

»» Local currency bond markets – the case of a development bank

Joachim Nagel, Member of the Executive Board of KfW

Local Currency Bond Markets Conference

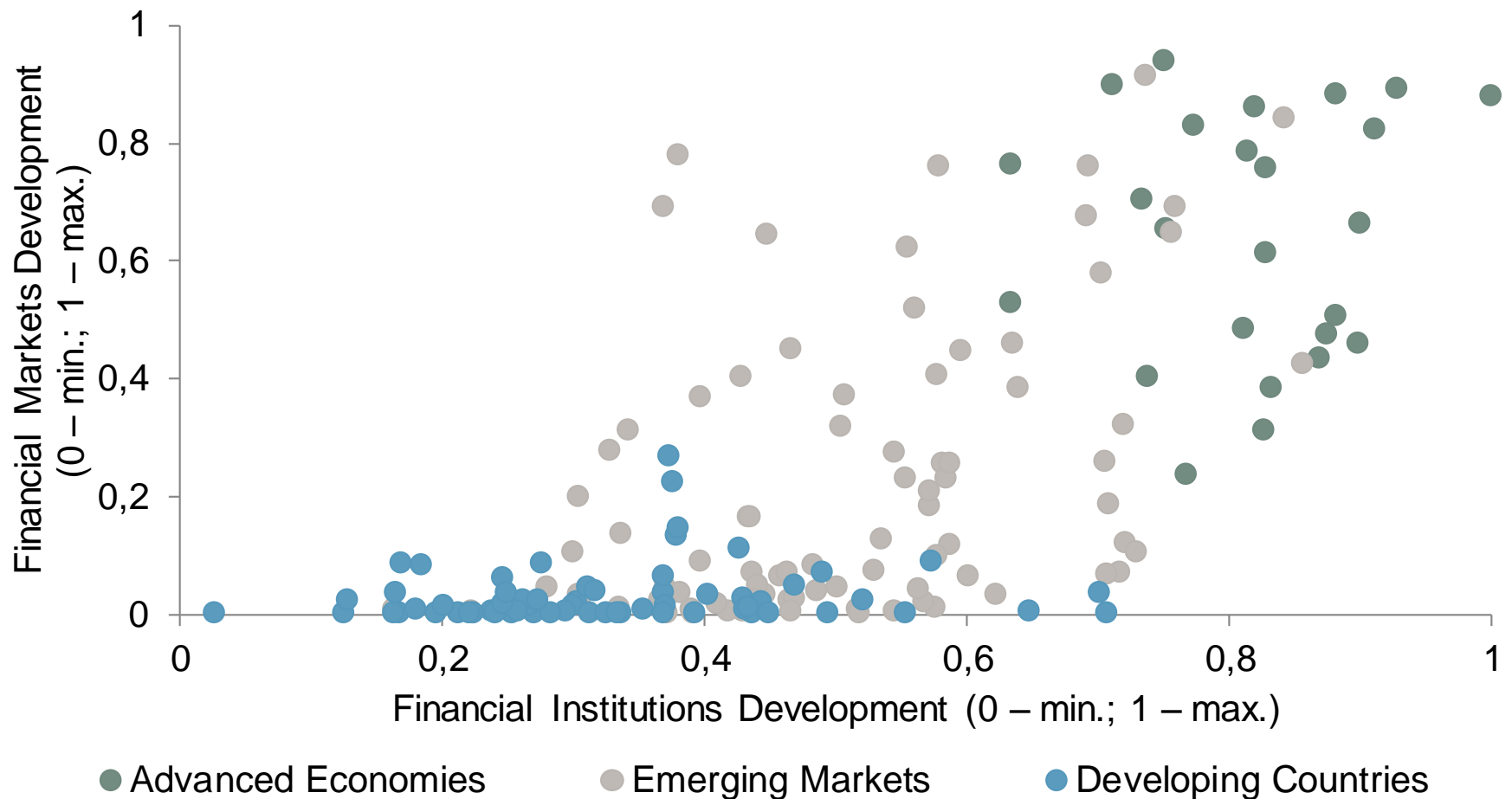
8-9 March 2018, Pretoria, South Africa

Bank aus Verantwortung

KFW

»» Global Financial Development

Potential for Growth and Stability



Source: Sahay et al. (2015), Rethinking Financial Deepening: Stability and Growth in Emerging Markets, p. 16

»» KfW: One of the largest bond issuers in capital markets
 Funding volume each year between EUR 60 - 80 billion

