Spring Investor Newsletter

May 2025

IFC International Finance Corporation WORLD BANK GROUP

Funding Highlights

As of March 31, 2025, IFC has raised US$17.6 billion in medium to long-term borrowing across 19 currencies for the 2025 fiscal year (from July 1, 2024, to June 30, 2025). The US dollar remains IFC's largest funding currency in FY25 to date, representing 56% of total funding volume, followed by the British pound sterling at 22% and the Australian dollar at 12%.

In terms of market issuance, IFC has been actively involved in public trades of fixed rate note issuances, amounting to a total of US$9.9 billion. This represents 57% of the total issuance volume to date, making it IFC's largest funding source. In FY25 so far, IFC has issued two US dollar benchmark bonds. Additionally, in the Australian dollar market, IFC has issued three benchmark bonds, and in the sterling market, IFC has issued four benchmark bonds.

MTN issuances, including private placements, were IFC's second-largest funding source, totaling US$4.2 billion across 17 currencies and accounting for 24% of the total issuance volume. This includes IFC's largest-ever Swiss franc issuance in the Swiss franc market. In the US dollar Floating Rate Note (FRN) market, IFC raised US$3.4 billion through two benchmark-sized new issuances and taps, representing 19% of the total issuance. Additionally, IFC executed un-swapped local currency transactions in Azerbaijani manat, Rwandan franc, and Uzbekistani som, equivalent to US$63 million.

U.S. DOLLAR MARKET

The US dollar market has been IFC's largest funding source in FY25. Following a 5-year US$2 billion global benchmark issuance in June 2024, IFC launched a 3-year US$2 billion social bond in January 2025. This transaction attracted significant investor interest, resulting in a US$11 billion order book. It also marked the largest US dollar denominated social bond issued by a supranational entity. The bond priced at SOFR MS + 29bps, tightening 4bps from the initial price target (IPT) of SOFR MS + 33bps area. Banks received 51% of the allocations, followed by central banks and official Institutions at 30%, and asset managers at 19%. In terms of geographic distribution, investors from EMEA accounted for 60% of the total allocations, followed by the Americas with 24%, and the APAC region, which made up the remaining 16%.

IFC also participated in the US dollar FRN market by introducing two new FRN lines. The first was a 4-year US$800 million issuance launched in August 2024, which attracted orders exceeding US$1.4 billion. This line was subsequently tapped, bringing the outstanding amount to US$2 billion. IFC later issued its largest-ever US dollar FRN in February 2025—a 4.5-year US$1 billion transaction priced at SOFR + 36 bps. The deal saw strong demand, with banks receiving 69% of the allocations, followed by central banks and official institutions at 17%, and asset managers at 14%. Investor allocation by geography showed that 45% of the investments came from EMEA, 44% from the Americas, and 11% from the APAC region. This line was also tapped post-launch, increasing the outstanding amount to US$1.4 billion.

Additionally, IFC raised US$2.4 billion through 35 private placements, with 43% in callable bonds, and 57% in non-callable bonds. US municipalities were a consistent investor group throughout the fiscal year, emphasizing their importance to IFC's funding program.

