



Report on Operations



COURTESY OF NEWMONT

Investment Operations

Overview

In FY 2005, more than 55 percent of IFC's new investments were in the financial sector, infrastructure, information technology, and health and education. The share of investments for IFC's account in either high-risk or low-income countries was nearly 28 percent.

Investment Commitments

IFC signed investment commitments of \$6.45 billion in FY05, including \$5.37 billion for its own account and \$1.08 billion in syndications, compared with \$5.63 billion in IFC commitments for FY04, which included \$4.75 billion for its own account and \$879 million in syndications. IFC provides a range of products and services for clients, including loans, equity, quasi-equity, structured finance, and risk management products that are funded through IFC's own financial resources. It also syndicates participations in its loans to international financial institutions. Of the investment commitments IFC signed for its own account, \$4.54 billion were for loan agreements (including loan-type quasi-equity), \$612 million were for equity investments (including equity-type quasi-equity), \$216 million were for guarantees, and \$4 million were for risk management products. Based on the total project costs of our FY05 projects, each \$1 in IFC commitments for our own account resulted in an additional \$3.38 in funding from other sources.

We committed a total of 236 projects in 67 countries, compared to 217 projects in 65 countries in FY04. Our investment portfolio at June 30, 2005, included \$19.3 billion for IFC's own account and \$5.3 billion in syndicated loans held for others. We added 174 companies to our portfolio this year, and 176 companies left the portfolio. Investment projects are detailed in the regional sections and listed in our project tables in Volume 2.

Syndication and Resource Mobilization

IFC's syndications play a key role in mobilizing private sector finance in emerging markets, where tenors are generally limited to shorter maturities and market access is open primarily to top-tier companies in middle-income countries. Our B-loan program helps clients secure more favorable financing, often through landmark transactions. Signings of new B-loans totaled \$1.08 billion in FY05, compared with \$879 million in FY04. In addition, IFC mobilized \$65 million for the market by selling existing A-loans through the B-loan program. As of June 30, 2005, IFC's syndicated loan portfolio was \$5.3 billion in 204 projects.

In Brazil, Embraer raised \$145 million with tenors of up to 10 years, the longest maturity for a private corporate loan achieved in the country for many years. In Bolivia,

IFC's Largest Country Exposures

Committed portfolio for IFC's own account as of June 30, 2005* (millions of U.S. dollars)

Russian Federation	1,432
Brazil	1,398
India	1,268
Mexico	1,104
China	999
Turkey	981
Argentina	731
Indonesia	494
Philippines	480
Nigeria	419

* Excludes individual country shares of regional and global projects.

IFC Operations

(millions of U.S. dollars)	FY01	FY02	FY03	FY04	FY05
OPERATIONS					
Investment commitments					
Number of projects ¹	201	203	204	217	236
Number of countries	73	76	64	64	67
Total commitments signed ²	3,934	3,494	5,037	5,632	6,449
For IFC's own account ²	2,734	2,957	3,856	4,753	5,373
Held for others	1,201	518	1,181	879	1,076
Investment disbursements					
Total financing disbursed	2,370	2,072	4,468	4,115	4,011
For IFC's own account	1,535	1,498	2,959	3,152	3,456
Held for others	835	574	1,509	964	555
Committed portfolio³					
Number of firms	1,378	1,402	1,378	1,333	1,314
Total committed portfolio ²	21,841	21,569	23,379	23,460	24,557
For IFC's own account ²	14,311	15,049	16,777	17,913	19,274
Held for others	7,530	6,519	6,602	5,546	5,283

1. Includes first commitment to projects in the fiscal year. Projects involving financing to more than one company are counted as one commitment.

2. Includes loan guarantees and risk management products.

3. Total committed portfolio and held for others include securitized loans.

Some data from prior years have been revised. All dollar amounts reflect rounding.

Balance Sheet Highlights

(millions of U.S. dollars)	FY01	FY02	FY03	FY04	FY05
ASSETS					
Liquid assets, excluding derivatives	14,581	16,924	17,004	18,397	22,781
Net loan and equity investments	8,696	7,963	9,377	10,279	11,489
Derivative assets	1,143	1,077	1,734	1,092	1,516
Receivables and other assets	1,750	1,775	3,428	2,593	3,774
Total assets	26,170	27,739	31,543	32,361	39,560
LIABILITIES					
Borrowings outstanding	15,457	16,581	17,315	16,254	15,359
Derivative liabilities	1,768	1,576	1,264	1,549	2,332
Payables and other liabilities	2,850	3,278	6,175	6,776	12,071
Total liabilities	20,075	21,435	24,754	24,579	29,762
CAPITAL					
Capital stock	2,360	2,360	2,360	2,361	2,364
Retained earnings	3,723	3,938	4,425	5,418	7,433
Other	12	6	4	3	1
Total capital	6,095	6,304	6,789	7,782	9,798

Income Statement Highlights

(millions of U.S. dollars)	FY01	FY02	FY03	FY04	FY05
Interest and financial fees from loans	732*	547*	477	518	660
Interest from time deposits and securities	773*	493*	318	278	533
Charges on borrowings	-961	-438	-226	-141	-309
Net interest income	544	602	569	655	884
Net gains and losses on trading activities	87	31	157	-104	-175
Net income from equity investments	26	160	145	658	1,365
Release of/provision for losses on loans and guarantees	-206	-389	-48	103	261
Net noninterest expense	-210	-243	-295	-330	-344
Income before expenditures for TAAS	241	161	528	982	1,991
Expenditures for TAAS	—	—	—	—	-38
Operating income	241	161	528	982	1,953
Net gains/losses on financial instruments	11	54	-41	11	62
Cumulative effect of change in accounting principle	93	—	—	—	—
Net income	345	215	487	993	2,015

*Reclassified to conform to FY05 presentation.



COURTESY OF ASIAN COMMERCIAL BANK

Local Currency Financing

IFC uses local currency financing to help clients mitigate foreign exchange risk and to develop local capital markets. Using market-based instruments, IFC provides local currency debt financing in several forms: loans in local currency, risk management swaps that allow clients to hedge foreign currency liabilities back into local currency, and credit enhancement structures that enable clients to borrow in local currency from other sources.

To date, IFC has disbursed over \$1 billion equivalent in local currency transactions through 39 loans and hedges in 10 currencies. In FY05, IFC committed its first local currency loans in Indonesian rupiah, Philippine pesos, and Turkish lira. This form of financing requires long-term derivatives markets, and IFC works closely with market counterparts and government regulators to extend the availability and liquidity of these markets.

IFC is at the forefront of domestic capital market development. Through its participation in the structuring and credit enhancement of transactions, IFC has helped introduce new asset classes. Transactions have not only enabled IFC's clients to secure attractive long-term local currency financing; they have also been catalysts for expansion of numerous domestic markets. IFC has completed 28 domestic market structured transactions for an exposure of \$406 million equivalent and has assisted in mobilizing over \$2 billion equivalent.

RICHARD LORD



Transierra was able to raise \$100 million from the market at a time of political uncertainty; this was the first time we combined our B-loan product with expropriation insurance from a private sector provider. IFC syndicated a \$65 million, six-year loan to Trakya Glass Bulgaria, part of the largest foreign direct investment in Bulgaria since 1989. In Russia, IFC completed its first acquisition financing syndication, enabling Orient-Express Hotels Ltd. to acquire a property in St. Petersburg.

Client Risk Management Products

IFC provides currency, interest rate, and commodity price hedging products to clients in emerging markets, who usually cannot access them because of credit or country risk. Through its Client Risk Management program, IFC combines its experience in risk management with its traditional role in credit intermediation. Because we can accept our clients' long-term credit risk, IFC can intermediate between them and derivatives markets. Clients who hedge using risk management products protect their financial positions. The transactions also improve the quality of IFC's investment portfolio.

