

Advans in Focus

2017 ANNUAL REPORT



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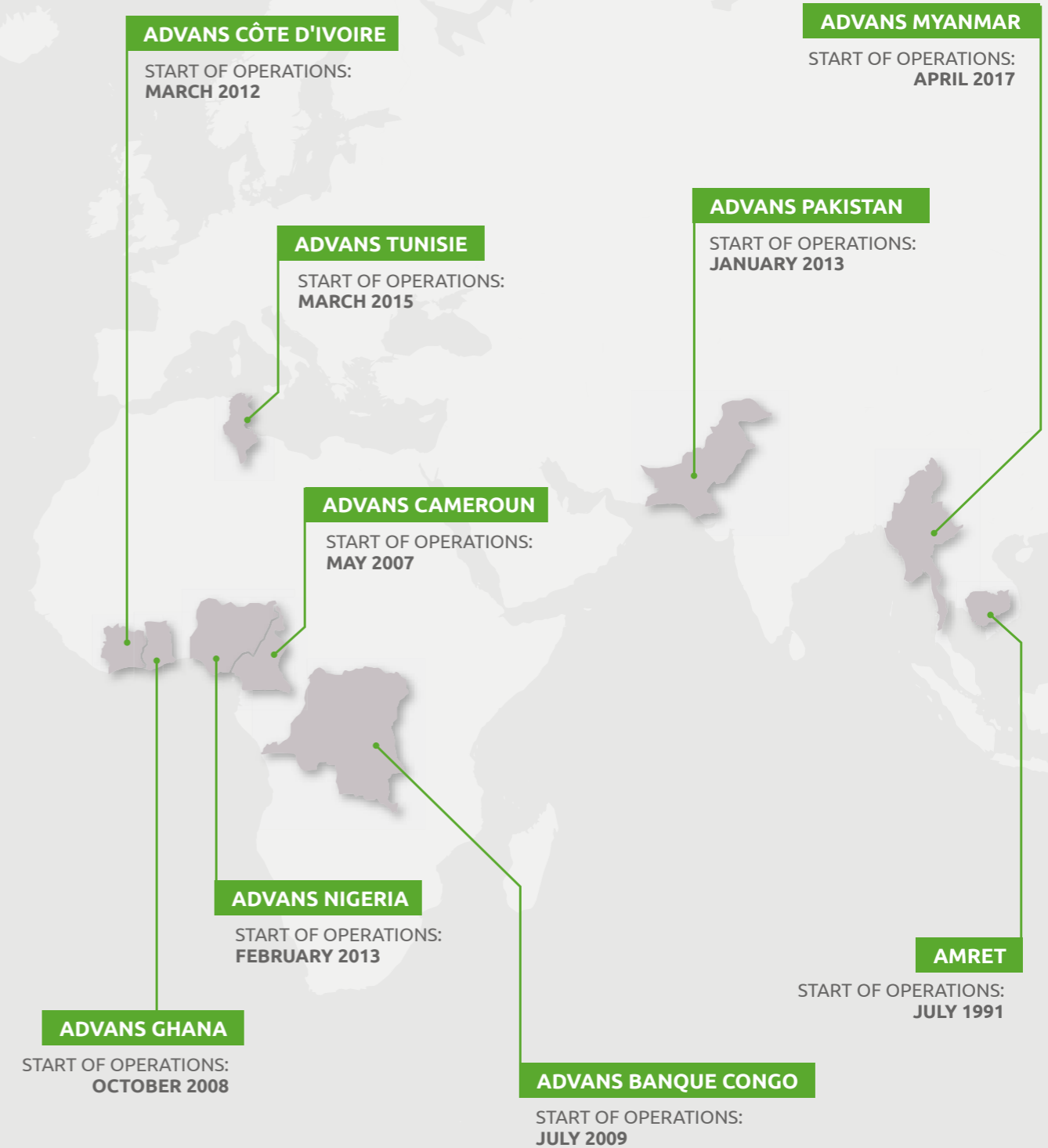
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01. Our performance and strategy going forward

Advans in brief

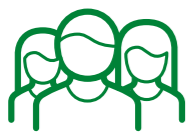
Our vision

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.

Our mission

Respond to the need for financial services of small businesses 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.

Our values



Open to all.

We believe that everyone should be given a chance. We open our doors to those who are insufficiently served by the traditional financial sector, offering them tailored, simple and easy to access financial services to reach their goals. We give opportunities to our staff based on their merit and without discrimination.



Committed to having a positive and lasting impact.

We ensure that our services are of a high quality, delivered to clients in a responsible and professional manner. We work to build a better future for our clients and staff, and in general for the communities in which we operate.



Entrepreneurial in what we do.

We encourage entrepreneurial spirit in our clients and staff. We support their determination to succeed and their ability to transform obstacles into opportunities, to push the boundaries and to take initiatives, both individually and as a team.



Innovative in our approach.

We focus on developing our collective creative capacities so that we can respond efficiently to our clients' needs and find innovative solutions to the challenges we face in fulfilling our mission. We evaluate, test and adapt our solutions so that they remain client centric.

Our social goals



1. 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.



2. 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.



3. 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.



4. 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 staff through providing adapted training and opportunities for career progression based on merit as well as offering assignments across different affiliates.



5. 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.

Letter from the Chairman of the Board of Directors

Paving the way for organic growth and further innovation

In 2017, Advans reinforced its position as one of the leading international microfinance groups in Africa and Asia, with the strong development of its affiliates and further consolidation of the group organisation. During the year, Advans celebrated the tenth anniversary of the group's first greenfield, Advans Cameroun, and the launch of a new affiliate, Advans Myanmar. Ten years ago, Advans Cameroun opened its doors in Douala, the economic capital of Cameroon. The MFI has grown with its 65,000 clients, with a wide range of products and services, a large branch network and a number of innovative delivery channels. The expertise built up from the start of operations in Cameroon has been transferred from affiliate to affiliate, with the Advans model being adapted to new contexts and continuously evolving as the group matures. Advans Myanmar, the group's newest affiliate, combines this model with the expertise of Amret in Cambodia.

The group strategy was approved by the Board of Directors in late 2017 with a maintained focus on Advans' core activity, namely productive loans for small businesses (including small farmers), and continuing the diversification of products, services and channels to grow with and respond to the needs of these clients. Advans aims to reach 1.6 million clients by 2021 in our existing affiliates, for a loan portfolio of EUR 1.6 billion and total deposits of EUR

“ With a strengthened organisation, sound corporate governance practices and a strong new management team, Advans is set for further sustainable growth, continuing in 2018 with the new brand launch and a new round of fundraising for Advans SA. ”

840 million. Advans will focus on the organic growth of its current network and possible opportunities in peripheral markets, ensuring that it has the resources to innovate in terms of diversifying its distribution channels and designing new products, with a strong IT structure and a range of financing solutions for affiliates. The group will concentrate on harnessing the full potential of its affiliates, to position each institution as the preferred financial partner of small businesses in their markets. Advans has identified five key pillars to deliver this strategy : (i) finalise the transformation into client-centric institutions (ii) broaden its agri-finance offer to better serve farmers and rural clients in remote areas (iii) develop products to answer the financial needs of small business clients and their families (iv) deploy alternative delivery channels using new technologies to offer clients more proximity and convenience and (v) digitalise processes and products using data and scoring models to improve the efficiency of operations and client experience.

In continuing to create value in increasingly volatile environments with high levels of competition and uncertain market development, Advans shows that its institutions are built on sound foundations and responsible practices. At end 2017, the fair value of investments went up 23% to EUR 139 million thanks to the strong financial performance of affiliates.



This new chapter for Advans was also marked by the transfer of responsibilities at top management level which was completed in June 2017, with the retirement of Group CEO and founder, Claude Falgon, and handover to former Deputy CEO, Steven Duchatelle. The Board remains committed to implementing good corporate governance practices, bringing in different skills and experiences, and playing its role based on an effective working relationship with the management. Two new independent Board members were appointed during the year with extensive experience in retail banking, so as to underline the group's vision to further develop into a renowned financial services network. With a strengthened organisation, sound corporate governance practices and a strong new management team, Advans is set for further sustainable growth, continuing in 2018 with the new brand launch and a new round of fundraising for Advans SA.

On behalf of the Board of Directors I'd like to thank the management and the staff of the group for their hard work and commitment to Advans' mission as well as our shareholders and partners for their continued support. As we evolve together in this new phase of expansion, Advans will reinforce its position as a leading international microfinance group, innovating, enhancing its services and growing together with its clients. Advans is on course to achieve its objective of creating long term financial and social value for its shareholders.

Matthias Adler
Chairman, Advans SA



Letter from the CEO

Strengthening our position and looking for new opportunities for development

Faithful to its mission of serving small businesses and low-income populations with limited access to financial services Advans strengthened its performance in 2017. We continued to focus on extending our geographical footprint, innovating to develop services, and increasing efficiency to ensure that we create sustained value for our clients. At end December 2017, the group served over 760,000 clients, with 43% rural clients and 66% female borrowers. Our overall loan portfolio was up 11% from 2016 at EUR 767 million and deposits up 15% at EUR 404 million although the depreciation of the dollar and several of our local currencies affected overall growth. The group also kept a healthy level of portfolio quality with average PAR 30 at 1.18%.

In Cambodia the authorities made some major regulatory changes including an interest cap for microfinance institutions and rules on provisioning and equity levels so as to reinforce the solvability of a maturing sector and protect clients. As a responsible player focused on its clients Amret was able to comply with the new rules while maintaining sound loan portfolio expansion and a significantly lower cost of risk than the industry average (PAR 30 at 0.38%). On the deposit side, performance was also positive, with a special focus on small savers.

Elsewhere, Advans Myanmar got off to a flying start, with five branches opening in 2017 and the MFI recently hitting the 10,000 borrowers mark. Starting off with small group and individual loans for urban clients in 2018, Advans will be diversifying its products to reach out to rural and agricultural clients in Myanmar. In Pakistan, Advans grew its loan portfolio by over 165% and deposits by ten times the value of end 2016 levels. It also launched its first branch in Hyderabad, where it has the potential to reach out to more rural clients. Meanwhile, Advans Tunisie doubled the number of borrowers and portfolio volume and began to diversify its loan products with the piloting of agricultural and school loans. Despite adverse economic conditions, Advans Nigeria demonstrated excellent financial performance, with a return to profitability and a steady growth of gross loan portfolio in local currency.

Over its tenth year, Advans Cameroun witnessed the healthy expansion of its loan portfolio (+15% increase) after a levelling in past years and became the first affiliate to implement a network of Advans third party agents, increasing accessibility for clients. Advans Côte d'Ivoire also celebrated its fifth birthday with Sub-Saharan African affiliates. Board meetings taking place in Abidjan to mark the occasion. This milestone gave us the opportunity to reflect on the strong performances of the affiliate over the years in terms of both lending and deposits, a performance which continued in 2017. Our Ivorian MFI also continued to innovate with the pilot of a digital school loan and a partnership with web marketplace Jumia to attract new target clients.