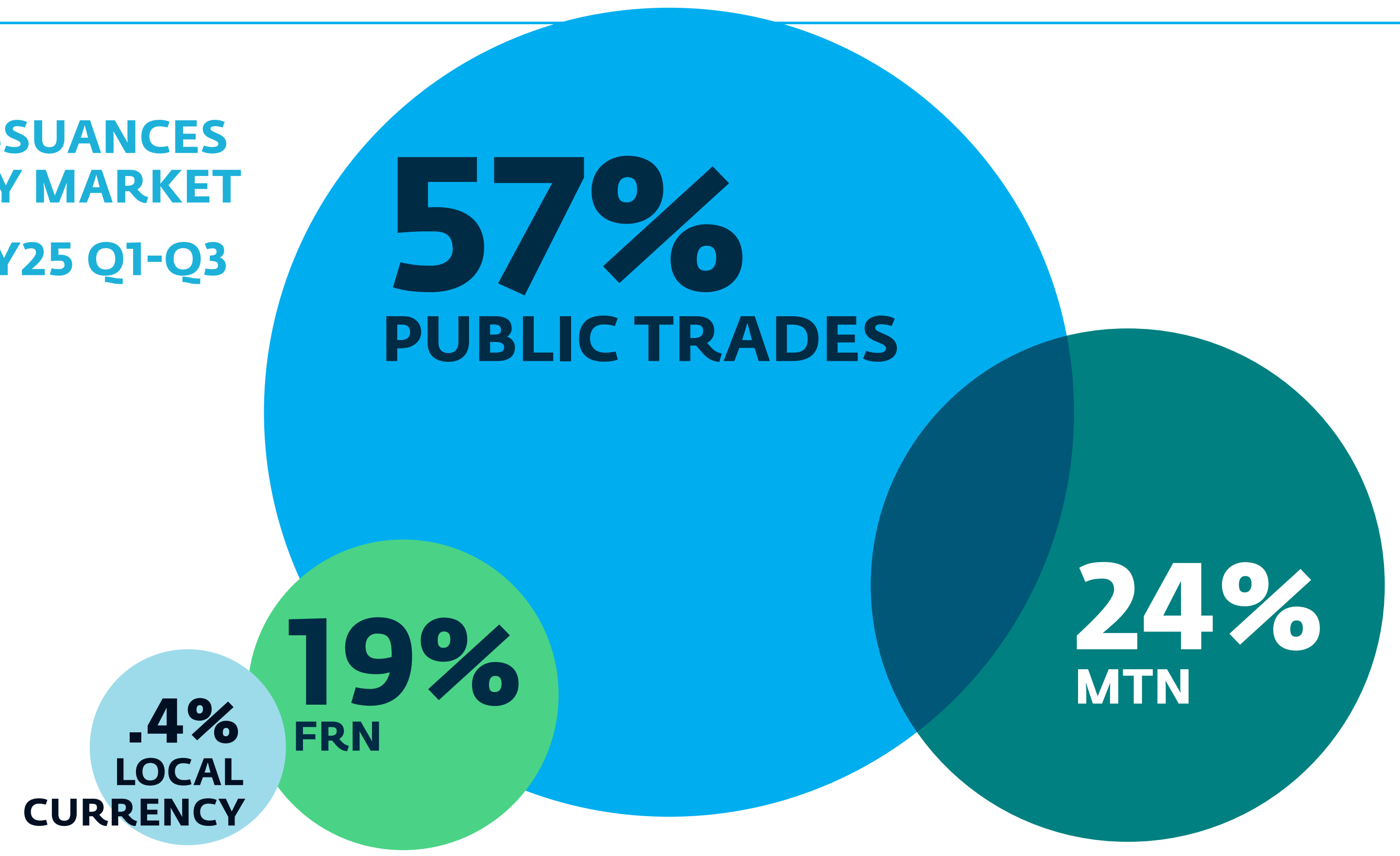
STERLING MARKET

The sterling market has been IFC's second-largest funding source in FY25. IFC raised a total of £3.1 billion (equivalent to US$3.9 billion) through new issuances and taps. Four new public benchmark lines were launched during the fiscal year, with the most recent being a 3-year £750 million (equivalent to US$924 million) benchmark bond issued in January 2025.

