



INDEPENDENCE - OBJECTIVITY - EXCELLENCE

Presented by: Minh-Huy Lai, Managing Director, Planet Rating

The logo for the Dubai 2006 microfinance conference. It features the text "DUBAI 2006" in a large, bold, sans-serif font, with "DUBAI" in green and "2006" in red. Below this, the words "microfinance conference" are written in a smaller, black, sans-serif font. The text is set against a light green background with several thin, wavy lines in green and red that sweep across the bottom.

First Dubai Microfinance Forum

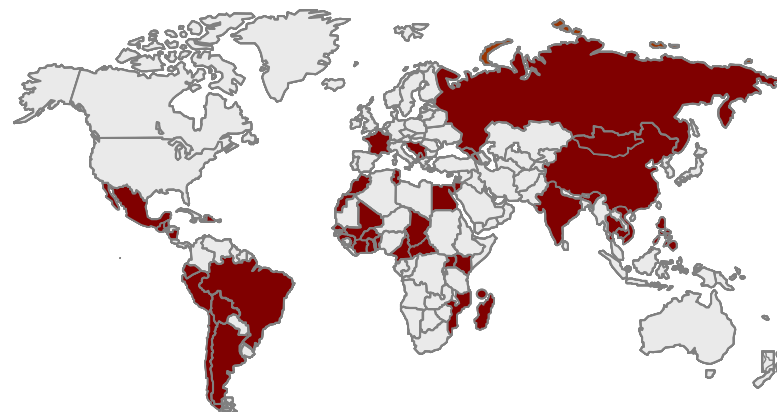
November 5 & 6th 2006

Planet Rating: The Global Microfinance Rating Agency

Created in 1999 and became a private independent rating firm in June 2005

Planet Rating has the most extensive global coverage:

- Paris HQ: covering Eastern Europe & Asia
- Lima Office: covering Latin America & the Caribbean
- Dakar Office: covering West & Central Africa
- Kampala Office: covering East & Southern Africa
- Beirut Office: covering the Middle East



Most diversified rating team in the industry:

- Multicultural: American, Canadian, Colombian, Dutch, French, Lebanese, Senegalese, Spanish, Ugandan, Peruvian, and Vietnamese citizens
- Multilingual: Arabic, Dutch, English, French, Italian, Lugandan, Spanish, Portuguese, Vietnamese, and Wolof speakers

Qualified & experienced team:

- Planet Rating's Managing Director is the only head of rating agencies that has operational microfinance experience; he was former General Manager of SPBD - Samoa's largest MFI
- Each senior analyst has conducted at least 12 rating missions on 3 different continents
- Analyst backgrounds: investment banking, management consulting, non-profit, microfinance

GIRAFE Methodology

Highlights

- Created in 1999, it is the most comprehensive and transparent rating methodology;
- A methodology accredited by CGAP and the Rating Fund;
- Widely recognized by investors, donors, regulators and microfinance consultants;
- A methodology that is relevant to suit all types, sizes and stages of development of MFIs;
- A proven and stable methodology already employed in over 200 ratings in 52 countries worldwide.



Rating Domains	Weight
G overnance	20%
I nformation	12%
R isk management	12%
A ctivities	25%
F unding and liquidity	7%
E fficiency and profitability	24%

