International Development Association

Management's Discussion & Analysis
and
Condensed Quarterly Financial Statements
September 30, 2023
(Unaudited)

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Section I: Executive Summary

This Management's Discussion & Analysis (MD&A) reflects the results of the International Development Association's (IDA) financial performance for the three months ended September 30, 2023 (FY24 YTD). This document should be read in conjunction with IDA's financial statements and MD&A issued for the fiscal year ended June 30, 2023 (FY23). IDA undertakes no obligation to update any forward-looking statements.

Table 1: Selected Financial Data

In millions of U.S. dollars, except ratios which are in percentages

	As of and for the three months ended September 30,		As of and for the fiscal year ended June 30,
	2023	2022	2023
Lending Highlights (Section IV)			
Loans, Grants and Guarantees			
Net commitments [a]	$ 5,722	$ 6,326	$ 34,245
Gross disbursements [a]	3,644	3,988	27,718
Net disbursements [a]	1,851	2,311	19,968
Balance Sheet (Section IV)			
Total assets	$ 226,593	$ 214,935	$ 227,482
Net investment portfolio [b]	30,706	38,976	30,672
Net loans outstanding	186,144	169,266	187,669
Borrowing portfolio [c]	36,248	35,740	35,393
Total equity	184,749	173,326	185,782
Income Statement (Section IV)			
Interest revenue, net of borrowing expenses	$ 622	$ 529	$ 2,367
Transfers from affiliated organizations and others	—	—	117
Development grants	(776)	(1,058)	(3,946)
Net income (loss)	62	(535)	(3,262)
Non-GAAP Measures			
Adjusted Net Income (Section IV)	$ 181	$ 87	$ 193
Deployable Strategic Capital Ratio (Section V)	23.4 %	26.1 %	24.1 %

a. Commitments that have been approved by the Executive Directors (referred to as "the Board" in this document) and are net of full cancellations and terminations relating to commitments approved in the same fiscal year. Commitments and disbursements exclude IDA-IFC-MIGA Private Sector Window (PSW) activities.

b. For the composition of the net investment portfolio, see Notes to the Condensed Quarterly Financial Statements, Note C – Investments – Table C2.

c. Includes associated derivatives. For the composition of the Borrowing portfolio, see Notes to the Condensed Quarterly Financial Statements, Note E – Borrowings.

IDA, an international organization owned by its 174 member countries, is one of the five institutions of the World Bank Group (WBG[1]). Each WBG organization is legally and financially independent from IDA, with separate assets and liabilities. IDA is not liable for the obligations of the other institutions.

IDA is rated triple-A by the major rating agencies and has been providing financing and knowledge services to many of the world's developing countries for 63 years. With its many years of experience and its depth of knowledge in international development, IDA plays a key role in achieving the WBG's goal of helping countries achieve better development outcomes. IDA provides loans, grants, guarantees, and other financial products to the poorest and most vulnerable countries to help meet their development needs, and technical assistance and policy advice by leveraging its experience and expertise. It also supports countries with disaster risk financing and insurance against natural disasters and health-related crises and facilitates financing through trust fund partnerships.

IDA and its affiliated organizations seek to help countries in reducing poverty and inequality, achieve improvements in growth, job creation, governance, the environment, climate adaptation, mitigation and resilience, human capital, infrastructure and debt transparency, among others. To meet its development goals, the WBG supports client countries' efforts to implement programs to improve growth and development outcomes. Further, new and ongoing challenges continue to influence the global outlook. These include high inflation, the rise in food insecurity, growing inequality, global fragility, pandemic risk, Russia's invasion of Ukraine and other geopolitical events, rising debt, climate change, and macroeconomic imbalances. In response, IDA continues to work with partners at global and country levels to support its borrowing countries in addressing the impact of these multiple crises, to enhance resilience, and lay the groundwork for rebuilding better. To further enhance these efforts, the Board and Management have been working on an Evolution Roadmap for the WBG to better address the scale of development challenges. As part of this evolution, in October 2023, the Board of Governors endorsed a new vision: to create a world free of poverty on a livable planet, a new mission: to end extreme poverty and boost shared prosperity on a livable planet, and initiatives to increase impact, modernize the approach to delivery, and increase financing capacity.

[1] The other WBG institutions are the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). The World Bank consists of IBRD and IDA.

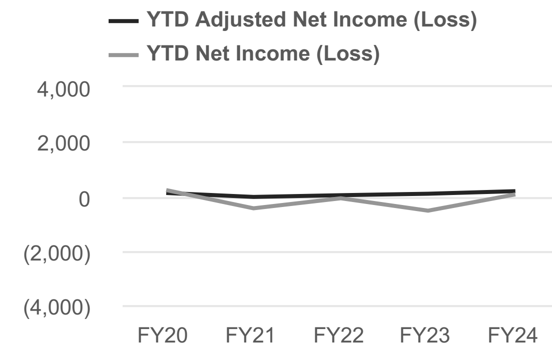
Summary of Financial Results

Net Income and Adjusted Net Income

Net Income: IDA reported net income of $62 million in FY24 YTD, compared to a net loss of $535 million for the three months ended September 30, 2022 (FY23 YTD). The increase in net income was primarily driven by the increase in unrealized mark to market gains on the non-trading portfolios and a decrease in development grant expenses, partially offset by the decrease in non-functional currency translation gains. See Section IV: Financial Results.

Adjusted Net Income: IDA's adjusted net income was $181 million in FY24 YTD compared to $87 million in FY23 YTD. The increase was primarily due to higher net interest revenue on investments and loans, partially offset by higher borrowing expenses. See Section IV: Financial Results.

In millions of U.S. dollars



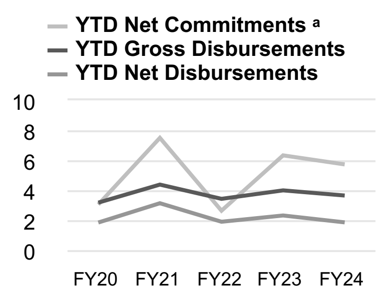
Loans and grants

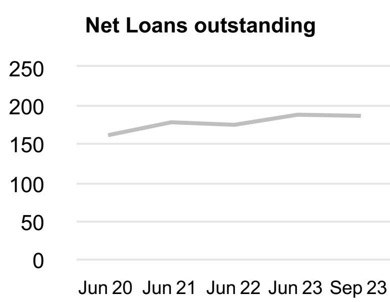
IDA's net commitments in FY24 YTD were $5.7 billion, $0.6 billion lower than FY23 YTD. Out of the total net commitments, $3.6 billion were loan commitments and $2.1 billion were grant commitments. FY23 YTD net loan commitments included $1.2 billion approved under the IDA19 envelope due to the extension of the closing date for the approval of IDA19 operations.

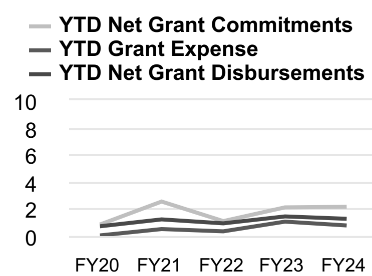
IDA's net loans outstanding decreased by $1.6 billion to $186.1 billion as of September 30, 2023, from $187.7 billion as of June 30, 2023. The decrease was primarily due to currency translation losses as the Special Drawing Rights (SDR) depreciated against the U.S. dollar during the period. See Section IV: Financial Results.

Development grant expenses were $0.8 billion in FY24 YTD compared to $1.1 billion in FY23 YTD due to lower disbursements of conditional grants in FY24 YTD.

In billions of U.S. dollars







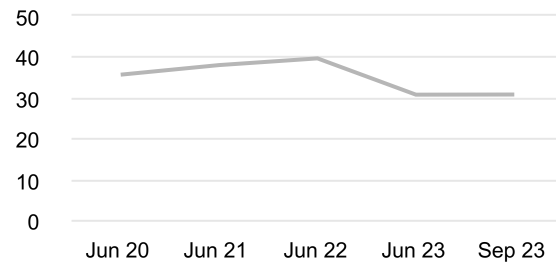
a. Includes loans, grants and guarantees.

Net Investment Portfolio

As of September 30, 2023, the net investment portfolio was $30.7 billion, and remained stable compared to June 30, 2023. See Section IV: Financial Results. The primary objective of IDA's investment strategy is principal protection. As of September 30, 2023, 76% of IDA's investment portfolio was held in instruments rated AA or above (78% as of June 30, 2023) (Table 13).

In billions of U.S. dollars

Net Investment Portfolio



Borrowing Portfolio

Market borrowings at fair value: As of September 30, 2023, the market borrowings carried at fair value and the related derivatives were $20.8 billion, an increase of $1.2 billion from June 30, 2023 primarily due to net issuances during the period.

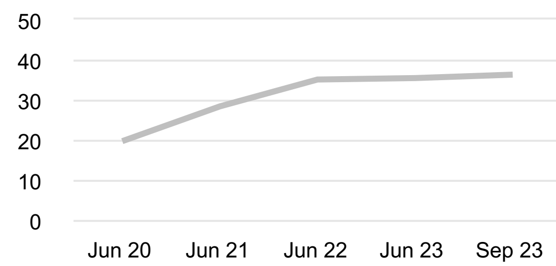
Market borrowings at amortized cost: As of September 30, 2023, the market borrowings carried at amortized cost were $8.4 billion, a decrease of $0.2 billion from June 30, 2023.

Concessional Partner Loans at amortized cost: As of September 30, 2023, total borrowings from members - Concessional Partner Loans (CPL) were $7.1 billion, a marginal decrease of $0.1 billion from June 30, 2023.

See Section IV: Financial Results.

In billions of U.S. dollars

Borrowing Portfolio

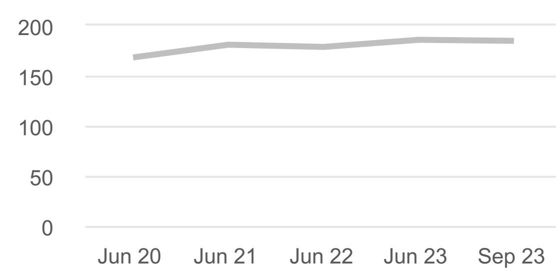


Equity and Capital Adequacy

As of September 30, 2023, IDA's equity was $184.7 billion, a decrease of $1.1 billion from June 30, 2023. The decrease was primarily due to currency translation losses as the SDR depreciated against the U.S. dollar during the period. See Section IV: Financial Results.

In billions of U.S. dollars

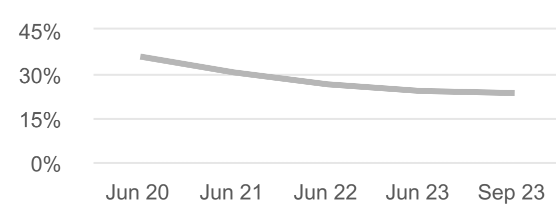
Equity



The Deployable Strategic Capital (DSC) ratio, IDA's main capital adequacy measure, was 23.4% as of September 30, 2023, above the zero percent policy minimum and a decrease of 0.7 percentage points from 24.1% as of June 30, 2023. The decrease was mainly due to the decrease in total resources available. See Section V: Risk Management.

Ratio in percentages

Deployable Strategic Capital Ratio



Policy Minimum Ratio = 0%

Section II: Overview

IDA Replenishment

Generally, every three years, representatives of IDA's members[2] meet to assess IDA's financial capacity and the medium-term demand for new IDA financing. Members decide on the policy framework, agree on the amount of financing to be made available for the replenishment period, and commit to additional contributions of equity that are required to meet these goals. The meetings culminate in a replenishment agreement that determines the size, sources (both internal and external), and uses of funds for the replenishment period.

Twentieth Replenishment of Resources (IDA20)

IDA's Twentieth Replenishment (IDA20), with the replenishment period of FY23 through FY25, commenced on July 1, 2022, with a financing envelope of $93.0 billion[3], including $11.0 billion of IDA19 carry over, supported by $23.5 billion of member contributions. IDA20 recognizes the need to help address the profound challenges faced by IDA countries. IDA20 reaffirms the international community's commitment to scale up support to enable IDA countries to respond to the effects of the coronavirus disease (COVID-19) pandemic crisis, recoup their development losses, and resume progress toward the 2030 Sustainable Development goals. IDA20 supports the world's poorest and most vulnerable countries to emerge on a development path in line with the Green, Resilient and Inclusive Development (GRID) framework. IDA20 builds on the IDA19 special themes, with the continuation of climate change, fragility, conflict, and violence (FCV), gender and development, jobs and economic transformation and the introduction of human capital as a special theme. In addition, IDA20's policy package incorporates four crosscutting issues: crisis preparedness (introduced in IDA20), governance and institutions, debt, and technology.

IDA Crisis Facility

On July 5, 2023, IDA's Board of Governors adopted a Resolution to establish a Crisis Facility to scale up support for the world's poorest countries to address worsening development challenges due to the overlapping global crises, particularly food insecurity and extreme climate events. The Crisis Facility has two objectives: i) to provide additional resources to IDA countries affected by Russia's invasion of Ukraine at a time of compounding, overlapping global crises; and ii) to provide a mechanism for pooling and leveraging contributions to support Ukraine, and to neighboring Moldova. This facility will be supported by member contributions and enhance IDA's financing capacity in addition to IDA20.

Financial Business Model

IDA has financed its operations over the years with its own equity, including regular additions to equity provided by member countries as part of the replenishment process. As a result of the strong support from member countries, IDA has built up a substantial equity base of $184.7 billion as of September 30, 2023. Since FY18, IDA has shifted to a hybrid financial model by introducing market debt into its business model. By prudently leveraging its equity and blending market debt with equity contributions from members, IDA has increased its financial efficiency, and scaled up its financing to support the escalating demand for its resources to deliver on the following priorities:

- Provide concessional financing on terms that respond to clients' needs; and
- Ensure long-term financial sustainability of IDA's financial model through a prudent risk management framework.

Currently, IDA's non-concessional and concessional lending, including grants, is primarily financed by IDA's equity. As IDA's funding program expands under the hybrid financing model, a larger portion of lending will be funded by market debt, together with member countries' contributions (equity). Funds not deployed for lending are maintained in IDA's investment portfolio to supply liquidity for its operations.

[2] IDA's members are owners and hold voting rights in IDA. Members do not, however, hold shares in IDA and are therefore not referred to as shareholders. Payments for subscriptions and contributions from members increase IDA's paid-in equity and are financially equivalent to paid-in capital in multilateral development organizations that issue shares.

[3] U.S. dollar amounts are based on IDA20 reference rate of USD/SDR 1.42934. The U.S. dollar amounts are provided for reporting purposed only, as IDA's balance sheet is predominantly managed in SDR.

Basis of Reporting

IDA prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). IDA's reporting currency is the U.S. dollar. IDA's functional currencies are the SDR and its component currencies of the U.S. dollar, euro, Japanese yen, pound sterling and Chinese renminbi. Management uses net income as the basis for deriving adjusted net income, as discussed in Section IV: Financial Results.

