ICF Debt Capital Market Solutions for Latin America and the Caribbean

by Treasury Client Solutions
Overview of IFC
Who We Are

• **A member of the World Bank Group** with a mission to promote development through investment in private sector
• **Owned by 184 member countries**
• Providing **debt (loans, bonds and other fixed income instruments) and equity investments** to private sector in emerging markets for over 60 years
• **Global presence** in more than **100 countries** and working with over 2,000 private sector clients
## IFC’s History: Over Six Decades of Creating Opportunity

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>IFC was founded 12 years after the Bretton Woods Conference created the World Bank to finance post-WWII reconstruction and development by lending to governments.</td>
</tr>
<tr>
<td>1957</td>
<td>IFC’s first investment: a $2 million loan to help the Siemens affiliate in Brazil manufacture electrical equipment.</td>
</tr>
<tr>
<td>1965</td>
<td>IFC’s first syndication mobilizes $600,000 for Brazilian pulp and paper company Champion Cellulose. The project also launches IFC’s syndications program.</td>
</tr>
<tr>
<td>1971</td>
<td>IFC creates a Capital Markets Department to strengthen local banks, stock markets, and other intermediaries.</td>
</tr>
<tr>
<td>1984</td>
<td>IFC becomes financially independent from the rest of the World Bank Group, gaining approval to issue its own bonds in international capital markets.</td>
</tr>
<tr>
<td>1989</td>
<td>AAA Credit Rating: IFC receives the highest possible endorsement of financial health from private rating agencies.</td>
</tr>
<tr>
<td>2000</td>
<td>IFC launches its first Global Dollar Bond.</td>
</tr>
<tr>
<td>2009</td>
<td>IFC Asset Management Company is launched as a third business. IFC Asset Management Company invests third-party capital in a private equity fund format.</td>
</tr>
<tr>
<td>2016-</td>
<td>IFC 3.0 takes a holistic approach to tackle development challenges by creating markets and mobilizing private sector capital.</td>
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</tbody>
</table>
Overview of IFC

Strong Shareholder Support

- IFC is a legally distinct entity of the World Bank Group with its own articles of agreement, balance sheet and staff
- **Owned by 184 shareholders:** governments of member countries
- More than 50% of capital is held by AAA/AA sovereigns
- IFC does not pay dividends or taxes; profits are channeled back into investments in developing member countries

Very solid franchise, supported by 184 member countries, and a track record of about 60 years… An unusually diverse composition of government shareholders compared with most MLIs.

Standard & Poor’s | 27 June 2017

The credit quality of IFC’s shareholders has been very high throughout the organization’s history.

Moody’s | 29 November 2017
What We Do
Integrated Solutions, Increased Impact

**Investment**
- Debt (loans, bonds and other fixed income instruments)
- Equity
- Trade and commodity finance
- Derivative and structured finance
- Blended finance

**Advice**
- Financial sector
- Investment climate
- Public-private partnerships
- Agribusiness
- Energy and resource efficiency

**Mobilization**
- Mobilization of third party investment in debt and equity format
- Syndications
- IFC Asset Management Company (AMC)

$23.3 billion committed in FY18
$51.7 billion committed portfolio

over $300 million in advisory services income annually

$24 billion syndicated in 5 years
13 funds with $10.1 billion under AMC’s management

Figures as of 30 June 2018
Across sectors and regions, IFC seeks to promote:

» Employment creation and economic growth
» Gender equality in business and life
» Environmental and social sustainability
» Climate change adaptation and mitigation
» Partnership with private investors to mobilize new sources of finance

The above is not an exhaustive mapping but represents an overview of IFC’s approach to support the achievement of the SDGs. Given that cross-sectoral impact is delivered through investments and Advisory Services for strategic sectors including:

» Infrastructure
» Agriculture
» Financial inclusion
» Health and education

The World Bank Group’s Twin Goals:

IFC has two overarching goals: Ending extreme poverty by 2030 and boosting shared prosperity

Partnerships for the Goals

1. Zero hunger
2. Clean water and sanitation
3. Good health and well-being
4. Quality education
5. Gender equality
6. Responsible consumption and production
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequality
11. Peace and justice
12. Responsible governance
13. Climate action
14. Peace and justice
15. Partnerships for the goals
Overview of IFC

Consistent Asset Growth

IFC’s growth is financed predominantly by retained earnings:

*IFC’s total disbursed loans, equity, and net liquid assets at fiscal year-end*

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*IFC’s fiscal year-end is 30 June*
Overview of IFC

Strong Fundamentals

IFC exercises prudent financial discipline

- IFC has one of the **lowest leverage ratios** of any supranational
- Equity investments are funded by IFC’s net worth, not its borrowings

