Early Warning System

IFC-42171

WCS Crisis Response City Bank

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2020-06-29
Borrower	The City Bank Limited
Sectors	Finance
Ring Fence	No Restrictions
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million
Project Cost (USD)	$ 40.00 million

Project Description

According to the bank's website, "The proposed Project is an up to US$40 million (under two separate tranches) Working Capital Solutions (WCS) facility to be extended to The City Bank Limited (“City Bank” or the “Bank”) in Bangladesh, under the FIG COVID-19 Emergency Response WCS Envelope (WCS Envelope). The WCS Envelope is designed to provide funding to existing IFC client banks in emerging markets that will then extend new trade-related or working capital loans to companies whose cash flows have been disrupted by the global outbreak of the coronavirus pandemic. This proposed Project is a one-year facility, renewable for an additional one year, for a maximum aggregate tenor of two years.

This Project will support working capital, trade finance and FX liquidity needs of the sub-borrowers (export/import-based SMEs and Corporates) through City Bank’s Off-Shore Banking Unit. In addition, IFC as implementing entity of the IDA Private Sector Window (PSW) Blended Finance Facility is expected to support working capital loans in PSW eligible countries under the WCS Facility with a first loss guarantee of up to US$215 million (“blended concessional finance co-investment”). Without the de-risking provided by IDA PSW, IFC will be limited in its ability to support Working Capital loans in IDA PSW countries given the increased demand for financing and the high risk in IDA PSW countries. This support is targeted in the context of responding and helping with the resilience measures around COVID-19 crisis."

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.

- The City Bank Limited (Financial Intermediary)
- WCS Crisis Response City Bank (Financial Intermediary) **is owned by** The City 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

According to IFC, "Incorporated in 1983, City Bank is one of the leading private commercial banks in Bangladesh with a total asset of US$4.1 billion as of December 31, 2019. With a universal banking model, City Bank is offering full range of banking products and services to the corporate, MSME and retail customers. The Bank is rated B1 by Moody’s, and its shares are listed on both of the local bourses. City Bank is IFC’s existing commercial banking client in Bangladesh and has a track record of working in multiple investment and advisory projects with IFC. IFC is a shareholder of City Bank since 2017. As of February 2020, City Bank’s shareholding is – sponsor/director: 27.9%, local institutions: 20.6%, foreign shareholders: 9.5% and general public: 42.0%."

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/