Adjusted Net Income

Adjusted Net Income (ANI), a non-GAAP measure, reflects the economic results of IDA's operations and is used by IDA's management and the Board as a financial sustainability measure. ANI is defined as IDA's net income, adjusted to exclude certain items. After the effects of these adjustments, the resulting ANI generally reflects amounts which are realized, not restricted for specific uses, and not directly funded by members. For a detailed discussion of the adjustments, see IDA's MD&A for the fiscal year ended June 30, 2023, Section IV: Financial Results.

Section III: IDA's Financial Resources

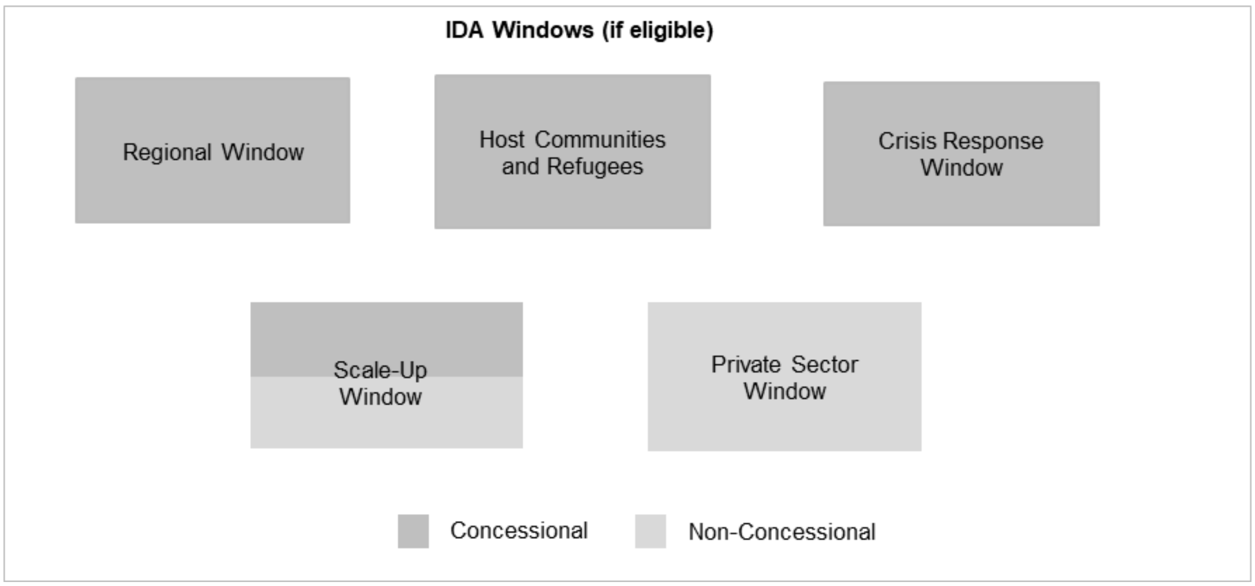
IDA20 Funding

IDA's financing resource envelope available for lending and grant commitments is based on the long-term outlook of IDA's financial sustainability. This takes into account the amount of member contributions and the concessionality of the proposed financing to borrowers, market conditions, and capital adequacy requirements.

Allocation of IDA20 Resources

IDA financing is provided in the form of loans, grants, and guarantees. Most of IDA's resources are allocated to eligible members through IDA Country Allocations that provide unearmarked support. The allocation framework is agreed for each replenishment cycle. IDA Country Allocations are determined using the Performance Based Allocation (PBA) system, which takes into account the country's performance rating (CPR), population size and per capita income, and complemented by the FCV envelope. The rest of IDA resources are provided through five IDA Windows dedicated to addressing specific development priorities, and an Arrears Clearance framework that provides exceptional support for countries to fully reengage with the World Bank.

IDA responds to specific needs of its members through the following five IDA Windows:



Eligibility and the percentage of allocation of grants for IDA-only countries are based on an assessment of the country's risk of debt distress, where countries, including IDA-only Small States, with high risk of debt distress, or in debt distress, receive their IDA assistance in grants. IDA-only Small States at moderate risk of debt distress continue to receive half of their IDA20 allocation in grants and half in loans. Gap and Blend countries are only eligible for grant financing through the Window for Host Communities and Refugees, if applicable.

As part of IDA's balance sheet optimization measures, two new financing terms were introduced in IDA20 which carry no interest or service charges: a) Concessional Shorter-Maturity Loans (SMLs); and b) 50-year loans. In addition, starting from IDA20, borrowers are allowed to convert their concessional borrowing into one of the SDR component currencies or non-SDR local currency terms, subject to market availability.

Table 2: Cumulative Net Commitments since July 1, 2022

In millions of U.S. dollars

As of September 30, 2023	Loans and Guarantees	Grants	Total
Concessional financing			
IDA Country Allocations	$ 21,271	$ 5,467	$ 26,738
IDA Concessional Windows			
Regional Window	1,419	2,314	3,733
Window for Host Communities and Refugees	33	437	470
Crisis Response Window	452	1,216	1,668
Scale-up Window – Shorter Maturity Loans	3,830	—	3,830
Non-concessional financing – Scale-up Window	2,328	—	2,328
Cumulative Net Commitments under IDA20	**$ 29,333**	**$ 9,434**	**$ 38,767**
IDA19 Commitments approved in July 2022			
IDA Country Allocations	$ 1,200	$ —	$ 1,200
Total Cumulative Net Commitments [a]	**$ 30,533**	**$ 9,434**	**$ 39,967**

a. Commitments are net of full cancellations and terminations approved in the same fiscal year. Commitments exclude IDA-IFC-MIGA Private Sector Window (PSW) activities.

Private Sector Window

The IDA-IFC-MIGA Private Sector Window was created under IDA18 to mobilize private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations. Under IDA20, $2.5 billion has been allocated to PSW, bringing the cumulative total allocation to $5.5 billion. As of September 30, 2023, $1.4 billion had been utilized out of a combined total of $4.0 billion committed in IDA18 through IDA20.

Section IV: Financial Results

Financial Results and Portfolio Performance

Net Income

IDA's net income was $62 million in FY24 YTD compared with a net loss of $535 million in FY23 YTD (Table 3). The increase in net income was primarily driven by:

- An increase of $629 million in unrealized mark-to-market gains on non-trading portfolios. The increase was mainly driven by higher mark-to-market gains from the derivatives held for the Capital Value Protection Program (CVP), as the increase in U.S. dollar and EUR interest rates for long tenors in FY24 YTD was more prominent compared to FY23 YTD (Section V - Risk Management);
- A decrease of $282 million in development grant expenses due to lower disbursements of conditional grants in FY24 YTD compared to FY23 YTD; partially offset by
- A decrease of $462 million in non-functional currency translation gains as the depreciation of certain non-functional currencies against the U.S. dollar was lower in FY24 YTD compared to FY23 YTD.

Adjusted Net Income

IDA's adjusted net income was $181 million in FY24 YTD compared with $87 million in FY23 YTD (Table 3). The increase was primarily driven by:

- An increase of $158 million in net interest revenue on investments as a result of higher interest rates in FY24 YTD compared to FY23 YTD;
- An increase of $116 million in net interest revenue from loans due to the higher average balance and the increase in interest rates on non-concessional loans in FY24 YTD compared to FY23 YTD; partially offset by
- An increase of $190 million in borrowing expenses, excluding amortization of discount on CPL, as a result of the increase in interest rates in FY24 YTD compared to FY23 YTD.

Table 3: Condensed Statements of Income

In millions of U.S. dollars

For the three months ended September 30,	2023	2022	Negative impact	Positive impact
Interest Revenue				
Loans, net [a]	$ 632	$ 516		116
Investments, net	315	157		158
Asset-liability management derivatives, net	14	2		12
Borrowing expenses, net	(339)	(146)	(193)	
Interest revenue, net of borrowing expenses	$ 622	$ 529		93
Provision for losses on loans and other exposures	(85)	(52)	(33)	
Other (expenses) revenue, net (Table 10)	(16)	12	(28)	
Net non-interest expenses (Table 9)	(368)	(365)	(3)	
Non-functional currency translation adjustment gains, net	17	479	(462)	
Unrealized mark-to-market gains (losses) on investments-trading portfolio, net [b]	12	(107)		119
Unrealized mark-to-market gains on non-trading portfolios, net	656	27		629
Development grants	(776)	(1,058)		282
Net Income (Loss)	**$ 62**	**$ (535)**		597
Adjustments to reconcile net income (loss) to adjusted net income:				
Activities directly funded by member contributions	$ 824	$ 1,078	(254)	
Non-functional currency translation adjustment gains, net	(17)	(479)		462
Unrealized mark-to-market (gains) losses on non-trading portfolios, net [c]	(650)	14	(664)	
Pension and other adjustments	(38)	9	(47)	
Adjusted Net Income	**$ 181**	**$ 87**		94

a. Includes interest rate swap income or expenses from loan related derivatives.

b. Includes IDA's share of returns from Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve Fund (PCRF) assets – $10 million negative return (FY23 YTD – $36 million of negative return).

c. Excludes $6 million of gains from revenue-related forward currency contracts (FY23 YTD – $41 million of gains).

Table 4: Condensed Balance Sheets

In millions of U.S. dollars

As of	September 30, 2023	June 30, 2023	Decrease	Increase
Assets				
Due from banks	$ 529	$ 689	(160)	
Investments	31,753	31,822	(69)	
Net loans outstanding	186,144	187,669	(1,525)	
Derivative assets, net	625	364		261
Other assets	7,542	6,938		604
Total assets	**$ 226,593**	**$ 227,482**	(889)	
Liabilities				
Borrowings	$ 33,353	$ 32,567		786
Derivative liabilities, net	978	1,244	(266)	
Other liabilities	7,513	7,889	(376)	
Equity	184,749	185,782	(1,033)	
Total liabilities and equity	**$ 226,593**	**$ 227,482**	(889)	

The main drivers for the movements in the Balance Sheets as of September 30, 2023 are as follows:

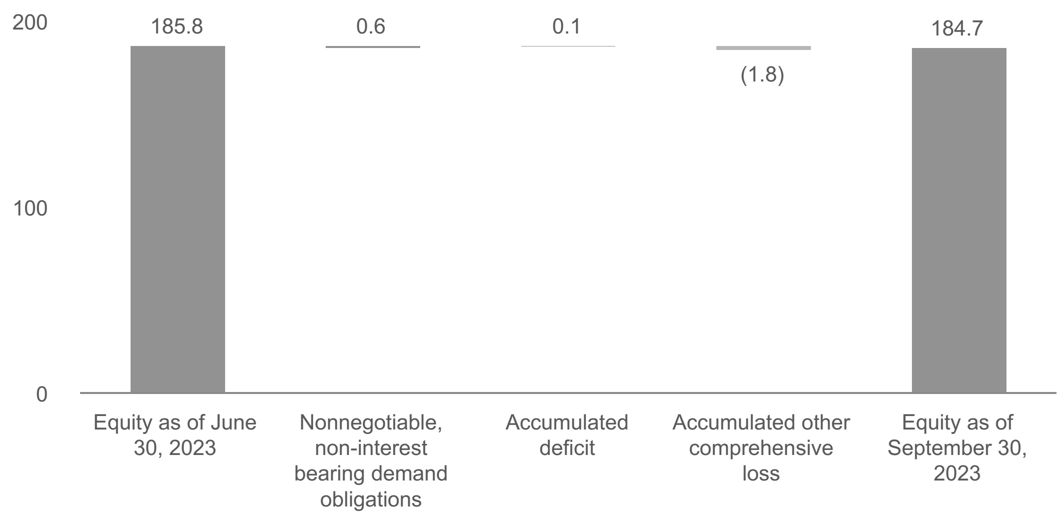
- A decrease in net loans outstanding due to currency translation losses, partially offset by net disbursements during the period;
- An increase in other assets due to higher grant advances;
- An increase in borrowings due to net new issuances during the period;
- A decrease in other liabilities mainly driven by decrease in securities sold under repurchase agreements and development grants payable;
- A decrease in equity due to currency translation losses as the SDR depreciated against the U.S. dollar during the period.

Equity

See Figure 1 below for the change in IDA's equity during FY24 YTD.

Figure 1: Changes in Equity

In billions of U.S. dollars



Results from Financing Activities

Loan Portfolio and Grant Activity

As of September 30, 2023, net loans outstanding were $186.1 billion, $1.6 billion lower compared with June 30, 2023. The decrease was mainly due to currency translation losses of $2.1 billion, consistent with the 1.1% depreciation of the SDR against the U.S. dollar during the period, partially offset by net disbursements of $595 million during the period.

As of September 30, 2023, 83% of IDA's loans outstanding were denominated in SDR. For the regional presentation of loans outstanding, see Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note D – Loans and Other Exposures – Table D5.

Figure 2: Net Loans Outstanding Activity

In billions of U.S. dollars

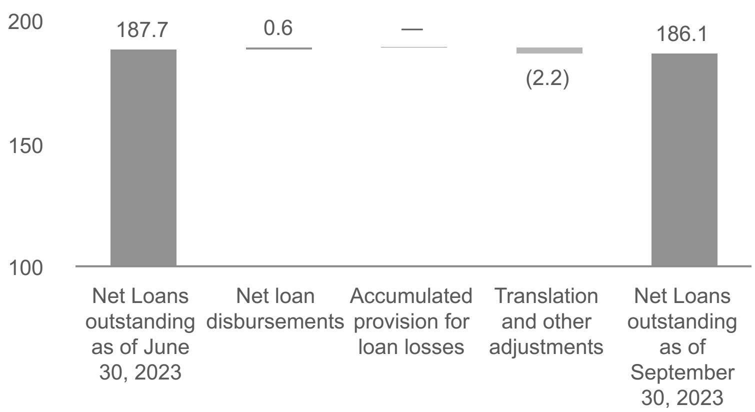
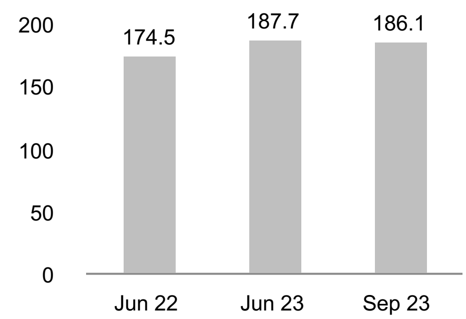


Figure 3: Net Loans Outstanding

In billions of U.S. dollars



During FY24 YTD, net loan commitments were lower by $0.6 billion compared with FY23 YTD. There were no guarantee commitments in either FY24 YTD or FY23 YTD. FY23 YTD net loan commitments included $1.2 billion approved under the IDA19 envelope due to the extension of the closing date for the approval of IDA19 operations.

