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# International Finance Facility for Immunisation - Aa1 stable

Annual credit analysis

RATINGS

**International Finance Facility for Immunisation**

| | Rating | Outlook |
|---|---|---|
| Long-term Issuer | Aa1 | STA |
| Short-term Issuer | P-1 | -- |

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## OVERVIEW AND OUTLOOK

The credit profile of the International Finance Facility for Immunisation (IFFIm, Aa1 stable) reflects very high liquidity, the strong commitment from donor governments and the involvement of the World Bank (IBRD, Aaa stable) as treasury manager. While IFFIm's role as a financing vehicle implies no paid-in-capital or loan portfolio, the supranational's low gearing ratio (net debt represents just 18.8% of the present value of donor pledges) indicates low leverage and a high level of flexibility in the unlikely event that donor pledges fail to materialize. IFFIm also benefits from a strong liquidity policy, consistently holding liquid assets in the amount of 1.5 times annual debt-service needs.

IFFIm's strong gearing and liquidity positions are partially offset by high donor concentration, with the UK (Aa2 stable) and France (Aa2 positive) representing 80% of remaining pledges. Because its revenue structure is reliant on the receipt of donors' pledges, IFFIm's rating is closely linked to the creditworthiness of its sovereign donors. Donor concentration risk is partially offset by the IBRD's robust risk management framework, which has ample flexibility to adjust leverage and disbursements in the event of negative rating actions on its largest donors, the UK and France.

Positive rating momentum for IFFIm would emerge if the creditworthiness of its largest donors, the UK and France, were to improve. A significant decrease in the concentration of sovereign donors' pledges would also be credit positive.

A material deterioration in the creditworthiness of its donors could lead to downward pressure on IFFIm's rating, particularly if the deterioration led to a downgrade of the UK and France. A weakening of the gearing ratio limits, or a change in treasury manager, neither of which we consider likely, would also be credit negative.

This credit analysis elaborates on IFFIm's credit profile in terms of strength of member support and liquidity and funding, which are the two main analytical factors for Other Supranational Entities in Moody's Supranational Rating Methodology.

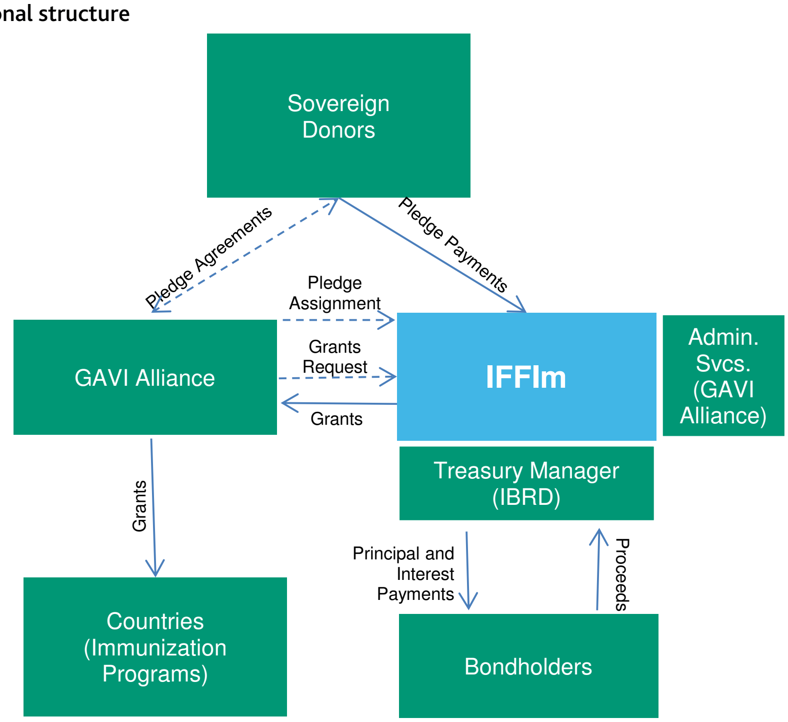
## Organizational structure and strategy

IFFIm is a multilateral development institution created in 2006 as a financing tool to accelerate and facilitate funding for immunizations carried out by Gavi, the Vaccine Alliance (Gavi[1]), and thereby help the international community achieve the Millennium Development Goals for improved child and maternal health. IFFIm serves as an additional funding vehicle for Gavi-approved programs and does not have any operations other than making grants to Gavi to finance programs in the world's poorest countries.[2] IFFIm has no employees and therefore receives administrative support from Gavi. Moreover, the IBRD, as treasury manager, conducts IFFIm's financial affairs, including risk management. The role of the IBRD as treasury manager is a significant source of credit strength for IFFIm. The financial and institutional strength of the IBRD allows it to provide innovative risk management solutions, which ultimately benefit IFFIm. IFFIm is incorporated as a private company, registered as a charity in England and Wales, and is governed by its own board of directors.

