

IFC Capitalization Fund

AT A GLANCE

- The IFC Capitalization Fund aims to support systemically important banks in emerging markets; those that provide financing to private sector businesses, particularly small and medium enterprises, and to consumers.
- IFC has agreed to commit \$1 billion to the fund with its founding partner, the Japan Bank for International Cooperation committing \$2 billion.
- The fund, which is administered by IFC Asset Management Company, makes equity or equity-linked investments in, and subordinated loans to, private sector banks or state-owned banks on a clear path to privatization.
- The first transaction of \$20 million to Paraguay's Banco Continental was committed on April 9, 2009. The projects pipeline is over \$750 million, with a regional breakdown of commitments including projects in Asia, Eastern Europe, Latin America, the Middle East and North Africa, and Sub-Saharan Africa.
- Investment objectives are to capitalize emerging-market banking systems while generating returns with an attractive risk-return profile.
- IFC chose to create this fund because:
 - Equity investments in the financial sector are IFC's core business, representing more than 40 percent of IFC's equity portfolio.
 - IFC has had an average real gross U.S. dollar internal rate of return of 39 percent in its commercial banking investments from 1999–2008 and 36 percent for all financial sector investments during the same period.
 - IFC brings unparalleled global expertise and local presence, including 100 field offices in 81 countries.
 - We also offer strategic guidance to portfolio banks, including stabilizing operations, improving risk management and nonperforming loan resolution, and re-initiating growth through lending to micro, small, and medium enterprises.
- In May 2009, IFC Asset Management Company announced that Marcos Brujis will serve as fund head of the IFC Capitalization Fund. Brujis was IFC's Senior Country Manager for Mexico and Central America from 2007–2009, based in Mexico City. He joined IFC in 2000 as a Principal Investment Officer and was appointed Manager of Financial Markets for Latin America and the Caribbean in 2001.

ABOUT IFC ASSET MANAGEMENT COMPANY

- Launched in 2009, IFC Asset Management Company invests third-party capital in a private equity fund format. It offers outside investors the opportunity to benefit from IFC's expertise in emerging markets and track record of achieving strong equity returns as well as distinct development impact.
- IFC AMC funds are open to investors such as governments, pension funds, sovereign wealth funds and others that have never before had access to IFC's pipeline. Mobilizing and managing third-party capital is unprecedented for IFC.
- The company's goal is to offer both strong returns to investors as well as distinct development impact in the markets where it invests. IFC will co-invest in IFC AMC-managed funds.

- In addition to the IFC Capitalization Fund, the company will manage a general private equity fund targeted at \$1 billion that will co-invest in IFC transactions in Africa, Latin America, and the Caribbean. Investors will participate in IFC deal flow across a broad range of sectors.

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