

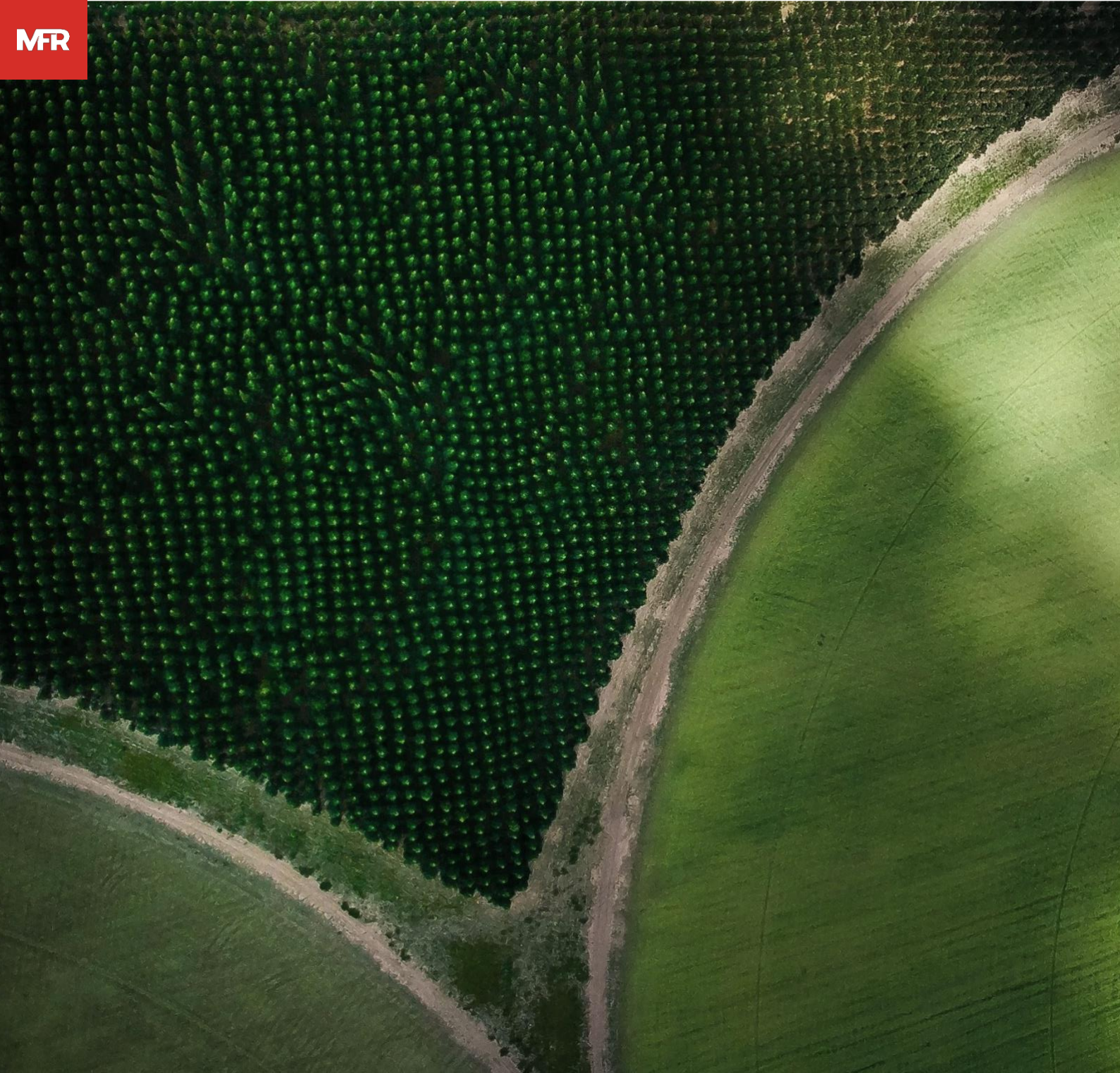
An aerial photograph of a rugged coastline. The water is a vibrant turquoise color, contrasting with the dark, jagged rocks of the shore. The rocks are in various shades of grey, black, and brown, with some patches of green and purple. The overall scene is dramatic and scenic.

