

MCE SOCIAL CAPITAL

Impact Report 2021



The cover photo features clients of Apollo Agriculture—a technology company based in Nairobi that helps small-scale farmers maximize their profits.

PHOTO CREDIT: APOLLO AGRICULTURE / KENYA / SGB

Pictured below is a micro-SME borrower of IDH Microfinanciera—a Honduran faith-based financial service provider that has been growing with MCE since 2017. IDH serves more than 13,000 borrowers with responsible and productive loans, remittance services, voluntary microinsurance products, and business education programs.

PHOTO CREDIT: IDH MICROFINANCIERA / HONDURAS / FSP



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Over the past year we have tightened up MCE's impact thesis to focus on three primary outcome areas: sustainable livelihoods, gender inclusion, and a thriving environment."

CAMILLA NESTOR
CEO
MCE Social Capital



Jane Charles Kimaro is a smallholder vanilla supplier to Natural Extracts Industries in the Kilimanjaro region of Tanzania.
PHOTO CREDIT: NATURAL EXTRACTS INDUSTRIES / TANZANIA / SGB

Dear Friends of MCE,

A mentor of mine once said, "You only see the strength of the captain in choppy seas." This is an excellent metaphor for our portfolio companies in 2021; they were incredibly resilient and adaptable. We've seen entrepreneurs adjust their business models to meet a new reality, keep a steady focus on impact for their clients, and maintain their financial sustainability.

Over the past year we have also tightened up MCE's impact thesis to focus on three primary outcome areas: sustainable livelihoods, gender inclusion, and a thriving environment. How did we do in these areas in 2021?

- 1. Small and growing businesses (SGBs) are engines of economic growth and job creation.** Despite this year's challenges, our SGB portfolio grew by more than 30% as we added new partners and grew with existing partners. They created more jobs (+20%), reached more smallholder farmers (+11%), and provided those farmers with credit, agricultural inputs, and technical assistance, enabling them to improve their livelihoods.
- 2. Investing in women is a no-brainer.** Research shows that women entrepreneurs are more purpose-driven, tend to hire more female employees, and invest more profit into health and education. We also know from decades of research that women are better credit risks. In 2021, 33% of our companies' senior leadership positions were held by women, 45% of their employees were women, and we reached 860,000 women farmers and microentrepreneurs. Jeaneth Chavez of CACMU, featured on page 19, is a terrific example of the female leaders we're supporting.

- 3. Low-income communities are most affected by climate change and least able to afford its consequences.** With the incorporation of our climate-focused investment lens, MCE has a more rigorous environmental assessment of our partners, and we're proud that 89% of our SGB portfolio are incorporating regenerative or organic practices—companies like Aldea Global on page 21.

Looking ahead, we see an enormous opportunity to deepen our impact by getting more capital to entrepreneurs at the forefront of these three areas. This is driving more demand than we can currently meet, so we've been working to lay a strong foundation for growth.

To do so, we've brought in new teammates and skills to complement the phenomenal team. In addition to growing our US team, our European presence is expanding, with five MCE staff now working out of our Barcelona hub. We're also working with close partners to launch exciting new capital raising initiatives that will allow us to support the resilience of our portfolio in the years to come.

We are grateful to be on this journey with you. It's only through your support that we can continue to have the impact we do.

Camilla Nestor, CEO





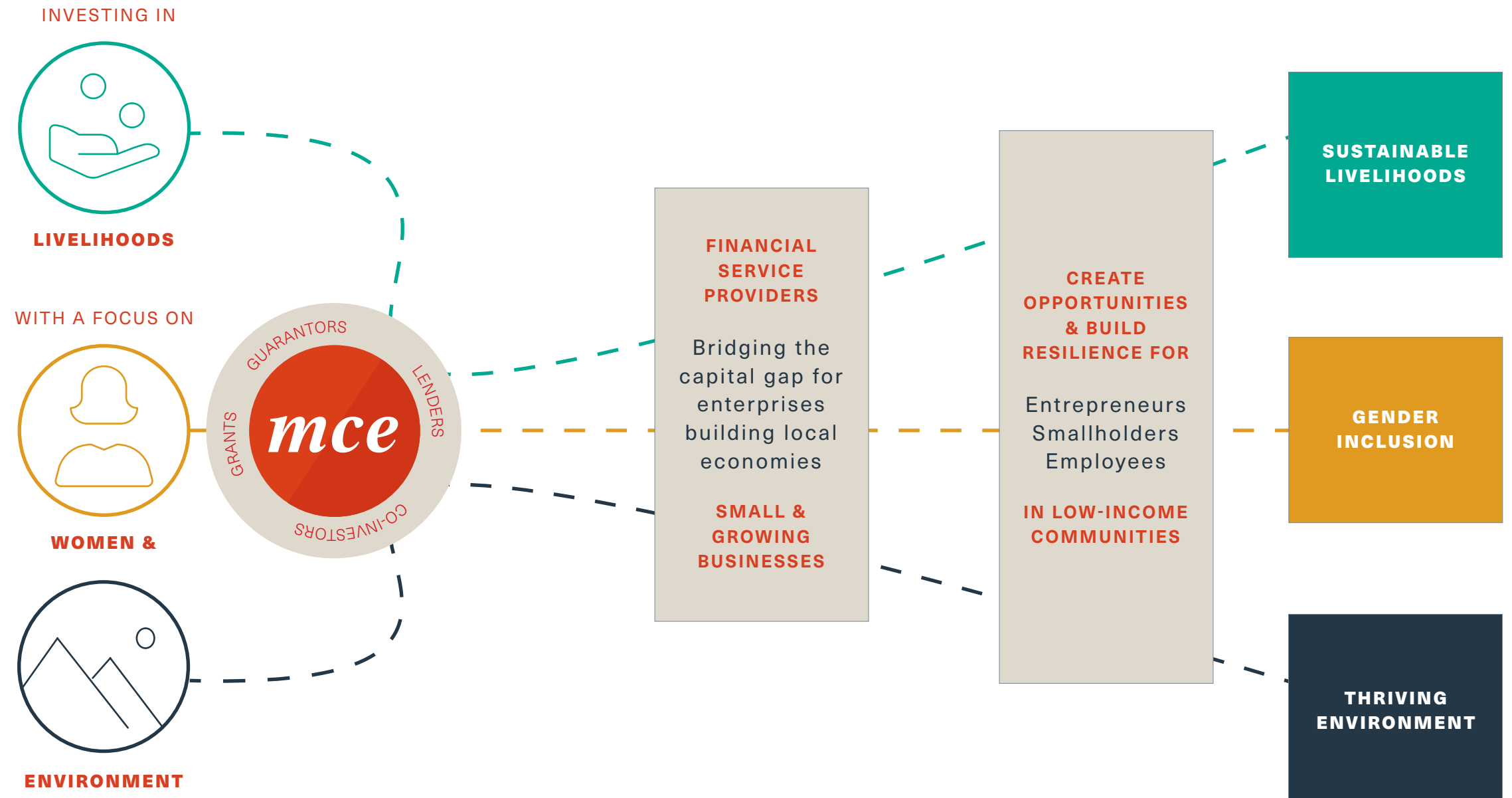
PHOTO CREDIT: FINAMIGA / COLOMBIA / FSP

Our Mission

We unlock capital to empower families living in poverty to build a better future.

Our Vision

A world in which all people have the opportunity to improve their lives through access to knowledge, resources, and capital.



Impact Thesis

We believe that if MCE invests flexible and appropriate capital in enterprises committed to generating **sustainable livelihoods**, with a focus on **women** and the **environment**, these enterprises can scale and better serve their customers, their employees, and their communities, generating sustainable and inclusive economic growth.

our model

MCE Guarantors—more than 200 high-net-worth individuals and foundations—are the driving force behind the work we do with high-impact enterprises in emerging markets. **The MCE model empowers Guarantors to leverage their excellent credit** to guarantee MCE's portfolios, which enables MCE to borrow capital from U.S. and European financial institutions and accredited investors. MCE then strategically deploys debt capital, focusing on investing in women and the environment, to two types of organizations:

Financial service providers (FSPs) that create opportunities and improve the economic security of their micro- and small business clients by offering financial products such as loans, savings, and insurance. These providers also offer ancillary services such as technical assistance and financial literacy programs to bolster their clients' growth.

Small and growing businesses (SGBs) in agriculture, water and sanitation, and renewable energy that create sustainable jobs in rural economies, raise smallholder farmers' income, and increase climate resilience.

55x

FSP PORTFOLIO GUARANTOR
MULTIPLIER EFFECT

An FSP Guarantor who joined in 2006 has personally enabled more than \$2.9M in loans to FSPs across the developing world. Compared to the total charitable gifts that guarantor has made to MCE since 2006 of \$50,500, the multiplier effect on that Guarantor's capital is over 55x.

