AFGHANISTAN MICROFINANCE ASSOCIATION

INCLUSIVE FINANCE IN MOTION

Microfinance Sector Performance Report

MICROVIEW |Q2-2026

Outreach | Opportunity | Resilience

72,025
ACTIVE FINANCING CLIENTS

AFN 5.13 BILLION
FINANCING PORTFOLIO

132
BRANCHES

26
PROVINCES



Funded by:

MISFA LTD
Microfinance Investment and Support Facility for Afghanistan

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QUARTERLY COMPARISON

Microfinance Institutions		Quarters		
Indicators	Unit	Q 1, 2026	Q 2, 2026	Change
Active Clients	No	45,915	50,662	+4,747
Gross Islamic Financing Portfolio	AFN	2,964,329,162	3,223,608,909	+259,279,747
PAR>30 days	%	0.16%	0.32%	+0.16%
Average Financing Size	AFN	64,561	63,630	-932
Gross Islamic Financing Portfolio per Financing Officer	AFN	6,416,297	6,815,241	+398,944
Clients per Financing Officer	No	99	107	+8
Clients per MF Staff member	No	43	47	+5
Operationally Self-Sustainable Institutions	No	4	4	0

Banks		Quarters		
Indicators	Unit	Q 1, 2026	Q 2, 2026	Change
Active Clients	No	20,635	21,363	+728
Savers	No	80,465	82,663	+2,198
Amount of Savings	AFN	13,293,799,997	14,913,771,432	+1,619,971,435
Gross Islamic Financing Portfolio	AFN	1,816,280,503	1,909,519,934	+93,239,431
PAR>30 days	%	0.005%	0.06	+0.05%
Gross Conventional Loan Portfolio	AFN	-	-	-
Gross Islamic Financing Portfolio per Financing Officer	AFN	7,150,711	7,762,276	+611,566
Clients per Financing Officer	No	81	87	+6
Clients per Bank Staff member	No	24.2	25.6	+1.34
Operationally Self-Sustainable Institutions	No	-	-	-

KEY INDICATORS

	Institution	No. of Provinces Covered	No. of Branches	No. of MF Staff	No. of Financing Officers	No. of Active Financing Clients	No. of Female Financing Client	% Female Financing Clients
MFIs	OXUS	15	33	546	261	31,465	16,877	54%
	Mutahid	10	16	342	128	15,256	7,308	48%
	Momin Afghan	2	5	72	26	1,239	372	30%
	Shahy Khazana	2	4	22	27	1,099	469	43%
	Aurum	2	2	8	4	74	5	7%
	Hassel	21	13	51	19	1,206	274	23%
	Lamen	5	5	27	8	323	21	7%
	Sub-Total	**57**	**78**	**1,068**	**473**	**50,662**	**25,326**	**49.99%**
Banks	FMFB	14	25	824	222	21,113	6,164	29%
	GB	8	17	8	22	154	35	23%
	IBA	11	12	3	2	96	2	2%
	Sub-Total	**33**	**54**	**835**	**246**	**21,363**	**6,201**	**29%**
	Grand Total	**26**	**132**	**1,903**	**719**	**72,025**	**31,268**	**43.77%**

	Institution	Gross Islamic Portfolio	OSS %	PAR>30 Days	OSS >=100%
MFIs	OXUS	1,767,235,236	137%	0.33%	Yes
	Mutahid	665,374,323	108%	0.24%	Yes
	Momin Afghan	217,195,279	99%	0.00%	No
	Shahy Khazana	90,624,661	81%	0.00%	No
	Aurum	8,800,840	22%	0.00%	No
	Hassel	425,397,828	256%	0.71%	Yes
	Lamen	48,980,742	33%	0.00%	No
	Sub-Total	**3,223,608,909**	105%	**0.32%**	**3**
Banks	FMFB	1,852,420,602	120%	0.06%	Yes
	GB	37,397,018	114%	0.00%	Yes
	IBA	19,702,314	118.88%	0.00%	No
	Sub-Total	**1,909,519,934**	**78%**	**0.06%**	**2**
	Grand Total	**5,133,128,842**	**97%**	**0.23%**	**5**

MICROFINANCING

Quarterly Comparison

Indicators	Institution		Total	Group	Individual	Male	Female
No. of Active Financing Clients	MFIs	Q1-2026	45,915	5,688	40,227	23,044	22,871
		Q2-2026	50,662	6,555	44,107	25,336	25,326
	Banks	Q1-2026	20,635	-	20,635	14,939	5,696
		Q2-2026	21,363	-	21,363	15,162	6,201
Islamic Financing Portfolio	MFIs	Q1-2026	2,964,329,162	48,453,028	2,815,876,134	2,152,884,711	811,444,451
		Q2-2026	3,223,608,909	257,972,091	2,965,636,818	2,337,766,636	885,842,273
	Banks	Q1-2026	1,816,280,503	-	1,816,280,503	1,383,021,684	433,258,818
		Q2-2026	1,909,519,933.8	-	1,909,519,934	1,433,878,423	475,641,511
Portfolio at Risk >30 Days	MFIs	Q1-2026	7,399,218	-	-	-	-
		Q2-2026	10,461,702	-	-	-	-
	Banks	Q1-2026	83,280	-	-	-	-
		Q2-2026	1,101,186	-	-	-	-
Average Financing size	MFIs	Q1-2026	64,561	26,099	70,000	93,425	35,479
		Q2-2026	63,630	39,355	67,237	92,271	34,978
	Banks	Q1-2026	88,019	-	88,019	92,578	76,064
		Q2-2026	89,384	-	89,384	94,571	76,704
No. of Financing	MFIs	Q1-2026	14,932	2,105	12,827	7,956	6,976
		Q2-2026	15,191	2,615	12,576	7,399	7,811
	Banks	Q1-2026	4,315	-	4,315	3,245	1,070
		Q2-2026	4,239	-	4,239	2,951	1,288
Amount of Financing	MFIs	Q1-2026	1,644,486,058	117,411,700	1,527,074,358	1,272,764,985	371,720,799
		Q2-2026	1,806,727,917	444,167,000	1,362,560,917	1,325,220,636	481,507,281
	Banks	Q1-2026	558,982,277	-	558,982,277	432,436,861	126,545,417
		Q2-2026	618,028,640	-	618,028,640	452,903,673	165,124,967

Institutions	Quarter	Number of Branches
MFIs	Q1-2026	73
	Q2-2026	78
Banks	Q1-2026	42
	Q2-2026	54
Total 2026-Q2		132

