

## Management's Discussion and Analysis and Condensed Consolidated Financial Statements September 30, 2024 (Unaudited)

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## **SECTION I: INTRODUCTION**

This Management's Discussion and Analysis (MD&A) discusses the financial results of the International Finance Corporation (IFC or the Corporation) for the three months ended September 30, 2024 (FY25 Q1). This document should be read in conjunction with the IFC's Consolidated Financial Statements and MD&A issued for the year ended June 30, 2024 (FY24). IFC undertakes no obligation to update any forward-looking statements.

IFC is the largest global development institution focused on the private sector in developing countries. Established in 1956, IFC is owned by 186 member countries, a group that collectively determines its policies. IFC is a member of the World Bank Group (WBG)<sup>1</sup> but is a legal entity separate and distinct from IBRD, IDA, MIGA, and ICSID, with its own Articles of Agreement, share capital, financial structure, management, and staff. Membership in IFC is open only to member countries of IBRD. IFC is not liable for the obligations of the other institutions.

IFC's mission – as one of the WBG entities – is to end extreme poverty and boost shared prosperity on a livable planet. As the private sector arm of the WBG, IFC provides financing and advisory services to support private sector development in developing economies as a key engine of growth in line with good environmental, social and governance standards. To further support these efforts, the Board of Directors (the Board) and Management have been working on evolving the WBG to better address the scale of development challenges. This process includes initiatives to increase impact, expand financing capacity, support projects that address global challenges with cross border externalities, and modernize the approach to delivery. IFC is at the forefront of these reforms in view of its private sector mandate to close the financing gap beyond what governments can provide alone to address global challenges. This includes piloting an originate to distribute approach, further identifying and addressing bottlenecks to private sector activities, whilst leveraging partnerships with other development financial institutions (DFIs) and multilateral development banks (MDBs) to scale impact – among others. Recently, IFC also supported the initiative to grant public access to the Global Emerging Markets (GEMs) default and recovery rates to enhance transparency, and help private sector investors boost confidence in emerging markets and make informed decisions.

In April 2018 IFC's Board of Governors approved a capital increase package comprising a three-step capital raising process: conversion of a portion of retained earnings into paid-in capital, a Selective Capital Increase (SCI), and General Capital Increase (GCI) that would together provide up to \$5.5 billion in additional paid-in capital. In April 2024, the subscription deadline for the GCI was extended to April 16, 2025, resulting in the full alignment of the GCI and SCI subscription and payment deadlines. As of September 30, 2024, 135 countries have subscribed a total of \$4.5 billion, and payments of \$3.7 billion have been received from 112 countries.

Aligned with the capital increase, IFC continued to grow its footprint in the poorest countries and fragile areas. New and ongoing challenges continue to influence the global outlook, including: climate change adaptation and mitigation; fragility and conflict; pandemic prevention and preparedness; energy access; food and nutrition security; water security and access; enabling digitalization; and protecting biodiversity and nature. IFC continues to work with partners at global and country levels to support its clients in addressing the impact of these multiple challenges, to enhance resilience, and lay the groundwork for rebuilding better through various platforms. For example, in August 2023, IFC announced a \$400 million increase and one-year extension of the Base of the Pyramid (BOP) platform, bringing IFC's total investment to \$1 billion. First launched in 2021, the platform aims to help financial services providers deliver critical funding to small and informal businesses, and low-income households. In September 2023, IFC signed a \$3.5 billion credit insurance policy with 13 global insurance companies under its Managed Co-Lending Portfolio Program (MCPP), with \$521 million already being utilized to date. The initiative, MCPP Financial Institutions Group III, will increase access to finance for micro, small and medium enterprises, including women-owned businesses, as well as firms addressing climate change. On July 1, 2024, the WBG guarantee platform, housed at MIGA, was launched to bring together products and experts from the World Bank, IFC, and MIGA and aims to boost WBG annual guarantee issuances for all entities.

<sup>&</sup>lt;sup>1</sup> The other institutions of the WBG are the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID).

#### FINANCIAL BUSINESS MODEL

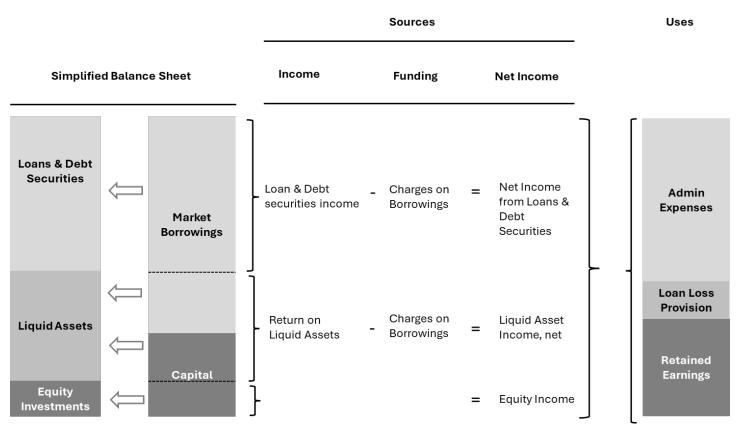
IFC helps developing countries achieve sustainable growth by financing private sector investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments. IFC's principal investment products are loans, equity investments, debt securities and guarantees. IFC also plays an active and direct role in mobilizing additional funding from other investors and lenders through a variety of means (Core Mobilization). Unlike most other development institutions, IFC does not accept host government guarantees of repayment. IFC raises virtually all of the funds for its lending activities through the issuance of debt obligations in the international capital markets, while maintaining a small borrowing window with IBRD. Equity investments are funded from capital (net worth). Proceeds of borrowings from market sources or net worth not immediately disbursed for investments are managed internally by IFC in its liquid asset portfolio.

IFC's capital base and its assets and liabilities, other than its equity investments, are primarily denominated in U.S. dollars (\$ or US\$) or swapped into U.S. dollars. Overall, IFC seeks to minimize foreign exchange and interest rate risks arising from its loans, debt securities and liquid assets by closely matching the currency and rate basis of its assets in various currencies with liabilities having the same characteristics. IFC generally manages non-equity investment related and certain lending related residual currency and interest rate risks by utilizing currency and interest rate swaps and other derivative instruments.

#### Financial Performance

IFC's primary sources of income are from its loans, debt securities and liquid assets. The income generated covers administrative expenses and provisions for losses. For loans, debt securities, and liquid assets, income is largely in the form of interest income net of charges on borrowings (Figure 1), as well as capital gains. IFC's equity investments generate income through capital gains, as well as dividends.

#### Figure 1: Source and uses of income



#### BASIS OF PREPARATION OF IFC'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accounting and reporting policies of IFC conform with accounting principles generally accepted in the United States of America (U.S. GAAP). IFC's accounting policies are discussed in more detail in Note A to the June 30, 2024 audited financial statements and IFC's condensed consolidated financial statements as of and for the three months ended September 30, 2024 (FY25 Q1 condensed consolidated financial statements). Certain reclassifications of prior years' information have been made to conform with the current year's presentation.

IFC uses Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Prior to FY24, Income Available for Designations comprise net income excluding unrealized gains and losses on investments and borrowings<sup>2</sup> as well as grants to IDA, which were suspended in FY20 following the conclusion of the IDA Eighteen Replenishment of Resources (IDA18). In FY24, IFC updated the calculation of Income Available for Designations to exclude income from the Post-retirement Contribution Reserve Fund (PCRF), aligning it with its intended use for post-retirement contributions. This change, approved by the Board in June 2024, is effective from FY24 and is reflected in the below table. The tables below outline a comparative breakdown of IFC's Investment Highlights and Statements of Operations in FY25 Q1 and FY24 Q1, along with key Balance Sheet components as of September 30, 2024 and June 30, 2024 :

#### **Table 1: Financial Data Summary**

	For the three months ended						
(US\$ in millions)	Septerr	nber 30, 2024	September 30, 202				
Investments Highlights (Section III)							
Own Account Commitments (Long-Term Finance (LTF) and Short-Term Finance(STF) Commitments)	\$	7,762	\$	6,489			
Core Mobilization (LTF and STF Commitments)		8,673		3,330			
Disbursements		5,427		4,896			
Statements of Operations							
Net income (Section VII)	\$	882	\$	414			
Adjustments to reconcile Net Income to Income Available for Designations							
Unrealized gains on investments		(57)		(79)			
Unrealized (gains) losses on borrowings		(143)		58			
PCRF Income		(14)		(6)			
Income Available for Designations	\$	668	\$	387			
(US\$ in millions)	Septerr	nber 30, 2024		June 30, 2024			
Balance Sheets							
Total assets	\$	115,025	\$	108,187			
Liquid assets <sup>a</sup> (Section IV)		39,897		37,734			
Investments (Section III)		61,648		58,747			
Borrowings outstanding, including fair value adjustments (Section V)		61,612		55,755			
Total capital (Section V)		38,545		37,472			

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

<sup>&</sup>lt;sup>2</sup> Unrealized gains and losses on investments and borrowings presented in Table 1 includes unrealized gains and losses from associated derivatives.

The table below outlines IFC's Key Financial Ratios as of September 30, 2024 and June 30, 2024 :

#### **Table 2: Key Financial Ratios**

(US\$ in billions, except ratios)	Septem	ber 30, 2024	June 30, 2024
Overall liquidity ratio <sup>a</sup>		81.4%	81.0%
Debt to equity ratio <sup>b</sup>		1.8	1.7
Total reserve against losses on loans to total committed portfolio <sup>c</sup>		2.9%	2.8%
Capital measures:			
Capital Available <sup>d</sup>	\$	37.7	\$ 36.6
Capital Required <sup>e</sup>		22.9	22.2
Capital Utilization Ratio (CUR) <sup>f</sup>		60.8%	60.5%

a Overall Liquidity Policy states that IFC would at all times maintain a minimum level of liquidity, plus undrawn borrowing commitments from 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 81% as of September 30, 2024 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 comprised of paid-in capital, retained earnings and Accumulated other comprehensive income(loss). IFC's debt to equity ratio as of September 30, 2024 was 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 committed portfolio is defined as reserve against losses on loans as a percentage of the total committed loans at amortized cost.

d Capital Available: Resources available to absorb potential losses, calculated as: IFC's balance sheet capital minus designated retained earnings minus Pension surplus of each pension plan minus PCRF assets.

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.

IFC's Capital Adequacy, as measured by Capital Utilization Ratio (CUR) was 60.8% as of September 30, 2024, higher than the 60.5% level as of June 30, 2024. The increase (higher capital utilization) in CUR was largely attributed to an increase in Capital Required, primarily due to the need for additional capital to support the Loan and Equity portfolios. There was also an increase in Capital Available, with increases in undesignated retained earnings, paid-in capital, and other comprehensive income.

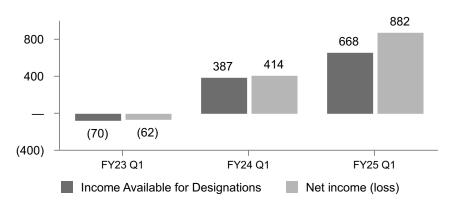
## SECTION II: EXECUTIVE SUMMARY

#### FINANCIAL PERFORMANCE SUMMARY

IFC's financial performance has been influenced by its results from operations, changes in interest rates, and the volatility of emerging equity markets in FY25 Q1.

#### Net Income and Income Available for Designations

IFC's net income was \$882 million in FY25 Q1, as compared to net income of \$414 million in the three months ended September 30, 2023 (FY24 Q1). Income Available for Designations totaled \$668 million in FY25 Q1, as compared to \$387 million in FY24 Q1. As discussed earlier, starting in FY24, the PCRF income is excluded from Income Available for Designations. The increase in net income was mainly driven by higher income from liquid assets, higher unrealized gains on borrowings, and higher equity valuations, partially offset by higher unrealized losses on derivatives associated with the loan and debt security portfolios.



#### Figure 2: Income Measures (US\$ in millions)

On October 31, 2024, the Board approved a designation of \$107 million to the Creating Markets Advisory Window (CMAW), and \$152 million to the Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS). See more details in Section V: Funding Resources - Capital and Retained Earnings.

#### Investment Operations

In FY25 Q1, IFC delivered a combined total of \$16.4 billion in long-term and short-term financing, representing an increase of 67% compared to FY24 Q1. IFC committed \$7.8 billion from its own account (\$6.5 billion in FY24 Q1) and disbursed \$5.4 billion in FY25 Q1 (\$4.9 billion in FY24 Q1) excluding guarantees. See more details in Section III: Client Services.

#### Investment Portfolio

The carrying value of IFC's outstanding investment portfolio was \$61.6 billion as of September 30, 2024, an increase of \$2.9 billion compared to June 30, 2024. The portfolio's growth primarily resulted from the \$2.1 billion of net disbursements (disbursements net of repayments, prepayments, and divestments) and \$628 million of foreign exchange gains. Refer to Section III: Client Services Disbursed Investment Portfolio section for the definition of carrying value.

#### Liquid Assets

The Net Asset Value (NAV) of the liquid asset portfolio increased by \$2.2 billion to \$39.9 billion as of September 30, 2024 from June 30, 2024. This reflected an increase of \$1.7 billion in the Funded Liquidity Portfolio since net inflows from borrowings exceeded net loan disbursements. In addition, the liquidity portfolio increased by \$446m due to net income from the net worth funded portfolio exceeding net disbursements to equities and equity-like debt securities.

#### Borrowings

Borrowings outstanding (including fair value adjustments) increased by \$5.9 billion from \$55.8 billion as of June 30, 2024 to \$61.6 billion as of September 30, 2024, driven by new issuances of \$3.5 billion in anticipation of an increase in future disbursements, fair value losses of \$1.1 billion and FX losses of \$1.1 billion.

New borrowings under the medium and long-term borrowing program (on a funding authorization basis) in FY25 Q1 were \$6.4 billion as compared to \$5.3 billion in FY24 Q1.

## SECTION III: CLIENT SERVICES

#### **BUSINESS OVERVIEW**

For all new investments, IFC articulates the expected impact on sustainable development and, as projects mature, assesses the quality of the development benefits realized. IFC's strategic focus areas are aligned to advance the WBG's global priorities.

#### **INVESTMENT SERVICES**

IFC's investments are normally made in its developing member countries. IFC's Articles of Agreement mandate that IFC shall invest in productive private enterprises. The requirement for private ownership does not disqualify enterprises that are partly owned by the public sector if such enterprises are organized under local commercial and corporate law, operate free of host government control in a market context and according to profitability criteria, and/or are in the process of being completely or partially privatized.

IFC's investment products and services are designed to meet the needs of clients in different industries – principally infrastructure, manufacturing, agribusiness, disruptive technologies and funds, services, and financial markets. Investment services product lines include: loans, equity investments, debt securities, trade and commodity finance, guarantees and partial credit guarantees, securitizations, client risk management services, blended finance, and mobilization products.

#### INVESTMENT PROGRAM

#### Commitments

Investment Commitments include Long-Term Finance and Short-Term Finance Commitments, from both IFC's Own Account and Core Mobilization. Investments made by IFC from its own account utilize its own borrowings or capital. Core Mobilization refers to non-IFC financing or risk sharing arranged on commercial terms due to the active and direct involvement of IFC for the benefit of a client. IFC mobilizes such finance from other private and public entities through a number of means. Own Account investments supported 67 LTF projects in FY25 Q1 (75 in FY24 Q1).

The table below outlines a comparative breakdown of IFC's Long-Term and Short-Term Finance Commitments, including Own Account and Core Mobilization in FY25 Q1 and FY24 Q1:

## Table 3: Long-Term Finance and Short-Term Finance Commitments (Own Account and Core Mobilization)

	For the three months ended								
(US\$ in millions)		September 30, 2024		tember 30, 2023		Variance			
Long-Term Finance Own Account Commitments									
Loans	\$	4,543	\$	3,488	\$	1,055			
Equity Investments		347		408		(61)			
Guarantees		141		75		66			
Client Risk Management		1		24		(23)			
Total Long-Term Finance Own Account Commitments	\$	5,032	\$	3,995	\$	1,037			
Long-Term Finance Core Mobilization									
Syndication	\$	3,273	\$	937	\$	2,336			
Advisory and upstream		2,815		389		2,426			
Anchor investment		831		797		34			
Trade finance		956		247		709			
Third-party funds		398		695		(297)			
IFC-managed funds		4		11		(7			
Other Products		50		30		20			
Total Long-Term Finance Core Mobilization <sup>a</sup>	\$	8,327	\$	3,106	\$	5,221			
Total Long-Term Finance Commitments	\$	13,359	\$	7,101	\$	6,258			
Short-Term Finance Commitments									
Short-Term Finance Own Account	\$	2,730	\$	2,494	\$	236			
Short-Term Finance Core Mobilization		346		224		122			
Total Short-Term Finance Commitments	\$	3,076	\$	2,718	\$	358			
Total Commitments <sup>b</sup> (Own Account and Core Mobilization)	\$	16,435	\$	9,819	\$	6,616			

a Starting FY24 Q4 (three months ended June 30, 2024), IFC updated its core mobilization definitions and criteria. Previous year's information was updated to conform with the current year's presentation.

b Debt security commitments are included in loans or equity investments based on their predominant characteristics.

#### INVESTMENT DISBURSEMENTS

During FY25 Q1, IFC disbursed \$5.4 billion for its own account (\$4.9 billion in FY24 Q1) as presented in the table below:

#### Table 4: Disbursements of IFC's Investment Portfolio

	For the three months ended									
(US\$ in millions)	September 30, 202	4 Septe	mber 30, 2023		Variance					
Loans	\$ 4,12	3\$	3,590	\$	533					
Equity Investments	36	1	417		(56)					
Debt Securities	94	3	889		54					
Total Investment Disbursements	\$ 5,42	7 \$	4,896	\$	531					

#### **INVESTMENT PORTFOLIO**

IFC's total disbursed investment portfolio (a non-U.S. GAAP performance measure) was \$62.5 billion as of September 30, 2024 (\$59.9 billion – June 30, 2024), as presented in the table below:

#### **Table 5: Disbursed Investment Portfolio**

	 September 30	0, 2024	June 30, 2	2024	
(US\$ in millions)	 Disbursed Investment	As a % of Total	Disbursed Investment	As a % of Total	
Loans	\$ 39,427	63 %	\$ 37,726	63 %	
Equity Investments	11,036	18	10,910	18	
Debt Securities	 12,047	19	11,221	19	
Total Disbursed Investment Portfolio	\$ 62,510	100 %	\$ 59,857	100 %	

The breakdown of committed investment portfolio (sum of (i) committed but undisbursed balance; and (ii) disbursed and outstanding balance) as of September 30, 2024 and June 30, 2024 is presented in the table below:

#### Table 6: Committed Investment Portfolio

(US\$ in millions)	Septer	nber 30, 2024	June	30, 2024	Variance
Debt (including loan and loan-like instruments <sup>a</sup> )	\$	61,719	\$	58,534	\$ 3,185
Equity (including equity and equity-like instruments <sup>a</sup> )		14,755		14,646	109
Guarantees and Credit Risk Management		6,685		6,689	 (4)
Total Committed Investment Portfolio	\$	83,159	\$	79,869	\$ 3,290

a Loan-like and equity-like instruments are reported as debt securities on IFC's condensed consolidated financial statements.

The carrying value of IFC's investment portfolio comprises: (i) the disbursed investment portfolio; (ii) less reserve against losses on loans and debt securities; (iii) unamortized deferred loan origination fees; (iv) less disbursed amount allocated to a related financial instrument reported separately in other assets or derivative assets; (v) unrealized gains and losses on equity investments held by consolidated variable interest entities; and (vi) unrealized gains and losses on investments. The breakdown of IFC's investment portfolio as of September 30, 2024 and June 30, 2024 is presented in the table below:

#### Table 7 : The Carrying Value of IFC's Investment Portfolio

(US\$ in millions)	September 30, 2024	June 30, 2024	Variance
Loans	\$ 38,086	\$ 36,437	\$ 1,649
Equity Investments	11,453	11,121	332
Debt Securities	12,109	11,189	 920
Total Investments	\$ 61,648	\$ 58,747	\$ 2,901

#### Loans

The carrying value of IFC's loan portfolio (comprising the disbursed loan portfolio, together with adjustments as detailed in Note D to IFC's FY25 Q1 condensed consolidated financial statements), increased by \$1.6 billion (4.5%) to \$38.1 billion at September 30, 2024. The increase was primarily driven by disbursements and foreign exchange gains during the period, partially offset by repayments and prepayments. See breakdown of this movement in Figure 3 below.

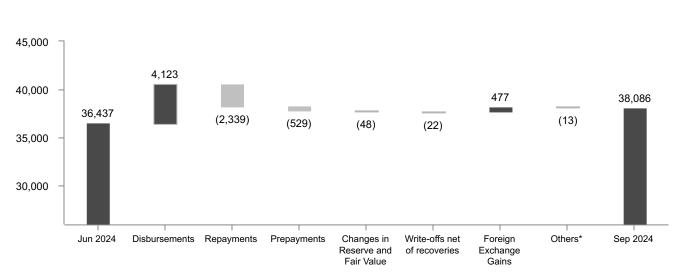


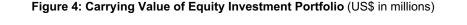
Figure 3: Carrying Value of Loan Portfolio (US\$ in millions)

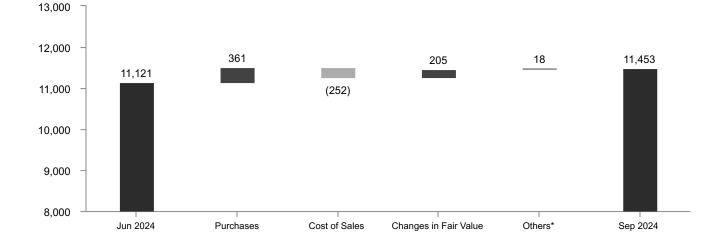
\* Mainly represents loan transfers and conversions to equity investments.

The weighted average contractual interest rate on loans as of September 30, 2024 was 7.6%, down marginally from 7.8% as of June 30, 2024.

#### Equity Investments

The carrying value of IFC's equity investment portfolio (comprising the disbursed equity portfolio, together with adjustments as detailed in Note D to IFC's FY25 Q1 condensed consolidated financial statements), increased by \$332 million (3.0%) to \$11.5 billion at September 30, 2024. The increase in the carrying value of equity investment portfolio was mainly due to higher valuations and net purchases (purchases net of sales). See breakdown of this movement in Figure 4 below.





\* Mainly represents conversions and transfers from loans and debt securities to equity investments.

#### **Debt Securities**

The carrying value of IFC's debt security portfolio (comprising the disbursed debt security portfolio, together with adjustments as detailed in Note D to IFC's FY25 Q1 condensed consolidated financial statements), increased by \$920 million (8.2%) to \$12.1 billion at September 30, 2024. The increase was primarily driven by net purchases (purchases net of redemptions and prepayments) during the period. See breakdown of this movement in Figure 5 below.

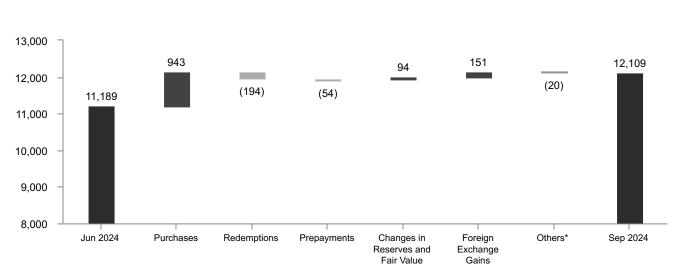


Figure 5: Carrying Value of Debt Security Portfolio (US\$ in millions)

\* Mainly represents conversions and transfers from debt securities to equity investments.

#### **Guarantees and Partial Credit Guarantees**

IFC's guarantee is available for debt instruments, including portfolio risk sharing facilities, and trade obligations of clients and covers commercial as well as non-commercial risks. Guarantees of \$5.3 billion were outstanding (i.e., not called) as of September 30, 2024 (\$4.8 billion as of June 30, 2024).

#### МСРР

MCPP creates diversified portfolios of emerging market private sector loans. MCPP builds a loan portfolio for an investor that mirrors the portfolio IFC is creating for its own account. Investors pledge capital upfront and then as IFC identifies eligible projects, investor exposure is allocated alongside IFC's own investment in accordance with the terms of the managed co-lending agreement.

As of September 30, 2024 and June 30, 2024, seventeen global investors have pledged \$16.2 billion to the MCPP with certain programs investing across all sectors and others focused on infrastructure or financial institutions exclusively. Investors have also approved funding for 329 projects worth \$12.5 billion across 68 countries as of September 30, 2024, up from 316 projects worth \$12.1 billion across 69 countries as of June 30, 2024. Out of these, \$9.9 billion (\$9.7 billion as of June 30, 2024) has been committed. IFC will continue to deploy the remaining funds raised as IFC identifies projects that meet investors' criteria.

#### IDA-PSW

The IDA Private Sector Window (PSW) was created under IDA's Eighteenth Replenishment of Resources (IDA18) to mobilize private sector investment in IDA only countries and IDA-eligible Fragile and Conflict-affected Situations (FCS). Under IDA's Twentieth Replenishment of Resources (IDA20), \$2.5 billion was allocated to the PSW, bringing the cumulative total allocation to \$5.5 billion.

As of September 30, 2024, a combined total of \$4.8 billion (\$4.7 billion – June 30, 2024) of instruments under the IDA18 through IDA20 replenishments had been approved, of which \$3.3 billion (\$3.4 billion – June 30, 2024) related to IFC. Refer to Note B to the FY25 Q1 condensed consolidated financial statements for more details.

#### IFC-managed funds

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).

As of September 30, 2024, AMC managed multiple funds (collectively referred to as the AMC Funds), in its capacity as General Partner (GP)/ Manager of these funds. However, none of these funds require consolidation by IFC, because the third party limited partners of these funds have a substantive ability to remove IFC as GP/Manager. All AMC Funds are investment companies and are required to report their investment assets at fair value through net income. IFC's ownership interests in these AMC Funds are shown in the following table:

IFC Capitalization (Equity) Fund, L.P. a61%IFC Capitalization (Subordinated Debt) Fund, L.P.13%IFC African, Latin American and Caribbean Fund, LP20%IFC Catalyst Funds b18%IFC Global Infrastructure Fund, LP17%
IFC African, Latin American and Caribbean Fund, LP20%IFC Catalyst Funds b18%
IFC Catalyst Funds <sup>b</sup> 18%
IFC Global Infrastructure Fund, LP 17%
IFC Financial Institutions Growth Fund, LP 30%
IFC Global Emerging Markets Fund of Funds <sup>c</sup> 19%
IFC Middle East and North Africa Fund, LP 37%
Women Entrepreneurs Debt Fund, LP26%
IFC Emerging Asia Fund, LP 22%
IFC GEMFOF 2 SMA, LP –%

a By virtue of certain rights granted to non-IFC limited partner interests, IFC does not control or consolidate this fund.

b The ownership interest of 18% reflects IFC's ownership interest taking into consideration the overall commitments for the IFC Catalyst Funds, which comprises IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, IFC Catalyst Funds). IFC does not have an ownership interest in either the IFC Catalyst Fund (UK), LP or the IFC Catalyst Fund (Japan), LP.

c The ownership interest of 19% reflects IFC's ownership interest taking into consideration the current committed amounts for the IFC Global Emerging Markets Fund of Funds, which comprises IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP. IFC does not have an ownership interest in the IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP.

In FY25 Q1, IFC GEMFOF2 SMA, LP was added with a commitment of \$100 million. AMC Funds and their activities as of and for the three months ended September 30, 2024 and 2023 are summarized as follows.