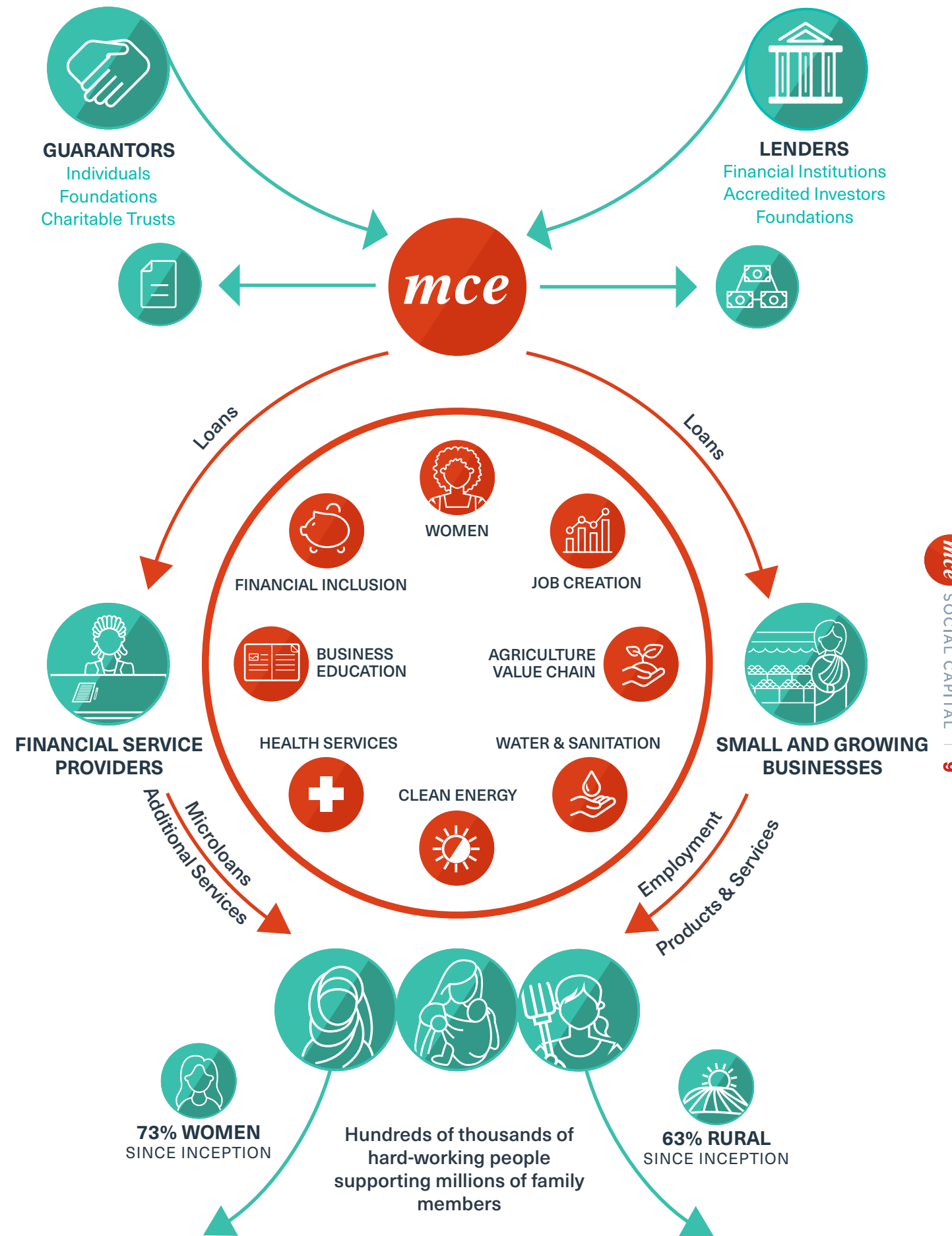
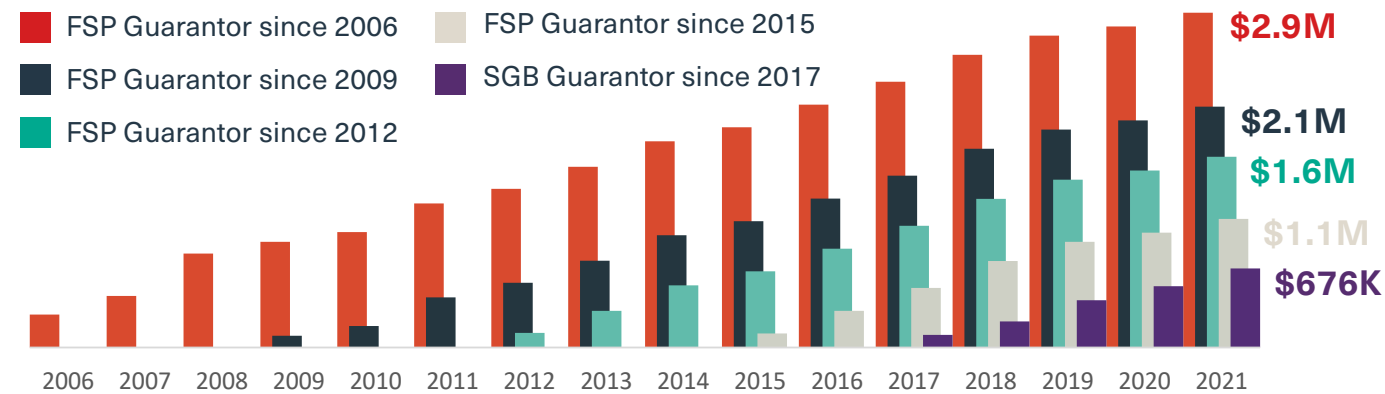
28x

SGB PORTFOLIO GUARANTOR
MULTIPLIER EFFECT

An SGB Guarantor who joined in 2017 has personally enabled more than \$676K in loans to SGBs across the developing world. Compared to the total charitable gifts that guarantor has made to MCE since 2017 of \$24,250, the multiplier effect on that Guarantor's capital is over 28x.

THE POWER OF A GUARANTEE:

CUMULATIVE AMOUNT DISBURSED PER GUARANTEE UNIT



portfolio snapshot /

\$53.0M

TOTAL OUTSTANDING PORTFOLIO

55 33

TOTAL ACTIVE CLIENTS

TOTAL COUNTRIES REACHED

FINANCIAL SERVICE PROVIDER PORTFOLIO

\$42.4M

OUTSTANDING PORTFOLIO

38 25

FINANCIAL SERVICE PROVIDERS

COUNTRIES REACHED

SMALL & GROWING BUSINESS PORTFOLIO

\$10.6M

OUTSTANDING PORTFOLIO

17 19

SMALL AND GROWING BUSINESSES

COUNTRIES REACHED

Latin America

PORTFOLIO: \$19.6 MILLION INVESTMENTS: 23 CLIENTS

Multi-Region

PORTFOLIO: \$3.3 MILLION INVESTMENTS: 3 CLIENTS

Eastern Europe

PORTFOLIO: \$2.3 MILLION INVESTMENTS: 3 CLIENTS

Central Asia & the Caucasus

PORTFOLIO: \$11.2 MILLION INVESTMENTS: 6 CLIENTS

Africa

PORTFOLIO: \$11.8 MILLION INVESTMENTS: 16 CLIENTS

East and Southeast Asia

PORTFOLIO: \$4.7 MILLION INVESTMENTS: 4 CLIENTS

- Financial Service Provider portfolio countries
- Small and Growing Business portfolio countries
- Active countries in both portfolios
- Additional countries reached by multi-country investments

*as of Q4 2021

2021 highlights /

Challenges persisted across the globe in 2021, but there were many bright spots within MCE's portfolio and community of supporters.

WE DISBURSED OVER \$22 MILLION IN NEW LOANS

In the wake of the COVID-19 pandemic, demand for our capital among new and existing clients has only accelerated. This is especially true for our SGB portfolio, which has nearly doubled over the past two years, from \$5.6M outstanding in 2019 to \$10.6M in 2021. This year, we disbursed \$22.5 million to 13 financial service providers and 13 small and growing businesses.

WE PROVIDED LOANS TO 8 NEW CLIENTS

In addition to growing with our existing clients, MCE invested in eight new companies with innovative, high-impact business models, including a climate-smart coffee cooperative, an education finance company, and a technology company that helps small-scale farmers increase their incomes. Not only that, we continued to expand into frontier markets where impact capital is scarce, such as Mali, Ethiopia, and Nicaragua.

WE RECRUITED OVER \$7.5 MILLION IN NEW GUARANTEES

Many individuals and foundations were eager to increase their support of MCE's lending activity, resulting in the recruitment of \$7.5 million in new guarantee commitments—thanks in large part to a match by one of our most committed supporters, Guarantor Antonis Schwarz. We ended the year with over \$149 million in guaranteed capital to back our lending to financial service providers and small and growing businesses.

BACKGROUND PHOTO CREDIT: APOLLO AGRICULTURE / KENYA / SGB



new clients /

MCE disbursed \$5.75M to eight new clients in 2021. Here are just a few highlights:



PHOTO CREDIT: ED PARTNERS AFRICA / KENYA / SGB

ED PARTNERS AFRICA is a non-banking financial institution that seeks to transform the education sector by providing financing to affordable private schools in Kenya. In 2021, Ed Partners supported 179 schools serving more than 50,000 students. MCE's loan is helping Ed Partners to grow its portfolio of affordable schools and expand its branch network beyond Nairobi and Nakuru counties.



KENYA

Mali Shi is the first organization to develop a modern shea butter processing plant in Mali—providing an opportunity for local producers to increase their income by capturing additional export premiums. MCE's loan to Mali Shi provides working capital for the purchasing of shea kernels as the organization continues to scale its business and create opportunities for the more than 22,000 female shea collectors in its network.



MALI



PHOTO CREDIT: MALI SHI / MALI / SGB

MiCrédito serves more than 8,000 customers at the bottom of the socioeconomic pyramid in Nicaragua. Following a door-to-door methodology, MiCrédito offers a wide array of credit alternatives to micro and small entrepreneurs rendering basic services in the food, trade, and commercial sectors. MCE's loan will allow the organization to continue growing its portfolio, which reached 56% women in 2021.



NICARAGUA



PHOTO CREDIT: MICRÉDITO / NICARAGUA / FSP

lessons learned /

Resilience and adaptability in the wake of the pandemic

1 Adversity breeds resilience, and we're not just talking COVID-19: Our partners in emerging markets and developing countries are uniquely prepared to endure challenging times. In fact, for most of our clients, COVID-19 was a secondary concern to social and political crises in countries like Myanmar, Nicaragua, and Ethiopia. Crisis-proven teams, talented local management, and constant communication have allowed our partners to continue successful operations despite the many uncertainties of an increasingly global economy.

2 Technology adoption continues to accelerate post-pandemic: Financial service providers are rapidly developing digital technologies to optimize communication, lending operations, analytics, and fintech partnerships. This portfolio-wide observation was confirmed by our annual impact survey, which found an increase in use of digital technologies across 18 business areas, including marketing and communications, products and services, operations, and partnerships (see chart on page 33).

PHOTO CREDIT: ADRA / PERU / FSP



Small and growing businesses like Apollo Agriculture are also using digital technologies to enhance farming techniques, supply chain connectivity, and communication with smallholder farmers, enabled by the pervasive use of mobile phones in their regions of operation.