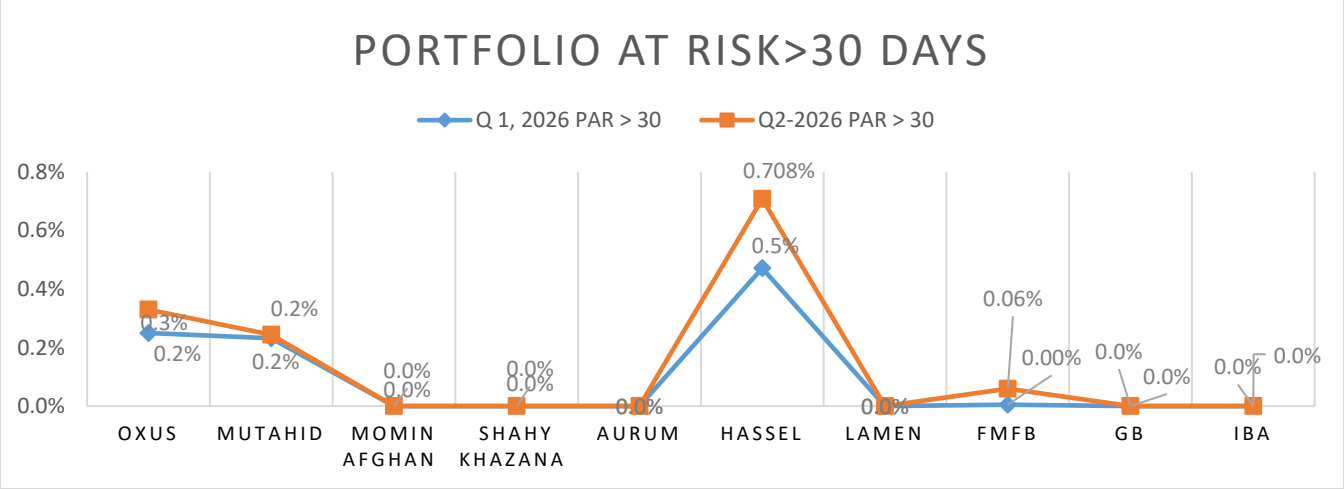
Top 10 Provinces by Number of Active Financing Clients

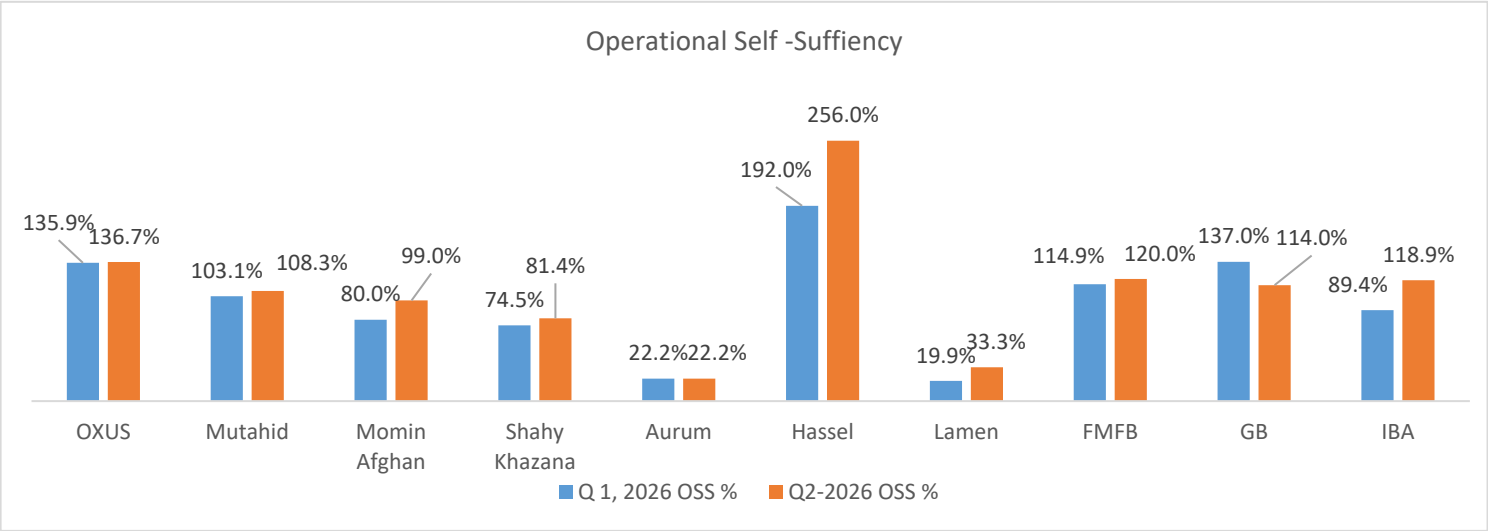
Province	Q1-2026	Growth
Kabul	25,353	9.8%
Balkh	9,982	2.9%
Herat	3,779	-3.4%
Bamyan	2,892	27.7%
Baghlan	3,944	8.3%
Badakhshan	4,814	7.8%
Parwan	1,891	4.1%
Takhar	2,030	9.2%
Jowzjan	5,394	13.5%
Nangarhar	880	11.0%

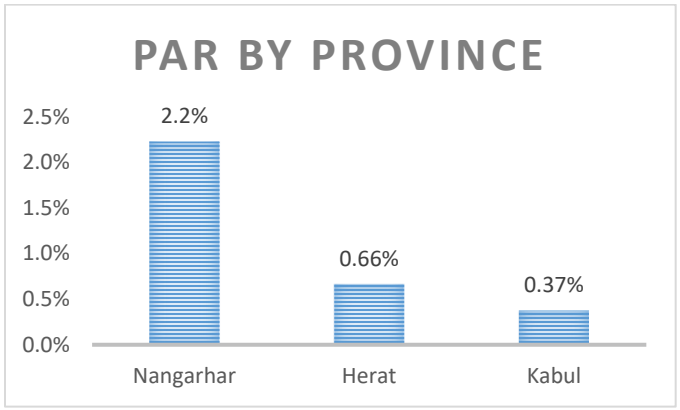
Top 10 Provinces by Gross Islamic Portfolio (AFN)

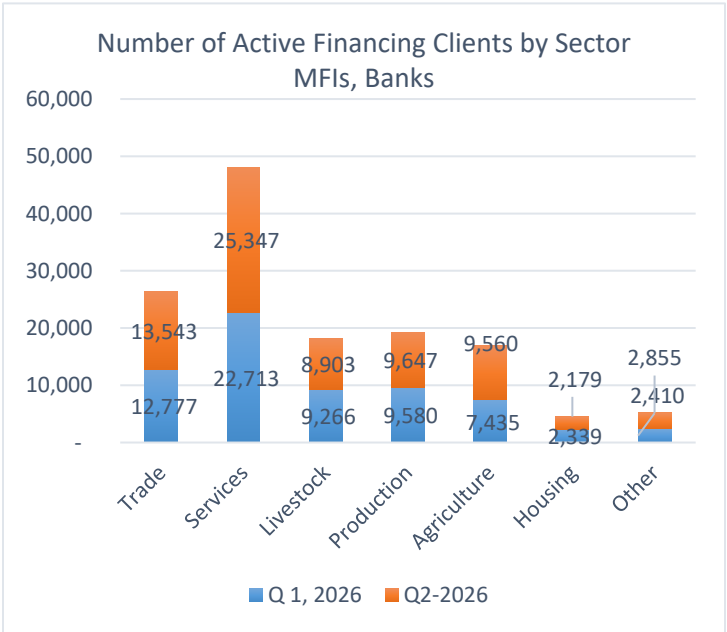
Province	Q1-2026	Growth
Kabul	1,620,955,448	10.8%
Balkh	697,075,514	-4.2%
Herat	250,489,906	-19.7%
Bamyan	408,570,402	26.5%
Baghlan	296,064,671	12.1%
Badakhshan	367,844,542	19.4%
Parwan	87,761,423	4.7%
Takhar	181,483,066	10.4%
Jowzjan	285,175,841	10.7%
Nangarhar	92,048,201	2.3%