In the 14 years since the program was established, IFC has committed 82 risk management projects in 32 countries. The transactions have hedged a notional amount of over \$2.7 billion (the potential exposure or future risk of these transactions is a fraction of the notional amount). In FY05, the Corporation committed risk management transactions to provide interest rate hedging for Laredo, a raw sugar producer in Peru; for Merlon, an oil and gas producer in Egypt; and for Magadi Soda in Kenya.

Risk management products are offered to IFC customers solely for hedging purposes and not for speculation. IFC hedges its own market risk on these transactions and monitors exposure on an ongoing basis.

Structured Finance Products

During FY05, IFC continued to develop and execute structured finance solutions for clients, including partial credit guarantees and securitizations. These tools are part of IFC's broader strategy to build domestic capital markets; to provide clients with new forms of cost-effective financing, with an emphasis on long-term local currency funding; and to increase investment capacity in strategic asset classes, including loans to small businesses, mortgages, and trade finance.

This year IFC invested \$218 million and mobilized a further \$1.1 billion through 13 structured finance transactions. Innovations widely recognized in the financial industry include the first securitization of nonperforming loans in Latin America; the first cross-border securitization of residential mortgages in Central and Eastern Europe, in Latvia; the first structured bond from a microfinance institution, which was also IFC's first direct partial credit guarantee in Mexico (see box, p. 53); the first structured risk-sharing facility in the education sector, in Ghana (see box, p. 17); and the first domestic partial credit guarantee in the agribusiness sector, in Peru.



Technical Assistance and Advisory Operations

BEN O'BRIEN

Many of IFC's technical assistance and advisory services are detailed in the regional sections of this report.

A comprehensive listing of projects appears in Volume 2.

Overview

In addition to making investments, IFC provides technical assistance and advisory services that strengthen companies, financial institutions, and the government entities involved in the private sector.

In FY05 nearly one-third of IFC's staff were engaged in these efforts, in Washington and in the field. Much of this work is conducted through 24 facilities or programs managed by IFC but funded by partnerships with donor governments and other multilateral institutions. Facilities focus on either a region or a strategic aspect of development; they play a key role in carrying out IFC's emphasis on the business-enabling environment, smaller enterprises, corporate governance, and environmental and social development. During FY05, donor-funded operations accounted for about \$108 million in expenditures. IFC provided more than \$57 million in funding. Cumulative contributions to all donor-funded operations managed by IFC reached \$1.11 billion through FY05. (See next page for a list of regional facilities.)

The Corporation is improving and strengthening the systems that support technical assistance and advisory projects. This effort is making it easier to share knowledge, measure performance, and evaluate results.

Trust Funds and IFC Funding

In addition to donor-funded facilities, IFC has set up trust funds with individual donor countries and agencies. These funds can be used to hire consultants with financial, legal, technical, or environmental expertise to work on specific projects; certain funds are tied to hiring citizens of the donor country.

Through FY05, the donor community provided cumulative contributions of \$203 million to support the Technical Assistance Trust Funds program; this includes \$17.8 million from IFC's own resources to date. Donors



ELENA GRUZHAKOVA

have approved more than 1,480 technical assistance projects through the program since its inception in 1988. Examples of projects funded this year include a feasibility study for a global home township program in El Salvador, development of consumer and small business banking in Mauritania, and assistance to two new commercial banks in Iran to strengthen their operational procedures, credit analysis, and risk management. A project in the Democratic Republic of Congo benefited the general business environment, improving smaller businesses' access to finance and information and consultancy services. Other projects the program funded are highlighted in the regional sections of this report.

This year, IFC also created the Funding Mechanism for Technical Assistance and Advisory Services, which designates a portion of the Corporation's retained earnings as a contribution to support donor-funded operations and other technical assistance and advisory projects. This improves the efficiency and strategic responsiveness of our technical assistance, especially for new initiatives. It also helps make IFC's spending on investments and donor-funded operations more separate and transparent, but it does not eliminate the need for donor funding of these activities. Using funds designated from FY04's earnings, funding was approved for 46 activities and projects to spend \$225 million over a six-year period; spending in FY05 was \$63 million.

IFC's Donor-Funded Facilities in Developing Regions

In addition to the regional facilities below, IFC operates facilities with a global focus on specific aspects of development, including—among others—foreign investment, privatization, and environmental and social development. A more comprehensive list of donor-funded operations precedes the table of Technical Assistance and Advisory Projects in Volume 2.

China Project Development Facility

Sichuan province, China

Latin America and the Caribbean Technical Assistance Facility

Bolivia, Honduras, Nicaragua, Peru

Mekong Private Sector Development Facility

Cambodia, Lao PDR, Vietnam

Pacific Enterprise Development Facility

Pacific Islands

Private Enterprise Partnership

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Russian Federation, Tajikistan, Ukraine, Uzbekistan

Private Enterprise Partnership for Africa

Sub-Saharan Africa

Private Enterprise Partnership for the Middle East and North Africa

Middle East and North Africa; includes Afghanistan and Pakistan

Private Enterprise Partnership for Southeast Europe

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Moldova, Romania, Serbia and Montenegro

Program for Eastern Indonesia SME Assistance

Eastern islands of Indonesia

SouthAsia Enterprise Development Facility

Bangladesh, Bhutan, northeast India, Nepal



ELENA CHUZHAVKOVA

A Snapshot of IFC's Technical Assistance and Advisory Services

Assistance to firms. Includes support to strengthen micro, small, and medium enterprises and to help establish supplier or distributor links between these businesses and larger companies.

Business enabling environment. Includes removing barriers to investment, improving government policies for SME sector, strengthening business service providers, studying specific sectors, advising on corporate governance, and conducting gender initiatives.

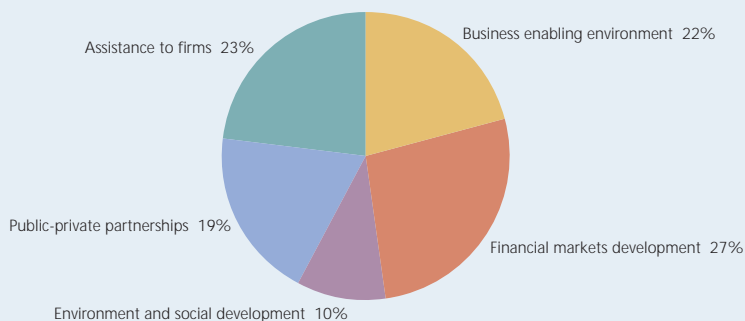
Environment and social development. Includes benefits related to biodiversity, energy efficiency, HIV/AIDS, renewable energy resources, workforce health and safety, community development, and indigenous people.

Financial markets development. Includes promotion of leasing, factoring, housing finance, insurance, banking, microfinance, and trade finance.

Public-private partnerships. Includes providing advisory assistance (primarily to governments) on privatization and restructuring of state-owned enterprises, and on private sector participation in infrastructure to expand access to public services (such as transportation, health services, and power).