3 Resilient entities sustain the livelihoods of their smallholder farmer networks: Political instability, climate shocks, and market volatility all contribute to the challenges faced by small and growing businesses in emerging markets. Over time, MCE has learned that companies who prioritize their smallholder farmer networks do a better job managing through uncertain times. Put simply, when smallholder farmers thrive, the SGBs that support them do as well. Through proactive communication, technical assistance, and a long-term vision for development, SGBs are now reaping the benefit of maintained (and in many cases, increased) support for farmers over the past two years.

impact first /

Social and environmental impact are at the heart of everything we do.

In 2021, we went deeper in our cooperation with industry peers, interviewed more than 1,250 microborrowers with the support of 60 Decibels, became a signatory of the Operating Principles for Impact Management, and were recognized for our work by the IA50 2022 Manager list.

We evaluate impact at each stage of the investment process:

- 1 INITIAL ASSESSMENT
- 2 DUE DILIGENCE
- 3 INVESTMENT MEMORANDUM
- 4 CONTINUOUS MONITORING
- 5 ANNUAL IMPACT SURVEY



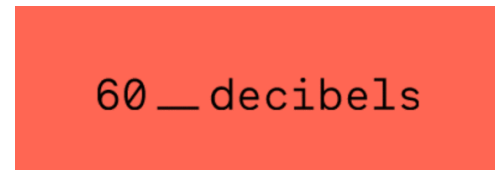
RECOGNITION OF IMPACT

MCE was selected to the Impact Assets IA50 2022 list. The IA50 recognizes a diverse group of impact investment fund managers that demonstrate a commitment to generating positive social, environmental, and financial impact.



INDUSTRY COOPERATION

CSAF regularly convenes leading agriculture investors to share key learnings and address barriers to market growth. MCE was part of an Impact Working Group that developed a standard set of environmental impact metrics this year.



IMPACT MEASUREMENT PARTNERSHIP

In 2021, MCE supported five financial service providers to participate in the inaugural 60 Decibels Financial Inclusion Index. 60 Decibels is an impact measurement company specializing in end client surveys (learn more on p. 36).



Operating Principles for Impact Management

EXTERNAL IMPACT VERIFICATION

MCE became a signatory to the Impact Principles in 2021, requiring an Annual Disclosure Statement describing how the principles are incorporated into our investment process, in addition to regular independent verification of alignment.

Munkhzul is a client of Mongolian financial service provider Transcapital. With her microloan of 4 million MNT (US\$1,275) she has been able to efficiently manage the cashflow of her small grocery store.
PHOTO CREDIT: TRANSCAPITAL / MONGOLIA / FSP



our portfolio /

“

2021 marked the second year of the COVID-19 crisis, which has impacted MCE’s clients in unprecedented ways. MCE has chosen to navigate these difficult short-term circumstances by keeping the long-term interest of our investees (and their beneficiaries) at the forefront of our strategy—demonstrating the strength of character of our institution.”

PIERRE BERARD
Managing Director & Chief Investment Officer

investing in women /

At MCE, we believe that investing in women is essential for inclusive and sustainable economic growth.

Inequitable access to collateral, technology, and financial education all contribute to the fact that in developing and lower-middle income countries, **women are 10% less likely than men to have an account with a financial institution or mobile banking provider.**¹ The same challenges affect women-owned businesses with credit needs, of which 80% are either unserved or underserved.²

In-low income countries, women account for 48% of agricultural employment but face unequal access to productive resources and services, technology, market information, and financial assets. **If all women smallholders gained equal access to productive resources, their yields would rise by 20% to 30%.**³

MCE applies a gender lens at each stage of our investment process so that we can recognize gaps at the enterprise and portfolio levels and can track improvements over time. **In 2021, more than 63% of microborrowers and 42% of smallholder farmers reached by our portfolio were female.** By providing women with financial services and opportunities for income and employment, we demonstrate that investing in women is not only a clear way to maximize the impact of our capital, but also a smart investment strategy.

Companies with gender-diverse leadership repeatedly outperform those without women in senior roles, and research shows that women tend to invest a higher portion of their earnings in their families and communities.

62%

FEMALE END CLIENTS ACROSS OUR TOTAL PORTFOLIO IN 2021

45%

FEMALE EMPLOYEES ACROSS OUR TOTAL PORTFOLIO IN 2021

33%

WOMEN IN LEADERSHIP POSITIONS ACROSS OUR TOTAL PORTFOLIO IN 2021

30%

FEMALE FOUNDERS OR CEOS ACROSS OUR TOTAL PORTFOLIO IN 2021

“

We work with a client base that is 70% women, and 55% of the executive team is made up of women.

We recognize the importance of women, and we see the sacrifices they make to ensure the well-being of their households, the well-being of their children, and the evolution of their businesses.”

VICTOR TELLERÍA,
CEO, Financiera FAMA
Nicaragua

PHOTOS: Three women of a Mali Shi cooperative during the collection of shea nuts; Deputy CEO and Head of Business Jeaneth Chavez at her desk in the head office of CACMU—an Ecuadorian financial service provider



PHOTO CREDIT: MALI SHI / MALI / SGB



Shea is an important source of income for rural communities in Mali, with thousands of women involved in the collection and processing of the fruit. Mali Shi is the first organization to develop a modern shea butter processing plant in Mali, and now provides an opportunity for local producers to increase their income by capturing additional export premiums.

In 2021, Mali Shi purchased 5,647 tonnes of shea kernels from producers represented by 20 local cooperatives—reaching more than 22,000 collectors, of which 98% are women.

Shea picking is often a supplementary income-producing activity for women, but nonetheless an important income source. Unlike the revenues of most agricultural cash crops, **shea-related revenues are traditionally retained by women, who then spend on education, health insurance, and other social services.** According to the FAO, shea-related revenues represent up to 12% of total income and 32% of available household cash for rural households in West Africa.⁴

Importantly, **shea income primarily comes during the lean season of agriculture, providing households and particularly women with critical cash flows between harvests.** As such, the shea value chain, and Mali Shi’s activities within it, have the potential to create additional income for women in rural areas of Mali. Across West Africa, the FAO estimates shea income to be around US\$75 per woman shea picker annually.⁵



Cooperativa de Ahorro y Crédito Mujeres Unidas (“CACMU”) is a female-focused financial service provider with a mission to improve the quality of life for women and families in northern Ecuador. Originally established to support women whose husbands emigrated due to the financial crisis of 2000, the organization has grown to support more than 30,000 active members. Investing in women remains a core value—**in 2021, women accounted for 54% of borrowers and 62% of depositors.**

Deputy CEO and Head of Business Jeaneth Chavez has been working for CACMU for more than 19 years. Starting as a cashier, she was increasingly entrusted with greater management responsibility—first as an accountant, then credit officer, and most recently as chief lending officer. In 2021, she was appointed to lead the organization as it continues to scale services to rural women.



PHOTO CREDIT: CACMU / ECUADOR / FSP

In addition to financial services, CACMU offers financial education, health education, technical agricultural assistance, clean energy workshops, business management training, and special programs for refugees and disabled people. **In 2021, CACMU provided free technical assistance to more than 56% of its borrowers.**

CACMU started working with MCE in 2015, and has benefited from more than \$2 million in loans over the course of our seven-year relationship. MCE recognizes CACMU as a pioneer in terms of both gender inclusion and credit-plus social support programs.

environment & climate action /

We seek out partners that build resilience, preserve natural resources, and enhance smallholders' ability to adapt to the effects of climate change.

Climate change and environmental degradation disproportionately affect low-income communities in developing countries, further exacerbating social and economic inequalities.⁶ We invest in organizations that are committed to strengthening these communities while preserving and restoring natural resources to ensure a thriving environment.

Currently, 56% of our small and growing business investments produce certified organic products and 89% encourage sustainable or regenerative farming practices. These practices—ranging from crop rotation and use of organic inputs to integrated pest and disease management—simultaneously improve soil health and productivity while enhancing smallholder farmers' incomes and carbon sequestration potential. By reinforcing the economic value of wild lands and forests, many of our investments also reduce deforestation and promote biodiversity.

Financial service providers also play an important role in conservation through green lending and agricultural technical assistance programs. **In 2021, 36% of our financial service provider clients offered new environmental or climate-related products, services, or training.**

89%

SGB INVESTMENTS PROVIDED TRAINING ON BEST FARMING PRACTICES IN 2021

56%

SGB INVESTMENTS WITH ORGANIC CERTIFICATION IN 2021

275K

HECTARES OF LAND UNDER SUSTAINABLE MANAGEMENT IN 2021

1.1M

METRIC TONS OF CO₂ EMISSIONS MITIGATED IN 2021

“

The climate crisis is already threatening the livelihoods of millions of families in poor, rural areas of developing countries. Without action, their future holds more disruption and loss.

I support MCE because it funds local organizations that provide the missing tools these families need to adapt, become more resilient, and contribute to the fight against climate change.”

WILLIAM WAY,
MCE Guarantor
since 2017

PHOTOS: Agriculture loan client of Fundación Espoir in Ecuador; Eris Ramiro Blandon supplies coffee to Aldea Global and has increased his production more than 6x with the support of the organization; Paula Sonia Altamirano started producing coffee with the help of Aldea Global and now uses the additional income to support her children.



PHOTO CREDIT: FUNDACIÓN ESPOIR / ECUADOR

FUNDACION
espoir

Fundación Espoir received its first loan from MCE in 2006 when the FSP had a loan portfolio of less than US\$5 million. The organization has since grown to serve more than 47,000 borrowers through village banking group loans as well as individual business and agriculture loans.

In 2021, Espoir launched “EcoMicro,” **a green financial product to protect smallholder farmers against the consequences of climate change and to implement more environmentally sustainable solutions.** Designed in partnership with the Inter-American Development Bank, the product is centered around an environmental certification of microborrower activities.

This certification **assesses the level of climate risk for each microborrower and identifies potential solutions to mitigate the environmental risk for their farm,** such as a greenhouse or irrigation system. It also integrates the data collected from the credit process of Espoir.

EcoMicro has promoted the development of climate-resilient agricultural practices, increased agricultural productivity of clients, and reduced costs and operational risks for Espoir.

Aldea Global

Aldea Global was established in 1992 by 22 smallholder farmers in northern Nicaragua to promote organic cultivation and improve health and development of rural families. It has since grown to support more than 14,800 associates through diversified operations, including provision of microfinance services, input supplies, agricultural certifications, coffee processing, and exporting.