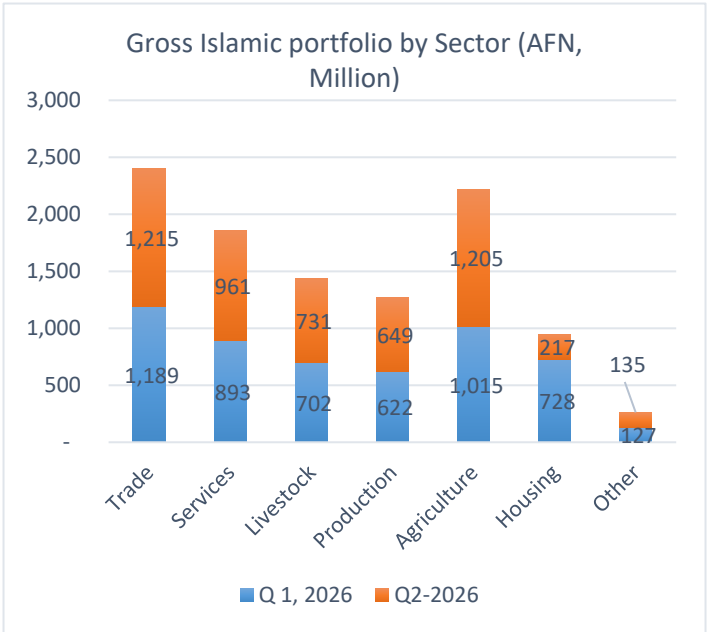
MFIs and Banks Portfolio quality

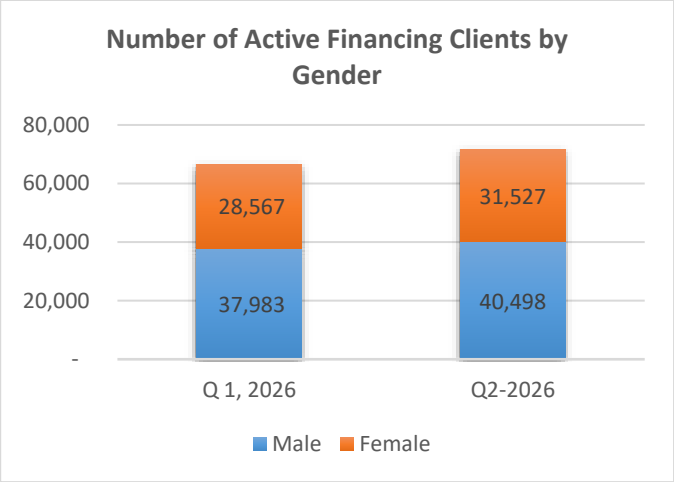


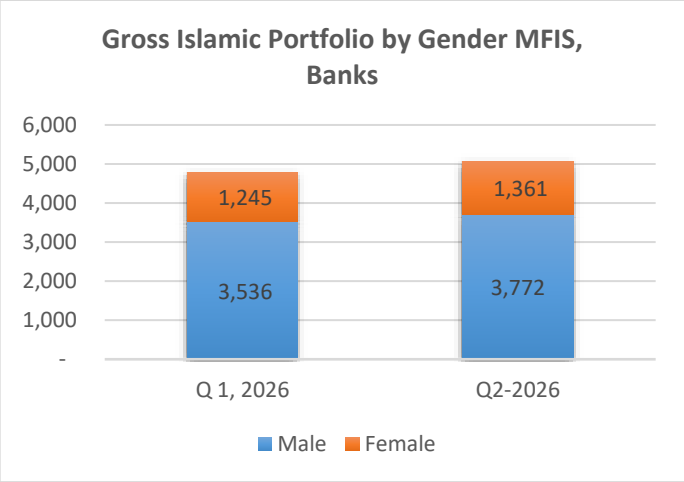

Operational Self -Suffiency
135.9%
136.7%
103.1%
108.3%
80.0%
99.0%
74.5%
81.4%
22.2%
22.2%
192.0%
256.0%
19.9%
33.3%
114.9%
120.0%
137.0%
114.0%
89.4%
118.9%
OXUS
Mutahid
Momin Afghan
Shahy Khazana
Aurum
Hassel
Lamen
FMFB
GB
IBA
Q 1, 2026 OSS %
Q2-2026 OSS %

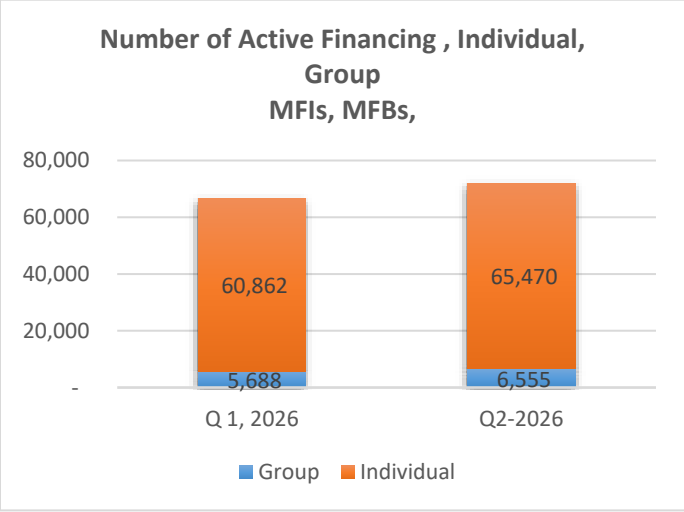

PAR BY PROVINCE
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
2.2%
0.66%
0.37%
Nangarhar
Herat
Kabul

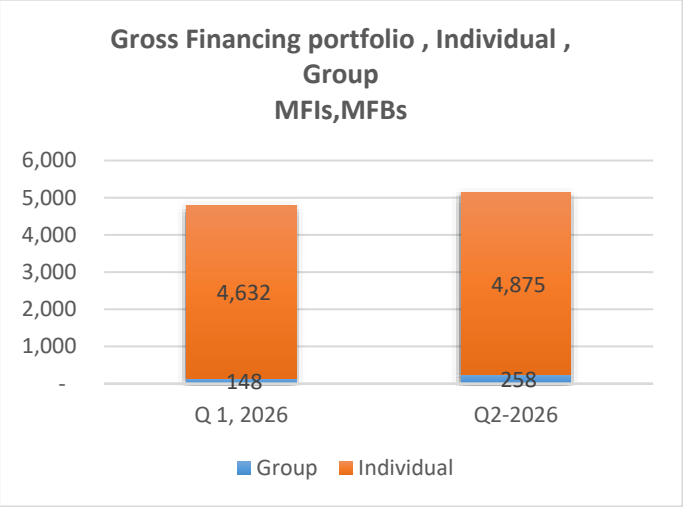

Number of Active Financing Clients by Sector MFIs, Banks
60,000
50,000
40,000
30,000
20,000
10,000
-
13,543
12,777
25,347
22,713
8,903
9,266
9,647
9,580
9,560
7,435
2,179
2,339
2,855
2,410
Trade
Services
Livestock
Production
Agriculture
Housing
Other
Q 1, 2026
Q2-2026

