

<b>Fundación Realidad AC</b>	<b>México</b>																														
<i>Non-Profit Organization</i>	<i>December 2006 Report</i>																														
<b>Contacts</b>	<b>Descriptive Summary</b>																														
<b>MicroRate:</b> Sebastian von Stauffenberg <a href="mailto:sebastian@microrate.com">sebastian@microrate.com</a> Tel. +1(703) 243-5340 <a href="http://www.microrate.com">www.microrate.com</a>	<p>Fundación Realidad AC (FRAC) is a non-profit NGO founded in 1997 as the microcredit and business development arm of World Vision Mexico. Although it serves non World Vision clients its focus is on World Vision members and their families.</p> <p>As of December 2006, FRAC had a portfolio of almost \$3.7 million and 10,838 active clients. The foundation serves a market niche with small loans (average loan size of \$340) in relatively unattended markets. The foundation offers both village banking loans and solidarity loans from 12 regional offices. Its geographic extension is large – ranging from Tijuana on the US boarder to Oaxaca in southern Mexico with a focus on central Mexico.</p>																														
<table border="1" style="width: 100%;"> <tr> <td style="background-color: black; color: white; text-align: center;"><b>PERFORMANCE RATING</b></td> <td style="background-color: orange; text-align: center; font-size: 2em;"><b>β</b></td> </tr> </table> <p>Date of Rating <b>March 2007</b>          Previous Rating <b>β –</b>          Date of Previous Rating <b>December 2004</b>          Future Prospects</p> <div style="display: flex; align-items: center; margin-top: 10px;"> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><td style="background-color: yellow;">α ++</td><td></td></tr> <tr><td style="background-color: orange;">α</td><td>α+</td></tr> <tr><td></td><td>α</td></tr> <tr><td></td><td>α-</td></tr> <tr><td style="background-color: orange;">β</td><td>β+</td></tr> <tr><td></td><td>β</td></tr> <tr><td></td><td>β-</td></tr> <tr><td style="background-color: orange;">γ</td><td>γ+</td></tr> <tr><td></td><td>γ</td></tr> </table> <div style="margin-left: 10px;"> <p>← <b>FRAC</b></p> </div> </div>	<b>PERFORMANCE RATING</b>	<b>β</b>	α ++		α	α+		α		α-	β	β+		β		β-	γ	γ+		γ	<b>Highlights</b> <p><b>POSITIVE</b></p> <ul style="list-style-type: none"> <li>➤ Large untapped market</li> <li>➤ Solid capital structure</li> <li>➤ Improving portfolio quality</li> <li>➤ Committed personnel</li> </ul> <p><b>Negative</b></p> <ul style="list-style-type: none"> <li>➤ Inconsistent application of policies and lending methodology</li> <li>➤ Inadequate risk management for such a geographically extensive branch network</li> <li>➤ Underdeveloped information systems and reporting tools</li> <li>➤ Funding sources not diversified and too dependent on Mexican government</li> </ul>										
<b>PERFORMANCE RATING</b>	<b>β</b>																														
α ++																															
α	α+																														
	α																														
	α-																														
β	β+																														
	β																														
	β-																														
γ	γ+																														
	γ																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: yellow;"> <th colspan="3">Principal Performance's Indicators</th> </tr> <tr style="background-color: black; color: white;"> <th></th> <th>Dec-05</th> <th>Dec-06</th> </tr> </thead> <tbody> <tr> <td>Gross Loan Portfolio*</td> <td>\$2,735</td> <td>\$3,689</td> </tr> <tr> <td>Number of Clients</td> <td>8,459</td> <td>10,838</td> </tr> <tr> <td>ROE**</td> <td>13.0%</td> <td>8.7%</td> </tr> <tr> <td>Portfolio yield</td> <td>63.7%</td> <td>60.5%</td> </tr> <tr> <td>Portfolio at Risk</td> <td>4.9%</td> <td>2.4%</td> </tr> <tr> <td>Operative Expense</td> <td>43.9%</td> <td>42.4%</td> </tr> <tr> <td>Average Loan Balance</td> <td>\$323</td> <td>\$340</td> </tr> <tr> <td>Borrowers per staff</td> <td>121</td> <td>143</td> </tr> </tbody> </table> <p>* (000 \$)          ** Adjusted</p>	Principal Performance's Indicators				Dec-05	Dec-06	Gross Loan Portfolio*	\$2,735	\$3,689	Number of Clients	8,459	10,838	ROE**	13.0%	8.7%	Portfolio yield	63.7%	60.5%	Portfolio at Risk	4.9%	2.4%	Operative Expense	43.9%	42.4%	Average Loan Balance	\$323	\$340	Borrowers per staff	121	143	
Principal Performance's Indicators																															
	Dec-05	Dec-06																													
Gross Loan Portfolio*	\$2,735	\$3,689																													
Number of Clients	8,459	10,838																													
ROE**	13.0%	8.7%																													
Portfolio yield	63.7%	60.5%																													
Portfolio at Risk	4.9%	2.4%																													
Operative Expense	43.9%	42.4%																													
Average Loan Balance	\$323	\$340																													
Borrowers per staff	121	143																													