International Development Association

Management's Discussion & Analysis
and
Condensed Quarterly Financial Statements
December 31, 2022
(Unaudited)

International Development Association (IDA)
Management's Discussion and Analysis
December 31, 2022

Contents

This Management's Discussion & Analysis (MD&A) reflects the results of the International Development Association's (IDA) financial performance for the six-months ended December 31, 2022 (FY23 YTD). This document should be read in conjunction with IDA's financial statements and MD&A issued for the fiscal year ended June 30, 2022 (FY22). IDA undertakes no obligation to update any forward-looking statements. Certain reclassifications of prior years' information have been made to conform with the current year's presentation. For information relating to IDA's development operations' results and corporate performance, refer to the World Bank Corporate Scorecard and Sustainability Review.

Box 1: Selected Financial Data

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

	As of and for the six months ended December 31,		As of and for the fiscal year ended June 30,
	2022	2021	2022
Lending Highlights (Section IV)			
Loans, Grants and Guarantees			
Net commitments [a]	$ 15,835	$ 11,404	$ 37,727
Gross disbursements [a]	12,620	8,556	21,214
Net disbursements [a]	8,827	5,177	14,477
Balance Sheet (Section IV)			
Total assets	$ 221,077	$ 219,723	$ 220,014
Net investment portfolio [b]	33,657	38,251	39,561
Net loans outstanding	180,351	177,148	174,490
Borrowing portfolio [c]	36,655	32,212	35,032
Total equity	178,290	178,739	178,668
Income Statement (Section IV)			
Interest revenue, net of borrowing expenses	$ 1,095	$ 937	$ 1,901
Transfers from affiliated organizations and others	117	274	274
Development grants	(2,141)	(986)	(2,372)
Net (loss) income	(1,749)	(430)	12
Non-GAAP Measures			
Adjusted Net Income (Section IV)	$ 82	$ 149	$ 260
Deployable Strategic Capital Ratio (Section V)	23.5%	29.1%	26.4%

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 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.

Section I: Executive Summary

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 62 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 contributes to the WBG's twin goals of ending extreme poverty and promoting shared prosperity by providing loans, grants, guarantees, and other financial products to the poorest and most vulnerable countries to help meet their development needs, and by providing technical assistance and policy advice 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 implements country 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, the coronavirus disease (COVID-19) pandemic, the Russian invasion of Ukraine and other geopolitical events, rising debt, climate change, and macroeconomic imbalances. In response, IDA, as part of the WBG efforts, 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, in January 2023, the Board and Management discussed an Evolution Roadmap for the WBG to better address the scale of development challenges that affect the WBG's ability to achieve its mission. The roadmap provides a basis for Management and the Board to exchange views on priorities, identify areas for deeper engagement over the coming months, and begin implementation in the three building blocks of this process: vision and mission, operating model, and enhancing financial capacity and model.

[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.*

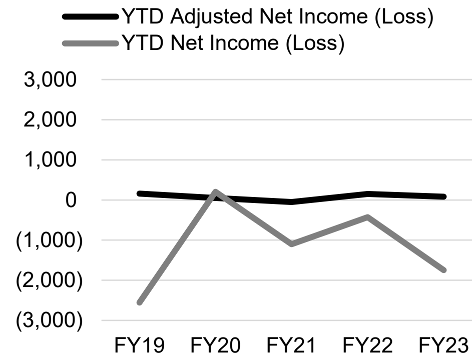
Summary of Financial Results

Net Loss and Adjusted Net Income

Net Loss: IDA reported a net loss of $1,749 million in FY23 YTD, compared to a net loss of $430 million for the six-month period ended December 31, 2021 (FY22 YTD). The increase in net loss was primarily driven by the increase in development grant expenses. See Section IV: Financial Results.

Adjusted Net Income: IDA's adjusted net income was $82 million in FY23 YTD, compared to $149 million in FY22 YTD. The decrease was primarily due to higher borrowing expenses and higher provision for losses on loans and other exposures, partially offset by higher net interest revenue on investments. See Section IV: Financial Results.

In millions of U.S. dollars



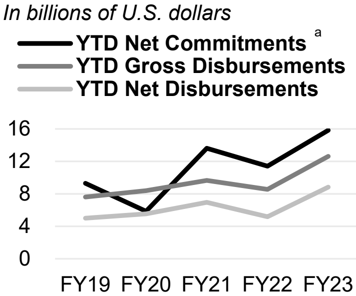
Lending Operations

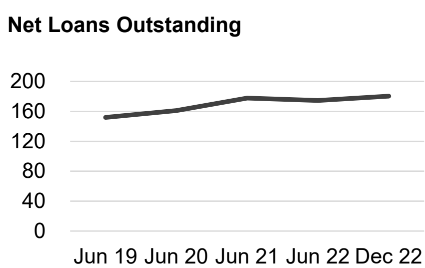
IDA's net commitments in FY23 YTD were $15.8 billion, $4.4 billion higher than FY22 YTD primarily due to the increase in Development Policy Financing (DPF) and Program-for-Results (PforR) commitments. Out of the total net commitments, $11.8 billion were loan commitments and $4.0 billion were grant commitments. 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.

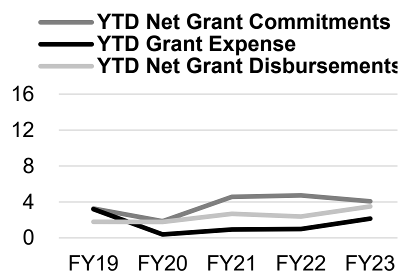
IDA's net loans outstanding increased by $5.9 billion to $180.4 billion as of December 31, 2022, from $174.5 billion as of June 30, 2022, primarily due to net loan disbursements during the period. See Section IV: Financial Results.

Development grant expenses were $2.1 billion in FY23 YTD compared to $1.0 billion in FY22 YTD due to an increase in both development and investment policy grants in FY23 YTD.

In billions of U.S. dollars





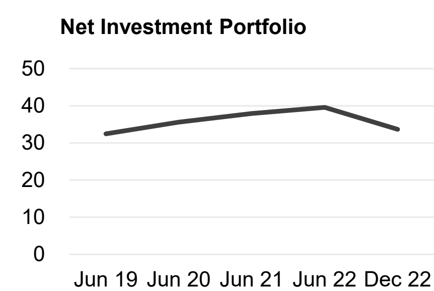


a. Includes loans, grants, and guarantees.

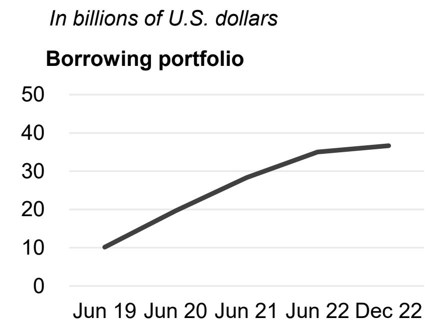
Net Investment Portfolio

As of December 31, 2022, the net investment portfolio was $33.7 billion, compared with $39.6 billion as of June 30, 2022 due to net cash outflows from net loan and grant disbursements. See Section IV: Financial Results. The primary objective of IDA's investment strategy is principal protection. As of December 31, 2022, 61% of IDA's investment portfolio was held in instruments rated AA or above (see Table 16).

In billions of U.S. dollars



Borrowing Portfolio

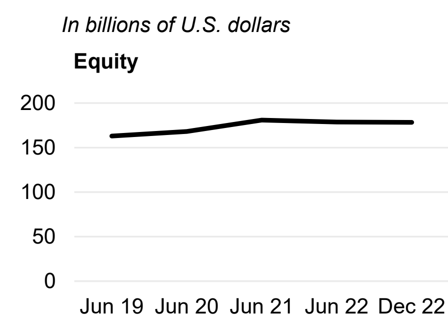


Market borrowings at fair value: As of December 31, 2022, the market borrowings carried at fair value and the related derivatives were $21.1 billion, a decrease of $0.8 billion from June 30, 2022 primarily due to net maturities during the period.

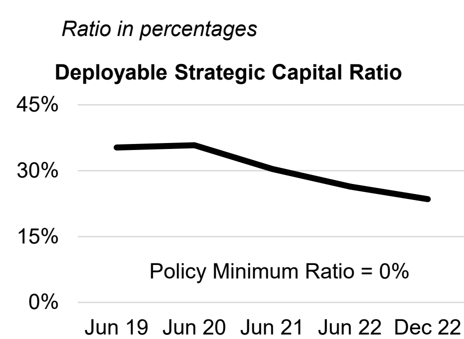
Market borrowings at amortized cost: As of December 31, 2022, the market borrowings carried at amortized cost were $8.5 billion, an increase of $2.3 billion from June 30, 2022 primarily due to new issuances during the period.

Concessional Partner Loans at amortized cost: As of December 31, 2022, total borrowings from members - Concessional Partner Loans (CPL) were $7.1 billion, a marginal increase from June 30, 2022. See Section IV: Financial Results.

Equity and Capital Adequacy



As of December 31, 2022, IDA's equity was $178.3 billion, a decrease of $0.4 billion from June 30, 2022. The decrease was primarily due to the net loss during the period, partially offset by an increase in subscriptions and contributions paid in. See Section IV: Financial Results.



The Deployable Strategic Capital (DSC) ratio, IDA's main capital adequacy measure, was 23.5% as of December 31, 2022, above the zero percent policy minimum and a decrease of 2.9 percentage points from 26.4% as of June 30, 2022. The decrease was mainly due to the increase in total resources required. IDA's capital continues to be adequate to support its operations. See Section V: Risk Management.

Section II: Overview

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) commenced on July 1, 2022, with a financing envelope of $93.0 billion [3] including $11 billion of IDA19 carry over supported by $23.5 billion of member contributions over the three-year replenishment period, FY23-FY25. 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 COVID-19 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 (including transparency), and technology.

