Early Warning System

IFC-38501

Davivienda CR II

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Quick Facts

Countries	Costa Rica
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-07-05
Borrower	Banco Davivienda (Costa Rica) S.A.
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 30.00 million

Project Description

The project consists of a loan of up to US$30 million to Banco Davivienda (Costa Rica), S.A., for on-lending to small and medium sized enterprises (SMEs) and low and middle income mortgages.

The goals of the loan are to increase banking penetration and access to credit to underserved SMEs and individuals; increase employment; lower greenhouse emissions and encourage efficient management and re-use of scarce resources; and demonstration effect with other banks replicating this type of funding. The investment aims to support Banco Davivienda's effort in diversifying its funding sources, deepening its participation in the SME segment, as well as expanding the Bank's low and middle income mortgage activity.

The proposed investment is intended to be used for SMEs and housing. Davivienda focuses its operations in three segments: retail (15%), housing (26%), and commercial loans (59%) which includes both SMEs and corporate loans. SME lending under the asset class supported accounts for approximately 3% of the total portfolio. The overall portfolio risks includes a limited number of business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures. The project has been categorized as FI-2 in accordance with IFC’s Sustainability Policy. For this project Davivienda will be required to screen the loans against the IFC Exclusion List and the Costa Rican environmental and social laws and regulations.

Investment Description

- International Finance Corporation (IFC)

Banco Davivienda (Costa Rica), S.A. is a subsidiary of Banco Davivienda S.A. (Colombia). Banco Davivienda S.A. owns 100% of Grupo del Istmo Costa Rica S.A., which in turn owns 99.92% of Corporacion Davivienda (Costa Rica), S.A. which in turn owns 100% of the Bank. Sociedades Bolivar, a financial conglomerate in Colombia, owns directly and indirectly 55.5% of Banco Davivienda S.A. with the remaining ownership comprised of preferred shares (22.3%), IFC 1.97% and others (around 20%).

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 Davivienda (Costa Rica) S.A. (Financial Intermediary)

Private Actors Description

anco Davivienda (Costa Rica), S.A. is a subsidiary of Banco Davivienda S.A. (Colombia). Banco Davivienda S.A. owns 100% of Grupo del Istmo Costa Rica S.A., which in turn owns 99.92% of Corporacion Davivienda (Costa Rica), S.A. which in turn owns 100% of the Bank. Banco Davivienda S.A. is the third largest bank in Colombia in terms of loans and assets. Sociedades Bolivar, the third largest locally-owned financial conglomerate in Colombia owns directly and indirectly 55.5% of Banco Davivienda S.A. with the remaining ownership comprised of preferred shares (22.3%), IFC 1.97% and others (around 20%).

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/