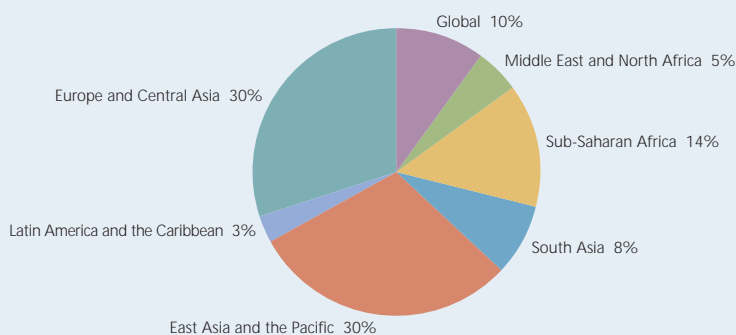
MAJOR AREAS OF TAAS WORK

(percentage of approved funds for active projects, FY05)



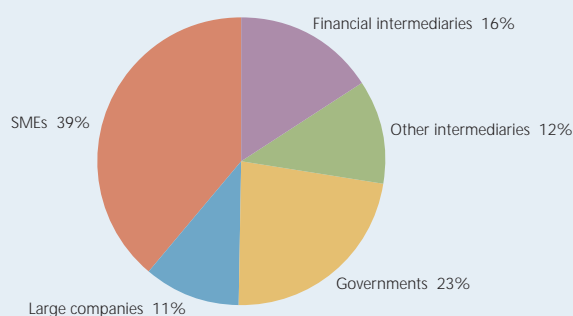
GEOGRAPHIC DISTRIBUTION OF OPERATIONS

(percentage of approved funds for active projects, FY05)



GROUPS THAT BENEFIT

(percentage of approved funds for active projects, FY05)



Approved funding for TAAS projects active in FY05 totaled \$276 million. The data in these graphs were collected using new procedures implemented across IFC during FY05; they have not been audited.

Operations Evaluation Group

OEG independently evaluates IFC's investment projects and programs, as well as the Corporation's related strategies, policies, and procedures. OEG reports to IFC's Board of Directors, which discusses its evaluations. Many evaluations are carried out jointly with OEG's counterparts in the World Bank and MIGA.

In FY05, the Board discussed evaluations of IFC's project development facilities and the investment climate for private sector development. OEG also completed evaluations of IFC's operations in Pakistan, Romania, transition economies, and the leasing sector. OEG is working to harmonize evaluative standards and reporting so that stakeholders can compare the performance of various multilateral development banks according to appropriate and transparent standards. A working group of these institutions has established good practice standards, and IFC's evaluation system is considered the most consistent with these standards.

Findings from OEG's Annual Review

Each year, IFC's investment staff evaluate a representative random sample of investments that have reached operating maturity. OEG analyzes the results and presents its findings in its Annual Review. This year's review examined whether IFC is achieving its mission: to what extent it is promoting sustainable private sector investment in developing countries, helping reduce poverty and improve people's lives (see figure on opposite page). Key findings include the following.

An Upward Trend in Some Project Indicators

The trend since 2000 suggests an improvement in project success rates for development outcome, investment outcome, and IFC work quality. The environmental, social, health, and safety performance of evaluated real sector projects has not, however, improved in line with other development impacts, thus constraining development outcome quality. OEG has recommended that IFC move forward with the mainstreaming of environmental and social sustainability within investment departments, and management is making progress.

IFC Invested More, and Achieved Better Outcomes, in Its Strategic Sectors

Since making them a priority in 1998, IFC has steered its resources toward the financial markets, infrastructure, information technology, and social sectors, increasing their share of its total commitments to 55 percent in FY05. This growth was achieved primarily in the finance and insurance sectors. Overall, the evaluated projects in these strategic sectors have yielded higher-than-average success rates on development and investment outcome.

The Risk Profile of Recent Commitments Improved

New IFC commitments generally feature lower risk intensity than investments in the mature, evaluated sample that was approved in 1996–1998. This reduced risk resulted from external market conditions that have driven better business toward IFC, as well as from management's initiatives, introduced in 1998, aimed at enhancing work quality.

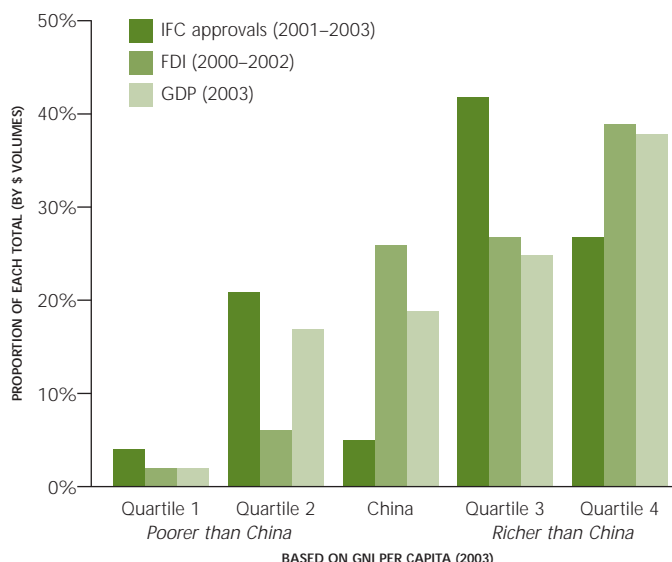
IFC Pursued Its Frontier Strategy

IFC first articulated its frontier country strategy in 1998, recognizing the need to stimulate capital flows in higher-risk countries and in pioneering or underserved sectors. Since then, IFC has successfully steered resources toward countries where its value added and poverty reach are greatest. IFC's investments are more concentrated in poorer countries, as compared to these countries' share of overall gross domestic product and foreign direct investment (see figure below).

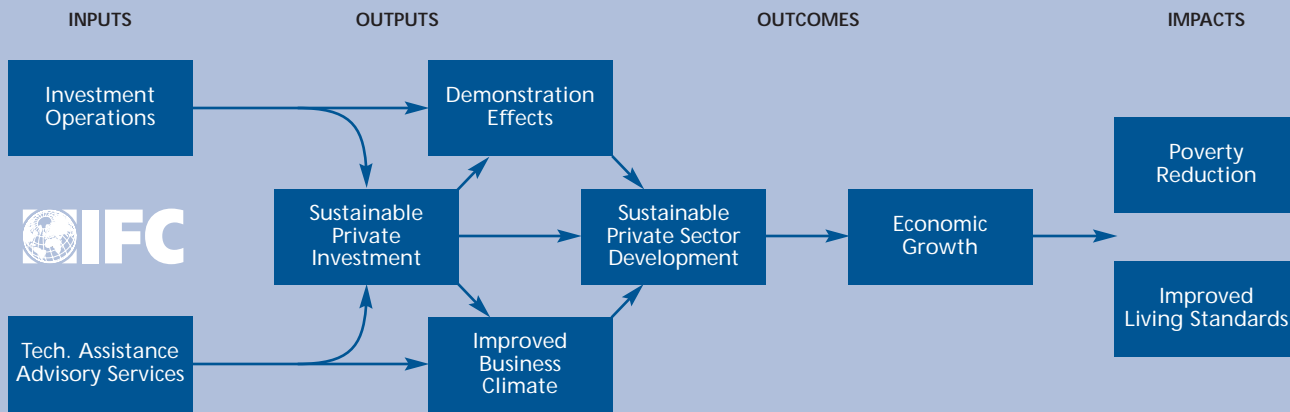
Historically, the best development and investment results have been achieved in countries that have improved their business climates and graduated into medium- or low-risk environments. As a result of this graduation, the frontier country group (high-risk or low-income countries) is now significantly smaller than it was in 1998, has less absorptive capacity, and receives a smaller share of private capital flows.

Further information on OEG can be found at: www.ifc.org/oeg.

IFC IS MORE CONCENTRATED IN POOR COUNTRIES THAN ARE GDP AND FDI



How IFC Operations Help Reduce Poverty and Improve People's Lives



A Project with a Highly Unsuccessful Development Outcome

The project was a pilot agency credit line serving wood processors and furniture manufacturers in a postconflict transition economy in Europe. These companies were previously part of a state-owned conglomerate that had collapsed, leaving the companies without financial, production, marketing, or sales support.

