



# IFC Debt Capital Market Solutions for Latin America and the Caribbean

by Treasury Client Solutions

## Contents

Overview  
of IFC

Focus on Debt  
Capital Markets

Issuing in Local  
Markets

Helping  
Clients Access Capital  
Markets

Investing in  
Thematic Bonds

Contacts

## 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



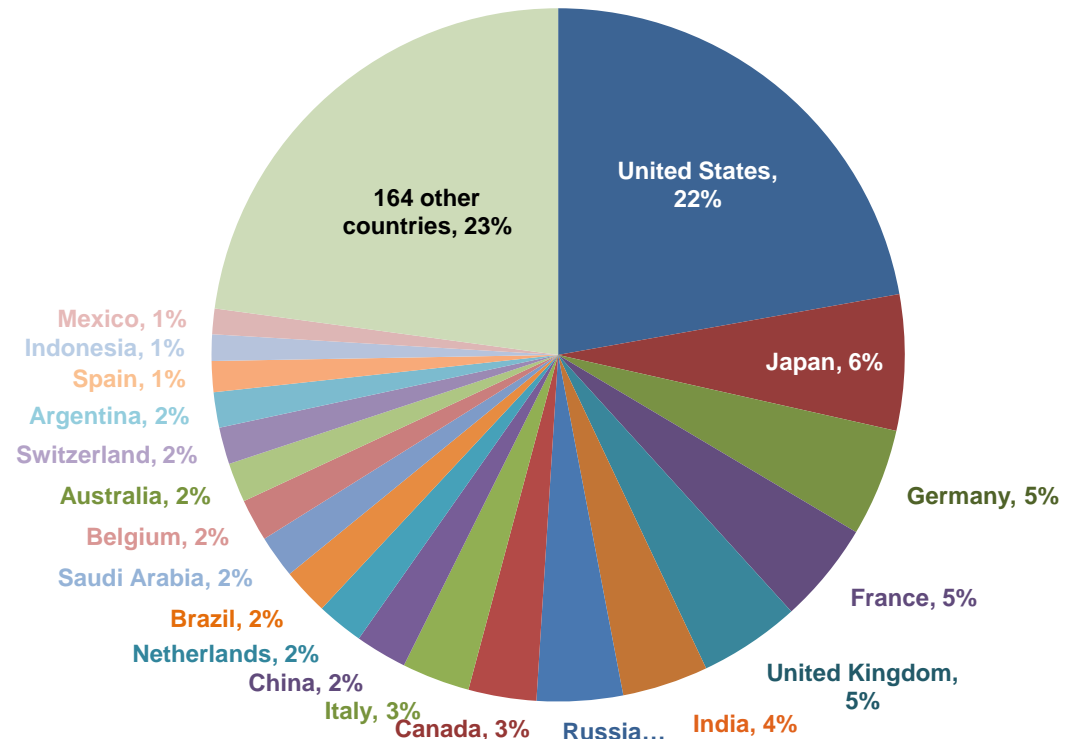
## IFC's History: Over Six Decades of Creating Opportunity

1956	1957	1965	1971	1984	1989	2000	2009	2016-
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	IFC's first investment: a \$2 million loan to help the Siemens affiliate in Brazil manufacture electrical equipment	IFC's first syndication mobilizes \$600,000 for Brazilian pulp and paper company Champion Cellulose. The project also launches IFC's syndications program	IFC creates a Capital Markets Department to strengthen local banks, stock markets, and other intermediaries	IFC becomes financially independent from the rest of the World Bank Group, gaining approval to issue its own bonds in international capital markets	AAA Credit Rating: IFC receives the highest possible endorsement of financial health from private rating agencies	IFC launches its first Global Dollar Bond	IFC Asset Management Company is launched as a third business. IFC Asset Management Company invests third-party capital in a private equity fund format	IFC 3.0 takes a holistic approach to tackle development challenges by creating markets and mobilizing private sector capital.



