Early Warning System

IFC-39537

NTB Senior Loan

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Quick Facts

Countries	Sri Lanka
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2017-06-08
Borrower	Nations Trust Bank PLC
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million

Project Description

The project comprises of a 5-year senior loan of US$50 million to Nations Trust Bank PLC , a mid-sized private commercial bank in Sri Lanka and an existing IFC client. The funds will be utilized by the Bank to fund its expansion in the SME lending space. The financing provided is a fit with the World Bank and IFC strategy of promoting economic growth by providing access to finance to underserved market segments, thereby leading to job creation.

NTB was established in 1999 and IFC was a founding shareholder, with a 15% stake but divested in 2004. IFC has also engaged with NTB during the early years to help it develop its SME banking strategy and risk management framework. NTB has also been a trade finance client since 2007.

Investment Description

- International Finance Corporation (IFC)

NTB's sponsors are John Keells Holdings PLC Group and Central Finance Company PLC Group which hold 29.9% and 20.0%, respectively. NTB is also listed on the Colombo Stock Exchange ('CSE') and other large shareholders include HWIC Asia Fund (Fairfax Group) 15.0% and Janashakthi Insurance PLC 9.8%.

IFC proposes to provide a senior loan of up to US$ 50 million.

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.

- Nations Trust Bank PLC (Financial Intermediary)
- Nations Trust Bank PLC (Financial Intermediary) **is owned by** Nations Trust 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

It is

a mid-sized private commercial bank in Sri Lanka and an existing IFC client. The funds will be utilized by the Bank to fund its expansion in the SME lending space. The financing provided is a fit with the World Bank and IFC strategy of promoting economic growth by providing access to finance to underserved market segments, thereby leading to job creation.

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Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

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/