

#REINVENTINGMICROFINANCE  
**ACTIVITY REPORT 2018**





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# 20 Years of activity

## **Dear friends,**

“Our activity dates back from December 24th, 1998. Therefore today, 20 years after our first disbursed loan, everyone at NOA looks with much pride to what has been delivered during this period. Throughout these 20 years of activity, NOA has successfully achieved to become one of the most dynamic microfinance institutions in the country. We take proud of being a stable, modern, performing, technologically advanced and a front-runner financial institution in challenging market by consistently defying and increasing the proposed standards. Thanks to a unique internationally rooted heritage, and a large local network built through 20 years of activity, NOA has achieved to become one of the main financial institutions supporting Albanian entrepreneurship and agriculture development.



Our journey started through an ambitious social project designed and supported by the USAID, 20 years ago. The objective was to support Albanian economic growth injecting small amounts of funding to remote rural areas. Here, the economic transition from a centralized economy towards a free market economy was not delivering the expected outcomes in adequate manner and time.

We faced extraordinary and multi-dimensional challenges during this first phase. Let them be human, financial, legal, or even infrastructural, these challenges were overcome solely thanks to NOA's staff dedication and the trust given by local families, entrepreneurs

and farmers. It's this human and entrepreneurial combination that made possible the consolidation of an independent institution, mature enough to walk out from the incubating position of a donor-supported project. A new phase followed 2010.

NOA achieved to preserve its methodology, its social mission and core activity. The project was transformed into an Institution, while preserving its foreign capital and core objectives: reaching out to an entrepreneurial market that was "hungry" for an alternative, adapted and rapid financing. After a series of consecutive institutional upgrades, investments and expansions, NOA become one of the most dynamic financial institutions of the Albanian microfinance sector.

All over this transformational journey, NOA has symbolically managed to defend its founding DNA. This relates to a unique combination of economic and social components.

**Economic Dimension:** We believe that innovation, new technologies, market forces and free competition are the fundamentals of a developed society. We believe in the strengths and ambitions of all individuals and entrepreneurs that seek to overcome daily challenges by becoming independent, financially self-sustainable and self-employed, and therefore by generating an alternative income for their families by their own means.

**Social Dimension:** Just like 20 years ago, we still believe that any capital, whatever its amount, can generate additional security and welfare if injected directly into the household economy. We believe in a developmental vision that promotes and implements best practices of social financing. NOA has never stopped offering simple financial products, that are fast and adapted to any socio-economic reality faced by the Albanian family. As a proof of this social investment, we can proudly mention our conformity to the European Code of Code Conduct for Microcredit Provision.

As we look back over NOA's legacy, we would like to express our gratitude and thankfulness to every customer, colleague, partner and lender. It's thanks to their trust and support that we have built such a success story. 20 years are a key cornerstone. It allows NOA to faithfully look ahead and keep investing in its social mission, preserving its DNA, and persevering in upholding market standards. As a result, we are confident that NOA will continue growing with the same energy and desire for innovation. This is our ambition; this is our strength."

Herjola Spahiu  
CEO / Vice Chairman of Steering Council

# *Faithful to our founding principles*

## **NOA'S VISION**

To be Albanian families and small-businesses life-long financial partner, improve their lives so their dreams can be fulfilled, so they can be a key foundation to the development of the Albanian economy.

## ***Our Values & beliefs***

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### **INTEGRITY & ETHICAL BEHAVIOR**

We invest in the creation of a corporate culture that promotes professional and financial integrity, both in relation to the internal staff and in relation to the beneficiaries of our financial services. For us honesty, justice, equality, dignity, diversity and individual rights are paramount.

### **CUSTOMER PROTECTION & RESPONSIBILITY**

We believe that responsible funding and social responsibility represent a true protection layer for our clients, businesses and industry as a whole. For this purpose, we are committed to be responsible and transparent financiers; educate and raise awareness of our customers to avoid overburdened obligations; to work with high ethical standards; as well as always offer a way to address the complaints of the beneficiaries of our services.