# Technical Proposal

INSTITUTIONAL RATING

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# Company Profile

We are the leading global rating agency  
specialized in inclusive and sustainable finance

# Company Profile

**MFR** is a global rating agency with over 20 years of experience, providing **evaluations, information, and technical expertise** to promote best practices and drive responsible investments in the sustainable finance industry.

Our vision is to help **build a more transparent future** in which capital is combined with a **social and environmental purpose**, fostering the growth of a more inclusive and sustainable industry worldwide.

Headquartered in **Italy**, with offices in **Kyrgyzstan, Kenya, Ecuador, and Bolivia**, and a presence in **India, the United Kingdom, France, and Mexico**, MFR operates across **4 continents**, solidifying its position as a global strategic partner.

MFR's credibility is supported by our international accreditations, which enable us to promote trust and good practices in the industry.



**MFR has been accredited by:**

Cerise+SPTF

**To carry out:**

Client Protection Certification

Alinus Audits SPI5



**MFR has been accredited by:**

European Commission

**To carry out:**

Code of Good Conduct



**MFR has been accredited by:**

EIB-InvestEU

**To carry out:**

Evaluation Products under the

SIFTA program



**MFR has been accredited by:**

ICMA

**To carry out:**

Second Party Opinion of a Green, Social and Sustainability Bond Framework



**MFR has been accredited by:**

MFV/DFC

**To carry out:**

Rating of MSME funds, clean energy (PAYGO) funds, agricultural funds and housing funds



**MFR has been accredited by:**

GOGLA

**To carry out:**

Consumer Protection Assessment of off-grid solar energy companies.



**MFR has been accredited by:**

Truelift

**To carry out:**

Truelift Assessment



**MFR has been accredited by:**

Philippines local central bank

**To carry out:**

Risk Ratings of Microfinance Institutions.

Throughout our trajectory, we have forged strategic alliances with leading **private social investors, fund managers, development financial institutions, specialized hedge funds, and international organizations**, thereby strengthening our global impact.



**French Development Agency (AFD)**



**German Investment and Development Company (DEG)**



**Dutch Entrepreneurial Development Bank (FMO)**



**European Investment Bank**



**European Bank for Reconstruction and Development**



**Inter-American Development Bank**



**European Commission**



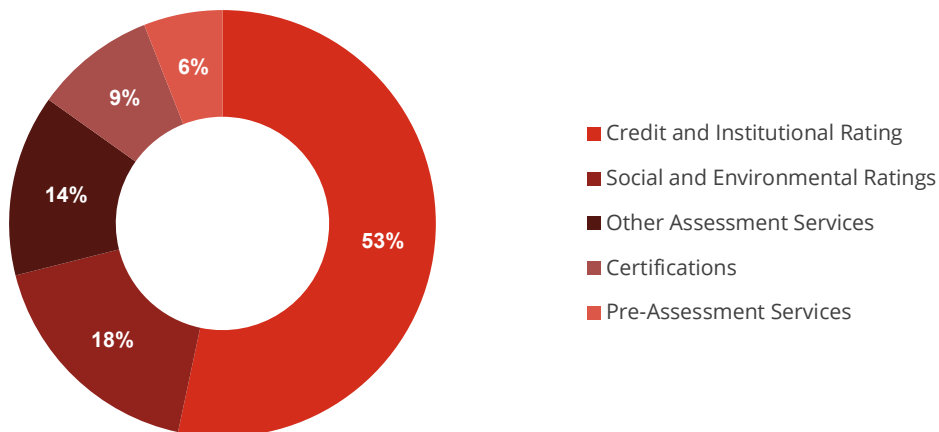
**Council for the development of Cambodia**



