

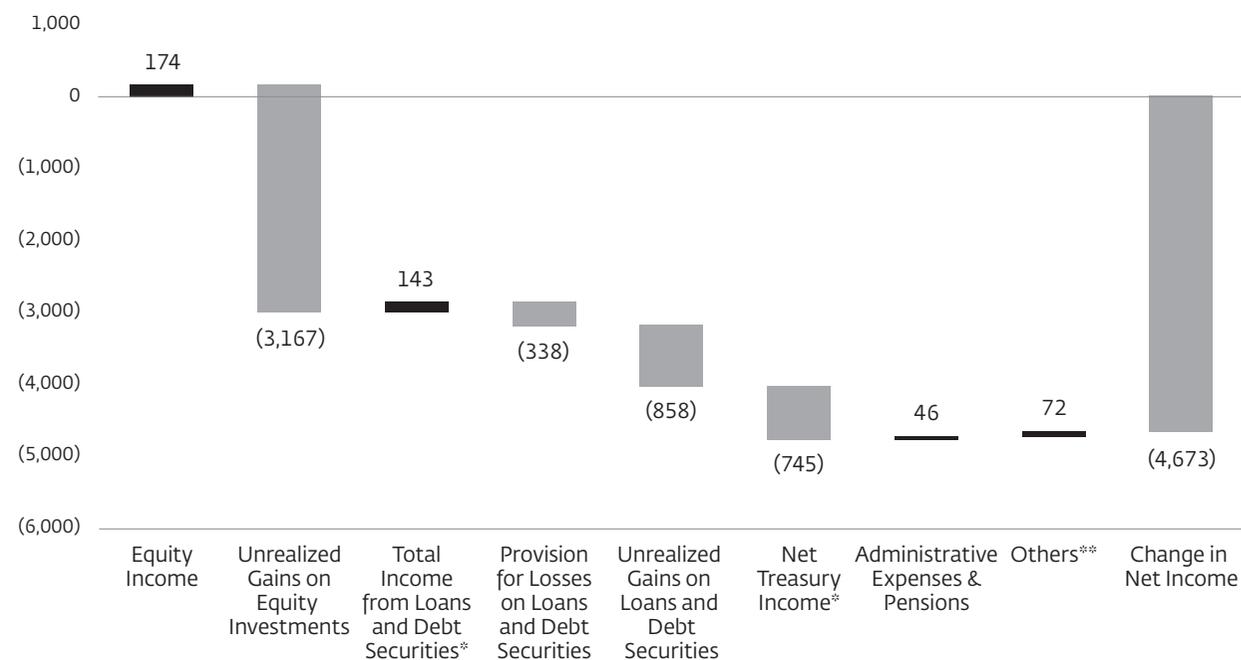
Financial Performance Summary

The overall market environment has a significant influence on IFC's financial performance. The main elements of IFC's net income and other comprehensive income, and influences on the level and variability of net income and other comprehensive income from year to year are:

ELEMENTS	SIGNIFICANT INFLUENCES
Net income:	
Yield on interest earning assets (principally loans)	Market conditions including spread levels and degree of competition. Nonaccruals and recoveries of interest on loans formerly in nonaccrual status, and income from participation notes on individual loans are also included in income from loans.
Liquid asset income	Realized and unrealized gains and losses on the liquid asset portfolios, in particular the portion of the liquid asset portfolio funded by net worth, which are driven by external factors such as the interest rate environment and liquidity of certain asset classes within the liquid asset portfolio.
Income from the equity investment portfolio	Global climate for emerging markets equities, fluctuations in currency markets and company-specific performance for equity investments. Overall performance of the equity portfolio.
Provision for losses on loans, guarantees, and available-for-sale debt securities	Risk assessment of borrowers, probability of default, loss given default, and expected balance at default considering prepayment and disbursement assumption estimates as well as expected utilization rates.
Other income and expenses	Level of advisory services provided by IFC to its clients, the level of expense from the staff retirement and other benefits plans, the approved and actual administrative expenses, and other budget resources.
Gains and losses on other non-trading financial instruments accounted for at fair value	Principally, differences between changes in fair values of borrowings, excluding IFC's credit spread and associated derivative instruments and unrealized gains or losses associated with the investment portfolio including puts, warrants, and stock options, which in part are dependent on the global climate for emerging markets. These securities may be valued using internally developed models or methodologies, utilizing inputs that may be observable or non-observable.
Other comprehensive income:	
Unrealized gains and losses on debt securities accounted for as available-for-sale	Global climate for emerging markets, fluctuations in currency and commodity markets and company-specific performance, and consideration of the extent to which unrealized losses are considered a credit loss. Debt securities may be valued using internally developed models or methodologies, utilizing inputs that may be observable or non-observable.
Unrealized gains and losses attributable to instrument-specific credit risk on borrowings at fair value under the Fair Value Option	Fluctuations in IFC's own credit spread measured against reference rate, resulting from changes over time in market pricing of credit risk. As credit spreads widen, unrealized gains are recorded, and when credit spreads narrow, unrealized losses are recorded.
Unrecognized net actuarial gains and losses and unrecognized prior service costs on benefit plans	Returns on pension plan assets and the key assumptions that underlay projected benefit obligations, including financial market interest rates, staff expenses, past experience, and management's best estimate of future benefit cost changes and economic conditions.