Extremely strong financial profile, as demonstrated by our risk-adjusted capital ratio after adjustments of 23% and stronger liquidity ratios than most peers

Standard & Poor's | 27 June 2017

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**Liquidity ratio**

- 100% actual
- 75% actual
- 50% actual
- 25% actual
- 0% actual

(percentage of estimated net cash requirements for the next 3 years)

**Leverage**

- Max 4.0x
- Actual 2.5x

Debt to net worth, times

**Risk-adjusted capital**

- Min $20.1
- Actual $24.7

In USD billions

*Actual level figures as of 30 June 2018
Minimum and maximum thresholds based on triple-A rating methodology guidelines as agreed with rating agencies*
Overview of IFC

Track Record on Profitability

*IFC has recorded operating profit every year since its founding in 1956*

*IFC's fiscal year-end is 30 June*
Overview of IFC

Highly Diversified Global Portfolio

IFC has diversified exposure in 125 countries and over 2,000 companies

Actual level figures as of 30 June 2018
Overview of IFC

IFC’s Strategy in Latin America: Creating Markets

Priorities for the Region

- Capital Markets development
- Innovation and in particular fin-tech
- Infrastructure and energy
- Climate and agribusiness
- Regional integration

Strategic Approaches

✓ Market Creation - improve upstream enabling environment for private sector
✓ Cascade - Maximize financing for development and minimize public debt

Local Presence

IFC serves its clients from five (5) regional hubs and sixteen (16) local offices:
Overview of IFC

IFC’s Strategy in Latin America: Creating Markets

Country Engagement: Strengthen Enabling Environment

- WBG: Identify constraints and opportunities to achieve twin goals (Systematic Country Diagnostic - SCDs)
- WBG: Identify high-impact programs with country ownership (Country Partnership Framework - CPFs)
- Support to structural reforms through Development Policy Loans (DPLs)
- Strategic use of Analytical and Advisory Services (ASA)
- Reduce regulatory constraints to attract private investment
- Improve PPP framework to absorb more private capital

Invest & De-Risk

- Provides IFC’s own capital for demonstration and additionality
- Leverage MIGA’s political and credit risk insurance product
- Guarantees and first loss insurance

Mobilize

- Expand financing through greater use of mobilization vehicles: AMC, syndications, MCPP
- Capital market development
- Strengthen insurance market and tap into pension funds
- Local currency lending (IFC)
- Mobilize private sector financing and risk participation through MIGA guarantees

Private Sector Finance

Upstream Project Development Support

Policy, Regulatory, Sector Reform

Blended Finance to Bridge Viability Gaps

Public Sector Finance

Cascade Approach

- High Potential Commercial Viability
- Limited Potential for Commercial Viability

under implementation
work in progress
further effort needed

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IFC’s Portfolio in Latin America

- LAC’s portfolio represents 22% of IFC’s total portfolio.
- LAC’s committed total portfolio in FY19 was $17.9 billion.
- In FY 18, IFC committed a total of $5 billion in new projects*

*LAC FY18 Outstanding Portfolio by Country

- Brazil: 24.8%
- Colombia: 10.1%
- Argentina: 9.4%
- Mexico: 9.2%
- Chile: 7.8%
- Panama: 7.1%
- Peru: 4.8%
- Latin America Region: 5.2%
- Other (<5%): 21.6%

*LAC FY18 Outstanding Portfolio by Sector

- FIG: 41.0%
- MAS: 23.5%
- INFRA: 28.7%
- CTT: 6.8%

*including mobilization and trade finance
Focus on Debt
Capital Markets
Why are Debt Capital Markets important for IFC?

• Sound financial markets are **vital to development** as they ensure efficient resource allocation, create jobs, and spur economic growth

• Debt markets in particular are **crucial sources of capital funds**, especially to help close huge financing gap in sectors like Infrastructure and Housing

• They **create channels for domestic savings** – such as those managed by pension funds and other institutional investors – to be put to productive use in the local economy

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$49$ trillion: *Global Infrastructure Funding Gap for 2016-2030 --- $3.3$ trillion a year through 2030.*

*Mckinsey, “Bridging Global Infrastructure Gaps” | June 2016*
IFC: A One-Stop Shop for Capital Markets

• IFC supports **domestic capital market development** through:
  ✓ issuing local currency bonds
  ✓ advice to regulators, authorities, and market participants; and
  ✓ helping first-time issuers access capital markets

• IFC promotes access to **local currency finance through loans, swaps, and structured products** that are customized to best meet client needs
Focus on Debt Capital Markets

Example: IFC’s Milestones in the Colombian Local Currency & Debt Capital Markets

IFC’s Comprehensive Approach to Fostering Debt Capital Markets through:
- IFC’s Benchmark Bonds
- Swap Markets
- Corporate Bond Markets
- Asset-Backed Securities
- Infrastructure Markets
- Segundo Mercado
- Green Bonds

2001: Ministry of Finance of Colombia gives its consent for IFC to issue Colombian Pesos (COP) denominated bonds.

