

 Early Warning System

IFC-50241

EBL MSME



Quick Facts

Countries	Bangladesh
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Voting Date	2024-12-18
Borrower	EASTERN BANK PLC
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 35.00 million
Project Cost (USD)	\$ 160.00 million



Project Description

According to the Bank's website, the proposed project consists of a senior loan of up to US\$50 million to Eastern Bank PLC ("Eastern Bank" or "Bank") in Bangladesh with a tenor of two years and with an option to rollover for an additional two years for a maximum tenor of four years. The proceeds of the investment will be used to meet the bank's immediate liquidity needs and extend loans to eligible sub-borrowers (export/import-based SMEs as per IFC's definition of targeted sectors) through its offshore banking units (OBU) to enable the Bank to continue to support key sectors of the Bangladeshi economy affected by COVID-19 and the subsequent global economic headwinds. The Project will be supported by a pooled first loss guarantee of up to US\$40 million provided by International Development Agency IDA Private Sector Window Blended Finance Facility (IDA-PSW BFF).



Early Warning System Project Analysis

The proposed project entails a senior loan to EBL for financing short to medium term working capital and trade finance loans to small and medium enterprises (SME) and corporates. The Bank is involved in providing long and medium-term financing to corporates, and micro, small and medium enterprises by way of working capital, term loans, project and structured finance, and syndications. It also provides several short-term products as well as non-funded products like bank guarantees. SME sectors of exposure include readymade garment industry, textile and spinning mills, light engineering, plastic, paper, packaging and printing, pharmaceuticals industry, electrical and electronics industry, and other trade and services sector. IFC's loan will not be used to finance any activities in the Exclusion List, any coal related activities or higher risk activities that may include involuntary resettlement, risk of adverse impacts on Indigenous Peoples, significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, significant retrenchment, or significant occupational health and safety risks. Hence, the E&S risk of the proposed investment is medium, and the project is categorized as FI-2 according to IFC's Policy on Environmental and Social Sustainability.



Investment Description

- International Finance Corporation (IFC)

The proposed investment is a US\$ denominated senior loan of up to US\$ 50 million with 2-years tenor renewable for an additional 2 years for up to 4-year maturity.

The project is part of a country envelope that is supported by a pooled first loss guarantee of up to US\$40 million provided by IFC acting as implementing entity of the IDA-PSW BFF. Without the concessionality provided by the IDA-PSW BFF, the projects under the envelope would not be bankable due to a challenging risk environment. The level of concessionality (i.e., “subsidy”) provided to the country envelope is estimated to be approximately 3.5% of the total envelope size of US\$160 million.

IFC's Investment as Approved by the Board: Loan 35.0 million (USD)

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.

- [Eastern Bank Plc](#) (Financial Intermediary)



Private Actors Description

Eastern Bank PLC ("Eastern Bank") is one of the reputed private commercial banks in Bangladesh incorporated in 1992. The Bank is listed in both of the Stock Exchanges of Bangladesh. As of 29 February 2024, Eastern Bank is 30.67% owned by its directors and sponsors, 47.05% owned by institutional investors, 0.08% by foreign institutions, and 22.20% are publicly traded.



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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>