

FINDEV CANADA TRANSACTION SUMMARY

Access Bank

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

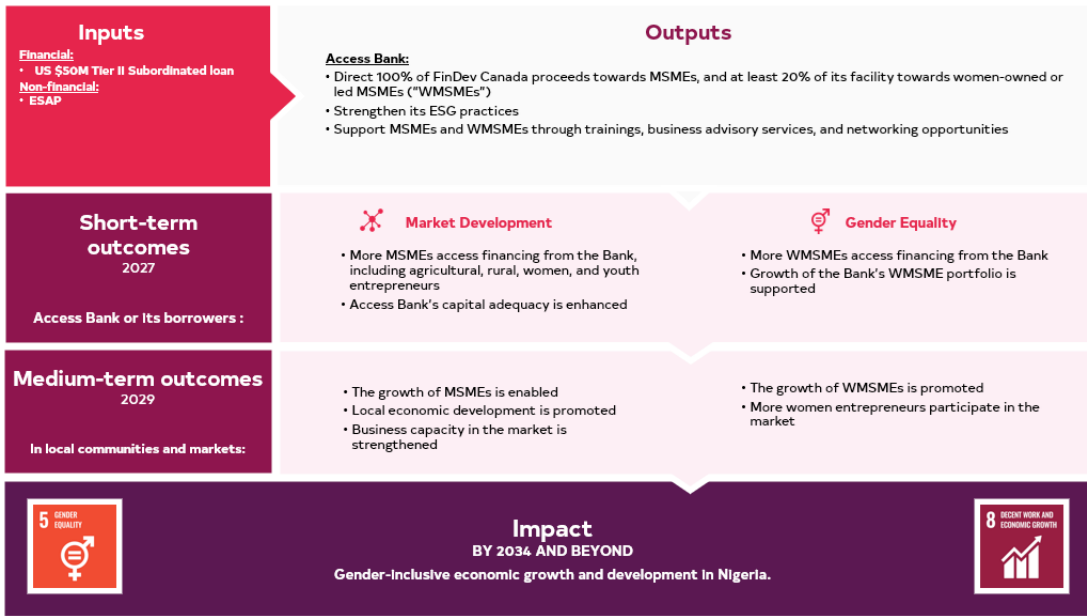
Access Bank is the largest bank in Nigeria, with US \$22B in assets, and ranks amongst the top 15 banks in Africa, serving 63 million customers across the region. The transaction is a subordinated unsecured Tier 2 loan for up to US \$50M as part of an FMO-led syndicated facility totaling US \$295M. This Tier 2 facility will help to strengthen the capital base and resilience of the bank and support the expansion of its micro-, small- and medium-sized enterprises (“MSMEs”) portfolio, directing at least 50% of the proceeds to underserved groups, including women, agribusiness, and youth clients.

Transaction Details

COUNTERPARTY	Access Bank Plc ("Access Bank", or "the Bank")
DOMICILE	Nigeria
COUNTRY(IES) OF OPERATION	Sub-Saharan Africa
TERM OF FINANCING	10 years
SECTOR	Financial Industry
E&S CATEGORY	FI-2
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	US \$50M
DATE OF TRANSACTION DISCLOSURE	19 June 2024
DATE OF TRANSACTION SIGNING	12 July 2024
DATE OF TRANSACTION SUMMARY PUBLICATION	4 September 2024
2X ALIGNMENT	Yes, FinDev Canada's investment is 2X aligned under the employment and portfolio criteria

Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to strengthen Access Bank's capital base and resilience, enabling it to expand its domestic lending operations in the MSME segment via targeted financial and non-financial solutions. The proceeds from the facility will be fully earmarked to the financing of MSMEs in Nigeria, with a portion of the proceeds targeted towards women-owned/led MSMEs ("WMSMEs"), as well as agricultural, and youth entrepreneurs, therefore contributing to the development of a more inclusive economy in the country.





MARKET DEVELOPMENT

- **Improving MSMEs' access to finance and capacity:** MSMEs play an important role in Nigeria's economy as they represent 96% of businesses, contribute to ~50% of GDP, and create 84% of jobs¹. Given that MSMEs face difficulties in accessing credit, 100% of the facility's proceeds will be channeled to MSMEs, with at least 50% for agricultural, women, and youth entrepreneurs. Access Bank will also support MSMEs' growth through trainings, business advisory services, and networking opportunities, building business capacity in Nigeria and creating economic value through the provision of goods and services.



GENDER EQUALITY

- **Increasing access to finance for women entrepreneurs:** Despite their high potential to contribute to economic growth and formal labour, women in Nigeria are restrained by limited access to capital, facing a financing gap estimated at US \$21.8B. Given this gap, the facility will allocate at least 20% of capital towards WMSMEs to increase access to financing by women entrepreneurs. Access Bank further supports WMSMEs through tailored offerings, including discounted loan rates, access to educational resources, networking opportunities, and market integration assistance, enabling them to better achieve economic growth in the market.
- **Supporting a gender inclusive Bank:** At the Bank, women are meaningfully represented in leadership and employment: 38% at the Board of Directors level, 43% at the Executive Management level, and 42% in the workforce. Moreover, Access Bank has the objectives to maintain gender parity across its management and workforce, to promote equal opportunity for employment and career advancement free of bias, and to provide equal pay per job level. Such inclusion measures and objectives further contribute to the Bank's strategy in supporting WMSME clients.

¹MSMEs generate 84% employment in Nigeria, MSME Africa, 2022.

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 Policy. The transaction is rated Category FI-2, given the nature and size of the transactions to be financed with the use of proceeds, including MSMEs with potential exposure to medium to low-risk sectors, which are expected to have exposure to adverse E&S risks or impacts that are few in number, typically site-specific, generally reversible, and readily addressed through mitigation measures. This is the client's first transaction with FinDev Canada.

FinDev Canada's environmental and social (E&S) risk due diligence was undertaken between February and April 2024 and consisted of track record searches, engagement with the client's representatives and E&S personnel, and a review of environmental and social documentation.

In conducting its environmental and social review, FinDev Canada's E&S Risk Management Team identified the International Finance Corporation (IFC) Performance Standards 1 & 2 as the relevant international E&S benchmarks for the transaction.

The primary risks associated with the Bank's portfolio and on-lending operations will be project and sector specific. These risks include labour rights and working conditions including gender-based violence and harassment, occupational and community health and safety, pollution prevention and resource efficiency, supply chain risk management, deforestation, waste management, stakeholder engagement and vulnerable communities, and consumer and data privacy protection.

These risks are mitigated by the client's Environmental & Social Risk Management System (ESMS) and related policies and procedures, which are aligned with local regulation and follows the requirements of the IFC Performance Standards.

The FinDev Canada E&S Risk Management Team is of the opinion that adverse environmental and social risks associated with the client's on lending portfolio will be mitigated in a manner that aligns with the FinDev Canada Environmental and Social Policy and the IFC Performance Standards and relevant International Standards. Gaps have been captured in an Environmental and Social Action Plan (ESAP).

For further information on the Manager's commitment to Sustainability, visit <https://www.accessbankplc.com/sustainable-banking/our-reports>