The microfinance sector in Mozambique remains young but is becoming increasingly sophisticated as some institutions reach maturity. However, these microfinance institutions operate mainly in the capital, Maputo, while a vast number of the rural poor remain underserved.

To address this problem, the First MicroBank Mozambique (FMB-M) acts as a rural microfinance bank. The focus of its activities is Cabo Delgado, which is the northernmost province as well as the poorest in the country. At year end, FMB-M had a loan portfolio outstanding of US$ 53,000 and 87 borrowers.

AKAM’s objective in Mozambique is to serve the under-banked areas of the country which are highly vulnerable to the prevailing environment, with few all-weather roads and limited electricity or communications infrastructure. The majority of the population in these areas are small-holder farmers who cannot increase volumes because they lack financing for inputs, particularly seeds and fertilisers.

Lending in the rural areas of Pemba accounted for the majority of the total portfolio.

**Key points:**
- The loan book is divided between Pemba (84 percent) and Chiure (16 percent).
- 41 percent of the outstanding portfolio is concentrated in trading and commerce activities and 38 percent in consumer (salary based) loans.
- The Aga Khan Agency for Microfinance is the sole owner of FMB-M.

### Key Financial Indicators

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICROFINANCE LOANS DISBURSED: VALUE (US$ ’000)</td>
<td>371</td>
<td>188</td>
<td>77</td>
</tr>
<tr>
<td>MICROFINANCE LOANS DISBURSED: NUMBER</td>
<td>587</td>
<td>225</td>
<td>87</td>
</tr>
<tr>
<td>MICROFINANCE PORTFOLIO OUTSTANDING: VALUE (US$ ’000)</td>
<td>322</td>
<td>119</td>
<td>53</td>
</tr>
<tr>
<td>MICROFINANCE PORTFOLIO OUTSTANDING: NUMBER</td>
<td>1’224</td>
<td>295</td>
<td>120</td>
</tr>
<tr>
<td>AVERAGE MICROFINANCE LOAN SIZE (US$ UNIT)</td>
<td>263</td>
<td>403</td>
<td>438</td>
</tr>
<tr>
<td>PERCENTAGE OF WOMEN BORROWERS</td>
<td>24%</td>
<td>17%</td>
<td>22%</td>
</tr>
<tr>
<td>MICROFINANCE PORTFOLIO AT RISK (%) 30 DAYS</td>
<td>47.4%</td>
<td>17%</td>
<td>28%</td>
</tr>
<tr>
<td>NUMBER OF INDIVIDUAL SAVERS</td>
<td>NA</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>VALUE OF INDIVIDUAL DEPOSITS (US$’000)</td>
<td>NA</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>NUMBER OF STAFF</td>
<td>38</td>
<td>36</td>
<td>17</td>
</tr>
</tbody>
</table>

Cover picture: Smallholder farmers, which make up about 70 percent of Mozambique’s economy, are helped by FMB through their seasonal loan system. Photo: Lucas Cuervo Moura /AKDN
% Loans Outstanding by Size Category

Customer Characteristics

- Female Borrowers
- Borrowers - Savers
- Rural areas borrowers
- Borrowers Earning less Than 2 USD / Day

PAR and Sectoral Breakdown per Region

- Planting
- Livestock & Fishing
- Trading & Commerce
- Housing
- Other

PAR 30 as at 31.12.2012 by region and total
The First Micro Bank Mozambique is a part of the Aga Khan Agency for Microfinance (AKAM). The underlying objectives of AKAM are to reduce poverty, diminish the vulnerability of the poor and alleviate economic and social exclusion. AKAM’s ultimate aim is to improve the quality of life by helping people increase their incomes, become self-reliant and gain the skills needed to graduate into the mainstream financial markets.

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