In Ghana, Advans maintained growth and focused on improving its customer service at all touch points, diversifying its channels for customers. The affiliate's call centre for example is a valuable touchpoint for clients to give feedback, enabling Advans to gain client insights and it is also used as a channel to boost commercial activity. In DRC, in spite of a very difficult environment on the political and economic front, Advans increased its footprint in the interior of the country with a new branch in Kananga, and launched a new small loan in local currency so as to reach out to vulnerable populations highly affected by depreciation.

Meanwhile, at group level, innovation and focusing on how Advans can harness new opportunities to upgrade services was the key theme of our 2017 seminar, attended by 80 staff from the network. Workshops were based on collective creative thinking and idea sharing so that staff could think both imaginatively and practically about

“ In 2018, affiliates plan to increase penetration in their markets, build sustainability for long term growth, and better serve our clients' needs. At group level, we will be supporting affiliates through focusing on optimising and deploying our multichannel strategy as well as expanding our agri-finance offers. ”



Advans' future. This kind of event enables us to pool our experiences and know-how and discuss insights from across our network to reinforce the Advans model. The launch of the Advans Training Centre, which delivered its first modules in 2017, also aims to capitalise on group expertise and provide standard training to diffuse group practices and corporate culture.

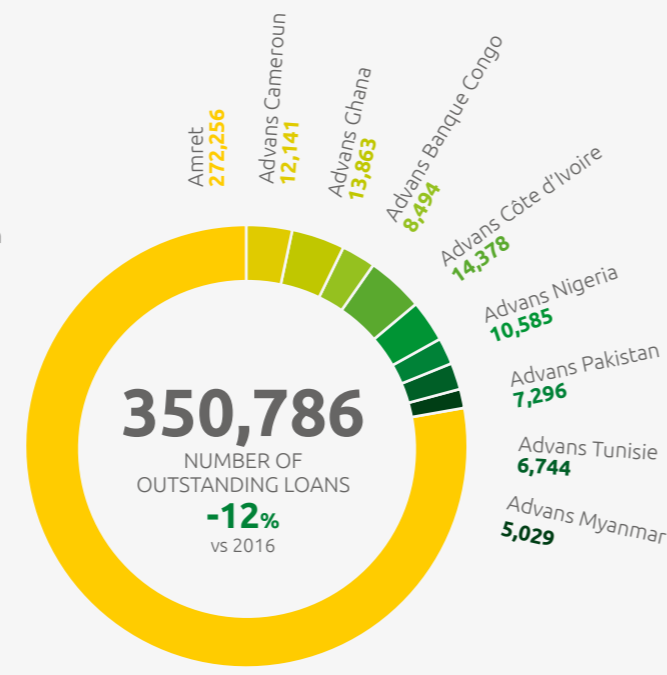
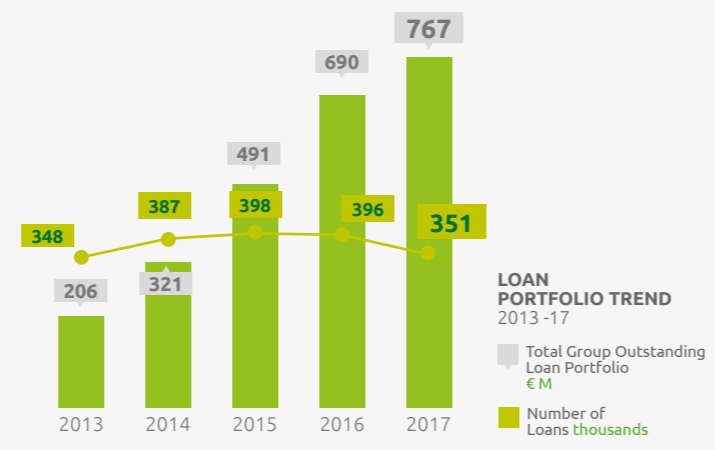
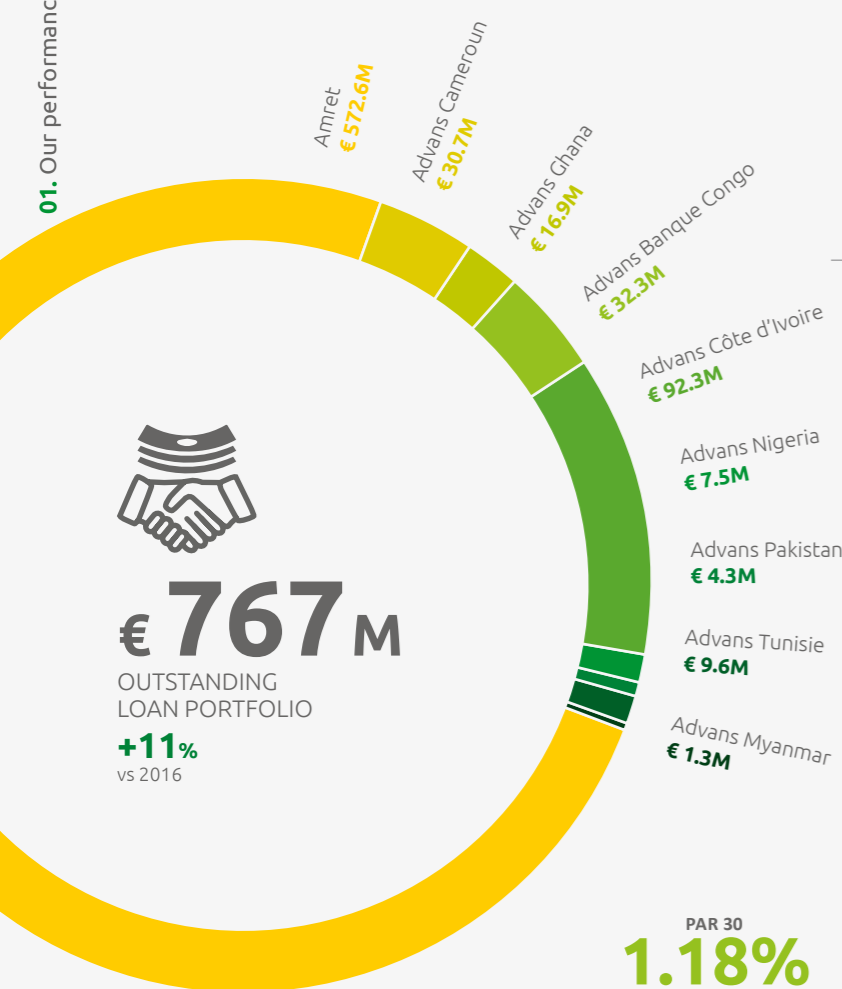
In 2018, affiliates plan to increase penetration in their markets, build sustainability for long term growth, and better serve our clients' needs. At group level, we will be supporting them through focusing on optimising and deploying our multichannel strategy as well as expanding our agri-finance offers. We will help affiliates boost their commercial performance and sales culture, including building client retention and maximising efficiency through continuing to digitalise our processes. We also want to better define who our clients are and how we should target them through improving our segmentation, continuing to diversify our offers and enhance services, to increase satisfaction and outreach.

Using our collective creative capacities and working together as a team, we can ensure that Advans continues to serve the best interests of its clients.

Steven Duchatelle
CEO, Advans Group

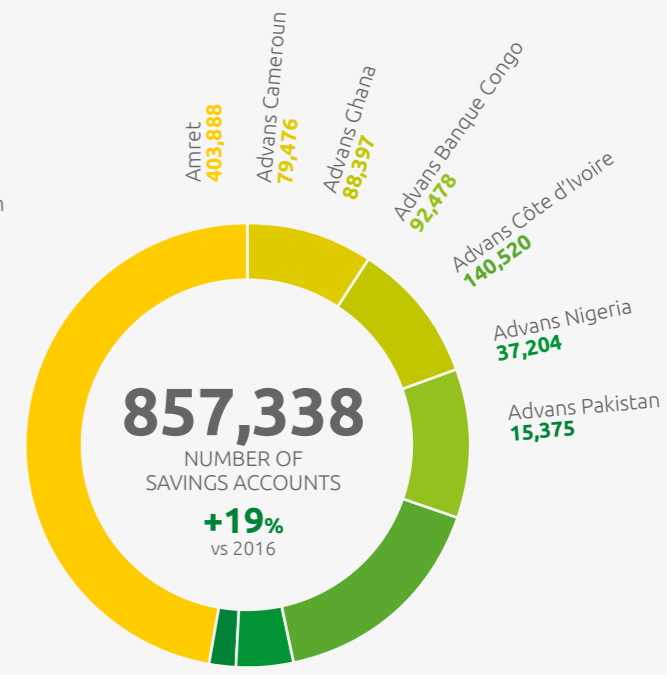
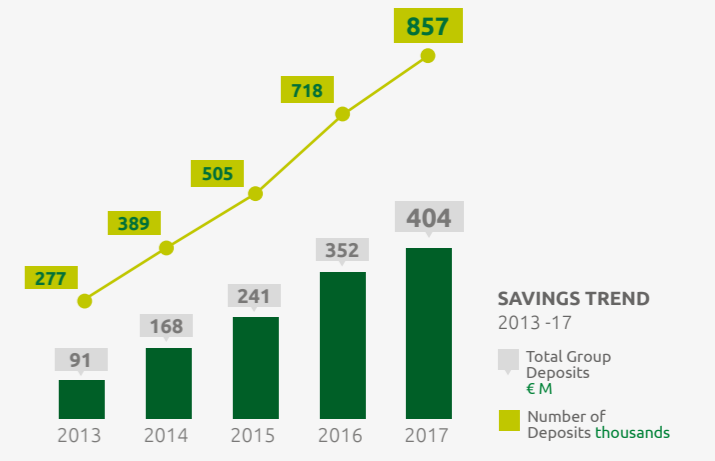
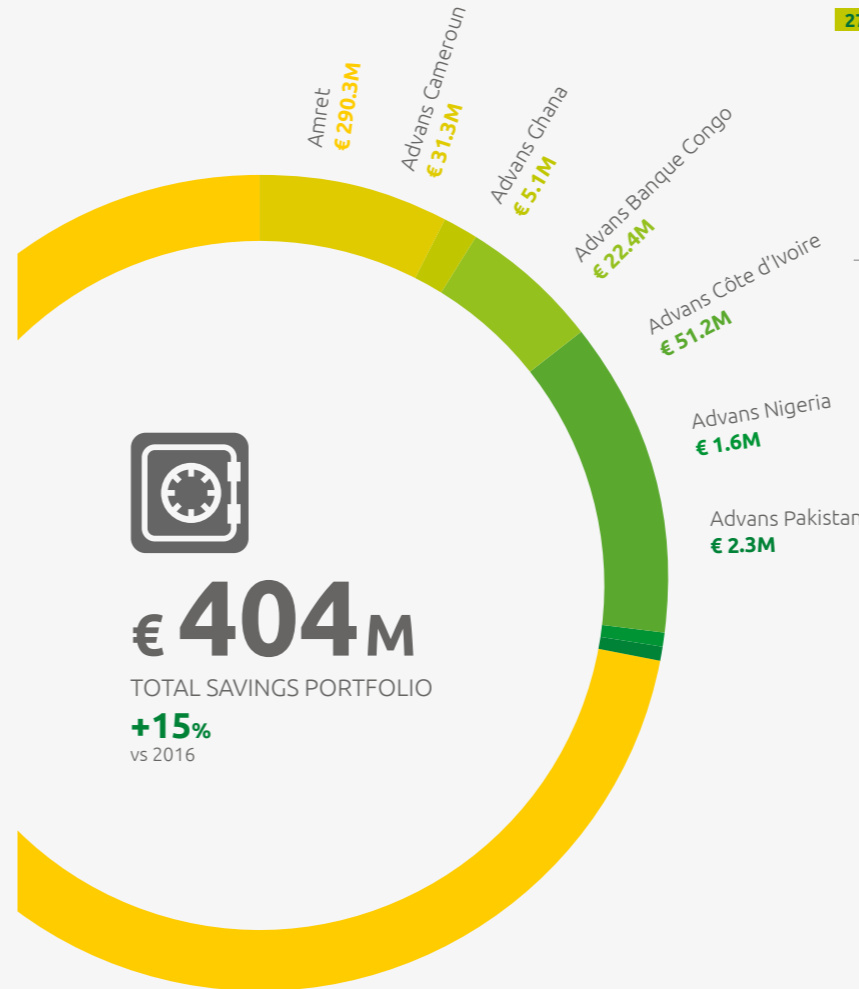


