

ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries.

Established in 1956, IFC is owned by 184 member countries, a group that collectively determines our policies.

With a global presence in more than 100 countries, a network of nearly 1,000 financial institutions, and more than 2,000 private sector clients, IFC is uniquely positioned to create opportunity where it's needed most.

We use our capital, expertise, and influence to help end extreme poverty and boost shared prosperity.

LEADERSHIP PERSPECTIVE

A Letter from

*IFC Executive Vice President
and Chief Executive Officer
Jin-Yong Cai*

These are challenging times for developing countries. Economic growth remains lackluster, despite the brightening outlook in wealthier countries. Job creation remains insufficient to absorb the growing numbers of young people entering the workforce. In many countries, the basic infrastructure necessary for sustained prosperity—power grids, schools, banks—remains woefully inadequate.



At IFC, we are stepping up our efforts to deliver lasting solutions. As the largest global development institution focused on the private sector, we take a comprehensive approach—enabling businesses to innovate, to fully leverage the benefits of modern technology and infrastructure, to build internationally competitive industrial sectors, and to expand opportunities for people to find good jobs.

Over the past year, IFC achieved significant development impact—in some of the world's most challenging environments. With our support, more than 2,000 IFC clients—located in every region of the world—provided about 2.6 million jobs, distributed power, water, and gas to more than 94 million customers, and distributed more than \$300 billion in loans to micro, small, and medium enterprises. They helped treat more than 27 million patients and educate about 2.5 million students.

We provided a record amount of financing for private sector development in the world's poorest countries—nearly \$8.5 billion in all, including funds mobilized from other investors. These countries accounted for half of the nearly 600 projects we began during the year. Our annual investments in fragile and conflict-affected areas have climbed 20 percent over the past two years—to nearly \$950 million, including funds IFC mobilized from other investors.

Globally, we invested more than \$22 billion in about 100 developing countries, including about \$5 billion mobilized from other investors. And we did so in ways that made IFC more financially sustainable. Our investments have demonstrated that commercial and developmental success are mutually reinforcing—even in the most challenging areas. Our consistent investment results have enabled us to provide significant financing—more than \$2.8 billion since 2007—for the World Bank's International Development Association, which provides grants to the poorest countries.

Fiscal year 2014 also was a strong year for our advisory services, which did two-thirds of its work in IDA countries, including almost 20 percent in fragile and conflict-affected areas, and achieved record

development-effectiveness and client-satisfaction ratings. We delivered an increasing number of client solutions that involved a combination of investment and advice—nearly 160 new advisory engagements with investment clients, marking an increase of almost 80 percent over the previous year.

IFC Asset Management Company continued to grow, increasing its assets under management to more than \$6 billion across six investment funds with a strong mix of reputable investors. In FY14 it completed fund-raising for the IFC Global Infrastructure Fund, raising \$1.2 billion. It also completed fund-raising for the IFC Catalyst Fund, raising \$418 million for climate-smart investments.

Big challenges demand big solutions. As we move ahead, I am convinced that IFC can deliver even more impressive results—by deepening our engagement with clients, by bringing to bear the full range of capabilities available in the World Bank Group, and by focusing on activities with the greatest potential to end extreme poverty and boost shared prosperity.



JIN-YONG CAI
*IFC Executive Vice President
and Chief Executive Officer*

BIG CHALLENGES DEMAND BIG SOLUTIONS.

Every year, an untold number of entrepreneurs in developing countries see their business fail—because capital is scarce and expensive. Millions of young people can't find a job—because their education hasn't prepared them for the needs of the market. Countless small companies struggle to expand.

Big
Challenges





Big
Solutions

To communicate...

COMMUNITY

...businesses need
technology infrastructure



OUR FOCUS: TECHNOLOGY


Modern information and telecommunications technologies make it easier for the poor to obtain access to services and resources. These technologies expand opportunity and make markets and institutions more efficient. IFC works to extend their availability.



To grow
more food...

OUR FOCUS: AGRICULTURE

Agribusiness is a priority for IFC because of its potential for broad development impact and strong role in poverty reduction. We combine investments with advisory services to help this sector meet the growing demand for food in environmentally sustainable and socially inclusive ways.



...businesses need
modern methods
of production

To reach
new customers...



OUR FOCUS: INFRASTRUCTURE

Efficient infrastructure spurs economic growth, improves living standards, and can help address challenges such as urbanization and climate change. IFC helps increase access to power, transportation, and water by financing projects and advising governments on public-private partnerships.

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...businesses need
good roads
and transportation

ch

To expand...



OUR FOCUS: ACCESS TO FINANCE

Sound, inclusive, and sustainable financial markets are essential to end poverty and boost shared prosperity—they create opportunity for individuals to succeed and for businesses to grow and create jobs. IFC works to increase the availability and affordability of key financial services such as credit, savings, and insurance.

...businesses need
greater access to finance



To thrive...



...businesses need an
educated and
healthy workforce



OUR FOCUS: HEALTH CARE & EDUCATION

Health and education are fundamental to human development—and therefore a central element in any strategy to end poverty and reduce inequality. IFC supports clients that deliver high-quality services to low- and middle-income people.



To succeed in the
long run...

OUR FOCUS: SUSTAINABILITY

In a time of climate change, scarcity of resources, and rising social pressures, businesses need to adopt sound environmental, social, and corporate governance practices. IFC helps clients in this process, encouraging transparency and accountability.

business

...businesses need
to adopt sustainable
practices





\$1.6 billion invested in inclusive businesses



2.6 million jobs supported



\$18.6 billion in revenues generated for governments

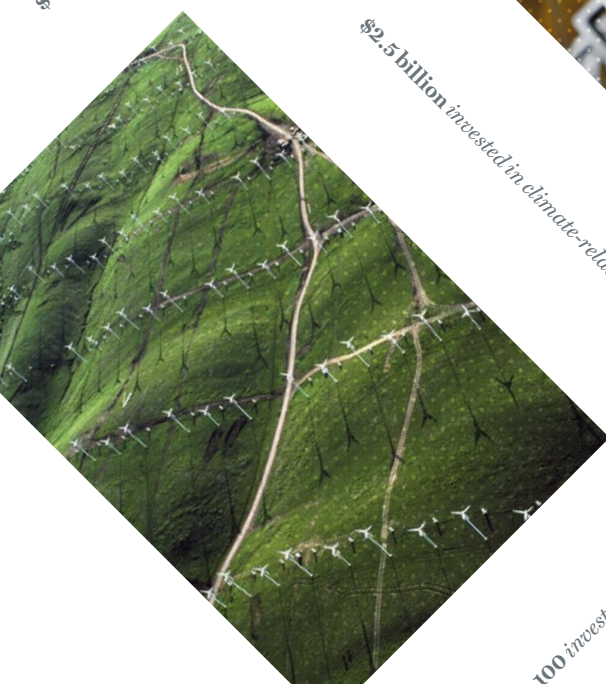


WHEN BUSINESSES FLOURISH

\$4.1 billion invested in infrastructure



\$300 billion in loans made to micro, small, and medium enterprises



\$2.5 billion invested in climate-related projects

100 investment-climate reforms supported



2.9 million farmers assisted





30.3 million customers supplied with water

\$8.5 billion invested in IDA countries

8.5 million people benefited from off-grid lighting solutions

COMMUNITIES FLOURISH

40 million customers supplied with gas



2.5 million students educated

27 million patients cared for



75.6 million customers supplied with power



181 million phone connections provided



OUR MANAGEMENT TEAM

Our seasoned team of executives ensures that IFC's resources are deployed effectively, with a focus on maximizing development impact and meeting the needs of our clients. IFC's Management Team benefits from years of development experience, a diversity of knowledge, and distinct cultural perspectives—qualities that enhance IFC's uniqueness. The team shapes our strategies and policies, positioning IFC to help improve the lives of more poor people in the developing world.