## 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

\$23.3 billion committed in FY18  
\$51.7 billion committed portfolio

### Advice

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

over \$300 million in  
advisory services income annually

### Mobilization

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

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



# Sustainability: Alignment with United Nations' SDGs

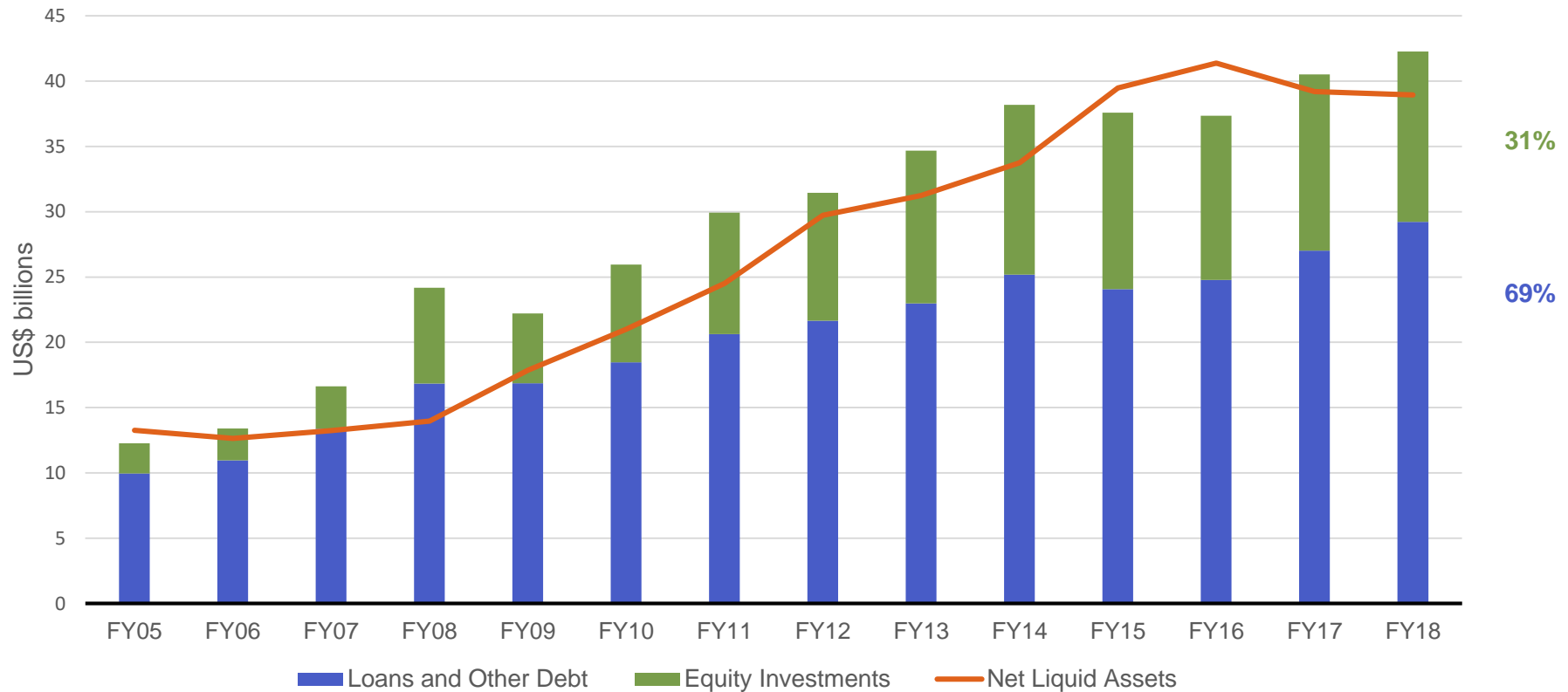


The above is not an exhaustive mapping but represents an overview of IFC's approach to support the achievement of the SDGs. Given that cross-sectoral impact is delivered through investments and advisory operations in the strategic sectors, some overlaps exist in this mapping.

## 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*



## Strong Fundamentals

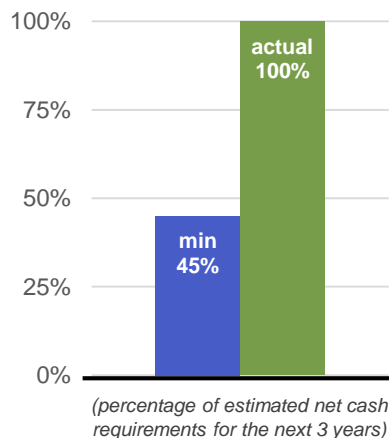
IFC exercises prudent financial discipline

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

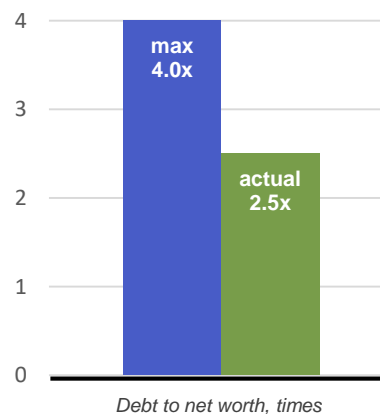
*Extremely strong financial profile, as demonstrated by our risk-adjusted capital ratio after adjustments of 23% and stronger liquidity ratios than most peers*