Lending performance 2017

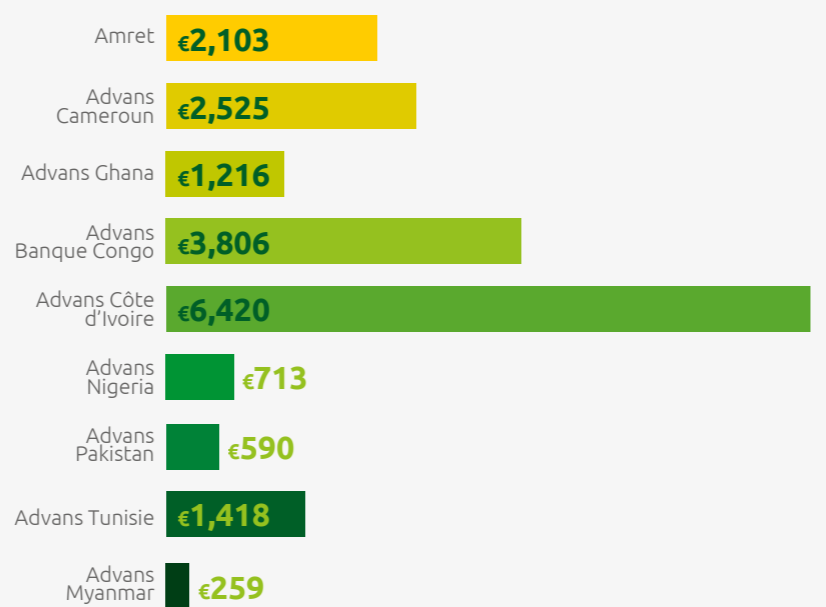
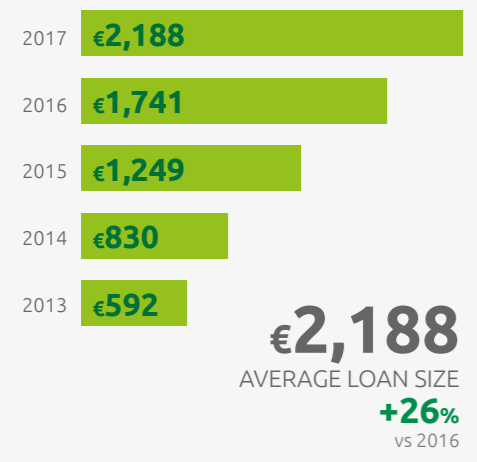


PAR 30
1.18%

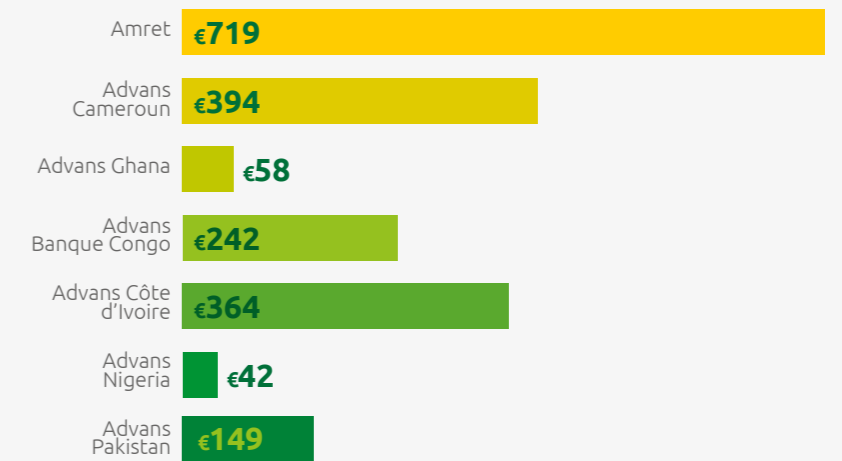
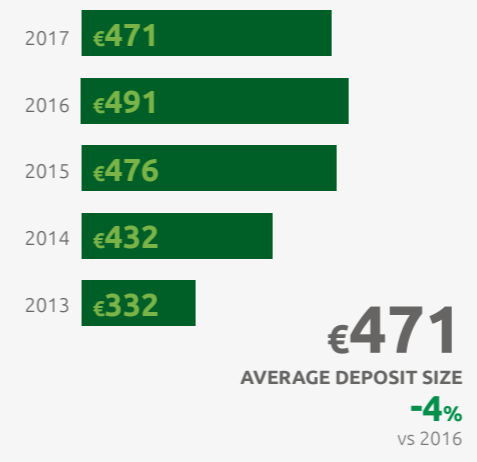
Savings performance 2017



Group average loan size 2013-17



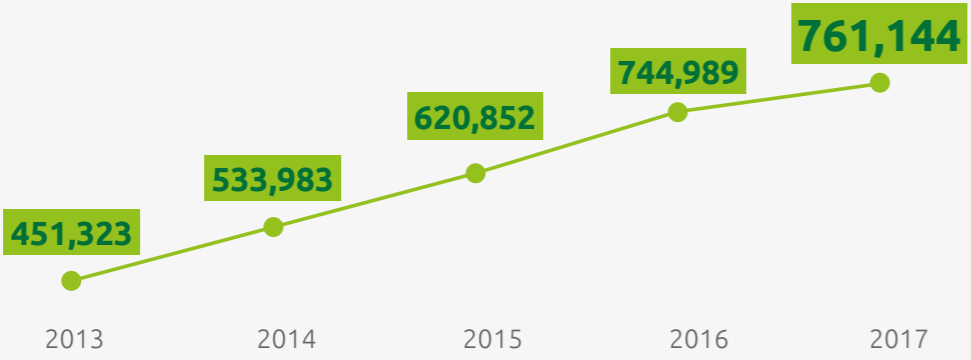
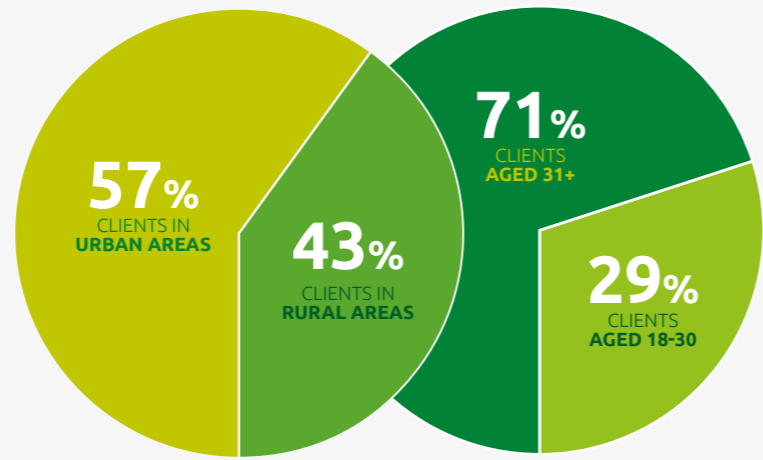
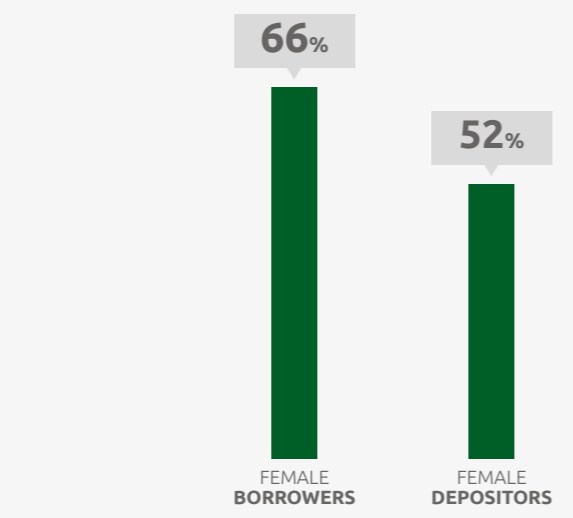
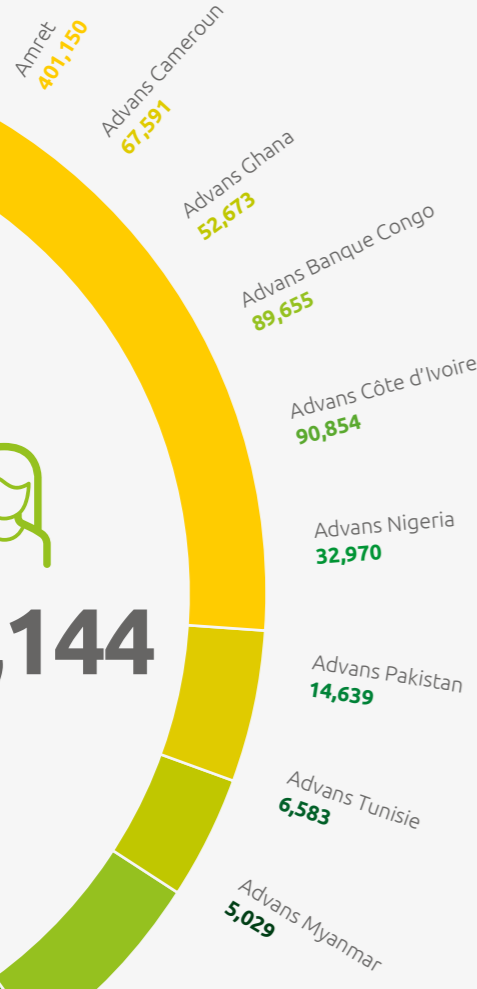
Group average Deposit size 2013-17