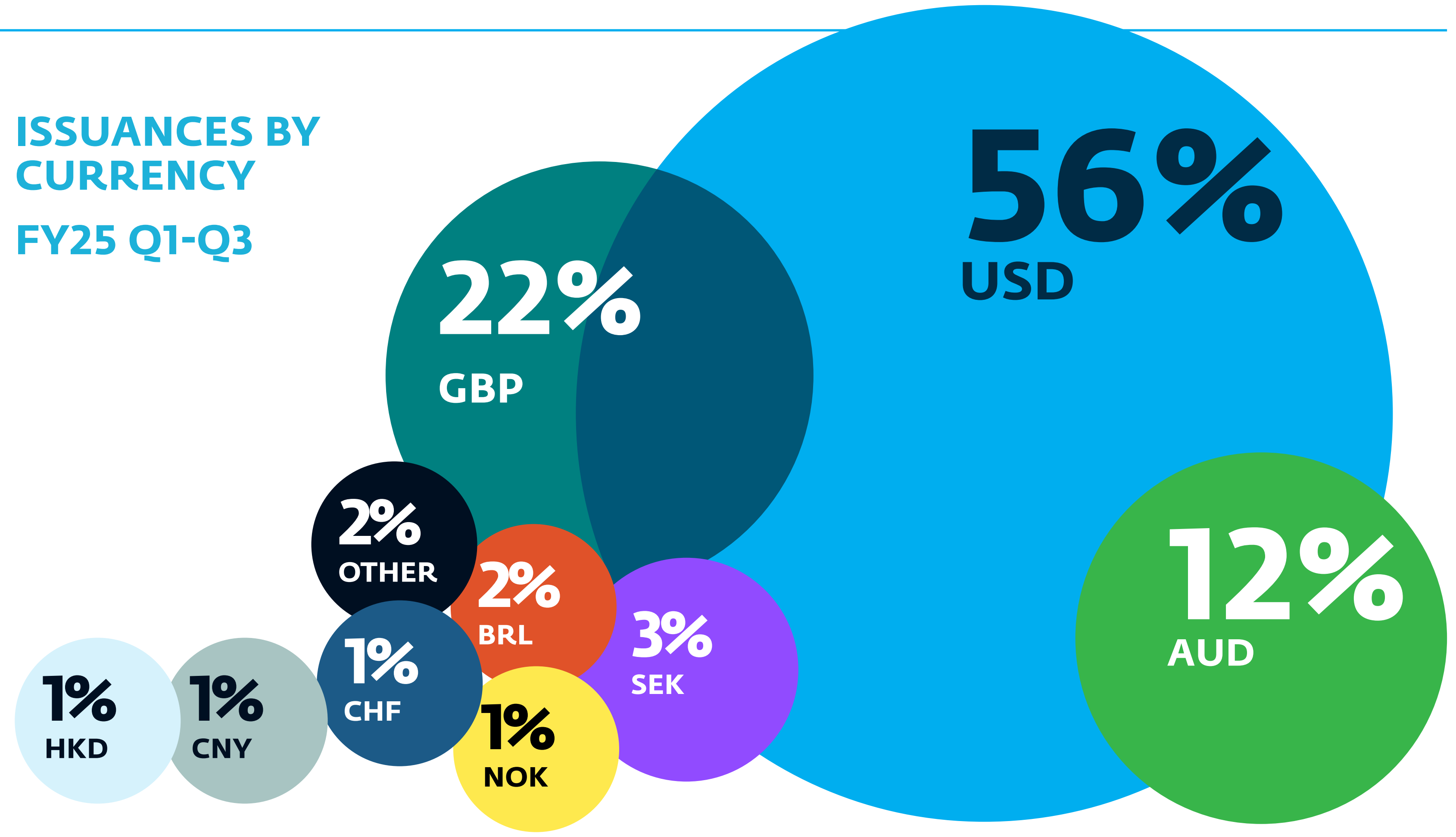
Despite a very busy SSA market in January, market reception was positive, as evidenced by the high demand from investors, with orders exceeding £1.35 billion, allowing IFC to tighten the spread from the IPT of SONIA MS + 33 bps area to SONIA MS + 32 bps. In terms of allocation, banks led with 54%, followed by asset managers at 29%, and central banks and official institutions at 17%.

Geographically, UK-based investors dominated the book with 76% of allocations, followed by EMEA with 22% and Asia with 3%, reflecting robust local and regional demand. This bond was subsequently tapped, bringing the total outstanding to £1 billion and supporting liquidity in the secondary market.

ISSUANCES BY MARKET
FY25 Q1-Q3



ISSUANCES BY CURRENCY
FY25 Q1-Q3



Other includes AZN, CLP, COP, DOP, MNT, MXN, RON, RWF, UZS and ZAR.

KANGAROO MARKET

The Kangaroo market continues to hold strategic importance for IFC, with 20 billion Australian dollars (equivalent to US$13.8 billion) in outstanding issuances as of March 31, 2025. So far in FY25, it has been IFC's third-largest funding source, accounting for 12% of total funding.

In FY25, IFC issued three labeled benchmark bonds in the Kangaroo market. The first was a 5-year 1 billion Australian dollar (equivalent to US$620 million) social bond issued in January 2025, priced at ASW + 47 bps. The transaction saw significant investor participation, with orders exceeding 1.6 billion Australian dollars. In terms of allocations, banks accounted for the largest investor share at 63%, followed by asset managers at 19%, pension funds, insurers and corporates at 10%, and central banks and official institutions at 9%.

Following this transaction, IFC issued another 5.25-year 1.2 billion Australian dollar (equivalent to US$767 million) social bond in February 2025, at ASW + 48 bps. The deal also garnered strong demand, particularly from central banks and official institutions, with the order book exceeding 1.7 billion Australian dollars.