2001: IFC invests in Titularizadora Colombiana to support the creation of securitization markets for residential mortgages.

2002-2004: IFC issues inaugural ‘El Dorado’ bonds showing its strong commitment to the development of the Colombian debt capital markets.

2002-2008: IFC provides credit enhancement for residential mortgage backed securities (RMBS) to help the Colombian securitization markets to take off.

2006: IFC executes its first fixed rate swap in COP to provide financing to Fundación WWB Colombia.

2007: IFC establishes domestic Bond Program in Colombia to expand its ability to provide local currency loans in Colombia.

2007: IFC expands its swap capabilities in COP by providing an Inflation-linked local currency loan to Fundación Social.

2007: IFC issues COP-linked bonds in the offshore market helping to crowd in foreign investors into global COP markets.

2014: World Bank Group launches an initiative to develop capital markets for infrastructure and housing finance in Colombia.

2015: IFC purchases Bancamia’s inaugural bond issuance in Segundo Mercado to promote Segundo Mercado (SM) as an alternative debt market for smaller issuers.

2015: IFC purchases La Hipotecaria’s inaugural bond issuance in Segundo Mercado.

2015: IFC executes its first floating rate swap using IBR rate further promoting the use of IBR as the liquid floating rate benchmark.

2016: IFC purchases Bancamia’s second bond issuance in Segundo Mercado.

2016: IFC invests in an infrastructure debt fund promoting institutional investors’ participation in the 4G Program.

2017: Regulator approves the Global Medium Term Notes (GMTN) program to introduce OECD-type issuance platform in the Colombian debt capital markets.

2017: IFC purchased EPSA’s COP Green Bonds the first green bond issued by a Corporate in the market.

2017: IFC purchased Davivienda’s COP Green Bonds the largest green bond issued in the market.

2018: IFC purchased Banco Mundo Mujer inaugural bond issuance in Segundo Mercado.

2018: To date IFC has provided local currency solutions for about US$1.5 billion equivalent, in 48 transactions.

2017: First COP issuance under the GMTN program promoting international capital markets standards in the Region.

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2017: IFC purchased Bancamia’s COP Green Bonds the first green bond issued in the market.

2016: IFC invests in infrastructure debt fund promoting institutional investors’ participation in the 4G Program.

2016: IFC purchases Bancamia’s second bond issuance in Segundo Mercado introducing two new institutional investor into SM.

2015: IFC executes an IBR swap for 20y the longest swap executed in IBR in the market.

2014: IFC invests in Financiera de Desarrollo Nacional (FDN) to support infrastructure development.


2013: IFC starts credit enhancing Colombian corporate bond issuances providing companies with access to capital markets.

2016: IFC anchors Bancamia’s second bond issuance in Segundo Mercado.

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Issuing in Local Markets
Strong focus on Local Currency Bond Issuances

- IFC aims to help develop local capital markets:
  - To create *catalytic impact for future corporate bond issuances and facilitate financing through demonstration and signaling effect*
  - To test and *improve domestic processes* for bond issuance and encourage *changes in regulation* (e.g. cost of issuance, pension fund asset allocation)
  - To provide access to a *new breed of investors*, particularly international investors
  - To help local markets decouple from more volatile global funding sources

- For local investors, IFC issuances introduce a *high-quality new asset class* to the domestic market
1. **Alternative to foreign currency borrowing**, reducing various risks

2. **Diversify sources of funding** beyond banks and equity markets

3. **Support major trends** that stem from economic and financial growth
   - Issuers: Infrastructure development, privatization, securitization and government decentralization create demand for bond issuance
   - Investors: The growth of insurance and social security create institutional investors that have an appetite for long-term assets such as bonds

4. **Strengthen the financial sector**
   - Transparency through public disclosure of business operations
   - Competition with local banking sector through dis-intermediation

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$120$ trillion **AUM** - many institutional investors have significantly higher infrastructure investment allocation targets than current holdings.

