



First MicroFinanceBank Afghanistan

2 0 1 2 R E P O R T



FIRST MICROFINANCE BANK AFGHANISTAN

Afghanistan, one of the world's poorest countries, has seen exponential growth in its economy and microfinance sector over the last several years. This forward momentum stalled during the economic crisis. Drought, high inflation and a worsening security environment were contributing factors. Nationally, the microfinance market was estimated at over 360,000 clients, which is just 18 percent of the estimated 2.6 million households living below the poverty line in Afghanistan.

The First MicroFinance Bank Afghanistan (FMFB-A) sought to consolidate its position as Afghanistan's leading microfinance institution, recording 27 percent growth in the number of loans outstanding in 2012. FMFB-A is currently the largest microfinance institution in Afghanistan in terms of outstanding portfolio size with US\$ 69.7 million in microfinance loans and US\$ 11.7 million in small and medium enterprise (SME) loans in 2012.

The Bank covers 14 provinces through a network of 35 branches, of which 17 are in rural areas. As part of FMFB-A's focus on improving the quality of life of its clients through access to financial services it offers a broad range of services, including savings and deposits. In 2012, the Bank had 62,925 individual depositors. Individual depositors do not necessarily save to accumulate assets, but often seek to smooth consumption when a family's income is irregular.

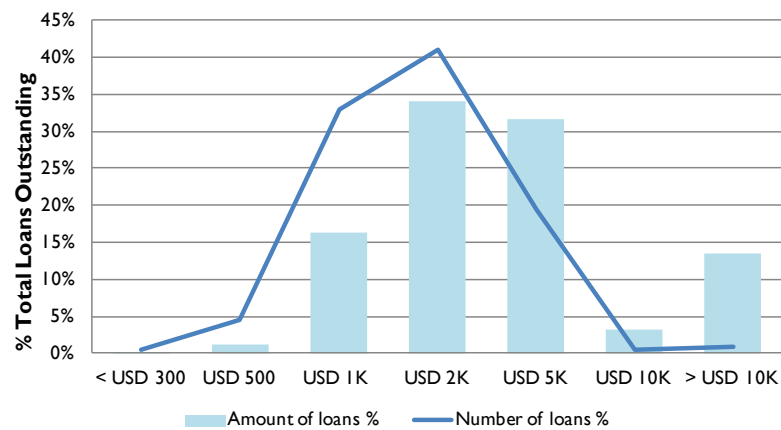
KEY POINTS:

- Branches in the capital region, around Kabul and the Mazar region, account for the largest share of total loan portfolio outstanding (by value).
- Enterprise loans constitute about 40 percent of the portfolio, followed by agricultural loans with 25 percent, housing loans with 19 percent and SME loans with 14 percent (by value).
- In order to improve targeting and measure poverty outreach, the Bank piloted the Progress out of Poverty Index for the first time in 2012 as part of a demand survey exercise for agricultural financing.

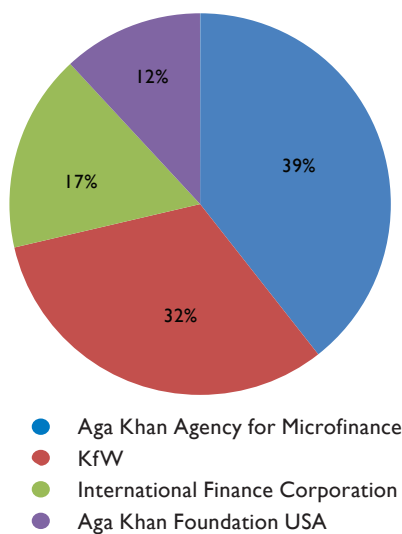
KEY FINANCIAL INDICATORS	2010	2011	2012
MICROFINANCE LOANS DISBURSED: VALUE (US\$ '000)	71'758	87'645	103'729
MICROFINANCE LOANS DISBURSED: NUMBER	41'643	48'045	59'072
MICROFINANCE PORTFOLIO OUTSTANDING: VALUE (US\$ '000)	45'707	53'276	69'764
MICROFINANCE PORTFOLIO OUTSTANDING: NUMBER	44'177	46'492	59'100
AVERAGE MICROFINANCE LOAN SIZE (US\$ UNIT)	1'035	1'146	1'180
PERCENTAGE OF WOMEN BORROWERS	15%	16%	16%
MICROFINANCE PORTFOLIO AT RISK (%) 30 DAYS	0.50%	0.30%	0.23%
SME DISBURSED: VALUE (US\$ '000)	7'728	10'804	12'486
SME DISBURSED: NUMBER	372	430	436
SME OUTSTANDING: VALUE (US\$ '000)	5'970	8'079	11'713
SME OUTSTANDING: NUMBER	466	515	669
SME PORTFOLIO AT RISK (%)	2.20%	1.24%	0.60%
NUMBER OF INDIVIDUAL SAVERS	57'841	53'524	62'925
VALUE OF INDIVIDUAL DEPOSITS (US\$ '000)	14'065	15'524	18'533
NUMBER OF STAFF	829	883	978

Cover picture: A former opium poppy farmer now grows fruit trees for commercial sale. Enterprise loans constitute about 40 percent of FMFB Afghanistan's portfolio. Photo: AKDN / Sandra Calligaro

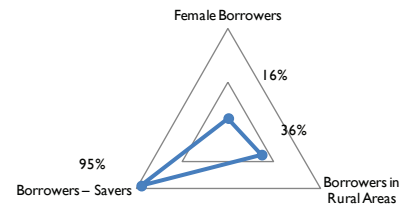
% LOANS OUTSTANDING BY SIZE CATEGORY



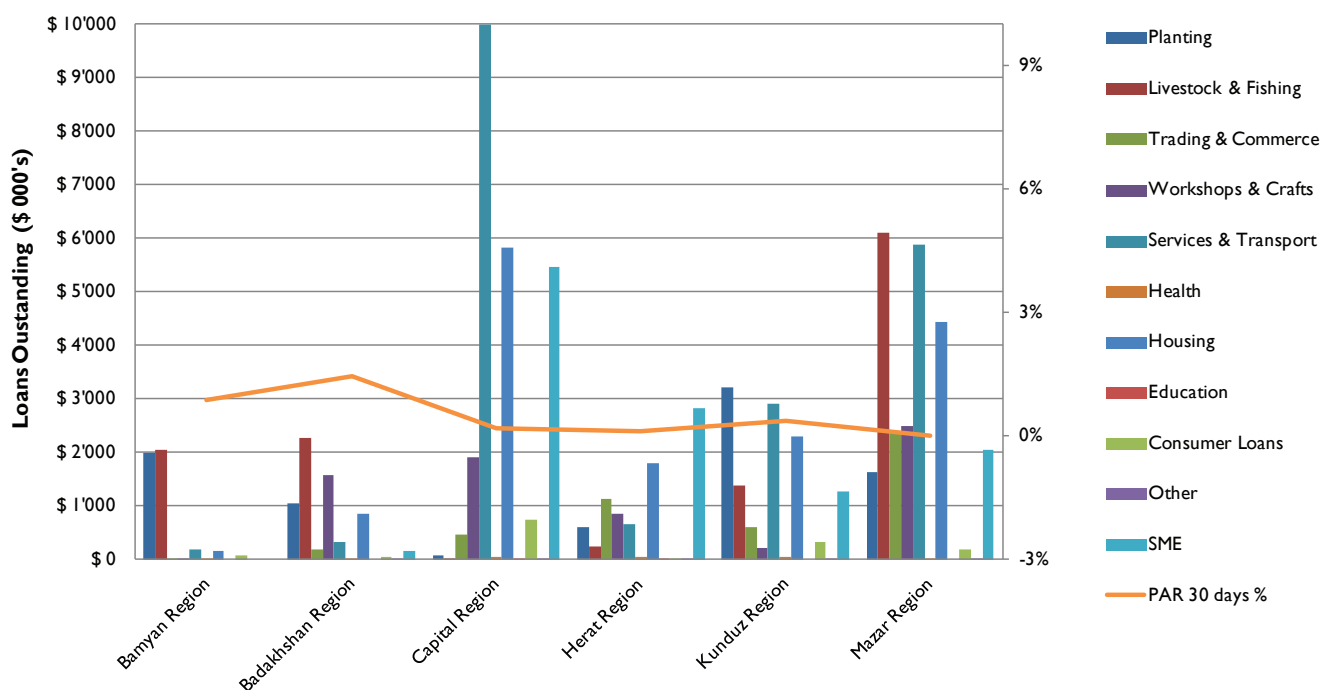
SHAREHOLDING STRUCTURE OF THE FIRST MICROFINANCE BANK AFGHANISTAN



CUSTOMER CHARACTERISTICS



PAR AND SECTORAL BREAKDOWN PER REGION





Aga Khan Agency for Microfinance

The First MicroFinance Bank Afghanistan is a part of the Aga Khan Agency for Microfinance (AKAM). The underlying objectives of AKAM are to reduce poverty, diminish the vulnerability of poor populations and alleviate economic and social exclusion. AKAM's ultimate aim is to improve communities' quality of life by helping people raise incomes, become self-reliant and gain the skills needed to graduate into mainstream financial markets.

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