Early Warning System

FMO-54837

NATIONS TRUST BANK PLC

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Quick Facts

Countries	Sri Lanka
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-08-06
Borrower	Nations Trust Bank LTD
Sectors	Finance
Ring Fence	No Restrictions
Investment Type(s)	Loan
Investment Amount (USD)	$ 24.00 million
Loan Amount (USD)	$ 24.00 million

Project Description

According to FMO, the project aims to "deliver long term stable funding for the bank to finance the business banking activities. The funding will be provided in the form of a syndicated loan in order to diversify the funder base of Nations Trust Bank LTD."

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.

- Nations Trust Bank LTD (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.

Private Actors Description

FMO stated that "Nations Trust Bank LTD is an existing client of FMO with a strong track record of performance, a specific focus on supporting SME's and very healthy growth opportunities. Apart from offering long term funding to the bank, FMO sees an important role in bringing in new (commercial) lenders to fund the bank and helping it to further diversify its funding profile."

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