

**Name of Fund Here**

Investment Recommendation for

**Name of Institution**

**Country of MFI**

MFI Logo

Date

[Amount, Tenor]

Prepared By: [Analyst Name Here]

Internal Rating: [Rating]

**Approved**

_____ Signed	_____ Date
_____ Signed	_____ Date

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## **I. Profile**

[Paste Summary Tab from Inputs file as object.]

## **II. Executive Summary**

### **A. Recommendation**

- *Should be concise summary of why recommending MFI, how much, how long, disbursements (if applicable), name of bank and leverage (if applicable).*

### **B. Organizational Background**

- *Brief background of the MFI*

### **C. Management & Governance**

- *Governance – Outline key issues / strengths*
- *Overview of internal controls*

### **D. Portfolio Highlights**

- *What is the PaR>30, charge-offs, and loan loss reserve adequacy*

### **E. Financial Overview**

- *Leverage and debt structure including any key shareholders and lenders*
- *Current and past trends for ROA, OSS, Efficiency*

### **F. Key Risk Factors / Weaknesses / Mitigating Strengths**

*1. Factor 1*

*2. Factor 2*

*3. Factor 3*

### **III. Fundamental Analysis**

#### **A. Country Overview**

- **If the MFI's country has a risk rating, please list it here: \_\_\_\_\_**
  
- **What are the three most important things about the MFI's country that could impact it:**
  1. [List as bullets]
  2. [List as bullets]
  3. [List as bullets]

## B. Loan Product Profile

Loan Classification
[Paste the Loan Classification Table from “Loan Classification” tab of inputs model here]

**Portfolio Stratification**

[Paste historical Portfolio Stratification Chart from “Institutions” tab of inputs model here]

[Paste current Portfolio Sectors Pie Chart from “Projections” tab of inputs model here]

[Make sure that the pie chart includes the % of each sector]

**C. Strategy and Business Planning**

**1. Business and Strategic Planning**

- **What is the MFI’s mission?**
  
- **What are the MFI’s strategic objectives?**
  - [List as bullets]
  
- **Are the MFI’s strategic objectives consistent with its mission? Y / N**
  - **Explain if not:** [if answer is  Y, write “N/A”]
  
- **Is the MFI planning any future changes in direction?** (i.e. to “grow with its client base” or broaden its original mission to SME, etc.) Y / N
  - **Explain if so:** [if answer is  N, write “N/A”]
  
- **Does the MFI have a one-year business plan? Y / N**
  - **If so, what are its main components:** [if answer is  N, write “N/A”]

**2. Competitive Analysis**

- **How would you characterize the level of competition in the MFI’s marketplace? (Mark with “X”)**

<b>Negligible</b>	
<b>Moderate</b>	
<b>Strong</b>	
<b>Severe</b>	

- **What is the relative market position of the MFI with respect to its competitors (refer to the table below)? List the MFI’s competitors in the table below with their Gross Loan Portfolio and Number of Borrowers data from the MIX.**

[Discussion]

MFI	Gross Loan Portfolio	Number of Borrowers

- **What is the MFI’s competitive advantage?**
  
- **In general, how do the rates that the MFI charges its clients compare to those of its peers?** (i.e. are they above, below, or the same? If the picture is varied because the rates are lower for some products and higher for others, state that also.)

**3. Key Aspects of Growth (Historical and Projected)**

<b>Historical and Projected Growth</b>	
[Paste historical section of Growth Table from “Institutions” tab of inputs model here]	
[Paste projected section of Growth Table from “Institutions” tab of inputs model here]	
[Paste historical Growth Chart from “Institutions” tab of inputs model here]	[Paste projected Growth Chart from “Institutions” tab of inputs model here]  [Same chart but for projections]

- **Discuss any notable historical growth trends or anomalies:**
  - a. **[Trend 1, if applicable]:** [Brief commentary]
  - b. **[Trend 2, if applicable]:** [Brief commentary]
  
- **Are the MFI’s growth projections consistent with its strategic plan described in Section III.A.a and the competitive analysis conducted in Section III.A.b?** (Questions to consider: If the MFI’s strategic plan involves rapid expansion in new areas, is that being reflected in the projections? If the marketplace is rapidly becoming competitive, do the MFI’s projections of rapid growth seem realistic?)  
Y / N
  - **Explain evidence either way:**
  
- **Is the MFI’s projected growth consistent with and realistic considering the MFI’s marketing budget?** Y / N
  - **Explain evidence either way:**

**4. Stress Scenario**

[This section is under development]

## D. Governance

### 1. *Structure of Corporate Governance*

- Please list the MFI's international affiliations or technical assistance providers and briefly mention the nature of their involvement:
  - a.
  - b.
  