Project Business Performance: *Unsatisfactory.* IFC provided technical assistance to help the companies build management capacity in preparation for a planned privatization. This support proved insufficient to bridge their lack of expertise, and problems were compounded by difficult trading conditions. All the companies financed through the agency line consequently fell into financial distress.

Economic Sustainability: *Unsatisfactory.* The project aimed to regenerate the country's wood sector, which had traditionally benefited from skilled craftsmen and a natural supply of high-quality wood. None of the companies have proven a sustainable source of employment, tax revenues, or added value. Their expected contribution to postwar reconstruction has been limited.

Environmental Impacts: *Unsatisfactory.* The environmental performance of the companies did not meet prescribed standards. For example, one furniture manufacturer was found to be polluting local air quality, soil, and surface and underground waters.

Private Sector Development: *Unsatisfactory.* No privatization occurred due to lack of interest from domestic and foreign investors. Moreover, the agency line failed in its objective to help build expertise within the agent banks to support future private enterprise in the country.

A Project with a Highly Successful Development Outcome

The project was the installation of a new digital cellular network in an Asian country to provide 55 percent coverage by area and increase access to telephony services among poor rural communities. It aimed to provide a viable and affordable infrastructure in a country that had one of the lowest telephone density rates in the world and a waiting time of more than 10 years for a fixed telephone line.

Project Business Performance: *Excellent.* The project is a huge commercial success. Market uptake was overwhelming, and the company responded by making technical adjustments to its network, which doubled its capacity. After four years, the company has achieved a subscriber base of nearly half a million, more than twice the level anticipated.

Economic Sustainability: *Excellent.* The project has yielded outstanding returns to the economy, including taxes and duties paid to government, revenue-sharing payments to the regulator, license fees, and lease payments to a railway company for using its fiber-optic backbone. It has a village phone program that serves more than 50 million people nationwide and has become an effective model for increasing rural connectivity.

Environmental Impacts: *Satisfactory.* The company is committed to sound environmental, social, health, and safety performance and is in compliance with World Bank Group guidelines.

Private Sector Development: *Excellent.* The project increased competition in the cellular market, resulting in lower tariffs, increased range, and improved quality for users. It also provided essential infrastructure for more general private sector development. Its village phone program helped create microenterprises in rural areas by way of wireless pay phones owned and operated by local women.

Compliance Advisor/Ombudsman

The Office of the Compliance Advisor/Ombudsman is the independent accountability mechanism of IFC and MIGA, established in 1999 and reporting directly to the president of the World Bank Group. The CAO serves as an ombudsman who responds to complaints from people affected or likely to be affected by projects; as an auditor who assesses IFC's and MIGA's compliance with environmental and social safeguards; and as an advisor, who provides independent advice to the organizations' senior management and president on policies and systemic issues, including those that arise in the process of complaint investigations and compliance audits.

During FY05, the CAO's office received 10 new complaints and continued its work on ongoing cases. Complaints were received regarding projects in Botswana, Georgia, Guatemala,

India, and Kazakhstan. To resolve complainants' issues and avoid future problems, the CAO uses a variety of methods, including mediation, negotiation, and fact-finding with project sponsors, IFC or MIGA management and staff, and affected persons. There was also one compliance audit completed during FY05.

The CAO makes its operational guidelines and all other public documents, including assessment reports on complaints received, available in print and online at www.cao-ombudsman.org. Most Web content is in English, French, and Spanish; the guidelines are available in these languages as well as in Arabic, Chinese, Portuguese, and Russian. The guidelines and Web site include a model letter to the CAO's office to assist people in filing a complaint.



Financial Review

Operating income¹ in fiscal year 2005 was \$1.953 billion, above the \$982 million earned in FY04 and \$528 million in FY03. Including a \$62 million gain from derivatives and hedging activities, IFC's net income totaled \$2.015 billion in FY05, compared to \$993 million in FY04. Operating income in FY05 comprised income of \$1.759 billion on the Corporation's client services operations (compared to \$911 million in FY04) and income on treasury services of \$194 million, after administrative expenses (above the \$71 million treasury contribution in FY04). Overall, the Corporation's operating return on average net worth rose from 13.7 percent in FY04 to 22.6 percent in FY05.

The strong growth in profit on client services operations reflected significant realized gains on sales of investments, robust dividend income from the equity portfolio, stronger loan portfolio income, and the positive impact of a release of loss reserves in FY05. The loan portfolio generated operating income of \$323 million in FY05 (after charges for non-accruals, specific loss provisions, internal administrative expenses, borrowing costs, and loan hedging costs). This follows an operating profit of \$304 million in FY04.

The equity and quasi-equity portfolios—the portfolios funded from net worth—recorded operating income of \$1.4 billion in FY05, significantly above \$585 million in FY04. Capital gains realized on equity sales totaled a record \$723 million in FY05, up from \$381 million in FY04.

The liquid asset portfolios outperformed their investment benchmarks in FY05 and earned a positive return for the year. Reflecting a rise in U.S. Treasury yields, income from liquid assets rose to \$194 million including \$175 million of realized and unrealized trading losses (compared to \$71 million and \$104 million respectively in FY04).

New investment commitments for IFC's account amounted to \$5.4 billion (including \$220 million in signed guarantees), and an additional \$1.1 billion in loan syndications were signed. The disbursed outstanding investment portfolio stood at \$12.3 billion at June 30, 2005, about the same level as the year before. The Corporation's administrative expenses grew 12 percent to \$403 million in FY05. As a share of the average disbursed investment portfolio, total administrative expenses rose to 3.3 percent in FY05, up from 3.0 percent in FY04. Administrative expenses include the grossing-up effect of certain revenues and expenses attributable to the Corporation's reimbursable program (\$33 million in FY05, as compared

with \$34 million in FY04). IFC's borrowings continued to keep pace with its lending activities. New borrowings in the international markets totaled \$2.0 billion equivalent in FY05.

IFC'S FINANCIAL PERFORMANCE HIGHLIGHTS

(millions of U.S. dollars)

	FY05	FY04
Client services—operating income	1,759	911
Loan—operating income	323	304
Equity/quasi-equity—operating income	1,425	585
Technical assistance	(8)	(7)
Contributions to facilities	(38)	(29)
Corporate charges and other	57	58
IFC treasury services—operating income	194	71
IFC treasury services—liquid assets	194	71
IFC operating income	1,953	982

Financial Performance of Major Product Lines

Disbursed and outstanding loans (excluding loan-type quasi-equities), or straight loans, rose 3 percent to \$8.3 billion in FY05. IFC's loan portfolio recorded operating income of \$325 million in FY05, compared to \$304 million in FY04. Lower nonaccrual rates, higher recoveries of interest past due, stronger financial fee income, and a release of specific loss reserves all contributed to the improved performance of the straight loan portfolio. Operating income here was equivalent to a return of 22.7 percent of capital employed in FY05, unchanged from FY04.

The equity and quasi-equity portfolio (including loan-type quasi-equities), IFC's net worth funded portfolio, totaled \$4.0 billion outstanding in FY05. This portfolio recorded a record operating income of \$1.4 billion in FY05, compared to \$585 million in FY04, because of significant capital gains from sales of equities, strong dividend income, and changes in carrying value of equity investments. Capital gains realized on equity sales totaled \$723 million in FY05, compared with \$381 million in FY04. Due in part to continued demand in the global markets for energy and resources, dividend income also grew strongly, totaling \$258 million in FY05, up from \$207 million in FY04. Changes in the carrying value of investments contributed \$269 million to equity portfolio income in FY05, compared to \$74 million in FY04. In addition, in FY05, \$191 million of

1. Operating income is defined as income after expenditures for technical assistance and advisory service (TAAS) but before any gain/loss from accounting for derivatives and hedging activities (SFAS No. 133). Certain amounts in the prior years have been reclassified to conform to the current year's presentation.

unrealized gains were recognized on investments accounted for by the equity method. Operating income on this portfolio (net of custody fees and derivatives gains/losses) amounted to a return on capital employed of 44.5 percent in FY05, after 17.6 percent in FY04.

