



CTF Risk Report

June 4, 2019



Overview

1. Implementation Risk
2. Currency Risk
3. Credit Risk
4. Resource Availability
5. Fraud and SEA

Implementation Risk

- Implementation risk for CTF remains **High**.
- 9 out of 98 projects representing USD 504 million (12 percent) of approved funding have been flagged for this risk.
- No private sector projects were flagged.

COUNTRY	PROJECT TITLE	MDB	MDB approved funding (USD million)	Cumulative Disb. FY19-S1 (USD million)	Disb. Ratio	Effectiveness Date	Months Since Effectiveness Date	MDB Co-Financing (USD millions)
Ukraine	Second Urban Infrastructure Project (UIP-2)	IBRD	50.0	9.1	18%	11/21/2014	50	300.0
Ukraine	District Heating Energy Efficiency Project	IBRD	50.0	5.1	10%	11/24/2014	50	332.0
Philippines	Cebu Bus Rapid Transit Project	IBRD	25.0	-	0%	12/3/2014	50	116.0
Vietnam	Sustainable Urban Transport for Ho Chi Minh City Mass Rapid Transit Line 2 Project	ADB	49.0	0.3	1%	4/1/2015	46	10.0
Ukraine	Second Power Transmission Project	IBRD	48.4	0.2	0%	6/9/2015	43	332.5
Vietnam	Ha Noi Sustainable Urban Transport Program - Project 2: Strengthening Sustainable Urban Transport for Hanoi Metro Line 3	ADB	49.0	0.5	1%	7/9/2015	42	4.2
DPSP-Regional	Utility Scale Renewable Energy: Geothermal - Sustainable Energy Facility for the Eastern Caribbean	IDB	19.1	2.0	10%	10/20/2015	39	20.0

Implementation Risk – 1st Criterion

7 projects representing USD 290 million of MDB-approved funding have been flagged under the 1st implementation risk criterion.

COUNTRY	PROJECT TITLE	MDB	MDB approved funding (USD million)	Cumulative Disb. FY19-S1 (USD million)	Disb. Ratio	Anticipated Date of Last Disbursement	Months Before Expected Date of Final Disbursement	MDB Co-Financing (USD millions)
Philippines	Market Transformation through Introduction of Energy Efficient Electric Vehicles Project	ADB	13.4	4.1	31%	9/30/2019	9	300.0
Mexico	Urban Transport Transformation Project	IBRD	200.0	62.0	31%	8/1/2019	7	150.0

Implementation Risk – 2nd Criterion

2 projects representing USD 213 million of MDB-approved funding have been flagged under the 2nd implementation risk criterion.

Currency Risk via Promissory Notes

Currency Risk Exposure (Millions) as of March 31, 2019						
Original Amount Pledged/Received	Pledged Amount Outstanding/Unencashed	Realized Currency Gain/ (Loss)	Unrealized Currency Gain/ (Loss)	Risk Likelihood	Risk Severity	Risk Score
£1,130.0	£344.7	(\$101.4)	(\$61.0)	Very Likely	Moderate	High

- CTF's exposure to this currency risk remains **High**
- GBP 172 million encashed during the period
- Realized losses increased to USD 101 million from USD 47 million
- Unrealized losses declined to USD 61 million from USD 118 million
- GBP 345 million remain outstanding

Credit Risk – Payment Defaults

Loan Amount	Currency	Missed Interest Payments		Missed Principal Repayments		Default Interest	Total
		Date	Amount	Date	Amount		
2,000,000	EUR			5/30/2018	78,077		156,154
				11/30/2018	78,077		
5,600,000	EUR			8/15/2018	107,692		323,076
				11/10/2018	107,692		
				2/13/2019	107,692		
12,065,953	USD	8/1/17	245,688	8/1/2017	96,528		1,474,364
		2/1/18	245,029	2/1/2018	90,495	30,961	
		8/1/18	241,818	8/1/2018	132,725	21,733	
		2/1/19	244,325	2/1/2019	90,495	34,567	

3 private sector loans are experiencing payment defaults.

Credit Risk – Eskom

- Eskom is the sole off-taker in South Africa, and generates 95 percent of the electricity used in the country.
- CTF has committed USD 430 million for 7 projects (4 of which directly involve Eskom) in South Africa.
- Eskom continues to experience severe financial distress.

Beneficiary Country	Loan Amount	Least Rating	Credit Rating				PD	LGD	Expected Portfolio	
			S&P	Moody's	Fitch				Loss Rate	
Colombia	89,215,000	BBB-	BBB-	Baa2(N)	BBB		2.2%	56.4%	0.04%	
Egypt, Arab Republic of	149,750,000	B-	B	B3(P)	B+		26.3%	61.5%	0.79%	
India	755,000,000	BBB-	BBB-	Baa2	BBB-		2.2%	56.4%	0.30%	
Indonesia	165,000,000	BBB-	BBB-	Baa2	BBB		2.2%	56.4%	0.07%	
Mexico	369,514,000	BBB+	BBB+(N)	A3	BBB+(N)		1.1%	56.4%	0.07%	
Morocco	633,950,000	BB+	BBB-(N)	Ba1	BBB-		5.1%	58.2%	0.62%	
Philippines	57,201,690	BBB	BBB(P)	Baa2	BBB		1.4%	56.4%	0.01%	
South Africa	350,000,000	BB	BB	Baa3	BB+		6.0%	58.2%	0.40%	
Turkey	150,000,000	B+	B+	Ba3(N)	BB(N)		16.0%	61.5%	0.48%	
Ukraine	148,425,000	CCC+	B-	Caa1	B-		32.2%	60.3%	0.95%	
Vietnam	177,900,000	BB-	BB-	Ba3	BB		12.7%	58.2%	0.43%	
Total Exposure	3,045,955,690									
Weighted Average		BB					7.0%	57.8%	4.1%	

Expected losses decreased to 4.1%
from 4.5%

Credit
Risk –
Public
Sector

Credit Risk – Public & Private Sectors

Loan Portfolio Credit Risk Exposure (as of 3/31/2019)									
Sector	Portfolio Risk Rating	Total Committed Loans (MM USD equivalent) ⁸	Estimated Probability of Default (PD) ⁵	Estimated Loss Given Default (LGD) ¹	Expected Loss Rate ²	Expected Losses (MM USD equivalent) ³	Total Loan Principal in Default ⁴ (MM USD equivalent)	# of Loans Experiencing Payment Default	Total Loan Principal in Default
Public	BB ⁴	3,046.0	7.0%	57.8%	4.1%	123.4	0	0	0%
Private	B+ ^{6,7}	882.4	19.5%	52.5%	10.2%	87.0	32.0	4	3.6%

Expected Losses for the entire committed loan portfolio were USD 210 million.

Resource Availability

A deficit in available resources of USD 328 million was incurred during the period, and the risk of being unable to commit funds for all projects in the pipeline increased to **Medium**.

Fraud, and sexual exploitation & abuse

No allegations or instances were reported during the period.