

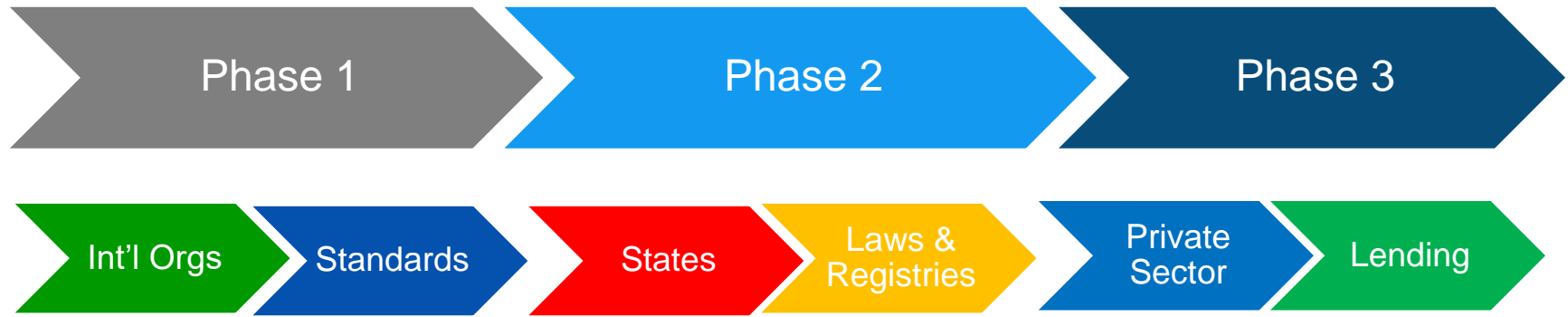
ABL Implementation in LAC



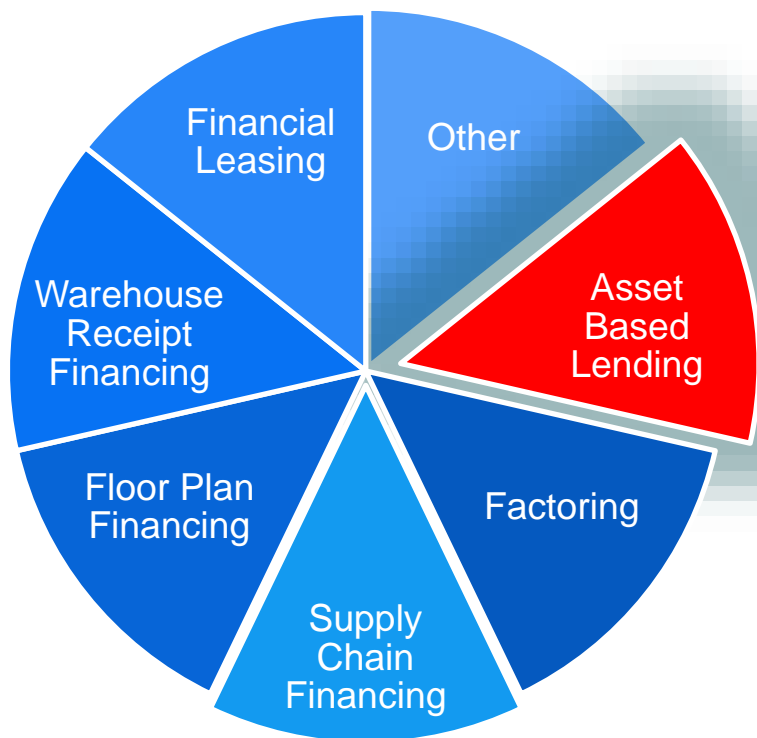
February 2017

Implementation Phases

THREE PHASE IMPLEMENTATION APPROACH:
INTERGOVERNMENTAL + STATES + BANKS



ABL

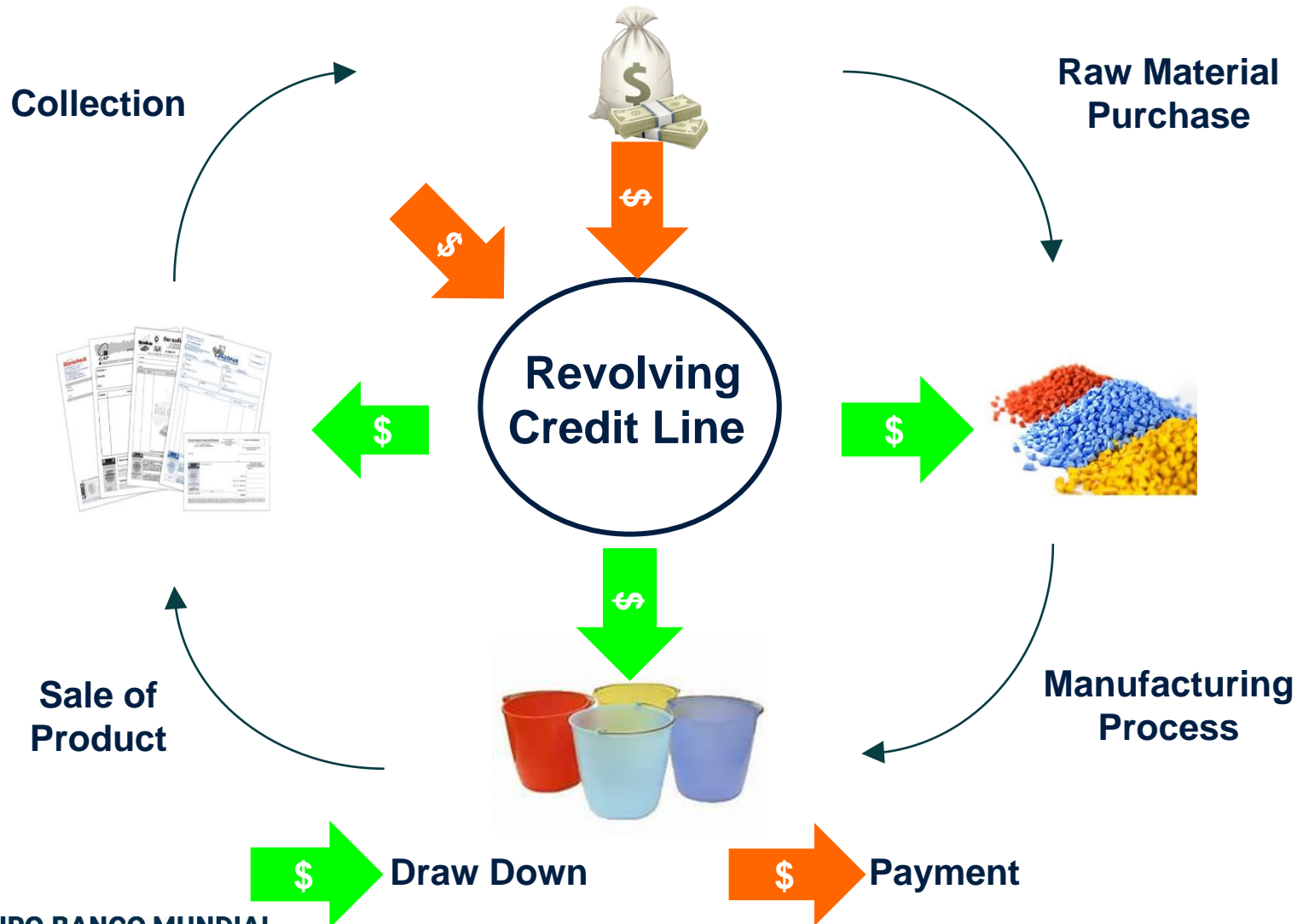


Asset Based Lending Characteristics:

- Finances the company based on its assets (A/R, Inventory) instead of available RE as collateral.
- Provides more financing than cash flow lending, based on value of movable assets.
- Advances based on likelihood of converting assets to cash.
- Requires that all sale proceeds reach the collection account of financing company.
- Needs monitoring of Collateral and Borrowing Levels.
- Low Bank losses, since all borrowing is collateralized by assets, lender can stop additional fundings and collect proceeds, exiting the loan.