These two social bonds followed the issuance of a 10-year 700 million Australian dollar green bond in November 2024, priced at ASW + 64 bps, which drew substantial interest from high-quality investors with an order book reaching 800 million Australian dollars. Banks received the largest allocations at 66%, followed by central banks and official institutions at 27%, and asset managers at 7%. Geographically, the demand was led by APAC with 77%, followed by EMEA with 21% and Australia with 3%.

SWISS FRANC MARKET

In January 2025, IFC made a notable return to the Swiss franc market by issuing a 7-year 155 million Swiss franc social bond (equivalent to US$170 million). This bond was priced at SARON MS + 19 basis points and represents IFC's largest Swiss franc-denominated bond to date. The decision to re-enter the market was driven by competitive pricing and the market's demonstrated strength, as evidenced by similar transactions from peers.

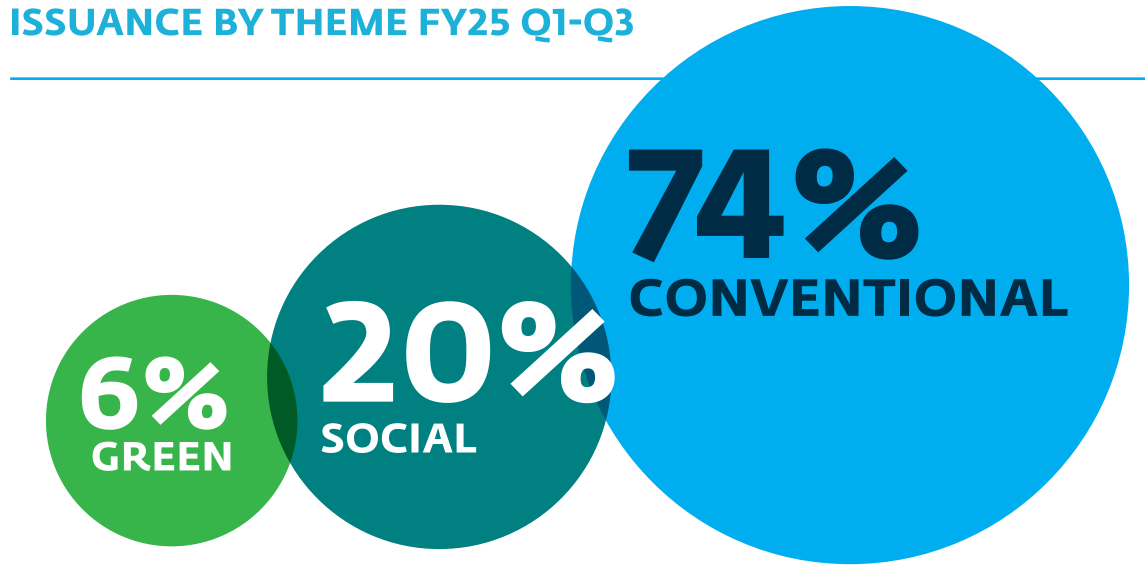
The issuance saw significant demand from high-quality Swiss investors, prompting an increase in the initial target from 100 million Swiss francs to 155 million Swiss francs. Bank treasuries accounted for the largest share of the demand at 64%, followed by asset managers at 28%, insurance companies at 6%, pension funds at 0.7%, central banks and official institutions at 0.6%, and private banks at 0.5%.

Following this issuance, IFC conducted an investor roadshow in Switzerland which provided an opportunity to reconnect with investors and gather valuable feedback for future transactions.

GREEN AND SOCIAL BOND ISSUANCES

In FY25 thus far, IFC has raised US$4.6 billion through green and social bonds, contributing to an overall bond issuance of US$17.6 billion during the same period. IFC issued seven green bonds, totaling US$1.1 billion in four currencies (Australian dollar, Colombian peso, Swedish krona, and South African rand) and four social bonds, totaling US$3.6 billion in three currencies (Australian dollar, Swiss franc, and US dollar). Notably, as of March 31, 2025, IFC had issued US$26.7 billion under our Green and Social Bond Programs, spanning across 314 trades and 36 currencies.

