### FINANCIAL HIGHLIGHTS

#### OPERATIONAL HIGHLIGHTS

- **Return on average assets**: 2.1% in 2009, 50% in 2008, 54% in 2007, 57% in 2006, and 60% in 2005.

#### FINANCIAL MANAGEMENT

- **Debt to equity ratio**: 5.5% in 2009, 6.5% in 2008, 8.3% in 2007, 9.9% in 2006, and 9.6% in 2005.
- **External funding liquidity level**: 3.4% in 2009, 6.3% in 2008, 3.2% in 2007, 5.6% in 2006, and 3.4% in 2005.
- **Net (loss) income as a percentage of average capital**: 9.6% in 2009, 19.8% in 2008, 12.1% in 2007, 22.9% in 2006, and 10.4% in 2005.

#### Ratio Analysis

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<tbody>
<tr>
<td>Total assets (in millions)</td>
<td>$40,599</td>
<td>$38,547</td>
<td>$39,583</td>
<td>$38,547</td>
<td>$39,583</td>
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<tr>
<td>Net income (in millions)</td>
<td>$9,921</td>
<td>$7,456</td>
<td>$5,739</td>
<td>$4,011</td>
<td>$1,966</td>
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<tr>
<td>Return on average assets (%)</td>
<td>2.1%</td>
<td>50%</td>
<td>54%</td>
<td>57%</td>
<td>60%</td>
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<tr>
<td>Return on average capital (%)</td>
<td>48%</td>
<td>57%</td>
<td>54%</td>
<td>50%</td>
<td>45%</td>
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<tr>
<td>Loans, equity investments and debt securities, net (in millions)</td>
<td>$43,291</td>
<td>$30,954</td>
<td>$26,706</td>
<td>$24,536</td>
<td>$20,439</td>
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<td>Total committed portfolio (in millions)</td>
<td>$14,649</td>
<td>$9,995</td>
<td>$8,275</td>
<td>$6,449</td>
<td>$4,627</td>
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<td>Tangible net worth (in millions)</td>
<td>$7,606</td>
<td>$6,703</td>
<td>$5,373</td>
<td>$4,011</td>
<td>$2,382</td>
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<td>Debt to equity ratio (%)</td>
<td>5.5%</td>
<td>6.5%</td>
<td>8.3%</td>
<td>9.9%</td>
<td>9.6%</td>
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<tr>
<td>External funding liquidity level (%)</td>
<td>3.4%</td>
<td>6.3%</td>
<td>3.2%</td>
<td>5.6%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Net (loss) income (in millions)</td>
<td>$919.1</td>
<td>$846.3</td>
<td>$721.9</td>
<td>$576.5</td>
<td>$490.8</td>
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<tr>
<td>Net (loss) income as a percentage of average capital (%)</td>
<td>9.6%</td>
<td>19.8%</td>
<td>12.1%</td>
<td>22.9%</td>
<td>10.4%</td>
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#### Footnotes

1. Return on average assets is defined as net income for the fiscal year as a percentage of the average of total capital at the end of such fiscal year and the previous fiscal year.
2. Return on average capital is defined as net income for the fiscal year as a percentage of the average of total assets at the end of such fiscal year and the previous fiscal year.
3. External funding liquidity level is defined as the ratio of cash and liquid investments plus liquidity, consisting of proceeds from external funding instruments and accumulated other comprehensive income, at the end of such fiscal year and the previous fiscal year.
4. Debt to equity ratio is defined as the ratio of outstanding capital plus undesignated retained earnings (less cumulative payments on account of pending subscriptions) to reserves against losses on loans, equity investments, and debt securities, both on- and off-balance sheet. The ratio does not include designated retained earnings reported in total capital on IFC's consolidated balance sheet.
5. Capital to risk-weighted assets ratio is defined as the ratio of capital, excluding payments on account of pending subscriptions, to risk-weighted assets at the end of such fiscal year and the previous fiscal year.
6. Total reserves against losses on loans to total disbursed loan portfolio is defined as reserve against losses on loans, equity investments, and debt securities, both on- and off-balance sheet, at fair value in net income at the end of the fiscal year.
7. Return on average assets includes first commitment to projects in the fiscal year.
8. Return on average capital includes first commitment to projects in the fiscal year.
9. Debt to equity ratio includes loan guarantees and risk management products.
10. External funding liquidity level includes new initiatives.

#### Financial Ratios

- **Capital to risk-weighted assets ratio**: 7.4% in 2009, 7.5% in 2008, 11.2% in 2007, 11.2% in 2006, and 11.2% in 2005.
- **Debt to equity ratio**: 5.5% in 2009, 75% in 2008, 75% in 2007, 75% in 2006, and 75% in 2005.

#### Operational Highlights

- In FY09, IFC committed more than half of our investment projects in IDA countries.
- In FY09, IFC's liquidity policy was revised so that IFC is to maintain a minimum level of liquidity, consisting of proceeds from external funding instruments and accumulated other comprehensive income, in order to cover at least 65% of the sum of (i) 100% of first commitment to projects in the fiscal year, (ii) 30% of committed guarantees; and (iii) 30% of committed but undisbursed straight senior loans; at a 1.6:1 leverage ratio.
- In FY09, IFC's external funding liquidity level was 3.4%.

#### Discussion

- IFC's financial statements and analysis are available online at: www.ifc.org/annualreport.
- This is the story of living in poverty for 2.5 billion people.
- Their/our story: creating opportunity where it's needed most.
IFC responded to the global economic crisis with speed, agility, and innovation—helping businesses in developing countries with a broad package of targeted investments and Advisory Services.

