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IFC, Crédit Agricole CIB Launch Landmark Transaction to Revive Emerging Market Trade Finance

WASHINGTON, April 27, 2021 — IFC, a member of the World Bank Group, and Crédit Agricole CIB today announced a landmark structured-finance transaction that will allow Crédit Agricole CIB to significantly expand its trade finance activities in emerging markets, supporting a vital engine of economic growth that has been adversely affected by the COVID-19 pandemic.

In a new Synthetic Risk Transfer (SRT), IFC will provide a \$182 million guarantee on a \$4 billion-equivalent reference portfolio composed mostly of Crédit Agricole CIB trade finance assets in emerging markets.

The transaction is the largest SRT ever done by Crédit Agricole CIB and one of the largest ever undertaken by a global bank. It is twice as large as a similar SRT launched by IFC and Crédit Agricole CIB in 2018, and the largest structured-finance project of any sort ever implemented by IFC. Thanks to this transaction, Crédit Agricole CIB plans to extend a considerable amount of incremental trade finance to support business development in emerging markets.

The project comes at a time when trade finance flows to emerging markets have been hard hit by the global pandemic and banks are exploring ways to more efficiently allocate capital towards businesses affected by the crisis.

Banks use SRTs to lower the risk weights on their asset exposures. Unlike a “funded” securitization in which assets are sold to investors, SRTs leave the assets on a bank’s balance sheet and third-party investors, such as IFC, assume some of their risk — freeing up regulatory capital and enabling the financial institution to maintain current lending operations and undertake more business, in this case in emerging markets.

“SRTs have always played an important role in encouraging banks to extend more credit to priority business lines,” said Paulo de Bolle, Senior Director of IFC’s Global Financial Institutions Group. “The COVID-19 pandemic has made many types of credit exposure riskier, so capital markets transactions of this nature are even more relevant to increasing financing flows to emerging market borrowers.”

“For emerging markets to have a sustainable recovery from the COVID-19 pandemic, more financial support for them compared to the past is required,” Laurent Chenain, Head of International Trade & Transaction Banking at Crédit Agricole CIB said. “This transaction – a milestone in terms of both structure and scale – is an excellent example of how Crédit Agricole CIB is committed to working with investors such as IFC to support clients and facilitate a solid, post-pandemic reconstruction.”

About IFC

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2020, we invested \$22 billion in private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity. For more information, visit www.ifc.org.

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About Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)

Crédit Agricole CIB is the corporate and investment banking arm of Credit Agricole Group, the 12th largest banking group worldwide in terms of tier 1 capital (The Banker, July 2020). Nearly 8,400 employees across Europe, the Americas, Asia-Pacific, the Middle East and Africa support the Bank's clients, meeting their financial needs throughout the world. Crédit Agricole CIB offers its large corporate and institutional clients a range of products and services in capital markets activities, investment banking, structured finance, commercial banking and international trade. The Bank is a pioneer in the area of climate finance, and is currently a market leader in this segment with a complete offer for all its clients. For more information, please visit www.ca-cib.com

