

# 2014

## BIG CHALLENGES. BIG SOLUTIONS.

Highlights from the IFC Annual Report 2014

IFC provided a record amount of financing for private sector development in the world's poorest countries — nearly \$8.5 billion in all, including funds mobilized from other investors. These countries accounted for half of the nearly 600 projects we began during the year.

**\$22** BILLION  
in total investments,  
including \$17.3 billion  
for our own account

LATIN AMERICA & THE CARIBBEAN

**\$5.1 Billion**

EUROPE & CENTRAL ASIA

**\$4.2 Billion**

EAST ASIA & THE PACIFIC

**\$4.2 Billion**

SOUTH ASIA

**\$1.9 Billion**

MIDDLE EAST & NORTH AFRICA

**\$2.2 Billion**

SUB-SAHARAN AFRICA

**\$4.6 Billion**

### IFC OPERATIONAL HIGHLIGHTS

Dollars in millions, for the year ended June 30

#### New Investment Commitments

	2014	2013	2012	2011	2010
Number of projects	599	612	576	518	528
Number of countries	98	113	103	102	103
For IFC's own account	\$17,261	\$18,349	\$15,462	\$12,186	\$12,664

#### Core Mobilization\*

	2014	2013	2012	2011	2010
Syndicated loans <sup>1</sup>	\$ 3,093	\$ 3,098	\$ 2,691	\$ 4,680	\$ 1,986
Structured finance	—	—	—	—	\$ 797
IFC initiatives & other	\$ 1,106	\$ 1,696	\$ 1,727	\$ 1,340	\$ 2,358
Asset Management Company (AMC) Funds	\$ 831	\$ 768	\$ 437	\$ 454	\$ 236
Public-Private Partnerships (PPP) <sup>2</sup>	\$ 113	\$ 942	\$ 41	—	—
Total core mobilization	\$ 5,142	\$ 6,504	\$ 4,896	\$ 6,474	\$ 5,377

#### Investment Disbursements

	2014	2013	2012	2011	2010
For IFC's own account	\$ 8,904	\$ 9,971	\$ 7,981	\$ 6,715	\$ 6,793
Syndicated loans <sup>3</sup>	\$ 2,190	\$ 2,142	\$ 2,587	\$ 2,029	\$ 2,855

#### Committed Portfolio

	2014	2013	2012	2011	2010
Number of firms	2,011	1,948	1,825	1,737	1,656
For IFC's own account	\$51,735	\$49,617	\$45,279	\$42,828	\$38,864
Syndicated loans <sup>4</sup>	\$15,258	\$13,633	\$11,166	\$12,387	\$ 9,302

#### Advisory Services

	2014	2013	2012	2011	2010
Advisory Services program expenditures	\$ 234	\$ 232	\$ 197.0	\$ 181.7	\$ 166.4
Share of program in IDA countries <sup>5</sup>	66%	65%	65%	64%	62%

\*Financing from entities other than IFC that becomes available to client due to IFC's direct involvement in raising resources.

1. Includes B-Loans, Parallel Loans, MCPP Loans, and A-Loan Participation Sales (ALPS).

2. Third-party financing made available for public-private-partnership projects due to IFC's mandated lead advisor role to national, local, or other government entity.

3. Includes B-Loans, Agented Parallel Loans & MCPP Loans.

4. Includes B-Loans, A-Loan Participation Sales (ALPS), Agented Parallel Loans, Unfunded Risk Participations (URPs) & MCPP Loans.

5. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

International  
Finance Corporation  
WORLD BANK GROUP



# 2014

## LEADERSHIP PERSPECTIVE

### A Letter from

*IFC Executive Vice President and  
Chief Executive Officer Jin-Yong Cai*



*These are challenging times for developing countries. Economic growth remains lackluster, despite the brightening outlook in wealthier countries. Job creation remains insufficient to absorb the growing numbers of young people entering the workforce. In many countries, the basic infrastructure necessary for sustained prosperity—power grids, schools, banks—remains woefully inadequate.*

At IFC, we are stepping up our efforts to deliver lasting solutions. As the largest global development institution focused on the private sector, we take a comprehensive approach—enabling businesses to innovate, to fully leverage the benefits of modern technology and infrastructure, to build internationally competitive industrial sectors, and to expand opportunities for people to find good jobs.

Over the past year, IFC achieved significant development impact—in some of the world's most challenging environments. With our support, more than 2,000 IFC clients—located in every region of the world—provided about 2.6 million jobs, distributed power, water, and gas to more than 94 million customers, and distributed more than \$300 billion in loans to micro, small, and medium enterprises. They helped treat more than

27 million patients and educate about 2.5 million students.

We provided a record amount of financing for private sector development in the world's poorest countries—nearly \$8.5 billion in all, including funds mobilized from other investors. These countries accounted for half of the nearly 600 projects we began during the year. Our annual investments in fragile and conflict-affected areas have climbed 20 percent over the past two years—to nearly \$950 million, including funds IFC mobilized from other investors.

