

NMB Bank PLC

Type of Engagement: Annual Review

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Introduction

In 2022, NMB Bank PLC (“NMB” or the “Bank”) developed the NMB Bank PLC Social Bond Framework (the “Framework”) under which it issued the Jasiri Gender Bond to finance or refinance projects expected to contribute to inclusive socioeconomic growth in Tanzania. In May 2023, NMB engaged Sustainalytics to review the projects financed with proceeds from the Jasiri Gender Bond and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework.¹ Sustainalytics provided a second-party opinion on the Framework in January 2022.² This is Sustainalytics’ first annual review of allocation and reporting of the instruments issued under the Framework.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2022 social based on whether the projects or companies financed:

1. Met the use of proceeds and eligibility criteria defined in the NMB Bank PLC Social Bond Framework;³ and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the NMB Bank PLC Social Bond Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Target Population

Use of Proceeds Category	Eligibility Criteria	Target Population
Socioeconomic Empowerment - Gender Inclusion	<p>Gender inclusion: Proceeds in this category can support SMEs, as defined by NMB Bank, owned and/or controlled by women and support new female entrepreneurs.</p> <p>SMEs NMB’s definition - Enterprise size (Turnover)⁴</p> <ul style="list-style-type: none"> • MSE: Turnover of up to TZS 150 million • SME: Turnover between TZS 150 million and TZS 15 billion • Corporates: Turnover above TZS 15 billion <p>Definitions of eligible projects and activities:</p>	<ul style="list-style-type: none"> • Women

¹ NMB, “NMB Social Bond Framework”, (2022), at: <https://www.nmbbank.co.tz/investor-relations-nmb/investor-information/nmb-jasiri-bond-2022?download=333:nmb-social-bond-framework>

² Sustainalytics, “Second-Party Opinion, NMB”, (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/nmb-bank-plc/nmb-bank-plc-social-bond-framework-second-party-opinion-\(2022\)/nmb-bank-plc-social-bond-framework-second-party-opinion-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/nmb-bank-plc/nmb-bank-plc-social-bond-framework-second-party-opinion-(2022)/nmb-bank-plc-social-bond-framework-second-party-opinion-(2022))

³ The Framework includes four categories, namely Access to Essential Services, Employment Generation, Socioeconomic Empowerment - Gender Inclusion, and Food Security and Sustainable Food Systems. NMB only allocated proceeds to projects under the category Socioeconomic Empowerment - Gender Inclusion.

⁴ This criterion applies to what the Organization for Economic Co-Operation and Development (OECD) defines as SME relative to the size of the domestic economy. The metric used to segment customers is the organization’s annual turnover, in alignment with the OECD’s country-specific definition of SME relatively to the size of the economy.

OECD, “Enhancing the Contributions of SMEs in a Global and Digitalised Economy”, (2017), at: <https://www.oecd.org/industry/C-MIN-2017-8-EN.pdf>

	<ul style="list-style-type: none"> • Credit facilities, preferential interest rate loans to increase productivity for SMEs controlled by women (SMEs with women with capital stock with more than 50% ownership). • Long-term working capital and credit to balance cash flow and support unforeseen expenses for SMEs controlled by women. • SMEs and MSMEs that offer products and services that specifically or disproportionately benefit Women • Credit facilities to SMEs & MSMEs that have 30-50% women as workforce 	
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Table 2: Impact Indicators

Use of Proceeds	Impact Indicators
Socioeconomic Empowerment - Gender inclusion	<ul style="list-style-type: none"> • Number of female owned businesses financed • Number of Employment created towards women • Number of loans to women

Issuer’s Responsibility

NMB is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Jasiri Gender Bond. The work undertaken as part of this engagement included collection of documentation from NMB and review of said documentation to assess conformance with the NMB Bank PLC Social Bond Framework.

Sustainalytics relied on the information and the facts presented by NMB. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by NMB.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the NMB Bank PLC Social Bond Framework. NMB has disclosed to Sustainalytics that the proceeds from the Jasiri Gender Bond were fully allocated as of December 2022.

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2022 Jasiri Gender Bond to determine if projects aligned with the use of proceeds criteria outlined in the NMB Bank PLC Social Bond Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the 2022 social to determine if impact of projects was reported in line with the KPIs outlined in the NMB Bank PLC Social Bond Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

Appendix

Appendix 1: Allocation and Reported Impact

Use of Proceeds Category	Impact Reported	Net Proceeds Allocation (TZS million) ⁶
Socioeconomic Empowerment - Gender Inclusion	<ul style="list-style-type: none"> • 89 loans for SMEs owned or controlled by women • 3,116 loans for MSEs owned or controlled by women • 340 loans to women-owned/controlled agribusinesses • 61 SMEs financed employing >30% women 	74,268.74
Total		74,268.74

⁶ The allocation amount is reported in TZS million and is equivalent to USD 31.42 million using the exchange rate of TZS 2,364/USD (mid-market rate of May 26, 2023)

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