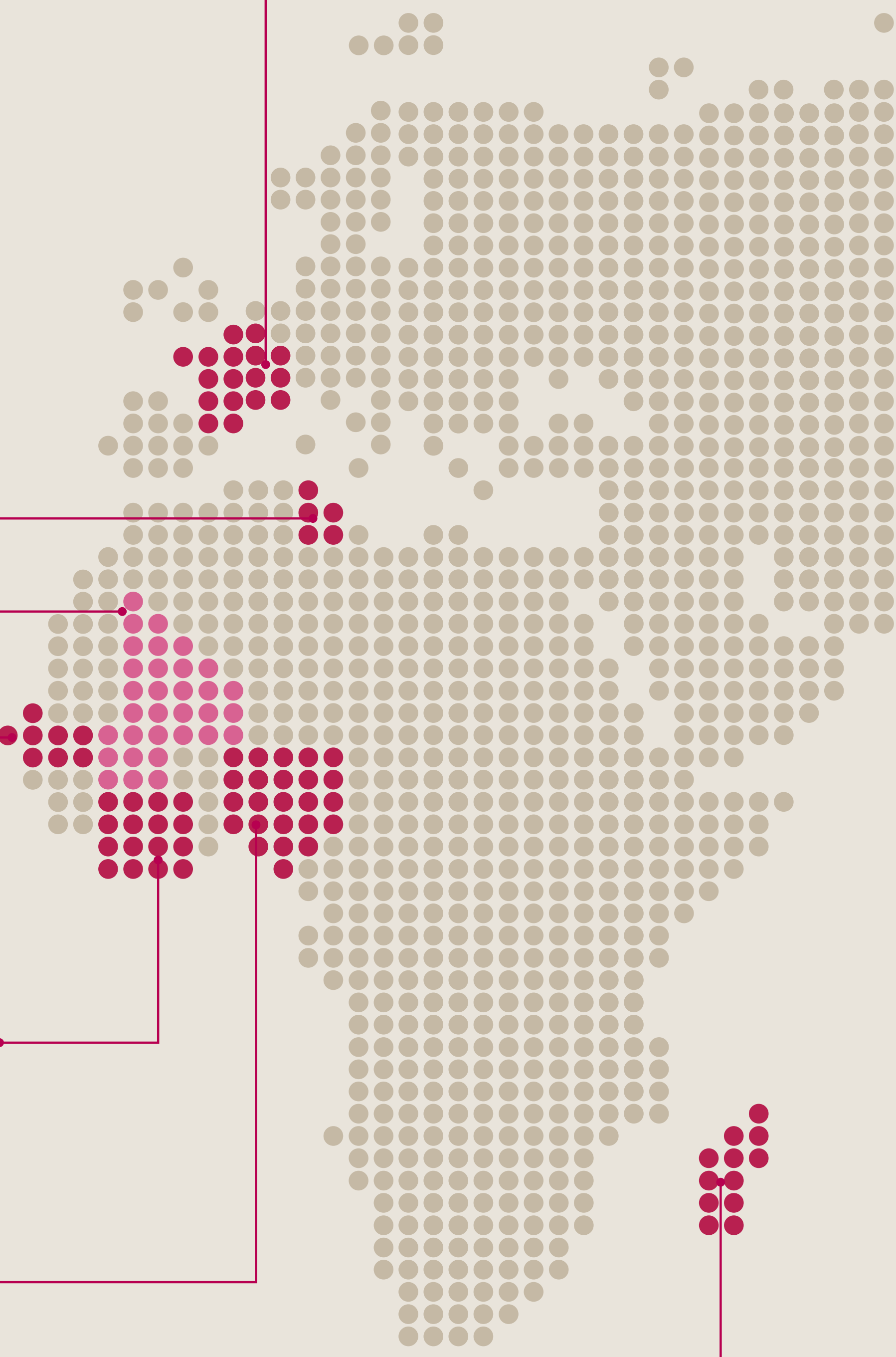
Microcred Group

Annual Report 2013

microcred
Groupe PlaNet Finance

MICROCRED HOLDING
PARIS - FRANCE

MICROCRED TUNISIA
1 BRANCH
MICROCRED HOLDING
OWNS 67% OF THE CAPITAL



MICROCRED MALI
1 BRANCH
MICROCRED HOLDING
OWNS 70% OF
THE CAPITAL

MICROCRED SÉNÉGAL
26 BRANCHES AND OUTLETS
MICROCRED HOLDING OWNS
51.1% OF THE CAPITAL

MICROCRED CÔTE D'IVOIRE
5 BRANCHES AND OUTLETS
MICROCRED HOLDING OWNS
64.1% OF THE CAPITAL

MICROCRED MICROFINANCE BANK NIGERIA
6 BRANCHES AND OUTLETS
MICROCRED HOLDING OWNS
50.1% OF THE CAPITAL

MICROCRED CHINA
HONG-KONG - CHINA
MICROCRED HOLDING OWNS
51% OF THE CAPITAL

MICROCRED NANCHONG
10 BRANCHES AND OUTLETS
MICROCRED CHINA OWNS 100%
OF THE CAPITAL

MICROCRED SICHUAN
8 BRANCHES AND OUTLETS
MICROCRED CHINA OWNS 100%
OF THE CAPITAL

MICROCRED
BANQUE MADAGASCAR
21 BRANCHES AND OUTLETS
MICROCRED HOLDING OWNS
52.1% OF THE CAPITAL

The Group in Figures

Microcred Group was founded in 2005 by Arnaud Ventura with the support of PlaNet Finance (founded by Jacques Attali & Arnaud Ventura in 1998) and a group of investors. The company's purpose is to set up, develop and strengthen a group of banks and non bank financial institutions focusing on providing financial services designed primarily for people with no access to the formal financial sector. The Group focuses on Africa and China.

Microcred institutions contribute to improving their clients' quality of life and help foster economic development in their operating countries.

Key Figures 2013

TOTAL ASSETS
EUR 197.6 M
+ 33% vs 2012

NET RESULT (GROUP SHARE)
EUR 1.9 M
x 2.6 vs 2012

PORTFOLIO AT RISK 30 DAYS
1.30%

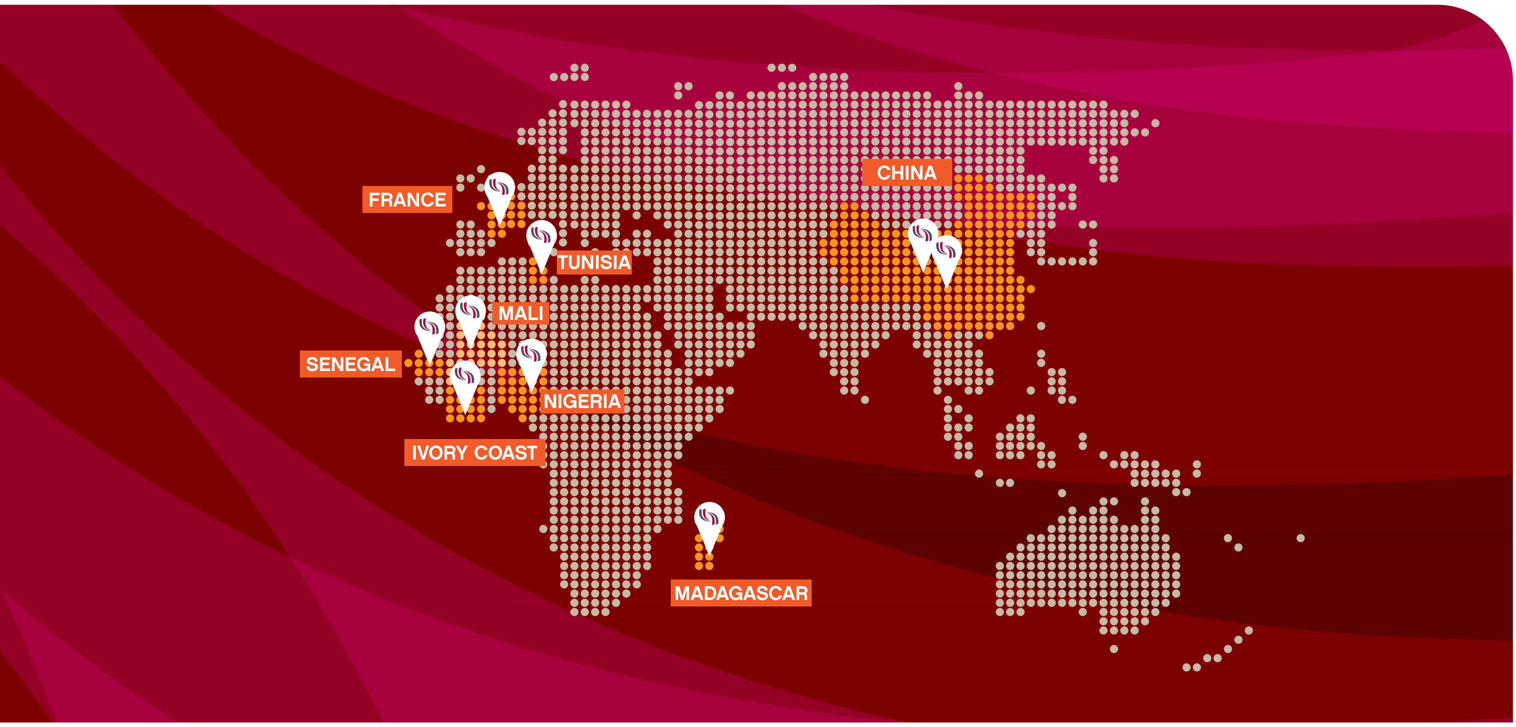
SAVINGS PORTFOLIO
EUR 61.1 M
+ 49% vs 2012

OUTSTANDING LOAN PORTFOLIO
EUR 162.5 M
+ 32% vs 2012

230,276 CLIENTS

1,706 EMPLOYEES

745 COMMERCIAL OFFICERS



Our history

2013

Capital increase of EUR 5.1 million and Danish Microfinance Partners K/S (DMP) managed by **Maj Invest Partners**, joined the Group

Microcred Mali starts its operations in September

2011

Microcred Sichuan starts its operations in January

2010

Microcred Nigeria starts its operations in March

Sale of Microcred Mexico and end of operations in South America in May

Microcred Côte d'Ivoire starts its operations in October

2008

Capital increase of EUR 6 million and SNS Institutional Microfinance Fund (SIMF) managed by **Developing World Markets** (DWM), joined the Group

2007

Capital increase of EUR 7.7 million and European Investment Bank (EIB) & Agence Française de Dévelopement (AFD), joined the Group

Microcred Sénégal starts its operations in September

Microcred Nanchong starts its operations in October

2006

Microcred Mexico starts its operations in June

Microcred Madagascar starts its operations in December

2005

Foundation with the support of **PlaNet Finance, AXA**, **Société Générale** and **International Finance Corporation (IFC)**

EDITORIAL BY THE CHAIRMAN OF THE SUPERVISORY BOARD

Jacques Attali

This past year has witnessed Microcred Group's continued success in its mission to assist and support entrepreneurs denied access to the traditional financial sector. In 2013, the Group disbursed almost EUR 263.8 million as loans to micro, small and medium-sized enterprises, thus helping them extend and strengthen their activities. Since the start of its operations in 2006, the Group has a proud history of serving its clients and their communities and enabling them to move forward.

> In 2013, the Group disbursed almost EUR 263.8 million as loans to micro, small and medium-sized enterprises, thus helping them extend and strengthen their activities.

In 2013, Microcred embarked on an ambitious project to extend its reach to large numbers of entrepreneurs scattered over peri-urban and rural areas, and provide them with a range of helpful services tailored to meet all aspects of their financial needs. The Group chose to go out and meet them through alternative distribution channels, relying in particular on a network of correspondents and new technologies.

The Group's particular focus on corporate responsibility is at the heart of its operations. In China, Microcred Nanchong launched an extensive campaign in June 2013 to develop and upgrade its Social Performance Management (SPM) policy, and works to achieve a social rating.
An essential part of this project is that all staff be made aware of SPM issues and trained to Client Protection Principles (CPP).
The Group has received a number of awards, including Best Social Responsibility MCC in China, which showcases the positive economic and social impact of its operations within local communities.
All Microcred institutions, whether in China, Ivory Coast, Senegal, Nigeria or – since September, in Mali – have recorded strong operational growth over the year. This year also saw the establishment of a new subsidiary in Tunis. This upward trend is all the more rewarding since some of the subsidiaries operate in challenging economic and political environments.

I am proud to announce that, in all these countries, a growing number of previously unbanked people have gained access to financial services thanks to the operations of Microcred.

Finally, I would like to express my heartfelt gratitude and admiration for our teams throughout the world and for their unfailing dedication to our mission and our clients. Their commitment and professional expertise are the keystone of our organisation.

EDITORIAL BY THE PRESIDENT OF THE MANAGEMENT BOARD

Arnaud Ventura

Amidst an unstable global economic climate, the microfinance sector and Microcred Group in particular have achieved outstanding results.

In China, the development of rural areas is a national priority and some reforms have been passed to help create a favourable climate for the microfinance sector. A sustained local demand for credit, combined with the excellent results achieved by our institutions in Nanchong and Chengdu, provide an incentive for the Group to develop its activities in the Sichuan area and surrounding provinces. In 2013, Microcred's portfolio in China increased by 37%.

The Group share of net results more than doubled to reach EUR 1.9 million, thus confirming the excellent performance of Microcred's business model.

In West Africa, where most of the Group's subsidiaries are located, 2013 was marked by the conflict in Mali and its knock-on effects in surrounding countries, in particular in Nigeria where Boko Haram has built a growing influence. The Group's portfolio in Africa has grown by 30% over the year.

Over 2013, Microcred also launched a number of growth-enhancing initiatives designed to support the economic development of the local communities in which it is present.

The Board approved the creation of Microcred Africa – a holding company covering Africa -, together with a development plan paving the way for the establishment of further subsidiaries in Africa over the coming years.

Moreover, Microcred has the ambition to accelerate growth within each existing operating country, both through the development of alternative distribution channels reaching out to new customer segments, and through the provision of new financial products and services to meet our clients' diversified needs.

The Group achieved solid operational growth in 2013: its outstanding loan portfolio reached EUR 162.5 million and its savings portfolio EUR 61 million, that is to say a 32% and 49% growth respectively compared to the previous year. The Group share of net results more than doubled to reach EUR 1.9 million, thus confirming the excellent performance of Microcred's business model.

The dedication of our staff worldwide is the key to our success. I have greatly appreciated, on numerous occasions, the commitment of our employees and their hard work in our clients' interest. I would like to express my sincerest gratitude, for Microcred depends first and foremost on their commitment and enthusiasm.

Over the past year, I have been very proud to see how Microcred has laid the foundations of solid future growth at the service of our clients.

PLANET FINANCE

PlaNet Finance Group: is a leading international aid organization with the mission to alleviate poverty through the development of microfinance, therefore increasing the unbanked and underbanked's access to financial services.
Created in 1998, PlaNet Finance Group provides a diverse set of services thanks to its entities and dedicated staff. Based in Paris, PlaNet Finance Group's international network holds activities in close to 80 countries around the world.

AXA BELGIUM S.A. (AXA)

Axa Bank Europe S.A., based in Brussels, is the banking division of the Axa Group. Its banking solutions target individuals and small enterprises in Europe, particularly in Belgium, Hungary, the Czech Republic and Slovakia. Axa Bank offers an extensive range of banking products and services to individuals and small businesses, through the intermediation of 920 independent partner agents.

Our Shareholders

LA BANQUE EUROPÉENNE D'INVESTISSEMENT

The EIB is the European Union's bank. It is the only bank owned by the EU's member States, whose interests are upheld through the institution. It was created in 1958 by the Treaty of Rome with the purpose of fostering the integration, balanced development and social and economic cohesion of the member States. The EIB's activities are adaptive and designed in accordance with the Union's policies including its partnerships with African, Caribbean and Pacific countries.

DEVELOPING WORLD MARKETS (DWM)

Developing World Markets is an asset management company and investment bank focusing on socially responsible investments, with the aim of promoting sustainable social and economic development worldwide. The company invests though debt and owners' equity in over 40 countries on four continents.