Globally, we invested more than \$22 billion in about 100 developing countries, including about \$5 billion mobilized from other investors. And we did so in ways that made IFC more financially sustainable. Our investments have demonstrated that commercial and developmental success are mutually reinforcing—even in the most challenging areas. Our consistent investment results have enabled us to provide significant financing—more than \$2.8 billion since 2007—for the World Bank's International Development Association, which provides grants to the poorest countries.

Fiscal year 2014 also was a strong year for our advisory services, which did two-thirds of its work in IDA countries, including almost 20 percent in fragile and conflict-affected areas, and achieved record development-effectiveness and client-satisfaction ratings. We delivered an increasing number of client solutions that involved a combination of investment and advice—nearly 160 new advisory engagements with investment clients, marking an increase of almost 80 percent over the previous year.

IFC Asset Management Company continued to grow, increasing its assets under management to more than \$6 billion across six investment funds with a strong mix of reputable investors. In FY14 it completed fund-raising for the IFC Global Infrastructure Fund, raising \$1.2 billion. It also completed fund-raising for the IFC Catalyst Fund, raising \$418 million for climate-smart investments.

Big challenges demand big solutions. As we move ahead, I am convinced that IFC can deliver even more impressive results—by deepening our engagement with clients, by bringing to bear the full range of capabilities available in the World Bank Group, and by focusing on activities with the greatest potential to end extreme poverty and boost shared prosperity.

A handwritten signature in black ink, appearing to read 'Jin-Yong Cai'.

JIN-YONG CAI  
*IFC Executive Vice President  
and Chief Executive Officer*

# DEVELOPMENT RESULTS



## IFC FINANCIAL HIGHLIGHTS

Dollars in millions, as of and for the years ended June 30\*

	2014	2013	2012	2011	2010
Net income (loss) attributable to IFC	\$ 1,483	\$ 1,018	\$ 1,328	\$ 1,579	\$ 1,746
Grants to IDA	\$ 251	\$ 340	\$ 330	\$ 600	\$ 200
Income before grants to IDA	\$ 1,739	\$ 1,350	\$ 1,658	\$ 2,179	\$ 1,946
Total assets	\$84,130	\$77,525	\$75,761	\$68,490	\$61,075
Loans, equity investments and debt securities, net	\$38,176	\$34,677	\$31,438	\$29,934	\$25,944
Estimated fair value of equity investments	\$14,890	\$13,309	\$11,977	\$13,126	\$10,146

### Key Ratios

Return on average assets (GAAP basis)	1.8%	1.3%	1.8%	2.4%	3.1%
Return on average capital (GAAP basis)	6.4%	4.8%	6.5%	8.2%	10.1%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	78%	77%	77%	83%	71%
Debt-to-equity ratio	2.7:1	2.6:1	2.7:1	2.6:1	2.2:1
Total resources required (billions)	\$ 18.0	\$ 16.8	\$ 15.5	\$ 14.4	\$ 12.8
Total resources available (billions)	\$ 21.6	\$ 20.5	\$ 19.2	\$ 17.9	\$ 16.8
Total reserve against losses on loans to total disbursed loan portfolio	6.9%	7.2%	6.6%	6.6%	7.4%

\*See Management's Discussion and Analysis and Consolidated Financial Statements for details on the calculation of these numbers:  
[http://www.ifc.org/ifcext/annualreport.nsf/Content/AR2014\\_Financial\\_Reporting](http://www.ifc.org/ifcext/annualreport.nsf/Content/AR2014_Financial_Reporting)

## DEVELOPMENT REACH BY IFC'S INVESTMENT CLIENTS

	Portfolio CY12	Portfolio CY13
<b>Investments</b>		
Employment (millions of jobs) <sup>1</sup>	2.7	2.6
<b>Microfinance loans<sup>2</sup></b>		
Number (millions)	22.9	29.1
Amount (\$ billions)	25.13	28.01
<b>SME loans<sup>2</sup></b>		
Number (millions)	5.8	5.4
Amount (\$ billions)	243.79	273.60
<b>Trade Finance<sup>3</sup></b>		
Number of transactions (millions)	N/A	2.0
Amount (\$ billions)	N/A	310
<b>Customers reached with services</b>		
Power generation (millions of customers)	52.2	51.3
Power distribution (millions of customers) <sup>4</sup>	46.5	24.3
Water distribution (millions of customers)	42.1	30.3
Gas distribution (millions of customers) <sup>5</sup>	33.8	39.8
Phone connections (millions of customers) <sup>6</sup>	192.0	180.9
Patients reached (millions)	17.2	27.1
Students reached (millions)	1.0	2.5
Farmers reached (millions)	3.1	2.9
<b>Payments to suppliers and governments</b>		
Domestic purchases of goods and services (\$ billions)	46.19	34.26
Contribution to government revenues or savings (\$ billions) <sup>7</sup>	26.20	18.63

These figures represent the reach of IFC clients as of end of CY12 and CY13. CY12 and CY13 portfolio data are not strictly comparable, because they are based on a changed portfolio of IFC clients. For microfinance and SME loans, results reflect also contributions from Advisory Services.