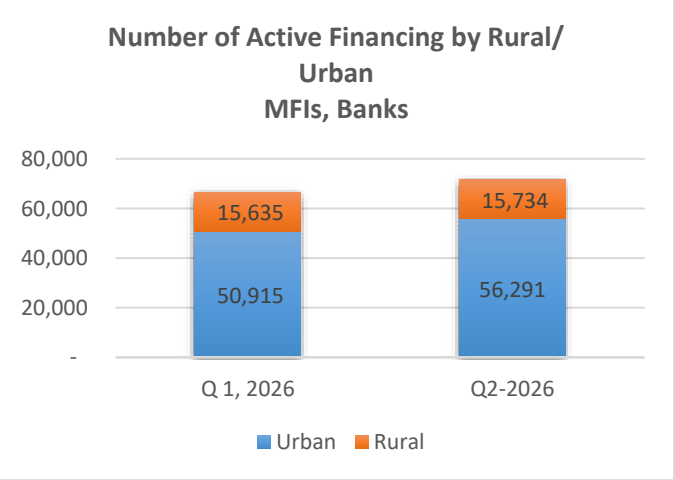

Gross Islamic portfolio by Sector (AFN, Million)
3,000
2,500
2,000
1,500
1,000
500
-
1,215
1,189
961
893
731
702
649
622
1,205
1,015
217
728
135
127
Trade
Services
Livestock
Production
Agriculture
Housing
Other
Q 1, 2026
Q2-2026

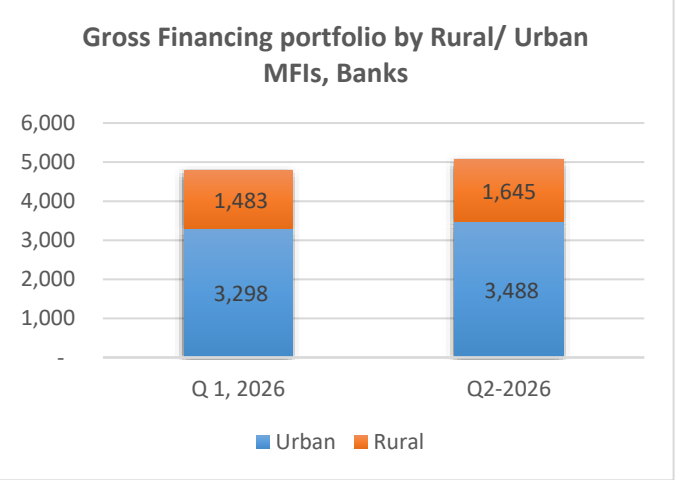

Number of Active Financing Clients by Gender
80,000
60,000
40,000
20,000
-
28,567
37,983
31,527
40,498
Q 1, 2026
Q2-2026
Male
Female


Gross Islamic Portfolio by Gender MFIS, Banks
6,000
5,000
4,000
3,000
2,000
1,000
-
1,245
3,536
1,361
3,772
Q 1, 2026
Q2-2026
Male
Female

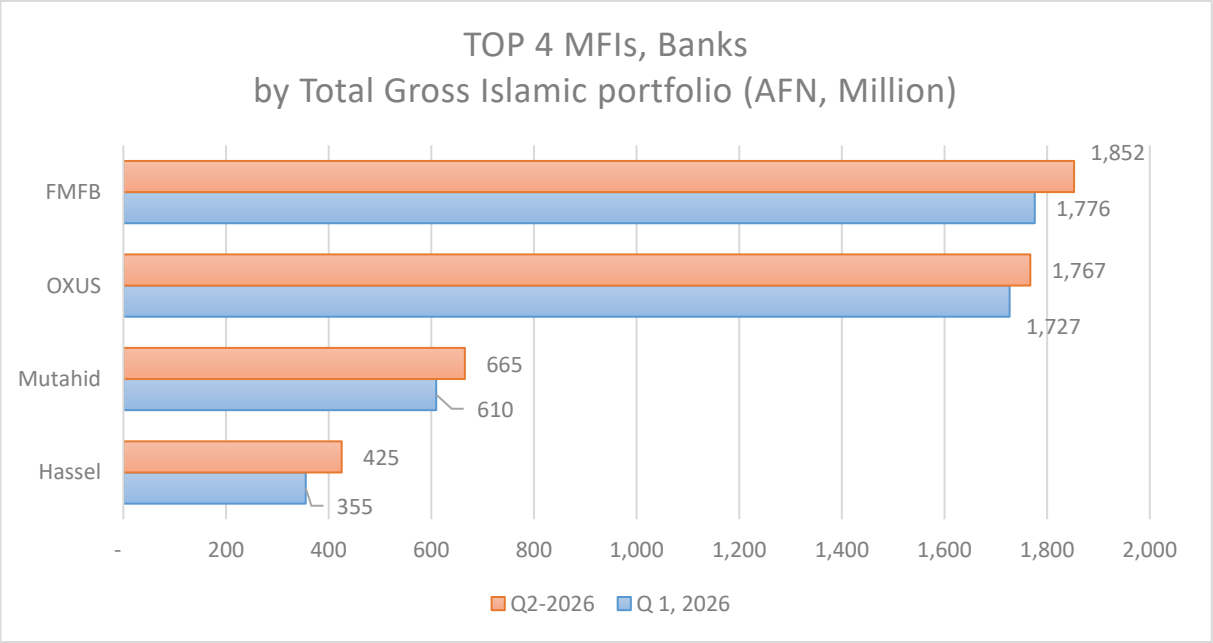

Number of Active Financing , Individual, Group
MFIs, MFBs,
80,000
60,000
40,000
20,000
-
60,862
5,688
65,470
6,555
Q 1, 2026
Q2-2026
Group
Individual

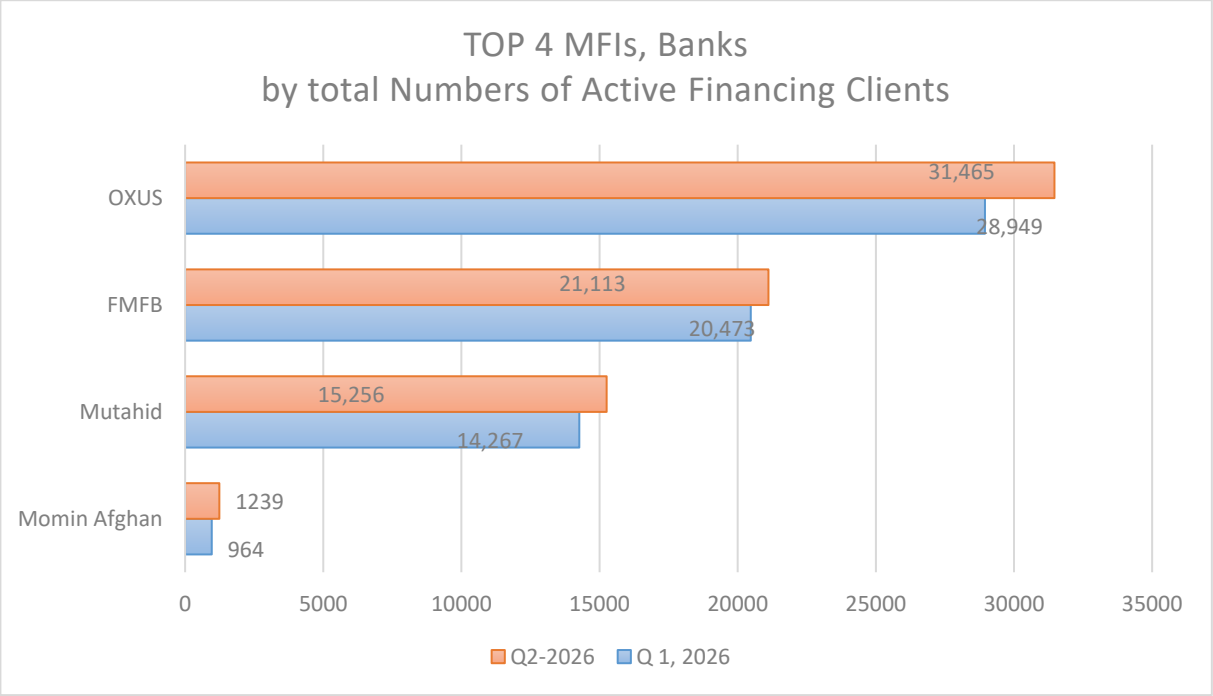

Gross Financing portfolio , Individual , Group
MFIs,MFBs
6,000
5,000
4,000
3,000
2,000
1,000
-
4,632
148
4,875
258
Q 1, 2026
Q2-2026
Group
Individual

