

 Early Warning System

FMO-59713  
LB FINANCE PLC



## Quick Facts

<b>Countries</b>	Sri Lanka
<b>Financial Institutions</b>	Netherlands Development Finance Company (FMO)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	C
<b>Voting Date</b>	2021-04-04
<b>Borrower</b>	LB Finance
<b>Sectors</b>	Finance
<b>Investment Type(s)</b>	Loan
<b>Investment Amount (USD)</b>	\$ 15.00 million
<b>Loan Amount (USD)</b>	\$ 15.00 million



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## Project Description

According to FMO, the proposed project is a loan granted to LB Finance to expand its micro-enterprises and SME loan/leasing portfolio and for lending to agri (75%) and youth clients (25%). Through this loan, FMO supports the Non-Bank Financial Institutions (NBFI) Sector in Sri Lanka and contributes to its 'Reducing Inequalities' target.

\*Due to LB Finance's relatively high exposure to Gold Lending, the Loan Facility will be accompanied by a Capacity Development program which will provide better insight into the end uses of the gold loans that LB Finance provides to their clients as well as adherence to best practices of Client Protection Principles.



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## 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.

- [LB Finance Plc](#) (Financial Intermediary)



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## Private Actor Relationship

FMO NV

## Private Actors Description

LB Finance is a regulated deposit-taking Non-Banking Financial Institution in Sri Lanka, which was incorporated in 1971. The principal activities of LB Finance include providing finance lease, hire purchase and vehicle loan facilities (together ca. 60% of the loan portfolio), next to offering gold loans, mortgage loans, term loans and other credit facilities, to mainly MSMEs and some corporates and to individuals. LB Finance is a top-3 player in the Sri Lankan NBFIs space and serves over 600,000 customers throughout Sri Lanka through a network of ca. 165 branches/centres.



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## Contact Information

### ACCESS TO INFORMATION

As part of FMO's ex-ante disclosure (disclosure of transactions before contracting), you can send requests or questions for additional information to: [disclosure@fmo.nl](mailto:disclosure@fmo.nl)

### 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>