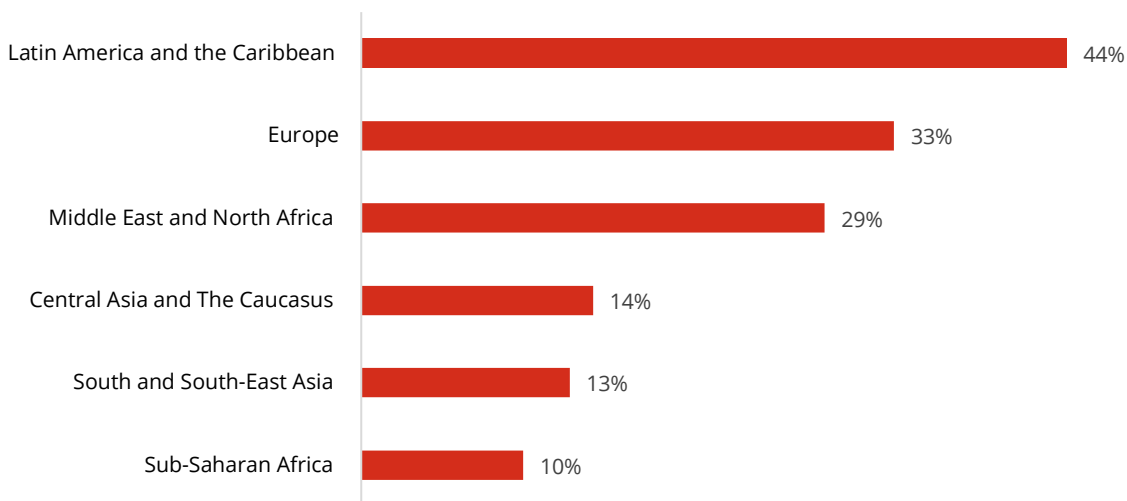
**Proparco**

To date, we have conducted over **4,300 evaluations** across **120 countries globally** and leads the **global market in Client Protection Certification**, covering over **70% of certified institutions** worldwide:

### Global service diversification



### Global outreach



\*Of the total global outreach, 44% is attributed to Latin America and the Caribbean, while 56% corresponds to other regions, based on the number of assignments completed.

The data presented in the graphs reflects the period from 2001 to 2024.

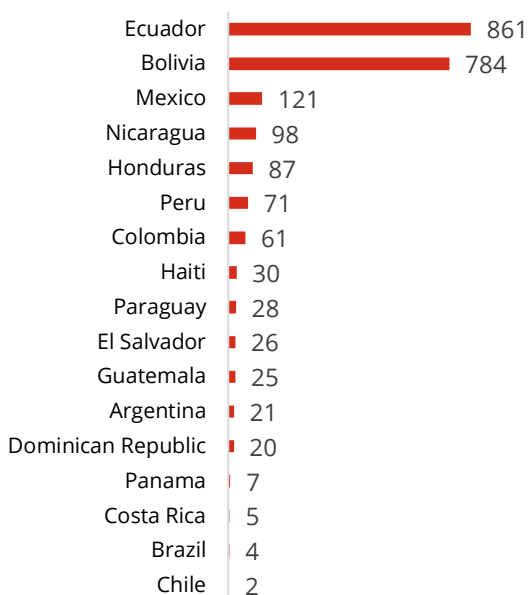
## Experience in Latin America & The Caribbean

At MFR, our mission is to generate independent opinions and data, while providing technical expertise that not only promotes international best practices but also serves as key tool for responsible investment decisions in the inclusive and sustainable finance industry across Latin America and the Caribbean.

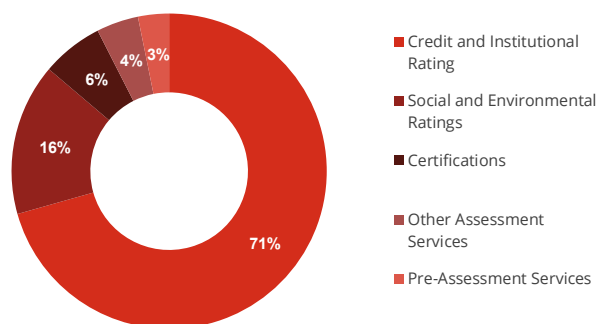
With over **2,000 evaluations conducted in 17 countries**, MFR has established itself as the leading rating agency specializing in inclusive and sustainable finance in Latin America and The Caribbean.

Our experienced teams, based in **Quito, La Paz, and Mexico City**, leveraging deep local insights to deliver tailored solutions that meet the diverse needs of financial institutions, regardless of size, legal structure, or stage of development.