As of December 13, 2022, IDA had received Instruments of Commitment (IoCs) of $14.7 billion representing more than 60% of the total member contributions for IDA20. Under the terms of IDA20, this triggered "effectiveness", upon which the full amount of IoCs received from members is recorded as receivables. See Notes to the Financial Statements for the year ended June 30, 2022, Note A – Summary of Significant Accounting and Related Policies, Members' Subscriptions and Contributions.

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 $178.3 billion as of December 31, 2022. 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.

Non-concessional lending is financed by market debt. 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 concessional 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.

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.

---

[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 Special Drawing Rights (SDR).

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, 2022, Section IV: Financial Results.

Section III: IDA's Financial Resources

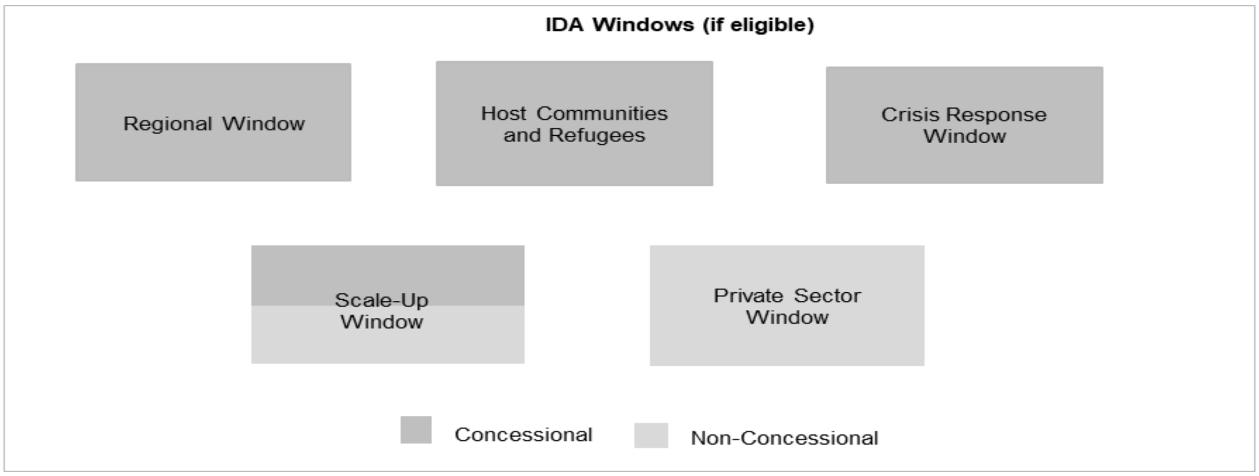
IDA20 Funding

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 have been introduced in IDA20, both of which carry zero interest and service charge. 1. Concessional Shorter-Maturity Loans (SMLs) are offered through the Scale-Up Window (SUW) and through country allocations based on the PBA system. These loans are offered to IDA-only countries, including IDA-only Small States, at moderate or low risk of debt distress and to gap and blend countries. 2. Additionally, 50-year loans are available for IDA-only countries at moderate risk of debt distress in lieu of the previous financing terms of half grants and half loans, with an exception for Small States.

Table 1: Cumulative Net Commitments since July 1, 2022

In millions of U.S. dollars

As of December 31, 2022	Loans and Guarantees	Grants	Total
Concessional financing			
IDA Country Allocations	$ 7,348	$ 3,110	$ 10,458
IDA Concessional Windows			
Regional Window	313	411	724
Window for Host Communities and Refugees	32	33	65
Crisis Response Window	417	510	927
Scale-up Window - Shorter Maturity Loans	1,237	-	1,237
Non-concessional financing - Scale-up Window	1,224		1,224
Cumulative Net Commitments under IDA20	**$ 10,571**	**$ 4,064**	**$ 14,635**
IDA19 Commitments approved in July 2022			
IDA Country Allocations	$ 1,200	$ -	$ 1,200
Total Cumulative Net Commitments [a]	**$ 11,771**	**$ 4,064**	**$ 15,835**

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 program to a cumulative total of $5.5 billion allocated.

As of December 31, 2022, $1.1 billion had been utilized out of a combined total of $3.1 billion committed in IDA18 through IDA20. See Notes to the Condensed Quarterly Financial Statements for the period ended December 31, 2022, Note G – Transactions with Affiliated Organizations – Table G4.

Table 2: Utilization of PSW Commitments

In millions of U.S. dollars

As of December 31, 2022	IDA18 and IDA 19	IDA20	Total	Utilization measure
Allocation	$ 2,950	$ 2,500	$ 5,450	
Net Commitments	2,947	125	3,072	
Of which utilized				
Guarantees			$ 697	Face value of outstanding guarantees
Derivatives			271	Notional amount
Funding of IFC's PSW- related equity investments			66	Initial value of investment
Loans			67	Amortized cost
Total utilization of IDA PSW			**$ 1,101**	

Section IV: Financial Results

Financial Results and Portfolio Performance

Net Loss

IDA had a net loss of $1,749 million in FY23 YTD compared with a net loss of $430 million in FY22 YTD (See Table 3). The increase in net loss was primarily driven by:

- An increase of $1.2 billion in development grant expenses due to an increase in both development and investment policy grants; partially offset by
- An increase of $339 million in net interest revenue on investments as a result of higher interest rates.

Adjusted Net Income

IDA's adjusted net income was $82 million in FY23 YTD compared with $149 million in FY22 YTD (See Table 3). The decrease was primarily driven by:

- An increase of $275 million in borrowings expenses, excluding amortization of discount on CPL, as a result of the higher average balance and the increase in interest rates;
- An increase of $122 million in unrealized mark-to-market losses on the investments-trading portfolio, excluding IDA's share of returns from PEBP and PCRF, driven by the increase in EUR denominated bond yields;
- An increase of $104 million in provision for losses on loans, excluding the provision for HIPC/MDRI and grant advances, mainly due to an increase in exposure; partially offset by
- An increase of $339 million in net interest revenue on investments as a result of higher interest rates in FY23 YTD.

Table 3: Condensed Statements of Income

In millions of U.S. dollars

For the six months ended December 31,	2022	2021	Negative Impact	Positive Impact
Interest revenue				
Loans, net	$ 1,051	$ 967		84
Investments, net	405	66		339
Asset-liability management derivatives, net	6	-		6
Borrowing expenses, net	(367)	(96)	(271)	
Interest revenue, net of borrowing expenses	$ 1,095	$ 937		158
Provision for losses on loans and other exposures, charge	(235)	(134)	(101)	
Other revenue (expenses), net (Table 13)	21	(15)		36
Net non-interest expenses (Table 12)	(735)	(705)	(30)	
Transfers from affiliated organizations and others	117	274	(157)	
Non-functional currency translation adjustment gains, net	33	207	(174)	
Unrealized mark-to-market (losses) gains on investments-trading portfolio, net [a]	(78)	79	(157)	
Unrealized mark-to-market gains (losses) on non-trading portfolios, net	174	(87)		261
Development grants	(2,141)	(986)	(1,155)	
Net Loss	**$ (1,749)**	**$ (430)**	(1,319)	
Adjustments to reconcile net (loss) income to adjusted net income:				
Expenses relating to development financing activities directly funded by contributions from members	2,181	1,066		1,115
Contributions from affiliated organizations and others	(117)	(274)		157
Non-functional currency translation adjustment gains, net	(33)	(207)		174
Unrealized mark-to-market (gains) losses on non-trading portfolios, net [b]	(115)	91	(206)	
Pension and other adjustments	(85)	(97)		12
Adjusted Net Income	**$ 82**	**149**	(67)	

a. Includes IDA's share of returns from Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve Fund (PCRF) assets – $23 million positive return (FY22 YTD– $58 million positive return).
b. Excludes $59 million of gains from revenue-related forward currency contracts (FY22 YTD - $4 million of gains).

Table 4: Condensed Balance Sheets

In millions of U.S. dollars

As of	December 31, 2022	June 30, 2022	Decrease / Increase
Assets			
Due from banks	$ 733	$ 686	47
Investments	34,192	39,827	(5,635)
Net loans outstanding [a]	180,351	174,490	5,861
Derivative assets, net	151	404	(253)
Other assets	5,650	4,607	1,043
Total assets	**$ 221,077**	**$ 220,014**	1,063
Liabilities			
Borrowings	$ 33,836	$ 32,899	937
Derivative liabilities, net	1,740	579	1,161
Other liabilities	7,211	7,868	(657)
Equity	178,290	178,668	(378)
Total liabilities and equity	**$ 221,077**	**$ 220,014**	1,063

a. The fair value of net loans outstanding was $137,122 million as of December 31, 2022 ($141,193 million – June 30, 2022).

The main drivers for the movements in the Balance Sheets as of December 31, 2022 are as follows:

- A decrease in investments due to funding for loan disbursements during the period;
- An increase in net loans outstanding due to net loan 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 derivative assets and increase in derivative liabilities due to mark-to-market losses on derivatives as a result of the increased interest rates.

Equity

See Table 5 below for the change in IDA's equity during FY23 YTD.

Table 5: Changes in Equity

In millions of U.S. dollars

Equity as of June 30, 2022	$ 178,668
Change during the period:	
Subscriptions and contributions paid-in	582
Nonnegotiable, noninterest-bearing demand obligations	461
Change in Accumulated deficit	(1,749)
Change in Accumulated other comprehensive loss	329
Deferred amounts to maintain value of currency holdings	(1)
Total change	$ (378)
Equity as of December 31, 2022	**$ 178,290**

Results from Lending Activities

Loan Portfolio and Grant Activity

As of December 31, 2022, the net loans outstanding were $180.4 billion, $5.9 billion higher compared with June 30, 2022. The increase was mainly due to net disbursements of $5.3 billion during the period and currency translation gains of $0.7 billion, consistent with the 0.2% appreciation of the SDR against the U.S. dollar during the period, partially offset by the increase in the accumulated provision for loan losses.