EUR
USD

GBP

AUD

JPY

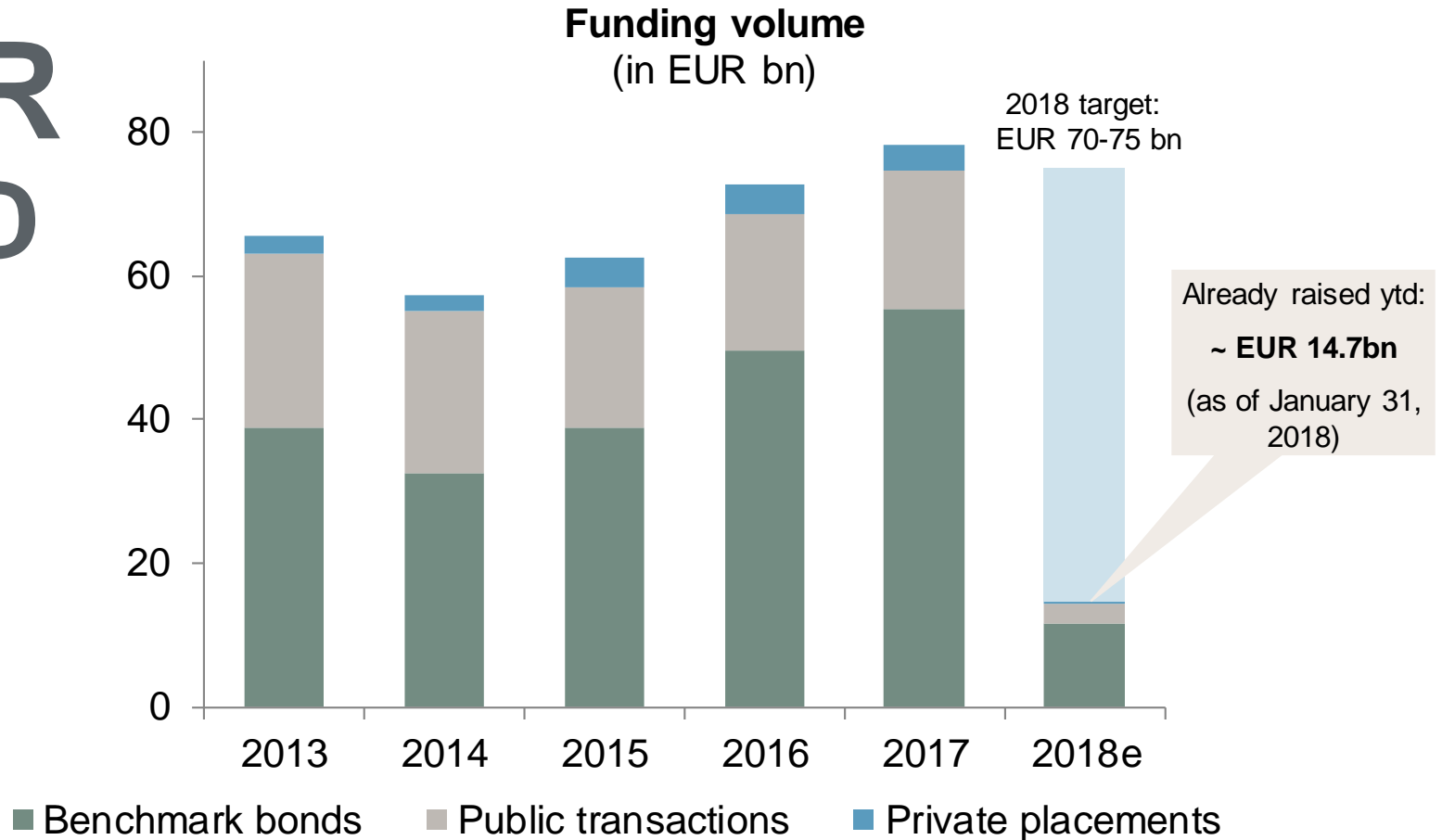
NOK

CNY

MXN

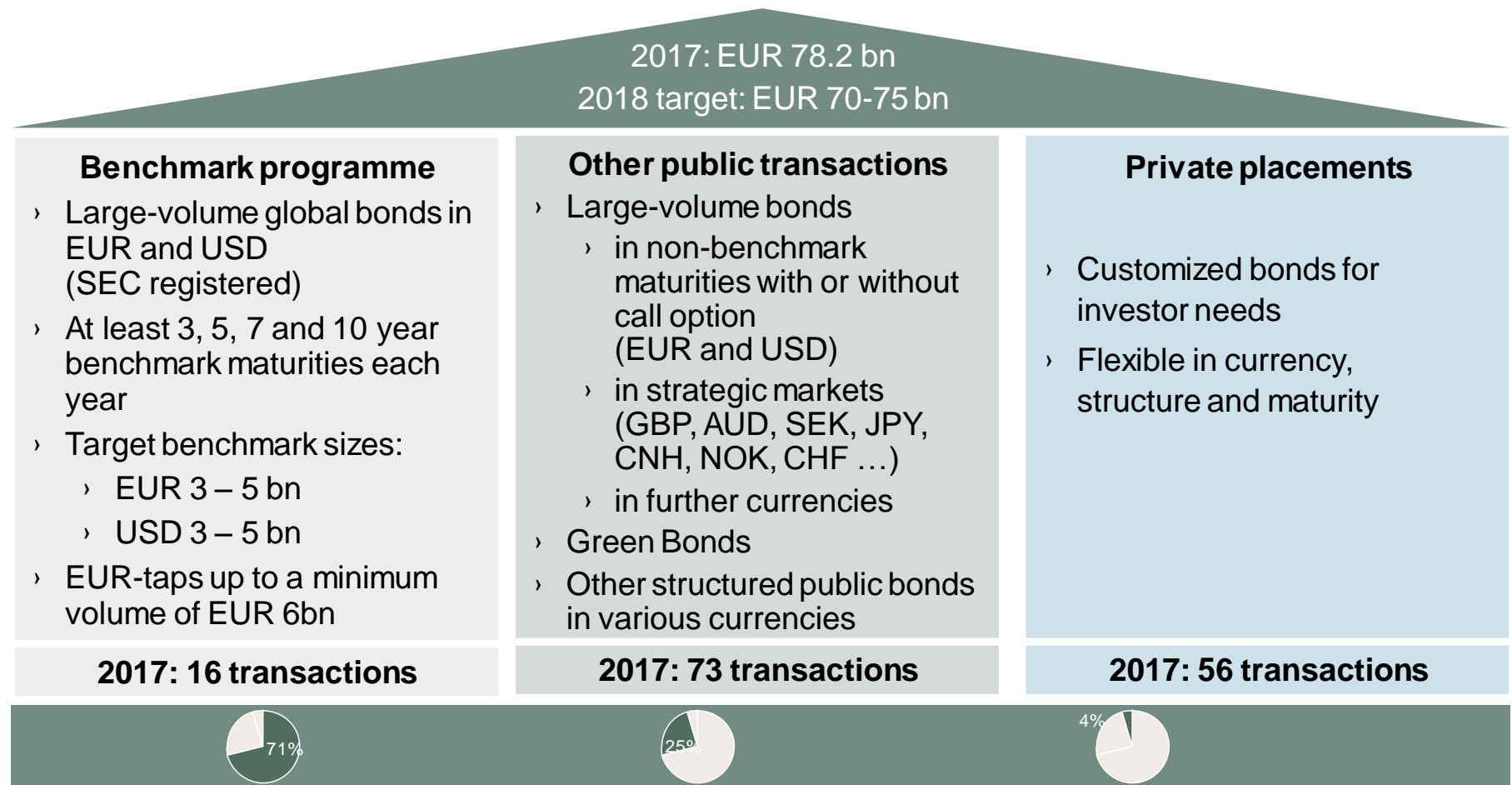
SEK

ZAR



