Early Warning System

IFC-38243

PNGLQF BSP

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Quick Facts

Countries	Papua New Guinea
Specific Location	Fiji, Samoa, Cook Islands, the Solomon Islands and Tonga
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2016-05-16
Borrower	BANK OF SOUTH PACIFIC LIMITED
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 100.00 million

Project Description

The project is to provide a loan facility for an amount of up to US$100 million to Bank of South Pacific Limited (“BSP” or the “Bank”) to facilitate the Bank’s mid-size corporates and SME private sector customers’ international trade finance transactions.

The project is expected to strengthen BSPs ability to support its clients in the SME and mid-sized corporate segments by providingaccess to foreign currency, especially in a time of limited availability, in order to continue trade transactions primarily in the sectors such as basic agro commodities, consumer goods and wholesale and retail trade.

Investment Description

- International Finance Corporation (IFC)

BSP is a major commercial banking and finance group across Pacific, offering various banking services from personal banking to SME and Corporate banking. It was established in 1957 in Port Moresby as a branch of the National Bank of Australasia Limited. In 1995 a consortium of Papua New Guinea (“PNG”) businesses acquired the bank creating the first and only PNG private sector owned bank. Bank South Pacific purchased the State Owned - PNG Banking Corporation (PNGBC - formerly CBA PNG) in 2002 creating the largest Bank in PNG.

The largest shareholder is Kumul Consolidated Holding Ltd, a state-owned corporation that acts as the government’s investment vehicle, holding 18.03% of ownership followed by Nambawan Super Ltd., a corporate trustee, with 12.30% ownership. IFC and IFC Capitalisation Fund LP hold altogether 9.74% of ownership in the Bank, with equal shareholding. Each of the remaining shareholders holds less than 10% shares ownership and most of them are local funds and companies, as well as individual shareholders who have subscribed to the listed shares of the Bank on PNG Stock Exchange.

BSP is listed in PNG Stock Exchange in 2003 and rated ‘B+’ long-term and ‘B’ short term ratings outlook by S&P.

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 South Pacific Limited (Financial Intermediary)

Private Actors Description

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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/