As of December 31, 2022, 86% 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 December 31, 2022, Note D – Loans and Other Exposures – Table D5.

Table 6: Net Loans Outstanding activity

In millions of U.S. dollars

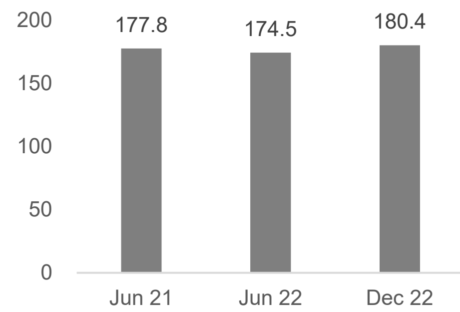
Net Loans outstanding as of June 30, 2022	$	174,490
Change during the period:		
Gross loan disbursements		9,140
Loan repayments		(3,794)
Change in accumulated provision for loan losses [a]		(142)
Translation adjustments		673
Other [b]		(16)
Total change	$	5,861
Net Loans outstanding as of December 31, 2022	**$**	**180,351**

a. See Notes to the Condensed Quarterly Financial Statements, Note D – Loans and Other Exposures.

b. Represents deferred origination loan costs of $1 million, and HIPC debt relief provided of $15 million.

Figure 1: Net Loans Outstanding

In billions of U.S. dollars



During FY23 YTD, net loan commitments were higher by $5.1 billion compared with FY22 YTD. There were no guarantee commitments in either FY23 YTD or FY22 YTD. Higher net loan commitments were mainly driven by higher DPF and PforR commitments.

Table 7: Net Commitments of Loans and Guarantees by Region

In millions of U.S. dollars

For the six months ended December 31,		2022	% of total			2021	% of total			Variance
Eastern and Southern Africa	$	3,735	32	%	$	1,655	25	%	$	2,080
Western and Central Africa		4,299	37			3,829	57			470
East Asia and Pacific		295	3			63	1			232
Europe and Central Asia		630	5			306	5			324
Latin America and the Caribbean		51	*			44	1			7
Middle East and North Africa		15	*			80	1			(65)
South Asia		2,746	23			700	10			2,046
Total	**$**	**11,771**	**100**	%	**$**	**6,677**	**100**	**%**	**$**	**5,094**

** Indicates percentage less than 0.5%.*

Table 8: Net Commitments of Grants by Region

In millions of U.S. dollars

For the six months ended December 31,		2022	% of total			2021	% of total			Variance
Eastern and Southern Africa	$	2,873	71	%	$	2,658	56	%	$	215
Western and Central Africa		816	20			1,580	33			(764)
East Asia and Pacific		-	-			154	3			(154)
Europe and Central Asia		50	1			90	2			(40)
Latin America and the Caribbean		-	-			75	2			(75)
Middle East and North Africa		320	8			170	4			150
South Asia		5	*			-	-			5
Total	**$**	**4,064**	**100**	**%**	**$**	**4,727**	**100**	%	**$**	**(663)**

** 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 (See Table 9).

Gross disbursements were 47% higher in FY23 YTD compared with the same period in FY22. IPF, PforR and DPF disbursements all contributed to this increase.

Table 9: Gross Disbursements of Loans and Grants by Region

In millions of U.S. dollars

	2022			2021			
For the six months ended December 31,	Loans [a]	Grants [b]	Total	Loans [a]	Grants [b]	Total	Variance
Eastern and Southern Africa	$ 2,425	$ 2,055	$ 4,480	$ 1,240	$ 873	$ 2,113	$ 2,367
Western and Central Africa	3,048	857	3,905	1,936	837	2,773	1,132
East Asia and Pacific	673	83	756	768	54	822	(66)
Europe and Central Asia	1,468	100	1,568	432	63	495	1,073
Latin America and the Caribbean	110	32	142	224	87	311	(169)
Middle East and North Africa	17	303	320	47	272	319	1
South Asia	1,381	68	1,449	1,537	186	1,723	(274)
Total	**$ 9,122**	**$ 3,498**	**$ 12,620**	**$ 6,184**	**$ 2,372**	**$ 8,556**	**$ 4,064**

a. Excludes PSW related disbursements - $18 million (FY22 YTD - $15 million).
b. Excludes Project Preparation Advances (PPA).

As of December 31, 2022, 57% of loans outstanding were on regular terms (75 basis points SDR equivalent service charge). See Table 10. For a summary of financial terms for IDA's lending products, refer to IDA's MD&A for the fiscal year ended June 30, 2022, Section V: Development Activities, Products and Programs.

The increase in IDA's revenue on loans in FY23 YTD compared to FY22 YTD was primarily due to higher average balances of loans outstanding and the increase in interest rates on non-concessional loans in FY23 YTD compared to FY22 YTD.

Table 10: Revenue and Loan Balances by Product Category

In millions of U.S. dollars

	Balance as of December 31,		Interest revenue on loans [a] For the six months ended December 31,	
Category	2022	2021	2022	2021
Loans				
Concessional				
Regular	$ 105,518	$ 108,404	$ 397	$ 417
Blend	67,710	65,347	511	475
Hard [b]	1,294	1,397	22	24
50-year and SML	1,573	-	-	-
Non-concessional [c]	7,944	5,677	119	52
Others [d]	67	24	2	*
Total	**$ 184,106**	**$ 180,849**	**$ 1,051**	**$ 968**

a. Excludes interest rate swap expenses related to loan hedges – less than $0.5 million in FY23 YTD ($1 million - FY22 YTD).
b. Effective FY18, Hard-term loans are no longer offered.
c. In addition, $14 million of commitment charges were earned in FY23 YTD on undisbursed balances of non-concessional loans ($12 million in FY22 YTD).
d. Represents loans under the PSW.
** Indicates amount less than $0.5 million.*

Provision for losses on loans and other exposures

In FY23 YTD, IDA recorded a $235 million provision for losses on loans and other exposures compared to $134 million in FY22 YTD. The increase in provision was primarily due to higher exposure in FY23 YTD compared to FY22 YTD. See Table 11. For adjusted net income purposes, the provision for losses on loans and other exposures excludes the provision for debt relief under Heavily Indebted Poor Countries (HIPC) / Multilateral Debt Relief Initiative (MDRI) and the provision for grant advances as these are funded by contributions from members.

Table 11: Provision for losses on loans and other exposures
In millions of U.S. dollars

For the six months ended December 31,	2022	2021	Variance
Provision for losses on loans and other exposures - GAAP basis (Table 3)	$ (235)	$ (134)	$ (101)
Adjustments to arrive at provision for losses on loans and other exposures - Adjusted net income basis			
Provision for debt relief under HIPC/MDRI, release	-	(1)	1
Provision for grant advances, release	(4)	-	(4)
Provision for losses on loans and other exposures - Adjusted Net Income basis	**$ (239)**	**$ (135)**	**$ (104)**

Results from Investing Activities

Investment Portfolio

IDA's net investment portfolio decreased to $33.7 billion as of December 31, 2022, from $39.6 billion as of June 30, 2022. The decrease was primarily due to net cash outflows from net loan and grant disbursements.

Investment interest revenue, net of derivatives

During FY23 YTD, IDA's net investment interest revenue was $405 million, an increase of $339 million compared with the same period in FY22. The increase in interest revenue was mainly driven by the higher interest rates in FY23 YTD compared to FY22 YTD.

Figure 2: Net Investment Portfolio
In billions of U.S. dollars

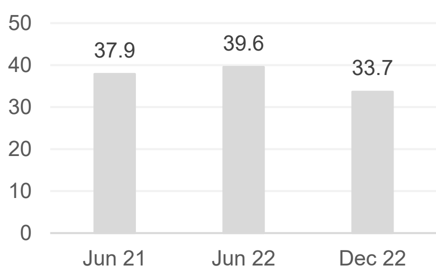
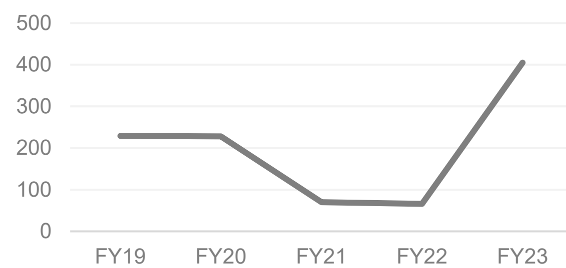


Figure 3: Net Investment Revenue - YTD
In millions of U.S. dollars



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

During FY23 YTD, IDA's investments-trading portfolio, excluding the returns from PEBP, had unrealized mark-to-market losses of $101 million, compared to $21 million of unrealized mark-to-market gains in FY22 YTD. The increase in losses were primarily driven by the increase in EUR denominated bond yields.

Results from Borrowing Activities

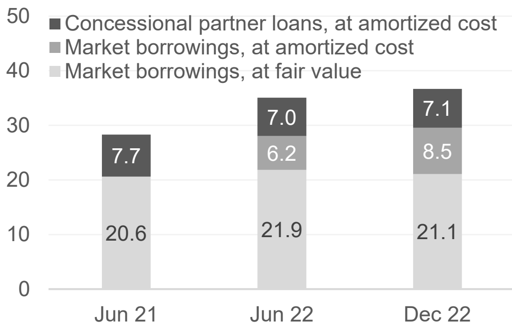
As of December 31, 2022, the market borrowing portfolio recorded at fair value was $21.1 billion, a decrease of $0.8 billion compared to June 30, 2022 ($21.9 billion). The decrease was mainly due to the net maturities during the period. See Notes to the Condensed Quarterly Financial Statements for the period ended December 31, 2022, Note E – Borrowings.

