

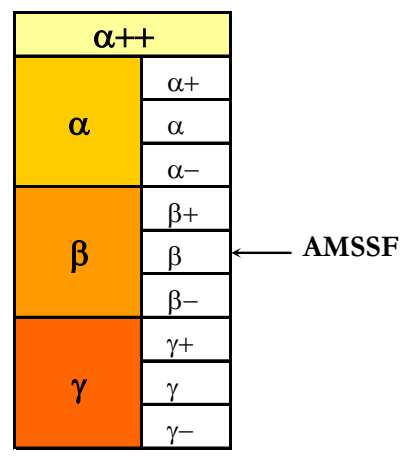
AMSSF/MC/MC – 1st Rating	MOROCCO
Association	<i>Report as of June 2006</i>

Contacts

MicroRate:
Craig Kirkwood
craig@microrate.com
 Tel: +27 11 803 7117
 Fax: +27 11 807 3490

PERFORMANCE RATING β

Date of visit **November 2006**
 Date of previous rating **n.a.**
 Previous rating **n.a.**



Main Performance Indicators		
	Jun'05	Jun'06
Gross Portfolio ('000's)	\$1,718.6	\$2,867.6
Number of active borrowers	11,273	14,147
ROE	6.7%	7.0%
Portfolio Yield	47.2%	47.2%
Portfolio at Risk	0.4%	1.2%
Operating Expense Ratio*	40.4%	41.4%
Average Loan Size	\$152	\$203
Borrowers per staff	146	132

*In local currency terms, the operating expense ratio for June 2006 is 39.3%.

Synopsis

AMSSF was founded as a social programme in 1994. AMSSF/MC, the microfinance arm, was created in 1999 following the publication of the Act N°18-97 which regulates micro finance activities. At this time operations were exclusively funded by donors (including AMSED and UNDP) with the Hassan II fund (a government initiative) providing additional financial support in 2000/2001. Despite rapid expansion of its branch network, AMSSF/MC remains relatively small by African microfinance standards. The MFI is almost exclusively focussed on group loans and is pilot testing a number of individual products.

The loan portfolio grew by 66.9% to \$2.9 million in the 12 months ending June 2006. Much of this growth has been funded by debt, which AMSSF/MC has successfully been able to repay. Whilst the ability to negotiate commercial loans has been supported by a history of profitability MicroRate notes that margins are shrinking. This can be attributed to reduced portfolio yield and relatively low efficiency levels.

Highlights

- POSITIVE**
- Consistently profitable.
 - Increased product flexibility.
 - Sufficient liquidity to manage short term growth.
 - Potentially large market.
 - Despite a deterioration, portfolio quality remains good.

- NEGATIVE**
- Relatively low efficiency levels.
 - Thin margins.
 - Some exposure to foreign exchange risk.
 - Increased competition.
 - Weak governance structure.

Washington Headquarters
 3300 Fairfax Drive, Suite 202
 Arlington, VA 22201 USA
 Phone: +1 (703) 243-5340
 Fax: +1 (703) 243-7380

MicroRate Latin America
 Plz. 27 de Noviembre 430, 3B
 Lima 27 – Perú
 Phone: +51 (1) 442-5050
 Fax: +51 (1) 442-5511

MicroRate Africa
 29 Autumn Road, Rivonia,
 2128, Johannesburg,
 Republic of South Africa
 Phone: +27 (11) 803-7117
 Fax: +27 (11) 807-3490