Early Warning System

IFC-37801

BanBif Subdebt 3

Early Warning System

BanBif Subdebt 3

IFC-37801

Quick Facts

Countries	Peru
Financial Institutions	International Finance Corporation (IFC)
Status	Hold
Bank Risk Rating	B
Voting Date	2016-04-20
Borrower	Banco Interamericano de Finanzas
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million

Project Description

The proposed project consists of a subordinated debt loan of up to US$20 million to Banco Interamericano de Finanzas (BanBif), a bank catering to Small and Medium Enterprises (SMEs) in Peru. The project is expected to support BanBif's solvency base in light of the rapid growth achieved during the last years. The project aims to increase access to finance and private sector development, generate employment, and improve environmental and social standards (E&S). This project is one in a series of investments by the IFC into BanBif.

Given that most of the portfolio is of low to medium E&S risk and consists of lending to retail banking and to medium enterprises, the project has been categorized as FI-2 in accordance with IFC's Sustainability Policy. The overall portfolio risk includes a limited number of business activities that have potential limited adverse environmental and social risks or impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures. For this project BanBif will be required to screen sub loans against the IFC FI Exclusion List (expect for retail and mortgages), national laws and regulations and the IFC Performance Standards.

Investment Description

- International Finance Corporation (IFC)

The proposed project consists of a subordinated debt loan to BanBif which focus its operations in six segments: retail banking including both consumer and mortgages 28%, small and micro loans 2%, medium companies 36%, large enterprises 20% and corporates 14%.

BanBif is majority owned by Grupo Fierro, a Spanish conglomerate. IFC has been a long-term partner for the Bank and in 2013, after multiple financing transactions, IFC made a US$50 million equity investment in BanBif. The Bank's current shareholding is as follows: (i) Grupo Fierro (87.33%), through two companies, Landy S.A. and Britton S.A, and (ii) IFC (12.67%).

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.

- Banco Interamericano de Finanzas (Financial Intermediary)

Private Actors Description

BanBif was established in 1991, and is currently the fifth largest bank in Peru, by loan portfolio size, with US$3.4 billion in assets and equity of US$245 million. In 2007, the Bank introduced a change in strategy to expand its operations to the SME segment. As result, the SME loan portfolio has had a compound annual growth rate of 24% in the last five years.

The Bank is majority owned by Grupo Fierro (“Sponsor” or “Group”), a Spanish conglomerate with over 80 companies with industrial and financial activities in 11 countries. IFC has been a long-term partner for the Bank and in 2013, after multiple financing transactions, IFC made a US$50 million equity investment in BanBif. The Bank’s current shareholding is as follows: (i) Grupo Fierro (87.33%), through two companies, Landy S.A. and Britton S.A, and (ii) IFC (12.67%).

Contact Information

Ms. Ana Cecilia Justo
Banco Interamericano de Finanzas
Av Rivera Navarrete 600, San Isidro
Lima, Peru
Telephone: +(511) 613 3000
mailto:ajusto@banbif.com.pe

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/