



IFC Capital Market Solutions in Asia

Overview of IFC

Issuing in Local Markets

Helping Clients Access Capital Markets

IFC Transaction Highlights in Asia

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Five Institutions, One Group

The World Bank Group has adopted two ambitious goals:

- **End extreme poverty:** the percentage of people living with less than \$1.90 a day to fall to no more than 3% globally by 2030
- **Promote shared prosperity:** foster income growth of the bottom 40% of population in developing countries



*Issues Bonds under:
World Bank*

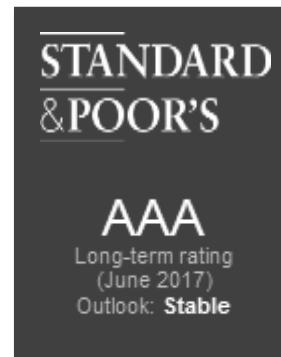


Issues Bonds under: IFC



Uniquely Positioned Issuer

- Consistently rated AAA/Aaa
- 0% risk weighting under Basel program
- Only supranational institution with fully paid in capital
- Well capitalized: net worth represents quarter of \$90 billion balance sheet
- Consistently recorded operating profits every year since its founding
- Annual funding program of \$17 billion for FY17



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

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Issuing in Local Markets



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IFC becomes largest issuer of London-Listed renminbi bonds

By Cecily Liu (chinadaily.com.cn)
Updated: 2014-09-18 05:40

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International Finance Corporation issued 1 billion yuan worth of (\$163 million) renminbi bonds on Wednesday in London, which made it now the largest issuer of renminbi-denominated bonds on the London Stock Exchange.

The five-year issuance marks the second time IFC has issued a benchmark-sized renminbi bond this year. The bond is also the longest-dated renminbi bond by a triple-A rated issuer on the exchange. In all, IFC has issued about 4.25 billion yuan in renminbi-denominated bonds in London.

George Osborne @George_Osborne

Official profile of George Osborne, Chancellor of the Exchequer & MP for Tatton. Account run by George Osborne and @conservatives team.

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George Osborne @George_Osborne · 2h
Delighted that International Finance Corporation has issued its first London Renminbi bond. Confirms UK's status as western RMB hub #China Details

George Osborne @George_Osborne · Mar 3
Congrats to Steve McQueen for winning Best Picture & to visual effects @Framestore @Prime_Focus for winning with Gravity #Oscars

Capital Markets

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November 10, 2014 5:34 pm

IFC arm of World Bank issues 10bn rupee 'masala bond'

Henny Sender in New York



Another step to help internationalise the Indian rupee has been taken with the issuing of a Rs10bn offshore Indian currency "masala" bond in London, the longest dated offshore issue so far at 10 years.

The proceeds of the \$163m offer from the International Finance Corp arm of the

World Bank will go to invest in local Indian infrastructure projects.



The International Finance Corporation opened up a new asset class in August this year when it printed the first-ever green "masala bond" – an Indian rupee-denominated note sold to offshore buyers whose proceeds are used for green investments in India.

Focus on 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
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 million due 2019
- 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

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
- Sukuk al Wakala**
2015 – USD 100 million due 2020

Europe

- Armenia – Sevan Bond**
2013 – AMD 2 billion due 2016
- Georgia – Iveria Bond**
2015 – GEL 30 million due 2017
- 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

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

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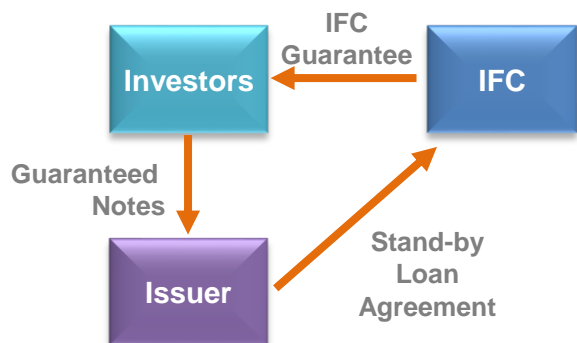
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IFC Partial Credit Guarantee (PCG) for Bonds