Table 5: Net Commitments of Loans and Guarantees by Region

In millions of U.S. dollars

For the three months ended September 30,	2023	% of total	2022	% of total	Variance
Eastern and Southern Africa	$ 500	14 %	$ 1,335	32 %	$ (835)
Western and Central Africa	1,937	54	1,998	47	(61)
Europe and Central Asia	7	*	30	1	(23)
Latin America and the Caribbean	30	1	51	1	(21)
South Asia	1,098	31	804	19	294
Total	**$ 3,572**	**100 %**	**$ 4,218**	**100 %**	**$ (646)**

** Indicates percentage less than 0.5%.*

Table 6: Net Commitments of Grants by Region

In millions of U.S. dollars

For the three months ended September 30,	2023	% of total	2022	% of total	Variance
Eastern and Southern Africa	$ 1,485	69 %	$ 1,728	82 %	$ (243)
Western and Central Africa	427	20	225	11	202
East Asia and Pacific	26	1	—	—	26
Europe and Central Asia	50	2	—	—	50
Latin America and the Caribbean	12	1	—	—	12
Middle East and North Africa	150	7	150	7	—
South Asia	—	—	5	*	(5)
Total	**$ 2,150**	**100 %**	**$ 2,108**	**100 %**	**$ 42**

** Indicates percentage less than 0.5%.*

IDA's loans generally disburse within five to ten years for Investment Project Financing (IPF) and one to three years for Development Policy Financing (DPF). Therefore, each year's disbursements also include amounts relating to commitments made in earlier years (Table 7).

Gross disbursements were 9% lower in FY24 YTD compared with the same period in FY23. The decrease was mainly due to lower DPF disbursements in FY24 YTD.

Table 7: Gross Disbursements of Loans and Grants by Region

In millions of U.S. dollars

	2023			2022			
For the three months ended September 30,	Loans [a]	Grants [b]	Total	Loans [a]	Grants [b]	Total	Variance
Eastern and Southern Africa	$ 755	$ 631	$ 1,386	$ 718	$ 812	$ 1,530	$ (144)
Western and Central Africa	746	251	997	559	366	925	72
East Asia and Pacific	133	30	163	221	46	267	(104)
Europe and Central Asia	79	52	131	247	25	272	(141)
Latin America and the Caribbean	81	24	105	47	11	58	47
Middle East and North Africa	26	246	272	7	129	136	136
South Asia	557	33	590	748	52	800	(210)
Total	**$ 2,377**	**$ 1,267**	**$ 3,644**	**$ 2,547**	**$ 1,441**	**$ 3,988**	**$ (344)**

a. Excludes PSW related disbursements - $12 million (FY23 YTD - $6 million).

b. Excludes Project Preparation Advances (PPA).

As of September 30, 2023, 56% of loans outstanding were on regular terms (75 basis points SDR equivalent service charge) (Table 8). For a summary of financial terms for IDA's lending products, refer to IDA's MD&A for the fiscal year ended June 30, 2023, Section V: Development Activities, Products and Programs.

The increase in IDA's revenue on loans in FY24 YTD compared to FY23 YTD was primarily due to the higher average balances of loans outstanding and the increase in interest rates on non-concessional loans in FY24 YTD compared to FY23 YTD.

Table 8: Revenue and Loan Balances by Product Category

In millions of U.S. dollars			Interest revenue on loans [a]	
	Balance as of September 30,		For the three months ended September 30,	
Category	2023	2022	2023	2022
Loans				
Concessional				
Regular	$ 105,617	$ 101,235	$ 206	$ 200
Blend	69,282	63,634	286	254
Hard [b]	1,259	1,263	11	12
SML	3,035	NA	NA	NA
50-year	1,250	NA	NA	NA
Non-concessional [c]	9,569	6,565	122	50
Others [d]	113	56	3	1
Total	**$ 190,125**	**$ 172,753**	**$ 628**	**$ 517**

a. Excludes interest rate swap income or expense from loan related derivatives - $4 million of revenue in FY24 YTD ($1 million of expense in FY23 YTD).

b. Effective FY18, Hard-term loans are no longer offered.

c. In addition, $7 million of commitment charges were earned in FY24 YTD on undisbursed balances of non-concessional loans ($7 million in FY23 YTD).

d. Represents loans under the PSW and others.

Provision for losses on loans and other exposures

In FY24 YTD, IDA recorded a provision expense for losses on loans and other exposures of $85 million compared to a provision expense of $52 million in FY23 YTD. The increase was primarily due to the changes in exposure in FY24 YTD compared to FY23 YTD. For adjusted net income purposes, the provision expense for losses on loans and other exposures excludes the provision for debt relief under HIPC/MDRI and the provision for grant advances, since these are funded by contributions from members.

Results from Investing Activities

Investment Portfolio

IDA's net investment portfolio was $30.7 billion as of September 30, 2023, unchanged from June 30, 2023. See Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note C – Investments.

Investment interest revenue, net of derivatives

During FY24 YTD, IDA's net investment interest revenue was $315 million, an increase of $158 million compared with the same period in FY23. The increase was mainly driven by the higher interest rates in FY24 YTD compared to FY23 YTD.

Figure 4: Net Investment Portfolio

In billions of U.S. dollars

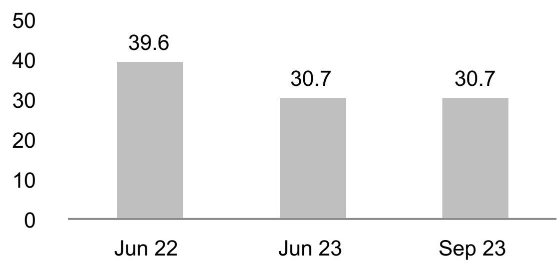
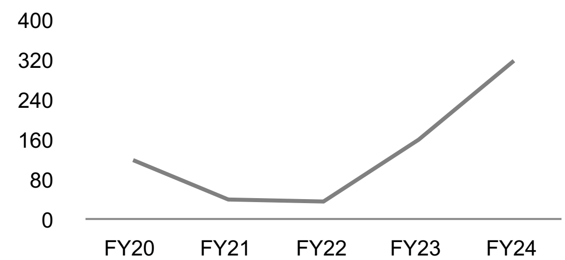


Figure 5: Investment Revenue, net - YTD

In millions of U.S. dollars



Unrealized mark-to-market gains (losses) on investments-trading portfolio, net

During FY24 YTD, IDA's investments-trading portfolio, excluding IDA's share of returns from PEBP and PCRF, had unrealized mark-to-market gains of $22 million, compared to $71 million of unrealized mark-to-market losses in FY23 YTD. The change was primarily driven by the unrealized mark-to-market gains in FY24 YTD from EUR denominated bonds approaching maturity and therefore less sensitive to changes in interest rates.

Results from Borrowing Activities

As of September 30, 2023, the fair value of the market borrowing portfolio was $20.8 billion, an increase of $1.2 billion compared to June 30, 2023. The increase was mainly due to the net issuances during the period.

As of September 30, 2023, the market borrowings recorded at amortized cost were $8.4 billion, a decrease of $0.2 billion from June 30, 2023. The decrease was due to currency translation gains during the period.

Concessional partner loans from members recorded at amortized cost were $7.1 billion as of September 30, 2023, a decrease of $0.1 billion from June 30, 2023.

During FY24 YTD, IDA's borrowing expenses, net of derivatives, was $339 million, an increase of $193 million compared with the same period in FY23. The increase in borrowing expenses was primarily due to the increase in interest rates in FY24 YTD compared to FY23 YTD.

See Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note E – Borrowings.

Figure 6: Borrowing Portfolio
In billions of U.S. dollars

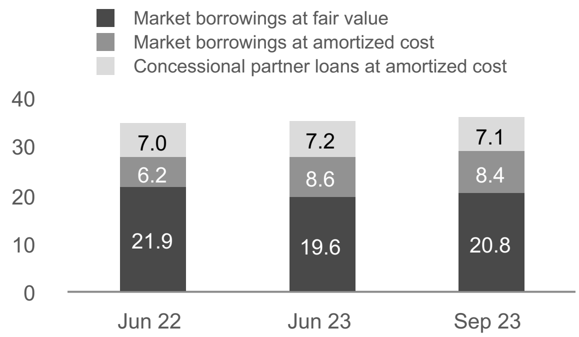
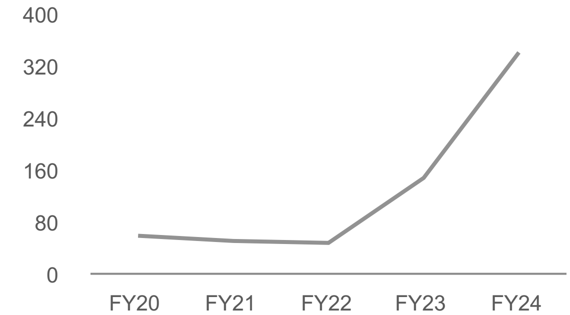


Figure 7: Borrowing expenses, net - YTD
In millions of U.S. dollars



Transfers from Affiliated Organizations

Since 1964, IBRD has made transfers to IDA out of its net income, upon approval by the Board of Governors. Under a formula-based approach for IBRD's income support to IDA, the amount of income transfer recommended for IDA is a function of IBRD's financial results. On October 13, 2023, IBRD's Board of Governors approved a transfer of $291 million from FY23 allocable income to IDA which was received by IDA on October 24, 2023.

Net Non-Interest Expenses

IDA's net non-interest expenses are primarily comprised of administrative expenses, net of revenue from externally funded activities. IBRD and IDA's administrative budget is a single resource envelope that funds the combined work programs of both entities. The allocation of administrative expenses between IBRD and IDA is based on an agreed cost and revenue sharing methodology, approved by their Boards. The allocation is primarily driven by the relative level of activities relating to lending, knowledge services and other services between the two institutions. The administrative expenses shown in the table below include costs related to IDA-executed trust funds and other externally funded activities.

The increase in net non-interest expenses from FY23 YTD to FY24 YTD, on both a U.S. GAAP basis and on an adjusted net income basis, was primarily driven by higher staff costs and higher travel expenses (Table 9).

Table 9: Net Non-Interest Expense
In millions of U.S. dollars

For the three months ended September 30,	2023	2022	Variance
Administrative expenses:			
Staff costs	$ 320	$ 302	$ 18
Travel	27	20	7
Consultant and contractual services	82	83	(1)
Pension and other post-retirement benefits	25	41	(16)
Communications and technology	25	23	2
Premises and equipment	34	33	1
Other expenses	28	29	(1)
Total administrative expenses	**$ 541**	**$ 531**	**$ 10**
Revenue from externally funded activities:			
Reimbursable revenue - IDA executed trust funds	(113)	(110)	(3)
Other revenue	(60)	(56)	(4)
Total revenue from externally funded activities	**$ (173)**	**$ (166)**	**$ (7)**
Total Net Non-Interest Expenses (Table 3) - GAAP basis	**$ 368**	**$ 365**	**$ 3**
Adjustments to arrive at Net non-interest expenses - Adjusted Net Income basis			
Pension, RAMP and EFO adjustments [a]	48	27	21
Net non-interest expenses - Adjusted Net Income (Non-GAAP basis)	**$ 416**	**$ 392**	**$ 24**

a. Adjustments are included in the Pension and other adjustments line in Table 3.

During FY24 YTD, IDA's net other expenses were $16 million compared to $12 million net other revenue in FY23 YTD. The change was due to higher PPA grant expenses, net of cancellations and conversion of previously approved PPA grants into loans. Converted PPA grants are included in loans outstanding provided to the borrower and correspondingly, prior grant expenses are reversed.

Table 10: Other (Expenses) Revenue, net

In millions of U.S. dollars

For the three months ended September 30,	2023	2022	Variance
PPA grants and others [a]	$ (24)	$ (1)	$ (23)
Guarantee fees and others [b]	1	6	(5)
Commitment charges	7	7	—
Other (Expenses) Revenue, net (Table 3)	**$ (16)**	**$ 12**	**$ (28)**

a. Included in Non-interest expenses – Other in the Condensed Statements of Income.
b. Included in Non-interest revenue – Other in the Condensed Statements of Income.

Unrealized mark-to-market gains (losses) on non-trading portfolios, net

During FY24 YTD, the non-trading portfolios had $656 million of net unrealized mark-to-market gains ($27 million of net unrealized mark-to-market gains in FY23 YTD). The increase was mainly driven by higher unrealized mark-to-market gains from the derivatives held for the CVP, managed as part of Asset-Liability management (ALM), as a result of a higher increase in U.S. dollar and EUR interest rates for long tenors in FY24 YTD compared to FY23 YTD. (Section V: Risk Management).

Table 11: Unrealized Mark-to-Market gains (losses) on non-trading portfolios, net
In millions of U.S. dollars

For the three months ended September 30,	2023	2022	Variance
Asset-liability management	$ 628	$ 27	$ 601
Investment portfolio	(2)	(8)	6
Other [a]	30	8	22
Total	**$ 656**	**$ 27**	**$ 629**

a. Other comprises mark-to-market gains (losses) on borrowings, loan related derivatives and on PSW associated instruments.

Non-functional currency translation adjustment gains (losses), net

Non-functional currency translation adjustment gains or losses represent unrealized exchange rate gains or losses resulting from the hedging of exchange rate risk related to future donor contributions, borrowings, and all other assets and liabilities held on IDA's Balance Sheets, that are denominated in currencies other than the SDR and its component currencies. The translation adjustment gains in FY24 YTD and FY23 YTD were primarily driven by the hedging of exchange rate risk related to future donor contributions. Certain members pledge their future equity contributions in non-SDR currencies. These future cash flows are economically hedged using currency forwards. The economic offset is inherent in the future contribution inflows. The payable portion of the currency forward contracts are denominated in non-functional currencies. The depreciation or appreciation of these currencies against the U.S. dollar results in exchange rate gains or losses which are recorded in the income statements. Accordingly, the translation adjustment gains on non-functional currencies were $17 million in FY24 YTD, compared to translation adjustment gains of $479 million in FY23 YTD. The decrease in translation gains in FY24 YTD was primarily driven by less depreciation of certain non-functional currencies against the U.S. dollar when compared to FY23 YTD.

Section V: Risk Management

Risk Governance

IDA's risk management processes and practices continually evolve to reflect changes in activities in response to market, credit, product, operational, and other developments. The Board, particularly the Audit Committee members, periodically reviews trends in IDA's risk profiles and performance, and any major developments in risk management policies and controls.

Management believes that effective risk management is critical for IDA's overall operations. Accordingly, the risk management governance structure is designed to manage the principal risks IDA assumes in its activities.

Risk Oversight and Coverage

The Vice President and WBG Chief Risk Officer (CRO) oversees both financial and operational risks. These risks include (i) country credit risks in the core sovereign lending business, (ii) market and counterparty risks including liquidity risk, and (iii) operational risks relating to people, processes, and systems, or from external events.

The risk of IDA's operations not meeting the expected development outcomes (development outcome risks) in IDA's lending activities is monitored at the corporate level by Operations Policy and Country Services (OPCS). Where fraud and corruption risks may impact IDA-financed projects, OPCS, the Regions and Practice Groups, and the Integrity Vice Presidency jointly address such issues.

