

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