Early Warning System

IFC-46571

Sanima SME 2022

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Quick Facts

Countries	Nepal
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2022-06-24
Borrower	SANIMA BANK LIMITED
Sectors	Finance
Investment Amount (USD)	$ 20.00 million
Loan Amount (USD)	$ 20.00 million

Project Description

According to IFC, the proposed investment is a 3-year US$ senior loan of up to US$20 million to Sanima Bank Limited (Sanima or the Bank), the 18th largest commercial bank in Nepal with the total assets of US$1.5 billion as of January 2022, with the proceeds exclusively used for on-lending to small and medium enterprises (SMEs) in Nepal (the Project). The Project is expected to contribute to improving liquidity in the financial sector and supporting the fast recovery of SMEs impacted by the COVID-19 pandemic, including the underserved rural SMEs. The Project is also a continuation of IFC's systematic engagements in Nepal to improve the inclusiveness, competitiveness and sustainability of the financial sector in the country.

Project level outcomes

Stakeholder effects: Increased access to finance for SMEs: SMEs in Nepal suffer from an estimated financing gaps of US$2.9 billion, as SMEs face greater credit constraints especially during periods of tight liquidity. The Project will increase access to finance for underserved and rural SMEs to meet their requirements for working capital and business expansion, and provide them with greater financing certainty to allow them to grow their businesses.

Market creation outcomes Inclusiveness:

The Project will demonstrate to other banks the viability of SME centric business model (as most of the 27 commercial banks have historically focused on the corporate segment) with a particular focus on rural SMEs. This is expected to encourage other banks to adopt the business model and expand their outreach to rural SMEs. The Project's catalytic effects will be augmented by IFC's systematic engagement in Nepal alongside other banks to reach the underserved rural SMEs.

Investment Description

- International Finance Corporation (IFC)

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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.

- Sanima Bank Limited (Financial Intermediary)

Private Actor Relationship

The promoter group, which consists of 71 individuals and 2 companies, owns 51% of Sanima’s shareholding. The remaining ownership of 49% is held by public shareholders. Sanima has been listed on the Nepal Stock Exchange since 2012.

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Contact Information

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ACCOUNTABILITY MECHANISM OF IFC/MIGA

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

Other Related Projects

- IFC-607527 Sanima Bank RM