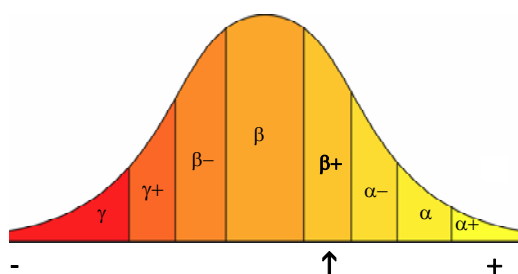


β+

Low credit risk. Solid, well managed operations with good social results.. Very good overall performance puts D-MIRO in the top third of MFIs evaluated by MicroRate.

Rating Outlook Stable

Social Rating


Date of Visit	Nov 07
Previous Rating	β+
Date of Previous Rating	Dec 06
Number of MRI Ratings	7

Principal Performance Indicators

	Dec-05	Dec-06	Dec-07
Gross loan Portfolio*	\$5,892	\$7,091	\$13,976
Number of clients	10,842	11,431	23,364
ROE**	8.6%	11.8%	7.3%
Portfolio yield	40.8%	40.4%	34.8%
Portfolio at risk	1.4%	2.4%	1.6%
Operating expenses	25.6%	23.2%	22.1%
Average loan size	\$543	\$620	\$598
Borrowers per staff	155	130	158

*(US\$000s) **Adjusted.

Summary Description

The Foundation for the Development of Microenterprises–Mission Alliance Ecuador now referred to as D-MIRO, began as the D-MIRO program, a component of the international NGO Mission Alliance of Norway in Ecuador. The former has more than ten years of experience in the microfinance sector and became independent in Dec-06.

In accordance with its vision of serving the poorest, D-MIRO offers individual and group microloans in semi-urban areas around Guayaquil, one of the most important cities in the country. With a portfolio of nearly US\$14 million, and more than 23,000 clients, it focuses on the lowest microcredit niche with an average loan size of US\$598.

Rating Rationale

D-MIRO has excellent portfolio quality, thanks to a solid and well-defined methodology as well as a strict collection policy. This is coupled with conservative financial management that allows for moderate profitability with a solid equity base. However, the recent commercial funding of the D-MIRO portfolio could reduce the institution's relatively tight operating margin.

Some organizational weaknesses include the recent departure of the general manager and internal control issues that are of concern. Despite recent improvements, operating expenses remain relatively high. Left unchecked, these costs could hinder D-MIRO's competitiveness and limit future plans for expansion.

However, thanks to the ongoing, active guidance of Mission Alliance, D-MIRO is well positioned. In keeping with its mission, D-MIRO continues to penetrate the market and is in the process of creating new loan products aimed at satisfying specific market needs. This has become D-MIRO's competitive advantage in a market that despite having fewer participants, is becoming increasingly more competitive.

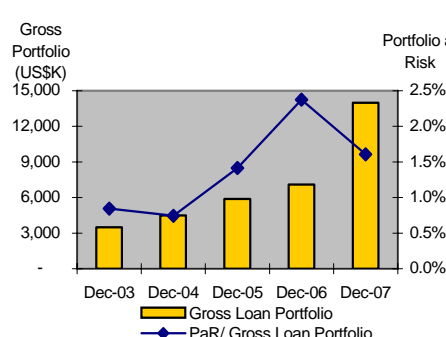
Highlights

- Excellent portfolio quality
- Good personnel productivity
- Strong equity position and low debt exposure

Risks

- Recent resignation of General Manager
- Political uncertainty with populist government
- Relatively high operating expenses

GENERAL SUMMARY

FUNDACIÓN D-MIRO	7-Dec		MicroRate's Sample		Gross Loan Portfolio vs Portfolio at Risk
	Quartile	1st Quartile*	Average		
ROE**	7.3%	4th	22.2%	14.3%	 <p>The chart displays two data series from Dec-03 to Dec-07. The Gross Loan Portfolio (US\$K) is shown as yellow bars, and the Portfolio at Risk (PaR/ Gross Loan Portfolio) is shown as a blue line with diamond markers. The Gross Loan Portfolio shows a steady increase from approximately \$3,000 in Dec-03 to over \$12,000 in Dec-07. The Portfolio at Risk percentage fluctuates, starting at about 0.8% in Dec-03, dipping to 0.7% in Dec-04, rising to 1.5% in Dec-05, peaking at 2.5% in Dec-06, and ending at 1.8% in Dec-07.</p>
Portfolio at Risk	1.6%	1st	2.0%	4.3%	
Operating Expenses	22.1%	3rd	14.0%	23.4%	
Number of borrowers per staff	158	2nd	167	119	
Gross Loan Portfolio***	\$13,976	3rd	\$69,897	\$54,575	
Number of clients	23,364	3rd	67,084	61,585	
Net Operating Margin	7.2%	2nd	8.9%	6.4%	
Average Loan Balance (per borrower)	598	2nd	498	963	

* Lower Limit of the 1st quartile ** Adjusted *** (000 \$).

Financial Situation (pg. 4)

D-MIRO has conservative financial management with a diversified funding structure, a strong equity position and ample capacity for additional debt. Operating margin and return on equity are moderate.

Governance and Strategic Positioning (pg. 10)

D-MIRO is a financial institution with a religious affiliation. Through its loan program it has achieved an excellent market. Since its foundation it has been located in Guayaquil, the second most important city in Ecuador.

Operations and Portfolio Quality (pg. 6)

With an aggressive expansion plan and a clear focus on client needs, D-MIRO has grown its operations and is currently consolidating its methodology. Their methodology, although adequate, is in the process of being standardized. This is especially welcome news given the increase in the number of analysts.

D-MIRO considerably improved its portfolio quality over the last year. This is a result of a strict repayment culture and an effective collection process.

Organization and Management (pg. 9)

D-MIRO has continued to grow and advance in its institutional strengthening process. However, limited internal controls and the recent resignation of the General Manager have generated a sense of short-term uncertainty.

Social Rating (pag. 12)



D-MIRO's strict adherence to its institutional mission, which is dedicated to serving the lowest urban microcredit niche, and a strong tradition of good client service have helped the institution achieve a good social performance level. With solid, well-managed operations, and a strong social commitment, D-MIRO is considered to be near the top third, in terms of social rating, of all MFIs evaluated by MicroRate.