Issuing in Local Markets

Focus on Domestic Capital Market Development

**Latin America**
- **Brazil** – Amazonian Bond
  - 2007 – BRL 200 million due 2011
- **Colombia** – El Dorado Bond
  - 2017 – COP 33.7 billion due 2022 (GMTN)
  - 2004 – COP 269 billion due 2006
  - 2002 – COP 125 billion due 2007
  - 2002 – COP 225 billion due 2007
- **Costa Rica** – Irazu Bond
  - 2014 – CRC 5 billion due 2019
  - 2018 – CRC 5.7 billion due 2023
- **Dominican Republic** – Taino Bond
  - 2016 – DOP 180 million due 2023
  - 2012 – DOP 390 million due 2017
- **Peru** – Inca Bond
  - 2004 – PEN 50 million due 2007

**Europe**
- **Armenia** – Sevan Bond
  - 2013 – AMD 2 billion due 2016
- **Georgia** – Iveria Bond
  - 2015 – GEL 30 million due 2017
- **Uzbekistan** – Samarkand Bond
  - 2018 – UZS 80 billion due 2020

**Middle East**
- **Gulf Cooperation Council** – Hilal Sukuk
  - 2009 – USD 100 million due 2014

**Africa**
- **CFA Franc** – Kola Bond
  - 2009 – XAF 20 billion due 2014
  - 2006 – XOF 22 billion due 2011
- **Morocco** – Atlas Bond
  - 2005 – MAD 1 billion due 2012
- **Namibia** – Namib Bond
  - 2016 – NAD 180 million due 2021
- **Nigeria** – Naija Bond
  - 2013 – NGN 12 billion due 2018
- **Rwanda** – Twigire Bond
  - 2015 – RWF 3.5 billion due 2018
- **South Africa** – ZAR Green Bond
  - 2015 – ZAR 1 billion due 2024
- **Zambia** – Zambezi Bond
  - 2013 – ZMW 150 million due 2017

**India**
- **Green Masala Bond**
  - 2015– INR 3 billion due 2020
- **Maharaja Bond**
  - 2014– INR 6 billion due 2019, 2024, 2027-2034
- **Masala Bond**
  - 2018– INR 8.7 billion due 2024
  - 2017– INR 53.5 billion due 2022, 2024
  - 2016– INR 8.6 billion due 2024, 2031
  - 2015– INR 33 billion due 2018, 2019
- **Masala Uridashi Bond**
  - 2016– INR 300 million due 2019

**China**
- **Dim Sum Bonds**
  - 2014 – CNH 1 billion due 2019
  - 2014 – CNH 500 million due 2017 (Green)
  - 2014-2015 – CNH 4.7 billion due 2017
  - 2012– CNH 500 million due 2014
  - 2011– CNH 150 million due 2016
- **Panda Bonds**
  - 2006 – CNY 870 million due 2013
  - 2005– CNY 1.3 billion due 2015

**Malaysia**
- **Wawasan-Islamic Bond**
  - 2004 – MYR 500 million due 2007
### IFC’s Local Currency Track Record in Latin America and the Caribbean

<table>
<thead>
<tr>
<th>Bond Name</th>
<th>Currency</th>
<th>Amount</th>
<th>Year</th>
<th>maturity</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>‘Inca Bond’</strong></td>
<td>PEN</td>
<td>PEN 50 million</td>
<td>2002</td>
<td>3y</td>
<td>First issuance by a non-resident in Peruvian Soles (PEN)</td>
</tr>
<tr>
<td><strong>‘Green Inca Bond’</strong></td>
<td>PEN</td>
<td>PEN 42 million</td>
<td>2014</td>
<td>20y</td>
<td>First offshore placement of in Soles (PEN)</td>
</tr>
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<td><strong>‘Irazu Bond’</strong></td>
<td>CRC</td>
<td>CRC 5 billion</td>
<td>2014</td>
<td>5y</td>
<td>First onshore bond in Colones (CRC) in Costa Rica</td>
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<td><strong>‘El Dorado Bond’</strong></td>
<td>COP</td>
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<td><strong>‘Amazônia Bond’</strong></td>
<td>BRL</td>
<td>BRL 200 million</td>
<td>2007</td>
<td>4y</td>
<td>First issuance by a foreign entity in Brazilian Reais (BRL)</td>
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<td><strong>‘Taino Bond’</strong></td>
<td>DOP</td>
<td>DOP 180 billion</td>
<td>2016</td>
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Issuing in Local Markets

Examples of Local Currency Issuances

**IFC offers Irazu Bond**

- The issuance instilled market confidence in a period of market volatility
- The issuance was two times oversubscribed and sold entirely to domestic pension funds
- Proceeds from the bond were used to help boost housing finance for low and middle-income families who otherwise lack access to mortgage loans.

**IFC manages bond proceeds for local pipeline/to local clients**

**IRAZU BOND**

**CRC 5,000 million (approx. USD 10M)**
- 2014
- AAA 5y – 7.86% Coupon
- First onshore bond in Colones (CRC) in Costa Rica.

