

Early Warning System

IFC-41076

DBL Syndication

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-04-02
Borrower	Dhaka Bank Ltd.
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Loan Amount (USD)	$ 50.00 million

Project Description

The project consists of a short-term loan (Working Capital Solutions, WCS) for up to US$50 million, consists of a mobilization of US$30 -US$40 million through IFC led B-Loan investments and IFC own investment of up to US10 – US$20 million in Dhaka Bank Limited (the "Bank" or "Dhaka Bank") to support the expansion of the USD denominated trade business of the Bank through its Offshore Banking Unit. This will be the first syndication for a Financial Institution in Bangladesh with commercial banks as investors, hence creating a market for international commercial banks to invest in syndicated loans to Banks in Bangladesh and enhancing the Bank’s access to finance.

People Affected By This Project

i. Improved Access to Finance: The Project will increase access to finance for credit-constrained, export-oriented companies and SMEs to meet working capital requirements. It will also expand financial intermediation.
ii. Job Creation: IFC's investment will further support business growth and spur job creation in the SME and export-oriented segments.
iii. Boost Export Competitiveness: The project will help economic growth in Bangladesh by providing exporters with trade finance solutions to their working capital requirements and assist in payments for imports utilized. This, in turn, improves their working capital cycle, thereby providing a boost in exports.

Investment Description

- International Finance Corporation (IFC)

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.

- DHAKA BANK LTD. (Financial Intermediary) **is owned by** Dhaka Bank (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

Dhaka Bank commenced operations on April 06, 1995 and publicly listed in Dhaka and Chittagong Stock Exchanges. The Bank has total assets of $2.8 billion as of September 30, 2017.

Dhaka Bank has a diversified shareholding with 37.75% of shares owned by the general public, 22.49% by local institutions and 0.14% by foreign institutions as of December 2017. The remaining 39.62% of shares is held by the sponsors/directors.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Dhaka Bank Limited	Client	-

Contact Information

S.M. Mahbubul Alam
Vice President, International Division, Dhaka Bank Limited
Telephone No.: 880258314419
Email Address: mahbubul.alam@dhakabank.com.bd
Office Address: 71, PuranaPaltan Lane, Dhaka
Website: www.dhakabankltd.com

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/