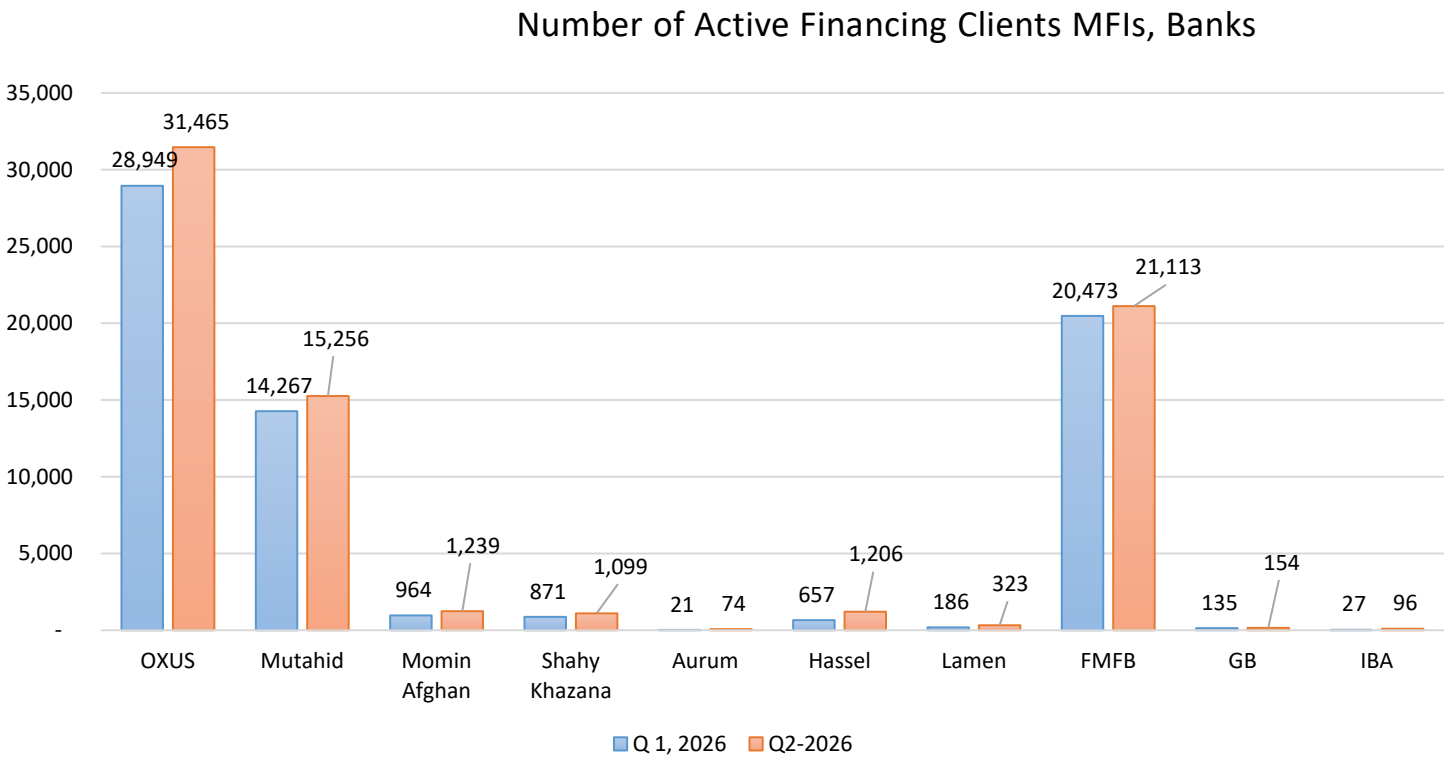

Number of Active Financing by Rural/ Urban
MFIs, Banks
80,000
60,000
40,000
20,000
-
15,635
50,915
15,734
56,291
Q 1, 2026
Q2-2026
Urban
Rural

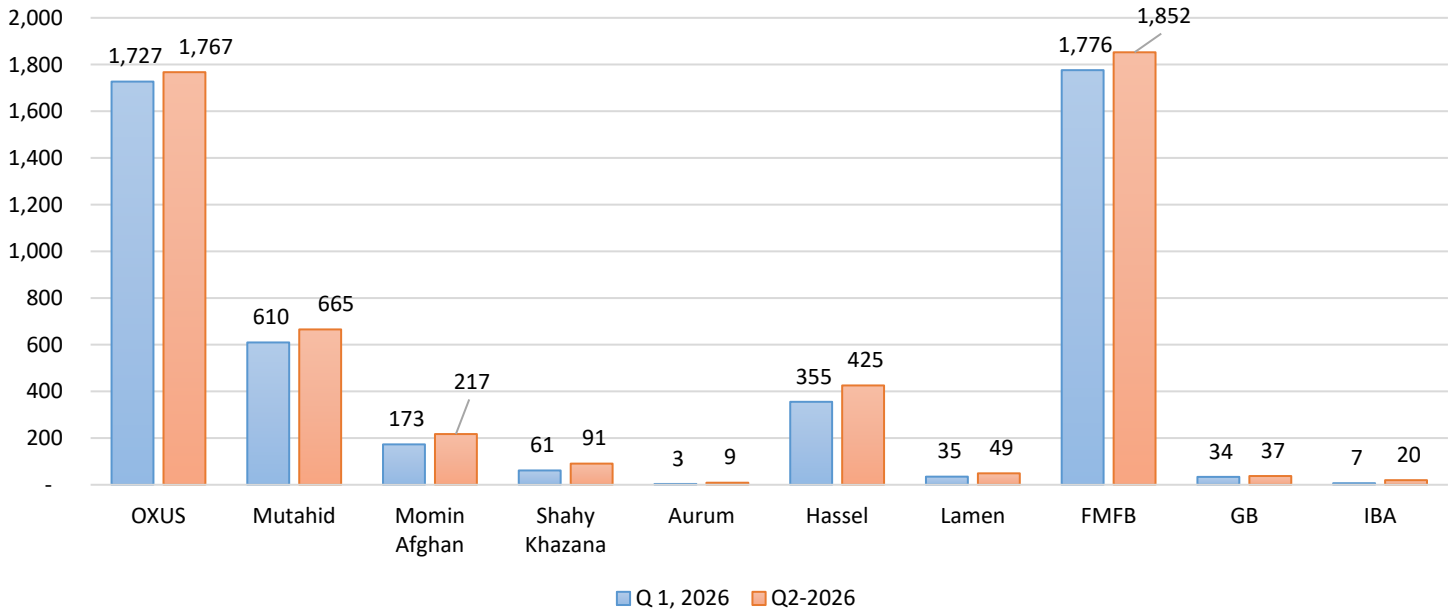

Gross Financing portfolio by Rural/ Urban
MFIs, Banks
6,000
5,000
4,000
3,000
2,000
1,000
-
1,483
3,298
1,645
3,488
Q 1, 2026
Q2-2026
Urban
Rural

