

Social Rating

Compartamos Bank

Mexico



Very high social return through a combination of **good social results** and **excellent social commitment**.

Social Results **Good**

Social Commitment **Excellent**

Country	Mexico
Date of Visit	April 2009
Previous Rating	n.a.
Date of Previous Rating	n.a.

Performance Indicators

<i>Social Profile Mexico</i>	Dec-07	Dec-08
Poverty Index	45%	n.a.
Extreme Poverty Index	18%	n.a.
Unemployment Rate	3.4%	4.3%

Compartamos Bank Indicators

Number of clients	838,754	1,155,850
% Rural clients *	19%	19%
% Female clients	98%	98%
Average new loan	\$369	\$293
Client retention **	56%	60%
Cost per client	\$147	\$132
Portfolio Yield	79%	66%

* Rural populations are considered those with fewer than 2,500 inhabitants (According to this definition of INEGI - National Institute of Statistics and Geography).

** Formula used by MicroRate is more conservative than that used by the institution.

Descriptive Summary

Founded in 1990, Compartamos Bank began operations as a non-governmental organization (NGO) and transformed into a full service bank in 2006. It is one of the most recognized MFIs in Latin America, reaching over one million clients in 2008.

From its headquarters in Mexico City, Compartamos Bank manages a network of 314 branches. Since its inception, Compartamos has used the village banking methodology, and began using the individual lending methodology as well in April 1999. As of December 2008, Compartamos had 1.2 million borrowers with a gross portfolio of US\$417.8 million and an average loan size of US\$361. Compartamos does not offer any non-financial services.

Rating Overview

Compartamos' social return on investment is very high, with good social performance and an excellent level of social commitment. The Bank was one of the highest rated microfinance institutions (MFIs) evaluated by MicroRate in 2009. Its focus on the poorest niche of the Mexican market stands out, as does the high level of integration of social goals in its internal processes as well as the high level of sustainability. In fact, Compartamos is one of the most profitable MFIs observed by MicroRate.

The level of client penetration is excellent, with a majority of clients representing the poorest microcredit niche. Although the diversity of services is limited, the efficiency with which Compartamos operates is noteworthy considering the low average loan size and expensive lending methodology. The level of social responsibility is good, promoting a culture of client protection and respect for staff. There are significant contributions to the community and the environment. However, there is room to reduce the high operating margin, given the Banks low leverage.

Social commitment is reflected in the strong integration of the social objectives in internal processes. Of particular significance are the strong leadership and social mission communication as well as strategic planning that values social and financial objectives equally. Future challenges include improving the already strong monitoring system and reducing staff turnover.


Highlights

Social Results

- Excellent penetration into the lower niche of microcredit.
- Low cost per loan despite a high operating margin.
- Good level of institutional responsibility.

Social Commitment

- Strong leadership and a clear institutional mission.
- A clear social focus in its strategic planning.
- Good social performance monitoring.

MicroRate Grading Scale for Social Reports	
Social Rating	<p>Measures the social return of an investment in an MFI through the evaluation of Social Results and Social Commitment.</p> <p style="text-align: center;">  </p>
Social Results	<p>The MFI is judged on its social results, the poverty focus of its target Microfinance niche, the cost and efficiency of its services, its social responsibility, and fulfillment of its social mission.</p> <p style="text-align: center;"><i>Excellent – Good – Fair – Poor</i></p>
Social Commitment	<p>Measures the social focus and level of commitment of an institution and assesses the probability of a MFI deviating from its social mission in the future.</p> <p style="text-align: center;"><i>Excellent – Good – Fair – Poor</i></p>

Interested in the full report?

The full Performance Rating includes detailed information on the following:

- Context
- Financial Situation
- Microcredit Operations
- Portfolio Quality
- Organization and Management
- Governance and Strategic Positioning

This performance report is available for purchase. If you are interested in purchasing a report, please contact MicroRate at 1-703-243-5340 or email info@microrate.com.

*If you are interested in more than one rating report, MicroRate also offers the **Rating Report & Analyst Access Service** which provides investors with access to multiple public performance and social rating reports. This service is available on an annual basis or through a customizable package based on your needs.*



<p>MicroRate Latin America Mayor Armando Blondet 261 San Isidro, Lima, 27 Lima – Peru Phone: (511) 628-7054 Fax: (511) 628-8729</p>	<p>MicroRate Headquarters 3300 North Fairfax Drive Suite 202 Arlington, VA 22201 United States Phone: (703) 243-5340 Fax: (703) 243-7380</p>	<p>MicroRate Africa Espace A11-10ème étage 357 Boulevard Mohammed V Casablanca-Morocco Phone/Fax: +212 5 22 49 10 94</p>
<p>info@microrate.com</p>		<p>www.microrate.com</p>

Copyright © MicroRate 2009

This document is subject to copyright and may not be reproduced in whole or in part without the written permission of MicroRate©. The ratings and other opinions contained herein are, and must be construed solely as statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such rating or other opinion or information is given or made by MicroRate in any form or manner whatsoever.