PHOTO CREDIT: ALDEA GLOBAL / NICARAGUA

In 2021, Aldea provided agricultural technical assistance to 3,000+ associates with a focus on improved productivity for coffee producers through implementation of agroforestry systems, environmental certifications, and management of carbon bonds. Aldea has helped nearly half of its coffee suppliers to achieve Fair Trade, Organic, Rainforest Alliance, and UTZ certifications—resulting in a significant price premium contributing to improved livelihoods.



PHOTO CREDIT: ALDEA GLOBAL / NICARAGUA

financial service providers /

“Having the support of MCE Social Capital has allowed us to make our financial products more accessible to communities that do not have access to traditional banking services, thereby contributing to the improvement of the quality of life of our clients.”

EVER RÍOS
CEO, Credicampo
El Salvador

Almost **2 billion** people around the world—more than half of them women—lack access to formal financial services.⁷ Financial services help people **build assets, manage risks and unpredictable income, and gain the freedom to decide** how to make and spend money.



A Proximity Finance microborrower looks over her crops outside of the Aungban township in central Myanmar.
PHOTO CREDIT: PROXIMITY FINANCE / MYANMAR / FSP

KEY PORTFOLIO METRICS as of December 31, 2021

\$42.4M

OUTSTANDING PORTFOLIO

38

PORTFOLIO COMPANIES

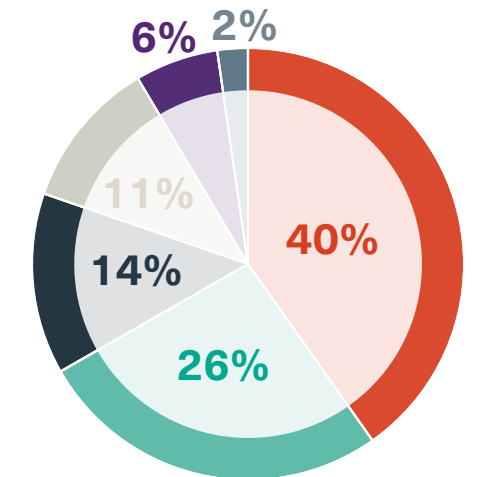
25

COUNTRIES REACHED

\$15.1M

DISBURSED IN 2021

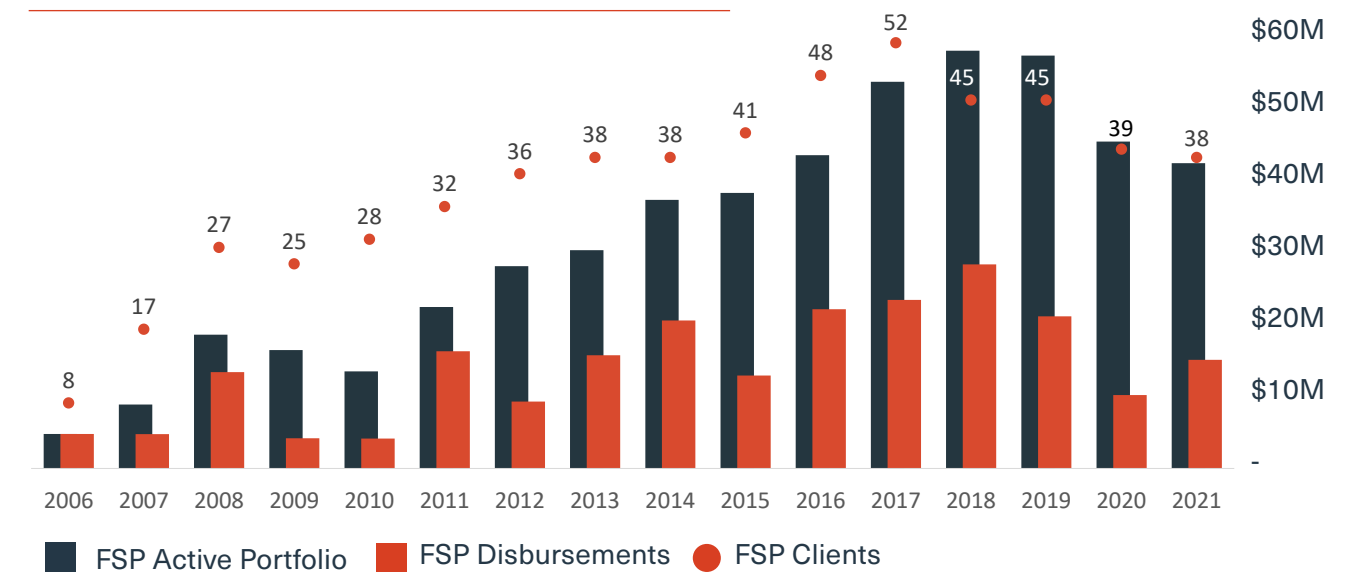
PORTFOLIO DIVERSIFICATION BY REGION as of December 31, 2021



- Latin America
- Central Asia / Caucasus
- Sub-Saharan Africa
- South / Southeast Asia
- Multi-Region
- Eastern Europe

FINANCIAL SERVICE PROVIDER PORTFOLIO

with yearly disbursements and number of active clients



The demand for funding from our FSP clients, especially microfinance institutions, has recovered from a notable dip in 2020 when they focused on restructuring their own portfolios during the COVID-19 crisis. Our disbursements to FSPs in 2021 increased 48% year over year.

small growing businesses /

“MCE speaks the same language—one with which institutional banks often struggle. They meet us at our level to address risks and solutions and measure success in the same ways we do. MCE has truly been our closest and most flexible financing partner.”

WILL BURKE
CEO, Sol Organica
Nicaragua

Small and growing businesses (SGBs) often lack access to sufficient, appropriately structured growth capital, despite their importance in driving job creation and entrepreneurial activity in emerging markets. The total credit gap for small businesses in emerging markets and developing economies is an estimated \$4.9 trillion.⁸



Faustine Wilfred Kilumile is a potato farmer in the Njombe region of Tanzania. He has been working with East Africa Fruits for 3 years. During that time he has expanded production, increased yields, set up a shop to sell inputs to fellow farmers, and opened his first bank account. PHOTO CREDIT: EAST AFRICA FRUITS / TANZANIA / SGB

MCE's Small and Growing Business (SGB) Portfolio addresses the credit gap by serving SGBs in the “missing middle”—those that are too big for microfinance, yet too small for commercial lending. **With a focus on investing in women and the environment**, our SGB portfolio provides catalytic and flexible debt capital to SGBs in the agriculture, water and sanitation, and clean energy sectors.

Our portfolio companies **create economic opportunities in rural economies, raise smallholder farmers' incomes, and facilitate access to basic needs** in underserved areas. MCE is committed to ongoing partnership with these enterprises as they grow and scale to better serve their customers, their employees, and their communities, generating sustainable and inclusive economic growth that supports a thriving environment.

KEY PORTFOLIO METRICS as of December 31, 2021

\$10.6M

OUTSTANDING PORTFOLIO

17

PORTFOLIO COMPANIES

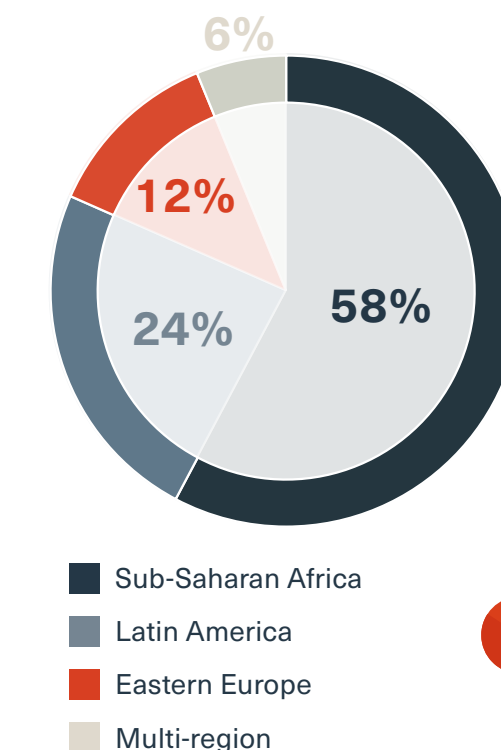
19

COUNTRIES REACHED

\$7.5M

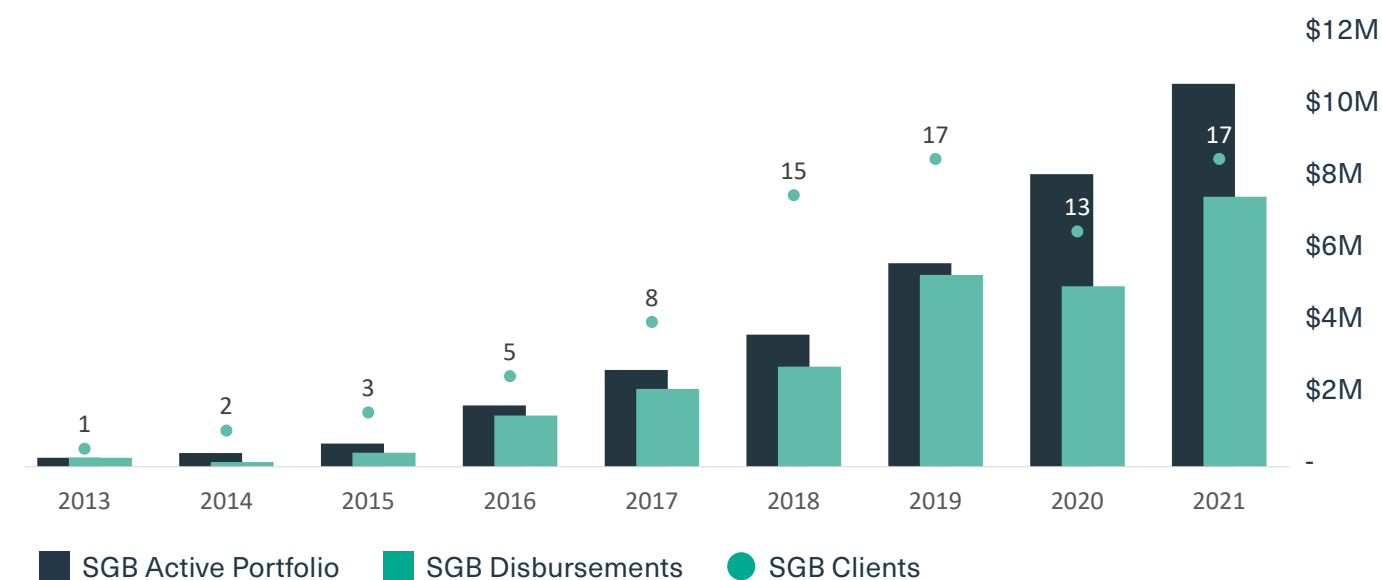
DISBURSED IN 2021

PORTFOLIO DIVERSIFICATION BY REGION as of December 31, 2021



SMALL AND GROWING BUSINESS PORTFOLIO

with yearly disbursements and number of active clients



The demand for funding from our SGB clients continues to grow as global markets and supply chains recover from interruptions over the past two years. Our disbursements to SGBs in 2021 increased 50% year over year.

regional spotlight: latin america /

Our Latin American clients accounted for 37% of MCE's outstanding portfolio in December 2021. Demand for our capital remains strong among both agricultural SGBs and rural FSPs.



