

# Financial Performance Summary

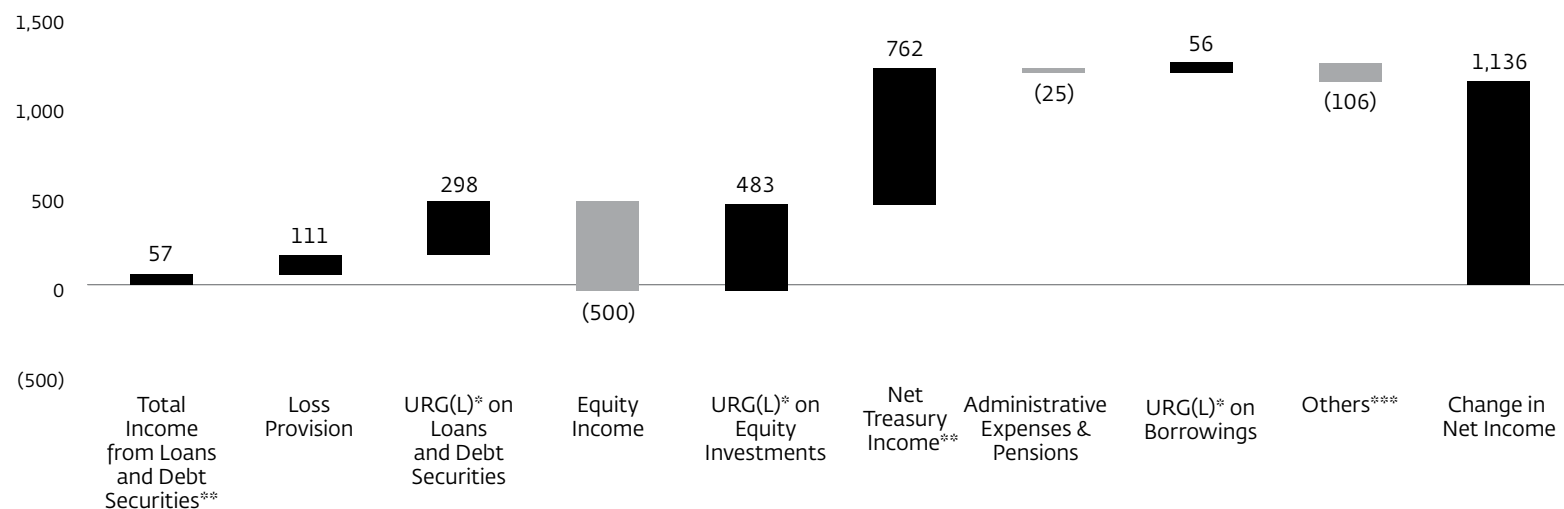
The overall market environment has a significant influence on IFC's financial performance. The main elements of IFC's net income and other comprehensive income, and influences on the level and variability of net income and other comprehensive income from year to year are:

## Main Elements of Net Income and Other Comprehensive Income

ELEMENTS	SIGNIFICANT INFLUENCES
<b>Net income:</b>	
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.
<b>Other comprehensive income:</b>	
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.

Net income for FY23 was \$672 million compared to a net loss of \$464 million in FY22, primarily driven by reversal of mark-to-market losses from the previous year and additional interest income in Treasury, as well as higher income from loans and debt securities. The \$1.1 billion increase in FY23 when compared to FY22 was principally a result of the following factors:

## Change in Net Income FY23 vs FY22 (US\$ MILLIONS)



\* Unrealized gains (losses).

\*\* 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, service fees, and net advisory service expenses.

Equity investment portfolio returned \$191 million in FY23 compared to \$208 million in FY22. The FY23 return comprised dividends (\$164 million), realized gains on sales (\$161 million) and unrealized losses (\$134 million).

Net income from loans, debt securities and associated derivatives, net of allocated charges on borrowings, was \$1.6 billion in FY23 compared to \$1.1 billion in FY22. Unrealized gains from loans and debt securities were \$175 million in FY23 compared to unrealized losses of \$123 million in FY22. IFC recorded provisions for losses




of \$29 million in FY23 compared to \$140 million in FY22. Included in the FY22 provision was a qualitative overlay of \$135 million, which remained unchanged at FY23-end.

IFC reported income of \$241 million on liquid assets in FY23, net of allocated charges on borrowings, compared to a loss of \$521 million in FY22. The FY23 treasury income benefited from more favorable market movements.

IFC's administrative expenses were \$1.2 billion in FY23 compared to \$1.1 billion in FY22, an increase of \$73 million primarily driven by higher staff costs and higher travel expenses. Pension expenses decreased by \$48 million to \$214 million in FY23 from \$262 million in FY22.