**CRC 5,700 million (approx. USD 10M)**
- 2018
- AAA 5y – 8.44% Coupon
- Second onshore bond in Colones (CRC) in Costa Rica.
Examples of Local Currency Issuances

**TAINO BOND**

**IFC offers**
Taino Bond

**Pension Funds**
purchase bond

**Proceeds to**
finance local
projects

- **Proceeds from the bond went to the expansion of access to finance for micro, small and medium enterprises and loans for low-income housing in the Dominican Republic.**

- **Proceeds from the bond were invested in a leading microfinance institution in DR, to expand long-term local currency lending to micro entrepreneurs.**

**DOP 390 billion**  (approx. USD 10M)
2013
5y – 10.5% Coupon

First domestic placement by an international triple-A rated issuer in the Dom. Republic.

**DOP 180 million**  (approx. USD 4M)
2016
6.5y – 6.75% Coupon

Second domestic issuance by IFC in the Dom. Republic.
Helping Clients Access Capital Markets
Helping Clients Access Capital Markets

Accessing Capital Markets and Derivatives: IFC’s Value Proposition

- **Bonds**
  - Plain Vanilla Bonds
  - Green Bonds

- **Structured Debt**
  - Securitization / Asset Back Securities
  - Partial Credit Guarantees
  - Risk Sharing Facilities
  - Covered Bonds

- **Derivatives**
  - Risk Management Swaps
  - Interest Rate and Cross-Currency Swaps
  - FX Forwards
  - Commodity Hedges

- Ability to **share expertise in Debt Capital Markets, Structured Finance and Derivatives**
- Ability to **commit and invest in over 65 currencies**
- **Transfer knowledge and guide the structuring process** of capital markets and derivatives
- Ability to **intermediate in the derivatives market** without collateral requirements
- Ability to **mobilize international investors**
Guide clients from one stage of capital expansion to the next and offer flexibility on product choice for clients’ financing needs.

- **Stage 1:** Initial equity
- **Stage 2:** Organic growth, Specific bank financing, Additional equity
- **Stage 3:** Diversified bank financing
- **Stage 4:** Debt capital markets financing with PCGs
- **Stage 5:** Stand-alone debt & equity capital markets financing, Structured issuances

**Risk Management Products**

**Loans**

**Debt Capital Markets Products**

**Structured Finance Products**

**Loans & Equity**

**PCG for Bonds**

**Anchor Investment**

**Structured Products**
Selected Track Record of Landmark Transactions

IFC has helped clients to access capital markets in over 250 transactions in more than 40 countries

Examples of Bond Investments

- **'Banco Mundo Mujer BMM'**
  - Bond Issuance
  - COP$80bn (~USD27bn) – 5y
  - 2017
  - Inaugural Bond

- **'Davivienda'**
  - Green Bond
  - COP$433bn (~USD150mm) – 10y
  - 2017
  - Largest Green Bond

- **'Bancolombia'**
  - Green Bond
  - COP$350bn (~USD100mm) – 7y
  - 2017
  - First Green Bond

- **‘EPSA’**
  - COP$210bn (~USD74mm) – 12y
  - 2018
  - Inaugural Green Bond in the Colombian real sector

- **‘Multibank’**
  - Bond Issuance
  - CHF$38mm (~USD39mm) – 3.5y
  - 2017
  - Bond issuance in CHF

Examples of Derivative Solutions

- **‘Sun Edison’**
  - Interest Rate Swap
  - Infrastructure
  - US$82 mm
  - 16.5y
  - 2016
  - IFC Hedge Provider

- **‘Ventosa’**
  - Cross-Currency Swap
  - Infrastructure
  - US$50mm - 15y
  - 2011
  - IFC Hedge Provider

Examples of Structured Debt

- **‘Fedecredito’**
  - DPR Securitization
  - US$50mm – 7y – IFC acting as structuring investor
  - 2010
  - Fedecredito’s First DPR securitization

- **‘Camesa’**
  - Partial Credit Guarantee
  - MXN1.0 bn (~USD65mm) – 2y & 3y
  - 2014
  - Camesa’s First Bond in MXN

- **‘Copeval’**
  - Trade Receivable Securitization
  - CLP 24.5bn (~USD 40mm) 6y
  - 2014
  - Coevia’s first Securitization

- **‘Mybank’**
  - ABS / Securitization
  - RMB170mm (~USD25mm) – 3y
  - 2017
  - Mybank’s first ABS

- **‘Alibaba’**
  - ABS / Securitization
  - RMB180mm (~USD28mm) – 3y
  - 2016
  - The first ABS Securitization

- **‘SETRAG’**
  - Interest Rate Swap
  - Infrastructure
  - US$47 mm – 14y
  - 2017
  - IFC Hedge Provider

