

FINDEV CANADA TRANSACTION SUMMARY

Lendable

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

Lendable II (the "Fund" or "LMFCF II") is a \$250M debt fund providing credit solutions to leading emerging market fintech companies in Latin America, Africa, and the Indo-Pacific.

This transaction is an up to \$15M senior subordinated debt and up to \$7M 2X Canada equity commitment to support financial intermediaries in the fintech space that offer tailored financing, enabling them to expand their reach to underserved micro, small and medium-sized enterprises ("MSMEs"), including women-led businesses, and individuals across Africa, the Indo-Pacific, and Latin America.

2X Canada: Inclusive Economic Recovery, is a facility administered by FinDevCanada and funded by the Government of Canada through Global Affairs Canada.

Transaction Details

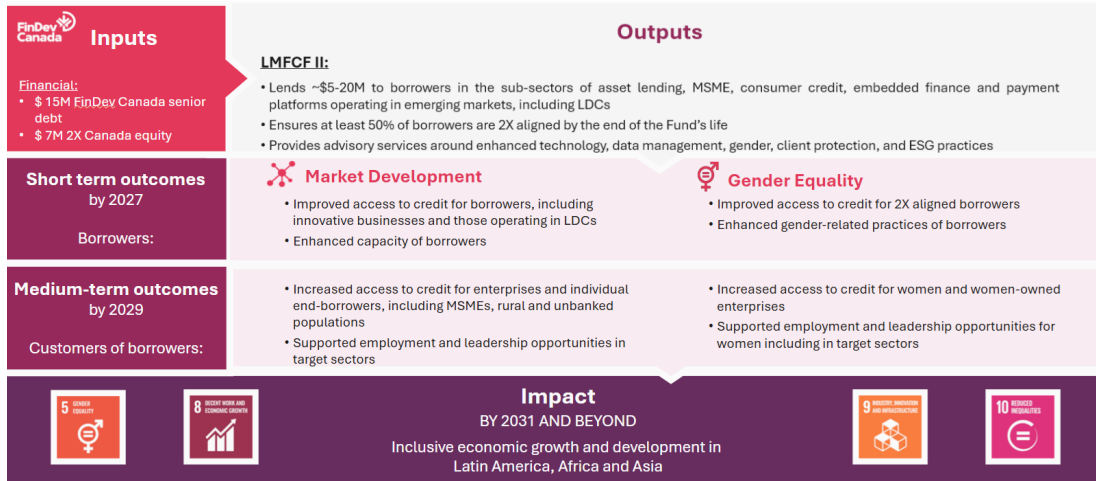
COUNTERPARTY	The Borrower, Lendable MSME Fintech Credit Fund II SCSp, SICAV-RAIF
DOMICILE	Luxembourg
COUNTRY(IES) OF OPERATION	Latin America and the Caribbean, Sub-Saharan Africa], Indo-Pacific region
TERM OF FINANCING	7 years
SECTOR	Financial Intermediary
E&S CATEGORY	FI-3
FINANCING PRODUCT	Debt
2X CANADA TRANSACTION AMOUNT	US\$ 7 million
FINDEV CANADA TRANSACTION AMOUNT	US\$ 15 million
DATE OF TRANSACTION DISCLOSURE	04 June 2025
DATE OF TRANSACTION SIGNING	25 July 2025
DATE OF TRANSACTION SUMMARY PUBLICATION	10 November 2025
2X ALIGNMENT	Yes, under the Leadership and Portfolio criteria

2XCANADA



Summary of Anticipated Development Impacts

The development impact value proposition of the transaction is to contribute to inclusive economic growth and development in emerging markets, including in Least Developed Countries (LDCs). LMFCF II provides tailored debt financing and capacity building to financial technology (fintech) companies, enabling them to expand their reach to enterprises and individuals underserved by traditional banking services. The Fund promotes innovation in the financial sector for increased access to finance, while advancing gender equality in financial technology through its 2X commitment.



MARKET DEVELOPMENT

- **Improve access to finance:** LMFCF II will provide tailored debt and advisory services to borrowers, enabling them to expand financial access for MSMEs, rural communities, and unbanked populations, including in LDCs. Fintech solutions, which are more adaptable than traditional banking, are in high demand across emerging markets and have the potential to close the MSME financing gap. LMFCF II is expected to contribute to financial inclusion and local economic development.



GENDER EQUALITY

- **Increase access to finance for 2X-aligned borrowers:** LMFCF II aims to ensure that at least 50% of its portfolio companies meet 2X Criteria by the end of its life. LMFCF II is expected to invest in companies that advance decent work and leadership opportunities for women. The Fund itself is 2X-aligned under the Employment criterion, with women representing 57% of the Investment Advisor's staff.
- **Enhance gender-related practices of borrowers:** LMFCF II will integrate gender assessments into its due diligence process. This will involve defining gender action plans, providing gender TA support, and/or establishing 2X gender targets linked to an interest rate step-down incentive.

2XCANADA



Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The E&S risks associated with this transaction stem from the individual fintech companies that will be financed through Lendable MSME Fintech Credit Fund II (LMFCF II). The majority of the proposed portfolio involves business activities with minimal environmental impact, but carries potential social risks, particularly around client protection. This is due to its focus on potentially vulnerable borrowers, including those who are unbanked. Risks associated with this type of lending can be diverse, making it essential to evaluate them through a structured and formalized risk management framework.

The E&S risks of this transaction are considered limited and will be mitigated by the Fund's Environmental and Social Management System (ESMS), which is aligned with the IFC Performance Standard 1 and by Corporate Human Resources Policies that align with IFC Performance Standard 2. Additional mitigants include Lendable's commitment to align its due diligence processes with the CERISE+SPTF Client Protection Pathway (CPP) and require borrowers to achieve CPP certification. Safeguards for data privacy and protection are addressed through compliance with UK General Data Protection Regulations and the Fund Manager's Information Security Policy. Opportunities for enhancement of these mitigants were identified during due diligence and will be implemented through updated procedures and covenants requiring submission of onboarding reports for initial investments.

Lendable's corporate policies are designed to meet the host country's standards in the markets where it operates. It is anticipated that the client will maintain regulatory compliance in all jurisdictions where it operates.

This review was completed in accordance with FinDev Canada's Environmental and Social Policy. An illustrative list of key documents reviewed is outlined below:

- Lendable Fintech Credit Fund Environmental and Social Management System (ESMS)(2021)
- Lendable Responsible Investment Policy (2023)
- Lendable Employee Handbook (2023)

The following International Finance Corporation (IFC) Performance Standards were applied in FinDev Canada's assessment in addition to host country requirements and the IFC Interpretation Note on Financial Intermediaries.

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC Performance Standard 2: Labour and Working Conditions