#### Table 8: AMC Funds

	Through September 30, 2024					24	For the three months ended						
	Total funds raised since inception					-		Septembe	September 30, 2023				
(US\$ in millions)		Total	Fror	m IFC	From other investors	С	Cumulative investment commitments <sup>a</sup>	Co Ar	mmitted	Disbursed Amount	Committe Amount	ed	Disbursed Amount
Current Funds													
IFC Capitalization (Equity) Fund, L.P. (Equity Capitalization Fund)	\$	1,275	\$	775	\$ 500	\$	1,214	\$		\$ —	\$	_ :	\$
IFC Capitalization (Subordinated Debt) Fund, L.P. (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		863		_	_			_
IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, Catalyst Funds)		418		75	343		361		_	2			4
IFC Global Infrastructure Fund, LP (Global Infrastructure Fund) <sup>°</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		_	6			19
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		_	_			_
IFC Financial Institutions Growth Fund, LP (FIG Fund)		505		150	355		356		2	2		10	_
IFC Emerging Asia Fund, LP (Asia Fund)		693		150	543		592		2	2		9	_
IFC GEMFOF 2 SMA, LP <sup>d</sup>		100			100		_		_	_			_
Current Funds Total	\$	8,223	\$	2,015	\$ 6,208	\$	6,855	\$	4	\$ 12	\$ ·	19 9	\$23
Former Funds													
Africa Capitalization Fund, Ltd. (Africa Capitalization Fund)	\$	182	\$	_	\$ 182	\$	130	\$	_	\$ —	\$	_ :	§ —
China-Mexico Fund, LP (China-Mexico Fund) <sup>e</sup>		1,200		_	1,200		362		_	_		_	_
IFC Russian Bank Capitalization Fund, LP (Russian Bank Cap Fund)		550		250	300		82			_		_	_
Former Funds Total	\$	1,932	\$	250	\$ 1,682	\$	574	\$	_	\$ _	\$ ·	_ :	s —
Grand Total	\$	10,155	\$	2,265	\$ 7,890	\$	7,429	\$	4	\$ 12	\$ ·	19 9	\$23

a Net of commitment cancellations.

b Committed amount made by AMC Funds. Excludes commitment cancellations from prior periods.

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

e AMC ceased to be the manager of the China-Mexico Fund on September 15, 2023

## UPSTREAM AND ADVISORY SERVICES

IFC's Upstream and Advisory engagements are critical enablers for advancing its corporate growth and impact ambitions by (i) creating the conditions and opportunities that will mobilize private capital into productive investments in emerging markets; (ii) developing a bankable pipeline of investment opportunities, particularly in challenging IDA and FCS markets; and (iii) enhancing the operational performance and management practices of private sector clients to attract the financing they need.

As part of these engagements, IFC delivers advisory services to public and private sector entities that help to improve the flow of private capital to accelerate sustainable growth and inclusive job creation in emerging markets. IFC also supports the creation of bankable investment projects in challenging markets and nascent sectors through early-stage project preparation and development activities. Examples of this work can include: working in collaboration with IBRD to support governments to establish regulatory reforms that attract greater private investment; helping governments structure public-private partnerships to improve access to high-quality infrastructure and basic services; advising industry institutions to catalyze the adoption of global standards and best practices; providing tailored advice and market insights to private sector companies to improve their operational performance and expand their market reach; contributing to the costs and efforts necessary to determine the feasibility of a potential investment opportunity and bringing IFC expertise to specific project development activities, at times using its resources to fund capital and/or operational expenditures by the project with the aim of proving a new business model in a specific market.

In FY25 Q1, IFC spent \$50 million<sup>3</sup> (\$40 million FY24 Q1) in support of hundreds of Upstream and Advisory engagements across all regions and industries. Of the 595 currently active engagements, 35 were newly recorded in FY25 Q1 (45 newly recorded in FY24 Q1).

<sup>&</sup>lt;sup>3</sup> The program expenditure presented herein is based on the Operational reporting methodology, which includes all project expenditures associated with an Advisory project. This does not include program expenditure associated with IFC's Upstream project development activities.

## SECTION IV: LIQUID ASSETS

All liquid assets are managed in accordance with an investment authority approved by the Board and the Funding and Liquid Asset Management Directive approved by IFC's Corporate Risk Committee, a subcommittee of IFC's Management Team.

These liquid assets are funded from two sources: borrowings from the market and capital (net worth), and are managed in several subportfolios related to these sources. Proceeds of borrowings from market sources not immediately disbursed for loans and loan-like debt securities are managed internally by IFC against money market benchmarks within the **Funded Liquidity Portfolio**. The portion of IFC's net worth not invested in equity and equity-like investments is managed internally by IFC against a U.S. Treasury benchmark within the **Net Worth Funded Portfolio**. Refer to Section V: Funding Resources for additional details on borrowings.

IFC generally invests its liquid assets in highly rated fixed and floating rate instruments issued by, or unconditionally guaranteed by, governments, government agencies and instrumentalities, multilateral organizations, and high quality corporate issuers. These include asset-backed securities (ABS) and mortgage-backed securities (MBS), time deposits, and other unconditional obligations of banks and financial institutions. Diversification across multiple dimensions ensures a favorable risk return profile. IFC manages the individual liquid asset portfolios on an aggregate portfolio basis against each portfolio's benchmark within specified risk parameters. In implementing these portfolio management strategies, IFC utilizes derivative instruments, principally currency and interest rate swaps, foreign exchange forward contracts, and futures and options, and it takes positions in various industry sectors and countries.

IFC's liquid assets are accounted for as trading portfolios. The Net Asset Value of IFC's liquid asset portfolio as of September 30, 2024 and June 30, 2024 is presented in the table below:

#### Table 9: Liquid Asset Portfolio Net Asset Value

(US\$ in millions)	Septe	mber 30, 2024	June 30, 2024	Variance
Funded Liquidity Portfolio	\$	22,595	\$ 20,878	\$ 1,717
Net Worth Funded Portfolio		17,302	16,856	 446
Total Liquid Asset Portfolio	\$	39,897	\$ 37,734	\$ 2,163

The liquid asset portfolio increased mainly because net inflows from borrowings exceeded net loan disbursements, and the net income from the Net Worth Funded portfolio exceeded net disbursements to equities and equity-like debt securities.

## SECTION V: FUNDING RESOURCES

#### BORROWINGS

The major source of IFC's borrowings is the international capital markets. Under IFC's Articles of Agreement, IFC may borrow in the public markets of a member country only with approvals from that member, together with the member in whose currency the borrowing is denominated.

Substantially all borrowings are carried at fair value under the Fair Value Option. The change in the fair value of these borrowings resulting from changes in instrument-specific credit risk is reported in other comprehensive income, while the remaining change in fair value is reported in "Net unrealized gains and losses on non-trading financial instruments accounted for at fair value" in the condensed consolidated statements of operations. Changes in the net fair value of IFC's borrowings from the market and IDA, include the impact of changes in IFC's own credit spread when measured against reference rates. IFC's policy is generally to match the currency, amount, and timing of cash flows on market borrowings with the cash flows on the associated derivatives entered into contemporaneously. The outstanding borrowings (including fair value adjustments) on IFC's consolidated balance sheets as of September 30, 2024 and June 30, 2024 are presented in the table below:

#### Table 10: Borrowings Outstanding

(US\$ in millions)	Septen	nber 30, 2024	June 30, 2024	Variance
Medium and long-term borrowings	\$	59,248	\$ 53,447	\$ 5,801
Short-term borrowings under the discount note program		2,364	2,308	 56
Total outstanding borrowings	\$	61,612	\$ 55,755	\$ 5,857

The increase in outstanding borrowings was mainly driven by new issuances due to robust loan disbursements, partially offset by maturities and repayments, coupled with the impact of fair value and foreign exchange losses as shown in Figure 6 below:

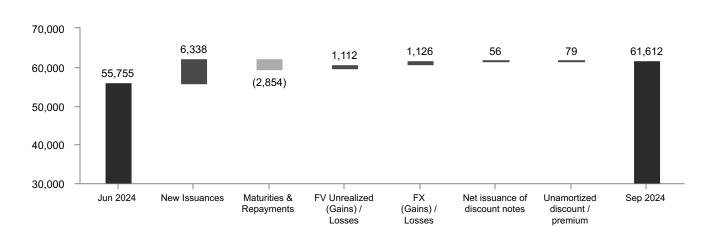


Figure 6: Borrowings Outstanding (US\$ in millions)

Market borrowings are generally swapped into floating-rate obligations denominated in U.S. dollars. On occasion, IFC uses its borrowings as a tool to promote capital markets development in emerging and frontier markets and this can result in raising local currency funds. As of September 30, 2024, non-U.S. dollar denominated market borrowings with no interest rate or currency hedges accounted for 1% of the total borrowings from market sources (1% as of June 30, 2024), with outstanding balances amounting to \$911 million (\$821 million as of June 30, 2024). These borrowings were denominated in various currencies, mainly in Indian rupee, new Romanian lei and Georgian lari.

During FY25 Q1, IFC raised \$7.3 billion in borrowings (\$5.0 billion in FY24 Q1), net of derivatives and including discount notes with maturities greater than three months of \$912 million in FY25 Q1 (\$836 million in FY24 Q1). IFC maintains short-term discount note programs in U.S. dollar and Chinese renminbito provide an additional funding and liquidity management tool. These programs support IFC's trade finance and supply chain initiatives and expand the availability of short-term local currency finance. The discount note programs offer issuances with maturities ranging from overnight to one year. During FY25 Q1, IFC issued \$1.5 billion of discount notes (\$2.3 billion in FY24 Q1), all of which were in U.S dollars.

#### **CAPITAL AND RETAINED EARNINGS**

As of September 30, 2024 and June 30, 2024, IFC's capital comprised the following:

#### Table 11: IFC's Capital

(US\$ in millions)	Septen	nber 30, 2024	June 30, 2024		
Capital					
Authorized capital	\$	25,080	\$	25,080	
Subscribed capital		24,104		24,104	
Less: unpaid portion of subscriptions		(793)		(884)	
Paid-in capital		23,311		23,220	
Accumulated other comprehensive income		1,057		957	
Retained earnings		14,177		13,295	
Total Capital	\$	38,545	\$	37,472	

Following the Spring Meetings in April 2018, a financing package was endorsed by the Board of Governors. This package comprised: (i) a three-step capital raising process: Conversion of a portion of retained earnings into paid-in capital, a GCI and SCI that would together provide up to \$5.5 billion in additional paid-in capital; (ii) a planned suspension of grants to IDA after the conclusion of the IDA 18 replenishment; and (iii) internal measures for increased efficiency. The authorized capital stock at September 30, 2024 is 25,079,991 shares of \$1,000 par value each (unchanged from June 30, 2024).

The GCI and SCI Resolutions were formally adopted and took effect on April 16, 2020. Concurrently, \$17.0 billion of retained earnings were converted into paid-in-capital, and the capital subscription process commenced on April 22, 2020. In April 2023 the deadline for the SCI subscription and payment was extended to April 16, 2025. The GCI subscription deadline, initially extended to April 16, 2024 in April 2023, was further extended to April 16, 2025 in April 2024, thereby aligning with the original deadline for GCI payment. As of September 30, 2024, 135 countries have subscribed a total of \$4.5 billion (GCI – \$3.8 billion and SCI – \$709 million) and payments of \$3.7 billion (GCI – \$3.0 billion and SCI – \$672 million) were received from 112 countries.

As of September 30, 2024 and June 30, 2024, retained earnings comprised the following:

#### Table 12: IFC's Retained Earnings

(US\$ in millions)	Septer	mber 30, 2024	June 30, 2024
Undesignated Retained Earnings	\$	14,030	\$ 13,133
Designated Retained Earnings			
Creating Markets Advisory Window (CMAW)		85	93
Funding Mechanism for Technical Assistance and Advisory Services		51	58
Small and Medium Enterprise (SME) Ventures		11	11
Total Designated Retained Earnings	\$	147	\$ 162
Total Retained Earnings	\$	14,177	\$ 13,295

#### **Designations of Retained Earnings**

Amounts available to be designated are determined based on a Board approved income-based (sliding scale) formula and on a principles-based Board approved financial distribution policy, and are approved by the Board. The approach approved by IFC's Board establishes a threshold that no designations of any kind can take place if IFC's CUR is above 88%, and establishes a framework for prioritizing future designations to the Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS) based on IFC's CUR and a cushion for FMTAAS. IFC also established the Creating Markets Advisory Window (CMAW) in fiscal year 2018 to focus on market creation in eligible IDA countries and FCS.

Prior to FY24, Income Available for Designations comprised net income excluding unrealized gains and losses on investments and borrowings as well as grants to IDA, which were suspended in FY20 following the conclusion of the IDA' Eighteen Replenishment of Resources (IDA18). In FY24, IFC updated the calculation of Income Available for Designations to exclude income from PCRF, aligning it with its intended use for post-retirement contributions. This change, approved by the Board in June 2024, was effective from FY24.

#### FY24 Designations

On October 31, 2024, the Board approved a designation of \$107 million to the Creating Markets Advisory Window, \$152 million to the Funding Mechanism for Technical Assistance and Advisory Services.

## SECTION VI: RISK MANAGEMENT

#### ENTERPRISE RISK MANAGEMENT

IFC's enterprise risk management framework (ERM) is designed to enable the prudent management of potential financial and reputational impacts that originate from the Corporation's business activities.

IFC has defined three explicit Risk Management Objective Statements at the corporate level which are derived from IFC's purpose, business scope, strategic objectives, and the risks that it faces.

#### Key Risk Management Objectives

- Development Impact IFC will maximize developmental impact by focusing on the World Bank Group's mission to end extreme poverty and boost shared prosperity on a livable planet, while maintaining financial sustainability and safeguarding its brand.
- Financial Sustainability IFC will generate and maintain sufficient financial resources, conduct its business and manage risk consistent with standards implied by a triple-A rating.
- Safeguarding Reputation In determining what engagements and activities to pursue, IFC will assess whether any potential adverse impact to its reputation is in balance with the potential development impact.

IFC's Enterprise Risk Management follows the shared-responsibility principle, and IFC's risk governance structure is built on the "three lines model" as defined below:

• **1st Line** – All staff engaged in the business origination, revenue generating and client facing areas of IFC and all associated support functions including Investment, Advisory and Treasury staff which are not risk, control or compliance monitoring functions.

- 2nd Line Staff in risk, controllers, legal, compliance and communication functions independent of the first line provides oversight and challenge over financial and operational risk activities.
- 3rd Line Internal Audit provides independent oversight.

Within IFC, (i) all financial risks and operational risks are consolidated under the Vice President of Risk and Finance, (ii) non-financial risks, except for Environment and Corporate (E&S) risks, are under the Vice President & General Counsel for Legal and Compliance Risk. E&S risks are managed by (a) the Environment and Social Policy and Risk department reporting to the Vice President, Risk and Finance, and (b) regional E&S teams integrated within Regional Directorates reporting to the Regional Vice Presidents.

The Corporate Support Vice Presidency supports alignment and coordination across all IFC Policies & Procedures and is responsible for IFC's strategic stakeholder communication for managing potential and actual reputational impacts.

#### **CREDIT RISK**

IFC defines credit risk as the risk of loss of principal or loss of an expected financial return due to credit events such as a default or downgrade in credit ratings or any other failure to meet a contractual obligation that results in financial loss. IFC is exposed to credit risk in its Debt portfolio<sup>4</sup> and to investment and counterparty credit risk in its liquid assets portfolio.

#### Investment Operations

Credit risk in investment projects is actively managed throughout the project life cycle. Investment teams are responsible for gathering the necessary information from the client and other relevant stakeholders to verify the financial viability of each project, and for assigning a credit rating (CR) at defined stages in the project approval process. The credit rating, investment size, product type and other project-related risks determine the authority level required for the approval of each transaction. Projects are subject to independent credit review of specific projects or at a portfolio level under a credit delegation framework for specific cases. A credit officer within the independent Risk and Finance Vice Presidency participates in the project approval process. Projects are approved with reference to a number of operational and prudential limits approved by the Corporate Risk Committee, including limits related to single project or client exposure, single country exposure, and sector concentration.

The credit risk of loans is quantified in terms of the probability of default, loss given default and exposure at risk. These risk parameters are used in the processes to determine risk-based returns, project-based capital allocation and internal risk management purposes, as well as for establishing reserve against losses on loans under the Current Expected Credit Losses accounting standard, and exposure limits.

Selected indicators of credit risk exposure in IFC's Debt Portfolio, together with the five-year trend of non-performing loans (NPLs), are provided below:

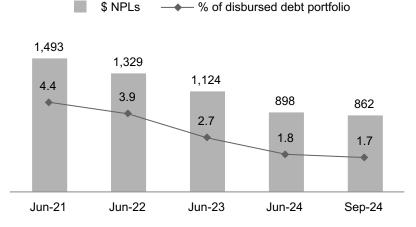
#### Table 13: IFC Debt Portfolio Credit Risk Indicators

(US\$ in millions, except for %)

INDICATOR	Septem	ber 30, 2024 Jun	e 30, 2024	Variance
NPLs as % of the debt portfolio		1.7 %	1.8 %	(0.1)%
Principal amount outstanding on NPLs	\$	862 \$	898 \$	(36)
Total reserve against losses on loans as % of NPLs		158.1 %	141.3 %	16.8 %

<sup>&</sup>lt;sup>4</sup> Debt portfolio herein the section includes loans and loan-like debt securities.

#### Figure 7: NPLs as Percentage of Disbursed Debt Portfolio (US\$ in millions, except for %)



Additional details are provided in Section VII: Results of Operations (Provision for Losses on Loans, Off-balance Sheet Credit Exposures and Other Receivables).

#### **Treasury Operations**

IFC manages its exposures to investments and counterparties in its Treasury operations to mitigate potential losses from the failure by a counterparty to fulfill its contractual obligations. Counterparty eligibility criteria are set by Authorizations from the Board of Directors and by Directives approved by IFC's Corporate Risk Committee. Eligible investments and counterparties are predominantly sovereign governments, government agencies, banks, and financial institutions with high quality credit ratings issued by leading international credit rating agencies.

Treasury operations counterparties remain well diversified by sector and geography. In accordance with its agreements with counterparties, as of September 30, 2024, IFC held \$305 million in cash and \$0 in securities as collateral for changes in mark-to-market exposures on open trades (\$498 million in cash and \$0 in securities as of June 30, 2024). In terms of Treasury's credit profile, IFC invests its US dollar liquid assets in deposits with highly-rated banks and in securities for which the ratings are generally AA- or higher, reflecting the primary objective of principal protection.

#### MARKET RISK

Market risk is the risk of losses due to movement in market factors such as interest rates, credit spreads, equity, foreign exchange or commodity prices. IFC's exposure to market risk is mitigated by its matched funding policy, whereby it uses derivative instruments to convert loans funded from market borrowings, and the market borrowings themselves, into floating rate U.S. dollar assets and liabilities with similar duration. Similarly, market risk resulting from derivative transactions with clients, to facilitate clients' risk management, is typically mitigated by entering offsetting positions with highly rated market counterparties. IFC's exposure to unhedged market risk arises primarily from its listed and unlisted equity investments in emerging markets, its quasi-equity loans, and its net worth funded Treasury liquid asset portfolio.

#### London Interbank Offered Rate (LIBOR) Transition

With the termination of Financial Conduct Authority (FCA) Synthetic LIBOR on September 30, 2024, IFC transitioned its existing LIBORbased portfolios, including liabilities and swap, to Secured Overnight Financing Rate (SOFR) with limited exceptions.

#### Equity Investments

The risk of loss in value of IFC's emerging markets equity investments is mitigated primarily by applying the same limits framework, decision-making process and portfolio management methods as described above for its lending operations. IFC has a multi-year horizon for its equity investments and accepts short-term price volatility of these investments, which can be significant.

During FY25 Q1, US equity markets continued reaching new highs due to expectations of a soft landing. The S&P 500, representing US markets, rose 6% to an all-time high, while Europe's largest stocks, as measured by the Euro Stoxx 50, rose 2%. Emerging markets also increased, with the MSCI EM total return index up 9%, though still below the highs in early 2021. Over the quarter, the US dollar weakened 1% against a basket of emerging market currencies (JPMorgan EM currency index). IFC remains focused on growing its

equity book and rigorous analysis of macroeconomic trends continues to be crucial in guiding business generation as well as informing decision-making throughout the project life cycle.

#### Liquid Asset Portfolio

Market risk in IFC's liquid asset portfolio is managed according to the risk appetite chosen by IFC Management using derivatives and other financial instruments such as over-the-counter foreign exchange forward agreements, interest rate and currency swaps, and exchange-traded interest rate futures. Overall market risk exposure is also subject to daily monitoring, based on Directives approved by the Corporate Risk Committee, which limit interest rate, credit spread, and foreign exchange risk.

Interest rate volatility remained the largest driver of market risk in IFC's Treasury portfolio due to the unhedged investments in U.S. Treasury securities funded from IFC's net worth. To manage risks associated with interest rate, foreign exchange, and credit spread risks, a system of limits has been employed and closely monitored on a daily basis to ensure ongoing compliance throughout the fiscal year.

#### LIQUIDITY, FUNDING AND ASSET LIABILITY MANAGEMENT (ALM) RISK

IFC defines liquidity and funding risk as the risk that, over a specific horizon, IFC will be unable to meet the demand for additional funds to meet the demand for uses of funds due to either funding or liquidity issues or both. IFC faces liquidity risk in its core development finance activities because its investments are predominantly illiquid in nature due to the lack of capital flows, the infrequency of transactions, and the lack of price transparency in many emerging markets. To offset this risk, IFC maintains appropriate liquid assets funded from its net worth and market borrowings. IFC manages the risk of mismatches in foreign exchange rates, interest rates, and maturity dates between balance sheet assets and liabilities.

#### Liquid Asset Portfolio

Liquidity risk in the liquid asset portfolio is addressed by liquidity coverage ratios (LCR) and strict investment eligibility criteria defined in Directives approved by the Corporate Risk Committee. LCRs are aligned with Basel liquidity standards for regulated banks, include time horizons between 30 days and 3 years, and consider both normal and stressed cash flow requirements. Examples of eligibility criteria include minimum issuance sizes required for bond investments, limits on single bond issue concentration, and limits on the percentage of total bond issuance held by IFC. Consequently, a significant portion of the liquid asset portfolio is invested in highly liquid securities such as high-quality sovereign, sovereign-guaranteed, and supranational fixed income instruments. IFC expects to continue to be able to realize these assets as needed to meet its cash requirements, even in a liquidity crisis.

#### Funding

IFC's funding operations ensure that IFC has the funds required for its lending operations, and that it has sufficient liquidity to safeguard its triple-A rating and fulfill its counter-cyclical role. IFC can access a variety of funding markets, including the U.S. dollar market, British pound market and the Australian dollar market as well as private placement and retail markets. IFC's discount note program complements its traditional funding sources by providing swift access to short-term funded liquidity. IFC's triple-A rating is critical to the Corporation's ability to maintain its low cost of funds. Regular issuance in a variety of markets serves to sustain investor confidence and maintain a diversified investor base.

#### Asset-Liability Management

While IFC's matched-funding policy helps mitigate currency and interest rate risk, IFC is still exposed to residual market risks in the market borrowings-funded portion of the balance sheet. Residual currency risk arises from factors such as changes in the level of reserve for losses on non-U.S. dollar loans. The aggregate position in each lending currency is monitored and the risk is managed within the limits established for each currency and the total exposure for all currencies. Residual interest rate risk may arise from differing interest rate reset dates on assets and liabilities or from assets that may become mismatched with hedges over time due to write-downs, prepayments, or rescheduling. The residual interest rate risk is managed by measuring the sensitivity of the present value of assets and liabilities in each currency to a one basis point change in interest rates and managing exposures to within the established limits for each currency and the total exposure for all currencies.

## OTHER FINANCIAL RISKS

IFC includes Capital Risk and Pension risk as the two other financial risks that it faces. Capital risk is the risk to IFC's triple-A rating resulting from a low capital adequacy position, in which available capital falls below the level of capital required to support IFC's activities. Pension Risk is the risk that IFC's defined-benefit pension plan is underfunded, leading to the need for additional financial support by IFC.

#### **OPERATIONAL RISK MANAGEMENT**

Consistent with the Basel Framework, IFC defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, and holds economic capital against such risks. Given IFC's business model, both financial and non-financial potential impacts are considered in assessment of risks.

#### STRATEGIC AND BUSINESS RISK

These are risks that are specific to IFC given its mission and strategy and include Strategic Risk, Environment & Social Risk, Climate Risk, Corporate Governance Risk, Integrity Risk, Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) Risk and External Financing Risk.

#### Strategic Risk

IFC defines strategic risk as the risk associated with initial strategy selection, execution, or modification over time, resulting in a lack of achievement of overall objectives.

#### Environment, Social and Governance (ESG) Risk

Environment and Social (E&S) risk is the risk that IFC cannot effectively engage with and influence clients to fulfill the requirements of IFC's E&S Performance Standards, within a reasonable period of time, potentially causing significant or material adverse impacts to people or the environment. Corporate governance risk is the risk that IFC's investment clients have inadequate corporate governance which could lead to negative financial impact or reputational harm to IFC.

In addition to promoting ESG standards and disclosures across emerging markets, IFC builds internal and external capacity to identify, assess and mitigate ESG risks. IFC continuously strengthens its ESG risk management approach by improving its internal ESG systems, procedures and practices; building capacity through internal and external training and advisory or enhanced client supervision; fostering project-level grievance mechanisms; clarifying the application of IFC's E&S requirements for clients, including financial intermediaries; and mainstreaming cross-cutting topics such as climate change, gender, human rights, biodiversity, and contextual risk assessment in due diligence and supervision. At the project level, IFC manages ESG risks in accordance with its Sustainability Policy, E&S Review Procedures and the Corporate Governance Directive and Procedures. IFC provides capacity building, guidance and supports its clients in identifying, assessing and mitigating ESG risks through standards, guidelines, guidance notes, good practice notes, tip sheets, handbooks, tools, training and other knowledge products.

#### Climate Risk

Climate Risk, as defined by IFC, encompasses the actual or potential negative effects of climate-related conditions and events on IFC's investments, corporate operations, reputation or consolidated financial statements. There are two primary climate-related risk categories: (1) physical risks and (2) transition risks.

"Physical risks" include both "acute" and "chronic" physical risks to business operations. Acute physical risks are event-driven, stemming from short-term extreme weather events like hurricanes, floods, tornadoes, wildfires, storms, drought or heatwaves. Chronic physical risks emerge from longer-term shifts in climate patterns, such as progressive changes in precipitation and temperature which could lead to rising sea levels, alteration of ecosystems, desertification, water scarcity, soil degradation, and deterioration of marine ecology.

"Transition risks" are attributable to the global shift towards a lower-carbon economy. These risks are multifaceted and arise from changes in law or regulation, public policies, technological breakthroughs, shifts in investor and public sentiment, and disruptive innovations in business models aimed at addressing climate change.

These risks could carry financial and non-financial implications for IFC.

Highlights of climate risk management measures in FY25 Q1 include:

- Completion of first year of implementation of Paris Alignment for IFC projects across all sectors.
- Further integration of climate risk into IFC's enterprise risk framework and operations through a cross-organizational Climate Risk Working Group (CRWG).
- IFC published its FY24 Climate-related financial disclosures.
- IFC participated in the Joint Report on Multilateral Development Banks' (MDBs') Climate Finance, which is an annual collaboration to publish MDBs<sup>5</sup> 2023 climate finance figures. It is intended to track progress in relation to their joint climate finance objectives such as those announced at Conference of the Parties 21 (COP21) and the greater ambition pledged for the post-2020 period.

The WBG's Climate Change Action Plan for FY21 to FY25, aims to increase support to deliver climate results, with a focus on reducing the trajectory of emissions and strengthening adaptation and resilience in developing countries. As part of this plan, IFC has committed to increase its direct climate financing to at least 35 percent of own-account long-term total commitments on average over the five-year period. IFC is also committed to aligning its financial flows with the objectives of the Paris Agreement. Starting July 1, 2023, 85 percent of Board approved operations are expected to be aligned with the Paris Agreement's goals, and 100 percent of these are expected to

<sup>&</sup>lt;sup>5</sup> The joint report combines data from the World Bank Group (WBG), the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the Islamic Development Bank (IsDB), and the New Development Bank (NDB).

be aligned starting July 1, 2025. Subsequently in FY24, the President of the World Bank Group committed to a new climate finance target of 45% of its annual financing to climate-related projects (up from 35%) for the WBG starting in FY25.

#### Integrity, Money Laundering and Terrorist Financing, and Tax Risks

Group of interrelated risks that IFC's Clients may have ineffective governance structures and/or controls to manage exposure to integrity risk, money laundering and terrorist financing (ML/TF) risk and tax risk. Integrity risks are the risks of engaging with external institutions or persons whose background or activities, may have adverse reputational and, often, financial impact on IFC. ML/TF risks are the associated risks arising from inadequate controls and processes to manage money laundering or financing of terrorism risk exposures when IFC invests with financial institutions or private equity funds. Tax risk is the risk that IFC's clients or projects may be structured so as to evade taxes or allow the adoption of aggressive tax strategies or practices.

IFC works with a wide range of clients and partners in Investment Operations, Upstream and Advisory Services activities, from multi-national to small companies, and from government institutions to non-governmental organizations. Thus, each transaction or service opportunity presents unique integrity risks, affected by different factors, including the type of engagement, financial instrument, structure, geography and duration of the engagement. IFC conducts integrity due diligence on clients and partners to manage these risks and to mitigate them where it reasonably can, both before engagement and on an ongoing basis during the engagement.

ML/TF risk is the risk that IFC's financial intermediary clients may have ineffective controls to manage exposure to money laundering and terrorist financing risk, subjecting IFC to potential integrity, reputational, or financial risk. IFC conducts anti-money laundering (AML) / combating the financing of terrorism (CFT) due diligence on financial institution clients and funds in addition to its integrity due diligence to determine whether:

- 1. the client's AML/CFT procedures and controls are structured to comply with relevant AML/CFT standards;
- 2. the AML/CFT procedures and controls are appropriate for the client's business and operating environments;

IFC has been strengthening its AML capacity, through in-house trainings of its business teams and roll out of technical capacity building programs (e.g., to promote the countering of trade-based money laundering for financial institutions in developing markets).

Tax risk is the risk that IFC's clients or projects may be structured so as to evade taxes or to allow the adoption of aggressive tax strategies or practices. The World Bank Group Intermediate Jurisdiction and Tax Policy, which went into effect on January 23, 2023, reflects significant changes in the international tax landscape and the current global focus on tax transparency and responsible tax practices and applies tax due diligence to investment projects involving intermediate jurisdictions and material cross-border related party transactions. IFC has been raising awareness regarding the Policy and the corresponding processes through targeted trainings for regional and industry teams.

#### External Financing Risk

As well as using its own resources to invest in and provide advice to clients, IFC raises additional funds from public and private sector institutional investors, lenders and donors through several different mechanisms. External financing risk is the risk that when entrusted with oversight of such funds, IFC does not meet its contractual obligations to the third parties involved.

## SECTION VII: RESULTS OF OPERATIONS

## **OVERVIEW**

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 period to period are shown below:

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 portfolio, 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 used to estimate 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.

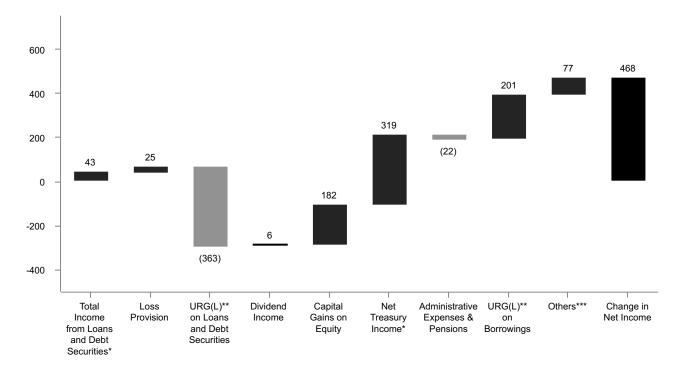
IFC's net income for the three months ended September 30, 2024 and September 30, 2023 are presented below:

#### **Table 15: Summary of Financial Results**

	For the three months ended						
(US\$ in millions)	Septer	nber 30, 2024	September 30, 202				
Consolidated statements of operations highlights:							
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$	862	\$	744			
Provision for losses on loans, off-balance sheet credit exposures and other receivables		(3)		(24)			
Income from equity investments and associated derivatives		198		10			
Income from debt securities, including realized gains and losses on debt securities and associated derivatives		216		200			
Release of provision (provision) for losses on available-for-sale debt securities		2		(2)			
Income from liquid asset trading activities		832		597			
Charges on borrowings		(961)		(954)			
Other income		153		93			
Other expenses		(421)		(387)			
Foreign currency transaction gains (losses) on non-trading activities		20		(9)			
Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value	\$	898	\$	268			
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value		(16)		146			
Net income	\$	882	\$	414			

The following paragraphs detail significant variances between FY25 Q1 and FY24 Q1 covering the periods included in IFC FY25 Q1 condensed consolidated financial statements. The \$468 million increase in net income was principally a result of the following:

#### Figure 8: Change in Net Income FY25 Q1 vs FY24 Q1 (US\$ in millions)



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

\*\* Unrealized gains (losses)

\*\*\*Others mainly represents foreign exchange gains/losses, service fees, and net advisory service expenses.

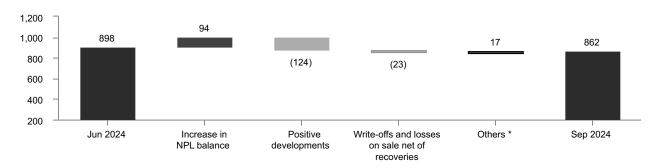
A more detailed analysis of the components of IFC's net income is as follows.

#### Income from Loans and Guarantees, including Realized Gains and Losses on Loans and Associated Derivatives

Income from loans and guarantees, including realized gains and losses on loans and associated derivatives for FY25 Q1 totaled \$862 million, compared with \$744 million in FY24 Q1, an increase of \$118 million primarily due to portfolio growth.

#### Non-performing Loans (NPLs)

NPLs decreased by \$36 million to \$862 million<sup>6</sup> of the disbursed loan portfolio at September 30, 2024. The decrease was largely due to \$124 million of positive developments partially offset by \$94 million new NPL additions. In FY25 Q1, the top three loans that were placed in NPL status totaled \$91 million.



#### Figure 9: Non-performing Loans (US\$ in millions)

\* Mainly represents balance changes due to deferrals, restructuring, disbursements, interest capitalization, conversions and foreign exchange gains/losses.

#### Provision for Losses on Loans, Available-for-sale Debt Securities, Off-Balance Sheet Credit Exposures and Other Receivables

IFC recorded a net provision for losses on loans, available-for-sale debt securities, off-balance sheet credit exposures and other receivables of \$1 million in FY25 Q1 (provision of \$22 million in FY24 Q1) analyzed below:

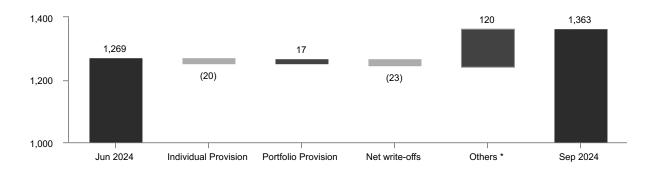
#### Table 16: Portfolio and Individual Provision (Release of Provision)

	For the three months ended								
(US\$ in millions)	•	ember 30, 2024	Se	ptember 30, 2023		Variance			
Portfolio provision on disbursed loans	\$	9	\$	41	\$	(32)			
Individual (release of provision) on disbursed loans		(20)		(4)		(16)			
Portfolio provision (release of provision) on undisbursed loans		8		(10)		18			
Provision (release of provision) on off-balance sheet credit exposures and other receivables		6		(3)		9			
Individual (release of provision) on available-for-sale debt securities		(2)	\$	(2)	\$				
Total	\$	1	\$	22	\$	(21)			

Total portfolio provision in FY25 Q1 was mainly due to new commitments and disbursements while individual portfolio release was mainly driven by positive developments.

<sup>&</sup>lt;sup>6</sup> Includes \$115 million reported as debt securities and \$83 million reported as loans under Fair Value Option on the Balance Sheets as of September 30, 2024 (\$53 million Debt securities and \$126 million FVO loans – June 30, 2024).

Total reserve against losses on loans disbursed and loans committed but not disbursed increased by \$94 million to \$1.4 billion as of September 30, 2024 analyzed as follows:





\* Others comprises of (1) adjustment for recovery assets as discussed below of \$92m (excludes \$11m recovery assets for guarantees), (2) provision for capitalized interest of \$14m and (3) foreign exchange movements of \$14m.

The increase in reserve is mainly driven by the separate recording of freestanding credit enhancements as recovery assets, included as other assets on IFC's condensed consolidated balance sheets.

The breakdown of total reserve against losses on loans disbursed and loans committed but not disbursed and the reserve coverage ratio as of September 30, 2024 and June 30, 2024 are presented in the table below:

#### Table 17: Reserve Against Losses on Loans Disbursed and Loans Committed But Not Disbursed and Reserve Coverage Ratio

	September 30, 2024			June 30, 2024			Variance		
(US\$ in millions, unless otherwise noted)	Re	eserve	Reserve coverage ratio <sup>a</sup>	I	Reserve	Reserve coverage ratio <sup>a</sup>	F	Reserve	Reserve coverage ratio <sup>a</sup>
Reserve against losses on disbursed loans									
Portfolio reserve	\$	880	2.4 %	\$	801	2.3 %	\$	79	0.1 %
Individual reserve		256	22.9		280	25.3		(24)	(2.4)
		1,136	3.0		1,081	3.0		55	
Reserve against losses on loans committed but not disbursed									
Portfolio reserve		227	2.4		188	2.2		39	0.2
Total reserve	\$	1,363	2.9 %	\$	1,269	2.8 %	\$	94	0.1 %

a Reserve coverage ratio is calculated as the reserve over related disbursed or committed but not disbursed loans at amortized cost balances.

In FY25 Q1, the top ten largest individual provisions and top ten largest individual releases of provision for losses on loans comprised 90% and 93% of the total individual provisions and total individual releases of provision, respectively.

The reserve against losses as of September 30, 2024 reflected credit risk assessments as of that date. The assessment of the level of reserve against losses continued to carry a heightened degree of uncertainty and judgment. As of September 30, 2024, the \$25 million Qualitative Overlay from June 30, 2024 was left unchanged.

#### Income from Equity Investments and Associated Derivatives

IFC divests equity investments where IFC's developmental role has been fulfilled, where pre-determined sales trigger levels have been met, and where applicable, lock-ups have expired. Gains and losses on equity investments and associated derivatives include both realized and unrealized gains or losses.

Income from equity investments and associated derivatives (consisting of dividends, and net capital gains), increased by \$188 million, as analyzed below:

## Table 18: Income from Equity Investments and Associated Derivatives

	For the three months ended							
(US\$ in millions)	Septem 20		September 30 2023	,	Variance			
Net realized (losses) gains	\$	(61)	\$ 98	3 \$	6 (159)			
Net unrealized gains (losses)		216	(125	5)	341			
Dividend income, custody, fees and other		43	37	<b>7</b>	6			
Total income from equity investments and associated derivatives	\$	198	\$ 10	) \$	5 188			

In FY25 Q1, the top five investments with net capital gains totaled \$161 million, while the top five investments with net capital losses were \$90 million. In comparison, in FY24 Q1 the top five investments with net capital gains were \$105 million and the top five investments with net capital losses were \$132 million.

## Income from Debt Securities and Realized Gains and Losses on Debt Securities, and Associated Derivatives

Income from debt securities and associated derivatives increased modestly by \$16 million from \$200 million in FY24 Q1 to \$216 million in FY25 Q1.

#### Income from Liquid Asset Trading Activities

Liquid assets trading activities gross of funding costs and net of funding costs are analyzed in the table below:

## Table 19: Income from Liquid assets trading activities

	For the three months ended							
(US\$ in millions)		eptember 30, 2024	September 30, 2023			Variance		
Liquid asset income, gross of funding costs:								
Market Funded Liquidity Portfolio	\$	319	\$	365	\$	(46)		
Net Worth Funded Liquidity Portfolio		513		232		281		
Total	\$	832	\$	597	\$	235		
Liquid asset income, net of funding costs:								
Market Funded Liquidity Portfolio	\$	(6)	\$	45	\$	(51)		
Net Worth Funded Liquidity Portfolio		495		125		370		
Total	\$	489	\$	170	\$	319		

The year-over-year increase of \$319 million (net of funding costs) was mainly attributable to higher unrealized mark-to-market gains from the Net Worth Funded Portfolio, as U.S. Treasury yields declined sharply in FY25 Q1.

#### **Charges on Borrowings**

IFC's charges on borrowings of \$961 million in FY25 Q1, was mostly flat compared to \$954 million in FY24 Q1.

#### Other Income

Other income increased by \$60 million mainly driven by an increase in investment returns on Post-Employment Benefit Plan assets, Advisory services income, and PCRF income. The components of other income are analyzed in the table below:

#### Table 20: Other Income

	For the three months ended				
(US\$ in millions)	September 30, 2024	September 30, 2023	Variance		
Upstream and Advisory Services Income	\$ 54	\$ 45	\$9		
Service Fees	29	27	2		
Investment returns on Post-Employment Benefit Plan assets	28	(9)	37		
PCRF Income	14	6	8		
CRM Income/ Expense	5	9	(4)		
Other Miscellaneous Income	23	15	8		
Total	\$ 153	\$ 93	\$ 60		

#### Other Expenses

Other Expenses increased by \$34 million. The increase in administrative expenses is mainly due to higher staff costs partially offset by lower pension expenses. The components of other expenses are analyzed in the table below:

#### Table 21: Other Expenses

		For the three months ended				
(US\$ in millions)	S	September 30, 2024	Se	ptember 30, 2023		Variance
Administrative expenses	\$	359	\$	340	\$	19
Upstream and Advisory services expenses		65		52		13
Income from pension and other postretirement benefit plans		(6)		(9)		3
Other Expenses		3		4		(1)
Total	\$	421	\$	387	\$	34

#### Foreign Currency Transaction Gains and Losses on Non-Trading Activities

Foreign currency transaction gains and losses are recognized in both net income and other comprehensive income. For debt securities classified as available-for-sale, the gains or losses from foreign currency transactions are reported in other comprehensive income, while the impact from the associated derivatives are reported in net income. The net foreign exchange related gains / (losses) are analyzed in the table below:

#### Table 22: Foreign Currency Transaction Gains and Losses on Non-Trading Activities

	For the three months ended				
(US\$ in millions)	September 3 2024	0,	September 30, 2023		Variance
Reported in Net Income	\$ 2	20	\$ (9)	\$	29
Reported in Other Comprehensive Income, net of reclassifications to net income upon sale or repayment		15	(4)		19
Total	\$	35	\$ (13)	\$	48

#### Net Unrealized Gains and Losses on Non-Trading Financial Instruments

IFC accounts for certain financial instruments at fair value with unrealized gains and losses on such financial instruments being reported in net income, namely: (i) market borrowings with associated currency or interest rate swaps; (ii) certain loans, debt securities and associated derivatives; and (iii) borrowings from IDA.

#### Table 23: Net Unrealized (losses) gains on Non-Trading Financial Instruments

	For the three months ended					ed
(US\$ in millions)	Se	ptember 30, 2024	Se	ptember 30, 2023		Variance
Unrealized gains on the loan and debt securities portfolio carried at fair value	\$	98	\$	53	\$	45
Unrealized (losses) gains on associated derivatives		(257)		151		(408)
Unrealized (losses) gains on loans, debt securities and associated derivatives	\$	(159)	\$	204	\$	(363)
Unrealized (losses) gains on borrowings from market and IDA	\$	(1,200)	\$	808	\$	(2,008)
Unrealized gains (losses) on associated derivatives		1,343		(866)		2,209
Unrealized gains (losses) on borrowings from market, IDA and associated derivatives	\$	143	\$	(58)	\$	201
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	\$	(16)	\$	146	\$	(162)

IFC reported \$159 million of unrealized losses on loans, debt securities, net of associated derivatives in FY25 Q1. The unrealized losses on associated derivatives were \$257 million in FY25 Q1, consisting of \$65 million losses on client risk management swaps mainly on Euro and U.S. dollar interest rate swaps, and an additional \$182 million of losses on loan-related swaps mainly in Euro, U.S. dollar and Brazilian real in FY25 Q1. Changes in the fair value of derivatives are recognized in the condensed consolidated statements of operations, while some offsetting changes in the fair value of hedged loans are not, as those loans are measured at amortized cost.

IFC reported \$143 million of unrealized gains on borrowings from market sources and IDA, net of associated derivatives in FY25 Q1. The net after swap unrealized gains in FY25 Q1 were mainly in the U.S dollar, Mexican peso and Australian dollar portfolio.

#### OTHER COMPREHENSIVE INCOME

#### Unrealized Gains and Losses on Debt Securities and Borrowings

#### Table 24: Other Comprehensive Loss – Unrealized Gains and Losses on Debt Securities and Borrowings

	For the three months ended			ed		
(US\$ in millions)		mber 30, 2024	Se	ptember 30, 2023		Variance
Net unrealized gains and losses on debt securities arising during the period:						
Unrealized gains	\$	23	\$	14	\$	9
Unrealized losses		(5)		(15)		10
Reclassification adjustment for realized gains and credit related portion of impairments which were recognized in net income		(2)		1		(3)
Net unrealized gains on debt securities	\$	16	\$	_	\$	16
Net unrealized gains and losses attributable to instrument-specific credit risk on borrowings at fair value under the Fair Value Option:						
Unrealized gains	\$	97	\$	142	\$	(45)
Unrealized losses		(11)		(56)		45
Reclassification adjustment for realized gains included in net income upon derecognition of borrowings		1		_		1
Net unrealized gains on borrowings	\$	87	\$	86	\$	1
Total unrealized gains on debt securities and borrowings	\$	103	\$	86	\$	17

Net unrealized gains on debt securities in FY25 Q1 included foreign currency gains of \$15 million on debt securities accounted for as available-for-sale.

Net unrealized gains on borrowings of \$87 million was recognized through other comprehensive income in FY25 Q1 (net unrealized gains of \$86 million in FY24 Q1). This was mainly due to widening of IFC's credit spread in U.S. dollar and Australian dollar issuance.

## SECTION VIII: GOVERNANCE AND CONTROL

## SENIOR MANAGEMENT

The following is a list of the principal officers of IFC as of September 30, 2024:

President	Ajay Banga
Managing Director	Makhtar Diop
	1
Regional Vice President, Africa	Sérgio Pimenta
Regional Vice President, Latin America and the Caribbean, and Europe	Alfonso García Mora
Regional Vice President, Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan	Hela Cheikh Rouhou
Regional Vice President, Asia and the Pacific	Riccardo Puliti
Vice President, Cross-Cutting Solutions	Emmanuel Nyirinkindi
Vice President, Corporate Support	Elena Bourganskaia
Vice President, Economics and Private Sector Development	Susan M. Lund
Vice President and General Counsel, Legal Institutional Risk and Governance	Ramit Nagpal
Vice President, Industries	Mohamed Gouled
Vice President, Risk and Finance	Federico Galizia
Vice President, Treasury & Mobilization	John Gandolfo

## **SECTION IX: APPENDIX**

#### **GLOSSARY OF TERMS**

Articles: IFC's Articles of Agreement.

Board: The Board of Directors as established by IFC's Articles of Agreement.

**Capital Adequacy:** A measure of IFC's ability to withstand unexpected shocks as IFC is required to maintain a minimum level of capital available (Balance Sheets Capital less Designated Retained Earnings minus Pension surplus of each pension plan minus PCRF assets) equal to total potential losses for all on- and off-balance sheet exposures estimated at levels consistent with maintaining IFC's AAA rating.

**Capital Available:** Under IFC's economic capital framework, resources available to absorb potential losses, calculated as: IFC's balance sheets capital minus designated retained earnings minus Pension surplus of each pension plan minus PCRF assets.

Capital Required: Aggregate minimum Economic Capital required to maintain IFC's AAA rating.

**Core Mobilization:** Non-IFC financing or risk sharing arranged on commercial terms due to the active and direct involvement of IFC for the benefit of a Client. A Client is a legal entity to which IFC provides Advisory Services (AS) or Investment Services (IS).

Capital Utilization Ratio (CUR): A ratio to measure IFC's capital adequacy expressed as Capital Required divided by Capital Available.

Credit spread: A credit spread is the difference in yield between two bonds of similar maturity but different credit quality.

**Economic Capital (EC):** Minimum USD amount of capital required to meet expected and unexpected losses. For Financial Product(s), calculated as Exposure at Risk (EAR) multiplied by Economic Capital Ratio for relevant product/sub-product.

**IDA18:** IDA's Eighteenth Replenishment of Resources.

IDA19: IDA's Nineteenth Replenishment of Resources.

IDA20: IDA's Twentieth Replenishment of Resources

IDA-eligible countries: Countries eligible to borrow from IDA on concessional terms.

**IFC's Equity Mobilization Department:** IFC's Equity Mobilization Department (formally IFC Asset Management Company, or AMC), a division of IFC effective January 31, 2020, 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. These funds collectively are referred to as the AMC Funds.

**Income Available for Designations:** IFC uses Income Available for Designations (a non-U.S. GAAP measure) as a basis for designations of retained earnings. Prior to FY24, Income Available for Designations comprised net income excluding unrealized gains and losses on investments and borrowings as well as grants to IDA, which were suspended in FY20 following the conclusion of the IDA' Eighteen Replenishment of Resources (IDA18). In FY24, IFC updated the calculation of Income Available for Designations to exclude income from PCRF, aligning it with its intended use for post-retirement contributions.

**Paris Agreement**: The Paris Agreement is the universal, legally binding global climate change agreement, adopted at the Paris climate conference in December 2015. It sets out a global framework to avoid dangerous climate change by limiting global warming and aims to strengthen countries' ability to deal with the impacts of climate change and support them in their efforts.

**Qualitative Overlay**: Qualitative Overlay is an adjustment applied to the calculated loan loss reserve based on qualitative factors, reflecting potential risks and uncertainties that are prevailing and may not be fully captured by quantitative models.

**Spring Meetings:** The Spring Meetings of the International Monetary Fund and the Boards of Governors of the World Bank Group is a gathering that features the Development Committee and International Monetary and Financial Committee plenary session to discuss work of the institutions.

**Upstream:** Upstream activities aim to unlock and/or create new, additional investment opportunities for which IFC is both willing and likely to be a financial partner. Upstream activities comprise IFC engagements which aim to (i) Support the creation and realization of specific projects, for which IFC is a likely finance partner (Transaction Upstream); and/or have a wider market or sectoral impact to facilitate private sector investment, for which in turn IFC could be a potential financing partner (Creating Markets Upstream).

U.S. GAAP: Accounting principles generally accepted in the United States of America.

World Bank: The World Bank consists of IBRD and IDA.

World Bank Group (WBG): The World Bank Group consists of IBRD, IDA, IFC, MIGA, and ICSID.

## ABBREVIATIONS AND ACRONYMS

ABS	: Asset-Backed Securities
	: Asset Liability Management
AML/CFT	: Anti-Money Laundering/ Combating the Financing of Terrorism
BOP	: Base of the Pyramid
CMAW	Creating Markets Advisory Window
COP21	: Conference of the Parties 21
CR	Credit Rating
CRM	Client Risk Management
CRWG	: Climate Risk Working Group
CUR	: Capital Utilization Ratio
DFIs	: Development Financial Institutions
E&S	: Environmental and Social
ERM	: Enterprise Risk Management Framework
ESG	: Environmental, Social and Governance
FCA	: Financial Conduct Authority
FCS	: Fragile and Conflict-Affected Situations
FMTAAS	: Funding Mechanism for Technical Assistance and Advisory Services
GCI	: General Capital Increase
GEMS	: Global Emerging Markets
GP	: General Partner
IBRD	: International Bank for Reconstruction and Development
ICSID	: International Centre for Settlement of Investment Disputes
IDA	: International Development Association
IDA-PSW	: IDA Private Sector Window
IFC or the Corporation	: International Finance Corporation
IFIs	: International Financial Institutions
ISDA	: International Swaps and Derivatives Association
LCR	: Liquidity Coverage Ratios
LIBOR	: London Interbank Offered Rate
LTF	: Long-Term Finance
MBS	: Mortgage-Backed Securities
MCPP	: Managed Co-Lending Portfolio Program
MD&A	: Management's Discussion and Analysis
MDBs	: Multilateral Development Banks
MIGA	: Multilateral Investment Guarantee Agency
ML/TF	: Money Laundering And Terrorist Financing
NAV	: Net Asset Value
NPLs	: Non-performing Loans
PSW	: Private Sector Window
PCRF	: Post-retirement Contributions Reserve Fund
SCI	: Selective Capital Increase
SME	: Small and Medium Enterprise
SOFR	: Secured Overnight Financing Rate
STF	: Short-Term Finance

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2024

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#### INDEPENDENT AUDITOR'S REVIEW REPORT

President and Board of Directors International Finance Corporation:

#### **Results of Review of Interim Financial Information**

We have reviewed the accompanying condensed consolidated balance sheet of the International Finance Corporation ("IFC") as of September 30, 2024, and the related condensed consolidated statements of operations, comprehensive income, changes in capital, and cash flows for the three-month periods ended September 30, 2024 and 2023, and the related notes (collectively referred to as the "interim financial information").

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Review Results**

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of IFC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

#### **Responsibilities of Management for the Interim Financial Information**

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

#### Report on Condensed Consolidated Balance Sheet as of June 30, 2024

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of IFC as of June 30, 2024, and the related consolidated statements of operations, comprehensive income (loss), changes in capital, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 7, 2024. In our opinion, the accompanying condensed consolidated balance sheet of IFC as of June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Deloitte : Jencheup

November 14, 2024

# CONDENSED CONSOLIDATED BALANCE SHEETS

as of September 30, 2024 (unaudited) and June 30, 2024 (unaudited)

(US\$ in millions)	Septemb 202		June	e 30, 2024
Assets				
Cash and due from banks – Note C	\$	712	\$	781
Time deposits – Note C	. 1	1,515		9,752
Trading securities – Notes C and L	2	9,855		28,555
(includes \$4,863 and \$4,420 securities pledged to creditors under repurchase and collateral agreements as of September 30, 2024 and June 30, 2024, respectively)				
Securities purchased under resale agreements and receivable for cash collateral pledged – Notes C, L and Q		1,056		1,226
Investments – Notes B, D, E, F, G, L and N				
Loans				
(includes \$1,858 and \$1,789 loans held at fair value as of September 30, 2024 and June 30, 2024, respectively; net of reserve against losses of \$1,136 and \$1,081 at September 30, 2024 and June 30, 2024, respectively)				
– Notes D, E, L and N	3	8,086		36,437
Equity investments				
– Notes B, D, G, L and N	. 1	1,453		11,121
Debt securities – Notes D, F, L and N	1	2,109		11,189
(includes available-for-sale securities of \$824 and \$845, with associated amortized cost of \$925 and \$962, and reserve against credit losses of \$32 and \$34 as of September 30, 2024 and June 30, 2024, respectively)				
Total investments	6	648		58,747
Derivative assets – Notes B, C, J, L and Q		2,947		2,954
Receivables and other assets – Notes B, C, N and O		7,292		6,172
Total assets	\$ 11	5,025	\$	108,187
Liabilities and capital				· · · · · ·
Liabilities				
Securities sold under repurchase agreements and payable for cash collateral received – Notes C and Q	\$	2,531	\$	1,541
		2,531	\$	1,541
and Q		2,531 2,666	\$	
and Q Borrowings outstanding – Notes B, K and L			\$	2,536
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost	5	2,666	\$	2,536 53,049
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value	5	2,666 8,806	\$	2,536 53,049 170
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings	5	2,666 58,806 140	\$	2,536 53,049 170 55,755
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q	6	2,666 8,806 140 1,612 6,225	\$	2,536 53,049 170 55,755 7,356
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P	6	2,666 68,806 140 61,612 6,225 6,112	\$	2,536 53,049 170 55,755 7,356 6,063
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities	6	2,666 8,806 140 1,612 6,225	\$	2,536 53,049 170 55,755 7,356 6,063
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital	5 6 7	2,666 68,806 140 61,612 6,225 6,112	\$	2,536 53,049 170 55,755 7,356 6,063
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each	5 6 7	2,666 68,806 140 61,612 6,225 6,112	\$	2,536 53,049 170 55,755 7,356 6,063
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each (25,079,991 shares as of September 30, 2024 and June 30, 2024)	5 6 7	2,666 68,806 140 61,612 6,225 6,112	\$	2,536 53,049 170 55,755 7,356 6,063 <b>70,715</b>
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each (25,079,991 shares as of September 30, 2024 and June 30, 2024)	5 6 7	2,666 8,806 140 61,612 6,225 6,112 <b>6,480</b>	\$	2,536 53,049 170 55,755 7,356 6,063 <b>70,715</b> 24,104
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each (25,079,991 shares as of September 30, 2024 and June 30, 2024) Subscribed capital Less: unpaid portion of subscriptions	5 6 7 2	2,666 8,806 140 6,225 6,112 76,480	\$	2,536 53,049 170 55,755 7,356 6,063 <b>70,715</b> 24,104 (884
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each (25,079,991 shares as of September 30, 2024 and June 30, 2024) Subscribed capital Less: unpaid portion of subscriptions Paid-in capital	5 6 7 2 2	2,666 8,806 140 1,612 6,225 6,112 <b>6,112</b> <b>76,480</b> 24,104 (793)	\$	2,536 53,049 170 55,755 7,356 6,063 <b>70,715</b> 24,104 (884)
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each (25,079,991 shares as of September 30, 2024 and June 30, 2024) Subscribed capital Less: unpaid portion of subscriptions	5 6 7 2 2	2,666 8,806 140 1,612 6,225 6,112 6,480 24,104 (793) 3,311	\$	2,536 53,049 170 55,755 7,356 6,063 <b>70,715</b> 24,104 (884) 23,220 957
and Q Borrowings outstanding – Notes B, K and L From market and other sources at amortized cost From market sources at fair value From International Development Association at fair value Total borrowings Derivative liabilities – Notes B, C, J, L and Q Payables and other liabilities – Notes B, C, E, N, O and P Total liabilities Capital Authorized capital, shares of \$1,000 par value each (25,079,991 shares as of September 30, 2024 and June 30, 2024) Subscribed capital Less: unpaid portion of subscriptions Paid-in capital Accumulated other comprehensive income – Note H	5 6 7 2 2 1	2,666 i8,806 140 1,612 6,225 6,112 76,480 24,104 (793) 23,311 1,057	\$	2,536 53,049 170 55,755 7,356 6,063 <b>70,715</b> 24,104 (884) 23,220

# CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Income from investments         Income from loans and guarantees, including realized gains and losses on loans and associated derivatives – Note E       \$ 862 \$ 744         Provision for losses on loans, off-balance sheet credit exposures and other receivables – Note E       (3) (24)         Income from equity investments and associated derivatives – Note G       198 10         Income from debt securities, including realized gains and losses on debt securities and associated derivatives – Note F       2         Release of provision (provision) for losses on available-for-sale debt securities – Note F       2         Otal income from investments       1,275         Income from liquid asset trading activities – Note C       832         Charges on borrowings       (961)         Income from investments and liquid asset trading activities, after charges on borrowings       1,146         Other income       24         Upstream and Advisory services income – Note O       54       45         Service fees       29       27         Other expenses       3       5         Administrative expenses – Notes B and P       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52)         Other expenses       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52) <th></th> <th colspan="5">For the three months ende</th>		For the three months ende				
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives – Note E	(US\$ in millions)					
derivatives – Note E\$862\$744Provision for losses on loans, off-balance sheet credit exposures and other receivables – Note E(3)(24)Income from equity investments and associated derivatives – Note G19810Income from debt securities, including realized gains and losses on debt securities and associated216200Release of provision (provision) for losses on available-for-sale debt securities – Note F2(2)Total income from investments216200Income from liquid asset trading activities – Note C832597Charges on borrowings(961)(954)Income from investments and liquid asset trading activities, after charges on borrowings1,146571Other income5445Service fees2927Other7021Total other income15393Other expenses15393Other expenses0(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other, net – Note P35Total other expenses20(9)Income for unrealized gains and losses on non-trading financial instruments accounted for at fair value888268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value166146	Income from investments					
Income from equity investments and associated derivatives – Note G       198       10         Income from debt securities, including realized gains and losses on debt securities and associated derivatives – Note F       216       200         Release of provision (provision) for losses on available-for-sale debt securities – Note F       2       (2)         Total income from investments       1,275       928         Income from liquid asset trading activities – Note C       832       597         Charges on borrowings       (961)       (954)         Income from investments and liquid asset trading activities, after charges on borrowings       1,146       571         Other income       0       54       455         Service fees       29       27       21         Other income       153       93         Other expenses       153       93         Administrative expenses – Notes B and P       (359)       (340)         Upstream and Advisory services expenses – Note O       655       (52)         Other, net – Note P       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading financial instruments accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial ins	Income from loans and guarantees, including realized gains and losses on loans and associated derivatives – Note E	\$ 862	\$ 744			
Income from equity investments and associated derivatives – Note G       198       10         Income from debt securities, including realized gains and losses on debt securities and associated derivatives – Note F       216       200         Release of provision (provision) for losses on available-for-sale debt securities – Note F       2       (2)         Total income from investments       1,275       928         Income from liquid asset trading activities – Note C       832       597         Charges on borrowings       (961)       (954)         Income from investments and liquid asset trading activities, after charges on borrowings       1,146       571         Other income       99       27       0         Other income       29       27         Other income       153       93         Other expenses       209       27         Other expenses       0       54       45         Service fees       29       27         Other expenses       0       333       93         Other expenses       0       34       45         Service fees       29       27       0       21         Total other income       153       93       0       340       35       35       35       35	Provision for losses on loans, off-balance sheet credit exposures and other receivables - Note E.	(3)	) (24)			
derivatives – Note F216200Release of provision (provision) for losses on available-for-sale debt securities – Note F2(2)Total income from investments1,275928Income from liquid asset trading activities – Note C832597Charges on borrowings(961)(954)Income from investments and liquid asset trading activities, after charges on borrowings1,146571Other income15445Upstream and Advisory services income – Note O5445Service fees2927Other7021Total other income15393Other expenses35Administrative expenses – Notes B and P(65)(52)Other, net – Note P35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I(16)146	Income from equity investments and associated derivatives – Note G					
Release of provision (provision) for losses on available-for-sale debt securities – Note F       2       (2)         Total income from investments       1,275       928         Income from liquid asset trading activities – Note C       832       597         Charges on borrowings       (961)       (954)         Income from investments and liquid asset trading activities, after charges on borrowings       1,146       571         Other income       99       27         Upstream and Advisory services income – Note O       54       45         Service fees       29       27         Other income       70       21         Total other income       153       93         Other expenses       (359)       (340)         Administrative expenses – Notes B and P       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52)         Other, net – Note P       3       5       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for	Income from debt securities, including realized gains and losses on debt securities and associated derivatives – Note F	216	200			
Total income from investments1,275928Income from liquid asset trading activities – Note C832597Charges on borrowings(961)(954)Income from investments and liquid asset trading activities, after charges on borrowings1,146571Other income5445Upstream and Advisory services income – Note O5445Service fees2927Other7021Total other income15393Other expenses(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other expenses35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I(16)146		210				
Income from liquid asset trading activities – Note C1,1733120Charges on borrowings832597Charges on borrowings(961)(954)Income from investments and liquid asset trading activities, after charges on borrowings1,146571Other income5445Upstream and Advisory services income – Note O5445Service fees2927Other7021Total other income15393Other expenses(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other, net – Note P35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value898268		_	_			
Charges on borrowings(961)(954)Income from investments and liquid asset trading activities, after charges on borrowings1,146571Other incomeUpstream and Advisory services income – Note O5445Service fees2927Other7021Total other income15393Other expenses35Administrative expenses – Notes B and P(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other, net – Note P35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value1(16)146						
Income from investments and liquid asset trading activities, after charges on borrowings       1,146       571         Other income       1,146       571         Upstream and Advisory services income – Note O.       54       45         Service fees.       29       27         Other       70       21         Total other income       153       93         Other expenses       153       93         Other expenses       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52)         Other, net – Note P       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146						
Other income       54       45         Upstream and Advisory services income – Note O       54       45         Service fees       29       27         Other       70       21         Total other income       153       93         Other expenses       0       359       (340)         Administrative expenses – Notes B and P       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52)         Other, net – Note P       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146						
Upstream and Advisory services income – Note O5445Service fees2927Other7021Total other income15393Other expenses15393Administrative expenses – Notes B and P(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other, net – Note P35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I(16)146		1,140				
Service fees2927Other7021Total other income15393Other expenses15393Administrative expenses – Notes B and P(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other, net – Note P35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I(16)146		54	45			
Other7021Total other income15393Other expenses15393Other expenses(359)(340)Upstream and Advisory services expenses – Note O(65)(52)Other, net – Note P35Total other expenses(421)(387)Foreign currency transaction gains (losses) on non-trading activities20(9)Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898268Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I(16)146		• .				
Total other income15393Other expensesOther expensesAdministrative expenses – Notes B and P.(359)Upstream and Advisory services expenses – Note O.(65)Other, net – Note P.3Other expenses(421)Foreign currency transaction gains (losses) on non-trading activities20Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value898Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I(16)						
Other expenses       (359)       (340)         Administrative expenses – Notes B and P       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52)         Other, net – Note P       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146	Total other income					
Administrative expenses – Notes B and P       (359)       (340)         Upstream and Advisory services expenses – Note O       (65)       (52)         Other, net – Note P       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146	Other expenses					
Upstream and Advisory services expenses – Note O       (65)       (52)         Other, net – Note P       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146	•	(359)	(340)			
Other, net – Note P.       3       5         Total other expenses       (421)       (387)         Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146		()				
Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments       898       268         Accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146			, , , , , , , , , , , , , , , , , , , ,			
Foreign currency transaction gains (losses) on non-trading activities       20       (9)         Income before net unrealized gains and losses on non-trading financial instruments       20       (9)         accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146	Total other expenses	(421)	(387)			
Income before net unrealized gains and losses on non-trading financial instruments       898       268         accounted for at fair value       898       268         Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I       (16)       146	Foreign currency transaction gains (losses) on non-trading activities					
	Income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value	898				
	Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value – Note I	(16)	) 146			
	Net income – Note M					

# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For	the three i	month	s ended
(US\$ in millions)		September 30, 2024		ember 30, 2023
Net income – Note M	\$	882	\$	414
Other comprehensive income				
Unrealized gains and losses on debt securities				
Net unrealized gains (losses) on available-for-sale debt securities arising during the year		18		(1)
Reclassification adjustment for realized gains included in net income (income from debt securities and realized gains and losses on debt securities and associated derivatives)		_		(1)
Reclassification adjustment for impairments related to credit loss included in net income ((Release of provision) Provision for losses on available-for-sale debt securities)		(2)		2
Net unrealized gains on debt securities		16		_
Unrealized gains and losses on borrowings				
Net unrealized gains arising during the period attributable to instrument-specific credit risk on borrowings at fair value under the fair value option		86		86
Reclassification adjustment for realized gains included in net income upon derecognition of borrowings		1		_
Net unrealized gains on borrowings		87		86
Net unrecognized net actuarial gains and unrecognized prior service credits on benefit plans – Note P		(3)		(3)
Total other comprehensive income		100		83
Total comprehensive income	\$	982	\$	497

# CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL

(US\$ in millions)	re	esignated tained arnings	Designa retain earnin	ed	Total retained earnings	o compr	mulated ther ehensive le – Note H	Paid-in capital	Total capital
As of June 30, 2023	\$	11,589	\$	221	\$ 11,810	\$	632	\$ 22,596	\$ 35,038
Three months ended September 30, 2023									
Net income		414		—	414		_		414
Other comprehensive income				—	—		83	—	83
Designations of retained earnings – Note H		(60)		60	—		_		—
Expenditures against designated retained earnings – Note H		10		(10)					_
Payments received for subscribed capital		—		—	_			55	55
As of September 30, 2023	\$	11,953	\$	271	\$ 12,224	\$	715	\$ 22,651	\$ 35,590
As of June 30, 2024	\$	13,133	\$	162	\$ 13,295	\$	957	\$ 23,220	\$ 37,472
Three months ended September 30, 2024									
Net income		882		—	882		_	_	882
Other comprehensive income		_		—	_		100		100
Designations of retained earnings – Note H		—		—	—				
Expenditures against designated retained earnings – Note H		15		(15)	_			_	_
Payments received for subscribed capital		—		—	—			91	91
As of September 30, 2024	\$	14,030	\$	147	\$ 14,177	\$	1,057	\$ 23,311	\$ 38,545

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

for the three months ended September 30, 2024 (unaudited) and September 30, 2023 (unaudited)

			months ended		
(US\$ in millions)	Sep	tember 30, 2024	Sep	otember 30 2023	
Cash flows from investing activities		2024		2023	
Loan disbursements	. \$	(3,611)	\$	(3,43	
Investments in equity securities		(309)	Ŧ	(414	
Investments in debt securities		(943)		(88	
Loan repayments		2,356		1,86	
Equity redemptions		2		_	
Debt securities repayments		243		17	
Proceeds from sales of loans		10			
Proceeds from sales of equity investments		219		43	
Proceeds from sales of debt securities					
Loan origination fees received		26		2	
Investment in fixed assets		(30)		(1	
Net cash used in investing activities		(2,037)		(2,25	
Cash flows from financing activities		( ) = 1			
Medium and long-term borrowings					
Issuance		7,211		5,99	
Retirement		(3,856)		(6,02	
Change in derivatives associated with borrowings, net		(33)		(35	
Short-term borrowings, net		165		49	
Capital subscriptions		.00		5	
Net cash provided by financing activities		3,578		17	
Cash flows from operating activities		0,010			
Net income		882		41	
Adjustments to reconcile net income or loss to net cash (used in) provided by operating activities:		002			
Realized losses on loans and associated derivatives, net		1			
Realized losses (gains) on debt securities and associated derivatives, net		4		(1	
(Gains) Losses on equity investments and related derivatives, net		(155)		2	
Provision		1		2	
Accretion of net discounts, premiums and loan origination fees		7		-	
Depreciation expenses		14			
Foreign currency transaction (gains) losses on non-trading activities		(20)			
Net unrealized losses (gains) on non-trading financial instruments accounted for at fair value		16		(14	
Net discounts paid on retirement of borrowings		(26)		-1)	
Change in accrued income on loans and debt securities (after swaps), net		(236)		(31	
Change in accrued expenses on borrowings (after swaps), net		148		16	
Change in liquid asset trading portfolio		(2,052)		2,28	
Change in derivatives associated with loans and client risk management, net		40		2,20	
Change in payables and other liabilities		(15)		(-	
Change in receivables and other assets		(13)		(5	
Net cash (used in) provided by operating activities		(1,531)		2,39	
Change in cash and cash equivalents		10		2,38	
Effect of exchange rate changes on cash and cash equivalents		318			
Net change in cash and cash equivalents		328		(14 16	
Beginning cash and cash equivalents					
	_	9,782	¢	8,79	
Ending cash and cash equivalents	\$	10,110	φ	8,96	
Composition of cash and cash equivalents	ድ	740	¢	EC	
Cash and due from banks		712	Э	52	
Time deposits with maturities under three months		9,398	<b>^</b>	8,43	
Total cash and cash equivalents	\$	10,110	\$	8,96	

The notes to condensed consolidated financial statements are an integral part of these statements.

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	F	or the three	months ended			
\$\$ in millions)		September 30, 2024		eptember 30, 2023		
Supplemental disclosure						
Change in ending balances resulting from currency exchange rate fluctuations:						
Loans outstanding	\$	477	\$	(189)		
Debt securities		151		(104)		
Loan and debt security-related currency swaps		(593)		285		
Borrowings		(1,126)		636		
Borrowing-related currency swaps		1,117		(626)		
Charges on borrowings paid, net	\$	840	\$	820		
Non-cash items:						
Loan and debt security conversion to equity, net	\$	30	\$	14		

## PURPOSE

The International Finance Corporation (IFC), an international organization, was established in 1956 to further economic development in its member countries by encouraging the growth of private enterprise. IFC is a member of the World Bank Group (WBG), which also comprises the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Each member is legally and financially independent. Transactions with other World Bank Group members are disclosed in the notes that follow. IFC's activities are closely coordinated with and complement the overall development objectives of the other World Bank Group institutions. IFC, together with private investors, assists in financing the establishment, improvement and expansion of private sector enterprises by making loans, equity investments and investments in debt securities where sufficient private capital is not otherwise available on reasonable terms. IFC's share capital is provided by its member countries. It raises most of the funds for its investment activities through the issuance of notes, bonds and other debt securities in the international capital markets. IFC also plays a catalytic role in mobilizing additional funding from other investors and lenders through parallel loans, loan participations, partial credit guarantees, securitizations, loan sales, risk sharing facilities, fund investments and other IFC crisis initiatives. In addition to project finance and mobilization, IFC offers an array of financial and technical advisory services to private businesses in the developing world to increase their chances of success. It also advises governments on how to create an environment hospitable to the growth of private enterprise and foreign investment.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed financial statements and notes should be read in conjunction with the June 30, 2024 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2024 audited financial statements, has not been audited. The accounting and reporting policies of IFC conform with accounting principles generally accepted in the United States of America (U.S. GAAP). In the opinion of management, the condensed consolidated financial statements reflect all adjustments necessary for the fair presentation of IFC's financial position and results of operations.

Certain amounts in prior years have been changed to conform to the current year's presentation.

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of income and expense during the reporting periods. Actual results could differ from these estimates. A significant degree of judgment has been used in the determination of: the estimated fair value of financial instruments accounted for at fair value (including equity investments, debt securities, loans, trading securities, borrowings and derivative instruments): reserve against losses on loans and off-balance sheet credit exposures; impairment of debt securities; projected pension benefit obligations, fair value of pension and other postretirement benefit plan assets, and net periodic pension income or expense. There are inherent risks and uncertainties related to IFC's operations. The possibility exists that changing economic conditions could have an adverse effect on the financial position of IFC.

IFC uses internal models to determine the fair values of derivative and other financial instruments and the aggregate level of the reserve against credit losses on loans, off-balance sheet credit exposures, and available-for-sale debt securities. IFC undertakes continuous review and analysis of these models with the objective of refining its estimates, consistent with evolving best practices appropriate to its operations. Changes in estimates resulting from refinements in the assumptions and methodologies incorporated in the models are reflected in net income in the period in which the enhanced models are first applied.

### Recently adopted accounting standards

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments–Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures.* The ASU eliminates the recognition and measurement guidance for troubled debt restructurings ("TDRs") in Subtopic 310-40, *Receivables–Troubled Debt Restructurings by Creditors*, and requires reporting entities to apply the loan refinancing and restructuring guidance to determine whether a modification results in a new loan or a continuation of an existing loan. The ASU eliminates the requirement to use the discounted cash flow approach to measure the reserve against losses on loans formerly considered TDRs. The ASU also requires enhanced disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty and disclosure of current-period gross write-offs by year of origination for financing receivables and net investments in leases within the scope of Subtopic 326-20, *Financial Instruments–Credit Losses–Measured at Amortized Cost.* IFC adopted ASU 2022-02 effective July 1, 2023 with no material impact on IFC's condensed consolidated financial statements, with the elimination of TDR recognition and measurement on a modified retrospective basis and the new disclosures on a prospective basis in accordance with the ASU.

In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement (Topic 820) Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction and

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

require certain disclosures for equity securities subject to contractual sale restrictions. IFC early adopted ASU 2022-03 effective July 1, 2023, with no material impact on its condensed consolidated financial statements.

### Accounting standards under evaluation

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. The new guidance is intended to align U.S. GAAP requirements with those of the SEC and to facilitate the application of U.S. GAAP for all entities. If by June 30, 2027, the SEC has not removed the related SEC requirement, the related ASU amendment will not become effective. The impact of this statement is not expected to be material for IFC.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires additional segment disclosures for public entities, such as the significant segment expenses that are regularly provided to the Chief Operating Decision Maker (CODM), the title and position of the CODM, as well as an explanation of how the CODM uses the reported measure of segment profit or loss. Existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to disclosure of significant segment expenses. For IFC, the ASU will be effective for the annual period ending on June 30, 2025 (annual statements of fiscal year 2025). IFC is currently evaluating the impact of the ASU on its consolidated financial statements.

## NOTE B – RELATED PARTY TRANSACTIONS

IFC transacts with related parties including by receiving loans, participating in shared service arrangements, as well as through cost sharing of IBRD's sponsored pension and other post-retirement plans.

IFC's receivables from (payables to) its related parties are presented in the following table:

## Table B1: IFC's receivables from (payables to) related parties

	September 30, 2024				June 30, 2024				
(US\$ in millions)	IBRD	IDA	MIGA	Total	IBRD	IDA	MIGA	Total	
Services and Support (Payables) Receivables	\$ (16)	_	\$6	\$ (10)	\$ (1)	\$ —	\$5	\$ 4	
IDA PSW – Local Currency Facility		96		96		94	_	94	
IDA PSW – Blended Finance Facility	_	(112)	_	(112)	_	(106)	—	(106)	
Borrowings	_	(140)		(140)	_	(170)	_	(170)	
Pension and Other Post-retirement Benefits	802	—	_	802	774	—	—	774	
Post-retirement Contribution Reserve Fund	388	_	_	388	344	_	_	344	
	\$ 1,174	\$ (156)	\$6	\$ 1,024	\$ 1,117	\$ (182)	\$5	\$ 940	

## Services and Support Payments

IFC obtains certain administrative and overhead services from IBRD in those areas where common services can be efficiently provided by IBRD. This includes shared costs of the Boards of Governors and Directors, and other services such as IT support services and human resource shared services. IFC makes payments for these services to IBRD based on negotiated fees and chargebacks, and allocated charges. Expenses allocated to IFC for the three months ended September 30, 2024, were \$48 million (\$40 million – for the three months ended September 30, 2023). Other chargebacks include \$1 million for the three months ended September 30, 2024 (\$5 million – for the three months ended September 30, 2023). These expenses are included in Administrative expenses on the condensed consolidated statements of operations. The associated payables are included in the Payables and other liabilities on the condensed consolidated balance sheets.

### Fee Income from MIGA

Transactions with MIGA include marketing fees received for referral and due diligence services on jointly-developed guarantee projects. Fee income received from MIGA for the three months ended September 30, 2024 were \$1 million (\$1 million – for the three months ended September 30, 2023) included in Other Income on the condensed consolidated statements of operations. The associated receivables are included in Receivables and other assets on the condensed consolidated balance sheets.

### IDA Private Sector Window (IDA-PSW)

The PSW was created under IDA's Eighteenth Replenishment of Resources (IDA18) to mobilize private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations (FCS). The PSW continued under IDA's Twentieth Replenishment of Resources (IDA20), which commenced on July 1, 2022, with an initial allocation set at \$2.5 billion. Under the fee arrangement for the IDA-PSW, IDA receives fee income for transactions executed under this window and reimburses IFC for the related costs incurred in administering these transactions. As of September 30, 2024 IFC committed \$1.4 billion (\$1.3 billion - June 30, 2024) for IDA guarantees to support IFC's Guarantee Programs in IDA-PSW eligible countries under the Blended Finance Facility. The Blended Finance Facility included in Payables and other liabilities on the consolidated balance sheets represents IFC's liability to IDA for IDA-PSW synthetic equity investments. The Local Currency Facility, which refers to currency swaps with IDA to support local currency denominated loans, is included in Derivative assets on the consolidated balance sheets.

### Borrowings

In September 2014, IFC issued an amortizing, non-interest bearing promissory note, maturing September 15, 2039, to IDA (the Note) in exchange for \$1.2 billion with an effective interest rate of 1.84%. IFC has elected the Fair Value Option for the Note, which is included in the Borrowings from IDA at fair value on the consolidated balance sheets. IFC recognized interest expense of \$1 million for the three months ended September 30, 2024 (\$1 million – for the three months ended September 30, 2023).

IFC has a Local Currency Loan Facility Agreement with IBRD, which is capped at \$300 million. As of September 30, 2024 and June 30, 2024, IFC had no borrowings outstanding under this facility.

### Pension and Other Post-retirement Benefits

The receivable from IBRD represents IFC's net share of prepaid costs for pension and other post-retirement benefit plans and Post-Employment Benefits Plan (PEBP) assets included in Receivables and other assets on the condensed consolidated balance sheets. These will be realized over the lives of the plan participants.

## NOTE B – RELATED PARTY TRANSACTIONS (continued)

## Post-Retirement Contribution Reserve Fund (PCRF)

The PCRF was established to stabilize contributions made to the pension plans. The receivable from IBRD represents IFC's share of investments associated with the PCRF, and is included in Receivables and other assets on the consolidated balance sheets. In June 2024, IFC's Board approved the release of \$190 million from the PCRF, which was returned by IBRD to the IFC. IFC recognized other income of \$14 million for the three months ended September 30, 2024 (\$6 million – for the three months ended September 30, 2023). IFC contributed \$30 million to the PCRF during the three months ended September 30, 2024 (\$28 million – during the three months ended September 30, 2023).

## IFC managed AMC funds

IFC Equity Mobilization Department (formally IFC Assets Management Company, or AMC), invests third-party capital and IFC capital, enabling outside investors to invest alongside IFC in developing markets. As of September 30, 2024, AMC managed multiple funds (collectively referred to as the AMC Funds), in its capacity as General Partner (GP) / Manager of these funds, none of which require consolidation by IFC. A management fee is charged for the management services provided to the AMC funds. IFC's ownership interests in these AMC Funds are shown in the following table:

## Table B2: IFC's ownership interests in AMC Funds

AMC Funds	IFC's ownership interest %
IFC Capitalization (Equity) Fund, L.P. <sup>a</sup>	61%
IFC Capitalization (Subordinated Debt) Fund, L.P.	13%
IFC African, Latin American and Caribbean Fund, LP	20%
IFC Catalyst Funds <sup>b</sup>	18%
IFC Global Infrastructure Fund, LP	17%
IFC Financial Institutions Growth Fund, LP	30%
IFC Global Emerging Markets Fund of Funds <sup>c</sup>	19%
IFC Middle East and North Africa Fund, LP	37%
Women Entrepreneurs Debt Fund, LP	26%
IFC Emerging Asia Fund, LP	22%
IFC GEMFOF 2 SMA, LP	—%

a By virtue of certain rights granted to non-IFC limited partner interests, IFC does not control or consolidate this fund.

As of September 30, 2024, IFC invested \$483 million (\$483 million – June 30, 2024) as a limited partner in funds managed by AMC. These investments were included in Equity investments on the condensed consolidated balance sheets. \$7 million of management fee income was recognized for the three months ended September 30, 2024 (\$6 million – for the three months ended September 30, 2023), which is included in other income on the condensed consolidated statements of operations.

b The ownership interest of 18% reflects IFC's ownership interest taking into consideration the overall commitments for the IFC Catalyst Funds, which comprises IFC Catalyst Fund, LP, IFC Catalyst Fund (UK), LP and IFC Catalyst Fund (Japan), LP (collectively, IFC Catalyst Funds). IFC does not have an ownership interest in either the IFC Catalyst Fund (UK), LP or the IFC Catalyst Fund (Japan), LP.

c The ownership interest of 19% reflects IFC's ownership interest taking into consideration the current committed amounts for the IFC Global Emerging Markets Fund of Funds, which comprises IFC Global Emerging Markets Fund of Funds, LP and IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP. IFC does not have an ownership interest in the IFC Global Emerging Markets Fund of Funds (Japan Parallel), LP.

## NOTE C - LIQUID ASSET PORTFOLIO

## Composition of Liquid Asset Portfolio

The composition of IFC's net liquid asset portfolio included in the condensed consolidated balance sheets is as follows:

## Table C1: Composition of net liquid asset portfolio

(US\$ in millions)	September 30, 2024	June 30, 2024
Assets		
Cash and due from banks <sup>a</sup>	\$ 23	\$ 19
Time deposits <sup>b</sup>	11,515	9,752
Trading securities	29,855	28,555
Securities purchased under resale agreements and receivable for cash collateral pledged	1,056	1,226
Derivative assets	102	365
Receivables and other assets:		
Receivables from unsettled security trades	931	557
Accrued interest income on time deposits and securities	276	261
Accrued income on derivative instruments	191	157
Total assets	43,949	40,892
Liabilities		
Securities sold under repurchase agreements and payable for cash collateral received	2,531	1,541
Derivative liabilities	400	78
Payables and other liabilities:		
Payables for purchase of securities	969	1,415
Accrued charges on derivative instruments	152	124
Total liabilities	4,052	3,158
Total net liquid asset portfolio	\$ 39,897	\$ 37,734

a Represents cash and due from banks from the liquid asset portfolio and does not include cash and due from banks from other cash accounts of \$689 million and \$762 million as of September 30, 2024 and June 30, 2024 respectively.

b Includes time deposits with maturities greater than three months of \$2.1 billion and \$751 million, as of September 30, 2024 and June 30, 2024 respectively.

The liquid asset portfolio is primarily denominated in U.S. dollars; investments in other currencies, net of the effect of associated derivative instruments that convert non-U.S. dollar securities into U.S. dollar securities, represent 1.8% of the portfolio as of September 30, 2024 (1.9% as of June 30, 2024).

### Income from liquid asset trading activities

Income from liquid asset trading activities for the three months ended September 30, 2024 and September 30, 2023 comprises:

### Table C2: Income from liquid asset trading activities

	For the three months ended						
(US\$ in millions)	September 30	), 2024	Septembe	er 30, 2023			
Interest income, net	\$	437	\$	461			
Net gains on asset-backed and mortgage-backed securities		19		10			
Net gains on other trading securities		376		126			
Net gains from trading activities		395		136			
Total income from liquid asset trading activities	\$	832	\$	597			

## **NOTE D – INVESTMENTS**

The carrying value of investments at September 30, 2024 and June 30, 2024 comprises:

## Table D1: Carrying value of investments

(US\$ in millions)	Septerr	nber 30, 2024	June 30, 2024
Loans			
Loans at amortized cost	\$	37,364	\$ 35,729
Less: Reserve against losses on loans		(1,136)	(1,081)
Loans at amortized cost less reserve against losses		36,228	34,648
Loans accounted for at fair value under the Fair Value Option			
(amortized cost \$1,913 as of September 30, 2024, \$1,851 as of June 30, 2024)		1,858	 1,789
Total loans		38,086	36,437
Equity investments			
Equity investments accounted for at fair value <sup>a</sup>			
(cost \$11,013 as of September 30, 2024, \$10,887 as of June 30, 2024)		11,453	 11,121
Total equity investments		11,453	11,121
Debt securities			
Debt securities accounted for at fair value as available-for-sale			
(amortized cost \$925 as of September 30, 2024, \$962 as of June 30, 2024)		824	845
Less: Reserve against losses on available-for sale debt securities		(32)	(34)
Debt securities, available-for-sale less reserve against losses		792	811
Debt securities accounted for at fair value under the Fair Value Option			
(amortized cost \$11,228 as of September 30, 2024, \$10,380 as of June 30, 2024)		11,317	 10,378
Total debt securities		12,109	 11,189
Total carrying value of investments	\$	61,648	\$ 58,747

a Includes \$5 million and \$3 million for September 30, 2024 and June 30, 2024 of equity investments primarily accounted for under the cost recovery method. As the recovery of invested capital is uncertain, the fair value measurement is not applicable to these investments.

Reconciliation of total disbursed portfolio to carrying value of investments is as follows:

## Table D2: Reconciliation of total disbursed portfolio to carrying value

(US\$ in millions)		September	eptember 30, 2024 June 30, 2024					
Sector	Loans	Equity investments	Debt securities	Total	Loans	Equity investments	Debt securities	Total
Total disbursed investment portfolio	\$ 39,427	\$ 11,036	\$ 12,047	\$62,510	\$ 37,726	\$ 10,910	\$ 11,221	\$ 59,857
Reserve against losses on loans and debt securities	(1,136)	_	(32)	(1,168)	(1,081)	_	(34)	(1,115)
Unamortized deferred loan origination fees, net and other	(150)	_	_	(150)	(146)	_	_	(146)
Disbursed amount allocated to a related financial instrument reported separately in other assets or derivative assets	_	(19)	_	(19)	_	(19)	_	(19)
Unrealized (losses) on equity investments held by consolidated VIEs	_	(4)	_	(4)	_	(4)	_	(4)
Unrealized gains (losses) on investments accounted for at fair value as available-for-sale	_	_	5	5	_	_	4	4
Unrealized (losses) gains on investments accounted for under the Fair Value Option	(55)	440	89	474	(62)	234	(2)	170
Carrying value of investments	\$ 38,086	\$ 11,453	\$ 12,109	\$61,648	\$ 36,437	\$ 11,121	\$ 11,189	\$ 58,747

### Loans

Income from loans and guarantees, including realized gains and losses on loans and associated derivatives for the three months ended September 30, 2024 and September 30, 2023 comprise the following:

### Table E1: Income from loans and guarantees

## NOTE E - LOANS AND GUARANTEES (continued)

	F	For the three months ended							
(US\$ in millions)	Septemb	er 30, 2024	Septemb	er 30, 2023					
Interest income	\$	812	\$	705					
Commitment fees		13		11					
Guarantee fees		37		29					
Other financial fees		1		_					
Realized losses on loans, guarantees and associated derivatives		(1)		(1)					
Income from loans and guarantees, including realized gains on loans and associated derivatives	\$	862	\$	744					

## Reserve against losses on loans and provision for losses on loans

Reserve against losses on loans as of September 30, 2024 reflects credit risk assessments as of that date. The assessment of the level of reserve against losses carried a heightened degree of judgment. As of September 30, 2024 and June 30, 2024, a \$25 million qualitative overlay for reserve against losses on loans and guarantees was applied.

Changes in the reserve against losses on loans disbursed and loans committed but not disbursed for the three months ended September 30, 2024 and September 30, 2023, as well as the related loans at amortized cost evaluated for impairment individually and on a pool basis (portfolio reserve) respectively, are summarized below:

## Table E2: Changes in the reserve against losses on loans disbursed and loans committed but not disbursed

	For the three months ended September 30, 2024											
		Loans Disbursed						Loans		nmitted bursed	but not	
_(US\$ in millions)	Individual reserve			Portfolio reserve		Total serve	Individual reserve		Portfolio reserve		Total reserve	
Beginning balance	\$	280	\$	801	\$	1,081	\$	_	\$	188	\$	188
(Release of provision) provision for losses		(20)		9		(11)		_		8		8
Write-offs		(23)		_		(23)		_		_		
Foreign currency transaction adjustments		3		9		12		_		2		2
Other adjustments <sup>a</sup>		16		61		77		—		29		29
Ending balance	\$	256	\$	880	\$	1,136	\$	_	\$	227	\$	227
Total disbursed loans at September 30, 2024	\$	1,117	\$3	6,397	\$ 3	37,514						
Loans committed but not disbursed at September 30, 2024							\$	8	\$	9,505	\$	9,513
Unamortized deferred loan origination fees, net and other						(150)						
Loans at amortized cost					\$	37,364						

a Other adjustments include items such as a reserve against interest capitalized and an adjustment for separately recording freestanding credit enhancements as recovery assets, which includes adjustments to individual and portfolio reserves for loans disbursed amounting to \$1 million and \$62 million, respectively, and \$29 million to portfolio reserve for loans committed but not disbursed.

## NOTE E - LOANS AND GUARANTEES (continued)

Table E2.1:

	For the three months ended September 30, 2023											
		Lo		Loans Committed b Disbursed				but	not			
(US\$ in millions)	Individual reserve			Portfolio reserve		Total eserve	Individual reserve		Portfolio reserve			Total eserve
Beginning balance	\$	366	\$	843	\$	1,209	\$	1	\$	169	\$	170
(Release of provision) provision for losses		(4)		41		37		—		(10)		(10)
Write-offs		(1)		_		(1)		_		_		_
Recoveries of previously written-off loans		1		_		1				_		_
Foreign currency transaction adjustments		(1)		(4)		(5)		—		(1)		(1)
Other adjustments <sup>a</sup>		(2)		(5)		(7)		—		—		—
Ending balance	\$	359	\$	875	\$	1,234	\$	1	\$	158	\$	159
Total disbursed loans at September 30, 2023	\$	1,102	\$3	1,513	\$ 3	32,615						
Loans committed but not disbursed at September 30, 2023							\$	46	\$	6,400	\$	6,446
Unamortized deferred loan origination fees, net and other						(131)						
Loans at amortized cost					\$	32,484						

a Other adjustments comprise reserve against interest capitalized.

## Reserve for losses and provision for losses on off-balance sheet guarantee exposures, and other receivables

Changes in the reserve against losses (liability) on off-balance sheet guarantee exposures for the three months ended September 30, 2024 and September 30, 2023, are summarized below:

### Table E3: Changes in the reserve against losses on off-balance sheet guarantee exposures and other receivables

	For the three months ended										
		ember 30, 2024	Sep	otember 30, 2023	Se	ptember 30, So 2024	eptember 30, 2023				
(US\$ in millions)	Outstanding Guarantees <sup>a</sup>					Issued Guara	antees <sup>a</sup>				
Beginning balance	\$ 19 \$ 15 \$					17 \$	13				
Provision (release of provision) for losses on off-balance sheet credit exposure		9		(1)		(3)	(2)				
Foreign currency transaction adjustments		1		_		—					
Other adjustments <sup>b</sup>		7		_		6					
Ending balance	\$	36	\$	14	\$	20 \$	11				

a Guarantees are considered issued when IFC commits to the guarantee obligation. Guarantees are considered outstanding when the underlying financial obligation of the client is incurred.

b Other adjustments include to adjustment for separately recording freestanding credit enhancements as a recovery asset of \$6 million for outstanding guarantees and \$5 million for issued guarantees.

Reserve against losses on other receivables at September 30, 2024 was \$0.2 million and there were no reserves against losses on other receivables at June 30, 2024. The outstanding balance of other receivables is \$19 million at September 30, 2024, compared to \$10 million at June 30, 2024.

### Accrued Interest

The accrued interest balances are \$940 million and \$658 million, as of September 30, 2024 and June 30, 2024, respectively, and are reported within receivables and other assets on the condensed consolidated balance sheets.

Accrued interest is written off by reversing interest income during the quarter the financial asset is moved from an accrual to a nonaccrual status. For the three months ended September 30, 2024 and September 30, 2023, \$3 million and \$1 million of accrued interest receivables were written off, respectively. Accrued interest receivable is excluded from the amortized cost basis for disclosure purposes.

## NOTE E - LOANS AND GUARANTEES (continued)

### Nonaccruing loans

Loans on which the accrual of interest has been discontinued amounted to \$747 million as of September 30, 2024 (\$845 million as of June 30, 2024). The interest income on such loans for the three months ended September 30, 2024 and September 30, 2023 are summarized as follows:

## Table E4: Interest income on Nonaccruing loans

	For the	three	months ended		
(US\$ in millions)	September 30,	2024	September 30	), 2023	
Interest income not recognized on nonaccruing loans	\$	29	\$	36	
Interest income recognized on loans in nonaccrual status related to current and prior years, on cash basis		6		11	

The amortized cost in nonaccruing loans at September 30, 2024 and June 30, 2024 is summarized by geographic region and industry sector as follows:

## Table E5: Nonaccruing loans

	September 30, 2024										
(US\$ in millions)	Manufacturing, agribusiness and services			Financial markets	and r	ructure atural urces		iptive blogies funds	Total non- accruing loan at amortized cost <sup>a</sup>		
Africa	\$1	47	\$		\$	163	\$	12	\$	322	
Asia and Pacific		47		4		51		1		103	
Latin America and the Caribbean, and Europe	1	83		43		47		6		279	
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan		90		39		29		_		158	
Total disbursed loans <sup>b</sup>	\$ 4	67	\$	86	\$	290	\$	19	\$	862	

### Table E5.1:

	June 30, 2024										
(US\$ in millions)	Manufacturing, agribusiness and services			inancial narkets	a	frastructure and natural resources	techn	uptive ologies funds	Total non- accruing loans at amortized cost <sup>a</sup>		
Africa	\$	128	\$	_	\$	159	\$	9	\$	296	
Asia and Pacific		50		5		6		1		62	
Latin America and the Caribbean, and Europe		186		15		114		6		321	
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan		87		39		93		_		219	
Total disbursed loans <sup>b</sup>	\$	451	\$	59	\$	372	\$	16	\$	898	

a Includes all components of amortized cost except unamortized fees which are considered insignificant.

b Includes \$115 million reported as debt securities and \$83 million reported as loans under Fair Value Option on the Balance Sheets as of September 30, 2024 (\$53 million Debt securities and \$126 million Fair Value Option loans – June 30, 2024).

# NOTE E - LOANS AND GUARANTEES (continued)

## Past due loans

IFC considers a loan past due when payments have not been made according to its contractual terms. An age analysis, based on contractual terms, of IFC's loans at amortized cost by geographic region and industry sector follows:

## Table E6: Age analysis

	September 30, 2024									
(US\$ in millions)	Current	1-30 Days past due	31-60 days past due	61-90 days past due	Greater than 90 days past due	Total loans				
Africa										
Manufacturing, agribusiness and services	\$ 2,180	\$ 213	\$ —	\$ 16	\$ 68	\$ 2,477				
Financial markets	3,767	28	—	—	—	3,795				
Infrastructure and natural resources	2,094	2	_	_	91	2,187				
Disruptive technologies and funds					4	4				
Total Africa	8,041	243		16	163	8,463				
Asia and Pacific										
Manufacturing, agribusiness and services	3,122	56	—	—	33	3,211				
Financial markets	5,645	—	—	—	—	5,645				
Infrastructure and natural resources	1,655				6	1,661				
Total Asia and Pacific	10,422	56	—	—	39	10,517				
Latin America and the Caribbean, and Europe										
Manufacturing, agribusiness and services	5,148	3	—	—	76	5,227				
Financial markets	4,817	—	—	—	6	4,823				
Infrastructure and natural resources	2,096	76	_	27	22	2,221				
Disruptive technologies and funds	17					17				
Total Latin America and the Caribbean, and Europe	12,078	79	—	27	104	12,288				
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan										
Manufacturing, agribusiness and services	1,769	—	84	77	12	1,942				
Financial markets	1,252	—	—	—	21	1,273				
Infrastructure and natural resources	1,183	6			29	1,218				
Total Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan	4,204	6	84	77	62	4,433				
Other										
Manufacturing, agribusiness and services	406	1	5			412				
Financial markets	1,210	—	—	—		1,210				
Infrastructure and natural resources	191					191				
Total Other	1,807	1	5	—	—	1,813				
Total disbursed loans	\$ 36,552	\$ 385	\$ 89	\$ 120	\$ 368	\$ 37,514				
Unamortized deferred loan origination fees, net and other						(150)				
Loans at amortized cost						\$ 37,364				

## NOTE E - LOANS AND GUARANTEES (continued)

Table E6.1:

	June 30, 2024 Greater 1-30 31-60 61-90 than 90											
US\$ in millions)	Current	Da	-30 ays t due	31-60 days past due		than 90	Total loans					
frica												
Manufacturing, agribusiness and services	\$ 1,870	\$	278	\$ —	\$ —	\$ 49	\$ 2,197					
Financial markets	3,214		365	—			3,579					
Infrastructure and natural resources	1,821		82	—	—	91	1,994					
Disruptive technologies and funds						4	4					
otal Africa	6,905		725	_	_	144	7,774					
sia and Pacific												
Manufacturing, agribusiness and services	2,801		121	_	_	20	2,942					
Financial markets	5,395		1	_	_	4	5,400					
Infrastructure and natural resources	1,525		18	48			1,591					
otal Asia and Pacific	9,721		140	48		24	9,933					
atin America and the Caribbean, and Europe												
Manufacturing, agribusiness and services	4,823		12		25	79	4,939					
Financial markets	4,567		64	_	_	8	4,639					
Infrastructure and natural resources	2,252		14	15	_	21	2,302					
Disruptive technologies and funds	17		_				17					
otal Latin America and the Caribbean, and Europe	11,659		90	15	25	108	11,897					
liddle East, Central Asia, Türkiye, Pakistan, and Afghanistan												
Manufacturing, agribusiness and services	1,768		87	—	_	11	1,866					
Financial markets	1,010		236	_	_	20	1,266					
Infrastructure and natural resources	1,074		161	_	_	30	1,265					
otal Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan	3,852		484	_		61	4,397					
Other												
Manufacturing, agribusiness and services	488		2	_			490					
Financial markets	1,201		—	—			1,201					
Infrastructure and natural resources	183						183					
otal Other	1,872		2	_			1,874					
otal disbursed loans	\$ 34,009	<b>\$</b> 1	1,441	\$ 63	\$ 25	\$ 337	\$ 35,875					
Inamortized deferred loan origination fees, net and other	· · · ·		<u>.</u>				(146)					
oans at amortized cost							\$ 35,729					

Certain loans that are 90 days or more past due continue to accrue interest as management anticipates the collection of interest will occur in the near future. There were no such loans as of September 30, 2024 (\$2 million as of June 30, 2024).

## NOTE E – LOANS AND GUARANTEES (continued)

## Loan Credit Quality Indicators

IFC utilizes a rating system to classify loans according to credit worthiness and risk. A description of each credit rating and categorization in terms of the attributes of the borrower, the business environment in which the borrower operates or the loan itself under the rating system follows:

## **Table E7: Credit Quality Indicators**

Credit Risk Rating	Indicative External Rating	Category	Description
CR-1	AAA, AA+, AA, AA-	Very Strong	An obligor rated CR-1 is the highest rating assigned by IFC. The obligor's ability to meet its financial obligations is very strong.
CR-2	A+, A, A-	Strong	An obligor rated CR-2 is slightly more susceptible to the negative effects of changes in circumstances and economic conditions than obligors rated CR-1. The obligor's ability to meet its financial obligations remains strong.
CR-3	BBB+		An obligor rated CR-3 exhibits an adequate financial profile, even though at a weaker level than "CR-1" and "CR-2".
CR-4	BBB	Adequate	An obligor rated CR-4 exhibits an adequate financial profile. However, adverse economic conditions or changing circumstances are more likely to lead to a deterioration of the obligor's ability to meet its financial obligations.
CR-5	BBB-		An obligor rated CR-5, as the lowest of the investment grade ratings, exhibits an adequate financial profile. However, adverse economic conditions and/or changing circumstances are more likely to lead to a weaker financial profile and a deterioration of the obligor's ability to meet its financial obligations.
CR-6	BB+		An obligor rated CR-6, as the first non-investment grade rating, is less vulnerable to default than other non-investment obligors.
CR-7	BB	Moderate	An obligor rated CR-7 can face major uncertainties. Exposure to negative business, financial, or economic conditions could lead to the obligor's insufficient financial profile and a deterioration of the obligor's ability to meet its financial obligations.
CR-8	BB-		An obligor rated CR-8 faces major ongoing uncertainties. Exposure to negative business, financial, or economic conditions could lead to the obligor's insufficient financial profile and a deterioration of the obligor's ability to meet its financial obligations.
CR-9	B+		An obligor rated CR-9 is less vulnerable to default than obligors rated 'CR-10' or 'CR-11'. Significantly negative business, financial, or economic conditions will likely weaken the obligor's financial profile and ability to meet its financial obligations.
CR-10	В	Weak	An obligor rated CR-10 is more vulnerable to default than obligors rated 'CR-9' but the obligor still has the capacity to meet its financial obligations. Negative business, financial, or economic conditions will likely weaken the obligor's financial profile and ability to meet its financial obligations.
CR-11	B-		An obligor rated CR-11 is more vulnerable to default than obligors rated 'CR-9' or 'CR-10'. The obligor still has the capacity to meet its obligations but slightly negative business, financial, or economic conditions are more likely to weaken the obligor's financial profile and ability to meet its financial obligations than a company rated CR-10.
CR-12	CCC+	Very Weak/ Special Attention	An obligor rated CR-12 faces significant challenges. While such obligors will likely have some positive characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. The obligor is dependent upon favorable business, financial, and economic conditions to meet its financial obligations.
CR-13	ссс	Very Weak/ Substandard	An obligor rated CR-13 is currently vulnerable to default, and is dependent upon significantly favorable business, financial, and economic conditions to meet its financial obligations. In the event of negative business, financial, or economic conditions, the obligor is not likely to meet its financial obligations and rescheduling and/or restructuring is likely to be required.
CR-14	CCC-	Extremely Weak/Doubtful	An obligor rated CR-14 is highly vulnerable to default. It is highly likely that a rescheduling and/or restructuring are required without which a default under IFC's accounting definition would ensue. In some cases, even though default has not occurred yet, cash flow may be insufficient to service debt in full.
CR-15	Worse than CCC- and D	Imminent Default /Default	An obligor rated CR-15 is currently extremely vulnerable to nonpayment and there are indications that the next payment will not be made before meeting IFC's accounting definition of default.
D			An obligor rated D is in payment default according to IFC's definition of default.

## NOTE E - LOANS AND GUARANTEES (continued)

The following table presents the loans disbursed by credit quality indicator based on risk rating and origination year as of September 30, 2024 and June 30, 2024 and gross write-offs for the three months ended September 30, 2024 and year ended June 30, 2024. The origination year is based on the commitment date that represents the date that the decision was made to extend credit and IFC entered into a legally binding agreement with the borrower. All subsequent loan disbursements, as well as loan modifications, extensions, and renewals for an associated loan commitment are reported based on the original commitment date:

### Table E8: Loans disbursed by credit quality indicator based on risk rating and origination year and gross write-offs

		September 30, 2024									
(US\$ in millions)				Loans at	t Amortize	d cost basis	s by Risk cla	ass			
Originated during the year ended June 30,	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak/ Special Attention	Very Weak/ Sub- standard	Extremely Weak/ Doubtful	lmminent Default/ Default	Total Contracts	Gross write- offs
2025	\$ —	\$ —	\$ 350	\$ 566	\$2	\$ 95	\$ —	\$ —	\$ —	\$ 1,013	\$ —
2024	—	223	3,566	4,119	1,508	84	20	22	9	9,551	—
2023	_	61	2,205	3,685	2,326	118	10	121	—	8,526	—
2022	_	378	1,525	1,922	1,237	147	40	33	98	5,380	_
2021	—	_	1,166	1,669	847	120	12	_	8	3,822	_
Prior	135	191	1,794	1,636	2,625	553	271	245	386	7,836	23
Total	\$ 135	\$ 853	\$10,606	\$13,597	\$8,545	\$ 1,117	\$ 353	\$ 421	\$ 501	\$36,128	\$ 23
Revolving loans	_		_	1,244	53	30	_		9	1,336	_
Revolving Contracts Converted to Term Contracts	_		16	_	34	_	_	_	_	50	_
Total disbursed loans	\$ 135	\$ 853	\$10,622	\$14,841	\$8,632	\$ 1,147	\$ 353	\$ 421	\$ 510	\$37,514	\$ 23
Unamortized deferred loan	originatio	n fees,	net and oth	er						(150)	
Loans at amortized cost										\$37,364	

#### Table E8.1:

		June 30, 2024										
(US\$ in millions)				Loans at	t Amortize	d cost basis	s by F	lisk cla	ISS			
Originated during the year ended June 30,	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak/ Special Attention	We S	ery eak/ ub- ndard	Extremely Weak/ Doubtful	Imminent Default/ Default	Total Contracts	Gross write- offs
2024	\$ —	\$ 119	\$ 3,519	\$ 2,785	\$1,409	\$ 147	\$	20	\$ 22	\$9	\$ 8,030	\$ —
2023	—	460	2,161	3,306	2,127	110		6	123	—	8,293	_
2022	—	356	1,423	2,049	1,270	225		_	31	98	5,452	36
2021	—		1,286	1,878	944	8		13	—	8	4,137	_
2020	69	_	911	897	393	209		77	161	9	2,726	1
Prior	66	158	1,146	1,018	2,351	388		189	97	449	5,862	58
Total	\$ 135	\$1,093	\$10,446	\$11,933	\$8,494	\$ 1,087	\$	305	\$ 434	\$ 573	\$34,500	\$ 95
Revolving Loans	_		_	1,222	55	30		—		12	1,319	_
Revolving Contracts Converted to Term Contracts	_	_	22	_	34	_			_	_	56	_
Total disbursed loans	\$ 135	\$1,093	\$10,468	\$13,155	\$8,583	\$ 1,117	\$	305	\$ 434	\$ 585	\$35,875	\$95
Unamortized deferred loan	originati	on fees,	net and oth	er							(146)	
Loans at amortized cost											\$35,729	

## NOTE E – LOANS AND GUARANTEES (continued)

Following is a summary of IFC's loans at amortized cost by credit quality indicator, geographic region, and industry sector, effective September 30, 2024 and June 30, 2024 respectively:

## Table E9: Loans at amortized cost by credit quality indicator by geographic region

					Septe	mber 30,	2024			
(US\$ in millions)	Very Strong	Strong	Adequate	Moderate	Very Weak/ Substandard	Extremely Weak/ Doubtful	Imminent Default/ Default	Total		
Geographic Region										
Africa	\$ —	\$ 35	\$ 784	\$ 2,964	\$3,489	\$ 620	\$ 193	\$ 217	\$ 161	\$8,463
Asia and Pacific	72	643	4,597	2,885	2,223	22	34	2	39	10,517
Latin America and the Caribbean, and Europe	_	55	4,315	5,699	1,517	248	86	197	171	12,288
Middle East, Central Asia, Türkiye, Pakistan, and										
Afghanistan	—	19	214	2,357	1,402	257	40	5	139	4,433
Other	63	101	712	936	1					1,813
Total geographic region	\$ 135	\$ 853	\$ 10,622	\$14,841	\$8,632	\$ 1,147	\$ 353	\$ 421	\$ 510	\$37,514
Unamortized deferred loan ori	gination f	ees, net	and other							(150)
Loans at amortized cost										\$37,364

## Table E9.1:

		June 30, 2024														
(US\$ in millions)		/ery rong	Stro	ng	Adequate	Moderate	Weak	S	Very Weak/ Special ttention		ry Weak/ ostandard	V	remely /eak/ pubtful	D	minent efault/ efault	Total
Geographic Region																
Africa	\$	—	\$	7	\$ 638	\$ 2,470	\$3,564	\$	534	\$	181	\$	219	\$	161	\$7,774
Asia and Pacific		69	5	20	4,229	2,844	2,163		62		0		3		43	9,933
Latin America and the Caribbean, and Europe				55	5,031	4,757	1,318		264		85		207		180	11,897
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan		_		19	225	2,113	1,538		257		39		5		201	4,397
Other		66	4	92	345	971	_		_		_		_		—	1,874
Total geographic region	\$	135	\$1,0	93	\$10,468	\$13,155	\$8,583	\$	1,117	\$	305	\$	434	\$	585	\$35,875
Unamortized deferred loan ori	ginat	ion fe	es, ne	et ai	nd other			_								(146)
Loans at amortized cost																\$35,729

## NOTE E - LOANS AND GUARANTEES (continued)

## Table E10: Loans at amortized cost by credit quality indicator by Industry sector

					Septe	mber 30, 2	2024			
_(US\$ in millions)	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak/ Special Attention	Very Weak/ Substandard	Extremely Weak/ Doubtful	Imminent Default/ Default	Total
Industry Sector										
Manufacturing, agribusiness and services	\$ 135	\$ 414	\$ 3,992	\$ 5,959	\$1,903	\$ 417	\$67	\$73	\$ 309	\$13,269
Financial markets	—	355	4,903	7,242	4,080	70	42	23	31	16,746
Infrastructure and natural resources		84	1,727	1,640	2,649	660	227	325	166	7,478
Disruptive technologies and funds							17		4	21
Total industry sector	\$ 135	\$ 853	\$ 10,622	\$14,841	\$8,632	\$ 1,147	\$ 353	\$ 421	\$ 510	\$37,514
Unamortized deferred loan orig	gination fe	es, net a	and other							(150)
Loans at amortized cost										\$37,364

#### Loans at amortized cost

#### Table E10.1:

		June 30, 2024												
(US\$ in millions)	Very Strong	Strong	Adequate	Moderate	Extremely Weak/ Doubtful	Imminent Default/ Default	Total							
Industry Sector														
Manufacturing, agribusiness and services	\$ 135	\$ 301	\$ 3,973	\$ 5,467	\$1,725	\$ 370	\$ 64	\$88	\$ 311	\$12,434				
Financial markets	—	737	4,800	6,205	4,146	92	39	25	41	16,085				
Infrastructure and natural resources	_	55	1,695	1,483	2,712	655	185	321	229	7,335				
Disruptive technologies and funds							17		4	21				
Total industry sector	\$ 135	\$1,093	\$ 10,468	\$ 13,155	\$8,583	\$ 1,117	\$ 305	\$ 434	\$ 585	\$35,875				
Unamortized deferred loan o	rigination	fees, net	and other							(146)				
Loans at amortized cost										\$35,729				

### Modifications to Borrowers Experiencing Financial Difficulties

Loans are modified through changes in interest rates, repayment schedules, and maturity date, in addition to reductions of loan principal and waiver of accrued interest.

Modifications to borrowers experiencing financial difficulties disclosures do not include loan modifications and the effects related to suspension and standstill agreements where principal and interest payments are temporarily suspended. As of September 30, 2024 amortized cost of these loans amounted to \$7 million (\$0 as of September 30, 2023).

For loans at amortized cost, the following table presents information related to modifications for borrowers experiencing financial difficulties, per major modification types (including interest rate reduction, other-than-insignificant payment delay, principal forgiveness, and term extension or a combination of these modifications), by geographic region and industry sector during the three months ended September 30, 2024 and September 30, 2023.

## NOTE E - LOANS AND GUARANTEES (continued)

## Table E11: Modifications to borrowers experiencing financial difficulties

	For the three months ended September 30, 2024											
(US\$ in millions)	Interest Rate Reduction, Term Extension and Payment Delay	Principal Forgiveness	Total Loan Modification <sup>a</sup>	% of total loans	Total loans by region and industry							
Asia and Pacific												
Manufacturing, agribusiness and services	\$ —	\$ 4	\$ 4	0.1 %	\$ 3,211							
Total Asia and Pacific		4	4		10,517							
Latin America and the Caribbean, and Europe												
Manufacturing, agribusiness and services	9		9	0.2	5,227							
Total Latin America and the Caribbean, and Europe	9		9	0.1	12,288							
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan												
Financial markets		9	9	0.7	1,273							
Total Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan		9	9	0.2	4,433							
Total disbursed loans	\$9	\$ 13	\$ 22	0.1 %	\$ 37,514							

## Table E11.1:

	For the three months ended September 30, 2023												
(US\$ in millions)	Term Extension Payment and Payment Total Loan % b Delay Delay Modification <sup>a</sup> of total loans								otal loans region and industry				
Africa													
Manufacturing, agribusiness and services	\$	9	\$	5	\$	14	0.7 %	\$	2,072				
Total Africa		9		5		14	0.2		7,276				
Latin America and the Caribbean, and Europe													
Manufacturing, agribusiness and services		9		—		9	0.2		4,107				
Total Latin America and the Caribbean, and Europe		9				9	0.1		10,169				
Total disbursed loans	\$	18	\$	5	\$	23	0.1 %	\$	32,615				

a Includes all components of amortized cost except unamortized fees which are considered insignificant.

## NOTE E – LOANS AND GUARANTEES (continued)

The following table summarizes the financial effect of loan modifications for borrowers experiencing financial difficulty by geographic region and industry sector for the three months ended September 30, 2024 and September 30, 2023.

## Table E12: Financial effect of loan modifications to borrowers experiencing financial difficulties

	For the three months ended September 30, 2024											
	Interest Rate Reduction	Term Extension	Principal Forgiveness		n Insignificant ent Delay							
(US\$ in millions)	Weighted Average Interest Rate Reduction %	Weighted Average Months Extended	Principal Forgiven	Amount Delayed	Weighted Average Months Delayed							
Asia and Pacific												
Manufacturing, agribusiness and services	— %		\$2	\$ —	\$ —							
Total Asia and Pacific			2									
Latin America and the Caribbean, and Europe												
Manufacturing, agribusiness and services	4	62	—	9	66							
Total Latin America and the Caribbean, and Europe	4	62		9	66							
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan												
Financial markets	—		39		_							
Total Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan			39									
Total disbursed loans	4 %	62	\$ 41	\$ 9	66							

## Table E12.1:

For the three months ended September 30, 2023

	Term Extension	Ot	ther than Insign Dela	ficant Payment ay	
(US\$ in millions)	Weighted Average Month Extended		Amount Delayed	Weighted Average Months Delayed	
Africa					
Manufacturing, agribusiness and services	106	\$	12	27	
Total Africa	106		12	27	
Latin America and the Caribbean, and Europe					
Manufacturing, agribusiness and services			4	17	
Total Latin America and the Caribbean, and Europe			4	17	
Total disbursed loans	106	\$	16	44	

For loans at amortized cost, the following table presents an aging analysis of loan modifications for borrowers experiencing financial difficulty made during the twelve months preceding September 30, 2024 and from July 1, 2023 (adoption of ASU 2022-02) through September 30, 2023, presented by geographic region and industry sector.

## NOTE E – LOANS AND GUARANTEES (continued)

## Table E13: Aging analysis of loan modifications to borrowers experiencing financial difficulty

	September 30, 2024											
(US\$ in millions)	Cu	ırrent	Up to 30 days past due	31 - 60 days pas due	st 6	1-90 days past due	Greater than 90 days past due	Total <sup>a</sup>				
Africa												
Manufacturing, agribusiness and services	\$	6	\$1	\$-	- \$	_	\$6	\$ ´	13			
Infrastructure and natural resources		31							31			
Total Africa		37	1	-	_		6		44			
Asia and Pacific												
Manufacturing, agribusiness and services		4	—	-	_		11		15			
Infrastructure and natural resources		6		-					6			
Total Asia and Pacific		10		-		_	11	2	21			
Latin America and the Caribbean, and Europe												
Manufacturing, agribusiness and services		82	—	-	_		15	ę	97			
Financial markets		_		-	_	_	3		3			
Infrastructure and natural resources		99		-			—	(	99			
Total Latin America and the Caribbean, and Europe		181				_	18	19	99			
Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan									_			
Financial markets		9			_	_	—		9			
Infrastructure and natural resources		61		-	_		25	{	86			
Total Middle East, Central Asia, Türkiye, Pakistan, and Afghanistan		70			_		25	ļ	95			
Total disbursed loans	\$	298	\$ 1	\$	\$		\$ 60	\$ 3!	59			

## Table E13.1:

	September 30, 2023													
(US\$ in millions)	Cı	urrent	Up to 30 days past due		31 - 60 days past due		61-90 days past due		Greater than 90 days past due		То	tal <sup>a</sup>		
Africa														
Manufacturing, agribusiness and services	\$	14	\$		\$		\$		\$	—	\$	14		
Total Africa		14										14		
Latin America and the Caribbean, and Europe														
Manufacturing, agribusiness and services		9		_		_		_		—		9		
Total Latin America and the Caribbean, and Europe		9	-	_				_		_		9		
Total disbursed loans	\$	23	\$		\$	_	\$		\$		\$	23		

a Includes all components of amortized cost except unamortized fees which are considered insignificant.

The following table presents loans that had a payment default during the three months ended September 30, 2024 after they had been modified to borrowers experiencing financial difficulty within the twelve months preceding the payment default date. There were no such loans during the three months ended September 30, 2023. Payment default is defined as loans that are 60 or more days past due at September 30, 2024 and September 30, 2023.

## NOTE E – LOANS AND GUARANTEES (continued)

## Table E14: Loan modifications to borrowers experiencing financial difficulty that had payment default

	For the three	e mo	onths ended Se	pte	ember 30, 2024	
(US\$ in millions)	Payment D	elay	Term Extension and Payment Delay	d	Total Loan Modification <sup>a</sup>	-
Africa						
Manufacturing, agribusiness and services	\$		\$	3	\$ 3	
Total Africa		_		3	3	
Asia and Pacific						-
Manufacturing, agribusiness and services		11		_	11	
Total Asia and Pacific		11		_	11	_
Latin America and the Caribbean, and Europe						
Financial markets		—		4	4	
Total Latin America and the Caribbean, and Europe				4	4	
Total disbursed loans	\$	11	\$	7	\$ 18	

a Includes all components of amortized cost except unamortized fees which are considered insignificant.

### **Collateral-Dependent Loans**

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The following tables summarize the amortized cost of collateral dependent loans by collateral type, geographic region and industry sector as of September 30, 2024 and June 30, 2024 respectively:

## Table E15: Collateral dependent loans<sup>a</sup> by Geographic region

		Sep	tem	nber 30, 202	<u>2</u> 4					
(US\$ in millions)	Prop Land Equi		Others		Total		Total			
Geographic Region										
Africa	\$	1	\$	_	\$	1	\$ 1		\$	1
Asia and Pacific		11		_		11	11			11
Latin America and the Caribbean, and Europe		6		_		6	7	5		12
Total	\$	18	\$		\$	18	\$ 19	\$5	\$	24

## Table E16:Collateral dependent loans<sup>a</sup> by Industry region

		September 30, 2024							June 30,2024					
	Property, Land and						Property, Land and							
(US\$ in millions)	Equip	ment		Others		Total	E	quipment	Ot	hers		Total		
Industry Sector														
Manufacturing, agribusiness and services	\$	14	\$	—	\$	14	\$	15			\$	15		
Financial markets				—		_		_		5		5		
Infrastructure and natural resources		4		_		4		4				4		
Total	\$	18	\$		\$	18	\$	19	\$	5	\$	24		

a Includes all components of amortized cost except unamortized fees which are considered insignificant.

## NOTE E – LOANS AND GUARANTEES (continued)

### Guarantees

IFC extends financial guarantee facilities to its clients to provide full or partial credit enhancement for their debt securities and trade obligations. Under the terms of IFC's guarantees, IFC agrees to assume responsibility for the client's financial obligations in the event of default by the client, where default is defined as failure to pay when payment is due. Guarantees entered into by IFC generally have maturities consistent with those of the loan portfolio. Guarantees signed as of September 30, 2024 totaled \$6.3 billion (\$6.3 billion – June 30, 2024). Guarantees of \$5.3 billion were outstanding (i.e., not called) at September 30, 2024 (\$4.8 billion – June 30, 2024). These amounts represent the maximum amount of undiscounted future payments that IFC could be required to make under these guarantees and are not included in IFC's consolidated balance sheets.

## NOTE F – DEBT SECURITIES

Income from debt securities, including net realized gains on debt securities and associated derivatives for the three months ended September 30, 2024 and September 30, 2023 comprise the following:

### Table F1: Income from Debt Securities

	For the three months ended				
(US\$ in millions)	Septem	ber 30, 2024	Sept	ember 30, 2023	
Interest income	\$	216	\$	184	
Dividends		—		—	
Net realized gains on debt securities and associated derivatives <sup>a</sup>		—		16	
Total income from debt securities, including realized gains on debt securities and associated derivatives	\$	216	\$	200	

a Includes realized losses and gains on debt securities under the Fair Value Option (\$5 million losses and \$0 for the three months ended September 30, 2024 and September 30, 2023, respectively).

Debt securities accounted for as available-for-sale as of September 30, 2024 and June 30, 2024 comprise:

### Table F2: Debt securities – available-for-sale

		September 30, 2024									
(US\$ in millions)	_	Amortized cost	Unrealized gains <sup>a</sup>		Unrealized losses <sup>a</sup>	Reserve for credit losses	Fair value				
Corporate debt securities		\$ 837	\$	8	\$ (108)	\$ (22)	\$ 715				
Preferred shares		28		1	(2)	(10)	17				
Asset-backed securities		60		2	(2)	—	60				
Total		\$ 925	\$1	1	\$ (112)	\$ (32)	\$ 792				

a Includes net foreign exchange losses of \$105 million as of September 30, 2024.

### Table F2.1:

	June 30, 2024									
(US\$ in millions)		nortized cost		realized ains <sup>a</sup>	-	nrealized losses <sup>a</sup>	Reserve for credit losses	Fair val	lue	
Corporate debt securities	\$	839	\$	1	\$	(118)	\$ (24)	\$	698	
Preferred shares		28		1		(2)	(10)		17	
Asset-backed securities		95		3		(2)			96	
Total	\$	962	\$	5	\$	(122)	\$ (34)	\$	811	

a Includes net foreign exchange losses of \$121 million as of June 30, 2024.

The table below presents the amortized cost, unrealized losses, and fair value of available-for-sale debt securities that are in an unrealized loss position without credit losses aggregated by major security type as of September 30, 2024 and June 30, 2024. The reserve for credit losses is not included herein and is presented separately in the reserve for credit losses on debt securities roll-forward table.

## NOTE F - DEBT SECURITIES (continued)

# Table F3: Amortized cost, unrealized losses, and fair value of available-for-sale debt securities – in an unrealized loss position without credit losses

	September 30, 2024								June 30, 2024						
(US\$ in millions)		ortized osts	Unrealized Losses <sup>a</sup> Fair v		value	Amortized e Costs		Unrealized Losses <sup>a</sup>		Fai	r value				
Corporate debt securities	\$	560	\$	(102)	\$	458	\$	560	\$	(110)	\$	450			
Preferred shares		9		(2)		7		10		(2)		8			
Asset-backed securities		9		(2)		7		10		(2)		8			
Total	\$	578	\$	(106)	\$	472	\$	580	\$	(114)	\$	466			

a Includes net foreign exchange losses of \$110 million as of September 30, 2024 and \$118 million as of June 30, 2024.

The following table shows the unrealized losses and fair value of available-for-sale debt securities as of September 30, 2024 and June 30, 2024 by length of time that individual securities had been in a continuous loss position where the fair value of securities declined below their cost basis:

### Table F4: Unrealized losses and fair value of available-for-sale debt securities - by length of time

	September 30, 2024											
	Less than 12 months				12 months or greater					Total		
(US\$ in millions)	Fair U value			realized losses		Fair value	Unrealized losses		Fair value			nrealized losses
Corporate debt securities	\$	—	\$	—	\$	458	\$	(102)	\$	458	\$	(102)
Preferred shares		—		—		7		(2)		7		(2)
Asset-backed securities						7		(2)		7		(2)
Total	\$		\$	_	\$	472	\$	(106)	\$	472	\$	(106)

### Table F4.1:

	June 30, 2024											
	Less than 12 months 12 mo					12 months	or	greater	Total			
(US\$ in millions)	Fair Unrealized value losses			Fair Unrealized value losses			Fair value			realized osses		
Corporate debt securities	\$	_	\$	_	\$	450	\$	(110)	\$	450	\$	(110)
Preferred shares		_		—		8		(2)		8		(2)
Asset-backed securities		—		_		8		(2)		8		(2)
Total	\$		\$	_	\$	466	\$	(114)	\$	466	\$	(114)

Corporate debt securities comprise investments in bonds and notes. Fair value associated with corporate debt securities is primarily attributable to movements in the credit default swap spread curve applicable to the issuer, and also impacted by movements in the risk-free rates and foreign exchange rates. Based upon IFC's assessment of expected credit losses, a reserve for credit losses is made for securities where the issuer is not expected to make all contractual principal and interest payments.

Preferred shares comprise investments in preferred equity investments that are redeemable at the option of IFC or mandatorily redeemable by the issuer. Unrealized losses associated with preferred shares are primarily driven by changes in discount rates associated with changes in credit spreads or interest rates, minor changes in exchange rates and comparable market valuations in the applicable sector. Based upon IFC's assessment of expected credit losses, a reserve for credit losses is made for securities where IFC does not expect to recover the cost basis of these securities.

Asset-backed securities comprise investments in bonds and notes that are collateralized by self-liquidating financial assets that allows IFC to receive payments that depend primarily on cash flow from those assets.

## **NOTE F – DEBT SECURITIES** (continued)

The tables below present a roll-forward by major security type for the three months ended September 30, 2024 and September 30, 2023 of the reserve for credit losses on debt securities accounted for as available-for-sale held at the period end:

## Table F5: Roll-forward of the reserve for credit losses – by security type

		For the three months ended										
		Sep	temb	er 30, 2	2024	4	September 30, 2023					5
(US\$ in millions)	Ď	orate ebt urities		ferred ares		Total	De	orate ebt irities		erred ares		Total
Beginning balance	\$	24	\$	10	\$	34	\$	13	\$	8	\$	21
(Release of provision) provision for losses		(2)		_		(2)		_		2		2
Ending balance	\$	22	\$	10	\$	32	\$	13	\$	10	\$	23

## Nonaccruing debt securities

The disbursed and outstanding balances of debt securities on which the accrual of interest has been discontinued amounted to \$115 million at September 30, 2024 (\$53 million – June 30, 2024).

## NOTE G - EQUITY INVESTMENTS AND ASSOCIATED DERIVATIVES

Income from equity investments and associated derivatives for the three months ended September 30, 2024 and September 30, 2023 comprises the following:

### Table G1: Income from equity investments and associated derivatives

	For the three months ended							
(US\$ in millions)	Septemb	oer 30, 2024	Septemb	oer 30, 2023				
Unrealized gains (losses) on equity investments and associated derivatives, net <sup>a</sup>	\$	216	\$	(125)				
Realized (losses) gains on equity investments and associated derivatives, net		(61)		98				
Gains (losses) on equity investments and associated derivatives, net		155		(27)				
Dividends		40		32				
Custody, fees and other		3		5				
Total income from equity investments and associated derivatives	\$	198	\$	10				

a Includes unrealized gains related to equity securities still held at September 30, 2024 – net gains of \$211 million for the three months ended September 30, 2024 (net gains of \$56 million – the three months ended September 30, 2023)

The fair value of equity investments at September 30, 2024 and June 30, 2024 comprises:

### Table G2: Fair value of equity investments

(US\$ in millions)	Septerr	ber 30, 2024	J	une 30, 2024
Investments in common or preferred shares	\$	5,649	\$	5,426
Equity interests in private equity funds		5,759		5,650
Equity-related options and other financial instruments		45		45
Total	\$	11,453	\$	11,121

Equity investments include several private equity funds that invest primarily in emerging markets across a range of sectors and that are accounted for at fair value under the Fair Value Option. The fair values of these funds have been determined using the net asset value of IFC's ownership interest in partners' capital as a practical expedient as presented in the table above. These investments cannot be redeemed. Distributions will be received from these funds as the underlying assets are liquidated or distributed, the timing of which is uncertain. As of September 30, 2024, the maximum unfunded commitments subject to capital calls for these funds were \$2.1 billion (\$1.9 billion – June 30, 2024). As of September 30, 2024, IFC invested \$483 million (\$483 million – June 30, 2024) as a limited partner in funds managed by AMC. Amounts previously distributed by the AMC Funds may be callable through the life of the respective fund. The sale of IFC's limited partner interests in these funds needs prior consent from the other limited partners.

## NOTE H – RETAINED EARNINGS DESIGNATIONS AND RELATED EXPENDITURES AND ACCUMULATED OTHER COMPREHENSIVE INCOME

## Designated retained earnings

IFC designates its retained earnings to support the following programs:

**Funding Mechanism for Technical Assistance and Advisory Services (FMTAAS)** – FMTAAS supports the delivery of Upstream and Advisory related activities, primarily in non-IDA/Fragile and FCS countries.

**Creating Markets Advisory Window (CMAW)** – CMAW supports the delivery of Upstream and Advisory related activities in eligible IDA and FCS countries with the aim of addressing the complex challenge of building a pipeline of bankable private sector projects in these markets.

**Small and Medium Enterprise (SME) Ventures** – SME Ventures covers program, administrative, legal, and consulting expenses in connection with IFC's private equity program for financing of SMEs.

The components of designated retained earnings and related expenditures are summarized below:

### Table H1: Components of designated retained earnings and related expenditures

(US\$ in millions)	Mec Te Assis A	unding hanism for echnical stance and dvisory ervices	eating Markets visory Window	Small and Medium Enterprise Ventures		Total Designated Retained Earnings
As of June 30, 2023	\$	48	\$ 161	\$ 12	\$	221
Three months ended September 30, 2023						
Designations of retained earnings		60	—	—		60
Expenditures against designated retained earnings		(4)	(6)	—		(10)
As of September 30, 2023	\$	104	\$ 155	\$ 12	\$	271
	-		 	 	_	
As of June 30, 2024	\$	58	\$ 93	\$ 11	\$	162
Three months ended September 30, 2024						
Designations of retained earnings		_	_	—		_
Expenditures against designated retained earnings		(7)	(8)	_		(15)
As of September 30, 2024	\$	51	\$ 85	\$ 11	\$	147

#### Accumulated other comprehensive income

The components of accumulated other comprehensive income at September 30, 2024 and September 30, 2023 are summarized as follows:

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### Table H2: Components of AOCI

(US\$ in millions)	los availat	inrealized ses on ole-for-sale securities	Net unrealized gains on borrowings <sup>a</sup>	Unrecognized net actuarial gains and unrecognized prior service costs on benefit plans	Total accumulated other comprehensive income
As of June 30, 2023	\$	(238)	\$ 340	\$ 530	\$ 632
Three months ended September 30, 2023					
Other comprehensive income		_	86	(3)	83
As of September 30, 2023	\$	(238)	426	527	\$ 715
As of June 30, 2024	\$	(117)	414	660	\$ 957
Three months ended September 30, 2024					
Other comprehensive income	\$	16	87	(3)	\$ 100
As of September 30, 2024	\$	(101)	501	657	\$ 1,057

a Represents net unrealized gains on borrowings at fair value under the Fair Value Option due to changes in instrument specific credit risk.

## NOTE I – NET UNREALIZED GAINS AND LOSSES ON NON-TRADING FINANCIAL INSTRUMENTS ACCOUNTED FOR AT FAIR VALUE

Net unrealized gains and losses on non-trading financial instruments accounted for at fair value for the three months ended September 30, 2024 and September 30, 2023 comprise:

## Table I1: Net unrealized gains and losses on non-trading financial instruments

	For the three months ended		
(US\$ in millions)	September 30, 2024	September 30, 2023	
Unrealized gains and losses on loans, debt securities and associated derivatives:			
Unrealized gains on loans under the Fair Value Option	\$ 7	\$ 25	
Unrealized (losses) gains on derivatives associated with loans	(183)	104	
Unrealized gains on debt securities under the Fair Value Option	91	28	
Unrealized (losses) gains on derivatives associated with debt securities	(74)	47	
Total net unrealized (losses) gains on loans, debt securities and associated derivatives	(159)	204	
Unrealized gains and losses on borrowings from market, IDA and associated derivatives:			
Unrealized (losses) gains on market borrowings accounted for at fair value	(1,195)	806	
Unrealized gains (losses) on derivatives associated with market borrowings	1,343	(866)	
Unrealized (losses) gains on borrowings from IDA accounted for at fair value	(5)	2	
Total net unrealized gains (losses) on borrowings from market, IDA and associated derivatives	143	(58)	
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	\$ (16)	\$ 146	

## NOTE J – DERIVATIVES

IFC enters into transactions in various derivative instruments for financial risk management purposes in connection with its principal business activities, including lending, investing in debt securities, equity investments, client risk management, borrowing, liquid asset management and asset and liability management. None of these derivative instruments are designated as accounting hedges under ASC Topic 815.

The following table summarizes IFC's use of derivatives in its various financial portfolios:

### Table J1: Risk Classification of derivative used across various financial portfolios

Portfolio	Derivative instruments used	Purpose / Risk being managed
Risk Management		
Liquid assets	Currency swaps, currency forward contracts, interest rate swaps, options, and futures contracts	Manage currency risk and interest rate risk
Loans and debt securities	Currency swaps and interest rate swaps	Manage currency risk and interest rate risk between loans and borrowings
Borrowings	Currency swaps and interest rate swaps	Manage currency risk and interest rate risk between loans and borrowings
Other asset/liability management	Currency swaps and interest rate swaps	Manage currency risk and duration of IFC's equity
Other purposes:		
Client operations	Currency swaps, currency forward contracts and interest rate swaps	Assist clients in managing risks

The fair value of derivative instrument assets and liabilities by risk type as of September 30, 2024 and June 30, 2024 is summarized as follows:

#### Table J2: Fair value of derivative assets and liabilities classified by risk type

(US\$ in millions)	September 30, 2024			June 30, 2024	
Derivative assets					
Interest rate	\$	606	\$	656	
Foreign exchange		77		244	
Interest rate and currency		2,111		1,907	
Equity		109		96	
Credit and other		44		51	
Total derivative assets	\$	2,947	\$	2,954	
Derivative liabilities					
Interest rate	\$	1,666	\$	2,067	
Foreign exchange		282		67	
Interest rate and currency		4,253		5,201	
Equity		11		10	
Credit and other		13		11	
Total derivative liabilities	\$	6,225	\$	7,356	

## NOTE J – DERIVATIVES (continued)

The effect of derivative instrument contracts on the condensed consolidated statement of operations for the three months ended September 30, 2024 and September 30, 2023 is summarized as follows:

## Table J3: Impact of derivative instrument contracts on the condensed consolidated statement of operations

(US\$ in millions)		For the three months ended			
Derivative risk category	Condensed Consolidated Statement of Operations location	Sept	ember 30, 2024	Septembe	er 30, 2023
Interest rate	Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$	27	\$	20
	Income from debt securities, including realized gains and losses on debt securities and associated derivatives		9		10
	(Loss) Income from liquid asset trading activities		(83)		11
	Charges on borrowings		(177)		(170)
	Other income		3		10
	Net unrealized gains (losses) on non-trading financial instruments accounted for at fair value		437		(258)
Foreign exchange	(Loss) income from liquid asset trading activities		(713)		714
	Foreign currency transaction (losses) gains on non-trading activities		(4)		6
	Net unrealized losses on non-trading financial instruments accounted for at fair value		(1)		(4)
Interest rate and currency	Income from loans and guarantees, including realized gains and losses on loans and associated derivatives		12		6
	Loss from debt securities, including realized gains and losses on debt securities and associated derivatives		(3)		(18)
	(Loss) income from liquid asset trading activities		(97)		104
	Charges on borrowings		(209)		(194)
	Foreign currency transaction gains (losses) on non-trading activities		521		(334)
	Other income		2		1
	Net unrealized gains (losses) on non-trading financial instruments accounted for at fair value		659		(451)
Equity related contracts	Gains (loss) from equity investments and associated derivatives		11		(10)
Credit and other	Net unrealized losses on non-trading financial instruments accounted for at fair value		(8)		(3)
	Total	\$	386	\$	(560)

The income related to each derivative risk category includes realized and unrealized gains and losses.

As of September 30, 2024, the outstanding volume, measured by U.S. dollar equivalent notional, of interest rate contracts was \$75.5 billion (\$69.3 billion as of June 30, 2024), foreign exchange contracts was \$17.7 billion (\$17.2 billion as of June 30, 2024) and interest rate and currency contracts was \$60.6 billion (\$58.4 billion as of June 30, 2024).

As of September 30, 2024, there were 112 derivatives instrument contracts related to IFC's equity investment portfolio and 34 other derivative contracts recognized as derivatives assets or liabilities under ASC Topic 815 (115 equity related and 33 other derivative contracts as of June 30, 2024).

## **NOTE K – BORROWINGS**

## Market borrowings and associated derivatives

IFC diversifies its borrowings by currency, country, source, and maturity to provide flexibility and cost-effectiveness. For the three months ended September 30, 2024, IFC borrowed in 9 currencies (14 currencies for the three months ended September 30, 2023). The currency composition of IFC's market borrowings (excluding borrowings from IDA), before swaps, net of unamortized premiums and discounts, is summarized below:

## Table K1: Currency composition – Market borrowings

	September 30, 2024				June 30, 2024		
(US\$ in millions, except for %)		Amount	As a % of Total		Amount	As a % of Total	
Medium and long term (MLT) borrowings							
U.S. dollar	\$	26,250	39.0 %	\$	23,204	37.0 %	
Australian dollar		11,800	17.5		12,028	19.2	
Pounds sterling		9,892	14.7		7,352	11.7	
Mexican peso		4,092	6.1		4,432	7.1	
Swedish kronor		2,155	3.2		1,769	2.8	
Others		10,740	16.0		11,623	18.5	
Principal at face value - MLT		64,929	96.5 %		60,408	96.3 %	
Short-term borrowings		2,364	3.5		2,308	3.7	
Principal at face value - Total		67,293	100 %		62,716	100 %	
Unamortized discounts, net		(2,937)			(3,140)		
Fair value adjustments		(2,884)	_		(3,991)		
Carrying amount of market borrowings	\$	61,472		\$	55,585		

The interest rate composition of IFC's market borrowings (excluding borrowings from IDA), before swaps, is summarized below:

## Table K2: Interest rate composition – market borrowings

		September	30, 2024	June 30, 2024			
(US\$ in millions, except for %)	Α	Amount	Weighted average cost (%)	Amount	Weighted average cost (%)		
MLT borrowings							
Fixed rate	\$	60,126	3.4 % \$	56,612	3.3 %		
Variable rate		4,803	4.9	3,796	4.7		
Principal at face value - MLT		64,929		60,408			
Short-term borrowings - Fixed rate		2,364	5.2	2,308	5.0		
Principal at face value - Total		67,293		62,716			
Unamortized discounts, net		(2,937)		(3,140)			
Fair value adjustments		(2,884)		(3,991)			
Carrying amount of market borrowings	\$	61,472	\$	55,585			

As of September 30, 2024, MLT borrowings include \$302 million carried at amortized cost (\$228 million as of June 30, 2024). The weighted average effective interest rate on MLT borrowings carried at amortized cost was 10.1% (8.0% as of June 30, 2024).

## NOTE K - BORROWINGS (continued)

## Borrowings from IDA

Borrowings outstanding from IDA are summarized below:

## Table K3: Outstanding borrowings from IDA

				5	September	30, 2024			
	Interest rate swap notional principal IDA Borrowings payable (receivable) Net currenc							cy obligation	
(US\$ in millions, except for ratios)		ncipal nount	Weighted average cost (%)	Notional average		Weighted average cost (%)	Notional amount		Weighted average cost (%)
U.S. dollar	\$	151	1.8	\$	151	5.6	\$	151	5.6
					(151)	(1.8)			
Total IDA borrowings outstanding	\$	151		\$	_		\$	151	5.6
Fair value adjustments		(11)							
Carrying amount of IDA borrowings	\$	140							

### Table K3.1:

	 June 30, 2024									
	Interest rate swap notional principal IDA Borrowings payable (receivable)						Net currency obligation			
(US\$ in millions, except for ratios)	ncipal nount	Weighted average cost (%)	Notional avera		Weighted average cost (%)	Notional amount		Weighted average cost (%)		
U.S. dollar	\$ 185	1.8	\$	185	5.6	\$	185	5.6		
				(185)	(1.8)					
Total IDA borrowings outstanding	\$ 185		\$	_		\$	185	5.6		
Fair value adjustments	(15)									
Carrying amount of IDA borrowings	\$ 170									

The weighted average remaining maturity of borrowings from IDA was 4.1 years as of September 30, 2024 (3.6 years as of June 30, 2024).

IFC uses derivatives, reported at fair value, to manage the currency risk and the interest rate risk on its borrowings. The nominal payable amount on the currency and interest rate swaps on market borrowings are shown in the table below:

### Table K4: Nominal payable amount- currency and interest rate swaps on market borrowings

(US\$ in millions)	Septem	ber 30, 2024	June 30, 2024		
Currency swaps	\$	36,254	\$	35,906	
Interest rate swaps		26,769		23,742	

The following table summarizes IFC's borrowing portfolio after derivatives:

## Table K5: Borrowing portfolio after swaps

(US\$ in millions)	Septer	mber 30, 2024	June 30, 2024
Borrowings	\$	61,612	\$ 55,755
Currency and interest rate swap (assets)		(1,025)	(183)
Currency and interest rate swap liabilities		4,899	6,648
Borrowings after swaps	\$	65,486	\$ 62,220

After the effect of interest rate and currency swaps, IFC's borrowings generally reprice within one year.

## NOTE L – FAIR VALUE MEASUREMENTS

ASC 820 defines fair value as the price that would be received to sell an asset or transfer a liability (i.e., an exit price) in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date assuming the transaction occurs in the entity's principal (or most advantageous) market. IFC categorizes its financial instruments into three levels based on the established fair value hierarchy. For more information regarding the fair value hierarchy and how IFC measures fair value, see Note A – Summary of Significant Accounting Policies in the June 30, 2024 audited financial statements. Readers are cautioned in using these data for purposes of evaluating the financial condition of IFC as the fair values of the individual financial instruments do not represent the fair value of IFC taken as a whole.

IFC utilized, where available, comparator, sector and country information, in addition to discounted cash flow models, in valuing its equity investment portfolio as of September 30, 2024. Debt securities and loans accounted for at fair value that do not have available market prices were primarily valued using discounted cash flow approaches and reflected spreads as of September 30, 2024.

For the following instruments, the significant unobservable inputs and its relationship to the fair valuation movement are listed below:

### Table L1: Significant unobservable inputs and its relationship to the fair valuation movement

Instrument	Significant Unobservable Input	Increase in Unobservable Input Results In
IFC Local Currency Borrowings	IFC Yield Curve	Decrease in Fair Value
Interest Rate Swaps (hedging loans and liquid assets)	Yield Curve Points	Increase in Fair Value
Interest Rate Swaps (hedging borrowings)	Yield Curve Points	Decrease in Fair Value
Currency Swaps (hedging loans and liquid assets)	Yield Curve and Exchange Rates	Increase in Fair Value
Currency Swaps (hedging borrowings)	Yield Curve and Exchange Rates	Decrease in Fair Value
Debt Securities and Loans	Discount Rates, Credit Default Spreads Valuation Multiple, Recovery Rates	Decrease in Fair Value Increase in Fair Value
Equity Securities and Equity Related Derivatives	Cost of equity, discounts for lack of marketability, weighted average cost of capital Growth rates, return on assets, perpetual growth rates, EV/EBITDA, price to book value and other valuation multiples and volatilities	Decrease in Fair Value

The methodologies used and key assumptions made to estimate fair values as of September 30, 2024 and June 30, 2024, are summarized below.

*Liquid assets* – The primary pricing source for the liquid assets is valuations obtained from external pricing services (vendor prices). The most liquid securities in the liquid asset portfolio are U.S. Treasuries. U.S. Treasuries and U.S. Government agency bonds are classified as Level 1. The remaining liquid assets valued using vendor prices are classified as Level 2 or Level 3 based on the results of IFC's evaluation of the vendor's pricing methodologies and individual security facts and circumstances. Most vendor prices use some form of matrix pricing methodology to derive the inputs for projecting cash flows or to derive prices. When vendor prices are not available, liquid assets are valued internally by IFC using executable or indicative dealer quotes from the market and these are classified as Level 2 or Level 3 depending on the degree that the inputs are observable in the market.

The critical factors in valuing liquid assets in both Level 2 and Level 3 are the estimation of cash flows and yield. Other significant inputs for valuing corporate securities, quasi-government securities and sovereign or sovereign-guaranteed securities include reported trades, broker/dealer quotes, benchmark securities, option adjusted spread curve, volatilities, and other reference data. In addition to these inputs, valuation models for securitized or collateralized securities use collateral performance inputs, such as weighted average coupon rate, weighted average maturity, conditional prepayment rate, constant default rate, vintage, and credit enhancements.

Liquid assets classified as Level 3 as of September 30, 2024 (none at June 30, 2024) and their valuation methods, are presented in the table below:

## NOTE L – FAIR VALUE MEASUREMENTS (continued)

### Table L2: Fair value for liquid assets classified as Level 3

		Se	eptember 30, 2024
(US\$ in millions)	Valuation technique		Fair value
Asset-backed securities	Dealer indicative price	\$	25
Government obligations	Dealer indicative price		133
Total		\$	158

Loans and debt securities – Loans and debt securities in IFC's investment portfolio that do not have available market prices are primarily valued using discounted cash flow approaches. The majority of loans measured at fair value are classified as Level 3. Certain loans contain embedded conversion and/or income participation features. These features are considered in determining the loans' fair value based on the quoted market prices or other calculated values of the equity investments into which the loans are convertible and the discounted cash flows of the income participation features.

The significant unobservable inputs used in the fair value measurement of loans and debt securities are discount rates, credit default swap spreads, and expected recovery rates. The valuation techniques and significant unobservable inputs for loans and debt securities classified as Level 3 as of September 30, 2024 and as of June 30, 2024 are presented below.

### Table L3: Valuation techniques and significant unobservable inputs for loans and debt securities classified as Level 3

September 30, 2024							
(US\$ in millions)	Valuation technique	F	air value	Significant inputs	Range (%)	Weighted average (%)	
Debt securities - preferred shares	Discounted cash flows	\$	38	Discount rate	10.7 - 16.0	12.7	
	Market comparables		40	Valuation multiples <sup>a</sup>			
	Recent transactions		141				
	Other techniques		28	_			
Total preferred shares			247				
Other loans and debt securities	Discounted cash flows		8,479	Credit default swap spreads	0.0 - 12.6	2.5	
				Expected recovery rates	0.0 - 97.5	45.8	
	Recent transactions		968				
	Other techniques		432				
Total other loans and debt securities	3		9,879	-			
Total		\$	10,126				

a Includes valuation techniques with multiple significant inputs, therefore the range and weighted average are not provided.

# NOTE L - FAIR VALUE MEASUREMENTS (continued)

Table L3.1 :

	Ju	ne 3	30, 2024			
(US\$ in millions)	Valuation technique		Fair value	Significant inputs	Range (%)	Weighted average (%)
Debt securities – preferred shares	Discounted cash flows	\$	14	Discount rate	10.7 - 16.0	12.4
	Market comparables		47	Valuation multiples <sup>a</sup>		
	Recent transactions		158			
	Other techniques		19	_		
Total preferred shares			238			
Other loans and debt securities	Discounted cash flows		7,550	Credit default swap spreads	0.0 - 20.5	2.7
				Expected recovery rates	0.0 - 95.0	44.1
	Recent transactions		1,677			
	Other techniques		416	_		
Total other loans and debt securities	6		9,643	-		
Total		\$	9,881			

a Includes valuation techniques with multiple significant inputs, therefore the range and weighted average are not provided.

## NOTE L - FAIR VALUE MEASUREMENTS (continued)

**Borrowings** – Fair values derived by determining the present value of estimated future cash flows using appropriate discount rates and option specific models where appropriate are classified as Level 2. Fair values derived from market source pricing are also classified as Level 2. The significant inputs used in valuing borrowings classified as Level 2 are presented below:

### Table L4: Significant inputs used in valuing borrowings classified as Level 2

Classes	Significant Inputs
Structured bonds	Foreign exchange rate and inter-bank yield curves, IFC's credit curve and swaption volatility matrix, foreign exchange rate volatility, equity spot price, volatility and dividend yield.
Unstructured bonds	Inter-bank yield curve and IFC's credit curve.

As of September 30, 2024, IFC had bond issuances with a total fair value of \$168 million classified as level 3 in Azerbaijani manat, Bangladeshi taka, Jamaican dollar, Serbian dinar and Uzbekistan sum where the significant unobservable inputs were yield curve data (\$83 million as of June 30, 2024).

**Derivative instruments** – The various classes of derivative instruments include interest rate contracts, foreign exchange contracts, interest rate and currency contracts, equity contracts and other derivative contracts. Certain over the counter derivatives in the liquid asset portfolio priced in-house are classified as Level 2, while certain over the counter derivatives priced using external manager prices are classified as Level 3. Fair values for derivative instruments are derived by determining the present value of estimated future cash flows using appropriate discount rates and option specific models where appropriate.

The significant inputs used in valuing the various classes of derivative instruments classified as Level 2 and significant unobservable inputs for derivative instruments classified as Level 3 as of September 30, 2024 and June 30, 2024 are presented below:

### Table L5: Significant inputs used in valuing the various classes of derivative instruments classified as Level 2

Level 2 derivatives	Significant Inputs
Interest rate	Inter-bank yield curves, foreign exchange basis curve and yield curves specified to index floating rates.
Foreign exchange	Foreign exchange rate, inter-bank yield curves and foreign exchange basis curve.
Interest rate and currency	Foreign exchange rate, inter-bank yield curves, foreign exchange basis curve and yield curves specified to index floating rates.

### Table L6: Significant inputs used in valuing the various classes of derivative instruments classified as Level 3

(US\$ in millions)	September 30, 2024					
Level 3 derivatives	Туре	Fair v	alue	Significant inputs	Range (%)	Weighted average (%)
Equity related derivatives	Fixed strike price options	\$	_	Volatilities	24.8 - 28.1	28.1
	Variable strike price options		98	Contractual strike price <sup>a</sup>		
Interest rate and currency swap assets	Vanilla swaps		107	Yield curve points, exchange rates <sup>a</sup>		
Interest rate and currency swap liabilities	Vanilla swaps		(19)	Yield curve points, exchange rates <sup>a</sup>		
Total		\$	186			

a In case of valuation techniques with multiple significant inputs, the range and weighted average are not provided.

# NOTE L - FAIR VALUE MEASUREMENTS (continued)

### Table L6.1:

(US\$ in millions)	June 30, 2024						
Level 3 derivatives	Туре	Fair	r value	Significant inputs	Range (%)	Weighted average (%)	
Equity related derivatives	Fixed strike price options	\$	_	Volatilities	24.3 -28.1	27.8	
	Variable strike price options		86	Contractual strike price <sup>a</sup>			
Interest rate and currency swap assets	Vanilla swaps		120	Yield curve points, exchange rates			
Interest rate and currency swap liabilities	Vanilla swaps		(7)	Yield curve points, exchange rates			
Total		\$	199				

a In case of valuation techniques with multiple significant inputs, the range and weighted average are not provided.

*Equity investments* – Equity investments valued using quoted prices in active markets are classified as Level 1. Equity investments classified as Level 2 are valued using quoted prices in inactive markets. Equity investments classified as Level 3 are primarily valued using discounted cash flow and market comparable approaches. The significant unobservable inputs include cost of equity, weighted average cost of capital, asset growth rate, return on assets, perpetual growth rate, price to book and market multiples. The valuation techniques and significant unobservable inputs used in fair value measurements categorized within Level 3 of the fair value hierarchy for equity investments that were measured at fair value through net income as of September 30, 2024 and June 30, 2024 are presented below.

## NOTE L - FAIR VALUE MEASUREMENTS (continued)

## Table L7: Valuation techniques and significant unobservable inputs for equity securities classified as Level 3

(US\$ in millions)		September 30, 2024						
Sector	Valuation technique	Fair value	Significant inputs	Range	Weighted average (%)			
Banking and other financial	Discounted cash flows	\$ 320	Cost of equity (%)	12.4 - 34.4	15.4			
Institutions		•	Asset growth rate (%)	(2.7) - 56.6	5.1			
			Return on assets (%)	0.1 - 6.2	1.8			
			Perpetual growth rate (%)	3.0 - 15.0	5.4			
	Market comparables	474	Price to book value	0.3 - 5.2	2.9			
	Market comparablec	., .	EV/Sales	1.8 - 10.6	7.3			
			Other valuation multiples <sup>a</sup>	1.0 10.0	7.0			
			Discount for lack of					
	Listed price (adjusted)	243	marketability (%)	20.0 - 30.0	24.0			
	Recent transactions	691	,					
	Other techniques	138						
	Associated options <sup>b</sup>	46						
Total banking and other financial institutions		1,912	-					
Funds	Recent transactions	62	-					
	Market comparables	2						
	Other techniques	82						
Total funds		146						
Others	Discounted cash flows	989	Weighted average cost of capital (%)	7.9 - 21.4	11.5			
			Cost of equity (%)	10.9 - 27.9	17.5			
	Market comparables	625	EV/Sales	0.7 - 19.8	6.4			
			EV/EBITDA	5.8 - 21.9	11.1			
			Price to book value	0.7 - 2.2	1.4			
			Other valuation multiples <sup>a</sup>					
	Recent transactions	417						
	Other techniques	130						
	Associated options <sup>b</sup>	184	-					
Total others		2,345						
Total		\$ 4,403	-					

a Includes price/earnings ratio and price/sales ratio, the range and weighted average are not provided due to the immaterial amounts.

b Fair values for associated options are derived by determining the present value of estimated future cash flows using appropriate discount rates and option specific models where appropriate.

# NOTE L – FAIR VALUE MEASUREMENTS (continued)

# Table L7.1:

(US\$ in millions)				June 30, 2024		
Sector	Valuation technique	Fa	ir value	Significant inputs	Range	Weighted average (%)
Banking and other financial	Discounted cash flows	\$	317	Cost of equity (%)	12.2 - 34.4	15.2
Institutions				Asset growth rate (%)	(8.6) - 56.6	4.5
				Return on assets (%)	(0.6) - 6.2	1.9
				Perpetual growth rate (%)	3.0 - 15.0	5.4
	Market comparables		509	Price to book value	0.3 - 4.9	2.9
				EV/Sales	2.1 - 11.2	7.4
				Other valuation multiples <sup>a</sup>		
	Listed price (adjusted)		237	Discount for lack of marketability (%)	20.0 - 30.0	27.6
	Recent transactions		634			
	Other techniques		132			
	Associated options <sup>b</sup>		46	_		
Total banking and other financial institutions			1,875			
Funds	Recent transactions		123	_		
	Market comparables		2			
	Other techniques		85			
Total funds			210	-		
Others	Discounted cash flows		942	Weighted average cost of capital (%)	7.9 - 26.1	11.8
				Cost of equity (%)	10.8 - 23.9	15.3
	Market comparables		645	EV/Sales	0.7 - 19.1	5.4
				EV/EBITDA	6.2 - 22.0	12.6
				Price to book value	0.6 - 2.2	1.5
				Other valuation multiples <sup>a</sup>		
	Recent transactions		480			
	Other techniques		96			
	Associated option <sup>b</sup>		103			
Total others			2,266	_		
Total		\$	4,351			

a Includes price/earnings ratio and price/sales ratio, the range and weighted average are not provided due to the immaterial amounts.

b Fair values for associated options are derived by determining the present value of estimated future cash flows using appropriate discount rates and option specific models where appropriate.

## NOTE L - FAIR VALUE MEASUREMENTS (continued)

#### Fair value of assets and liabilities

Estimated fair values of IFC's financial assets and liabilities and off-balance sheet financial instruments as of September 30, 2024 and June 30, 2024 are summarized below:

#### Table L8: Estimated fair values of financial assets, financial liabilities, and off-balance sheet instruments

	September 30, 2024			June 30, 2024			
(US\$ in millions)	Corr	ying value		Fair value	Carrying value		Fair value
Financial assets	Can	ying value		value	Carrying value		value
Cash and due from banks, time deposits, trading securities and							
securities purchased under resale agreements and receivable for cash collateral pledged	\$	43,138	\$	43,138	\$ 40,314	\$	40,314
Investments:							
Loans at amortized cost, net of reserve against losses		36,228		37,656	34,648		35,711
Loans accounted for at fair value under the Fair Value Option		1,858		1,858	1,789		1,789
Total loans		38,086		39,514	36,437		37,500
Equity investments accounted for at fair value		11,453	a	11,448	11,121	а	11,118
Debt securities accounted for at fair value as available-for-sale		792		792	811		811
Debt securities accounted for at fair value under the Fair Value Option		11,317		11,317	10,378		10,378
Total debt securities		12,109		12,109	11,189		11,189
Total investments	\$	61,648	\$	63,071	\$ 58,747	\$	59,807
Derivative assets:							
Borrowings-related		1,025		1,025	183		183
Liquid asset portfolio-related and other		101		101	365		365
Investment-related		1,515		1,515	1,978		1,978
Client risk management-related		306		306	428		428
Total derivative assets	\$	2,947	\$	2,947	\$ 2,954	\$	2,954
Other investment-related financial assets		_		2			2
Financial liabilities							
Securities sold under repurchase agreements and payable for cash collateral received	\$	2,531	\$	2,531	\$ 1,541	\$	1,541
Market, IBRD, IDA and other borrowings outstanding		61,612		61,615	55,755		55,754
Derivative liabilities:							
Borrowings-related		4,899		4,899	6,648		6,648
Liquid asset portfolio-related and other		401		401	77		77
Investment-related		663		663	312		312
Client risk management-related		262		262	319		319
Total derivative liabilities	\$	6,225	\$	6,225	\$ 7,356	\$	7,356

a For \$5 million as of September 30, 2024 (\$3 million as of June 30, 2024) of equity investments primarily accounted for under the cost recovery method, no fair value measurement is provided since the recovery of invested capital is uncertain.

The fair value of loan commitments amounted to \$34 million as of September 30, 2024 (\$39 million as of June 30, 2024). Fair values of loan commitments are based on present value of loan commitment fees.

### Fair value hierarchy

As required by ASC 820, financial assets and financial liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement: The following tables provide information as of September 30, 2024 and June 30, 2024, about IFC's financial assets and financial liabilities measured at fair value on a recurring basis.

# NOTE L - FAIR VALUE MEASUREMENTS (continued)

### Table L9: Fair value hierarchy - Financial assets and liabilities

	September 30, 2024							
(US\$ in millions)		Level 1	Level 2		Level 3		Total	
Time deposits with maturities greater than three months <sup>a</sup>	\$	_	\$ 2,117	\$	_	\$	2,117	
Trading securities:								
Asset-backed securities		—	5,558		25		5,583	
Corporate debt securities <sup>b</sup>		—	2,674				2,674	
Government obligations		17,045	4,420		133		21,598	
Total trading securities		17,045	12,652		158		29,855	
Loans		_	114		1,739		1,853	
Loans measured at net asset value $^{\circ}$							5	
Total Loans (outstanding principal balance \$1,913)		_	114		1,739		1,858	
Equity investments:								
Banking and other financial institutions		647	49		1,912		2,608	
Funds		_	11		146		157	
Others		574	5		2,345		2,924	
Equity investments measured at net asset value $^{\circ}$							5,759	
Total equity investments		1,221	65		4,403		11,448	
Debt securities:								
Corporate debt securities		_	3,082		7,449		10,531	
Preferred shares		_	_		247		247	
Asset-backed securities		_	89		691		780	
Debt securities measured at net asset value <sup>c</sup>							551	
Total debt securities		_	3,171		8,387		12,109	
Derivative assets:								
Interest rate		_	606				606	
Foreign exchange		_	77		_		77	
Interest rate and currency		_	2,004		107		2,111	
Equity and other		_	_		109		109	
Credit and Other derivative contracts			44		_		44	
Total derivative assets		_	2,731		216		2,947	
Total assets at fair value	\$	18,266	\$ 20,850	\$	14,903	\$	60,334	
Borrowings:								
Structured bonds	\$		\$ 4,552	\$		\$	4,552	
Unstructured bonds	Ŧ	_	54,226	Ŧ	168	•	54,394	
Total borrowings (outstanding principal balance \$64,778) <sup>d</sup>			58,778		168		58,946	
Derivative liabilities:					100		00,010	
Interest rate		_	1,666		_		1,666	
Foreign exchange		_	282				282	
Interest rate and currency			4,234		19		4,253	
Equity and other		_	.,_51		10		11	
Credit and Other derivative contracts		_	13				13	
Total derivative liabilities		_	6,195		30		6,225	
Total liabilities at fair value	\$		\$ 64,973	\$	198	\$	65,171	
	Ψ		ψ 04,973	Ψ	190	Ψ	03,171	

a Time deposits with maturities greater than three months are carried at cost, which approximates fair value and are considered to be level 2.

b Includes securities priced at par plus accrued interest, which approximates fair value.

c In accordance with ASC 820, investments that are measured at fair value using net asset value per share have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in condensed consolidated balance sheets.

d Includes discount notes (not under the short-term Discount Note Program), with original maturities greater than one year, with principal due at maturity of \$5.1 billion, with a fair value of \$1.8 billion as of September 30, 2024.

# NOTE L – FAIR VALUE MEASUREMENTS (continued)

Table L9.1:

	June 30, 2024										
(US\$ in millions)	L	_evel 1	Level 2	Level 3		Total					
Time Deposits with maturities greater than three months <sup>a</sup>	\$	—	\$ 751	\$ —	\$	751					
Trading securities:											
Asset-backed securities		—	5,058	—		5,058					
Corporate debt securities <sup>b</sup>		—	2,429	—		2,429					
Government obligations		16,784	4,284			21,068					
Total trading securities		16,784	11,771			28,555					
Loans		_	113	1,671		1,784					
Loans measured at net asset value <sup>c</sup>						5					
Total Loans (outstanding principal balance \$1,851)		_	113	1,671		1,789					
Equity investments:											
Banking and other financial institutions		603	16	1,875		2,494					
Funds		_	12	210		222					
Others		480	6	2,266		2,752					
Equity investments measured at net asset value <sup>c</sup>						5,650					
Total equity investments		1,083	34	4,351		11,118					
Debt securities:											
Corporate debt securities			2,437	7,170		9,607					
Preferred shares		_	_	238		238					
Asset-backed securities			_	802		802					
Debt securities measured at net asset value <sup>c</sup>						542					
Total debt securities		_	2,437	8,210		11,189					
Derivative assets:											
Interest rate			656	_		656					
Foreign exchange		_	244	_		244					
Interest rate and currency			1,787	120		1,907					
Equity and other		_	_	96		96					
Credit and Other derivative contracts			51			51					
Total derivative assets		_	2,738	216		2,954					
Total assets at fair value	\$	17,867	\$ 17,844	\$ 14,448	\$	56,356					
Borrowings:											
Structured bonds	\$	_	\$ 4,309	\$ —	\$	4,309					
Unstructured bonds		—	48,827	83		48,910					
Total borrowings (outstanding principal balance \$60,365) <sup>d</sup>		_	53,136	83		53,219					
Derivative liabilities:											
Interest rate		—	2,067	_		2,067					
Foreign exchange		_	67	_		67					
Interest rate and currency		—	5,194	7		5,201					
Equity and other		_	_	10		10					
Credit and Other derivative contracts		—	11	—		11					
Total derivative liabilities		_	7,339	17		7,356					
Total liabilities at fair value	\$	_	\$ 60,475		\$	60,575					

a Time deposits with maturities greater than three months are carried at cost, which approximates fair value and are considered to be level 2.

b Includes securities priced at par plus accrued interest, which approximates fair value.

c In accordance with ASC 820, investments that are measured at fair value using net asset value per share have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in condensed consolidated balance sheets.

d Includes discount notes (not under the short-term Discount Note Program), with original maturities greater than one year, with principal due at maturity of \$5.6 billion, with a fair value of \$1.7 billion as of June 30, 2024.

## NOTE L - FAIR VALUE MEASUREMENTS (continued)

The following tables present the changes in the carrying value of IFC's Level 3 financial assets and financial liabilities for the three months ended September 30, 2024 and September 30, 2023.