Client statistics 2017

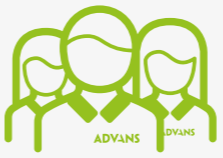


761,144
CLIENTS
+2%
vs 2016

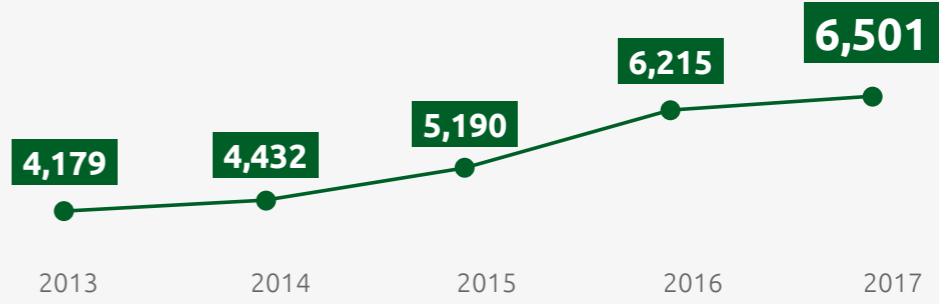
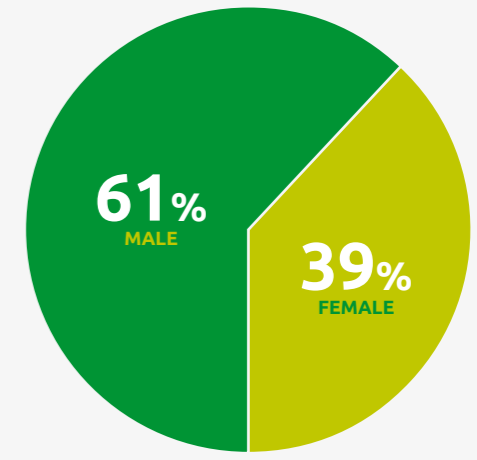
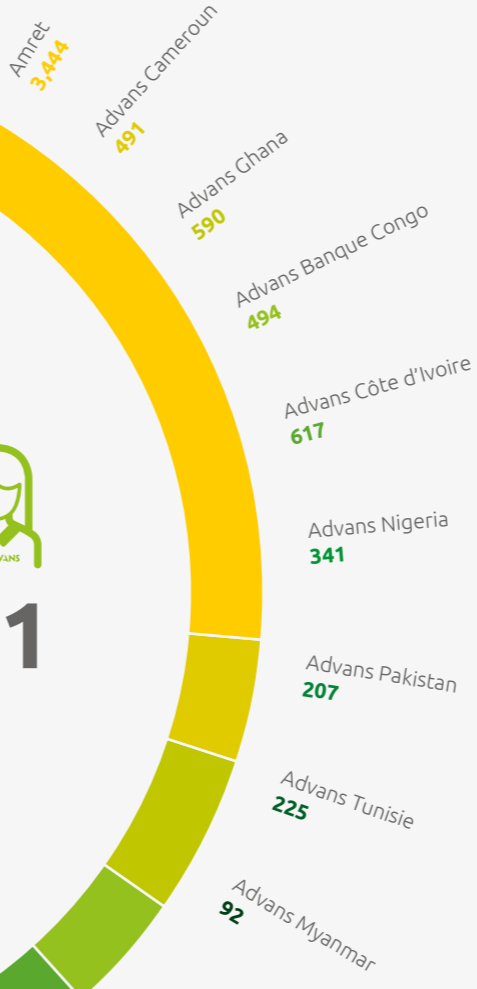


NUMBER OF CLIENTS SERVED 2013 - 17

Staff statistics 2017



6,501
STAFF
+5%
vs 2016



GROUP STAFF 2013 - 17

2017 Timeline

January

- Advans Tunisie works in collaboration with their Training Unit to create a model log book for clients as well as implement financial Education training sessions.



February

- Advans Cameroun participates in the sixth edition of the international PROMOTE salon for SMEs and partnerships which taking place in Yaoundé from 11-19 February.



March

- Advans Côte d'Ivoire holds a press conference to launch its fifth anniversary on 24 March. Advans CI also took the opportunity to reward Mr Soré Yacouba, their first borrower.
- On 8 March, all Advans Ghana branches in Accra, Kumasi, Koforidua and Ho presented gifts to women for International Women's Day including themed t-shirts, mugs, bags and chocolates.

May

- Advans Ghana launches its new training centre for staff at Atonsu in Kumasi.
- Advans Nigeria launches a loyalty program to standardise the level of customer service delivery and improve customer retention. A prize giveaway is held and a special gift given to the first 10th loan cycle client within the network!



June

- Advans Banque Congo launches an immediate domestic money transfer service via mobile with a dedicated code. This transfer solution allows customers living in isolated areas and dependent on their relatives living in the city to receive money easily and quickly.
- Start of the "Lucky Ticket" Ramadan Campaign at Advans Pakistan. Each client with a loan at Advans Pakistan gets a ticket and is eligible for the random draw to win several prizes.

April

- Advans Myanmar opens its first branch in Amarapura and disburses its first loans.
- Advans Cameroun opens a new office in Loum.



July

- Retirement of CEO and founder of Advans, Claude Falgon and handover of responsibilities to Steven Duchatelle.
- Advans Tunisie launches school loans.
- On 3 July, Amret participates in the Technical Vocational Education and Training Activity Day to help develop the skills of Cambodian students.
- The staff of Advans Côte d'Ivoire meet at Assinie for their annual seminar.

September

- Advans Cameroun celebrates its tenth anniversary. The MFI organises a clean-up exercise of the streets in the Dakar neighbourhood, the sharing of a birthday cake with clients in all branches and the awarding of exceptional service medals to 12 staff members.
- All Sub-Saharan African affiliates hold their board meetings in Abidjan, Cote d'Ivoire from 20-22 September.
- Advans Banque Congo opens its Kananga branch.



August

- Advans International launches its internal Innov'Advans 2017 competition in preparation for the 2017 seminar. The competition attracted an impressive 143 projects in the first stage from 9 different affiliates.
- Advans Pakistan's new Hyderabad branch, the first outside of Karachi, is inaugurated with an opening ceremony.
- Advans Côte d'Ivoire opens its Daloa branch.



October

- Advans International holds its 2017 group seminar in Chantilly, France. The seminar, which focuses on Innovation, brings together 80 staff members from across affiliates.



November

- Advans Ghana opens its Tamale branch and celebrates its 9th anniversary. The celebrations include a customer service week, where several activities are organised with the aim of bringing staff and clients together.

December

- Amret partners with PiPay, an innovative and cashless payment platform in Cambodia.
- Advans Tunisie opens its tenth branch in Nabeul.





Brand launch and goals

Growing together. With over ten years in operation and a wealth of knowledge in providing financial services, Advans is a leading international microfinance group, and a brand which is still growing and evolving in many ways. We are growing in terms of our geographic presence, with nine countries in our network and increased coverage in our markets. We are growing along with our 760,000 clients, introducing client centric services, products and channels to ensure that we continually adapt to their everyday financial needs, be they professional or personal. We are growing in terms of innovation and technology, with new practices and the digitalisation of our services and processes, to improve our efficiency and outreach. We are also growing along with our 6,500 staff, who strive to provide our clients with a quality customer experience. And all this while keeping focused on our core mission: providing small businesses with tailored financial services in a sustainable and responsible manner.

To show how far we've come and how far we still have to go, in 2017-18, Advans launched a new visual identity to reflect our maturity and commitment, our sense of innovation and openness to change and most importantly, our journey with our clients towards building their future success. We've kept our brand DNA, our name, our colours and our slogan, but with our new logo, we will be able to take our brand to the next level, creating a harmonised, global and strong identity for Advans.

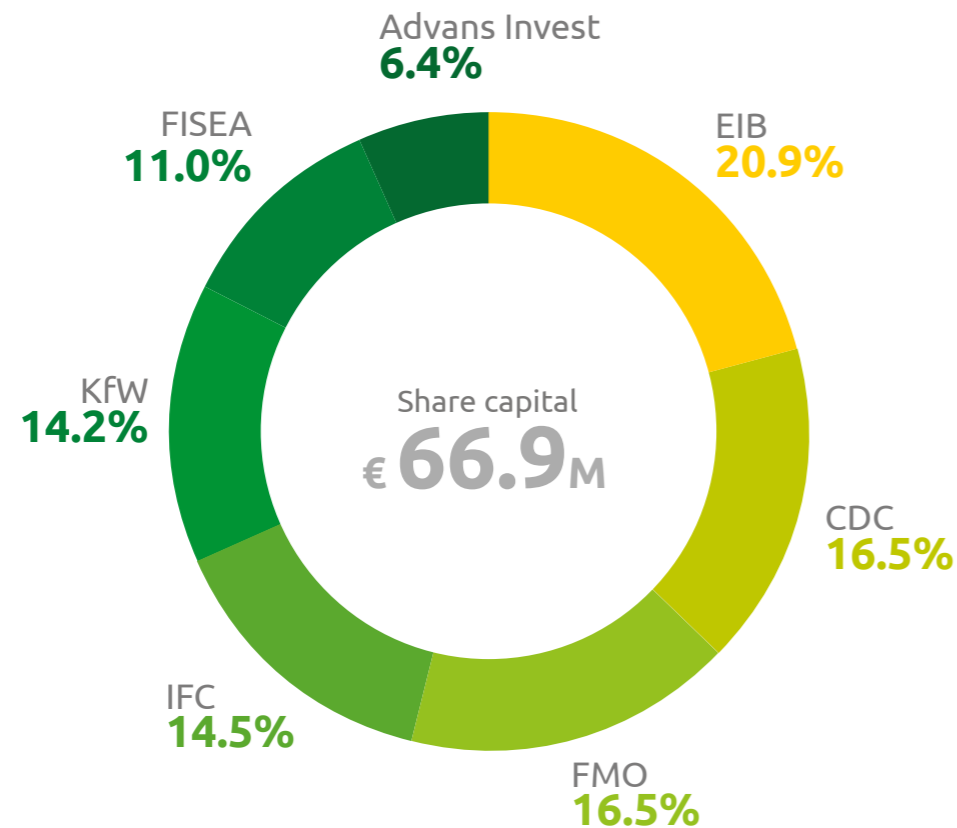
This new harmonised identity will enable us to improve awareness of our brand on an international scale and increase our visibility in our markets with a more contemporary and eye-catching logo. We will be able to attract more clients with easy to read service icons and stand out from the crowd with a more intelligent use of our vibrant colours. Our new brand will of course also be adapted to local markets: in Pakistan, Tunisia and Myanmar for example we will be using both Latin and local script in the logo to ensure that it speaks to clients.

We believe our new logo expresses both our maturity and our modernity as we move into a new phase of growth and innovation. The launch of our new brand fits in with our strategy for the years to come, as we work to improve the overall client experience with a mix of client centric products, services and channels, using the latest technologies to improve our efficiency, accessibility and quality of service. Our new brand will enable us to reinforce our relationship with our current and new clients, showing our experience and evolution as we move forward with our clients to build their future success.



