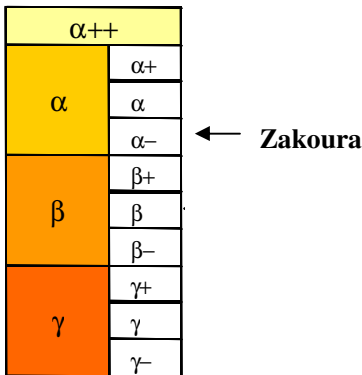


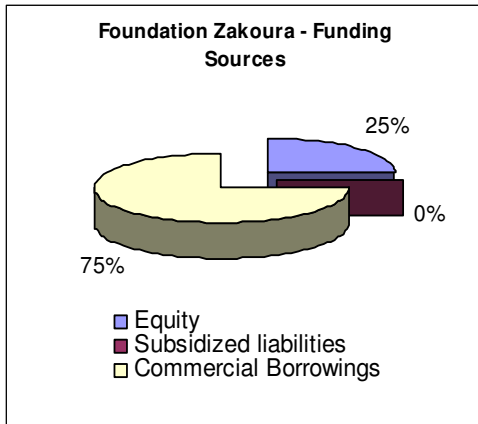
Foundation Zakoura		1st Rating	MORROCO
<b>Association</b>		<i>Report as of September 2006</i>	
<b>Contacts</b>		<b>Synopsis</b>	
<p><b>MicroRate:</b>            Gregory THYS  <a href="mailto:gregory@microrate.com">gregory@microrate.com</a>            Tel: +27 11 803 7117            Fax: +27 11 807 3490</p>		<p>Foundation Zakoura for Microcredit started operations in 1996 at the initiative of a group of Moroccan businessmen, who remain active at the board level. Its strong relationship with its board has allowed Zakoura to become one of Morocco's leading MFIs. Since 1999 Zakoura is regulated by the Moroccan microcredit law. With a gross outstanding loan portfolio of \$60.6 million (September 2006), Zakoura serves around 291,600 active borrowers - among which 80% are women - through its national network of 129 main branches; 308 secondary branches and 92 mobile agents. Zakoura is characterized by very strong growth rates, an excellent portfolio quality and a healthy balance sheet.</p>	
<b>PERFORMANCE RATING</b>		<b>α -</b>	
Date of rating	January 2006		
Date of previous rating	n.a.		
Previous rating	n.a.		
 <p>The diagram shows a rating scale from α++ to γ-. An arrow points to the α- rating, which is labeled 'Zakoura'.</p>		<b>Highlights</b>	
		<b>POSITIVE</b>	
		<ul style="list-style-type: none"> <li>• Strong management and staff</li> <li>• Good governance structure</li> <li>• Good lending practices</li> <li>• Well positioned in the market</li> </ul>	
		<b>NEGATIVE</b>	
		<ul style="list-style-type: none"> <li>• Weak MIS</li> </ul>	
<b>Main Performance Indicators</b>			
	<b>Dec '05</b>	<b>Sep '06</b>	
Gross Portfolio ('000's)	33,231.7	60,612.6	
Number of active borrowers	198,301	291,682	
ROE	15.5%	15.4%	
Portfolio Yield	28.5%	28.3%	
Portfolio at Risk	0.3%	0.3%	
Operating Expense Ratio	17.8%	19.6%	
Average Loan Size	168	208	
Borrowers per staff	281	249	

**Washington Headquarters**  
 2107 Wilson Blvd., Suite 450  
 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 Street  
 Rivonia, 2128  
 Johannesburg, South Africa  
 Phone: +27 (11) 803-7117  
 Fax: +27 (11) 807-3490

<b>Foundation Zakoura</b>	<b>MOROCCO</b>	<b>January 2007</b>
<b>Sources of Funding</b>	<b>Rating Rationale</b>	



**Good lending practices** – Although the process could be further optimized, Zakoura’s loan officers do complete and thorough appraisals of clients.

**Good loan products** –Foundation Zakoura conducts the appropriate market studies in order to ensure proper product development. Its wide variety of products is designed in order to satisfy all clients’ needs and enables Zakoura to grow with them.

**Excellent Portfolio Quality** – Zakoura’s Portfolio at risk over 30 days (PAR30) is one of the best MicroRate has ever seen in both Africa and Latin America. It has been around 0.3% for the last two years. Besides, the low PAR30 ratio is not distorted by write-offs as Zakoura has so far not written off any loans.

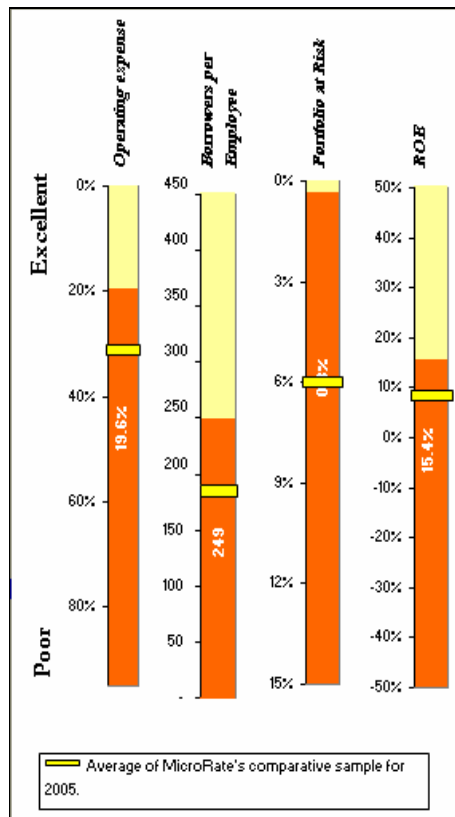
**Good market position** – With its wide national coverage, Foundation Zakoura is one of the 4 leading Microfinance Associations in Morocco.

**Competent Management and staff** – Senior Management is experienced and the team is composed of highly skilled professionals.

**Good governance structure** - Overall, Zakoura’s governance structure and its’ quality of governance are strong.

**Low provisioning** - for the first nine months of 2006, the risk coverage ratio largely declined from 90.3% (December 2005) to 69.6%. This is extremely low and given the small size of the provision reserve, it would be prudent to provision for not less than about 1% of gross portfolio.

**Update its MIS** - The implementation of its new MIS is one of the major challenges facing Zakoura. Once these are overcome the new MIS will not only increase efficiencies, but will strengthen controls further.



The operating expense ratio and ROE compared to all African MFIs rated by MicroRate.