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### **ENGAGEMENT & DYNAMISM**

We take care to promote energetic qualities and activity, constant progress, challenges to oneself, as well as the positive impact on society, seeking to be proactive, generating ideas and supporting new partnerships.

### **INNOVATION & CONTINUOUS SELF-IMPROVEMENT**

Our ambition is to be always a step forward in the services offered to our customers as well as in our work practices, promoting the translation of every idea or development into a good or service that creates value and meets the needs and expectations of everybody.

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### **CAREER GROWTH OPPORTUNITIES & MOTIVATION**

NOA's staff comes from a rich banking and financial background but with a high sensitivity to social impact, business values and personal growth. They are dynamic, pro-active, engaged and frequently challenging traditional beliefs. They reflect NOA's professional environment and staff climate oriented towards performance, constant elevation, innovation and achievement.

# 2018 activities

## **INTEGRITY & ETHICAL BEHAVIOR**

- Corporate Culture & Values Project finalized, involving all NOA staff. New values promoted during a dedicated team building event, organized in Korca.
- A new induction philosophy introduced, with a dedicated section on our corporate values & beliefs including, role plays and case studies in order to promote our culture to new team members and bind the employees with the company values.
- Approved an institutional "Chart of Values" through an internal procedure involving all NOA staff;

## **CUSTOMER PROTECTION & RESPONSIBILITY**

- Borrow wisely campaign organized in Elbasan, Shkodër, Pogradec and Korça cities, consisting in dedicated gatherings with customers and other interested businesses in the area, discussing about over-indebtedness, cash flow projections, high priority sectors of economy worthy to invest, etc.
- Funded 8 social events including arts, blood donation, sponsorship & mentoring (JA Albania), municipality ( sport court), university ect.
- Certified by the EU as being in accordance with the "Code of Good Conduct for MFIs"

## **ENGAGEMENT & DYNAMISM**

- Organized several internal events & competitions promoting professionalism, team cohesion and NOA's socio-economic mission;
- "Farmer for One Day" a program when a team of NOA supports one of our customers to perform specific activities like grape harvest.
- Cooperated with Albanian Red Cross : blood donation involving NOA's HQ staff.

## **INNOVATION & CONTINUOUS SELF-IMPROVEMENT**

- Introduced new training modules for new and senior staff;
- Upgraded LO evaluation scheme towards a more holistic approach;
- Started a Leadership Development program, focused not only in Executive Managers, but involving also other Key Managers.

# *2018, a successful year on the eve of the 20th anniversary*

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## **MAIN ACHIEVEMENTS**

-  Annual portfolio growth of 14%, reaching 4.714 billion Lek
-  Quality of portfolio improved at 3.2% (PAR 30+)
-  Credit to economy in 2018 was 3.243 billion Lek
-  New crediting line: finance to individuals
-  Brand identity upgrade
-  New business model
-  Leadership Program for Executives & Managers





*1st prize*

## **We helped develop our customer**

Zek Gazulli,  
passing from a  
**power-donkey** to  
**forty-five horsepower.**

NOA wins 1st prize in MFC Photo Contest (MFC Annual Conference, Bilbao, Spain – November 2018)

The success stories of our customers are the story of everyone who believes that in every Albanian family, amazing sources of energy, knowledge and skills can be found. This picture was made in the city of Lezha, in the north of Albania, by a NOA's Loan Officer. It clearly reflects how Microfinance, can influence all type of activities and local realities. In the end of the day, the most important thing is for the small farmer to continue harvesting his land and for the small entrepreneur, to continue selling his products. These self-employed individuals are our heroes. They are the true face and success story of Albanian Microfinance. And this, since 1998 when NOA gave its first loan to an Albanian customer.