IFC's net income or loss for the past three fiscal years are presented below:

## IFC's Net Income (Loss) FY21–FY23 (US\$ MILLIONS)

2021		4,209
2022		(464)
2023		672

IFC uses Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Income Available for Designations comprises net income excluding unrealized gains and losses on investments and borrowings and grants to IDA in the year ended June 30, 2021.

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

(US\$ MILLIONS)

FOR THE YEAR ENDED JUNE 30

	2023	2022	2021
<b>Net income (loss)</b>	<b>\$ 672</b>	<b>\$ (464)</b>	<b>\$ 4,209</b>
Adjustments to reconcile Net income (loss) to Income Available for Designations			
Unrealized (gains) losses on investments	(41)	740	(3,285)
Unrealized losses (gains) on borrowings	50	106	(71)
Grants to IDA	–	–	213
<b>Income Available for Designations</b>	<b>\$ 681</b>	<b>\$ 382</b>	<b>\$ 1,066</b>

## Summary of Financial Results

(US\$ MILLIONS)

FOR THE YEAR ENDED JUNE 30

2023 2022 2021

### Consolidated statement of operations highlights:

Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 2,290	\$ 1,156	\$ 1,116
(Provision) release of provision for losses on loans, off-balance sheet credit exposures and other receivables	(22)	(126)	201
Income from equity investments and associated derivatives	191	208	3,201
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	518	414	340
Provision for losses on available-for-sale debt securities	(7)	(14)	(3)
Income (loss) from liquid asset trading activities	1,464	(413)	327
Charges on borrowings	(2,598)	(302)	(326)
Other income	518	419	595
Other expenses	(1,721)	(1,653)	(1,687)
Foreign currency transaction (losses) gains on non-trading activities	(86)	76	(148)
<b>Income (loss) before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA</b>	<b>547</b>	<b>(235)</b>	<b>3,616</b>
Net unrealized gains (losses) on non-trading financial instruments accounted for at fair value	125	(229)	806
<b>Income (loss) before grants to IDA</b>	<b>672</b>	<b>(464)</b>	<b>4,422</b>
Grants to IDA	–	–	(213)
<b>Net income (loss)</b>	<b>\$ 672</b>	<b>\$ (464)</b>	<b>\$ 4,209</b>

(US\$ MILLIONS)

AS OF THE YEAR ENDED JUNE 30

2023 2022

### Consolidated balance sheets highlights:

Total assets	\$ 110,547	\$ 99,010
Liquid assets <sup>a</sup>	40,120	41,717
Investments	51,502	44,093
Borrowings outstanding, including fair value adjustments	52,443	48,269
<b>Total capital</b>	<b>\$ 35,038</b>	<b>\$ 32,805</b>
of which		
Undesignated retained earnings	\$ 11,589	\$ 10,840
Designated retained earnings	221	298
Accumulated other comprehensive income (loss) (AOCI)	632	(82)
Paid-in capital	22,596	21,749

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

## Key Financial Ratios

(US\$ BILLIONS, EXCEPT RATIOS)  
AS OF THE YEAR ENDED JUNE 30

	2023	2022
Overall liquidity ratio <sup>a</sup>	<b>104%</b>	111%
Debt-to-equity ratio <sup>b</sup>	<b>1.6</b>	1.6
Total reserve against losses on loans to total disbursed portfolio <sup>c</sup>	<b>3.7%</b>	4.4%
Capital measures:		
Capital available <sup>d</sup>	<b>34.8</b>	32.5
Capital required <sup>e</sup>	<b>21.1</b>	20.1
Capital utilization ratio <sup>f</sup>	<b>60.7%</b>	62.0%

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% of the next three years' estimated net cash requirements. IFC's overall liquidity as a percentage of the next three years' estimated net cash needs stood at 104% as of June 30, 2023, above the minimum requirement of the Board of 45%.

b. Debt-to-equity (leverage) ratio is defined as outstanding borrowings plus committed guarantees divided by total capital (comprises paid-in capital, retained earnings and Accumulated other comprehensive income (loss)). IFC's debt-to-equity ratio was 1.6 as of June 30, 2023, well within the maximum of 4 required by the policy approved by IFC's Board of Directors.

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: 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. CUR is defined as Capital Required divided by Capital Available.

## COMMITMENTS

Total commitments (Long-Term Finance and Short-Term Finance) was \$43.7 billion in FY23 as compared to \$33.6 billion in FY22. Long-Term Finance (LTF) Commitments comprise Own Account and Core Mobilization and totaled \$31.7 billion in FY23, an increase of \$8.5 billion or 37% from FY22. IFC's FY23 LTF Own Account Commitments were \$16.7 billion (\$12.6 billion in FY22) and Core Mobilization was \$15.0 billion (\$10.6 billion in FY22). Short-Term Finance (STF) Commitments Own Account were \$11.0 billion in FY23 (\$9.7 billion in FY22) and Core Mobilization was \$996 million in FY23 (\$767 million in FY22).

In direct response to the COVID-19 pandemic, IFC committed \$4.1 billion in FY23 including \$1.0 billion under its Fast Track COVID-19 Facility in support of IFC's existing clients. Outside of the facility, IFC committed an additional \$3.1 billion in financing to support clients in response to COVID-19. Since the start of the COVID-19, IFC committed \$8.4 billion under the Fast Track COVID-19 Facility and an additional \$17.0 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.

## Total Commitments (Own Account and Core Mobilization)

(US\$ MILLIONS) FOR THE YEAR ENDED JUNE 30	2023	2022
<b>Total Commitments (Own Account and Core Mobilization)</b>	<b>\$ 43,729</b>	<b>\$ 33,591</b>
Long-Term Finance Own Account	16,677	12,569
Long-Term Finance Core Mobilization	15,029	10,596
Short-Term Finance Own Account	11,027	9,659
Short-Term Finance Core Mobilization	996	767

# AMC

IFC Equity Mobilization Department (AMC), invests third-party capital and IFC capital, enabling outside investors to invest alongside IFC in developing markets. Investors in funds managed by AMC have included sovereign wealth funds, national pension funds, multilateral and bilateral development institutions, national development agencies and international financial institutions (IFIs). The Funds managed by AMC and their activities as of and for the years ended June 30, 2023 and 2022 are summarized as follows:

## Funds Managed by AMC

(US\$ MILLIONS)	THROUGH JUNE 30, 2023				FOR THE YEAR ENDED JUNE 30, 2023	
	TOTAL FUNDS RAISED SINCE INCEPTION			CUMULATIVE INVESTMENT COMMITMENTS <sup>a</sup>	INVESTMENT COMMITMENTS MADE BY FUND <sup>b</sup>	INVESTMENT DISBURSEMENTS MADE BY FUND
	TOTAL	FROM IFC	FROM OTHER INVESTORS			
<b>Post Investment Period</b>						
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	–	8
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) <sup>c</sup>	1,430	200	1,230	902	–	–
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	–	86
Women Entrepreneurs Debt Fund, LP (WED Fund)	115	30	85	110	–	–
IFC Middle East and North Africa Fund, LP (MENA Fund)	162	60	102	86	4	8
China-Mexico Fund, LP (China-Mexico Fund)	1,200	–	1,200	362	–	10
IFC Financial Institutions Growth Fund, LP (FIG Fund)	505	150	355	344	–	3
IFC Emerging Asia Fund, LP (Asia Fund)	693	150	543	573	16	97
<b>Post Investment Period Total</b>	<b>9,323</b>	<b>2,015</b>	<b>7,308</b>	<b>7,189</b>	<b>20</b>	<b>212</b>
<b>Liquidated Funds</b>						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
<b>Liquidated Funds Total</b>	<b>732</b>	<b>250</b>	<b>482</b>	<b>212</b>	<b>–</b>	<b>–</b>
<b>Grand Total</b>	<b>\$10,055</b>	<b>\$2,265</b>	<b>\$7,790</b>	<b>\$7,401</b>	<b>\$20</b>	<b>\$212</b>

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.

## Funds Managed by AMC

(US\$ MILLIONS)	THROUGH JUNE 30, 2022					
	TOTAL FUNDS RAISED SINCE INCEPTION			CUMULATIVE INVESTMENT COMMITMENTS <sup>a</sup>	FOR THE YEAR ENDED JUNE 30, 2022	
	TOTAL	FROM IFC	FROM OTHER INVESTORS		INVESTMENT COMMITMENTS MADE BY FUND <sup>b</sup>	INVESTMENT DISBURSEMENTS MADE BY FUND
<b>Investment Period</b>						
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
<b>Investment Period Total</b>	<b>1,198</b>	<b>300</b>	<b>898</b>	<b>906</b>	<b>277</b>	<b>335</b>
<b>Post Investment Period</b>						
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) <sup>c</sup>	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
<b>Post Investment Period Total</b>	<b>8,125</b>	<b>1,715</b>	<b>6,410</b>	<b>6,295</b>	<b>51</b>	<b>184</b>
<b>Liquidated Funds</b>						
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	182	–	182	130	–	–
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)	550	250	300	82	–	–
<b>Liquidated Funds Total</b>	<b>732</b>	<b>250</b>	<b>482</b>	<b>212</b>	<b>–</b>	<b>–</b>
<b>Grand Total</b>	<b>\$10,055</b>	<b>\$2,265</b>	<b>\$7,790</b>	<b>\$7,413</b>	<b>\$328</b>	<b>\$519</b>

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.