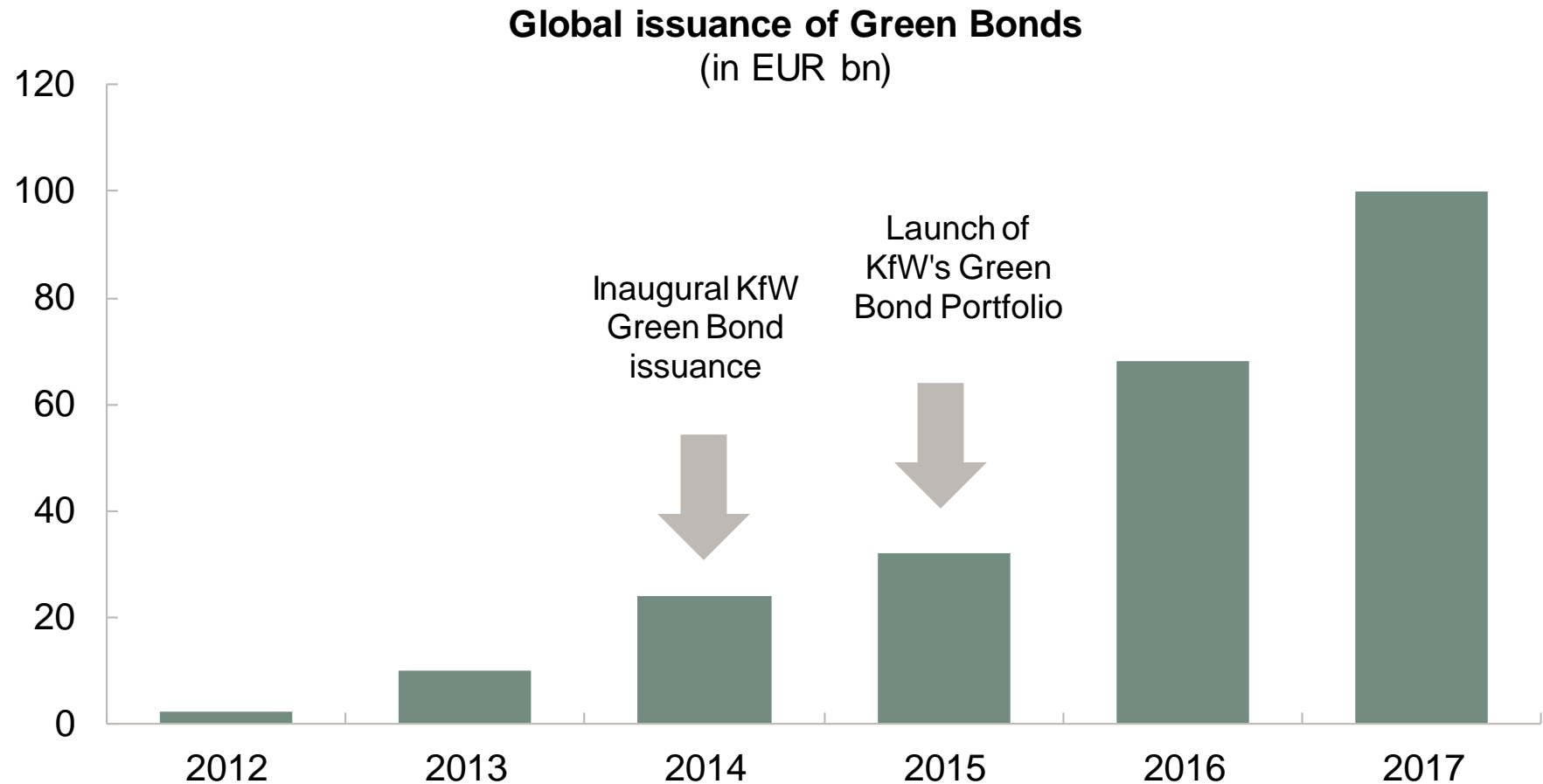
»» KfW's funding: three pillar strategy

Well-structured range of products, opportunities for various investors' needs