IFC reported a net loss of \$464 million in FY22, primarily driven by lower treasury income as a result of sharply rising yields for U.S. Treasuries since January 2022. In comparison, IFC's net income of \$4.2 billion in FY21 had a substantial component of unrealized gains on investments of \$3.3 billion, when the markets rebounded post the immediate effect of COVID-19. The \$4.7 billion decrease in FY22 when compared to FY21 was principally a result of the following:

Change in Net Income in FY22 vs FY21 (US\$ MILLIONS)



* Total income from loans and debt securities and net treasury income are net of allocated charges on borrowings.

** Others mainly represents foreign exchange gains/losses, unrealized gains/losses on borrowings (net of swaps), service fees, and net advisory service expenses.

Equity investment portfolio returned \$208 million in FY22 compared to \$3.2 billion in FY21. The FY22 return comprised dividends (\$183 million), realized gains on sales (\$642 million) and unrealized losses (\$617 million). Net unrealized losses were \$617 million in FY22 mainly due to reclassifying gains from unrealized to realized upon sales and to a lesser extent driven by valuation changes, as compared to unrealized gains of \$2.6 billion in FY21 when the markets rebounded post the immediate effect of COVID-19.

Net income from loans, debt securities and associated derivatives was \$1.1 billion in FY22 as compared to \$2.2 billion in FY21. IFC recorded a provision of \$140 million in FY22 compared to a release of provision of \$198 million in FY21. The provision in FY22 comprised: (1) a qualitative overlay of \$135 million for estimated provisions due to the impact of the war in Ukraine and other compounding global crises which have not yet been reflected in the model calculated reserves and cannot be directly attributed to any individual borrowers; (2) a release of the previous qualitative overlay of \$40 million related to COVID-19; and (3) a provision for individual and portfolio losses of \$45 million. Net unrealized losses on loan and debt securities were \$123 million, as compared to unrealized gains of \$735 million in FY21, reflecting a reversal of unrealized gains on debt securities of \$197 million when it was reclassified from debt security to equity investment upon its IPO in FY22 Q1 and widening of the Credit Default Swap (CDS) spreads in FY22.

IFC reported a loss of \$521 million on liquid assets in FY22, net of allocated charges on borrowings, compared to an income of \$224 million in FY21. The FY22 net loss was mainly driven by sharply rising yields for U.S. Treasuries since January 2022. FY21 income benefited from the significant tightening of credit spreads which was not repeated in FY22.

Administrative and pension expenses decreased by \$46 million from \$1.41 billion in FY21 to \$1.36 billion in FY22 mainly due to decrease in pension expenses of \$93 million, primarily driven by the higher asset return in FY21, which resulted in lower amortization of unrecognized actuarial losses during FY22. The lower

pension expenses were partially offset by a \$47 million increase in administrative expenses primarily from higher travel costs and support fees.

IFC's net (loss) income for each of the past three fiscal years is presented below:

IFC's Net (Loss) Income FY20–FY22

Fiscal year ended June 30 (US\$ millions)

2020		(1,672)
2021		4,209
2022		(464)

IFC uses Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Income Available for Designations generally comprises net income excluding unrealized gains and losses on investments and borrowings¹ and grants to IDA.

