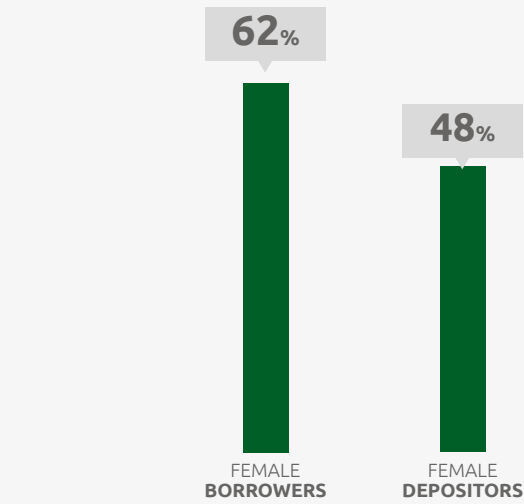
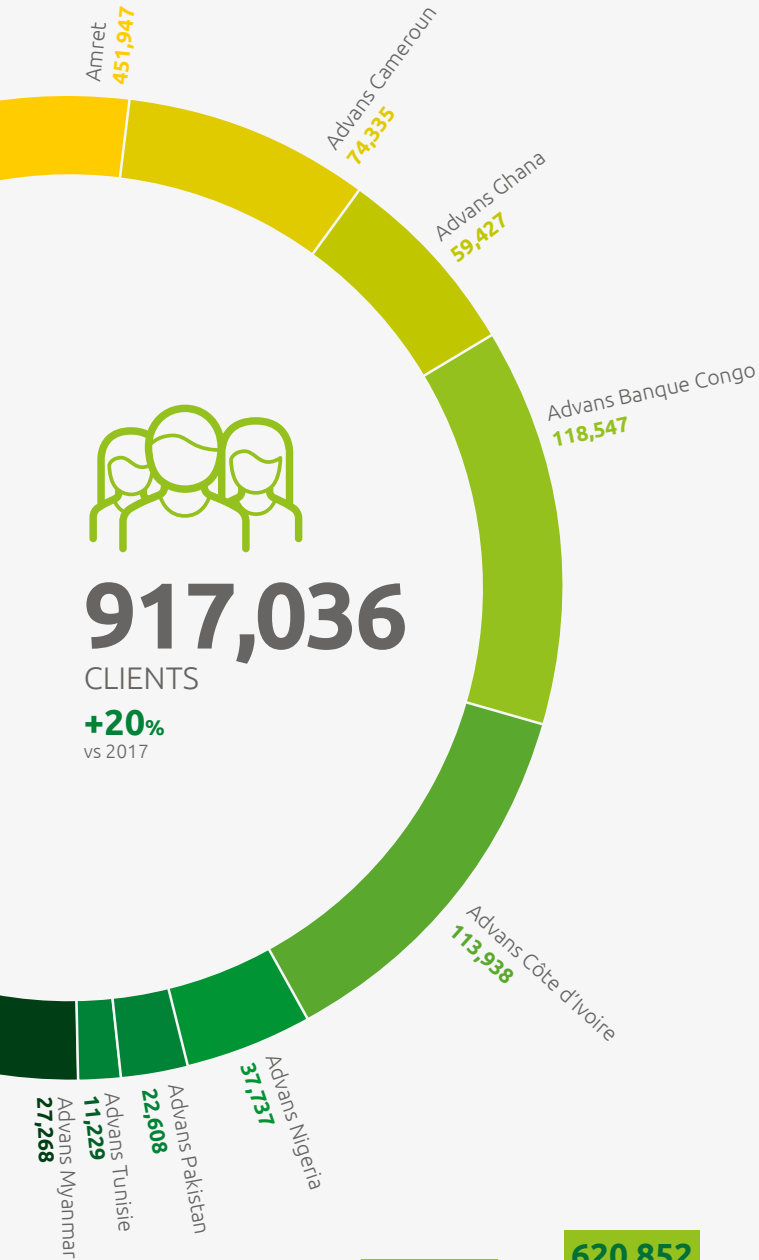
² Global Findex 2017

