

responsAbility Investments AG

Developing a sustainable savings mobilization strategy



Case study:
Hattha Kaksekar Limited (HKL) - Cambodia

FINANCE

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responsAbility

RESPONSABILITY INVESTMENTS AG

At a glance

Key Data

- Founded in **April 2003**
- **USD 3.3bn AuM**
- **11** different investment solutions
- **289 employees**
- **10 office locations** with international presence and headquarter in Zurich
- Invested in **96 countries**
- **530** financed companies
- Regulated by **FINMA, CSSF, Finanstilsynet***

Sectors

Finance



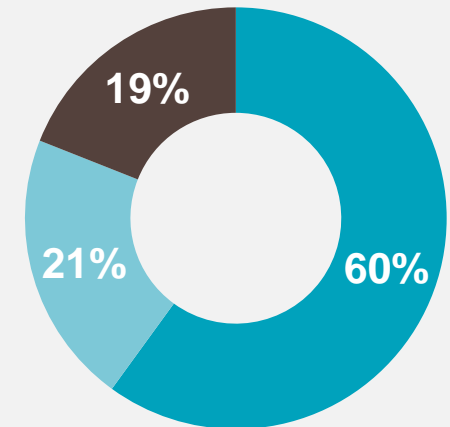
Agriculture



Energy



Shareholders



■ Swiss financial sector institutions

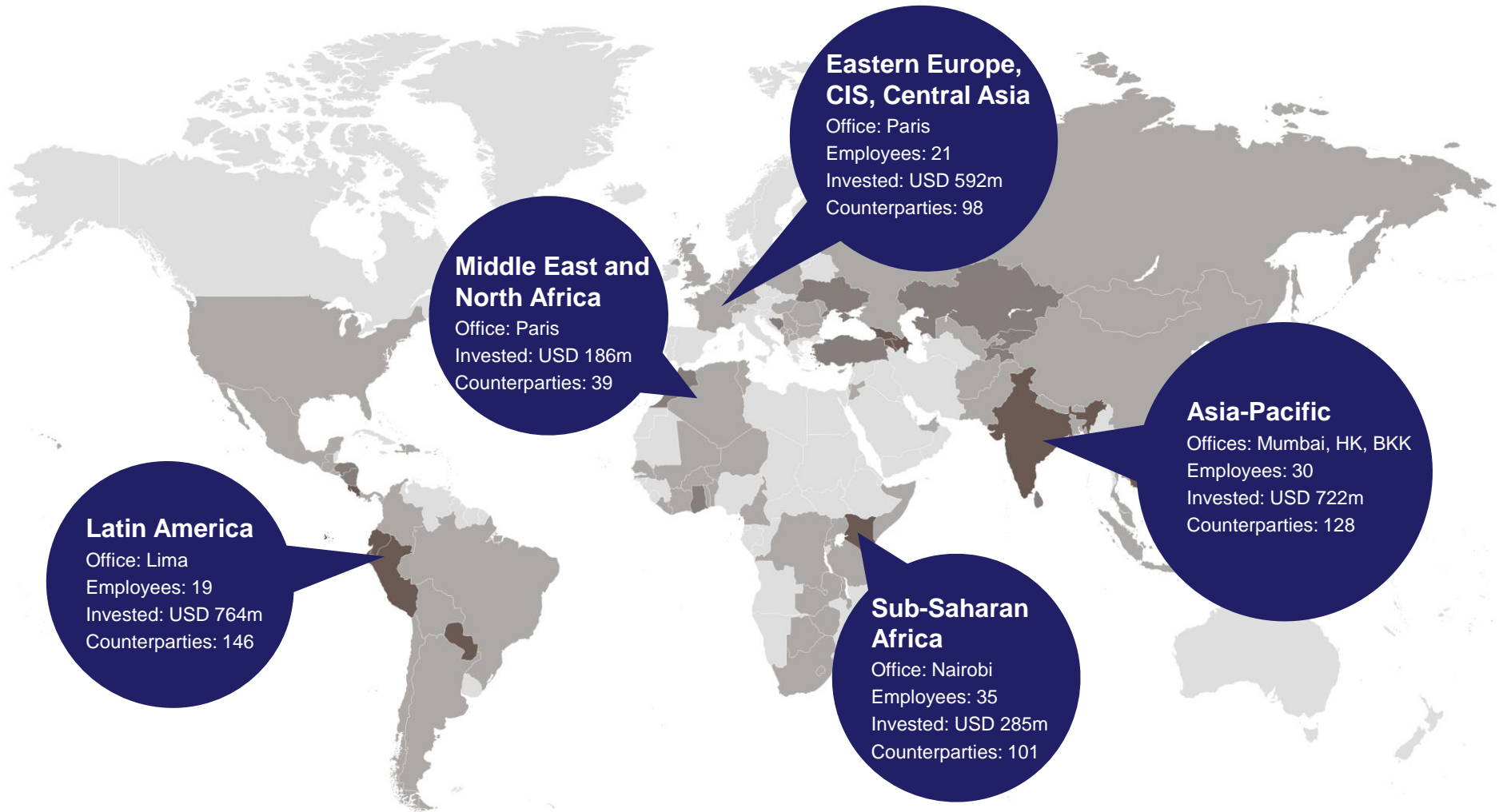
Baumann & Cie, Raiffeisen, Swiss Re Foundation, Vontobel

