

 Early Warning System

MIGA-15469

National Bank of Canada Mandatory Reserves Coverage



Quick Facts

Countries	Cambodia
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Approved
Bank Risk Rating	B
Voting Date	2025-01-27
Borrower	National Bank of Canada
Sectors	Finance, Industry and Trade
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 300.00 million



Project Description

According to the Bank's website, on January 31, 2025, MIGA signed a contract issuing guarantee totaling USD 300 million to National Bank of Canada (NBC) for their equity investments (including retained earnings). The MIGA guarantee will cover Expropriation of Funds for mandatory reserves in its subsidiary in Cambodia, Advanced Bank of Asia Limited (ABA) for a period of 3 years.

The Project reflects continued partnership between ABA and MIGA, as well as ABA's continuing effort to support lending to women and women-led/owned businesses in Cambodia. The Project will contribute to closing the very large SME financing gap in Cambodia, which is estimated at around US\$5.2 billion equivalent to 22% of GDP. Lack of financing was reported to be the top challenge for SMEs, including for WSMEs, when starting a business. Commercial banks have prioritized lending to large corporates at the expense of SMEs which are perceived as being riskier due to lack of immovable collateral, informality of smaller enterprises and lack of reliable financial information. Women-led/owned enterprises continue to face significant obstacles such as the high cost of starting a business, heavy licensing requirements, a weak insolvency framework, non-transparent practices, and lack of competition. The Project is expected to support ABA to grow its WSMEs and women retail banking portfolios, thus increasing access to finance to these segments, with 100% of the MIGA enabled loans targeted towards women.



Early Warning System Project Analysis

This project is categorized as FI-2 under MIGA's Policy on Environmental and Social Sustainability (2013). ABA provides financial products and services to retail and corporate clients in Cambodia. The sectors supported by ABA are considered to have limited environmental and social (E&S) risks and impacts that are generally site-specific, reversible and can be addressed by mitigation measures. The MIGA guarantee supports the bank's general lending activities.

The main E&S risks of this project relate to ABA's ability to identify, assess, and manage the E&S risks and impacts associated with its lending activities and the management of labor matters at the bank. The applicable E&S requirements for this project are: (i) MIGA Exclusion List; (ii) applicable E&S laws and regulations in Cambodia; and (iii) MIGA Performance Standards (for eligible corporate transactions).

ABA provides financing mainly to small and medium enterprises, with some limited lending to small corporates. The sectors financed include wholesale and retail trade, real estate, services, hospitality, transportation and storage, construction, and manufacturing. These sectors are mostly medium-risk sectors, with limited E&S risks and impacts. ABA has no exposure to activities on the MIGA Exclusion List.



Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

A contract issuing guarantee totaling USD 300 million to cover Expropriation of Funds for mandatory reserves in the client's subsidiary in Cambodia, for a period of 3 years.

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.

- [National Bank of Canada](#) (Financial Intermediary)



Private Actors Description

National Bank of Canada (NBC), based in Canada, is one of the largest and systemically important Canadian financial institutions with total assets equivalent of USD 328 billion as of 2024. Its subsidiary bank, *Advanced Bank of Asia Limited (ABA)*, outside of Canada is required to maintain reserves at the central bank of Cambodia, based on its volume of customer deposits. Mandatory reserves contribute to NBC's overall risk-weighted assets (RWA) at the consolidated level, resulting in less headroom for other assets at a given level of capital.



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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	ADVANCED BANK OF ASIA LIMITED	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>