Basics

- IFC irrevocably guarantees due payment to bondholders, up to Guarantee Amount
- IFC PCG can reduce both probability of default and loss given default
- Objective is to offer minimum guarantee amount necessary to facilitate successful transaction



Benefits to Issuers

- Access to wider investor base
- Paves the way for future issuances without enhancement
- Extend maturity
- Rating improvement

Benefits to Investors

- Reduced loss given default
- Reduced probability of default
- IFC due diligence and supervision
- “Stamp of Approval”

Anchor Investments

Basics

- IFC can provide its support to a bond issuance by committing to purchase a portion of the notes issued
- After its due diligence and credit approval, IFC can sign a commitment agreement, and IFC's anchor investment can then be announced to the market during the roadshow
- Depending on the pre-agreed structure and auction format, IFC can offer to reduce its allocation depending on subscription levels

Benefits to Investors

- IFC's public support of the issuance reduces pricing uncertainty
- Investors derive comfort from IFC due diligence and "stamp of approval"
- May provide better economics compared to a PCG for investors who are less focused on ratings

Benefits to Issuers

- Like a partial underwriting, an IFC anchor investment ensures a successful issuance
- IFC's public endorsement will help to boost subscription levels and reduce the clearing yield
- IFC can support the structuring and marketing process as needed

Securitization

Basics

- A form of off-balance sheet financing which involves pooling of financial assets and issuance of securities that are repaid from the cashflows generated by these assets
- IFC provides credit enhancement to the senior tranche by investing in a mezzanine tranche or by covering payment shortfalls due to senior Noteholders
- As a Structuring Investor, IFC can support the process with arrangers, regulators and credit rating agencies and provide best practice from other markets.

Benefits to Investors

- Allows highly rated securities to be created from less credit worthy assets
- Access to wider investor base
- Facilitates Rating improvement
- Alternative form of longer term funding
- Can improve balance sheet management and potentially provide capital relief

Benefits to Issuers

- Reduced probability of default
- IFC due diligence and supervision

Client Risk Management Products (CRMs)

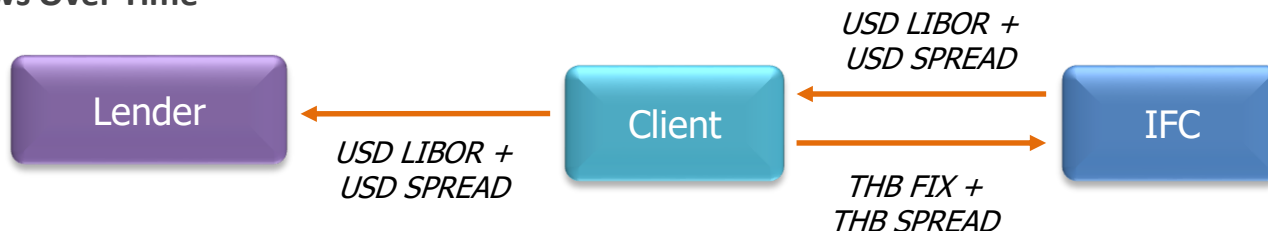
- Subject to regulatory approvals in a particular country, IFC can provide hedging instruments directly to clients who do not have access to quality hedging products
- Interest rate swaps/Interest rate caps and collars, cross-currency swap/FX forwards and other instruments available in the market
- These hedges can be used to hedge Assets (loans, bonds, revenues, portfolio etc.,) and/or Liabilities (new or outstanding IFC and third party loans, deposits, etc.)