For a detailed discussion of the risk governance and risk oversight and coverage, see IDA's MD&A for the fiscal year ended June 30, 2023, Section IX: Risk Management.

Management of IDA's Risks

IDA assumes financial risks in order to achieve its development and strategic objectives. IDA's financial risk management framework is designed to enable and support the institution in achieving its goals in a financially sustainable manner. IDA manages credit, market, and operational risks in its financial activities, which include lending, borrowing, and investing. The primary financial risk to IDA is the country credit risk inherent in its loan and guarantee portfolio. IDA is also exposed to risks in its liquid asset and derivative portfolios, where the major risks are interest rate, exchange rate, commercial counterparty, and liquidity risks. IDA's operational risk management framework is based on a structured and uniform approach to identify, assess, and monitor key operational risks across business units.

Geopolitical events and Global Outlook

In response to geopolitical events and other ongoing challenges to the global outlook, IDA continues to support its client needs in a financially sustainable manner.

As of September 30, 2023, IDA had sufficient resources to meet its liquidity requirements and continues to have access to capital market resources. IDA continues to maintain a robust liquidity position and flexibility to access the necessary liquidity resources. Management remains vigilant in assessing funding needs in the medium and longer-term to manage the effect of any significant market movements.

IDA's capital remains adequate and the DSC ratio remains above the zero percent policy minimum (Table 12).

As of the reporting date, country credit risk and counterparty credit risk remain in line with the existing governance framework and established credit limits. The loan loss provisions include IDA's current assessment of country credit risk. The fair values of related financial instruments reflect counterparty credit risk in IDA's portfolios. Developments in the market continue to be closely monitored and managed.

IDA continues to monitor associated risks and mitigates its exposures and risks in line with the risk governance framework.

Capital Adequacy

IDA uses a solvency-based capital adequacy model, which mandates that IDA hold capital for credit risk, market risk and operational risk covering all activities and assets on its books. The main measure of capital adequacy is the DSC, a non-GAAP measure, which is the capital available to support future commitments above the current portfolio. IDA is required, by the Board, to keep the DSC at levels greater than or equal to zero percent. The DSC is calculated as the amount by which Total Resources Available (TRA) exceed Total Resources Required (TRR), plus a Conservation Buffer (CB). The TRA consists of IDA's existing equity plus accumulated provision for loan losses and other exposures. The TRR is the minimum capital required to cover expected and unexpected losses, (under a stressed but still plausible downside scenario), in connection with all of IDA's currently existing operations and assets. Within the TRR, there is also a capital allowance to reflect losses that result from valuing IDA's concessional loan portfolio in present value terms using market interest rates. This allowance is calculated using a stressed interest rate to account for a potential future rise in market interest rates. In addition, TRR includes capital requirements to account for development grants which are approved but not yet expensed. It also takes into consideration the capital adequacy protection provided by long-term fixed rate borrowings against changes in market interest rates. The CB is equivalent to 10 percent of TRA.

As of September 30, 2023, the DSC was 23.4%, 0.7 percentage points lower compared with June 30, 2023 (24.1%). The decrease was mainly due to the decrease in TRA and the increase in TRR. The decrease in TRA was primarily driven by the decline in equity as a result of the currency translation losses due to the depreciation of the SDR against the U.S. dollar during the period. The increase in TRR was primarily due to higher capital requirements for the increase in conditional development grants approved but not yet expensed (Table 12).

In addition to the DSC framework, IDA has policies in place to ensure alignment of its lending and borrowing activities. Included in these policies are asset coverage requirements, where management monitors asset and liquidity levels to ensure IDA's ability to satisfy all its borrowing and commitment obligations. See IDA's MD&A for the fiscal year ended June 30, 2023, Section IX: Risk Management.

Table 12: Deployable Strategic Capital Ratio

In billions of U.S. dollars except ratios in percentage

As of	September 30, 2023	June 30, 2023	Variance
Total Resources Available (TRA)	$ 190.3	$ 191.3	$ (1.0)
Total Resources Required (TRR)	126.8	126.1	0.7
Conservation Buffer (CB)	19.0	19.1	(0.1)
Deployable Strategic Capital (DSC = TRA-TRR-CB)	$ 44.5	$ 46.1	$ (1.6)
Deployable Strategic Capital as a percentage of TRA	**23.4%**	**24.1%**	**(0.7)%**

Asset - Liability Management (ALM)

Since FY22, IDA's interim ALM policy allows, under specific criteria, funding fixed rate loans with long-term fixed rate market debt and CPLs (both reported at amortized cost), as part of IDA's interest rate risk management to align the interest rate and maturities of the debt with those of the loan portfolio. For more details, see Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note E: Borrowings.

Capital Value Protection Program

In FY20, as part of IDA's ALM policies, IDA executed pay fixed, receive floating forward-starting swaps with a notional of $15.0 billion under a Board-approved Capital Value Protection Program. The objective of the program is to partially reduce the sensitivity of IDA's capital adequacy model to changes in long-term interest rates and allow for more resources to be available for lending under the capital adequacy framework. For more details, see Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note F: Derivative Instruments.

Management of Credit and Market Risks

Credit Risk

IDA faces two types of credit risk: country credit risk and counterparty credit risk. Country credit risk is the risk of loss due to a country not meeting its contractual obligations, and counterparty credit risk is the risk of loss attributable to a counterparty not honoring its contractual obligations. IDA is exposed to commercial as well as noncommercial counterparty credit risk.

Country Credit Risk

IDA's lending management framework encompasses the long-standing PBA mechanism and allocation framework agreed at each replenishment, complemented by additional considerations required when accessing debt markets to ensure adherence to risk management (capital adequacy) requirements.

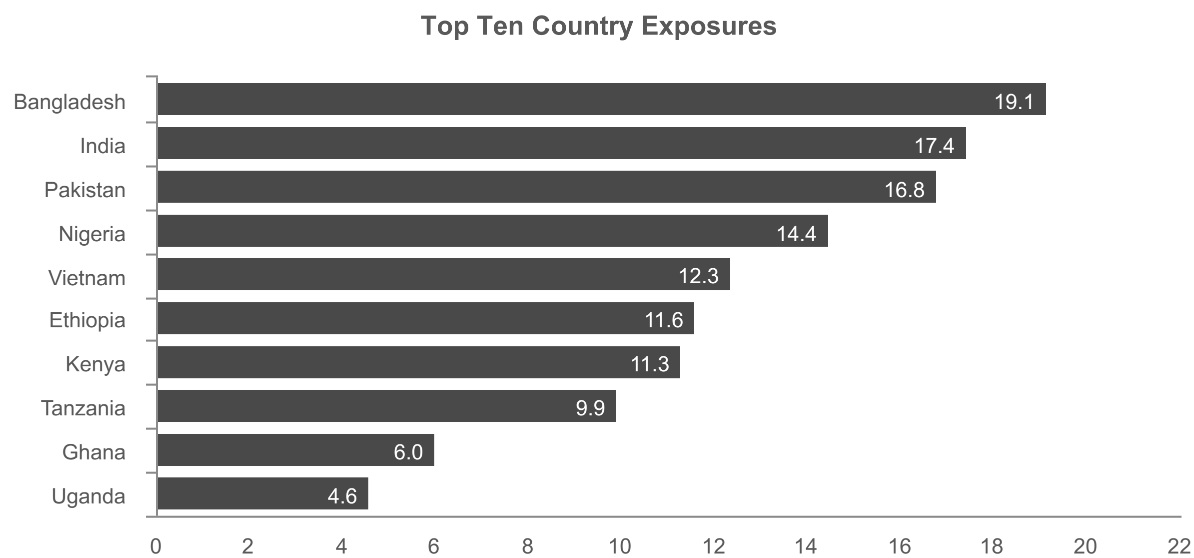
IDA regularly assesses the country credit risk of all its borrowers. IDA produces credit risk ratings for all its borrowing countries, which reflect country economic, financial, and political circumstances, and also considers environmental, social and governance (ESG) risk factors. Based on these risk ratings, to manage overall portfolio risk, the allocation outcomes of the PBA and other mechanisms are reviewed to ensure that they are compatible with the Deployable Strategic Capital Framework and Single Borrower Limit (SBL).

For FY24, the SBL has been set at $46 billion (25% of $185.8 billion of equity as of June 30, 2023), a marginal increase compared to $45 billion for FY23. Currently, the maximum country exposure levels compatible with IDA's overall capital adequacy target are lower than the SBL for all IDA borrowing countries. As a consequence, the SBL is currently not a constraining factor.

As of September 30, 2023, the ten countries with the highest exposures accounted for 64% of IDA's total exposure (Figure 8). Monitoring these exposures relative to the SBL requires consideration of the repayment profiles of existing loans, as well as disbursement profiles and projected new loans and guarantees.

Figure 8: Country Exposures as of September 30, 2023

In billions of U.S. dollars



Expected Losses, Overdue Payments, and Non-Performing Loans

When a borrower fails to make payments on any principal, interest, or other charges due to IDA, IDA may suspend disbursements immediately on all loans and grants to that borrower. IDA's current practice is to exercise this option using a graduated approach. These practices also apply to member countries eligible to borrow from both IDA and IBRD, and whose payments on IBRD loans may become overdue. It is IDA's practice not to reschedule service charges, interest or principal payments on its loans or participate in debt rescheduling agreements with respect to its loans. As of September 30, 2023, there was one IDA borrowing country in the accrual portfolio with overdue payments beyond 90 days.

As an exception to the practices set forth for treatment of overdue payments, IDA has provided financing to countries with overdue payments in specific situations. For further details, refer to IDA's MD&A for the fiscal year ended June 30, 2023, Section IX: Risk Management.

Accumulated Provision for Losses on Loans and Other Exposures

As of September 30, 2023, IDA had $190.1 billion of loans outstanding, of which loans in nonaccrual status represent 0.5%. IDA's total provision for losses on loans and other exposures was $5.5 billion, which represents a provisioning rate of 2.1% of the underlying exposures as of September 30, 2023 ($5.5 billion as of June 30, 2023, 2.0% of the underlying exposure). See Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note D – Loans and Other Exposures.

Commercial Counterparty Credit Risk Exposure

Commercial counterparty credit risk is the risk that counterparties fail to meet their payment obligations under the terms of the contract or other financial instruments. Effective management of counterparty credit risk is vital to the success of IDA's funding, investment, and asset/ liability management activities. The monitoring and management of these risks is continuous as the market environment evolves.

As a result of IDA's use of mark-to-market collateral arrangements for swap transactions, its residual commercial counterparty credit risk exposure is concentrated in the investment portfolio, in instruments issued by sovereign governments and non-sovereign holdings (including Agencies, Asset-backed securities, Corporates, and Time Deposits). Total commercial counterparty credit exposure, net of collateral held, was $32.2 billion as of September 30, 2023. As of September 30, 2023, 76% of IDA's investment portfolio is rated AA or above, reflecting IDA's continued preference for highly rated securities and counterparties across all categories of financial instruments (Table 13**)**. The decrease in exposure rated AAA was primarily driven by a credit rating agency's downgrade of U.S Treasuries holdings in FY24 YTD.

For the contractual value, notional amounts and related credit risk exposure amounts by instrument, see Notes to the Condensed Quarterly Financial Statements for the period ended September 30, 2023, Note F: Derivative Instruments.

Table 13: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating

In millions of U.S. dollars, except rates in percentages

	As of September 30, 2023				
Counterparty Rating [a]	Sovereigns	Non-Sovereigns	Net Swap Exposure	Total Exposure	% of Total
AAA	$ 7,222	$ 2,028	$ —	**$ 9,250**	29 %
AA	6,944	8,108	135	**15,187**	47
A	3,336	4,099	244	**7,679**	24
BBB or lower/unrated	53	—	—	**53**	*
Total	**$ 17,555**	**$ 14,235**	**$ 379**	**$ 32,169**	**100 %**

	As of June 30, 2023				
Counterparty Rating [a]	Sovereigns	Non-Sovereigns	Net Swap Exposure	Total Exposure	% of Total
AAA	$ 9,128	$ 3,021	$ —	**$ 12,149**	38 %
AA	5,563	7,401	148	**13,112**	40
A	2,353	4,555	215	**7,123**	22
Total	**$ 17,044**	**$ 14,977**	**$ 363**	**$ 32,384**	**100 %**

a. Average rating is calculated using available ratings from the three major rating agencies; however, if ratings are not available from each of the three rating agencies, IDA uses the average of the ratings available from any of such rating agencies or a single rating to the extent that an instrument or issuer (as applicable) is rated by only one rating agency.

** Indicates percentage less than 0.5%.*

Market Risk

IDA is exposed to changes in interest and exchange rates and uses derivatives to manage its exposure to market risks. Derivatives are used to align the interest and currency composition of its assets (loan and investment trading portfolios) with that of its liabilities (borrowing portfolio) and equity, with the exception of the long-term fixed rate market debt that is used to fund fixed rate loans. The loan, investment and borrowing portfolios are largely maintained in SDR and its component currencies.

Interest Rate Risk

IDA is exposed to interest rate risk due to mismatches between its assets (loan and investment portfolios) and its liabilities (borrowing portfolio) both in terms of maturity and instrument type. Given IDA's lengthy disbursement profile, the duration of IDA's loans is relatively long (11 years). This long duration, combined with volatility in market interest rates, results in significant year-on-year variability in the fair value of loans. However, since the loan portfolio is not reported at fair value under U.S. GAAP, the impact of this variability on IDA's Balance Sheet is not fully evident. IDA's investment-trading portfolio (liquid asset portfolio) has a relatively low sensitivity to interest rates with a duration of five months as of September 30, 2023.

Under its integrated financing model, IDA employs the following strategies to manage interest rate risk:

- The capital adequacy policies factor in the sensitivity to interest rates.
- Matching interest rates between assets and related funding to minimize open interest rate positions.
- The funding risk related to the mismatch between the maturity profile of the debt funding and the related assets is monitored through duration measurements and adjustments to capital requirements to cover this risk.

Alternative Reference Rate

The Financial Conduct Authority (FCA), the regulator of London Interbank Offered Rate (LIBOR), confirmed that effective December 31, 2021, all the LIBOR settings, except for certain USD LIBOR, which were available until June 30, 2023, ceased to be provided by any administrator or were no longer representative. In consideration of the regulatory guidance and in preparation for the global markets' transition away from LIBOR, IDA took the necessary steps to facilitate a smooth and orderly transition of its financial instruments to alternative reference rates. This transition started on January 1, 2022.

Out of the total loans outstanding as of September 30, 2023, 98% were not subject to transition to alternative reference rates as they were on fixed-rate terms. The remaining 2% have either transitioned or will be transitioned as the loans reset by December 31, 2023.

