Early Warning System

IFC-48183

GBIME Nepal SME

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Quick Facts

Countries	Nepal
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2023-11-17
Borrower	GLOBAL IME BANK LIMITED.
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 30.00 million
Loan Amount (USD)	$ 30.00 million
Project Cost (USD)	$ 56.00 million

Project Description

As stated by the IFC, the proposed investment comprises of a US$56 million investment through a 3-year USD denominated senior loan to Global IME Bank (GIBL or the Bank), to be used exclusively for on-lending to small and medium enterprises (SMEs) in Nepal with US$14 million carveout for green financing and US$14 million carveout for gender financing. Of the US$56 million, US$26 million will be through mobilization. GIBL is a fast-growing commercial bank with a strong retail and small and medium enterprise segment. The shortage of liquidity in the financial sector is prevalent in Nepal, and the business operations and economic activities of SMEs have been hampered by the COVID-19 pandemic.
The proposed facility will assist the Bank to further extend capital to the SME segment and contribute to improving liquidity in the financial sector and support the fast recovery of SMEs impacted by the COVID-19 pandemic, including the underserved rural SMEs.

Early Warning System Project Analysis

The IFC categorized the project as FI-2.

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.

- Global IME Bank Limited (Financial Intermediary)

Private Actors Description

As stated by the IFC, GIBL is the largest bank in Nepal in terms of total assets and has grown every year in size and profitability. The Bank has a large stable deposit base, low cost to income ratio, high retail assets, good asset quality and decent profitability. The Bank has an experienced senior management team with a strong vision to grow the Banks operations profitably while maintaining high levels of corporate governance.

For the year ended 16 July 2023, the Bank reported total assets of US$4,049 million, loan book of US$2,845 million, net worth of US$451 million and deposits of US$3,279 million. The Bank has robust asset quality (with a gross non-performing assets ratio of 3.08% and provisioning coverage ratio of 116.27%) and healthy profitability with return on total assets of 1.38% and return on equity of 12.36%. GIBL is rated “A” by ICRA.

Global IME Bank is listed on the Nepal Stock Exchange. The promoter group owns 51.24% of the bank’s shareholding. The remaining 48.76% shares are held by the public.

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