**Standard & Poor's | 27 June 2017**

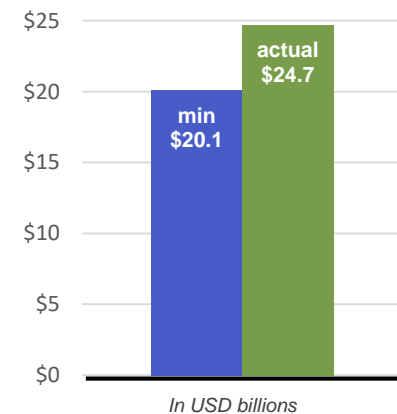
### Liquidity ratio



### Leverage



### Risk-adjusted capital

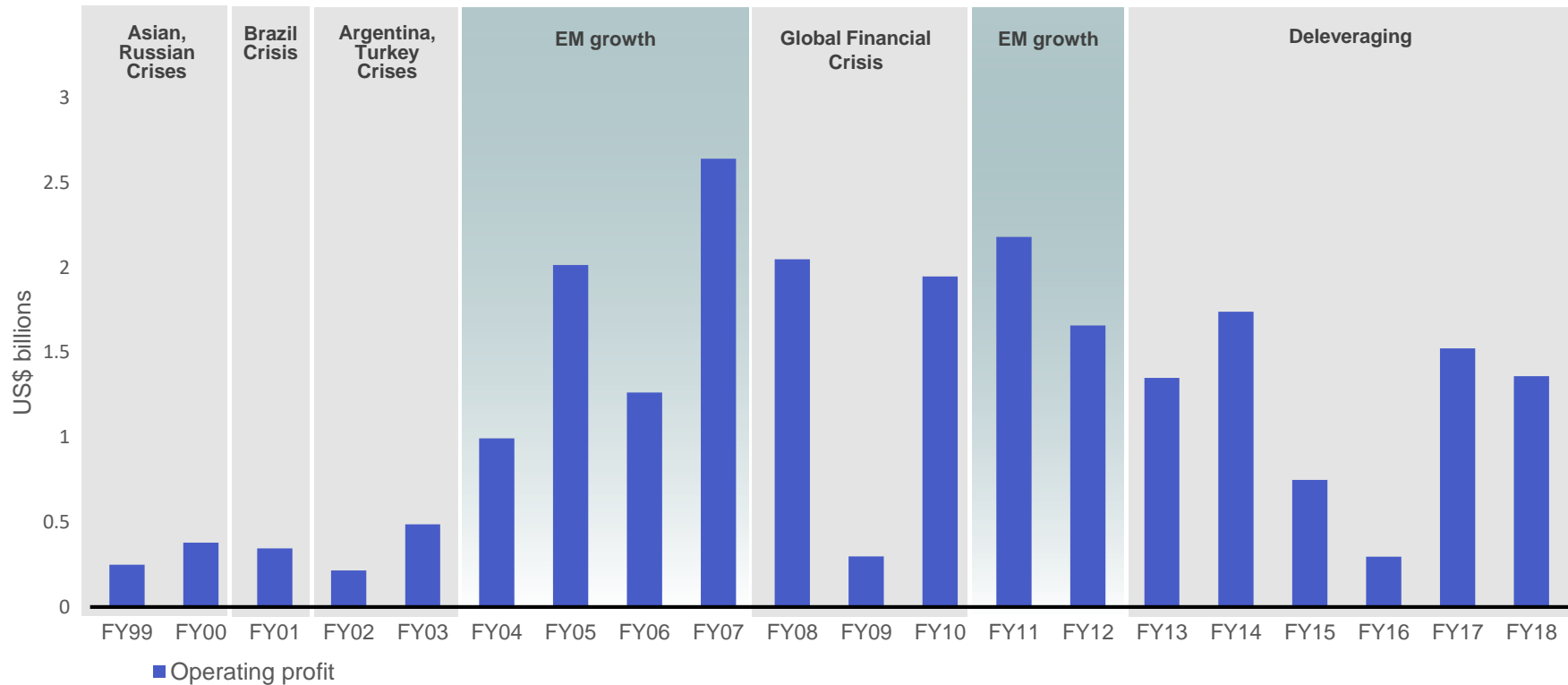


Actual level figures as of 30 June 2018

Minimum and maximum thresholds based on triple-A rating methodology guidelines as agreed with rating agencies