Sovereign donors enter into pledge agreements with Gavi, setting a total amount to be paid according to a schedule over a set period. Gavi assigns IFFIm the right to receive the cash as it comes in and IFFIm uses this right to future cash flows to access the international debt markets. The proceeds from IFFIm's bond issues are granted to Gavi-approved immunization programs. IFFIm uses the cash from scheduled donor payments to service debt and cover operating expenses (see Exhibit 1).

Donors may restrict their payments by set percentages if countries in IFFIm's reference portfolio fall into protracted arrears with the IMF (that is, more than six months). As a result, if enough countries were in arrears to the IMF at the same time, the amount of payments to IFFIm could in some circumstances be less than the amount needed to service debt. However, protracted arrears to the IMF are a rare event[3]. Indeed, currently only two countries (Somalia and Sudan) of IFFIM's 69-country reference portfolio are in protracted arrears to the IMF, and as such grantor payments in 2018 were reduced by 1.5% compared to committed amounts, a reduction that had no impact on IFFIm's creditworthiness.

Exhibit 1
**IFFIm's organizational structure**




*Source: IFFIm*

## CREDIT PROFILE

Our determination of a supranational's rating is based on three rating factors: capital adequacy, liquidity and funding and strength of member support. For Other Supranational Entities, such as IFFIm, strength of member support is the key driver of our assessment of the institution's credit profile. Additional considerations on liquidity and funding, and other qualitative adjustments including risks stemming from the operating environment or the quality of management, are incorporated to provide the rating range. For more information please see our Supranational Rating Methodology.

## Strength of member support score: a1

**Factor 1: Strength of member support**

| Scale | aaa | aa1 | aa2 | aa3 | a1 | a2 | a3 | baa1 | baa2 | baa3 | ba1 | ba2 | ba3 | b1 | b2 | b3 | caa1 | caa2 | caa3 | ca | c | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| + | | | | | Assigned | | | | | | | | | | | | | | | | | - |

**Sub-factor scores**

| | |
|---|---|
| **Ability to support** | **aa3** |
| **Willingness to support: Non-contractual** | **High** |

Shareholders' support for an institution is dependent on the ability and willingness of the members. Ability to support is reflected by the shareholders' credit quality. Willingness to support takes into consideration (1) the members' contractual obligations that primarily manifest in the callable capital pledge, a form of emergency support, and (2) other non-contractual manisfestations of support to the institution's financial standing and mission. Strength of member support can increase the preliminary rating range determined by combining factors 1 and 2 by as many as three scores.

*Note: In case the Adjusted and Assigned scores are the same, only the Assigned score will appear in the table above.*

We assess IFFIm's strength of member support at "a1". In addition to donations being legal obligations, IFFIm's donors have high credit ratings and have shown strong commitment to supporting IFFIm's mission. Our final assessment of strength of member support balances the donors' ability and willingness to honor pledges with the concentration risk inherent in IFFIm's donor structure.

### Ability to honor pledges remains very strong despite concentration risk and some uncertainty

While IFFIm does not have capital, the sovereign donor commitments are legally binding, and enforceable payment obligations. Given the legal characteristics of these pledges, we consider these donor obligations as analogous to capital contributions in MDBs. For most of the supranationals we rate, the strength of member support score is built around sovereigns' capital contributions to the supranational institutions. In particular, the ability to support score is determined by the weighed average shareholder rating. As we consider outstanding donations analogous to capital subscriptions, we calculate the weighted average donor rating at Aa3.

At inception, IFFIm had six original donors: UK (Aa2 stable), France (Aa2 positive), Italy (Baa3 stable), Norway (Aaa stable), Spain (Baa1 stable), and Sweden (Aaa stable). Overtime, donors have both increased their pledges (such as Norway in 2019), while new donors have joined IFFIm—the latest example is Brazil (Ba2 stable) joining in October 2018. The Exhibit 2 below breaks below down the donor pledges.

Exhibit 2
**Donor pledges showcase significant concentration**
**(as of December 2018, $ million unless otherwise noted)**

| Country | Date of first pledge | Total ammount pledge | Remaining pledges | Share of remaining pledges | Moody's Credit Rating and Outlook | |
|---|---|---|---|---|---|---|
| United Kingdom | October 2006 | 2980 | 1644 | 49.3% | Aa2 | STA |
| France | October 2006 | 1906 | 1055 | 31.7% | Aa2 | POS |
| Italy | October 2006 | 635 | 245 | 7.4% | Baa3 | STA |
| Australia | March 2011 | 240 | 189 | 5.7% | Aaa | STA |
| Spain | October 2006 | 264 | 84 | 2.5% | Baa1 | STA |
| Norway | October 2006 | 38 | 47 | 1.4% | Aaa | STA |
| Netherlands | December 2009 | 20 | 33 | 1.0% | Aaa | STA |
| Brazil | October 2018 | 181 | 19 | 0.6% | Ba2 | STA |
| South Africa | March 2007 | 283 | 8 | 0.2% | Baa3 | STA |
| Sweden | October 2006 | 20 | 8 | 0.2% | Aaa | STA |
| **Total** | | **6568** | **3333** | | | |