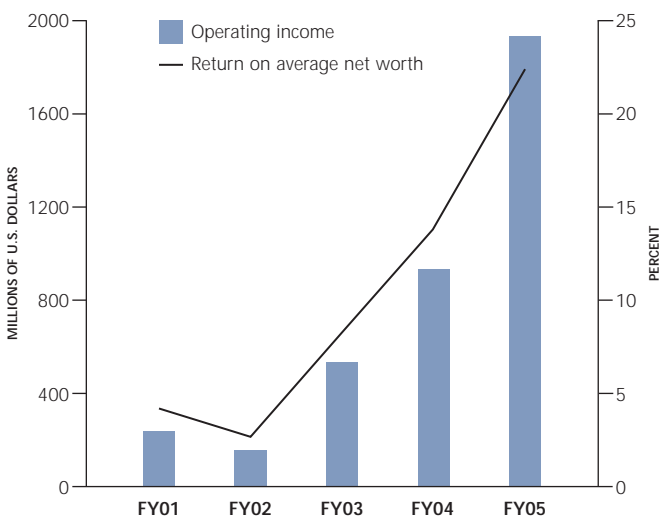
In FY05 there was another release of loss provisions totaling \$261 million, compared to \$103 million released in FY04. The total reserve against losses on loans declined to 9.9 percent of the year-end disbursed and outstanding loan portfolio, significantly below the level of 14.0 percent in FY04.

Capital and Retained Earnings

IFC's net worth consists of retained earnings and paid-in capital. IFC's paid-in capital was \$2.4 billion, unchanged from the end of FY04, while net income of \$2.0 billion increased retained earnings to \$7.4 billion. The Corporation's net worth at the end of FY05 was \$9.8 billion.

On June 30, 2005, IFC's capital adequacy ratio (paid-in capital, retained earnings, and adjusted general reserves compared with risk-weighted assets, both on- and off-balance sheet) stood at 50 percent. This is well above the policy minimum of 30 percent, defined under the capital adequacy framework adopted by the Board of Directors in May 1994. IFC's leverage ratio—outstanding borrowings and guarantees measured in relation to the sum of subscribed capital and retained earnings—was 1.8 to 1, well within the limit of 4.0 to 1 prescribed by the Articles of Agreement.

**OPERATING INCOME AND
RETURN ON AVERAGE NET WORTH**



Funding Management

In FY05, IFC borrowed \$2.0 billion equivalent in the international capital markets and repurchased \$133 million in outstanding debt. These repurchases were undertaken as part of IFC's strategy of enhancing the liquidity of its outstanding bond issues.

IFC issued securities in six currencies during FY05: U.S. dollars, Japanese yen, Peruvian soles, Malaysian ringgit, Moroccan dirham, and South African rand. The largest borrowing of the year was a \$1 billion global bond issue.

IFC raised 50 percent of total new borrowings in FY05 through a U.S. dollar global bond issue, 22 percent via structured issues primarily in Japan, 2 percent in Peruvian soles, 6 percent in Moroccan dirham, 7 percent in Malaysian ringgit, and 13 percent in South African rand. Notable among these was the Moroccan dirham issue, which was the first borrowing by a non-resident entity in that currency, and the Malaysian ringgit issue, which was the first domestic currency borrowing by a supranational under Islamic finance principles. All borrowings were swapped into floating-rate U.S. dollars. Most loans made by IFC are denominated in U.S. dollars on a floating-rate basis. The below-LIBOR cost achieved through the use of currency and interest rate swaps as well as the income generated through debt repurchases contributed to maintaining IFC's low funding cost in FY05.

Liquidity Management

Liquid assets on the balance sheet totaled \$13.3 billion on June 30, 2005, up from \$13.0 billion a year earlier. The majority of liquid assets are held in U.S. dollars, with small euro and yen balances held to support operational disbursements. Total liquid assets held are determined by constraints associated with IFC's AAA/Aaa credit ratings and, notably, by the pace of new market borrowings and new loan and equity disbursements to clients.

In FY05, IFC's liquid asset portfolios faced a challenging environment, and both the externally and internally managed portfolios had difficulty outperforming their benchmarks. The most important market events were the steady increase in interest rates by the U.S. Federal Reserve, coupled with unexpected strength at the long end of the yield curve. Even though overnight Fed Funds rose to 3.25 percent by the end of the fiscal year, the 10-year U.S. Treasury yield fell from around 4.5 percent to below 4 percent during the year, resulting in a dramatic flattening of the yield curve. The other key trends were the steep rise in oil prices, the decline of the U.S. dollar versus most other major currencies (though it had regained its losses by the end of FY05), and a relatively weak performance by the U.S. stock market. The

U.S. economy remained fairly strong, with unemployment falling and the housing sector showing no signs of moderating its growth. Inflation remained subdued. In Europe, growth was stagnant; unemployment remained high and consumer spending weak. Japan appears to have begun a modest recovery, and there have been some signs that the Bank of Japan might start tightening conditions, at least moderately.

In this environment, the liquid asset portfolios generated \$194 million in operating income, with \$124 million in spread income from funded liquidity and \$70 million from net worth liquidity, comprising interest income net of realized and unrealized losses. This compares with \$71 million during FY04, which included \$39 million in spread income from funded liquidity and \$32 million in interest and gains income from net worth liquidity.

IFC's liquid assets are invested in line with policies and standards set under the Investment Authority granted by the Board of Directors. The authority specifies the types of instruments and entities eligible for investment. IFC is authorized to invest its liquid assets in the obligations of highly rated governments, agencies, corporations, and commercial banks. Within the authority's framework, IFC's senior management has established prudent guidelines for managing the different dimensions of risk inherent in a large, diversified bond portfolio with particular regard to market (interest rate) risk and credit risk. For management and reporting purposes, IFC's liquid assets are separated into five distinct portfolios and invested globally in the highest-quality assets, including sovereign and triple-A-rated corporate bonds.

The P0 portfolio is a cash account that accommodates all of IFC's daily requirements, ranging from project cash movements (loans, equity, market borrowings) to administrative expenses of the Corporation. The portfolio also manages about \$450 million cash for the P2 portfolio, as part of that portfolio's new benchmark. The larger portfolio size, which is slightly longer in duration, has allowed P0 to take advantage of higher-yielding short-dated assets, including very short average life home equity lines and home equity lines of credit. At the beginning of FY05, P0's benchmark was changed from an overnight Effective Fed Funds target to overnight LIBID (LIBOR-12.5 basis points). While the change has not had a significant effect on portfolio performance, the new target is more in line with industry practice for an overnight book. P0 outperformed its LIBID benchmark by 18 basis points,

delivering a return of 2.37 percent compared to 2.09 percent on the benchmark.

The P1 portfolio consists of funded liquidity, specifically the proceeds of variable-rate borrowings, which are invested in high-quality investments pending disbursements of approved loans. IFC's objective is to outperform the total return of its benchmark—three-month U.S. dollar deposits—within the interest rate and credit risk limits allowed. The total return was 2.24 percent as compared to the benchmark return of 2.17 percent, with an excess return of 7 basis points.

The P2 portfolio corresponds primarily to the Corporation's paid-in capital and accumulated earnings. P2 is managed against the Lehman Brothers U.S. Intermediate Treasury benchmark. The portfolio is actively managed on a total return basis against this benchmark. The return for FY05 was 3.73 percent versus a benchmark return of 3.80 percent.