INTERNATIONAL FINANCE CORPORATION (IFC)

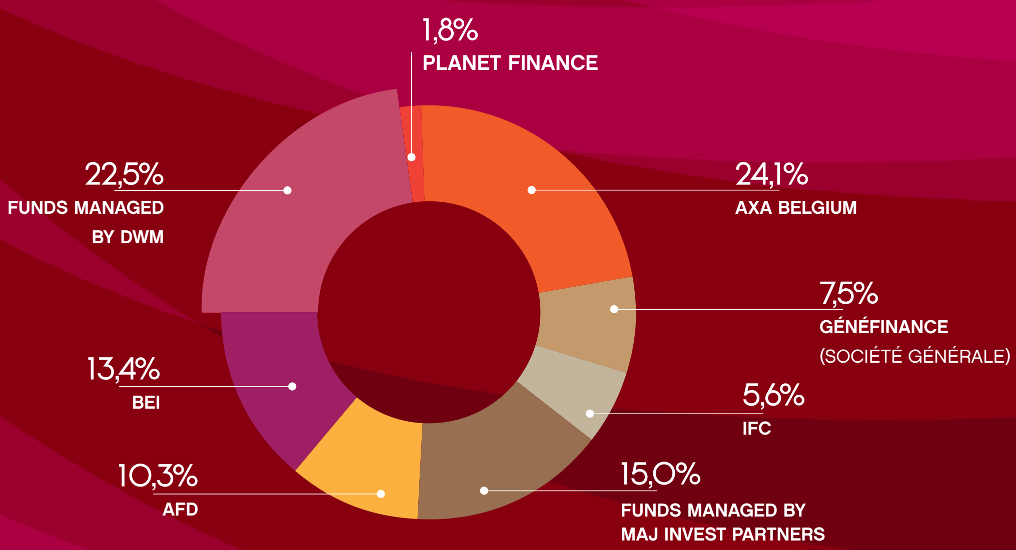
A member of the World Bank Group, IFC is the leading global development institution, with activities focusing exclusively on the private sector.

The IFC was created in 1956 and its capital is held by 184 member States which jointly determine its policies. Its operations in over 100 developing countries help businesses and financial institutions in emerging countries to create jobs, generate tax revenues, strengthen corporate governance and improve their environmental impact and their contribution to the quality of life in local communities.

L'AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD)

The AFD is a public institution at the heart of the French international development assistance scheme, which for 70 years has worked towards alleviating poverty and fostering development in South and French overseas countries. The AFD finances projects, programs and studies through subsidies, loans, guarantee funds and debt-reduction and development contracts.

Sub-Saharan Africa has become the AFD's priority zone and is currently allocated 50% of the institution's funding and 70% of subsidies. The AFD has been deeply involved in microfinance since 1988 and it provides 300 million euros to nearly 40 institutions in 20 countries.



FONDSMÆGLERSELSKABET MAJ INVEST A/S (MAJ INVEST)

Asset management company, Maj Invest was created in 2005 and is based in Copenhagen. It specialises in microfinance institutions and small, medium-sized enterprises in developing countries. Maj Invest manages assets valued at USD 8 billion.

SOCIÉTÉ GÉNÉRALE

Généfinance is 100% funded by Société Générale, one of the major financial groups of the Eurozone. With 163,000 employees worldwide, it has three main activities: investment banking, asset management and investor services; and retail networks and specialised financial services for over 30 million individual clients in France and abroad.

Governance and Organisation

Microcred Holding sets the strategy guidelines of all its institutions, and supports and supervises their development through intensive and targeted technical assistance missions.
Microcred considers good governance and ethics as the cornerstones of the institutions' development and activities. Among a wider range of stakeholders involved in the institution's governance, the Subsidiary Management Boards and the Holding Supervisory Board in Paris act as hubs maintaining an uninterrupted link between Management and all stakeholders collaborating with the institution: directors, shareholders, investors, clients and employees.
Ethics are an integral part of Microcred's management

Committees reporting to the Supervisory Board

Ethics Committee

The Ethics Committee meets before each Supervisory Board meeting. Its mission is to assist the Board in making sure that investments comply with the company's Charter of Ethics and to detect any potential or underlying conflict of interest between the parties.

Audit Committee

The Audit Committee meets before each Supervisory Board meeting. Its mission is to ensure proper economic and financial governance of the company and to make sure that the financial statements presented to the Board are accurate and reliable.

Compensation and Human Resources Committee

The Compensation and HR Committee meets as often as required. Its mission is to determine the remuneration of Board Members, give an opinion on the variable component of the main Group leaders' remuneration, take part in devising and implementing the Group's shareholding plan and give an opinion on any other issue related to human resources and career development within the Group.

Finance Committee

The Finance Committee meets before each Supervisory Board meeting and as often as required.

system. All employees are required to sign the Ethical Charter based on Client Protection Principles (CPP) in Microfinance (CGAP), as well as the Charter of Ethics of the PlaNet Finance group. The values upheld in these documents are communicated to all our teams and Management is encouraged to refer to them as guidelines in daily decision-making.

Microcred S.A is a public limited company with a Management Board and Supervisory Board. Various committees working alongside the Boards are involved in the governance of the company.

Committees reporting to the Management Board

Investment Committee

The Investment Committee meets as often as required and in practice before each Supervisory Board meeting. Its mission is to analyse projected investments, monitor current investments and report to the Management Board.

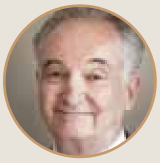
Advisory Committee

The Advisory Committee meets as often as required and in practice at least once a year. Its mission is to assist the Management Board in the strategic governance of the company and to put forward recommendations on any issue faced by the company.

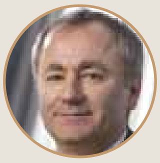
Governance and Organisation

The Supervisory Board

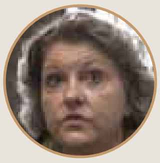
As of 31 December 2013, Microcred's Supervisory Board consists of nine members:



JACQUES ATTALI
Chairman of the Supervisory Board



CYRILLE ARNOULD
European Investment Bank (EIB)

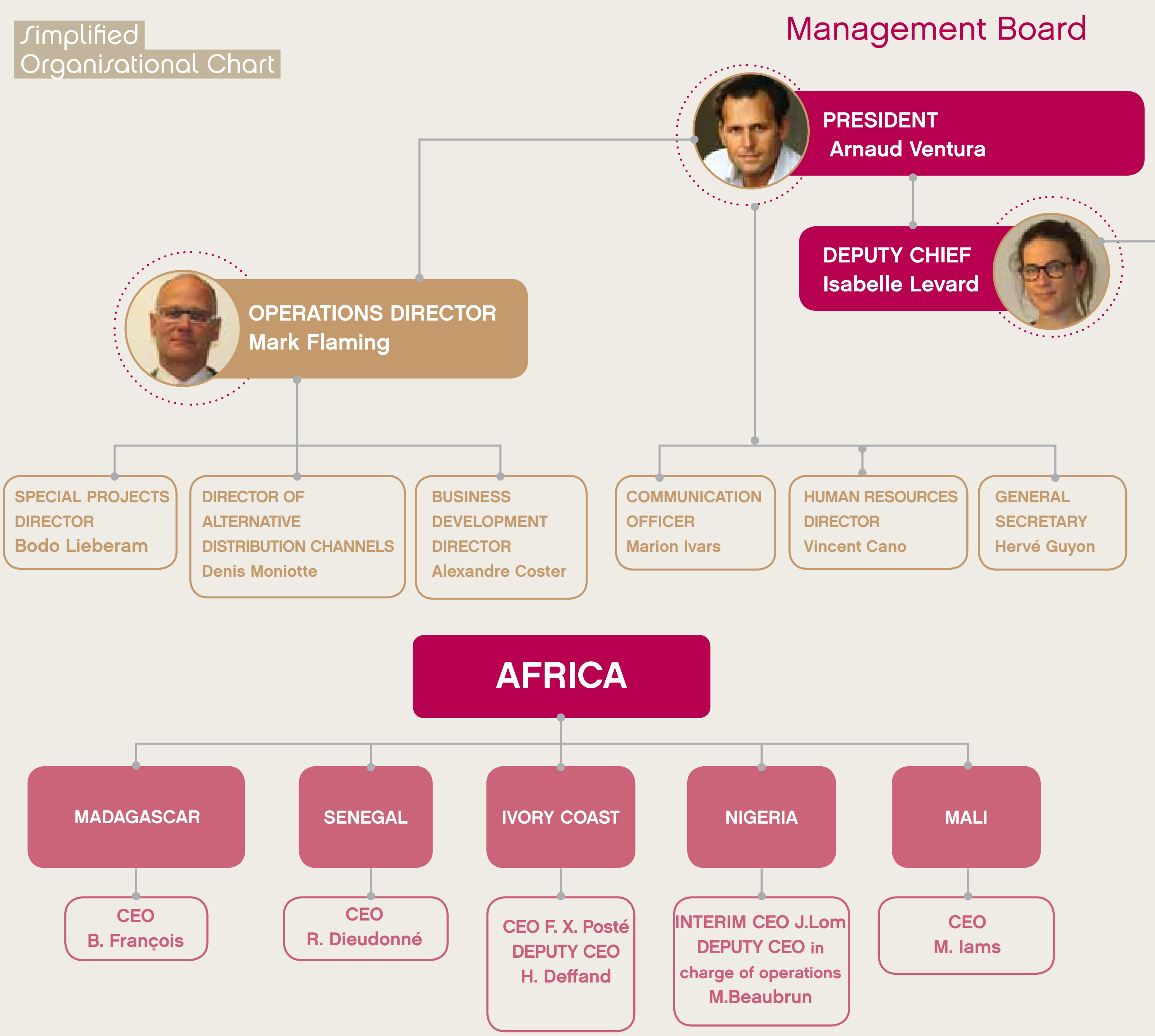


ODILE LAPIERRE
Agence Française de Développement (AFD)

JEAN-MICHEL PIVETEAU
Independent

THIERRY PORTE
PlaNet Finance

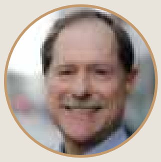
Simplified Organisational Chart




FRANÇOIS ROBINET
AXA Belgium


VALÉRIE TANDEAU DE MARSAC
Independent


KASPER SVARRER
Danish Microfinance Partners (DMP)


BRAD SWANSON
Developing World Markets (DWM)

MANAGEMENT BOARD

EXECUTIVE COMITEE

DG et DGA LOCAL

EXECUTIVE OFFICER
Isabelle Levard

AUDIT & PERFORMANCE DIRECTOR
Pauline Ecorcheville

ACCOUNTING AND MANAGEMENT CONTROL DIRECTOR
Laurent Hiller

INFORMATION SYSTEMS DIRECTOR
Yoann Guirimand

Isabelle Levard | **CHINA** | Frank Li

SICHUAN
CEO
F. Li

NANCHONG
CEO
L. He

STRATEGY DIRECTOR
M. Lewandowski

Management Board

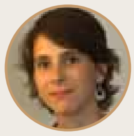

ARNAUD VENTURA
President of the Management Board


ISABELLE LEVARD
Deputy Chief Executive Officer

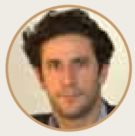

HERVÉ GUYON
General Secretary

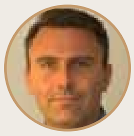

MARK FLAMMING
Operations Director

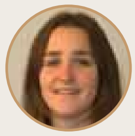

VINCENT CANO
Human Resources Director

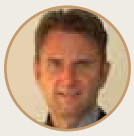

PAULINE ECORCHEVILLE
Audit & Group Performance Director

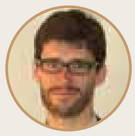

YOANN GUIRIMAND
Information Systems Director


ALEXANDRE COSTER
Commercial Development & Marketing Director


LAURENT HILLER
Accounting and Management Control Director


MARION IVARS
Communication Manager


BODO LIEBERAM
Chief of Special Projects


DENIS MONIOTTE
Director of Alternative Distribution Channels

Review of Activities

Our Strategy

The investment company **Microcred Holding** was established in 2005. The company's purpose is to set up, develop and strengthen, through technical assistance, banks and other companies providing financial services designed primarily for people lacking access to the financial sector. The Group operates in Africa and China.

The Group's growth strategy is based on the geographical expansion of its network, an adaptive offer of products and services tailored to market specificities and the development of alternative distribution channels making use of new technologies.

In Africa, the Group's first phase of development has witnessed the establishment of institutions in French-speaking Africa, with planned expansion in other parts of the continent.

In Asia, the Group focuses its activity in China. The Group has initially targeted the South-West of the country and has implemented its first institutions in Sichuan, a province with over 90 million inhabitants.

2013 news and highlights

Throughout the year the Group has continued its expansion and established itself in another country in Africa: Tunisia. The Tunisian affiliate was created in August 2013 in the capital city Tunis and plans to start its operations in 2014.

Microcred Mali started its operations in September 2013.

On the operational side, Microcred Group has launched the first phase of its grassroots strategy to reach out to a greater number of clients. Initiated in Madagascar and Senegal, this operation supported by the International Finance Corporation and the Mastercard Foundation should result in alternative distribution channels being set up and improved client management systems.

In Senegal, despite a nationwide economic slowdown, the affiliate has achieved significant expansion, with eleven new branches opening throughout the country. 2013 also saw the launch of "CleanTech", an innovative and responsible credit product facilitating access to solar-powered equipment (through the acquisition of solar panels, generators and compatible devices such as TVs, fridges, etc.)..

In Ivory Coast, a number of new products have been launched, such as an "SME loan", tailored to the needs of a more formal and better-structured clientele. Micro insurance products have also been developed, in partnership with the company's main insurers, such as the "Parrainage de compte" offer developed with UA Vie and "Serenis" with Allianz. At year end, Microcred Côte d'Ivoire had a total of five branches, two of which are new, in the city of Abidjan.

In Madagascar, four new credit products were launched simultaneously at the beginning of the year, targeting new customer segments. The institution also boasts great progress in the field of mobile banking: since June 2013, Microcred Madagascar's clients have been able to make transactions via their mobile phone without having to go to a branch. In October, the first "on-wheels" branch was put into operation. It consists of a specially designed truck offering the same services as a conventional branch. Microcred Madagascar has also extended its outreach with the creation of six new branches in the country.

In Nigeria, the institution has carried out a comprehensive survey to measure client satisfaction on the various products offered, and has adjusted its offer according to the findings. One branch has been relocated to be made more accessible, and another entirely refurbished. Microcred Nigeria has been preparing for a new branch to open in Kafanchan, due to start operations early 2014.

In China, following local government approval, Microcred Nanchong and Microcred Sichuan have diversified their funding streams and have been able to benefit from international financing. This authorisation should lay the foundation for future growth in China.

In June 2013, Microcred Nanchong launched a comprehensive campaign to develop and improve its Social Performance Management (SPM) policy, involving training for all its staff on SPM issues and client protection principles (CPP).

In 2013, the institution won several awards including the Five Stars Microfinance Micro Credit Company (MCC) in China, Top 100 MCC in China and Best Social Responsibility MCC in China, which reward the social and economic benefits brought to local communities.

Microcred Nanchong has set up new repayment solutions, adjusted interest rates and commissions and implemented greater flexibility in terms of size and duration of the loans offered. The Sichaun affiliate has opened two new branches in Xindu and Pixian, both semi-rural peri-urban areas near Chengdu.

The institution has launched a new credit offer enabling clients to manage their working capital needs with greater flexibility.

Our products and services

Our credit offer

Granting credit to micro, small and medium-sized enterprises is Microcred's core business.

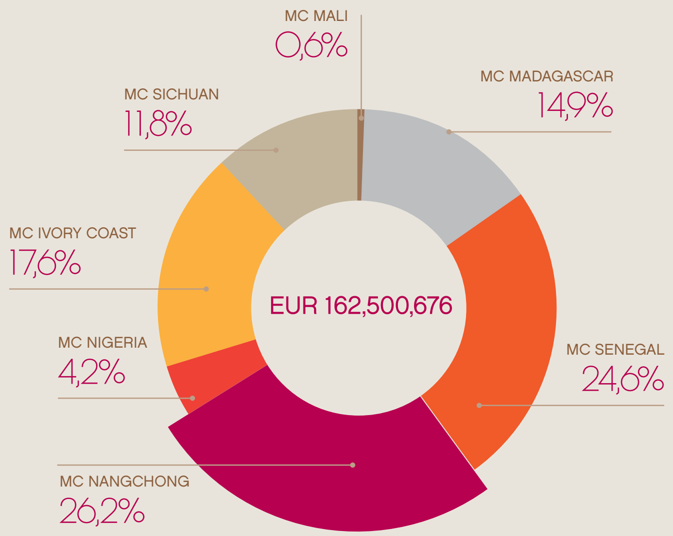
All our affiliates typically offer:

- "Micro" loans, devised for micro and small businesses in order to finance their working capital needs and occasional investments
- "SME" loans, devised for SMEs in the informal sector, financing working capital needs and investments

In Madagascar, the Group has developed a more diversified credit offer, including for instance a loan called "Grenier Commun Villageois" which creates short term opportunities for farmers and retailers to obtain enhanced value from their harvest, and the "Appel d'Offre" loan supporting SMEs which have won a tender and are faced with fluctuating liquidity. The "New Business" loan, targeting wage-earning employees, ensures the continuity of their projects.