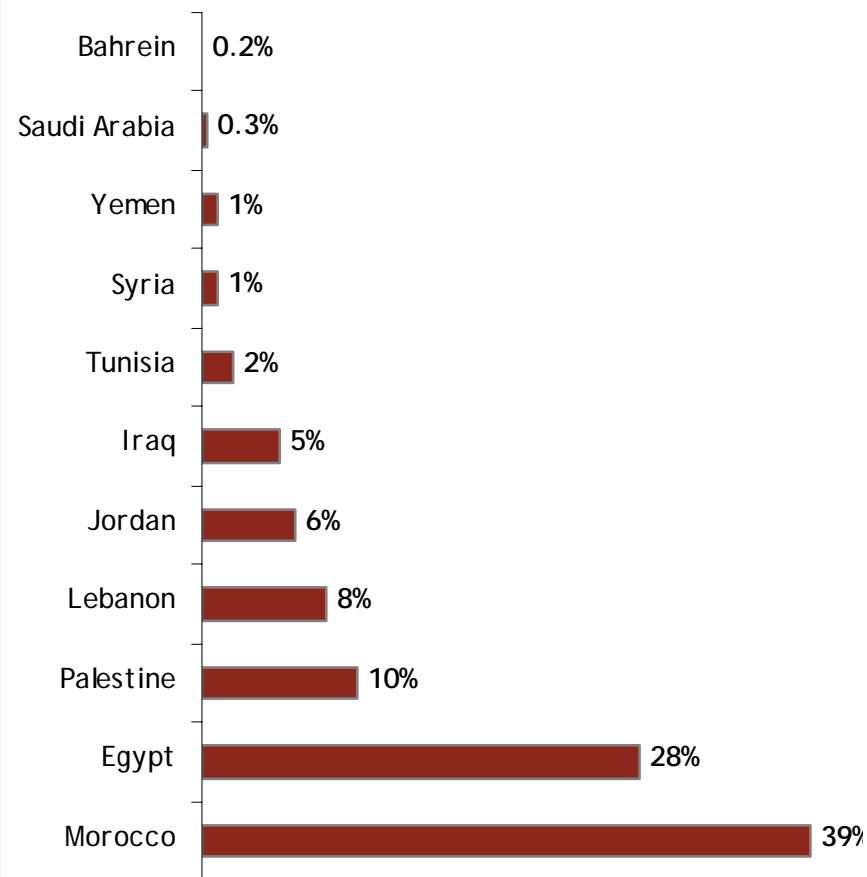
Microfinance in the MENA Region

MENA Outlook as of September 2005	
Countries	12
Active borrowers	> 1,3 M
Portfolio outstanding	> 350 M\$
MFIs	> 50
Annual growth rate	38%
Current / Potential market	15%-20%

- MENA Microfinance has been **growing** at a fast pace over the past few years
- Current estimated market being served is still far **below the potential** demand
- Activities focus mainly on **credit to small businesses**, except for Yemen (savings)
- **Morocco and Egypt** are the 2 most developed microfinance markets in the region, while Jordan and Yemen are also very active; Syria, Sudan and Iraq have enormous potential
- **Group-lending** is the most common methodology, although individual loans are gaining in importance
- **NGOs** are the most common legal model; despite several government-subsidized structures there are many sustainable MFIs, including several banks (Egypt and Tunisia)
- **Islamic-compliant** financial products are well applied in Palestine as well as in the Gulf countries

Microfinance in the MENA Region

Country	Gross Portfolio	%	Borrowers	%
Morocco	136,484,413	39%	611,000	47%
Egypt	97,988,809	28%	494,000	38%
Palestine	34,996,003	10%	26,000	2%
Lebanon	27,996,803	8%	39,000	3%
Jordan	20,997,602	6%	39,000	3%
Iraq	17,498,002	5%	13,000	1%
Tunisia	6,999,201	2%	26,000	2%
Syria	3,499,600	1%	13,000	1%
Yemen	3,499,600	1%	26,000	2%
Saudi Arabia	1,049,880	0.3%	2,600	0.2%
Bahrein	699,920	0.2%	2,600	0.2%
Sudan	n.a.	0%	13,000	1%
Total	351,709,833	100%	1,305,200	100%