2018 was a transformative year for NOA network. With the clear ambition to set new higher standards for the Albanian Microfinance sector, while improving the quality delivered to our loan beneficiaries, NOA has gone through an intense and thorough reshape of its brand identity, branch network and business model. These changes have reconfirmed NOA's staff professionalism and commitment and positively impacted the overall loan portfolio quality and financial performance. While keeping the same pace and ambitions, NOA will continue to invest in its people, financial products and loan beneficiaries so best practices won't be just "a reference" for our daily business but a concrete example how microfinance can affect the lives of thousands of individuals.



## **NEW LOGO**

NOA's new logo is in line with the 20th anniversary celebration and a testimonial of NOA's determination to continue being a market leader. The new logo shape and colors reflect NOA's dynamic ambitions and vibrant strategy looking for constant improvements, innovations and higher settings. It also mirrors the rich diversity of the Albanian economic reality in which micro-entrepreneurs, farmers and companies represent the core, and most exciting, tissue of the production chain. NOA's new logo points finally to its international shareholders who bring to Albania a constant challenging look to the way how microfinance can accelerate the economic European integration of the country. Everything considered, the new logo is a refreshing look to a company celebrating its 20th anniversary. It expresses the ambitions of #ReinventingMicrofinance but while preserving the same social goals, excitement and perseverance.

## **NEW WEBPAGE**

Simultaneously to the new logo and as part of the 20th anniversary celebrations, NOA's has also introduced a new WebPage. It proposes new features improving considerably the user experience with the clear objective to increase the rapidity and easiness of the loan application process. In parallel, with the objective to provide a quicker access to client's information and crediting, NOA has also introduced an upgraded communication channel through the use of Facebook, Messenger and Instagram. All considered, this has considerably reduced the time of service and exchange of information. These steps represent a first chapter towards a broader strategy consisting into the advanced usage of new financial technologies and practices to improve lending and advisory service to our customers. Faithful to its 20 years long activity, NOA will remain a pro-active technologically driven financial institution serving the underserved populations, excluded families and ambitious small entrepreneurs and farmers.

## UPGRADED BRANCH NETWORK

Throughout 2018, NOA has made important investments in its branch network by updating not solely their physical standards, but also by reallocating their geographical position so they are closer and closer to the underserved or even unserved populations. Client service and marketing information have been similarly updated with the objective to further support financial literacy, transparency and client decision-making processes of all individuals, independently their educational level. NOA remains committed to the “Borrow Wisely” campaign and is constantly seeking alternative ways to tackle societal challenges produced by over-indebtedness, hidden terms and aggressive selling practices.

**26**  
Number of Branches



**271**  
Number of Employees



## NEW PRODUCT FOR INDIVIDUALS

Starting October 2018, NOA has introduced for the first time a dedicated credit line to individuals. This new product targets family and individuals needs that can't address by the traditional banking channels. The product has received a very positive feedback by the market during the last semester of 2018 as it is able to provide a very rapid solution for personal and family needs.

## NEW BUSINESS PHILOSOPHY

A new business model was applied on 2018 focused in providing further quality and new innovative services to NOA's clients. This new model helps the client to have a longer vision of the relationship built with the institution, while increasing NOA's staff responsibilities in conducting a more careful analysis and consultation process. It is only through such a proactive relationship that NOA is able to forecast an adequate long-term financing and allocate an appropriate financial limit for all client, to be used according to their needs and capacities. These changes have produced a faster customer service and a broader access to medium-sized businesses, which can now easily plan to finance their business expansion through more flexible credits for liquidity, without the load of fixed installments if necessary.

## CERTIFIED ACCORDING TO THE EUROPEAN CODE OF GOOD CONDUCT FOR MICROCREDIT PROVIDERS

NOA has been successfully certified to be compliant to the European Code of Good Conduct for Microcredit Providers on December 13, 2018. This follows an independent assessment sanctioning NOA's conformity to best European practices relating to customer & investor relations; governance; risk management; reporting standards and Information systems.

