Early Warning System

IFC-37270

BoP Sub-Debt

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Quick Facts

Countries	Palestine, West Bank, Gaza
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2016-01-05
Borrower	BANK OF PALESTINE PLC
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 75.00 million

Project Description

This project finances assistance to Bank of Palestine in order to strengthen its capital base and help maintain its position as the market leader in West Bank and Gaza. This includes helping it to strengthen its risk management framework, corporate governance, and develop new products to expand access to finance and banking services for small and medium-size enteprises and women.

Investment Description

- International Finance Corporation (IFC)

This project comprises of an investment in the form of a sub-debt of up to US$75 million to Bank of Palestine qualifying as Basel II-Tier II capital with a tenor of 10 years including a grace period of 5 years. BoP was one of the first banks to be established in Gaza in 1960. BoP is currently the largest national bank in WB&G operating as a universal bank with the largest network of 56 branches and offers a broad range of products and services to corporate, Small and Medium Enterprises, retail and micro customers. The Bank is listed on Palestine Securities Exchange with the main shareholder, the Shawa family, directly owning 25.7% of BoP’s capital. Other major shareholders include Palestine Investment Fund, Blakeney Investment Fund (UK-Based), Qais al-Ghanim Group (Kuwait) and IFC. IFC first investment in BoP was in 2008, where IFC invested US$12.5 million for 5% stake in the bank. Thereafter, IFC entered into a US$8 million trade finance line and two advisory projects aimed at establishing Bank's risk management framework, creating Corporate Governance code and developing new products.

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.

- Bank of Palestine (Financial Intermediary)

Private Actors Description

Bank of Palestine was one of the first banks to be established in Gaza in 1960. BoP is currently the largest national bank in WB&G operating as a universal bank with the largest network of 56 branches and offers a broad range of products and services to corporate, Small and Medium Enterprises, retail and micro customers.

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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/