



FINCA®

The first among the leaders in microfinance



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Annual Report

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Mission

The mission of FINCA Azerbaijan is to provide financial services to Azerbaijan's lowest-income entrepreneurs so they can create jobs, build assets and improve their standard of living. We deliver these services through a global network of locally managed, self-supporting institutions.

Vision

FINCA Azerbaijan's vision is to be the leading micro-finance institution in Azerbaijan.

We want to be the institution that micro-entrepreneurs and small business people turn to for their financial service's needs. We want to be known and respected throughout the country.

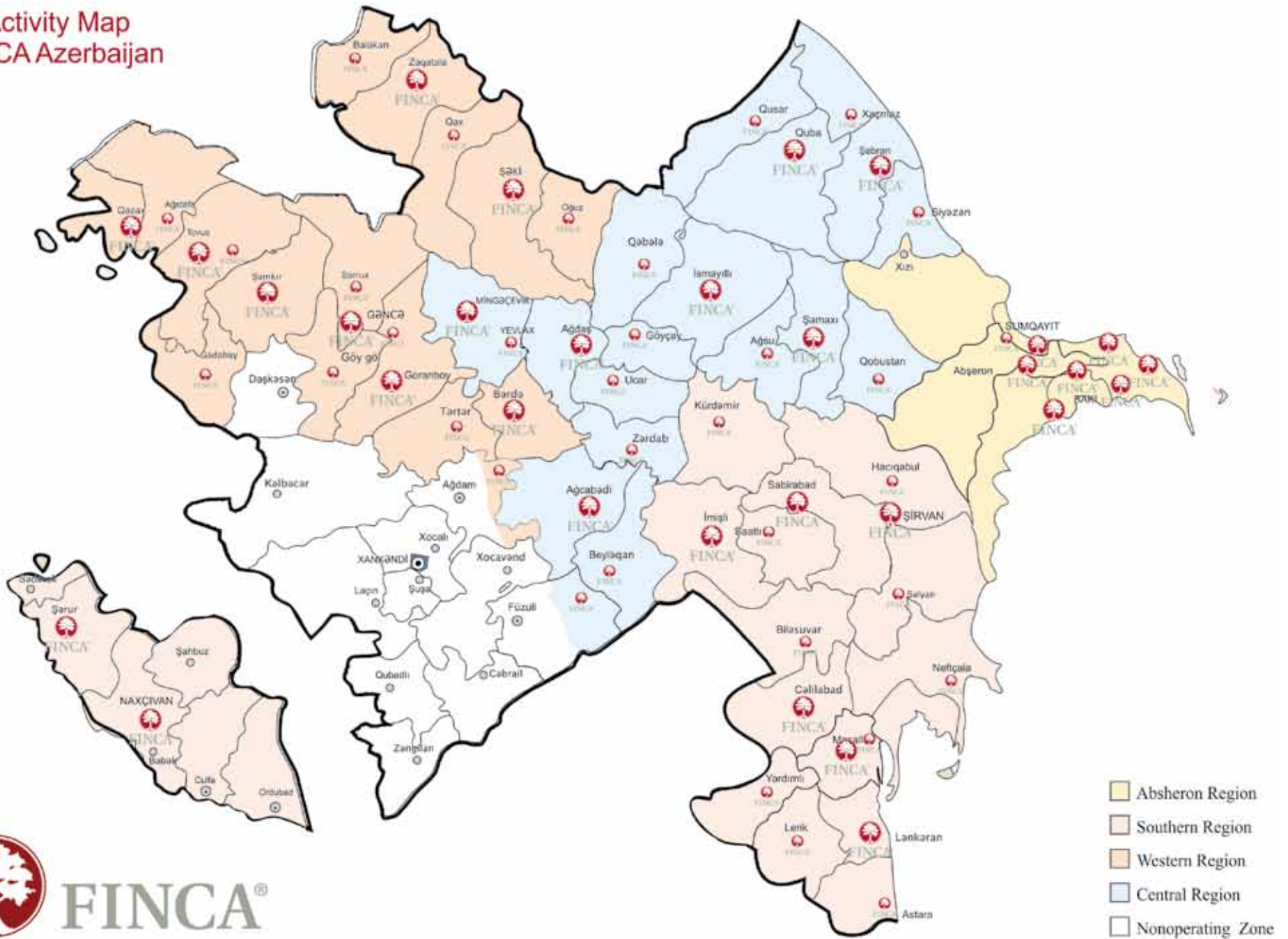
To achieve this, we must become a permanent, sustainable financial institution with branch network of national coverage.

