



IFC UPDATE - 1H FY14

IFC has a borrowing program of USD16 billion for our fiscal year 2014 which began July 1, 2013. This includes our core funding program of both public and private issues, discount notes, and bonds in emerging market local currencies. It also encompasses up to USD2 billion to allow for prefunding for the next fiscal year which will begin July 1, 2014.

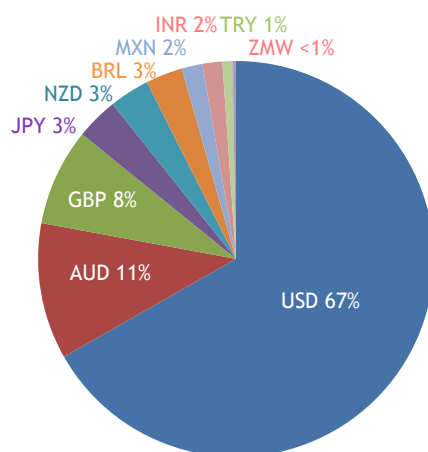
During the first half of FY14, IFC raised USD11 billion, putting us well past the halfway mark for the fiscal year. This comprised 54 transactions in 11 currencies with an average maturity of 4.2 years.

The trend is a reflection of our growing business. In H1 FY14, IFC signed loan and investment agreements to commit a total of USD10.8 billion in 364 projects in over 90 countries. This includes USD2.3 billion mobilized from other sources to help our clients. In the first half of FY14, IFC reported income of USD726 million, a 50% increase over income USD482 million for the same period of FY13.

For the second half of the fiscal year, our objectives continue to be minimizing our cost of funding and adapting our strategy to tap new markets, while keeping a consistent presence in core markets such as USD and AUD will be important.

Moody's affirmed IFC's Aaa rating with a stable outlook in November, based on our robust capital adequacy and liquidity, preferred creditor status, and strong shareholder support. This month, S&P also affirmed IFC's AAA 'stand-alone credit profile' based on its assessment of IFC's "very strong" business profile and "extremely strong" financial profile.

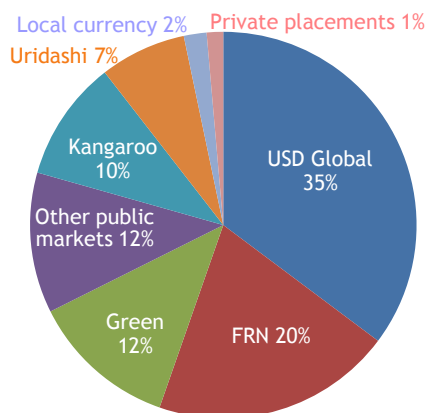
Funding breakdown by currency 1H FY14



EVENTS AND AWARDS

- IFC was awarded a number of awards for FY13 transactions including the KangaNews **Kauri Bond Deal of the Year** for the NZD650 million 3.875% February 2018 trade, EMEA Finance **Best Supranational Borrower** and CMD **Best Niche Currency Issuer**. IFC also received two awards from MTN-I: the **Innovation in Emerging Currencies Access Award**, and the **Institutional Performance Award** for our CNH discount note program.
- IFC and Citi hosted a conference in London on **Real World Solutions for Bridging the Climate Investment Gap** in August. The event focused on investment opportunities investment needed to tackle climate change will come from the private sector.
- In November, we co-hosted the **IMN IFC African Capital Markets Conference** in Cape Town. Panels covered the macroeconomic developments, housing finance, supra issuances, development of corporate bond markets, project finance, structural innovations, and DCM opportunities for NBFIs.
- Also in November, IFC held our inaugural **Investing for Impact in Emerging Markets seminar** in Tokyo. Banks, securities houses and investors learned about IFC's work and took part in discussions on the outlook for emerging markets and SRI investing opportunities.

Funding breakdown by market 1H FY14



TRADE HIGHLIGHTS H1 FY14

A GLOBAL LANDMARK

In August, IFC placed its **biggest trade ever: a USD3.5 billion 5-year global benchmark**. The trade generated the largest order book ever for an IFC global, with several accounts joining the IFC investor family for the first time. Despite volatile market conditions and much uncertainty on 5-year and longer maturities given the Fed's preceding tapering announcement, the transaction sold extremely well, with a final order book just under USD5 billion. The oversubscription reflected the strong following enjoyed by the IFC amongst the international investor base. The deal priced at mid-swaps +2 bps/US Treasuries +21.1 bps.

GREEN BOND ENCORE

In November, we repeated our performance from February and issued our **second USD1 billion green bond during calendar year 2013**. It drew strong support from the central banks of Germany and Brazil as well as investment managers including BlackRock, CalSTRS, Calvert Investments, Deutsche Asset and Wealth Management, Praxis, and State Street Global Advisors. The bond brings IFC's green bond program to USD 3.4 billion following the market's first ever USD1 billion benchmark green bond which we issued in February. The bond was priced at mid swaps -4 bps.

BANKING ON WOMEN

The IFC Banking on Women bond issued in November raised over USD160 million for investments that support access to finance for women-owned or women-controlled enterprises through the already established Banking on Women program. IFC launched this program in 2010, and now has a portfolio of nearly USD700 million lent via financial intermediaries to women-owned SMEs in Eastern Europe, East Asia, Africa and Latin America. The bond was sold in AUD and TRY tranches to Japanese retail and institutional investors.

URIDASHI

In the Uridashi space, we issued a **Nikkei 225-linker** via SMBC Nikko that ranks as the Japanese market's largest supra structure in two years - and by far the largest yen equity play from the elite borrower category yet reported. SMBC Nikko sold the JPY21.2bn 5-year note in the Uridashi sector. It carries a digital payout.

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A STERLING TRADE!

Following a three year absence from the pound sterling market, we placed a **GBP500 million trade** this year, beginning with an initial tranche of GBP 250 million, tapped by GBP 150 million, and then a further GBP 100 million, all within a period of August to October. The trade provided good return and underlined our strategy to issue into demand which reflects flexibility on timing.

ROOTING FOR THE RUPEE

We launched in November a **USD1 billion offshore Indian rupee bond program** to strengthen India's capital markets and attract greater foreign investment in a time of renewed economic uncertainty across the world. Our first issue under the program was an INR10 billion (approximately USD160 million) global bond. The bond, IFC's first rupee issuance, is a three-year benchmark bond offered and settled in US dollars. The initial subscription and principal and coupon payments are in US dollars, with all amounts tied to the USD-INR exchange rate. IFC will convert bond proceeds from dollars into rupees on the domestic spot exchange market, and use the rupees to finance private sector investment in the country.

THE ZAMBEZI

IFC's "Zambezi" bond is the first issued by a foreign organization in Zambia's domestic market. The four-year, ZMW150 million (USD28.5 million equivalent) Zambian kwacha-denominated note offered at 15%, was nearly five times oversubscribed by a mix of international and domestic investors resulting in a heavily oversubscribed transaction which led to upsizing the bond from ZMW100 million to 150 million. Proceeds from the program will be used to support IFC's private sector development program in the country.

IFC issues local currency denominated bonds as part of its regular program of raising funds for private sector development, and to support the development of domestic capital markets. In many cases IFC is the first, or among the first, nonresident issuers.