Early Warning System

IFC-37054

AIB Equity

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Quick Facts

Countries	Afghanistan
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2015-11-02
Borrower	Afghanistan International Bank
Sectors	Finance, Technical Cooperation
Investment Type(s)	Equity
Investment Amount (USD)	$ 10.00 million

Project Description

This project finances an equity stake in Afghanistan International Bank, as well as a comprehensive advisory services package, to help further institutionalize its shareholding, strengthen its operational risk management, and build its capacity for commercial lending in diversified sectors.

Investment Description

- International Finance Corporation (IFC)

The project entails IFC taking an equity stake of up to 15% in Afghanistan International Bank (AIB) in two tranches. The initial tranche is for an equity stake of 7.5%, purchased equally from AIB's two main sponsor shareholders. The second tranche comprises of an IFC option to increase its equity stake by an additional 7.5% within two years of its initial investment in AIB by subscribing to new shares issued by AIB. Afghanistan International Bank is a local Afghan private sector bank established in March 2004. It is headquartered in Kabul. As of December 2014, it had 33 branches, 2 cash outlets, 59 Automated Teller Machines, and 136 Point of Sale devices, across 10 provinces in Afghanistan. AIB is currently owned 46.25% each by two local groups - Horizon Associates LLC and Wilton Holdings Limited (together the two main sponsor shareholders), and 7.5% by the Asian Development Bank. Horizon, Wilton and the Asian Development Bank are also among the four founding shareholders that established AIB in March 2004 with a shareholding of 25% each.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Afghanistan International Bank (Financial Intermediary)

Private Actors Description

Afghanistan International Bank (“AIB” or “the Bank”) is a local Afghan private sector bank established in March 2004. It is headquartered in Kabul. As of December 2014, the Bank had 33 branches, 2 cash outlets, 59 Automated Teller Machines (“ATMs”), and 136 Point of Sale (“POS”) devices, across 10 provinces in Afghanistan. AIB’s banking services include corporate/commercial, small business and retail banking, as well as electronic and Islamic banking. With total assets of US$964.2 million, AIB has the largest market share in the Afghan banking sector of approximately 23%.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/