As of September 30, 2023, IDA's borrowing portfolio before associated derivatives carries only fixed interest rates and was not subject to transition to alternative reference rates. Out of the total derivative portfolio notional as of September 30, 2023, 61% of the total derivative portfolio notional were not subject to transition to alternative reference rates, approximately 35% had transitioned, and 4% were still subject to transition which started in July 2023, as derivatives reset. For the vast majority of the derivative portfolio subject to transition, IDA either has sufficient provisions in the derivative agreements with its counterparties or has adhered to the International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol (IBOR Protocol) or works bilaterally with counterparties to ensure smooth transition to alternative reference rates.

IDA will continue to work with key stakeholders, including internal subject matter experts, senior management, borrowers, industry groups and other market participants, to mitigate potential financial and operational risks to which IDA is exposed, and to ensure an orderly completion of the transition to the alternative reference rates.

Exchange Rate Risk

Changes in exchange rates affect the capital adequacy of IDA when the currency of the equity supporting the loan portfolio and other assets is different from that of the risk exposure. Accordingly, the primary objective of IDA's currency risk management is to protect IDA's financial capacity from exchange rate movements, as measured by the capital adequacy framework. To achieve this, IDA's balance sheet is managed in multiple currencies: SDR and the currencies comprising the SDR basket. The exchange rate risk management methodology encompasses the hedging of currency risk arising from the various inflows and outflows inherent in IDA's business model.

IDA uses currency forward contracts to convert future inflows from members' receivables provided in national currencies into the five currencies of the SDR basket, thereby aligning the currency composition of member contributions with the net cash outflows relating to loans and grants, which are primarily denominated in the SDR.

The payable leg of the currency forward contracts economically hedging member equity contribution pledges is denominated in non-functional currencies. IDA pays the market counterparty in a non-SDR currency. Accordingly, (depreciation) appreciation of the non-SDR currencies against the U.S. dollar results in exchange rate gains or losses, which are reported in the Statements of Income. The translation adjustment on future inflows from members, even though they are not recorded in the balance sheet, is the economic offset to the translation adjustment on non-functional currencies of currency forward contracts.

Liquidity Risk

Liquidity risk arises in the general funding of IDA's activities and in managing its financial position. It includes the risk of IDA being unable to fund its portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

IDA's aggregate liquid asset holdings are kept above a specified prudential minimum to safeguard against cash flow interruptions. The prudential minimum is equal to 80% of 24 months of projected net outflows. For FY24, the prudential minimum has been set at $24.7 billion. As of September 30, 2023, IDA's liquid assets were $30.5 billion, 124% of the FY24 prudential minimum.

IDA will hold liquidity above the prudential minimum to ensure sufficient liquidity under a wide range of shock scenarios as well as to give it flexibility in timing its borrowing transactions and to meet working capital needs.

Operational Risk

Operational risk is defined as the risk of financial loss, or damage to IDA's reputation resulting from inadequate or failed internal processes, people, and systems, or from external events.

IDA recognizes the importance of operational risk management activities, which are embedded in its financial operations. As part of its business activities, IDA is exposed to a range of operational risks including physical security and staff health and safety, data and cyber security, business continuity, and third party vendor risks. IDA's approach to identifying and managing operational risk includes a dedicated program for these risks and a robust process that includes identifying, assessing, and prioritizing operational risks, monitoring, and reporting relevant key risk indicators, aggregating, and analyzing internal and external events, and identifying emerging risks that may affect business units and developing risk response and mitigating actions.

Section VI: Governance

Senior Management Changes

There were no senior management changes during the first three months of FY24.

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INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

CONTENTS

September 30, 2023

CONDENSED QUARTERLY FINANCIAL STATEMENTS

CONDENSED BALANCE SHEETS

Expressed in millions of U.S. dollars

	September 30, 2023 (Unaudited)	*June 30, 2023 (Unaudited)*
Assets		
Due from banks—Notes C and J		
Unrestricted cash	$ 506	$ 665
Restricted cash	23	24
	529	689
Investments (including securities transferred under repurchase or securities lending agreements of Nil—September 30, 2023; $217 million —June 30, 2023) —Notes C, G and J	31,753	31,822
Securities Purchased Under Resale Agreements—Notes C and J	109	168
Derivative assets, net—Notes C, F, G and J	625	364
Receivable from affiliated organization—Note G	1,348	1,291
Loans outstanding—Notes D, G and J		
Total loans approved	267,645	269,364
Less: Undisbursed balance (including signed loan commitments of $69,050 million—September 30, 2023; $68,542 million—June 30, 2023)	(77,520)	(77,680)
Loans outstanding	190,125	191,684
Less: Accumulated provision for loan losses	(3,960)	(3,993)
Deferred loan income	(21)	(22)
Net loans outstanding	186,144	187,669
Other assets—Notes C, D, G and H	6,085	5,479
Total assets	$ 226,593	$ 227,482

	September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)
Liabilities		
Borrowings—Notes E and J		
Market borrowings, at fair value	$ 17,859	$ 16,786
Market borrowings, at amortized cost	8,434	8,627
Concessional partner loans, at amortized cost	7,060	7,154
	33,353	32,567
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received —Notes C and J	—	221
Derivative liabilities, net—Notes C, F, G and J	978	1,244
Payable for development grants—Note H	2,800	3,092
Payable to affiliated organization—Note G	523	594
Other liabilities—Notes C and D	4,190	3,982
Total liabilities	41,844	41,700
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	310,196	310,672
Less:		
Subscriptions and contributions receivable	(34,664)	(35,201)
Cumulative discounts/credits on subscriptions and contributions, net	(4,213)	(4,213)
Subscriptions and contributions paid-in	271,319	271,258
Nonnegotiable, non interest-bearing demand obligations on account of members' subscriptions and contributions	(12,854)	(13,477)
Deferred amounts to maintain value of currency holdings	(248)	(247)
Accumulated deficit (Statements of Changes in Accumulated Deficit)	(62,744)	(62,806)
Accumulated other comprehensive loss—Note I	(10,724)	(8,946)
Total equity	184,749	185,782
Total liabilities and equity	$ 226,593	$ 227,482

The Notes to Condensed Quarterly Financial Statements are an integral part of these Statements.

CONDENSED STATEMENTS OF INCOME

Expressed in millions of U.S. dollars

	Three Months Ended September 30, (Unaudited)	
	2023	2022
Interest revenue		
Loans, net—Note D	$ 632	$ 516
Investments, net—Notes C and G	315	157
Asset-liability management derivatives, net—Notes F and J	14	2
Borrowing expenses, net—Note E	(339)	(146)
Interest revenue, net of borrowing expenses	622	529
Provision for losses on loans and other exposures—Note D	(85)	(52)
Non-interest revenue		
Revenue from externally funded activities—Note G	173	166
Commitment charges—Note D	7	7
Other	1	6
Total	181	179
Non-interest expenses		
Administrative—Note G	(541)	(531)
Other	(24)	(1)
Total	(565)	(532)
Development grants—Note H	(776)	(1,058)
Non-functional currency translation adjustment gains, net	17	479
Unrealized mark-to-market gains (losses) on Investments-Trading portfolio, net—Notes F and J	12	(107)
Unrealized mark-to-market gains on non-trading portfolios, net—Note J	656	27
Net income (loss)	$ 62	$ (535)

The Notes to Condensed Quarterly Financial Statements are an integral part of these Statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

Expressed in millions of U.S. dollars

	Three Months Ended September 30, (Unaudited)	
	2023	2022
Net income (loss)	$ 62	$ (535)
Other comprehensive loss—Note I		
Currency translation adjustments on functional currencies	(1,771)	(5,419)
Net Change in Debit Valuation Adjustment (DVA) on Fair Value option elected liabilities	(7)	—
Comprehensive loss	$ (1,716)	$ (5,954)

CONDENSED STATEMENTS OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Three Months Ended September 30, (Unaudited)	
	2023	2022
Accumulated deficit at beginning of the fiscal year	$ (62,806)	$ (59,544)
Net income (loss)	62	(535)
Accumulated deficit at end of the period	$ (62,744)	$ (60,079)

The Notes to Condensed Quarterly Financial Statements are an integral part of these Statements.

CONDENSED STATEMENTS OF CASH FLOWS

Expressed in millions of U.S. dollars

	Three Months Ended September 30, (Unaudited)	
	2023	2022
Cash flows from investing activities		
Loans		
Disbursements	$ (2,389)	$ (2,553)
Principal repayments	1,794	1,677
Non-trading securities—Investments		
Repayments	43	53
Net cash used in investing activities	(552)	(823)
Cash flows from financing activities		
Members' subscriptions and contributions	682	614
Medium and long-term borrowings		
New issues	72	1,989
Retirements	(25)	(25)
Short-term borrowings (original maturities greater than 90 days)		
New issues	1,546	2,875
Retirements	(1,341)	(1,220)
Net short-term borrowings (original maturities less than 90 days)	997	(1,649)
Net derivatives-borrowings	(2)	(2)
Net cash provided by financing activities	1,929	2,582
Cash flows from operating activities		
Net income (loss)	62	(535)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Provision for losses on loans and other exposures, charge	85	52
Non-functional currency translation adjustment gains, net	(17)	(479)
Unrealized mark-to-market gains on non-trading portfolios, net	(656)	(27)
Other non-interest expenses, net	24	1
Amortization of borrowing costs	70	35
Changes in:		
Net Investment portfolio	(524)	(680)
Other assets and liabilities	(574)	(184)
Net cash used in operating activities	(1,530)	(1,817)
Effect of exchange rate changes on unrestricted and restricted cash	(7)	(11)
Net decrease in unrestricted and restricted cash	(160)	(69)
Unrestricted and restricted cash at beginning of the fiscal year	689	686
Unrestricted and restricted cash at end of the period	$ 529	$ 617
Supplemental disclosure		
(Decrease) Increase in ending balances resulting from exchange rate fluctuations:		
Loans outstanding	$ (2,151)	$ (6,204)
Investment portfolio	(379)	(1,176)
Borrowings portfolio	(520)	(1,325)
Derivatives—Asset-liability management	185	846
Principal repayments written off under Heavily Indebted Poor Countries Debt Initiative	3	10
Interest paid on borrowing portfolio	197	83

The Notes to Condensed Quarterly Financial Statements are an integral part of these Statements.

NOTES TO THE CONDENSED QUARTERLY FINANCIAL STATEMENTS

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

Basis of Preparation

These unaudited condensed quarterly financial statements and notes should be read in conjunction with the June 30, 2023 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2023 audited financial statements has not been audited. In the opinion of management, the condensed quarterly financial statements reflect all adjustments necessary for a fair presentation of IDA's financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Management makes 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 quarterly financial statements and the reported amounts of revenue and expenses during the reporting periods. Due to the inherent uncertainty involved in making those estimates, actual results could differ from those estimates. Areas in which significant estimates have been made include, but are not limited to, the provision for losses on loans and other exposures and valuation of certain financial instruments carried at fair value. The results of operations for the first three months of the current fiscal year are not necessarily indicative of the results that may be expected for the full year.

Certain reclassifications of the prior year's information have been made to conform with the current year's presentation.

The Executive Directors approved these financial statements for issuance on November 10, 2023, which was also the date through which IDA's management evaluated subsequent events.

Accounting and Reporting Developments

Evaluated Accounting Standards:

In March 2022, the FASB issued the ASU 2022-02, *Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the accounting guidance on troubled debt restructurings for creditors and amends the guidance on "vintage disclosures" to require disclosure of current-period gross write-offs by year of origination. This ASU became effective for IDA from the quarter ended September 30, 2023. As a result of adoption of this ASU, IDA included additional vintage disclosure information in Note D - Loans and Other exposures.

NOTE B—MEMBERS' SUBSCRIPTIONS AND CONTRIBUTIONS, AND MEMBERSHIP

The movement in Subscriptions and Contributions paid-in is summarized below:

Table B1: Subscriptions and contributions paid-in

In millions of U.S. dollars

	September 30, 2023	June 30, 2023
Beginning of the fiscal year	$ 271,258	$ 257,777
Cash contributions received	249	5,100
Demand obligations received	—	8,506
Translation adjustment	(188)	(125)
End of the period/fiscal year	$ 271,319	$ 271,258

During the three months ended September 30, 2023, IDA encashed demand obligations totaling $433 million.

NOTE C—INVESTMENTS

The investment securities held by IDA are designated as either trading or non-trading. All securities are carried and reported at fair value, or at face value, which approximates fair value.

As of September 30, 2023, IDA's Investments were mainly comprised of government and agency obligations (66%) and time deposits (33%), with all of the instruments classified as either Level 1 or Level 2 within the fair value hierarchy. As of September 30, 2023, the largest holding of investments with a single counterparty was German government instruments (15%).

A summary of IDA's Investments is as follows:

Table C1: Investments-composition

In millions of U.S. dollars

	September 30, 2023	*June 30, 2023*
Trading		
Government and agency obligations	$ 20,861	$ 19,770
Time deposits	10,599	11,703
Asset-backed securities	95	105
	$ 31,555	$ 31,578
Non-trading		
Debt security	198	244
Total	$ 31,753	$ 31,822

IDA manages its investments on a net portfolio basis. IDA uses derivative instruments to manage currency and interest rate risk in the investment portfolio. For details regarding these instruments, see Note F—Derivative Instruments. The following table summarizes IDA's net portfolio position:

Table C2: Net investment portfolio position

In millions of U.S. dollars

	September 30, 2023	*June 30, 2023*
Investments		
Trading	$ 31,555	$ 31,578
Non-trading	198	244
Total	31,753	31,822
Securities purchased under resale agreements	109	168
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received [a]	(786)	(660)
Derivative Assets		
Currency swaps and currency forward contracts	213	135
Interest rate swaps	3	5
Total	216	140
Derivative Liabilities		
Currency swaps and currency forward contracts	(14)	(49)
Other [b]	(1)	—
Total	(15)	(49)
Cash held in investment portfolio [c]	496	570
Receivable from investment securities traded and other assets [d]	236	3
Payable for investment securities purchased [e]	(1,303)	(1,322)
Net Investment Portfolio	$ 30,706	$ 30,672

a. As of September 30, 2023, this amount includes cash collateral of $786 million received from counterparties under derivative agreements ($439 million - June 30, 2023).

b. These relate to to-be-announced (TBA) Securities, swaptions, exchange traded options and futures contracts.

c. These amounts are included in Unrestricted cash under Due from banks on the Condensed Balance Sheets.

d. These amounts are included in Other assets on the Condensed Balance Sheets.

e. These amounts are included in Other liabilities on the Condensed Balance Sheets. As of September 30, 2023, short sales amounted to $111 million ($112 million - June 30, 2023).

As of September 30, 2023, IDA's non-trading investment portfolio (principal amount due on a debt security with IFC) was $219 million ($262 million—June 30, 2023). For details regarding this instrument, see Note G - Transactions with Affiliated Organizations.

Commercial Credit Risk

For the purposes of risk management, IDA is party to a variety of financial transactions, certain of which involve elements of credit risk. Credit risk exposure represents the maximum potential loss due to possible nonperformance by obligors and counterparties under the terms of the contracts. For all securities, IDA limits trading to a list of authorized dealers and counterparties. In addition, credit limits have been established for counterparties by type of instrument and maturity category.

