

# IFC issues USD 1 billion Global Social Bond amid effort to support private sector and jobs in developing countries affected by COVID-19 outbreak

## \*\*\*USD 1bn 3-year Global Social Bond\*\*\*

Press Points – 11<sup>th</sup> March 2020

### Final terms of the transaction

<b>Issuer</b>	<b>International Finance Corporation (IFC)</b>
<b>Rating</b>	Aaa (stable) /AAA (stable) (Moody's/S&P)
<b>Issue Amount</b>	USD 1,000,000,000
<b>Pricing Date</b>	11 <sup>th</sup> March 2020
<b>Settlement Date</b>	20 <sup>th</sup> March 2020
<b>Maturity Date</b>	20 <sup>th</sup> March 2023
<b>Re-Offer Price/Yield</b>	99.697% / 0.602%
<b>Coupon</b>	0.50% (semi-annual, 30/360)
<b>Re-offer vs. Mid-swap</b>	+13bps
<b>Re-offer vs. Benchmark</b>	UST 0.5% due March 2023 + +4.4bps
<b>Joint Bookrunners</b>	Barclays, BofA Securities, Crédit Agricole CIB, DZ Bank

### Context of the transaction

Today, the International Finance Corporation (“IFC”), a member of the World Bank Group focused on the private sector, rated Aaa (stable) / AAA (stable) (Moody's/S&P), successfully re-opened the USD market for SSA issuers following the worst day in financial markets since the crisis which saw equities and oil tumble and US treasury yields trade below 1% across the curve. Despite the volatile environment, IFC successfully priced its largest Social Bond – a USD 1bn (no-grow) 3-year Global SEC Exempt transaction. The deal gathered exceptional investor interest of over USD 3.4bn. The 3-year bond due on 20<sup>th</sup> March 2023, pays a coupon of 0.5% and priced with a spread of +13bps over mid-swaps, equivalent to +4.4bps over the UST 0.5% March 2023. Barclays, BofA Securities, Crédit Agricole CIB and DZ Bank acted as Joint Bookrunners for this landmark transaction.

**The new USD 1bn Social Bond transaction follows IFC's recent announcement of a \$6 billion package to support countries affected by the global outbreak of COVID-19. IFC will work closely with the private sector in developing countries to help sustain jobs**

**and reduce the economic impact of the outbreak. The overall World Bank Group package, including IFC's package is \$12 billion.**

The proceeds of the Social Bond will be allocated within IFC's Treasury to a designated sub-portfolio linked to lending to projects that meet the criteria stipulated in the Social Bond Principles as published by the International Capital Markets Association. IFC's social bonds support private sector projects that benefit the underserved in emerging markets. So long as the Notes are outstanding, the balance of the sub-portfolio will be reduced by amounts matching disbursements made by IFC in respect of these categories of projects. Funds held in the IFC Social Bond Program sub-portfolio will be invested by IFC's Treasury in accordance with IFC's liquid asset management investment guidelines.

As the largest development finance institution supporting the private sector in emerging markets, IFC is well positioned to work with private enterprises to create opportunity for investors to achieve returns while creating positive social impact. IFC's Social Bond Program is fully aligned with the Social Bond Principles. Since its launch in March 2017, IFC's Social Bond Program has developed across different markets and currencies and the cumulative issuance volumes have now reached USD 2.46bn through 31 different issuances and 8 different currencies as of date.

More details on IFC's Social Bond Program available at : <http://www.ifc.org/socialbonds>

### **Launch and execution process**

- Taking advantage of a window with an improved market backdrop, the decision was taken to announce the mandate on Wednesday 11<sup>th</sup> March at 8:30am London time with guidance of Mid-swap +17bps area.
- Momentum grew rapidly as the orderbook reached in excess of USD 1bn within the first hour supported by healthy orders from ESG investors, bank treasuries and the central bank community. Demand from high quality accounts continued to build up in the European morning topping 2.5bn by New York open at which point the spread was revised tighter to Mid-swap +15bps area and Europe/Asia orderbooks went subject. The final spread was set at Mid-swap +13bps at 1.15pm London time as books stood north of USD 3.4bn.
- IFC's largest ever Social Bond priced at 4.33pm London time with a coupon of 0.5%, at a reoffer price of 99.697% and offering a yield of 0.602%, to give a spread of +4.4bps over the UST 0.5% March 2023. This is the tightest spread to Treasuries achieved for a 3-year bond in recent history in the SSA space.
- The spread iterations were supported by high quality ESG investors showing no price sensitivity during the process, allowing the issue to be set 4bps tighter from guidance at Mid-swap +13bps. The composition of the book highlighted the strong demand and support for IFC's high quality credit and social mandate despite a volatile market backdrop.
- The solid demand from central banks and official institutions globally is a testament to IFC's successful investor relations strategy and ongoing collaboration with these accounts.

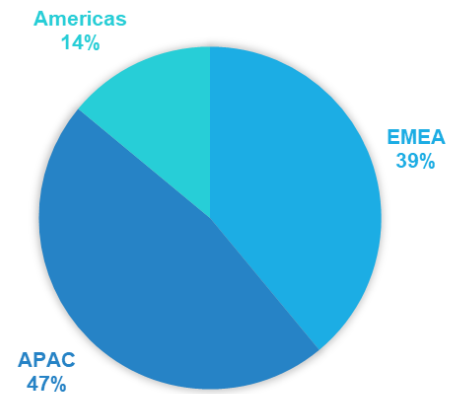
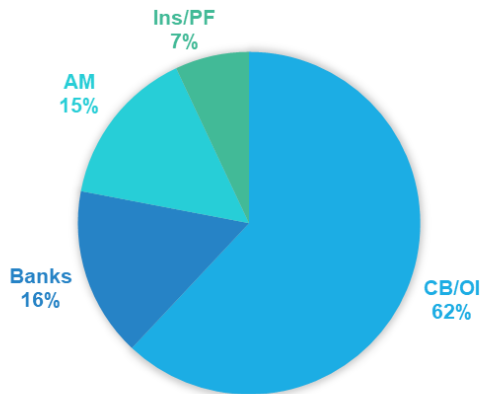
## Distribution Statistics

### Investor Type

CB/OI	62%
Banks	16%
AM	15%
Ins/PF	7%

### Geography

EMEA	39%
APAC	47%
Americas	14%



## Quotes from investors

### Pinebridge Investments LLC

*"IFC's social bond program is designed to deliver real sector impact with an evaluation and selection process for the underlying projects that marries a high-quality credit profile with tangible environmental and social standards."*

**- Alessia Falsarone, Managing Director, Head of Sustainable Investing, Developed Markets Fixed Income**

### TIAA/Nuveen

*"Attractive relative valuation, along with the IFC's industry-leading commitment to impact reporting, made this security a good fit for our investment strategies which prioritize competitive investment performance while aligning with direct and measurable environmental, social and governance outcomes."*

**- Stephen Liberatore, CFA, head of the public markets ESG/impact fixed income team at Nuveen.**

### QBE

*"QBE are delighted to partner with IFC, Credit Agricole, and Bank of America in bringing this social bond to market. It aligns strongly with our long standing commitment to supporting impact investing globally, and will likely form part of our award winning "premiums4good" programme."*

**- Gary Brader, CIO, QBE**

## **Quotes from the Joint Lead Managers**

*"IFC have shown great leadership on all fronts, showing access to capital markets during a historically volatile period and being at the forefront of supporting efforts against COVID-19. This is a tremendous demonstration of support for both the IFC credit and mission during this challenging time. We were honoured to be a part of what is a globally significant transaction"*

**- Lee Cumbes, Head of Public Sector EMEA, Barclays.**

*"An excellent result for IFC, accessing the US Dollar SSA market during a period of historical market volatility. The transaction enjoyed broad base support from global investors, and was significantly oversubscribed. The success of this financing was also driven by the timely use of proceeds language, which references assistance in the management of the COVID-19 virus epidemic."*

**- Adrien de Naurois, Managing Director, BofA Securities**

*"Despite very special market conditions, IFC has again proven its ambition for the Social Bond market with its largest issue to date. The high quality demand from global investors highlights the ongoing support for IFC's credit and renowned Social Bond Program as well as the endorsement of IFC's swift action to back countries affected by the COVID-19 outbreak. Credit Agricole CIB is immensely proud and honoured to have participated in this transaction at a moment which will be remembered by financial markets for some time."*

**- Tanguy Claquin, Head of Sustainable Banking, Credit Agricole CIB**

*"IFC took leadership and responsibility in a difficult market phase, when secondary and primary markets were largely disjunct and disrupted. The flexibility of the issuer in terms of timing, new issuance spread and execution was the paramount factor in achieving an outstanding result along the usual dimensions of final pricing, investor demand and diversification. The team has achieved this in a one day execution, thus concurrently maximising global investor participation and execution certainty. The cooperation amongst the syndicate banks was exemplary. It is DZ BANK's privilege having supported the social cause of the IFC by leading the books on this remarkable transaction. In order to maximise the social utility in the flow of funds, it was a priority to identify those investors with a social and ESG focus."*

**- Wolfgang Köhler, Member of the Board of Managing Directors, DZ BANK**

## **Contact:**



*Creating Markets, Creating Opportunities*

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