- Briefly describe the MFI's governance structure, and insert a chart below (i.e. Is there a General Assembly/ Board of Directors, etc.).  
[Description]

Governance and Board Structure
[Paste chart]

Board of Directors Summary							
Name	Board Member Since	Title	Education	Field / Years of Experience	Salary	Bonuses	Fringe Benefits

### 2. *Board Experience and Involvement*

- How many members does the Board (or similar governing body) have? \_\_\_\_\_
- How are members elected/ selected?
- What is each member's term of office? \_\_\_\_\_
- How often does the Board (or similar governing body) meet? \_\_\_\_\_

- **What committees does the Board (or similar governing body) have?**

<b>Committee</b>	<b>Yes</b>	<b>No</b>
Audit Committee		
Asset / Liability Management Committee		
Credit Committee		
Social Impact Committee		
Other: _____		

- **What reports does the Board use to monitor the MFI? (List)**
  - a.
  - b.
- **Does the Board set objectives for the CEO? Y / N**
- **Is there evidence that the Board is actively involved with the MFI? Y / N**
  - **Explain evidence either way, referring to the previous five questions:**
- **Are the Board members’ aggregate backgrounds sufficiently strong/ diverse? (i.e. Are all the members’ backgrounds social in nature, or are there some with financial/economic experience?) Y / N**
  - **Explain the evidence either way, referring to the table describing Board members above:**
- **Are loans made to Board members? Y / N**
  - **Explain the credit process followed, if so:** [if answer is  N, write “N/A”]
- **Are there any family or business relationships between the Board members and the MFI’s employees? Y / N**
  - **Describe if so, and explain whether this is a concern or not:** [if answer is  N, write “N/A”]
- **Is the Board aware of the Client Protection Principles? Y / N**
  - **If so, how does it affirm the Principles:** [if answer is  N, write “N/A”]

### 3. *Management*

<b>Management Team Structure</b>
[Paste chart]

- **Is the senior management team qualified? Y / N**
  - **Explain the evidence either way, referring to the table below:**

Name	Employee Since	Title	Education	Field / Years of Experience	Salary	Bonuses	Fringe Benefits

- **Is the second line of management qualified? Y / N**
  - **Explain the evidence either way, referring to the table above:**
- **Is a succession plan in place for the CEO position? Y / N**
  - **If not, explain whether or not this should be a concern:**
- **Does the CEO set objectives for senior management? Y / N**
  - **If so, how are they tracked:** [if answer is , write "N/A"]
- **Does any one senior manager have excess control of the MFI (key person risk)? Y / N**
  - **Describe if so and explain whether this is a concern or not:** [if answer is , write "N/A"]
- **Do members of the management team hold any shares or equity in the MFI? Y / N**
  - **Explain if so:** [if answer is , write "N/A"]
- **What reports does management receive and use to track performance (write in the frequency of the report also)?**

Report	Frequency	Receives? (Y/N)
Portfolio Report		
Cash Flow Projections		
Liquidity Report		
Financial Statements		
Other: _____		

- **Do the reports that management receives seem sufficient in their level of detail and scope? Y / N**
  - **Explain if not:** [if answer is , or there was no site visit, write "N/A"]
- **Do the compensation levels of the management team seem to be comparable to those of its competition or the industry standard? (To determine this, ask representatives of the MFI for their perspective. If levels of compensation at competitors are known, compare to compensation at other MFIs.) Y / N**
  - **Explain if not:** [if answer is , write "N/A"]

## E. Internal Controls

### 1. General Internal Controls

- **Does the MFI have well-developed internal controls?** (Refer to the Due Diligence Questionnaire and the Internal Controls Best Practices Module for questions to consider.) Y / N
  - **Explain evidence either way:**
- **Is there an internal independent operations team that reviews all or most transactions to ensure compliance with policies, procedures and adequate documentation?** Y / N
  - **Explain if not:** [if answer is , write "N/A"]
- **Has the MFI experienced any losses from fraud?** Y / N
  - **Explain if so:** [if answer is , write "N/A"]