The P3 portfolio consists of funded liquidity, originally taken from the P1 portfolio. This portfolio is actively managed by six external managers against the P1 benchmark. At the end of FY05, assets in the P3 portfolio totaled \$1.128 billion—about 8 percent of the Corporation's total liquid assets. The portfolio consists of a global fixed income (GFI) program allocated to two asset managers with \$317 million under management and a mortgage-backed securities (MBS) program allocated to two asset managers with \$380 million under management. The remaining \$431 million is managed by two asset managers as a hybrid GFI/MBS mandate. The P3 portfolio delivered an absolute return of 2.35 percent for FY05, outperforming the benchmark by 0.10 percent.

The P4 portfolio is the outsourced portion of the P2 portfolio. P4 is actively managed by three managers against the Lehman Brothers U.S. Intermediate Treasury Index, like the P2 benchmark. At the end of FY05, assets in the P4 portfolio totaled \$415 million, about 3 percent of the Corporation's total liquid assets. For FY05, the P4 portfolio delivered 4.51 percent and beat its benchmark by 0.65 percent.

Risk Management and Financial Policies

In keeping with industry best practice, risk management and financial policies are administered by a separate department under the Vice Presidency of Portfolio and Risk Management. The department is independent from all transaction groups and is responsible for recommendations on financial policy

and risk management issues, risk measurement methodologies, risk limits, capital allocation and pricing, internal financial policy guidelines, monitoring compliance with these guidelines, and rating agency issues. It covers business operations, treasury activity, and active portfolio management with a view to ensuring coherence and consistency in policies and an integrated financial framework for all business activities.

IFC's overall activities are governed by a set of financial policies on exposure, capital adequacy, leverage, asset-liability management, liquidity, and derivatives. Specific activities in treasury and portfolio management are subject to detailed internal management guidelines for each area of activity.

IFC has policies that set guidelines on exposure to countries, sectors, products, and groups as well as single obligors. While these guidelines serve to limit and monitor business exposures, IFC also limits its financial risks through conservative financial policies. These include a minimum capital adequacy ratio of 30 percent of risk-weighted assets and a maximum ratio of debt plus outstanding guarantees to net worth of 4 to 1 as long as IFC has any outstanding borrowings from the IBRD. In addition, IFC has conservative approaches to asset-liability, liquidity, and derivatives exposure management as described below.

Funding, interest rate, and currency exposure is controlled through the matched funding policy, which requires loan assets to be funded by liabilities that have matching interest rate and currency characteristics. In order to accommodate client needs for loans in nondollar currencies in fixed or floating rates, and to allow for flexibility in borrowing and investment of liquid assets in various currencies and alternative interest rate bases, IFC makes use of derivatives, primarily over-the-counter swaps, to transform assets and liabilities into synthetic variable-rate dollar assets and liabilities. Equity and quasi-equity assets are funded from net worth and are limited by policies that require such investments not to exceed 100 percent of net worth.

Currency and interest rate mismatches that arise over the course of a loan's life (due to provisioning, prepayments, reschedulings, receipt of spread or fee income in nondollar currencies, and possible differences in LIBOR reset dates between assets and liabilities) are monitored and hedged on an ongoing basis subject to operational limits.

IFC's liquidity requirements are governed by the matched-funding policy and the liquidity policy. Under the matched-funding policy, IFC carries funded liquidity for approved but undisbursed loans. Under the liquidity policy, IFC is required to maintain at all times a level of liquid assets of not less than 65 percent of the next three years' projected net cash flow requirements.

IFC's liquid asset holdings are made up of market-funded portfolios and a net worth-funded portfolio. Interest rate risks are

managed against duration benchmarks for each of the portfolios, and currency risks are managed by using derivatives to hedge the currency exposure. Credit risks are managed through eligibility requirements for investments and issuer limits based on size and rating as well as concentration limits on asset classes.

IFC uses derivatives in the areas of funding, liquidity management, asset-liability management, client risk management products, and active portfolio management.

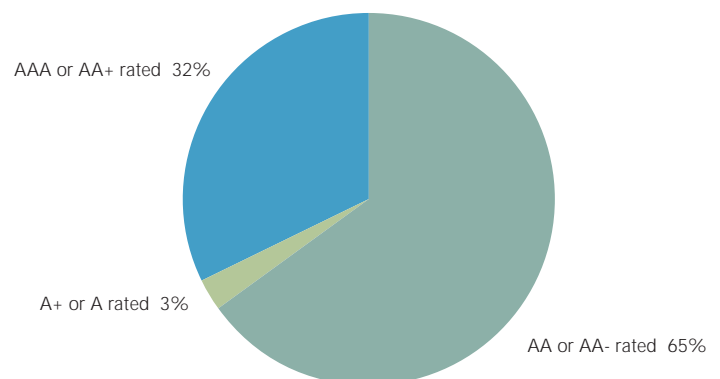
With the exception of the use of derivatives for active portfolio management, and some positions taken in liquid assets management, uses of derivatives do not entail market risk as they are used only for hedging purposes. Market risk arising from derivative use in liquid assets and portfolio management activities is subject to the respective guidelines for such activities. While the other derivatives used only for hedging do not entail open market risk, they create credit exposure that arises from the potential counterparty default when the derivative contract has positive value to IFC.

To manage these counterparty exposures, IFC has credit risk policies relating to eligibility criteria and credit limits that are coordinated with those of the IBRD. Limits are set in terms of the total potential exposure to the counterparty.

To protect against counterparty downgrades subsequent to undertaking contracts, IFC has entered into mark-to-market collateral agreements with most of its derivative counterparties.

The active portfolio management program enables IFC to hedge and manage the aggregate financial risks, returns, and exposures incurred in connection with its portfolio of loan, quasi-equity, and equity investments. The proactive use of risk management techniques, hedging instruments, and income enhancement strategies is tailored to IFC's financial risk tolerance and income objectives.

TREASURY CREDIT RISK ALLOCATION



Portfolio Review

IFC's committed portfolio at the end of FY 2005 increased by 7.6 percent to \$19.3 billion, from \$17.9 billion in FY04.¹ Nearly 77 percent of the committed portfolio was in loans amounting to \$14.8 billion, and 17 percent was in equity investments amounting to \$3.3 billion. Guarantee products of \$998 million accounted for 5 percent of the committed portfolio, and risk management products of \$168 million accounted for almost 1 percent. In addition, IFC held and managed for participants \$5.3 billion in loans it had syndicated. At the end of FY05, the committed portfolio included loan and equity investments, risk management products, and guarantees in 1,314 companies in 119 countries.

The net increase in the committed portfolio was \$1.4 billion after taking into account new commitments, repayments, sales, cancellations, prepayments, write-offs, and translation adjustments. Loan principal repayments and prepayments totaled \$2.3 billion, and \$515 million in equity investments were sold or redeemed.

The total disbursed portfolio for IFC's own account remained nearly unchanged at \$12.3 billion at the end of FY05, primarily due to higher levels of loan prepayments. During the fiscal year, the disbursed loan portfolio grew by 2.3 percent, whereas the disbursed equity portfolio contracted by 9.5 percent.²

Many of the Corporation's investments are denominated in U.S. dollars, but IFC borrows in a variety of currencies to diversify access to funding and reduce borrowing costs. The currency breakdown of the disbursed loan portfolio on June 30, 2005, is shown in the notes to the financial statements (see Volume 2 of the IFC Annual Report). The Corporation minimizes its risk exposure to off-balance-sheet transactions by entering into offsetting swap, option, or forward contract positions with highly rated market counterparties and by performing thorough credit reviews of all counterparties.