»» Capital Market Innovations: Green Bonds

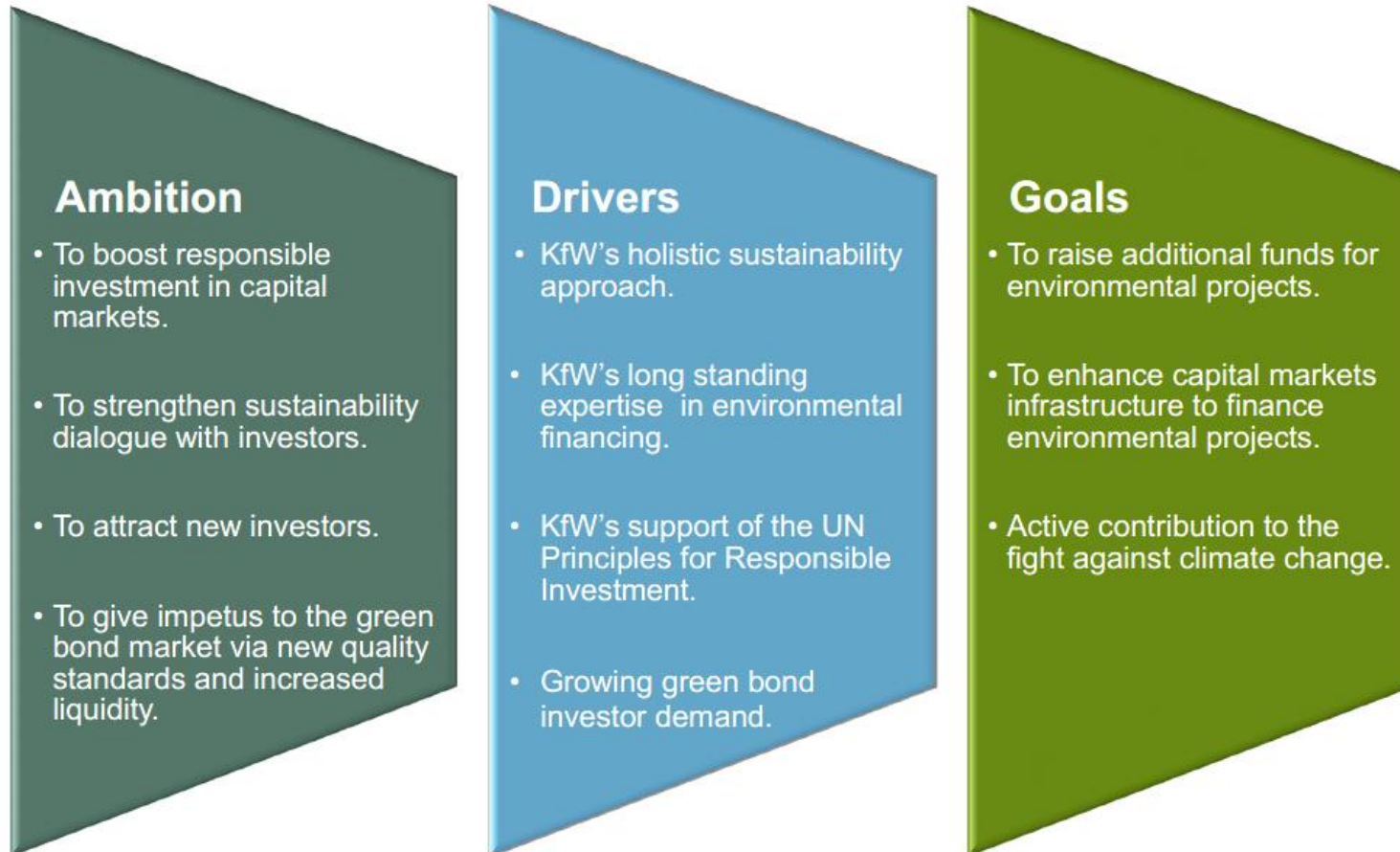
Dynamic global market development since 2012