LAC outreach



LAC service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

In Ecuador and Bolivia, MFR stands out as **the first specialized rating agency authorized by regulatory bodies**, ensuring quality and rigor in our services:

- The **Superintendency of Banks (SB)**, the **Superintendency of Popular and Solidarity Economy (SEPS)**, and the **Superintendency of Companies, Securities, and Insurance** have authorized us to provide Credit Rating services.
- In Bolivia, the **Financial System Supervisory Authority (ASFI)** has authorized us to provide Credit Rating and Corporate Social Responsibility Performance services.

Our services are designed to **enhance the performance, reputation, and impact** of financial institutions in the region:

#### Latin America and The Caribbean

- [Institutional Rating](#)
- [Social and Environmental](#)
- [Client Protection Certification](#)
- [Impact Assessment](#)

#### Ecuador

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Instruments for the Stock Market](#)

#### Bolivia

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Securitization Processes](#)
- [Corporate Social Responsibility Performance Rating](#)



## Experience in South and South-East Asia

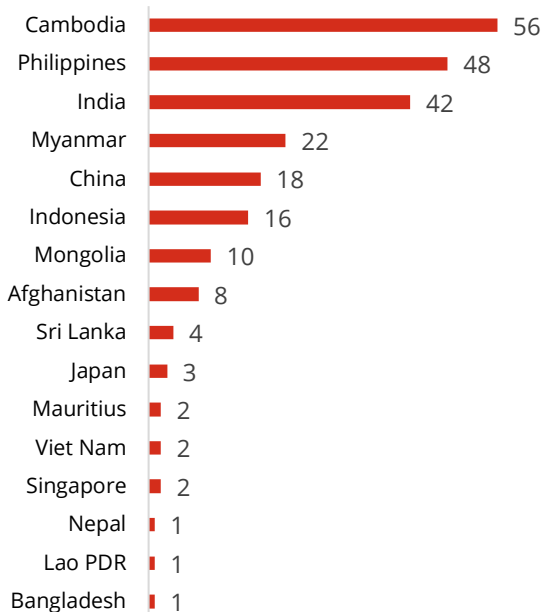
MFR is one of the leading microfinance rating agencies in the region. We are accredited by the **Bangko Sentral ng Philippines (BSP)** as a Microfinance Institutions Rating Agency (MIRA) and have a permanent staff based in India with extensive experience in the region.

We have worked with institutions with varying legal statuses, sizes, and stages of development tailoring our services to meet their specific needs.

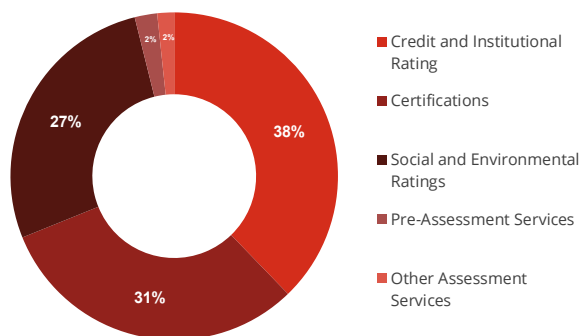
In the SSEA region, our most in-demand services are Client Protection Certification and Social and Environmental Ratings. **With over 200 completed assignments**, we have supported financial institutions in enhancing transparency, responsible practices, and long-term sustainability.



SSEA outreach



SSEA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

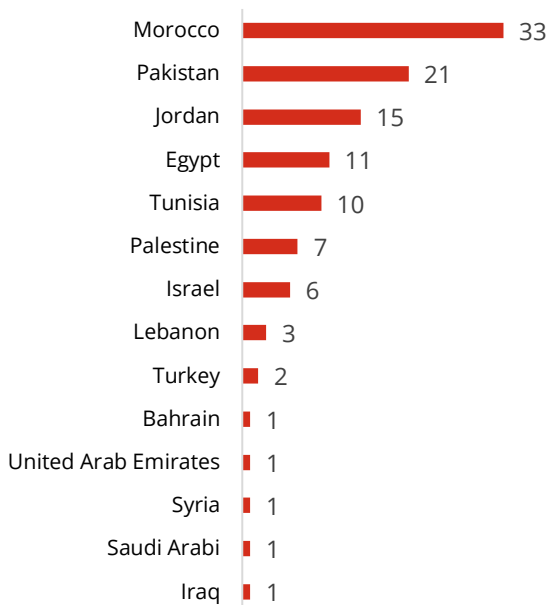
## Experience in MENA Region

**MFR** is the leading microfinance rating agency in the MENA region, with a presence dating back to 2005. Our team, based in Milan, Italy, brings extensive experience working with diverse financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to their specific needs.