Four largest Institutions

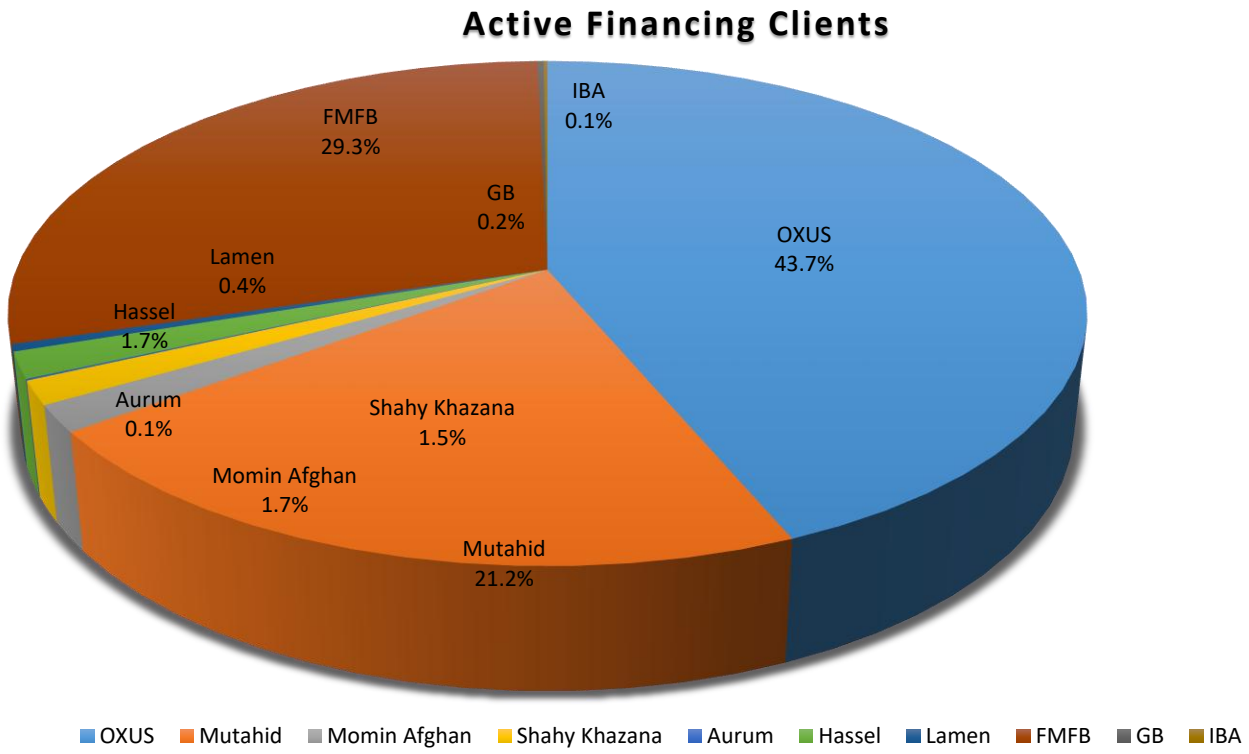


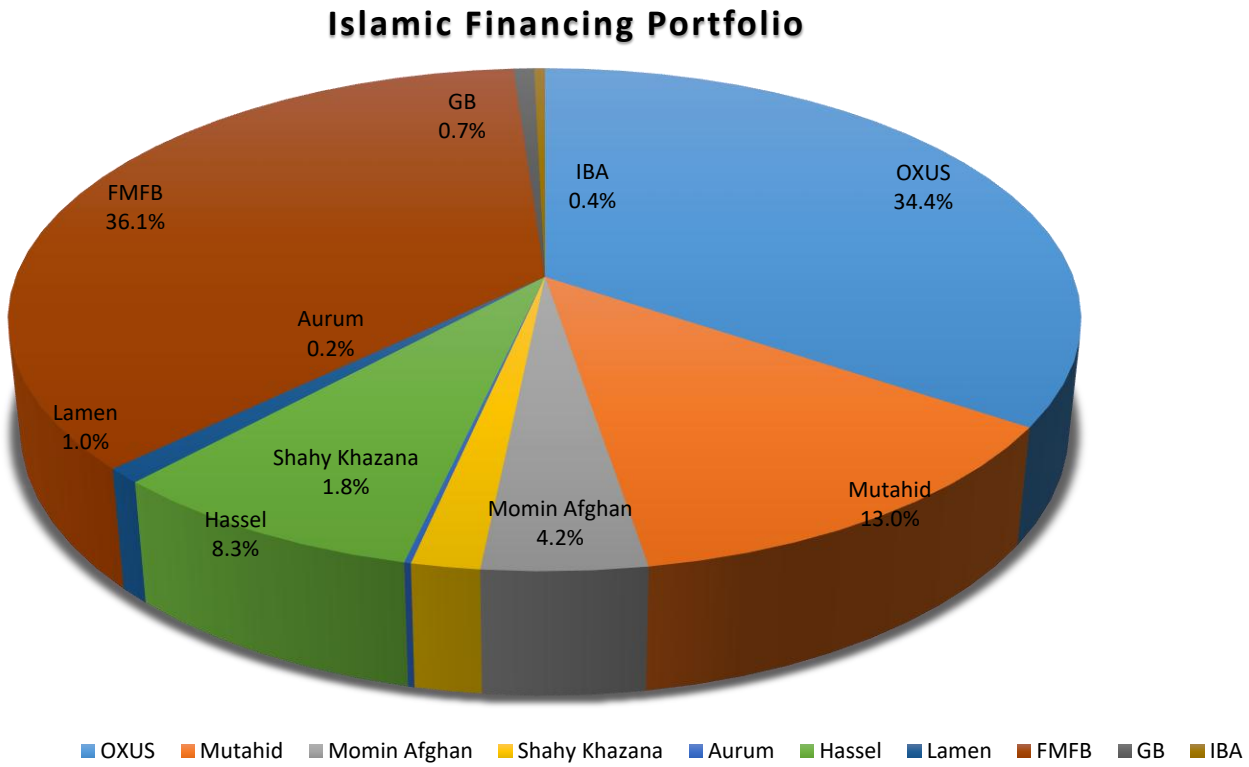



Number of Active Financing Clients MFIs, Banks
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
28,949
31,465
14,267
15,256
964
1,239
871
1,099
21
74
657
1,206
186
323
20,473
21,113
135
154
27
96
OXUS
Mutahid
Momin Afghan
Shahy Khazana
Aurum
Hassel
Lamen
FMFB
GB
IBA
Q 1, 2026
Q2-2026


Gross Islamic Protfolio MFIs, Banks
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
1,727
1,767
610
665
173
217
61
91
3
9
355
425
35
49
1,776
1,852
34
37
7
20
OXUS
Mutahid
Momin Afghan
Shahy Khazana
Aurum
Hassel
Lamen
FMFB
GB
IBA
Q 1, 2026
Q2-2026