Letter from the CEO	
Milestones and events of 2012	
Summary of Performance	
New Loan Product	
Customer Stories	
Independent Auditors Report	
Statement of Comprehensive Income	
Statement of Financial Position	
Statement of Changes in Equity	
Statement of Cash Flows	
Portfolio and Client Growth since 1998	
Executive Management Team	
Branch Network	



*Sanan Sharifov,
Shabran, Azerbaijan*

Activity Map FINCA Azerbaijan



Letter *From the CEO*

Dear Colleagues, Customers and Partners,



Like in previous years, the last year will be remembered as a year of great changes and comprehensive development. In 2012 FINCA Azerbaijan has accomplished new achievements having successfully implemented its development strategy. I would like to draw your attention to some positive results and achievements that are significant to us. Certainly, these results are related to the sustained development of the country's economy, including development of the microfinance industry.

In 2012, FINCA Azerbaijan continued its successful development and ten-year leadership at microfinance market in terms of number of clients. Thus, last year active client number increased by 14% and reached 136,919 clients, which is approximately 29% of the microfinance market in the country. And increase in loan portfolio is 30%, which is more than two times compared to number of clients. At the end of 2012 the loan portfolio of the company exceeded \$150 million. We take pride, though with humility, in these great achievements with the help of all staff and this further solidifies our intent/mission to continue providing support to all those clients with financial services.

Last year the organization expanded its network by opening 2 new branches and 2 new market-offices. Besides this, last year the organization was honored with "Organization with exemplary customer complaints management mechanism" award by the Azerbaijan Microfinance Association.

FINCA Azerbaijan has been operating in Azerbaijan since 1998 and is the microfinance market leader in terms of client number and scope of its services. FINCA Azerbaijan belongs to the FINCA International network, which provides financial services to low-income entrepreneurs in 22 countries on 5 continents.

Currently, FINCA Azerbaijan has 30 branches and 34 market-offices providing financial services to more than 140,000 active clients in more than 60 districts and cities throughout the country. Since 1998 FINCA Azerbaijan has given more than 800,000 credits with the more than 800 million USD amount. FINCA has impact on more than 500,000 entrepreneurs in Azerbaijan, who are the 5.6% of country population.

The main objectives of FINCA Azerbaijan in 2013 – to increase number of clients to reach 150,000 with maintaining market share and loan portfolio to go above \$200 million, to continuously improve customer service, to make all efforts to transform into a bank, and the most important – in accordance to principles of social responsibility and FINCA's mission, to make contributions to the development of small and medium entrepreneurship and socio-economic development in Azerbaijan.


What is FINCA Microfinance Holdings?

FINCA Azerbaijan is a subsidiary company of FINCA Microfinance Holdings (FMH), which is owned and managed by FINCA International, Inc., a not-for-profit micro-financial services organization operating in 22 countries on five continents, creating a global network of shared expertise. The establishment of FMH supports strengthening the FINCA brand, with a clear mandate to continue to provide financial services to the world's lowest-income entrepreneurs.

FMH leverages the funding of socially-responsible investment partners who share FINCA's mission of providing financial services to low-income entrepreneurs so they can create jobs, build assets and improve their standard of living. The partners in FMH include a carefully-selected group of international development banks and socially-responsible investment firms whose missions align with FINCA's own goal of alleviating global poverty. These organizations share our "double-bottom line" approach of maximizing social benefits with financial returns, and have long-standing lending relationships with FINCA. They include:

- International Finance Corporation, a member of the World Bank Group;
- KfW, the German development bank;
- FMO, the Dutch development bank;
- Responsibility Global Microfinance Fund, an investment fund advised by the Zurich-based asset manager responsibility Social Investments AG
- Triple Jump, a Netherlands-based microfinance investment firm.

In tandem with FMH, FINCA has also established a Social Performance Audit Committee of the Board, a first-of-its-kind in the industry. The goal of this Committee is to identify and track social performance indicators on an ongoing basis to ensure that FINCA remains focused on client welfare and protection, maintains transparency, and develops new products that are tailored to enhance client well being.

 Sincerely,

Manish Sane
Baku, Azerbaijan

Milestones and events of 2012

Opening Ceremonies of the new Branches and Offices

Expanding its branch network, FINCA Azerbaijan held opening ceremonies of the new offices of 7 branches and 5 sub-branches located in the different regions of Azerbaijan. The ceremonies were attended by CEO of FINCA Azerbaijan Manish Sane and other senior managers, representatives of Local Executive Committees, clients and guests from other banks and financial institutions. Guests got acquainted with the modern branch offices and sub-offices, received information about successful implementation of social and other projects. FINCA Azerbaijan presented gifts to clients who had been cooperating with company for a long period.



Meetings and collaboration with Press

FINCA Azerbaijan always being open to cooperate with press and trying to keep it's positional image in the local press organized 2 press conferences devoted to the results of 2012. The first event was held on the eve of 22th July - National Press Day of Azerbaijan. Journalists from AzərTac, Trend, Turan, APA, SalamNews news agencies, Anspress.az, AFN.az, Marja.az, Gun.az information portals and the newspapers "Yeni Azərbaycan", "İqtisadiyyat", "İki Sahil", "525-ci qəzet" and others attended in this event.