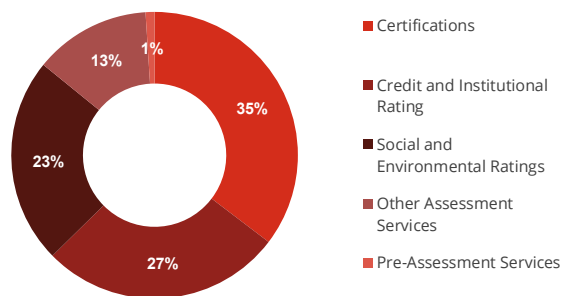
To date, **we have completed over 100 assignments in MENA**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices. Our most in-demand service in the region is Client Protection Certification and Social and Environmental Ratings.



**MENA outreach**



**MENA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Sub-Saharan Africa

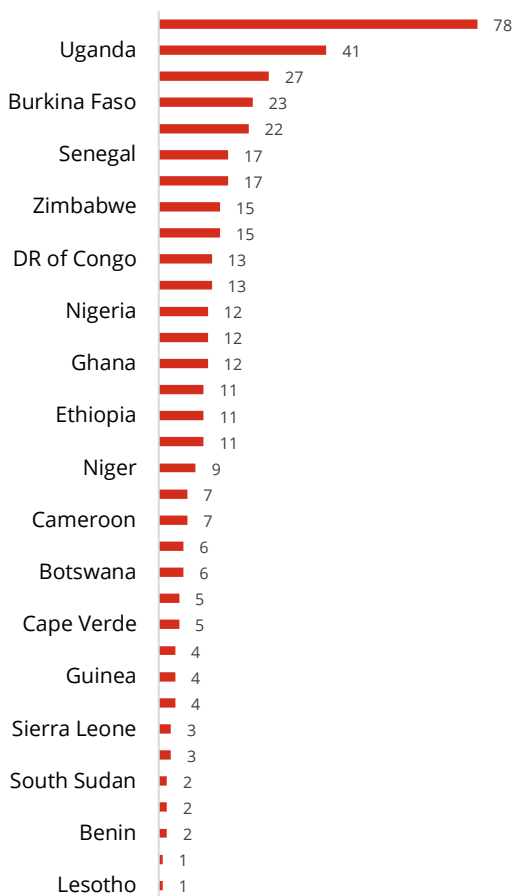
MFR is the leading microfinance rating agency in Sub-Saharan Africa. We have been operating in the region since 2005, with our regional office in Kenya coordinating operations across the continent since 2007.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

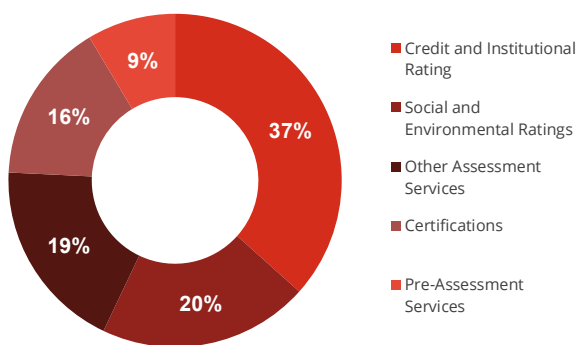
**MFR has completed over 400 assignments in Africa,** supporting institutions in enhancing transparency, long-term sustainability, and responsible finance practices. Our most in-demand services in the region are Social and Environmental Ratings and Client Protection Certification.