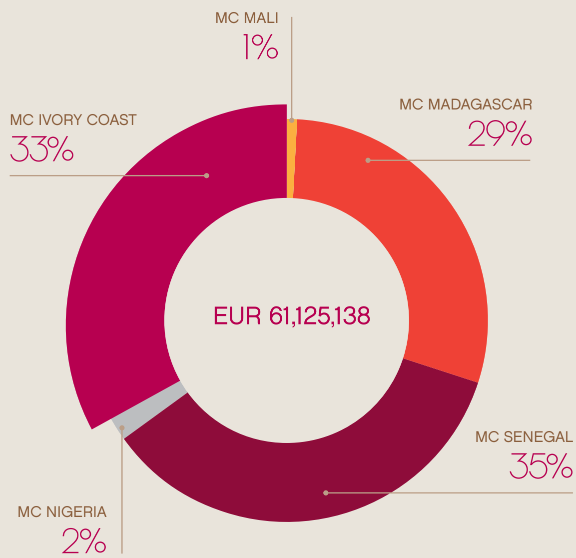
Savings portfolio

AS OF 31 DECEMBER 2013



Outstanding loan portfolio

AS OF 31 DECEMBER 2013



Savings product offer

The Group's institutions offer various deposit services (current accounts, savings accounts, term deposits) with the aim of assisting clients in the daily management of their activities.

One of the Group's areas of development for the coming years is to stimulate savings activity in African affiliates, as Chinese institutions are not allowed to collect savings. Several internal surveys have pointed out that the second disincentive to save, after lack of resources, is the lack of a product tailored to the local customs and use of money. Clients are receptive to the interest rate offered, to the ease/rapidity of withdrawing money and to safety. The most frequently requested related services are withdrawal cards, chequebooks and money transfer.

Other financial services

Most Microcred institutions are now able to offer a diversified range of financial services to meet the wider needs of their clients.

In 2013, as far as the use of plastic money is concerned, Microcred Côte d'Ivoire has developed an international and rechargeable Visa card, in partnership with BICICI.

In the field of micro-insurance, Microcred Côte d'Ivoire has developed two new products: one called "Parrainage de compte" developed in partnership with UA Vie, which grants a supplementary capital sum of twice the balance of the account upon the death of the policyholder; and another called "Serenis" developed in partnership with Allianz, which covers the cost of the funeral and/or grants a capital to the beneficiaries following the death of the policyholder.

Microcred affiliates in Senegal and Ivory Coast offer money transfer services through the intermediation of six partner operators in Senegal (Western Union, Money Gram, Money Express, Ria, Wari and Orange Money) and four in Ivory Coast (Western Union, Money Gram, Money Express and Wari).

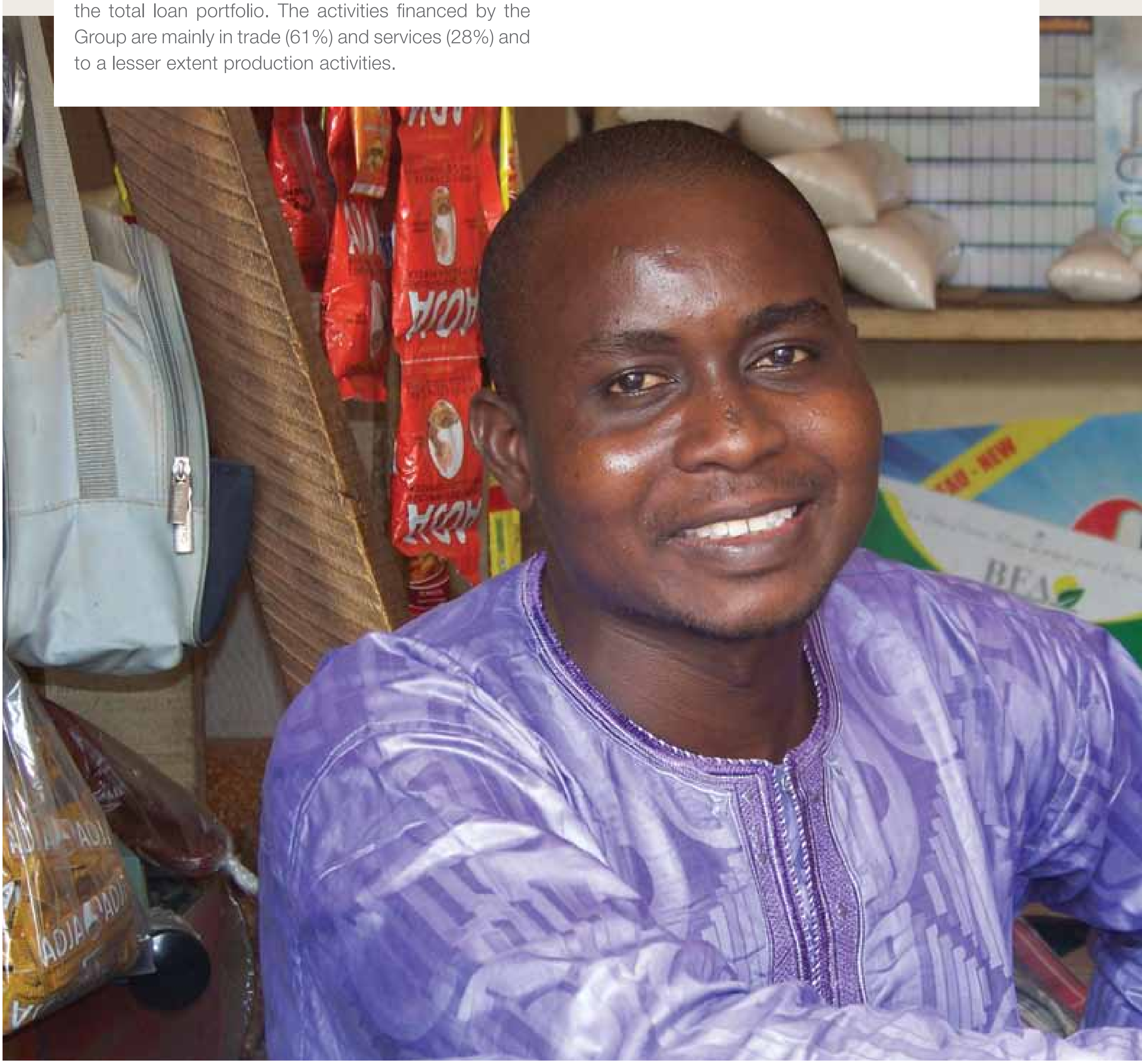
Our clients

Small and medium-sized business owners with an income-generating activity are Microcred's key target group.

Microcred closed the year 2013 with 230,276 clients including 216,636 active savers. The average disbursed loan is EUR 3,011 with an eleven month term.

SME loans make up over EUR 52 million, i.e. 32% of the total loan portfolio. The activities financed by the Group are mainly in trade (61%) and services (28%) and to a lesser extent production activities.

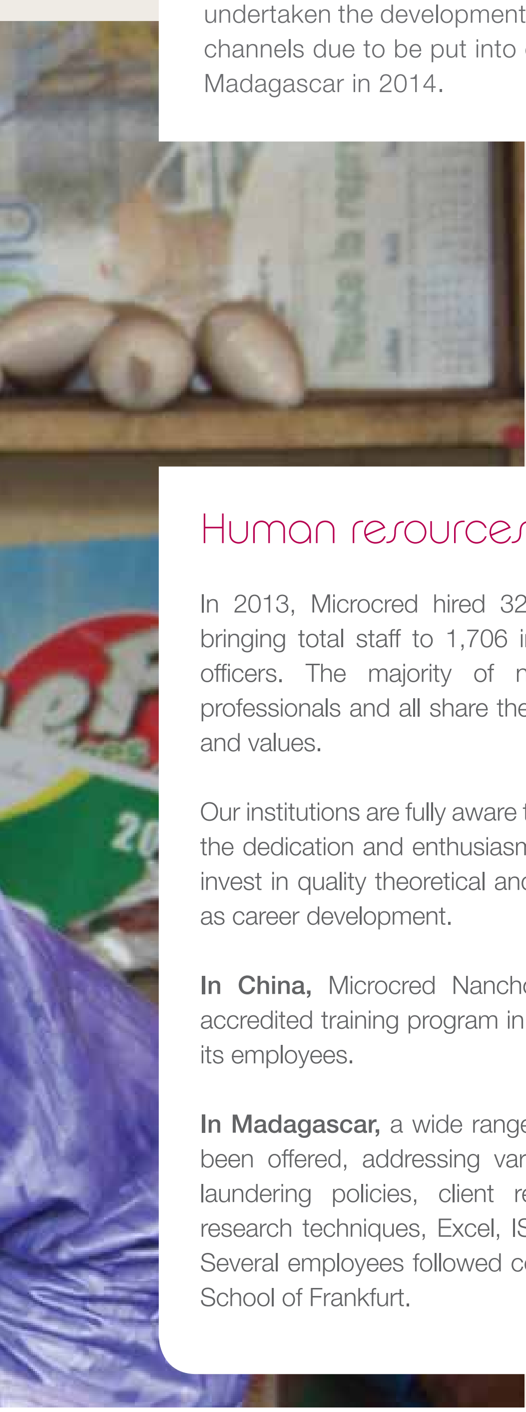
The Group's clients typically live in urban or semi-urban areas and a majority of clients are young – aged between 25 and 45. Women are still a minority in China (28% of clients) and in Nigeria (37%), but they are becoming increasingly represented among our clients in some African countries such as Madagascar and Senegal, where they account respectively for 47% and 44% of our customers.



Our distribution channels

At the end of 2013, our network included eight institutions in six African countries and in China. They operate through a network of 78 branches and outlets. In some countries such as Senegal and Nigeria, withdrawal counters have also been established. Nevertheless, due to high structural costs, this type of physical network is not viable for future extension to peri-urban or rural areas with a more scattered clientele. To reach out to clients in such areas, Microcred has undertaken the development of alternative distribution channels due to be put into operation in Senegal and Madagascar in 2014.

These projects are devised to substantially increase the institutions' outreach and distribution capacity, as well as boost the development of new products. Some initiatives are tailored to local market specificities. This is the case in Madagascar with the creation of "on-wheels" branches: specially designed trucks that are able to welcome clients and offer the same services as a traditional branch.



Human resources

In 2013, Microcred hired 328 employees worldwide, bringing total staff to 1,706 including 745 commercial officers. The majority of new recruits are young professionals and all share the Group's corporate vision and values.

Our institutions are fully aware that their success relies on the dedication and enthusiasm of their teams, and they invest in quality theoretical and practical training as well as career development.

In China, Microcred Nanchong has co-financed an accredited training program in microfinance for seven of its employees.

In Madagascar, a wide range of training courses have been offered, addressing varied issues such as anti-laundering policies, client reception basics, market research techniques, Excel, ISO and English language. Several employees followed courses at the ITB and the School of Frankfurt.

In Nigeria, the Head of Marketing and two branch Directors were offered a specialised training course at Microcred Sénégal, while 24 employees and middle managers followed courses provided by specialised organisations such as the Industrial Training Fund Agency Nigeria, the Chartered Institute of Bankers of Nigeria and Nigeria Deposit Insurance Corporations.

At Group level, two major projects were initiated in the field of training and development:

- The generalisation of the Annual Performance review, enabling each employee to play an active part in his/her professional development, in partnership with his/her supervisor
- The launch of a training program on management basics.

Main financial results

The growth of the Group's activities led to a EUR 5.1 million capital increase in December 2013, as DMP Holding 1 Aps (affiliate of Danish Microfinance Partners K/S) was welcomed as a new equity partner. The share capital now stands at EUR 34.1 million.

The Group has also taken part in capital increases in its subsidiaries Microcred Côte d'Ivoire and Microcred Mali.

Certified financial statements of Microcred S.A.

The total balance sheet of Microcred S.A. increased from EUR 28 million at the end of 2012 to EUR 37 million at the end of December 2013, in particular due to the share capital increase in December. For the first time, the company's own equity surpassed the share capital.

The operating profit at the end of 2013 (EUR 287,000) was below expectations (EUR 348,000). The main explanations are twofold: the recruitment of experts to develop Microcred's grassroots strategy and expenditure linked to the upgrade of IT infrastructure.

Group certified financial statements

The total balance sheet of the Group rose significantly from EUR 148 million in December 2012 to EUR 197 million in December 2013. This progress is mainly accounted for by the growth of the loan portfolio (> 30%), from EUR 125 million in 2012 to EUR 163 million in 2013. This upward trend was witnessed in all subsidiaries except for Microcred Sénégal. The Malian affiliate only began operations in September 2013 and therefore has not contributed significantly to the trend.

The Group's own equity grew by 15% over the year 2013. A net result (Group share) of EUR 1.9 million was achieved at closing versus EUR 745,000 the previous year.

Prospects for 2014

The Group will face a number of challenges in 2014. Notably, the Central Bank of West African States (BCEAO) has reached the decision to lower the maximum rate for loans from 27% to 24% as of 1st January 2014 in the WAEMU zone. The three affiliates operating in the area (Ivory Coast, Senegal and Mali) will face a corresponding impact on their margins.

As far as the development of existing institutions is concerned, several ongoing projects are poised to lay the foundations for solid future growth:

- The implementation of alternative distribution channels in Madagascar and Senegal, as the first correspondents start their activities and the required technology is deployed;
- Network and portfolio development in provincial areas of Ivory Coast;
- The launch of operations in the Tunis affiliate after the necessary approval is granted;
- Management Team development in Nigeria and China.

Microcred Groupe in Africa

Key figures

OUTSTANDING LOAN PORTFOLIO

EUR 100.7 M

+ 30% vs 2012

REPRESENTING 62% OF GROUP OUTSTANDING LOAN PORTFOLIO

SAVINGS PORTFOLIO

61.1 M€

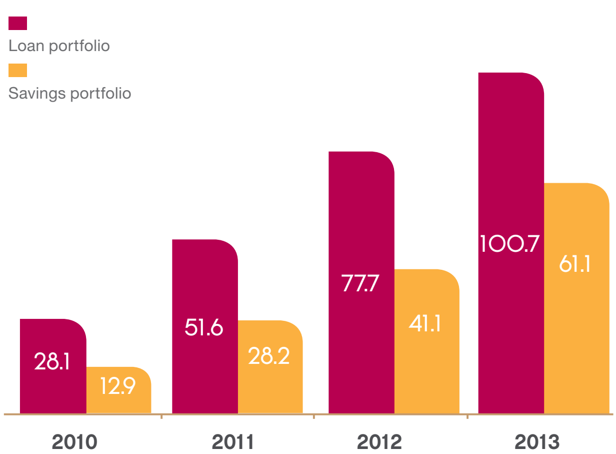
+ 49% vs 2012

REPRESENTING 100% OF GROUP COLLECTED SAVINGS

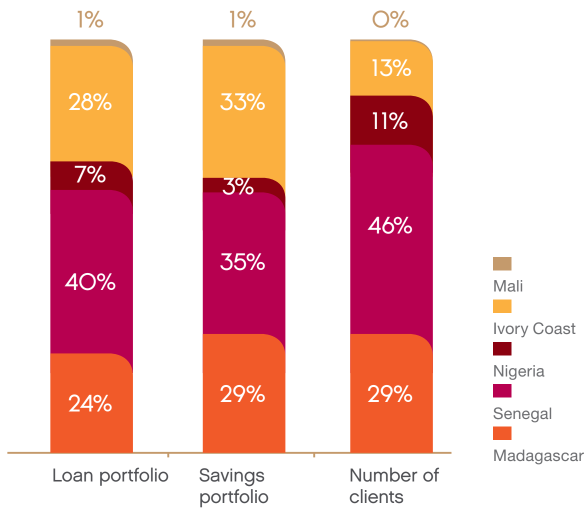
216,636
CLIENTS
+ 30% vs 2012

1,449
EMPLOYEES
+ 23% vs 2012

Development of operations in African subsidiaries
EUR M



Breakdown by subsidiary in 2013



Macroeconomic environment

Sub-Saharan Africa remains a fast-growing area, with average growth rates of approximately 4.5% in 2013 according to the IMF.

In **Ivory Coast**, the economy has regained momentum and is back to 8.1% growth, and several major projects have been launched.

In **Nigeria**, a marked recovery in the production sector is expected to drive up growth, after the current disturbance linked to the seizure of oil pipelines has been brought to an end.
Nevertheless, some areas such as Mali and Northern Nigeria are still under threat of terrorist attacks, which hinders stable development and planned development objectives.

Senegal, **Nigeria** and **Madagascar** in particular remain in dire need of reforms improving the business environment and transparency, in particular in public finances.

In 2013, **Senegal** recorded a disappointing growth rate of 3.5% instead of the expected 4% according to IMF figures. In **Madagascar**, the business environment is still troubled by the socio-political crisis which has unfolded since 2009. The growth rate (2.4% in 2013) remains weak.

The financial sector

In most Sub-Saharan countries, the percentage of the population holding bank accounts struggles to reach 15%. Typically, financing services are dominated by the banking sector.

Senegal seems to have a comparatively robust banking system, the main risks being the concentration of loans and the uneven quality of assets.

In **Ivory Coast**, the business climate has improved, following the set-up of commercial courts and one-stop-shops for business registration, the streamlining of procedures and reduction of costs associated with land acquisition and the relaxation of prudential rules. All these measures have combined to drive growth in the sector.

On the contrary, in Nigeria the financial system is still highly concentrated and lacks transparency, governance and confidence.

Attempts to stimulate the potential for growth in these economies will necessarily imply extending banking facilities and facilitating access to credit, in particular for small and medium-sized enterprises.