■ Management and employees

■ Private investors

RESPONSABILITY INVESTMENTS AG

Placement power and access to growth across **96** developing countries



CAMBODIA

Overview

Official name

Kingdom of Cambodia

Capital

Phnom Penh

Geographic position

Southeast Asia - between Thailand and Vietnam

Demography

- ❖ Population of around 16.0 mm
- ❖ 80% live in rural area
- ❖ Poverty rate:
 - 13.5% in 2014
 - 47.8% in 2007

GDP

- ❖ 2016 GDP: USD 19.4 bn
- ❖ Average real GDP growth:
 - last 5 years: 7.1%
 - last 20 years: 7.7%

Currency

Cambodian Riel - KHR

Exchange rate vs USD:

- 4'085 (Sep. 2017)
- 4'000 (Dec. 2012)

Financial inclusion

	2014	2011
Account at a financial institution (% age 15+)	12.56	3.66
Borrowed any money in the past year (% age 15+)	62.02	n.a.

FINANCIAL SECTOR

Highlights

- ❖ Important growth of the sector in the last years (last 5y Total Assets CAGR: 25%).
- ❖ High increase of domestic credit to private sector: 28% in 2011 to **70%** in 2016.

Banking sector

- ❖ Total Assets of the sector: USD 23.834 bn
- ❖ 40% of the sector assets are owned by 3 institutions:
 - Aceda Bank (19%); ~1.7mm clients
 - Canadia Bank (14%)
 - Cambodian Public Bank (7%)

MFIs

- ❖ Total number of Microfinance Institutions: 69
- ❖ Number of Microfinance Institutions taking deposits: 7



Savings regulation: MFIs with deposit license cannot offer current account to their clients.

FINANCIAL SECTOR

Peers – growth & performance

	ABA	Aclede	HKL	Prasac	Sathapana
YE 2016 GLP (USDmm)	789	2'701	435	1'007	596
YE 2016 Assets (USDmm)	1'099	4'424	568	1'209	900
YE 2016 Deposits (USDmm)	856	2'975	352	604	569
YE 2016 Equity (USDmm)	129	653	65	167	132
4y CAGR Assets (in USD)	36%	18%	34%	28%	45%
4y CAGR Deposits (in USD)	33%	16%	44%	45%	64%
Deposits / GLP (YE 2016)	108%	110%	81%	60%	95%
3y av. RoaE	20%	20%	23%	43%	25%
Clients ('000)	150	1'700	220	500	215
Branches	43	259	163	176	168
ATM	167	300	123	127	73

HATTHA KAKSEKAR LIMITED

Overview
(HKL)

Profile

- Top five microfinance institution in Cambodia
- Nationwide branch network
- 10-year ROE track record of 20-25% p.a.
- Obtained a deposit-taking license in 2010
- Impressive asset & deposit growth of 40% p.a. since 2011