Left to right (titles as of June 30, 2014):

Jingdong Hua Vice President, Treasury and Syndications • **Jean Philippe Prosper** Vice President, Sub-Saharan Africa and Latin America and the Caribbean • **Karin Finkelston** Vice President, Asia-Pacific • **Gavin Wilson** CEO, IFC Asset Management Company • **Saadia Khairi** Vice President, Risk Management and Portfolio • **Ethiopis Tafara** Vice President and General Counsel • **Jin-Yong Cai** IFC Executive Vice President and CEO • **Nena Stoiljkovic** Vice President, IFC Advisory Services, and Global Practices Vice President for the World Bank Group • **Dimitris Tsitsiragos** Vice President, Europe, Central Asia, Middle East and North Africa.

IFC YEAR IN REVIEW

In FY14, IFC invested more than \$22 billion, including about \$5 billion mobilized from other investors. Our comprehensive approach helped businesses innovate, build internationally competitive industrial sectors, and create good jobs.

IFC FINANCIAL HIGHLIGHTS

Dollars in millions, as of and for the years ended June 30*

	2014	2013	2012	2011	2010
Net income (loss) attributable to IFC	\$ 1,483	\$ 1,018	\$ 1,328	\$ 1,579	\$ 1,746
Grants to IDA	\$ 251	\$ 340	\$ 330	\$ 600	\$ 200
Income before grants to IDA	\$ 1,739	\$ 1,350	\$ 1,658	\$ 2,179	\$ 1,946
Total assets	\$84,130	\$77,525	\$75,761	\$68,490	\$61,075
Loans, equity investments and debt securities, net	\$38,176	\$34,677	\$31,438	\$29,934	\$25,944
Estimated fair value of equity investments	\$14,890	\$13,309	\$11,977	\$13,126	\$10,146

Key Ratios

Return on average assets (GAAP basis)	1.8%	1.3%	1.8%	2.4%	3.1%
Return on average capital (GAAP basis)	6.4%	4.8%	6.5%	8.2%	10.1%
Cash and liquid investments as a percentage of next three years' estimated net cash requirements	78%	77%	77%	83%	71%
Debt-to-equity ratio	2.7:1	2.6:1	2.7:1	2.6:1	2.2:1
Total resources required (billions)	\$ 18.0	\$ 16.8	\$ 15.5	\$ 14.4	\$ 12.8
Total resources available (billions)	\$ 21.6	\$ 20.5	\$ 19.2	\$ 17.9	\$ 16.8
Total reserve against losses on loans to total disbursed loan portfolio	6.9%	7.2%	6.6%	6.6%	7.4%

*See Management's Discussion and Analysis and Consolidated Financial Statements for details on the calculation of these numbers:
http://www.ifc.org/ifcext/annualreport.nsf/Content/AR2014_Financial_Reporting

IFC OPERATIONAL HIGHLIGHTS

Dollars in millions, for the year ended June 30

	2014	2013	2012	2011	2010
New Investment Commitments					
Number of projects	599	612	576	518	528
Number of countries	98	113	103	102	103
For IFC's own account	\$17,261	\$18,349	\$15,462	\$12,186	\$12,664

Core Mobilization*

Syndicated loans ¹	\$ 3,093	\$ 3,098	\$ 2,691	\$ 4,680	\$ 1,986
Structured finance	—	—	—	—	\$ 797
IFC initiatives & other	\$ 1,106	\$ 1,696	\$ 1,727	\$ 1,340	\$ 2,358
Asset Management Company (AMC) Funds	\$ 831	\$ 768	\$ 437	\$ 454	\$ 236
Public-Private Partnerships (PPP) ²	\$ 113	\$ 942	\$ 41	—	—
Total core mobilization	\$ 5,142	\$ 6,504	\$ 4,896	\$ 6,474	\$ 5,377

Investment Disbursements

For IFC's own account	\$ 8,904	\$ 9,971	\$ 7,981	\$ 6,715	\$ 6,793
Syndicated loans ³	\$ 2,190	\$ 2,142	\$ 2,587	\$ 2,029	\$ 2,855

Committed Portfolio

Number of firms	2,011	1,948	1,825	1,737	1,656
For IFC's own account	\$51,735	\$49,617	\$45,279	\$42,828	\$38,864
Syndicated loans ⁴	\$15,258	\$13,633	\$11,166	\$12,387	\$ 9,302

Advisory Services

Advisory Services program expenditures	\$ 234	\$ 232	\$ 197.0	\$ 181.7	\$ 166.4
Share of program in IDA countries ⁵	66%	65%	65%	64%	62%

*Financing from entities other than IFC that becomes available to client due to IFC's direct involvement in raising resources.

1. Includes B-Loans, Parallel Loans, MCPP Loans, and A-Loan Participation Sales (ALPS).

2. Third-party financing made available for public-private-partnership projects due to IFC's mandated lead advisor role to national, local, or other government entity.

3. Includes B-Loans, Agented Parallel Loans & MCPP Loans.

4. Includes B-Loans, A-Loan Participation Sales (ALPS), Agented Parallel Loans, Unfunded Risk Participations (URPs) & MCPP Loans.

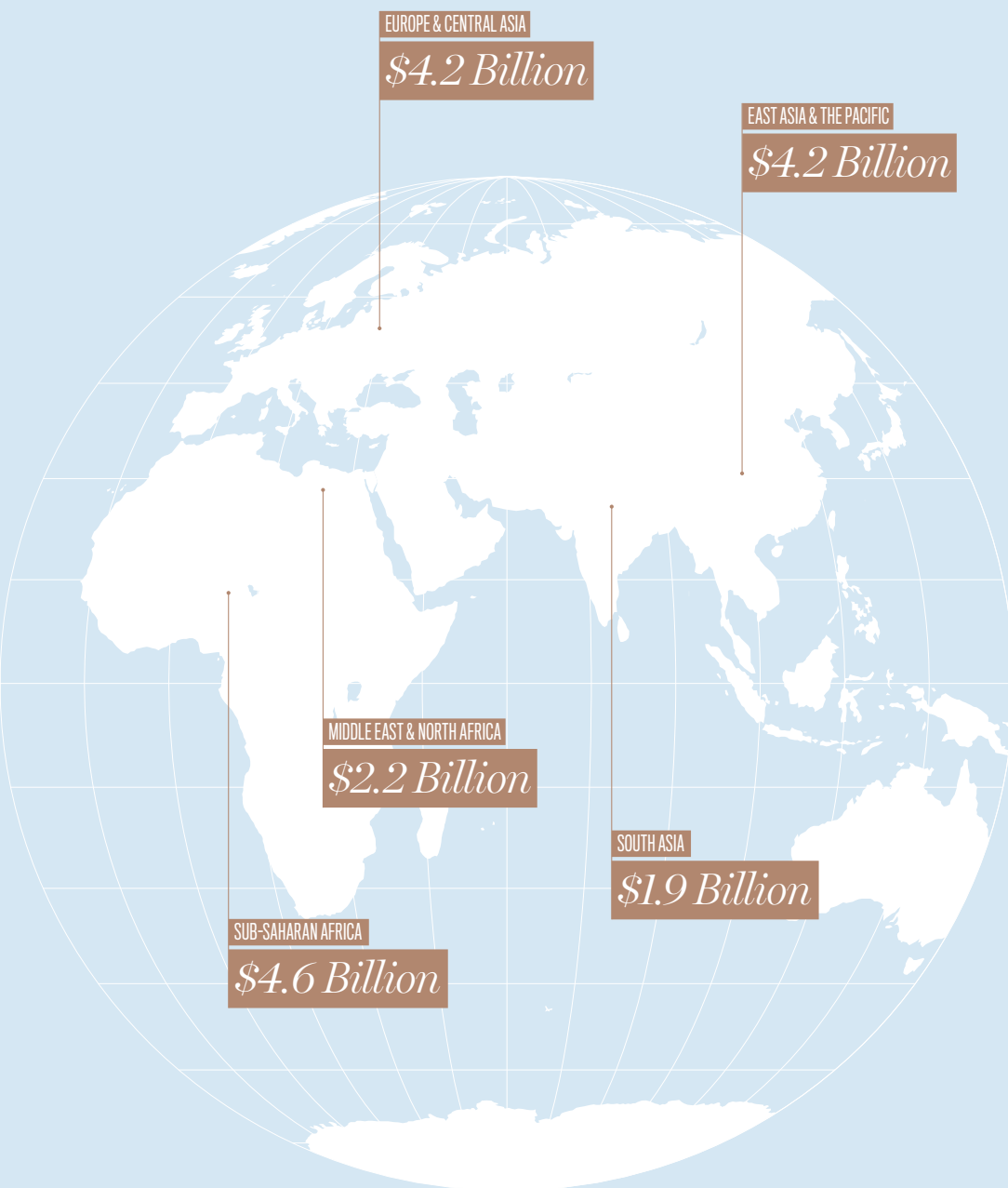
5. All references in this report to percentages of advisory program expenditures in IDA countries and fragile and conflict-affected areas exclude global projects.

IFC'S GLOBAL IMPACT

IFC provided a record amount of financing for private sector development in the world's poorest countries—nearly \$8.5 billion in all, including funds mobilized from other investors. These countries accounted for half of the nearly 600 projects we began during the year.

LATIN AMERICA & THE CARIBBEAN

\$5.1 Billion



\$22 BILLION
*in total investments,
including \$17.3 billion
for our own account*

FY14 COMMITMENTS BY ENVIRONMENTAL AND SOCIAL CATEGORY

Category	Commitments (\$ millions)	No. of Projects
A	\$ 1,668	23
B	\$ 4,328	160
C	\$ 7,162	268
FI	\$ 201	12
FI-1	\$ 682	13
FI-2	\$ 2,049	85
FI-3	\$ 1,171	38
Total	\$17,261	599

FY14 LARGEST COUNTRY EXPOSURES¹

June 30, 2014
(Based on IFC's account)

Global Rank	Country	Committed Portfolio (\$ millions)	% of Global Portfolio
1	India	\$4,682	9.05%
2	Turkey	\$3,215	6.21%
3	China	\$3,116	6.02%
4	Brazil	\$2,811	5.43%
5	Russian Federation	\$2,055	3.97%
6	Mexico	\$1,556	3.01%
7	Nigeria	\$1,527	2.95%
8	Ukraine	\$1,034	2.00%
9	Indonesia	\$1,019	1.97%
10	Egypt, Arab Republic of	\$ 977	1.89%

1. Excludes individual country shares of regional and global projects.

FY14 COMMITMENTS

Dollar amounts in millions, for IFC's own account as of June 30, 2014

Total	\$17,261	100.00%	
By Industry			
Trade Finance	\$ 7,007	40.60%	
Financial Markets	\$ 3,454	20.01%	
Infrastructure	\$ 2,426	14.06%	
Agribusiness & Forestry	\$ 1,051	6.09%	
Manufacturing	\$ 984	5.70%	
Consumer & Social Services	\$ 928	5.37%	
Telecommunications & Information Technology	\$ 489	2.83%	
Funds	\$ 480	2.78%	
Oil, Gas & Mining	\$ 441	2.56%	

By Region

Latin America and the Caribbean	\$ 4,057	23.50%	
Sub-Saharan Africa	\$ 3,540	20.50%	
Europe and Central Asia	\$ 3,478	20.15%	
East Asia and the Pacific	\$ 2,771	16.05%	
Middle East and North Africa	\$ 1,698	9.84%	
South Asia	\$ 1,558	9.03%	
Global	\$ 158	0.92%	

Some amounts include regional shares of investments that are officially classified as global projects.