As of December 31, 2022, the market borrowings recorded at amortized cost were $8.5 billion, an increase of $2.3 billion from June 30, 2022 ($6.2 billion). The increase was due to issuances of new long-term fixed rate market debt during the period. See Notes to the Condensed Quarterly Financial Statements for the period ended December 31, 2022, Note E – Borrowings.

Concessional partner loans from members, recorded at amortized cost, were $7.1 billion as of December 31, 2022, a marginal increase from June 30, 2022 ($7.0 billion). The increase was mainly due to currency translation losses due to the appreciation of most major currencies against the U.S. dollar during the period.

Figure 4: Borrowing Portfolio

In billions 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 14, 2022, IBRD's Board of Governors approved a transfer from FY22 allocable income of $117 million to IDA which was received by IDA on October 20, 2022.

Net Non-Interest Expenses

As shown in Table 12, 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 IBRD and IDA. 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 FY22 YTD to FY23 YTD, on both a GAAP basis and on an adjusted net income basis, was primarily driven by higher staff costs and higher travel expenses. Travel expenses have been gradually increasing since the easing of the COVID-19 related travel restrictions and office closures and are now approximately 75% of the pre-COVID levels (See Table 12).

Table 12: Net Non-Interest Expense

In millions of U.S. dollars

For the six months ended December 31,	2022	2021	Variance
Administrative expenses:			
Staff costs	$ 624	$ 593	$ 31
Travel	64	18	46
Consultant and contractual services	217	215	2
Pension and other post-retirement benefits	82	98	(16)
Communications and technology	45	40	5
Premises and equipment	73	65	8
Other expenses	19	20	(1)
Total administrative expenses	**$ 1,124**	**$ 1,049**	**$ 75**
Contributions to special programs [a]	17	17	-
Revenue from externally funded activities:			
Reimbursable revenue - IDA executed trust funds	(278)	(253)	(25)
Other revenue	(128)	(108)	(20)
Total revenue from externally funded activities	**$ (406)**	**$ (361)**	**$ (45)**
Total Net Non-Interest Expenses (Table 3) - GAAP basis	**$ 735**	**$ 705**	**$ 30**
Adjustments to arrive at Net non-interest expenses - Adjusted Net Income basis			
Pension, RAMP and EFO adjustments [b]	62	39	23
Net non-interest expenses - Adjusted Net Income basis	**$ 797**	**$ 744**	**$ 53**

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

b. Adjustments are included in the Pension and other adjustments line in Table 3. The Reserve Advisory and Management Partnership (RAMP) adjustment was effective from June 30, 2022 and applied prospectively.

During FY23 YTD, IDA's net other revenue was $21 million compared to $15 million net other expenses in FY22 YTD. The change was due to lower PPA grant expenses, net of cancellations and refinancing of PPA grants previously approved, in the current year compared to the same period in the previous year. Refinanced PPA grants are included in the loan provided to the borrower, and correspondingly, prior grant expenses are reversed.

Table 13: Other Revenue (Expenses), net

In millions of U.S. dollars

For the six months ended December 31,	2022	2021	Variance
PPA grants and others	$ (7)	$ (39)	$ 32
Guarantee fees and others	14	12	2
Commitment charges	14	12	2
Other Revenue (Expenses), net (Table 3)	**$ 21**	**$ (15)**	**$ 36**

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

During FY23 YTD, the non-trading portfolios had $174 million of net unrealized mark-to-market gains ($87 million of net unrealized mark-to-market losses in FY22 YTD). The unrealized mark-to-market gains in FY23 YTD were primarily from the derivatives held for the Capital Value Protection Program (CVP), managed as part of Asset - Liability management (ALM), due to the increase in U.S. dollar and EUR interest rates for long tenors during the period (Section V: Risk Management).

Table 14: Unrealized Mark-to-Market gains (losses) on non-trading portfolios, net

In millions of U.S. dollars

For the six months ended December 31,	2022	2021	Variance
Asset-liability management	$ 155	$ (88)	$ 243
Investment portfolio	(8)	(5)	(3)
Other [a]	27	6	21
Total	**$ 174**	**$ (87)**	**$ 261**

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 FY23 YTD and FY22 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 appreciation or depreciation of these currencies against the U.S. dollar results in exchange rate losses or gains which are recorded in the income statements. Accordingly, the translation adjustment gains on non-functional currencies were $33 million in FY23 YTD, as compared to translation adjustment gains of $207 million in FY22 YTD. The decrease in translation gains in FY23 YTD was primarily driven by less depreciation of certain non-functional currencies against the U.S. dollar when compared to FY22 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 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, 2022, 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 for 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, including high inflation, the rise in food insecurity, growing inequality, global fragility, COVID-19 pandemic, the Russian invasion of Ukraine, rising debt, climate change and macroeconomic imbalances, IDA continues to support its client needs in a financially sustainable manner.

As of December 31, 2022, 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 possible severe market movements.

IDA's capital remains adequate and above the zero percent policy minimum as indicated by the DSC ratio (Table 15).

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 will mitigate 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, over and 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 an extra buffer in the amount of 10 percent of TRA.

As of December 31, 2022, the DSC was 23.5%, lower by 2.9 percentage points compared with June 30, 2022 (26.4%). The decrease in the ratio was mainly due to the increase in TRR. The increase in TRR was primarily due to higher capital requirements for the increase in total exposure and the increase in conditional development grants approved but not yet expensed. See Table 15.

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, 2022, Section IX: Risk Management.

Table 15: Deployable Strategic Capital Ratio

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

As of	December 31, 2022	June 30, 2022	Variance
Total Resources Available (TRA)	$ 183.2	$ 183.5	$ (0.3)
Total Resources Required (TRR)	121.8	116.7	5.1
Conservation Buffer (CB)	18.3	18.4	(0.1)
Deployable Strategic Capital (DSC = TRA-TRR-CB)	$ 43.1	$ 48.4	$ (5.3)
Deployable Strategic Capital as a percentage of TRA	**23.5%**	**26.4%**	**(2.9)%**

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 December 31, 2022, 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 December 31, 2022, 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.

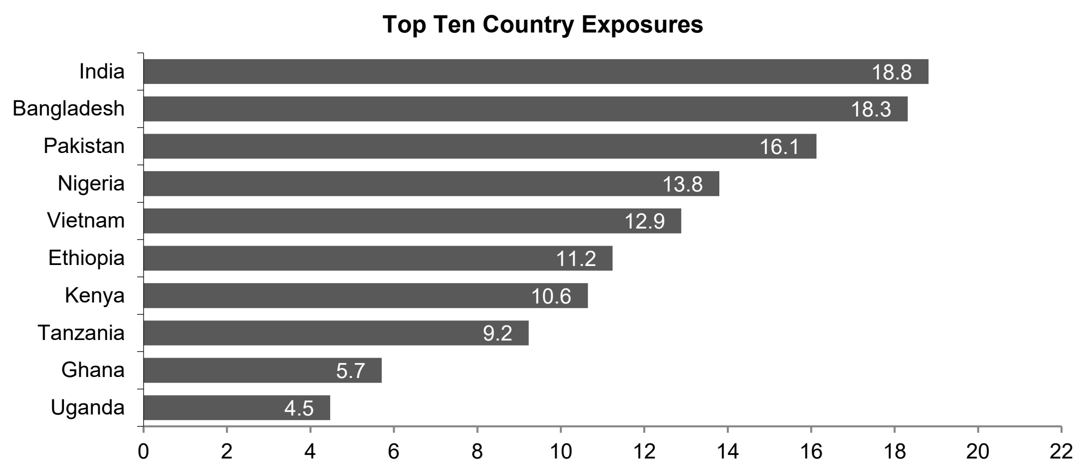
IDA regularly assesses the country credit risk of all its borrowers. IDA produces credit risk ratings for all its borrowing countries, which reflect country economic, financial, and political circumstances, and also considers environmental, social and governance (ESG) risk factors. Based on these risk 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 FY23, the SBL has been set at $45 billion (25% of $178.7 billion of equity as of June 30, 2022). 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 not currently a constraining factor.

As of December 31, 2022, the ten countries with the highest exposures accounted for 65% of IDA's total exposure (Figure 5). 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 5: Country Exposures as of December 31, 2022

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 December 31, 2022, there were no IDA borrowing countries 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, 2022, Section IX: Risk Management.

Accumulated Provision for Losses on Loans and Other Exposures

As of December 31, 2022, IDA had $184.1 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 $5.1 billion, which represents a provisioning rate of 1.9% of the underlying exposures as of December 31, 2022 ($4.8 billion as of June 30, 2022, 1.9% of the underlying exposure). See Notes to the Condensed Quarterly Financial Statements for the period ended December 31, 2022, 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) (See Table 16).

As shown in Table 16, as of December 31, 2022, 61% of IDA's investment portfolio is rated AA or above, and the remainder is rated A, reflecting IDA's continued preference for highly rated securities and counterparties across all categories of financial instruments.

Total commercial counterparty credit exposure, net of collateral held, was $34.7 billion as of December 31, 2022. 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 December 31, 2022, Note F: Derivative Instruments.

Table 16: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating

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

	As of December 31, 2022				
Counterparty Rating [a]	Sovereigns	Non-Sovereigns	Net Swap Exposure	Total Exposure	% of Total
AAA	$ 7,794	$ 3,031	$ -	$ 10,825	31 %
AA	2,408	7,726	84	10,218	30
A	7,193	6,304	169	13,666	39
Total	**$ 17,395**	**$ 17,061**	**$ 253**	**$ 34,709**	**100 %**

	As of June 30, 2022				
Counterparty Rating [a]	Sovereigns	Non-Sovereigns	Net Swap Exposure	Total Exposure	% of Total
AAA	$ 10,567	$ 5,038	$ -	$ 15,605	39 %
AA	2,226	11,949	155	14,330	35
A	4,256	5,901	284	10,441	26
Total	**$ 17,049**	**$ 22,888**	**$ 439**	**$ 40,376**	**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.

