

Creating Markets, Creating Opportunities



Helping Clients Access Capital Markets

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Mechanics

- Samarkand bonds are Uzbek Sum (UZS) denominated notes issued offshore to international investors
- Principal and coupon amounts are **denominated in UZS**, but all payments on the notes are **settled in USD** using the prevailing USD/UZS foreign exchange rate at the time of each payment

Benefits to Investors

- Efficient way for international investors to get exposure to UZS
- Minimizes operational steps and costs as there is no need for investors to set up local custody accounts and do currency conversion
- Reduced risk of settlement issues as investors receive principal and coupon payments in US dollars offshore

Benefits to Issuers

- Source of funding from international investors linked to the Uzbek Sum
- Limits exposure to exchange rate movements for issuers with revenues in UZS

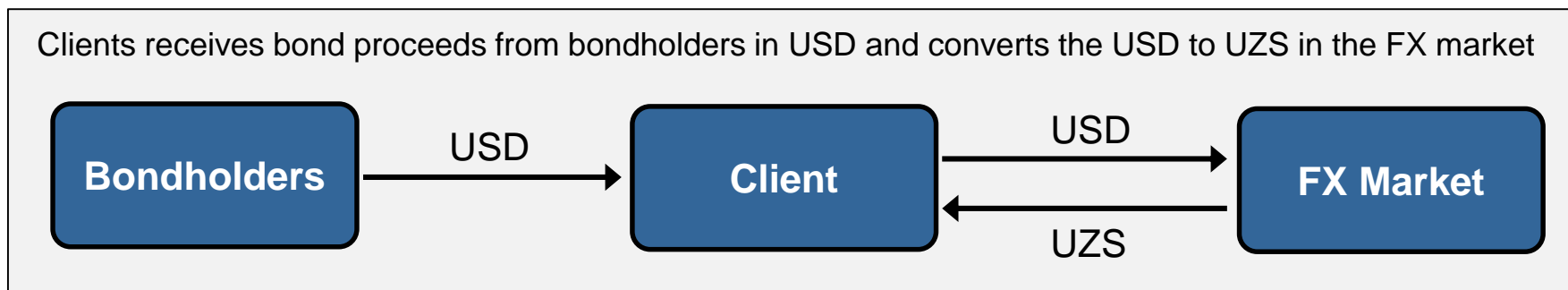
Samarkand bond issuance details

ISIN	Issuer	Amount Outstanding (UZS)	Coupon/ Yield	Issue Date	Maturity Date	Tenor (Years)	Issue Format	Listing	Settlement Currency
XS1826053792	IFC	80bn	9.50%	25-May-18	29-May-20	2	GMTN	London	USD
XS1850432409	IFC	80bn	9.45%	6-Jul-18	6-Jul-20	2	GMTN	London	USD
XS1832831975	IFC	80bn	9.50%	5-Jun-18	31-May-20	2	GMTN	London	USD
XS1920189948	IFC	123bn	9.45%	11-Dec-18	11-Dec-19	1	GMTN	London	USD
XS1923389214	IFC	113bn	9.70%	18-Dec-18	18-Dec-20	2	GMTN	London	USD
XS2051027790	FMO	188bn	9.90%	9-Sep-19	9-Sep-22	3	GMTN	Luxembourg	USD

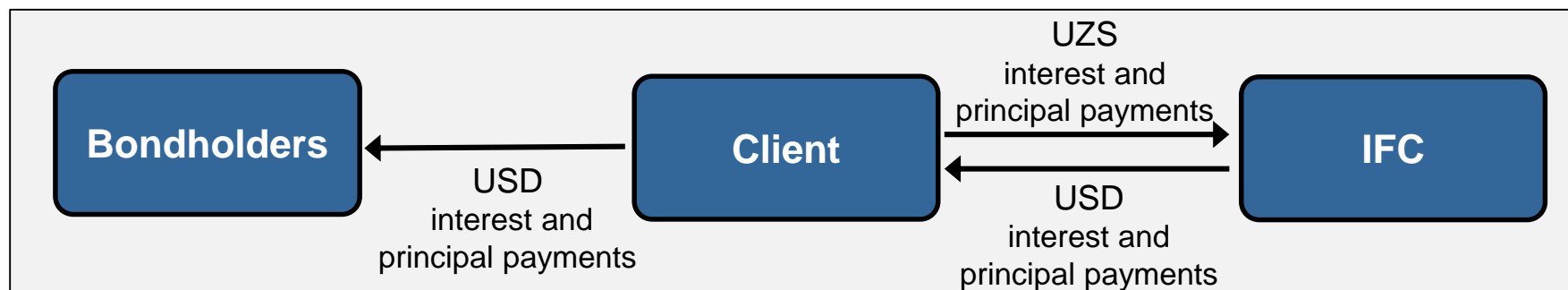
- Subject to regulatory approvals, IFC can help clients in Uzbekistan with foreign currency liabilities and Uzbek Sum revenues to manage their foreign exchange risk by providing client risk management (CRM) swaps.
- This can be done by setting up a UZS/USD cross-currency swap, where the client pays UZS-linked payments to IFC and receives USD payments in return.