# *Our employees, our greatest strength*

More than 1300 individuals have become part of our journey over the years, contributing through their work and vitality to a dynamic and ever-developing professional environment. At the end of 2018, NOA has 272 employees representing a major competitive advantage and added value to every product and service offered to our customers.

## **OUR GOAL IS TO BUILD A TEAM OF EMPLOYEES WHO:**

- Understand and anticipate market changes by transforming them into opportunities;
- Are appreciated by our customers as professionals, capable of providing flexible solutions and financial advice, in accordance with their investment needs and plans;
- Live and promote each day NOA's corporate values.

NOA's offers equal chances for employment, internal promotion and development opportunities to management positions through tailored and individualized growth programs. During 2018 NOA has organised xxx training days having benefited to xxx participants. A new Leadership Development Program for both, executive and managerial levels was also introduced in 2018, further diversifying the training modules offered to NOA's staff, from their day 1, up to their most senior position.

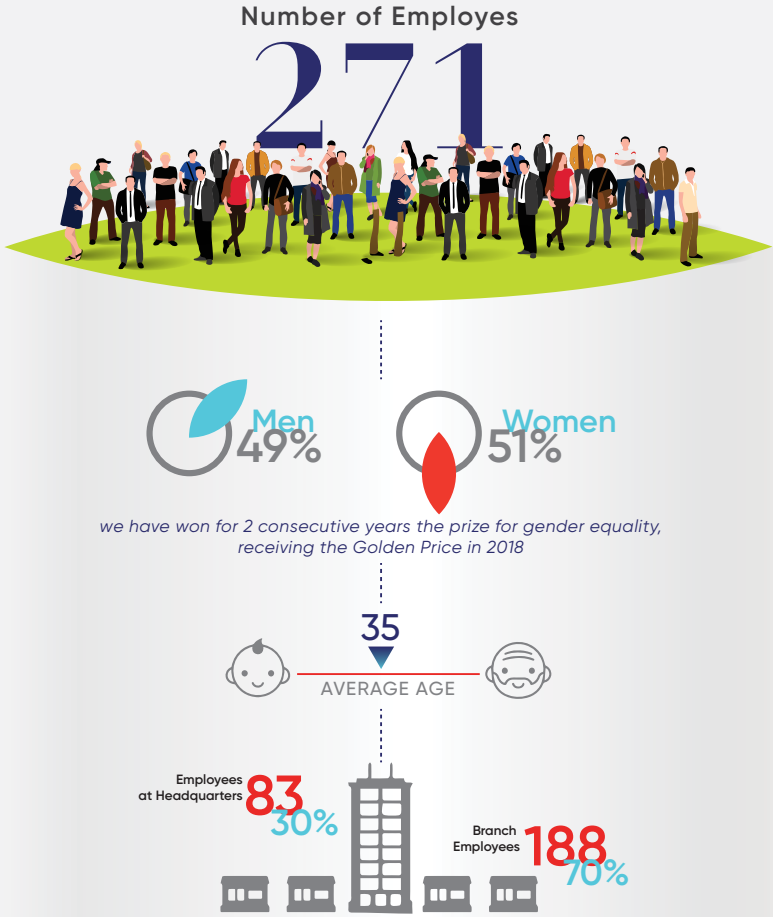
**- 1.657 trained participants    - 80 training days organised**

Training topics:



After several consecutive years being recognized as an Employer offering diversity, gender equality & equal employment opportunities, NOA was honored in 2018 for the second consecutive year, with the highest Gold Status for Employment Equality Index organized by the Headhunter Albania proving that such policies and actions were already being taken by us as an innovative company. The Employment Equality Index is an expression of The Headhunter's mission to facilitate dignified, meaningful employment for all as well as to stamp out discrimination in employment. Using the spirit of competition in the private sector, the Index rewards those companies who take active measures to uphold the dignity and protect the rights of LGBTIQ job-seekers and employees. (gender equality and equal employment opportunities, responsible employer which respects diversity at working environment)

\*For 2 consecutive years, NOA received the "Gold Status for Employment Equality Index".