***Swap Agreements*:** Credit risk is mitigated through a credit approval process, volume limits, monitoring procedures and the use of mark-to-market collateral arrangements. IDA may require collateral in the form of cash or other approved liquid securities from individual counterparties to mitigate its credit exposure.

IDA has entered into master derivative agreements, which contain legally enforceable close-out netting provisions. These agreements may further reduce the gross credit risk exposure related to the swaps. Credit risk with financial assets subject to a master derivatives arrangement is further reduced under these agreements to the extent that payments and receipts with the counterparty are netted at settlement. The reduction in exposure as a result of these netting provisions can vary due to the impact of changes in market conditions on existing and new transactions. The extent of the reduction in exposure may therefore change substantially within a short period of time following the balance sheet date. For more information on netting and offsetting provisions, see Note F—Derivative Instruments.

The following is a summary of the collateral received by IDA in relation to swap transactions.

Table C3: Collateral received

In millions of U.S. dollars

	September 30, 2023	June 30, 2023
Collateral received		
Cash	$ 786	$ 439
Securities [a]	391	104
Total collateral received	$ 1,177	$ 543
Collateral permitted to be repledged	$ 1,177	$ 543
Amount of collateral repledged	—	—
Amount of cash collateral invested	$ 586	$ 349

a. Includes $21 million of excess collateral received as of September 30, 2023 (Nil – June 30, 2023).

Securities Lending: IDA may engage in securities lending and repurchases, against adequate collateral, as well as securities borrowing and reverse repurchases (resales) of government and agency obligations, and asset-backed securities (ABS). These transactions have been conducted under legally enforceable master netting arrangements, which allow IDA to reduce its gross credit exposure related to these transactions. IDA presents its securities lending and repurchases, as well as resales, on a gross basis on the Condensed Balance Sheets. As of September 30, 2023 and June 30, 2023, there were no amounts that could potentially be offset as a result of legally enforceable master netting arrangements.

Transfers of securities by IDA to counterparties are not accounted for as sales as the accounting criteria for the treatment as a sale have not been met. Counterparties are permitted to repledge these securities until the repurchase date.

Securities lending agreements and repurchase agreements expose IDA to several risks, including counterparty risk, reinvestment risk, and risk of a collateral gap (increase or decrease in the fair value of collateral pledged). IDA has procedures in place to ensure that trading activity and balances under these agreements are below predefined counterparty and maturity limits, and to actively monitor net counterparty exposure, after collateral, through daily mark-to-market. Whenever the collateral pledged by IDA related to its borrowings under securities lending agreements and repurchase agreements declines in value, the transaction is re-priced as appropriate by returning cash or pledging additional collateral.

The following is a summary of the carrying amount of the securities transferred under repurchase or securities lending agreements, and the related liabilities:

Table C4: Amounts related to securities transferred under repurchase or securities lending agreements

In millions of U.S. dollars

	September 30, 2023	*June 30, 2023*	*Financial Statement Presentation*
Securities transferred under repurchase or securities lending agreements	$ —	$ 217	Included under Investments on the Condensed Balance Sheets
Liabilities relating to securities transferred under repurchase or securities lending agreements	$ —	$ 221	Included under Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received on the Condensed Balance Sheets

As of September 30, 2023, there were no liabilities relating to securities transferred under repurchase or securities lending agreements ($221 million—June 30, 2023) and there were no unsettled trades relating to repurchase or securities lending agreements. There were no replacement trades entered into in anticipation of maturing trades of a similar amount (Nil—June 30, 2023).

In the case of resale agreements, IDA receives collateral in the form of liquid securities and is permitted to repledge these securities. While these transactions are legally considered to be true purchases and sales, the securities received are not recorded on IDA's Condensed Balance Sheets as the accounting criteria for treatment as a sale have not been met. As of September 30, 2023, and June 30, 2023, there were no unsettled trades pertaining to securities purchased under resale agreements. For resale agreements, IDA received securities with a fair value of $111 million as of September 30, 2023 ($169 million—June 30, 2023). As of September 30, 2023 and June 30, 2023, none of these securities had been transferred under repurchase or security lending agreements.

NOTE D—LOANS AND OTHER EXPOSURES

IDA's loans and other exposures are generally made to, or guaranteed by, member countries of IDA. Loans are carried at amortized cost. Other exposures include signed loan commitments, Deferred Drawdown Options (DDO), irrevocable commitments, grant advances, project preparation advances and guarantees. Based on IDA's internal credit quality indicators, the majority of the loans outstanding are in the Medium and High risk classes.

IDA excludes the interest and service charges receivable balance from the amortized cost basis and the related disclosures as permitted by U.S. GAAP. As of September 30, 2023, accrued interest income and service charges on loans of $713 million ($659 million—June 30, 2023) are presented in Other assets on the Condensed Balance Sheets.

As of September 30, 2023, less than 0.5% of IDA's loans were in nonaccrual status and related to three borrowers. The total accumulated provision for losses on loans in accrual status and nonaccrual status was 2% of total loans as of September 30, 2023.

Credit Quality of Sovereign Loans

Based on an evaluation of IDA's exposures, management has determined that IDA has one portfolio segment – Sovereign Exposures. IDA's loans constitute the majority of the Sovereign Exposures portfolio segment.

IDA's country risk ratings are an assessment of its borrowers' ability and willingness to repay IDA on time and in full. These ratings are internal credit quality indicators. Individual country risk ratings are derived on the basis of both quantitative and qualitative analyses. The components considered in the analysis can be grouped broadly into eight categories: political risks, external debt and liquidity, fiscal policy and public debt burden, balance of payments risks, economic structure and growth prospects, monetary and exchange rate policy, financial sector risks, and corporate sector debt and vulnerabilities. The analysis also takes into account Environmental, Social and

Governance factors. For the purpose of analyzing their risk characteristics, these exposures are grouped into three classes in accordance with assigned borrower risk ratings, which relate to the likelihood of loss: Low, Medium and High risk classes, as well as exposures in nonaccrual status.

IDA's borrower country risk ratings are key determinants in the provision for loan losses. Country risk ratings of borrowers in accrual status are grouped in pools with similar credit ratings for the purpose of the calculation of the expected credit losses. Exposure for certain countries in accrual status may be individually assessed on the basis that they do not share common risk characteristics with an existing pool of exposures. All exposures for countries in nonaccrual status are individually assessed. Country risk ratings are determined in review meetings that take place several times a year. All countries are reviewed at least once a year, or more frequently if circumstances warrant, to determine the appropriate ratings.

An assessment was also performed to determine whether a qualitative adjustment was needed on the loan loss provision as of September 30, 2023, including consideration of global and macroeconomic events. Management concluded that a qualitative adjustment beyond the regular application of IDA's loan loss provision framework was not warranted.

IDA considers loans to be past due when a borrower fails to make payment on any principal, interest or other charges due to IDA on the dates provided in the contractual loan agreement.

The following tables provide an aging analysis of loans outstanding:

Table D1: Loans-Aging structure

In millions of U.S. dollars

	September 30, 2023							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ —	$ —	$ —	$ —	$ —	$ —	$ *	$ *
Medium	—	—	—	—	—	—	18,047	18,047
High	19	7	*	2	—	28	171,191 [a]	171,219
Loans in accrual status	19	7	—	2	—	28	189,238	189,266
Loans in nonaccrual status	5	1	2	10	449	467	392	859
Total	$ 24	$ 8	$ 2	$ 12	$ 449	$ 495	$ 189,630	$ 190,125

Table D1.1:

In millions of U.S. dollars

	June 30, 2023							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ —	$ —	$ —	$ —	$ —	$ —	$ *	$ *
Medium	—	—	—	—	—	—	18,659	18,659
High	22	*	—	—	—	22	172,134 [a]	172,156
Loans in accrual status	22	*	—	—	—	22	190,793	190,815
Loans in nonaccrual status	7	—	3	9	445	464	405	869
Total	$ 29	$ *	$ 3	$ 9	$ 445	$ 486	$ 191,198	$ 191,684

a. Includes Private Sector Window (PSW) related loans of $113 million ($102 million-June 30, 2023).

** Indicates amount less than $0.5 million*

The table below discloses the outstanding balances of IDA's loan portfolio classified by the year the loan agreement was signed. IDA considers the signature date of a loan as the best indicator of the decision point in the origination process, rather than the disbursement date.

Table D2: Loan portfolio vintage disclosure

In millions of U.S. dollars

	September 30, 2023								
	Fiscal Year of origination						CAT DDOs disbursed and revolving	CAT DDOs Converted to Term Loans	Loans Outstanding as of September 30, 2023
Risk Class	2024	2023	2022	2021	2020	Prior Years			
Low	$ —	$ —	$ —	$ —	$ —	$ *	$ —	$ —	$ *
Medium	—	83	111	393	539	16,921	—	—	18,047
High	80	7,240	7,272	10,835	9,007	136,425	24	336	171,219
Loans in accrual status	80	7,323	7,383	11,228	9,546	153,346	24	336	189,266
Loans in nonaccrual status	—	—	—	—	—	859	—	—	859
Total	$ 80	$7,323	$ 7,383	$11,228	$9,546	$154,205	$ 24	$ 336	$ 190,125
Current period gross write-offs [a]	$ —	$ —	$ —	$ —	$ —	$ 3	n.a	n.a	$ 3

Table D2.1:

In millions of U.S. dollars

	June 30, 2023								
	Fiscal Year of origination						CAT DDOs disbursed and revolving	CAT DDOs Converted to Term Loans	Loans Outstanding as of June 30, 2023
Risk Class	2023	2022	2021	2020	2019	Prior Years			
Low	$ —	$ —	$ —	$ —	$ —	$ *	$ —	$ —	$ *
Medium	83	111	394	542	243	17,286	—	—	18,659
High	6,964	7,162	10,338	8,956	10,961	127,408	24	343	172,156
Loans in accrual status	7,047	7,273	10,732	9,498	11,204	144,694	24	343	190,815
Loans in nonaccrual status	—	—	—	—	—	869	—	—	869
Total	$7,047	$7,273	$10,732	$9,498	$11,204	$145,563	$ 24	$ 343	$ 191,684

** Indicates amount less than $0.5 million*

a. Relate to the Heavily Indebted Poor Countries (HIPC)/Multilateral Debt Relief Initiative (MDRI).

There was no Catastrophe Deferred Drawdown Option (CAT DDO) outstanding and revolving that was converted to term loans during the three months ended September 30, 2023.

Accumulated Provision for Losses on Loans and Other Exposures

Management determines the appropriate level of the accumulated provisions for losses, which reflects the expected losses inherent in IDA's exposures. Management reassesses the adequacy of accumulated provision on a quarterly basis and adjustments to the accumulated provision are recorded as a charge to or release of provision in the Statements of Income.

The provision for HIPC Debt Initiative and MDRI is based on a quantitative and qualitative analyses of various factors, including estimates of Decision Point and Completion Point dates. These factors are reviewed periodically as part of the reassessment of the adequacy of the accumulated provision for loan losses. Provisions are released as qualifying debt service becomes due and is forgiven under the HIPC Debt Initiative. The provision is reduced by the amount of the eligible loans written off when the country reaches Completion Point and becomes eligible for MDRI debt relief.

Changes to the accumulated provision for losses on loans and other exposures are summarized below:

Table D3: Accumulated provisions

In millions of U.S. dollars

	September 30, 2023				
	Loans outstanding	*Loan commitments*	*Debt relief under HIPC/MDRI*	*Other* [a]	*Total*
Accumulated provision, beginning of the fiscal year	$ 3,325	$ 1,320	$ 668	$ 198	$ 5,511
Provision, net - charge	11	32	—	42	$ 85
Loans written off under:					
HIPC/MDRI	—	—	(3) [b]	—	(3)
Translation adjustment	(37)	(18)	(4)	—	(59)
Accumulated provision, end of the period	$ 3,299	$ 1,334	$ 661	$ 240	$ 5,534
Including accumulated provision for losses on:					
Loans in accrual status	$ 3,066		$ 396		$ 3,462
Loans in nonaccrual status	233		265		498
Total	$ 3,299		$ 661		$ 3,960
Loans:					
Loans in accrual status					$ 189,266
Loans in nonaccrual status					859
Loans outstanding					$ 190,125

Table D3.1:

In millions of U.S. dollars

	June 30, 2023				
	Loans outstanding	*Loan commitments*	*Debt relief under HIPC/MDRI*	*Other* [a]	*Total*
Accumulated provision, beginning of the fiscal year	$ 2,876	$ 1,082	$ 707	$ 155	$ 4,820
Provision, net - charge (release)	441	223	(18)	42	688
Loans written off under:					
HIPC/MDRI and other	(3)	—	(22) [b]	—	(25)
Translation adjustment	11	15	1	1	28
Accumulated provision, end of the fiscal year	$ 3,325	$ 1,320	$ 668	$ 198	$ 5,511
Including accumulated provision for losses on:					
Loans in accrual status	$ 3,089		$ 402		$ 3,491
Loans in nonaccrual status	236		266		502
Total	$ 3,325		$ 668		$ 3,993
Loans:					
Loans in accrual status					$ 190,815
Loans in nonaccrual status					869
Loans outstanding					$ 191,684

a. These amounts primarily relate to outstanding guarantees.

b. Represents debt service reduction under HIPC.

	Reported as Follows	
	Condensed Balance Sheets	**Condensed Statements of Income**
Accumulated Provision for Losses on:		
Loans outstanding	Accumulated provision for loan losses	Provision for losses on loans and other exposures, release (charge)
Debt Relief under HIPC/MDRI	Accumulated provision for loan losses	Provision for losses on loans and other exposures, release (charge)
Loan commitments and Other Exposures	Other assets/ liabilities	Provision for losses on loans and other exposures, release (charge)

The accumulated provision for losses on loan and other exposures as of September 30, 2023 was $5,534 million, compared to $5,511 million as of June 30, 2023. This increase was primarily driven by changes in exposures.

Loans to be written off under MDRI

During the three months ended September 30, 2023, and the fiscal year ended June 30, 2023, there were no loans written off under the MDRI.

Overdue Amounts

As of September 30, 2023, principal of $2 million and charges of $1 million from one borrower country in accrual status was overdue by more than three months.

The following tables provide a summary of selected financial information for loans in nonaccrual status:

Table D4: Loans in nonaccrual status

In millions of U.S. dollars

Borrower	*Nonaccrual since*	*Recorded investment*	*Average recorded investment*	*Principal Outstanding*	*Provision for debt relief*	*Provision for loan losses* [a]	*Overdue amounts*	
							Principal	*Charges*
Eritrea	March 2012	$ 411	$ 415	$ 411	$ 265	$ 15	$ 129	$ 37
Syrian Arab Republic	June 2012	14	14	14	—	1	14	1
Zimbabwe	October 2000	434	439	434	—	217	324	69
Total - September 30, 2023		$ 859	$ 868	$ 859	$ 265	$ 233	$ 467	$ 107
Total - June 30, 2023		$ 869	$ 863	$ 869	$ 266	$ 236	$ 464	$ 107

a. Loan loss provisions are determined after taking into account accumulated provision for debt relief.