02. Our strong governance

Shareholders



Advans Invest

Advans Invest was incorporated in Luxembourg in 2016. Advans Invest is the staff investment vehicle for Advans International staff, in charge of implementing the employee share ownership plan (ESOP), aiming to align staff, management and shareholder interests.



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.



The 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 2017, the EIB had about EUR 1 billion in active commitments to about 83 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.



Netherlands Development Finance Company (FMO)

FMO is the Dutch development bank. As a leading impact investor, FMO supports sustainable private sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs. FMO believes that a strong private sector leads to economic and social development, and has a more than 45-year proven track-record of empowering people to employ their skills and improve their quality of life. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food & water. With a committed portfolio of EUR 9.2 billion spanning over 90 countries, FMO is one of the larger bilateral private sector development banks globally.



IFC

IFC – a sister organisation of the World Bank and member of the World Bank Group – is the largest global development institution focused on the private sector in emerging markets. IFC works with more than 2,000 businesses worldwide, using its capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, IFC delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity.



KfW Development Bank (KfW)

KfW is one of the world's leading and most experienced promotional banks. Established in 1948 as a public law institution, KfW is owned 80 per cent by the Federal Republic of Germany and 20 per cent by the federal states ("Länder"). KfW Development Bank is Germany's leading development bank and an integral part of KfW. It carries out Germany's Financial Cooperation (FC) with developing countries on behalf of the Federal Government. The 671 personnel at headquarters and some 380 specialists in its 68 local offices cooperate with partners all over the world. Its goal is to combat poverty, secure peace, protect the environment and the climate and make globalisation fair. KfW is a competent and strategic advisor on current development issues.



FISEA (AFD Group)

With an investment target of EUR 250m, FISEA is one of the key components of France's initiative to promote growth and jobs in Africa. FISEA makes equity investments in businesses, banks, microfinance institutions and investment funds operating in Sub-Saharan Africa. Owned by the Agence Française de Développement (AFD) and advised by PROPARCO, FISEA targets vulnerable population groups and regions that are more unstable or emerging from crisis situations, as well as sectors traditionally bypassed by investors. Special attention is paid to the growth of small and medium-sized businesses.

Presentation of **Board of Directors and Committees**

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.

As at December 2017, Advans SA Board Members were as follows:



Matthias Adler



Claude Falgon



Gail Buyske



Maria Largey



Harry Schoon



Hervé Schricke



Jan-Akbert Valk



Eelko Bronkhorst



Steven Duchatelle

CEO



Amanda Hannan

DEPUTY CEO

INVESTMENT, STRATEGY AND LEGAL



Grégoire Danel-Fédou

COO



Isabelle Montfort

FINANCE



Marie Krugler

HR



David Paulson

AUDIT & RISK



Estelle Darie-Rousseaux

**FINANCIAL SERVICES
AND RURAL OUTREACH**



Olivier Bailly-Béchet

SALES

Advans International **Management**

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 affiliates' development. Advans International supports, oversees and sets standards for the group providing guidance, resources and expertise.

As at December 2017, Advans Executive Committee was as follows:

03. Putting clients at the centre

What our clients say

Advans believes that it is essential to respond to the evolving wants and needs of our target clients so as to accelerate financial inclusion. This means ensuring that a client-centric culture is embedded at all levels of our organisation, from management to commercial staff. Amongst other things, this entails building a deeper understanding of our clients in each segment and tailoring our products and services to their specific needs, identifying the steps of the customer journey and the key client touch points, strengthening our approach to listening to client feedback to improve our products and services and better understanding the drivers for customer satisfaction and loyalty.

Christiana Agbesi

Owner of a wedding gowns and accessories shop, Ghana

“My savings habits have improved, and I am able to plan and keep records of my business activities.”

I was looking for financial support but I had always had a bad image of financial institutions. A friend spoke so well of Advans, I decided to give it a try. I was looking to obtain a quick loan, I had never heard of a financial institution in Ghana that allowed you to access a loan without initial savings. I couldn't believe it when the money was transferred to my account a few days after my request! In the six years since I joined Advans, my business has come a long way!



Adonis Tshibangu Beya

Restaurant owner, DRC

“Thanks to Advans I have increased my turnover and now I have two restaurants and five employees.”

I decided to join Advans because I had heard that it was trustworthy and that you could get a loan quickly. I started with a loan of EUR 1,250. Today, I sell more and have better living conditions. Becoming a homeowner was my main goal because it allows me to save in terms of rent and to invest more in the well-being of my family. My house is finally built, and my children are getting an education in good schools. Today, I can put enough money aside to allow them to study abroad when the time comes.



Kong Somrong

Farmer, Cambodia

“Since I joined Amret my farm has just kept growing!”

I live in S'ang district, Kandal province, with my husband and my two sons. I took a joint group liability loan from Amret in 2006 of EUR 170, to plant beans and cucumber. When my business was doing well thanks to my first loan, I borrowed again and got into my second cycle. Because I managed to seize good opportunities for my business, I currently hold an individual loan of EUR 8,400 to help me expand my farming land of 3 hectares. My husband and my first son help me in the fields, and my second son is finishing high school now, he hopes to get a job at the factory.



Ifeanyi OSUOHA

Fabric seller, Nigeria

“Being able to save money without visiting the bank has been life changing!”

I was referred to Advans by a colleague and was attracted by the monthly repayment structure. Since I joined Advans I have learnt to be financially disciplined. The mobile teller service has really helped me to save for key projects. I have been able to fulfil my goals with Advans: to grow my business and open more shops. The profit I've made has helped me take care of my family's needs. Now we can plan for the future, knowing that there's financial support for my business from Advans when we need it.



Kuate Fotso Chandernagor

Clothes shop owner, Cameroon

“I like the transparency and the quality of the service at Advans.”

I was attracted by the fact that you can get a loan without having a savings account beforehand. Following my first loan, I went from being a small shopkeeper to a medium sized shopkeeper. The loans I have had with Advans have really helped my activities and have enabled me to achieve my goals. Today, after several cycles, I have a loan of EUR 22,000. The support from Advans has not only had a positive impact on my business, it has also been beneficial for my family.



An innovative **mobile banking solution** and **digital school loan** in Cote d'Ivoire



1M

cocoa farmers
in Cote d'Ivoire



86%

of farmers have already
used a mobile phone



€ 533K

deposited on farmers savings
accounts at Advans in 2017



242

producers benefitted
from a digital school loan from
Advans in 2017

Why offer our services to cocoa farmers?

Advans Côte d'Ivoire has targeted cocoa farmers in their value chain since it started operations in 2012. Cote d'Ivoire is the leading country in terms of cocoa production (i.e. more than 40% of the world supply). The cocoa sector in Cote d'Ivoire is therefore vital for the country's growth: there are currently about 1 million small cocoa farmers in Cote d'Ivoire contributing to up to 10% of the country's GDP. However, cocoa farmers remain financially excluded because rural clients are often seen as too risky and costly to serve. Financial institutions are often wary of the unforeseeable seasonal and macroeconomic effects on cocoa activities and lack of infrastructure in rural zones. This leads to several crucial challenges: cooperatives are often obliged to pay farmers in cash, creating security problems with a high number of violent robberies and a lack of transparency. In addition, farmers are very vulnerable to unforeseen events and have difficulties in managing their household finances. Studies have shown that farmers are highly interested in all types of financial services. 86% of farmers have already used a mobile phone, which is a good asset on which to rely on in order to develop appropriate delivery channels.

How did Advans develop services adapted to cocoa farmers needs?

In 2015, Advans Côte d'Ivoire launched the first tailor made digital mobile solution for cocoa farmers in Cote d'Ivoire. The solution enables farmers to access a specific digital savings package, 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. Farmers in remote areas can access the service

directly from their mobile phones. This solution takes into account the specificities of the cocoa environment, with the menu available through a basic mobile phone (the type that most farmers have) and through the mobile network (the only available network in these areas). When they input a short code, farmers and cooperatives have access to a USSD* mobile banking menu where they can consult the balance of their accounts and perform different transactions. Through this menu the cooperatives can also pay part of their farmers' crop revenue as an instant digital transfer from their Advans account to the farmers' Advans account. The farmers receive an SMS after each transaction to inform them of their new balance. Farmers can also withdraw or deposit funds on their Advans accounts through local MTN mobile money agents.

Dedicated financial inclusion agents

In order to sensitise, train and support the farmers in their first steps in digital finance, in 2017, Advans Côte d'Ivoire hired and deployed a network of financial inclusion field agents. Every day, the field agents go to the villages to meet farmers and train them on how to manage their accounts through the mobile menu. This coaching role is essential in order to increase the success of digital financial services in rural areas. In 2017, more than EUR 533,000 were deposited on farmers' savings accounts, more than twice the amount deposited in 2016 (for 12,000 producers).

The introduction of a new digital loan for school fees

During its studies with cocoa farmers, Advans discovered that 40% of cocoa producers have to send their children to school an average of two months late because they do not have the funds to pay school fees at the beginning of the year. Others borrow from money lenders and have to reimburse 200% of the amount they borrowed three months later. Farmers have on average four children of school age, so the ability to pay school fees has a high impact on future generations of cocoa farmers. 47% of cocoa farmers with an Advans account are illiterate, with 21% having left school before Secondary level, so education is a key vector for the social development of this target population. In 2017, Advans therefore decided to design and pilot a tailored digital school loan available to farmers on their mobile banking menu to support cocoa farmers in sending their children to school.

The loans are available to farmers from 21-65 years old who are already Advans clients with savings on their accounts and no ongoing debts with their cooperatives. Loans range from 30 to 300 Euros, with the final amount based on the farmer's income and request, and a guarantee deposit at 20% of the loan amount. Farmers apply for the loans on their mobile menu during August and September, with repayments being made in October to December following the cocoa harvest. Farmers receive an automatic reply and if the amount they request is eligible, the loan is disbursed immediately. During the pilot, 242 producers benefitted from digital school credit for a total amount of EUR 32,000, which they all payed back on time.

A promising future for digital channels

These first examples of cocoa producers adopting digital channels are promising, and pave the way for the deployment of similar solutions with producers in other agricultural sectors as well as in other countries where Advans operates. This success confirms the potential to extend the range of products offered to cocoa producers (other products and services Advans is looking at for the future include microinsurance, solar equipment financing, etc.). Advans is also working on the adaptation of a digital loan for its urban clientele.

*Unstructured Supplementary Service Data

A partnership with Jumia to reach out to new clients and test credit scoring



Jumia is a web market place present in
14
countries in Africa



Advans can offer loans to eligible Jumia vendors with **minimum sales rating and a minimal sales history**



Loans range from
€ 230
€ 23,000



64
loans have been disbursed so far in the pilot for a total of **164,000 €**

A new village banking product in Myanmar



Advans Myanmar began operations in
April 2017



Village banking loans (VBLs) are available for groups of
10 to 25
members



Loans go from
€ 120
to € 430



By March 2019 around
40%
of Advans Myanmar's total clients will have VBLs

What is Jumia and why is a partnership interesting?