ISSUANCE BY THEME FY25 Q1-Q3



Local Currency Issuances

Accessing credit in emerging markets has become harder, especially when it comes to borrowing in local currencies. Helping businesses access local currency financing has long been a priority for IFC. In many developing countries, companies earn revenue in local currency but lending to the private sector in these countries has traditionally taken the form of loans denominated in G-7 currencies. This poses significant risk: if the local currency loses value, their loan repayments become much more expensive. Unlike in developed markets, it's harder to protect against this risk in emerging markets because capital markets are small, and hedging is often too costly.

Despite these challenges, IFC has greatly expanded the financing it provides in local currencies over the past three decades, with roughly 30% of IFC's current long-term debt commitments made in local currency. As a US dollar-based institution, IFC uses a multipronged approach to raise local currency at competitive rates that can be passed on to clients to help mitigate the effects of adverse exchange rate movements on their bottom line. Cross-currency swaps, bond issuances, and bank borrowings are some of the financial instruments that IFC uses to fund local currency lending. When these are unavailable, IFC can use a blended finance approach through the International Development Association Private Sector Window (IDA PSW) Local Currency Facility (LCF) which helps de-risk projects and mobilize private sector investment.

In December 2024, for example, IFC issued an offshore, 4-year 34 million Azerbaijani manat bond, equivalent to US$20 million, to help expand access to loans for micro, small, and medium-sized enterprises (MSMEs) in Azerbaijan. Since 2020, IFC has issued over US$189 million equivalent in Azerbaijani manat in tenors ranging from one to four years.

Between FY15 and FY24, IFC committed over US$30 billion in local currency senior debt financing in over 67 local currencies through loans and bonds, structured products, and risk management solutions.

IFC Enhances Social Bond Framework to Boost Transparency and Impact

To reinforce its commitment to social impact and enhance investor confidence, IFC updated its Social Bond Framework and for the first time obtained a Second Party Opinion (SPO). This update aligns the framework with evolving market practices, expands the pipeline of eligible projects, and enhances transparency.

Rationale for the Update

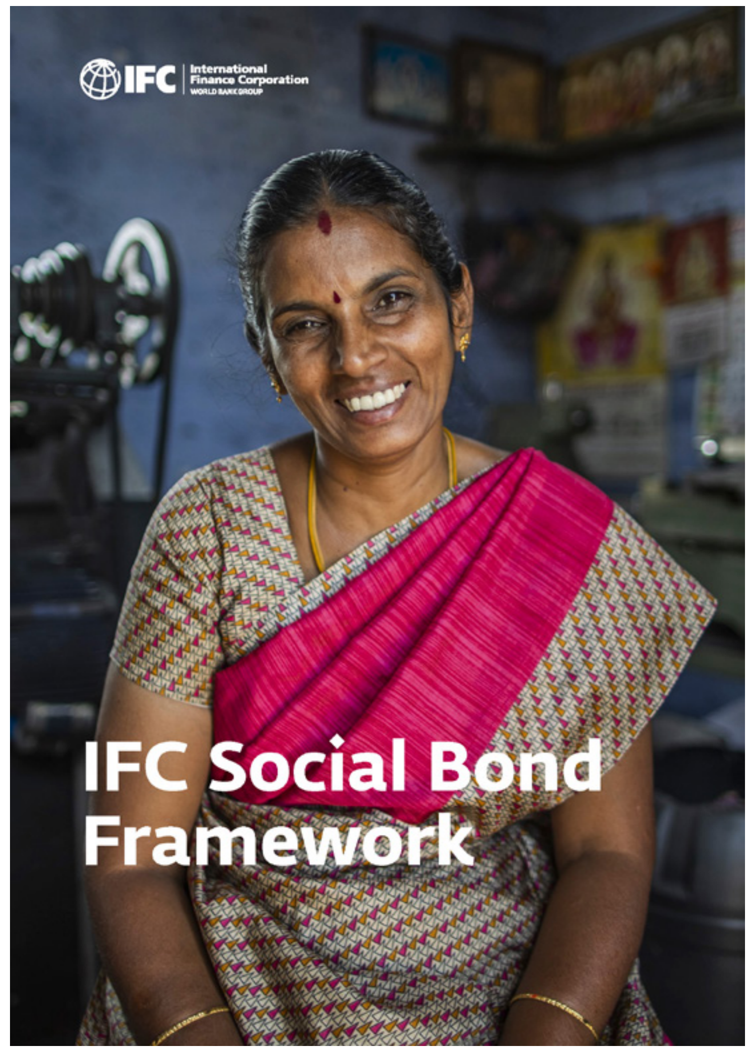
Since the launch of IFC's Social Bond Program in 2017, the social bond market has evolved, and investors now seek more detailed information on how their funds are used and the impact they generate. To address these needs, IFC's updated framework provides clearer guidance on project selection, types of projects funded, management of proceeds, and impact reporting.

