



## FINANCIAL MARKETS

Sound financial markets are vital to development—they ensure efficient resource allocation, create jobs, and spur economic growth.

IFC's Financial Markets department accounts for almost half of IFC's new investments each year. We focus on small and medium enterprises, microfinance, climate change, and agri-finance. The department is also expanding products for women entrepreneurs, capital markets, insurance, private equity, and housing. Given the current external environment, we are striving to find solutions to support and mitigate the effects of the ongoing global financial crisis. IFC is stepping in to fill the gap to help small and medium enterprises increase access to finance as credit becomes increasingly constrained. Importantly, these firms account for more than half of employment worldwide.

To maximize our impact, we work with a network of more than 800 financial intermediaries to extend financial products and best practices to more businesses and microfinance entrepreneurs than we could on our own.



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## FY12 Development Outcome Scores



Numbers at the left end of each bar are the total number of companies rated.

## Project Financing and Portfolio, by Industry

Financial Markets (inc. Trade Finance and Funds)

\$ millions, for the years ended June 30

	FY12	FY11
<b>IFC commitments</b>	<b>9,859</b>	<b>8,176</b>
Loans	2,276	1,847
Equity	1,240	1,232
Guarantees and risk management	6,343	5,097
Core Mobilization Commitments*	1,617	2,357
<b>Total commitments</b>	<b>11,476</b>	<b>10,533</b>
Committed portfolio for IFC's account	19,793	19,657
Committed portfolio for Loan Syndications**	1,289	2,665
<b>Total portfolio</b>	<b>21,083</b>	<b>22,321</b>

\*Including Loan Syndications (B-Loans, Parallel Loans and ALPS), IFC Initiatives, AMC, and Other Mobilization by Decision, as applicable for this Industry.

\*\*Including B-Loans, ALPS and Agented Parallel Loans.

## Development Reach

	Financial Markets		Portfolio		New Business
			CY10	CY11	FY12
SME loans (\$ million)*			127,822	181,253	29,607
SME loans (million of loans)*			1.72	3.29	0.925
Microfinance loans (\$ million)*			12,615	19,842	10,626
Microfinance loans (million of loans)*			8.02	19.71	10.48
Housing finance loans (\$ million)**			27,477	6,241	NA
Housing finance loans (million of loans)**			2.17	0.15	NA

In many cases, results reflect also contributions from IFC Advisory Services.

\*Portfolio reach figures represent SME and microfinance outstanding loan portfolio of IFC clients as of end of CY10 and CY11, for MSME-oriented financial institutions/projects. 222 and 268 clients were required to report their end-of-year SME and microfinance portfolios in CY10 and CY11, respectively. 195 and 252 clients did so for CY10 and CY11, respectively. The missing data were extrapolated.

\*\*Portfolio reach figures represent housing finance outstanding loan portfolio of IFC clients as of end of CY10 and CY11, for housing finance-oriented financial institutions/projects. 30 and 24 clients were required to report their end-of-year housing finance portfolios in CY10 and CY11, respectively. 26 and 24 clients did so for CY10 and CY11, respectively. The missing data were extrapolated. One client in South Asia that contributed to the CY10 housing figures, representing 57.6% of the total volume and 77% of the total number of housing loans in that CY, was no longer a housing finance client in CY11.



## INCREASING HOUSING FINANCE FOR LOW-INCOME HOUSEHOLDS IN INDIA

*Urbanization, coupled with an increasing number of nuclear families and rising incomes, are boosting demand for housing in India.*

Yet there is a serious housing shortage—primarily in underserved urban areas.

IFC is taking steps to increase the availability of housing finance for low-income households. In 2011, we worked with our client Dewan Housing Finance Corp. to launch a first-of-its-kind joint venture by IFC in housing finance in India—Aadhar Housing Finance Pvt. Ltd.

Before the creation of Aadhar, residents of states such as Uttar Pradesh, Orissa, and Madhya Pradesh had very little access to home loans or other financial services. In just one year, the company has achieved its objective of establishing 15 branches in six states to offer home loans to low-income customers. IFC played a key role in mobilizing equity financing and advising Aadhar on responsible financing practices and corporate governance.

The project focuses on customers with household incomes of up to 20,000 rupees a month, or about \$400. In its first year of operation, the company processed 1,800 loans from more than 3,300 applications, adding about three new customers a day.

The Aadhar housing project shows that providing mortgages to low-income borrowers can be a successful business—and that loans can also be rolled out on a large scale.