



**MicroRate**  
The Rating Agency for Microfinance

# ASSESSING FINANCIAL PERFORMANCE

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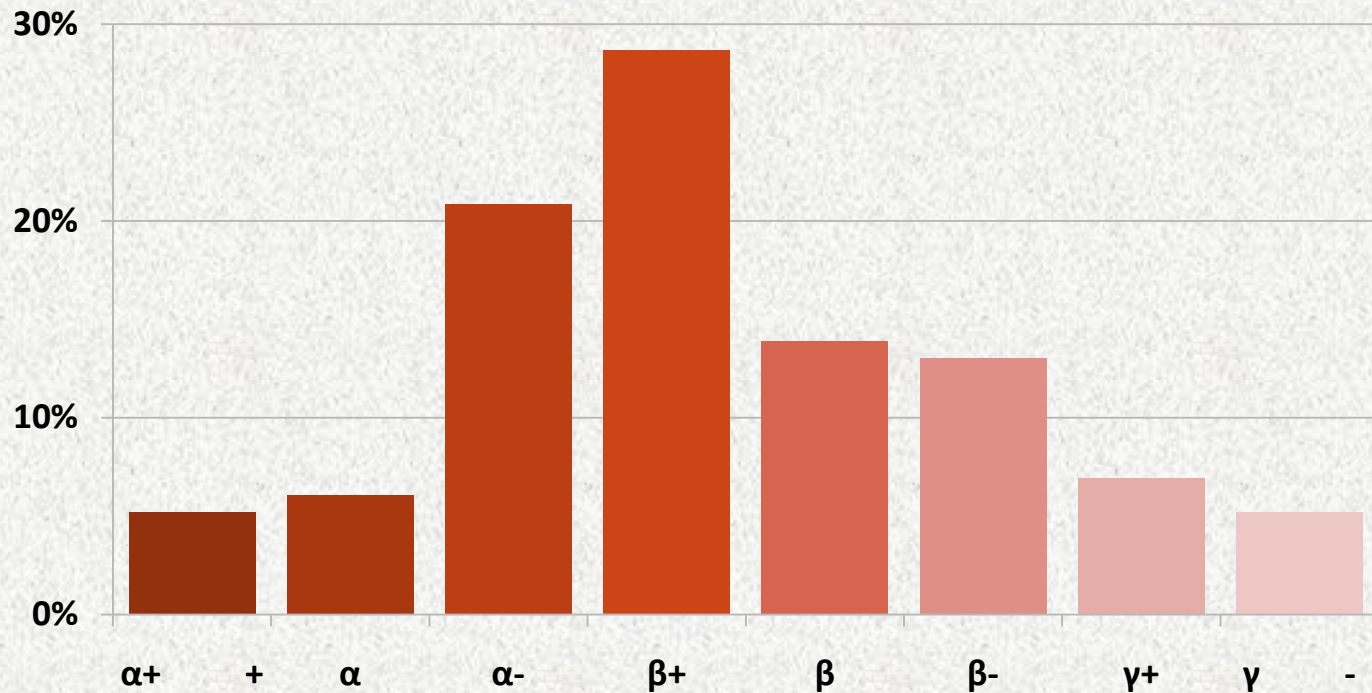


# What is being rated?

- Conventional Raters: Creditworthiness
  - What is the risk of default?
- Microfinance Raters: Microfinance Institution (MFI) Performance
  - How well is an MFI running its microfinance operations?



# MicroRate Rating Grade Distribution





# What's new?

Measuring Social Performance

Measuring Poverty

- Overkill?
- Should rating agencies do this?



# Dangers Ahead

Competition works - but:

- **Lending standards drop**
- **Margins are compressed**
- **Over indebtedness of borrowers**