Early Warning System

FMO-53978

THE CITY BANK LIMITED

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Quick Facts

Countries	Bangladesh
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	A
Voting Date	2018-09-14
Borrower	The City Bank Limited (CBL)
Sectors	Finance
Ring Fence	Trade Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 30.00 million
Loan Amount (USD)	$ 30.00 million

Project Description

According to the bank website, FMO intends to provide a trade finance facility to City Bank Limited (CBL) in cooperation with Asian Development Bank (ADB) to support and promote the increasing trade finance activities of the Bank.

CBL has been classified as FI-A by the bank due to exposure of 18% in potentially high-risk sectors (RMG and textile). The bank states that CBL has functioning Environmental and Social Management Systems (ESMS) and is working on an upgrade of its ESMS with long term support from FMO and IFC.

Investment Description

- Netherlands Development Finance Company (FMO)

CBL has been participating in the Asian Development Bank (ADB) Trade Finance Program since 2015. FMO intends to provide a USD 10mln trade finance facility to CBL in cooperation with ADB.

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.

- The City Bank Limited (CBL) (Financial Intermediary) **is owned by** The City Bank (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

The City Bank Limited (CBL) is a mid-sized private commercial bank incorporated in 1983, being one of the oldest in Bangladesh. It offers a variety of products, with a strong focus on corporate, but offering a wide array of services including SME’s financing, infrastructure financing, retail and agriculture lending and trade financing.

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

Other Related Projects

- FMO-49997 THE CITY BANK LIMITED