Director of FINCA Azerbaijan Manish Sane talked to media about the achievements and the progress of organization during 2012, as well as the role of FINCA Azerbaijan in the micro-finance market of Azerbaijan. Manish Sane said that 2012 was a successful year for the organization's total loan portfolio that increased by 14% compared with 2011th year and the total number of customers compared to 2011 increased by 30%.



Awarding 125.000th Customer

On July 2012 FINCA Azerbaijan issued a loan to its 125.000th customer. A resident of Khachmaz district Intigam Mirzaliyev who applied for the loan to Guba branch became the 125.000th customer. The reward ceremony of the 125.000th customer was held in Guba branch on July 9. FINCA Azerbaijan thanked Intigam Mirzaliyev for cooperation and presented a valuable gift to him.

Intigam Mirzaliyev who engaged in private business and received his fourth loan from FINCA Azerbaijan says: "I have been one of the clients of FINCA Azerbaijan for five years, I'm very satisfied with acceptable credit terms, good customer service and, the most important, with quick and easy loan disbursement. To be the 125.000th customer was a pleasant surprise for me and I was assured once more that FINCA is always thinking about its customers".



FINCA Azerbaijan opened cash desks in all branches



FINCA Azerbaijan finished the process of cash desk opening in all the branches to increase the speed and quality of customer service.

Opening cash desk in branches provides some comfort and advantages to serving better to clients. So clients become free from the services of partner banks and they are served faster and better in FINCA offices. In addition, bank expenses are decreased to the minimum amount, lending cooperativeness is increased and becomes possible to give the disbursement loan to client which is proceed during the same day.

Awards for the achievements



In 2012, FINCA Azerbaijan continued its successful development and ten-year leadership in microfinance market in terms of number of clients. Thus, last year active client number increased by 14% and reached 136,919 clients, which is approximately 29% of the microfinance market in the country. Increase in loan portfolio was 30%, which was more than two times compared to number of clients. At the end of 2012 the loan portfolio of the company exceeded \$152 million.

As a result of success FINCA Azerbaijan was awarded with “Uğur-2012” National award by Consulting and Business magazine for the achievements in the provision of microfinance services in country and also with “Organization with exemplary customer complaints management mechanism” award by the Azerbaijan Microfinance Association”.



FINCA Azerbaijan set up *2525 Call Center

To improve the quality of financial services to small and medium entrepreneurs FINCA Azerbaijan launched a central control system of calls. Calling to the short code *2525, citizens from all regions of the country will be able to express complaints and suggestions and obtain information about the organization, services, credit terms and other information.



Corporate Social Responsibility

In 2012 FINCA Azerbaijan held a lot of different events and actions within the framework of Corporate Social Responsibility. Entertaining, charitable and educational activities were dedicated to the 1st June International Children's Day, local Novruz and Qurban Holidays. The events took place in different cities of the country such as Baku, Sumgait, Shamakhi, Guba, Goranboy, Khirdalan, Lankaran and others.

National and foreign dances, poetry and execution of the national musical instruments were performed during these events. In order to identify the creative abilities of the children painting competitions were also held in the events. The winners of the competition were awarded with painting sets from FINCA Azerbaijan. Events, organized by FINCA Azerbaijan through out the country were attended by more than 2000 children, adolescents and old men.



Cooperation with Save the Children



Within the framework of its Corporate Social Responsibility projects FINCA Azerbaijan signed a contract on cooperation with Save the Children in Azerbaijan. Under this partnership FINCA Azerbaijan provided match funding (8000 Euro) to Special Economic Action for the Blind Program (SEAB) being implemented by Save the Children from February 1, 2012 under support from European Union.

The overall goal of the SEAB program is to reduce poverty among a specific vulnerable population – the sight-impaired – by helping to create sustainable income generation capabilities for group members of Association for Blind Persons (ABPs) and their families in Ganja region. The SEAB target groups are the 2 Associations for Blind Persons (also acting as business entities/enterprises) and direct beneficiaries are 172 visual-impaired people and their family members in Ganja. The project is implemented under strong cooperation with Central Association for Blind Persons based in Baku and the Local Executive Committee in Ganja. Save the Children used the match fund by FINCA to purchase the market demanded business equipment for ABPs to expand their working capital/potential businesses by partnering with local private companies and micro finance institutions.

Supporting the young sportsmen

FINCA Azerbaijan sponsored the training of young athletes from South of Azerbaijan who train at Oriental Martial Arts Club Melee in Imishli.