Reconciliation of reported Net (Loss) Income to Income Available for Designations

(US\$ MILLIONS)	FY22	FY21	FY20
Net (loss) income	\$ (464)	\$ 4,209	\$ (1,672)
Adjustments to reconcile Net (loss) income to Income Available for Designations			
Unrealized losses (gains) on investments	740	(3,285)	2,026
Unrealized losses (gains) on borrowings	106	(71)	218
Grants to IDA	–	213	–
Income available for designations	\$ 382	\$ 1,066	\$ 572

1. Unrealized gains and losses on investments and borrowings presented in the table above includes unrealized gains and losses from associated derivatives.

Summary of Financial Results

(US\$ MILLIONS)

AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30

	2022	2021	2020
Consolidated income highlights:			
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 1,156	\$ 1,116	\$ 1,510
(Provision) release of provision for losses on loans, off-balance sheet credit exposures and other receivables	(126)	201	(638)
Income (loss) from equity investments and associated derivatives	208	3,201	(1,067)
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	414	340	231
Provision for losses on available-for-sale debt securities	(14)	(3)	–
(Loss) income from liquid asset trading activities	(413)	327	1,039
Charges on borrowings	(302)	(326)	(1,181)
Other income	419	595	559
Other expenses	(1,653)	(1,687)	(1,628)
Foreign currency transaction gains (losses) on non-trading activities	76	(148)	144
(Loss) income before net unrealized gains on non-trading financial instruments accounted for at fair value and grants to IDA	(235)	3,616	(1,031)
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	(229)	806	(641)
(Loss) income before grants to IDA	(464)	4,422	(1,672)
Grants to IDA	–	(213)	–
Net (loss) income	\$ (464)	\$ 4,209	\$(1,672)

Consolidated balance sheet highlights:

Total assets	\$ 99,010	\$ 105,264
Liquid assets portfolio ^a	41,717	41,696
Investments	44,093	44,991
Borrowings outstanding, including fair value adjustments	48,269	55,699
Total capital	\$ 32,805	\$ 31,244
of which		
Undesignated retained earnings	\$ 10,840	\$ 11,395
Designated retained earnings	298	207
Accumulated other comprehensive (loss) income (AOCI)	(82)	(1,118)
Paid-in capital	21,749	20,760

a. Net of securities sold under repurchase agreements, payable for cash collateral received and associated derivatives.

Key Financial Ratios

(US\$ IN BILLIONS, EXCEPT RATIOS)

	2022	2021
Overall liquidity ratio ^a	111%	114%
Debt-to-equity ratio ^b	1.6	2.1
Total reserve against losses on loans to total disbursed portfolio ^c	4.4%	4.9%
Capital measures:		
Capital available ^d	32.5	30.7
Capital required ^e	20.1	20.5
Capital Utilization Ratio ^f	62.0%	66.6%

- a. Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from the IBRD, such that it would cover at least 45 percent of the next three years' estimated net cash requirements.
- b. Debt-to-equity (leverage) ratio is defined as outstanding borrowings plus committed guarantees divided by total capital (comprised of paid-in capital, retained earnings and Accumulated other comprehensive loss). The definition of debt-to-equity ratio (leverage ratio) was updated effective FY22 Q1 (the three-month period ended September 30, 2021) in line with the updates to IFC's capital adequacy framework. As a result, the debt-to-equity ratio as of June 30, 2022 is not directly comparable to prior years. The debt-to-equity ratio under the updated definition as of June 30, 2021 would have been 1.9. For additional information regarding IFC's new Economic Capital (EC) Framework, see Section I Executive Summary.
- c. Total reserve against losses on loans to total disbursed loan portfolio is defined as reserve against losses on loans as a percentage of the total disbursed loan portfolio.
- d. Capital available: Under IFC's economic capital framework, resources available to absorb potential losses, calculated as: Balance Sheet Capital less Designated Retained Earnings.
- e. Capital required: Aggregate minimum Economic Capital required to maintain IFC's AAA rating.
- f. Starting in the three months ended September 30, 2021 (FY22 Q1), IFC uses CUR, defined as (Capital Required divided by Capital Available), as a measurement of capital adequacy under IFC's updated capital adequacy framework. The CUR replaces the previous Deployable Strategic Capital (DSC) ratio. CUR and DSC ratio have a one-to-one mapping expressed as (CUR = 90% – DSC ratio). For additional information regarding IFC's new EC Framework, see Section I Executive Summary.

