



Industry Context

Companies need risk capital to succeed and grow, but equity remains scarce in most emerging markets. Over the last few years, the macroeconomic environment for equity investing has shifted substantially, with higher-for-longer interest rates and inflation figures, as well as intensified geopolitical risks and increased volatility spurring trade and investment restrictions. By providing equity to its investees, IFC is providing long-term capital that is not only catalyzing their growth and the development of the sector, it is also entering into a partnership that allows IFC to influence and advance ESG principles and higher standards.

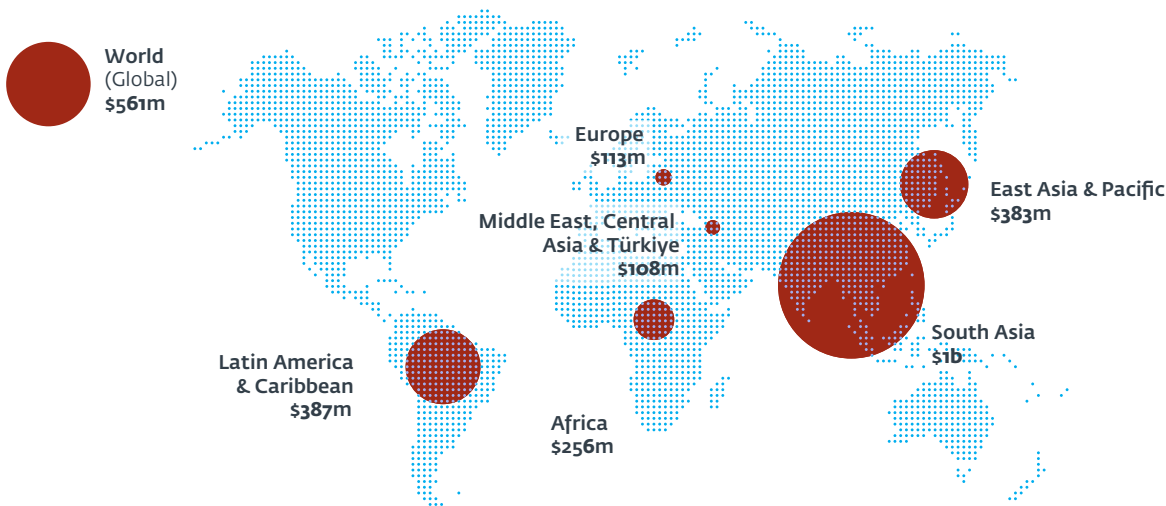
IFC Strategy and Portfolio

IFC invests directly in companies' and financial institutions' equity and also through private equity funds. IFC encourages companies it invests in to broaden share ownership through public listings, thereby deepening local capital markets. FIG's equity strategy supports climate change, digital transformation, and financial inclusion, and plays a key role in mobilizing equity from other investors. FIG's equity investments encompass all regions and include commercial banks, non-banking financial institutions, microfinance institutions, and insurance companies. FIG equity investments in financial institutions have largely been in transition economies with bank privatizations and transformations, crisis response investments, and with a focus on financial inclusion. IFC is increasingly prioritizing equity investments as central to the WBG's broader efforts to meet the Sustainable Development Goals.



FIG's Equity Investments
as of June 2024

\$2.9 billion



Investment & Advisory Examples



FEDERAL BANK (INDIA)

India's micro, small, and medium enterprises (MSMEs) are critical drivers of growth, production, and job creation, making them essential to the country's sustainable socio-economic development and inclusive growth. Federal Bank Limited (FBL) is the seventh-largest private sector bank in India by assets and has a pan-India branch network of 1,355 branches, with 65 percent of branches in semi-urban and rural India. IFC invested primary equity in FBL for approximately \$100 million equivalent. The primary equity will strengthen the Bank's Tier 1 capital adequacy ratio, which will allow it to accelerate its lending. The investment will support the Bank's commitment to financial inclusion and operationalize its strong commitment to sustainability and climate finance. The project will complement IFC's ongoing digital advisory engagement with FBL to continue to focus on building its digital capabilities.



PVI (VIETNAM)

Given the low penetration and modest density, Vietnam's non-life insurance gap remains large in comparison with other emerging market economies. PVI Holdings (PVI) is the largest non-life insurance company in Vietnam and 35 percent owned by PetroVietnam, the largest state company wholly owned by the Vietnamese government. IFC's equity investment furthers IFC's programmatic approach to strengthening corporate governance practices in Vietnam and contributes to the government's effort to reform the SOE sector. IFC will introduce corporate governance initiatives that will lead to improvements and strengthening of the overall decision-making process, risk management, and operation at PVI.



THAI CREDIT BANK (THAILAND)

The financing gap for MSMEs in Thailand is estimated at approximately \$40 billion, or 10% GDP and around \$25 billion for WMSMEs. Thai Credit Bank is the only Thai bank that focuses on underserved segments in Thailand. IFC made an equity investment of \$30 million as a cornerstone investor in an Initial Public Offering (IPO) of TCB. TCB will continue leveraging its extensive local networks to grow its outstanding loans to MSMEs. The project will be a continuation of IFC's systematic efforts to promote financial inclusion in Thailand and signal confidence in TCB's inclusive business model. IFC's cornerstone participation mobilized \$184 million in third party private funding and crowded in other investors to further support the Bank's strategy focusing on MSMEs, digitalization and sustainable finance.



VASTU AFFORDABLE HOUSING (INDIA)

India faces a significant massive shortage of affordable housing units as well as affordable housing finance. IFC invested \$40 million in Vastu Housing Finance Corporation Limited (Vastu), a non-banking financial company – housing finance company, which provides affordable housing finance to lower and middle-income segments and loans against properties (LAP) to MSMEs in India. IFC's investment will aid Vastu in further capitalizing the pick-up in credit growth in the affordable housing segment. IFC's investment will also help Vastu offer green affordable housing loans to its customers, enhance their micro-housing and gender offerings, and improve their environmental and social (E&S) and climate risk governance. IFC's support to Vastu as a stable long-term equity investor sends a strong positive signal to the market and demonstrates confidence in the company.