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. In addition, IDA also issues long-term fixed rate debt to fund fixed rate loans. 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. With 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 four months as of December 31, 2022.

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 Rates

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 will be available until June 30, 2023, would cease 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 December 31, 2022, less than 1% have transitioned and less than 2% are still subject to transition to alternative reference rates. The remaining 98% are not subject to transition to alternative reference rates as they are on fixed-rate terms. The USD fixed spread loans will begin transitioning in July 2023, as the loans reset.

As of December 31, 2022, IDA's borrowing portfolio before associated derivatives carries only fixed interest rates and is not subject to transition to alternative reference rates. Out of the total derivative portfolio notional as of December 31, 2022, approximately 4% have transitioned and 30% are subject to transition to alternative reference rates. The remaining 66% of the total derivative portfolio notional are not subject to transition to alternative reference rates. 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 transition to 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, appreciation (depreciation) of the non-SDR currencies against the U.S. dollar results in exchange rate losses (gains), 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 FY23, the prudential minimum has been set at $20.8 billion. As of December 31, 2022, IDA's liquid assets were $33.4 billion, 161% of the FY23 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

On January 26, 2023, the following senior management changes were announced:

- Mari Pangestu announced her retirement as Managing Director for Development Policy and Partnerships, effective March 1, 2023. Axel van Trotsenburg, Managing Director for Operations (MDO), was appointed Senior Managing Director and will assume responsibility for the World Bank's Development Policy and Partnerships, effective April 3, 2023. In the intervening period, Mamta Murthi, Vice President for Human Development, will be the Acting Managing Director for Development Policy and Partnerships.
- Anna Bjerde was appointed Managing Director for Operations (MDO), effective April 3, 2023.

List of Tables, Figures and Box

Tables

Figures

Box

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

CONTENTS

December 31, 2022

CONDENSED QUARTERLY FINANCIAL STATEMENTS

CONDENSED BALANCE SHEETS

Expressed in millions of U.S. dollars

	December 31, 2022 (Unaudited)	June 30, 2022 (Unaudited)
Assets		
Due from banks—Notes C and J		
Unrestricted cash	$ 709	$ 662
Restricted cash	24	24
	733	686
Investments (including securities transferred under repurchase or securities lending agreements of Nil—December 31, 2022; Nil—June 30, 2022) —Notes C, G and J	34,192	39,827
Derivative assets, net—Notes C, F, G and J	151	404
Receivable from affiliated organization—Note G	1,131	1,006
Loans outstanding—Notes D, G and J		
Total loans approved	259,226	250,300
Less: Undisbursed balance (including signed loan commitments of $64,538 million—December 31, 2022; $61,812 million—June 30, 2022)	(75,120)	(72,209)
Loans outstanding	184,106	178,091
Less: Accumulated provision for loan losses	(3,736)	(3,583)
Deferred loan income	(19)	(18)
Net loans outstanding	180,351	174,490
Other assets—Notes C, D, G and H	4,519	3,601
Total assets	$ 221,077	$ 220,014

	December 31, 2022 (Unaudited)	June 30, 2022 (Unaudited)
Liabilities		
Borrowings—Notes E and J		
Market borrowings, at fair value	$ 18,258	$ 19,718
Market borrowings, at amortized cost	8,485	6,201
Concessional partner loans, at amortized cost	7,093	6,980
	33,836	32,899
Derivative liabilities, net—Notes C, F, G and J	1,740	579
Payable for development grants—Note H	3,978	4,615
Payable to affiliated organization—Note G	552	578
Other liabilities—Notes C and D	2,681	2,675
Total liabilities	42,787	41,346
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	305,387	289,536
Less:		
Subscriptions and contributions receivable	(43,169)	(27,902)
Cumulative discounts/ credits on subscriptions and contributions, net	(3,859)	(3,857)
Subscriptions and contributions paid-in	258,359	257,777
Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions	(9,706)	(10,167)
Deferred amounts to maintain value of currency holdings	(247)	(246)
Accumulated deficit (Statements of Changes in Accumulated Deficit)	(61,293)	(59,544)
Accumulated other comprehensive loss—Note I	(8,823)	(9,152)
Total equity	178,290	178,668
Total liabilities and equity	$ 221,077	$ 220,014

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 December 31, (Unaudited)		*Six Months Ended December 31, (Unaudited)*	
	2022	*2021*	*2022*	*2021*
Interest revenue				
Loans, net—Note D	$ 535	$ 486	$ 1,051	$ 967
Investments, net—Notes C and G	248	33	405	66
Asset-liability management derivatives, net—Notes F and J	4	-	6	-
Borrowing expenses, net—Note E	(221)	(50)	(367)	(96)
Interest revenue, net of borrowing expenses	566	469	1,095	937
Provision for losses on loans and other exposures—Note D	(183)	(34)	(235)	(134)
Non-interest revenue				
Revenue from externally funded activities—Note G	240	212	406	361
Commitment charges—Note D	7	6	14	12
Other	8	8	14	12
Total	255	226	434	385
Non-interest expenses				
Administrative—Note G	(593)	(555)	(1,124)	(1,049)
Other	(23)	(41)	(24)	(56)
Total	(616)	(596)	(1,148)	(1,105)
Transfers from affiliated organizations and others—Note G	117	274	117	274
Development grants—Note H	(1,083)	(643)	(2,141)	(986)
Non-functional currency translation adjustment (losses) gains, net	(446)	39	33	207
Unrealized mark-to-market gains (losses) on Investments-Trading portfolio, net—Notes F and J	29	64	(78)	79
Unrealized mark-to-market gains (losses) on non-trading portfolios, net—Note J	147	(149)	174	(87)
Net loss	$ (1,214)	$ (350)	$ (1,749)	$ (430)

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 December 31, (Unaudited)		*Six Months Ended December 31, (Unaudited)*	
	2022	*2021*	*2022*	*2021*
Net loss	$ (1,214)	$ (350)	$ (1,749)	$ (430)
Other comprehensive Income (loss)—Note I				
Currency translation adjustments on functional currencies	5,733	(1,049)	314	(2,891)
Net Change in Debit Valuation Adjustment (DVA) on Fair Value option elected liabilities	15	(18)	15	(49)
Comprehensive Income (loss)	$ 4,534	$ (1,417)	$ (1,420)	$ (3,370)

CONDENSED STATEMENTS OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Six Months Ended December 31, (Unaudited)	
	2022	*2021*
Accumulated Deficit at beginning of the fiscal year	$ (59,544)	$ (59,556)
Net loss	(1,749)	(430)
Accumulated deficit at end of the period	$ (61,293)	$ (59,986)

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

	Six Months Ended December 31, (Unaudited) 2022	2021
Cash flows from investing activities		
Loans		
Disbursements	$ (9,140)	$ (6,199)
Principal repayments	3,794	3,381
Non-trading securities—Investments		
Repayments	53	61
Net cash used in investing activities	(5,293)	(2,757)
Cash flows from financing activities		
Members' subscriptions and contributions	1,043	1,232
Medium and long-term borrowings		
New issues	1,989	4,733
Retirements	(52)	(47)
Short-term borrowings (original maturities greater than 90 days)		
New issues	3,140	2,831
Retirements	(3,249)	(4,236)
Net short-term borrowings (original maturities less than 90 days)	(859)	1,162
Net derivatives-borrowings	(4)	1
Net cash provided by financing activities	2,008	5,676
Cash flows from operating activities		
Net loss	(1,749)	(430)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Provision for losses on loans and other exposures, charge	235	134
Non-functional currency translation adjustment gains, net	(33)	(207)
Unrealized mark-to-market (gains) losses on non-trading portfolios, net	(174)	87
Other non-interest expenses, net	7	39
Amortization of borrowing costs	72	50
Changes in:		
Net Investment portfolio	6,247	995
Other assets and liabilities	(1,287)	(3,399)
Net cash provided by (used in) operating activities	3,318	(2,731)
Effect of exchange rate changes on unrestricted and restricted cash	14	-
Net increase in unrestricted and restricted cash	47	188
Unrestricted and restricted cash at beginning of the fiscal year	686	496
Unrestricted and restricted cash at end of the period	$ 733	$ 684
Supplemental disclosure		
Increase (Decrease) in ending balances resulting from exchange rate fluctuations:		
Loans outstanding	$ 684	$ (3,458)
Investment portfolio	314	(535)
Borrowings	593	(761)
Derivatives—Borrowings	11	114
Derivatives—Asset-liability management	19	502
Principal repayments written off under Heavily Indebted Poor Countries (HIPC) Debt Initiative	15	15
Interest paid on borrowing portfolio	235	45

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

NOTES TO 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, 2022 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2022 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 six months of the current fiscal year are not necessarily indicative of the results for the full year.

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

These financial statements were issued on February 14, 2023 which was also the date through which IDA's management evaluated subsequent events.

Accounting and Reporting Developments

Evaluated Accounting Standards:

In December 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2022-06 - *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. The ASU extended the timeline for temporary relief to certain contract modification guidance provided by ASU 2020-04 - *Reference Rate Reform (Topic 848)*: *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* from December 31, 2022 to December 31, 2024. ASU 2022-06 was effective upon issuance, and the adoption did not have a material impact on IDA's financial statements.

Accounting Standards Under Evaluation:

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 will be effective from the quarter ending September 30, 2023 (fiscal year 2024), with early adoption permitted. IDA is currently evaluating the impact of the ASU on its financial statements.