Jumia is a system of e-commerce, marketplace and classified websites and applications established in 2012. Created in Lagos, today the company is present across 14 African countries and focuses on retail (clothing, electronics), as well as hotel booking, food delivery and jobs amongst others. In 2016-2017, Jumia partnered with various financial institutions and launched Jumia Lending to offer financial services to the vendors using their platform. In 2017, Jumia and Advans started discussions on the possibility for Advans to finance the working capital of Jumia vendors. Advans seized this interesting opportunity for two main reasons: i) it was in line with our mission to serve clients lacking access to adapted financial solutions: Jumia's vendors are in need of short term loans enabling them to increase their working capital; and ii) it offered a chance for us to develop our digital strategy through testing out a scoring led loan decision based on third party data. The initiative also will enable us to widen our client base and improve our brand visibility. Advans and Jumia therefore agreed on a first pilot in Cote d'Ivoire.

How does the loan process work?

The process was established as follows: Jumia shares a list of anonymous vendors with Advans. Advans then applies its scoring criteria, selecting eligible vendors and calculating the potential loan amount for each vendor. Eligible vendors should have a minimum sales rating with Jumia and a minimal sales history. Jumia then presents the offers to the vendors and sends a list of interested vendors back to Advans. Once Advans has confirmed its loan decision, the client's loan is disbursed and the data is shared with Jumia. Advans is in charge of monitoring the repayment of the loan at the end of each month. Loans are for a three month duration and range from EUR 230-EUR 23,000.

Results of the pilot and potential for extension

During a three month pilot which began in October 2017, Advans disbursed 64 loans for a total of EUR 164,000 to Jumia vendors. The extension of the pilot, from February 2018, aims to diversify the service and Advans is working on new tools to ensure products are delivered in an efficient manner with a high level of customer service, the project will move to a fully digital data exchange and onboarding process from the end of 2018. The improvement of the service will also include training videos and holding information sessions with vendors to explain Advans' products. Although some aspects still need adjustment, this promising partnership is an innovative opportunity to reach out to new clients and test a simplified loan origination process. Advans is also looking to reproduce the experience with similar or adapted models in its other countries of operation, notably Ghana and potentially Tunisia and Cameroon.

Advans Myanmar's promising start to operations

Advans Myanmar opened its first branch in Amarapura in April 2017, in the Mandalay region. Fast forward a year later, and the MFI now has five fully operating branches in the wider Mandalay area. While the microfinance market in Northern & Central Myanmar (e.g. Mandalay and Sagaing regions) is still fairly underdeveloped, the demand for microfinance services is on the rise and the market is becoming more competitive. Advans Myanmar aims to set itself apart from other players on the market by targeting the needs of its new clients and offering them tailored financial solutions.

The first village banking offer in an Advans greenfield

So as to respond to the needs of rural clients in Myanmar, Advans Myanmar is the first Advans greenfield to launch a village banking product based on Amret's successful experience in Cambodia. The product targets small scale farmers and micro traders in villages with a monthly income between EUR 90-610. The farmers receive the loan as a group of 10 to 25 members, with each individual receiving the amount they need, and the group pays the loan back together. Village banking risk control mechanisms and sales approach are based on actively creating and fostering group solidarity. Thus, the product aims to build on existing social relationships and offer financial literacy training to rural customers to deliver them a complete financial service. The minimum amount that

can be lent is EUR 120 and the maximum is EUR 430. There are certain conditions to be able to apply for a village banking loan: you should have a steady income, a maximum of one current loan, and be trusted by your community. Advans Myanmar's branches are organised according to their operational focus (either in peri-urban or rural areas) and the type of customers. For village banking, rural branches provide village banking loans as a door-step service for small scale farmers and micro traders in rural villages.

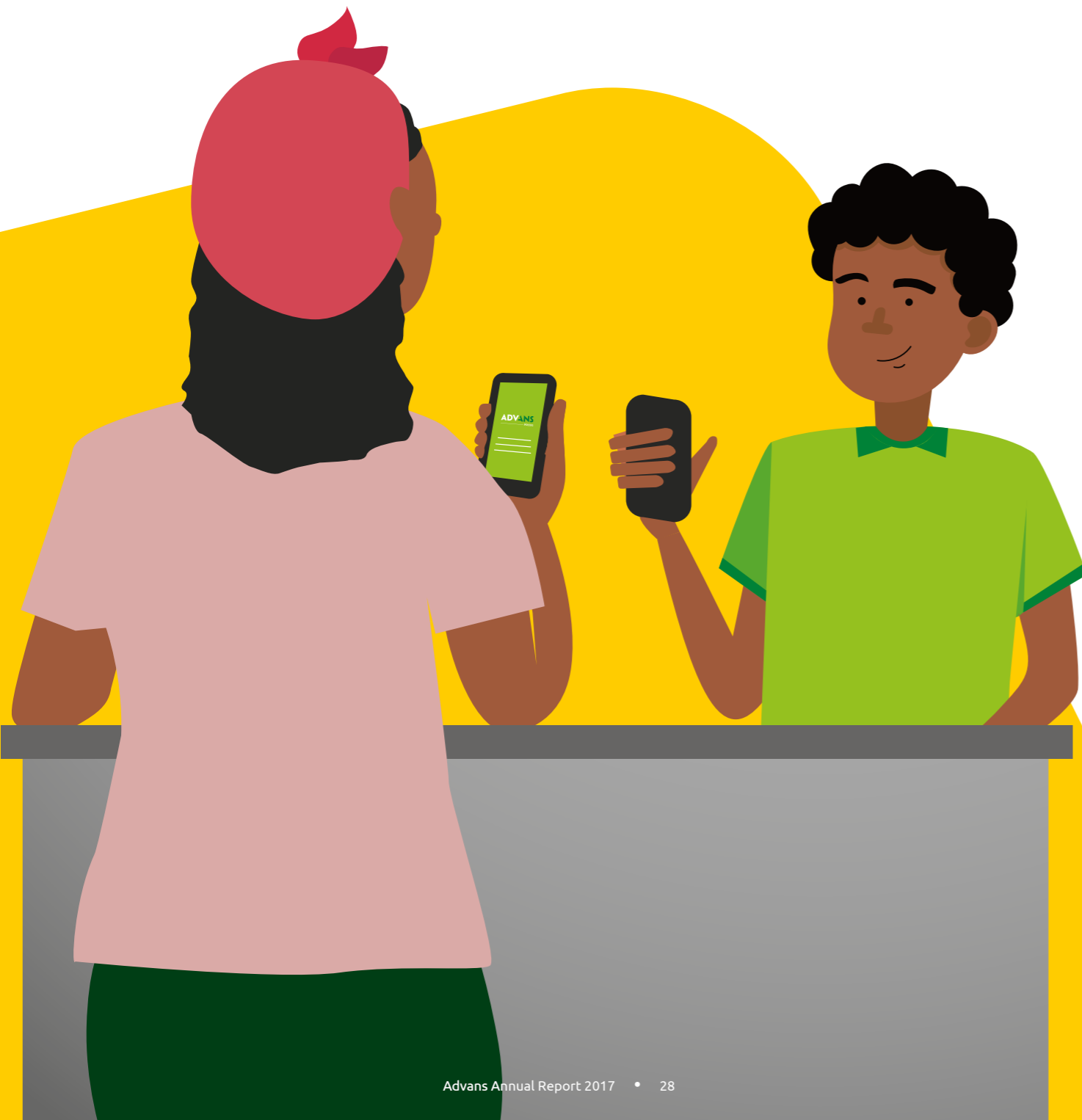
Roll out of the pilot

The village banking pilot was launched in two branches in February 2018 and will be rolled out to all rural branches by June 2018. Going forward, the village banking product will be Advans Myanmar's flagship product for rural financial inclusion and the main tool for sustainable expansion in rural areas. By March 2019, it is expected that village banking loans will represent a quarter of Advans Myanmar's gross loan portfolio with around 40% of clients having this type of product. Advans Myanmar is also planning to use third party agents to collect loan installments and increase outreach to remote areas.

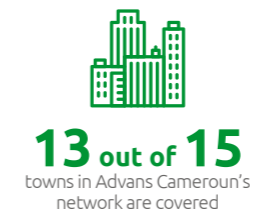
04. Innovating and diversifying to improve our services

Increasing proximity with new channels

Over the last few years, Advans has put a strong focus on developing and implementing innovative and cost-effective alternative delivery channels (ADC) in all its countries of operations. These channels help to improve the client experience on several levels, giving them access to services at closer proximity to their workplaces and homes, making transactions quicker and easier and generally giving clients more flexibility in their relationship with Advans. They also help Advans to accelerate financial inclusion for new clients in zones further away from branches, and to increase its visibility by partnering with other distribution networks like mobile network operators, petrol stations and small shops.



A third party agent network for simple transactions in Cameroon



What is the Advans Point Network?

The Advans Point network is a network of partner agents selected by Advans: on top of their principal activity, these agents can serve Advans clients in their shops. Today Advans Cameroun has partner agents in 13 of the 15 towns covered by its branches and in some rural areas. The process for the client is simple: any client registered with Advans goes into an Advans Point, indicates their account number and tells the agent the kind of transaction they would like to carry out. The client can make deposits, withdrawals, transfers to another account, or request information (balances etc.). The agent makes the necessary checks before performing the transaction, with all operations taking place in a secure manner. To validate the transaction, the client receives a unique temporary password on their mobile that they give to the agent. All transactions through this channel are made with a smart phone application used by both Advans agents and mobile collectors. The application is linked to the Advans banking system and allows agents or mobile collectors to make real time transactions outside of branches.

Advantages of the service for clients

Advans Cameroun is the first affiliate to put in place its own partner agent network in the group and the first microfinance institution in Cameroon to develop this kind of channel which increases outreach at a reduced cost. The main objective of the channel is to give clients increased proximity and secure access to their accounts. Clients don't have to leave their place of work for more than a few minutes, and it can be especially useful for those who are far from branches to have access to Advans services closer to their home or business. It also makes it easier for clients to repay their loans, or make any general account transactions. Advans guarantees that transactions are simple (no forms to fill in) and confidential.

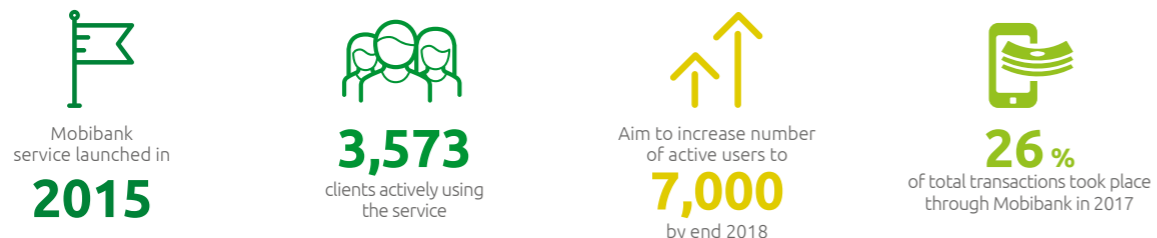


Boosting digital financial inclusion

The main challenge for Advans Cameroun in launching this channel was to gain clients' trust. Passing through an external partner and not a traditional branch is a new concept in Cameroon and also development of mobile money outlets for bill payments and cash transactions is fairly recent on a national level. This explains the gradual uptake of agent networks in all sectors. There are also some technical and logistical elements which need to be taken into account: connectivity can sometimes be problematic for the network due to the fact that all transactions take place online and the follow-up of the agents is sometimes difficult.

