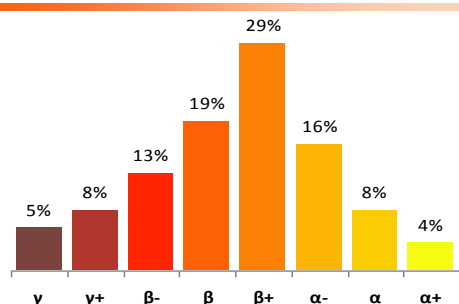


α

Excellent microfinance performance. Strong credit methodology. Sophisticated organizational structure. Moderate interest rate risk.

Financial Situation
Rating Outlook
Social Rating²

α
Stable
★★★★☆



- ↑ +
 Date of Visit Mar.-11
 Previous Rating α
 Date of Previous Rating Dec.-09
 Completed Ratings 11

¹See Appendix 1

² See Social Qualification

Principal Performance Indicators

	Dec-08	Dec-09	Dec-10
Gross Loan Portfolio*	\$115,839	128,849	145,014
Number of Borrowers	156,256	152,943	187,636
Leverage	3.2	2.3	1.8
Return on Equity (ROE)**	25.8%	26.9%	21.7%
Portfolio Yield	34.7%	36.3%	36.0%
Portfolio at Risk	3.2%	3.5%	3.1%
Operating Expense Ratio	12.9%	15.8%	19.6%
Average Loan Size	\$741	\$842	\$773
Borrowers per Staff	209	166	149
Operating Margin	7.0%	7.8%	8.0%

*(⁰⁰⁰\$) ** Adjusted

Overview

Fundación Delamujer (previously FMM Bucaramanga) is a non-profit organization and member of the Women's World Banking Network. Since its creation in 1986, the MFI has solidified its position in Colombia's Northeastern region.

In 2010, the institution oversaw a portfolio of US\$ 145,000,000 and served more than 187,000 clients with an average loan size of US\$ 773. The MFI, which uses individual lending methodology, has grown and extended its outreach through a network of 34 branches, 56 Points of Service (POS's or mini branches) and 203 service correspondence centers (CDS, for payment collection).

Rating Rationale

Fundación Delamujer displays excellent performance, supported by solid methodology and exceptional quality indicators. Given its size, the MFI has a sophisticated and specialized organizational structure directed by a management team and board with extensive experience and a high level of commitment. Nevertheless, high staff turnover, principally in the analyst positions, is worrisome and has a negative effect on productivity and efficiency.

The MFI's expansion strategy, based on Points of Service, is reasonable given its objective of deepening its target market. Nevertheless, in an environment with more regulated and unregulated MFIs, maintaining competitiveness and positioning could be challenging.

The MFI stresses good financial management, with excellent profitability and favorable terms with commercial creditors. The financial structure is good with exceptional management of maturity and exchange rate risk, and moderate exposure to interest rate risk, typical in the Colombian market.

Highlights

- Solid financial position
- Good portfolio quality
- Good credit methodology
- Specialized management team
- Committed Board
- Good positioning

Risk Factors

- High analyst turnover
- Moderate exposure to interest rate risk
- Growing competition and overindebtedness of clients
- Decentralized analyst training

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.

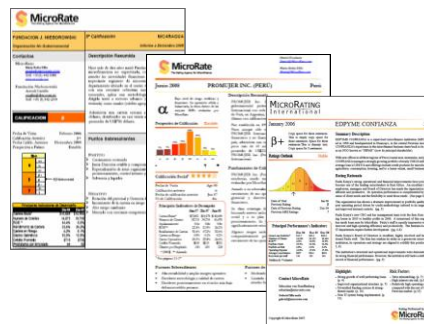
Interested in the full report?

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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