In November 2021, the FASB issued the ASU 2021-10, *Disclosure by Business Entities about Government Assistance*, which requires entities to make certain annual disclosure about government assistance transactions. This ASU will be effective from the fiscal year ending June 30, 2023 (annual statements of fiscal year 2023), with early adoption permitted. IDA is currently evaluating the impact of the ASU on its financial statements.

NOTE B—MEMBERS' SUBSCRIPTIONS AND CONTRIBUTIONS

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

Table B1: Subscriptions and contributions paid-in

In millions of U.S. dollars

	December 31, 2022	June 30, 2022
Beginning of the fiscal year	$ 257,777	$ 250,452
Cash contributions received	294	3,937
Demand obligations received	301	4,668
Translation adjustment	(13)	(1,280)
End of the period/fiscal year	$ 258,359	$ 257,777

During the six months ended December 31, 2022, IDA encashed demand obligations totaling $749 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 December 31, 2022, IDA's Investments were mainly comprised of government and agency obligations (57%) and time deposits (42%), with all of the instruments classified as either Level 1 or Level 2 within the fair value hierarchy. As of December 31, 2022, the largest holding of investments with a single counterparty was Japanese government instruments (18%).

A summary of IDA's Investments is as follows:

Table C1: Investments-composition

In millions of U.S. dollars

	December 31, 2022	June 30, 2022
Trading		
Government and agency obligations	$ 19,437	$ 23,902
Time deposits	14,364	15,411
Asset-backed securities (ABS)	106	168
	$ 33,907	$ 39,481
Non-trading		
Debt securities	285	346
Total	$ 34,192	$ 39,827

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

	December 31, 2022	June 30, 2022
Investments		
Trading	$ 33,907	$ 39,481
Non-trading	285	346
Total	34,192	39,827
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received [a]	(637)	(772)
Derivative Assets		
Currency swaps and currency forward contracts	73	306
Interest rate swaps	4	2
Total	77	308
Derivative Liabilities		
Currency swaps and currency forward contracts	(565)	(50)
Interest rate swaps	-	(1)
Total	(565)	(51)
Cash held in investment portfolio [b]	686	583
Receivable from investment securities traded and other assets [c]	10	9
Payable for investment securities purchased [d]	(106)	(343)
Net Investment Portfolio	$ 33,657	$ 39,561

a. These amounts represent cash collateral received from counterparties under derivative agreements.

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

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

d. These amounts are included in Other liabilities on the Condensed Balance Sheets. As of December 31, 2022 there were no short sales (Nil - June 30,2022).

The maturity structure of IDA's non-trading investment portfolio (principal amount due) was as follows:

Table C3: Maturity structure of non-trading investment portfolio

In millions of U.S. dollars

Maturity	*December 31, 2022*	*June 30, 2022*
Less than 1 year	$ 86	$ 96
Between		
1 - 2 years	68	77
2 - 3 years	55	62
3 - 4 years	13	34
4 - 5 years	12	12
Thereafter (through 2039)	71	77
Total	$ 305	$ 358

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 from swap transactions.

Table C4: Collateral received

In millions of U.S. dollars

	December 31, 2022		June 30, 2022	
Collateral received				
Cash	$	637	$	772
Securities		-		-
Total collateral received	$	637	$	772
Collateral permitted to be repledged	$	637	$	772
Amount of collateral repledged		-		-
Amount of cash collateral invested		546		659

As of December 31, 2022, and June 30, 2022, there were no liabilities relating to securities transferred under repurchase or securities lending agreements and no securities purchased under resale 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 Deferred Drawdown Options (DDO), Irrevocable Commitments 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. Accrued interest income on loans of $598 million as of December 31, 2022 ($521 million—June 30, 2022) is included in Other assets on the Condensed Balance Sheets.

As of December 31, 2022, 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 the total loans as of December 31, 2022.

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 risk, 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 December 31, 2022, 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

	December 31, 2022							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 9	$ 9
Medium	-	-	-	-	-	-	19,747	19,747
High	10	-	-	-	-	10	163,471 [a]	163,481
Loans in accrual status	10	-	-	-	-	10	183,227	183,237
Loans in nonaccrual status	7	*	3	9	427	446	423	869
Total	$ 17	$ *	$ 3	$ 9	$ 427	$ 456	$ 183,650	$ 184,106

Table D1.1:

In millions of U.S. dollars

	June 30, 2022							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 374	$ 374
Medium	-	-	-	-	-	-	20,491	20,491
High	7	*	6	11	-	24	156,335 [a]	156,359
Loans in accrual status	7	*	6	11	-	24	177,200	177,224
Loans in nonaccrual status	7	*	3	8	408	426	441	867
Total	$ 14	$ *	$ 9	$ 19	$ 408	$ 450	$ 177,641	$ 178,091

a. Includes Private Sector Window (PSW) related loans of $67 million ($50 million-June 30, 2022).

** Includes amount less than $0.5 million.*

The table below discloses the outstanding balances of IDA's loan portfolio as of December 31, 2022, 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

	December 31, 2022								
	Fiscal Year of origination								
Risk Class	*2023*	*2022*	*2021*	*2020*	*2019*	*Prior Years*	*CAT DDOs disbursed and revolving*	*CAT DDOs Converted to Term Loans*	*Loans Outstanding as of December 31, 2022*
Low	$ -	$ -	$ -	$ -	$ -	$ 9	$ -	$ -	$ 9
Medium	-	111	394	542	244	18,456	-	-	19,747
High	3,063	5,464	8,818	7,982	9,981	127,809	178	186	163,481
Loans in accrual status	3,063	5,575	9,212	8,524	10,225	146,274	178	186	183,237
Loans in nonaccrual status	-	-	-	-	-	869	-	-	869
Total	$ 3,063	$ 5,575	$ 9,212	$ 8,524	$ 10,225	$ 147,143	$ 178	$ 186	$ 184,106

Table D2.1:

In millions of U.S. dollars

	June 30, 2022								
	Fiscal Year of origination								
Risk Class	*2022*	*2021*	*2020*	*2019*	*2018*	*Prior Years*	*CAT DDOs disbursed and revolving*	*CAT DDOs Converted to Term Loans*	*Loans Outstanding as of June 30, 2022*
Low	$ -	$ -	$ -	$ -	$ -	$ 374	$ -	$ -	$ 374
Medium	111	394	542	243	77	19,124	-	-	20,491
High	3,678	7,509	7,233	9,365	10,042	118,173	182	177	156,359
Loans in accrual status	3,789	7,903	7,775	9,608	10,119	137,671	182	177	177,224
Loans in nonaccrual status	-	-	-	-	-	867	-	-	867
Total	$ 3,789	$ 7,903	$ 7,775	$ 9,608	$ 10,119	$ 138,538	$ 182	$ 177	$ 178,091

The amount of Catastrophe Deferred Drawdown Option (CAT DDO) outstanding and revolving converted to term loans during the three months and six months ended December 31, 2022 was nil and $5 million, respectively.

Accumulated Provision for Losses on Loans and Other Exposures

Management determines the appropriate level of accumulated provisions for losses, which reflects the expected losses inherent in IDA's exposures. Management reassesses the adequacy of the 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. In addition, reasonableness of the inputs used is reassessed at least annually.

The provision for Heavily Indebted Poor Countries (HIPC) Debt Initiative and Multilateral Debt Relief Initiative (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 a country reaches Completion Point and becomes eligible for MDRI debt relief.

During the six months ended December 31, 2022, and the fiscal year ended June 30, 2022, there were no loans written off under the MDRI.

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

	December 31, 2022				
	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	157	76	-	2	235
Loans written off under:					
HIPC/MDRI	-	-	(15) [b]	-	(15)
Translation adjustment	11	11	-	-	22
Accumulated provision, end of the period	$ 3,044	$ 1,169	$ 692	$ 157	$ 5,062
Including accumulated provision for losses on:					
Loans in accrual status	$ 2,808		$ 418		$ 3,226
Loans in nonaccrual status	236		274		510
Total	$ 3,044		$ 692		$ 3,736
Loans:					
Loans in accrual status					$ 183,237
Loans in nonaccrual status					869
Loans outstanding					$ 184,106

Table D3.1:

In millions of U.S. dollars

	June 30, 2022				
	Loans outstanding	*Loan commitments*	*Debt relief under HIPC/MDRI*	*Other* [a]	*Total*
Accumulated provision, beginning of the fiscal year	$ 2,946	$ 1,054	$ 772	$ 120	$ 4,892
Provision, net - charge (release)	135	109	(5)	39	278
Loans written off under:					
HIPC/MDRI	-	-	(30) [b]	-	(30)
Translation adjustment	(205)	(81)	(30)	(4)	(320)
Accumulated provision, end of the period	$ 2,876	$ 1,082	$ 707	$ 155	$ 4,820
Including accumulated provision for losses on:					
Loans in accrual status	$ 2,641		$ 433		$ 3,074
Loans in nonaccrual status	235		274		509
Total	$ 2,876		$ 707		$ 3,583
Loans:					
Loans in accrual status					$ 177,224
Loans in nonaccrual status					867
Loans outstanding					$ 178,091

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 liabilities	Provision for losses on loans and other exposures, release (charge)

Overdue Amounts

As of December 31, 2022, there were no principal or charges under sovereign loans in accrual status which were overdue by more than three months.

The following tables provide a summary of selected financial information related to 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*	*Overdue amounts Charges*
Eritrea	March 2012	$ 416	$ 408	$ 416	$ 274	$ 15	$ 120	$ 36
Syrian Arab Republic	June 2012	14	14	14	-	1	13	1
Zimbabwe	October 2000	439	431	439	-	220	313	68
Total - December 31, 2022		$ 869	$ 853	$ 869	$ 274	$ 236	$ 446	$ 105
Total - June 30, 2022		$ 867	$ 907	$ 867	$ 274	$ 235	$ 426	$ 101

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

During the six months ended December 31, 2022 and 2021, no new loans were placed into nonaccrual status.