Impact

- 220k clients; 118k borrowers
- Borrowers: 68% female; 82% rural
- Depositors: 64% female; 75% rural
- Focus on microfinance: average loan USD 4.2k
- % of clients earning less than \$2.50 a day: 23%
- 163 branches operating in 1,700 communes and 11,000+ villages

HATTHA KAKSEKAR LIMITED

SCBF Intervention - overview



Approach

- ❖ market analyses regarding savings demand to develop a sustainable long-term savings strategy
- ❖ analyses and implementation of the necessary changes to operational processes

Training

- ❖ intensive individual and group training for 8 HKL executives & managers
- ❖ risk management methodologies and saving product design seminars for 15 middle and top management staff

Aim

- ❖ produce two new savings products, including a micro-insurance element
- ❖ accelerate the introduction of best practices in savings and insurance products as well as solid risk management systems

HATTHA KAKSEKAR LIMITED

Product range



Savings account
Min. balance USD 5

High Income Deposit Account
Monthly interest withdrawal,
up to 3y; Min 50 USD

Ezzy Account
Min USD 50, mobile and ATM free

High Return Deposit Account
Min USD 50; up to 36m

Smart Account
Min USD 250, mobile and ATM free

Payroll

Kids Savings Account
2-18years, weekly or
monthly pay in; Min USD 50

Microinsurance
Loan life and illness
lump sum up to 12m

MyATM

MyMobileBanking

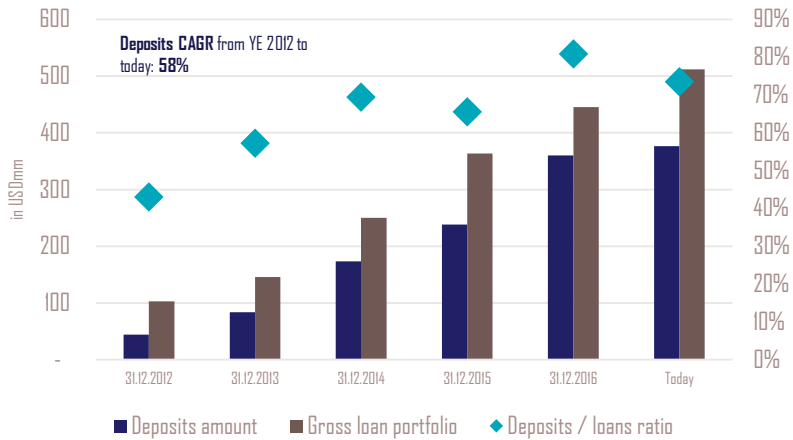


HATTHA KAKSEKAR LIMITED

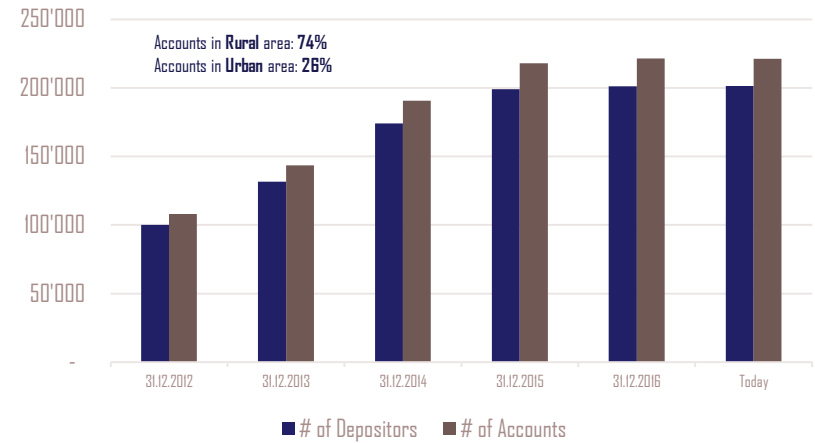
Deposits growth



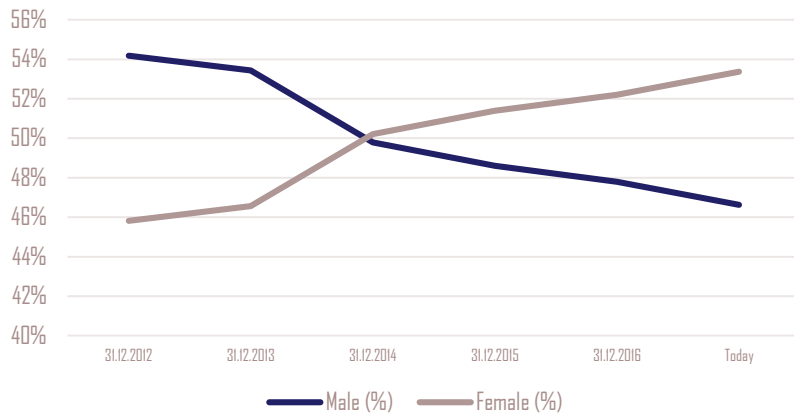
Deposits & gross loan portfolio



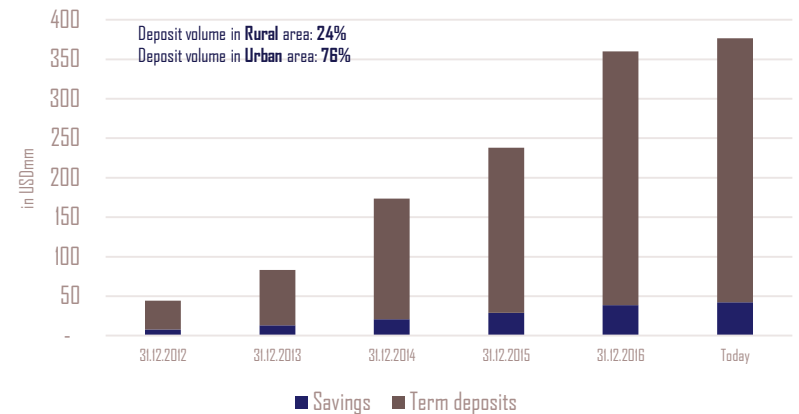
Depositors & accounts



Amount of deposits - Gender %

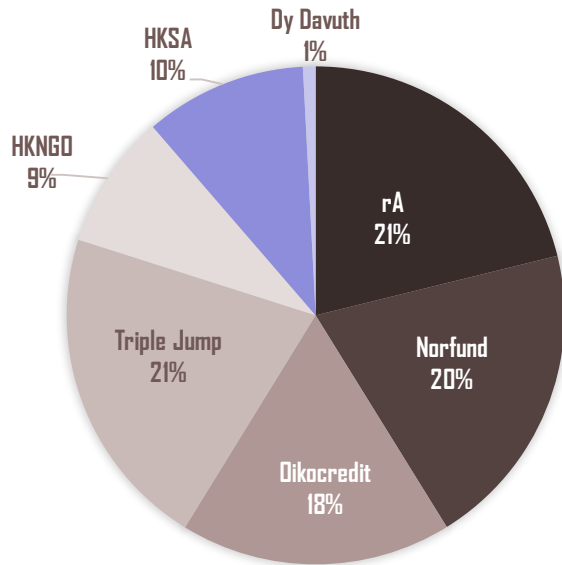


Type of deposits



HATTHA KAKSEKAR LIMITED (HKL)

Sale



Shareholders' structure
Pre-exit

HKL

220k clients out of which 118k borrowers
10-year ROE track record of 20-25% p.a.
Top five microfinance institution in Cambodia

rA role

Active role as significant minority shareholder.
Position of Chairman of the board owned by rA from 2015.

Buyer – Krungsri Bank Thailand

Profile

5th largest financial group in Thailand, owned by Mitsubishi UFJ Financial Group, Japan.

Transaction

Acquired 100% of HKL.

Experience

Are operating with a strong SME focus in Thailand.
Grew successfully a microfinance subsidiary in Thailand.
Experience in M&A activities

THANK YOU