

Annual Investor Newsletter

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Funding Highlights

Despite the financial markets facing challenges such as rising interest rates, high inflation, and increased volatility, IFC successfully executed its funding program in fiscal year 2023 (from July 1, 2022, to June 30, 2023).

IFC raised \$13.7 billion in medium to long-term borrowing across 176 public and private trades in various currencies, including USD, AUD, GBP, NZD, and CAD. This allowed the organization to sustain its presence in core funding markets while expanding its reach to a diverse, high-quality global investor base. The US dollar market remains the largest source of funding for IFC, representing 38 percent of total funding volume in FY23. The Australian dollar was the second biggest funding currency in FY23, accounting for 27 percent of total funding volume.

Building on the success of FY23, IFC kicked off the new fiscal year 2024, which began on July 1, 2023, on a positive note with benchmark issuances in USD, AUD, GBP, and CAD. In Q1 of FY24, IFC successfully raised a total of \$5.3 billion across 14 currencies in public and private markets. IFC has an approved funding plan of \$13 billion in FY24.

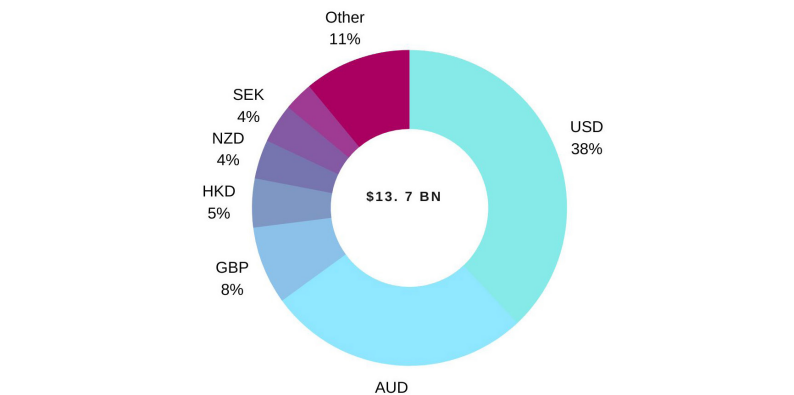
US dollar market

In September 2022, IFC issued a \$2 billion 3-year benchmark bond, priced at SOFR +25bps, equivalent to 12.5bps over treasuries. The issuance generated significant demand, with the orderbook heavily oversubscribed, totaling \$4.9 billion from over 100 high quality investors. Final allocations saw central banks and official institutions accounting for 60 percent, bank treasuries at 27 percent and asset managers and others at 13 percent.

In July 2023, IFC issued its first USD benchmark of FY24—a \$2 billion 5-year bond priced at SOFR + 33bps, equivalent to 12.7bps over treasuries. Despite a challenging macroeconomic backdrop, the issuance attracted orders close to \$4 billion from high-quality global investors. A total of \$2.3 billion has been issued in the US dollar market in Q1 of FY24, representing 43 percent of total issuances.

Aussie dollar market

In August 2022, IFC issued a A\$500 million 3-year benchmark with a spread to ACGBs of 63.45bps. Following this trade, in November, IFC issued its first Australian dollar-denominated green bond of A\$ 900 million with a 4-year tenor and priced at ACGBs +103.25. This marked IFC's largest single Australian dollar transaction in over a decade. Both of these offerings were tapped to A\$ 1.45 billion and A\$1.35 billion respectively



by the end of FY23. A total of A\$ 5.45 billion was issued in public and private placements in the Australian dollar market in FY23.

In Q1 of FY24, IFC issued a A\$550 million 3-year social bond at ACGBs +53.2bps. The trade saw significant demand and was oversubscribed, with almost half of the total allocations awarded to central banks, followed by a third to commercial bank treasuries and the remainder to asset managers and corporates. IFC issued a total of A\$1.5 billion in the Australian dollar market during Q1 of FY24, constituting 18 percent of total volume.

Sterling market

In FY23, IFC issued two public bonds in the sterling market totaling £850 million. The first, in August 2022, was a £250 million 2.3-year trade priced at 64bps over UK treasuries. The second was a £600 million 3-year benchmark bond at 90bps over UK treasuries. In Q1 of FY24, IFC issued a £600 million 3-year benchmark at 64bps over treasuries, which was subsequently tapped, bringing the total outstanding amount to £700 million—making up 17 percent of the total funding raised in Q1 of FY24.

Maple market

In May 2023, IFC continued its regular issuance in the Canadian dollar market by closing FY23 with a CA\$500 million 5-year social bond, priced at 36.7bps over the benchmark. In Q1 of FY24, IFC returned to the Maple market by issuing a CA\$ 1 billion 3-year green bond, upsized from CA\$500 million and attracting orders over of \$1.5 billion.