FINCA Azerbaijan paid the attendance fee of 10 athletes who won National championship conducted on October 4-6 and dedicated the 89th birth anniversary of national leader Heydar Aliyev. 5 athletes with the different weight class who won first, second and third places in the World Karate Championship on 6-9 July 2012 in the city of Odessa was awarded. In order to support the young sportsmen FINCA gave judo forms, T-shirts and bags to 20 athletes from the Club.

FINCA Azerbaijan also covered the membership costs of Eldyaniz Farzaliyev who won the first place in the last Karate World Championships in Cyprus held on 20-23 October.



Help to clients affected by the earthquake



On May, 2012 FINCA Azerbaijan held meetings with clients affected by the recent earthquake happened in north-western region of the country. Residents of villages Gymyr, Bazar, Gezbarah, Mamruh, Chobankol and Gulluk village of Gax district whose houses are completely destroyed during earthquake are now being forced to stay in tents. Considering the plight of customers living in these areas FINCA Azerbaijan granted an extension for loan repayment for 3 months, and eliminated interest rates since earthquake happened day and till the end of the payment period. FINCA provided support to clients also from other areas of Zagatala and Qax, who lost their home and property because of earthquakes.

FINCA Azerbaijan Sponsored Azerbaijani National Selection for Eurovision-2013



In order to support the young musicians to show their talents FINCA Azerbaijan became the general sponsor of Azerbaijan National Selection for Eurovision-2013. Participants were divided into eight groups and showed their talents and abilities to the audience within 8 weeks. Winner of the contest Farid Mammadov represented Azerbaijan at Eurovision Song Contest in Malmo, Sweden.



FINCA

Azerbaijan

2012 AT A GLANCE

- 136,956 borrowers, setting a new record for active clients*
- More than USD 152 million total loan portfolio*
- More than USD 231 million in loans disbursed during 2012*
- 136,889 loans disbursed in 2012*
- Portfolio at a risk 0,20%*
- 30 branches and 34 sub-offices in all the regions around the country*
- More than 1000 employees*

THREE-YEAR SUMMARY OF PERFORMANCE

	2010	2011	2012
Total Clients	97,819	119,867	136,956
Average Disbursed Loan Size	\$ 1,110	\$ 1,406	\$ 1,624
Gross Total Loan Portfolio	\$ 84,146,695.89	\$ 117,207,401.07	\$ 152,567,363.91
Total Amount Disbursed	\$ 125,526,214	\$ 179,278,275	\$ 231,848,905
Portfolio at Risk greater than 30 days	0.24%	0.19%	0.20%

2012 SUMMARY OF PERFORMANCE

2012 SUMMARY OF PERFORMANCE BY REGIONS

REGIONS	OUTSTANDING LOAN PORTFOLIO	NUMBER OF CLIENTS	NUMBER OF STAFF	NUMBER OF BRANCHES
Absheron	\$ 31,393,165.00	18,739	181	7
South	\$ 45,352,301.64	39,653	237	8
Central	\$ 36,524,542.66	37,564	225	7
West	\$ 39,297,354.42	41,000	252	8



Aliyev Baheddin, Jalilabad, Azerbaijan

New Loan Product from

FINCA Azerbaijan

Biznes və təsərrüfat üçün
KREDİTLƏR

Fərdi Kənd Kreditləri

Girovsuz
100 AZN-dən 2000 AZN-ə qədər məbləğ
6 aydan 18 aya qədər müddət

Kənd yerlərində kənd təsərrüfatı, istehsal, ticarət və ya xidmət sahələri ilə məşğul olan sahibkarlar

"FINCA Azerbaijan" 130 000 nəfərdən çox kiçik və orta sahibkara maliyyə xidmətləri göstərən ən etibarlı kredit təşkilatıdır.

Əlaqə nömrəmiz:
***2525**

www.fincaazerbaijan.com

"FINCA Azerbaijan" Məhdud Məsuliyyətli Qurtuluş Bankı Kredit Təşkilatı Azərbaycan Respublikası Mərkəzi Bankının fəxrli üzvüdür.



On May 14, 2012 FINCA Azerbaijan started issuing new Individual Agricultural Loan. The loan product is now available in more than 60 offices of FINCA in the country. Providing the minimum number of documents employers in three days will be able to get \$ 100 - \$ 2,500 for a period of 6 to 18 months. Private Agricultural Loan is available for persons engaged in agriculture, manufacturing products, as well as trade and services.



*“With the help of FINCA Azerbaijan I believe in My Future”
Khumar Aghayeva
Lankaran, Azerbaijan*

“FINCA Realized
My Dreams”

Customer Stories

A resident of Astara city located in the southern part of Azerbaijan Aybaniz Nuriyeva have just obtained her second loan.

Aybaniz Nuriyeva, 47 years old, has been selling fruit and vegetables in the Central market of Astara for more than 20 years. Vegetable trade has become her business year by year. Aybaniz always gladdens her customers with the fresh and colorful products at suitable prices not depending on the weather and seasonal condition.