*Source: IFFIm*

Pledges are considerably concentrated, with UK, France and Italy accounting for some 90% of remaining pledges. This introduces risk to the weighted average donor rating, especially as both the UK and Italy have experienced negative credit pressures in recent years. The UK, which accounts for almost 50% of remaining pledges, continues to face uncertainty surrounding its withdrawal from the EU (Aaa stable) and its sovereign rating would come under pressure if Moody's concluded that the economic impact of the decision to leave the EU would be more severe than currently expected – for instance, if the UK were to leave without a deal. Similarly, IFFIm's third largest donor, Italy is also presenting some uncertainty regarding its public debt and fiscal strategy; we consider the 2020 budget to be an important milestone in assessing the direction of the country's creditworthiness. By contrast, IFFIm's second major donor, France, has seen upward pressure on its credit profile, which in turn would aid IFFIm's creditworthiness.

While a reduction in donor creditworthiness would impact IFFIm's own creditworthiness, key donors such as UK and France that have faced negative credit pressures in recent years have continued to display a strong ability and willingness to honor their pledges to IFFIm. Additionally, despite recent weaknesses, all donors except Brazil (which accounts for under 1% of pledges) have investment-grade ratings. This indicates that there is a very high likelihood that IFFIm will receive the pledges as promised from the sovereign donors with no, or minimal, delays or reductions.

In addition, the annual commitment for each donor is small in the context of the government's total budget. For example, the UK government's annual commitment, while varying by year, averages around £80 million, approximately 0.01% of its total annual revenue. Similarly, France's annual commitment to IFFIm represents an extremely small portion of its total annual budget of around 0.01% of revenue. It seems unlikely, given the relative affordability of the annual amounts, that donors will renege on their commitments.

### Willingness to honor pledges supported by effective delivery of IFFIm's mandate

With IFFIm, as with all supranationals, we assess the willingness of members to provide support in light of the importance of the institution to the member. Regional multilateral development banks, as enactors of economic public policy, are often of strong economic importance to their sovereign members. This is not the case for IFFIm since Gavi is a charity organization and all immunization programs are located exclusively in non-donor countries. Therefore, the importance to the donors rests on the importance of the charity mandate and IFFIm's ability to help Gavi fulfill that mandate.

Gavi and the financing provided through IFFIm are an integral part of the United Nations' three Millennium Development Goals related to health, targets four, five, and six, which aim to reduce child mortality rates, improve maternal health, and combat HIV/AIDS, malaria and other diseases, respectively. The likelihood that a donor would abandon this goal once they have committed to it is very small, not just because of the gravity of the goal, but also because of the negative political repercussions stemming from a lawsuit over failure to honor commitments to fund immunizations.

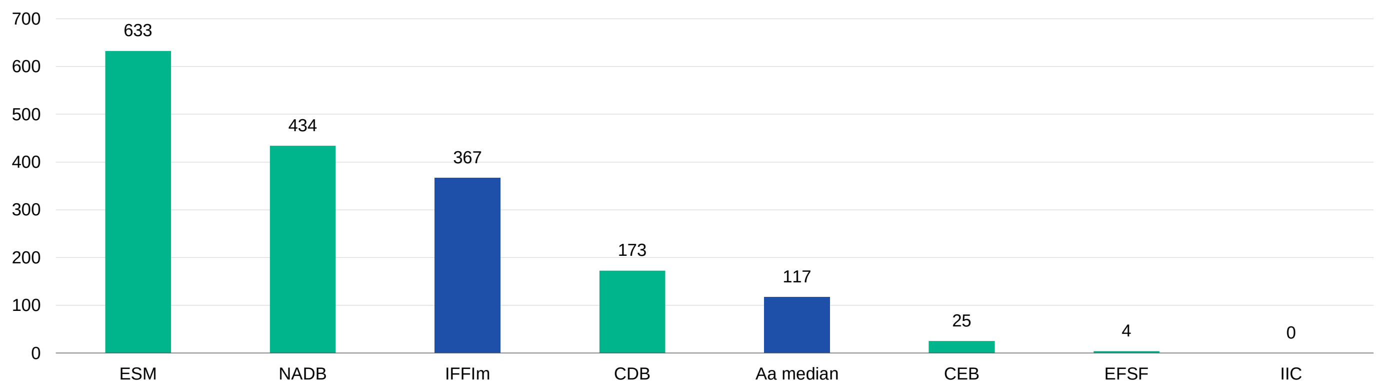
In addition, there are no serious questions about IFFIm's role in helping to reach this goal. Independent reviews conducted in recent years and separately commissioned by several different stakeholders spoke positively about IFFIm's effectiveness in accelerating and facilitating funding for Gavi. Furthermore IFFIm continues to be seen by governments as an attractive avenue through which to aid Gavi. In October 2018, Brazil pledged $20 million to IFFIm over the next 20 years, and in December Gavi approved a proposal to support the Coalition for Epidemic Preparedness Innovation (CEPI) through the issuance of debt instruments backed by a new Norwegian pledge. The pledge, valued at $70 million at current exchange rates, was recorded in late May 2019.