Microfinance has been expanding rapidly over the past few years, and contributes to improved financial inclusion in the majority of Sub-Saharan countries. Microfinance companies could seize significant growth opportunities by promoting the emergence of a professional and consolidated sector and developing specifically devised products, in particular in rural areas.

As an example, Senegal currently boasts a well-established microfinance sector, which is the most advanced of the West African Economic and Monetary Union, with 27%[1] of the total deposits and 36% of the total gross loan portfolio of the WAEMU zone at the end of 2013.

The limited extension of banking facilities, the withdrawal of conventional banks from economically viable, though not easily accessed sectors, and the strong demand for financial services and products, are formidable growth opportunities for the Microcred Group.

1. Source: MixMarket http://www.themix.org/publications/mix-microfinance-world/2014/01/rencontre-du-nouveau-et-de-lancien-comment-les-agents-mo#ixzz368ts5iDk

Madagascar

Microcred Banque Madagascar (MBM) inaugurated its first branch in Antananarivo in December 2006. As an affiliate of the Microcred Group, the institution offers tailored financial products and services to previously unbanked or underbanked people. In doing so, it contributes to improving its clients' quality of life and plays a part in the economic development of the country. MBM has been operating as a credit institution since 2006 and became a Territorial Bank on 19 January, 2010.

As of 31 December 2013, Microcred Banque Madagascar had 17 branches, 3 outlets and one on-wheels branch.

TOTAL ASSETS
MGA **93.8** BN
(EUR 30.3 M)
+ 31% vs 2012

EQUITY
MGA **16.0** BN
(EUR 5.2 M)
+ 17% vs 2012

NET RESULT
MGA **5.6** BN
(EUR 1.8 M)
+ 38% vs 2012

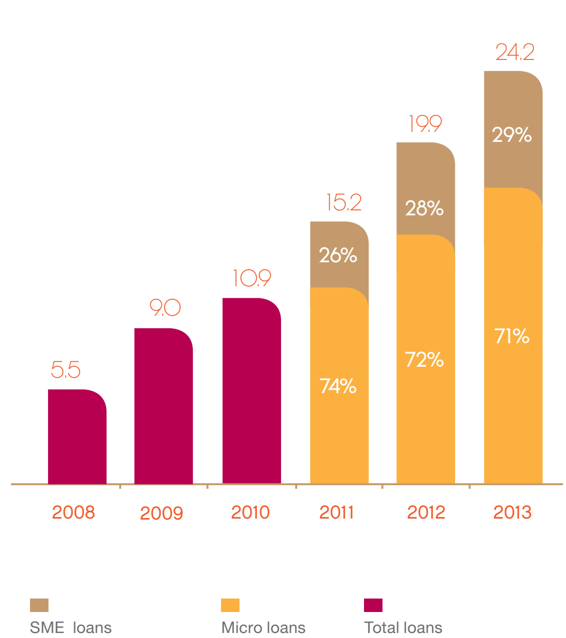
PORTFOLIO AT RISK 30 DAYS
1.55%

ALMOST
64,000
CLIENTS

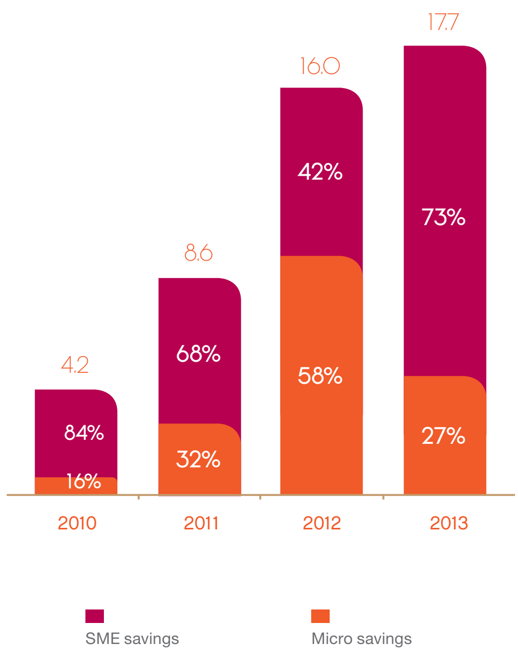
486
EMPLOYEES

209
COMMERCIAL OFFICERS

Outstanding loan portfolio
EUR M



Savings portfolio
EUR M



Senegal

Microcred Sénégal inaugurated its first branch in Dakar in September 2007.

As of 31 December 2013, Microcred Sénégal has 26 branches including nine in Dakar and surrounding areas and 17 in provinces.

TOTAL ASSETS
FCFA 31.6 BN
(EUR 48,1 M)
+ 15% vs 2012

EQUITY
FCFA 5.4 BN
(EUR 8,3 M)
+ 10% vs 2012

NET RESULT
FCFA 496.2 M
(EUR 756,000)

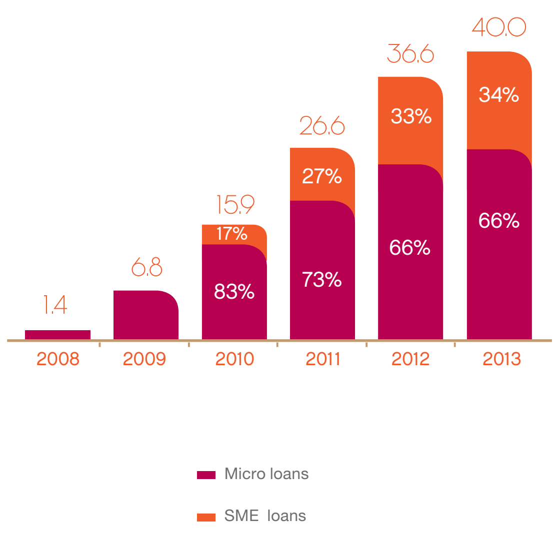
PORTFOLIO AT RISK 30 DAYS
2.21%

ALMOST
100,000
CLIENTS

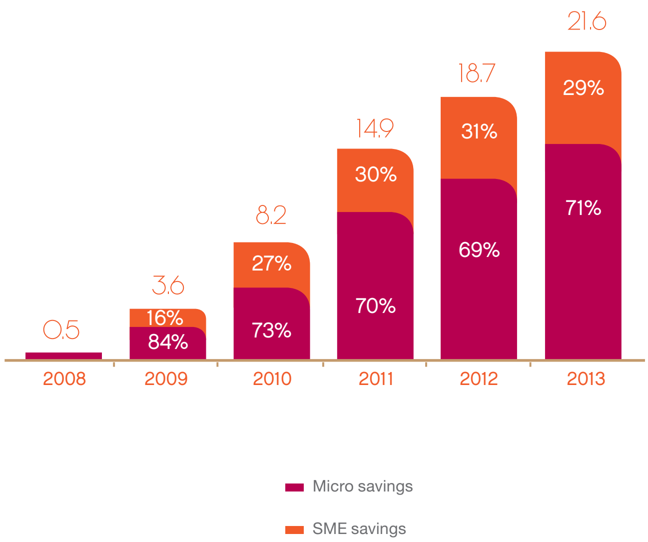
429
EMPLOYEES

176
COMMERCIAL OFFICERS

Outstanding loan portfolio
EUR M



Savings portfolio
EUR M



Nigeria

Microcred MicroFinance Bank Nigeria was legally registered in May 2009 and disbursed its first loan on 8 March 2010. Microcred Nigeria is a microfinance bank: Microcred Microfinance Bank Nigeria Ltd.

As of 31 December 2013, Microcred Nigeria has six branches and outlets in Kaduna.

TOTAL ASSETS
NGN 1.9 BN
(EUR 8,7 M)
+ 12% vs 2012

EQUITY
NGN 644 M
(EUR 2,9 M)
+ 5% vs 2012

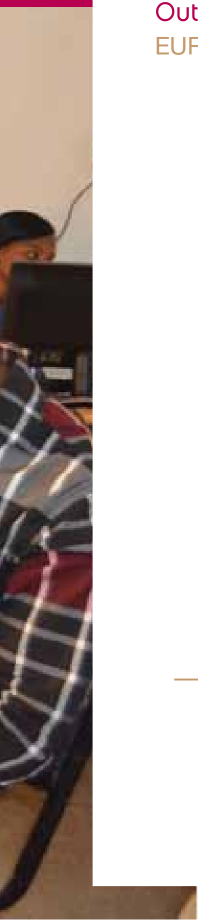
NET RESULT
NGN 29.1 M
(EUR 132,000)

PORTFOLIO AT RISK 30 DAYS
2.8%

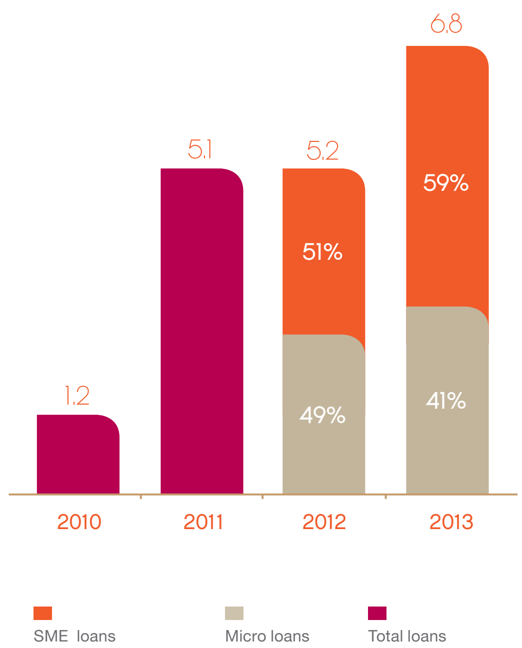
ALMOST
24,234
CLIENTS

178
EMPLOYEES

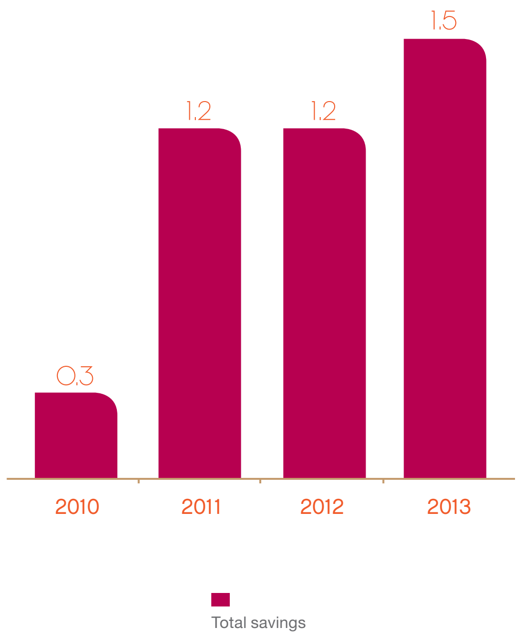
79
COMMERCIAL OFFICERS



Outstanding loan portfolio
EUR M



Savings portfolio
EUR M



Ivory Coast

Founded in 2009, Microcred Côte d'Ivoire inaugurated its first branch in Abidjan in October 2010 but was not able to start operations until June 2011, due to the aftermath of the electoral crisis.

As of 31 December 2013, Microcred Côte d'Ivoire has five branches scattered throughout the city of Abidjan.

TOTAL ASSETS
FCFA 20.8 BN
(EUR 31.8 M)
+ 68% vs 2012

EQUITY
FCFA 3.5 BN
(EUR 5.4 M)

NET RESULT
FCFA 0.340 BN
(EUR 0.518 M)

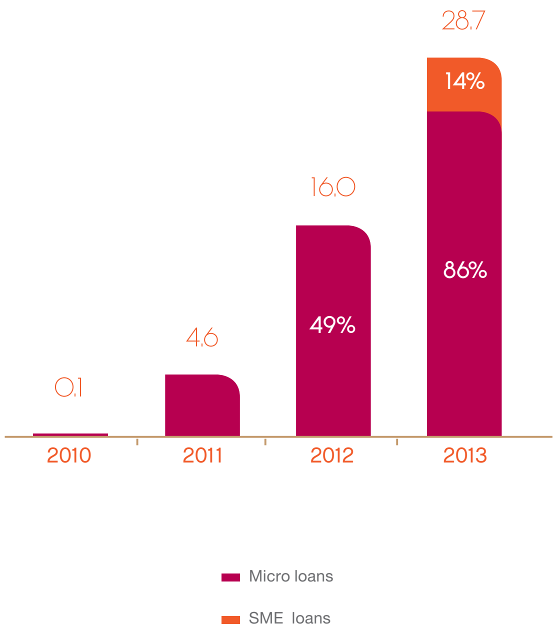
PORTFOLIO AT RISK 30 DAYS
1.52%

OVER
29,000
CLIENTS

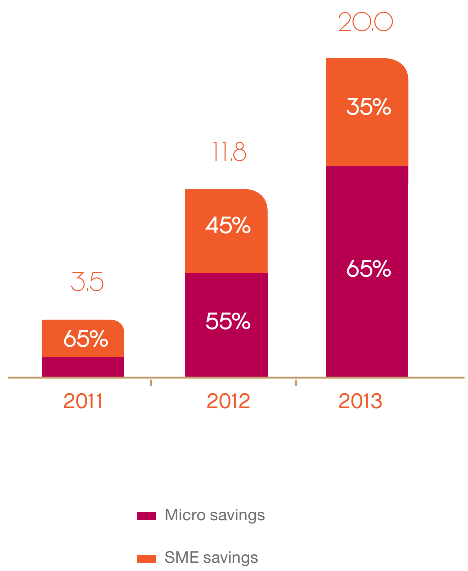
304
EMPLOYEES

143
COMMERCIAL OFFICERS

Outstanding loan portfolio
EUR M



Savings portfolio
EUR M



Mali

Microcred Mali was legally registered on 11 August 2011 as a Limited Company and following this was approved by the Ministry of Economy and Finance as a Decentralised Financial Unit on 15 August 2013. Its first branch began operations in Bamako on 16 September 2013.

As of 31 December 2013, Microcred Mali has one branch, in Bamako.

TOTAL ASSETS
FCFA 2.3 BN
(EUR 3.4 M)

EQUITY
FCFA 1.2 BN
(EUR 1.8 M)

NET RESULT
FCFA -0.3 BN
(EUR -0.4 M)

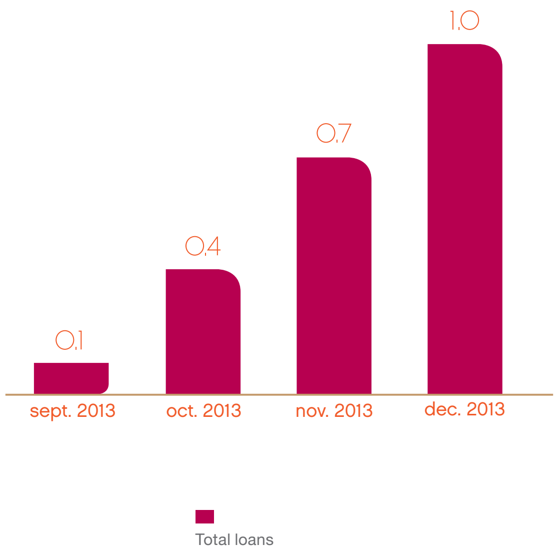
ALMOST
800
CLIENTS

52
EMPLOYEES

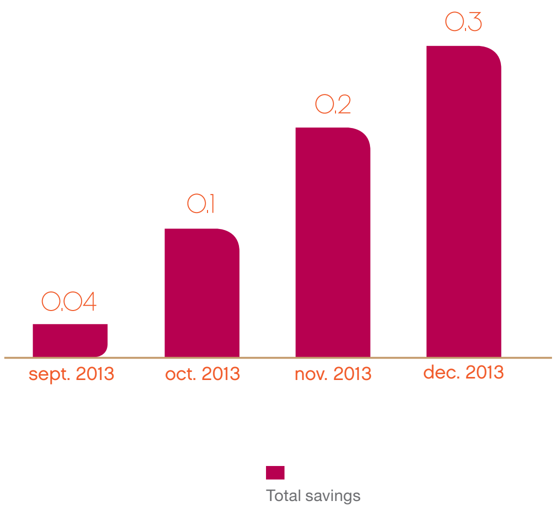
20
COMMERCIAL OFFICERS

507
EMPRUNTS LOANS DISBURSED VALUED FCFA 660.6 M (EUR 1.1 M)

Outstanding loan portfolio
EUR M



Savings portfolio
EUR M



Microcred Group in China

Key figures

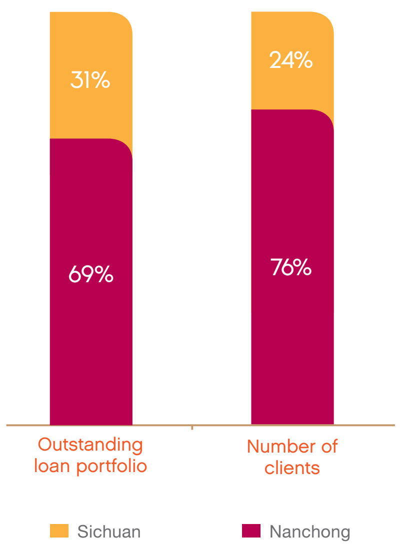
OUTSTANDING LOAN PORTFOLIO
EUR 61.8 M
+ 37% vs 2012
REPRESENTING 38% OF THE GROUP TOTAL OUTSTANDING LOAN PORTFOLIO

NUMBER OF ACTIVE LOANS
13,936
+ 14% vs 2012

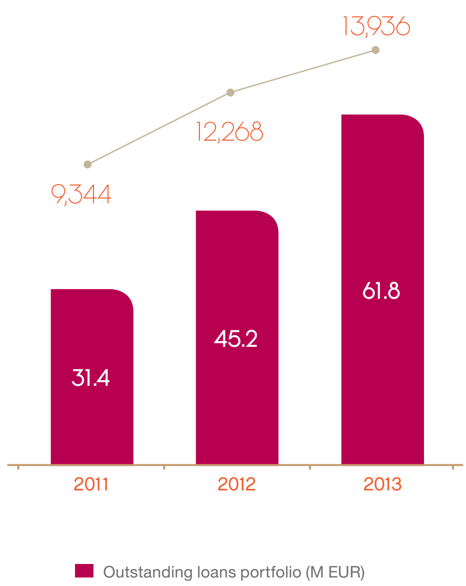
CLIENTS
13,640
+ 17% vs 2012

228
EMPLOYEES

Breakdown by subsidiaries



Outstanding loans and number of active clients



Macroeconomic environment

China has undergone rapid economic growth over the past few years amidst a sluggish world economy. In 2013, however, the country did not remain unscathed by capital flight from emerging markets. Domestic demand has also weakened more markedly than expected, in response to the government's efforts to rein in credit expansion and to a correction in the housing market.