Example: CRM on USD Loan from third party lender to Client

Initial Flows



Flows Over Time



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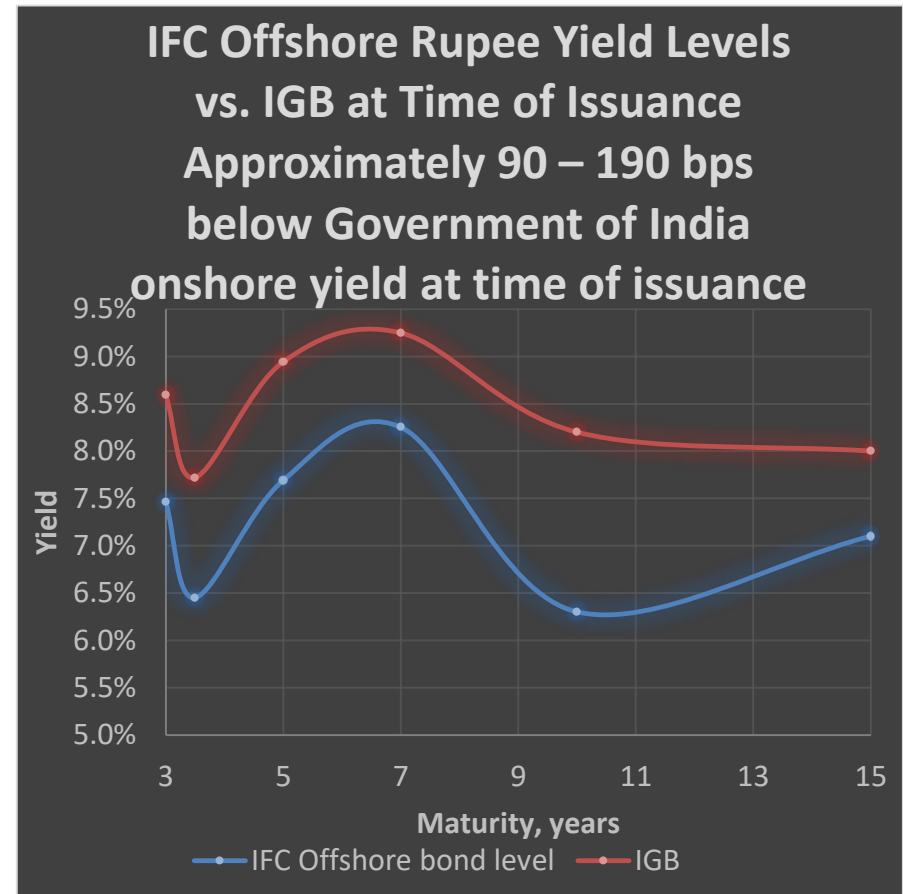
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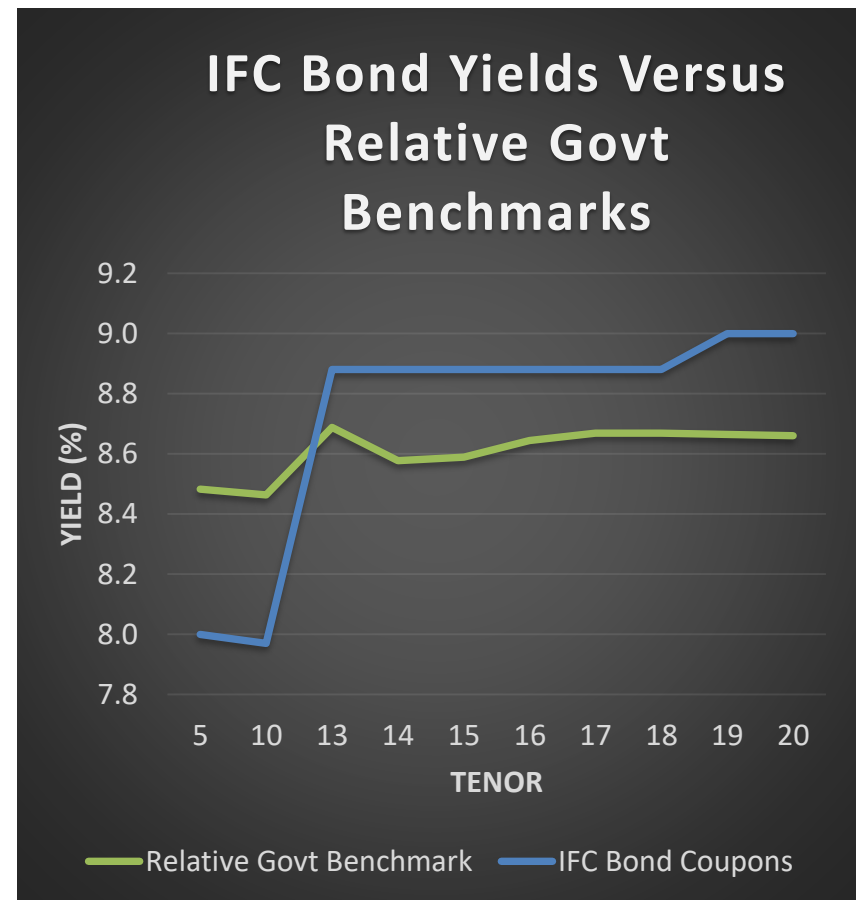
India: IFC Masala Bond Program