### Pledges remain substantial when compared to outstanding debt

As a measure of sustainability of IFFIm's finances, we can compare IFFIm's outstanding debt to the value of the remaining pledges. As we consider donor obligations as analogous to capital contributions in MDBs, this yields a ratio analogous to the callable capital over total debt ratio. In the specific case of IFFIm, we consider the nominal value of the donors' remaining pledges as a measure of callable capital. When comparing this metric with other supranationals rated Aa1, IFFIm scores well since the coverage that the remaining pledges provide exceeds the total gross debt stock (see Exhibit 3).

Exhibit 3

**Contractual obligations provide ample coverage of debt, even when compared to other Aa-rated supranationals**
**(Callable capital as % of total debt)**




*Source: Moody's Investors Service*

IFFIm uses a similar metric to ensure IFFIm' financial sustainability. IFFIm's treasury manager has set a limit on IFFIm's debt stock, using a gearing ratio, defined as total debt net of cash holdings (net debt) over the present value of donor pledges. As of end-2018, the gearing ratio was 7.8%, well below the gearing ratio limit (GRL) of around 70% (or 58% if we include the 12% applied by the treasury manager as a risk management buffer)[4]. The gearing ratio has been falling, it was 29.7% at end-2016 and 18.8% at end-2017). This is a natural evolution of the ratio as intended by IFFIm's structure, which front-loads bond issuance for immediate immunization impact while the sovereign pledges are paid-in gradually over IFFIm's life. However, it is also impacted by the pace of immunization performed by Gavi, which limits IFFIm's disbursements to Gavi. It is important to note that despite the existence of a maximum level, the treasury manager is under no obligation to reach that level. Still, we would expect the gearing ratio to increase overtime as bond issuance accelerates again in line with Gavi's delivery of its programs.

## Liquidity and funding score: Very High

### Factor 2: Liquidity and funding

| Scale | Very High | High | Medium | Low | Very Low | |
|---|---|---|---|---|---|---|
| + | Assigned | | | | | - |

**Sub-factor scores**

| | |
|---|---|
| Liquid resources | aaa |
| Quality of funding | aaa |

An institution's liquidity is important in determining its ability to meet its financial obligations. We evaluate the extent to which liquid assets cover net cash flow over the coming 18 months and the stability and diversification of the institution's access to funding.

*Note: In case the Adjusted and Assigned scores are the same, only the Assigned score will appear in the table above.*

We assess IFFIm's liquidity at "Very High", reflecting a prudent liquidity policy, the role of the IBRD as risk manager of its investment portfolio, as well as our view of high access to financial markets to issue bonds.

#### Liquidity policy ensures ample coverage of upcoming financial obligations

As stated by IFFIm, its liquidity policy aims to ensure an adequate level of liquid assets to meet its operational requirements, provide predictability of program funding, and support its credit rating. To this end, the policy sets a prudential minimum level of liquidity equivalent to IFFIm's cumulative contracted debt-service payments for the next 12 months, in line with the liquidity policies of other highly rated supranationals.

The treasury manager recalculates and resets the prudential minimum once every quarter. We consider this policy to be very strong since it ensures the ability to service debt for one year in the unlikely event that IFFIm loses market access and is unable to roll over existing debt.

IFFIm has consistently held more liquid assets than the prudential minimum set by the policy. As of year-end 2018, the minimum liquidity by IFFIm's policy was $528 million, significantly below the value of IFFIm's actual liquid assets, which amounted to $817 million, about 1.6x the prudential minimum. IFFIm's liquidity policy and the liquidity position is particularly important, as IFFIm has seen its maturity profile change markedly as one $500 bond will come due in October 2019. We continue to expect IFFIm to easily retain access to markets and to, overall, keep its maturity profile concentrated in the medium term, as it has in the past (see Exhibit 4).

Exhibit 4

**IFFIm has mostly historically kept its maturity profile concentrated in the medium term**
**(% of total)**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| 1 year or less | 21% | 33% | 22% | 47% | 38% | 25% | 54% |
| 1-5 years | 74% | 64% | 74% | 51% | 59% | 70% | 36% |
| Over 5 years | 5% | 3% | 4% | 2% | 3% | 5% | 10% |

*Source: IFFIm*

#### World Bank involvement in treasury operations and risk management provides institutional strength

The IBRD carries out IFFIm's financial management function under rules set forth in the Treasury Management Agreement (TMA). As such, there is active management of cash flows, investments and disbursements by a strong institution with a long track record. The TMA is renewed every five years, most recently in 2016.