According to the IMF, Chinese growth should remain around 7.5% in 2014 as the government endeavours to control credit, stimulate domestic consumption and push forward reforms in an attempt to position the economy on a more balanced and sustainable growth path.

The banking sector

In 2013, commercial banks continued on a steady growth path, with a stable increase of both assets and liabilities. Solvency and liquidity ratios have remained satisfactory, yet short term liquidity issues, volatility and credit risk are raising increasing concerns.

In 2013 the assets held by commercial banks totalled RMB 118.8 trillion, 13.6% up compared to 2012. The highest growth rates (35.5%) were achieved by banks located in towns in rural areas.
At the end of 2013, commercial banks held an outstanding loan portfolio valued at RMB 45.2 trillion, almost 12% up compared to 2012, with a default rate of 1% instead of 0.05% the previous year.

At the present time in China over 90% of assets are under the control of commercial banks. In the future, the strong growth of non-traditional banking products should exercise competitive pressure on banks and contribute to correcting the pricing system.

The microfinance sector

In 2013, the microfinance sector expanded rapidly, both in terms of disbursed loans and total outstanding loan portfolio. Various new competing microfinance companies have been launched. The sector development is facilitated by a high penetration rate of new web and mobile technologies, meaning that geographical distances are no longer an insuperable obstacle, although such technologies remain unevenly distributed across the country.

As of 31 December 2013, China had 7,839 microfinance institutions which had disbursed RMB 227 billion as loans. The total outstanding loan portfolio at the end of December 2013 was RMB 819 billion.

Despite promising prospects for microfinance companies, underpinned by an accelerating urban sprawl and inadequate access to credit for small businesses, numerous barriers still hinder the sector's development, such as an unclear legal framework, the cap system regulating debt, restrictions to financing options and a high tax rate.

The legal framework governing microcredit companies in China is expected to be reviewed in 2014, which may result in steps being taken to promote the development of the sector, which at the present time fails to meet demand.

Nanchong

Microcred Nanchong, one of the first international microcredit companies in China, was legally registered in September 2007 in Nanchong, Sichuan, and disbursed its first loan in October 2007.

As of 31 December 2013, Microcred Nanchong has one branch and nine outlets.

TOTAL ASSETS
RMB 367.8 M
(EUR 43.7 M)
+ 46% vs 2012

EQUITY
148.5 M RMB
(EUR 17.6 M)
+ 15% vs 2012

NET RESULT
19.7 M RMB
(EUR 2.3 M)
+ 13% vs 2012

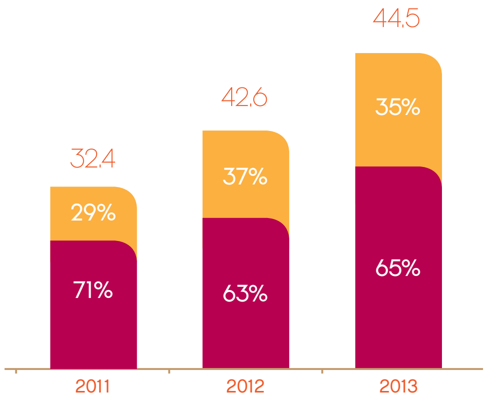
PORTFOLIO AT RISK 30 DAYS
0.17%

ALMOST
10,000
CLIENTS

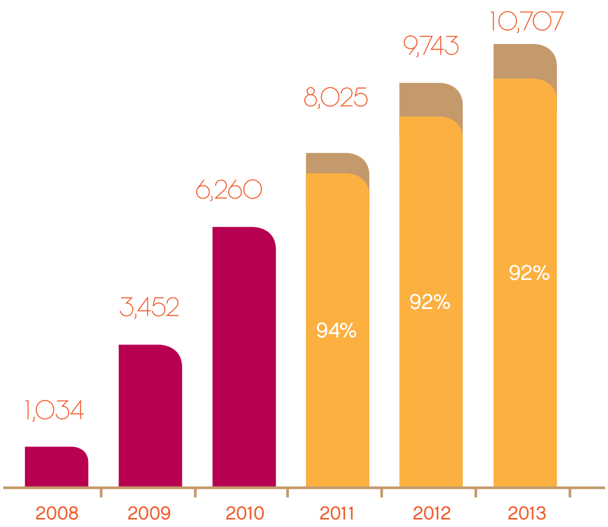
130
EMPLOYEES

70
COMMERCIAL OFFICERS

Outstanding loan portfolio
EUR M



Number of active loans
EUR M



Sichuan

Microcred Sichuan was legally registered in November 2010 in Chengdu, Sichuan, and disbursed its first loan on 7 January 2011.

As of 31 December 2013, Microcred Sichuan has one branch and seven outlets.

TOTAL ASSETS
RMB 150.8 M
(EUR 17.9 M)
+ 4% vs 2012

EQUITY
RMB 98.6 M
(EUR 11.7 M)
+ 5% vs 2012

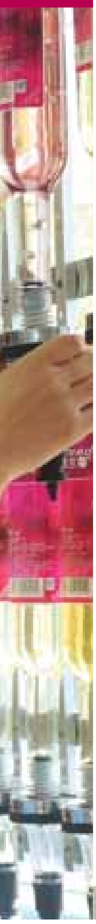
NET RESULT
RMB 4.6 M
(EUR 0.5 M)
x 2.5 vs 2012

PORTFOLIO AT RISK 30 DAYS
1,38%

ALMOST
3,000
CLIENTS

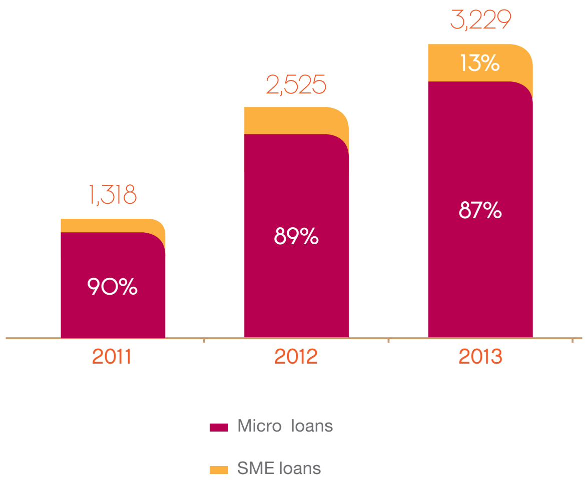
97
EMPLOYEES

48
COMMERCIAL OFFICERS



Outstanding loan portfolio
EUR M

Number of active loans
EUR M



Social Performance

Microcred Group approach

Microcred operates in an industry marked by increasing competition and shareholder pressure, as well as a critical need for strong growth, which may distract management teams from Microcred's front-line goal, which is improving the living standards of our clients.

Microcred Group is deeply aware of this issue and aims to live up to its responsibilities to all stakeholders contributing to or affected by its activities: clients, employees, local communities, shareholders and the environment. To do so, Microcred has established an ambitious and measurable Social Performance Management (SPM) policy with identified target objectives.

The Group aims to become a pioneering financial institution in the field of Social Performance Management. We are proud to announce that our Nanchong subsidiary was awarded the **'Best Social Responsibility MCC in China' award** in 2013.

Initiated in 2011 and implemented as early as 2012, the Group SPM policy is in line with Client Protection Principles of the Smart Campaign[1] and the Universal Standards for Social Performance Management of the Social Performance Task Force (SPTF)[2].

SPM policy implementation, monitoring and assessment

All Microcred employees are involved in the effective implementation of the SPM policy: during their integration period they are required to sign the Group Charter of Social and Environmental Responsibility. Employees working in affiliates are given an introductory course on SPM principles.

Each institution devises yearly SPM strategic plans and sets itself quantifiable social objectives, which must be adapted to its environment and in line with the Group's corporate mission.

The social performance of subsidiaries is monitored through regular reports consisting of nine SPM indicators[3]. Our subsidiaries collect and analyse the relevant data on a quarterly basis. Combined with other assessment tools such as audits and client satisfaction surveys, these indicators provide a basis for corrective measures to be taken if required, or for priorities to be refocused.

The SPM department at the Holding in Paris provides all SPM managers in subsidiaries with technical assistance, procedures and specialised tools so as to develop a harmonised SPM policy within the Group.

1. Client Protection Principles of the Smart Campaign (CPPSC): http://www.smartcampaign.org/

2. Universal Standards for Social Performance Management of the Social Performance Task Force (SPTF): http://sptf.info/online-trainings/les-fondamentaux-de-gps

3. http://www.Microcredgroup.com/performance-sociale/evaluation-de-notre-performance-sociale/

Social performance commitments to our various stakeholders

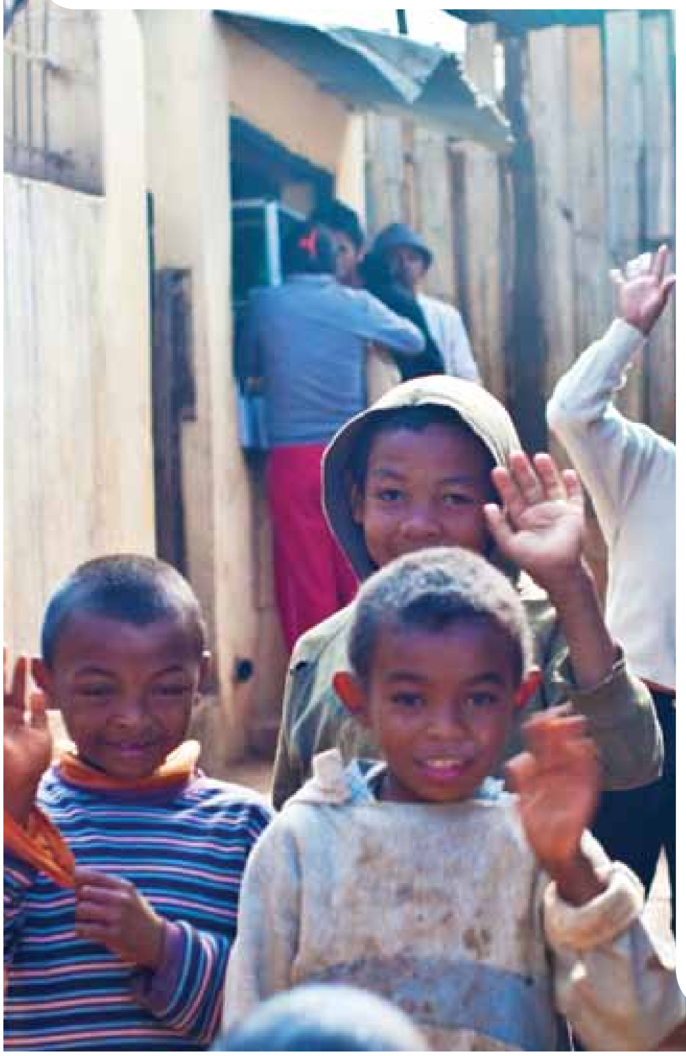
Clients

The Group is accountable to its clients and commits itself to cause them no harm. All our institutions have ratified the Client Protection Principles. Our SPM training courses have a strong focus on these principles and regular audits are carried out to monitor proper compliance.

Furthermore, the Group strives to provide clients with products and services that meet their actual needs, and develop a client-focused approach through individual interviews, group interviews and satisfaction surveys to provide feedback for the development and diversification of our product range, in particular as regards savings and insurance. Microcred also works to continually improve the quality and time-efficiency of its services, through shorter loan application procedures, shorter queueing time in our branches, complaint handling systems in all our subsidiaries, etc.

In 2013, several actions were taken for this purpose, for example in Ivory Coast and Senegal, such as:

- Setup of a customer complaint and suggestion reporting tool (suggestion box in the branches, hotline, email address)
- Display of pricing terms for our products and services in all our branches
- Creation of a number of focus groups helping the company to better identify client needs (client owning an inactive account, clients whose loan was not renewed, SME clients, etc.)



Employees

Microcred's SPM policy to employees is underpinned by the following principles:

- Promotion of diversity and equal opportunities
- Provision of career opportunities
- Transparent communication and dialogue
- Job quality and favourable working conditions.

The Group has a particular focus on staff training and internal mobility. In 2013 two major projects were launched in the field of training and development:

- The generalisation of the Annual Performance review, enabling each employee to take an active part in his/her development in partnership with his/her supervisor
- The launch of a training program on management basics.

As an example, in Ivory Coast our employees benefitted from a training program on anti-laundering policies and on the rating of the activities financed according to environmental and social risks.

In Nigeria Microcred initiated in October 2013 an ambitious training program: twelve employees are following an accredited training course in microfinance run by the Central Bank of Nigeria.

Community

Microcred strives to play an active role in local community development.

To achieve this goal, initiatives have been taken in each subsidiary to strengthen the local business spheres, develop partnerships with schools and universities and provide assistance and/or donations in kind to the most destitute.

As an example, Microcred Madagascar (MBM) chose to focus on education, in particular the training of young entrepreneurs. Several initiatives were implemented in 2013:

- **Support for the NGO La Maison d'Aina (LMA)**
  For over ten years, this NGO has provided school education to nearly 200 children from the most destitute segments of the population, in a village 70 km from the capital city Antananarivo. These children benefit from a complete program to support their development: LMA provides them with two meals a day and consistent health care, and organises awareness-rising courses for families on the theme of education and parent-children relationships. Professional workshops are currently being developed. MBM contributes to the school's expenses and to the construction of a small-scale professional training centre.

- **Support for the NGO FoFiKri**
  MBM has engaged in a Long term partnership with FoFiKri, with the goal of promoting education; namely by organising workshops on entrepreneurship. Several MBM managers volunteer their time to teach courses on varied themes such as entrepreneurial spirit, marketing, business creation methodologies and tax issues. Several classes of young entrepreneurs benefitted from such training in 2013 and the initiative will be pursued in 2014.

- **Participation in the International Business Week and Start-Up Weekend**
  MBM was asked to take part in these events and does so willingly. In 2013 our contribution included setting up an information booth for budding entrepreneurs and taking part in a panel electing the winner of a start-up competition.

- **Support for the renovation works of a nearby street**
  As a gesture of solidarity with the inhabitants of the working-class neighbourhood where MBM headquarters are located, the bank chose to finance part of the renovation works of a nearby street.

Environment

Microcred is fully committed to preserving the environment and promoting awareness on environmental issues.

The Group institutions do not finance activities rated as harmful for the environment, according to a rating procedure carried out by commercial officers.

Microcred encourages initiatives such as the development of products financing the production, acquisition or trade of environmentally-friendly goods. For example, Microcred Sénégal launched a "Cleantech loan" in 2013 to encourage the purchase of solar-powered devices (solar panels, solar generators and compatible devices: fridges, TVs, etc.) which are available in Microcred branches.

Shareholders and Board members

Microcred subsidiaries scrupulously abide by their commitments and deadlines in terms of reporting to supervisory bodies, partners, donors and investors. Each institution reports on its activities and results on a monthly and quarterly basis to shareholders and Board members.

Financial Statements

MICROCRED GROUP 2013

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Statutory auditors' report on the consolidated accounts

Financial year ending 31 December 2013

Dear Shareholders,

In compliance with the assignment entrusted to us by the General Assembly of Shareholders, we hereby report to you, for the year ending 31 December 2012, on:

- The audit of the consolidated accounts of the company MICROCRED S.A., as attached to this report;
- The grounds for our assessments;
- The specific audit as required by law.