- IFC within the last three years has successfully launched an offshore Rupee bond (“Masala Bond”) program for \$3Bn equivalent (approx. INR 184Bn).
- As of March 2016, IFC has issued INR 110 Bn offshore in 7 tranches with tenors ranging from 3 to 15 years, thus establishing the first “AAA” offshore rupee yield curves as per the graph on the right.
- The program was deemed a big success in international markets and has been successfully placed with investors across the globe.
- Proceeds from the bond are being utilized in IFC projects in India – this includes an investment in Axis Bank infrastructure bond and the Yes Bank 10 year Green Bond.
- **Demonstration Effect:** Following the success of the issue of masala bonds by IFC last year, RBI has now permitted Indian corporates to issue them. This highlights the impact of these transactions going beyond the volume of financing from our balance sheets.
- The program created a Rupee yield curve in the offshore market through issuances of various maturities - 3 Year, 5 Year, 7 Year, 10 year, 15 years and includes Green Masala Bond and Masala Uridashi Bond. All issuances received very strong interest from global investors and were oversubscribed.



India: IFC Maharaja Bond Program

- The IFC Indian Rupee Bond Program for \$2.5Bn equivalent was announced on August 20th 2014
- IFC launched and priced the four inaugural tranches of the Maharaja Bond Program on September 23rd 2014
- The four tranches were issued in total for INR 6 Billion (~\$100mm)
- The bonds were uniquely structured to attract two different types of investors (foreign and domestic institutional investors)
- This ensured optimal pricing was achieved in the domestic markets
- Tenors of up to 20 years were achieved
- This was the first bond issuance to pierce the Indian sovereign bond curve
- Two tranches are structured to allow IFC to reissue bonds from the same investors up to a preset amount
- As a result IFC executed the first reissuance in the domestic corporate bond market in January 2016
- Proceeds from the Bonds will be invested in infrastructure projects in India



India: Yes Bank Green Bond Investment

About Yes Bank Financial Services

- Yes Bank, is India's fourth largest private sector Bank, it is a "Full Service Commercial Bank" and has steadily built a Corporate, Retail and S&E banking franchise.
- The Bank is the only Greenfield Bank license awarded by the RBI in the last two decades.

A pioneer in the Indian bond market

- To support its growing investment in Renewable energy infrastructure, Yes Bank needed to establish a Green Bond program that would help diversify its funding sources beyond local banks and tap into the nascent Green Bond capital markets.
- Yes Bank established its Green Bond Medium-Term Note program that follows the 4 pillars of the Green Bond Principles. This framework will enable Yes Bank to raise funding from international Social Responsible investors looking for diversification in domestic markets
- Yes Bank's green bond of INR 3.15bn (approx. US\$ 49.2m) issued in Aug 2015 was the second green bond under the bank's EMTN program and the first issued for an international investor under the Green Bond Principles guideline opening doors for other international investors in future issuances.

IFC Role

- IFC committed to purchase up to US\$ 50 million notes in Yes Green Bond issuance, providing both funding and sending a strong signal of support to potential investors who are looking for diversification into emerging markets.
- IFC supported the issuance by sharing IFC's experience and expertise in Green Bond market, review of Yes bank's pipeline of green investment and IFC's climate definitions helped draft "Use of Proceeds Language", and provided impact reporting tool and training to provide future investors environmental impact data.