### 2. Internal Audit

- **Do the Internal Audit senior managers and staff have sufficient experience / training?** Y / N
  - **Explain if not:** [if answer is , write "N/A"]
- **Does the quality of the Internal Audit reporting seem to be sufficient?** Y / N
  - **Explain if not:** [if answer is  or there was no site visit, write "N/A"]
- **How many auditors are there per branch / in total?** \_\_\_\_\_ / \_\_\_\_\_
- **How many visits per branch does the audit team make each year?** \_\_\_\_\_
- **Does the Internal Auditor report directly to the Board or the Board Audit Committee?** Y / N
  - **Explain if not:** [if answer is , write "N/A"]

### 3. External Audit

- **Does the MFI have a well-known external auditor?** Y / N
  - **Explain if not:** [if answer is , write "N/A"]
- **How many years has the MFI used the same auditor?** \_\_\_\_\_
- **What was the date of the last audit?** \_\_\_\_\_
- **What was the auditor's opinion in the last audit (qualified or unqualified)?** \_\_\_\_\_
- **Summarize the key points from your conversation with the auditors:**

### 4. Regulatory Environment

- **Is the MFI regulated?** Y / N
  - **If so, who regulates them:** \_\_\_\_\_ [if answer is , write "N/A"]
- **Provide a brief summary of the regulatory environment.** (Answer: Are there separate laws and regulatory regimes for microfinance?)

- **If the MFI is regulated, what is the level of engagement of its regulators?** (Answer: How respected/ competent are the regulators? How rigorous are the regulatory visits? Do they perform site visits, or does the MFI simply send in a report?)
- **Are there any pending legal changes?** Y / N
  - **If so, what impact would they have on the MFI:** \_\_\_\_\_ [if answer is **N**, write “N/A”]

**5. External Rating**

- **Who rated the MFI?** \_\_\_\_\_
- **What was the rating / date of the report?** \_\_\_\_\_
- **What were the High/ Medium-high risks highlighted in the report?**
  - [Briefly mention the high or medium-high risks highlighted by the rating agency]

## F. Credit Risk Management

<b>Loan Classification</b>
[Paste the Loan Classification Table from “Loan Classification” tab of inputs model here]

**1. Underwriting Process**

- Describe briefly the MFI’s credit process. Mention the main criteria that the MFI uses to evaluate a loan application and the processes that are involved in deciding whether or not an MFI meets those criteria. (For example, if an MFI expresses that capacity to repay is an important criterion, what is the process used to assess capacity to repay?)
- What is the MFI’s loan approval hierarchy? (Paste table below from loan application.)

Level	Authorized Amount/Situation
Branch Loan Officer	
Branch Manager	
Branch Credit Committee	
Regional Loan Officer	
Head Office Loan Officer	
General Manager	
Head Office Credit Committee	
Board of Directors or Member of Board	

- Do the loan files provide adequate evidence of due diligence done on borrowers and a sound analysis of ability to repay? Y / N
  - Explain either way: [if there was no site visit, write “N/A”]
- Is the MFI’s credit process adequate? Y / N
  - Explain either way (Refer to the questions above. Address: Are lending authorities adequate? Does the MFI emphasize a client’s character and capacity to repay and perform adequate due diligence on the client?):
- What percentage of the gross loan portfolio is made up of bullet loans? \_\_\_\_\_
- Does the MFI account for interest income on an accrual basis? Y / N
  - If so, in event of a delayed payment, is interest written back, and when?
- Does the MFI’s country have an existing credit bureau? Y / N
  - If so, does the MFI use it, and how (i.e. does it gather both negative and positive credit information?):

**2. Collections Process**

- Provide a brief summary of the MFI’s collections process for following up on delinquent loans. Describe in bullet format after how long visits to the delinquent clients are made and when the legal process begins.  
[Discussion - Bullets]

### 3. Summary of Asset Quality

Historical Asset Quality	
[Paste historical section of Asset Quality Table from “Institutions” tab of inputs model here]	
[Paste historical Asset Quality Chart from “Institutions” tab of inputs model here]	[Paste historical Portfolio at Risk Stratification Chart from “Institutions” tab of inputs model here]

