

Information Statement

International Development Association



The International Development Association (IDA) intends from time to time to issue its notes and bonds with maturities and on terms determined by market conditions at the time of sale. The notes and bonds may be sold to dealers or underwriters, who may resell them, or they may be sold by IDA directly or through agents.

The specific currency, aggregate principal amount, maturity, interest rate or method for determining such rate, interest payment dates, if any, purchase price to be paid to IDA, any terms for redemption or other special terms, form and denomination of such notes and bonds, information as to stock exchange listing and the names of the dealers, underwriters or agents in connection with the sale of such notes and bonds being offered at a particular time, as well as any other information that may be required, will be set forth in a prospectus or supplemental information statement.

Except as otherwise indicated, in this Information Statement (1) all amounts are stated in current United States dollars translated as indicated in the Notes to Financial Statements: Note A and (2) all information is given as of June 30, 2025.

Notes and bonds of IDA have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from registration under the Securities Act.

AVAILABILITY OF INFORMATION

Upon request, IDA will provide additional copies of this Information Statement without charge. Written or telephone requests should be directed to IDA’s main office at 1818 H Street, N.W., Washington, D.C. 20433, Attention: Capital Markets and Investments Department, tel: (202) 477-2880, or to IDA’s Tokyo office at Fukoku Seimei Building 14F, 2-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011, Japan, tel: +81-3-3597-6650.

Recipients of this Information Statement should retain it for future reference, since it is intended that each prospectus and any supplemental information statement issued after the date hereof will refer to this Information Statement for a description of IDA and its financial condition, until a subsequent information statement is issued.

September 24, 2025

SUMMARY INFORMATION

As of June 30, 2025, unless otherwise indicated

International Development Association (IDA) is an international organization owned by its 175 member countries, of which the five largest member countries are the United States (with 9.77% of the total voting power), Japan (8.45%), United Kingdom (6.95%), Germany (5.38%), and France (3.93%). IDA provides loans, grants, guarantees, and other financial products to the poorest and most vulnerable countries to help meet their development needs, and technical assistance and policy advice by leveraging its experience and expertise. It also provides concessional financing on terms that respond to clients' needs and supports countries with disaster risk financing and insurance against natural disasters and health-related crises and facilitates financing through trust fund partnerships.

To meet its development goals, the WBG supports client countries' efforts to implement programs to improve growth and development outcomes. Further, new and ongoing factors continue to influence the global outlook, including: global market uncertainties, migration surges, youth unemployment, energy access, climate adaptation and mitigation, and growing fragility. IDA continues to work with partners at global and country levels and its borrowing countries to maximize impact for development by efficiently channeling resources into projects that create jobs, drive growth, reduce poverty, and improve living standards. To further support these efforts, the Boards of Directors and management have been reforming the WBG and are working to better address the scale of development needs. This process includes initiatives to increase impact, expand financing capacity, support projects that address cross-border externalities, and modernize the approach to delivery.

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 of member countries, IDA has built up a substantial equity base of \$204.2 billion as of June 30, 2025. 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, while ensuring its long-term financial sustainability through a prudent risk management framework.

IDA's Twentieth Replenishment of Resources (IDA20) reflects an agreed resource envelope of \$93.0 billion in USD equivalent over the three-year replenishment period from July 1, 2022, through June 30, 2025. 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. In addition, IDA20's policy package incorporates four cross-cutting issues: crisis preparedness (introduced in IDA20), governance and institutions, debt, and technology. In July 2023, IDA's Board of Governors adopted a Resolution to establish a Crisis Facility to scale up support for the world's poorest countries to address worsening development challenges due to the overlapping global crises, particularly food insecurity and extreme climate events. This facility is supported by member contributions and was one of the measures to enhance IDA's financing capacity in the IDA20 period. As of June 30, 2025, IDA concluded its Crisis Facility. On April 25, 2025, the IDA's Twenty-First Replenishment of Resources (IDA21) Resolution was approved by IDA's Board of Governors, with a financing envelope of up to \$100.0 billion over the three-year replenishment period from July 1, 2025, through June 30, 2028, expected to be supported by up to \$23.7 billion of member contributions.

Results of Operations

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. For the fiscal year ended June 30, 2025 (FY25), IDA reported a net loss of \$5,524 million.

Adjusted Net Income

Adjusted net Income reflects the economic results of IDA's operations and is used by IDA's management and the Board as a financial sustainability measure. In FY25, IDA's Adjusted Net Income was \$427 million.

Equity

As of June 30, 2025, IDA's equity was \$204.2 billion, an increase of \$13.9 billion compared to the prior year. This increase was primarily due to subscriptions and contributions paid in and currency translation gains as the Special Drawing Rights (SDR) appreciated against the U.S. dollar, partially offset by the net loss during the year. As of June 30, 2025, IDA's equity included \$315.0 billion of subscriptions and contributions committed, of which \$291.7 billion had been paid in and \$19.0 billion was yet to be received. IDA's equity also included \$71.9 billion of accumulated deficit. The accumulated deficit primarily represents the impact of IDA's development grant activity and the HIPC and MDRI programs, which are compensated for by member contributions and recorded as subscriptions and contributions.

Assets

Loans – The largest component of IDA's assets are its loans outstanding. The net loans outstanding were \$223.2 billion as of June 30, 2025. IDA's net loan commitments in FY25 totaled \$31.7 billion, which include commitments to Ukraine and Moldova as part of the IDA Crisis Facility. In fulfilling its mission, IDA makes concessional and non-concessional loans to the poorest countries.

Loans in nonaccrual status totaled 0.4% of IDA's loans outstanding and represented loans made to or guaranteed by two borrower countries. IDA's accumulated provision for losses on loans and other exposures was equivalent to 2.0% of the underlying exposures as of June 30, 2025.

Liquid Assets – IDA holds liquid investments to ensure that it can meet its financial commitments. As of June 30, 2025, IDA's liquid assets totaled \$45.7 billion. Under IDA's Investment guidelines, aggregate liquid asset holdings are kept at or above a specified prudential minimum to safeguard against cash flow interruptions. The prudential minimum liquidity level is set at 80% of 24 months of projected net outflows. For FY25, the prudential minimum was \$29.5 billion. As of June 30, 2025, IDA's liquid assets were 155% of the FY25 prudential minimum. The prudential minimum for FY26 has been set at \$37.0 billion.

Borrowings

Concessional Partner Loans (CPLs) – CPLs continue as a source of funding, whereby the borrowing terms of the concessional loans from members aim to follow the concessional features of IDA's loans. As of June 30, 2025, total borrowings from members were \$7.6 billion.

Market Borrowings – As of June 30, 2025, market borrowings carried at fair value excluding the related derivatives were \$45.1 billion compared to \$26.4 billion as of June 30, 2024. The increase was primarily due to net issuances during the year. Beginning in FY22, IDA started issuing long-term fixed rate bonds carried at amortized cost to fund its fixed rate loans. As of June 30, 2025, market borrowings carried at amortized cost were \$18.1 billion, an increase of \$6.6 billion compared to June 30, 2024, primarily due to net issuances during the year.

Asset / Liability Management (ALM) – IDA has asset/liability management policies in place which are aimed at protecting its financial capacity, as measured by the capital adequacy framework. IDA uses derivatives, including currency and interest rate swaps, in connection with its operations in order to better manage balance sheet risks. The credit exposures on swaps are managed through specified credit-rating requirements for counterparties and through netting and collateralization arrangements. Since FY22, IDA's interim ALM policy allows, under specific criteria, funding fixed rate loans with long-term fixed rate market debt and CPL (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.

**The above information is qualified by the detailed information
and financial statements appearing elsewhere in this Information Statement.**

SECTION I: OVERVIEW

Introduction

IDA, an international organization owned by its 175¹ member countries, is one of the five institutions of the World Bank Group (WBG²). 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's mission is to end extreme poverty and boost shared prosperity on a livable planet. 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 client countries achieve better development outcomes with a vision to create a world free of poverty on a livable planet. IDA provides loans, grants, guarantees, and other financial products to the poorest and most vulnerable countries to help meet their development needs, and technical assistance and policy advice by leveraging its experience and expertise. It also supports countries with disaster risk financing and insurance against natural disasters and health-related crises and facilitates financing through trust fund partnerships.

IDA and its affiliated institutions seek to help countries in reducing poverty and inequality, and achieve progress towards development objectives, including economic growth, job creation, governance, human capital, infrastructure, and debt transparency. To meet its development goals, the WBG supports client countries' efforts to implement programs to improve growth and development outcomes. Further, new and ongoing factors continue to influence the global outlook, including: global market uncertainties, migration surges, youth unemployment, energy access, climate adaptation and mitigation, and growing fragility. IDA continues to work with partners at global and country levels and its borrowing countries to maximize impact for development by efficiently channeling resources into projects that create jobs, drive growth, reduce poverty, and improve living standards. To further support these efforts, the Boards of Directors and management have been reforming the WBG and are working to better address the scale of development needs. This process includes initiatives to increase impact, expand financing capacity, support projects that address cross-border externalities, and modernize the approach to delivery.

IDA Replenishment

Generally, every three years, representatives of IDA's members³ meet to assess IDA's financial capacity and the medium-term demand for new IDA financing. Members decide on the policy framework, agree upon 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)

IDA20 operating and financing framework reflects an agreed resource envelope of \$93.0 billion in USD equivalent over the three-year replenishment period from July 1, 2022, through June 30, 2025. 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. In addition, IDA20's policy package incorporates four cross-cutting issues: crisis preparedness (introduced in IDA20), governance and institutions, debt, and technology.

¹ On October 18, 2024, the Republic of Suriname became the 175th member country of IDA.

² 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.

³ 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, IDA members have the same ownership rights as shareholders in other MDBs. For example, should IDA ever permanently suspend its operations, each member would receive a pro rata share of IDA's net assets in proportion to the amounts it originally paid in and invested in IDA.