Central banks and official institutions accounted for 72 percent of final allocations, with the remainder split evenly between bank treasuries and asset managers. This trade represents 14 percent of IFC's total issuance in Q1 of FY24.

Green and Social Bond Issuances

In FY23, IFC's thematic bond programs recorded a robust performance, raising a total of \$13.7 billion. Notably, \$3.2 billion, or 24 percent of the funds, was issued under IFC's Green or Social Bond Program, marking a substantial increase from 12 percent in FY22.

A significant part of this success can be attributed to IFC's issuance of \$2 billion in green bonds during FY23, representing 15 percent of total funding volume and a strong rebound from the previous year.

The increase in green bond issuances was mainly driven by a surge in eligible project commitments and disbursements for climate-friendly projects throughout the fiscal year. Notably, the Australian dollar took the largest share of green bond issuances with \$873 million, followed by the Swedish kroner with \$497 million, the US dollar with \$315 million, the Norwegian kroner with \$251 million, the South African rand with \$56 million, and the South Korean with \$27 million.

Funding under the social bond program remained stable, as IFC issued \$1.2 billion, constituting 9 percent of the total funds raised for the fiscal year. This marked a slight increase from the \$1.1 billion issued in FY22. The major contributors to social bond funding currencies were the Canadian and New Zealand dollars, with CA\$500 million and NZ\$ 575 million benchmark social bonds, equivalent to approximately \$367 million.

The New Zealand dollar social bond was IFC's inaugural social bond issuance in the Kiwi market. Other currencies under the social bond program included the Australian dollar with \$339 million, US dollar with \$120 million, and Brazilian real with \$9 million.



Additionally, in FY24 Q1, IFC has already raised a total of \$1.3 billion in sustainable bonds, comprising \$811 million in green and \$486 million in social bonds. The Canadian dollar green bond accounted for approximately \$746 million of the \$811 million raised, with the remaining \$65 million raised as taps in outstanding Australian dollar green bonds. The Australian dollar social bond accounted for \$358 million of the \$486 million issued, with the remaining \$128 million raised as taps of existing Australian dollar social bond lines.

IFC's Local Currency Issuances

IFC prioritizes the growth of robust and efficient capital markets in developing economies and promotes local currency financing to support economic activity. This strategic focus ensures that capital is available where it is needed most, especially for thriving entrepreneurs and private businesses in challenging markets.

Local currency financing is increasingly important for IFC's value proposition to meet clients' growing demand for such financing at competitive rates and with flexible features. Clients and regulators understand the importance of denominating debt in the currency of their revenues to avoid currency risk that most companies are not equipped to manage. Regulators are increasingly seeking to de-dollarize economies and limit open currency exposure.

Over the years, IFC has worked with governments, regulators, and a broad range of market professionals to

establish deep and efficient capital markets that support local economic activity. This is important because local capital markets create access to long-term, local-currency finance. They are the foundation of a thriving private sector—the key driver of jobs and sustainable growth.

IFC offers a broad suite of local currency products, including direct loans and bond investments, as well as unfunded products such as guarantees and risk-sharing facilities. IFC also provides risk management solutions to help clients hedge their hard currency liabilities from other lenders.

Jamaican dollar bond

A recent example of these efforts is IFC's issuance of a 2.36 billion Jamaican dollar-denominated bond, equivalent to \$15.26 million, in May 2023. This represents the first Jamaican dollar bond issued by a supranational. It aims to pave the way for more high-quality borrowers and to introduce

international investors seeking exposure to emerging market currencies to the Jamaican dollar market. The bond was subscribed by Europe-based investors and is listed on the London Stock Exchange.

Zambian kwacha bond

Another noteworthy example is IFC's 193.2 million Zambian kwacha bond issued, equivalent to approximately \$10 million, in August 2023. This marked IFC's second outing in Zambia after issuing the first non-resident bond in the country's domestic market 10 years ago. The 5-year floating rate bond was oversubscribed, and the proceeds will be used to finance local currency loans in Zambia.



World Bank Group Updates

Ajay Banga, 14th President of the World Bank Group



Ajay Banga began his five-year term as World Bank Group President on June 2, 2023.

Ajay Banga most recently served as Vice Chairman at General Atlantic. Previously, he was President and CEO of Mastercard, a global organization with nearly 24,000 employees. Under his leadership, MasterCard launched the Center for Inclusive Growth, which advances equitable and sustainable economic growth and financial inclusion around the world. He was the Honorary Chairman of the International Chamber of Commerce, serving as Chairman from 2020-2022. He became an advisor to General Atlantic's climate-focused fund, BeyondNetZero, at its inception in 2021.