Quelle: Bloomberg.

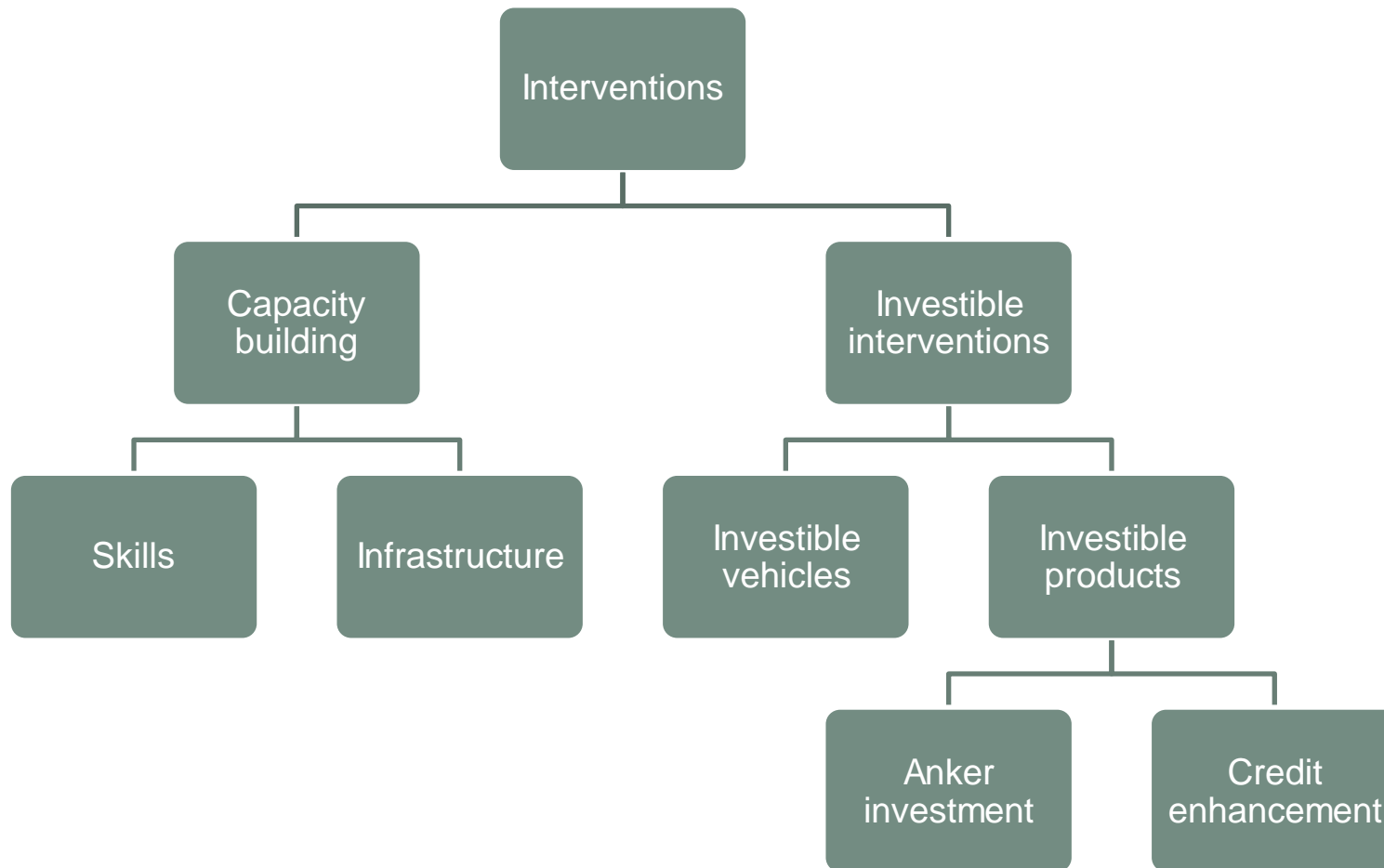
»» Green Bonds – Made by KfW

Key elements



»» LCBM support by development banks

Starting points



»» **KfW Approaches to local currency financing (I)**

Funds approaches

Coverage of FX risks by first loss tranches