Commitments and Disbursements

New commitments for IFC's own account were concentrated in the Europe and Central Asia (36 percent), Latin America and Caribbean (26 percent), and East Asia and Pacific (14 percent) regions. The business sectors with the largest

volume of new commitments were finance and insurance with 41 percent and transportation and warehousing with 7 percent.

Disbursements in FY05 were \$3.5 billion, up from \$3.2 billion in FY04. Loan disbursements were \$2.9 billion and equity disbursements were \$588 million. IFC also disbursed \$555 million on behalf of financial institutions participating in its syndicated loans.

BREAKDOWN OF IFC PORTFOLIO

June 30, 2005
(millions of U.S. dollars)

Committed loans and equity	18,108
Loans	14,781
Equity	3,327
Off-balance-sheet exposure	1,167
(on risk management and guarantee products)	
Total committed portfolio for IFC's own account	19,274
Total committed portfolio held for participants	5,283
Total disbursed portfolio	12,276
Total undisbursed portfolio	5,832

Portfolio Management

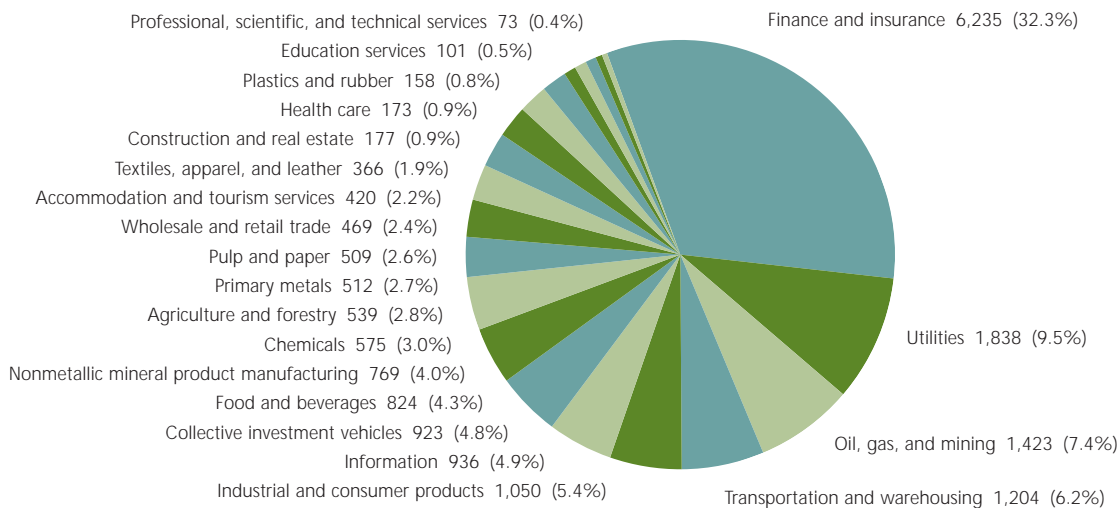
As part of its supervision efforts, IFC closely monitors compliance with investment agreements, visits sites to check on project status, and helps find solutions to problem projects. To strengthen portfolio supervision, the Corporation has in place portfolio management units in all investment departments, each under a portfolio manager. This structure helps identify problems early and address them in a timely manner. The maintenance of an investment credit risk-rating system also supports this process. Furthermore, headquarters staff has continued to be both rotated and relocated to the field, and local staff members in resident missions have increasingly been assigned to supervisory tasks. IFC makes special efforts to ensure that banks participating in IFC loans are kept regularly informed of project developments through the B-Loan Management Division. There is always a close and continuing consultation between IFC and its participants.

1. Committed portfolio includes guarantees and risk management products, which are off-balance sheet.

2. The Corporation complied with EITF 03-1 effective March 31, 2005. EITF 03-1 changed IFC's loss provisioning policies and impairment assessment procedures with respect to equity investments. EITF 03-1 requires that investments that are impaired and for which impairment is other than temporary be written down to their impaired values. It also requires that the impaired value become the new cost basis for the asset. Equity write-offs during FY05 totaled \$459.8 million. On the same basis as FY04, the disbursed equity portfolio would have grown approximately 6 percent.

COMMITTED PORTFOLIO FOR IFC'S OWN ACCOUNT

By sector on June 30, 2005 (millions of U.S. dollars)



TOTAL IFC PORTFOLIO \$19,274

Operational departments evaluate projects case by case when difficulties arise. For projects with particularly severe problems, the Special Operations Department determines appropriate remedial action. In such situations, it seeks to negotiate agreements with all creditors and shareholders to share the burden of restructuring so that problems can be worked out while the project continues to operate. In exceptional cases, when the parties reach an impasse in negotiations, IFC takes all necessary and appropriate measures to protect its interests.

IFC's Corporate Portfolio Management Department manages financial risks and exposures in connection with the portfolio of loan and equity investments using market-based risk management instruments, tools, and strategies. Portfolio management activities approved include the use of market-based instruments to perform hedging transactions on the IFC loan and equity portfolio as well as equity buyback strategies. All

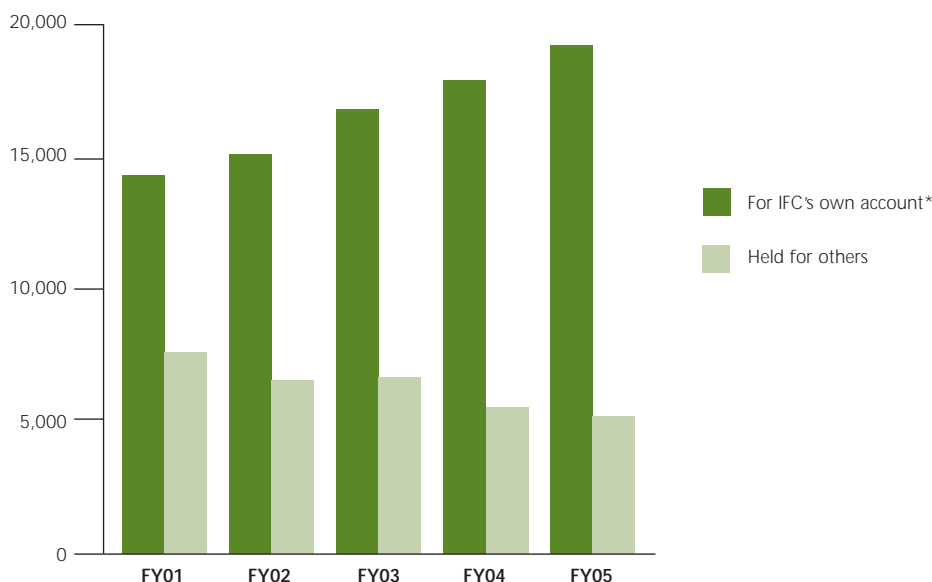
transactions and strategies share the common goal of protecting the portfolio against downside risk.

During FY05, loan and equity portfolio income was \$1.8 billion, up 63 percent from FY04, largely due to higher capital gain and dividend income from the equity portfolio. Principal outstanding on nonperforming loans as a percentage of the disbursed loan portfolio was 6.4 percent on June 30, 2005, compared with 11.5 percent on June 30, 2004. During the same period, principal in arrears as a percentage of the disbursed loan portfolio declined to 4.1 percent, from 5.1 percent. Furthermore, the risk level of the loan portfolio declined in FY05 due to sustained economic growth in emerging markets, which reduced country risk levels as well as credit risk levels of existing investments.

