Early Warning System

MIGA-1451

RBI Central Bank Reserves Coverage

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Countries	Bosnia and Herzegovina
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Bank Risk Rating	U
Voting Date	2015-03-30
Borrower	Raiffeisen Bank International AG
Investment Amount (USD)	$ 129.80 million

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Project Description

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On June 19, 2015, MIGA issued a guarantee of €115 million ($129.8 million equivalent) covering equity investments by Raiffeisen Bank International AG (RBI) in its subsidiary in Bosnia and Herzegovina, Raiffeisen BANK d.d., Bosna i Hercegovina (Raiffeisen BiH). The coverage is for a period of up to three years against the risk of expropriation of funds.

Vienna-based RBI is a universal banking group that has operated for over 25 years in up to 15 markets with a network of retail banks across Central, Eastern, and Southeastern Europe. RBI's subsidiary banks abroad are required to maintain reserves at the central banks in their respective jurisdictions, generally based on the volume of customer deposits that these subsidiaries have. This exposure leads to higher risk weights on assets at the consolidated level, resulting in increased capital allocation for country risk exposure. At the consolidated level, the risk weighting determines the amount of equity required to maintain a specified capital adequacy ratio in accordance with Austrian banking law.

MIGA's guarantee will help RBI obtain relief from the capital adequacy requirements by reducing the risk weighting for the mandatory reserves maintained by RBI's subsidiary in Bosnia and Herzegovina. This will free up equity tied up for country risk purposes and allow RBI's subsidiary to extend more credit that will stimulate growth, generate employment, and reduce poverty in the country.

MIGA's coverage to RBI is consistent with the goals of the crisis response initiative for the Europe and Central Asia region launched by the World Bank Group in January 2012. As part of the initiative, MIGA seeks to support capital-constrained banks active in the region. The project is also aligned with the World Bank Group's strategy for Bosnia and Herzegovina, as the country seeks to address the spillover from the financial crisis.

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Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

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Contact Information

ACCOUNTABILITY MECHANISM OF MIGA

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/

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Other Related Projects

- MIGA-3634 RBI Central Bank Mandatory Reserves Coverage
- MIGA-3635 RBI Central Bank Mandatory Reserves Coverage
- MIGA-3632 RBI Central Bank Mandatory Reserves Coverage
- MIGA-3633 RBI Central Bank Mandatory Reserves Coverage
- MIGA-3631 RBI Central Bank Mandatory Reserves Coverage