IDA Crisis Facility

In July 2023, IDA's Board of Governors adopted a Resolution to establish a Crisis Facility to scale up support for the world's poorest countries to address worsening development challenges due to the overlapping global crises, particularly food insecurity and extreme climate events. The Crisis Facility has two objectives: i) to provide additional resources to IDA countries affected by Russia's invasion of Ukraine at a time of compounding, overlapping global crises; and ii) to provide a mechanism for pooling and leveraging contributions to support Ukraine, and to neighboring Moldova. This facility is supported by member contributions and was one of the measures to enhance IDA's financing capacity in the IDA20 period. As of June 30, 2025, \$2.4 billion of member contributions had been received by the facility, which was fully paid as cash contributions. As of June 30, 2025, IDA concluded its Crisis Facility.

Twenty-First Replenishment of Resources (IDA21)

On April 25, 2025, the IDA21 Resolution was approved by IDA's Board of Governors. IDA 21 recognizes the need to help address the profound challenges faced by IDA countries and to support the world's poorest countries. IDA21 builds on earlier replenishment cycles, with the continuation of five focus areas: people, prosperity, infrastructure, digital transformation and planet, and four lenses that address priorities across these topics: gender, jobs, private investment, and fragility, conflict and violence (FCV). As part of IDA21, IDA's continued innovation has introduced hybrid capital and a portfolio guarantee platform as new instruments for members to support IDA, where hybrid capital will enhance IDA's capital base and the portfolio guarantee platform will help reduce IDA's credit risk.

With this agenda in the forefront, IDA's members agreed on the operational and financing framework that reflects an IDA21 financing envelope of up to \$100.0 billion over the three-year replenishment period from July 1, 2025, through June 30, 2028. The IDA21 financing envelope is expected to be supported by up to \$23.7 billion of member contributions, while contributions for Multilateral Debt Relief Initiative (MDRI), financing raised in the capital markets, internal resources (e.g., loan repayments), and transfers from IBRD, in addition to capital support on IFC's balance sheet for the Private Sector Window (PSW), make up the remainder.

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 of member countries, IDA has built up a substantial equity base of \$204.2 billion as of June 30, 2025. Since FY18, IDA has shifted to a hybrid financial model by introducing market debt into its business model. By prudently leveraging its equity and blending market debt with equity contributions from members, IDA has increased its financial efficiency, and scaled up its financing to support the escalating demand for its resources to deliver on the following priorities:

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

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

Basis of Reporting

Reported Basis

IDA's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are independently audited on an annual basis. Generally,

Investments, Borrowings, and Derivatives are reported at fair value in the Balance Sheets, with changes in fair value reported in the Statements of Income. Changes in IDA's own credit are reflected in Other Comprehensive Income. Concessional Partner Loans (CPL), certain market debt and IDA's loans are reported at amortized cost in the Balance Sheets.

The variability in IDA's net income is inherently driven by the grant activity and unrealized mark-to-market gains and losses in IDA's non-trading portfolios, as not all financial instruments are reported on the same measurement basis. IDA's risk management strategy entails the use of derivatives to manage market risk. These derivatives are primarily used to align the interest rate and currency bases of its assets and liabilities. IDA has not elected to designate any hedging relationships for accounting purposes.

Non-GAAP Measures

Management uses certain non-GAAP financial measures to evaluate the underlying operations and financial performance of IDA. A non-GAAP financial measure is a measure that is adjusted to exclude, include, or reclassify certain items or components from the most directly comparable measure calculated in accordance with U.S. GAAP and reported in the audited financial statements.

Adjusted Net Income

Adjusted Net Income (ANI) 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, ANI generally reflects amounts which are realized, not restricted for specific uses, and not directly funded by members.

See Section IV: Financial Results and Table 9, for details of the adjustments to reported net income to calculate ANI.

Deployable Strategic Capital Ratio

IDA's capital adequacy model mandates that IDA hold capital for credit risk, market risk and operational risk covering all activities and assets on its books. The Deployable Strategic Capital (DSC) represents the capital available to support future commitments, over and above the current portfolio.

See Section IX: Risk Management and Table 24 for more details of the DSC.

Budget Anchor Ratio

The budget anchor is an efficiency metric to monitor the coverage of IDA's net administrative expenses by its loan revenue, net of associated borrowing expenses.

See Section IV: Financial Results and Table 11 for more details of the budget anchor ratio.

SECTION II: EXECUTIVE SUMMARY

This Management's Discussion & Analysis (MD&A) reflects the results of the International Development Association's (IDA) financial performance for the fiscal year ended June 30, 2025 (FY25). 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 discussion of IDA's financial results for the previous year ended June 30, 2024, as compared to the year ended June 30, 2023, see Section IV – Financial Results in IDA's MD&A and Financial Statements for the fiscal year ended June 30, 2024 (FY24).

Table 1: Selected Financial Data

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

	<i>As of and for the fiscal year ended June 30,</i>		
	<i>2025</i>	<i>2024</i>	<i>2023</i>
Lending Highlights (Sections IV & V)			
Loans, Grants and Guarantees			
Net commitments ^a	\$ 39,866	\$ 31,195	\$ 34,245
Gross disbursements ^a	33,123	28,247	27,718
Net disbursements ^a	24,257	20,062	19,968
Balance Sheet (Section IV)			
Total assets	\$280,869	\$241,350	\$227,482
Investments ^b	47,272	34,377	31,822
Net loans outstanding	223,232	198,457	187,669
Borrowings ^b	70,832	44,923	32,567
Total equity	204,171	190,301	185,782
Income Statement (Section IV)			
Interest revenue, net of borrowing expenses	\$ 2,366	\$ 2,398	\$ 2,367
Transfers from affiliated organizations	515	291	117
Development grants	(7,200)	(5,291)	(3,946)
Net loss	(5,524)	(3,573)	(3,262)
Non-GAAP Measures			
Adjusted Net Income (Section IV) ^c	\$ 427	\$ 780	\$ 193
Deployable Strategic Capital Ratio (Section IX)			
Current Approach ^d	30.8%	34.8%	N/A
Previous Approach	N/A	21.1%	24.1%

- a. *Commitments that have been approved by the Executive Directors (referred to as “the Board” in this document) and are net of full cancellations and terminations relating to commitments approved in the same fiscal year. Commitments and disbursements exclude IDA- IFC-MIGA Private Sector Window (PSW) activities.*
- b. *See Notes to Financial Statements, Note C – Investments, Note E – Borrowings.*
- c. *For adjustments relating to adjusted net income, See Table 9 in Section IV: Financial Results.*
- d. *Since June 30, 2024, the ratio has been calculated using an enhanced Board-approved methodology. See Section IX: Risk Management.*

Summary of Financial Results

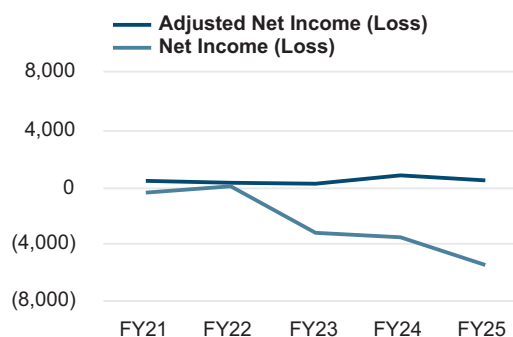
Net Loss

IDA reported a net loss of \$5,524 million in FY25, compared to a net loss of \$3,573 million in FY24. The higher net loss was primarily driven by an increase in development grant expenses (Section IV).

Adjusted Net Income

IDA's adjusted net income was \$427 million in FY25, compared to \$780 million in FY24. The decrease was primarily due to higher borrowing expenses, higher net non-interest expenses and higher provision expense for losses on loans and other exposures, partially offset by higher net loans interest revenue and higher revenue from investments (Section IV).

In millions of U.S. dollars



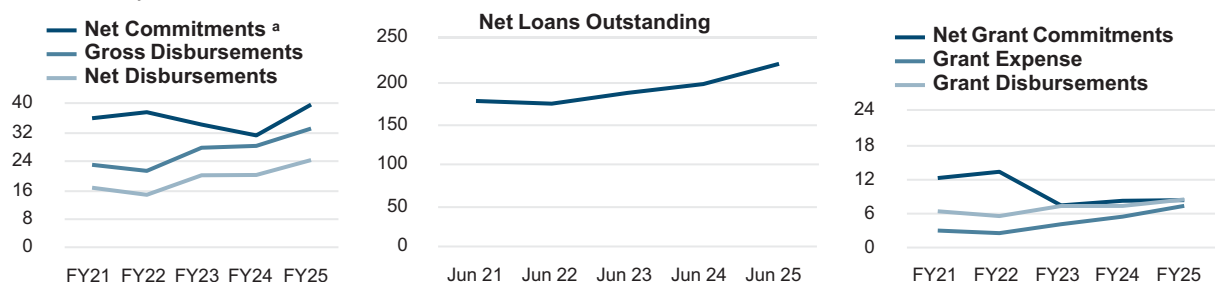
Loans and Grants

IDA's net commitments in FY25 were \$39.9 billion, \$8.7 billion higher than FY24, supported by loan commitments made in FY25 under the IDA Crisis Facility. Out of the total net commitments, \$31.7 billion were loan and guarantee commitments and \$8.2 billion were grant commitments (See Table 14 and Table 15).

IDA's net loans outstanding increased by \$24.7 billion to \$223.2 billion as of June 30, 2025, from \$198.5 billion as of June 30, 2024 (Section IV).

Development grant expenses were \$7.2 billion in FY25 compared to \$5.3 billion in FY24 due to higher disbursements of conditional grants during the year as the conditions for expense recognition were met.

In billions of U.S. dollars



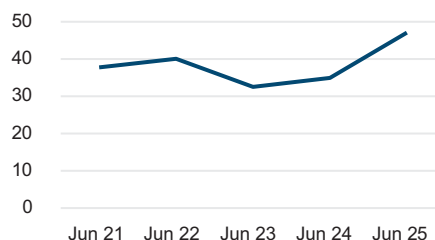
a. Includes loans, grants and guarantees

Investments

As of June 30, 2025, investments were \$47.3 billion, compared with \$34.4 billion as of June 30, 2024. The increase was primarily due to net cash inflows from new issuances of debt and subscriptions and contributions paid-in, exceeding net loan and grant disbursements during the year (Section VII). The primary objective of IDA's investment strategy is principal protection. As of June 30, 2025, 78% of IDA's investment portfolio was held in instruments rated AA or above (77% as of June 30, 2024) (Table 25).

In billions of U.S. dollars

Investments



Borrowings

Market borrowings at fair value: As of June 30, 2025, the market borrowings reported at fair value were \$45.1 billion, an increase of \$18.7 billion from June 30, 2024, primarily due to net new debt issuances of \$16.9 billion during the year.

In billions of U.S. dollars

Borrowings



Market borrowings at amortized cost: As of June 30, 2025, the market borrowings reported at amortized cost were \$18.1 billion, an increase of \$6.6 billion from June 30, 2024, primarily due to net new debt issuances of \$5.2 billion during the year.

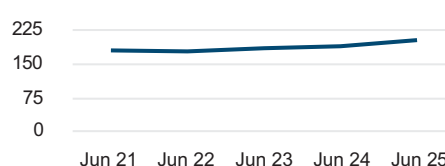
Concessional Partner Loans (CPL) at amortized cost: As of June 30, 2025, CPL at amortized cost were \$7.6 billion, an increase of \$0.6 billion from June 30, 2024 (Section VIII).

Total Equity and Capital Adequacy

As of June 30, 2025, IDA's total equity was \$204.2 billion, an increase of \$13.9 billion from June 30, 2024. The increase was primarily due to subscriptions and contributions paid in and currency translation gains as the Special Drawing Rights (SDR) appreciated against the U.S dollar. This was partially offset by the net loss during the year. (Section IV).

Total Equity

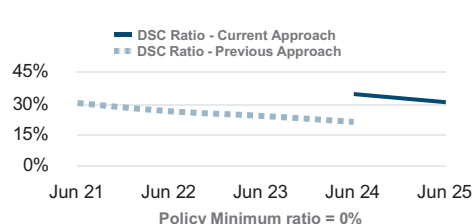
In billions of U.S. dollars



The Deployable Strategic Capital (DSC) ratio, IDA's main capital adequacy measure, was 30.8% as of June 30, 2025, above the zero percent policy minimum (Section IX).

Deployable Strategic Capital Ratio

Ratio in percentages



SECTION III: IDA’S FINANCIAL RESOURCES

IDA finances its operations mainly with its own equity, including regular additions to equity through members’ subscriptions and contributions as part of the replenishment process. Members’ subscriptions and contributions receivable for each replenishment are settled through payment of cash or deposit of nonnegotiable, noninterest-bearing demand notes which become due throughout the replenishment period, generally three years. The notes are encashed by IDA on a pro rata basis over a 9 to 11-year period which generally corresponds with the disbursement period of the loans and grants.

See Box 1 for countries that are eligible to borrow from IDA on concessional terms as of June 30, 2025.

Box 1: Countries Eligible to Borrow from IDA on Concessional terms

IDA eligible countries	IDA-only	<p>44 countries that (a) have not exceeded the IDA operational cut-off GNI per capita for more than two consecutive years; and (b) are not creditworthy to borrow from IBRD. This includes: 13 Small States that have per capita incomes above the IDA operational cut-off for more than two consecutive years, but that have been granted the status of an “IDA-only Country” under the Small States Exception (SSE) ^a.</p> <p>1 country with loans in nonaccrual status, which was classified as “IDA-only” at the time they went into nonaccrual. IDA financing terms will be determined when the country reengages with IDA.</p>
	Gap	<p>14 countries that are (a) determined by IDA to be eligible for IDA financing; (b) determined by IDA to have a GNI per capita that has exceeded the cut-off for IDA eligibility for more than two consecutive years; and (c) not currently determined by IBRD to be creditworthy to borrow from IBRD. This includes 1 Small State.</p>
	Blend	<p>18 countries that are determined: (a) by IDA to be eligible for IDA financing; and (b) by IBRD to be creditworthy to borrow from IBRD. This includes 10 Small States under the SSE.</p> <p>1 country with loans in nonaccrual status, which was classified as “Blend” at the time it went into nonaccrual. IDA financing terms will be determined when the country reengages with IDA.</p>

a. Small States are countries with a population of 1.5 million people or fewer. A small state classified as an IDA-only country, Gap country or a Blend country is eligible for the SSE if its GNI per capita is above the IDA Operational cut-off but below the high income threshold.

IDA20 Funding

For the three-year replenishment cycle of IDA20, the agreed resource envelope was \$93.0 billion in USD equivalent, funded by IDA’s equity as well as borrowings. IDA’s equity includes new capital resources received during the IDA20 cycle: \$23.5 billion from member contributions, \$1.8 billion from member compensation for MDRI, and an \$0.8 billion transfer from IBRD.

As of June 30, 2025, IDA completed its twentieth replenishment period. See Table 2 for IDA20 uses and Table 3 for cumulative net commitments under IDA20.

Table 2: IDA20 Uses*In billions of U.S. dollars*

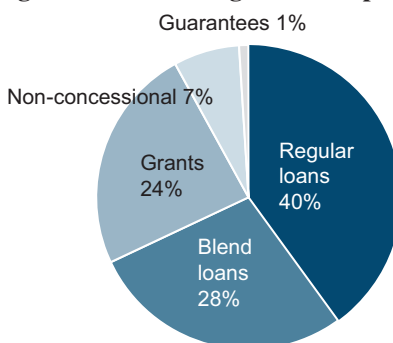
<u>Uses</u>	<u>USD Equivalent^a</u>
Concessional financing	\$ 67.4
Loans and Guarantees	
Grants	23.6
Non-concessional financing (including Private Sector Window)	10.2
Total Uses^{b c}	\$101.2

a. The U.S. dollar amounts are based on the exchange rate as per the date of approval.

b. Includes recommitments of cancellations mainly from previous replenishments of \$8.2 billion.

c. Excludes \$6.1 billion of commitments to Ukraine and Moldova as part of the IDA Crisis Facility.

Figure 1 below shows the allocation of IDA20 sources to fund IDA's lending activities (excluding PSW activities).

Figure 1: Funding Allocation During IDA20 Replenishment Period**Table 3: Cumulative Net Commitments under IDA20***In millions of U.S. dollars*

<u>As of June 30, 2025</u>	<u>Loans and Guarantees</u>	<u>Grants</u>	<u>Total</u>
Concessional financing			
IDA Country Allocations	\$53,810	\$15,217	\$69,027
IDA Concessional Windows			
Regional Window	3,580	4,174	7,754
Window for Host Communities and Refugees	556	1,775	2,331
Crisis Response Window	1,467	2,433	3,900
Scale-up Window—Shorter Maturity Loans	7,970	—	7,970
Non-concessional financing including Scale-up Window	7,025	—	7,025
Total Cumulative Net Commitments^{a b}	\$74,408	\$23,599	\$98,007

a. Commitments are net of full cancellations and terminations relating to commitments approved in the same fiscal year. Excludes IDA-IFC-MIGA Private Sector Window (PSW) gross commitments of \$3.2 billion.

b. Excludes IDA19 Commitments of \$1.2 billion loans approved in July 2022 and \$6.1 billion of commitments to Ukraine and Moldova as part of the IDA Crisis Facility.

IDA21 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. For the three-year funding cycle of IDA21, the agreed resource envelope was up to \$100.0 billion USD equivalent, that will be supported by up to \$23.7 billion of member contributions, as well as by member compensation for MDRI, and transfers from IBRD.

Allocation of IDA21 Resources

Eligibility for IDA's resources is determined primarily by a member's relative poverty. Relative poverty is defined as Gross National Income (GNI) per capita below an established threshold that is updated annually. For FY26, the threshold is \$1,325 (FY25: \$1,335).

See Table 4 for the proposed allocation of IDA21 resources.

Table 4: Allocation of IDA21 resources

In billions of U.S. dollars

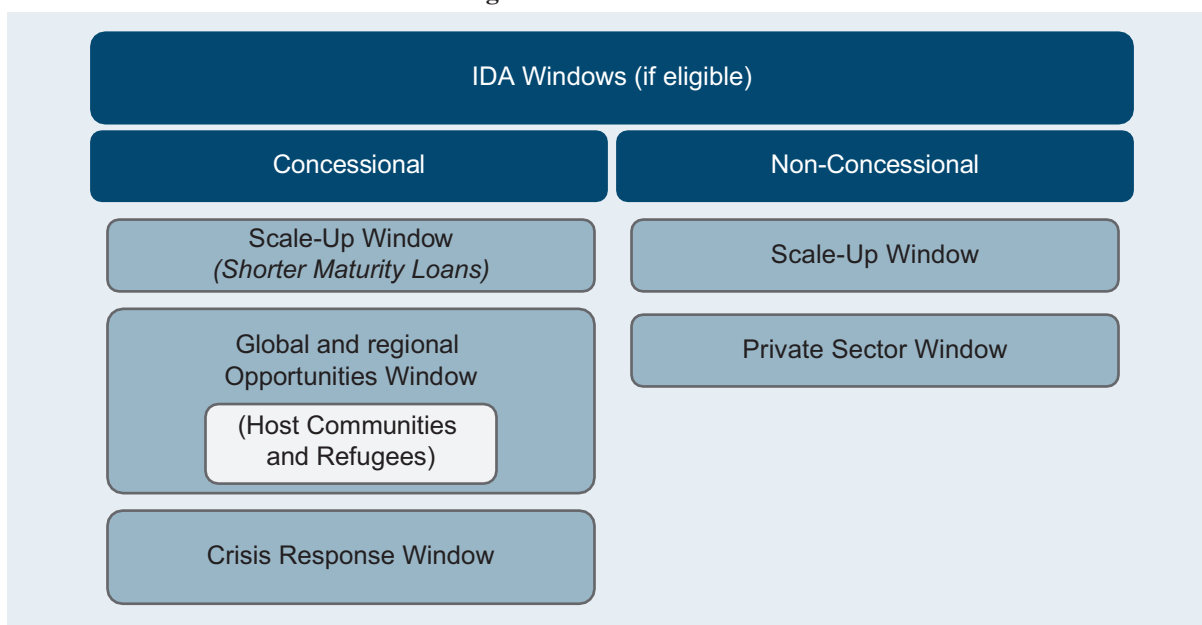
<i>Proposed Allocation</i>	<i>USD Equivalent^a</i>
Concessional financing of which	\$ 89.8
Country Allocation Envelope	67.2
IDA Concessional Windows	22.6
Non-concessional financing of which	10.2
Non-concessional Scale-Up Window	7.0
Private Sector Window	3.2
Total Proposed Allocation	<u>\$100.0</u>

a. U.S. dollar equivalent amounts are based on IDA21 reference rate of USD/SDR 1.32558. The U.S. dollar amounts are provided for reporting purposes only.

