

Public Information Summary

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| Host Country(ies) | Colombia |
| Name(s) of Borrower(s)/Guaranteed Party(ies) | Nu Colombia S.A. |
| Project Description | The proceeds of the DFC Loan will be used to finance the expansion of the Borrower’s digital financial services business, including but not limited to working capital needs to support the growth of its credit card business, investments for new hardware, software, and product development and for general costs related to client acquisition initiatives in Colombia (the “ Project ”). The provision of this credit will enable clients to develop a personal credit history that will, following its merger with an affiliate, enable the Borrower to offer its clients with access to savings accounts, wire transfers, and other financial products, thereby enhancing financial inclusion. As the business expands and clients develop personal credit histories, the Borrower will also offer personal savings accounts and customizable financial products, thereby enhancing financial inclusion. |
| Proposed DFC Loan | 3-year senior unsecured \$150mm loan |
| All-Source Funding | \$241mm |
| Policy Review | |
| Developmental Objectives | <p>While Colombia has made significant progress in financial inclusion across the country in recent years, only approximately 35% of adults have access to credit products. This relatively limited penetration rate of personal credit has historically limited Colombians’ ability to pay for essential goods and services (e.g., education and healthcare expenses), prompted the use of informal lending channels, and hindered the prospect of developing a formal credit history for future personal consumption and/or entrepreneurial needs.</p> <p>In response to this challenge, the Project is expected to have a positive development impact in Colombia by implementing an innovative fintech business model to expand access to credit to lower- and middle-income individuals and households throughout the country. Additionally, the Project seeks to facilitate access to credit to traditionally financially underserved populations, including individuals and households that previously have not had access to credit, those populations living in small towns and rural areas, and women. DFC has qualified the Project as 2X based on the Borrower’s undertaking to meet and/or exceed the 2X criteria</p> |

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| | <p>for women representation in its leadership team and percentage of women clients in its credit card portfolio. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC’s Impact Quotient (“IQ”).</p> |
| <p>Environment and Social Assessment</p> | <p>The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC corporate loans to non-banking financial services companies to address working capital needs are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments. To ensure that the Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.</p> <p>Under the DFC’s ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support for corporate activities in Colombia, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Borrower does utilize private security and therefore, relevant aspects of PS 4, Community Health, Safety and Security are triggered.</p> <p>The Borrower has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening meet the expectations listed in the DFC’s 2020 Environmental Policy and Procedures and IFC PS 1.</p> |