

Public Information Summary

Host Country	Nigeria
Name of Guaranteed Party	DFC will provide a guaranty to WorldBusiness Capital on a loan to Sterling Bank Plc.
Project Description	Expansion of borrower's on-lending program to SMEs in Nigeria.
Proposed DFC Guaranty	\$14,625,000 with a 10-year tenor.
All-Source Funding Total	\$15,450,000
Policy Review	
U.S. Economic Impact	This project involves a 10-year, \$14.6 million OPIC investment guaranty (the "OPIC loan proceeds") for a World Business Capital ("WBC") loan to Sterling Bank Plc. ("Sterling") that will finance expansion of the bank's portfolio of loans to small- and medium-sized enterprise ("SME") businesses in Nigeria (the "Project"). The total Project size is \$15.5 million, including \$450,000 in equity from Sterling and \$375,000 in other debt from WBC. Sterling is a publicly traded commercial bank regulated by the Central Bank of Nigeria and dates back to its founding in 1960 (as NAL Bank).
Developmental Objectives	The Project is expected to have a positive developmental impact in Nigeria by increasing credit availability to SMEs, which are severely credit constrained according to the World Bank. In 2017, Nigeria's domestic credit to the entire private sector was only 14 percent of GDP, compared to 46 percent of GDP in Africa and 43 percent of GDP in lower middle-income countries. The Project aligns with Nigerian government policies for expanding credit to SMEs under the Development Bank of Nigeria (DBN) that was launched by the government in 2017. Sterling provides SMEs with subsidized training in areas including financial management.
Environment and Social Assessment	The Project has been reviewed against OPIC's 2017 Environmental and Social Policy Statement ("ESPS") and has been determined to be categorically eligible. Loans to Banks for the purposes of SME investments are screened as a Category C for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all of those downstream investments have been pre-screened as Category C and further review and consent are not required for these investments.

To ensure that Sterling's investments in SME's are consistent with OPIC's statutory and policy requirements, the OPIC-guaranteed loans made to the Bank 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 Management System ("ESMS") that meets the 2012 IFC Performance Standards.

Under OPIC's ESMS, the Bank 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. For Category C projects, applicable provisions are 1 and 2. However, the Bank does utilize third-party security guards to protect its operations, which triggers PS 4.

A desk-review based due diligence assessment indicates that because the Project involves investments into SMEs, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time.

The Bank provided its Environmental and Social Risk Management Procedure that functions as its Environmental and Social Management System ("ESMS") and is commensurate with its investment strategy. The Bank has a systematic method of reviewing projects for environmental, labor, and social risk. The Bank's policy requires the assessment of transactions to be appropriate to the nature and scale of the project and proportionate to the level of risks and impacts. The Bank has a Health and Safety Policy, Carbon Footprint Policy, E&S Risk Management Procedure, Sustainability Reporting Framework, E&S Risk Categorization and Screening Templates, and human resources policies to guide it in making sound social and sustainable environmental investment decisions.