02. Build our impact

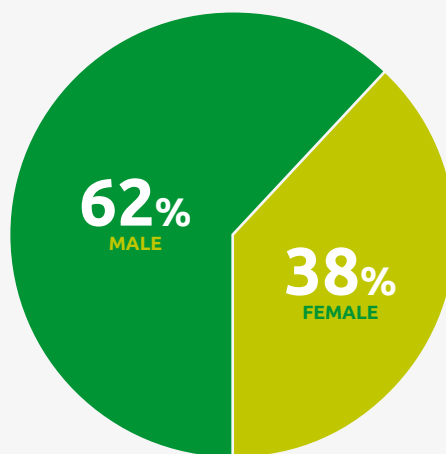
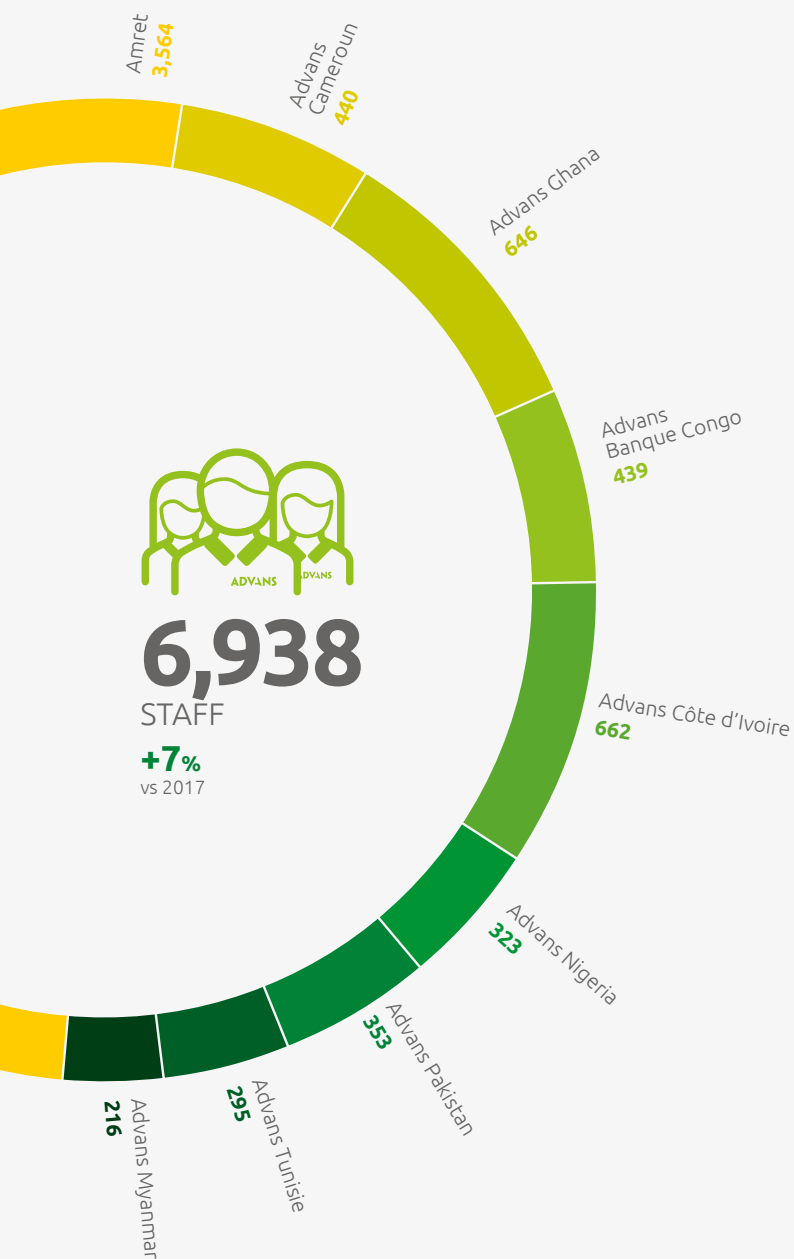
Our impact

CLIENT STATISTICS

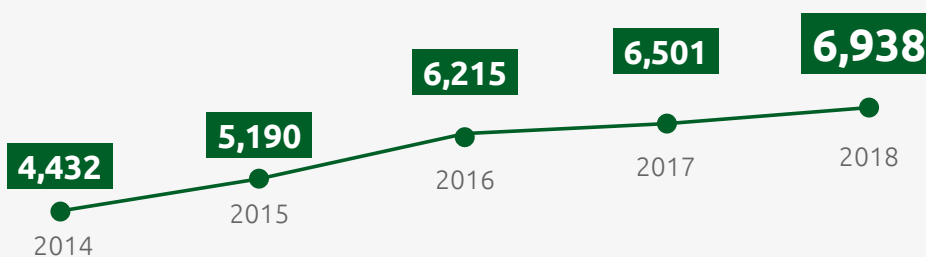
2018



STAFF STATISTICS 2018



STAFF GENDER



GROUP STAFF
2014 - 18



Social performance as a key driver



4

Subsidiaries with an SPI4 Audit



1

Subsidiary CPP certified



9

Subsidiaries reporting with Advans' SPM dashboard

Why focus on social performance?

The social mission of microfinance institutions is important because of our role in ensuring the empowerment of underserved populations. It entails a huge responsibility because a large part of those clients do not know much about financial services. Therefore, at Advans, we consider that we must make sure we do the right thing for our customers at any point of their journey with us: offering services tailored to their needs, communicating transparently, treating them with respect and also by enabling them to give feedback. Social Performance Management (SPM) is all about making sure that our social mission becomes a reality so that we have the outcomes and impact we aim for. By systematically monitoring and managing its social performance, Advans is making sure that its business activities are aligned with the institution's vision, mission and objectives.

What is Advans' approach?

From the start of operations, all Advans' subsidiaries implement group model policies and procedures with regards to how they serve clients. Advans has had an SPM policy since 2008 which we have further developed by articulating our social mission and breaking it down into five clear social goals. Our goals focus mainly on the impact we aim to have on clients but also on our staff and our surrounding communities. In order to follow up on our achievements with regards to our social goals we have put some basic indicators in place which we report on quarterly.