During the three months ended September 30, 2023 and 2022, no new loans were placed into nonaccrual status.

During the three months ended September 30, 2023, service charge revenue not recognized as a result of loans being in nonaccrual status was $2 million ($1 million – three months ended September 30, 2022).

During the three months ended September 30, 2023, service charge revenue recognized on loans in nonaccrual status upon receipt of payment was less than $0.5 million (less than $1 million – three months ended September 30, 2022).

Guarantees

Guarantees of $2,622 million were outstanding as of September 30, 2023 ($2,558 million—June 30, 2023). This amount includes $870 million relating to the PSW ($795 million—June 30, 2023). The outstanding amount of guarantees represents the maximum potential undiscounted future payments that IDA could be required to make under these guarantees and are not included on the Condensed Balance Sheets. The guarantees issued by IDA have original maturities ranging between 3 and 22 years and expire in decreasing amounts through 2043.

As of September 30, 2023, liabilities related to IDA's obligations under guarantees included the obligation to stand ready of $132 million ($135 million—June 30, 2023), and the accumulated provision for guarantee losses of $214 million ($177 million—June 30, 2023). These have been included in Other liabilities on the Condensed Balance Sheets.

During the three months ended September 30, 2023 and 2022, no guarantees provided by IDA to sovereign or sub-sovereign borrowers were called. During the three months ended September 30, 2023, no IDA-PSW Blended Finance Facility guarantees under the Small Loan Guarantee Program pursuant to the risk-sharing agreement between IDA and IFC were called (less than $0.5 million — three months ended September 30, 2022).

Concentration Risk

Loan revenue comprises service charges, interest and commitment charges, net of waivers. For the three months ended September 30, 2023, loan revenue of $85 million and $67 million from two countries, both in the South Asia region, were each in excess of ten percent of total loan revenue.

The following table presents IDA's loans outstanding and associated loan revenue by geographic region:

Table D5: Loan revenue and outstanding loan balances by geographic region

In millions of U.S. dollars — *As of and for the three months ended September 30,*

	2023		2022	
Region	Service and Interest Charges [a]	Loans Outstanding	Service and Interest Charges [a]	Loans Outstanding
South Asia	$ 225	$ 61,225	$ 196	$ 59,012
Eastern and Southern Africa	141	54,208	117	47,689
Western and Central Africa	137	41,829	104	35,106
East Asia and Pacific	61	18,379	57	18,188
Europe and Central Asia	48	8,882	30	7,330
Latin America and the Caribbean	16	3,439	14	3,253
Middle East and North Africa	4	2,050	5	2,119
Others [b]	3	113	1	56
Total	$ 635	$ 190,125	$ 524	$ 172,753

a. Excludes $4 million of interest rate swap income from loan-related derivatives for the three months ended September 30, 2023 ($1 million of interest rate swap expense - three months ended September 30, 2022). Includes net commitment charges of $7 million for the three months ended September 30, 2023 ($7 million – three months ended September 30, 2022).

b. Represents loans under the PSW.

NOTE E—BORROWINGS

IDA's borrowings comprise market borrowings (carried at amortized cost or fair value) and concessional partner loans made by IDA members (carried at amortized cost).

IDA uses derivative contracts to manage the currency risk and the interest rate risk in the market borrowings carried at fair value. For details regarding the derivatives used, see Note F—Derivative Instruments.

As of September 30, 2023, and June 30, 2023, the instruments in IDA's borrowing portfolio measured at fair value were classified as Level 2 within the fair value hierarchy. A summary of IDA's borrowings are as follows (for details on principal due upon maturity, see Note J—Fair Value Disclosures):

Table E1: Market borrowings and borrowing-related derivatives, at fair value

In millions of U.S. dollars

	September 30, 2023	June 30, 2023
Market borrowings	$ 17,859	$ 16,786
Currency swaps, net	679	682
Interest rate swaps, net	2,216	2,144
Total	$ 20,754	$ 19,612

For the three months ended September 30, 2023, Borrowing expenses, net in the Condensed Statements of Income of $339 million ($146 million—three months ended September 30, 2022) include $193 million of interest expense, net related to derivatives associated with the Borrowing portfolio (interest expense, net of $42 million— three months ended September 30, 2022).

Table E2: Market borrowings outstanding, at amortized cost

In millions of U.S dollars	Principal at face value	Net unamortized discount	Total
September 30, 2023	$ 8,487	$ (53)	$ 8,434
June 30, 2023	$ 8,682	$ (55)	$ 8,627

Table E3: Concessional partner loans outstanding, at amortized cost

In millions of U.S dollars	Principal at face value	Net unamortized discount	Total
September 30, 2023	$ 8,574	$ (1,514)	$ 7,060
June 30, 2023	$ 8,708	$ (1,554)	$ 7,154

NOTE F—DERIVATIVE INSTRUMENTS

IDA uses derivative instruments in its investment, loan and borrowing portfolios, for asset/liability management purposes, and to assist clients in managing risks.

The following table summarizes IDA's use of derivatives in its various financial portfolios.

Table F1: Use of derivatives in various financial portfolios

Portfolio	Derivative instruments used	Purpose/Risk being managed
Risk management purposes:		
Investments—Trading	Interest rate swaps, currency forward contracts, currency swaps, options, swaptions, futures contracts, and TBA securities	Manage currency and interest rate risks
Other assets/liabilities management	Currency forward contracts, currency swaps and interest rate swaps	Manage currency and interest rate risks
Loans	Interest rate swaps	Manage interest rate risk
Borrowings	Interest rate swaps and currency swaps	Manage currency and interest rate risks
Other purposes:		
Client operations	Currency swaps	Assist clients in managing risks

The derivatives in the related tables of Note F are presented on a net basis by instrument. A reconciliation to the Condensed Balance Sheet presentation is shown in table F2.

Offsetting assets and liabilities

IDA enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting agreements with substantially all of its derivative counterparties. These legally enforceable master netting agreements give IDA the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty, in the event of default by the counterparty.

The following tables summarize the gross and net derivative positions by instrument type. Instruments that are in a net asset position are included in the Derivative Assets columns and instruments that are in a net liability position are included in the Derivative Liabilities columns. The gross columns represent the fair value of the instrument leg that is in an asset or liability position that are then netted with the other leg of the instrument in the gross offset columns. The effects of the master netting agreements are applied on an aggregate basis to the total derivative asset and liability positions and are presented net of any cash collateral received on the Condensed Balance Sheets. The net derivative asset positions in the tables below have been further reduced by any securities received as collateral to disclose IDA's net exposure on its derivative asset positions.

Table F2: Derivatives assets and liabilities before and after netting adjustments

In millions of U.S. dollars

	September 30, 2023					
	Derivative Assets			*Derivative Liabilities*		
	Gross Amounts	*Gross Amounts Offset*	*Net Amounts*	*Gross Amounts*	*Gross Amounts Offset*	*Net Amounts*
Interest rate swaps	$ 4,014	$ (1,515)	$ 2,499	$ 2,810	$ (594)	$ 2,216
Currency swaps [a]	17,715	(16,654)	1,061	7,385	(6,575)	810
Other [e]	—	—	—	1	—	1
Total	$ 21,729	$ (18,169)	$ 3,560	$ 10,196	$ (7,169)	$ 3,027
Less:						
Amounts subject to legally enforceable master netting agreements			$ 2,149 [b]			$ 2,049 [c]
Cash collateral received			786			
Net derivative positions on the Condensed Balance Sheet			$ 625			$ 978
Less:						
Securities collateral received [d]			370			
Net derivative exposure after collateral			$ 255			

Table F2.1:

In millions of U.S. dollars

	June 30, 2023					
	Derivative Assets			*Derivative Liabilities*		
	Gross Amounts	*Gross Amounts Offset*	*Net Amounts*	*Gross Amounts*	*Gross Amounts Offset*	*Net Amounts*
Interest rate swaps	$ 3,432	$ (1,601)	$ 1,831	$ 2,763	$ (620)	$ 2,143
Currency swaps [a]	13,107	(12,251)	856	10,781	(9,871)	910
Total	$ 16,539	$ (13,852)	$ 2,687	$ 13,544	$ (10,491)	$ 3,053
Less:						
Amounts subject to legally enforceable master netting agreements			$ 1,884 [b]			$ 1,809 [c]
Cash collateral received			439			
Net derivative positions on the Condensed Balance Sheet			$ 364			$ 1,244
Less:						
Securities collateral received			$ 104			
Net derivative exposure after collateral			$ 260			

a. Includes currency forward contracts.

b. Includes $125 million Credit Valuation Adjustment (CVA) ($102 million-June 30, 2023).

c. Includes $25 million Debit Valuation Adjustment (DVA) ($27 million-June 30, 2023).

d. Excludes $21 million of excess collateral received as of September 30, 2023.

e. These include swaptions, exchange traded options, futures contracts and TBA securities.

The following table provides information about the credit risk exposures at fair value, at the instrument level, of IDA's derivative instruments.

Table F3: Credit risk exposure of the derivative instruments

In millions of U.S. dollars

	September 30, 2023		
	Interest rate swaps	*Currency swaps (including currency forward contracts)*	*Total*
Investments - Trading	$ 3	$ 213	$ 216
Asset/liability management	2,355	848	3,203
Other [a]	141	—	141
Total Exposure	$ 2,499	$ 1,061	$ 3,560

Table F3.1

In millions of U.S. dollars

	June 30, 2023		
	Interest rate swaps	*Currency swaps (including currency forward contracts)*	*Total*
Investments - Trading	$ 5	$ 135	$ 140
Asset/liability management	1,715	721	2,436
Other [a]	111	—	111
Total Exposure	$ 1,831	$ 856	$ 2,687

a. Includes derivatives related to loans and PSW.

The volume of derivative contracts is measured using the U.S. dollar equivalent notional balance. The notional balance represents the face value or reference value on which the calculations of payments on the derivative instrument are determined. As of September 30, 2023, the notional amounts of IDA's derivative contracts outstanding were as follows: interest rate swaps $30,562 million ($30,815 million as of June 30, 2023) and currency swaps $26,775 million ($24,670 million as of June 30, 2023). There were $598 million of long positions and $60 million of short positions pertaining to other derivatives as of September 30, 2023 (Nil as of June 30, 2023).

Collateral: IDA is not required to post collateral under its derivative agreements as long as it maintains a triple-A credit rating. The aggregate fair value of all derivative instruments with credit-risk related contingent features that are in a liability position as of September 30, 2023 is $939 million ($1,217 million —June 30, 2023). As of September 30, 2023, IDA was not required to post any collateral in accordance with the relevant agreements.

If the credit-risk related contingent features underlying these agreements were triggered to the extent that IDA would be required to post collateral as of September 30, 2023, the amount of collateral that would need to be posted would be $181 million ($349 million—June 30, 2023). Subsequent triggers of contingent features would require posting of additional collateral, up to a maximum of $939 million as of September 30, 2023 ($1,217 million—June 30, 2023).

The gains or losses on the non-trading derivatives, by instrument type and their location in the Condensed Statements of Income are as follows:

Table F4: Unrealized mark-to-market gains or losses on non-trading derivatives

In millions of U.S. dollars

		Three Months Ended September 30,	
Type of instrument	*Reported as*	*2023*	*2022*
Interest rate swaps	Unrealized mark-to-market gains (losses) on non-trading portfolios, net	$ 668	$ (480)
Currency swaps and currency forward contracts		13	(306)
Total		$ 681	$ (786)

The majority of the instruments in IDA's investment portfolio are held for trading purposes. Within the trading portfolio, IDA holds highly rated fixed income instruments as well as derivatives. The trading portfolio is primarily held to ensure the availability of funds to meet future cash flow requirements and for liquidity management purposes.

The following table provides information on the amount of gains or losses on IDA's investment trading portfolio (derivative and non-derivative instruments), and their location on the Condensed Statements of Income:

Table F5: Unrealized mark-to-market gains or losses on investment trading portfolio

In millions of U.S. dollars

		Three Months Ended September 30,	
Type of instrument	*Reported as*	*2023*	*2022*
Fixed income (including related derivatives)	Unrealized mark-to-market gains (losses) on Investment-Trading portfolios, net	$ 12	$ (107)

NOTE G—TRANSACTIONS WITH AFFILIATED ORGANIZATIONS

IDA transacts with affiliated organizations as a recipient of transfers and grants, administrative and derivative intermediation services and through cost sharing of IBRD's sponsored pension and other postretirement benefit plans.

Transfers and Grants

Cumulative transfers and grants made to IDA as of September 30, 2023 were $20,593 million ($20,593 million—June 30, 2023). Details by transferor are as follows:

Table G1: Transfers and grants

In millions of U.S dollars

Transfers	*Cumulative transfers as of September 30, 2023*
Total	$ 20,593
Of which transfers from:	
IBRD	16,478
IFC	3,885
Nonaffiliated organizations	230

During three months ended September 30, 2023, there were no transfers or grants made to IDA.

Subsequent Event

On October 13, 2023, IBRD's Board of Governors approved a transfer of $291 million to IDA. This transfer was received on October 24, 2023.

Receivables and Payables

The total amounts receivable from (payable to) affiliated organizations is comprised of the following:

Table G2: IDA's receivables and payables with affiliated organizations

In millions of U.S. dollars

	September 30, 2023			*June 30, 2023*		
	IBRD	*IFC*	*Total*	*IBRD*	*IFC*	*Total*
Administrative Services	$ (523)	$ —	$ (523)	$ (594)	$ —	$ (594)
Post-Retirement Contribution Reserve Fund [a]	626	—	626	579	—	579
Pension and Other Postretirement Benefits	722	—	722	712	—	712
Derivative (liabilities)/assets, net	—	(63)	(63)	—	(49) [b]	(49)
PSW-Blended Finance Facility	—	94	94	—	96	96
Investments	—	198	198	—	244	244
Total	$ 825	$ 229	$ 1,054	$ 697	$ 291	$ 988

a. Receivable from IBRD for IDA's share of investments associated with Post-Retirement Contribution Reserve Fund (PCRF), which is a fund established to stabilize contributions made to the pension plans.

b. Includes other receivable of $4 million related to unsettled Local Currency Facility trades that is included in Other assets on the Condensed Balance Sheets.

The receivables from (payables to) these affiliated organizations are reported on the Condensed Balance Sheets as follows:

Receivables / Payables related to:	Reported as:
Receivable for pension and other postretirement benefits	Receivable from affiliated organization
Receivable for PCRF	Receivable from affiliated organization
Net receivables (payables) for derivative transactions	Derivative assets/liabilities, net
Payable for administrative services	Payable to affiliated organization
Receivable for PSW – Blended Finance Facility	Other Assets
Receivable for Investments	Investments

Administrative Services

The payable to IBRD represents IDA's share of joint administrative expenses including contributions to special programs, net of other revenue jointly earned. The allocation of expenses is based upon an agreed cost sharing formula, and amounts are settled quarterly.

