Early Warning System

IFC-43909

WCS Crisis Response Prime Bank

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Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2020-06-27
Borrower	Prime Bank Limited
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 35.00 million

Project Description

According to the bank's website, "The proposed Project is an up to US$35 million Working Capital Solutions (WCS) facility to be extended to Prime Bank Limited (“Prime 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 Prime 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.

- Prime Bank Limited (Financial Intermediary)
- WCS Crisis Response Prime Bank (Financial Intermediary) **is owned by** Prime 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 1995, Prime Bank is the 17th largest private commercial bank in Bangladesh with a total asset size of US$3.8 billion as of March 2020. With a universal banking model, Prime Bank is offering full range of banking products and services to the corporate, MSME and retail customers. Prime Bank is rated as AA2 in the long term and ST-2 in the short term by a local credit rating agency. It is listed in both the local bourses. Prime Bank is a FIG Investee client since 2014. IFC started the Prime Bank relationship with a US$20 million WCS facility (WCS I), that was re-initiated after 3-years expiration in 2017, now fully repaid (WCS II). Prime Bank was the 1st bank to take IFC RMG Remediation Finance for five years, which was repaid in time. Prime Bank has been availing IFC GTFP facility since 2014.

As of February 2020, sponsor/directors hold 38.9%, local institutes hold 27.0%, foreign institutes hold 3.5% and public hold 30.6% of the shares."

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/