During the three and six months ended December 31, 2022, service charge revenue not recognized as a result of loans being in nonaccrual status was $2 million and $3 million, respectively ($1 million and $3 million – three and six months ended December 31, 2021, respectively).

During the three and six months ended December 31, 2022, service charge revenue recognized on loans in nonaccrual status was nil and less than $1 million, respectively (less than $0.5 million– three and six months ended December 31, 2021).

Guarantees

Guarantees of $2,561 million were outstanding as of December 31, 2022 ($2,507 million—June 30, 2022). This amount includes $697 million relating to the PSW ($638 million—June 30, 2022). 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 December 31, 2022, liabilities related to IDA's obligations under guarantees included the obligation to stand ready of $138 million ($145 million—June 30, 2022), and the accumulated provision for guarantee losses of $133 million ($126 million—June 30, 2022). These have been included in Other liabilities on the Condensed Balance Sheets.

During the six months ended December 31, 2022, and 2021, no guarantees provided by IDA to sovereign or sub-sovereign borrowers were called. During the six months ended December 31, 2022, less than $0.5 million of IDA-PSW Blended Finance Facility guarantees under the Small Loan Guarantee Program pursuant to the risk-sharing agreement between IDA and IFC were called (Nil – six months ended December 31, 2021).

Concentration Risk

Loan revenue comprises service charges, interest charges and commitment charges, net of waivers. For the six months ended December 31, 2022, loan revenue of $140 million and $120 million from two countries, were each in excess of 10% 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 six months ended December 31,*

	2022		2021	
Region	*Loan Revenue* [b]	*Loans Outstanding*	*Loan Revenue* [b]	*Loans Outstanding*
South Asia	$ 394	$ 60,856	$ 363	$ 63,111
Eastern and Southern Africa	239	50,938	221	48,443
Western and Central Africa	214	39,204	188	35,580
East Asia and Pacific	115	18,878	118	20,066
Europe and Central Asia	63	8,652	56	7,836
Latin America and the Caribbean	28	3,364	23	3,379
Middle East and North Africa	9	2,147	10	2,410
Others [a]	3	67	1	24
Total	$ 1,065	$ 184,106	$ 980	$ 180,849

a. Represents loans under the PSW.
b. Excludes less than $0.5 million of interest rate swap expenses related to loan hedges for the six months ended December 31, 2022 ($1 million - six months ended December 31, 2021). Includes net commitment charges of $14 million for the six months ended December 31, 2022 ($12 million – six months ended December 31, 2021).

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 December 31, 2022, and June 30, 2022, 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 the principal due upon maturity, see Note J—Fair Value Disclosures).

Table E1: Market borrowings outstanding, at fair value, after derivatives

In millions of U.S. dollars

	December 31, 2022	*June 30, 2022*
Market borrowings	$ 18,258	$ 19,718
Currency swaps, net	657	547
Interest rate swaps, net	2,162	1,586
Total at fair value	$ 21,077	$ 21,851

Table E2: Market borrowings outstanding, at amortized cost

In millions of U.S dollars

	Principal at face value	*Net unamortized premium (discount)*	*Total*
December 31, 2022	$ 8,541	$ (56)	$ 8,485
June 30, 2022	$ 6,240	$ (39)	$ 6,201

Table E3: Concessional partner loans outstanding, at amortized cost

In millions of U.S dollars

	Principal at face value		*Net unamortized discount*		*Total*	
December 31, 2022	$	8,600	$	(1,507)	$	7,093
June 30, 2022	$	8,508	$	(1,528)	$	6,980

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 to-be-announced (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	Structured 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 show IDA's net exposure on its derivative asset positions.

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

In millions of U.S. dollars

	December 31, 2022					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts	Gross Amounts Offset	Net Amounts	Gross Amounts	Gross Amounts Offset	Net Amounts
Interest rate swaps	$ 3,422	$ (1,558)	$ 1,864	$ 2,879	$ (717)	$ 2,162
Currency swaps [a]	11,539	(10,648)	891	19,400	(17,921)	1,479
Total	$ 14,961	$ (12,206)	$ 2,755	$ 22,279	$ (18,638)	$ 3,641
Less:						
Amounts subject to legally enforceable master netting agreements			$ 1,967 [b]			$ 1,901 [c]
Cash collateral received			637			
Net derivative positions on the Balance Sheet			$ 151			$ 1,740
Less:						
Securities collateral received			-			
Net derivative exposure after collateral			$ 151			

Table F2.1:

In millions of U.S. dollars

	June 30, 2022					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts	Gross Amounts Offset	Net Amounts	Gross Amounts	Gross Amounts Offset	Net Amounts
Interest rate swaps	$ 3,267	$ (1,678)	$ 1,589	$ 2,321	$ (727)	$ 1,594
Currency swaps [a]	16,624	(15,355)	1,269	6,569	(5,918)	651
Total	$ 19,891	$ (17,033)	$ 2,858	$ 8,890	$ (6,645)	$ 2,245
Less:						
Amounts subject to legally enforceable master netting agreements			$ 1,682 [b]			$ 1,666 [c]
Cash collateral received			772			
Net derivative positions on the Balance Sheet			$ 404			$ 579
Less:						
Securities collateral received			-			
Net derivative exposure after collateral			$ 404			

a. Includes currency forward contracts.

b. Includes $102 million Credit Value Adjustment (CVA) ($35 million-June 30, 2022).

c. Includes $36 million Debit Value Adjustment (DVA) ($19 million-June 30, 2022).

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

Table F3: Credit risk exposure of the derivative instruments

In millions of U.S. dollars

	December 31, 2022		
	Interest rate swaps	*Currency swaps (including currency forward contracts)*	*Total*
Investments - Trading	$ 4	$ 73	$ 77
Asset/liability management	1,749	815	2,564
Borrowings	-	3	3
Other [a]	111	-	111
Total Exposure	$ 1,864	$ 891	$ 2,755

Table F3.1

In millions of U.S. dollars

	June 30, 2022		
	Interest rate swaps	*Currency swaps (including currency forward contracts)*	*Total*
Investments - Trading	$ 2	$ 306	$ 308
Asset/liability management	1,513	963	2,476
Borrowings	2	-	2
Other [a]	72	-	72
Total Exposure	$ 1,589	$ 1,269	$ 2,858

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. At December 31, 2022, the notional amounts of IDA's derivative contracts outstanding were as follows: interest rate swaps $33,360 million ($33,267 million as of June 30, 2022) and, currency swaps $31,112 million ($23,120 million as of June 30, 2022). There were no long or short positions of other derivatives as of December 31, 2022 (Nil—June 30, 2022).

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 December 31, 2022 is $1,717 million ($586 million —June 30, 2022). As of December 31, 2022, 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 December 31, 2022, the amount of collateral that would need to be posted would be $579 million ($41 million—June 30, 2022). Subsequent triggers of contingent features would require posting of additional collateral, up to a maximum of $1,717 million as of December 31, 2022 ($586 million—June 30, 2022).

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 December 31,		Six Months Ended December 31,	
Type of instrument	*Reported as*	*2022*	*2021*	*2022*	*2021*
Interest rate swaps	Unrealized mark-to-market gains (losses) on non-trading portfolios, net	$ 235	$ (280)	$ (245)	$ (337)
Currency swaps and currency forward contracts		137	(37)	(169)	(65)
Total		$ 372	$ (317)	$ (414)	$ (402)

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 in 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 December 31,		Six Months Ended December 31,	
Type of instrument	*Reported as*	*2022*	*2021*	*2022*	*2021*
Fixed income (including related derivatives)	Unrealized mark-to-market gains (losses) on Investments-Trading portfolios, net	$ 29	$ 64	$ (78)	$ 79

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 December 31, 2022 were $20,593 million ($20,476 million—June 30, 2022). Details by transferor are as follows:

Table G1: Cumulative transfers and grants

In millions of U.S dollars

Transfers from	*Beginning of the fiscal year*	*Transfers during the period*	*End of period*
Total	$ 20,476	$ 117	$ 20,593
Of which transfers from:			
IBRD	16,361	117	16,478
IFC	3,885	-	3,885
Nonaffiliated organizations	230	-	230

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

	December 31, 2022			June 30, 2022		
	IBRD	IFC	Total	IBRD	IFC	Total
Administrative Services	$ (552)	$ -	$ (552)	$ (578)	$ -	$ (578)
Post-Retirement Contribution Reserve Fund [a]	488		488	404	-	404
Pension and Other Postretirement Benefits	643	-	643	602	-	602
Derivative (liabilities)/assets, net	(8)	(38) [b]	(46)	(8)	(9)	(17)
PSW- Blended Finance Facility [c]	-	63	63	-	54	54
Investments	-	285	285	-	346	346
Total	$ 571	$ 310	$ 881	$ 420	$ 391	$ 811

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 $8 million related to unsettled Local Currency Facility trades that is included in Other assets on the Condensed Balance Sheet.

c. Refer to Table G4: Summary of PSW-related transactions.

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 and six months ended December 31, 2022, IDA's share of joint administrative expenses and contributions to special programs totaled $442 million and $863 million, respectively ($421 million and $813 million – three and six months ended December 31, 2021, respectively).

Other revenue: Includes IDA's share of other revenue jointly earned with IBRD during the three and six months ended December 31, 2022 totaling $72 million and $128 million, respectively ($61 million and $108 million—three and six months ended December 31, 2021).

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

Table G3: Fee revenue from affiliated organizations

In millions of U.S dollars

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Fees charged to IFC	$ 24	$ 21	$ 44	$ 38
Fees charged to MIGA	2	1	3	2

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 and six months ended December 31, 2022, IDA's share of IBRD's benefit costs relating to all three plans totaled $41 million and $82 million, respectively ($50 million and $98 million—three and six months ended December 31, 2021, respectively).