We have also tried to focus on additional SPM governance practices: for example, ensuring that we have a SPM representative in each subsidiary and a SPM champion on each board. We aim to ensure that subsidiaries are aware of best practices in social performance and of how our standards compare to them. To do this we use sector tools such as the SMART client protection principles self-assessment. Since 2017 we have also been using the SPI4 social audit tool to assess our practices and to identify areas for improvement. Up until now we have used this tool in four subsidiaries – Côte d'Ivoire, Ghana, DRC and Nigeria.

What perspectives in social performance in the years to come?

Now that we have the data from these audits we are looking to work on group policies to close existing gaps and improve our policies and practices. At end 2018 we also launched the *Voice of the Customer* project which focuses on complaints mechanisms, measuring satisfaction and improving client research. As we set up global standards and processes at group level, we always look for good practices from our subsidiaries: for this project we gained a lot of interesting insights from our team in Ghana – they have been monitoring customer feedback through their call centre which has resulted in an improvement of overall customer satisfaction. Going forward we aim to focus especially on empowering our clients and better evaluating the impact of our financial services on their businesses and lives in the long term.

Amret reconfirms its commitment to client protection



451,947
Clients



242,548
Borrowers



70%
Female borrowers

Client protection in microfinance

Because microfinance clients often have low financial literacy or may not have had access to financial services before, microfinance institutions (MFIs) have to put particular emphasis on client protection and ensuring services are delivered with the best interests of clients in mind. The Client Protection Principles is a global initiative to ensure that MFIs follow responsible practices and put clients at the centre. The Smart Campaign encourages MFIs to prioritise customer protection through adherence to seven core principles, namely: 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. All Advans' subsidiaries endorse the SMART Campaign.

Client protection and Amret

Amret, like all Advans' subsidiaries, is committed to ensuring that it delivers financial services responsibly and in a sustainable manner. This commitment was confirmed in 2016 when Amret became one of the 120 institutions worldwide to be client protection certified by M-CRIL, a licensed Smart Campaign certifier. In 2018, Amret successfully completed the Client Protection Principles check and its certificate is now valid until the end of June 2020. Amret has established a set of policies and practices that ensure that client protection remains at the heart of its operations. As well as having a well-developed credit policy and internal control system to guarantee the responsible delivery of loans, other examples of how these practices are implemented include a Code of Ethics to ensure respectful treatment of clients on which staff are trained regularly as well as a thorough client complaint process with comprehensive monitoring and reporting to the management and Board. The institution also delivers financial education training courses on savings and debt management. In 2018, 39 training courses were provided to nearly 1,000 participants of which around 70% were female. More than 90% of participants said that they had positive results after applying the methods recommended by Amret's trainers and 96% said that the financial education program provided by Amret was important for their daily financial management.

A long term commitment

This reaffirmed commitment to respect industry-accepted consumer protection standards demonstrates Amret's continued focus on serving its target clients – micro, small and medium enterprises and low income populations – responsibly. The expertise built up at Amret in terms of the SMART certification process will be shared with the group so that other subsidiaries can also improve their client protection practices.



Stories from our staff



Ajogbasile Morunkola

Head Teller, Nigeria

“What I appreciate about Advans is working in a positive environment where there is room for learning and stability in a sector that impacts the lives and businesses of people.”

I enjoy talking to our customers, providing them with services and helping to propose solutions to clients' problems. I worked in different branches as a Client Assistant before I was promoted to the position of Head Teller in Gbagi branch. My experience at Advans has improved my communication skills and my ability to relate to and interact with people. I feel I have the leadership skills and the support I need to advance in my career.



Rabii Derouiche

Operations Manager, Tunisia

“With little professional experience, I was able to launch my career in a young and dynamic company that combines professionalism and sense of responsibility.”

Advans has given me a unique chance to develop my skills. After gaining experience in different positions within the institution, today I am the Operations Manager of four branches which is a particularly exciting assignment. My main responsibility is supporting the management teams of branches on organisational aspects, coaching, sharing good practices and improving productivity as well as making sure permanent contact with customers via field visits is maintained. Proximity to clients is where the strength of Advans Tunisie's model lies: our role is not only to provide financial services but also to inform, support and build a long-term relationship with customers.



Shahid Siraj

Branch Manager, Pakistan

“Advans has taught me commitment, loyalty, teamwork and how to be a good role model for my team.”

I joined Advans in May 2015 as an internal controller. As I was eager to learn more and thanks to the support of my supervisor and management team, I was able to experience different roles within the institution while developing my business, client relationship and managerial skills. Microfinance is a growing industry in Pakistan and I am lucky to be part of the Advans Group. It motivates me to see how our services help clients grow their business and add value to their lives, and how we live up to our motto of **#growingtogether**.



U Wai Yan Htet

Branch Manager, Myanmar

“Being part of a worldwide team is an exciting opportunity that offers a lot of possibilities for development.”

