

 Early Warning System

FMO-50569
NMB BANK LTD NEPAL



Quick Facts

Countries	Nepal
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-09-14
Borrower	NMB Bank Limited (NMB)
Sectors	Finance
Ring Fence	No Restrictions
Investment Type(s)	Equity
Investment Amount (USD)	\$ 26.49 million
Loan Amount (USD)	\$ 26.49 million



Project Description

According to FMO website, NMB Bank Limited (NMB) is one of the leading commercial banks in Nepal, operating for over 20 years in the Nepalese financial market. The Bank has added focus in renewable energy, hydro power and project financing, that form the crux of economic development of the country. will contribute and strengthen the financial sector (rural and urban) and indirectly continue to support the renewable energy in Nepal. FMO will continue to create value to NMB by providing guidance in the challenging integration progress and with refining its new strategy. Also FMO will assist NMB to become market leader in managing E&S risks and having a proper and strengthened corporate governance structure in place with TA support. NMB is very open to learn from FMO's network and understands the potential cross-pollination. Further to this, being part of on-the-ground energy focused bank in this promising hydro energy country will enhance FMO's ambition to have a positive environmental impact. All in FMO's role is substantial, but there is also an element of reputational and expectations risk that should be carefully managed.



Investment Description

- Netherlands Development Finance Company (FMO)

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.

- [NMB Bank](#) (Financial Intermediary) **is owned by** [NMB Bank Limited](#) (Parent Company)



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.

Private Actors Description

NMB Bank Limited (NMB) is one of the leading commercial banks in Nepal, operating for over 20 years in the Nepalese financial market. The Bank has added focus in renewable energy, hydropower and project financing, that form the crux of economic development of the country. In 2015, CEDB (FMO investee company) and three smaller banks, Pathibara, Bhrikutee, and Prudential, were merged into NMB. Pursuant to which, FMO received shares of NMB.



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	NMB Bank Limited	Client	-
Beni Hydropower Project	Parent Company	Energy	owns	Upper Solu Khola Hydropower Plant (18MW)	Client	Energy
NMB Bank Limited	Investor	Finance	invests in	Beni Hydropower Project	Parent Company	Energy
NMB Bank Limited	Investor	Finance	invests in	HONGSHI SHIVAM CEMENT PVT.	Parent Company	Construction
NMB Bank Limited	Investor	Finance	invests in	Upper Solu Khola Hydropower Plant (18MW)	Client	Energy



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>