The IBRD's financial management is very strong, one factor in its own Aaa rating and a strong supporting factor for IFFIm's Aa1 rating. The IBRD's involvement in establishing and managing IFFIm's gearing ratio, liquidity policy and the maturity structure of debt provides confidence that debt repayments will be made on time. The treasury manager has flexibility in delaying commitments and disbursements for programs to be within the desired gearing ratio and to maintain liquidity according to the established policy. Furthermore, it has, perhaps more than any other organization, a sense of the credit quality of recipient countries. It will therefore be able to adjust IFFIm's financial metrics in advance in the event of a reduction in donors' scheduled payments, as a result of the grant payment condition, to safeguard IFFIm debt-repayment capacity.

As IFFIm's treasury manager, the IBRD carries out the entity's asset & liability management, namely the management of IFFIm's market risk stemming from foreign-exchange rate and interest-rate risks. Almost all sovereign pledges are denominated in local currency and not US dollars and some outstanding bonds are denominated in other currencies. In addition, interest rate fluctuations can impact the value of sovereign pledges and bonds. To hedge against interest rate and exchange rate risks, IFFIm enters into US dollar floating-rate swaps. Counterparty risk is low because the swap contracts are with the IBRD.

The treasury manager invests liquid assets on IFFIm's behalf according to the following very conservative guidelines, which are similar to the IBRD's own guidelines, and whose goal is to preserve capital rather than generate earnings:

» Money market instruments must be issued or guaranteed by financial institutions rated A3 or higher

» Foreign-currency government and agency obligations must be rated Aa3 or higher

» Local-currency government obligations carry no rating minimum, but are subject to credit approval on a country by country basis

» Agency or instrumentality of a government, multilateral organization, or other official entity must be rated Aa3 or higher

» Asset-backed securities must be rated Aaa

» Corporate securities must be rated Aaa

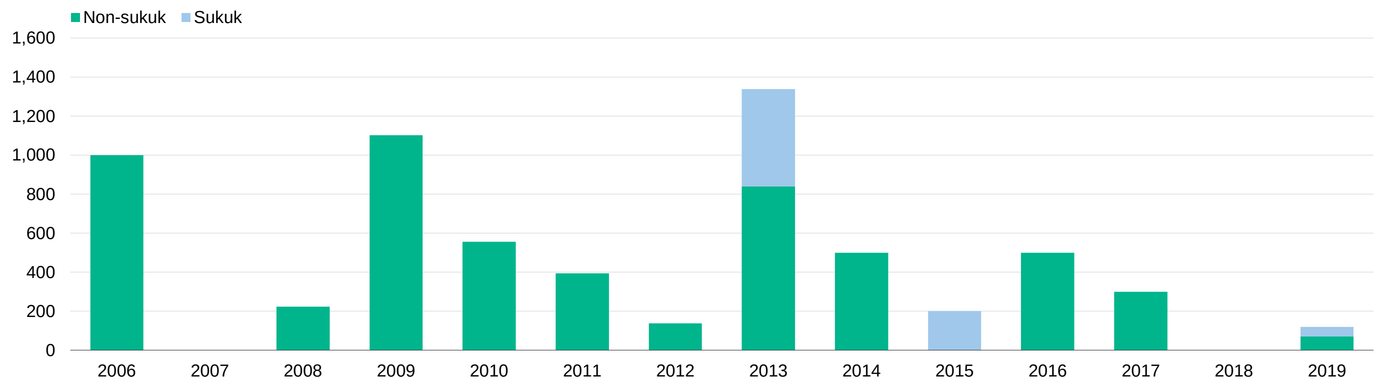
### Market funding access is high due to diversified investor base

IFFIm's borrowing program can be characterized as modest in size yet diversified. By year-end 2018, total bond issuance since inception amounted to just over $6.0 billion with most of that issued in 2006, 2009, 2010, and 2013 (see Exhibit 5)

Bonds are issued in four markets: Japan (A1 stable), the UK, Australia (Aaa stable) and the Eurobond market, as well as global benchmark bonds. IFFIm has also entered the sukuk market, securing a total of $750 million over three issues (2014, 2015, and 2019). The latest non-sukuk issuance was a NOK 600 million bond in July 2019. Given its global funding base, and to hedge currency and interest-rate risk, all bonds are swapped at issuance into US dollar floating rate.

Despite having a sovereign donor base that is mainly European, including several euro area members, IFFIm has been able to maintain its very low borrowing rates over recent years. Unlike Europe-based MDBs, IFFIm's borrowing costs were not stressed at the height of the European debt crisis. This can be largely attributed to the reputational benefits of having the IBRD as its treasury manager. We view it as unlikely that there will be a dislocation in IFFIm's market access, but the liquidity policy discussed above provides additional protection for bondholders.

Exhibit 5
**IFFIm has had a modest borrowing program**
**($ million)**




*Source: IFFIm*

## Other elements related to intrinsic financial strength

The absence of capital in IFFIm's balance sheet means that, unlike the case of multilateral development banks, we are limited in the assessment of the institution's intrinsic financial strength and makes a capital adequacy analysis less relevant to determine its creditworthiness. Additionally, given that IFFIm only provides grants to Gavi, and thus lacks a loan portfolio, it is not exposed to the same credit risk that multilateral development banks experience in the form of borrower quality and asset performance.