MARKET SHARES





MICROFINANCE OUTREACH

Province	Number of Branches	Islamic Financing Portfolio		PAR >30 Days
	No	No	Amount	Amount
Badakhshan	13	4,814	367,844,542	-
City District - Badakhshan	4	1,878	144,190,269	-
Other Districts	9	2,936	223,654,274	-
Badghees	-	-	-	-
City District - Badghees	-	-	-	-
Other Districts	-	-	-	-
Baghlan	7	3,944	296,064,671	270,833
City District - Baghlan	5	3,579	280,855,796	270,833
Other Districts	2	365	15,208,875	-
Balkh	18	9,982	697,075,514	319,351
City Districts - Balkh	7	7,038	524,935,810	319,351
Other Districts	11	2,944	172,139,704	-
Bamyan	4	2,892	408,570,402	493,100
City District Bamyan	2	2,217	319,420,330	493,100
Other Districts	2	675	89,150,071	-
Daykundi	-	-	-	-
City District - Daykundi	-	-	-	-
Other Districts	-	-	-	-
Farah	-	-	-	-
City District - Farah	-	-	-	-
Other Districts	-	-	-	-
Faryab	3	3,643	201,758,870	-
City District - Faryab	2	1,927	121,372,100	-
Andkhoi	1	1,716	80,386,770	-
Ghazni	2	881	92,314,272	-
City District - Ghazni	2	879	91,483,772	-
Other Districts	-	2	830,500	-
Ghor	-	-	-	-
City District - Ghor	-	-	-	-
Other Districts	-	-	-	-
Helmand	1	1	79,844	-
City District - Helmand	1	1	79,844	-
Other Districts	-	-	-	-
Herat	5	3,779	250,489,906	1,664,970
City District - Herat	5	3,674	228,727,497	1,664,970
Other Districts	-	105	21,762,409	-
Jowzjan	5	5,394	285,175,841	-
City District - Jowzjan	3	4,475	242,313,700	-
Other Districts	2	919	42,862,140	-
Kabul	41	25,353	1,620,955,448	6,004,894
City District - Kabul	41	24,949	1,586,458,771	6,004,894
Other Districts	-	404	34,496,677	-
Khost	-	-	-	-
City District - Khost	-	-	-	-
Other Districts	-	-	-	-

Nimruz	-	-	-	-
City District - Nimruz	-	-	-	-
Other Districts	-	-	-	-
Nuristan	1	15	570,000	-
City District - Nuristan	1	15	570,000	-
Other Districts	-	-	-	-
Kunduz	3	1,960	173,424,325	283,280
City District - Kunduz	3	1,795	124,326,649	283,280
Other Districts	-	165	49,097,676	-
Nangarhar	6	880	92,048,201	2,045,029
City District Nangarhar	6	846	74,544,351	2,045,029
Other Districts	-	34	17,503,850	-
Parwan	4	1,891	87,761,423	73,324
City District - Parwan	4	1,806	83,671,580	73,324
Other Districts	-	85	4,089,843	-
Samangan	5	1,982	135,255,515	-
City District - Samangan	5	1,947	130,984,681	-
Other Districts	-	35	4,270,834	-
Saripul	3	2,134	107,185,967	-
City District - Saripul	3	2,101	105,600,636	-
Other Districts	-	33	1,585,331	-
Takhar	6	2,030	181,483,066	-
City District - Takhar	6	1,908	173,184,455	-
Other Districts	-	122	8,298,611	-
Urozgan	-	-	-	-
City District - Urozgan	-	-	-	-
Other Districts	-	-	-	-
Kandahar	2	51	27,670,386	-
City District - Kandahar	2	19	9,447,469	-
Other Districts	-	32	18,222,917	-
Paktia	-	91	42,389,974	-
City District - Paktia	-	62	28,494,295	-
Other Districts	-	29	13,895,679	-
Panjshir	-	61	9,277,680	-
City District - Panjshir	-	16	1,824,481	-
Other Districts	-	45	7,453,199	-
Logar	-	34	24,539,952	408,106
City District - Logar	-	13	9,119,131	408,106
Other Districts	-	21	15,420,821	-
Kunarha	2	184	23,410,202	-
City District - Kunarha	2	182	22,626,372	-
Other Districts	-	2	783,830	-
Laghman	-	16	4,772,682	-
City District - Laghman	-	8	2,786,952	-
Other Districts	-	8	1,985,730	-
Kapisa	-	10	1,937,440	-
City District - Kapisa	-	6	998,660	-
Other Districts	-	4	938,780	-

Paktika	-	2	322,721	-
City District - Paktika	-	2	322,721	-
Other Districts	-	-	-	-
Wardak	1	1	750,000	-
City District - Wardak	1	1	750,000	-
Other Districts	-	-	-	-
Zabul	-	-	-	-
City District - Zabul	-	-	-	-
Other Districts	-	-	-	-
Grand Total	**132**	**72,025**	**5,133,128,842**	**11,562,888**

ISLAMIC MICROFINANCE LANDSCAPE

The second quarter of **2026** marked an operational shift for Afghanistan's microfinance sector, moving beyond the baseline transitions of the post-2021 period into a phase of active, finance-driven market expansion. While the historic overhaul from conventional, interest-based structures to full Sharia compliance laid the initial groundwork, Q2 data reveals that the market is now dealing with the direct operational effects of this rapid growth. The sector has advanced significantly from its previous baseline, but this quick buildup is placing new demands on institutional structures.

A clear sign of this change is the ongoing pressure on institutional equity frameworks. In earlier quarters, member institutions of the Afghanistan Microfinance Association (AMA) had to absorb high structural and infrastructure set-up costs directly from their own capital, which led to thin capital positions across the industry.

As we reach mid-2026, the main challenge has shifted. Providers are now trying to rebuild their balance sheets and maintain safe capital levels while simultaneously paying for digital infrastructure upgrades, expanding their branch networks, and managing the risks of a much larger financing portfolio.

The regulatory and support environment has also adjusted to handle this expanding market. The Microfinance Investment and Support Facility for Afghanistan (**MISFA**) has expanded its focus from basic transitional capacity building to deeper system management. It now provides targeted liquidity, technical tools, and risk-management setups to help local institutions stabilize their operations. Concurrently, Da Afghanistan Bank (**DAB**) has expanded the organized financial sector by granting operating licenses to two new microfinance institutions, **Hamkar** and **Apex Amanat**.

Moving forward, the ongoing policy dialogue between DAB, MISFA, and local operators will focus heavily on managing real-world field challenges to maintain balanced, transparent Sharia governance alongside strict commercial financing rules.

This credit growth occurred despite continuous macroeconomic headwinds across Afghanistan in mid-2026. Even with modest gains in overall economic output, high population growth and returning refugee inflows continue to reduce per capita incomes. With headline inflation sitting at **7.6% in June 2026**, combined with trade bottlenecks and weak private sector investment, local households and small businesses face tight liquidity conditions. For microfinance providers, these conditions create a dual challenge. They generate high demand for small enterprise and safety-net loans, while simultaneously putting pressure on the repayment and cash-flow capacities of existing Financing Clients.

Sector impact

The sector entered Q2 of 2026 with a stronger institutional base and clearer evidence of recovery following the post-2021 transition to fully Sharia-compliant operations. The continued support of MISFA has remained an important stabilizing factor throughout this transition. Its sustained financial and technical assistance has helped institutions convert products and operating models, strengthen institutional capacity, and maintain the foundation required for longer-term financial sustainability. The Q2 results suggest that this support is translating into renewed operating depth. MFI active financing

clients increased from 45,915 to 50,662, while the MFI gross Islamic financing portfolio rose from AFN 2.96 billion to AFN 3.22 billion. Five institutions remained operationally self-sustainable during the quarter, indicating continued progress toward a more resilient sector structure.