Key Changes in the Updated Framework

1. Expanded Project Categories: The updated framework now includes a wider range of eligible projects, such as food security, essential services, and projects that support affordable basic infrastructure, affordable housing, and socioeconomic advancement. IFC's social bonds will continue to support vulnerable and underserved populations, including women, low-income groups, refugees, and displaced persons.
2. Transparent Project Selection: A cross-department committee oversees a rigorous project selection process, ensuring alignment with IFC's strategic priorities and measurable impact.
3. Clear Management and Tracking of Proceeds: The framework describes the mechanisms for managing and tracking social bond proceeds to ensure effective use of funds in line with IFC's sustainability commitments.
4. External Review and Validation: Sustainable Fitch awarded the framework an 'Excellent' rating, saying that it reinforces IFC's commitment to transparency and accountability and ensures continued alignment with the International Capital Market Association (ICMA) Social Bond Principles.

Market Response to the Updated Framework

The updated framework received positive feedback from the market, as evidenced by the high level of investor demand for IFC's social bonds issued after the framework's release. IFC plans to continue expanding its pipeline of social bond-eligible projects and maintain its position as a consistent issuer in the social bond market. For more information, view IFC's Social Bond Framework **here**, and Sustainable Fitch's SPO **here**.



Social Bond Project: Boosting Employment through Textile Manufacturing in Togo

An example of a project that received financing from our social bond proceeds is **IFC's investment in Star Garments Group Limited** to finance the construction of Togo's first large-scale, export-focused apparel manufacturing center. Star Garments, a leading Sri Lanka-based apparel manufacturer and a fully owned subsidiary of the U.S.-based global apparel industry leader Charles Komar & Sons, is making its first venture into Africa with this investment.

This US$15 million investment will create 4,520 jobs, particularly for women, and enhance the country's textile industry. The project is expected to boost Togo's export capacity by 2030, and aligns with IFC's strategic priorities to support job creation, economic development, and higher value manufacturing in emerging markets.

The project is an example of how our social bonds are channeling capital towards impactful ventures that foster economic growth and social development in underserved regions. You can read about other similar projects here: **IFC's FY24 Green and Social Bond Impact Report.**

IFC Financial Results: Second Quarter of Fiscal Year 2025

In February 2025, IFC released financial results for the six-month period from July to December 2024. As of December 31, IFC had committed US$39.6 billion to support private companies and financial institutions in developing countries, an increase of US$14.1 billion compared to the same period in FY24. IFC reported strong financial performance, with ample liquidity and a robust capital structure.

Net income for FY25 was US$1.1 billion, up from US$723 million in FY24. IFC's Investment services include loans, debt securities, and equities, primarily in US dollar-denominated assets. The loan portfolio increased by US$3.5 billion (10%) to US$40 billion, while non-performing loans (NPLs) decreased by 9.7% to US$811 million, representing 1.5% of the debt portfolio as of December 31, 2024.

IFC maintained a strong liquidity position, with liquid assets accounting for 31% of total assets as of December 31, 2024. The net asset value of the liquid asset portfolio stood at US$35.1 billion, down 7% compared to June 30, 2024, due to net disbursements exceeding borrowing inflows. Despite this, IFC's Liquidity Coverage Ratio (LCR) remained robust at 70%, well above the Board's minimum requirement of 45%.

In terms of borrowing, IFC taps into international capital markets in various currencies, generally swapping them into floating rate obligations in US dollars. As of December 31, 2024, outstanding market borrowings increased by 1.6% to US$56.6 billion. During the first six months of the current financial year, the funding team raised US$10.2 billion in borrowings (net of derivatives and including discount notes).

IFC's total capital was US$38.6 billion as of December 31, 2024, including US$23.4 billion in paid-in capital and US$14.4 billion in retained earnings. The Capital Utilization Ratio, defined as the aggregate minimum economic capital required to maintain IFC's AAA rating divided by capital available, stood at 60.5%, indicating a buffer for future investments and risks. View IFC's FY25 Q2 financial statements here.