PHOTO CREDIT: FINANCIERA FAMA / NICARAGUA



Financiera FAMA
¡Siempre del lado de la gente!

Financiera FAMA is a Nicaraguan financial service provider committed to providing loans, insurance, and financial education to underserved populations with a particular focus on women. In 2021, Financiera FAMA served more than 24,000 female borrowers, accounting for 70% of clients.

Nicaragua remains one of the poorest countries in the world, with the second lowest GDP per capita in Latin America. The impact of emigration among working-age males is evident in the high level of remittances (15% of GDP in 2020) and a level of female entrepreneurship (48.4%) significantly higher than male counterparts (39.2%) and the regional average for females (36.5%).

In Q4 2021, MCE partnered with 60 Decibels to interview more than 250 clients regarding their experience with FAMA. Ninety-five percent said that their quality of life had improved, and 65% reported significant improvements. The most common self-reported outcomes for clients who said their quality of life improved included:

34%

OF CLIENTS REPORTED BUSINESS GROWTH

24%

OF CLIENTS MENTIONED INCREASED ABILITY TO BUY INVENTORY FOR THEIR BUSINESS

\$19.6M

OUTSTANDING PORTFOLIO IN LATIN AMERICA AS OF DECEMBER 2021

24

PORTFOLIO COMPANIES OPERATING IN LATIN AMERICA AS OF DECEMBER 2021

570K+

END BENEFICIARIES REACHED IN LATIN AMERICA IN 2021

\$74.1M

DISBURSED TO COMPANIES OPERATING IN LATIN AMERICA SINCE 2006

Small and Growing Businesses



Financial Service Providers



Companies listed include all active investments during 2021.

■ Countries reached directly as of December 2021
■ Additional countries reached by multi-country investments

Microentrepreneur Delia Susana D’Laura Oliveira has been a client of ADRA PERÚ for more than seven years. During this time she has established and scaled a small bodega to support her family in the Huaycán district on the outskirts of Lima.
PHOTO CREDIT: ADRA / PERU / FSP



our impact /

“

We became SGB Portfolio Guarantors because MCE’s innovative model makes it possible for us to double the impact of every dollar in our portfolio; once as diversified direct impact investments and then again as a loan guarantee for MCE’s entrepreneurs and small businesses in emerging markets.”

SHANA AND FORTUNAT COOK MUELLER
MCE Guarantors since early 2022

impact overview /

MCE makes selective investments in financial service providers and small and growing businesses that create a positive social and environmental impact for end beneficiaries across five continents.



Microentrepreneur Maria Castillo De Espejo, client of ADRA PERÚ
PHOTO CREDIT: ADRA / PERU / FSP

U.N. SUSTAINABLE DEVELOPMENT GOALS

Our portfolio of financial service providers and small and growing businesses contributes to several of the U.N. Sustainable Development Goals. Inclusive finance, while not explicitly designated as a goal in and of itself, has a direct impact on nearly all aspects of sustainable development, including poverty reduction, gender equality, food security, health, and education.

Our small and growing business investments in the agriculture value chain address many of these goals as well, with a particular focus on decent work and economic growth and climate action. We are committed to advancing the achievement of these goals by 2030 through strategic partnerships and continued deployment of capital in pursuit of our mission.



Since Inception (2006)

FINANCIAL SERVICE PROVIDER PORTFOLIO

\$226M+
DISBURSED TO

110
FINANCIAL SERVICE PROVIDERS

41
COUNTRIES

SMALL AND GROWING BUSINESS PORTFOLIO

\$25M+
DISBURSED TO

31
SMALL AND GROWING BUSINESSES

29
COUNTRIES

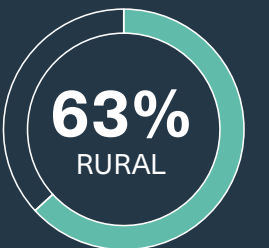
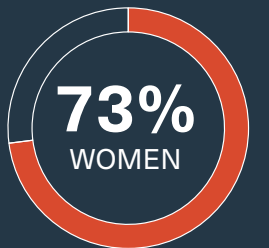
TOTAL PORTFOLIO

\$251M+
DISBURSED TO

141
CLIENT ORGANIZATIONS

55
COUNTRIES

End Beneficiaries (cumulative since inception)

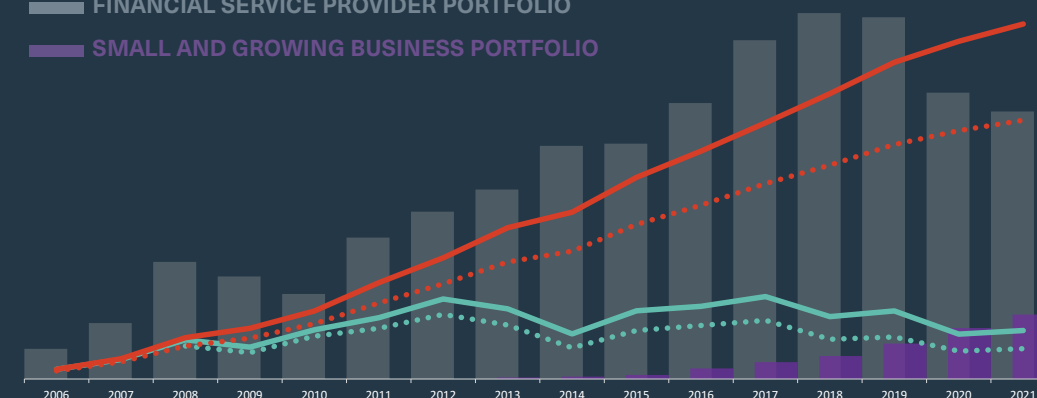
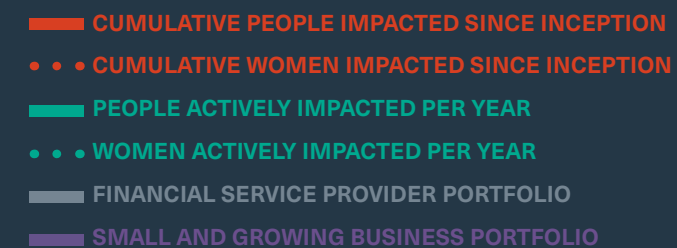


A note on counting end beneficiaries:

Using a combination of historic monitoring data and annual survey data, we are able to share these data-driven estimates for the number of people we have impacted.

These estimates count only direct beneficiaries of our investments. In reality, these loans support many more family members.

PEOPLE IMPACTED



9,711,642
CUMULATIVE PEOPLE IMPACTED SINCE INCEPTION

7,064,788
CUMULATIVE WOMEN IMPACTED SINCE INCEPTION

\$42,393,176
FINANCIAL SERVICE PROVIDER PORTFOLIO

1,451,939
PEOPLE IMPACTED IN 2021

891,139
WOMEN IMPACTED IN 2021

\$10,578,226
SMALL AND GROWING BUSINESS PORTFOLIO

financial service providers / by the numbers

FSP PORTFOLIO IMPACT

as of Q4 2021:

\$1.7B+
IN MICROLOANS OUTSTANDING TO

1.3M+
ACTIVE BORROWERS

423K+
NEW BORROWERS REACHED IN 2021

\$1.3K
AVERAGE LOAN SIZE (WEIGHTED)

668K+
PEOPLE WITH VOLUNTARY SAVINGS ACCOUNTS

ADDITIONAL SERVICES

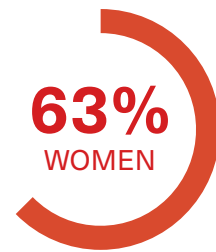
321K+
PEOPLE RECEIVED BUSINESS EDUCATION OR FINANCIAL LITERACY TRAINING IN 2021

105K+
PEOPLE RECEIVED HEALTH EDUCATION OR MEDICAL SERVICES IN 2021

3K+
PEOPLE RECEIVED AGRICULTURAL TECHNICAL ASSISTANCE IN 2021

END BORROWERS

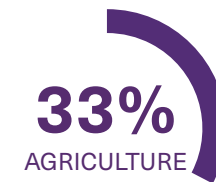
as of Q4 2021:



Women represented 63% of total end borrowers in our FSP portfolio, compared to 62% in 2020.



Rural borrowers represented 63% of total end borrowers in our FSP portfolio, compared to 61% in 2020.



Agricultural borrowers represented 33% of total end borrowers in our FSP portfolio, compared to 29% in 2020.