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. Country Allocations are comprised of the Performance Based Allocation (PBA), which takes into account the country's performance rating (CPR), population size and per capita income, the Sustainable Development Finance Policy (SDFP) Incentive, the FCV Envelope, and the Grant Facility for Project Preparation Envelope (IDA-GFPP). The rest of IDA resources are provided through five IDA Windows dedicated to addressing specific development priorities.

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

Figure 2: IDA21 Windows



Allocation — Performance Based Allocation (PBA) System

IDA's resources are allocated to eligible members, using its PBA system and the allocation framework agreed during each replenishment. These allocations depend on several factors: the overall availability of IDA's resources, individual country needs, their policy performance and institutional capacity, and each country's performance relative to others. The PBA system is designed to provide resources where they are likely to be most helpful in reducing poverty.

Under the PBA, the main factor that determines the allocation of IDA's core concessional resources among eligible countries is their performance in the Country Policy and Institutional Assessment (CPIA). The CPIA reflects the results of an exercise that rates eligible countries against a set of criteria including economic management; structural policies; policies for social inclusion and equity; and public-sector management and institutions. The CPIA and portfolio performance together constitute the IDA Country Performance Rating (CPR). In addition to the CPR, population, and per capita income are factored into a country's allocation, along with the annual base allocation (SDR15 million per country). In addition, country allocations provide the FCV envelope to enhance support for eligible countries facing different FCV risks. The SDFP offers a positive incentive-driven approach to encourage countries to pursue sustainable borrowing and investment practices, replacing the set-aside mechanism of previous IDA cycles. A new Grant Facility for Project Preparation Envelope (IDA-GFPP) provides resources to support IDA21's focus on building client capacity for delivery.

In recognition of the change in IDA's business model starting in IDA18, and to ensure that its lending decisions are compatible with the capital adequacy requirements of a triple-A rating, the allocation framework for IDA21 continues to be aligned with the Single Borrower Limit (SBL) and capital adequacy requirements under the DSC Framework, see Section IX:Risk Management.

Concessional Financing

Concessional financing is provided in the form of loans, grants and guarantees. Eligibility and percentage of allocation for grants for IDA-only countries is based on an assessment of the country's risk of debt distress. IDA-only countries (including Small States) with high risk 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 IDA21 allocation in grants and half in loans. The annual cap on grants in country allocations will be reduced from \$1 billion to \$650 million.

New financing terms have been introduced in IDA21 to simplify the terms of financing used by each country and to allow for additional financing for select group of eligible countries. Figure 3 below provides details of the new financing terms being offered in IDA21.

In addition, countries that select floating rate loans from IDA will be offered hedging services to mitigate risks associated with fluctuation in market interest rates. These changes will not apply to IDA eligible Small States, which will continue to borrow on Small States terms as in the past replenishments.

Figure 3: IDA21 Financing Terms for Country Allocation

Lending Group		Financing Terms	
	Risk of External Debt Distress	Non-Small States	Small States
IDA-only Countries	High Risk or in Debt Distress	Grants (with volume discount)	Grants
	Moderate Risk	40-yr loans (11-yr grace, 0% interest or service charge)	50% grants 50% 40-yr loans (10-yr grace, 0.75% SDR service charge)
	Low Risk	31-yr loans (6-yr grace, 0.75% SDR service charge)	40-yr loans (10-yr grace, 0.75% SDR service charge)
Gap and Blend Countries	High Risk or in Debt Distress	25-yr loans (5-yr grace, Fixed interest SDR rate of 1.5%)	40-yr loans (10-yr grace, 0.75% SDR service charge)
	Moderate Risk	25-yr loans (5-yr grace, Floating interest rate of IBRD Group A pricing minus 2.5%)	
	Low Risk		

Country Allocation Envelope

The country allocation envelope represents \$67.2 billion of the IDA21 resource envelope. Country allocations are comprised of the PBA, which takes into account the CPR, population size and per capita income, the SDFP Incentive, the FCV Envelope, and the IDA-GFPP.

IDA Concessional Windows

IDA Concessional Windows allow IDA to respond to specific needs of its members. In IDA21, \$22.6 billion of the IDA21 resource envelope will be used to fund the following:

- \$3.0 billion of Concessional Scale-up Window (SUW) – Shorter Maturity Loans.
- \$15.9 billion of Global and Regional Opportunities Window (GROW), including \$2.4 billion for the sub-window for Host Communities and Refugees (WHR).
- \$3.7 billion of Crisis Response Window.

Global and Regional Opportunities Window (GROW)

IDA21 establishes the new GROW to scale up action on priority global and regional challenges. GROW replaces the former Regional Window and integrates a dedicated sub-window for the Window for Host Communities and Refugees (WHR) in a single, fully concessional window. GROW offers low-income countries additional resources on concessional terms, same as the ones in the country allocation, to help these countries address policy priorities with cross-border externalities. IDA fosters regional integration by playing three overlapping roles:

- Supporting an enabling environment through advisory and analytical work;

- Financing projects through policy and investment loans; and
- Convening state and nonstate actors for coordination and collective actions.

Window for Host Communities and Refugees (WHR)

In IDA21, WHR is a sub-window under GROW and will continue to support operations that promote medium-to long-term development opportunities for refugee and host communities in IDA countries. The purpose of the WHR is to support refugee hosting countries to:

- create social and economic development opportunities for refugee and host communities;
- facilitate solutions that include sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin; and
- strengthen country preparedness for increased or potential new refugee flow.

Crisis Response Window (CRW)

The primary objective of the CRW is to provide IDA countries with additional resources that will help them to respond to major natural disasters, or public health emergencies and severe economic crises so that they can return to their long-term development paths. This \$3.7 billion window under the IDA21 resource envelope includes an allocation of up to \$1.0 billion under the CRW Early Response Financing (ERF) to enable IDA countries to intervene earlier in response to slower-onset crises, namely disease outbreaks and food insecurity.

Concessional Scale-up Window – Shorter Maturity Loans (SUW-SML)

The Shorter Maturity Loans under the Scale-up Window will provide additional concessional resources with an allocation of \$3.0 billion in eligible countries i.e., IDA-only countries at low or moderate risk of debt distress, as well as Gap and Blend countries (except Small States that are at high risk or in debt distress).

Non-Concessional Financing

Non-Concessional financing comprises loans and guarantees whose terms are aligned with those of IBRD's flexible loans and guarantees. Under the IDA21 resource envelope, \$7.0 billion of resources have been allocated to non-concessional financing which entirely relates to the regular Scale-up Window.

Non-Concessional Scale-up Window: The Non-Concessional Scale-up Window is a window of resources established to enhance support for high-quality, transformational, country-specific and/or regional operations with strong development impact. Allocation of Non-Concessional Scale-up Window resources to the regions will broadly conform to the allocations under the PBA, excluding countries at a high risk of debt distress. Allocations are balanced between IDA-only and Blend countries to avoid countries from having a concentration of Non-Concessional Scale-up Window resources. Implementation arrangements will prioritize a country's ability to absorb resources and the proposed projects' alignment with IDA21 policy priorities and the debt-related Sustainable Development Finance Policy.

Private Sector Window (PSW)

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. In IDA20, the PSW was allocated an initial envelope of \$2.5 billion which was increased to \$2.7 billion corresponding to the release of the PSW resources allocated in the previous replenishment cycles. This had no impact on the cumulative total PSW allocation in IDA18 through IDA20. Under IDA21, \$3.2 billion has been allocated to PSW, including \$500 million capital set aside on IFC's balance sheet. As of June 30, 2025, \$3.2 billion had been committed in IDA20, including recommitments of cancellations from previous and current replenishments.

PSW is deployed through facilities designed to target critical challenges faced by the private sector and leverages IFC and MIGA's business platforms and instruments.

Arrears Clearance Framework

IDA has a policy of not providing additional financing to borrowers who are overdue on their payments to IDA or IBRD. However, IDA may engage with these countries under limited and clearly defined circumstances. IDA's arrears clearance framework sets out these circumstances, including (i) pre-arrears clearance grants; and (ii) the arrears clearance set-aside, that can only be financed under the arrears clearance operations. In IDA21, no allocation was set aside towards arrears clearance to support the possible reengagement of IDA countries that are currently in arrears. However, during the IDA21 period, should meaningful progress arise in any country in arrears, a reallocation discussion with IDA members will be initiated.

i. Pre-Arrears Clearance Grants (PACG)

The PACG mechanism enables IDA to engage early in support of a government undertaking convincing reforms. This was first introduced in IDA12 to be used to finance high priority activities related to the preparation of a program of social and economic recovery and to build resilience until the arrears are fully cleared. Conditions constituting this framework include indications that:

- early performance is promising as evidenced by the recipient country having taken convincing steps towards social and economic recovery.
- arrears to IDA and/or IBRD are large and protracted and cannot be easily or quickly cleared using domestic resources.
- a concerted international effort to provide positive financial flows and other assistance is underway, and other creditors have agreed not to make net withdrawals of financial resources from the country.
- alternative sources of financing for post-conflict recovery are inadequate or available only on inappropriate terms; and
- Pari passu sharing arrangements are in place between preferred creditors, for any payments made by the country in advance of arrears clearance.

