Early Warning System

# FMO-46504

## MF BANKA A.D. BANJA LUKA

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### Quick Facts

| | |
|---|---|
| **Countries** | Bosnia and Herzegovina |
| **Financial Institutions** | Netherlands Development Finance Company (FMO) |
| **Status** | Approved |
| **Bank Risk Rating** | C |
| **Voting Date** | 2017-08-29 |
| **Borrower** | MF Banka |
| **Sectors** | Finance |
| **Ring Fence** | Small & Medium Enterprises |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 3.53 million |
| **Loan Amount (USD)** | $ 3.53 million |

## Project Description

According to FMO website, MF Banka is a specialized SME bank, the only of its kind in Bosnia and Herzegovina, operating just above the MFI-segment. MF Banka is well-suited to service its target clients. Compared to MFIs, MF Banka can offer the whole range of banking services (including deposits). FMO and the German Development Bank (KfW) have taken a 23.14 percent equity stake in the Banja Luka MF Banka. KfW and FMO both receive an equal share of 11.57 percent. The new shareholders will facilitate MF Banka to grow its loan portfolio and increase its outreach to Bosnian SMEs. KfW and FMO will also support MF Banka to further professionalize its organization and business.

## Investment Description

- Netherlands Development Finance Company (FMO)

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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.

- MF Banka (Financial Intermediary)

## 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.

## Contact Information

No contact information provided at the time of disclosure.

### ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism