

5 November, 2013

IFC Launches 3-year USD 1 Billion Green Bond transaction

On Tuesday, 5th November 2013, the International Finance Corporation (IFC), rated Aaa/AAA launched a USD 1 billion Green Bond transaction to support climate-smart investments in emerging markets. The bond constitutes the second benchmark sized green bond transaction for the year from IFC – a testament of the issuers' strong commitment to the environmentally and socially responsible funding.

Proceeds of IFC green bonds are used for private sector investments in renewable energy, energy efficiency, and other areas that reduce greenhouse gas emissions such as installing solar and wind power, and providing financing for technology that helps generate energy more efficiently

The bond, which priced at midswaps minus 4 basis points, was heavily oversubscribed and sized to address the demand from an increasing number of investors interested in climate-related opportunities. The final order book contained 50 orders and was principally allocated to committed mainstream investors, such as AP2, AP4, BlackRock, California State Teachers' Retirement System (CalSTRS), Deutsche Bank Asset & Wealth Management, Ford Motor Company, Microsoft, Praxis Intermediate Income Fund and Everence, State Street Global Advisors (SSgA) participating with their High Quality Green Bond Fund, Trillium Asset Management, LLC, United Nations Development Programme and United Nations Joint Staff Pension Fund.

The distribution by investor type and geography was as follows; 74% of the bond was placed with Green investors and in terms of geography 55% was placed in the Americas, 37% in EMENA and 8% in Asia. In addition to the traditional investment considerations such as safety of investment and risk-adjusted returns, a majority of the investors purchased the bonds due to their interest in supporting climate-friendly projects within their investment mandates.

BofA Merrill Lynch, Citigroup, Crédit Agricole CIB and SEB were joint-lead managers in this transaction.

"This transaction is a fantastic result for the IFC, and the culmination of extensive investor work the issuer has been doing for quite some time around the Green bond product. The second \$1bn Green benchmark from IFC in 2013 is a very important milestone for the growing SRI fixed bond market" said **Suzanne Buchta, Managing Director, Global Co-Head Green DCM, BofA Merrill Lynch.**

"This transaction is a further milestone in the development of AAA Green Bonds as a liquid asset class. It is IFC's second billion dollar green bond within a year, which highlights the substantial scale of IFC's lending to environmentally friendly projects" said **Philip Brown, Managing Director, Debt Capital Markets at Citi.**

"This second IFC benchmark Green Bond demonstrates the far reaching investor interest into liquid, benchmark sized issue whose proceeds will fund environmental related projects. The deal has allowed IFC to further diversify, in particular in Europe, the distribution of such bonds. It strengthened IFC's position as a leader in the development of this new sector of the international capital markets" said **Pierre Blandin, Global Head of DCM – SSA Origination, Crédit Agricole CIB**

“This issuance was yet another demonstration of how the capital market can play an important role in climate finance. Under the leadership of Governed institutions, like the IFC, investors are now enabled to participate in climate financing through their mainstream financial mandates – an opportunity where we have experienced a steady growth of solid engagement and close cooperation between the world’s leading investors and borrowers – the cooperation with IFC has opened new doors! We see this deal as a strong illustration of this engagement” said **Christopher Flensburg, Head of Sustainable Products and Product Development at SEB.**

Transaction Summary:

Issuer: International Finance Corporation (IFC)

Format: SEC Exempt Global Offering

Amount: USD 1 billion

Settlement date: 15 November 2013

Maturity date: 15 November 2016

Issue price: 99.834%

Coupon: 0.625%

Issue yield: 0.681%

Spread: Midswap -4 bps and CT3 +9.6bps

Denomination: USD 1,000 or integral thereof

Listing: Luxembourg Stock Exchange

Joint-Lead Managers: BofA Merrill Lynch, Citigroup, Crédit Agricole CIB and SEB

ISIN: US45950VCP94

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector. Working with private enterprises in more than 100 countries, we use our capital, expertise, and influence to help eliminate extreme poverty and promote shared prosperity. In FY13, our investments climbed to an all-time high of nearly \$25 billion, leveraging the power of the private sector to create jobs and tackle the world’s most pressing development challenges. For more information, visit www.ifc.org