Institutional participation also broadened during the quarter. Islamic Bank of Afghanistan (IBA) moved from non-reporting to active reporting in Q2, contributing 12 branches, 96 active microfinance clients and AFN 19.70 million in gross Islamic financing portfolio. The reporting pipeline was strengthened further through the newly granted AMA memberships of Hamkar and Apex Amanat. Although both institutions remained non-reporting in Q2, their admission into the Association represents a positive step in widening the organized institutional base and creating a stronger platform for future sector reporting, coordination and market development. This progression, together with the expansion of the branch network to 132 outlets, reflects a sector gradually moving from post-transition stabilization toward broader and more diversified service delivery.

Challenges

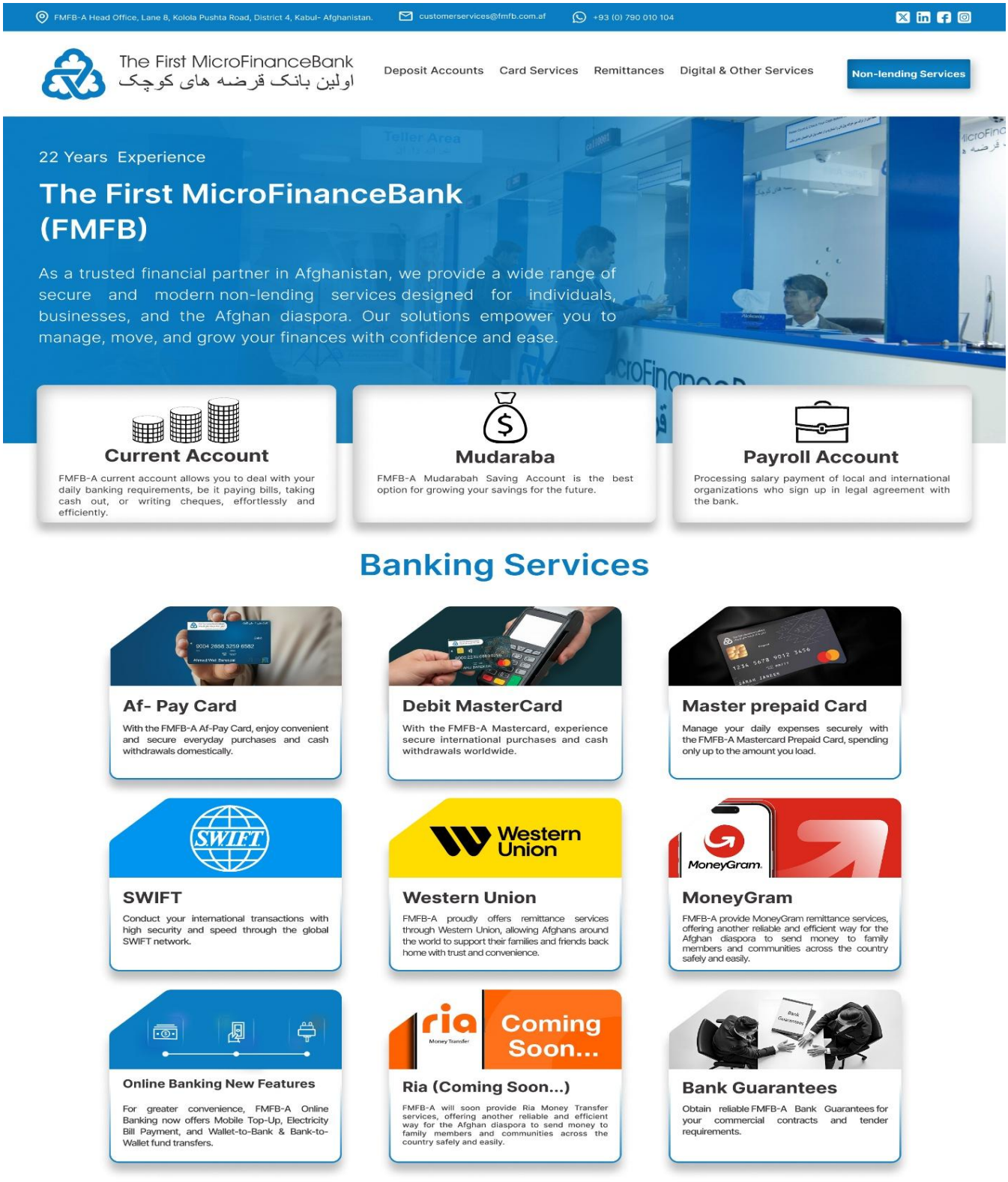
- Rapid growth appears to put pressure on portfolio quality. Active clients reached 72,025 and the gross Islamic financing portfolio exceeded AFN 5.13 billion. However, MFI PAR over 30 days increased from 0.16% to 0.32%, while bank PAR increased from 0.005% to 0.06%. These levels remain low, still the upward trend is worth close monitoring.
- Liquidity constraints, provisioning requirements, financing costs, and expensive bank funding continue to reduce operating margins and make sustainable growth more difficult.
- Risk management, client assessment, collections, staff productivity, and governance systems are considerably worth improvement at the same pace as the portfolio grows. Without stronger systems, rapid expansion may create operational and financial risks.

Areas of improvement

- Female outreach needs focused action. The number of women clients increased from 28,567 in Q1 to 31,268 in Q2 and women represented 43% of total clients in both quarters. This means women participated in the sector's overall growth but gaining a larger share of outreach can be focus point for improvement. MISFA, other agencies, donors, and providers can help close this gap through products designed around women's needs, greater use of female staff and agent networks, accessible delivery channels, market-based financial literacy, and regular monitoring by gender, location, and product.
- Support new AMA members, including Hamkar and Apex Amanat, to follow common standards for reporting, learning, and sector coordination as they prepare for active market participation.
- To reach remote and underserved clients while lowering transaction and administrative costs digitalization still remains a vital option and offers a stronger route. Priorities include reliable management information systems, digital client onboarding, payment and collection channels, portfolio monitoring, and secure data exchange. MISFA's continuing strategic support can help institutions introduce these tools in a controlled way, improve data quality and cybersecurity, and use timely information to identify repayment problems before they become more serious.

- Strengthened coordination among MISFA, DAB, AMA, financial institutions, and development partners is vital. Sector progress should not only be measured by client numbers and portfolio growth, but also by portfolio quality, sustainability, geographic coverage, and service to underserved communities.
- More bank financing, supported by suitable guarantees or collateral arrangements, would ease MFI liquidity constraints. MISFA and development partners can help structure Sharia-compliant risk-sharing mechanisms linked to capital recovery, responsible growth, women's financial inclusion, green financing, and clear portfolio-quality thresholds.

MEMBERS' PROFILE



Microfinance Institutions and Banks Reporting during last and current reporting period

Institutions/Reporting	Q1 –2026	Q2 – 2026
FMFB	Yes	Yes
OXUS	Yes	Yes
Mutahid	Yes	Yes
GB	Yes	Yes
Shahy Khazana	Yes	Yes
Momin Afghan	Yes	Yes
Hassel	Yes	Yes
Aurum	Yes	Yes
IBA	No	Yes
Lamen	Yes	Yes
HAMKAR	No	No
Apex Amanat	No	No

AMA donor:

AMA member microfinance institutions:

AMA member banks: