Partnering with IFC Syndications
IFC Syndications

IFC, a member of the World Bank Group, is the world’s largest private sector development finance institution. IFC works with companies in developing countries to create opportunities for people to escape poverty and improve their lives.

The A/B Loan structure (first developed by IFC and subsequently adopted by other International Financial Institutions) was the first mobilization tool used by IFC. IFC’s Syndicated Lending Program, the oldest and largest among Multilateral Development Banks, continues to play a strong role in IFC’s overall mobilization efforts, raising 55% ($2.7 billion) of IFC’s total funds mobilized in FY12. Starting with the first commercial syndication for $600,000 in 1965, this Program has attracted more than $40 billion from over 550 co-financiers, including commercial banks, funds & Development Finance Institutions (DFIs) for IFC clients in over 100 emerging markets. The Program now includes B Loans, Parallel Loans and Sales of Participations in IFC’s A loans.

**B Loans**

B Loans offer commercial banks and other financial institutions an opportunity to participate in IFC-financed projects. These loans are a key part of IFC’s effort to mobilize cross-border funding for private sector investments in developing countries.

Under the B Loan structure, IFC sells participations in portions of its loans while remaining the lender of record for the entire amount. Participants share in all project risks, as well as in any benefit which IFC derives from its status as a multilateral development institution, including preferred creditor status.

IFC enjoys de facto Preferred Creditor Status (PCS), and governments have always granted IFC loans (including B Loans) preferential access to foreign currency in the event of a country foreign exchange crisis, thus effectively mitigating transfer and convertibility risk. IFC loans have also never been included in a general country debt rescheduling and have never been subject to mandatory new money obligations.

IFC’s PCS has been consistently recognized by member governments since the beginning of its operations. Bank regulators, the BIS and rating agencies recognize the efficacy of the political risk mitigation provided by IFC, often allowing participants to apply a more favorable treatment to B Loans.

**Parallel Loans — Increasing Cooperation with IFIs**

In response to international banks’ retrenchment from cross-border emerging market lending in FY09, IFC began syndicating parallel loans to International Financial Institutions (IFIs), and other ineligible B loan participants. Under this new approach, IFC acts as arranger (and can also act as administrative agent) by using its existing syndication platform, deal-structuring expertise and global presence to identify investments, perform due diligence, and negotiate loan documents in cooperation with parallel lenders. Lenders under this structure enjoy cost and time savings through this streamlined approach. Borrowers benefit from enhanced access to financing and time and cost savings throughout the life of the loan.

In order to streamline cooperation with IFIs, IFC developed a Master Cooperation Agreement (MCA) in 2009 which details the manner in which IFIs work together to co-finance projects when IFC is the mandated lead arranger; MCA signatories include APICORP, BOAD, BIO, BSTDB, CDC, DBJ, DEG, EDB, EDC, FMO, ICD, OeEB, OFID, OPIC, Proparco, SOFID and Swedfund. IFC has syndicated over $3.7 billion dollars in parallel loans for clients since the establishment of the MCA, and 40% of this volume ($1.5 billion) has been provided by MCA Signatories.

**BENEFITS TO BORROWERS**

- The B Loan helps clients complete their financing package
- Borrowers can obtain financing at longer tenors than otherwise available
- IFC financings, including B Loans, are exempt from withholding taxes
- Simplified administration and documentation through the single lender of record structure
- B Loans may introduce new banking relationships
- Borrowers benefit from IFC’s global expertise, environmental and social leadership and the IFC stamp of approval

**BENEFITS TO PARTICIPANTS**

- Participants benefit from IFC’s political risk mitigation, including transfer and convertibility risk
- B Loan participations may receive favorable treatment under mandatory country-risk provisioning requirements or capital adequacy requirements
- IFC is a leader in environmental and social issues and brings extensive emerging markets and structuring experience
- B Loans facilitate access to new clients/countries
**B Loan Structure**

- One loan agreement – IFC is lender of record and administers entire loan
- IFC fully shares project risks with participants
- Participation structure allows participants to benefit from IFC's privileges and immunities

** Syndicated Parallel Loan Structure**

- IFC as Arranger and/or Administrative Agent

**Participants**

- IFC Headquarters
- Regional Hubs
- Recent IFC Syndications
- Borrower

**Loan Agreement**

- Participation Agreement
- B Loan

**Syndicated Loan Statistics**

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Volume (US$m):</td>
<td>1,247</td>
<td>734</td>
<td>3,457</td>
<td>1,127</td>
<td>1,764</td>
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<tr>
<td>Number of Deals:</td>
<td>20</td>
<td>14</td>
<td>28</td>
<td>20</td>
<td>26</td>
<td>24</td>
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<tr>
<td>Average Loan Size (US$m):</td>
<td>62</td>
<td>53</td>
<td>119</td>
<td>56</td>
<td>68</td>
<td>39</td>
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<tr>
<td>Average Final Maturity (yrs):</td>
<td>5</td>
<td>11</td>
<td>9</td>
<td>11</td>
<td>6</td>
<td>9</td>
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<tr>
<td>Average Margin: (bps)</td>
<td>350</td>
<td>452</td>
<td>297</td>
<td>570</td>
<td>310</td>
<td>444</td>
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</tbody>
</table>

Fiscal year-end is June 30

**B Loan Participant Eligibility**

Participants must be commercial financial institutions and may not be incorporated or reside in the country of the borrower or of the project. Non-investment grade and unrated financial institutions are considered on a case-by-case basis.
SYNDICATIONS PORTFOLIO*  
**as of December 2012 – by Region**  

Total Committed Portfolio: US$11.6 billion – 157 loans

*Includes B Loans, Parallel Loans, A Loan Participations (ALPs), Unfunded Risk Participation (URP) and Initiatives (Trade Finance)

SYNDICATIONS PORTFOLIO*  
**as of December 2012 – by Industry Group**  

Total Committed Portfolio: US$11.6 billion – 157 loans

*Includes B Loans, Parallel Loans, A Loan Participations (ALPs), Unfunded Risk Participation (URP) and Initiatives (Trade Finance)

TOP 20 B LOAN PARTICIPANTS

**NEW SIGNINGS**  
January 1, 2012 - December 31, 2012 (US$ ‘000)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Participant</th>
<th>Amount (US$ ‘000)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>UniCredit</td>
<td>171,205</td>
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<td>2</td>
<td>Mitsubishi UFJ Financial Group</td>
<td>160,000</td>
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<td>3</td>
<td>HSBC</td>
<td>131,000</td>
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<tr>
<td>4</td>
<td>Mizuho Corporate Bank</td>
<td>130,000</td>
</tr>
<tr>
<td>5</td>
<td>FMO</td>
<td>87,500</td>
</tr>
<tr>
<td>6</td>
<td>Rabobank</td>
<td>74,075</td>
</tr>
<tr>
<td>7</td>
<td>Banco do Brasil</td>
<td>70,000</td>
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<tr>
<td>8</td>
<td>Korea Development Bank</td>
<td>70,000</td>
</tr>
<tr>
<td>9</td>
<td>SMBC</td>
<td>70,000</td>
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<tr>
<td>10</td>
<td>Citi</td>
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<tr>
<td>11</td>
<td>Standard Chartered Bank</td>
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<td>12</td>
<td>Wells Fargo Bank</td>
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<td>13</td>
<td>KFW Ipex</td>
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<td>14</td>
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<tr>
<td>15</td>
<td>RZB</td>
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<td>16</td>
<td>Société Générale</td>
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<tr>
<td>17</td>
<td>Standard Bank</td>
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<td>18</td>
<td>Banco General</td>
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<td>19</td>
<td>Santander</td>
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<td>20</td>
<td>Bank of Nova Scotia</td>
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**COMMITTED PORTFOLIO**  
as of December 31, 2012 (US$ ‘000)

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<th>Rank</th>
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<td>DnB NOR</td>
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<td>4</td>
<td>ING</td>
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<tr>
<td>5</td>
<td>KFW Ipex</td>
<td>321,111</td>
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<td>6</td>
<td>Credit Agricole</td>
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<td>7</td>
<td>Portigon</td>
<td>277,351</td>
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<td>8</td>
<td>Cordiant</td>
<td>259,838</td>
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<tr>
<td>9</td>
<td>Mitsubishi UFJ Financial Group</td>
<td>255,362</td>
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<td>10</td>
<td>Santander</td>
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<td>BNP Paribas</td>
<td>252,208</td>
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<td>FMO</td>
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<td>13</td>
<td>HSBC</td>
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<td>14</td>
<td>Erste Bank Group</td>
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<td>15</td>
<td>Citi</td>
<td>210,991</td>
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<td>16</td>
<td>Rabobank</td>
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<td>Mizuho Corporate Bank</td>
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<td>Nordea</td>
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<td>19</td>
<td>RZB</td>
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<td>20</td>
<td>SMBC</td>
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<td>June 2010</td>
<td>VICAT SAGAR: €130,000,000, IFC B Loan &amp; Syndicated Parallel Loan</td>
<td>India</td>
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<td>November 2010</td>
<td>China Windpower: €785,000,000, IFC B Loan</td>
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<td>June 2011</td>
<td>Educomp: US$40,000,000, IFC B Loan</td>
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<td>July 2011</td>
<td>Infosys: US$170,000,000, IFC B Loan</td>
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<td>November 2011</td>
<td>ABENGOA SOLAR: ZAR 1,947,400,00, IFC B Loan</td>
<td>South Africa</td>
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<td>TECNO SOLAR: €142,500,000, IFC B Loan</td>
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<td>November 2011</td>
<td>TECNO SOLAR: US$40,000,000, IFC B Loan</td>
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<td>November 2011</td>
<td>COMPANHIA GALEFTOAUS: US$55,000,000, IFC B Loan</td>
<td>Ukraine</td>
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<td>November 2011</td>
<td>COMPANHIA GALEFTOAUS: US$80,000,000, IFC B Loan</td>
<td>Central America</td>
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<td>November 2011</td>
<td>COMPANHIA GALEFTOAUS: US$80,000,000, IFC B Loan</td>
<td>Brazil</td>
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<td>December 2011</td>
<td>CAMEXUS: US$25,000,000, IFC B Loan</td>
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<td>EPM: US$324,000,000, IFC B Loan</td>
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<td>April 2012</td>
<td>Belcorp: US$80,000,000, IFC B Loan</td>
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<td>June 2012</td>
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<td>Brazil</td>
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<tr>
<td>November 2012</td>
<td>Grupo Calidra: US$121,000,000, Parallel Loan</td>
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<td>December 2012</td>
<td>Grupo Calidra: US$400,000,000, IFC B Loan</td>
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<td>December 2012</td>
<td>Grupo Calidra: US$350,000,000, IFC B Loan</td>
<td>Mexico</td>
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</tbody>
</table>
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World Bank Group