Asset Based Lending Revolving Line Operation



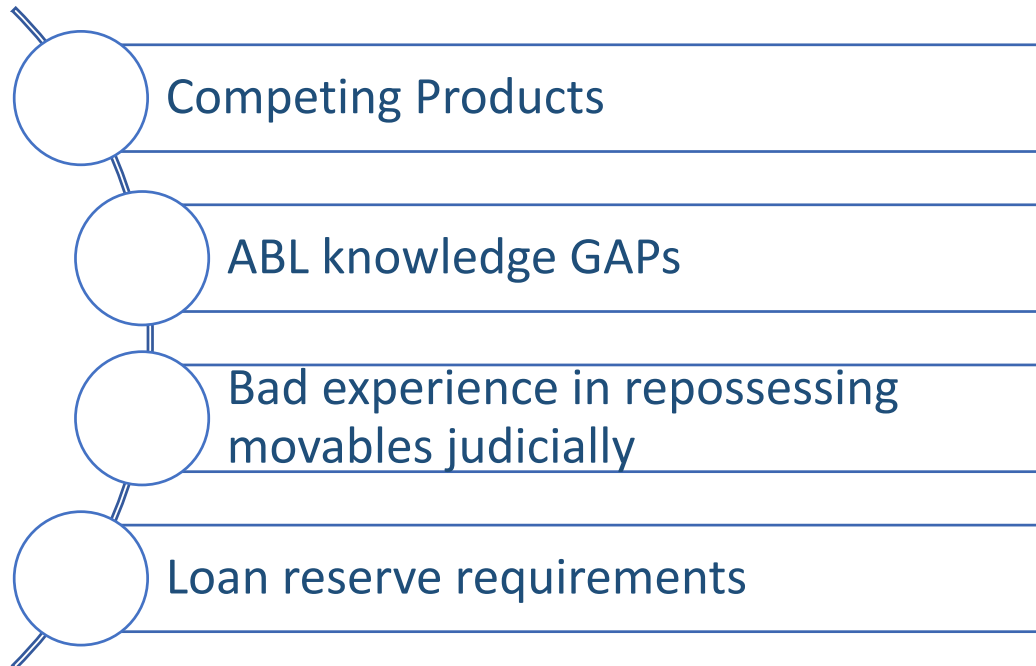
ABL Implementation

More than Movable Assets Reform + Efficient Collateral Registry

Movable Asset Law
Implemented

Collateral Registry

Foundations



Other Aspects to
Consider

Asset Based Lending

End Goal

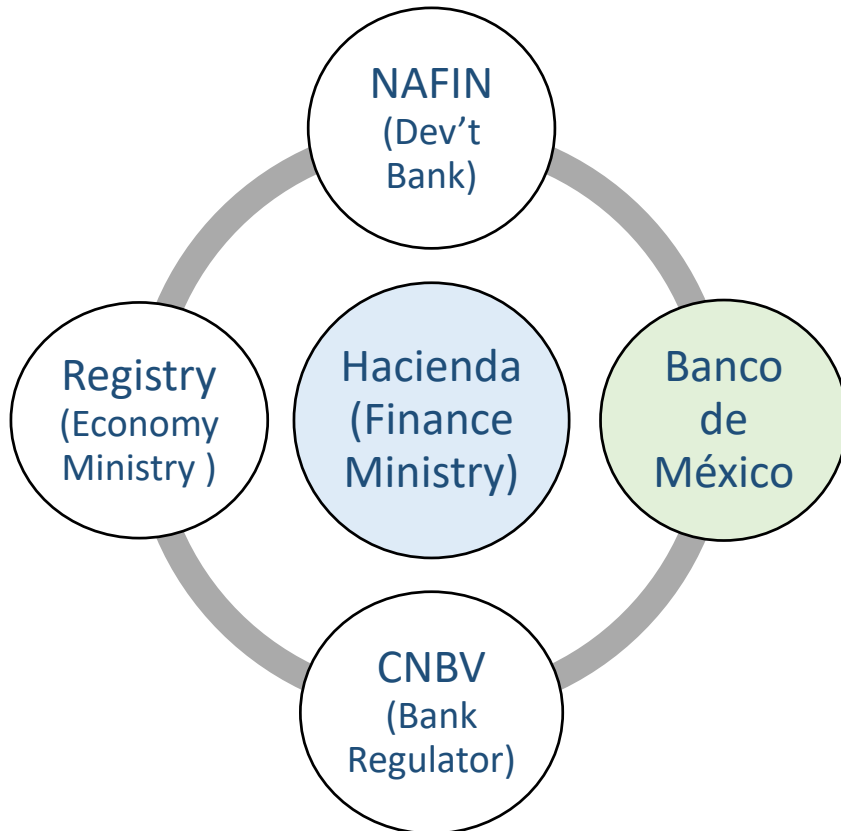
Stakeholders for ABL in Mexico

World Bank Group (WBG)



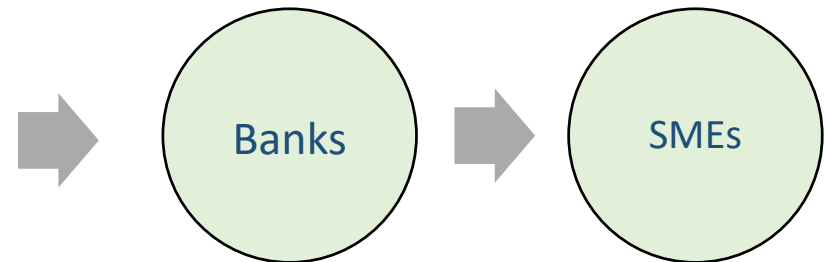
Public Sector

Creation of a favorable environment to implement ABL in Mexico



Private Sector

ABL Pilot Implementation in 1 or 2 Banks



Roadmap to Implement ABL in LAC Banks

1. Series of Product Awareness Seminars delivered in the Country



2. ABL Product Presentation to Some Banks



3. Interested Bank to execute a Diagnostic Agreement with WBG



4. Prepare Bank's diagnostic



5. Perform Diagnostic in Bank's premises (3-5 Days)



6. Prepare Technical Assistance Program based on Identified knowledge GAPS



7. Deliver Technical Assistance for the Bank (9 Months +)



Colombia's Latest Developments

WBG Approach for the First ABL Diagnostic

Background:

- Colombia has Secured Transactions Reform, New Collateral Registry Implemented and ABL seminars completed
- ABL was presented to the Bank on Nov , 2016.
- Bank requested WBG to give them TA to implement ABL Pilot.

WBG Approach for the First ABL Diagnostic in a LAC Bank:

- Research Bank's Products for Companies
- Designed a Diagnostic plan to gather information on the relevant topics for ABL to detect skill GAPS
- Partnering with CFA to:
 - Review Diagnostic Plan
 - Support during Diagnostic
 - Review TA Plan for Implementation
 - Support in training for Some ABL specific areas