

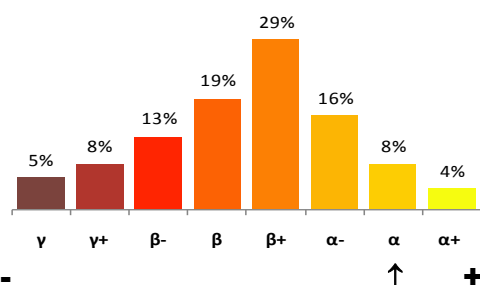
Overview

α

Strong organizational management with stable profitability. Low credit risk.

Women's World Foundation Popayán (FMM Popayán) is a non-profit organization affiliated with Women's World Banking (WWB).

The MFI began in 1985 in Popayán, the capital of the department of Cauca in southern Colombia, where the institution's headquarters are located. Currently it has 42 branches and 51 "Points of Attention" (PDAs) throughout Colombia's 18 provinces, including the capital Bogota. It serves 352,592 clients with an average loan size of US \$751.

Financial Situation¹
Rating Outlook
Social Rating²
α
Stable


Date of Visit	Feb-11
Previous Rating	α
Date of Previous Rating	Dec-09
Rating number	11 th

Rating Rationale

FMM Popayán, one of the strongest Microfinance Institutions evaluated by MicroRate, continues to develop as demonstrated by the solidification of its robust financial profile. MicroRate also observes that the MFI continues to build capacity with an eye toward future regulation, which generates a better overall structure for operations.

The MFI applies its credit methodology consistently in its branch network and "Points of Attention". Moreover, it is very well positioned in the southern zone of the country with a complementary presence in important cities in other regions of Colombia, where initial delinquency problems have now been controlled. The combination of good operating efficiency and economies of scale enable the MFI to maintain competitive ratios for efficiency and productivity.

Although transformation to a bank will require the MFI to restructure its Board of Directors, the fact that this will not be required in the short term permits flexibility. On the other hand, the MFI displays significant key person risk in both the Executive Presidency and the General Directorate.

Principal Performance Indicators

	Dec-08	Dec-09	Dec-10
Gross Loan Portfolio*	\$156,789	\$203,971	\$264,645
Number of Borrowers	242,563	293,079	352,592
Leverage	1.4	1.5	1.3
Return on Equity (ROE)**	19.3%	27.6%	30.5%
Portfolio Yield	31.0%	34.1%	33.9%
Portfolio at Risk	4.3%	4.3%	1.8%
Operating Expense Ratio	8.6%	11.2%	12.1%
Average Loan Size	\$646	\$696	\$751
Borrowers per Staff	254	241	232
Operating Margin	9.1%	11.3%	14.1%

*(000\$) ** Adjusted

¹ See Annex 1

² See Social Rating

Highlights

- Excellent financial results
- Good methodology and appropriate application
- Excellent productivity and efficiency
- Highly committed Board

Risk Factors

- Moderate interest rate risk
- Little standardization in analyst training
- Risk of overindebtedness in more competitive market

ANNEX

Rating	Microfinance Rating Scale Definitions
$\alpha+$ α $\alpha-$	<p>Those MFIs that have <i>successfully balanced</i> the financial, operational and strategic considerations of sound microfinance practices as compared to an international set of similar companies and standards of the microfinance industry. Excellent efficiency and effectiveness. Low Risk / Risk well managed, leaving the company minimally susceptible to variability during economic cycles.</p>
$\beta+$ β	<p>Those MFIs <i>working to define</i> a relationship among the financial, operational and strategic considerations of sound microfinance practices as compared to an international set of similar companies and standards of the microfinance industry. Good efficiency and effectiveness. Moderate Risk / Incipient Risk Management, leaving the company subject to some variability during economic cycles.</p>
$\beta-$	<p>Those MFIs <i>lacking</i> a clear relationship among the financial, operational and strategic considerations of sound microfinance practice as compared to an international set of similar companies and standards of the microfinance industry. Acceptable efficiency and effectiveness. Moderate Risk / Inadequate Risk Management, leaving the company subject to significant variability during economic cycles.</p>
$\gamma+$ γ	<p>Those MFIs <i>with financial, operational or strategic weaknesses that have the potential to threaten their viability, now or in the future</i>, as compared to an international set of similar companies and standards of the microfinance industry. Poor efficiency and effectiveness. High Risk, with high variability during economic cycles.</p>

Financial Sub-rating
<ul style="list-style-type: none"> • Using the same rating scale described above, MicroRate's Financial Sub-rating measures the MFIs financial health based on its financial structure, profitability, operating margins and financial risk management. • Whereas the MFIs Performance Rating indicates the overall excellence of its microfinance operations, the Financial Sub-rating is only concerned with the financial condition of [the MFI. As such, the latter allows investors to differentiate MFIs along purely financial criteria. • The Financial Sub-rating is an integral consideration of the Rating Committee's assignment of the Performance Rating.

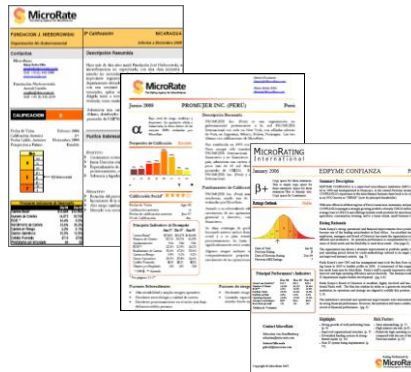
Interested in the full report?

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.

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