- **‘Vorotam’**
  - Interest Rate Swap
  - Infrastructure
  - US$112 mm
  - 10y – 2016
  - IFC Hedge Provider

- **‘CDB’**
  - Cross-Currency Swap
  - Infrastructure
  - US$35mm
  - 16y - 2017
  - IFC Hedge Provider

- **‘Fhipo’**
  - Mortgage Loans Securitization
  - MXN 2000mm (approx. USD 107mm) – 7y
  - 2016
  - First mortgage REIT traded on the Mexican Stock Mark

- **‘PT Ciputra’**
  - Partial Credit Guarantee
  - IDR 500 bn (~USD144mm) – 2y, 5y & 7y
  - 2014
  - Garanti’s First Cover Bond

- **‘Compass’**
  - SME Leasing Securitization
  - ZAR1.0 bn (~USD150mm) – 6y
  - 2018
  - IFC’s first leasing securitization

- **‘Greek Airports’**
  - Interest Rate Swap
  - Infrastructure
  - EUR138mm
  - 16y
  - 2016
  - IFC Hedge Provider

- **‘Ravinala Airports’**
  - Interest Rate Swap
  - Infrastructure
  - EUR$91.8mm
  - 9.5y
  - 2016
  - IFC Hedge Provider
Helping Clients Access Capital Markets

Bonds Issuances

IFC can provide its support to a bond issuance by committing to purchase a portion or the entire notes acting as an Anchor or a Sole Investor.

- IFC’s public endorsement will help to boost subscription levels and reduce the clearing yield.
- Leverage IFC’s experience as a bond issuer to offer advice on regulations, documentation and structuring across products.
- Investors derive comfort from IFC’s due diligence and “stamp of approval”.

**Benefits:**

- Access to a wider investor base
- IFC’s public support of the issuance reduces pricing uncertainty
- Establish issuer name in the markets
Helping Clients Access Capital Markets

Selected Examples of Bond Issuances

IFC has helped clients to access the onshore and offshore bond market.

- **‘Banco Mundo Mujer BMM’**
  - Bond Issuance
  - COP$80bn (~US$27mn) – 5y 2017
  - Inaugural Bond

- **‘Multibank’**
  - Green Bond
  - COP$433bn (~US$150mn) – 10y 2017
  - Largest Green Bond in Colombia

- **‘Davivienda’**
  - Bond Issuance
  - COP$84bn (~US$26mn) – 3y 2015
  - First Issuance in Segundo Mercado in Colombia

- **‘Banque Centrale Populaire’**
  - Green Bond
  - USD$111mn – 10y 2017
  - Inaugural Green Bond

- **‘EDC’**
  - Green Bond
  - PHP$4.8bn (~US$90mn) – 15y 2018
  - Inaugural Green Bond

- **‘Petra Diamonds’**
  - Bond Issuance
  - USD30 mn 5y 2015
  - Inaugural Bond

- **‘Bancolombia’**
  - Green Bond
  - COP$350bn (~US$100mn) – 7y 2017
  - First Green Bond in Colombia

- **‘Bancamia’**
  - Bond Issuance
  - COP$84bn (~US$26mn) – 3y 2015
  - First Issuance in Segundo Mercado in Colombia

- **‘Bayport’**
  - Bond Issuance
  - ZMW$172mn (~US$27mn) – 4y 2014
  - Inaugural Bond

- **‘Yes Bank’**
  - Green Bond
  - INR3.15b (~US$49m) – 10y 2014
  - Inaugural Green Bond
Structured Debt

IFC can provide different **structured finance and credit enhancement** products aimed at helping clients successfully issue in capital markets

1. **Securitization**: Pooling existing assets and future flows to issue securities that are repaid from the cash flows generated by these assets.

2. **Credit Guarantees**: Irrevocable guarantee of the due and punctual payment of Principal and Interest on Bonds, up to a specific percentage defined for the structure.

3. **Risk Sharing Facilities**: Bilateral loss-sharing agreement between IFC and an origination of assets in which IFC reimburses the originator for a portion of the principal losses incurred on a portfolio of eligible assets.

**Benefits:**
- Longer term and lower cost of funding
- Improve credit rating profile
- Diversify source of funds
- Pave the way for future issuances without credit enhancement
Helping Clients Access Capital Markets

Selected Examples of Structured Debt

IFC has provided several structured finance and credit enhancement solutions to help clients successfully issue in capital markets.