Spending most of her time in market, Aybaniz received help from her husband in domestic and small household affairs. Knowing the desire of Aybaniz to capitally repair a house, other businessmen cooperating with her together suggested her to apply to the sub-branch of FINCA Azerbaijan Non-banking Credit Organization operating in Astara and take a loan under the acceptable terms.

After getting information about the loan products and terms from the credit officer, Aybaniz selected the appropriate loan product and attempted to take a loan for the first time. Aybaniz introduced all the necessary documents to Astara sub-branch by establishing a group with 4 members and she was invited to the office to receive her Rural Loan Product in a short time.

She spent her first loan to repair her house and purchased new products. "I feel a sense of gratitude towards FINCA Azerbaijan for the positive emotions that bestowed me when I enter the renovated house with pleasant atmosphere after the work", - Aybaniz remembers her first loan.

Preparing for the wedding of her daughter, Aybaniz has taken her second loan from FINCA recently. She is planning to spend the received loan on the purchase of household appliances to make her daughter a gift. She admits the received credits from FINCA not as a risk, but as the emergence of new opportunities and symbol of growth in the human's life.

"I earned positive emotions with FINCA"

Aybaniz Nuriyeva







Profitable cooperation with FINCA

Nazakat Ayyubova is one of the business-women maintaining own and successful business in Khirdalan city. Her perfume shop and beauty salon are popular among the women living in the city. After finishing her secondary education, Nazakat entered the Technical School of Finance and did her studies on the field of accounting. After children she had to work as an accountant for 5 years in order to meet the needs of her family, but for the future education and growth of children she decided to build her own business supposing insufficiency of the monthly salary and average income.

As the first step in her own business she started selling the products of the perfume and cosmetics companies that she signed an agreement. Acceptable prices and polite attitude have always attracted new customers to her shop. Assuming the importance of the financial support in order to extend her business, Nazakat decided to receive a loan. She applied to the newly-established branch of FINCA in Khirdalan city located on the neighbor street close to her shop to get information about the loan terms. After receiving loan within 3 days she spent her first credit money on the purchase of new cosmetic products and establishment of the new sections in the shop.

At the moment Nazakat has cosmetic shop and beauty salon. While the business grows, the activities also increase. Employing new workers to the shop and beauty salon Nazakat is engaged only in the administrative affairs.

After achieving her purpose she could provide her children with excellent level of education in the field of medicine. She spends her newly received credit amount for the realization of the other objectives in a confidential way and not forgetting the profitable neighbourhood with FINCA.

Nazakat Ayyubova





“FINCA Realized My Dreams”

Marifat Alikhasanova lives in Burjali village, Lankaran with her husband, two children and mother-in-law. As the other residents, living in the village, her family also is engaged in gardening, farming, poultry and cattle-breeding. However, Marifat has her personal hobby – she likes to spend her free time on tilling ornamental plants.

Marifat had been attracted by FINCA’s logo consists of the large tree and a young growth at the new opened branch in Lankaran district.

Marifat living with establishing own plant-growing business, heard news about FINCA’s easy and affordable loan products from the other residents living in the same village. Once she decided to visit FINCA’s Lankaran branch with her husband and residents in order to get information about the loan and rules of getting it. Marifat was satisfied with the variety, simplicity and suitability the loan products. Therefore she decided to get Solidarity Credit Group Loan product together with a group of villagers. After presenting the necessary documents to the loan officer Marifat could get her first loan just in 2 days. She spent the loan amount on buying cattle and plants, such as palm, lemon, feykhoa, tangerine, ornamental flowers, and by the way she enlarged her business much.

At present Marifat put different agricultural products out and ornamental flowers, she grows, gives beauty to the parks in the different cities of our country.

Marifat, who has used the loan products of FINCA Azerbaijan for 3 years, says that high level of customer services and kind treatment to the customers made her continue her collaboration with FINCA.

Now Marifat’s main wish is to establish a big farm. In this difficult work she relies on her 2 sons and FINCA’s financial support as always.

Marifat Alikhasanova

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management Board of the FINCA Azerbaijan limited liability non-banking credit organization:

We have audited the accompanying financial statements of FINCA Azerbaijan limited liability non-banking credit organization (the "Organization"), which comprise the statement of financial position as at December 31, 2012, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

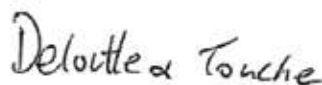
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 4 to the financial statements which describe the restatement of the statement of cash flows for the year ended December 31, 2011 and of the statements of financial position as of December 31, 2011 and 2010. Our audit opinion is not qualified in respect of this matter.

Other Matter

The financial statements of FINCA Azerbaijan limited liability non-banking credit organization for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on April 3, 2012.