By Product

Loans ¹	\$ 7,579	44.00%	
Guarantees ²	\$ 7,328	42.40%	
Equity ³	\$ 2,324	13.40%	
Risk management products	\$ 30	0.20%	

1. Includes loan-type, quasi-loan products.

2. Includes trade finance.

3. Includes equity-type, quasi-equity products.

FY14 COMMITTED PORTFOLIO

Dollar amounts in millions, for IFC's own account as of June 30, 2014

Total	\$51,735	100%	
By Industry			
Financial Markets	\$14,994	29%	
Infrastructure	\$10,192	20%	
Manufacturing	\$ 6,411	12%	
Agribusiness & Forestry	\$ 4,345	8%	
Consumer & Social Services	\$ 4,199	8%	
Funds	\$ 3,862	7%	
Trade Finance	\$ 3,166	6%	
Oil, Gas & Mining	\$ 2,559	5%	
Telecommunications & Information Technology	\$ 2,007	4%	
Other	-	0%	

By Region

Latin America and the Caribbean	\$11,645	23%	
Europe and Central Asia	\$11,041	21%	
Sub-Saharan Africa	\$ 8,540	17%	
East Asia and the Pacific	\$ 8,023	16%	
Middle East and North Africa	\$ 5,801	11%	
South Asia	\$ 5,782	11%	
Global	\$ 902	2%	

Amounts include regional shares of investments that are officially classified as global projects.

FY14 INVESTMENT SERVICES DOTS SCORE BY INDUSTRY

IFC Total	833 (30,042)	64%
Funds	97 (1,470)	72%
Oil, Gas & Mining	32 (2,125)	69%
Financial Markets	254 (11,047)	68%
Infrastructure	128 (5,698)	66%
Agribusiness & Forestry	83 (2,425)	61%
Consumer & Social Services	107 (2,188)	57%
Manufacturing	96 (3,969)	55%
Telecommunications & Information Technology	36 (1,119)	42%

Numbers at the left end of each bar are the total number of companies rated.

Numbers in parentheses represent total IFC investment (\$ millions) in those projects.

FY14 INVESTMENT SERVICES DOTS SCORE BY REGION

IFC Total	833 (30,042)	64%
Latin America and the Caribbean	174 (6,549)	67%
South Asia	103 (3,317)	66%
Sub-Saharan Africa	160 (3,790)	64%
Middle East and North Africa	91 (3,569)	62%
East Asia and the Pacific	115 (4,450)	61%
Europe and Central Asia	176 (7,949)	61%

Numbers at the left end of each bar are the total number of companies rated.

Numbers in parentheses represent total IFC investment (\$ millions) in those projects.

FY14 ADVISORY SERVICES PROGRAM EXPENDITURES

Dollar amounts in millions

Total	\$233.7	100.0%	
By Region			
Sub-Saharan Africa	\$ 63.2	27%	
East Asia and the Pacific	\$ 41.6	18%	
Europe and Central Asia	\$ 38.8	17%	
South Asia	\$ 31.5	13%	
Latin America and the Caribbean	\$ 24.8	11%	
Middle East and North Africa	\$ 21.8	9%	
Global	\$ 11.9	5%	
By Business Line			
Investment Climate	\$ 69.3	30%	
Access to Finance	\$ 68.0	29%	
Sustainable Business	\$ 58.6	25%	
Public-Private Partnerships	\$ 37.8	16%	

WEIGHTED AND UNWEIGHTED INVESTMENT SERVICES DOTS SCORES

FY14	833	64%
	\$30,042	73%
FY13	716	66%
	\$29,674	73%
FY12	668	68%
	\$26,610	75%

Unweighted Weighted

Numbers at the left end of each bar for unweighted DOTS score are the total number of companies rated. Numbers at the left end of each bar for weighted DOTS score represent total IFC investment (\$ millions) in those projects.