The consolidated accounts have been approved by the Supervisory Board. Our mission is to express an opinion on these accounts on the basis of the findings of our audit.

1. Opinion on the consolidated accounts

We conducted our mission in accordance with professional auditing standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated accounts are free from material misstatement. An audit consists of verifying, on a test basis or through other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes assessing the accounting principles used, the significant estimates made by Management and the overall presentation of the financial statements. We believe that the audit evidence that we have collected is sufficient and appropriate to provide a basis for our opinion.

We certify that, in accordance with the International Financial Reporting Standards adopted in the European Union, the consolidated accounts of the said financial year give a fair and true view of the assets, financial position and operating results of the body formed by the persons and entities included in the scope of consolidation.

2. Grounds for our assessments

As required by the provisions of Article L.823-9 of the Code du Commerce [French corporate law] on the justification of the auditors' assessments, we hereby inform you that our assessments cover the appropriateness of the accounting principles applied, the reasonableness of the material estimates adopted and the overall presentation of the accounts.

These appreciations were made in the context of our audit of the consolidated accounts, taken as a whole, and therefore contributed to shaping our opinion expressed in the first part of this report.

3. Specific controls

In accordance with professional standards applicable in France, we have also specifically verified the information provided in the Directors' Management Report.

We have no matters to report regarding its integrity and consistency with the consolidated accounts.

The statutory auditors

Paris La Défense and Sarcelles, 14 April 2014

KPMG Audit FS II
Valéry Foussé
Partner
Cabinet Jean Lebit
Partner

Consolidated balance sheet (KEUR)

ASSETS	Notes	2013	2012	Variation
Non current assets		**11,195**	**8,237**	**2,957**
Goodwill	3	2,032	1,323	709
Intangible assets	4	704	776	-72
Tangible assets	5	4,896	3,455	1,441
Financial assets	6	1,017	242	775
Deferred tax assets	7	2,545	2,441	103
Current assets		**186,447**	**140,511**	**45,936**
Loans to customers and receivables	**8**			**0**
Loan portfolio (gross outstanding amount)		163,233	125,391	37,842
Loan impairment		-2,276	-1,469	-807
Loan portfolio (net outstanding amount)		160,958	123,922	37,035
Other receivables	**9**	**6,135**	**2,731**	**3,404**
Cash and cash equivalent		**19,355**	**13,858**	**5,496**
Total assets	**10**	**197,642**	**148,748**	**48,893**

LIABILITIES	Notes	2013	2012	Variation
Total shareholders' equity	**11**	**42,837**	**31,750**	**11,087**
Share capital		37,379	28,974	8,405
Reserves		-1,794	-2,993	1,200
Currency translation adjustments		396	1,291	-895
Total Income (Group share)		**1,913**	**745**	**1,168**
Total shareholders' equity (Group share)		**37,895**	**28,016**	**9,878**
Interest not granting control		**4,942**	**3,733**	**1,209**
Non current liabilities	**12**	**77,104**	**64,377**	**12,727**
Provision expenses		106	145	-39
Goodwill				0
Long term financial debt		76,997	64,232	12,765
Subsidies		**0**	**0**	**0**
Current liabilities	**13**	**77,701**	**52,622**	**25,080**
Debt to suppliers		1,025	428	597
Other debt		8,384	6,141	2,243
Short term financial debt		7,193	5,140	2,053
Client deposits		61,099	40,913	20,186
Total liabilities		**197,642**	**148,748**	**48,893**

Consolidated Income Statement

KEUR	Notes	2013	2012	Variation
Interest on loan portfolio		34,960	27,401	7,560
Loan Commissions		3,937	3,411	526
Fees, penalties and other loan commissions		1,703	1,004	699
Interest paid and other similar expenses		-7,159	-5,711	-1,449
Net loan revenues	**18**	**33,441**	**26,105**	**7,336**
Loan impairment provisions and losses on loans	**19**	**-3,961**	**-3,035**	**-926**
Net revenues after provisions and losses		**29,480**	**23,070**	**6,410**
Operating subsidies		1,934	595	1,339
Other income		2,496	1,620	876
Other operating income	**18**	**4,430**	**2,214**	**2,216**
Operating expenses	**20**	**-27,591**	**-22,732**	**-4,859**
External expenses		-10,176	-7,687	-2,489
Payroll costs		-14,404	-12,464	-1,940
Tax, duties and similar expenses		-1,452	-1,247	-204
Operational expenses		-1,558	-1,333	-226
Operating result		**6,320**	**2,553**	**3,767**
Financial income		213	431	-217
Financial expenses		-1,802	-1,198	-604
Financial result	**21**	**-1,588**	**-768**	**-821**
Profit before tax		**4,732**	**1,785**	**2,946**
Tax expenses	**22**	**-1,660**	**-620**	**-1,040**
Tax expenses		-1,706	-1,157	-549
Deferred tax		46	537	-491
Total net consolidated result		**3,072**	**1,165**	**1,906**
Minority interest		1,158	420	738
Net result, Group share		**1,914**	**745**	**1,168**
Earnings per share	16	0,48	0,22	

Consolidated net result - Overview

CONSOLIDATED NET RESULT - OVERVIEW	2013	2012
Consolidated net result	**3,071**	**1,165**
Other items :		
Total income and expenses recognized under other items of the profit and loss account	-664	886
Total currency translation gains and losses	-767	-342
Total consolidated net result	**1,640**	**1,709**
Including Group Share	1,443	1,470
Including minority interest	198	240

Changes in own equity

ASSETS	Equity	Share issue premium	Consolidated reserves
Equity position - 31 December 2011	**28,974**		**-6,044**
Allocation of the previous year's profit			80
Capital increases			
Transactions related to share-based payment plans			
Dividends paid			
Changes in minority interest buy-out obligations			
Changes in minority interest			
Subtotal associated with shareholders			**80**
Net result			
Other items of the consolidated net result			
Currency translation gains/losses			
Gains and losses recognized in equity			
Equity position - 31 December 2012	**28,974**	**0**	**-5,964**
Allocation of the previous year's profit			
Capital increase	5,113	3,292	
Transactions related to share-based payment plans			
Dividends paid			
Changes in minority interest buy-out obligations			
Changes in minority interest			
Subtotal associated with shareholders	**5,113**		
Net result			
Other items of the consolidated net result			
Currency translation gains/losses			
Gains and losses recognized in equity			
Equity position - 31 December 2013	**34,087**	**3,292**	**-5,219**

Currency translation gains/loss	Gains and losses recognized in equity	Net result Group share	Total equity, Group share	Total equity, minority interest	Total consolidated equity
1,664	1,904	80	26,579	1,197	27,775
		-80	0	0	0
			0	1,042	1,042
			0	0	0
			0	0	0
	-492		-492	-296	-788
	460		460	1,551	2,011
0	**-32**	**-80**	**-32**	**2,297**	**2,265**
		745	745	420	1,165
-182			-182	-160	-342
	907		907	-20	886
1,482	2,779	745	28,016	3,733	31,750
			0	0	0
			8,405	2,405	10,810
			0	0	0
			0	0	0
			-339	-1,284	-1,623
			370	-110	260
			8,436	**1,011**	**9,447**
			1,913	1,158	3,071
			-391	-375	-767
			-79	-585	-664
1,091	2,731	1,913	37,895	4,942	42,837

Cash flow statement

	KEUR		2013	2012	2011
Operating transactions	Consolidated net result		3,071	1,165	-590
	Net amortisation		1,450	1,528	833
	Net provision expenses		989	476	528
	Changes in deffered tax		-46	-854	182
	Other unpaid income and expenses		2,284	1,739	446
	Operating cash flows		**7,748**	**4,054**	**1,398**
	Net disbursements on loan portfolio		-39,103	-41,755	-37,152
	Loans disbursed		-264,477	-204,936	-196,593
	Loans paid back		225,373	163,181	159,441
	Changes in working capital		**772**	**2,558**	**-964**
	Changes in customer deposits		20,779	13,069	15,514
	Working capital requirements		**-17,552**	**-26,128**	**-22,602**
	A - Net operating cash flows		**-9,804**	**-22,074**	**-21,203**
Investing transactions	Acquisition of intangible assets		-293	-521	-563
	Acquisition of tangible assets		-2,978	-1,866	-1,613
	Acquisition of financial assets		-658	-132	-15
	Disposal of financial assets		0	953	
	Assets removed from scope		0	-9	
	B - Net cash flows provided by/used in		**-3,929**	**-1,576**	**-2,191**
Financial transactions	Capital increases		9,684	2,150	2,347
	Increase in long term debt		9,561	21,672	11,004
	C - Net cashs flows provided by/used in		**19,245**	**23,821**	**13,351**
	Foreign exchange gains/losses		-731	-103	173
	Net cash flows		**4,781**	**68**	**-9,870**
	Cash and cash equivalent at opening	10	13,858	14,238	23,675
	Cash and cash equivalent at closing	10	18,640	13,858	13,858

Bank overdrafts are not taken into account in cash and cash equivalent

Appendix to the consolidated accounts

The highlights of 2013 were the following:

Capital increase of Microcred S.A. in December 2013, together with the entry of *DMP Holding 1 Aps* (affiliate of *Danish Microfinance Partners K/S*) as a new equity partner. This cash capital increase amounted to EUR 5,113 and brought the capital from EUR 28,973,964 to 34,087,020, through the creation and issue of 600,124 new shares of a par value of 8.52 €. An issue premium of EUR 3,291 K was associated with the transaction, which aims to support the future development of the Group.

Establishment of Microcred Tunisia in August 2013 (67% of shares held). The company is in the pre-operational phase and has not been included in the scope of consolidation owing to its immaterial effect on the accounts.

Microcred Mali started its operations in September 2013.

Participation in the capital increase of Microcred Côte d'Ivoire and entry of the EIB and ADB as equity partners. Microcred S.A. now holds 64% of the subsidiary's share capital versus 71% in 2012.

Participation in the capital increase of Microcred Mali and entry of Africinvest as an equity partner. Microcred S.A. now holds 70% of the subsidiary's share capital versus 100% at the end of 2012.

NOTE 1
GROUP PROFILE

Microcred S.A. is a French limited company based in Paris (France), created in 2005. Its corporate purpose is to create and develop a network of microfinance institutions serving clients denied access to the traditional financial sector.

Microcred S.A. is an investment company created by Planet Finance and partner investors: *International Financial Corporation* (IFC), *Société Générale and AXA Belgium*. In addition to these initial shareholders, the *Agence Française de Développement* (AFD) and *European Investment Bank* (EIB) became shareholders in 2007, followed by Developing World Markets (DWM) in 2008. In December 2013, DMP Holding 1 Aps (affiliate of Danish Microfinance Partners K/S) became shareholder in Microcred S.A.

Microcred invests in microfinance banks and companies and provides them with the technical assistance they need to become leading microfinance institutions in their operating country.
Please refer to Note 2.2 for a detailed list of institutions controlled by Microcred at the end of 2013.
The financial statements of the Microcred Group ("the Group" or "Microcred") are in KEUR unless otherwise stated.

The Supervisory Board of Microcred S.A. approved the accounts of the company on April 09, 2014. The accounts will be submitted to the General Assembly of Shareholders in June 2014.

NOTE 2

ACCOUNTING PRINCIPLES AND METHODOLOGIES APPLIED TO THE EVALUATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

General principles applied to the evaluation and presentation of the consolidated financial statements

Microcred Group's consolidated accounts are stated in euros and prepared in accordance with *International Financial Reporting Standards* (IFRS) as adopted by the European Union and published by the IASB (*International Accounting Standards Board*) at 31December 2013.

This frame of reference includes: the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS), the publications of the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The detailed content of these standards is available on: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The methods and principles applied are consistent with those used to prepare the Group's 2012 consolidated accounts.

The new standards becoming effective on 1st January 2013 did not affect the Group's financial statements for the year 2013. The Group has chosen not to anticipate the implementation of standards, amendments and interpretations adopted by the European Union which remain optional in 2013.

On 29 December 2012, the European Union adopted an amendment to IAS 32 "Financial Instruments: presentation – Offsetting financial assets and financial liabilities"; IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements"; IAS 28 as amended "Investments in Associates and joint ventures", IFRS 12 "Disclosure of interest in other entities" (with an effective date at the latest by 1st January 2014); and IFRS 13 "Fair Value Measurement" applying prospectively on or after the 1st January 2013. These standards will not impact the Group's consolidated accounts.

Scope of consolidation

The consolidated accounts include the financial statements of Microcred S.A. and of the foreign companies making up the Microcred Group. The financial statements of foreign subsidiaries, prepared in accordance with local accounting rules, have been restated to conform to accounting principles adopted by the Group at 31 December, 2013.

At the date of closing, the Holding company holds more than 50% of the shares and voting rights in all of its subsidiaries, or exercises control in the sense that it has the power to govern the financial and operating policies of these companies in order to obtain benefits from their activities. Accordingly, the subsidiaries are fully consolidated. In addition, the Group has no other interest in a joint-venture or an associate company.

The financial statements of the subsidiaries and of the parent company are prepared on the same accounting period. Consolidation adjustments may be applied to harmonise accounting methods and principles within the Group, most notably those related to provisions on the loan portfolio. The necessary restatements and reclassifications are carried out to conform the accounts of all the consolidated subsidiaries to the Group's accounting principles.

The level of control is determined by consolidating voting rights directly owned by the parent company and voting rights that it could indirectly have, as long as these rights can be immediately exercised.

The accounting methods used are consistent with those of the previous year. The scope of consolidation at 31 December, 2013 is as follows:

Company	Country	Currency	Dec 2013	% consolidation	Method *
Microcred S.A.	France	EUR	100%	100%	FC
Microcred Madagascar	Madagascar	MGA	52.1%	100%	FC
Microcred Sénégal	Senegal	FCFA	51.2%	100%	FC
Microcred Nigeria	Nigeria	NGN	50.1%	100%	FC
Microcred Côte d'Ivoire	Ivory Coast	FCFA	64.1%	100%	FC
Microcred Mali	Mali	FCFA	70%	100%	FC
Microcred China	Hong Kong	HKD	51%	100%	FC
Microcred Nanchong	China	RMB	51%	100%	FC
Microcred Sichuan	China	RMB	51%	100%	FC

** Full consolidation*

The financial statements of affiliates are fully consolidated as soon as control is exercised and until it ceases to exist.

•Affiliates removed from the scope of consolidation at 31 December 2013
• Newly consolidated affiliates at 31 December, 2013

None

Intragroup transactions

Balances of gains and losses on transactions between Group entities, and intragroup transactions such as intragroup billing and provisions for impairment losses on consolidated securities, are eliminated.

Minority Interest

Minority interests (stakes that do not grant control) are presented separately in the consolidated net income, as well as in the consolidated balance sheet within equity. Losses are spread between the Group and the minority interests in proportion to the equity held.

Foreign currency translations

The accounts of foreign subsidiaries using another currency are translated at the closing exchange rate. Accordingly, all the monetary and non-monetary items recorded in Assets and Liabilities are translated at the closing exchange rate. The revenues and expenses are translated at the average exchange rate of the period.

The currency translation adjustments (Group share) on items of the balance sheet and profit and loss account are recorded in other items of the profit and loss account.

In the event of disposal, or partial disposal, of an interest in a foreign entity outside the Eurozone resulting in a loss of control or of significant influence, the currency translation adjustment recorded in equity at the date of disposal will be reallocated to the profit and loss account.

If the partial disposal, or change in equity share, does not result in a loss of control or of significant influence, the currency translation adjustment is spread between Group share and minority interests provided that the entity is fully consolidated.

Business combinations and goodwill

Business combinations before 1st January 2010
Business combinations are recorded using the acquisition method. Accordingly, the assets, liabilities and contingent liabilities acquired and meeting IFRS recognition criteria are recorded at market value at the acquisition date. Non-current assets and assets held for sale are recorded at market value factoring out switching costs. The acquisition cost, measured at the date of purchase, is the market value of liabilities incurred or committed to, and of equity instruments issued to gain control of the entity, plus any costs that are directly attributable to the acquisition. Goodwill is the difference between the acquisition cost and the acquirer's share in the fair market value of the assets, liabilities and contingent liabilities at the date of purchase. Positive goodwill is recorded in Assets in the acquirer's accounts and negative goodwill is recorded as a loss. The value at stake is denominated in the currency of the purchased company and translated at the closing exchange rate. Changes in the market value of assets, liabilities and contingent liabilities of the Group share are recorded against the reserves.

Business combinations on or after 1st January 2010
The implementation of the revised IFRS 3 has induced the following changes:

- Contingent liabilities of the purchased entity are recognised in the balance sheet if and only if they result in a present obligation (excluding possible obligations) at the date of acquisition, and if their market value can be reliably measured.
- Costs directly attributable to the acquisition are recorded as a separate transaction and recognised in profit and loss.
- Any additional price must be integrated into the acquisition cost at market value at the date control was obtained (Previously, projected additional prices that could be reliably measured were integrated).
- If the acquirer previously had a stake in the purchased entity, this share must be marked-to-market at the date control is obtained with a corresponding impact on profit and loss.