April 4, 2013

Baku, the Republic of Azerbaijan, FINCA Azerbaijan limited liability non-banking credit organization.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

(In thousands of US dollars)

	Year ended December 31, 2012	Year ended December 31, 2011
Interest income	54,405	43,778
Interest expense	(10,707)	(8,232)
NET INTEREST INCOME BEFORE PROVISION FOR IMPAIRMENT LOSSES ON INTEREST BEARING ASSETS	43,698	35,546
Provision for impairment losses on interest bearing assets	(517)	(400)
NET INTEREST INCOME	43,181	35,146
Net loss on financial assets and liabilities at fair value through profit or loss	(101)	-
Net (loss)/gain on foreign exchange operations	(87)	259
Other income	258	22
NET NON-INTEREST INCOME		
OPERATING INCOME	43,251	35,427
Administrative and other operating expenses	(28,253)	(21,879)
PROFIT BEFORE INCOME TAX	14,998	13,548
Income tax expense	(3,119)	(2,657)
NET PROFIT FOR THE PERIOD	11,879	10,891

STATEMENT OF FINANCIAL

In thousands of USD

	December 31, 2012	December 31, 2011	December 31, 2010
ASSETS			
Cash and cash equivalents	9,202	5,298	7,330
Time deposits in banks	3,356	3,043	-
Loans to customers	148,485	113,893	82,007
Property and equipment	1,714	1,141	916
Deferred income tax assets	1,442	1,048	876
Intangible assets	1,544	2,367	3,194
Other assets	857	690	578
TOTAL ASSETS	166,600	127,480	94,901
LIABILITIES AND EQUITY			
LIABILITIES:			
Financial liabilities at fair value through profit or loss	101	-	-
Other borrowed funds	121,491	89,406	66,066

POSITION OF FINCA AZERBAIJAN LLC

(In thousands of US dollars)

for the period ended 31/12/2012

Current income tax liabilities	561	1,255	993
Other liabilities	4,280	2,491	1,856
Subordinated debt	7,098	7,088	7,081
Total liabilities	133,531	100,240	75,996
EQUITY:			
Share capital	5	5	5
Retained earnings	33,064	27,235	18,900
Total equity	33,069	27,240	18,905
TOTAL LIABILITIES AND EQUITY	166,600	127,480	94,901

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012

(In thousands of US dollars)

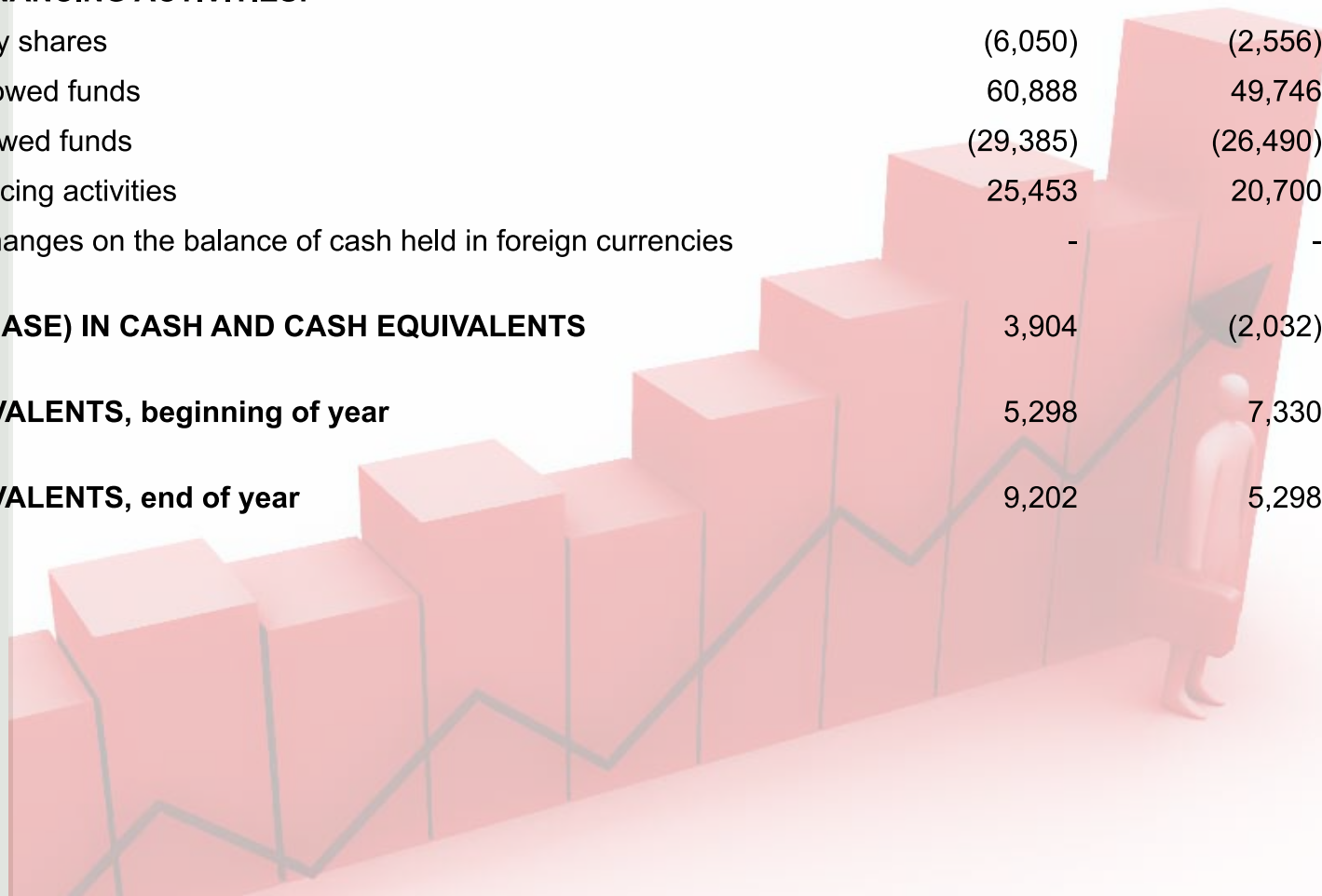
	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
January 1, 2011	5	18,900	18,905
INCOME FOR THE YEAR		10,891	10,891
DIVIDENDS DECLARED		(2,556)	(2,556)
December 31, 2011	5	27,235	27,240
INCOME FOR THE YEAR		11,879	11,879
DIVIDENDS DECLARED		(6,050)	(6,050)
December 31, 2012	5	33,064	33,069