Issuance Summary

Issuer	Yes Bank Limited
Status	Green Bond, Senior Unsecured
Pricing Date	3 August 2015
Settlement Date	5 August 2015
Size	INR 3.15b (approx. US\$ 49.2m)
Maturity	5 August 2025
Tenor	10 years
Listing	Bombay Stock Exchange
Governing Law:	Indian Law

IFC's Investment

- Fully Subscribed by IFC
- Pre-committed private placement
- IFC's first Green Bond investment, and IFC's first green corporate bond investment in Indian Rupee

Achievement

- Setting the market standard for Green Bonds in India and EM Markets
- Stimulating the domestic capital markets and opening the door for climate change investments

China: Alibaba MSME ABS Investment

DESCRIPTION AND HIGHLIGHTS

- On November 17th 2015, IFC purchased 180 million RMB (~28 million USD) in the CICC-Ant Microloan 2015-7 Asset backed securitization
- The underlying portfolio consists of micro and SME loans originated by Alibaba Microloan company to vendors running businesses on the Alibaba e-commerce platform
- IFC was the sole investor in the mezzanine tranche and purchased a portion of the senior tranche to help facilitate the placement of the remaining RMB 720 million of senior tranche with investors
- The issuance was the first ABS by the originator to be structured purely based on the underlying asset quality. Previous issuances had benefited from a related party guarantee (from an Alibaba subsidiary)
- The investment was part of IFC's strategy to develop Chinese securitization markets and enhance access to finance for microcredit companies

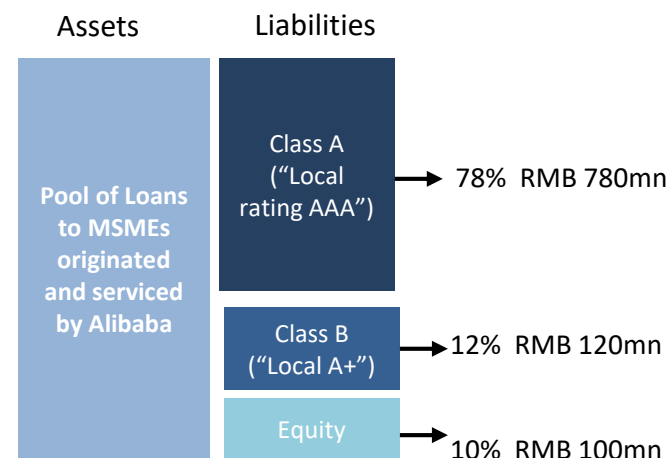
KEY BOND TERMS

- Ant 2015-7 Size: RMB 1 billion
- IFC Investment: RMB 120mn in Class B; RMB 60mn in Class A
- Credit Enhancement for Class B of 10% Equity plus Excess Spread
- Expected Tenor: 1 year revolving period plus expected amortization period of 3 months
- Legal Tenor: 39 months
- Listing: Shenzhen Stock Exchange

UNDERLYING ASSET FEATURES

- Revolving portfolio of loans to MSMEs ensures Ant can fund in excess of RMB 1 billion to borrowers
- Eligibility and portfolio criteria to ensure diversification by borrower, minimum interest rate of 10% on asset pool in securitization and determine type of loans in portfolio;

Ant Microloan 2015-7 Capital Structure



Indonesia: PT Ciputra Bond Partial Credit Guarantee

Overview

- IDR 500bn total of 3Y (IDR 200bn), 5Y (IDR 220bn) and 7Y (IDR 80bn) bond issuance by Ciputra, a leading Indonesian property company focused on residential property development.

IFC's credit enhancement

- 20% guarantee of the total principal amount outstanding under the bonds, with a maximum guarantee amount of IDR 100 billion (USD 8.7 million equivalent).

Achievements

- Bond rating enhanced to A (idn) from the corporate ratings of A- (idn) by Fitch on the Indonesian national rating scale.
- Bond was the first with a partial credit guarantee to be issued in Indonesia and helped Ciputra establish a strong profile in the capital markets.
- Issuance was more than 2x oversubscribed and was sold to a variety of investors including pension funds, banks, asset managers, insurers and foundations.
- Proceeds used to support the construction of low-rise houses and relevant ancillary facilities in developments across Indonesia.
- Ciputra agreed to use the IFC Green Building Standards in developing some of its buildings, a first in Indonesia.



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