Being in charge of running the branch includes planning, motivating and setting targets for staff. Working in the microfinance industry is a meaningful experience as there is the constant challenge of improving your skills in order to better serve customers. Being part of Advans has helped me develop my potential and acquire new managerial and people skills.

L. Ben Youssef Coulibaly

Branch Manager, Côte d'Ivoire

“Knowing that we contribute to the economic and social development of our clients, and indirectly to that of the country, gives me a great feeling of fulfilment.”

Since I first joined Advans in 2013, I have followed multiple trainings, in particular on financial analysis during my time as a Client Relationship Officer and on management practices after my promotion to a managerial position. Thanks to Advans, I have a greater appreciation of the importance of integrity and honesty. The team spirit and solidarity that are promoted within Advans ensure that each staff member reaches their potential.

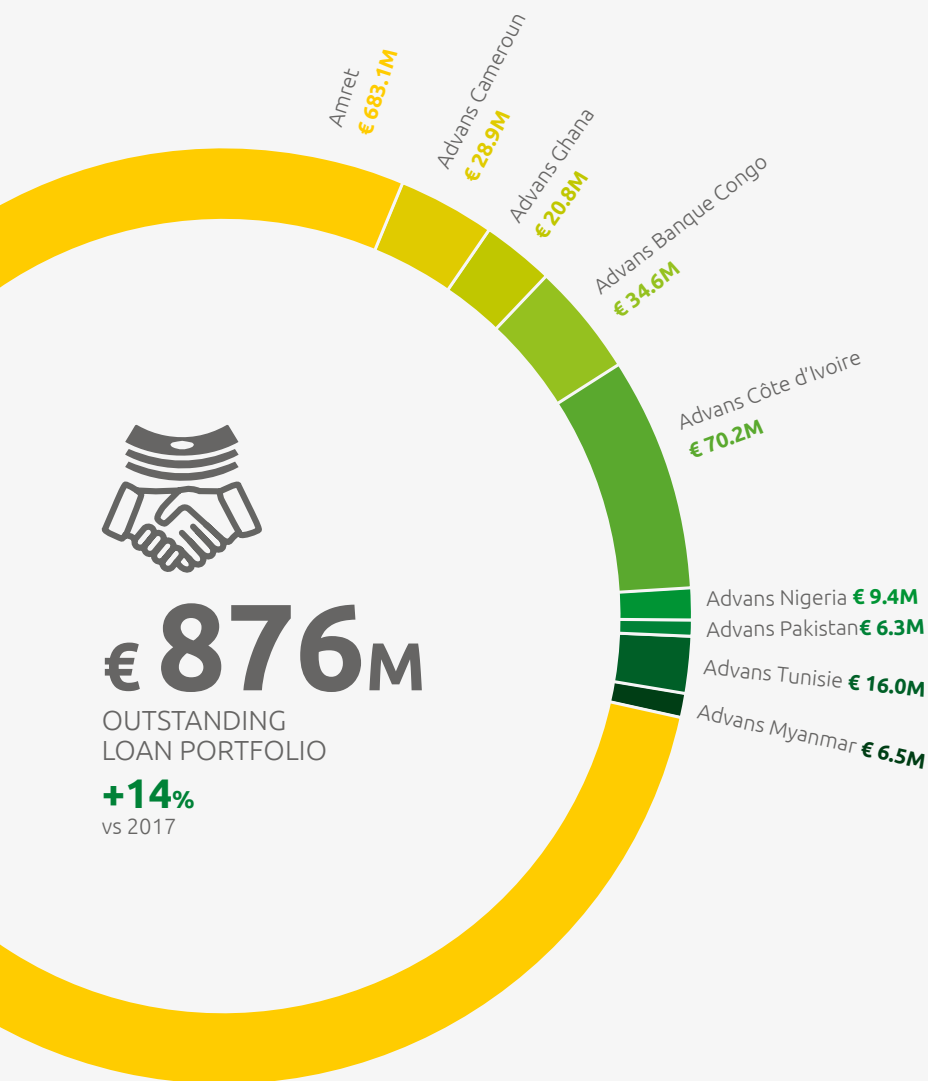


03. Enhance our performance

Our performance

LENDING PERFORMANCE

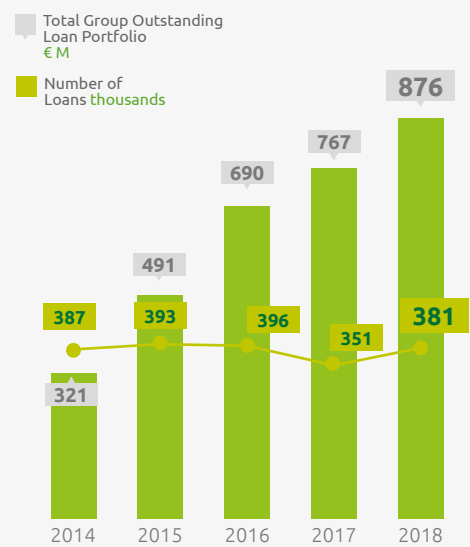
2018



€2,298
AVERAGE LOAN SIZE
+5%
vs 2017

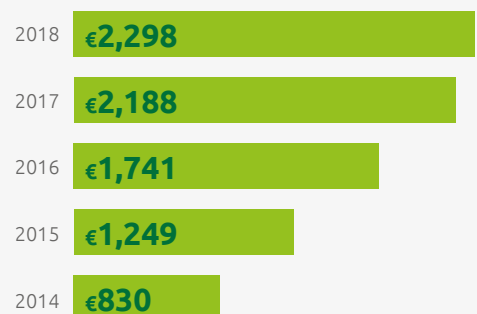
LOAN PORTFOLIO TREND

2014-18

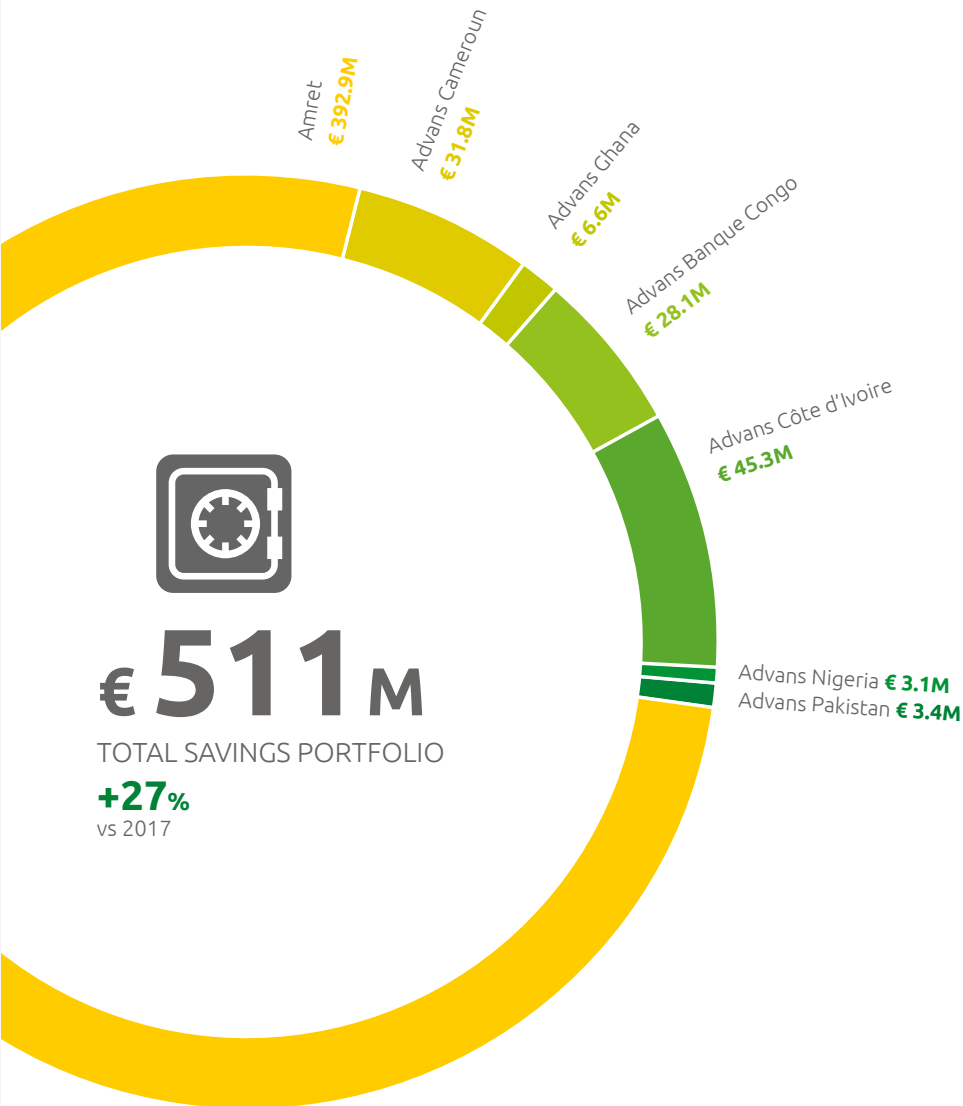


Group average loan size

2014-18



SAVINGS PERFORMANCE 2018



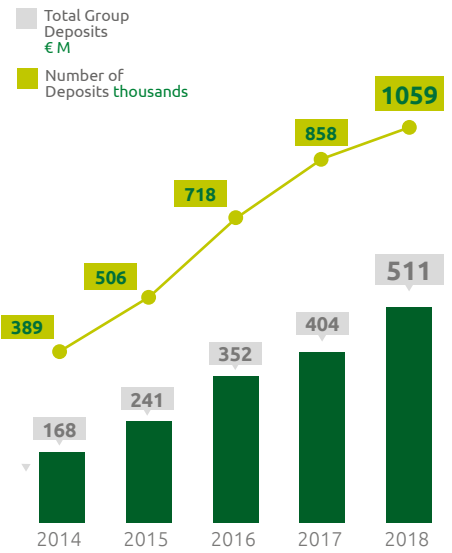
€511M

TOTAL SAVINGS PORTFOLIO

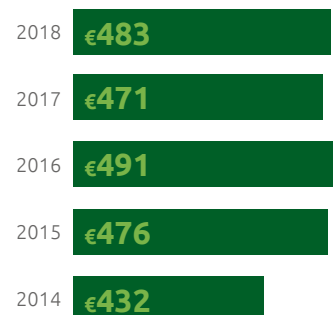
+27%
vs 2017

€483
AVERAGE DEPOSIT SIZE
+2%
vs 2017

SAVINGS TREND 2014-18



Group average deposit size 2014-18





Expansion of microfinance in Tunisia



11,229
clients



€16M
loan portfolio



94 %
Loan portfolio
growth 2017-18

Clients at the centre of Advans Tunisie's mission

In Tunisia, 30-40% of the adult population (2.5 to 3.5 million people) and over half of businesses have limited or ill-adapted access to financial services. Advans Tunisie, which opened its doors to the public in 2015, is one of the eight microfinance institutions which exist today on the market. Advans Tunisie's mission is to widen access to simple, responsible and tailored loans for Tunisian small and medium businesses and farmers. It serves mainly urban entrepreneurs working in trade and services, offering them productive loans ranging from TND 500 to 40,000 (around €145 to €11,600) and also focuses on offering financial services to farmers who are unbanked or ill-banked in rural zones where there is a high potential for impact. With an ambitious expansion plan and 2 new branches in 2018, Advans operates in Tunis, Beja, Jendouba, Kairouan, Nabeul, Sousse and Zaghuan, Gabès and Médenine. At end 2018, after just three years of operations, Advans Tunisie was serving more than 11,000 clients through a network of 12 branches.