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

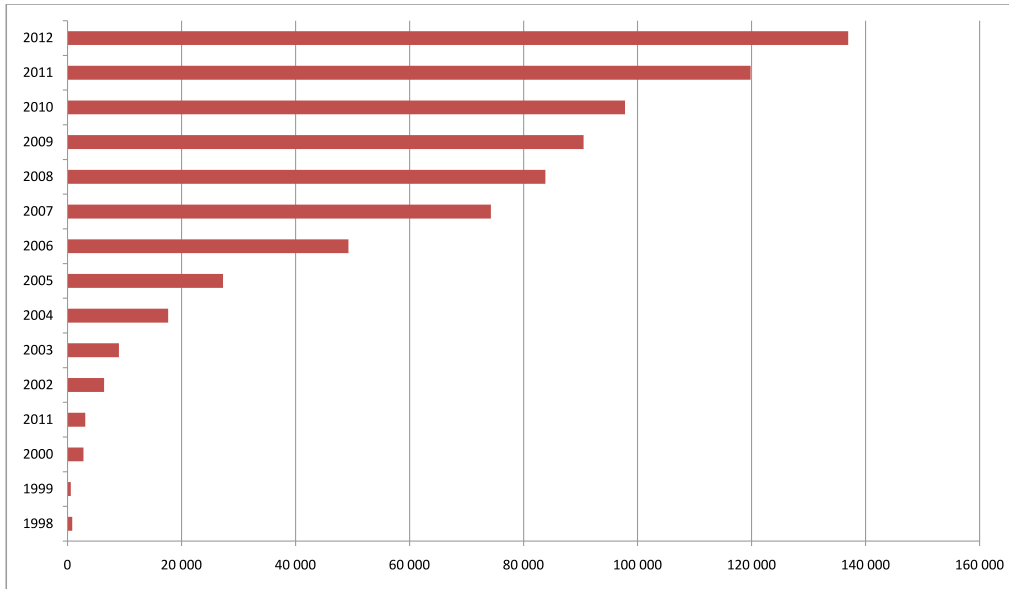
(In thousands of US dollars)

	Year ended December 31, 2012	Year ended December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the year	11,879	10,891
Adjustments for non-cash items:		
Provision for impairment losses on interest bearing assets	517	400
Loss from disposal of property and equipment and intangible assets	14	-
Net gain on foreign exchange operations	(87)	(259)
Net change in fair value of financial assets and liabilities at fair value through profit or loss	101	-
Net change in accrued interest	(277)	(138)
Depreciation and amortization	1,344	1,251
Income tax expense recognized in profit and loss	3,119	2,657
Cash inflow from operating activities before changes in operating assets and liabilities	16,610	14,802
Changes in operating assets and liabilities		
Increase in operating assets:		
Time deposits with banks	-	(3,043)
Loans to customers	(34,390)	(31,814)
Other assets	(167)	(91)
Increase in operating liabilities		