The PACG program has met its objectives with each of the prior PACG recipients successfully clearing all their arrears to IDA. Prior PACG recipients are Democratic Republic of the Congo, Cote d'Ivoire, Afghanistan, Liberia, Myanmar, Federal Republic of Somalia, and Sudan for a total of \$802 million between FY01 and FY25.

ii. Arrears Clearance Set-Aside

The Arrears Clearance Set-Aside (ACSA) forms part of IDA's overall financing commitments. It is financed by additional member contributions under the replenishments. IDA members agreed to ring-fence arrears clearance support to IDA countries that were in arrears as of December 31, 2006 and meet a very narrow and well-defined set of criteria— see below, including eligibility for support under the Heavily Indebted Poor Countries (HIPC) debt initiative. Amounts were set aside within the IDA replenishment so that when circumstances allow, IDA would be able to help countries clear arrears and fully re-engage with the World Bank.

To be considered for any arrears clearance support, the country would need to meet the following criteria:

- be eligible for HIPC debt relief;
- agree to implement a medium-term growth-oriented reform program endorsed by the World Bank;
- ensure a sustainable macro and sustainable debt service after arrears clearance;
- agree on a stabilization program endorsed by the International Monetary Fund (IMF) management and monitored by IMF staff or supported by an IMF arrangement; and
- agree to a financing plan for full clearance of arrears, including normalization with other Multilateral Development Banks (MDBs).

In addition, to receive support for arrears clearance, project proposals should meet re-engagement criteria based on facts and circumstances of each case.

SECTION IV: FINANCIAL RESULTS

Financial Results and Portfolio Performance

Table 5: Condensed Balance Sheets

In millions of U.S. dollars

<i>As of June 30,</i>	<i>2025</i>	<i>2024</i>	<i>Decrease</i>	<i>Increase</i>
Assets				
Due from banks	\$ 1,215	\$ 586		629
Investments	47,272	34,377		12,895
Net Loans Outstanding ^a	223,232	198,457		24,775
Derivative assets, net	415	363		52
Other assets	8,735	7,567		1,168
Total assets	\$280,869	\$241,350		39,519
Liabilities				
Borrowings	\$ 70,832	\$ 44,923		25,909
Derivative liabilities, net	496	667	(171)	
Other liabilities	5,370	5,459	(89)	
Total Equity	204,171	190,301		13,870
Total liabilities and equity	\$280,869	\$241,350		39,519

a. The fair value of IDA's loans was \$172,530 million as of June 30, 2025 (\$151,428 million – June 30, 2024).

The main drivers for the movements in the Condensed Balance Sheets from June 30, 2024 to June 30, 2025 are as follows:

- An increase in investments, driven by net cash inflows from new issuances of debt and subscriptions and contributions paid in, partially offset by cash outflows from net loan and grant disbursements during the year;
- An increase in net loans outstanding due to net loan disbursements of \$16.0 billion during the year and translation gains due to the appreciation of the Special Drawing Rights (SDR) against the U.S. dollar.;
- An increase in borrowings due to net new issuances of \$22.0 billion during the year;
- An increase in total equity, driven by the subscriptions and contributions paid-in and total other comprehensive income, partially offset by the net loss during the year. Total other comprehensive income is driven by currency translation gains as the SDR appreciated against the U.S dollar.

Total Equity

See below for the change in IDA's total equity during FY25:

Table 6: Change in Total Equity

In billions of U.S dollars

Total equity as of June 30, 2024	\$190.3
Activity during the year:	
Subscriptions and contributions paid-in	11.6
Nonnegotiable non-interest bearing demand obligations	0.3
Net Loss	(5.5)
Total other comprehensive income	7.5
Total Activity	13.9
Total equity as of June 30, 2025	\$204.2

Net Income

IDA had a net loss of \$5,524 million in FY25 compared with a net loss of \$3,573 million in FY24 (Table 7). The higher net loss was primarily driven by an increase of \$1,909 million in development grant expenses due to higher amount of grants that met the conditions for expense recognition in FY25 compared to FY24.

Table 7: Condensed Statements of Income

In millions of U.S. dollars

<i>For the fiscal year ended June 30,</i>	<i>2025</i>	<i>2024</i>	<i>Impact on Income</i>	
			<i>Decrease</i>	<i>Increase</i>
Interest Revenue				
Loans, net	\$ 3,021	\$ 2,639		382
Investments, net	1,559	1,317		242
Asset-liability management derivatives, net	78	58		20
Borrowing expenses, net	(2,292)	(1,616)	(676)	
Interest Revenue, net of borrowing expenses	\$ 2,366	\$ 2,398	(32)	
Provision for losses on loans and other exposures	(358)	(275)	(83)	
Non-interest revenue				
Revenue from externally funded activities (Table 10)	1,098	1,031		67
Commitment charges	23	26	(3)	
Other	36	25		11
Non-interest expenses				
Administrative (Table 10)	(2,737)	(2,435)	(302)	
Contribution to special programs (Table 10)	(20)	(20)		—
Other	—	(23)		23
Transfers from affiliated organizations	515	291		224
Development grants	(7,200)	(5,291)	(1,909)	
Currency remeasurement (losses) gains, net	(57)	(21)	(36)	
Unrealized mark-to-market gains on investments-trading portfolio, net ^a	340	316		24
Unrealized mark-to-market gains on non-trading portfolios, net (Table 13)	470	405		65
Net (Loss) Income	\$ (5,524)	\$ (3,573)	\$ (1,951)	

a. Includes IDA's share of returns from Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve Fund (PCRF) assets—\$130 million positive return (FY24—\$124 million positive return).

Adjusted Net Income

Adjusted Net Income, 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. See Table 8 below for the components of Adjusted Net Income.

Table 8: Statement of Adjusted Net Income (Non-GAAP Measure)

In millions of U.S. dollar

<i>For the fiscal year ended June 30,</i>	<i>2025</i>	<i>2024</i>	<i>Decrease</i>	<i>Increase</i>
Interest Revenue				
Loans, net	\$ 3,021	\$ 2,639		382
Investments, net ^a	1,747	1,509		238
Asset-liability management derivatives, net	78	58		20
Borrowing expenses, net ^b	(2,200)	(1,526)	(674)	
Interest Revenue, net of borrowing expenses	\$ 2,646	\$ 2,680	(34)	
Provision for losses on loans and other exposures ^c	(416)	(306)	(110)	
Non-interest expenses (Table 10)	(1,846)	(1,635)	(211)	
Other Revenue (Expenses), net (Table 12)	43	41		2
Adjusted Net Income	\$ 427	\$ 780	(353)	

a. Includes Unrealized mark-to-market gains (losses) on investments-trading portfolio, net — \$340 million gains (FY24 — 316 million gains) and excludes IDA's share of returns from Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve Fund (PCRF) assets — \$152 million positive return (FY24 — \$124 million positive return).

b. Excludes amortization of discount on CPL — \$92 million (FY24 — \$90 million)

c. Excludes release of provision for HIPC / MDRI — \$57 million release (FY24 — \$31 million release) and release of provision for grants — \$1 million (FY24 — nil)

IDA's adjusted net income was \$427 million in FY25, compared with adjusted net income of \$780 million in FY24 (Table 8). The decrease was primarily driven by the following factors:

- An increase of \$674 million in borrowing expenses, mainly due to the higher average balance of borrowings outstanding in FY25 compared to FY24;
- An increase of \$211 million in net non-interest expenses, mainly driven by higher administrative expenses, partially offset by the increase in revenue from externally funded activities;
- An increase of \$110 million in provision expense for losses on loans and other exposures mainly attributable to rating changes, partially offset by the lower loss given default (severity) due to the change in the eligibility of a borrower from IDA-only to blend status, and the decrease in expected default frequency;

partially offset by:

- An increase of \$382 million in net interest revenue from loans due to the increase in the average loan balance in FY25 by \$16.3 billion from FY24;
- An increase of \$238 million in net interest revenue on investments, primarily due to the increase in the average investment balance in FY25 by \$8.2 billion from FY24.

Table 9: Reconciliation of Net Income to Adjusted Net Income*In millions of U.S. dollars*

<i>For the fiscal year ended June 30,</i>	<i>2025</i>	<i>2024</i>
Net (Loss) Income (Table 7)	\$(5,524)	\$(3,573)
Adjustments to reconcile Net (Loss) Income to Adjusted Net Income:		
Activities directly funded by member contributions ^a	7,206	5,350
Transfers from affiliated organizations	(515)	(291)
Currency remeasurement losses (gains), net	57	21
Unrealized mark-to-market gains on non-trading portfolios, net ^b	(457)	(392)
Income from PEBP and PCRFB Investments	(152)	(124)
Pension Adjustment (Table 10)	(191)	(213)
Externally Financed Outputs (EFO), Reserves Advisory Management Program (RAMP) and other Adjustments ^c	3	2
Adjusted Net Income	\$ 427	\$ 780

a. Includes development grants of \$7,200 million (FY24 — \$5,291 million)

b. Excludes \$13 million of gains from revenue-related forward currency contracts and loan-related derivatives (FY24 – \$13 million of gains).

c. Includes EFO income subject to contractual donor restrictions and transferred to Restricted Retained Earnings; RAMP-related revenue and expenses excluded under a Board-approved framework to ensure use solely for program delivery; and unrealized mark-to-market gains/losses on certain positions in the investments trading portfolio.

Adjusted Net Income is defined as IDA's net income, adjusted for the following items (see Table 9 above).