Expanding and diversifying Advans' offer

Unlike other actors on the market, Advans Tunisie supports intermediate sized businesses and aims to become the preferred partner of Very Small Enterprises (VSEs) in Tunisia, with the support and experience of the Advans Group. This is also facilitated by the credit limit in Tunisia being increased to TND 40,000. Advans performs a thorough analysis of the needs and reimbursement capacity of its clients according to their income and expenses.

Advans Tunisie has also expanded its offer to entrepreneur clients, giving them the opportunity to benefit from other complementary loans to improve their living conditions such as school loans to pay fees and for school materials, or housing loans for work on their homes. In 2018 Advans Tunisie also rolled out its tailored agricultural loan for farmers, adapted to the seasonality of agricultural activities, with flexible repayment dates. Advans disbursed over 600 agricultural loans over the year, for over €1.4m. Farmers have given positive feedback on Advans: they like the close proximity of the branches, the service quality and appreciate the flexible repayment conditions. Advans Tunisie's clients also have the opportunity to participate in financial education sessions which aim to build their awareness on good financial practices, with a specific focus on managing debt and saving. A survey showed that 95% of clients said they had changed their financial behaviour after these sessions.

A promising future

Advans Tunisie's activities are growing strongly, boosted by the dynamism of Tunisian entrepreneurs. The MFI has set itself the ambitious goal of covering almost the whole of the country by end of 2019 and will also look to improve its agricultural offers, using a sectorial approach to better tailor its services to farmers and their commercial partners. The institution will also look to diversify its delivery channels in partnership with other players so as to make transactions easier for its clients. In five years' time, Advans Tunisie hopes to serve more than 40,000 clients.

04. Harness opportunities to innovate

Our digital strategy



20.9%

Of the population with a mobile money account in SSA³



29.1%

Of the population made digital payments in the last year in SSA



120%

mobile penetration in Cambodia

Digitalisation: what's at stake for microfinance?

The booming digitalisation in developing countries, especially on the African continent, is one of the main factors behind the increase in financial inclusion witnessed in the past ten years. In Sub-Saharan Africa for example, 42.6% of the adult population had an account in 2017 compared to just 23.2% in 2011 with almost 21% of adults having a mobile money account³. Digitalisation represents a unique opportunity for financial service providers to better achieve their mission and reach out to more clients. Technology can help traditional microfinance institutions to overcome challenges such as high operating costs (forcing MFIs to focus on high-density urban centres) or high operational risks (due to manual and paper-based processes). Because digital solutions represent an enormous opportunity for microfinance operators to improve their outreach and better serve clients, Advans has had the chance in recent years to implement and test multiple digital technologies to improve the financial inclusion journey for our clients.

Implementing digital technologies into client interactions

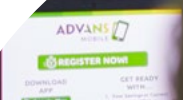
In Côte d'Ivoire our mobile banking service has enabled us to reach out to over 20,000 financially excluded clients in rural areas who could not have been served with a traditional brick and mortar approach. In neighbouring Ghana digital channels have especially increased account usage with 33% of client interactions being made through the mobile banking service and a total of 4.3 transactions on average per month per active client. Meanwhile, in Cameroon, the implementation of an agent network across the country has enabled Advans to offer its clients more proximity and reduce congestion in branches. In 2019 Advans' subsidiaries in Nigeria and Cambodia will launch mobile applications allowing clients to manage their transactions instantly on their smart phone. Each of our markets and all of our clients are evolving at a different pace, so even though we share experiences between subsidiaries we use a model of pilot, test and scale in each market. Client research and feedback are key at all stages, from thinking about developing a new service to rolling it out, and constant per-

formance monitoring is essential. Microfinance clients remain a specific target with often lower use of technology, lower financial literacy and trust issues to be considered. Advans therefore aims to take a high-tech and high-touch approach, with an omni-channel offer for clients, and additional services such as financial education and customer care as solutions to ensure that clients fully benefit from our financial services.

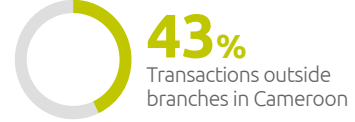
Going forward

Advans' digital transformation is in motion. Now that the group has developed a set of channels and business models it can scale the activities that work best. In all subsidiaries where the business case stacks up, Advans aims to launch or scale in priority a combination of digital channels for client interaction. This will help Advans increase outreach in a more sustainable manner, driving efficiency and encouraging client usage based on convenience and low cost of transactions. By mixing physical and digital touch points we remain focused on our main goal: ensuring that our clients understand, use, and benefit from our services throughout their customer journey. We will also continue to create new digital propositions and partner with digital players to seize upcoming opportunities in our markets. Given the pace of change around us, the path to success relies on our ability to remain agile: listen to the market, listen to customers, react timely and grab opportunities when they arise.

³ Global FINDEX 2017 data: SSA
Excluding High income
(Adults 15+)



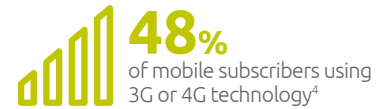
Advans' omni-channel experience



Advans has developed an omni-channel network with the aim of adopting a hybrid approach that combines both use of digital technologies and human interactions for an improved customer experience.



Advans' first mobile app in Nigeria



Why launch a mobile app in Nigeria?

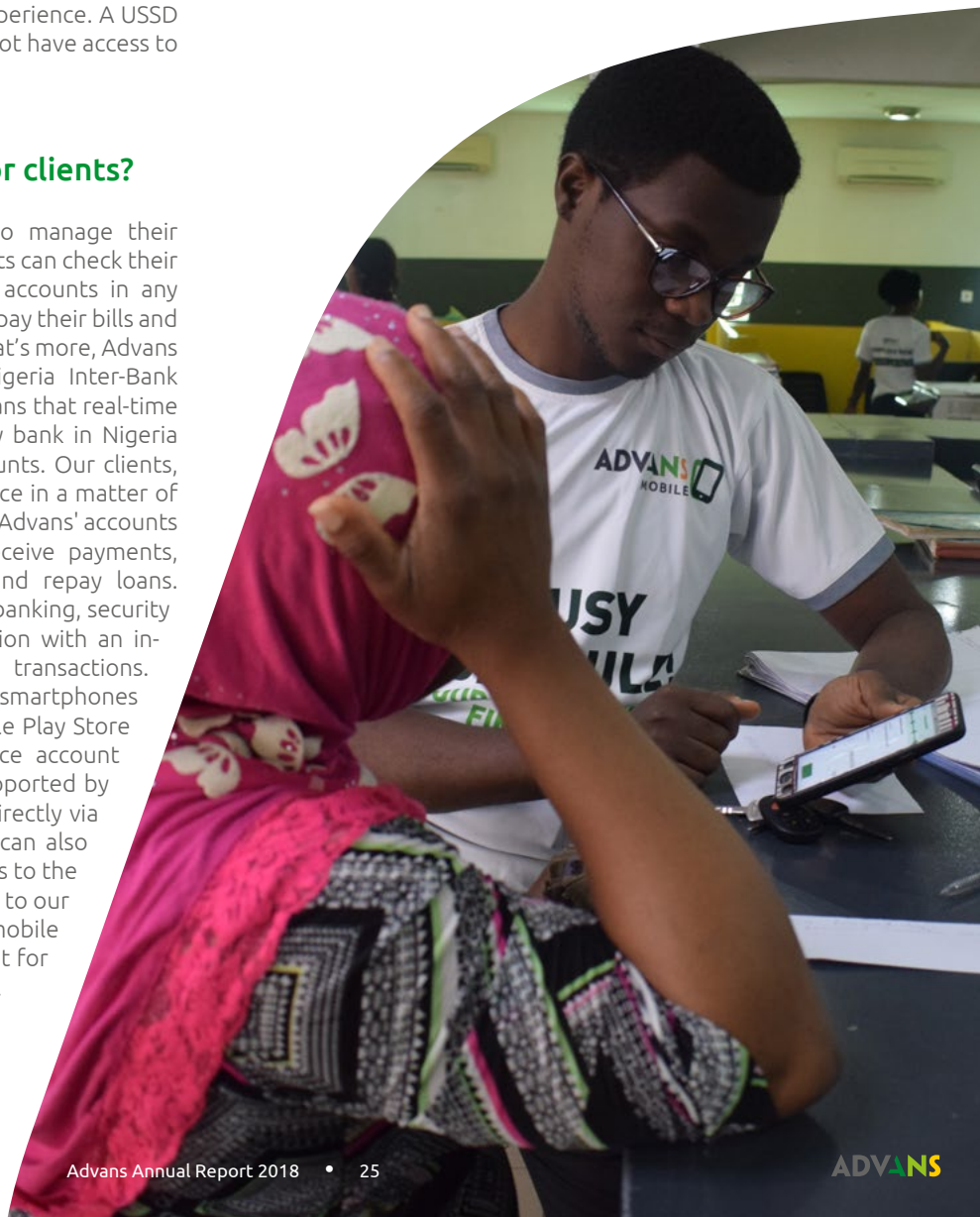
Over the past few years, Nigeria has seen a rapid growth in the number of internet and smartphone users, with 87% mobile penetration and 56% of the population using the internet⁴. In addition our clients, SMEs and Micro-entrepreneurs, have high expectations in terms of convenience and functionality of their Advans accounts. In order to ensure that Advans Mobile meets these expectations, the app has been designed in a client-centric way, taking into account customers' feedback at each stage of the project. A pilot with staff and a sample of clients was performed before launching the app which allowed for the adjustment of some features and enhancement of the customer experience. A USSD version of the app for clients who do not have access to smart phones will also be launched.

Looking ahead

While USSD banking has been available in several of our subsidiaries for some years now (in Côte d'Ivoire since 2014 and in Ghana since 2015), Advans Mobile will be the first mobile banking app for smartphones in the Advans' network, followed by the launch of Amret Mobile in Cambodia. The lessons learnt from such an innovative solution and its implementation will certainly pave the way for other subsidiaries in the Advans Group. Our aim continues to be to stay connected to our customers and follow closely their evolving behaviours and expectations in order to be able to deliver services with added value in changing digital ecosystems.

What will the benefits be for clients?

Advans Mobile will enable clients to manage their Advans' accounts on a daily basis: clients can check their loan schedule, perform transfers to accounts in any bank in Nigeria, manage beneficiaries, pay their bills and buy airtime among other features. What's more, Advans Mobile will be connected to the Nigeria Inter-Bank Settlement System (NIBSS), which means that real-time transfers can be performed from any bank in Nigeria directly into customers' Advans' accounts. Our clients, who can sign up remotely to the service in a matter of minutes, will be able to easily use their Advans' accounts to pay providers and employees, receive payments, make transfers from other banks and repay loans. While Advans Mobile aims to simplify banking, security also takes a central role in the solution with an in-person validation required for large transactions. The app which will be accessible on smartphones and tablets, will be available on Google Play Store and Apple App Store. The self-service account management on Advans Mobile is supported by our Customer Care team, reachable directly via the app, WhatsApp or email. Clients can also easily get in touch with our staff thanks to the in-app branch locator. Complementary to our branches and field teller service, the mobile app will offer an additional touch point for our customers to interact with Advans.



⁴ All stats from Jumia Mobile Report 2019

Financial Statements Advans SA

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

BALANCE SHEET

at 31 December 2018 (EUR)

Fixed Assets	As at 31/12/2018	As at 31/12/2017
Shares in affiliated undertakings	159,694,982	139,640,803
Total Fixed assets	159,694,982	139,640,803
Current Assets		
Amounts owed by affiliated undertakings becoming due and payable after more than one year	4,806,432	2,090,825
Amounts owed by affiliated undertakings becoming due and payable within one year	227,822	3,466,014
Other debtors becoming due and payable within one year	211,727	88,070
Cash at bank	3,309,544	1,084,914
Total current assets	8,555,525	6,729,823
Total assets	168,250,507	146,370,626
Liabilities		
Other creditors becoming due and payable within one year	445,825	177,409
Amounts owed to credit institutions becoming due and payable within one year	5,719	3,475,036
Debenture loans becoming due and payable within one year	169,609	10,640
Debenture loans becoming due and payable after more than one year	16,392,319	3,740,826
Tax becoming due and payable within one year	4,815	8,015
Total liabilities	17,018,287	7,411,926
Net assets	151,232,220	138,958,700
Equity		
Paid-up share capital	66,914,000	66,914,000
Share premium account	512,949	512,949
Retained earnings	71,531,751	49,460,835
Profit/(loss) for the financial year	12,273,520	22,070,916
Total shareholder's equity	151,232,220	138,958,700

PROFIT AND LOSS ACCOUNT

for the financial year ended 31 December 2018 (EUR)

Income	For the year ended 31/12/2018	For the year ended 31/12/2017
Interest income	702,214	300,024
Dividend income	2,269,028	1,487,092
Other operating income	440,885	462,438
Net changes in fair value on financial fixed assets	14,768,127	22,816,311
Total net income	18,180,254	25,065,865
Expenses		
Operational expenses	3,157,744	2,685,501
Net loss on sale of investments	1,933,762	-
Interests and expenses due	812,006	303,194
Taxes	3,222	6,254
Total expenses	5,906,734	2,994,949
NET PROFIT	12,273,520	22,070,916

ADVANS

Growing together



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