Other liabilities	1,789	634
Cash outflow from operating activities before taxation and interest	(16,158)	(19,512)
Income tax paid	(4,207)	(2,567)
Net cash outflow from operating activities	(20,365)	(22,079)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property and equipment	(1,146)	(619)
Payments for intangible assets	(38)	(34)
Net cash outflow from investing activities	(1,184)	(653)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid on ordinary shares	(6,050)	(2,556)
Proceeds from other borrowed funds	60,888	49,746
Repayment of other borrowed funds	(29,385)	(26,490)
Net cash inflow from financing activities	25,453	20,700
Effect of exchange rate changes on the balance of cash held in foreign currencies	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,904	(2,032)
CASH AND CASH EQUIVALENTS, beginning of year	5,298	7,330
CASH AND CASH EQUIVALENTS, end of year	9,202	5,298

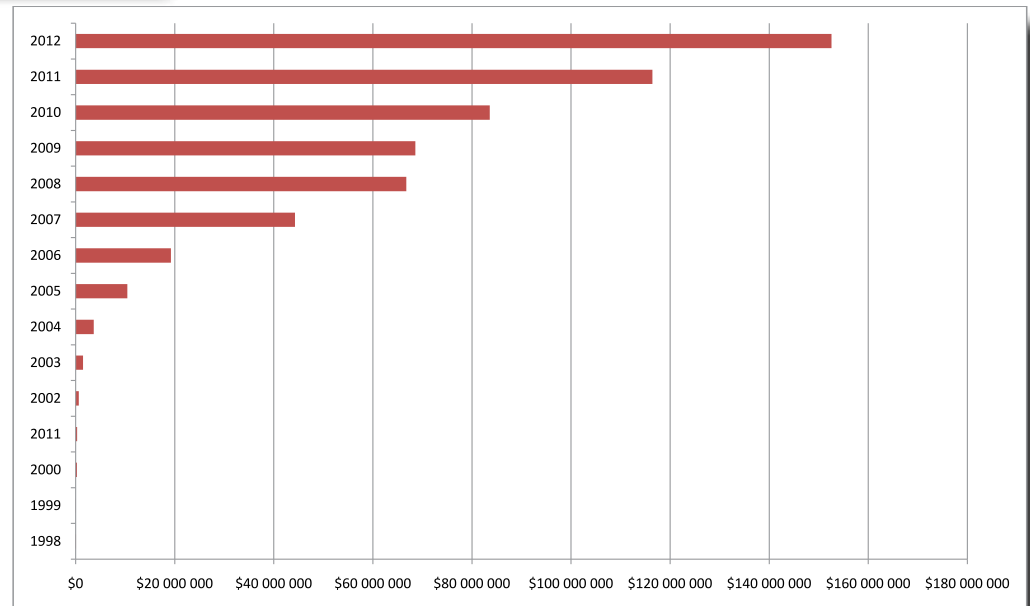


Total Active Clients



Portfolio and Client Growth since 1998

Total Portfolio



SUPERVISORY BOARD



Jeff Flowers

Vice President and Eurasia Regional Director

Steven Mcguire

Vice President and Chief Financial Officer
FINCA International

Makhmud Saidakmatov

Chief Executive Officer,
FINCA Kyrgyzstan

Florin Lila

Deputy Eurasia Regional Director

Radoil Mitov

Senior Investment Officer,
Capital Markets Group

MANAGEMENT BOARD



Manish Sane

Chief Executive Officer
Management Board Chairman



Nazakat Aslanova

Acting Chief Operations Officer



Marco De Natale

Chief Financial Officer

MANAGEMENT TEAM



Vasmijahan Hasanova
HR Department Manager



Nargiz Hasanova
Internal Control Department Manager



Zaur Nurmammadov
Marketing Department Manager



Nazila Gurbanova
Administrative Department Manager



Rashid Aliyev
Legal Department Manager



Elshan Gurbanov
Finance and Accounting Manager



Yana Ashurli
Senior Finance Executive



Aleksandr Golovko
Small and Medium Loans
Enterprise Manager



Tair Jafarov
Information Technologies
Department Manager



Yashar Najafov
Regional Operations Manager



Lutvali Zeynalli
Regional Operations Manager



Muzaffar Nizamiddinov
Regional Operations Manager



Elchin Mammadov
Regional Operations Manager

Branch Network

Agdash Branch

Agdash, H.Aliyev ave., 92,
Tel: (020) 235 28 99
Elnur Safarov
Branch Manager

Agjabedi Branch

Agjabedi, U.Hajrbeyli ave., 94,
Tel:(021) 275 15 51
Ilgar Akhmadov
Branch Manager

Bakikhanov Branch

Baku, Sulh str., 14/2
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Nuraddin Dargahov
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Central Branch

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Goranboy, H.Aliyev ave., 16,
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Shaig Bagirov
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Vuqar Khaliqov
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Elgun Hikmatli
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Ilmar Javadov
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Tofiq Pirimov
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