COMMITMENTS

Long-Term Finance Commitments comprise Own Account and Core Mobilization and totaled \$23.2 billion in FY22, a decrease of \$140 million or 1 percent from FY21. IFC's FY22 Long-Term Finance Own Account Commitments were \$12.6 billion (\$12.5 billion in FY21) and Core Mobilization was \$10.6 billion (\$10.8 billion in FY21). Short-Term Finance Commitments were \$9.7 billion in FY22, as compared to \$8.2 billion at FY21. Total program delivery (LTF and STF) was \$32.8 billion in FY22 as compared to \$31.5 billion in FY21.

In direct response to the COVID-19 pandemic, IFC committed \$5.3 billion in FY22 including \$1.6 billion under its Fast Track COVID-19 Facility in support of IFC's existing clients. Outside of the facility, IFC committed \$3.7 billion in financing to support clients in response to COVID-19. In FY21, IFC committed \$2.3 billion under the Fast Track COVID-19 Facility and additional \$8.5 billion outside of the facility.

CORE MOBILIZATION

Core Mobilization is financing from entities other than IFC that becomes available to clients due to IFC's direct involvement in raising resources.

Long-Term Finance Commitments (Own Account and Core Mobilization) and Short-Term Finance

(US\$ MILLIONS)	FY22	FY21
Long-Term Finance Commitments (Own Account and Core Mobilization) and Short-Term Finance	\$32,824	\$31,500
Long-Term Finance Own Account Commitments	12,569	12,474
Core Mobilization	10,596	10,831
Short-Term Finance Commitments	9,659	8,195

Asset Management Company (AMC)

Funds Managed by AMC

(US\$ MILLIONS)	THROUGH JUNE 30, 2022					
	TOTAL FUNDS RAISED SINCE INCEPTION			CUMULATIVE INVESTMENT COMMITMENTS ^a	FOR THE YEAR ENDED JUNE 30, 2022	
	TOTAL	FROM IFC	FROM OTHER INVESTORS		INVESTMENT COMMITMENTS MADE BY FUND ^b	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 347	\$ 90	\$138
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	559	187	197
Investment Period Total	1,198	300	898	906	277	335
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,214	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	864	–	–
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	363	–	7
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) ^c	1,430	200	1,230	929	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	–	117
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	82	4	13
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	362	47	47
Post Investment Period Total	8,125	1,715	6,410	6,295	51	184
Liquidated Funds						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
Liquidated Funds Total	732	250	482	212	–	–
Grand Total	\$10,055	\$2,265	\$7,790	\$7,413	\$328	\$519

a. Net of commitment cancellations.

b. Excludes commitment cancellations from prior periods.

c. Includes co-investment fund managed by AMC on behalf of Fund LPs.

Asset Management Company (AMC)

Funds Managed by AMC

(US\$ MILLIONS)	THROUGH JUNE 30, 2021					
	TOTAL FUNDS RAISED SINCE INCEPTION			CUMULATIVE INVESTMENT COMMITMENTS ^a	FOR THE YEAR ENDED JUNE 30, 2021	
	TOTAL	FROM IFC	FROM OTHER INVESTORS		INVESTMENT COMMITMENTS MADE BY FUND ^b	INVESTMENT DISBURSEMENTS MADE BY FUND
Investment Period						
IFC Financial Institutions Growth Fund, LP (FIG Fund)	\$ 505	\$ 150	\$ 355	\$ 259	\$ 81	\$ 45
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	78	12	7
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	374	203	127
Investment Period Total	1,360	360	1,000	711	296	179
Post Investment Period						
IFC Capitalization (Equity) Fund, LP (Equity Capitalization Fund)	1,275	775	500	1,214	–	–
IFC Capitalization (Subordinated Debt) Fund, LP (Sub-Debt Capitalization Fund)	1,725	225	1,500	1,614	–	–
IFC African, Latin American and Caribbean Fund, LP (ALAC Fund)	1,000	200	800	876	–	2
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)	418	75	343	363	–	24
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) ^c	1,430	200	1,230	929	–	–
IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP (collectively, GEM Funds)	800	150	650	757	–	112
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	350	30	17
Post Investment Period Total	7,963	1,655	6,308	6,213	30	155
Liquidated Funds						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
Liquidated Funds Total	732	250	482	212	–	–
Grand Total	\$10,055	\$2,265	\$7,790	\$7,136	\$326	\$334

a. Net of commitment cancellations.

b. Excludes commitment cancellations from prior periods.

c. Includes co-investment fund managed by AMC on behalf of Fund LPs.