Despite the above challenges the channel has developed positively since its launch, with 13% of Advans transactions nationwide taking part at Advans Points and 68 agents at end April 2018. 16% of Advans Cameroun's clients had used third party agents in March 2018. Communications on the service and support provided to clients, as well as the fact that transactions are simple and can be made in close proximity to home or work, have helped to make this new service popular. Going forward, Advans Cameroun aims to focus on increasing the efficiency of the service and continue to assess client's use and appreciation of the new channel.

A mobile service to increase accessibility for clients in Ghana



What is the Mobibank service?

Launched in 2015 when Advans Ghana introduced its alternative delivery channel strategy, Mobibank is a self-service menu available on a client's phone, using their phone number and a personalised PIN. The service uses USSD technology. This channel was launched to improve customer service and enable clients to make transactions outside of branches, to increase client outreach and improve trust and satisfaction levels. Mobibank is available 7 days a week from 5am to 11pm. Advans Ghana is proud to be among the few financial institutions that have introduced this service to the market. The service was tested among staff for a period of six months before it was launched.

What are the benefits?

The Mobibank service fits in with Advans Ghana's business and alternative delivery channel strategy because it helps to improve customer service and reduce congestion in branches. Advans staff actively recommend the service so that clients don't have to spend a long time waiting at the tills. Clients can check their balance themselves, which is in line with Advans aim to communicate transparently with clients in all transactions. The service has also boosted confidence in field cash collection (because the client can immediately check their balance) and increased the number of internal account transfers. Since last year, the use of additional services like airtime top-up and bill payments drastically increased. Clients can also ask a mobile agent to deposit on their bank account directly. The service is especially beneficial for clients in remote areas where it is difficult to get to branches, it has also helped to improve on time loan repayments and encourages clients to save more often.

Results and aims going forward

As of December 2017, 3,573 clients were actively using the Mobibank service, and throughout the year, a total of 268,844 transactions were made – 26% of Advans Ghana's total transactions, with balance enquiries and account to wallet transfers being the most popular. 56% of Mobibank subscribers are females and 62% are deposit clients only. Advans Ghana is working on future improvements to make the service more attractive for clients, such as the integration of an automatic small loan request and loan disbursement into the service. For 2018, Advans Ghana wants to focus on improving the use of the service for active clients rather than increasing the number of subscriptions: a campaign has been launched to double the current active users from 3,500 to 7,000 by the end of the year.

The call centre as a key touch point for clients



What is the purpose of a call centre?

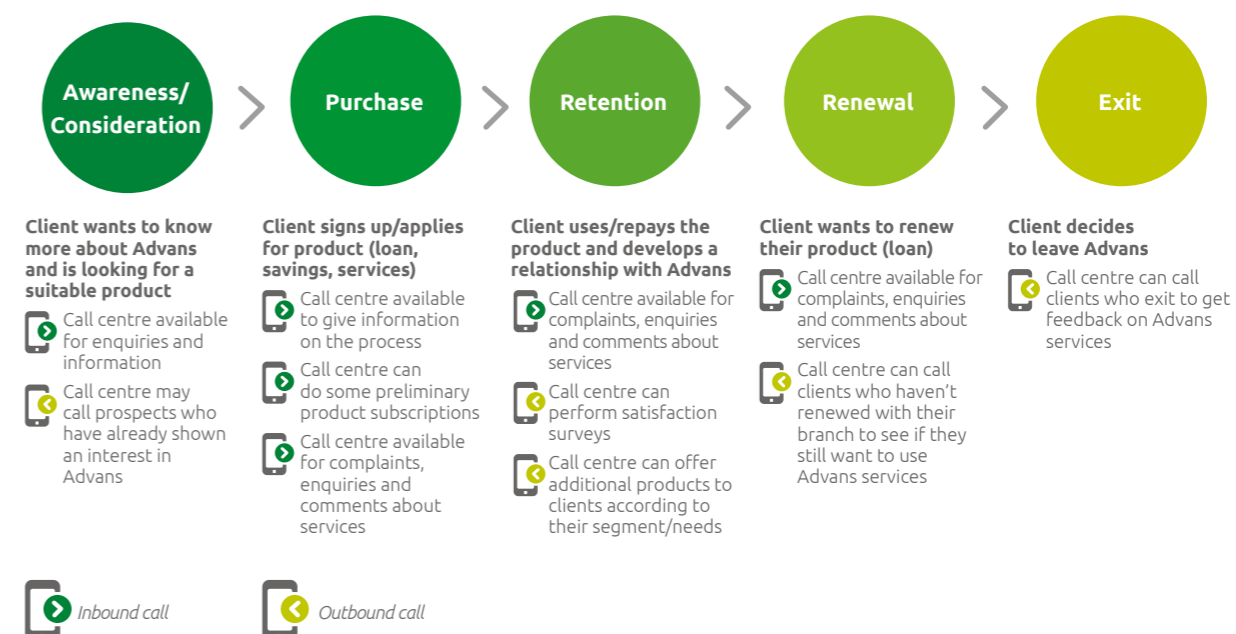
A call centre can be used in microfinance institutions as a channel to interact with clients at several points in the client journey. The call centre has three main activities: i) to improve customer knowledge on products and services through queries and complaints management; ii) to monitor client satisfaction and gather information on clients preferences through market and satisfaction surveys; and iii) to conduct commercial activities such as calling prospects, cross selling or calling clients to renew products. If managed well, the call centre is a great tool for improving client satisfaction and retention and it can also become a channel which can help to boost commercial activities.

Where do Advans affiliates stand in their call centre implementation?

Advans affiliates are at different stages in the development of their call centres, with affiliates like Advans Ghana and Amret already having quite developed structures and several different activities being carried out by the call centre. Both affiliates recorded thousands of enquiries over the year, with Advans Ghana hitting a record of 22,000 calls. Other affiliates such as Advans Cameroun and Advans Tunisie are just starting to use their call centres and looking to expand their activities, while some, such as Advans Côte d'Ivoire and Advans Pakistan are looking to set up call centres in 2018.

How can the call centre fit into the client journey?

The chart below shows where the call centre can have added value in a typical Advans client journey, in synergy with other channels:



05. Our staff and culture

What our staff say

Advans staff believe in microfinance as an important motor for social and economic development and work everyday to achieve Advans mission. Advans is committed to building a stimulating and positive working environment where staff can face everyday challenges within strong teams. We aim to give staff a chance to build their capacities, learn new skills and provide long term career perspectives with opportunities for mobility across affiliates.



François Kouakou
Administrative and Financial
Director, Advans CI

“ The impact our work has on our customers motivates me every day, through my work at Advans I can contribute to accelerating financial inclusion. ”

My main mission is to ensure the profitability and solvency of the institution and anticipate its needs with regards to the overall strategy in place. For this, I focus on three areas of activity, Accounting, Performance Monitoring and Treasury, three teams whose work I oversee. I also collaborate closely with the General Management and other departments to integrate strategic and financial development into day-to-day activities. Before joining Advans Côte d'Ivoire, I had the opportunity to work in other sectors of activity on accounting and financial operations. These past experiences enabled me to acquire a strong skills base, especially on a technical level, but at Advans I have a larger scope of tasks, and work on diverse projects. Each subject is specific and must be approached differently: to achieve this, you must be aware of your strengths but above all, conscious of your weaknesses and how to overcome them.



Jana Kadian
CEO, Advans Myanmar

“ My professional goal is to build a sustainable, customer-focused, and robust microfinance institution that will be well-known in the local market. ”

Starting an institution in a new country, building a team and creating a new Advans family is a challenging and deeply rewarding experience. My daily motivation comes from knowing that the work the Advans Myanmar team is doing has a clear and valuable purpose. Advans Myanmar will improve the lives of thousands of rural people in Myanmar by giving them access to fair, sustainable and tailored financial services. I joined the Advans Group after working for 13 years in microfinance management. Nevertheless, starting a greenfield microfinance institution with Advans has been a unique opportunity and an exciting and humbling experience. I am still learning to understand the Myanmar culture and what motivates people, the needs of our clients and the way business is done here. Working in microfinance is personally satisfying because my efforts help to create opportunities for people to improve their lives. That is the case both for customers, who gain access to fair financial services, as well as staff, who can build valuable, long-term careers within a group in which they can take pride.



Vahid Najafzadeh
Chief Operations Officer,
Advans Pakistan

“ I'm proud to work for Advans because it is a leading and responsible microfinance group at the forefront of the sector. ”

I am responsible for the steady and consistent development of our microfinance bank. I spend a lot of time with my colleagues discussing the actions that could possibly be taken to improve our performance and increase our impact. We like to brainstorm about what we need to enhance in order to make our products and services more attractive for clients and how we can deliver them in the most efficient and effective manner. I like working at Advans because it gives me freedom to use my skills and experience at their full potential, and for me that is the biggest value of this company. I have been able to sharpen my skills, learn new management techniques and gain experience and knowledge in terms of resolving difficult business situations. I want to be useful for Advans by producing the best results, and by making the life of our staff and our clients easier. My goal is to build a strong and sustainable bank so that people working here can feel proud of being a part of it.



Slim Ayari
Operations Manager,
Advans Tunisie

“ We have to face diverse challenges every day and we have several important ongoing projects at this crucial stage of our development. ”

My role as Operations Manager is challenging because it combines both strategic and operational aspects. Through this role I take part in Advans' mission on several levels, with a focus on operations, training, logistics, organisation and communication. My daily life involves the management and supervision of the various teams under my responsibility. There are also always new challenges ahead which makes working with Advans even more exciting. Advans has nurtured my professional ambitions and acknowledged my expertise. Microfinance is an area of work close to my heart, not only because I have been involved in the sector for 15 years now, with both academic and professional experiences, but also because its mission to contribute to social and economic development is crucial. During my time at Advans, I'd like to use my energy and expertise to help the team, with the support of the group, to establish Advans Tunisie as a leader in the Tunisian microfinance market. This would be both a personal and professional achievement for me.

Anaïs Joseph
Risk Officer,
Advans International

“ I really appreciate working for a company that promotes the economic development of the private sector in our countries of intervention. ”

I work part-time in the Risk Unit, providing technical assistance to affiliate risk departments and overseeing the Advans Group's risk exposures, including credit risk, operational and compliance risk and country risk. The other half of the time, I work in the Organisation Unit of the Operations Department on different operational projects (currently, the reliability of banking software data and credit scoring). Apart from the direct impact that our activities have on our final beneficiaries, I greatly appreciate the contact with my colleagues in the affiliates. It is very rewarding to contribute to the development of their skills and help them achieve their professional goals. Through Advans, I was able to take specialised training in microfinance risk management. I have also learned a lot in terms of working remotely with teams on the field, cultural sensitivity and coaching and training practices. The work atmosphere is enjoyable at Advans, and there are several opportunities for career development.



