

# Annual Investor Newsletter

Fall 2019

## The Development Power of Private Sector Investments

In his speech to the Board of Directors during the Annual Meetings earlier this month, World Bank Group (WBG) President David Malpass reiterated that **the private sector must play a pivotal role in development** emphasizing IFC's strategy as the largest global development institution focused on the private sector: [Read his full speech.](#)

## Early FY20 funding highlights

IFC launched its funding year with a **5-year AUD 750 million** offering a 1.45% semi-annual coupon. Subsequently, IFC returned to the Kauri bond market with a **5-year NZD 600 million bond offering 2.625%**. In October 2019, IFC came to market with a **USD 2 billion 5-year, 1.375% global benchmark bond** which was 1.5 times oversubscribed. Later in October, IFC issued its **first EUR 20 million green NSV bond** – a 40-year, 1.027% trade.

## Access to impact for retail

IFC's new [Social Impact Notes Program](#) launched in August 2019, offers US retail investors the opportunity to support select projects that target positive impacts, such as those stated by the [SDGs](#). These notes are an attractive alternative to US Agencies, offered in a variety of structures, and available through an extensive dealer network via [Incapital Legacy™ platform](#). Read the press release [here](#).



## FY19 funding highlights

**In FY19, IFC raised \$11.2 billion totaling 304 trades across 28 currencies.** Despite volatility in emerging markets and U.S. dollar strengthening, IFC remained an active issuer in public markets and accommodated reverse inquiries which accounted for nearly a third of total issuances.

IFC kicked off FY19 with a five-year \$2 billion global bond in July 2018. The bond was priced at mid-swaps +2bps, the tightest pricing at the time for a five-year USD SSA trade in 2018, and equivalent to 15.25bps over U.S. Treasuries.

Borrowings in public markets such as Australian dollar (AUD), Canadian dollar (CAD), British pound (GBP) and US dollar (USD) accounted for 47% of the overall funding program: FY19 brought about IFC's [first Sterling green bond](#), a five-year British pound 350 million bond. Soon afterwards, a five-year CAD 500 million bond marked IFC's return to the Maple market. In the Australian markets, IFC launched a new long ten-year line maturing in June 2029, and later tapped its Kangaroo social bond by AUD 400 million. In the New Zealand market, IFC launched a five-year New Zealand dollar 600 million bond.

IFC's continued its leadership role as a sustainable bonds issuer. In FY19, IFC issued 37 green bonds in eleven currencies for a total volume of over \$1.6 billion, and 12 social bonds for a total volume of \$538 million. IFC's social bonds particularly flourished in Japan: ten social bonds were sold into the Japanese market, mostly as Uridashi transactions.

As for floating rate notes (FRN), IFC entered the Sterling Overnight Index Average (SONIA) bond market for the first time in January 2019, raising GBP 500 million. Activity in the USD LIBOR FRN remained subdued in FY19 on the back of the expected LIBOR sunset by 2021.

In the retail market, Uridashi issuance remained active with \$1.1 billion in total volume raised. IFC continued offering notes to U.S. retail investors through its Impact Note and Accelerated Return Note Programs.

IFC issued a record volume of \$14.2 billion under its Global Discount Note Program, which offers notes with maturities up to 360 days.

## Expanding local currency debuts

IFC printed the [first ever offshore Cambodian riel \(KHR\) bond](#) in May 2019. The coupon and redemption of the \$12 million bond are linked to the USD/KHR exchange rate and its proceeds will support local currency lending in Cambodia. In July 2019, IFC issued the first offshore Bangladeshi Taka-denominated bond.



Left to right: **Mary Schapiro**, Vice Chair for Public Policy of Bloomberg, **John Gandolfo**, IFC's Treasurer and VP, **Martin Scheck**, Chief Executive of ICMA, speaking at IFC's Sustainable Bonds Forum

## Management changes

- Christopher Stevens was appointed the new Vice President and General Counsel of IFC in August 2019. He replaced Ethiopis Tafara.

## Industry recognition

- **Green Bond Development Bank of the Year**  
*Climate Bonds Initiative*
- **Best Supranational Dollar Deal of the Year**  
*Global Capital*
- **Best Impact Report of the Year**  
IFC's FY18 Social Bond Impact Report  
*Environmental Finance*
- **Deal of the Year**  
\$12m 7.5% Synthetic Notes due 2021 linked to KHR MTN-i
- **APAC Editor's Award**  
GPIF and WBG's ESG Contribution  
MTN-i

## Investor engagements

### IFC's Green Bond Impact Report Launch in Paris

On the occasion of the UN PRI Conference in September, IFC Treasury held an ESG investor forum during which IFC's [FY19 Green Bond Impact Report](#) was launched. Investors and underwriters engaged in discussions around impact reporting and asset allocation criteria for ESG themed bond products.



### IFC's Premier Sustainable Bonds Forum

As part of the 2019 [WBG-IMF Annual Meetings](#), IFC Treasury hosted a flagship Sustainable Bonds Forum during which it was announced that [sustainable debt issuance has now surpassed a trillion dollars](#). Speakers included senior level representation from Bloomberg, ICMA, Belgian Debt Agency, BlackRock, Citi, CACIB, ENEL, Fannie Mae, Goldman Sachs AM, GPIF, Morgan Stanley, State Street Global Advisors, and more. View the side interviews [here](#).

### IFC's Global Debt Mobilization Conference

Market participants returned to Madrid for the 2<sup>nd</sup> edition of IFC's Global Debt Mobilization Conference which took place in September 2019. Over 380 delegates attended the event which focused on solutions for creating sustainable investment opportunities in emerging markets.

### 2019 WBG-IMF Annual Meetings

The 2019 WBG-IMF Annual Meetings took place in Washington, DC, October 14-20, 2019 and brought together shareholders and members of the financial and international development community to discuss issues of global concern. Read more [here](#).