IFC Wins 2025 CMD Portal Best Investor Relations Team Award

IFC is proud to share that it has been awarded the Best Investor Relations (IR) Team Award for its proactive debt capital market engagement. Throughout 2024, IFC's investor relations team engaged with over 200 investors and conducted a dozen roadshows across Europe, the Middle East, Asia, and Latin America. The team utilized extensive analysis of investor profiles, including investment history and preferences, to tailor its outreach and boost efficiency. By employing a prioritization tool and leveraging Artificial Intelligence to process vast amounts of investment policy documents, IFC enhanced its efficiency and precision. The team also focused on investor-targeted disclosures, providing yearly presentations, impact reports, newsletters, and factsheets. IFC's commitment to promoting best market practices and sustainable finance, including updating its Social Bond Framework, highlights its leadership and influence in the field. These efforts underscore IFC's dedication to excellence and innovation in investor relations, solidifying its reputation as a leader in the market.

2025 Best Investor Relations Team

IFC International Finance Corporation WORLD BANK GROUP

cmdportal

Jobs—The Path to Prosperity: World Bank Group/IMF Spring Meetings 2025

The 2025 Spring Meetings of the World Bank Group and the International Monetary Fund (IMF) took place from April 21 to 26 in Washington, D.C., under the theme Jobs—The Path to Prosperity. The week underscored the central role of employment in fostering inclusive economic growth and development, featuring high-level discussions, regional briefings, and dynamic fora on international development, economic recovery, and private sector mobilization.

Jobs took center stage. The most effective way to defeat poverty is by creating jobs. But a job is more than a source of income; it brings dignity and a sense of purpose. Jobs are the key to unlocking potential. They provide a pathway out of poverty, empower women, give hope to younger generations, and build stronger communities. This is at the heart of what we do at the World Bank Group.

The urgency of the jobs challenge was brought into focus by sobering statistics: 1.2 billion young people in emerging markets will reach working age over the next decade, yet only 420 million jobs are expected to be created. Meeting the employment aspirations of the rapidly growing youth population in emerging markets is one of the most pressing challenges of our time. While this remains a longstanding priority for the institution, the meetings highlighted how immediate and critical this issue has become.

The World Bank Group's goal is to help countries build dynamic private sectors that translate growth into local jobs—not by relocating employment from developed countries, but by unlocking opportunities where people live. You can watch Ajay Banga's Spring Meetings press conference **here**.

Investor Engagement

In April 2025, at the 2025 KangaNews Debt Capital Market Summit in Sydney, Marcin Bill spoke about IFC's targeted investor engagement, funding strategy, and ongoing strategic issuances in the Australian dollar market.

In March 2025, at Bank of Montreal's 11th Annual Supra Issuer & State/Municipal Investor Event at the Government Investment Officers Association (GIOA) Conference in Las Vegas, Tom Ceusters spoke about IFC's financial strength and the World Bank Group's strategic importance.

In March 2025, Yuri Kuroki and Obert Limbani discussed Sovereign Supranational and Agency/IFC debt as an investment opportunity for US municipalities at the California County Treasurers Conference.

In January 2025, at the 2025 South Florida Bond Traders Association (SFBTA) Conference in Florida, Obert Limbani spoke about trends in IFC's funding program in the Government-Sponsored Enterprises (GSEs) & Supranationals Bond Panel.

In December 2024, at the Credit Agricole CIB (CACIB) Sustainable Finance Conference in Paris, Ayelet Perlstein spoke about IFC's efforts in advancing sustainable solutions.

In December 2024, at Canadian Imperial Bank of Commerce (CIBC)'s 8th Annual Government Finance Conference in Toronto, Obert Limbani spoke about the drivers of IFC's funding activities in the Maple market.

In November 2024, at the J.P. Morgan Public Sector Advanced Markets Conference in London, Elena Panomarenko spoke about IFC's commitment to sustainability and AI application in investor relations activities.

In April 2025, at the 12th BBVA Seminar for Public Sector Investors & Issuers in Istanbul, **Elena Panomarenko shared valuable insights on the evolving labeled bond market.**

DISCLAIMER

IFC
2121 PENNSYLVANIA AVENUE NW | WASHINGTON, D.C. 20433 USA
WEBSITE: IFC.ORG/INVESTORS | EMAIL: INVESTORS@IFC.ORG | BLOOMBERG: IFC <GO>

IFC International Finance Corporation WORLD BANK GROUP