SSA outreach



SSA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Central Asia & the Caucasus

MFR is one of the leading microfinance rating agencies in the region. We have a permanent team based in Bishkek, Kyrgyz Republic, with extensive experience working across the region.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

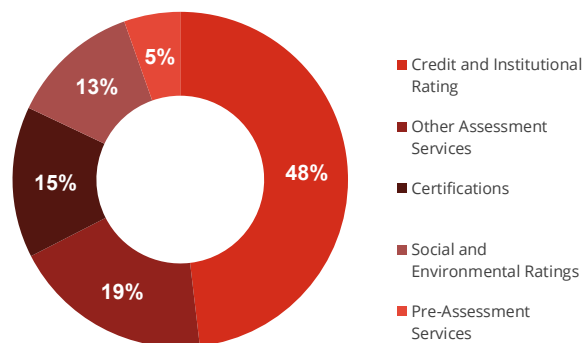


MFR has conducted over 300 assignments in the region, supporting institutions in strengthening transparency, long-term sustainability, and responsible practices. Our most in-demand services include Due Diligence, Social and Environmental Ratings incorporating Client Surveys and Focus Group Discussions, and Client Protection Certification.

CA outreach



CA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Europe

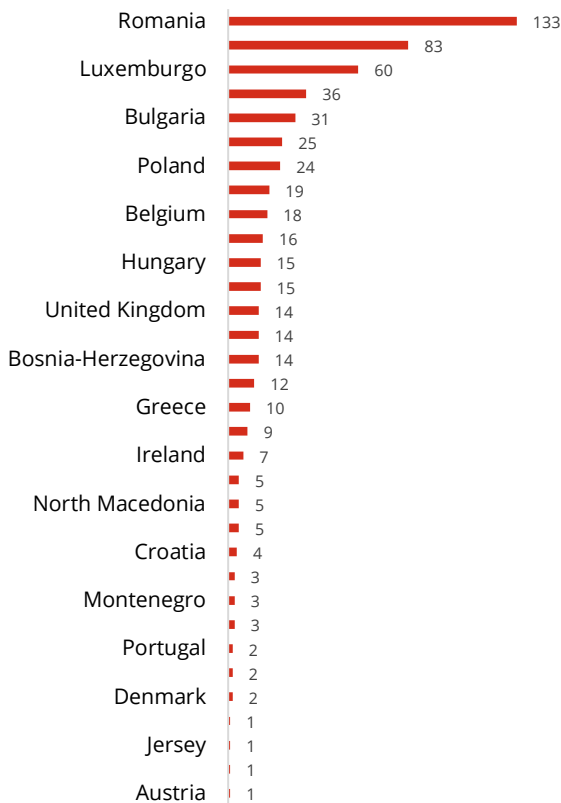
In the sustainable and inclusive finance industry, **MFR** is the leading rating agency in the region. Our headquarters is in Milan, Italy, where the majority of our permanent staff is based.

MFR's strength lies not only in its 20+ years of experience across Europe and neighbouring countries, but also in its expertise and agility in working with a diverse range of financial institutions and services catered for social enterprises, such as incubators and local enterprise agencies that focus on generating employment opportunities, etc.

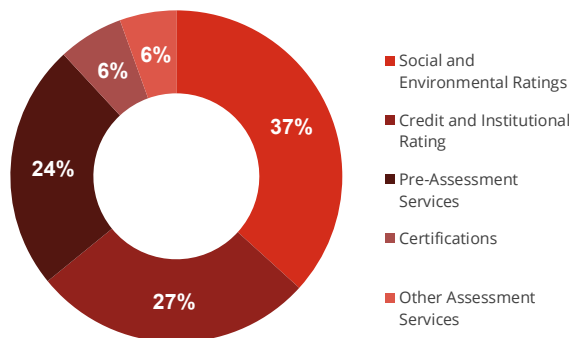


MFR has conducted **over 500 assessments in 33 countries**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices.