Estimated unrealized gains on the equity portfolio rose during FY05. Capital gains of \$723 million were realized, a

IFC COMMITTED PORTFOLIO, FY01–05

(millions of U.S. dollars)



*Totals for IFC's own account for FY01–05 include risk management and guarantees.

substantial increase from \$381 million in FY04. IFC received dividends of \$258 million, compared with \$207 million during FY04. Dividends in FY05 were higher than in FY04, primarily as a result of higher commodity prices.

Reserves against losses on loan investments decreased to \$989 million in FY05, representing 9.9 percent of the disbursed loan portfolio, down from 14.0 percent in FY04. The decrease was due to a \$321 million reduction in specific loan reserve after the write-off of \$143 million and a \$57 million reduction in general reserve. The Corporation changed its process of estimating impairment on equity investments in FY05 to adopt an impairment methodology based largely on fair value estimates. As a result, the Corporation recorded a release of provision for losses on equity investments in the amount of \$269 million.

Management determines specific reserves against loan losses on the basis of portfolio reviews and recommendations by the portfolio management units in the investment departments. For this purpose, the entire loan portfolio is reviewed quarterly. Management determines general reserves using a Monte Carlo-based simulation technique. The Corporation's external auditors examine closely the recommendations, policies, and methods for determining the reserves against losses.

IFC's Products and Services



COURTESY OF ASIAN COMMERCIAL BANK

Investment Products

Equity and Quasi-Equity

IFC risks its own capital by buying shares in project companies, other project entities, financial institutions, and portfolio or private equity funds. We generally subscribe to between 5 and 20 percent of a company's equity. We will not normally hold more than a 35 percent stake or be the largest shareholder in a project. We are a long-term investor in our projects. When it comes time to sell, we prefer to exit by selling shares either in a trade sale or, if liquidity permits, in a capital market following a public offering.

With quasi-equity instruments, we invest through products that have both debt and equity characteristics. Some instruments, like subordinated loans and convertible debt, impose fixed-repayment schedules. Others, such as preferred stock and income notes, do not require such rigid repayment arrangements.

Loans and Intermediary Services

We finance projects and companies through our A-loans, which are for IFC's own account. IFC cannot accept government guarantees as security for its loans. The maturities of A-loans generally range between seven and 12 years at origination, but some loans have been extended to as long as 20 years. IFC's loans are provided in major currencies and in an increasing number of emerging market currencies.

We carry out comprehensive due diligence before investing in any project. Because of our extensive lending experience in developing countries, we are uniquely qualified to evaluate the risks associated with projects. We are willing to extend loans that are repaid only from the cash flow of the project, with only limited recourse or without recourse to the sponsors.

We also make loans to intermediary banks, leasing companies, and other financial institutions through credit lines that result in further on-lending. These credit lines are often targeted to small businesses.

Syndicated Loans

Syndicated loans, or B-loans, are a key part of IFC's efforts to mobilize private sector financing in developing countries, thereby broadening our development impact. Through this mechanism,



COURTESY OF ODEBRECHT

financial institutions share fully in the commercial credit risk of projects, while IFC remains the lender of record. Participants in IFC's loans share in the advantages that IFC derives as a multilateral development institution, including its *de facto* preferred access to foreign exchange. Where applicable, these participant banks are also exempted from the mandatory provisioning requirements that regulatory authorities may impose.

Structured Finance

IFC also offers structured finance solutions to clients, enabling them to raise a significantly larger amount of capital than that represented by IFC's own exposure. This is especially important for mobilizing local currency funds in the domestic market from institutional investors and financial institutions.

Through partial credit guarantees of debt instruments, IFC uses its triple-A credit rating to help clients diversify their funding sources, extend maturities, and obtain financing in their currency of choice. IFC also helps clients structure securitizations and risk-sharing facilities, transactions that allow a client to sell off part of the risk associated with a pool of assets. IFC is continuing to develop other structured products in response to clients' financing needs.

Risk Management

IFC's risk management products provide clients with access to long-term derivatives markets. Currency-hedging instruments allow clients to hedge their foreign exchange exposures, typically related to foreign currency borrowings. With the development of emerging market derivatives, IFC offers hedges into local currency where these markets exist. IFC also provides derivative products to enable clients to manage their interest rate and commodity price risks.

Technical Assistance and Advisory Services

Technical assistance further complements IFC's investment activities by offering advisory and training services to governments and private companies in developing countries. IFC delivers many of these services through donor-supported technical assistance facilities that focus on either a region or a strategic aspect of development. IFC also manages trust funds supported by donor governments and has established a funding mechanism that sets aside a portion of the Corporation's net income as a contribution to donor-funded operations.

IFC collaborates with the World Bank through several joint units dealing with aspects of private sector development, including policy issues, sector advice, and specific transactions. Our activity includes advice on competition policy, privatization structuring, and policy analysis of the investment climate.

Much of our technical assistance and advisory services aims to improve business practices of the companies and financial institutions in which we invest. The focus includes upgrading compliance with international standards, especially in the areas of corporate governance and environmental and social performance. Efforts promote development of smaller enterprises, create links between these enterprises and larger companies, and help our clients increase their community development activities in the areas where they operate.

Acronyms, Notes, and Definitions

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Acronyms

CAO	Compliance Advisor/Ombudsman	MIGA	Multilateral Investment Guarantee Agency
EU	European Union	MPDF	Mekong Private Sector Development Facility
FDI	foreign direct investment	MSME	micro, small, and medium enterprise
FIAS	Foreign Investment Advisory Service	NGO	nongovernmental organization
FY	fiscal year	OEG	Operations Evaluation Group
GDP	gross domestic product	PENSA	Program for Eastern Indonesia SME Assistance
GEF	Global Environment Facility	PEP	Private Enterprise Partnership
IBRD	International Bank for Reconstruction and Development	PEP-Africa	Private Enterprise Partnership for Africa
ICSID	International Centre for Settlement of Investment Disputes	PEP-MENA	Private Enterprise Partnership for the Middle East and North Africa
IDA	International Development Association	PSD	private sector development
IFC	International Finance Corporation	SEDF	SouthAsia Enterprise Development Facility
IMF	International Monetary Fund	SME	small and medium enterprise
IT	information technology	TAAS	technical assistance and advisory services
LAC	Latin America and the Caribbean	TATF	Technical Assistance Trust Funds
MENA	Middle East and North Africa	WTO	World Trade Organization

Notes and Definitions

A-loan and B-loan. A single loan agreement between the borrower and IFC normally stipulates the full amount of financing to be provided by IFC and the participating institutions. The IFC loan may be in two portions: (1) the A-loan is IFC's own portion, funded with IFC's own resources and subject to its agreed loan terms; (2) the B-loan is funded by participants on terms that may differ from those of IFC.

Commitments include (1) signed loan and equity (including quasi-equity) investment agreements; (2) signed guarantee agreements; and (3) risk management facilities that are considered ready for execution as evidenced by a signed ISDA agreement or a signed risk management agreement with a client.

Disbursements are loans and investments paid out.

The fiscal year at IFC runs from July 1 to June 30. Thus, FY05 began on July 1, 2004, and ended on June 30, 2005.

Investment amounts are given in U.S. dollars unless otherwise specified.

On-lending is the process of lending funds from IFC's own sources through intermediaries, such as local banks and microfinance institutions.

Participants and IFC fully share the commercial credit risks of projects, but because IFC is the lender of record, participants receive the same tax and country risk benefits that IFC derives from its special status as a multilateral financial institution.

Quasi-equity instruments incorporate both loan and equity features, which are designed to provide varying degrees of risk/return trade-offs that lie between those of straight loan and equity investments.

Rounding of numbers may cause totals to differ from the sum of individual figures in some tables.

The World Bank includes both IBRD and IDA.

The World Bank Group includes IBRD, IDA, IFC, MIGA, and ICSID.