- **Discuss any notable historical asset quality trends or anomalies:**

- a. [Trend 1, if applicable]: [Brief commentary]
- b. [Trend 2, if applicable]: [Brief commentary]

### 4. Loan Portfolio Concentrations / Insider Lending Practice

- **What is the top 10 loan concentration of the MFI?**
  - Value of largest 10 loans / total loan portfolio: \_\_\_\_\_
  - Value of largest 10 loans / total equity: \_\_\_\_\_
- **Does the MFI have policies that limit its top 10 loan concentration? Y / N**
  - **Explain either way:** [Discuss policies only, if no site visit.]
- **What is the percentage of loans made to insiders: \_\_\_\_\_**
- **If the MFI makes loans to insiders, do its policies and procedures limit this exposure? Y / N**
  - **Explain either way:** [Discuss policies only, if no site visit.]

### 5. Loan Loss Reserves and Charge-Offs Policies

- **What is the MFI’s policy for forming Loan Loss Reserves? (Paste table below from the loan application.)**

Product Name	
Days Past Due	Loan Loss Reserve as a % of Loan
0-15 Days	5%
15-30 Days	10%
etc.	

- **Who determines the MFI’s reserve policy?**
- **How frequently is the reserve policy reviewed?**
- **What is the MFI’s policy for charging off loans?**
- **Are the MFI’s LLR and charge-off policies adequate? Y / N**
  - **Explain either way:**

## **6. Restructuring Policy**

- **What is the MFI's policy for restructuring loans (i.e. what are the criteria that a client must meet in order for his/her loan to be restructured)?**
- **Are restructured loans tracked in the MFI's MIS separately from its healthy portfolio? Y / N**
  - **If not, explain how the MFI keeps track of the level of restructured loans and how we can be confident in the accuracy of this number: [if answer is  write "N/A"]**
- **Are the MFI's restructuring policies adequate? Y / N**
  - **Explain either way:**

## **7. Consistency of Credit Policies and Practices**

- **If you performed a site visit, did you notice any areas in which the MFI's underwriting, collections, LLR, charge-off or restructuring policies as outlined in the Policy and Procedures documentation differed from the practices being conducted at the branch level? Y / N**
  - **Explain if so: [if answer is  or there was no site visit, write "N/A"]**
- **If you performed a site visit, did the loan officers seem to have a strong understanding of the MFI's underwriting, collections, LLR, charge-off and restructuring policies? Y / N**
  - **Explain evidence either way:**

## G. Social Impact

Social Indicators
[Paste Social Indicators table from “Institutions” tab of inputs model here]
[Paste Social Indicators Chart from “Institutions” tab of inputs model here]

### 1. Social Focus / Mission of Organization

- What is the MFI’s target market?

Client Profile						
[Paste Client Profile from the loan application here]						
<b>Income</b>	Low	%	Middle	%	High	%
<b>Gender</b>	Men	%	Women	%		%
<b>Employment</b>	Public	%	Private	%	Self-Employed	%

- Does the MFI’s stated target market seem to match its actual client base? (To determine the answer to this question, consider the following: (1) Is the MFI’s average loan size consistent with the segment of the population it says it targets? (2) Is the percentage of women served consistent with the MFI’s target client profile?) Y / N
  - Explain if not: [if answer is  Y, write “N/A”]
- Is overindebtedness becoming a problem in the MFI’s marketplace?
  - Explain if so: [if answer is  N, write “N/A”]

### 2. Key Aspects of Social Indicators

- What is the MFI’s average loan size as a percentage of GDP? \_\_\_\_\_
- Fill in the table below displaying the MFI’s average loan size in comparison to its competitors (use MIX for data).

MFI	Asset Size of MFI	Average Loan Size

- What is the effective interest rate that the MFI charges on its most expensive product (use Effective Interest Rate Calculator)? \_\_\_\_\_
  - a. What percentage of the portfolio does this product compose? \_\_\_\_\_
- What is the effective interest rate that the MFI charges on its most commonly-disbursed product (use Effective Interest Rate Calculator)? \_\_\_\_\_
  - a. What percentage of the portfolio does this product compose? \_\_\_\_\_

### 3. Adherence to Client Protection Principles

- Does the MFI uphold the Client Protection Principles in a satisfactory way? (Copy in and refer to the tables below from the Loan Application.) Y / N
  - Explain if not: [if answer is , write "N/A"]