Nonetheless, IFFIm's gearing policy provides a similar point of reference to assess its solvency as the leverage ratio (debt-to-equity) does for multilateral development banks (MDBs). As such, even though these factors are not incorporated into the scorecard that accompanies the supranational rating methodology, the gearing ratio evolution is an important component of our analysis of IFFIm.

As a financing vehicle, IFFIm's operations and leverage capability are largely dependent on donors' payments. In order to determine an appropriate level of leverage, IFFIm manages bond issuances against the present value of expected future cash flows from grantor pledges, which allows IFFIm to front-load its debt issuance. The residual, which is still available to IFFIm over time, creates a cushion to protect bond holders against adverse credit events, namely a reduction in donor payments.

We deem it unlikely that reductions in donors' scheduled payments would occur to the extent that IFFIm's ability to service debt would be jeopardized. Supporting this view is the fact that the treasury manager oversees this risk by monitoring and setting a limit on IFFIm's gearing ratio, defined as total debt net of cash holdings (net debt) over the present value of donor pledges. Currently, the gearing ratio limit (GRL) is around 70% (or 58% if we include the 12% applied by the treasury manager as a risk management buffer).

As of end-2018, the gearing ratio was 7.8%, well below the GRL. The gearing ratio has been falling—it was 29.7% at end-2016 and 18.8% at end-2017. This is a natural evolution of the ratio as intended by IFFIm's structure, which front-loads bond issuance for immediate immunization impact while the sovereign pledges are paid-in gradually over IFFIm's life. However, it is also impacted by the pace of immunization performed by Gavi, which limits IFFIm's disbursements to Gavi. It is important to note that despite the existence of a maximum level, the treasury manager is under no obligation to reach that level. Still, we would expect the gearing ratio to increase overtime as bond issuance accelerates again in line with Gavi's delivery of its programs.

The IBRD models the risks associated with reductions in donors' scheduled payments, either stemming from recipient countries going into arrears with the IMF or due to delays in disbursement on the pledge contract with IFFIm. The model builds in the risk of either of these reductions and can be adjusted as risks increase, with the ultimate goal of minimizing the potential that a shortfall in cash inflows would prevent the timely payment of debt obligations. It is a solvency model over the remaining life of IFFIm. The treasury manager calibrates the gearing limit model to maintain a Aaa-consistent expected loss on IFFIm's bonds.

The limit on the gearing ratio provides a cushion as it keeps the amount of net debt at a level that is below the present value of cash inflows from donors' scheduled pledge payments. This cushion can absorb a significant amount of risk stemming from the grant payment condition, as well as some risk that donors' payments will fall short of the committed amount. However, given the heavy concentration of donors' pledges, we do not believe the GRL is sufficient to de-link IFFIm's creditworthiness from its donors' creditworthiness.

In our view, the strength of the GRL is not only a function of how well the risks are modeled in order to set the limit, but also of (1) the flexibility of the limit to account for increasing risks and, more importantly, (2) the flexibility for the treasury manager to delay grant commitments and disbursements to Gavi in respect of the GRL. If the treasury manager believes that a large number of countries will go into arrears or that donors' finances are facing stress that would hinder their ability to pay-in according to the pledge schedule, it could delay further approvals for Gavi grants until the gearing ratio falls comfortably below the guiding limit. We view this to be a very strong credit enhancement as it can dynamically absorb a significant amount of the risks that IFFIm faces. The institutionalized priority on timely debt servicing plays a large role in IFFIm's Aa1 rating.

## Qualitative adjustments

### Qualitative adjustments

| | |
|---|---|
| **Adjustments** | |
| **Operating environment** | 0 |
| **Quality of management** | 0 |

The strength of member support and liquidity and funding factors represent the key drivers of our assessment of an institution's financial strength. However, assessments of the operating environment and the quality of management are also important components of our analysis. To capture these considerations, we may adjust the preliminary outcome that results from the strength of member support factor and the liquidity and funding factor.

