

 Early Warning System

MIGA-14711

OTP Group Mandatory Reserves Coverage



Quick Facts

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|--------------------------------|---|
| Countries | Serbia |
| Financial Institutions | Multilateral Investment Guarantee Agency (MIGA) |
| Status | Proposed |
| Bank Risk Rating | FI |
| Voting Date | 2024-05-02 |
| Borrower | OTP Bank Nyrt, Hungary |
| Sectors | Finance |
| Investment Type(s) | Guarantee |
| Investment Amount (USD) | \$ 402.51 million |
| Project Cost (USD) | \$ 402.51 million |



Project Description

According to the Bank's website, this summary describes equity investments (including retained earnings) by OTP Bank Nyrt (OTP) in its subsidiary in Serbia, OTP banka Srbija akcionarsko drustvo Novi Sad (OTP Serbia, or the Bank). The MIGA guarantee is expected to provide regulatory capital relief to OTP on a consolidated level by reducing the amount of Risk Weighted Assets (RWAs). The tenor of the guarantee is expected to be up to 3 years (the Project).



Early Warning System Project Analysis

OTP Serbia provides retail, small and medium enterprise (SME), and corporate finance services to clients in Serbia. The MIGA project will support lending to SMEs. SME transactions are typically considered medium-risk transactions, with environmental and social (E&S) risks and impacts that can be addressed through mitigation measures; transactions with significant E&S risks and impacts are expected to be limited in number. This project has thus been categorized as FI-2 in accordance with MIGA's Policy on Environmental and Social Sustainability (2013).



Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

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.

- [OTP Bank Nyrt](#) (Financial Intermediary)



Private Actors Description

OTP is one of the largest banking and financial services group in Hungary and the Central and Eastern European region. Its subsidiary banks outside of Hungary are required to maintain reserves at the central banks in their respective jurisdictions, based on the volume of customer deposits that these subsidiaries have. Mandatory reserves contribute to OTP's overall RWA at the consolidated level, resulting in less headroom for other assets at a given level of capital.



| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|-----------------|----------------------|------------------------|----------|------------------------------|----------------------|------------------------|
| - | - | - | - | OTP BANKA SRBIJA AD NOVI SAD | Subsidiary | - |



Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing:
migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/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>