- What does the MFI do to avoid client over-indebtedness? (Put an X next to all that apply)

Has written credit policies that give decision makers (loan officers, supervisors, etc.) explicit guidance regarding borrower debt thresholds	
Credit underwriting process includes an evaluation of client ability to repay the loan	
Credit underwriting process includes checks on client credit history and existing debt	
Loan product options are flexible enough to fit client business and/or household needs	
Does not rely solely on guarantees for repayment	
Clients receive training/guidance on evaluating their own debt capacity	
Management regularly obtains information about debt levels among its clients	
Uses peer assessment (in group methodologies)	
Other (please specify): _____	

- How does the MFI ensure transparent communication with clients about prices, terms and conditions of financial products? (Put an X next to all that apply)

Contracts and information use plain language and provide full disclosure of prices, terms and conditions	
Interest rates (incl. fees, commissions) or other product prices are published, displayed and provided to clients	
Penalty and pre-payment fees are disclosed before loan contracts are signed	
Amortization schedule in loan contract separates principal, interest, fees, and shows amount and due dates of installments	
Communications address client literacy limitations (e.g. reading contracts out loud, materials in local languages)	
Clients have an opportunity to ask questions and receive information prior to signing contracts	
Clients receive transaction receipts and regular, clear, accurate account statements	
Other (please specify): _____	

- How does the MFI ensure that appropriate collections practices are followed? (Put an X next to all that apply)

A code of acceptable and unacceptable debt collection practices is in place	
Debt collection procedures and time frames (e.g. times/locations when collections are appropriate, etc.) are clearly outlined in a staff book of rules	
Loan contracts explain what the borrower should expect in case of late repayment or default	
Efforts are made to negotiate reasonable repayment plans prior to seizing assets	
Monitors staff and any third party collections agents to ensure compliance with acceptable practices	
Provides debt counseling services	
Other (please specify): _____	

- How does the MFI ensure staff ethical codes of conduct are consistently followed? (Put an X next to all that apply)

A Board approved a code of ethics which defines organizational values and ethical standards expected for staff	
--	--

Staff rules describe acceptable/unacceptable behavior, reprimands and violations that can result in employment termination	
Hiring procedures assess employees for compatibility with organizational values and ethics	
All staff sign annual pledges to follow ethical codes	
Anti-corruption policies are in place, provided to each staff member and enforced by decision-makers	
Internal audit for risk management detects corruption and code violations	
Other (please specify): _____	

- **Does the MFI have policies and procedures in place for complaint resolution and client problem solving? (Put an X next to all that apply)**

A written policy requires customer complaints are taken seriously, investigated and resolved in a timely manner	
Specialized personnel are designated to handle customer complaints and problem solving	
Customers are informed appropriately of their right to complain and know how to submit a complaint	
Complaints and their resolution are tracked and used to improve products, sales techniques and customer interactions	
Internal audit or other monitoring systems check that complaints are resolved satisfactorily	
Suggestion boxes are provided in each place of business	
Hotline or call center with toll free access is available	

- **If the MFI has other policies or practices designed to protect clients and ensure their fair treatment, please provide details here.**

## H. Capital Structure

### 1. Key Aspects of Balance Sheet Composition

Historical Balance Sheet Structure	
[Paste historical Balance Sheet Structure Table from “Institution” tab of inputs model here]	
[Paste historical Balance Sheet Structure Chart from “Institutions” tab of inputs model here]	

- Discuss any notable historical balance sheet structure trends or anomalies:
  - [Trend 1, if applicable]: [Brief commentary]
  - [Trend 2, if applicable]: [Brief commentary]

### 2. Equity Structure and Capital Plans

Equity Structure
[Paste Equity Structure pie Chart from “Summary” tab of inputs model here]

- Are there plans to bring in new shareholders? Y / N
  - Explain if so: [if answer is , write “N/A”]
- What is the policy on dividends/ distributions of income?

### 3. Debt Structure<sup>1</sup>

Debt Structure	
[Paste the Debt Structure Chart from “Summary” tab of inputs model here]	
[Paste Debt Maturity Chart from “Projections” tab of inputs model here]	[Paste Debt Cost Schedule Chart from “Projections” tab of inputs model here]

- What lenders (other than DB) are included in the MFI’s potential funding pipeline, and what terms are they offering to the MFI?

