

# FINDEV CANADA TRANSACTION SUMMARY

## Stanbic IBTC Bank Limited

*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

Stanbic IBTC Bank Limited ("Stanbic IBTC Bank", or the "Bank") is a subsidiary of Standard Bank Group Limited ("SBG") and a large Nigerian bank with US\$ 5.2 billion in total assets as of December 2023. The entirety of the loan of up to US\$40 million will be used for on-lending to sustainability linked projects eligible under SBG's Sustainable Finance Framework, of which at least 30% will finance 2X eligible<sup>1</sup> enterprises.

### Transaction Details

<b>COUNTERPARTY</b>	Stanbic IBTC Bank Limited
<b>DOMICILE</b>	Nigeria
<b>COUNTRY OF OPERATIONS</b>	Nigeria
<b>TERM OF FINANCING</b>	7 years
<b>SECTOR</b>	Financial Intermediaries
<b>IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY</b>	Category FI-2 (equivalent to Category B)
<b>FINANCING PRODUCT</b>	Debt
<b>FINDEV CANADA TRANSACTION AMOUNT</b>	US\$ 40M
<b>DATE OF TRANSACTION DISCLOSURE</b>	31 October 2022
<b>DATE OF TRANSACTION SIGNING</b>	16 January 2024
<b>DATE OF TRANSACTION SUMMARY PUBLICATION</b>	11 July 2024
<b>2X CHALLENGE QUALIFYING</b>	Yes

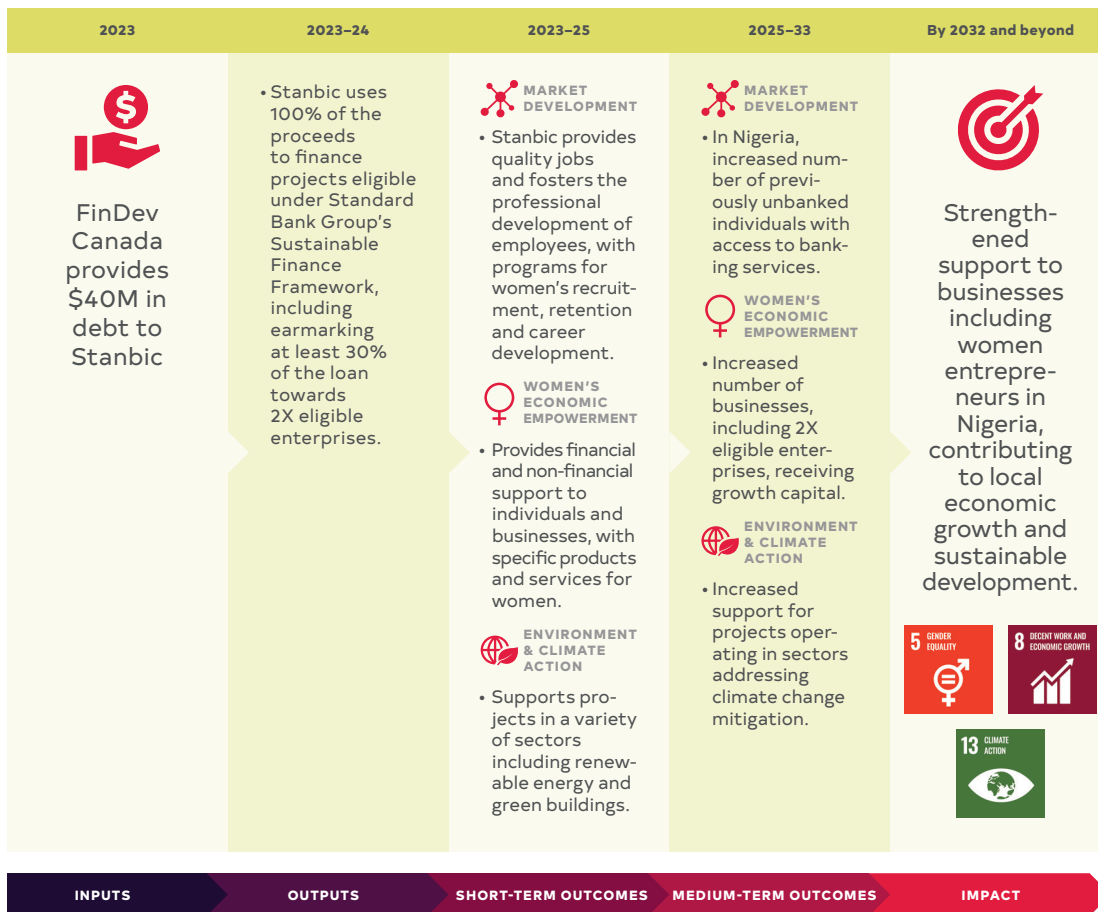
<sup>1</sup>Criteria – 2X Challenge.

## Summary of Anticipated Development Impacts

The development impact value proposition of Stanbic IBTC Bank is to provide access to financial services to individuals and businesses in Nigeria, contributing to financial inclusion and private sector development, ultimately fostering local economic growth. The impact theory of change below summarizes how Stanbic IBTC Bank will contribute to FinDev Canada’s development impact goals and the Sustainable Development Goals (“SDGs”) particularly SDG 5 “Gender Equality”, SDG 8 “Decent Work and Economic Growth”, and SDG 13 “Climate Action”.

### Barriers:

- SMEs contribute to nearly 50% of the country’s GDP and to over 80% of formal employment.
- A large proportion of the population is under-/unbanked, with a considerable gender gap in financial inclusion: 51% of men vs 27% of women own an account in a financial institution.
- Sub-Saharan Africa faces a US\$ 42 billion funding gap for women-owned businesses.
- 52% of women entrepreneurs in Nigeria identified access to finance as a major constraint to business growth, compared to 30% of men entrepreneurs.





## MARKET DEVELOPMENT

- **Strengthen local MSMEs and value chains:** Stanbic offers financial services to businesses (large and small corporates, and MSMEs) that operate in critical sub-sectors of the economy, including those that are important for domestic consumption and exports such as the food, manufacturing, telecommunications, and construction industries. Stanbic IBTC Bank also offers capacity-building trainings for its customers on topics such as financial management, customer service, and wealth sustainability.
- **Promote financial inclusion and expand local asset ownership:** Stanbic IBTC Bank partners with local members of the community as banking agents that can advise and guide newcomers to banking regarding their financial needs. Aside from supporting individuals in opening a bank account and using an electronic wallet, Stanbic IBTC Bank offers access to device financing to fund the purchase of smartphones, and to facilitate access to loans through the digital platform (in 2020, 49% of the Nigerian population had access to mobile technology).
- **Contribute to local employment:** Stanbic supports over 2,300 employees and provides digital learning, coaching, mentoring, job shadowing and job rotation opportunities, as well as financial assistance to employees seeking enhanced qualifications or education through a bursary program.



## WOMEN'S ECONOMIC EMPOWERMENT

- **Support women's employment:** Stanbic IBTC Bank has a Diversity and Inclusion Action Plan ("DIAP"), a strategy put in place in 2019 with the overarching goal to recruit and retain a diverse team. The components of the DIAP include gender-inclusive recruitment practices, deliberate upskilling of women and career development programs (e.g., opportunities for shadowing and mentorship, networking for women, and training). The DIAP also includes mandatory training on unconscious biases, incorporation of diversity benchmarks into managers' key performance indicators (KPIs), and the implementation of a flexible work policy.
- **Improve equal access to financial services:** Stanbic IBTC Bank offers financial products developed with the goal to make banking more affordable and accessible to women: individual borrowers, microentrepreneurs, and larger business owners.
- **2X Qualification:** The transaction is eligible under the Indirect 2X criteria (based on a commitment to on-lend at least 30% of the proceeds to 2X eligible enterprises), specifically the "Leadership" criteria (based on 43% of women in Stanbic IBTC Bank's senior management vs. the minimum 30% 2X threshold), and the "Employment" criteria (based on 46% of women employees at Stanbic IBTC Bank vs. the minimum 40% sector threshold for financial services industry, along with the presence of quality employment indicators; namely career development programs and flexible work arrangement for women as well as trainings to reduce unconscious bias against women).



- **Contribute to the transition towards a low-carbon economy:** SBG has committed to a net zero target by 2050, with time-bound objectives to reduce carbon emissions from its own operations for the newly built facilities by 2030, for existing facilities by 2040, and from its portfolio by 2050. SBG has published a report, aligned with the Task Force on Climate-related Financial Disclosures (“TCFD”) which includes Scope 1 and 2 reporting, has joined the Partnership for Carbon Accounting (“PCAF”), and has committed to applying the PCAF methodology to measure and report its Scope 3 GHG emissions by the end of 2023. Stanbic is aligned with SBG’s strategy and commitments, including the specific targets set for the reduction of the portfolio’s exposure to the oil, gas, and thermal coal sectors.
- **Scale up private-sector climate solutions:** The full amount of proceeds will be eligible under SBG’s Sustainable Finance Framework, therefore projects driving climate action in a variety of sectors will be supported. Under the framework, eligible projects fall within the following categories: (i) Renewable Energy, (ii) Pollution Prevention and Control, (iii) Climate Change Adaptation, (iv) Energy Efficiency, (v) Green Buildings, (vi) Clean Transportation, (vii) Sustainable Management of Natural Resources, (viii) Sustainable Water and Wastewater Management, (ix) Climate Change Mitigation, (x) Affordable Housing, (xi) Social Infrastructure, (xii) Improved Access to Funding for SMEs and Micro Businesses, and (xiii) Women in the Economy.

### Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada’s Environmental and Social (E&S) Policy. The FinDev Canada E&S Risk Management Team considers the transaction to be Category FI-2, given the nature and size of its existing portfolio, and general corporate financing component which excludes on-lending to high-risk sub-borrowers and transactions. This transaction will fund activities with potentially limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures. This transaction also includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.

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: Labor and Working Conditions

The primary risks associated with this transaction are (1) client’s identification of risks and impacts within its diversified on-lending portfolio and (2) client’s labour and working policies for workers, including those engaged by third parties. Stanbic IBTC Bank has a comprehensive Environmental and social risk standard, Environmental and social risk policy, and Environmental and social management system (ESMS) that includes application of the IFC Performance Standards, World Bank EHS guidelines, the Nigerian Sustainable Finance Principles, and the Equator Principles. It is also a signatory of the United Nations Environment Programme Finance Initiative (UNEP-FI) Principles for Responsible Banking.

The FinDev Canada E&S Risk Management Team is of the opinion that adverse environmental, social or human rights risks associated with the client’s on-lending portfolio should be managed in a manner that aligns with the FinDev Canada E&S Policy, the IFC Performance Standards, and relevant international standards. Opportunities to enhance the client’s management of risks related to violence, and harassment as well as forced and child labor in its on-lending portfolio will be addressed as part of an Environmental and Social Action Plan (ESAP).