If the Group raises its share in an entity over which it already exercises exclusive control: the difference between the price paid for the additional stake and the share acquired in the net assets of the entity at that date is recorded in consolidated reserves, Group share. Similarly, any reduction in the group's stake in an entity over which it keeps sole control is recorded as an equity transaction in the accounts.

Intangible assets

Intangible assets acquired separately are recognised at purchase cost.

Software and information systems that qualify as assets are recorded on the balance sheet at direct development costs, which mainly include external costs. After initial recognition, intangible assets are stated at cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Capital assets are amortised over their estimated useful lives according to the straight-line method.

Software maintenance costs are recognised as an expense in the profit and loss account, when incurred. Expenses made to improve existing software or extend its service life are recognised as an additional acquisition or production cost.

Tangible assets

In accordance with the provisions of IAS 16, tangible assets are recorded at the acquisition cost, excluding maintenance expenses, after deducting accumulated depreciation and accumulated impairment losses. The costs incurred by replacing or renewing parts of the asset can be included, if the criteria are met. Depreciation is calculated on the estimated useful life of assets, according to the straight-line method. Assessments are carried out on a regular basis to make sure that there is no major discrepancy between the book value and fair value of the assets.

Some assets are made up of components that can be replaced separately, have different uses and/or do not produce benefits simultaneously. In this event, each component is recorded separately using the appropriate depreciation period.

An impairment test is carried out on relevant assets if there is an indication that they may be impaired at the date of closing. The re-assessed recoverable amount of the asset is compared to its net carrying value, so that the loss, if any, can be recorded as impairment in the statement of accounts. An impairment loss may be reversed if there is a change in the recoverable amount, or if indicators of impairment can no longer be identified.

The amortisation periods of fixed assets are as follow:

Amortization period per type of asset	
Software and information systems	3/5 years
Computers and similar equipement	3/4 years
Office furniture and equipment	5/10 years
Fixtures, layout and renovation work	3/9 years
Vehicles	4/5 years

Current and deferred tax

Tax assets and liabilities (IAS 12) for this and the previous financial years are determined on the basis of the amount the company can reasonably expect to pay or recover. The tax rates and rules used to calculate this amount are those in force at the date of closure, or shortly coming into force.

Deferred taxes are recorded in the event of a timing difference between the book value of the assets and liabilities and the tax base. Deferred tax liabilities are recognised for all taxable timing differences.

Deferred taxes are assessed according to the variable carry-forward method. Deferred tax assets are recognised when it is likely that the company recovers such tax benefits. Deferred tax losses are recognised in view of the probability of tax recovery. They are presented in the balance sheet under the headings "Deferred tax assets" or "liabilities" depending on whether the position is active or passive.

The income tax expense is determined for each subsidiary on the basis of the rules and rates of the operating country, over the relevant financial year. The tax rates in force in current operating countries are as follows:

Country	Tax rates
France	33.33%
Madagascar	23%
Senegal	25%
China	25%
Nigeria	30%
Ivory Coast	25%
Mali	30%

Deferred tax assets and liabilities can offset each other if they originate in the same tax group, relate to the same tax authority and if there is a legal right to do so.

The impact of a change in tax rates is recorded in the annual balance or in equity as appropriate.

Loans to customers

Loans to customers recorded on the balance sheet include the outstanding capital at year-end, plus interest, as well as those accrued and outstanding at that date. In accordance with IAS 39, loans to customers are initially recognised at fair value that reflects the net cash initially disbursed. Loans granted to customers and accrued interests are presented in the balance sheet under the item "Loans and Receivables".

Loans and receivables are assessed at amortised cost using the effective interest rate (EIR). The effective interest rate is the rate of future cash flows at the initial fair value of the loan.

Credit risk is the risk of impairment of the institutions' receivables, existing or incurred as a result of commitments. It reflects the downgrading of the credit quality, which can lead to the default of the debtors. The assessment of the default probability and of the expected recovery in case of default is the key measure of credit quality.

In general, the coverage of credit risk is based on the probability of loan recovery at various stages of the recovery procedure. Provisions for credit risk are calculated on customers with one unpaid instalment at least. Having one unpaid instalment is the generating event for provisioning the loans, within the meaning of IAS 39. The provision on loans has been harmonised at rates defined at the Holding level.

The cost of risk represents the net provisioning charge on banking activities (provision charges less reversals), plus non-provisioned losses on irrecoverable loans, less amounts recovered on amortised loans.

Fees received for the provision of services

Revenues (fees and commissions) and expenditures derived from the provision of services are recorded in profit or loss by reference to the type of service provided.

Fees and commissions which are an integral part of the yield of a financial instrument are recognised as a yield adjustment and integrated into the effective interest rate of this instrument. If the result of a transaction involving the provision of services can be reliably estimated, the yield of the commissions charged for it are recognised under "commissions" by reference to the stage of completion of the transaction at the date of closing.

a) Fees and commissions collected or paid as remuneration for one-time services are recorded in profit or loss. Fees and commissions due to be paid or collected, and subject to the achievement of a performance condition, are recorded only if all the following requirements are met:

- The amount of the fee can be reliably estimated;
- The yields of the transaction are likely to be collected by the company;
- The stage of completion of the transaction can be reliably determined, and the costs incurred for the provision of services and the completion of the transaction can be reliably estimated.

b) Fees and commissions collected for the provision of ongoing services are spread over the duration of the operation.

Client Receivables

Receivables are recorded at their nominal value. Indications of a loss in value are recorded as a loss at Group level. The Group can determine whether or not there is a loss in value by analysing the credit history and financial situation of the debtor and on the basis of experience.

Debts to financial institutions and customer deposits

Amounts due to financial institutions and customer deposits are broken down according to their initial term and type: demand (demand deposits and current accounts), savings accounts and term debt. Accrued interest on these amounts is recorded as related payable through profit and loss.

Financial liabilities include borrowings and financial term debt. They are initially recorded at fair value, less directly attributable transaction costs. (IAS 39)

Cash and cash equivalent

Cash and cash equivalents recognised in the balance sheet include demand deposits, cash in hand and short term deposits (maturity date under three months).

Offsetting financial assets and liabilities

Assets and liabilities are offset (so as to present a net balance) only in cases when the Group has a legal right to offset the recognised amounts, and has the intention either to settle the net amount, or to realise the assets and settle the liabilities simultaneously.

Provisions

Microcred records an allowance for risks and liabilities when the Group has a present obligation (legal or constructive) resulting from a past event, if it is likely that an outflow of resources will be required to settle the obligation and if the amount at stake can be reliably estimated. The net amount of the provision is presented as an expense in the profit and loss account.

Current liabilities / Non-current liabilities

Liabilities that must be settled during the operating cycle, or within twelve months of closing, are recorded as “current liabilities”, as well as liabilities held for sale. Other liabilities are “non-current liabilities”. The portion due in more than a year in recorded in ‘Non-current liabilities’, the portion due in one year or less in "current financial liabilities".

Operating subsidies

Operating subsidies are recognised when there is reasonable assurance that they will be paid and that the company will comply with any conditions attached to the grant. A grant receivable as compensation for costs already incurred should be recognised as income on a systematic basis, and over the appropriate period to link it to the expense it is meant to cover.

Employee benefits

Employee benefits fall into four categories:

- Short term benefits such as wages and annual leave;
- Long term benefits, such as paid leaves;
- Termination benefits;
- Post-employment benefits, in particular bonuses allocated upon retirement.

Short term benefits

The company recognises an expense when the economic benefit arising from the employee’s services is consumed in exchange for the benefits granted.

Long term benefits

They are benefits -other than post-employment and termination benefits- which are not entirely due within twelve months after the end of the financial year concerned (i.e. the year when the work giving rights to the benefits was performed).

Termination benefits

They are benefits granted to staff members upon termination of the work contract by the Group before the normal age of retirement, or upon an employee’s decision to accept voluntary redundancy in exchange for those benefits.

Post-employment benefits

In France, this category refers in particular to supplemental retirement pension schemes and one-time retirement bonuses. The method used to calculate them is called Projected Benefit Obligation (PBO): it consists in calculating the actuarial value of the benefits due to each employee upon retirement, and spreading this amount over the career of the employee. The Group has not recognised any post-employment benefit.

Shareholding plan

On 30 May 2013, the General Assembly of Shareholders of Microcred S.A. approved the following:

- Authorisation to be given to the Management Board to grant share-subscription options in favour of salaried employees and senior executives of the company and of companies of the Group, provided that the total number of shares for which options are granted does not exceed 510,105. The term of the options may not exceed a period of ten years from their award date.
- Authorisation to be given to the Management Board to grant free shares to salaried employees and senior executives of the Company and of companies of the Group. The number of free shares granted may not exceed 340,700 free ordinary shares of the company.
- Authorisation to be granted to the Management Board to proceed with capital increases by way of issuance of shares or securities conferring access to the capital of the company, with pre-emptive rights waived in favour of salaried employees. The maximum nominal amount of capital increases carried out by virtue of this authorisation may not exceed EUR 500,000.

The authorisation given to the Management Board is granted under the terms of a stock option plan and a free share allocation plan, which include a number of given performance objectives to reach on the basis of the accounts at 31 December 2013.

Derecognition of financial assets or liabilities

A financial asset is partly or totally derecognised when the right to receive contractual cash flows expires, of when the Group transfers this right together with the risks and benefits linked to the ownership of the asset. If one of these conditions is not met, the asset must remain in the balance sheet, and liabilities be recognised to record obligations induced by the transfer of the asset. The Group partly or totally derecognises a financial liability when it is extinguished.

Cash flow statement

The statement of cash flows is presented using the model of the indirect method. Investing activities represent cash flows for the acquisition and sale of financial assets, financial assets held to maturity and fixed assets (tangible and intangible). Financing activities result from operations affecting the financial structure of the equity.

Operational activities are made up of the flows not included in the other two categories, primarily loan disbursements. The concept of net cash includes petty cash, cash receivables and payables to banks and demand deposits (assets and liabilities) in credit institutions.

Minority interest buy-out obligations

Microcred has entered into buy-out agreements with minority shareholders of its consolidated companies, granting them put-options which may be exercised after a given term and at prices determined upon purchase of the subsidiary's shares, on the basis of the subsidiary's projected activity. These buy-out agreements are subject to conditions and apply to most subsidiaries in which the Group does not hold 100% of the share capital.

In accordance with IAS 32 these buy-out agreements, which represent a put-option given to minority interests, imply that the said minority interests must be recorded as debt, not equity.

Buy-out agreements made before Microcred implemented the IFRS 3R and IAS 27R (1st January 2010) remain recorded using the partial goodwill method, which is accepted by the AMF (French Financial Markets Authority). Subsequent changes in the value of the commitments are recognised through goodwill adjustments.

Buy-out agreements made after 1st January 2010 are recorded in debt at discounted fair value at the date of acquisition. Subsequent changes in this liability, due to changes in the estimated exercise price of the options and in the book value of minority interests, are fully recognised in the consolidated reserves, Group share.
At the end of the agreement, if the buy-out is not made, the accounting records are reversed. If the buy-out is made, the amount recognised in the financial debt is reversed. The other accounting entry will then be the amount cashed related to the acquisition of the minority interests, as provisioned for in IFRS 3.

Financial guarantees granted

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are initially valued at fair value, and subsequently at the highest amount between:

- The amount calculated in accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets"

- The amount initially recognised, reduced if necessary by amortisation accounted for under IAS 18 "Income from ordinary activities".

Funding commitments that are not designated as fair value through profit-and-loss or that are not derivatives within the meaning of IAS 39 are not recorded in the balance sheet. Nevertheless, they are provisioned in accordance with IAS 37. As regards the Group, this includes primarily sureties granted to subsidiaries.

Other restatements

In accordance with the presentation of the income statement as defined by the IAS 1, exceptional revenues and expenses have been restated as operating income or expenses.

Earnings per share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders of the parent company by the weighted average number of shares outstanding over the period.

Estimates used to prepare the financial statement

To prepare the financial statements, Management must put forward hypotheses and estimates, which impact the determination of revenues and expenses, assets and liabilities, and the related notes. The company trusts its managers to use their analytical skills and rely on all the information available when preparing the financial statements. Obviously, the future results of operations may differ noticeably from the estimate made, due in particular to unforeseeable market conditions, which may affect the financial statements.

This is particularly true of:

- Provisions for risks and liabilities;
- Estimates based on data included in the business plan of the subsidiaries (estimation of the value of debts related to the buy-out of minority interests). This assessment requires the Group to estimate future cash flows and actualisation rates;
- Deferred tax assets. Deferred tax assets are recognised as deferred tax losses if it is likely that the Group will have future taxable profits that could be used to offset these losses. To determine the amount of deferred tax assets that can be recognised, Management must put forward hypotheses both on the period of consumption of the deferred losses, and on the amount of future taxable profit.

Segment information

The segment assets and liabilities include all components of the Group's consolidated balance sheet. Segment reporting is based on sectors of activity (*Microcred's sectors of activity are specific groups of assets and operations, associated with the provision of financial products and services subject to various risks and generating different yields*) and on geographical criteria (*each geographic segment operates within a specific economic environment and provides products and services subject to different risks and generating different yields*).

NOTE 3
GOODWILL

	2013	2012
Goodwill at opening	1,323	2,045
Changes in minority interest	709	-722
Other		
Goodwill at closing	**2,032**	**1,323**

The transfer of shares to minority interests can be accompanied by a minority interest buy-out agreement. If so, the commitment is recognised at the date of acquisition at fair value under "Liabilities related to minority put-options". The difference between this value and the minority interests eliminated in equity is posted to goodwill.

In accordance with IAS 32, the equity share held by non-controlling interests in the Group's subsidiaries is reclassified from "Minority interests" to "Other non-current liabilities". This financial debt is measured using the method determined upon purchase of the subsidiary's shares. The difference between the actualised financial debt and the initial value of minority interests is posted to "Goodwill" in the consolidated balance sheet.

NOTE 4

INTANGIBLE ASSETS

Gross value

	Opening 2012	Acquisitions	Disposals	Other changes	Cur. Translation	Closing 2013
Concessions, licences, patents, similar assets	1,425	255	-19	16	-13	1,664
Leasehold rights	187	38				225
Other intangible assets	116	0		-116	0	0
Total	**1,728**	**293**	**-19**	**-100**	**-13**	**1,889**

Depreciation

	Opening 2012	Provisions	Reversals	Other changes	Cur. Translation	Closing 2013
Concessions, licences, patents, similar assets	897	244	-5	43	-6	1,173
Leasehold rights	12	1				13
Other intangible assets	43	0		-43	0	0
Total	**952**	**245**	**-5**	**0**	**-6**	**1,186**

Net value

	Net value 2012	Net value 2013
Concessions, licences, patents, similar assets	528	491
Leasehold rights	175	213
Other intangible assets	73	-0
Total	**776**	**703**

Some intangible assets corresponding to pre-operational costs of subsidiaries do not meet IAS 38 requirements, in particular start-up costs. They have been restated in the consolidated financial statements under IFRS. The fluctuation over the financial year is mainly due to the IT changeover in Microcred Nigeria.

NOTE 5
TANGIBLE ASSETS

Gross value

	Opening 2012	Acquisitions	Disposals	Other changes	Cur. Translation	Closing 2013
Office equipment and computers	3,092	720	-22	718	-40	4,468
Fixtures / layouts / renovation works	2,274	1,303	-155	-718	-48	2,656
Vehicles	538	333	-30	0	-14	828
Advances on fixed assets	0	0		0	0	0
Assets under construction		424				424
Total	**5,904**	**2,781**	**-207**	**0**	**-101**	**8,377**

Depreciation

	Opening 2012	Provisions	Reversals	Other changes	Cur. Translation	Closing 2013
Office equipment and computers	1,070	492	-17	135	-22	1,658
Fixtures / layouts / renovation works	1,190	540	-47	-135	-21	1,527
Vehicles	188	139	-27		-5	296
Advanced on fixed assets	0					
Assets under construction						
Total	**2,449**	**1,170**	**-91**	**0**	**-48**	**3,480**

	Opening 2012	Closing 2013
Office equipment and computers	2,022	2,811
Fixtures / layouts / renovation works	1,084	1,130
Vehicles	350	532
Advances on fixed assets	0	0
Assets under construction		424
Total	**3,455**	**4,897**

Tangible assets include office equipment, IT equipment, vehicles, fixtures and fittings. All Microcred subsidiaries are tenants and as such have no immovable property. The increase in tangible assets is mainly accounted for by the opening of new branches during the year 2013.

NOTE 6
FINANCIAL ASSETS

	2012	Increase	Decrease	Other changes	Cur. Translation	2013
Guarantees and deposits	241	111				352
Non-consolidated holdings	0	721				721
Total	**241**	**832**	**0**	**0**	**0**	**1,073**

Financial assets are mainly security deposits required under lease terms.