<sup>1</sup> See Appendix C for detailed list of lenders.

#### 4. Savings

- Does the MFI mobilize savings? Y / N
  - If so, explain why they are seeking debt funding: [if answer is , write "N/A"]
- Are the MFI's rates on deposits competitive? Y / N
  - Explain if not: [if answer is , write "N/A"]

#### 5. Projected Balance Sheet Structure

Projected Balance Sheet Structure
[Paste projected Balance Sheet Structure Table from "Institution" tab of inputs model here]
[Paste projected Balance Sheet Structure Chart from "Institutions" tab of inputs model here]
[Same chart but for projections]

- Do the MFI's projections include the potential DB loan and other pipeline debt/equity? Y / N
- What is the impact of the contemplated DB loan and other debt/equity in the pipeline on the MFI's leverage?

### I. Productivity and Efficiency

#### 1. Key Aspects of Yields, Costs and Profitability

Historical Efficiency and Profitability	
[Paste historical section of Efficiency and Profitability Table from "Institutions" tab of inputs model here]	
[Paste historical Efficiency Chart from "Institutions" tab of inputs model here]	[Paste historical Profitability Chart from "Institutions" tab of inputs model here]

- Discuss any notable historical efficiency and profitability trends or anomalies:
  - a. [Trend 1, if applicable]: [Brief commentary]
  - b. [Trend 2, if applicable]: [Brief commentary]
- What ratios does the MFI use to measure productivity and efficiency?
  - a. [Bullet 1]
  - b. [Bullet 2]
- What are the MFI's targets for the next three years with respect to productivity/efficiency?

Metric	Year 1	Year 2	Year 3
[Metric 1]	[Target 1]	[Target 1]	[Target 1]
[Metric 2]	[Target 2]	[Target 2]	[Target 2]

- Provide a brief summary of the principal challenges that the MFI faces with respect to managing costs.
  - a. [Bullet 1]
  - b. [Bullet 2]

- **Is the management team actively managing the MFI’s costs? Y / N**
  - **If not, explain what level of a concern this is; if so, explain how it is managing costs** (in discussing cost-management, describe what measures the management team has taken recently to improve efficiency):

**2. Projected Yields, Costs and Profitability**

<b>Projected Efficiency and Profitability</b>	
[Paste projected section of Efficiency and Profitability Table from “Institutions” tab of inputs model here]	
[Paste projected Efficiency Chart from “Institutions” tab of inputs model here]	[Paste projected Profitability Chart from “Institutions” tab of inputs model here]
[Same chart but for projections]	[Same chart but for projections]

- **Are the MFI’s projections for efficiency and profitability consistent with its strategic plan described in Section III.A.a and the competitive analysis conducted in Section III.A.b?** (Questions to consider: If the MFI is planning to become more efficient as it grows, is that being reflected in the efficiency projections? If the marketplace is rapidly becoming competitive, is the MFI showing projected yields that are consistent with that reality?) Y / N
  - **Explain evidence either way:**

**3. Stress Scenario**

[This section under development]

## **J. Market Risk**

### ***1. Asset-Liability Management (ALM) / Liquidity Risk Management***

- **Does the MFI actively manage its liquidity? Y / N**
  - **If not, explain how concerning this is; if so, explain how it manages liquidity:**

### ***2. Interest Rate Risk***

- **Does the MFI monitor interest rate risk? Y / N**
  - **If not, explain how concerning this is; if so, explain how it manages interest rate risk:**

### ***3. Foreign Exchange Risk Management***

- **What is the MFI's current open FX exposure ratio? \_\_\_\_\_**
- **Does the MFI actively manage foreign exchange risk? Y / N**
  - **If not, explain how concerning this is; if so, explain how it manages foreign exchange risk:**

## **K. Human Resources**

- **What is the level of staff turnover at the MFI? \_\_\_\_\_**
- **Please briefly describe the salary and incentive structure for the MFI's loan officer. (Address: Are loan officer incentives balanced between growth and quality of portfolio, with offsetting penalties as quality deteriorates?)**