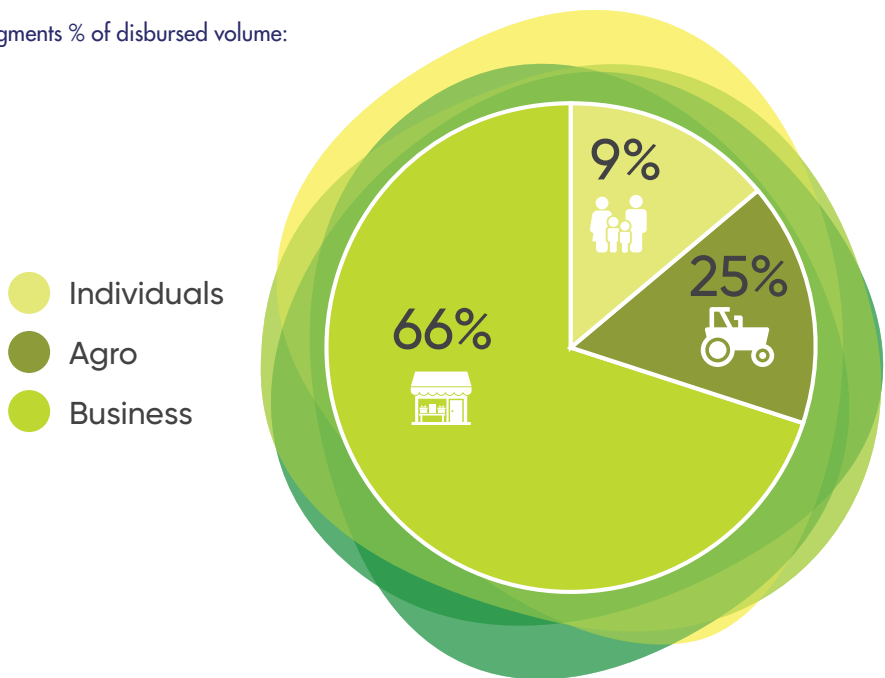


# *Improving Albanian family's everyday life*

Faithful to our historic mission, we believe that the financial support of small farms and small family businesses is the fastest and most sustainable way to get out of poverty and to promote the improvement of social welfare in the family. This has been the motive that has led our 20-year activity and the ongoing expansion of the network to penetrate deeper into unexposed territories and populations in the country's financial services, providing opportunities for those individuals whose skills have been unused or under-utilized.

NOA's loan portfolio during 2018 amounted EUR 38,2mln composed of Agrobusiness segment EUR 9,4mln, Businesses EUR 25,2mln and Individuals EUR 3,6 mln.

Segments % of disbursed volume:



# *A rich network of partnerships*

“ “  
We "apple specialists" helped Llambi to extend the apple tree branches to the "palmet" system. While Llambi and his family helped us understand some techniques for increasing the apple efficiency, as was the extension of branches, but also acquainted us with the great effort and care needed to grow them. At the end of the day, we donated some equipment to help the farmer in farm and warehouse work. Thanks Llambi for hospitality and good season!



“ “  
**FOCUS ON SPECIFIC FUNDING LINES:**

- Tourism micro-initiative 27 Mio ALL
- IPARD related projects 50 Mio ALL
- EIF guarantee fund 70.7 Mio ALL

**OUR BENEFICIARIES (2018) :**

- 30% women;
- 24% rural;
- 41/50 years old average age;
- 3.132 new clients



“ “  
We continue to help our community and our customers because we know the power of the good energy that passes when you say to someone "I'm with you too!" This time the job was so beautiful that we did not get away from the high temperature in the greenhouse. As we have already done the tradition, at the end of the activity we gave the customer a gift which helps him, in his everyday work! Good season Klement!