## Track Record on Profitability

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

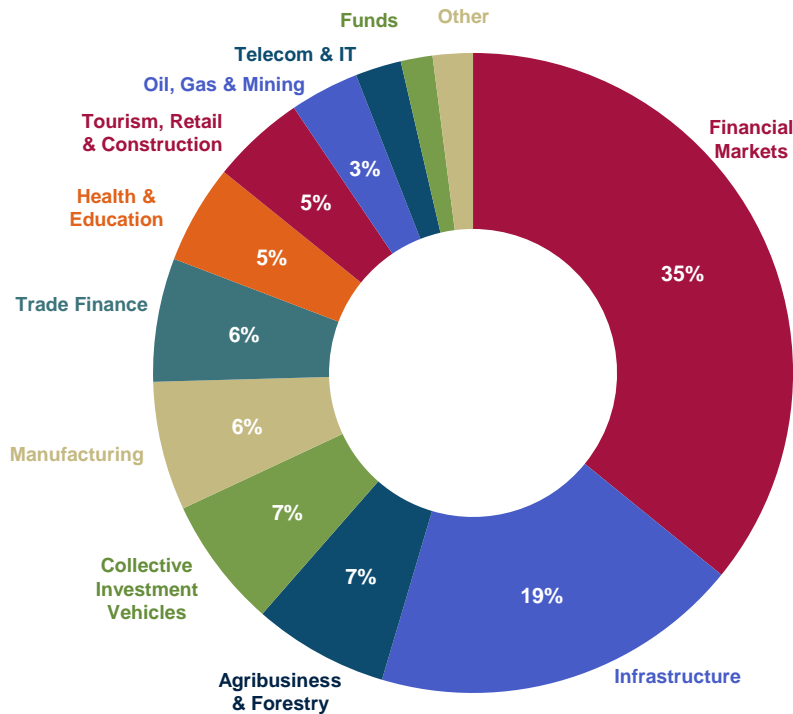




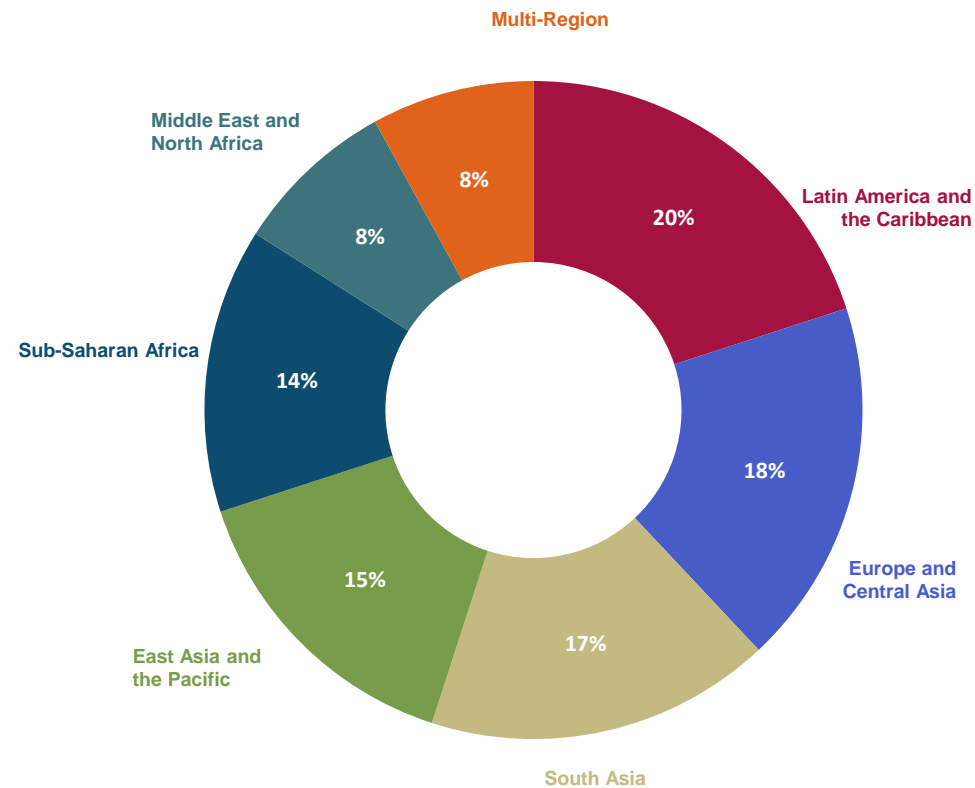
## Highly Diversified Global Portfolio

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

*Industry portfolio diversification*



*Regional portfolio diversification*



## 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:



## 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



Cascade Approach

High Potential Commercial Viability

Limited Potential for Commercial Viability

Private Sector Finance

Upstream Project Development Support

Policy, Regulatory, Sector Reform

Blended Finance to Bridge Viability Gaps

Public Sector Finance

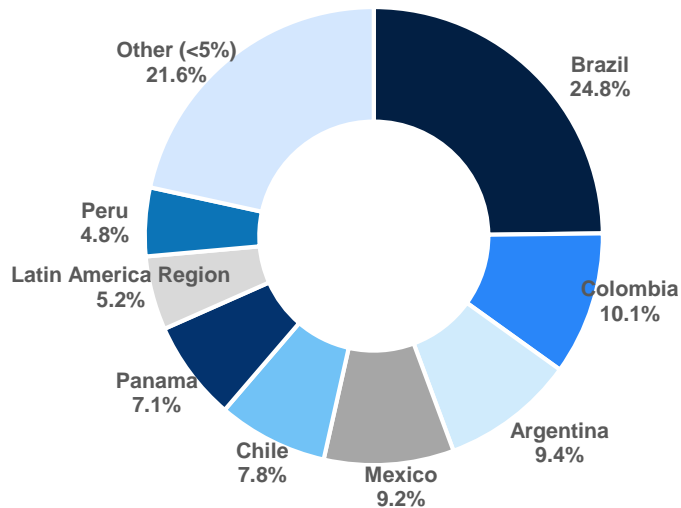


## IFC's Portfolio in Latin America

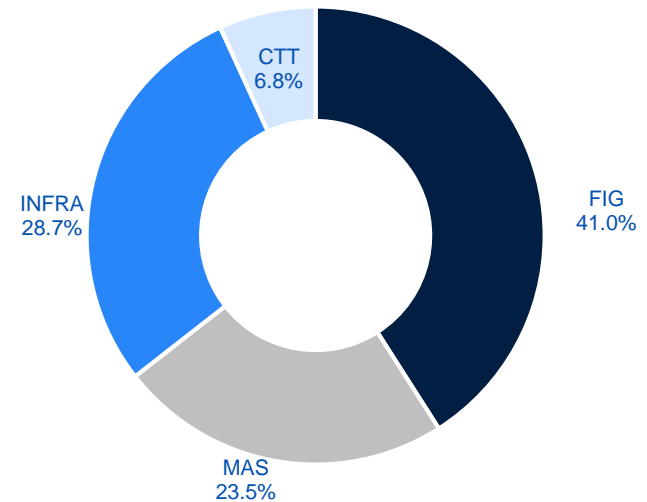


- LAC's portfolio represents 22% of IFC's total portfolio.
- LAC's committed total portfolio in FY19 was \$17.9 billion
- In FY 18, IFC committed a total of \$5 billion in new projects\*

***LAC FY18 Outstanding Portfolio by Country***



***LAC FY18 Outstanding Portfolio by Sector***



\*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

*\$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



## 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





## 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**

## IFC Local Currency Bond Issues: Benefits

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

*\$120 trillion AUM - many institutional investors have significantly higher infrastructure investment allocation targets than current holdings.  
McKinsey, "Bridging Global Infrastructure Gaps" | June 2016*

## Focus on Domestic Capital Market Development

### 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

#### Rwanda – Umuganda Bond

2014 – RWF 15 billion due 2019

#### South Africa – ZAR Green Bond

2015 – ZAR 1 billion due 2024

#### Zambia – Zambezi Bond

2013 – ZMW 150 million due 2017

### Middle East

#### Gulf Cooperation Council – Hilal Sukuk

2009 – USD 100 million due 2014

### 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  
2013, 2014 – INR 72 billion due 2016, 2019, 2021, 2024

#### Masala Uridashi Bond

2016 – INR 300 million due 2019

### 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

#### Kazakhstan

2017 – KZT 8.6 billion due 2026

#### Romania

2017 – RON 70 million due 2018

#### Russia- Volga Bond

2012 – RUB 13 billion due 2017

#### Turkey

2017 – TRY 100 million due 2022  
2017 – TRY 150 million due 2022

### 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

### 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



## IFC's Local Currency Track Record in Latin America and the Caribbean




**'Irazu Bond'**  
CRC 5.7 billion (approx. USD 10M)  
2018  
5y  
Second onshore bond in Colones (CRC) in Costa Rica




**'El Dorado Bond'**  
COP 33,7 billion (approx. USD 12M)  
2017  
5y  
First issuance under the (GMTN) promoting international capital markets standards in the Region






**'Taino Bond'**  
DOP 180 billion (approx. USD 10M)  
2016  
5y  
Second domestic placement in Dominican Peso (DOP)




**'Green Inca Bond'**  
PEN 42 million (approx. USD 15M)  
2014  
20y  
First offshore placement of in Soles (PEN)




**'Irazu Bond'**  
CRC 5 billion (approx. USD 10M)  
2014  
5y  
First onshore bond in Colones (CRC) in Costa Rica

**'Taino Bond'**  
DOP 390 billion (approx. USD 10M)  
2013  
5y  
First domestic placement by an international triple-A rated issuer in the Dom. Republic (DOP)




**'El Dorado Bond'**  
COP 225 billion (approx. USD 100M)  
2012  
5y  
First issuance by an international triple-A rated issuer in Colombian Pesos (COP)




**'Inca Bond'**  
PEN 50 million (approx. USD 15M)  
2002  
3y  
First issuance by a non-resident in Peruvian Soles (PEN)




**'Amazônia bond'**  
BRL 200 million (approx. USD 115M)  
2007  
4y  
First issuance by a foreign entity in Brazilian Reais (BRL)

## Examples of Local Currency Issuances



### 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.

- 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.