- MIFA Debt Fund

Coverage of the FX risks and hedge costs of a fund by a SPV

- LAFCO

Anchor investments in bonds of local financial institutions

- ALCBF

Cash deposit for hedging FX risks from EUR financings

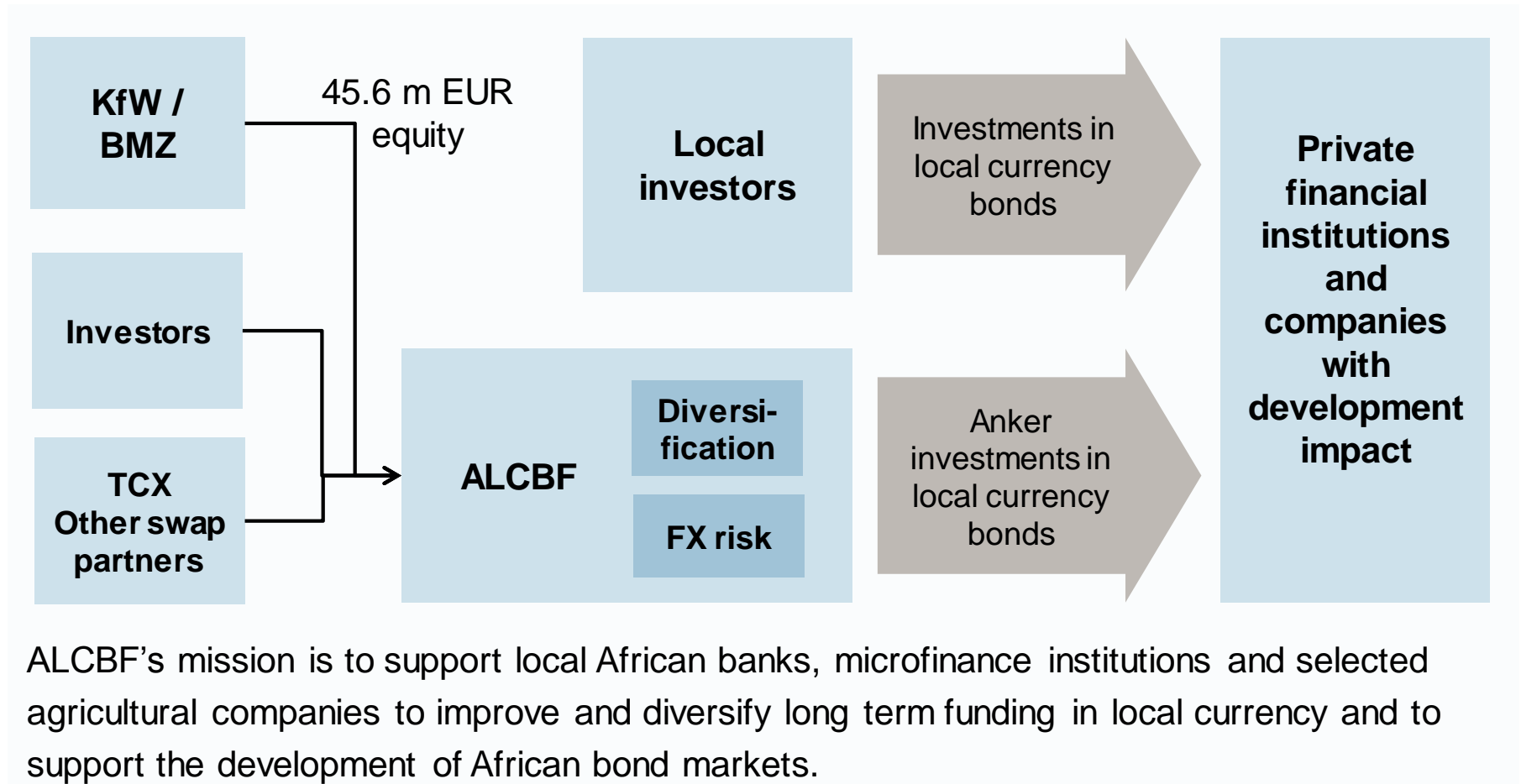
- German-Ukrainian Fund