**EU outreach**



**EU service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.



# Technical Proposal

We tailor our services to each context, ensuring they meet the specific needs of every client

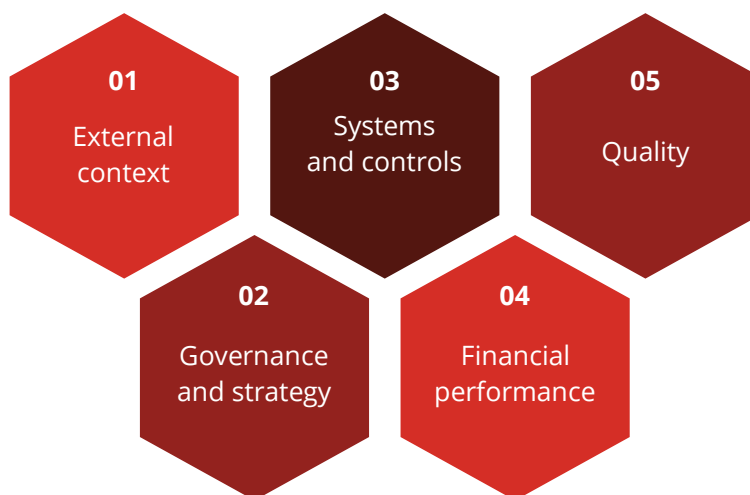
# Technical Proposal

## Institutional Rating (IR)

The Institutional Rating (IR) provides an opinion on the long-term viability of a financial institution through an evaluation based on its internal processes, risk management and performance.

- Has been designed and tailored to the characteristics and needs of the key players of the **inclusive and sustainable finance sector**.
- Is **widely recognized** by investors, regulators, and other stakeholders.
- Is **relevant for all types of financial institutions** in the sector, irrespective of their legal status, size, and level of development from greenfield institutions to commercial banks.
- Applies **international standards and best practices** and uses benchmarks to allow for comparability.
- Focuses on **internal processes** such as strategy, governance, internal controls and systems, integrated risk management, as well as **financial performance**, which are all interrelated dimensions.
- Incorporates an analysis of the **environmental and social risks management** of the financial institution.
- Presented in a **comprehensive** report with verified information, including a summarized rating table and rationale. An executive summary and a rating certificate are also provided.

The structure and areas of analysis of the IR are shown in the following graphic:



The following table details the content of each area of analysis and its weight in the final grade:

External Context		4%
<ul style="list-style-type: none"> <li>▪ Political and Macro Economic Context</li> <li>▪ Industry risk</li> <li>▪ Regulatory risk</li> </ul>	<p>The political and economic context is analyzed, considering the sovereign rating grades and other factors related to macroeconomic stability and GDP growth. The industry risk is assessed, including level of competition, saturation/potential of market, reputational risk in the industry, availability/reliability of the credit information. The regulatory risk is analyzed by focusing on the specific legal and regulatory frameworks for the rated institution.</p>	
Governance and Strategy		28%
<ul style="list-style-type: none"> <li>▪ Ownership and Governance</li> <li>▪ Risk Management and Decision-Making</li> <li>▪ Environmental and Social Risk Management</li> <li>▪ Strategy and Market Positioning</li> </ul>	<p>The ownership structure is assessed in terms of diversification, stability, and capacity to provide financial support in case of contingency. The effectiveness of corporate governance is analyzed by assessing BoD composition and its capacity to provide guidance and strategic orientation, definition of the risk appetite and supervision of the operations. The quality of the management team and the decision-making process is also assessed, within a risk management framework with structure, policies and tools which meet the institutional needs. The analysis also covers the environmental and social risk management at the level of the entity and its portfolio. The adequacy of the business and operational, budget and financial projections is evaluated, as well as the market positioning of the institution.</p>	
Systems and Controls		17%
<ul style="list-style-type: none"> <li>▪ Human Resources</li> <li>▪ Management Information Systems</li> <li>▪ Internal Control and Audit</li> </ul>	<p>The quality of HR management and the capacity of the institution to attract and retain skilled and committed staff are assessed. The information management system and the mitigation of technological risk are included in the analysis, as well as the reliability, relevance and quality of information and reporting systems. The effectiveness of the internal control systems, the degree of formalization of the processes, segregation of duties, etc. together with policies, processes and effectiveness of the internal audit are evaluated.</p>	
Financial Performance		33%
<ul style="list-style-type: none"> <li>▪ Profitability and sustainability</li> <li>▪ Efficiency and productivity</li> <li>▪ Solvency</li> <li>▪ Funding</li> <li>▪ Assets and Liabilities Management</li> </ul>	<p>The profitability, financial sustainability, efficiency, and productivity of the institution are assessed. Asset concentration in the net loan portfolio, revenues' structure (portfolio yield, other financial and operational revenues) and cost structure (financial, operating and loan loss provision expenses) are analysed. Capital adequacy levels are assessed, together with the capitalization strategy of the institution. The assessment considers the institutional typology of the institution (Bank, Cooperative, NBF, NGO) and the regulatory requirements. The diversification of the funding sources (local and international loans, demand- and term-deposits) and the institution's funding capacity are assessed. The exposure to interest and currency risk are also evaluated.</p>	
Loan Portfolio Quality		18%
<ul style="list-style-type: none"> <li>▪ Loan Portfolio Concentration</li> <li>▪ Loan Portfolio Quality</li> <li>▪ Credit Risk Coverage</li> <li>▪ Credit Risk Management</li> </ul>	<p>The institution's exposure to loan portfolio concentration risks are assessed by region/province, economic sector, and branch. The loan portfolio quality is analysed, through main ratios (PAR30, PAR90, average credit risk ratio, restructured loans, w-o ratio) and against local and international benchmarks. Relevant breakdowns of GLP are also included in the analysis. The loan loss provision policies and the adequacy of the credit risk coverage (reserves, real collaterals) are assessed. The credit risk management is appraised at two levels: management and monitoring on one side (risk appetite definition, reporting, formalization) and loan origination on the other side. The whole credit process, with emphasis on the repayment capacity analysis and approval process is evaluated.</p>	