For the three months ended September 30, 2023, IDA's share of joint administrative expenses and contributions to special programs totaled $428 million ($421 million — three months ended September 30, 2022).

Other revenue

Includes IDA's share of other revenue jointly earned with IBRD during the three months ended September 30, 2023 totaling $60 million ($56 million — three months ended September 30, 2022).

The amount of fee revenue associated with services provided to other affiliated organizations is included in Other revenue on the Condensed Statements of Income, as follows:

Table G3: Fee revenue from affiliated organizations

In millions of U.S dollars

	Three Months Ended September 30,	
	2023	*2022*
Fees charged to IFC	$ 22	$ 20
Fees charged to MIGA	2	1

Pension and Other Post-Retirement Benefits: IBRD, along with IFC and Multilateral Investment Guarantee Agency (MIGA), sponsors a defined benefit Staff Retirement Plan and Trust, a Retired Staff Benefits Plan and Trust and a Post-Employment Benefits Plan (PEBP) that cover substantially all of their staff members.

While IDA is not a participating entity to these benefit plans, IDA shares in the costs and reimburses IBRD for its proportionate share of any contributions made to these plans by IBRD based on an agreed cost sharing ratio.

During the three months ended September 30, 2023, IDA's share of IBRD's benefit costs relating to all three plans totaled $25 million ($41 million — three months ended September 30, 2022).

The cost of any potential future liability arising from these plans would be shared by IBRD and IDA using the applicable cost sharing ratio.

The receivable from IBRD represents IDA's net share of prepaid costs for pension and other postretirement benefit plans and PEBP assets. These will be realized over the lives of the plan participants.

***Derivative transactions*:** IDA enters into currency forward contracts with IBRD acting as the intermediary with the market, primarily to convert donors' expected contributions in national currencies into the five currencies of the Special Drawing Rights (SDR) basket.

Investments – Non-trading

During the fiscal year ended June 30, 2015, IDA purchased a debt security issued by IFC for a principal amount of $1,179 million, amortizing over a period of 25 years. The investment carries a fixed interest rate of 1.84% and has a weighted average maturity of 4 years. As of September 30, 2023, the principal amount due on the debt security was $219 million ($262 million—June 30, 2023), and it had a fair value of $198 million ($244 million—June 30, 2023). The investment is reported under Investments in the Condensed Balance Sheets. During the three months ended September 30, 2023, IDA recognized interest income of $1 million from this investment ($2 million — three months ended September 30, 2022).

Private Sector Window (PSW)

The PSW was created under the Eighteenth Replenishment of IDA's Resources (IDA18) to mobilize private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations. The PSW continued under IDA's Twentieth Replenishment of Resources (IDA20), which commenced on July 1, 2022 with an initial allocation of $2.5 billion. Under the fee arrangement for the PSW, IDA receives fee income for transactions executed under this window and reimburses IFC and MIGA for the related costs incurred in administering these transactions. As of September 30, 2023, the PSW exposures were $1,077 million and the related accumulated provision was $194 million.

NOTE H—DEVELOPMENT GRANTS

A summary of changes to the amounts payable for development grants is presented below:

Table H1: Grants payable

In millions of U.S dollars

	September 30, 2023	June 30, 2023
Balance, beginning of the fiscal year	$ 3,092	$ 4,615
Disbursements (including PPA grant activity) [a]	(235)	(1,385)
Cancellations	(26)	(141)
Translation adjustment	(31)	3
Balance, end of the period/ fiscal year	$ 2,800	$ 3,092

a. Project Preparation Advances (PPA).

A summary of the development grant expenses is presented below:

Table H2: Grant activity

In millions of U.S dollars

	Three Months Ended September 30,	
	2023	2022
Disbursements for conditional grants [a]	$ 1,032	$ 1,174
Disbursements not meeting expense condition [b]	(230)	(108)
Cancellations of unconditional grants	(26)	(8)
Grant Expenses for the period	$ 776	$ 1,058
Grants Approved	$ 2,144	$ 2,049

a. Disbursements of conditional grants approved on or after July 1, 2019.

b. Disbursements of conditional grants for which the expense recognition criteria has not yet been met.

As of September 30, 2023, the cumulative amount of conditional grants approved but not yet expensed since all conditions have not been met, was $28,441 million. Of this amount, conditional grant advances disbursed but not yet expensed, of $4,106 million as of September 30, 2023 ($3,887 million – June 30, 2023), are included in Other assets on the Condensed Balance Sheets.

NOTE I—ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprehensive income consists of net income (loss) and other gains or losses affecting equity that, under U.S. GAAP, are excluded from net income (loss). For IDA, other comprehensive income (loss) is comprised of currency translation adjustments on functional currencies and DVA on fair value option elected liabilities. These items are presented in the Condensed Statements of Comprehensive Income.

The following table presents the changes in Accumulated Other Comprehensive Loss (AOCL) and Accumulated Other Comprehensive Income (AOCI) balances:

Table I1: Changes in AOCL/AOCI

In millions of U.S dollars

	Three Months Ended September 30,	
	2023	2022
Balance, beginning of the fiscal year	$ (8,946)	$ (9,152)
Currency translation adjustments on functional currencies	(1,771)	(5,419)
DVA on Fair Value option elected liabilities	(7)	—
Balance, end of the period	$ (10,724)	$ (14,571)

NOTE J— FAIR VALUE DISCLOSURES

Valuation Methods and Assumptions

As of September 30, 2023 and June 30, 2023, IDA had no financial assets or liabilities measured at fair value on a non–recurring basis.

Due from Banks

The carrying amount of unrestricted and restricted cash is considered a reasonable estimate of the fair value of these positions.

Loans and Loan commitments

There were no loans carried at fair value as of September 30, 2023 and June 30, 2023. IDA's loans and loan commitments would be classified as Level 3 within the fair value hierarchy.

Summarized below are the techniques applied in determining the fair values of IDA's financial instruments.

Investment securities

Where available, quoted market prices are used to determine the fair value of trading securities. For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the standard discounted cash flow method using observable market inputs such as yield curves, credit spreads, and constant prepayment spreads. Where applicable, unobservable inputs such as conditional prepayment rates, probability of default, and loss severity are used.

Unless quoted prices are available, time deposits are reported at face value, which approximates fair value, as they are short term in nature.

Securities purchased under resale agreements, securities sold under repurchase agreements, and securities lent under securities lending agreements

These securities are of a short-term nature and are reported at face value, which approximates fair value.

Borrowings

The fair value of IDA's borrowings carried at fair value is calculated using a discounted cash flow method which relies on observable market inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

As of September 30, 2023 and June 30, 2023, the fair value of borrowings measured at amortized cost would be calculated using the same methodology as described above for borrowings at fair value and classified as Level 2 within the fair value hierarchy.

Derivative instruments

Derivative contracts include currency forward contracts, TBA securities, swaptions, options and futures contracts, currency swaps and interest rate swaps. Where available, quoted market prices are used to determine the fair value of trading securities. Examples include options and futures contracts.

For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the standard discounted cash flow method using observable market inputs such as yield curves, foreign exchange rates, credit spreads, basis spreads, funding spreads and constant prepayment spreads. Where applicable, unobservable inputs such as constant prepayment rates, probability of default, and loss severity are used.

Valuation adjustments on fair value option elected liabilities

The DVA on fair value option elected liabilities (market borrowings carried at fair value) is measured by revaluing each liability to determine the changes in fair value of that liability arising from changes in IDA's cost of funding applicable to the relevant reference rates.The table below presents IDA's estimates of fair value of its financial assets and liabilities along with their respective carrying amounts.

Table J1: Fair value and carrying amounts of financial assets and liabilities

In millions of U.S dollars

	September 30, 2023		June 30, 2023	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Assets				
Due from banks	$ 529	$ 529	$ 689	$ 689
Investments (including securities purchased under resale agreements)	31,862	31,862	31,990	31,990
Net loans outstanding	186,144	135,814	187,669	141,478
Derivative assets, net	625	625	364	364
Liabilities				
Borrowings				
Market borrowings, at fair value	17,859	17,859	16,786	16,786
Market borrowings, at amortized value	8,434	6,485	8,627	6,938
Concessional partner loans	7,060	6,198	7,154	6,698
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	—	—	221	221
Derivative liabilities, net	978	978	1,244	1,244

As of September 30, 2023, IDA's signed loan commitments were $69.1 billion ($68.5 billion — June 30, 2023) and had a fair value of $(11.1) billion ($(9.7) billion—June 30, 2023).

The following tables present IDA's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis.

Table J2: Fair value hierarchy of IDA's assets and liabilities

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 12,661	$ 8,200	$ —	$ 20,861
Time deposits	1,492	9,107	—	10,599
ABS	—	95	—	95
Total Investments—Trading	14,153	17,402	—	31,555
Investments—Non-trading	—	198	—	198
Total Investments	$ 14,153	$ 17,600	$ —	$ 31,753
Securities purchased under resale agreements	$ —	$ 109	$ —	$ 109
Derivative assets:				
Currency swaps and currency forward contracts	$ —	$ 1,061	$ —	$ 1,061
Interest rate swaps	—	2,499	—	2,499
	$ —	$ 3,560	$ —	$ 3,560
Less:				
Amounts subject to legally enforceable master netting agreements [a]				2,149
Cash collateral received				786
Derivative assets, net				$ 625
Liabilities:				
Market Borrowings, at fair value	$ —	$ 17,859	$ —	$ 17,859
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received [c]	$ —	$ —	$ —	$ —
Derivative liabilities:				
Currency swaps and currency forward contracts	$ —	$ 810	$ —	$ 810
Interest rate swaps	—	2,216	—	2,216
Other [d]	1	—	—	1
	$ 1	$ 3,026	$ —	$ 3,027
Less:				
Amounts subject to legally enforceable master netting agreements [b]				2,049
Derivative liabilities, net				$ 978

a. Includes $125 million CVA.

b. Includes $25 million DVA.

c. Excludes amount payable for cash collateral received of $786 million.

d. These relate to TBA Securities, swaptions, exchange traded options and futures contracts.

Table J2.1

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 11,037	$ 8,733	$ —	$ 19,770
Time deposits	792	10,911	—	11,703
ABS	—	105	—	105
Total Investments—Trading	11,829	19,749	—	31,578
Investments—Non-trading	—	244	—	244
Total Investments	$ 11,829	$ 19,993	$ —	$ 31,822
Securities purchased under resale agreements	$ —	$ 168	$ —	$ 168
Derivative assets:				
Currency swaps and currency forward contracts	$ —	$ 856	$ —	$ 856
Interest rate swaps	—	1,831	—	1,831
	$ —	$ 2,687	$ —	$ 2,687
Less:				
Amounts subject to legally enforceable master netting agreements [a]				1,884
Cash collateral received				439
Derivative assets, net				$ 364
Liabilities:				
Market Borrowings, at fair value	$ —	$ 16,786	$ —	$ 16,786
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received [c]	$ —	$ 221	$ —	$ 221
Derivative liabilities:				
Currency swaps and currency forward contracts	$ —	$ 910	$ —	$ 910
Interest rate swaps	—	2,143	—	2,143
	$ —	$ 3,053	$ —	$ 3,053
Less:				
Amounts subject to legally enforceable master netting agreements [b]				1,809
Derivative liabilities, net				$ 1,244

a. Includes $102 million CVA.

b. Includes $27 million DVA.

c. Excludes amount payable for cash collateral received of $439 million.

Presented below is the difference between the aggregate fair value and aggregate contractual principal balance of non-trading securities in the investment portfolio:

Table J3: Investment portfolio-Non-trading security

In millions of U.S dollars

	Fair value	Principal amount due	Difference
September 30, 2023	$ 198	$ 219	$ (21)
June 30, 2023	$ 244	$ 262	$ (18)

Presented below is the difference between the aggregate fair value and aggregate contractual principal balance of market borrowings at fair value:

Table J4: Market Borrowings at fair value

In millions of U.S. dollars

	Fair Value	*Principal Due Upon Maturity*	*Difference*
September 30, 2023	$ 17,859	$ 20,270	$ (2,411)
June 30, 2023	$ 16,786	$ 19,259	$ (2,473)

During the three months ended September 30, 2023, IDA recorded unrealized mark-to-market losses of $7 million (less than $0.5 million gains – three months ended September 30, 2022) in Other Comprehensive Income, in relation to the changes in its own credit (DVA) on fair value option elected liabilities (market borrowings).

As of September 30, 2023, IDA's Condensed Balance Sheets included a DVA of $38 million cumulative loss ($31 million cumulative loss—June 30, 2023) in Accumulated other comprehensive income, associated with the changes in IDA's own credit for its market borrowings reported at fair value.

The following tables reflect the components of the unrealized mark-to-market gains or losses on IDA's trading and non-trading portfolios, net.

Table J5: Unrealized mark-to-market gains (losses) on trading and non-trading portfolios, net

In millions of U.S. dollars

	Three Months Ended September 30, 2023			*Three Months Ended September 30, 2022*		
	Realized gains (losses)	*Unrealized gains (losses) excluding realized amounts* [a]	*Unrealized gains (losses)*	*Realized gains (losses)*	*Unrealized gains (losses) excluding realized amounts* [a]	*Unrealized gains (losses)*
Investments, Trading—Note F	$ (57)	$ 69	$ 12	$ 55	$ (162)	$ (107)
Non-trading portfolios, net						
Asset-liability management—Note F	—	628	628	—	27	27
Other Non-trading portfolios						
Investment portfolio—Note C	—	(2)	(2)	—	(8)	(8)
Borrowing portfolio—Note E	—	—	—	—	1	1
Other [b]	—	30	30	—	7	7
Total	$ —	$ 656	$ 656	$ —	$ 27	$ 27

a. Adjusted to exclude amounts reclassified to realized gains/losses.

b. Other comprises mark-to-market gains or losses on the loan portfolio and on PSW.

NOTE K—CONTINGENCIES

From time to time, IDA 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 IDA has been named as a defendant or co-defendant, as of and for the three months ended September 30, 2023, is not expected to have a material adverse effect on IDA's financial position, results of operations or cash flows.

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INDEPENDENT AUDITOR'S REVIEW REPORT

President and Board of Executive Directors
International Development Association:

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed balance sheet of the International Development Association ("IDA") as of September 30, 2023, and the related condensed statements of income, comprehensive income, changes in accumulated deficit, and cash flows for the three-month periods ended September 30, 2023 and 2022, 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 IDA 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 Balance Sheet as of June 30, 2023

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet as of June 30, 2023, and the related statements of income, comprehensive income, changes in accumulated deficit, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated

August 4, 2023. In our opinion, the accompanying condensed balance sheet of IDA as of June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Deloitte & Touche LLP

November 10, 2023