- **‘Camesa’**
  Partial Credit Guarantee
  MXN1.0 bn (~USD65mm) – 2y & 3y 2015
  Camesa’s First Bond in MXN

- **‘Copeval’**
  Trade Receivable Securitization
  CLP 24.5bn (~USD 45mm) 7y – AA(cl) rated 2014
  Copeval’s first Securitization

- **‘Vinte’**
  Partial Credit Guarantee
  MXN1.0 bn (~USD 75mm) 3y – Aa3(mx) rated 2011
  Vinte’s First Bond in MXN

- **‘Mybank’**
  ABS / Securitization
  RMB170mm (~USD25mm) – 3y 2017
  Mybank’s first ABS

- **‘Garanti Bank’**
  Mortgage Cover Bond
  US$150mm – 5y 2017
  Garanti’s First Cover Bond

- **‘Fedecredito’**
  DPR Securitization
  US$50mm – 7y – IFC 2010
  Fedecredito’s First DPR securitization

- **‘Bicbanco’**
  SME Loans Securitization
  BRL 250mm (approx. USD 139mm) 4y – 25% 2010
  Bicbanco First securitization

- **‘Alibaba’**
  ABS / Securitization
  RMB180mm (~USD28mm) – 3y 2016
  The first ABS Securitization for Alibaba

- **‘Compass’**
  SME Leasing Securitization
  ZAR1.0 bn (~USD90mm) – 6y 2014
  IFC’s first leasing securitization

- **‘PT Ciputra’**
  Partial Credit Guarantee
  IDR 500 bn (~USD14bn) – 2y, 5y & 7y 2014
  First PCG in Indonesia
Derivatives

Subject to regulatory approvals in a particular country, IFC can provide hedging instruments directly to clients who do not have access to quality hedging products.

- Interest Rate Swap
- Cross-Currency Swap
- FX forwards
- Commodity hedges

Benefits:
- Access to derivatives market to hedge risk exposures resulting from mismatches on the balance sheet
- Improve creditworthiness and profitability through accessing to hedging products
- Access to derivatives market without posting collateral in most cases
Helping Clients Access Capital Markets

Selected Examples of Derivatives Transactions

ICF has helped many clients to access the derivatives market

- **‘Sun Edison’**
  - Interest Rate Swap
  - Infrastructure
  - US$82 mm
  - 16.5y
  - 2016
  - IFC Hedge Provider

- **‘Transambiental’**
  - Cross-Currency Swap
  - Infrastructure
  - US$15mm/1EUR16mm
  - 10y
  - 2016
  - IFC Hedge Provider

- **‘VML’**
  - Fx Forwards
  - Infrastructure
  - US$50mm
  - Up to 5y
  - 2011
  - IFC Hedge Provider

- **‘Greek Airports’**
  - Interest Rate Swap
  - Infrastructure
  - US$59mm
  - 17y
  - 2011
  - IFC Hedge Provider

- **‘CDB’**
  - Cross-Currency Swap
  - Infrastructure
  - US$35mm
  - 16y
  - 2017
  - IFC Hedge Provider

- **‘Ventosa’**
  - Cross-Currency Swap
  - Infrastructure
  - US$50mm
  - 15y
  - 2013
  - IFC Hedge Provider

- **‘Recaudo’**
  - Cross-Currency Swap
  - Infrastructure
  - US$90mm
  - 10y
  - 2013
  - IFC Hedge Provider

- **‘Vorotam’**
  - Interest Rate Swap
  - Infrastructure
  - US$112mm
  - 18y
  - 2016
  - IFC Hedge Provider

- **‘Ravinala Airports’**
  - Interest Rate Swap
  - Infrastructure
  - EUR$138mm
  - 16y
  - 2016
  - IFC Hedge Provider

- **‘Bibyiana II’**
  - Interest Rate Swap
  - Infrastructure
  - US$91.8mm
  - 9.5y
  - 2016
  - IFC Hedge Provider
Investing In Thematic Bonds
What is IFC’s Value Proposition?

Complete Package For Clients

- Technical support to issue a credible thematic bond
- Bond structuring; depending on the product type
- Mobilization; bringing other global investors

✓ Ability to share expertise in climate business, capital markets and the Green and Social Bond market in one package

✓ Transfer knowledge and guide the issuance process to comply with the Green Bond Principles for Green Bonds, and Social Bond Principles for Social Bonds

✓ Ability to share impact reporting tools and training available to IFC’s clients, an essential element of the Green and Social bonds

✓ Ability to commit and invest in local currency green and social bonds and ability to catalyze off-shore investors alongside IFC

✓ In-depth knowledge of Impact Investors who participate in Green and Social Bonds
# IFC’s Green Bond Experience