Adjustments to Net (Loss) Income to arrive at Adjusted Net Income:

- *Activities directly funded by contributions from members:* These are mainly comprised of development grants, provision for HIPC / Multilateral Debt Relief Initiative (MDRI) debt relief, and amortization of discounts on CPL. For financial reporting, these activities are treated as expenses, while contributions from members which finance these activities, are reflected directly in IDA's equity. These expenses are excluded from net income to arrive at adjusted net income.
- *Transfers from affiliated organizations:* These are mainly comprised of contributions from IBRD, IFC and other contributions from trust funds. These are intended to finance development activities similar to member contributions but are not directly included in equity as they do not carry voting rights, and are excluded from net income to arrive at adjusted net income.
- *Currency remeasurement losses (gains), net:* These represent unrealized exchange rate gains/losses resulting from the translation of loans, borrowings, development grants payable and all other assets and liabilities still held on IDA's Balance Sheet that are denominated in currencies other than the component currencies of SDR. They are excluded from net income to arrive at adjusted net income.
- *Unrealized mark-to-market gains/losses on non-trading portfolios, net:* These are mainly comprised of unrealized mark-to-market gains and losses on the asset/liability management (ALM), borrowing, and non-trading investment portfolios. For the purpose of ANI, the result of loan revenue hedges is not part of the adjustment related to unrealized mark-to-market gains/losses on non-trading portfolio since the objective of the loan revenue hedges is to stabilize IDA's revenue against any currency risk.
- *Pension, Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve (PCRFB) adjustments:* While IDA is not a participating sponsor 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, as part of a Board-approved cost sharing ratio. The Pension adjustment reflects the difference between IDA's share of cash contributions to both the pension plans and PCRFB, and the accounting expense, as well as the investment

revenue earned on those assets related to the PEBP and PCRF. The PCRF was established by the Board to stabilize contributions to the pension and post-retirement benefits plans. Management has designated the income from these assets to meet the needs of the pension plans. As a result, PEBP and PCRF investment revenue is excluded from adjusted net income.

- *Unrealized mark-to-market gains/losses on certain positions in the investment trading portfolios, net:* This adjustment applies to trades where the unrealized gains and losses on derivative forward contracts are recorded in the income statement and the underlying physical assets being purchased and sold are recorded at amortized cost during the holding period. In these cases, the unrealized gains and losses on the forward contract at the end of the reporting period (if any) are excluded from net income when calculating adjusted net income.
- *Other Adjustments:*
 - i. Under certain arrangements (such as EFOs), IDA receives a share of the revenue earned from agreements with donors under which funds received are to be used to finance specified outputs or services. These funds may be utilized only for the purposes specified in the agreements and are therefore considered contractually restricted until applied for these purposes. Income attributable to these arrangements is excluded from reported income when determining adjusted net income since there is no discretion about the use of these funds.
 - ii. Under the Board-approved framework, RAMP fees are dedicated for the purpose of providing technical assistance and asset management services to external clients. Due to the potential timing mismatch between fee revenue (recognized as earned) and program expenditures (recognized as incurred), fees earned in a given fiscal year may be used to provide services in a future fiscal year. To ensure that RAMP revenues are only used for the delivery of RAMP services, and not allocated for other purposes, any difference between fee revenue and expenses from RAMP included in reported net income is excluded to arrive at adjusted net income.

Results from Financing Activities

Loan Portfolio and Grant Activity

As of June 30, 2025, net loans outstanding were \$223.2 billion, \$24.7 billion higher compared with June 30, 2024. The increase was mainly due to net loan disbursements of \$16.0 billion during the year and translation gains of \$9.2 billion due to the appreciation of the SDR against the U.S. dollar. The undisbursed balance for loan and grant commitments were \$83.3 billion and \$26.7 billion, respectively as of June 30, 2025.

As of June 30, 2025, 75% of IDA's total loans outstanding were denominated in the SDR. For the regional presentation of total loans outstanding, see Notes to the Financial Statements for the year ended June 30, 2025, Note D – Loans and Other Exposures – Table D7.

Certain of IDA's loan product offerings carry pricing terms equivalent to those of IBRD. The Board approved adjustments to IBRD's loan pricing in October 2024. The following pricing adjustments are now applicable to IDA's non-concessional loans offered on IBRD's flexible loan terms: 1) introduction of a grace period, during which no commitment fees are charged for the first four years for Investment Project Financing (IPFs) and Program-for-Results Financing (PforRs); 2) removal of the prepayment premium; and 3) introduction of a 7 year Short Maturity Loan (SML) with a maturity discount applied to the contractual spread.

Figure 4: Net Loans Outstanding Activity

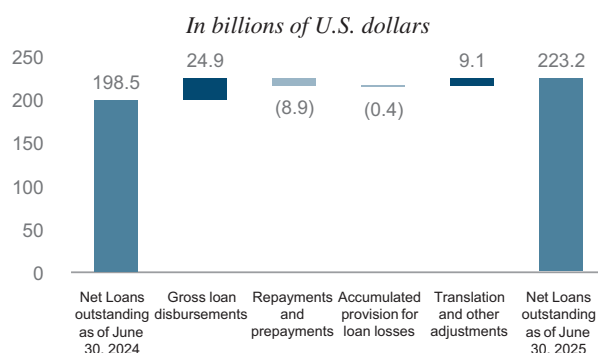
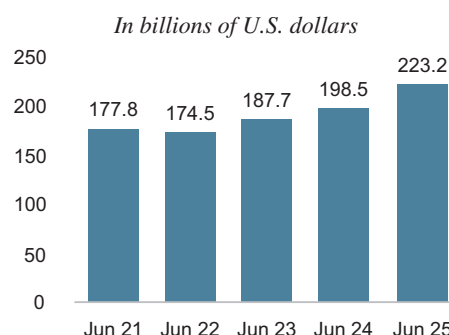


Figure 5: Net Loans Outstanding



Provision for losses on loans and other exposures

In FY25, IDA recorded a provision expense for losses on loans and other exposures of \$358 million compared to a provision expense of \$275 million in FY24 (see Notes to the Financial Statements for the year ended June 30, 2025, Note D – Loans and Other Exposures – Table D5). The increase in provision expense was primarily due to rating changes, partially offset by the lower loss given default and a reduction in the expected default frequency in FY25 compared to FY24. The assumptions are reassessed quarterly. For adjusted net income purposes, the provision for losses on loans and other exposures excludes the provision for debt relief under HIPC/MDRI and the provision for grant advances, since these are funded by contributions from members.

Results from Investing Activities

Investment interest revenue, net of derivatives

During FY25, IDA's net interest revenue from investments was \$1,559 million, an increase of \$242 million compared with FY24. The increase in interest revenue was mainly driven by the higher average investment balance in FY25 of \$8.2 billion from FY24.

Investments

IDA's investments increased to \$47.3 billion as of June 30, 2025, from \$34.4 billion as of June 30, 2024. The increase was primarily due to net cash inflows from new issuances of debt and subscriptions and contributions paid-in, partially offset by net cash outflows from loan and grant disbursements during the year. See Notes to the Financial Statements for the year ended June 30, 2025, Note C—Investments.

Figure 6: Investment Interest Revenue, Net of Derivatives

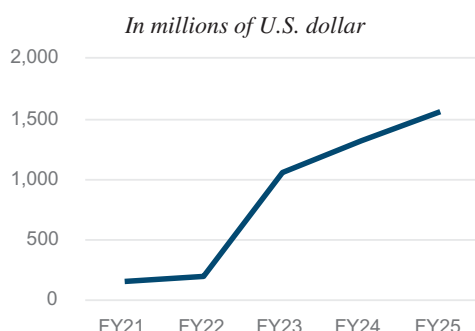
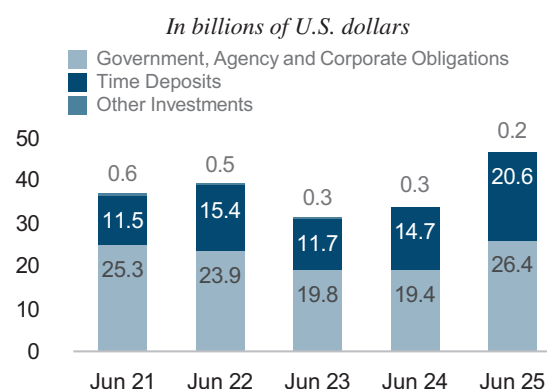


Figure 7: Investments



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

During FY25, IDA's investments-trading portfolio, excluding IDA's share of returns from PEBP and PCRF, had unrealized mark-to-market gains of \$210 million, compared to \$192 million of unrealized mark-to-market gains in FY24. The unrealized mark-to-market gains in FY25 were mainly driven by the decrease in yields on EUR denominated bonds in FY25.

Results from Borrowing Activities

Borrowing Expenses

In FY25, IDA's borrowing expenses, including related derivatives, were \$2.3 billion, an increase of \$0.7 billion compared with FY24. The increase in borrowing expenses was primarily due to the higher average balance in FY25 compared to FY24.

Borrowings

Market Borrowings Reported at Fair Value:

As of June 30, 2025, the value of the market borrowings carried at fair value was \$45.1 billion, an increase of \$18.7 billion compared to June 30, 2024 (\$26.4 billion). The increase was mainly due to the net new debt issuances of \$16.9 billion during the year.

Borrowings Reported at Amortized Cost:

As of June 30, 2025, the market borrowings recorded at amortized cost (fixed rate debt) were \$18.1 billion, an increase of \$6.6 billion from June 30, 2024 (\$11.5 billion). The increase was mainly due to the net new debt issuances of \$5.2 billion during the year.

Concessional Partner loans from members recorded at amortized cost were \$7.6 billion as of June 30, 2025, an increase of \$0.6 billion from June 30, 2024 (\$7.0 billion). See Notes to the Financial Statements for the year ended June 30, 2025, Note E – Borrowings.