EMPLOYMENT

12K+
EMPLOYEES OF FINANCIAL SERVICE PROVIDERS

46%
FEMALE EMPLOYEES

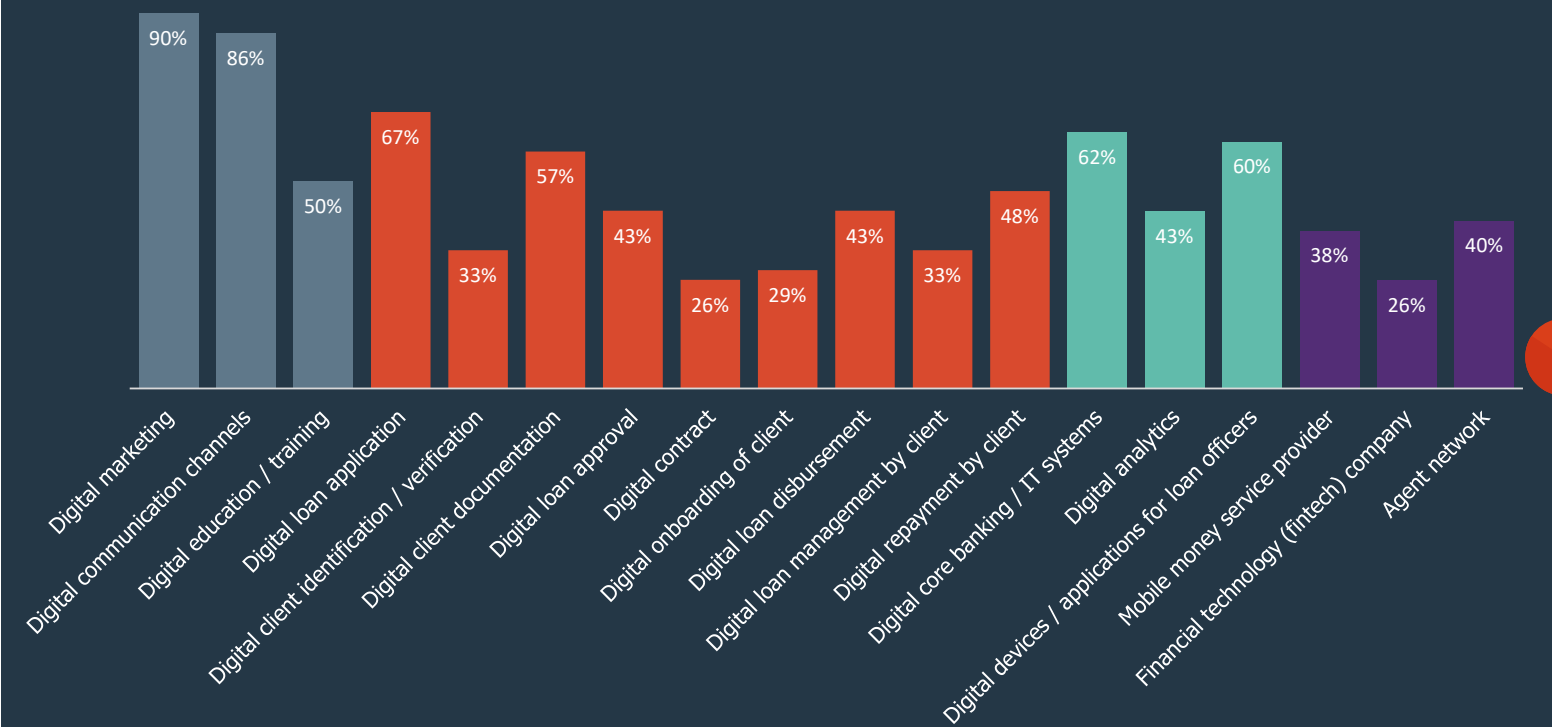
33%
WOMEN IN LEADERSHIP POSITIONS

DIGITIZATION

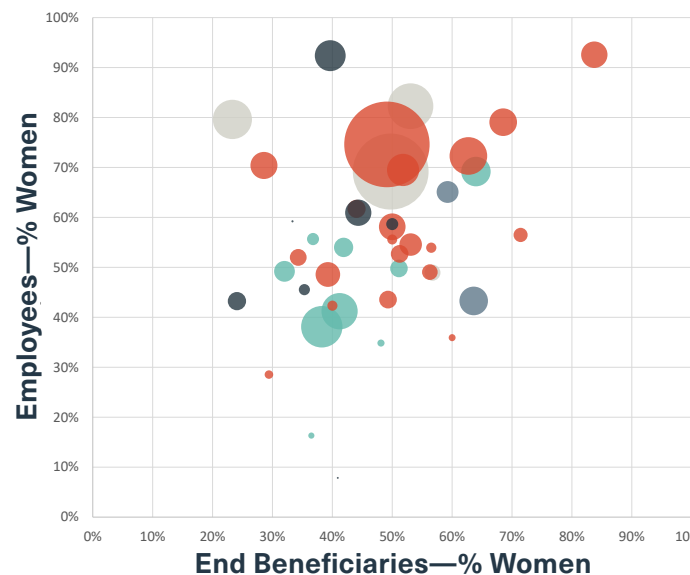
The digital revolution already underway was accelerated by the pandemic. Financial service providers had to quickly adapt by implementing low-touch financial services. The trend continued in 2021, resulting in reduced costs, improved client experiences, and safely and effectively delivered products and services to underserved communities. For the past two years, we surveyed our portfolio companies to understand the current state of digitization across our portfolio:

Client UX Products and Services Operations Partnerships

% of FSP portfolio companies 2021



WOMEN SUPPORTING WOMEN



The chart to the left illustrates a positive correlation between % women employees and % women end beneficiaries within MCE's FSP portfolio. For every investment, MCE considers women's role in the entrepreneurship, leadership, employment, and consumption of products and services. Our gender strategy is aligned with the standard metrics of the 2X Challenge.

- Latin America
- South / Southeast Asia
- Sub-Saharan Africa
- Eastern Europe
- Central Asia and the Caucasus
- Size denotes total # of women reached

small & growing businesses / *by the numbers*

SGB PORTFOLIO IMPACT

as of Q4 2021:

81K+
FARMERS WHO SUPPLIED SGBS

33K+
FARMERS TRAINED IN BEST PRACTICES

203K+
FARMERS RECEIVED HIGH-QUALITY INPUTS

22K+
FARMERS RECEIVED FINANCING OR CREDIT

\$26M+
IN FARMER REVENUE (PAID BY SGBs)

EMPLOYMENT

3.6K+
EMPLOYEES OF SMALL AND GROWING BUSINESS PORTFOLIO COMPANIES

2.3K+
PERMANENT EMPLOYEES

1.3K+
TEMPORARY EMPLOYEES

SMALLHOLDER FARMERS

as of Q4 2021:

Supplied crops



Received training



Received inputs



Received financing



WOMEN IN LEADERSHIP

18%
FEMALE FOUNDERS OR CO-FOUNDERS OF CURRENT PORTFOLIO COMPANIES

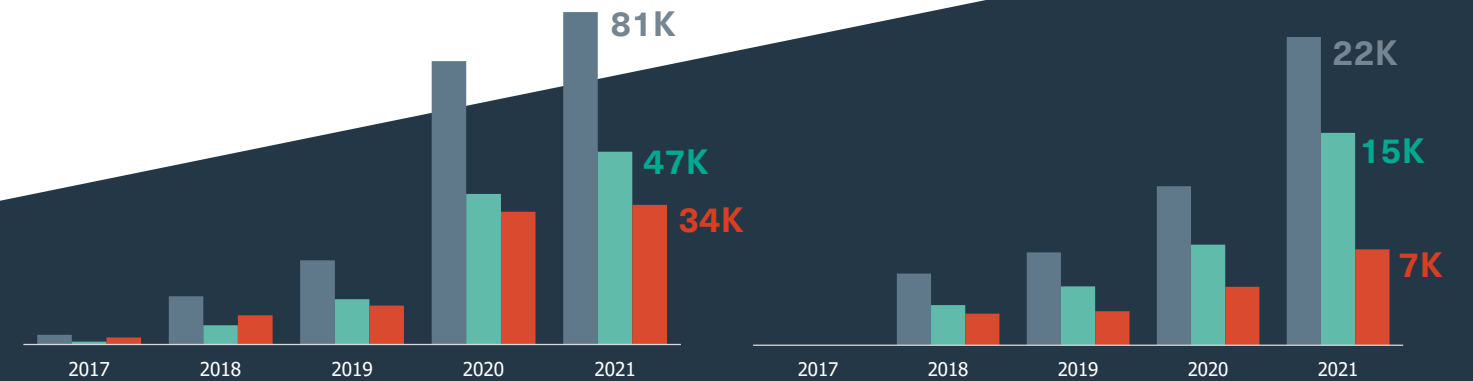
31%
WOMEN IN MANAGEMENT POSITIONS

26%
WOMEN ON BOARD OF DIRECTORS

SMALLHOLDER SUPPLIERS

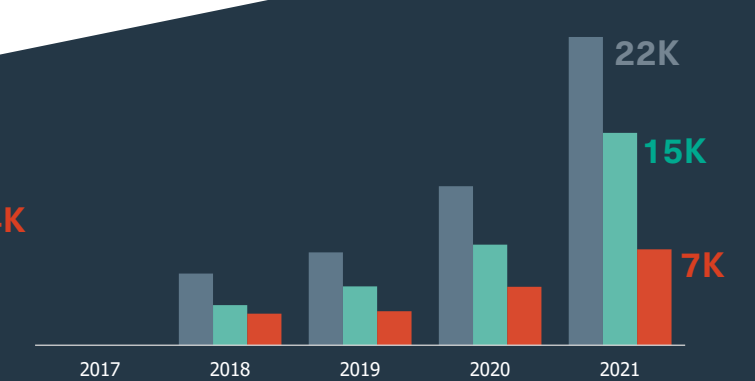
Smallholder farmers who sold crops to our portfolio companies