## Examples of Local Currency Issuances



### TAINO BOND

**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.**

IFC offers  
Taino Bond

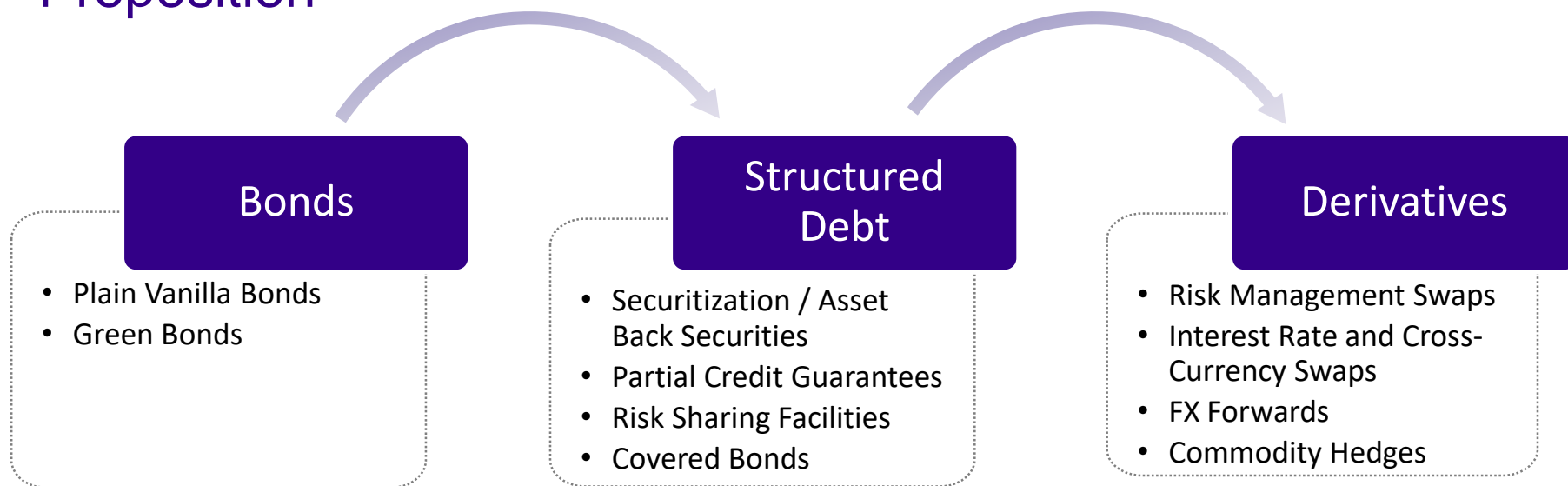
Pension Funds  
purchase bond

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

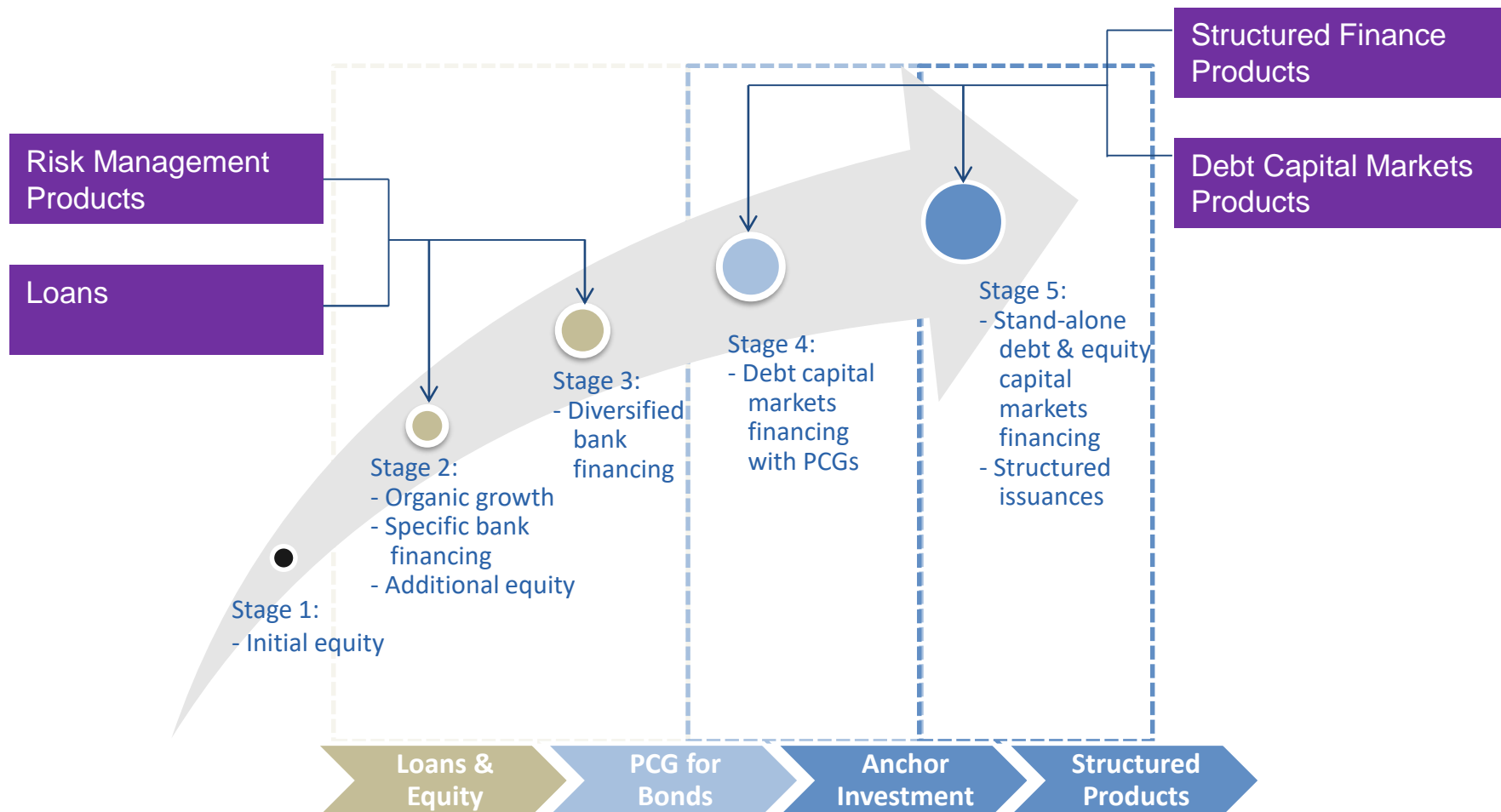
Helping  
Clients Access Capital  
Markets