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 3 years. As of December 31, 2022, the principal amount on the debt security was $305 million, ($358 million—June 30, 2022), and it had a fair value of $285 million, ($346 million—June 30, 2022). The investment is reported under Investments on the Condensed Balance Sheets. During the three and six months ended December 31, 2022, IDA recognized interest income of $1 million and $3 million, respectively from this investment ($2 million and $4 million – three and six months ended December 31, 2021).

Private Sector Window (PSW)

The PSW was created under 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 set at $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.

The following tables provide a summary of all PSW related transactions under which IDA has an exposure as of December 31, 2022:

G4: Summary of PSW-related transactions

In millions of U.S. dollars

Facility	Notional	Net Asset/ (Liability) position	Description	Location on the Condensed Balance Sheets
Local Currency Facility	$ 238	$ (46)	Currency swaps with IFC to support local currency denominated loans	Derivative assets/ liabilities, net

In millions of U.S. dollars

Facility	Exposure	Accumulated Provision	Description	Location on the Condensed Balance Sheets	
				Exposure	Accumulated Provision
MIGA Guarantee Facility	$ 270	$ 34	Expanding the coverage of MIGA Political Risk Insurance products through shared first-loss or risk participation similar to reinsurance	Off Balance Sheet item	Other liabilities
Blended Finance Facility	$ 427	$ 63	Sharing the coverage of IFC programs through shared first loss	Off Balance Sheet item	Other liabilities
	63	Not applicable	Funding for IFC's PSW equity investment recorded at fair value	Other assets	Not applicable
	67	9	Concessional senior and subordinated loans to support medium term projects	Loans outstanding	Accumulated Provision for Loan Losses

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

	December 31, 2022	June 30, 2022
Balance, beginning of the fiscal year	$ 4,615	$ 6,820
Disbursements (including PPA grant activity) [a]	(580)	(1,659)
Cancellations	(56)	(149)
Translation adjustment	(1)	(397)
Balance, end of the period/ fiscal year	$ 3,978	$ 4,615

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 December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Disbursements for conditional grants [a]	$ 1,744	$ 1,033	$ 2,918	$ 1,585
Disbursements not meeting expense condition [b]	(613)	(318)	(721)	(511)
Cancellations	(48)	(72)	(56)	(88)
Grant expenses for the period	$ 1,083	$ 643	$ 2,141	$ 986
Grants Approved	$ 2,001	$ 3,594	$ 4,050	$ 4,682

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 December 31, 2022, the cumulative amount of conditional grants approved but not yet expensed since all of the conditions have not been met was $26,255 million. Out of which, the outstanding amount of conditional grant advances disbursed but not yet expensed, totaling $2,910 million at December 31, 2022 ($2,189 million—June 30, 2022), 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) Income (AOCI) balances.

Table I1: Changes in AOCI

In millions of U.S dollars

	Six Months Ended December 31,	
	2022	2021
Balance, beginning of the fiscal year	$ (9,152)	$ 1,656
Currency translation adjustments on functional currencies	314	(2,891)
DVA on fair value option elected liabilities	15	(49)
Balance, end of the period	$ (8,823)	$ (1,284)

NOTE J— FAIR VALUE DISCLOSURES

Valuation Methods and Assumptions

As of December 31, 2022, and June 30, 2022, 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 December 31, 2022, and June 30, 2022. 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. Examples include most government and agency securities 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, 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 December 31, 2022, and June 30, 2022, 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, exchange traded 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 exchange traded 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

	December 31, 2022		*June 30, 2022*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Assets				
Due from banks	$ 733	$ 733	$ 686	$ 686
Investments (including securities transferred under repurchase or securities lending agreements)	34,192	34,192	39,827	39,827
Net loans outstanding	180,351	137,122	174,490	141,193
Derivative assets, net	151	151	404	404
Liabilities				
Borrowings				
Market borrowings, at fair value	18,258	18,258	19,718	19,718
Market borrowings, at amortized cost	8,485	6,684	6,201	5,073
Concessional partner loans	7,093	6,434	6,980	7,123
Derivative liabilities, net	1,740	1,740	579	579

As of December 31, 2022, IDA's signed loan commitments were $64.5 billion ($61.8 billion – June 30, 2022) and had a fair value of $(9.8) billion ($(8.2) billion – June 30, 2022).

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 December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 11,757	$ 7,680	$ -	$ 19,437
Time deposits	1,023	13,341	-	14,364
ABS	-	106	-	106
Total Investments—Trading	12,780	21,127	-	33,907
Investments—Non-trading (at fair value)	-	285	-	285
Total Investments	$ 12,780	$ 21,412	$ -	$ 34,192
Derivative assets:				
Currency swaps and currency forward contracts	$ -	$ 891	$ -	$ 891
Interest rate swaps	-	1,864	-	1,864
	$ -	$ 2,755	$ -	$ 2,755
Less:				
Amounts subject to legally enforceable master netting agreements [a]				1,967
Cash collateral received				637
Derivative assets, net				$ 151
Liabilities:				
Market Borrowings, at fair value	$ -	$ 18,258	$ -	$ 18,258
Derivative liabilities:				
Currency swaps and currency forward contracts	$ -	$ 1,479	$ -	$ 1,479
Interest rate swaps	-	2,162	-	2,162
	$ -	$ 3,641	$ -	$ 3,641
Less:				
Amounts subject to legally enforceable master netting agreements [b]				1,901
Derivative liabilities, net				$ 1,740

a. Includes $102 million CVA.
b. Includes $36 million DVA.

Table J2.1

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 7,699	$ 16,203	$ -	$ 23,902
Time deposits	569	14,842	-	15,411
ABS	-	168	-	168
Total Investments—Trading	8,268	31,213	-	39,481
Investments—Non-trading (at fair value)	-	346	-	346
Total Investments	$ 8,268	$ 31,559	$ -	$ 39,827
Derivative assets:				
Currency swaps and currency forward contracts	$ -	$ 1,269	$ -	$ 1,269
Interest rate swaps	-	1,589	-	1,589
	$ -	$ 2,858	$ -	$ 2,858
Less:				
Amounts subject to legally enforceable master netting agreements [a]				1,682
Cash collateral received				772
Derivative assets, net				$ 404
Liabilities:				
Market Borrowings, at fair value	$ -	$ 19,718	$ -	$ 19,718
Derivative liabilities:				
Currency swaps and currency forward contracts	$ -	$ 651	$ -	$ 651
Interest rate swaps	-	1,594	-	1,594
	$ -	$ 2,245	$ -	$ 2,245
Less:				
Amounts subject to legally enforceable master netting agreements [b]				1,666
Derivative liabilities, net				$ 579

a. Includes $35 million CVA.

b. Includes $19 million DVA.

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 securities

In millions of U.S dollars

	Fair value	*Principal amount due*	*Difference*
December 31, 2022	$ 285	$ 305	$ (20)
June 30, 2022	$ 346	$ 358	$ (12)

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

Table J4: Market Borrowings-Fair value and contractual principal balance

In millions of U.S. dollars

	Fair Value	*Principal Due Upon Maturity*	*Difference*
December 31, 2022	$ 18,258	$ 20,709	$ (2,451)
June 30, 2022	$ 19,718	$ 21,506	$ (1,788)

Valuation adjustments on fair value option elected liabilities

During the six months ended December 31, 2022, IDA recorded unrealized mark-to-market gains of $15 million ($49 million losses– six months ended December 31, 2021) in Other Comprehensive Income, in relation to the changes in its own credit (DVA) on fair value option elected liabilities (market borrowings).

IDA's Condensed Balance Sheets included a DVA of $2 million cumulative gain as of December 31, 2022 ($13 million cumulative loss— June 30, 2022) in Accumulated other comprehensive income, associated with the changes in IDA's own credit for its market borrowings reported at fair value.

The following table reflects 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 December 31, 2022			*Six Months Ended December 31, 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	$ 25	$ 4	$ 29	$ 80	$ (158)	$ (78)
Non-trading portfolios, net						
Asset-liability management—Note F	-	128	128	-	155	155
Investment portfolio—Note C	-	-	-	-	(8)	(8)
Borrowing portfolio—Note E	-	21	21	-	22	22
Other [b]	(1)	(1)	(2)	(1)	6	5
Total	$ (1)	$ 148	$ 147	$ (1)	$ 175	$ 174

Table J5.1:

In millions of U.S. dollars

	Three Months Ended December 31, 2021			*Six Months Ended December 31, 2021*		
	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	$ 110	$ (46)	$ 64	$ 173	$ (94)	$ 79
Non-trading portfolios, net						
Asset-liability management—Note F	-	(146)	(146)	-	(88)	(88)
Investment portfolio—Note C	-	(3)	(3)		(5)	(5)
Borrowing portfolio—Note E	-	(1)	(1)	-	10	10
Other [b]	-	1	1	-	(4)	(4)
Total	$ -	$ (149)	$ (149)	$ -	$ (87)	$ (87)

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

b. Other comprise 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 six months ended December 31, 2022, is not expected to have a material adverse effect on IDA's financial position, results of operations or cash flows.

Deloitte & Touche LLP
7900 Tysons One Place
Suite 800
McLean, VA 22102
USA
Tel.: +1 703 251 1000
Fax: +1 703 251 3400
www.deloitte.com

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 December 31, 2022, and the related condensed statements of income, and comprehensive income for the three-month and six-month periods ended December 31, 2022 and 2021, and the condensed statements of changes in accumulated deficit, and cash flows for the six-month periods ended December 31, 2022 and 2021, 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, 2022

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet as of June 30, 2022, 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 5, 2022.

In our opinion, the accompanying condensed balance sheet of IDA as of June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Deloitte & Touche LLP

February 14, 2023