Investing in Microfinance Lenders

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Why Invest?

• Benefits
  – Meet the needs of difficult to serve market
  – CRA – Investment test and lending test
  – Public Relations
  – Business Opportunities
Types of Investments

- Grants
- EQ2
- PRI
- Loans
- Multi Bank pools or consortiums
How do Investors Analyze Microfinance Lenders?

- **CAMEL**
  - Capital – Net assets/ total assets (unrestricted vs. restricted)
  - Asset Quality – Non performing loans (compare to loan loss reserves and historical loss levels)
  - Management – Who and how
  - Earnings – self sufficiency and grant support
  - Liquidity – Maturing debt / days cash on hand / principal repayment of loan fund