## **L. Management Information Systems (MIS)**

- **What is the name of the MFI's MIS?** \_\_\_\_\_
- **How long has the MFI been using this MIS?** \_\_\_\_\_
- **Are the loan ledgers integrated with the accounting system?** Y / N
- **Are the MFI's branches online?** Y / N
  - **Explain if not:** [if answer is  Y, write "N/A"]
- **Will the MFI be upgrading its systems soon?** Y / N
  - **Explain if so:** [if answer is  N, write "N/A"]
- **Does the MFI have off-site backup of its MIS?** Y / N
- **Is the MFI's MIS adequate given its size?** Y / N
  - **Explain either way (Refer to the previous questions.):** [if answer is  Y, write "N/A"]
- **How long does it take to produce monthly financials?**

## **M. Reference Check**

- *Reference 1*
  - **Name:**
  - **Title / Organization:**
  - **Positive Comments:** [List as bullets]
  - **Negative Comments:** [List as bullets]
  
- *Reference 2*
  - **Name:**
  - **Title / Organization:**
  - **Positive Comments:** [List as bullets]
  - **Negative Comments:** [List as bullets]
  
- *Reference 3*
  - **Name:**
  - **Title / Organization:**
  - **Positive Comments:** [List as bullets]
  - **Negative Comments:** [List as bullets]

## IV. Covenants

Area	Indicator	Standard	Proposed	Current Situation	Comment
Asset Quality	PaR > 30 Days	$\leq 5\%$			
	Loan Charge-Off / Gross Loan Portfolio	$\leq 2\%$			
Operating Expenses	Operating Costs / Average Gross Loan Portfolio	$\leq 30\%$			
Profitability	ROA	Positive			
Capital Levels	Solvency Ratio <sup>2</sup>	$\geq 15\%$			
	Total Capital to Risk-Weighted Assets <sup>3</sup>	$\geq 15\%$			
	Open FX Exposure	$\geq 25\%$			
Reporting Requirements	Monthly Reporting	15 Days			
	Quarterly Reporting	30 Days			
	Audited Financials	180 Days from year end			
	Evaluation by Rating Agency	Every 18 months			
	Notice of Acceleration of Other Lenders	60 Days			

<sup>2</sup> Total Equity / Total Assets.

<sup>3</sup> Required in lieu of Solvency ratio for regulated entities that follow Basle guidelines.

## V. Key Risk Classification<sup>4</sup>

<b>Strategy and Business Planning</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Business & Strategic Planning	High	Medium	Low
Competitive Environment	High	Medium	Low
Marketing	High	Medium	Low
<b>Social Impact</b>	<b>Very Good</b>	<b>Good</b>	<b>Below Average</b>
General Social Indicators	Very Good	Good	Below Average
Social Focus / Mission	Very Good	Good	Below Average
<b>Governance &amp; Internal Controls</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Board Experience / Involvement	High	Medium	Low
Management Experience	High	Medium	Low
Key Person Risk / Limited Second Tier Management	High	Medium	Low
General Internal Controls	High	Medium	Low
Internal Audit	High	Medium	Low
External Audit	High	Medium	Low
Regulatory Environment	High	Medium	Low
External Rating	High	Medium	Low
<b>Credit Risk Management</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Underwriting Standards	High	Medium	Low
Concentrations / Insider Lending	High	Medium	Low
Collections	High	Medium	Low
Loan Loss Reserves	High	Medium	Low
Restructuring / Refinancing	High	Medium	Low
<b>Capital Structure</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Balance Sheet composition	High	Medium	Low
Capital Plans	High	Medium	Low
Debt	High	Medium	Low
Savings	High	Medium	Low
<b>Market Risk</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Asset-Liability Management (ALM)	High	Medium	Low
Liquidity Risk Management			
Interest Rate Risk	High	Medium	Low
Foreign Exchange Risk Management	High	Medium	Low
<b>Productivity and Efficiency</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>Human Resources</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>Management Information Systems</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Overall MIS Systems	High	Medium	Low
IT / System Implementation Risk	High	Medium	Low
<b>Other</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Transformation Risk	High	Medium	Low
Political System Risk	High	Medium	Low
Susceptible to Weather/Environment	High	Medium	Low

<sup>4</sup> High would be a high risk that characterizes a weakness of the organization that could cause the institution to suffer significant losses. Low would be a low risk that does not appear to represent a weakness of the organization or an imminent threat to its viability.

## **VI. Appendix A: Balance Sheets**

## **VII. Appendix B: Income Statement**

## **VIII. Appendix C: Detailed List of Lenders**