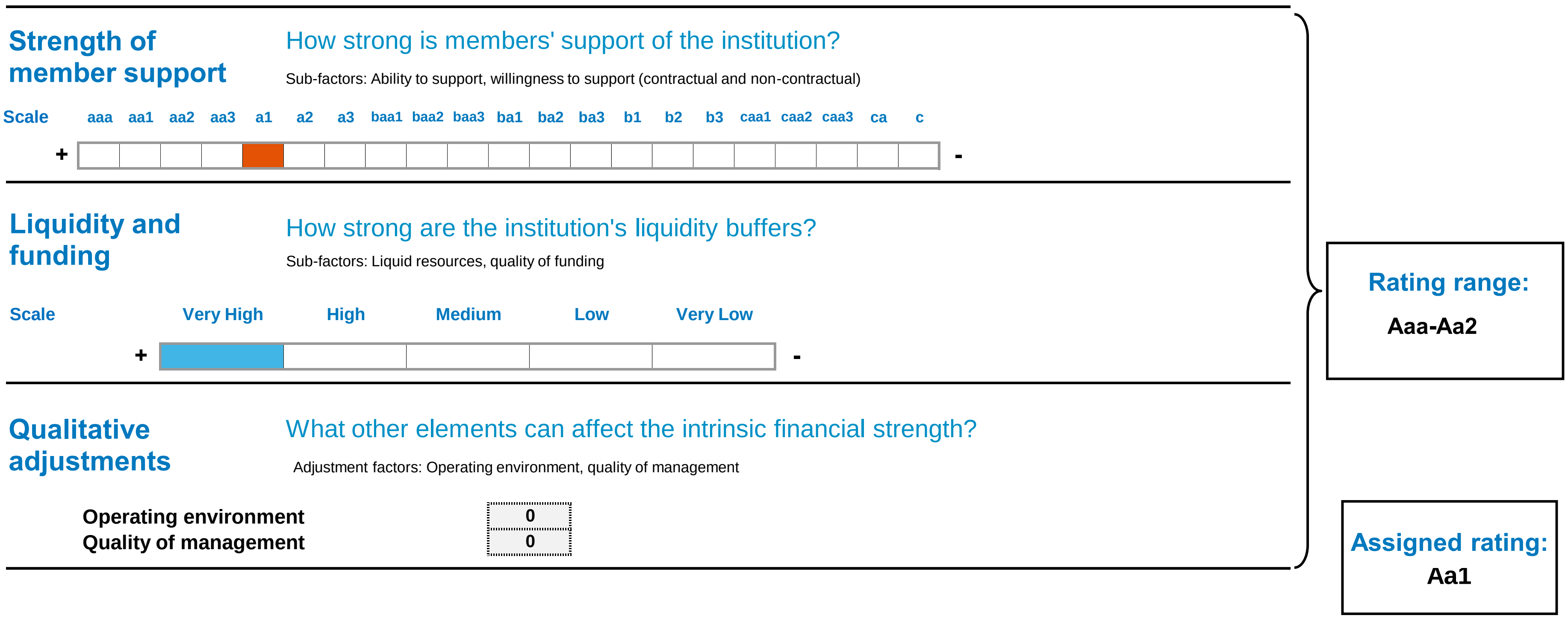
*Source: Moody's Investors Service*

We have not applied qualitative adjustments in our assessment of IFFIm's credit profile.

## Rating range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Supranational Rating Methodology.

Exhibit 7
**Supranational rating metrics: IFFIm**




*Source: Moody's Investors Service*

# DATA AND REFERENCES

## Rating history

Exhibit 8

**IFFIm [1]**

| | Issuer Rating | | Senior Unsecured | Outlook | |
|---|---|---|---|---|---|
| | Long-term | Short-term | | | Date |
| Rating Lowered | Aa1 | -- | Aa1 | -- | March-13 |
| Outlook Changed | -- | -- | -- | Negative | December-12 |
| Rating Assigned | -- | P-1 | Aaa | -- | November-06 |
| Rating and Outlook Assigned | Aaa | -- | -- | Stable | October-06 |

Notes: [1] Table excludes rating affirmations. Please visit the issuer page for IFFIm for the full rating history.
*Source: Moody's Investors Service*

## Annual statistics

Exhibit 9
### Balance Sheet Summary

| Balance Sheet, USD Thousands | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash & Equivalents | 549 | 22 | 3,349 | 1,197 | 81 | 14 | 1,978 |
| Securities | 546,648 | 1,024,771 | 1,011,747 | 985,108 | 863,214 | 911,776 | 816,964 |
| Derivative Assets | 133,239 | 55,692 | 2,494 | 14,915 | 10,827 | 1,817 | 3,688 |
| Net Loans | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Equity Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Assets | 3,562,479 | 3,362,170 | 3,152,876 | 2,735,697 | 2,355,136 | 2,588,323 | 2,250,599 |
| **Total Assets** | **4,242,915** | **4,442,655** | **4,170,466** | **3,736,917** | **3,229,258** | **3,501,930** | **3,073,229** |
| | | | | | | | |
| **Liabilities** | | | | | | | |
| Borrowings | 1,959,039 | 2,168,030 | 1,892,780 | 1,605,984 | 1,381,669 | 1,181,141 | 886,338 |
| Derivative Liabilities | 1,145,828 | 1,194,230 | 1,088,961 | 859,903 | 577,518 | 768,689 | 530,442 |
| Other Liabilities | 707,741 | 507,780 | 508,327 | 507,776 | 458,101 | 508,032 | 458,019 |
| **Total Liabilities** | **3,812,608** | **3,870,040** | **3,490,068** | **2,973,663** | **2,417,288** | **2,457,862** | **1,874,799** |
| | | | | | | | |
| **Net Assets/Restricted Funds** | | | | | | | |
| **Net Assets/Restricted Funds** | **430,307** | **572,615** | **680,398** | **763,254** | **811,970** | **1,044,068** | **1,198,430** |
| | | | | | | | |
| **Memo items** | | | | | | | |
| Off-balance sheet borrowings: | | | | | | | |
| IFFIm Sukuk Company Limited | 0 | 0 | 0 | 499,000 | 502,000 | 0 | 0 |
| IFFIm Sukuk Company II Limited | 0 | 0 | 0 | 199,000 | 200,000 | 200,000 | 0 |

