



# IFC

Financial Institutions Group (FIG)

## Capital Markets

As of October 2025

### Industry Context

Well-functioning capital markets mobilize supplies of private capital by channeling finance from savers/issuers (institutional, retail, asset managers) to borrowers (firms, governments, and others). Well-developed capital markets provide a competitive spur to bank finance and improve the quality and efficiency of resource allocation within an economy by directing capital to its most productive uses. They also finance activities often perceived as too risky for bank financing, and often at longer tenors.

The potential for private capital to drive development impact is immense, with global banks, institutional investors, and asset managers holding approximately \$400 trillion in assets under management. Just a 1% annual reallocation could bridge the SDG financing gap. Yet significant barriers remain to unlocking this capital at scale, from limited benchmarks and market data to challenging regulatory environments.



**FIG Capital Markets  
Committed Portfolio**

**\$9.6billion**



**FIG Capital Markets Historical  
Commitment Volume**

**\$31billion**

### IFC Strategy and Portfolio

IFC builds the ecosystem for private investment in emerging markets and developing economies, through advisory services and capital market reforms, thereby improving access and opportunities. Forging partnerships with diverse institutional investors, IFC demonstrates the investment case and brings in co-investors across our portfolio. IFC's expertise in structuring innovative capital markets investment products supports new avenues to channel private capital into productive EMDE investments, enabling social safety nets, financial stability, and resilience.

Reflecting different stages of countries' capital markets development, FIG Capital Markets work is guided by three strategic pillars:

- Developing local capital markets by attracting a wider range of issuers, diversifying the investor base, and building robust market infrastructure.
- Deepening and broadening capital markets and fostering innovation by supporting and/or introducing new asset classes and products, leveraging innovative capital markets solutions, and prompting better information, transparency and standard-setting.
- Increasing access to global capital by building market capacity to mobilize global investment flows and developing and leveraging co-investment and de-risking instruments and platforms.

## Project Examples

**Bonds:** Emerging market (EM) bond issuance picked up in Q1 FY26 after a quieter Q4 FY25, with both volumes and deal activity showing stronger momentum. EM investment-grade spreads tightened in September to their lowest levels since 2020, highlighting strong demand. Looking ahead, EM corporate supply for 2025 is expected to surpass 2024 levels. IFC remained active throughout the period, supporting issuers and contributing to transactions that helped deepen capital markets.



### CFE FIBRA E BOND (MEXICO)

IFC committed US\$75 million as anchor investor in the inaugural bond issuance of CFE Fibra E, a financial trust backed by Mexico's Federal Electricity Commission. Structured under the Fibra E scheme, the transaction represents an innovative alternative to direct public financing and attracted over US\$6 billion in investor interest. Proceeds will strengthen and expand Mexico's electricity transmission infrastructure, improve grid reliability, reduce technical losses, and support the integration of renewable energy. The issuance marks a milestone in mobilizing institutional capital for sustainable infrastructure.

**Digital Bonds:** Interest in digital native bonds (DNN) or tokenized bonds, a nascent product, continues to grow in recent periods, as market participants seek faster and cost-efficient alternatives to traditional issuance and settlement. As this space evolves, IFC is exploring opportunities to support innovative market infrastructure such as tokenization, whose benefits are particularly relevant for emerging market debt capital markets, which have less liquidity and accessibility.



### TÜRKİYE İŞ BANKASI DIGITAL BOND (TÜRKİYE)

IFC invested US\$100 million in the inaugural issuance of DNNs by İşBank, the country's largest private bank. This project marks the first DNN issued by an EM financial institution and IFC's first DNN investment at Euroclear's D-FMI. As global digital asset markets and regulatory frameworks evolve, the project aims to demonstrate the viability of such instruments and their broader adoption, breaking down barriers to capital market development. The proceeds will be used to provide term loans to small businesses and retail borrowers, helping them recover from the effects of the earthquake, sustain their livelihoods, and contribute to the revitalization of economic activity.

**Cash Securitization and Asset-Backed Lending:** The securitization market showed modest signs of stability with spreads recovering from the previous quarter's volatility and investor sentiment gradually improving. IFC continues to support asset-backed transactions that deepen capital markets and expand access to finance, particularly in emerging markets where securitization remains an underused but powerful tool.



### FINBE AB&C LEASE SECURITIZATION (MEXICO)

IFC invested MXN600 million (US\$31 million) to help the securitization of assets originated by Financiera Bepensa (a subsidiary of FinBe), and AB&C Leasing de México. IFC investment helped mobilize an additional MXN3 billion (US \$154 million) helping to improve the resilience of Mexican NBFIs by demonstrating the effectiveness of ABL structures for raising funds. The securitized assets are primarily vehicle and productive asset leases for SMEs across Mexico, fostering increased access to finance for underserved segments as SMEs, as well as supporting the development of sustainable finance.

**Credit Funds:** Private credit in emerging markets showed strong continuity over the past six months, weathering Q3 FY25's volatility and building further momentum through Q1 FY26. During this period, IFC also marked a milestone with its first commitment to an open-ended credit fund, reinforcing its strategy to mobilize private capital to advance sustainability agenda in emerging markets.



### HSBCGEMFUND-ACE(GLOBAL)

IFC committed US\$55 million to the Global Emerging Markets Corporate Sustainable Bond Fund, managed by HSBC Asset Management. This marks IFC's first investment in an open-ended credit fund. The Fund will be classified as an SFDR Article 9 product - the highest sustainability classification in the industry. Notably, it is the first Article 9 product fully dedicated to emerging market corporate bonds. Additionally, the project employs, as a first for IFC, a multi-investment vehicles approach to cater to different investors' needs and mobilize private capital at scale.

### Credit Risk Transfers/Synthetic Significant Risk Transfers

**(SRTs):** SRT transactions remained a useful tool for banks seeking to manage credit risk and free capital for new lending in Q1 FY26. Adoption in emerging markets is still nascent but expanding as awareness grows. In Q1, IFC committed to two innovative SRTs structured to allow sharing of portions of its under-written exposures with pre-identified private investors, reinforcing the role of SRTs in broadening access to finance, capital mobilization, and deepening markets.



### SRT (GLOBAL)

IFC committed a US\$95 million unfunded financial guarantee to a global bank under a significant risk transfer (SRT) structure. The transaction covers the mezzanine tranche of a revolving reference portfolio comprising of mostly trade finance exposures across developed and emerging markets. Capital freed up by the SRT will be redeployed by the bank to originate significant amounts of new EM trade finance over the next several years. In a second phase of this project, a leading global investor may assume a portion of IFC's exposure. This would mark one of IFC's first SRT transactions involving private sector investors, setting a precedent for similar participation in future SRT transactions alongside IFC.