Total Men Women



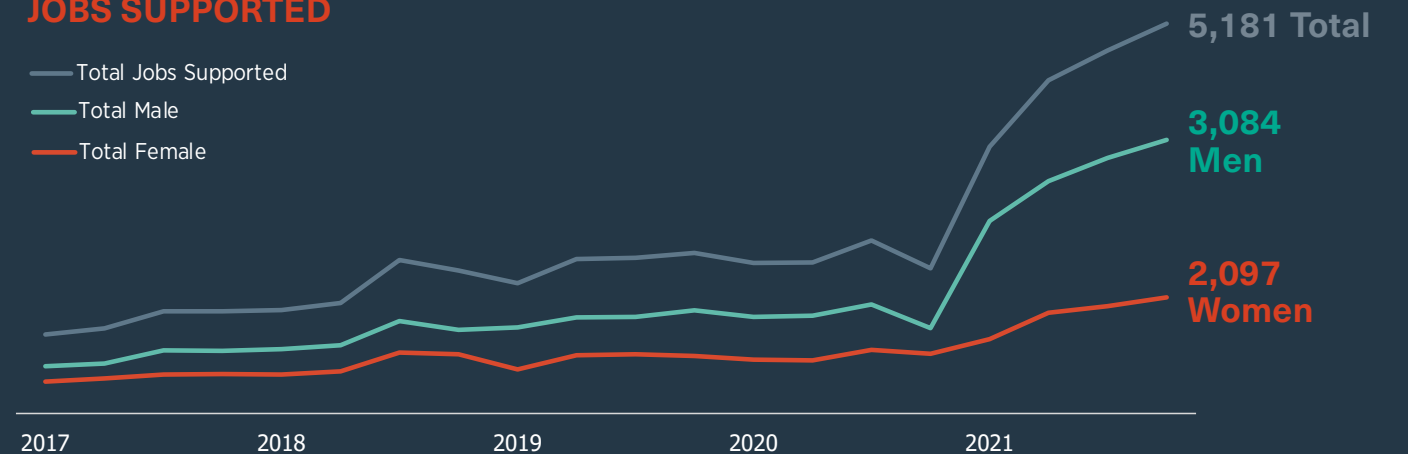
SMALLHOLDERS WHO RECEIVED FINANCING

Smallholder farmers who received financing or inputs on credit from our portfolio companies



JOBS SUPPORTED

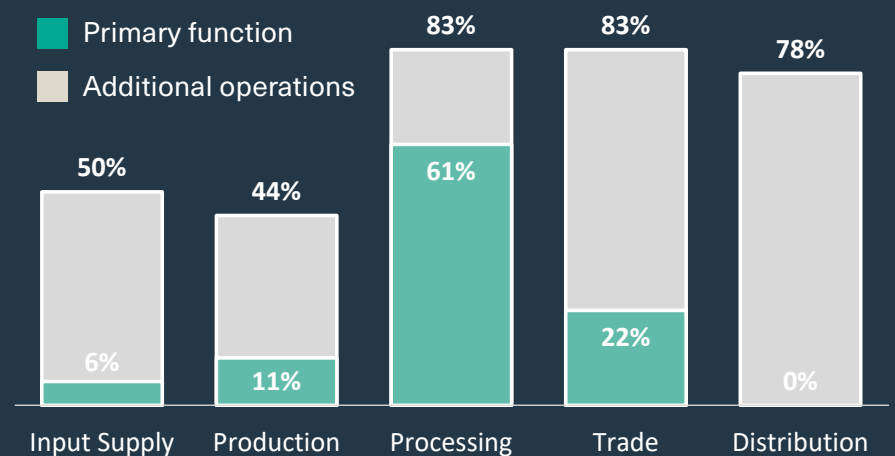
Total Jobs Supported
Total Male
Total Female



AGRICULTURE VALUE CHAIN

Most of our SGB investments are active across multiple stages of the agriculture value chain (white bars), with different primary functions (green bars) depending on their business model.

As illustrated here, 61% of our investments focus on the processing of crops sourced from smallholder farmers, adding value in-country before trade and distribution.



financial inclusion index /

In Q4 2021, MCE partnered with 60 Decibels to conduct phone interviews of 1,250+ microborrowers from five financial service providers in our portfolio. The surveys covered Central Asia, Latin America, Southeast Asia, and West Africa.

“The loan helps me to have more inventories in stock. I stop feeling stress because when the customers come, I have products to sell to them.”

ANONYMOUS
Microfinance Borrower
Elet Capital, Kyrgyzstan



“Thanks to the machines that I bought, I was able to increase my production and I can offer more products to my clients.”

ANONYMOUS
Microfinance Borrower
Avanza Sólido, Mexico

The research was conducted as part of 60 Decibels first annual Financial Inclusion Index in order to better understand the impact outcomes of microborrowers. 60 Decibels is an impact measurement firm that uses a Lean Data approach to measure impact through mobile phone conversations with end beneficiaries. Each conversation lasted an average of 15 minutes and covered five dimensions: Access to Finance, Business Impact, Household Impact, Management and Understanding, and Resilience.

Photo: Microentrepreneur Fabiola Ortiz working in her clothing shop in Chiapas.
PHOTO CREDIT: AVANZA SÓLIDO / MEXICO / FSP

voices from the field / *microborrower impact outcomes*

RESULTS FROM THE 1,250+ INTERVIEWS CONDUCTED ACROSS FIVE FSP PORTFOLIO COMPANIES

ACCESS TO FINANCE

53%
OF CLIENTS WERE ACCESSING A LOAN FOR THE FIRST TIME

62%
OF CLIENTS COULD NOT EASILY FIND AN ALTERNATIVE SOURCE OF LENDING



BUSINESS IMPACT

80%
OF CLIENTS WHO USED LOANS FOR THEIR BUSINESS REPORTED AN INCREASE IN INCOME

39%
OF CLIENTS WHO USED THEIR LOAN FOR BUSINESS REPORTED AN INCREASE IN THE NUMBER OF PAID EMPLOYEES



HOUSEHOLD IMPACT

92%
OF CLIENTS REPORTED AN INCREASE IN QUALITY OF LIFE DUE TO THEIR RELATIONSHIP WITH THE FSP

74%
OF CLIENTS SAID THEIR ABILITY TO ACHIEVE THEIR FINANCIAL GOALS HAS IMPROVED DUE TO THE FSP



MANAGEMENT & UNDERSTANDING

95%
OF CLIENTS SAID THEY AGREE WITH THE STATEMENT: “I UNDERSTAND ALL OF THE TERMS AND CONDITIONS OF THE CLIENT LOAN, INCLUDING PAYMENTS AND PENALTIES”

66%
OF CLIENTS REPORTED AN IMPROVEMENT IN THEIR ABILITY TO MANAGE FINANCES



RESILIENCE

10%
OF CLIENTS REPORTED THEY WOULD HAVE DIFFICULTY IF AN UNEXPECTED EMERGENCY REQUIRED AN AMOUNT OF MONEY EQUIVALENT TO 1/20TH OF GNPPC*

50%
OF CLIENTS SAID THEIR ABILITY TO FACE A MAJOR EXPENSE IMPROVED BECAUSE OF THE FSP



*Gross National Product Per Capita

One of COMACO's 230,000 farmers shows off his nursery of Gliricidia trees, which will soon be planted in fields. Intercropping gliricidia allows farmers to grow their crops naturally, and avoid the costs and environmental risks of fertilizer.

PHOTO CREDIT: COMACO / ZAMBIA / SGB



our community /

“

I am attracted to initiatives that have deep impact and are catalytic in changing peoples' lives. MCE inherently creates a very high impact per dollar donated through their unique model, which leverages the creditworthiness of HNWI's.

I've been a Guarantor since 2015, and during this time I've watched MCE thoughtfully deploy capital to numerous incredible, high-impact companies. Their team takes risk management very seriously, which made me feel comfortable signing up for additional units over the years—bringing my total exposure to 11 units on the SGB portfolio.”

ANTONIS SCHWARZ
MCE Guarantors since 2017

our guarantors /

Our Guarantor community consists of accomplished global citizens and organizations that share a commitment to generating sustainable livelihoods in emerging markets. Their partnership with MCE powers our innovative model and allows us to work in some of the world's most challenging regions, where other lenders often won't go. MCE would like to thank each and every Guarantor for advancing our mission.

FSP Guarantors

2005

Dan Brunner
Eric McCallum & Robin Smith
Janet A. McKinley

Sangeeth & Sindhu Peruri
Thomas R. & Marla E. Williams

2008

Joseph Brescia
Maggie Kaplan**
Linked Foundation
Sarah Marie Martin & Nicholas Brophy

2009

Jonathan C. Lewis
Peggy Rawls

2007

Kevin & Laurie Carnahan
The Clara Fund
James Davidson
Kevin Dolan
Gary Ford & Nancy Ebb
Cary Hart
Alan & Teri Hoops
Estate of Greg Ledford**
Meyer Family Enterprises

2010

Karen Ansara
David & Gay Campbell
Sky Carver
Lori & Aaron Contorer
Benito and Frances C. Gaguine Foundation**

David Hills & Catherine McLaughlin-Hills
Jonathan Rubini
Carolyn Workman & Kurt Wacker

2011

1to4 Foundation†/John & Cathy Ayliffe
1to4 Foundation/2nd Unit
1to4 Foundation/3rd Unit

Ron & Marlys Boehm
Darlene Daggett
G.D.S. Legacy Foundation**
KL Felicitas Foundation
Anonymous

2012

Ellen & Karl Breyer
The Eucalyptus Foundation
Katharine Thompson
Anonymous
Anonymous

2013

1to4 Foundation/4th Unit
Armeane Choksi
Eileen Fisher
Mike & Diane Moxness
Angela & Anthony Ocone

Douglas Spencer
Levi Strauss Foundation
Adam J. Weissman Foundation
Anonymous

2014

John Coleman
Justin & Lindsay Morales

2015

1to4 Foundation/5th Unit
Kenneth Carson & Sally Foster
Neal & Florence Cohen
Cordes Foundation
Dennis Houghton & Janet Healy
Clark Mitchel
Jeff Perlis
Anonymous

2016

Tom & Betsy Balderston
Scott Kiere
Rick & Cathy Osgood
Theodore Petroulas
Scott Satterwhite

2017

1to4 Foundation/6th Unit
James J. Chu
Jon Freeman
Elizabeth Funk

(continued on the next page)

Galloway Family Foundation Trust
Matthew W. Patsky
David Sonnenberg
Sunrise Foundation
Tara Health Foundation**
SJ Wilson Enterprises

2018

Beall Family Foundation
Amy M. Brakeman
Scott & Lisa Halsted
Mary Hedahl
Highlands Associates
Maryanne Mott
Kristin Hull
David W. Paulus
Skip & Shirley Rosenbloom
Gregg Schoen
Anonymous
Anonymous

2019

Christine A. Brown
Dunn Family Charitable Foundation
Isenberg Family Charitable Fdn*****
Nancy K. Lawrence
The Libra Foundation**
John T Swift
1990 Trust**
Anonymous

2020

Adrianus Kuiper§
Construct Invest BV§
Kevin & Ann Henrikson

Jonathan Louis & Suzanne Hidekawa Lane
Emanuel & Marilyn Sturman
Antoon van den Berg§
Anonymous§***
Anonymous§
Anonymous

2021

Mike Cox
Christy Foley
John Hayden
Elizabeth Sheehan

SGB Guarantors

2017

John & Cathy Ayliffe
Ron & Marlys Boehm**
Dan Brunner**
Kevin & Laurie Carnahan
Darlene Daggett
James Davidson**
Gary Ford & Nancy Ebb
Elizabeth Funk
Alan & Teri Hoops
Estate of Greg Ledford
Linked Foundation
Eric McCallum & Robin Smith**
Scott Satterwhite**
Antonis Schwarz*****
Bill & Mary Way

2018

Beall Family Foundation
Ed Brakeman
Sayuri Sharper**



Guarantor David Hills with MCE CEO Camilla Nestor and CBDO Catherine Covington at an event David hosted in York, Maine. David is MCE's top volunteer recruiter, bringing more than 15 Guarantor relationships to MCE!