Figure 8: Borrowing Expenses, Net

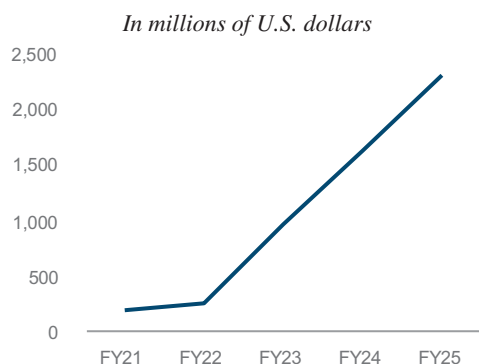
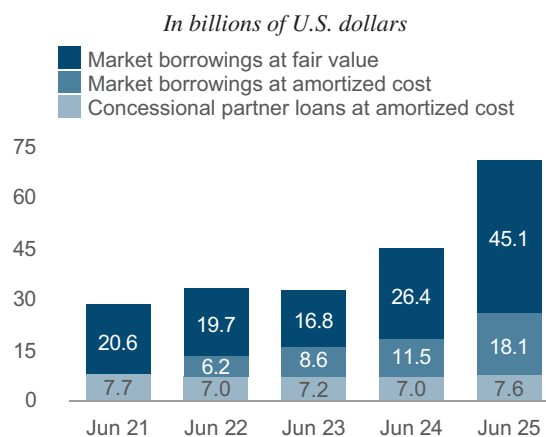


Figure 9: Borrowings



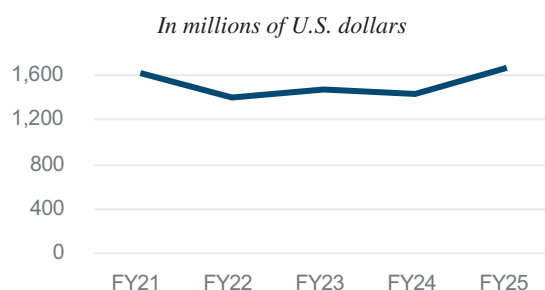
Transfers from Affiliated Organizations

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 September 18, 2024, IBRD's Board of Governors approved a transfer of \$515 million, which was received by IDA on September 30, 2024. The transfer was recorded in the Transfers from affiliated organizations line in the Condensed Statements of Income (Table 7).

Net Non-Interest Expense

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

Figure 10: Net Non-Interest Expenses (Reported Basis)



The increase in net non-interest expenses from FY24 to FY25, on both a reported basis and adjusted net income basis, was primarily due to higher administrative expenses, partially offset by the higher revenue from externally funded activities (Table 10).

Table 10: Net Non-Interest Expenses*In millions of U.S. dollars*

<i>For the fiscal year ended June 30,</i>	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Administrative expenses:			
Staff costs	\$ 1,462	\$ 1,314	\$148
Travel	197	180	17
Consultant and contractual services	661	578	83
Pension and other post-retirement benefits	128	98	30
Communications and technology	118	107	11
Premises and equipment	149	139	10
Other expenses	22	19	3
Total administrative expenses ^a (Table 7)	\$ 2,737	\$ 2,435	\$302
Contributions to special programs (Table 7)	20	20	—
Revenue from externally funded activities:			
Reimbursable revenue – Bank-executed activities for trust funds	(768)	(705)	(63)
Reimbursable advisory services	(47)	(44)	(3)
Revenue – trust funds administration	(88)	(93)	5
Restricted revenue	(5)	(8)	3
Revenue – Asset Management Services	(17)	(16)	(1)
Other revenue ^b	(173)	(165)	(8)
Total revenue from externally funded activities (Table 7)	\$(1,098)	\$(1,031)	\$(67)
Total net non-interest expenses—Reported Basis	\$ 1,659	\$ 1,424	\$235
Adjustments to arrive at Net non-interest expenses—Non-GAAP measure			
Pension, RAMP and EFO adjustments ^c	187	211	(24)
Net non-interest expenses (Table 8)—Non-GAAP measure	\$ 1,846	\$ 1,635	\$211

a. Includes expenses related to Bank-executed activities for trust funds of \$768 million for FY25 and \$705 million for FY24.

b. Includes fee revenue associated with services provided to affiliated organizations of \$113 million in FY25 (\$106 million in FY24). See Notes to Financial Statements, Note H: Transactions with Affiliated Organizations.

c. Components of this adjustment are included in Table 9, and are excluded from Net non-interest expenses on adjusted net income basis.

IDA's goal is to have its net administrative expenses covered by its loan revenue (interest, service charges, commitment fees, and guarantee fees). Thus, IDA monitors its net administrative expenses as a percentage of its loan revenue, using a measure referred to as the budget anchor. In FY25, IDA's budget anchor was 66.7%, higher by 1.1% compared to FY24, primarily due to the relative increase in net non-interest expenses outpacing the increase in budget anchor revenue in FY25 when compared to FY24. See Table 11.

Table 11: Budget Anchor*In millions of U.S. dollars*

<i>For the fiscal year ended June 30,</i>	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Net Non-interest Expenses (Table 10)	\$ 1,659	\$ 1,424	\$ 235
Pension, RAMP, EFO and other adjustments ^a	189	211	(22)
Total expenses for Budget Anchor	\$ 1,848	\$ 1,635	\$ 213
Interest Revenue from Loans (Table 7)	\$ 3,021	\$ 2,639	\$ 382
Less: Borrowing expenses associated with loans	(321)	(209)	(112)
Interest revenue from Loans, net of associated borrowing expenses	\$ 2,700	\$ 2,430	\$ 270
Commitment charges, Guarantee fees and others (Table 12)	59	51	8
Gains on revenue-related forward currency contracts and loan-related derivatives	13	13	—
Total revenue for Budget Anchor	\$ 2,772	\$ 2,494	\$ 278
Budget Anchor	66.7%	65.6%	1.1%

a. These adjustments are made to arrive at total expenses for budget anchor purpose.

Table 12: Other Revenue (Expenses), Net*In millions of U.S. dollars*

<i>For the fiscal year ended June 30,</i>	<u>2025</u>	<u>2024</u>	<u>Variance</u>
PPA grants and others ^a	\$(28)	\$(23)	\$ (5)
Guarantee fees and others ^b	35	25	10
Commitment charges	23	26	(3)
Gains (losses) from revenue-related forward currency contracts	13	13	—
Other revenue (expenses), net (Table 8)	\$ 43	\$ 41	\$ 2

a. Reflects exclusion of \$28 million of Project Preparation Facility Grant expenses directly funded by members (FY24—nil).

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

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

During FY25, the non-trading portfolios had \$470 million net unrealized mark-to-market gains (\$405 million net unrealized mark-to-market gains in FY24). The increase was mainly driven by higher unrealized mark-to-market gains from the derivatives held for the Capital Value Protection Program (CVP), managed as part of Asset/Liability Management (ALM), as a result of a higher increase in the interest rates for long tenors in FY25 compared to FY24.

Table 13: Unrealized Mark-to-Market Gains (Losses) on Non-trading Portfolios, Net*In millions of U.S. dollars*

<i>For the fiscal year ended June 30,</i>	<i>2025</i>	<i>2024</i>	<i>Variance</i>
Asset/liability management (ALM) ^a	\$484	\$393	\$ 91
Investment portfolio	5	4	1
Borrowing portfolio	(2)	34	(36)
Loan-related derivatives	(5)	(2)	(3)
Other ^b	(12)	(24)	12
Unrealized Mark-to-Market Gains (Losses) on Non-trading Portfolios, Net—Reported Basis (Table 7)	<u>470</u>	<u>405</u>	<u>65</u>

a. Includes unrealized mark-to-market gains (losses) on the CVP portfolio and other ALM portfolios.

b. Represents unrealized mark-to-market gains (losses) on PSW associated instruments.

Currency remeasurement gains (losses), net

Currency remeasurement 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 Sheet, that are denominated in currencies other than the SDR and its component currencies. The remeasurement losses in FY25 and FY24 were primarily driven by the hedging of exchange rate risk related to future donor contributions. Certain members pledge their future equity contributions in non-SDR currencies. These future cash flows are economically hedged using currency forwards. The economic offset is inherent in the future contribution inflows. The payable portion of the currency forward contracts are denominated in non-functional currencies. The depreciation or appreciation of these currencies against the U.S. dollar results in exchange rate gains or losses which are recorded in the income statements. Accordingly, the remeasurement losses on non-functional currencies were \$57 million in FY25 and \$21 million in FY24. The remeasurement losses in FY25 and FY24 were primarily driven by the appreciation of certain non-functional currencies against the U.S. dollar.

SECTION V: DEVELOPMENT ACTIVITIES, PRODUCTS AND PROGRAMS

Lending Framework

IDA provides financing to lower-income countries primarily through loans, grants and guarantees. IDA has a common framework which extends across all of its development activities. The main elements of this framework are financing principles, financing cycles and financing categories.

Financing Principles

IDA's operations are required to conform to the general principles derived from its Articles of Agreement. These financing principles are described in Box 2. Within the scope permitted by the Articles of Agreement, application of these financing principles must be developed and adjusted in light of experience and changing conditions.

Box 2: Financing Principles

- (i) IDA may provide financing for its development operations in the form of loans, grants, and guarantees directly to its members, public or private entities and regional or public international organizations.
- (ii) IDA's financing of its development operations is designed to promote economic development, increase productivity, and thus raise standards of living in its member countries. Investment projects financed by IDA are required to meet IDA's standards for technical, economic, financial, institutional, and environmental soundness. Specific provisions apply to development policy financing, including the treatment of the macroeconomic framework, poverty and social impact, environment, forests, and other natural resources.
- (iii) Decisions to approve financing are based upon, among other things, studies by IDA of a member country's economic structure, including assessments of its resources and ability to generate sufficient foreign exchange to meet debt-service obligations.
- (iv) IDA must be satisfied that in the prevailing market conditions (taking into account the member's overall external financing requirements); the recipient would be unable to obtain financing under conditions which, in the opinion of IDA, are reasonable for the recipient. This would include loans made by private sources or IBRD.
- (v) The use of funds by recipients is supervised. IDA makes arrangements intended to ensure that funds provided are used only for authorized purposes and, where relevant, with due attention to considerations of cost-effectiveness. This policy is enforced primarily by requiring recipients (a) to submit documentation establishing, to IDA's satisfaction, that the expenditures financed with the proceeds of loans or grants are made in conformity with the applicable financing agreements, and (b) to maximize competition in the procurement of goods and services by using, wherever possible, international competitive bidding procedures or, when it is not appropriate, other procedures that ensure maximum economy and efficiency. In addition, IDA considers the use of recipient country procurement, financial management and environmental and social safeguard systems in selected operations once these systems and capacity have been assessed by IDA as acceptable.