Advans Training Centre (ATC): external partner programmes

The ATC as a promoter of knowledge

In 2016, Advans set up a new training centre dedicated to promoting and sharing knowledge across the Advans Group. The ATC's mission is to accelerate the development of staff's technical, behavioural, managerial and transversal skills and to create tools to empower staff to take action and innovate. This involves training, in face-to-face or digital formats, on key themes such as inclusive and responsible finance, digital finance, risk management, leadership, innovation, etc. As well as developing its own training modules, the first of which were launched in 2017, the ATC aims to establish and develop relations with partner organisations to enrich the training programmes it can offer to staff from the network and the group.

These programmes are the first step in Advans plans to go further to build an effective group talent management policy for local managers who need to build up their knowledge, experience and transversal skills to deal with complex challenges. This includes designing specific training sessions internally, as well as using external trainings to improve the general knowledge and managerial abilities of gifted staff.

Which programmes were chosen?

In 2017, The ATC gave selected talented staff the chance to participate in high level programmes offered by partners of choice so as to develop their skills and give them practical knowledge. Overall, 16 staff members participated in the following trainings over the year:

- The Leadership, Innovation and Creativity Workshop organised by the AFD Development Campus, for the inclusive economy – nine staff from the network have participated in this programme to date.
- AFD's ARIZ workshop, focused on the financing of small and medium enterprises.
- Digital finance training delivered by the Helix network and funded by the Mastercard Foundation.
- Online trainings from the Frankfurt School on microfinance and risk management.
- LeAd Campus, development program for African leaders, driven by Sciences Po (France), ISM (Sénégal), the Graduate School of Development Policy and Practice (South Africa) and the CEFEB (Center of Financial, Economic and Banking Studies).

What did participants say?

“ I use a lot of things that I learned in terms of motivation and behaviour in my daily work ”

Aurélie de Fonvielle,

Operations, Advans International
(Leadership, Innovation and Creativity Workshop, AFD)

“ The workshop was very informative and worthwhile ”

Elvis Oheneba,

Head of Sales, Advans Ghana
(Leadership, Innovation and Creativity Workshop, AFD)

A staff challenge focused on environmental and social Commitment

The first commitment challenge in the group

Every year, Advans holds an internal challenge to bring together affiliates and encourage sharing and team work. In 2017 for the first time, the Advans Challenge focused on commitment to the community and the environment. As stated in our social goals, Advans aspires to raise awareness amongst staff and clients on the importance of environmental and social issues. The commitment challenge took place between 1 June and 15 September, with seven affiliates participating. Affiliates were asked to organise a socially or environmentally focused group activity of their choice as a team building activity for their staff. The rules were left open and affiliates were allowed to focus on an activity which was relevant to them and their community. The prize for the most innovative and impactful social activity (in terms of number of beneficiaries and staff participating) was EUR 1,000, for the winning affiliate to give to a local charity of choice.

Activities focused on environmental clean-up, health and social empowerment

All participating affiliates made the effort to promote Advans values. Some affiliates focused on clean up and recycling, with Advans Pakistan organising a beach clean-up to raise awareness locally on how to dispose of rubbish correctly and Advans Cameroun holding a market cleaning activity as part of its ten year celebrations. Amret meanwhile joined forces with the provincial authorities to clear the riverside of rubbish, with 160 people participating in the clean-up and donating 20 rubbish bins, cleaning materials, and Amret kits to the Provincial Department of Environment and the Municipal Hall. Other affiliates focused on health: Advans Ghana partnered with Doku Memorial hospital and local institutions to offer low-income people a free health screening in Accra, while 350 staff from Advans Côte d'Ivoire performed renovation works in a public maternity hospital and provided them with some new essential resources. Advans International focused more on social empowerment, spending an afternoon with young individuals of the Ecole de la Deuxième Chance (School for a second chance) in Paris. The goal of the afternoon was to enable young people without formal qualifications and little professional experience to build their confidence and share ideas and advice with people already working in a company.

And the winner is...

The winning activity carried out by Advans Myanmar took place in a local monastic school providing education free of charge to poor students. The 40 staff from Advans were organised into a cleaning team which collected plastic bags and rubbish in the school compound, a teaching team which told stories and wrote letters with the students, and a planting team which planted 18 plants in the school compound. They also donated books, pens and pencils for the students and distributed bread.

Even though several of Advans affiliates did these kind of social or environmental activities in the past, the fact that affiliates from across the network participated in the challenge helped to raise awareness of the importance of our commitment to contributing positively to our surrounding communities.





06. Reinforcing risk management to support growth

Building the technical skills of affiliate risk departments

The Advans Group strategy aims to build the technical skills of affiliate risk departments to be able to support the affiliate's management in fulfilling their responsibility of identifying, assessing and managing all risks. This approach uses the three lines of defence where operational units and process managers play a key role in day-to-day implementation of sound risk management practices and embedded controls. The Risk Department is the second line of defence which supports the first line through the development and assessment of policies and procedures to support risk management and to perform some dedicated control activities. The third line of defence is the Internal Audit function which provides an independent assessment of the internal control and risk management activities of the affiliate.

Amret's Risk Strategy

Amret's risk strategy is in line with that of the Advans Group, but given its maturity, size and complexity, Amret is further advanced than the rest of the network. Under the leadership of a Chief Risk Officer, the department has been able to both broaden and deepen its risk activities. This has resulted in additional resources being hired for the department including dedicated staff for activities related to treasury risks and information security risks. The department is also refining its internal control activities, deepening the credit risk analysis on the loan portfolio and adding stress testing as well as looking at third-party risk management, and many other topics.

In order to facilitate these changes, the risk department was restructured in 2017 to create an integrated risk team, this entailed broadening the credit risk department activities, refining the operational risk unit activities, re-establishing the information security risk function, and integrating the legal unit into the compliance unit which was already within the scope of the risk department. Amret will continue to strengthen the Risk Department's activities and structure in the coming years. This will enable the department to provide a structured and coherent approach to identifying, assessing and managing the risks Amret faces, so as to ensure that management has the information they need to make sound decisions to achieve the strategic goals and mission of the organisation.



Luc Cool

Chief Risk Officer

Please tell us about your role at Amret and your previous experience?

“As Chief Risk Officer, my main objectives are to oversee all risk related activities to ensure that we comply with regulations and to take the lead for enhanced risk defence. I connect with the Advans Group team to discuss key issues on a regular basis. Before Amret I worked as a Chief Risk Officer in banks and insurance companies, both in advanced and emerging parts of Europe. All in all, I've been in the financial services sector for over 25 years.”

What attracted you to work at Amret and in microfinance?

“I'd already worked in a multitude of roles and within several different market contexts and started to get the feeling that I was up for the next big thing. I was open to a new challenge and the opportunity at Amret came up at the right time. It was a chance to work in a completely different and fast moving context and to bring skills I'd developed in the traditional financial sector to the microfinance sector, which are to some extent rather similar. Today, microfinance institutions like Amret are becoming increasingly complex, with a wide range of products and services that go beyond the original concept of microcredit. Also working in a cross-cultural environment within the Advans Group was something that interested me.”

What are the main challenges Amret is facing in terms of risk?

“The Cambodian microfinance market is maturing. Debt levels have risen quite quickly and competition is becoming fiercer. Amret aims to grow sustainably and maintain responsible lending practices. Vulnerable populations often lack access to accounts, insurance or other financial services that contribute to better living conditions. There is still ample room to facilitate financial inclusion. Together with the Advans Group, Amret is constantly looking to develop new products in line with its financial inclusion mission, increasingly partnering with other service providers. For the Risk Department this of course means that there are plenty of new risks to understand. Today, with digital innovations becoming key in the delivery of financial services, there are also new technological risks to take into account. Finally, regulatory demands are stepped up to ensure that clients are better protected. So we have to ensure that we are on top of this.”

What do you consider to be your most important achievement so far?

“I would say one of the most important achievements so far has been strengthening the risk team. We expanded both the scope and depth of our work. We've gone from being a team of 30 staff to a team of 60 staff over a very short period of time. I would also say I have been able to start lifting risk activities to a more strategic level. That means not simply reporting on things that go and can go wrong but also connecting dots, seeing how it all fits together and reflecting upon how risk affects our future and strategy. We still may have a long way to go on this but the first results are clearly visible. Having boosted our risk methods, senior management and the Board of Directors are more confident that we are in control.”

From a risk perspective, what is key for Amret's sustainability and future success?

“We need to continue to build on our work so far and be responsive. The market landscape is changing rapidly on several fronts. The most important thing is to understand how these changes may affect us in the future. As a financial services provider, we are in the business of taking risks. There is nothing wrong with that as long as we understand what can possibly go wrong and how we can best face possible challenges to come. Active interaction within the Advans Group and fostering a sound internal risk culture are vital building blocks in our approach to these challenges.”

07. Building sustainability

Financial Statements Advans SA

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

BALANCE SHEET at 31 December 2017 (EUR)

Fixed Assets	As at 31/12/2017	As at 31/12/2016
Shares in affiliated undertakings	139,640,803	112,894,618
Total Fixed assets	139,640,803	112,894,618
Current Assets		
Amounts owed by affiliated undertakings becoming due and payable after more than one year	2,094,485	
Amounts owed by affiliated undertakings becoming due and payable within one year	3,462,354	5,078,432
Other receivables becoming due and payable within one year	88,070	304,434
Cash at bank	1,084,914	2,197,313
Total current assets	6,729,823	7,580,179
Total assets	146,370,626	120,474,797
Liabilities		
Other creditors becoming due and payable within one year	177,409	60,170
Amounts owed to credit institutions becoming due and payable within one year	3,475,036	4,517,213
Debenture loans becoming due and payable after one year	3,751,466	
Tax becoming due and payable within one year	8,015	9,630
Total liabilities	7,411,926	4,587,013
Net assets	138,958,700	115,887,784
Equity		
Paid-up share capital	66,914,000	65,914,000
Share premium account	512,949	512,949
Retained earnings	49,460,835	31,026,790
Profit/(loss) for the financial year	22,070,916	18,434,045
Total shareholder's equity	138,958,700	115,887,784

PROFIT AND LOSS ACCOUNT for the financial year ended 31 December 2017 (EUR)

Income	For the year ended 31/12/2017	For the period from 01/04/2016 to 31/12/2016
Interest income	300,024	111,647
Dividend income	1,487,092	11,801
Other operating income	462,438	343,415
Net changes in fair value on financial fixed assets	22,816,311	20,011,030
Total net income	25,065,865	20,477,893
Expenses		
Operational expenses	2,685,501	1,828,188
Interests and expenses due	303,194	212,450
Taxes	6,254	3,210
Total expenses	2,994,949	2,043,848
NET PROFIT	22,070,916	18,434,045

ADVANS

Growing together



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