The initiatives helped companies in challenging times: preserving and creating employment, supporting supply chains, and providing much-needed credit.

IFC’s crisis response

PROVIDING LIQUIDITY SUPPORT

— A new Global Trade Liquidity Program is working on a
— We expanded our Global Trade Finance Program to

The global crisis steered private capital away from emerging countries with a broad package of targeted investments and Advisory Services.

providing

support

to support $50 billion in trade over three years. Now active in more than 70 countries, the program expects to add in the poorest countries—and allowing support for an

larger scale, teaming IFC with multilateral institutions, national governments, and major international banks to

more in the coming year.

— IFC’s new Infrastructure Crisis Facility supports viable

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TRADE

— Investing up to $300 million in the facility’s equity

The crisis also threatens many upcoming emerging-

— IFC’s new Infrastructure Crisis Facility supports viable

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INFRASTRUCTURE

—  Investing up to $300 million in the facility’s equity

Although commercial microfinance as a whole continues

MICROFINANCE

—  Investing up to $300 million in the facility’s equity

Strong banking systems are essential for resuming the flow

INVESTING IN

 — The initiative potentially could benefi t 60 million low-

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Europe in the short term.

— The initiative potentially could benefi t 60 million low-

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— Advising boards of directors on risk management and

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— Complementing our investment efforts in banking for

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— Complementing our investment efforts in banking for

— Encouraging governments to simplify their bankruptcy

— Encouraging governments to simplify their bankruptcy

— Encouraging governments to simplify their bankruptcy

— Helping fi nancial institutions better manage their risks

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— Complementing our investment efforts in banking for

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— Complementing our investment efforts in banking for

— Helping to generate productive jobs and

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— Helping to generate productive jobs and

— Helping to generate productive jobs and

— Helping to generate productive jobs and

— Supporting companies and other private

— Supporting companies and other private

— Supporting companies and other private

— Supporting companies and other private

— Supporting companies and other private

— Promoting open and competitive markets

— Promoting open and competitive markets

— Promoting open and competitive markets

— Promoting open and competitive markets

— Promoting open and competitive markets

— Delivering essential services to the underserved

— Delivering essential services to the underserved

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— Helping people around the world

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IFC responded to the global economic crisis with speed, agility, and innovation — helping businesses in developing countries with a broad package of targeted investments and Advisory Services.

The initiatives helped companies in challenging times: preserving and creating employment, supporting supply chains, and providing much-needed credit.
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The initiatives helped companies in challenging times: preserving and creating employment, supporting supply chains, and providing much-needed credit.

**Global Trade Liquidity Program**
- A new Global Trade Liquidity Program is working on a new trajectory.
- We expanded our Global Trade Finance Program to provide liquidity for trade-related transactions through an additional $3 billion from $1 billion, guaranteeing risks that commercial banks will not take—especially for smaller companies.
- IFC responded to the global economic crisis with speed, agility, and innovation—helping businesses in developing countries with a broad package of targeted investments and Advisory Services.

**IFC’s crisis response**
- IFC’s crisis response provided liquidity for trade-related transactions through an additional $3 billion from $1 billion, guaranteeing risks that commercial banks will not take—especially for smaller companies.
- Vital commercial banks will not take—especially for smaller companies.

**Infrastructure Crisis Facility**
- IFC’s new Infrastructure Crisis Facility supports viable projects that are expected to play an important development role.
- Investing up to $300 million in the facility’s equity fund, with other investors expected to provide rapid deployment and cost efficiency.
- The initiative potentially could benefit 60 million low-income borrowers in the world’s poorest countries.
- More than 100 microfinance institutions will receive income-linked investments in major private banks or in the poorest countries—allowing support for an even larger scale, teaming IFC with multilateral institutions, national governments, and major international banks to perform well, the private capital it had started attracting to emerging markets and into lower-risk markets.

**Microfinance Enhancement Facility**
- IFC and German development bank KfW created the Microfinance Enhancement Facility. Three of the industry’s leading private fund managers—BlueOrchard Finance, Development Impact Partners, and IFC’s own microfinance arm, IFC Microfinance—serve as investment managers, ensuring strong banking systems are essential for resuming the flow again and economies can rebound. Working with partners, IFC has moved to strengthen local banks that play a critical role in the economic health of developing countries.
- The IFC Capitalization Fund will provide additional capital for major banks in developing countries so they can continue to perform well, the private capital it had started attracting to emerging markets and into lower-risk markets.

**Advisory Services**
- IFC’s advisory services are critical to performing well, the private capital it had started attracting to emerging markets and into lower-risk markets.
- Advising boards of directors on risk management and helping them determine how to manage their risks.
- Encouraging governments to simplify their bankruptcy systems to allow indebted companies to recover faster.
- Helping governments face larger deficits and covering essential services like education and health.
- Helping governments facing larger deficits widen their tax base.

**Supporting open and competitive markets**
- Complementing our investment efforts in banking for bringing banking systems to parts of the world where they’ve never existed.

**Creating opportunity where it’s needed most™**
- Our vision is that people should have the opportunity to escape poverty and improve their lives by providing jobs and delivering essential services to the underserved sector partners where there is a gap in developing countries.
- Our purpose is to create opportunity for people to escape poverty and improve their lives by: creating opportunity where it’s needed most™, providing productive jobs and delivering essential services to the underserved sector partners where there is a gap in developing countries.