Early Warning System

IFC-48213

Shinhan ID Debt

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Quick Facts

Countries	Indonesia
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2023-12-08
Borrower	Shinhan Bank Co., Ltd.
Sectors	Agriculture and Forestry, Climate and Environment, Energy, Finance, Transport, Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million
Loan Amount (USD)	$ 200.00 million
Project Cost (USD)	$ 200.00 million

Project Description

According to the project disclosure, the International Finance Corporation (IFC) is proposing an investment of up to US$200 million in a senior unsecured A Loan to Shinhan Bank Co., Ltd. (SHB) for up to 5 years with a bullet repayment and quarterly interest payments, to be committed in two tranches of US$ 100 million each.
The Project will be structured as a back-to-back financing arrangement - with the borrower being SHB, and all the proceeds to be exclusively used for on-lending to PT Bank Shinhan Indonesia (BSI or the Bank).
The Project will be in the form of a sustainability loan dedicated to finance: (i) eligible blue assets for 15% of the loan, (ii) eligible green assets for 40% of the loan, (iii) eligible social assets for 20% of the loan, and (iv) the remaining 25% to be allocated to any of the three types of eligible assets.
The Project also supports the ‘National Action Plan on Marine Debris (2017-2025)’, which calls for efforts to reduce 70% of its plastic debris from a 2017 baseline by the end of 2025.

The Project is expected to provide blue financing that will contribute to improving sustainability in fishery and/or waste leakage and reducing the amount of untreated wastewater discharge through supporting fishery improvement projects and wastewater treatment projects. Given majority Indonesia's territory at sea, keeping marine ecosystem sustainable is critical for livelihood of many Indonesians involving the ocean-related activities.
Additionally, financing demand for climate mitigation and adaptation projects remains unmet and the Project is anticipated to increase the availability of green financing and to contribute to reduction of GHG emissions by supporting projects involving renewable energies, green mobility, etc. Last but not least, on the Project level, this investment is also expected to bridge the MSME financing gap though social loans.

Early Warning System Project Analysis

As stated by the IFC, the project will support only medium/medium-low E&S risk sub-projects and has been categorized as FI-2 in accordance with IFC's Sustainability Policy.

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.

- PT Bank Shinhan Indonesia (Financial Intermediary) **is owned by** Shinhan Bank Co. Ltd. (Parent Company)

Private Actors Description

As stated by the IFC, BSI is 99%-owned by SHB, with the remaining 1% owned by PT Metropanca Gemilang (0.53%) and PT STM Tunggal Jaya (0.47%). SHB is the third largest commercial bank in South Korea in terms of assets (KRW497.2 trillion or US$377 billion as of 30 June 2023). As of June 2023, SHB operates 739 branches worldwide, including 17 overseas branches (excluding the subsidiaries' branches) and 10 overseas subsidiaries. SHB is 100%-owned by SHFG, the second largest financial group in South Korea. SHFG aspires to achieve net zero in financed emission by 2050 and achieve green financing of KRW30 trillion (US$22 billion) by 2030 from current KRW6.6 trillion (US$4.9 billion) green financing as of December 2022.

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