Early Warning System

MIGA-14774

ProCredit Mandatory Reserves Coverage

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Quick Facts

Countries	Bosnia and Herzegovina
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Active
Bank Risk Rating	U
Voting Date	2020-12-17
Borrower	ProCredit Holding AG & Co. KGaA
Sectors	Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 21.95 million

Project Description

This summary covers equity investments by ProCredit Holding AG & Co. KGaA (ProCredit) into its subsidiary ProCredit Bank d.d., Bosnia and Herzegovina (ProCredit Bosnia and Herzegovina). ProCredit has applied for MIGA guarantees of up to EUR18.1 million in mandatory reserves cover for a period of up to 5 years.

ProCredit is parent company headquartered in Germany and operates 12 banking subsidiaries in South eastern Europe, Eastern Europe, Ecuador, and Germany. ProCredit is a development-oriented banking group with a primary focus on lending to Small and Medium-Sized Enterprises (SMEs). ProCredit's subsidiary banks outside of Germany 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 ProCredit's overall risk-weighted assets (RWA) at the consolidated level, resulting in less headroom for other assets at a given level of capital.

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.

- ProCredit (Financial Intermediary)

Private Actors Description

According to MIGA, ProCredit is parent company headquartered in Germany and operates 12 banking subsidiaries in South eastern Europe, Eastern Europe, Ecuador, and Germany. ProCredit is a development-oriented banking group with a primary focus on lending to Small and Medium-Sized Enterprises (SMEs). ProCredit's subsidiary banks outside of Germany 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 ProCredit's overall risk-weighted assets (RWA) at the consolidated level, resulting in less headroom for other assets at a given level of capital.

Contact Information

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