Early Warning System

MIGA-17330

National Bank of Canada Mandatory Reserves Coverage

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Quick Facts

Countries	Cambodia
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	U
Voting Date	2021-09-30
Borrower	National Bank of Canada
Sectors	Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 300.00 million
Loan Amount (USD)	$ 300.00 million

Project Description

According to bank's website, this project is about "equity investments by National Bank of Canada (BNC, Guarantee Holder) in its subsidiary in Cambodia, Advanced Bank of Asia Limited (subsidiary, ABA)". The National Bank of Canada "has applied for MIGA guarantees of up to USD 250 million in mandatory reserves cover for a period of up to 3 years". In addition, "by supporting ABA’s loan growth, MIGA’s proposed guarantee will help improve access to finance for Cambodian MSMEs, which is the primary line of business of the bank".

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.

- National Bank of Canada (Financial Intermediary)

Private Actors Description

According to MIGA, National Bank of Canada (BNC) is one of the largest and systemically important Canadian financial institutions with total assets equivalent of US$ 261 billion as of 2020. Its subsidiary bank, 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 BNC’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

Campaign Documents

- Business and Human Rights Resource Center: National Bank of Canada