Source: Sanabel, March 2006

Planet Rating in the MENA Region

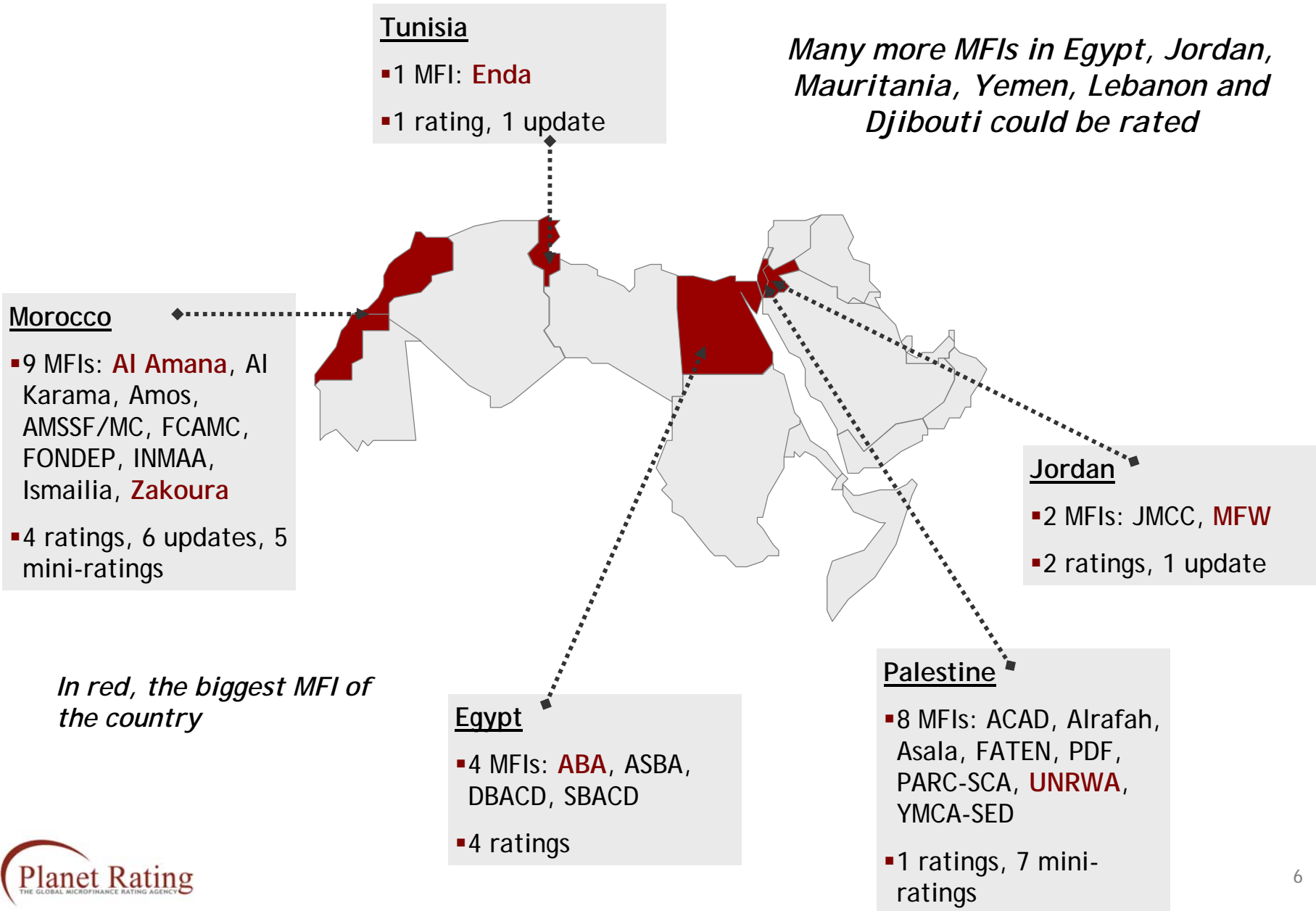
- Planet Rating has an excellent track record in the MENA region:
 - Our involvement in the MENA region goes back to 2000
 - Today, it is the most experienced rating agency in the MENA region
 - Performed 36 rating missions in the Arab World
 - Conducted GIRAFE training sessions in Morocco, Egypt, Palestine and Jordan

- Planet Rating is the only microfinance rating agency with an office in the Middle-East and dedicated Arab-speaking analysts since 2005

- Planet Rating has started translating its English and French reports into Arabic in collaboration with Sanabel as a sign of long-term commitment to the region

Country	Rated MFI	#
Egypt	ABA, ASBA, DBACD, SBACD	4
Jordan	JMCC, MFW	2
Morocco	Al Amana, Al Karama, Amos, AMSSF/MC, Fondation Crédit Agricole, FONDEP, INMAA, Ismailia, ZAKOURA	9
Palestine	ACAD, Alrafah, Asala, FATEN, Palestinian Development Fund, PARC-SCA, UNRWA, YMCA-SED	8
Tunisia	ENDA	2
Total		36