Guarantees for local banks and investors

- GuarantCo

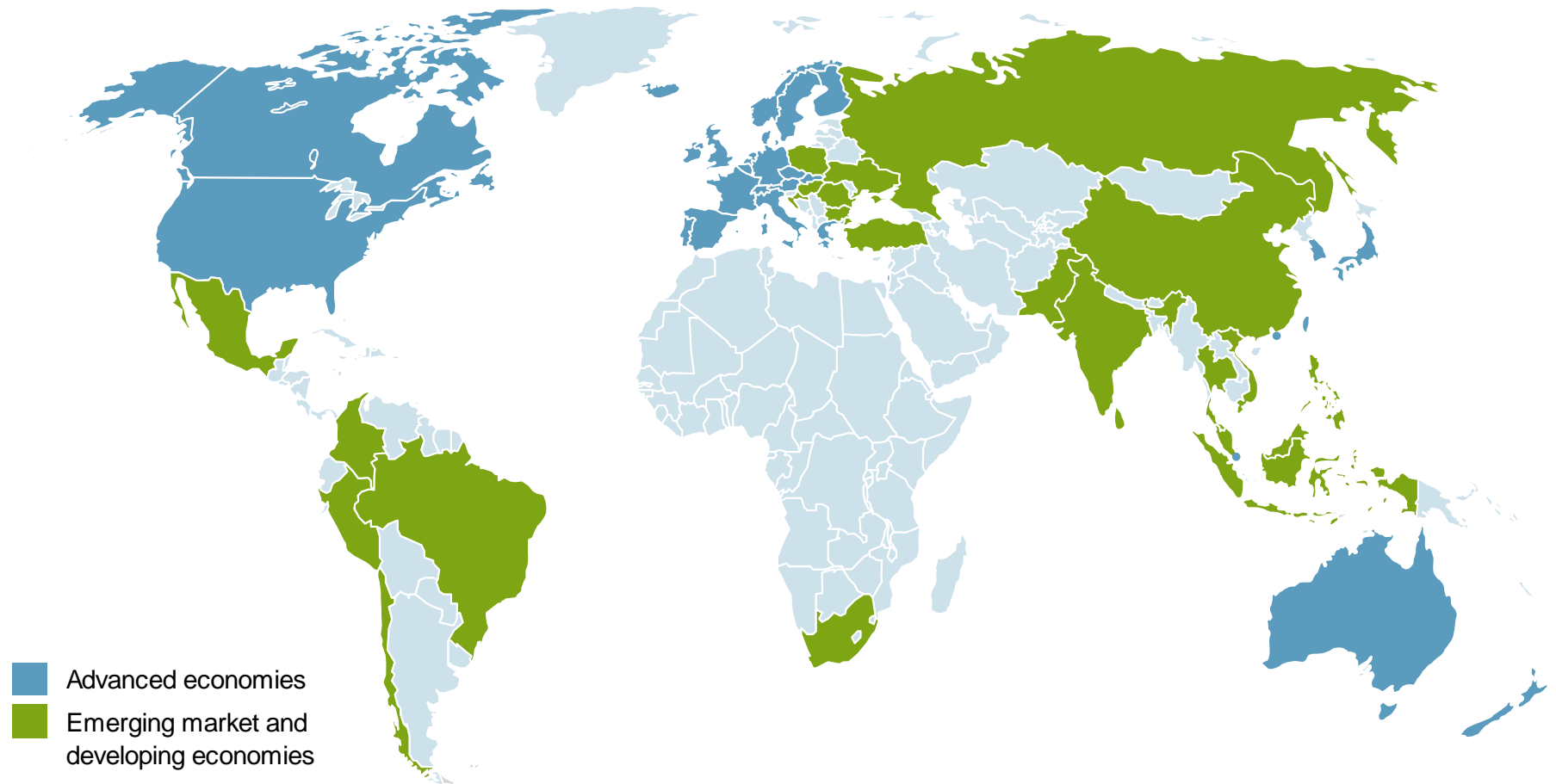
»» KfW Approaches to local currency financing (II)

African Local Currency Bond Fund (ALCBF)



»» Task: Fill in the blanks

Countries with generic government bond yields



Source: Bloomberg.