## Accessing Capital Markets and Derivatives: IFC's Value Proposition



- ✓ 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*



## 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

<p><b>'Banco Mundo Mujer BMM'</b> Bond Issuance COP\$80bn (~US\$27mm) – 5y 2017 Inaugural Bond</p>	<p><b>'Davivienda'</b> Green Bond COP\$433bn (~US\$150mm) – 10y 2017 Largest Green Bond</p>	<p><b>'Bancolombia'</b> Green Bond COP\$350bn (~US\$100mm) – 7y 2017 First Green Bond</p>	<p><b>'EPSA'</b> COP\$210bn (~US\$74mm) – 12y 2018 Inaugural Green Bond in the Colombia real sector</p>	<p><b>'Multibank'</b> Bond Issuance CHF\$38mm (~US\$39mm) – 3.5y 2017 Bond Issuance in CFH</p>
<p><b>'Banque Centrale Populaire'</b> Green Bond USD\$111mm 10y – 2017 Inaugural Green Bond</p>	<p><b>'Bayport'</b> Bond Issuance ZMW\$172mm (~US\$27mm) – 4y 2014 Inaugural Bond</p>	<p><b>'Petra Diamonds'</b> Bond Issuance USD\$30mm – 5y 2015 Inaugural Bond</p>	<p><b>'L&amp;T'</b> Green Bond INR6.67bn (~US\$ 103m) – 10y 2017 Inaugural Green Bond</p>	<p><b>'Bancamia'</b> Bond Issuance COP\$84bn (~US\$26mm) – 3y 2015 Inaugural Bond</p>

### Examples of Derivative Solutions

<p><b>'Sun Edison'</b> Interest Rate Swap Infrastructure US\$82 mm 16.5y 2016 IFC Hedge Provider</p>	<p><b>'Ventosa'</b> Cross-Currency Swap Infrastructure US\$50mm – 15y 2011 IFC Hedge Provider</p>	<p><b>'VMLA'</b> Currency Fwds Infrastructure US\$50mm – 5y 2011 IFC Hedge Provider</p>
<p><b>'Penonome Wind'</b> Interest Rate Swap Infrastructure US\$66mm – 17y 2014 IFC Hedge Provider</p>	<p><b>'Transambiental'</b> Cross-Currency Swap Infrastructure US\$15mm/EUR16mm 10y – 2016 IFC Hedge Provider</p>	<p><b>'Recaudo'</b> Cross-Currency Swap Infrastructure US\$90mm 10y – 2013 IFC Hedge Provider</p>

### Examples of Structured Debt

<p><b>'Fedecredito'</b> DPR Securitization US\$50mm – 7y – IFC acting as structuring investor 2010 Fedecredito's First DPR securitization</p>	<p><b>'Camesa'</b> Partial Credit Guarantee MXN1.0 bn (~USD\$65mm) – 2y &amp; 3y Camesa's First Bond in MXN</p>	<p><b>'Copeval'</b> Trade Receivable Securitization CLP 24.5bn (~USD 45mm) 7y – AA(cl) rated 2014 Coeval's first Securitization</p>	<p><b>'Mybank'</b> ABS / Securitization RMB170mm (~USD\$25mm) – 3y 2017 Mybank's first ABS</p>	<p><b>'Alibaba'</b> ABS / Securitization RMB180mm (~USD\$28mm) – 3y 2016 The first ABS Securitization</p>	<p><b>'SETRAG'</b> Interest Rate Swap Infrastructure US\$47mm – 14y 2017 IFC Hedge Provider</p>	<p><b>'Vorotam'</b> Interest Rate Swap Infrastructure US\$112mm 18y 2016 IFC Hedge Provider</p>	<p><b>'CDB'</b> Cross-Currency Swap Infrastructure US\$35mm 16y – 2017 IFC Hedge Provider</p>
<p><b>'Fhipo'</b> Mortgage Loans Securitization MXN 2000mm (approx. USD 107mm) – 7Y 2018 First mortgage REIT traded on the Mexican Stock Mark</p>	<p><b>'Patria'</b> FIDC BRL 130mm (~USD 40mm) 6y 2018 IFC's first funded private structured credit solution in Brazil</p>	<p><b>'Garanti Bank'</b> Mortgage Cover Bond US\$150mm – 5y 2017 Garanti's First Cover Bond</p>	<p><b>'PT Ciputra'</b> Partial Credit Guarantee IDR 500 bn (~USD\$14mm) – 2y, 5y &amp; 7y 20xx First PCG in Indonesia</p>	<p><b>'Compass'</b> SME Leasing Securitization ZAR1.0 bn (~USD\$90mm) – 6y 2014 IFC's first leasing securitization</p>	<p><b>'Greek Airports'</b> Interest Rate Swap Infrastructure US\$59mm 17y 2017 IFC Hedge Provider</p>	<p><b>'Ravinala Airports'</b> Interest Rate Swap Infrastructure EUR\$138mm 16y 2016 IFC Hedge Provider</p>	<p><b>'Bibiana II'</b> Interest Rate Swap Infrastructure US\$91.8mm 9.5y 2016 IFC Hedge Provider</p>

## 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*



## Selected Examples of Bond Issuances

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



## 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*

## Selected Examples of Structured Debt

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



## 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*

## Selected Examples of Derivatives Transactions

IFC 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/EUR16mm  
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  
2017  
IFC Hedge Provider



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



**'Ventosa'**  
Cross-Currency Swap  
Infrastructure  
US\$50mm  
15y  
2011  
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