2019

James J. Chu**
Dunn Family Charitable Foundation**
The Eric T. & Elizabeth C. Jacobsen Foundation**
Anna Marie Lyles

2020

Nasim Bitzer**
Maryanne Mott
Anonymous
Anonymous

2021

Christopher Hormel
Ladybug Foundation**
Anonymous
Anonymous§

NOTE:
Guarantors listed by year in which they originally signed.

** Indicates the number of units a Guarantor has signed for as of December 31, 2021.

† 1to4 Foundation is MCE's partner in Switzerland through which European Guarantors can support MCE.

§ MCE Social Capital Stichting is MCE's Dutch Subsidiary

our team /

18
EMPLOYEES

83%
WOMEN

10
NATIONALITIES

47%
WORKING PARENTS

42%
BORN OUTSIDE THE US

33%
UNDER 30 YEARS OLD

"After many years in the impact sector, it is clear to me that MCE 'walks the talk,' and I could not be more proud to work here. Every day we go the extra mile to find solutions to support those enterprises that need it the most."

MARIA RAURELL
Director of Investments & Risk
MCE Social Capital



"Working for MCE is not only emotionally fulfilling, but it also challenges me in ways that push me to be better. I am very proud to be part of such a wonderful organization."

JACKIE TORRIENTE
Middle Office Loan Analyst
MCE Social Capital

74%
HAVE LIVED ABROAD FOR MORE THAN 6 MONTHS

58%
SPEAK 3 OR MORE LANGUAGES

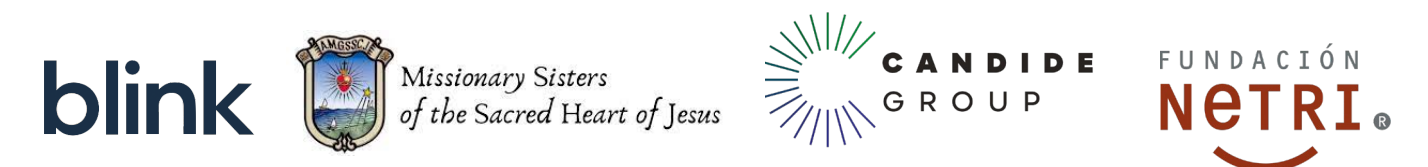
SPECIAL TALENTS INCLUDE:

Amateur clothing designer, Carnival games champion, Intermediate salsa dancer, Competitive public speaker, Unicycle rider

our investors and partners /

Our Investors, Lenders, and Co-investing Partners

Combined with the power of our guarantee pools, our private investors, institutional lenders, and co-investing partners are critical to our success, enabling us to deploy catalytic debt capital to meet the financing needs of high-impact financial service providers and small and growing businesses. They include:



Our Institutional Partners

We are incredibly appreciative of all of our institutional partners, as they strengthen our ability to carry out our mission in a number of important ways.



A Proximity Finance loan officer reviews the loan repayment schedule with clients in Myanmar. Proximity serves over 200,000 clients, of whom 99.6% are agricultural borrowers and 69% are women. Proximity Finance also offers agricultural technical assistance, including soil test service, trichoderma, and crop protection services through its parent organization, Proximity Designs.

PHOTO CREDIT: PROXIMITY FINANCE / MYANMAR / FSP

our financials /

“

MCE's blended cost of borrowing remains below 3%, which is the lowest in MCE's 15-year history. This is in large part thanks to continued growth in our investor pool—at a weighted average cost of 2%, our Global Economic Opportunity notes now account for 69% of funding.

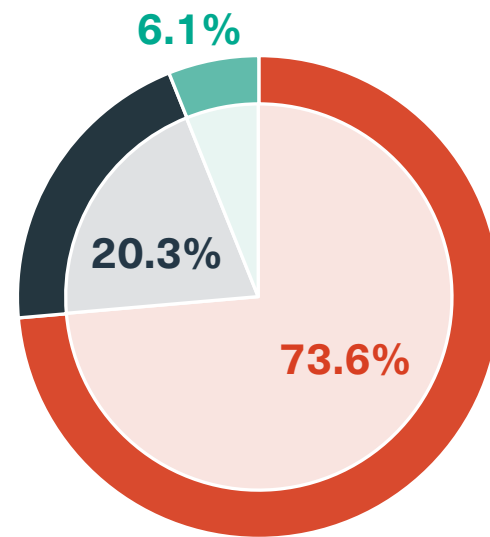
Operationally, MCE has continued to invest in staff, adding new skill sets and expertise, as well as doing needed upgrades to our systems, laying the foundation for anticipated growth in 2022 and beyond.”

WENDY TURMAN
Chief Financial Officer

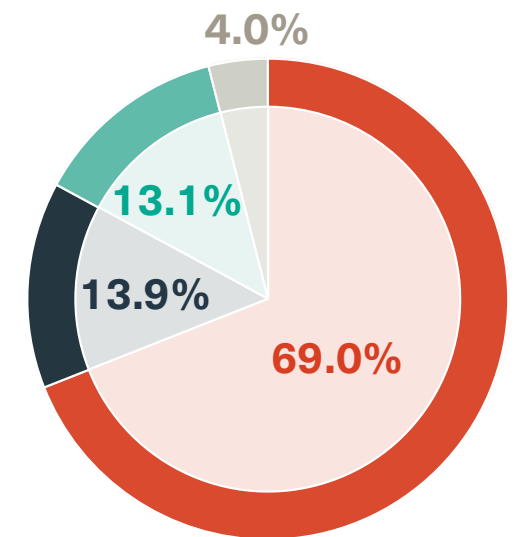
financials /

In 2021, MCE's net revenues were \$2,340,961, a 23% increase from 2020. MCE's operating expense ratio was 4.30%, compared to the average portfolio.

Revenues	2020 Audited	2021 Audited
Lending Revenue	\$1,900,419	\$2,340,961
Grants and Donations	\$711,335*	\$645,751
Contributed Services	\$260,682	\$193,065
Total Revenue Before Guarantor Call†	\$2,872,436	\$3,179,777
Guarantor Call	\$347,663	\$575,500



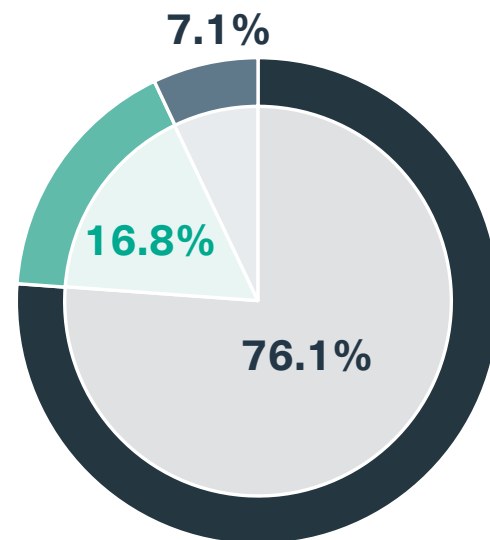
Sources of Funding	2020 Audited	2021 Audited
Private Notes	\$35,775,000	\$34,800,000
Development Financial Institutions	\$2,000,000	\$7,000,000
Commercial Finance Institutions	\$10,775,000	\$6,625,000
Foundations	\$2,000,000	\$2,000,000
Total Funding	\$50,550,000	\$50,425,000



*In 2020, MCE received a grant of \$3.7M from Deutsche Bank Microcredit Development Fund to accelerate the growth of our SGB portfolio. Only the unrestricted portion of the funds (\$245,000) is reflected above. The remaining \$3.5M is held in restricted assets to be used for lending to the SGB portfolio.

†All Guarantor calls cover default amounts and are shared pro rata across the responsible guarantee units.

Expenses	2020 Audited	2021 Audited
Portfolio Services and Operations	\$1,720,419	\$2,016,254
Management and General	\$351,344	\$444,717
Fundraising	\$140,539	\$186,897
Total Expenses	\$2,212,302	\$2,647,868



Key Financial Ratios	2020	2021
Portfolio Yield	8.22%	7.52%
Cost of Funds	4.33%	2.90%
Gross Portfolio Margin	3.89%	4.62%
Operating Expense Ratio	3.74%	4.30%
Net Margin	0.15%	0.33%

END NOTES

¹ World Bank, Gender Data Portal, "Account ownership at a financial institution or with a mobile-money-service provider."

² World Economic Forum, "To improve women's access to finance, stop asking them for collateral." 2019.

³ Project Drawdown, "Sustainable Intensification for Smallholders."

⁴ Food and Agriculture Organization, "Shea value chain as key pro-poor carbon-fixing engine in West Africa." 2020.

⁵ Ibid.

⁶ Intergovernmental Panel on Climate Change, "Climate Change 2022: Impacts, Adaptation and Vulnerability." 2022.

⁷ Global Findex Database. 2017.

⁸ CGAP, "\$4.9 Trillion Small Business Credit Gap: Digital Models to the Rescue." 2019.



SOCIAL CAPITAL

*impact.
guaranteed.*

Visit our website www.mcesocap.org or
contact us at info@mcesocap.org
for more information.