»» Appendix

Photo credits/references

Titel slide: FischerAppelt / Christian Lohfink

Disclaimer

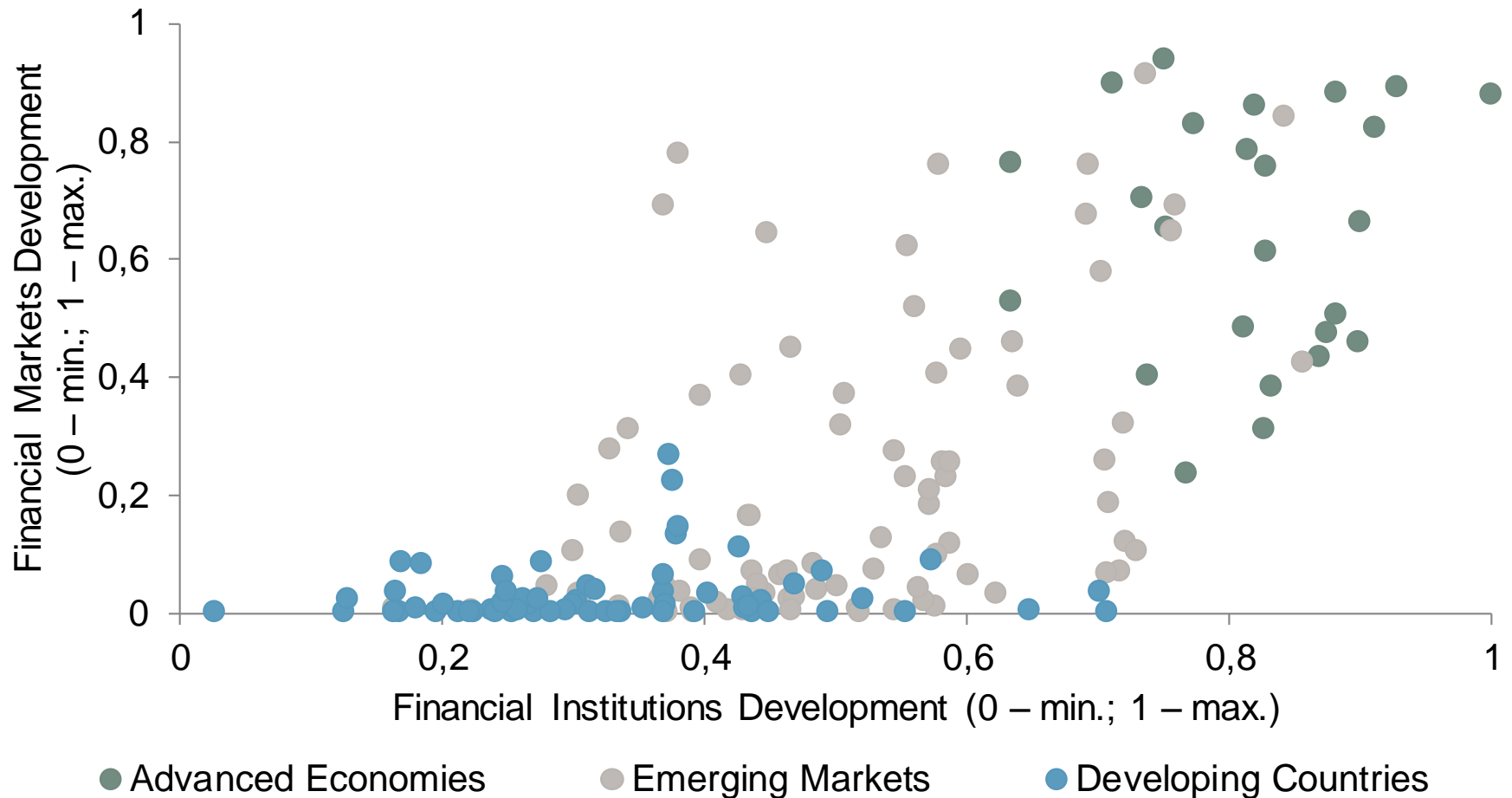
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»» Hintergrundinformation

»» Global Financial Development

Potential for Growth and Stability



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