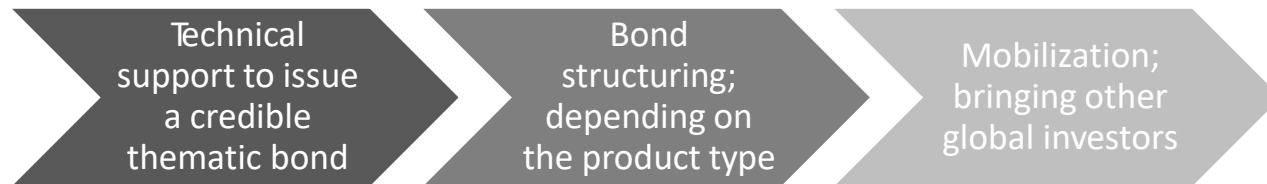


**'Bibiyana II'**  
Interest Rate Swap  
Infrastructure  
US\$91.8mm  
9.5y  
2016  
IFC Hedge Provider

## Investing In Thematic Bonds

## What is IFC's Value Proposition?

### Complete Package For Clients



- ✓ 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

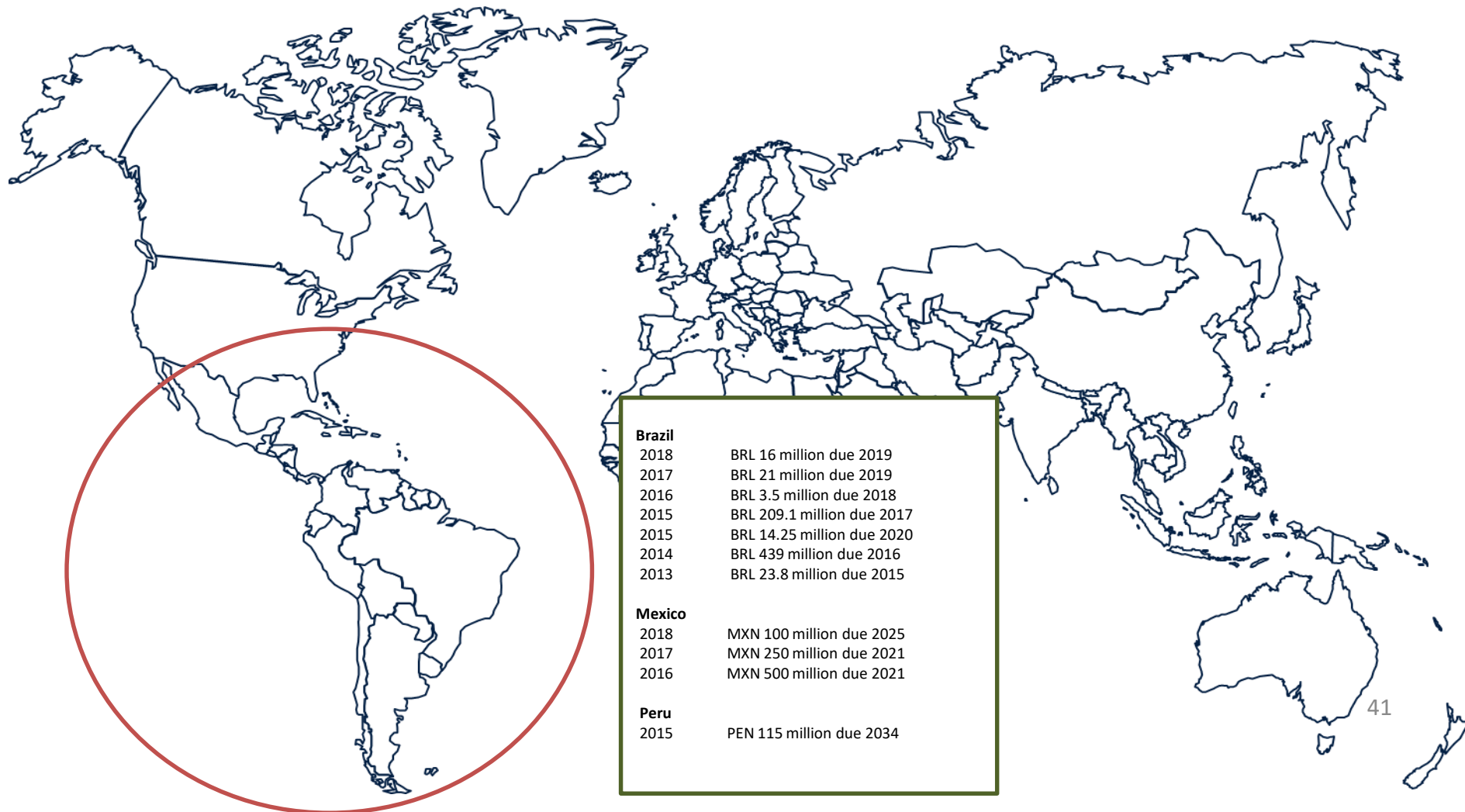
2010	Feb 2013	Jul 2015	Today
<p><b>Inaugural issue</b></p> <p>IFC is one of the pioneers and largest global issuers in the Green Bond market.</p>	<p>IFC issued <b>the largest Green bond</b> at the time, US\$1bn, catalyzing a niche product to a mainstream market instrument.</p>	<p>IFC became <b>the first issuer of offshore rupee green bonds</b>.</p> <p>Proceeds of INR 3.15 billion (~\$49.2 million) used in a green bond issued by Yes Bank, a leading Indian private sector bank.</p>	<p>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 <b>cumulative issuance since 2010 to \$7.6 billion</b> across 111 bonds in thirteen currencies (including Chinese Renminbi, Turkish Lira).</p> <p>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.</p>





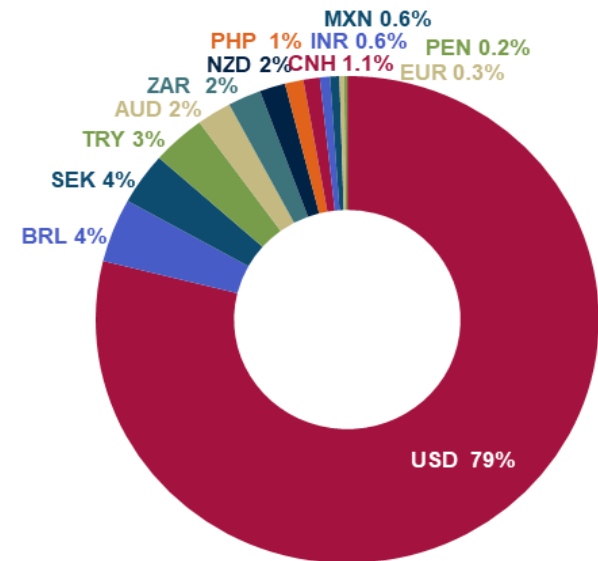
# IFC's Local Currency Green Bond Issuances in Latin America