<table>
<thead>
<tr>
<th>2010</th>
<th>Feb 2013</th>
<th>Jul 2015</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inaugural issue</strong>&lt;br&gt;IFC is one of the pioneers and largest global issuers in the Green Bond market.</td>
<td>IFC issued the <strong>largest Green bond</strong> at the time, US$1bn, catalyzing a niche product to a mainstream market instrument.</td>
<td>IFC became the <strong>first issuer of offshore rupee green bonds</strong>.&lt;br&gt;Proceeds of INR 3.15 billion (~$49.2 million) used in a green bond issued by Yes Bank, a leading Indian private sector bank.</td>
<td>FY18 marks the eighth year since the launch of IFC’s Green Bond Program. In FY18, IFC issued a record volume of green bonds to date – 32 green bonds for a total volume of $1.8 billion. This brings the <strong>cumulative issuance since 2010 to $7.6 billion</strong> across 111 bonds in thirteen currencies (including Chinese Renminbi, Turkish Lira).&lt;br&gt;IFC plays a leadership role in developing guidelines and procedures for the green bond market as a member of the Green Bond Principles Executive Committee.</td>
</tr>
</tbody>
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**IFC’s Green Bond Experience**
Investing in Thematic Bonds

IFC’s Local Currency Green Bond Issuances in Latin America

- Total Volume of US$382 million equivalent over 11 issuances

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Amount</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>2018</td>
<td>BRL 16M</td>
<td>due 2019</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>BRL 21M</td>
<td>due 2019</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>BRL 3.5M</td>
<td>due 2018</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>BRL 209.1M</td>
<td>due 2017</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>BRL 14.25M</td>
<td>due 2020</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>BRL 439M</td>
<td>due 2016</td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>BRL 23.8M</td>
<td>due 2015</td>
</tr>
<tr>
<td>Mexico</td>
<td>2018</td>
<td>MXN 100M</td>
<td>due 2025</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>MXN 250M</td>
<td>due 2021</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>MXN 500M</td>
<td>due 2021</td>
</tr>
<tr>
<td>Peru</td>
<td>2015</td>
<td>PEN 115M</td>
<td>due 2034</td>
</tr>
</tbody>
</table>
**Investing in Thematic Bonds**

• IFC’s **Green Bond program** was launched in 2010 and has raised over **USD 7.6 billion** as of FY18 end through 111 bonds including:
  • the market’s **first benchmark-sized green bonds** issued in February and November 2013
  • the first US **focused retail green bond program**
  • tenors up to 30 years
  • issues in **emerging market currencies**, such as ZAR, PHP and INR

• IFC is a founding member of the Green Bond Principles and sits on its Executive Committee

• Since 2015, IFC has published its annual **Green Bond Impact Report** based on the IFI harmonized framework template for impact reporting
Investing in Thematic Bonds

- IFC’s Social Bonds offer investors an opportunity to finance IFC projects that aim to address access to essential services and income generation to underserved target populations in developing countries

- **Social Bond Program** combines two of IFC’s pre-existing themed bond products – the **Banking on Women Bond** theme and the **Inclusive Business Bond** theme

- IFC's Social Bond Program was launched in 2017 and IFC has issued in the public and private markets. IFC's Social Bond Program aligns with the **Social Bond Principles**

- In March 2017, IFC issued a $500 million transaction – the first ever USD labelled Social Bond benchmark, meeting the demand of institutional investors with interest in ESG

- In March 2018, IFC issued the inaugural 5-year AUD300 million Social Bond in the Australian bond market
Why would an IFC Client Issue a Thematic Bond?

✓ Investor diversification

✓ Franchise value

✓ Enhances reputation in the market by generating environmental and social benefits from investments and by integrating debt management into firm-wide commitments to reduce GHG emissions and achieve environmental and social impact

✓ Cultivate a positive internal culture of long-term sustainability and ESG (environmental, social and governance) standards

“Green bonds also attract new investors. When Unilever, a consumer-goods company, issued a £250m ($416m) green bond in March, 40% of the issue was snapped up by people outside Britain—an uncommon response to a sterling bond” - Economist

“Being the first Australian corporate to issue a green bond has confirmed that investors recognize our leading sustainability credentials and are confident in our commitment and ability to consistently deliver sustainable outcomes on our projects.”

Tiernan O'Rourke, Chief Financial Officer - Stockland
Contacts
About Us

Treasury Client Solutions (TCS)

Our role:

• Provide IFC clients with local currency and capital market solutions in partnership with IFC’s sectoral investment teams by leveraging Treasury products and markets expertise and DCM relationships.
• Promote development of local currency capital markets.
• Manage market risk of IFC’s operational balance sheet.

We help provide:

Local Currency Loans
Risk Management Products
Structured Finance Products
Capital Market Solutions
Treasury Client Solutions (TCS)
Latin America and the Caribbean (LAC Team)

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