# *NOA's vision for the future: Innovation*

The Albanian microfinance sector remains challenging but at the same time still untapped in all of its dimensions, offering a high potential for future opportunities. More than 90% of companies in Albania are categorized as small, being mostly family businesses with fewer than 5 employees, of which about 60% don't have full access to the banking products.






Keeping in focus the most strategic sectors of the economy and those who perform dynamically, NOA will continue to invest in the further strengthening of Albanian entrepreneurs and small farmers. This attention will produce new tailored, quicker and simpler products and services, in accordance with NOA customers' funding needs and ambitions.



Picture taken during team-building exercise - September 2018.



Through future technology investments, NOA aims to:

-  Generate products and services at lower cost;
-  Enable a more performant interaction with other financial services;
-  Expand the application of payments and services online;
-  Increase the productivity and presence of NOA branch network;
-  Reduce the operational risk.

After being the first Albanian MFI to introduce mobile technologies for its loan officers, and after introducing a new webpage, a new logo and a new business model during 2018, a special attention will be given to new technologies in the incoming years, with the clear objective to continue to remain in the forefront of innovative practices and processes.

These new practices will be key to generate new business opportunities and added values for both, NOA's and its customers activity. This will allow NOA to preserve its market competitiveness and institutional performance by bringing new innovations and standards to the Albanian microfinance sector. It will similarly consolidate the condition into offering further market counseling and consulting programs for NOA customers as a mean to continue serving its mission into increasing the living standards of all Albanian families, independently of where they live or their access to finance.

# *NOA in figures 2018*

## *- Loan Portfolio and audited financial results*

|                  | AUDITED | AUDITED | OUTLOOK | OP     | OP     | OP     |
|------------------|---------|---------|---------|--------|--------|--------|
| in kEURO         | 2016    | 2017    | 2018    | 2019   | 2020   | 2021   |
| Operating Income | 5,801   | 5,874   | 6,223   | 7,349  | 8,127  | 9,067  |
| Gross profit     | 1,329   | 1,434   | 2,066   | 1,993  | 2,568  | 3,079  |
| Net profit       | 1,110   | 1,191   | 1,734   | 1,669  | 2,139  | 2,568  |
| Total assets     | 35,667  | 36,169  | 40,285  | 49,822 | 57,568 | 66,926 |
| Equity           | 7,632   | 8,273   | 9,229   | 10,371 | 12,510 | 15,079 |
| ROE              | 15%     | 15%     | 20%     | 17%    | 19%    | 19%    |
| Paid dividend    | 66      | 68      | 70      | 65     | -      | -      |
| C/I ratio        | 73%     | 70%     | 62%     | 63%    | 59%    | 55%    |
| Leverage ratio   | 3.5     | 3.2     | 3.2     | 3.6    | 3.4    | 3.3    |
| Portfolio yield  | 26%     | 24%     | 24%     | 24%    | 22%    | 22%    |
| Fx Applied       | 123.42  | 123.42  | 123.42  | 123.42 | 123.42 | 123.42 |

# *A rich network of partnerships*

A special recognition goes to all NOA's partners having contributed for a successful 2018. Thanks to their cooperation, international & local expertise, project synergies and financial support, NOA has been able to preserve its high standards and performance according to best sectorial practices.

We have established new partnerships with Black Sea Trade and Development Bank and Developing World Markets.

During 2018, NOA has cooperated with International lenders: Blue Orchard, Triple Jump, Developing World Markets, Black Sea Trade and Development Bank, Bank im Bistum Essen, Symbiotics, CoopEst, Oicocredit, FMO, Frankfurt School of Finance & Management, European Investment Fund, Ministry of Finance and Economy of the Republic of Albania PRODAPS-IASME project.

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Local financial institutions: National Commercial Bank sh.a; Societe Generale Albania sh.a, Tirana Bank sh.a, First Investment Bank sh.a, International Commercial Bank sh.a, Rural Credit Guarantee Foundation.





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