1. Portfolio figures for employment include jobs provided by Funds.

2. Portfolio reach figures represent SME and microfinance outstanding loan portfolio of IFC clients as of end of CY12 and CY13, for MSME-oriented financial institutions/projects. For clients that did not report numbers, data were extrapolated. This year, for the first time, the data include AS-only clients, so CY12 data were recalculated on a comparable basis.

3. Estimate of the number and dollar volume of trade transactions financed by the Global Trade Finance Program's network of emerging-market banks, based on actual data from 82% of the network's 247 banks and extrapolation of the rest. Numbers reflect transactions directly guaranteed by IFC as well as those executed by the network banks that have been supported by the program.

4. CY12 total Power Distribution customers revised due to the restatement of one client value in Middle East and North Africa.


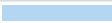








5. One client in East Asia and the Pacific accounted for 37.1 million gas-distribution customers in CY13.

6. One client in South Asia accounted for 121.6 million phone-connection customers in CY13.





7. CY12 total Taxes and Other Payments revised due to the restatement of one client value in Sub-Saharan Africa.

## FY14 COMMITMENTS

Dollar amounts in millions, for IFC's own account as of June 30, 2014

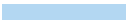
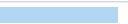


Total	\$17,261	100.00%	
<b>By Industry</b>			
Trade Finance	\$ 7,007	40.60%	
Financial Markets	\$ 3,454	20.01%	
Infrastructure	\$ 2,426	14.06%	
Agribusiness & Forestry	\$ 1,051	6.09%	
Manufacturing	\$ 984	5.70%	
Consumer & Social Services	\$ 928	5.37%	
Telecommunications & Information Technology	\$ 489	2.83%	
Funds	\$ 480	2.78%	
Oil, Gas & Mining	\$ 441	2.56%	

### By Region

Latin America and the Caribbean	\$ 4,057	23.50%	
Sub-Saharan Africa	\$ 3,540	20.50%	
Europe and Central Asia	\$ 3,478	20.15%	
East Asia and the Pacific	\$ 2,771	16.05%	
Middle East and North Africa	\$ 1,698	9.84%	
South Asia	\$ 1,558	9.03%	
Global	\$ 158	0.92%	

Some amounts include regional shares of investments that are officially classified as global projects.

### By Product

Loans <sup>1</sup>	\$ 7,579	44.00%	
Guarantees <sup>2</sup>	\$ 7,328	42.40%	
Equity <sup>3</sup>	\$ 2,324	13.40%	
Risk management products	\$ 30	0.20%	












1. Includes loan-type, quasi-loan products.

2. Includes trade finance.








3. Includes equity-type, quasi-equity products.

## FY14 COMMITTED PORTFOLIO

Dollar amounts in millions, for IFC's own account as of June 30, 2014

Total	\$51,735	100%	
<b>By Industry</b>			
Financial Markets	\$14,994	29%	
Infrastructure	\$10,192	20%	
Manufacturing	\$ 6,411	12%	
Agribusiness & Forestry	\$ 4,345	8%	
Consumer & Social Services	\$ 4,199	8%	
Funds	\$ 3,862	7%	
Trade Finance	\$ 3,166	6%	
Oil, Gas & Mining	\$ 2,559	5%	
Telecommunications & Information Technology	\$ 2,007	4%	
Other	-	0%	











### By Region

Latin America and the Caribbean	\$11,645	23%	
Europe and Central Asia	\$11,041	21%	
Sub-Saharan Africa	\$ 8,540	17%	
East Asia and the Pacific	\$ 8,023	16%	
Middle East and North Africa	\$ 5,801	11%	
South Asia	\$ 5,782	11%	
Global	\$ 902	2%	

Amounts include regional shares of investments that are officially classified as global projects.

## FY14 ADVISORY SERVICES PROGRAM EXPENDITURES

Dollar amounts in millions

Total	\$233.7	100.0%	
<b>By Region</b>			
Sub-Saharan Africa	\$ 63.2	27%	
East Asia and the Pacific	\$ 41.6	18%	
Europe and Central Asia	\$ 38.8	17%	
South Asia	\$ 31.5	13%	
Latin America and the Caribbean	\$ 24.8	11%	
Middle East and North Africa	\$ 21.8	9%	
Global	\$ 11.9	5%	
<b>By Business Line</b>			
Investment Climate	\$ 69.3	30%	
Access to Finance	\$ 68.0	29%	
Sustainable Business	\$ 58.6	25%	
Public-Private Partnerships	\$ 37.8	16%	

## ABOUT IFC

*IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries.*

*Established in 1956, IFC is owned by 184 member countries, a group that collectively determines our policies.*

*With a global presence in more than 100 countries, a network of nearly 1,000 financial institutions, and more than 2,000 private sector clients, IFC is uniquely positioned to create opportunity where it's needed most.*

*We use our capital, expertise, and influence to help end extreme poverty and boost shared prosperity.*

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## CREATING OPPORTUNITY WHERE IT'S NEEDED MOST

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