The Institutional Rating grade is based on the rating scale illustrated below:

Grade	Definition
<b>αα</b>	Excellent outlook for financial sustainability, which is not expected to be affected by a foreseeable deterioration of the operations or economic conditions. Extremely strong and stable fundamentals.
<b>α+</b>	Very strong outlook for financial sustainability, which may be marginally affected by a deterioration of the operations or economic conditions. Very strong and stable fundamentals.
<b>α</b>	Strong outlook for financial sustainability, which may be affected by a deterioration of the operations or economic conditions. Strong and stable fundamentals.
<b>α-</b>	Good outlook for financial sustainability, which may be affected by a deterioration of the operations or economic conditions. Good fundamentals.
<b>β+</b>	Adequate outlook for financial sustainability, which may be significantly affected by a deterioration of the operations or economic conditions. Adequate fundamentals.
<b>β</b>	Moderate outlook for financial sustainability, which is vulnerable to a deterioration of the operations or economic conditions. Moderate fundamentals.
<b>β-</b>	Modest outlook for financial sustainability, which is highly vulnerable to a deterioration of the operations or economic conditions. Modest fundamentals.
<b>γ+</b>	Weak outlook for financial sustainability. Modest fundamentals.
<b>γ</b>	Weak outlook for financial sustainability. Weak fundamentals.
<b>γ-</b>	Extremely weak outlook for financial sustainability. Extremely weak fundamentals.

#### Modifiers

The modifiers "High", "Intermediate" or "Low" may be assigned to a rating to indicate relative status within the main rating category. The modifiers cannot be assigned to "αα", "γ", or "γ-".

## Timeline and Work Plan

The following work plan applies for the services presented in the current proposal.



\* MFR's Rating Committee (RC), composed of two senior members, reviews the final report, defines the final grade, and is generally in charge of ensuring the quality standards of the deliverables.

# Explore, connect and collaborate with MFR

## Connect with us on LinkedIn

At MFR, we take pride in being part of a global community that drives sustainability and financial inclusion. Through our LinkedIn page, we share key insights, emerging trends, and reflections on our experience collaborating with investors and industry leaders. Join our network and stay up to date on how we contribute to a future where capital combines with social and environmental purpose.

[Visit our LinkedIn Page](#)

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## Discover more on our website

Our website is the go-to resource for those seeking in-depth information about our services. Explore reports and discover our impact across more than 120 countries.

[Visit us here](#)

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## Contact information

If you need more information or assistance, reach out to our team. We are committed to supporting financial institutions in enhancing their performance, reputation, and impact.

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