Banga served as Co-Chair of the Partnership for Central America, a coalition of private organizations that works to advance economic opportunity across underserved populations in El Salvador, Guatemala, and Honduras. He was previously on the Boards of the American Red Cross, Kraft Foods, and Dow Inc.

Ajay Banga is a co-founder of The Cyber Readiness Institute and was Vice Chair of the Economic Club of New York. He was awarded the Foreign Policy Association Medal in 2012, the Padma Shri Award by the President of India in 2016, the Ellis Island Medal of Honor and the Business Council for International Understanding's Global Leadership Award in 2019, and the Distinguished Friends of Singapore Public Service Star in 2021.

The World Bank's Bold New Vision

Our new vision is to create a world free of poverty on a livable planet and our new mission is to end extreme poverty and boost shared prosperity on a livable planet.

Since the World Bank evolution process began, Management and the World Bank Executive Directors have worked together to establish this new vision and mission to

strategically guide our work. The collaborative process underscored the need to redouble efforts and increase financing capacity to achieve the goals of poverty reduction and shared prosperity –which we are not on track to reach by 2030 – while noting how their progress is dependent on addressing global challenges.

There is recognition that the World Bank needs to support efforts to achieve broad-based economic growth as a precondition for sustained poverty reduction in countries, while addressing resilience to shocks, sustainability, and inclusion. There is also agreement regarding the importance of the private sector in addressing development challenges, as financier, innovator, and engine of job-rich economic growth.

The World Bank needs to deliver solutions that are relevant for the full range of its diverse public and private sector clients. By incorporating these elements in the new vision and mission, the World Bank will strengthen its position with its commitment to advance development at all levels: fighting poverty and inequality as well as global challenges, and recognizing their interdependencies, to achieve good development outcomes across the world.



“We are becoming more efficient – incentivizing output, not input, and ensuring we focus less on money out the door and more on how many girls are in school, how many jobs are created, how many tons of carbon dioxide emissions are avoided, and how many private sector dollars are mobilized.”

Treasury Market Operations

Japan Day 2023

IFC hosted its annual Japan Day event in Tokyo on November 8, 2023. Over the years, IFC has built a strong relationship with Japan-based investors who form the second largest investor group of IFC’s sustainable bond issuances.

Japanese banks and insurers have also supported IFC’s capital mobilization efforts by participating in B-loans and providing credit insurance facilities .



2023 ESG Dealer Survey

IFC conducts an annual assessment of its dealers based on a range of business aspects, including the provision of arbitrage funding, quality of coverage, efficacy of investor relations endeavors and the availability of ancillary services.

The outcome of this assessment feeds into IFC’s Dealer Scorecard which serves as the tool used to award mandates on IFC’s public trades.

The 2023 iteration of the survey builds on previous versions and emphasizes the growing importance of integrating ESG standards in day-to-day business operations.

The overall weight of the ESG Survey in IFC’s Dealer Scorecard increased by 5% to 20% this year, and questions were modified to elicit more comprehensive responses from dealers.

IFC Green Bond India INX

IFC successfully listed a USD 150 million green bond on India INX's Global Securities Market (GSM), GIFT IFSC's primary market platform for raising funds from global investors.

The bond matures in October 2025 and was issued in accordance with IFC's updated green bond framework, which aligns with the Green Bond Principles administered by the International Capital Markets Association (ICMA). IFC's maiden listing will pave the way for similar issuances on the exchange and will attract international investors to the INX.

India INX commenced its trading activities on January 16, 2017. It is India's first International Exchange set up at GIFT IFSC. The INX allows trading for 22 hours each day, facilitating transactions across a diverse range of financial market products, including index and single stock

derivatives, commodity derivatives, currency derivatives, and debt securities.



Staff Updates



Ayelet Perlstein joined the team as Head of Investor Relations in March 2023. She has over 12 years of experience in investor relations, debt capital markets, and sustainable development. Before joining IFC, Ayelet served as the Head of Global Capital Markets at the Israeli Ministry of Finance DMO, and as the Representative of Israel to the Inter-American Development Bank.



In October 2023, **Yuri Kuroki** was promoted to the position of Head of Funding for the Americas where she will be responsible for IFC's debt issuance in the region. Yuri has been with the team since 2016 and worked in the Singapore office focusing on the Asia Pacific region including the Japan and Australian Markets before moving to Washington D.C. in 2019.



Roland Maassen joined the team in July 2023 as an Associate Funding Officer based in the London office where he will support the execution of IFC's funding activities in Europe. Before this, he worked within IFC in the Treasury Client Solutions team on structured finance and derivative solutions for clients in the EMEA region.

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