36 MFIs Completed, Still Too Few for the Region...



Analysis of MENA MFIs' Performance

- Typical MENA MFIs are small serving an average of 10,000 clients; way below other regions; in part due to the industry's youth; 85% of clients served are women; average loan size around 300 USD; firmly oriented toward the poor clients
- Arab MFIs are still relying a lot on **equity** (usually from capitalized donations) and soft loans to finance their operations; they are underleveraged (0.4% debt/equity ratio) and have substantial additional debt capacity; most MFIs do not have access to savings due to local regulations
- Arab MFIs have started to attract **commercial funding** (especially those in Morocco and Jordan); but generally from foreign sources rather than from local domestic sources; due to unfamiliarity and risk-averse nature of local funding institutions
- Arab MFIs are generally **profitable** (except for those in Yemen and Palestine); generating higher ROA than in other regions; low ROE however due low yield and low leverage; profitability relies on both cost control and low cost of funds
- **Portfolio yields** among Arab MFIs are low and similar to those of Latin America; mostly due to low pricing or being not able to raise pricing; returns are not maximized as asset deployment ratio is around 71% - quite lower than the 80% norm
- **Profitability** is maintained thanks to excellent portfolio quality (PAR>30 = 0.5%); this could change if cost of funds go up without further improvements in efficiencies

Key Rating Issues

- Ownership & Governance
- Business Strategy & Planning
- Quality & Skills of Management
- MIS Infrastructure
- Cost Structure, Productivity & Efficiency

Many Interested Donors & Investors...

- AGFUND and Islamic Development Bank
- AFESD (Arab Fund for Economic and Social Development)
- Grameen-Abdul Latif Jameel Initiative (ex: Enda in Tunisia, DBACD in Egypt)
- OFID (OPEC Fund for International Development)
- KFAED (Kuwait Fund for Arab Economic Development)
- Rockdale Foundation & Portland Trust
- USAID, in various countries (e.g. USAID/AMIR program in Jordan)
- Government-related institutions, such as:
 - Yemen-based Social Fund for Development, established in 1997
 - Jordan-based Development and Employment Fund, started in 1991
 - Egypt-based Development and Employment Fund
- Other investors include international funders (e.g. EIB, Oikocredit, CORDAID, SIDI), as well as local banks; other donors include UN, bilateral governments, EU, AECI, ICCO, Intermon (Oxfam Spain)

Ratings, Financing & Outreach Expansion

- Despite many interested investors, only a few MENA MFIs have received commercial funding
- Large FSS MFIs have received the bulk of financing invested thus far from prominent investors such as EIB, IFC...
- Rated MFIs received more attention and larger financing than non-rated MFIs; MFIs with updated ratings do better than those without
- Moroccan, Jordanian and Tunisian MFIs are best known among investors; they also happen to be the ones who have gone through the rating process
- Investors would like to put more money into MENA, but the lack of transparency is a problem to identify new investment targets
- Ratings have made a big difference in improving MFI operational and financial performance
- Financing from the Rating Fund is only available until December 2007 to conduct ratings

We Strive For Excellence

Planet Rating's commitment to microfinance institutions:

- Increase investment in MFIs with comprehensive analysis
- Place MFIs on the global stage through high profile ratings
- Control any potential conflict of interest
- Increase transparency while protecting non-public information

Planet Rating's commitment to investors:

- Maintain trademark quality and consistency in rating reports
- Enhance positioning as the global microfinance rating agency
- Innovate with credit and social ratings
- Provide critical post-rating and customized services

■ Planet Rating SAS

13 rue Dieumegard
93400 Saint-Ouen Paris
France

Tel: +33 1 49 21 26 30

Fax: +33 1 49 21 26 27

rating@planetrating.com

Société par Actions Simplifiée
with authorized capital of 406,000 EUR.
Registration number 483 538 369 RCS Bobigny

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