Example: CRM to hedge a USD Bond issued by an Uzbek Client

Cashflows at the outset



Cashflows over time



- *Funded and unfunded instruments:* IFC offers a range of instruments to help potential issuers access Debt Capital Markets from bridge financing to security credit enhancement and direct investment in the new issue
- *A flexible approach to support the issuance process:* the different products available may be proposed within a single credit approval in order to provide flexibility in the funding strategy and help prospective issuers adjust to changing market environment



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
- Depending on issuance format, client needs and timing - no minimum or maximum investment – IFC could purchase up to 100% of the notes issued or use IFC's name to mobilize investors without investment from IFC

"IFC has been a long-time partner for us and I am grateful for the tremendous support it has provided in this landmark transaction. IFC's bid gave us great support in building investor confidence and creating early momentum in book build" -
Kaha Kiknavelidze, CEO, Bank of Georgia

Benefits to Investors

- IFC's public support of the issuance reduces pricing uncertainty
- Investors derive comfort from IFC due diligence and "stamp of approval"

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

"We are delighted to partner with a global player like IFC as we take a major step to grow our renewable energy investments. IFC's anchor investment and extensive experience in green bonds were key in successfully mobilizing substantial international and Philippine investment in AC Energy's maiden capital market offering" -

Eric T. Francia, AC Energy President and CEO

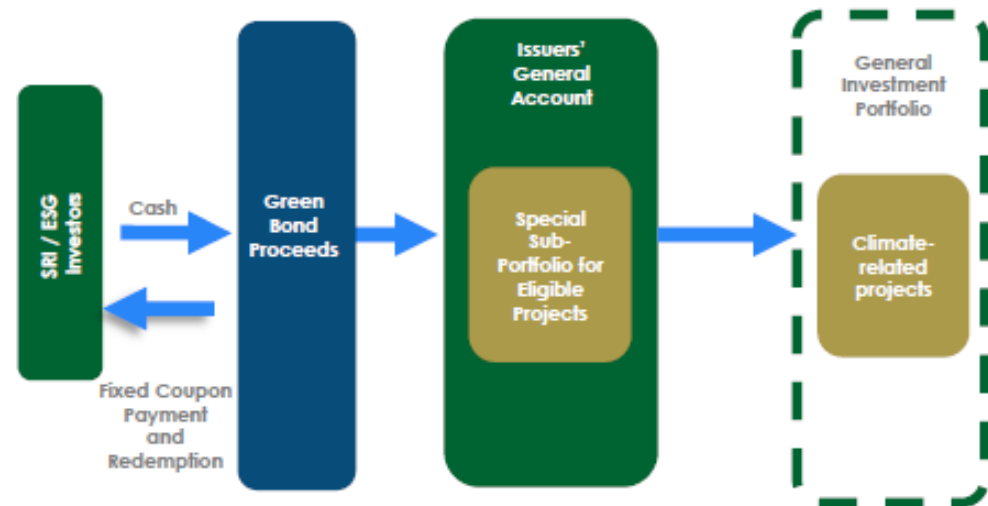
Benefits to Issuers

- Investor diversification
- Franchise value
- Industry leadership, enhances reputation in the market by generating environmental benefits from investments and by integrating debt management into firm-wide commitments to reduce GHG emissions
- Cultivate a positive internal culture of long-term sustainability and environmental governance

IFC's Value Proposition

- Ability to share expertise in climate business, capital markets and Green Bond market in one package
- Transfer knowledge and guide the issuance process to comply with the Green Bond Principles
- Ability to share impact reporting tools and training available to IFC's clients, an essential element of the green bond
- Ability to commit and invest in local currency green bonds and ability to catalyze offshore investors along side IFC
- In-depth knowledge of Impact Investors who participate in Green Bonds

GREEN BOND STRUCTURE DIAGRAM



“Green bonds are fixed income instrument which proceeds are earmarked for projects and activities that promote climate or other environmental sustainability purpose”

Key Elements of Green Bonds

- Criteria for use of Proceeds
- Second opinion
- Management of Proceeds
- Reporting (environmental benefits)

Example Projects that can be financed with Green Bond Proceeds



ENERGY: Low carbon generation, energy efficiency, storage, smart grids, sustainable energy access



TRANSPORTATION: Energy efficient components, fuels and logistics



WATER: Capture, treatment, conservation, wastewater treatment, access



AIR & ENVIRONMENT: Carbon credits, trading and offsets



BUILDINGS: Low carbon strategy, energy efficiency, sustainable materials



MANUFACTURING: Green chemicals, RE/EE supply chain, cleaner production



AGRICULTURE & FORESTRY: Land mgmt, low carbon and adaptation strategies, biomass



RECYCLING & WASTE: Recycling and waste treatment services

Wide range of options available for the Use of Green Bond Proceeds

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Thank you!