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

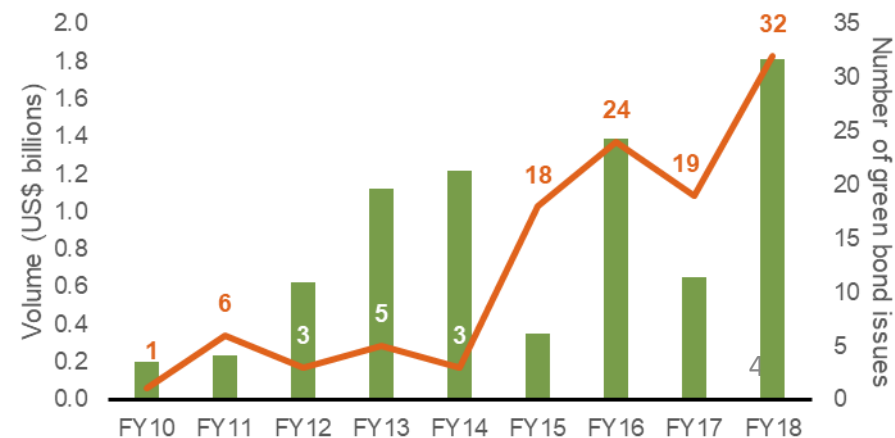


- IFC's **Green Bond program** was launched in 2010 and has raised over **USD 7.6 billion** as of FY18 end through 111 bonds including:
  - the market's **first benchmark-sized green bonds** issued in February and November 2013
  - the first US **focused retail green** bond program
  - tenors up to 30 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

*Total green bond issuance by currency*



*Total green bond issuance by volume and number*



- 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?

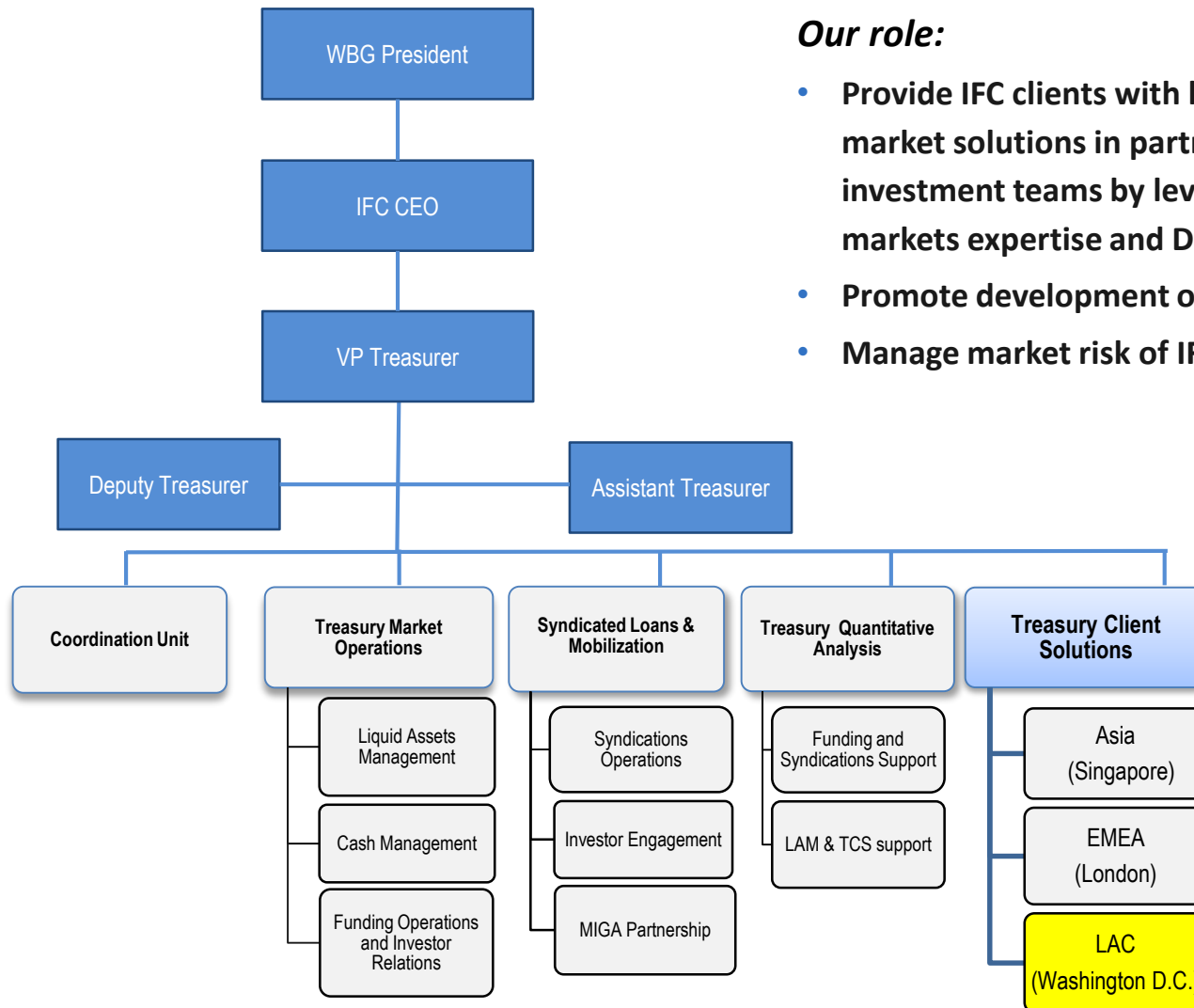
- ✓ Investor diversification
- ✓ Franchise value
- ✓ Enhances reputation in the market by generating environmental and social benefits from investments and by integrating debt management into firm-wide commitments to reduce GHG emissions and achieve environmental and social impact
- ✓ Cultivate a positive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

# 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:*



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