#### Table L10: Carrying value of Level 3 financial assets and financial liabilities

			For the three m	onths ended	September	30, 2024			
(US\$ in millions)	Balance as of July 1, 2024	Net gains (lu and unrealiz Net Income (Loss)	osses) (realized zed) included in Other Comprehensive Income	Purchases, issuances, sales, settlements and others	Transfers into Level 3 <sup>a</sup>	Transfers out of Level 3 <sup>b</sup>	Balance as of September 30, 2024	Net unrealized gains (losses) included in net income (loss) related to assets / liabilities held at period end	Net unrealized gains (losses) included in OCI related to assets / liabilities held at period end
Trading securities:									
Asset-backed securities	\$ —	\$ —	\$ —	\$ 25	\$ —	\$ —	\$ 25	\$ —	\$ —
Government and agency obligations	_	1	_	132	_	_	133	1	_
Total trading securities	_	1	_	157	_	_	158	1	_
Loans	1,671	26	_	42		_	1,739	26	
Equity investments:									
Banking and other financial institutions	1,875	38	_	39		(40)	1,912	38	_
Funds	210	(2)	—	(62)		—	146	(2)	—
Others	2,266	5		74		—	2,345	(14)	
Total equity investments	4,351	41	_	51	_	(40)	4,403	22	_
Debt securities:									
Corporate debt securities	7,170	148	16	484	168	(537)	7,449	168	16
Preferred shares	238	5	1	3	—	—	247	5	1
Asset-backed securities	802	2	(1)	(7)		(105)	691	2	_
Other debt securities								4	
Total debt securities	8,210	155	16	480	168	(642)	8,387	179	17
Derivative assets:									
Interest rate and currency	120	(10)	—	(1)		(2)	107	—	—
Equity and other	96	12		1			109	12	
Total derivative assets	216	2	—	_		(2)	216	12	_
Total assets at fair value	\$ 14,448	\$ 225	\$ 16	\$ 730	\$ 168	\$ (684)	\$14,903	\$ 240	\$ 17
Borrowings:									
Unstructured bonds	\$ (83)	\$3	\$ 1	\$ (89)	\$ —	\$ —	\$ (168)	\$3	\$1
Total borrowings	(83)	3	1	(89)		_	(168)	3	1
Derivative liabilities:									
Interest rate and currency	(7)	(1)		(11)		_	(19)	(23)	_
Equity and other	(10)	(1)	_			_	(11)	(1)	_
Total derivative liabilities	(17)	(2)		(11)			(30)	(24)	
Total liabilities at fair value	\$ (100)	\$ 1	\$1	\$ (100)	\$ —	\$ —	\$ (198)	\$ (21)	\$ 1

a Transfers into Level 3 are due to lack of observable market data resulting from a decrease in market activity for these securities as of September 30, 2024.

b Transfers out of Level 3 are due to availability of observable market data resulting from an increase in market activity for these securities that were part of July 1, 2024 beginning balance as of September 30, 2024.

# NOTE L - FAIR VALUE MEASUREMENTS (continued)

Table L10.1:

				I	For the three	mont	hs endeo	d Septe	ember	30, 2023				
(US\$ in millions)	lance as f July 1, 2023	and I Inc		ized) con	es) (realized included in Other oprehensive come (loss)	issu sa settle	hases, ances, ales, ements others	Trans int Leve	0	Transfers out of Level 3 <sup>b</sup>	Se	lance as of eptember 0, 2023	Net unrealized gains (losses) included in net income (loss) related to assets / liabilities held at period end	Net unrealized gains (losses) included in OCI related to assets / liabilities held at period end
Loans	\$ 1,488	\$	17	\$		\$	26	\$		\$ —	\$	1,531	\$ 17	\$ —
Equity investments:														
Banking and other financial institutions	1,707		3		_		(12)			_		1,698	1	_
Funds	159		1				13			—		173	1	—
Others	 2,335		(42)	1	_		45			(29)		2,309	(52)	
Total equity investments	4,201		(38)		_		46			(29)		4,180	(50)	_
Debt securities:														
Corporate debt securities	5,911		(46)		5		649	1	122	—		6,641	(41)	3
Preferred shares	208		2		—		9		—	—		219	1	—
Asset-backed securities	723		(14)		(3)		50		_			756	(14)	(3)
Total debt securities	 6,842		(58)		2		708	1	122			7,616	(54)	—
Derivative assets:														
Interest rate and currency	74		14		—		4		—	(2)		90	20	—
Equity and other	 124		2				(9)					117	(2)	
Total derivative assets	 198		16				(5)		—	(2)		207	18	—
Total assets at fair value	\$ 12,729	\$	(63)	\$	2	\$	775	<b>\$</b> 1	122	\$ (31)	\$	13,534	\$ (69)	\$ —
Borrowings:														
Unstructured bonds	\$ (228)	\$	5	\$		\$	(29)	\$		\$ 55	\$	(197)	\$5	\$ —
Total borrowings	 (228)		5		_		(29)		_	55		(197)	5	_
Derivative liabilities:														
Interest rate and currency	(10)		(5)				(3)		—			(18)	(10)	
Equity and other	 (10)		(2)		_				—			(12)	(2)	_
Total derivative liabilities	(20)		(7)		_		(3)		_			(30)	(12)	
Total liabilities at fair value	\$ (248)	\$	(2)	\$	_	\$	(32)	\$	_	\$55	\$	(227)	\$ (7)	\$

a Transfers into Level 3 are due to lack of observable market data resulting from a decrease in market activity for these securities as of September 30, 2023.

b Transfers out of Level 3 are due to availability of observable market data resulting from an increase in market activity for these securities that were part of July 1, 2023 beginning balance as of September 30, 2023.

## NOTE L - FAIR VALUE MEASUREMENTS (continued)

The following tables present gross purchases, sales, issuances and settlements related to the changes in the carrying value of IFC's Level 3 financial assets and financial liabilities for the three months ended September 30, 2024 and September 30, 2023.

## Table L11: Gross purchases, sales, issuances and settlements- Level 3 financial assets and financial liabilities

	For the three months ended September 30, 2024												
				<u>.</u>		Settlements		<b>N</b> 1 <i>i</i>					
(US\$ in millions)	Pu	rchases		Sales	Issuances	and others		Net					
Trading securities:	¢	05	¢		¢	¢	۴	05					
Asset-backed securities	\$	25	\$	_	\$ —	\$ —	\$	25					
Government and agency obligations		132						132					
Total trading securities		157						157					
Loans					28	14		42					
Equity investments:													
Banking and other financial institutions		90		(52)	—	1		39					
Funds		16			_	(78)		(62)					
Others		101		(16)		(11)		74					
Total equity investments		207		(68)		(88)		51					
Debt securities:													
Corporate debt securities		660		—	—	(176)		484					
Preferred shares		3		—	—	_		3					
Asset-backed securities		60				(67)		(7)					
Total debt securities		723				(243)		480					
Derivative assets:													
Interest rate and currency		—		—	7	(8)		(1)					
Equity and other		_				1		1					
Total derivative assets		—		—	7	(7)	1	—					
Total assets at fair value	\$	1,087	\$	(68)	\$ 35	\$ (324)	\$	730					
Borrowings:													
Unstructured Bonds	\$	_	\$	_	\$ (89)	\$ —	\$	(89)					
Total Borrowings				_	(89)			(89)					
Derivative liabilities:						·		. ,					
Interest rate and currency					(3)	(8)	1	(11)					
Equity and other		_		_	_	_							
Total derivative liabilities				_	(3)	(8)	)	(11)					
Total liabilities at fair value	\$	_	\$	_	\$ (92)			(100)					

## NOTE L - FAIR VALUE MEASUREMENTS (continued)

Table L11.1:

	For the three months ended September 30, 2023												
						Settlements							
(US\$ in millions)	P	urchases		Sales	Issuances	and others		Net					
Loans	\$	—	\$	—	\$ 12	\$ 14	\$	26					
Equity investments:													
Banking and other financial institutions		7		(19)	—	—		(12)					
Funds		45			—	(32)		13					
Others		190		(148)		3		45					
Total equity investments		242		(167)		(29)		46					
Debt securities:													
Corporate debt securities		764			—	(115)		649					
Preferred shares		12		(1)	—	(2)		9					
Asset-backed securities		98				(48)		50					
Total debt securities		874		(1)		(165)		708					
Derivative assets:													
Interest rate and currency		_		—	6	(2)		4					
Equity and other		_				(9)		(9)					
Total derivative assets		—			6	(11)		(5)					
Total assets at fair value	\$	1,116	\$	(168)	\$ 18	\$ (191)	\$	775					
Borrowings:													
Unstructured Bonds	\$	_	\$	_	\$ (29)	\$ —	\$	(29)					
Total Borrowings		_		_	(29)			(29)					
Derivative liabilities:													
Interest rate and currency					(1)	(2)		(3)					
Total derivative liabilities					(1)	(2)		(3)					
Total liabilities at fair value	\$		\$	_	\$ (30)	\$ (2)	\$	(32)					

The following table summarizes the line items on the condensed consolidated statements of operations where gains and losses are reported by major types of financial assets and financial liabilities:

### Table L12: Gains and losses reflected in the condensed consolidated statements of operations

Instruments	Line item on the condensed consolidated statements of operations
Trading securities	Income from liquid asset trading activities
Loans	Income from Loans and guarantees including realized gains and losses on loans and associated derivatives
Equity investments	Income from equity investments and associated derivatives
Debt securities	Income from debt securities and realized gains and losses on debt securities and associated derivatives
Non-trading financial instruments	Net unrealized gains and losses on non-trading financial instruments accounted for at fair value

## NOTE M – SEGMENT REPORTING

For management purposes, IFC's business comprises three segments: investment services, treasury services, and upstream and advisory services. The investment services segment consists primarily of lending and investing in debt and equity securities. Operationally, the treasury services segment consists of the borrowing, liquid asset management, asset and liability management and client risk management activities. Upstream and advisory services includes providing advisory services to government and private sector clients to create markets and mobilize private capital, and engages in early stage project development activities to develop bankable investment projects. Consistent with internal reporting, net income or expense from asset and liability management and client risk management activities in support of investment services is allocated from the treasury segment to the investment services segment.

The performance of investment services, treasury services and upstream and advisory services is assessed by senior management on the basis of net income for each segment, return on assets, and return on capital employed. Upstream and advisory services are primarily assessed based on the level and adequacy of its funding sources (See Note O). IFC's management reporting system and policies are used to determine revenues and expenses attributable to each segment. Consistent with internal reporting, administrative expenses are allocated to each segment based largely upon personnel costs and segment headcounts. Transactions between segments are immaterial and, thus, are not a factor in reconciling to the consolidated data.

The assets of the investment, treasury, and upstream and advisory services segments are detailed in Notes D, C, and O, respectively. An analysis of IFC's major components of income and expense by business segment for the three months ended September 30, 2024 and September 30, 2023, is provided below:

### Table M1: Income and expense by business segment

	For the three months ended September 30, 2024									
(US\$ in millions)	Investment services	Treasury services	Upstream and Advisory services	Total						
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 862	\$ —	\$ —	\$ 862						
Provision for losses on loans, off-balance sheet credit exposures and other receivables	(3)	_	_	(3)						
Income from equity investments and associated derivatives	198	—	—	198						
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	216	_	_	216						
Release of provision for losses on available-for-sale debt securities	2	_	_	2						
Income from liquid asset trading activities	—	832	—	832						
Charges on borrowings	(618)	(343)	—	(961)						
Upstream and Advisory services income	—	—	54	54						
Service fees and other income	99	—	—	99						
Administrative expenses	(306)	(11)	(42)	(359)						
Upstream and Advisory services expenses	—	—	(65)	(65)						
Other, net	2	_	1	3						
Foreign currency transaction gains on non-trading activities	20	—	—	20						
Income (loss) before net unrealized gains and losses on non- trading financial instruments accounted for at fair value	472	478	(52)	898						
Net unrealized (losses) gains on non-trading financial instruments accounted for at fair value	(159)	143		(16)						
Net income (loss)	\$ 313	\$ 621	\$ (52)	\$ 882						

## NOTE M - SEGMENT REPORTING (continued)

Table M1.1:

	For the	thre	ee months en	ded S	September 30	), 20	)23
(US\$ in millions)	 vestment ervices		Treasury services	. ' <i>,</i>	stream and Advisory services		Total
Income from loans and guarantees, including realized gains and losses on loans and associated derivatives	\$ 744	\$	_	\$	_	\$	744
Provision for losses on loans, off-balance sheet credit exposures and other receivables	(24)		_		_		(24)
Income from equity investments and associated derivatives	10		—				10
Income from debt securities, including realized gains and losses on debt securities and associated derivatives	200		_		_		200
Provision for losses on available-for-sale debt securities	(2)		—		—		(2)
Income from liquid asset trading activities	—		597		_		597
Charges on borrowings	(527)		(427)		—		(954)
Upstream and Advisory services income	—		—		45		45
Service fees and other income	48		—		—		48
Administrative expenses	(287)		(14)		(39)		(340)
Upstream and Advisory services expenses			—		(52)		(52)
Other, net	2		1		2		5
Foreign currency transaction losses on non-trading activities	 (9)						(9)
Income (loss) before net unrealized gains and losses on non- trading financial instruments accounted for at fair value	155		157		(44)		268
Net unrealized gains (losses) on non-trading financial instruments accounted for at fair value	204		(58)		_		146
Net income (loss)	\$ 359	\$	99	\$	(44)	\$	414

# NOTE N - VARIABLE INTEREST ENTITIES

### Significant variable interests

IFC has identified investments in 237 VIEs which are not consolidated by IFC but in which it is deemed to hold significant variable interests at September 30, 2024 (234 investments – June 30, 2024).

The majority of these VIEs do not involve securitizations or other types of structured financing. IFC is usually the minority investor in these VIEs. These VIEs are mainly: (a) investment funds, where the general partner or fund manager does not have substantive equity at risk, which IFC does not consolidate because it does not have the power to direct the activities of the VIEs that most significantly impact their economic performance and (b) entities whose total equity investment is considered insufficient to permit such entity to finance its activities without additional subordinated financial support or whose activities are so narrowly defined by contracts that equity investors are considered to lack decision making ability, which IFC does not consolidate because it does not have the power to control the activities that most significantly impact their economic performance. IFC's involvement with these VIEs includes investments in equity interests and senior or subordinated interests, guarantees and risk management arrangements.

IFC's maximum exposure to loss as a result of its investments in these VIEs was \$6.9 billion at September 30, 2024 (\$6.5 billion – June 30, 2024). IFC's maximum exposure to loss is based on the unlikely event that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets recorded on IFC's condensed consolidated balance sheets (maximum funded exposure) but also potential losses associated with undisbursed commitments (maximum unfunded exposure). The maximum funded exposure represents the balance sheets carrying value of IFC's investment in the VIE and reflects the initial amount of cash invested in the VIE, adjusted for principal payments received, increases or declines in fair value and any impairment in value recognized in earnings. The maximum exposure of unfunded positions represents the remaining committed but undisbursed amount.

The carrying values and the maximum exposure of IFC's investment in these VIEs at September 30, 2024 and June 30, 2024 are as follows:

## NOTE N – VARIABLE INTEREST ENTITIES (continued)

## Table N1: Carrying values and the maximum exposure of investment

		Septembe	er 30	, 2024	June 30, 2024							
Nonconsolidated VIEs	Ca	Carrying Value		ximum Exposure		Carrying Value	Ма	ximum Exposure				
(US\$ in millions)												
Assets:												
Investments												
Loans <sup>a</sup>	\$	1,145	\$	1,260	\$	1,136	\$	1,271				
Equity Investments		2,424		3,626		2,402		3,514				
Debt Securities		1,795		1,984		1682		1,731				
Derivative Assets <sup>b</sup>		1		1		—		_				
Liabilities												
Derivative Liabilities <sup>b</sup>	\$	(37)	\$	(37)	\$	(62)	\$	(62)				
Other Off-Balance Sheet Arrangements												
Guarantees		Not Applicable	\$	69		Not Applicable	\$	39				

a The presented carrying value of the loans does not include the associated loan loss reserve of \$56 million and \$58 million as of September 30, 2024 and June 30, 2024, respectively.

b Represents Client Risk Management arrangements.

IFC transacted with a VIE, of which IFC is the primary beneficiary, to construct an office building at 2100 K Street on land owned by IFC adjacent to its current office premise. IFC commenced occupying the building in March 2019. The building and land, totaling \$107 million are included in "Receivables and other assets" on IFC's condensed consolidated balance sheets.

## NOTE O – UPSTREAM AND ADVISORY

IFC continues to address increasingly complex development challenges and is enhancing its creating markets strategy by undertaking both Upstream and Advisory activities. Specifically, IFC provides advisory services to government and private sector clients to create markets and mobilize private capital, and engages in early stage project development activities to develop bankable investment projects. IFC also works in collaboration with the World Bank to provide policy advice and develop activities that help create markets and support future transactions in multiple industries, especially in IDA eligible countries and FCS. IFC funds this business line by a combination of cash received from IFC shareholders' development agencies and other development partners, IFC's operations via retained earnings and operating budget allocations, as well as fees received from the recipients of the services.

As of September 30, 2024, undisbursed donor funds of \$576 million (\$575 million – June 30, 2024) were included in other assets. As the undisbursed donor funds are refundable, a corresponding liability is recorded in other liabilities. IFC's advisory services funding of \$354 million (\$360 million – June 30, 2024) was included in other assets.

Upstream and advisory services income for the three months ended September 30, 2024 was \$54million (\$45 million – September 30, 2023). Upstream and advisory services expenses for the three months ended September 30, 2024 amounted to \$65 million (\$52 million – September 30, 2023), including \$50 million for the three months ended September 30, 2024 sourced from government and other development partners (\$42 million – September 30, 2023). The funds received from government and other development partners were also recognized as advisory services income in IFC's condensed consolidated statements of operations.

## NOTE P – PENSION AND OTHER POST-RETIREMENT BENEFITS

IBRD, IFC and MIGA participate in the defined benefit Staff Retirement Plan (SRP), a Retired Staff Benefits Plan (RSBP) and a Post-Employment Benefits Plan (PEBP) (collectively "the Pension Plans") that cover substantially all WBG employees, retirees and their beneficiaries. The SRP provides pension benefits and includes a cash balance plan. The RSBP provides certain health and life insurance benefits to eligible retirees. The PEBP provides certain pension benefits administered outside the SRP.

IFC uses a June 30th measurement date for its pension and other post-retirement benefit plans. All costs, assets, and liabilities associated with the Plans are allocated among IBRD, IFC, and MIGA based upon their employees' respective participation in the Pension Plans. IDA, IFC, and MIGA reimburse IBRD for their proportionate share of any contributions made to the plans by IBRD. Contributions to the Pension Plans are calculated as a percentage of salary.

The following table summarizes the benefit costs associated with the SRP, RSBP, and PEBP allocated to IFC for the three months ended September 30, 2024 and September 30, 2023. For the three months ended September 30, 2024 and September 30, 2023, the service costs of \$52 million and \$51 million are included in "Administrative expenses" respectively. The components of net periodic pension cost, other than the service cost component, are included in "Other, net" in the condensed consolidated statement of operations.

### Table P1: Net periodic pension Cost - SRP, RSBP & PEBP

	For the three months ended															
	September 30, 2024							September 30, 2023				3				
(US\$ in millions)	S	SRP	R	SBP	PE	ЗP	То	otal	SI	RP	RS	BP	PEBP		To	otal
Pension Plan Benefit costs																
Service cost	\$	37	\$	8	\$	7	\$	52	\$	35	\$	8	\$	8	\$	51
Other components																
Interest cost		73		10		9		92		64		9		8		81
Expected return on plan assets		(80)		(15)		—		(95)		(73)		(14)		—		(87)
Amortization of unrecognized prior service cost		—		—		1		1		—		—		1		1
Amortization of unrecognized net actuarial gains		—		(4)		—		(4)		—		(4)		—		(4)
Sub total		(7)		(9)		10		(6)		(9)		(9)		9		(9)
Net periodic pension cost	\$	30	\$	(1)	\$	17	\$	46	\$	26	\$	(1)	\$	17	\$	42

## NOTE Q – OFFSETTING OF DERIVATIVES, RESALE, REPURCHASE AND SECURITIES LENDING AGREEMENTS AND COLLATERAL

IFC does not present derivative assets and liabilities or amounts due or owed under resale, repurchase and securities lending transactions related to contracts entered into with the same counterparty under a legally enforceable netting agreement on a net basis on its condensed consolidated balance sheets. The following table provides the gross and net positions of IFC's derivative contracts, resale, repurchase and securities lending agreements considering amounts and collateral held or pledged in accordance with enforceable counterparty credit support and netting agreements described below. The gross and net positions include derivative assets of \$252 million and derivative liabilities of \$271 million as of September 30, 2024, related to derivative contracts that are not subject to counterparty credit support or netting agreements. Collateral amounts are included only to the extent of the related net derivative fair values or net resale, repurchase and securities lending agreements amounts.

### Table Q1: Gross <sup>a</sup> and net positions of derivative contracts

		September 30, 2024										
		s amount nted in the		ss amount condensed balance	cons	olidated						
(US\$ in millions)	con	idensed solidated ce sheets		nancial ruments	re	ollateral ceived/ ledged	Net	amount				
Derivative assets	\$	4,531	\$	2,518	\$	290 I	<b>\$</b>	1,723				
Total assets	\$	4,531	\$	2,518	\$	290	\$	1,723				
Derivative liabilities	\$	7,827	\$	2,518	\$	3,586	\$	1,723				
Repurchase and securities lending agreements		2,243		2,241				2				
Total liabilities	\$	10,070	\$	4,759	\$	3,586	\$	1,725				

Table Q1.1:

June 30, 2024												
			condensed									
con			re	ceived/	Net	amount						
\$	4,351	\$	2,439	\$	468 I	c \$	1,444					
\$	4,351	\$	2,439	\$	468	\$	1,444					
\$	8,612	\$	2,439	\$	4,521	\$	1,652					
	1,051		1,050		_		1					
\$	9,663	\$	3,489	\$	4,521	\$	1,653					
	prese con balan \$ \$	\$ 4,351 \$ 8,612 1,051	Gross amount presented in the condensed consolidated balance sheets \$ 4,351 \$ \$ 4,351 \$ \$ \$ 4,351 \$ \$ \$ 4,351 \$ \$ \$ 1,051 \$	Gross amount presented in the condensed consolidated balance sheets \$ 4,351 \$ 2,439 \$ 2,439 \$ 2,439 \$ 2,439 \$ 2,439 \$ 2,439 \$ 2,439	Gross amount presented in the condensed consolidated balance sheets \$ 4,351 \$ Cross amounts not the condensed consolidated instruments \$ 4,351 \$ 2,439 \$ \$ \$ \$ 4,351 \$ 2,439 \$ \$ \$ 1,051 1,050 \$ Gross amounts not the condensed consolidated instruments \$ Cross amounts not the condensed consolidated balance sheet \$ Cross amounts not the condensed consolidated balance sheet \$ Cross amounts not the condensed consolidated balance sheet \$ Cross amounts not the condensed consolidated \$ Cross amounts not the condensed consolidated balance sheet \$ Cross amounts not the condensed consolidated \$ Cross amounts not \$ Cross amounts not \$ Cross amou	Gross amount presented in the condensed consolidated balance sheetsGross amounts not offset in the condensed consolidated balance sheetsCollateral consolidated balance sheetsCollateral received/ pledged\$ 4,351\$ 2,439\$ 468 f\$ 4,351\$ 2,439\$ 468 f\$ 8,612\$ 2,439\$ 4,5211,0511,050	Gross amount presented in the condensed consolidated balance sheets       Gross amounts not offset in the condensed consolidated balance sheets         \$ 4,351       Financial instruments       Collateral received/ pledged         \$ 4,351       \$ 2,439       \$ 468       \$         \$ 4,351       \$ 2,439       \$ 468       \$         \$ 4,351       \$ 2,439       \$ 468       \$         \$ 4,351       \$ 2,439       \$ 468       \$         \$ 1,051       1,050       —       —					

a Gross amount presented in the condensed consolidated balance sheets includes accrued income and expenses.

b Includes cash collateral only as of September 30, 2024 and June 30, 2024 respectively.

IFC's derivative contracts with market counterparties are entered into under standardized master agreements published by the International Swaps and Derivatives Association (ISDA) Agreements. ISDA Agreements provide for a single lump sum settlement amount upon the early termination of transactions following a default or termination event whereby amounts payable by the non-defaulting party to the other party may be applied to reduce any amounts that the other party owes the non-defaulting party. This setoff effectively reduces any amount payable by the non-defaulting party to the defaulting party.

IFC's ISDA Agreements are appended by a Credit Support Annex (CSA) that provides for the receipt, and in some cases, posting, of collateral in the form of cash, U.S. Treasury securities or U.K. gilts to reduce mark-to market exposure among derivative market counterparties. IFC recognizes cash collateral received and a corresponding liability on its balance sheets for the obligation to return it. Securities received as collateral are not recognized on IFC's balance sheets. Since October 2023, IFC started posting securities as collateral. IFC recognizes a receivable on its balance sheets for its rights to cash collateral posted. In accordance with the CSAs, IFC may rehypothecate securities received as collateral, subject to the obligation to return such collateral and any related distributions received. In the event of a counterparty default, IFC may exercise certain rights and remedies, including the right to set off any amounts payable by the counterparty against any collateral held by IFC and the right to liquidate any collateral held. As of September 30, 2024

## NOTE Q – OFFSETTING OF DERIVATIVES, RESALE, REPURCHASE AND SECURITIES LENDING AGREEMENTS AND COLLATERAL (continued)

and June 30, 2024, no collateral was rehypothecated under securities lending agreements. The table below summarizes IFC's collateral pledged and received under CSAs as of September 30, 2024, and June 30, 2024:

## Table Q2: Collateral pledged and received under CSA

(US\$ in millions)	Septemb	er 30, 2024	June 30, 2024
Cash collateral received	\$	305 \$	498
Securities collateral received (fair value)		—	—
Cash collateral pledged		1,051	1,220
Trading securities pledged (fair value)		2,635	3,378

Under certain CSA's IFC is not required to pledge collateral unless its credit rating is downgraded from its current AAA/Aaa. The aggregate fair value of derivatives containing such a credit risk-linked contingent feature in a net liability position was \$92 million as of September 30, 2024 (\$91 million as of June 30, 2024). As of September 30, 2024, IFC had no collateral posted under these agreements. If IFC's credit rating were to be downgraded from its current AAA/Aaa to AA+/Aa1 or below, then collateral in the amount of \$47 million would be required to be posted against net liability positions with counterparties as of September 30, 2024 (\$63 million as of June 30, 2024).

IFC's resale, repurchase and securities lending transactions are entered into with counterparties under industry standard master netting agreements which generally provide the right to offset amounts owed one another with respect to multiple transactions under such master netting agreement and liquidate the purchased or borrowed securities in the event of counterparty default. IFC had no securities held as collateral under these master netting agreements as of September 30, 2024 and June 30, 2024.

The following table presents an analysis of IFC's repurchase agreements by (1) class of collateral pledged and (2) their remaining contractual maturity as of September 30, 2024 and June 30, 2024:

### Table Q3: Repurchase Agreements – Categorized by remaining contractual maturity

	Rema	Remaining Contractual Maturity of the Agreements – September 30, 2024								
(US\$ in millions)	Overnight and Continuous		Up to 30 days		30-90 days		Greater than 90 days			Total
Repurchase agreements										
U.S. Treasury securities	\$		\$	55	\$	531	\$	1,657	\$	2,243
Total Repurchase agreements	\$	_	\$	55	\$	531	\$	1,657	\$	2,243
		Plus cash collateral payable							305	
Less: accrued interest on cash collateral and repos, net Securities sold under repurchase agreements and payable for cash collateral received							(17)			
						l payable received	\$	2,531		

Table Q3.1:

		Remaining Contractual Maturity of the Agreements – June 30, 2024									
(US\$ in millions)	Overnight and Continuous		Up to 30 days		30-90 days		Greater than 90 days			Total	
Repurchase agreements											
U.S. Treasury securities	\$	—	\$	191	\$	331	\$	529	\$	1,051	
Total Repurchase agreements	\$	_	\$	191	\$	331	\$	529	\$	1,051	
		Plus cash collateral payable								498	
	Less: accrued interest on cash collateral and repos, net.						epos, net.		(8)		
									-		

Securities sold under repurchase agreements and payable

for cash collateral received <u>\$ 1,541</u>

As of both September 30, 2024 and June 30, 2024, IFC has no repurchase-to-maturity transactions nor securities lending transactions outstanding.

## **NOTE R – CONTINGENCIES**

From time to time, IFC may be named as a defendant or co-defendant in legal actions on different grounds in various jurisdictions. The outcome of any existing legal action, in which IFC has been named as a defendant or co-defendant, as of and for the three months ended September 30, 2024, is not expected to have a material adverse effect on IFC's financial position, results of operations or cash flows.