NOTE 7
DEFERRED TAX

	Income statement	Balance sheet
France	98	397
Madagascar	2	106
Senegal	55	307
Nigeria	21	454
Ivory Coast	-71	826
Nanchong	33	93
Sichuan	-186	52
Mali	94	310
Total	**46**	**2,545**

In accordance with the IAS 12 Standard "Income Taxes", deferred tax credits have been registered on tax deficits, according to the variable carry-forward method. The book value of deferred tax assets is reviewed at every closing of accounts. Deferred tax assets are recognised only to the extent that losses carried forward are likely to be deducted from the expected taxable income.

	Deferred tax / losses carried forward
France	397
Madagascar	
Senegal	
Nigeria	396
Ivory Coast	606
Nanchong	
Sichuan	46
Mali	
Total	**1,444**

NOTE 8
LOANS AND CLIENT RECEIVABLES

		Loans to customers	Overdraft accounts	Total
2013	Gross value	163,233	0	163,233
	Provision exp.	-2,276	0	-2,276
	Net value	160,958	0	160,958
2012	Gross value	125,391	0	125,391
	Provision exp.	-1,469	0	-1,469
	Net value	123,922	0	123,922

Microcred has an efficient and proven methodology to manage troubled loans and delinquency, which is used in all subsidiaries. Thanks to this methodology, PAR has been kept at low levels since the launch of the company. The average provision rate on the outstanding portfolio stands at 1.4% at end- 2013 (versus 1.1% at the end of 2012).

NOTE 9
OTHER RECEIVABLES

	2013	2012	2011	2010
Advances made to suppliers	168	61	48	126
Trade receivables	718	177	891	213
Tax receivables	67	128	122	131
Other receivables	3,802	1,451	3,285	2,469
Prepaid expenses	1,380	913	740	349
Total	**6,135**	**2,731**	**5,086**	**3,288**

"Other receivables" include primarily subsidies to be received (EUR 833,000; mainly for the holding company). Most of these subsidies are aimed at funding the technical assistance provided to subsidiaries by Microcred S.A. during the set-up stage.
Prepaid expenses include in particular the rent of premises for the branches, which is payable in advance.

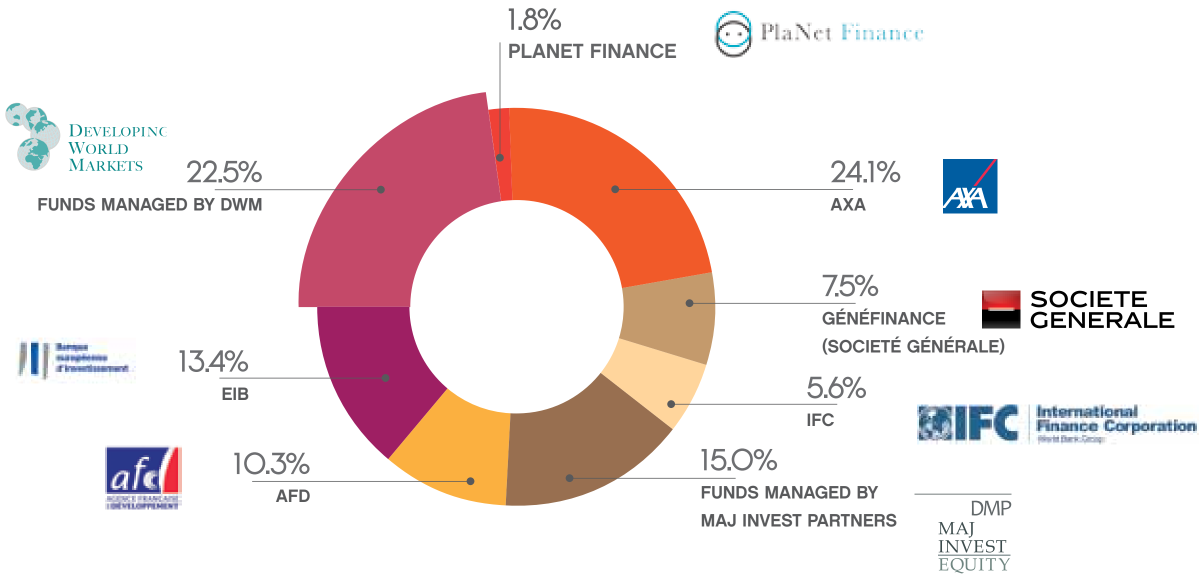
NOTE 10
CASH AND CASH EQUIVALENTS

	2013	2012
Petty cash and demand deposits	11,408	9,261
Short term deposits	7,946	4,597
Total	**19,355**	**14,238**

Cash and cash equivalents recognised in the balance sheet include demand deposits, cash in hand, short term deposits (maturity date under three months) and all monetary placements with negligible risks of change in value.

NOTE 11
SHARE CAPITAL

Microcred SA's share capital is EUR 34,087,020. The detailed breakdown of the share capital is presented in the chapter ***"Our shareholders"***.



In brief, the breakdown is as follows:

	2013			2012		
Shareholders	Shares	Capital	%	Shares	Capital	%
PlaNet Finance	70,573	601,282	1.76%	70,573	601,282	2.08%
AXA Group	963,950	8,212,854	24.09%	963,950	8,212,854	28.35%
Généfinance	300,000	2,556,000	7.50%	300,000	2,556,000	8.82%
IFC	222,500	1,895,700	5.56%	222,500	1,895,700	6.54%
AFD	410,250	3,495,330	10.25%	410,250	3,495,330	12.06%
BEI	534,725	4,555,857	13.37%	534,725	4,555,857	15.72%
DWM	898,700	7,656,924	22.46%	898,700	7,656,924	26.43%
DMP	600,124	5,113,056	15.00%			
Others	2	18	0.00%	2	18	0.00%
TOTAL	**4,000,824**	**34,087,020**	**100%**	**3,400,700**	**28,973,964**	**100%**

At the end of 2013, the company's shareholders approved a cash capital increase for a total of EUR 5,113,056.48 which brought the capital from EUR 28,973,964 at the end of 2012 to EUR 34,087,020.48 at the end of 2013. 600,124 shares were issued with a par value of EUR 8.52 each.

These shares were issued at a value of EUR 14.005 each with an issue premium of EUR 5.485 each. These new shares were subscribed by DMP Holding 1 Aps for a total amount of EUR 8,404,906.49 and paid up in cash. Therefore, the amount of the capital increase is EUR 5,113,056.48 and the value of the issue premium EUR 3,291,850.01. On 19 December 2013 the General Assembly of Shareholders also decided to waive the preferential subscription right of shareholders to all new shares issued to the benefit of DMP Holding 1 Aps.

NOTE 12
NON-CURRENT LIABILITIES

	2013	2012
Non current provisions	106	145
Long term debt	76,418	64,232
Subsidies	0	0
Deferred tax liabilities		
Total	**76,524**	**64,377**

Non-current provisions
Non-current provisions mainly include an allowance provisioned to cover the costs of a legal case (EUR 100.000) that could happen within the framework of the company's operations and international development. The amount has been provisioned according to Management's best estimate, using all the information available at the date of closing.

Long term debt
Subsidiaries in need of refinancing generally have two options: either turn to Microcred S.A. for a shareholder's advance on current account, within the limits set by Microcred's supervisory Board; or obtain funding from financial institutions. The item includes exclusively external refinancing.

Long term borrowings also include debts associated with the issue of put-options on minority interest, which amounts to EUR 22,268,000 at the date of closing. Put options on minority interests are put options on shares of a subsidiary sold by the consolidating company to minority shareholders. This entails an obligation for the consolidating company to buy these shares at a pre-set striking price, at a future date (or over a specified period of time) if the minority shareholder exercises the right to sell the assets. This transaction is accounted for as an early acquisition of minority interest. Such agreements are generally made when a new shareholder acquires shares in a subsidiary. The same accounting treatment is used for all kinds of put options (cash or swap). A put option agreement was signed in January 2014 with a minority shareholder who acquired a share in Microcred Mali. This does not affect the financial statements for the year 2013.

NOTE 13
CURRENT LIABILITIES

	2013	2012
Debt to suppliers	1,025	428
Other debt / Current financial debt	14,937	10,527
Corporate tax	641	754
Customer deposits	61,099	40,913
Total	**77,701**	**52,622**

The item "Other liabilities" consists of tax payables and social contributions and the amount corresponding to the spreading of commissions over the remaining term of loans.

Current liabilities also include EUR 61,099,000 as customer deposits.

NOTE 14

BREAKDOWN OF SOME ASSETS/LIABILITIES IN THE BALANCE SHEET ACCORDING TO THEIR RESIDUAL TERM

The following table shows the main two aggregates on Microcred's balance sheet with a maturity over three months. Most other assets/liabilities have a maturity under three months.

	< 3 months	3 month to 1 year	1 to 5 years	> 5 years
Cash	19,355	0		
Outstanding loans to customers	49,725	64,959	48,548	
Other receivables	3,464	1,912	668	91
Total	**72,544**	**66,871**	**49,216**	**91**

	< 3 months	3 month to 1 year	1 to 5 years	> 5 years
Customer deposits	42,680	15,738	2,557	125
Financial debt	10,690	17,528	55,973	
Other debt	5,235	4,130	43	
Total	**58,605**	**37,396**	**58,573**	**125**

NOTE 15

HEADCOUNT AS AT 31 DECEMBER 2013

	Commercial officers	Other employees	Total 2013		1 an à 5 ans	> 5 ans
France		29	29	17	2 557	125
Madagascar	209	277	486	382	55,973	
Senegal	176	253	429	348	43	
Nanchong	70	60	130	122	58,573	125
Sichuan	48	49	97	75		
Nigeria	79	99	178	209		
Ivory Coast	143	161	304	212		
Mali	20	32	52	26		
MC China		1	1	1		
Total	**745**	**961**	**1,706**	**1,392**		

At the end of 2013, Microcred had 1,706 employees versus 1,392 at the end of 2012.

NOTE 16
EARNINGS PER SHARE

Below is the data on results and stock which was used to calculate the basic diluted earnings per share, on all the activities:

	2013	2012
Net income attributable to ordinary shareholders of the parent company (KEUR)	1,913	745
Weighted average number of ordinary shares outstanding during the year	3,420,059	3,400,700
Total number of shares at the date of closing	4,000,824	3,400,700
Net income / Weighted average number of shares	**0.56**	**0.22**

NOTE 17
SEGMENT INFORMATION

Breakdown per activities

IN KEUR	Holding	Institutions
Interest on loans	0	34,960
Loan commissions	0	3,937
Fees, penalties and other loan revenues	0	1,703
Interest paid and similar expenses	0	-7,159
Net loan revenues	**0**	**33,441**
Loan impairment provisions and losses on loans	**0**	**-3,961**
Net revenues after provision and losses	0	29,480
Other operating income	1,763	2,667
Operating expenses	-5,657	-21,933
Operating result	**-3,894**	**10,214**
Financial result	-186	-1,403
Profit before tax	-4,080	8,812
Tax expenses	**98**	**-1,758**
Intragroup	**3,556**	**-3,556**
Net consolidated result	**-426**	**3,498**
Minority interest	**0**	**1,158**
Net result, Group share	**-426**	**2,340**

Geographical breakdown

ASSETS	2013	France	Africa	Asia	Intragroup
Goodwill	2,032		2,032		
Intangible assets	704	8	619	77	
Tangible assets	4,896	47	4,694	156	
Financial assets	1,017	721	296		
Deferred tax assets	2,545	397	2,002	145	
Loan portfolio (gross outstanding amount)	163,233		101,550	60,662	
Provisions on loans	-2,276		-2,015	-261	
Loan portfolio (net outstanding amount)	160,958		99,536	60,401	
Other receivables	6,135	3,515	5,469	497	-2,325
Total assets	**197,642**	**13,245**	**124,570**	**62,151**	**-2,325**

LIABILITIES	2013	France	Africa	Asia	Intragroup
Shareholders' equity	42,837	11,689	16,459	14,689	
Provisions	106	100	6		
Non current liabilities	76,997		33,256	43,404	
Current liabilities	77,701	1,457	74,848	4,058	-2,325
Total Liabilities	**197,642**	**13,245**	**124,570**	**62,151**	**-2,325**

NOTE 18
OPERATING INCOME

Operating revenues are mainly composed of interests, fees and commissions on loans. The breakdown of operating revenues per institution is as follows:

Revenues derived from loan activity

Revenues	2013	2012	2011	2010
Interest on loan portfolio	**34,960**	**27,401**	**15,857**	**9,397**
Madagascar	8,885	7,201	5,031	3,919
Senegal	7,885	6,749	4,696	2,595
China	10,435	8,062	4,653	1,912
Nigeria	3,296	2,812	1,216	302
Ivory Coast	4,431	2,577	261	4
Mali	28			
Commissions on loans	**3,937**	**3,411**	**2,189**	**1,411**
Madagascar	506	319	243	171
Senegal	1,245	1,435	1,308	918
China	1,152	928	432	197
Nigeria	397	363	168	43
Ivory Coast	665	366	38	0
Mali	-28			
Fees, penalties / other income	**1,703**	**1,004**	**555**	**551**
Madagascar	225	129	36	59
Senegal	887	459	298	188
China	201	193	182	100
Nigeria	0	109	31	1
Ivory Coast	390	114	8	
Mali	0			
Total	**40,600**	**31,816**	**18,601**	**11,359**

The main trends of loan activity in 2013 are as follows:
- Strong revenue growth in all subsidiaries
- 27% increase of the revenues derived from loan activity for the Group

Subsidies

Other revenues include operating subsidies received mainly by the holding company and granted by donors to fund the technical assistance provided by the Holding to subsidiaries.

KEUR	2013	2012
Subsidies	1,934	595

NOTE 19
LOAN LOSS / LOAN IMPAIRMENT PROVISIONS

These provisions represent the impairment of some loans and cover the credit risk inherent to loan activity.

KEUR	2013	2012
Madagascar	-942	-475
Senegal	-1,499	-1,598
China	-511	-258
Nigeria	-328	-597
Ivory Coast	-680	-108
Mali	0	
Total	**-3,961**	**-3,036**

Loan loss and impairment provisions are EUR 3,961,000 for the year, and are mainly attributable to Microcred Sénégal and Microcred Nigeria

NOTE 20
OPERATING EXPENSES

KEUR	2013	2012
External expenses	-11,628	-8,934
Purchases and similar expenses	-10,176	-7,687
Tax, duties and similar expenses	-1,452	-1,247
Payroll costs	-14,404	-12,464
Operating expenses	-1,559	-1,333
Provision expenses on depreciation of fixed assets	-1,559	-1,333
Provisions on fixed assets		
Provision expenses for risk and liabilities		
Total operating expenses	**-27,591**	**-22,731**

Operating expenses in 2013 include:

- EUR 14,375,000 as payroll expenses, of which 20% for Microcred S.A., 21% for Microcred Sénégal and the remaining part shared between other entities.
- Fees paid include primarily the remuneration of consultants and experts hired by the holding company in support of operations, mainly for Microcred Nanchong and Microcred Sénégal.
- The rent of premises (branches and outlets) totalled EUR 2,528,000 over the year.
- Expenditure for missions is aimed at ensuring the correct management and development of the subsidiaries (participation in Board meetings, inspection of information systems, etc.) and at enabling the search for new investors for the Group
- IT expenses cover the maintenance of the existing system and the development of the loan management software.

NOTE 21
FINANCIAL RESULT

Other financial expenses are mainly attributable to the undiscounting effect linked to the valuation of put-options (EUR -1,243,000).

KEUR	2013	2012
Foreign currency gain / loss	-210	173
Net profit on disposal of marketable securities	213	257
Provisions on investments and other financial assets	-201	
Other financial revenues / expenses	-1,390	-1,198
Total	**-1,588**	**-768**

NOTE 22
RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATES

Tax expenses are the total of tax payables and deferred tax. For the financial year ending on 31 December 2013, the reconciliation between tax expenses and the product of accounting profit multiplied by French tax rate is as follows:

The nominal tax rate is the standard rate applicable to taxable profits in France at 31 December 2013.

KEUR	2013	2012
Audit of MicroCred S.A.	**24**	**23**
Fees paid to statutory auditors	24	23
Other fees		
Audit of subsidiaries	135	142
Fees paid to statutory auditors	134	142
Other fees	1	0
Total	**159**	**165**

NOTE 23
FEES PAID TO STATUTORY AUDITORS

The fees paid to auditors of the Microcred group can be broken down as follows:

Remuneration of audit services: these services consist of verifying the holding company's consolidated accounts and the subsidiaries' annual accounts
Remuneration of other audit-related services: these include all non-statutory audit services and other advice services that are unrelated to compulsory audits.

EUR	2013	2012
Audit of MicroCred S.A.	**24**	**23**
Fees paid to statutory auditors	24	23
Other fees		
Audit of subsidiaries	**135**	**142**
Fees paid to statutory auditors	134	142
Other fees	1	0
Total	**159**	**165**

Microcred S.A. and its subsidiaries work on a systematic basis with internationally reputed audit groups, when such groups exist in the countries of operation. Auditors are also selected on their expertise in the field of microfinance.

NOTE 24
SIGNIFICANT POST-CLOSING EVENTS

No significant event resulting in an adjustment in the consolidated accounts has occurred after the closing date (31/12/2013).

microcred

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