*Source: Moody's Investors Service*

Exhibit 10
### Income Statement Summary

| Income Statement, USD Thousands | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| **Net Interest Income** | **-97,665** | **-73,960** | **-48,378** | **-28,570** | **-9,630** | **-7,542** | **-3,576** |
| Interest Income | 6,282 | 3,752 | 2,950 | 4,784 | 8,224 | 15,043 | 20,648 |
| Interest Expense | 103,947 | 77,712 | 51,328 | 33,354 | 17,854 | 22,585 | 24,224 |
| **Net Non-Interest Income** | **147,482** | **224,967** | **162,524** | **116,215** | **112,599** | **293,753** | **162,711** |
| Other Income | 147,482 | 224,967 | 162,524 | 116,215 | 112,599 | 293,753 | 162,711 |
| **Other Operating Expenses** | **396,003** | **8,699** | **6,363** | **4,789** | **54,253** | **54,113** | **4,773** |
| Administrative, General, Staff | 5,374 | 4,977 | 5,111 | 4,163 | 4,026 | 3,746 | 3,925 |
| Grants & Programs | 390,000 | 0 | 0 | 0 | 50,000 | 50,000 | 0 |
| Other Expenses | 629 | 3,722 | 1,252 | 626 | 227 | 367 | 848 |
| **Pre-Provision Income** | **-346,186** | **142,308** | **107,783** | **82,856** | **48,716** | **232,098** | **154,362** |
| Loan Loss Provisions (Release) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net Income (Loss)** | **-346,186** | **142,308** | **107,783** | **82,856** | **48,716** | **232,098** | **154,362** |
| Other Accounting Adjustments and Comprehensive Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Comprehensive Income (Loss)** | **-346,186** | **142,308** | **107,783** | **82,856** | **48,716** | **232,098** | **154,362** |

*Source: Moody's Investors Service*

Exhibit 11
## Financial Ratios

| Financial Ratios | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| **Capital Adequacy, %** | | | | | | | |
| Return On Average Assets | -7.9 | 3.3 | 2.5 | 2.1 | 1.4 | 6.9 | 4.7 |
| Net Interest Margin | -17.8 | -7.2 | -4.8 | -2.9 | -1.1 | -0.8 | -0.4 |
| **Liquidity, %** | | | | | | | |
| Quality of Funding Score (Year-End) | -- | -- | -- | -- | -- | Aaa | Aaa |
| Liquid Assets / ST Debt + CMLTD | 130.3 | 141.4 | 240.4 | 130.8 | 162.3 | 312.5 | 164.5 |
| Liquid Assets / Total Debt | 27.9 | 47.3 | 53.6 | 61.4 | 62.5 | 77.2 | 92.4 |
| Liquid Assets / Total Assets | 12.9 | 23.1 | 24.3 | 26.4 | 26.7 | 26.0 | 26.6 |
| **Strength of Member Support, %** | | | | | | | |
| Weighted Average Shareholder Rating (Year-End) | Aa2 | Aa3 | Aa2 | Aa3 | Aa3 | Aa3 | Aa3 |
| Callable Capital / Gross Debt | 259.2 | 221.0 | 236.9 | 258.0 | 273.2 | 307.9 | 366.6 |

*Source: Moody's Investors Service*

## Moody's related publications

» **Credit Opinion**: IFFIm – Aa1 Stable: Regular update, 23 January 2019

» **Rating Methodology**: Multilateral Development Banks and Other Supranational Entities, 25 June 2019

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

## Related websites and information sources

» Sovereign and supranational risk group web page

» Sovereign and supranational rating list

» International Finance Facility for Immunisation (IFFIm) website



## Endnotes

1 A charity established in 2000. As a public-private partnership, Gavi's donors are governments, corporations, foundations and private individuals.

2 The world's poorest countries are defined as those with a per capita gross national income (GNI) of less than $1,580. Gavi currently supports 69 countries.

3 Since 1975, there has been an average of five countries in arrears from IFFIm's reference portfolio. The highest number of countries in arrears in any single year was 11, in both 1988 and 1989. Had IFFIm existed then, the reduction in donor payments would have been 17% from the committed amounts

4 In 2013, IBRD, as treasury manager, added a risk management buffer of 12% to the gearing ratio limit. The IBRD has sole discretion to adjust the risk management buffer

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

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