Financing Cycles

Financing cycles involve identifying and appraising a project and approving and disbursing the funds. In response to emergency situations, such as natural disasters and other crises, IDA is able to accelerate the preparation and approval cycle. In most cases, IDA's Board approves each loan, grant, and guarantee after appraisal of a project by staff. Under a Multiphase Programmatic Approach (MPA), the Board may approve an overall program framework, its financing envelope and the first appraised phase, and then authorize management to appraise and commit financing for later program phases. Disbursements are subject to the fulfillment of conditions set out in the loan or grant agreement. As of June 30, 2025, \$25.8 billion was committed under the MPA.

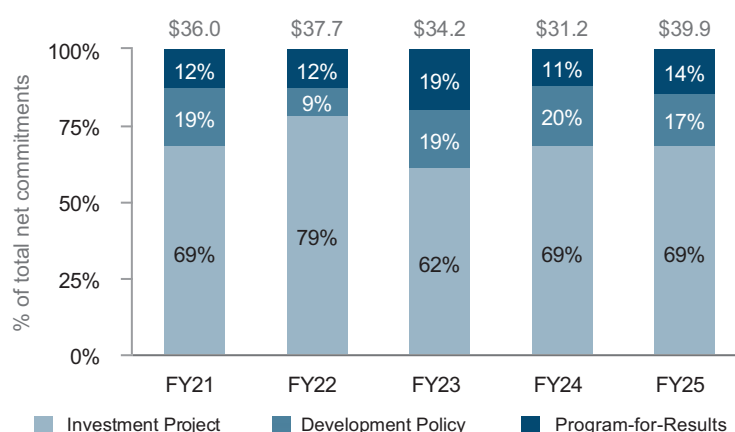
During implementation of IDA-supported operations, staff review progress, monitor compliance with IDA's policies, and assist in resolving any problems that may arise. An independent unit, the Independent Evaluations Group, assesses the extent to which operations have met their objectives, and reports directly to the Board.

Financing Categories

Most of IDA's lending is of three types: investment project financing, development policy financing, and program-for-results. Figure 11 shows the percentage of loans, grants, and guarantees approved for the three financing instruments over the past five fiscal years.

Figure 11: Percentage Share of Lending Categories for Annual Net Commitments

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



Investment Project Financing (IPF)

IPF provides financing for a wide range of activities aimed at creating the physical and social infrastructure necessary to reduce poverty and create sustainable development. IPF generally disburses over 5 to 10 years. FY25 net IPF commitments totaled \$27.3 billion, compared with \$21.6 billion in FY24.

Development Policy Financing (DPF)

DPF provides fast-disbursing financing to support borrowers in achieving sustainable development through a program of policy and institutional actions. Examples of DPF projects include strengthening public financial management, improving the investment climate, addressing bottlenecks to improve service delivery, and diversifying the economy. DPF supports such reforms through non-earmarked general budget financing. FY25 net commitments under DPF totaled \$7.0 billion, compared with \$6.2 billion in FY24.

Program-for-Results (PforR)

PforR helps countries improve the design and implementation of their development programs and achieve specific results by strengthening institutions and building capacity. PforR disburses when agreed results are achieved and verified. Results are identified and agreed upon during the preparation stage. FY25 net commitments under PforR totaled \$5.6 billion, compared with \$3.5 billion in FY24.

Financial Terms

Commitment Currency

The currency of commitment for IDA grants and concessional loans is predominantly the SDR. However, in response to client needs to reduce currency exposure and simplify debt management, IDA offers a Single Currency Lending option that allows IDA financing recipients to denominate new IDA loans in U.S. dollar, euro, pound sterling, or Japanese yen.

Box 3: Summary of Financial Terms for IDA Lending Products, Effective June 30, 2025

Instrument type ^a	Currencies	Maturity/Grace Period	Service Charges	Interest rates
Grant	SDR	Not applicable	Not applicable	Not applicable
Regular-Term loan	SDR, USD, EUR, GBP, JPY	38/6 years	75bps SDR equivalent service charge	Not applicable
Regular-Small Economy loan	SDR, USD, EUR, GBP, JPY	40/10 years	75bps SDR equivalent service charge	Not applicable
Blend-Term loan	SDR, USD, EUR, GBP, JPY	30/5 years	75bps SDR equivalent service charge	1.25% SDR equivalent interest rate
50-year loan	SDR, USD, EUR, GBP, JPY	50/10 years	Zero interest and service charge	Zero interest and service charge
Shorter Maturity Loan (SML)	SDR, USD, EUR, GBP, JPY	12/6 years	Zero interest and service charge	Zero interest and service charge
Non-concessional loans — Scale-up Window (SUW)	USD, EUR, GBP, JPY	Up to 35 years maximum; up to 20 years average maturity	25 bps one-time front-end fee 25 bps commitment fee	IBRD Flexible Loan terms ^b
Catastrophe Deferred Draw Down Option (CAT DDO) ^{c d}	SDR, USD, EUR, GBP, JPY	Three years that may be renewed once for a maximum of six years in total	Before Drawdown: Front end fee and renewal fee are set at 0.5% and 0.25% respectively under SUW option, and at 0% under PBA or Undisbursed balances option. After Drawdown: - Under PBA or Undisbursed balances option—IDA concessional rates would apply. - Under SUW option—non-concessional rates would apply.	
IPF DDO ^e	SDR, USD, EUR, GBP, JPY	Up to 5 years, and can be renewed for 3 more years	Before Drawdown: Front-End Fee and Stand-by Fee ^f are set at 25 and 50 bps respectively. There is no Renewal Fee. After Drawdown: Follow standard IDA concessional fee terms.	

- Prior to July 1, 2017, IDA offered Hard-Term loans to Blend Countries (excluding Small Island Economies). They had a single currency option, and had terms equivalent to IBRD's fixed spread loans, less 200 bps, a variable option was also available. Hard-term loans are no longer offered.
- There is an implicit floor of zero on the overall interest rate in IDA's non-concessional loans.
- The volume of committed and undisbursed CAT DDOs financed by IDA is limited to 1.0 percent of the country's GDP or USD 500 million, whichever is lower.
- The Cat DDO may be renewed once, for a maximum of six years in total.
- For IPF DDO operations confirmed to have a specific crisis or emergency preparedness objective, IDA would cover half the cost of the IPF DDO for IDA countries.
- The standby fee for IPF DDO financed from IDA's concessional windows is determined on an annual basis from 0% up to a maximum of 0.50% per year (0% for FY25).

Charges on Loans and Grants

Service charges and interest income earned on IDA's loans are reported as Interest revenue on loans, net in the Statements of Income. Commitment charges earned on loans and grants, if any, are reported as non-interest revenue in the Statements of Income.

Service Charge: A service charge is levied on the principal amount disbursed and outstanding on all Regular, Small Economy, and Blend term loans, regardless of repayment terms, at 0.75% per annum.

Interest: Interest is charged on all loans subject to blend terms, hard-term loans, and non-concessional loans. Further, loans offered under non-concessional terms are available at variable interest rates on IBRD terms. All other rates are fixed, see Box 3.

Commitment Charge: A commitment charge, which is payable on any undisbursed loan or grant amount, is set by the Board at the beginning of each fiscal year. Commitment charges are set at a level to ensure that net loan revenue covers IDA's administrative expenses over the medium term. For FY25, commitment charges on concessional loans remain at zero. The commitment charge on non-concessional loans is aligned to IBRD terms, which is 0.25% per annum.

Repayment Terms

IDA's lending terms recognize the variation in economic development of broad categories of IDA recipients. Since 1987, the legal agreements of IDA concessional loans include an accelerated repayment clause to double the principal repayments of the loan if the borrower's GNI per capita exceeds a specific threshold and the borrower is eligible for IBRD financing. Implementation is subject to negotiation with the borrower and approval by IDA's Board after considering a borrower's economic development. The borrower can further negotiate either to (a) shorten the loan's maturity (principal option), (b) pay interest at a rate that would result in the same net present value (interest option), or a combination of the two options.

As of June 30, 2025, \$22.4 billion of qualifying loans outstanding from 13 borrowers that have graduated from IDA since the introduction of the accelerated repayment clause have accelerated repayment terms. Of these 13 borrowers, 7 borrowers selected the principal option, 5 borrowers selected the interest option, and 1 borrower selected a combination of the two options.

The accelerated repayment clauses in all of these legal agreements also allow a borrower to subsequently request pausing of those accelerated terms or cancellation if economic conditions in the borrower's country have deteriorated, in which case, the terms of repayment can revert to the original terms of the financing agreements. As repayment accelerations, pausing of accelerations, and cancellation are contemplated in the original terms of the instruments, they do not constitute loan modifications.

IDA has started offering climate resilient debt clauses (CRDCs) in some of its new and existing loans (with minimum remaining maturity of five years), for certain borrowers⁴. See paragraph Climate Resilient Debt Clause (CRDC) for details.

Loans, Grants and Guarantee Activity

Commitments

FY25 net loan and guarantee commitments were \$31.7 billion, an increase of \$8.6 billion or 37% over FY24 (\$23.1 billion). There were \$611 million of guarantee commitments in FY25 and none in FY24 (Table 14). See Section VI:Other Development Activities and Programs.

⁴ Eligible borrowers are IDA Small State Economies, members of the Small States Forum, and Small Island Developing States as defined by the United Nations.

FY25 net commitments of grants were \$8.2 billion, an increase of \$0.1 billion compared to FY24 (\$8.1 billion) (Table 15).

Table 14: Net Commitments of Loans and Guarantees by Region

In millions of U.S. dollars

<i>For the fiscal year ended June 30,</i>	<i>2025</i>	<i>% of total</i>	<i>2024</i>	<i>% of total</i>	<i>Variance</i>
Eastern and Southern Africa	\$ 6,803	21%	\$ 7,119	31%	\$ (316)
Western and Central Africa	9,669	31%	7,777	34%	1,892
East Asia and Pacific	590	2%	1,056	5%	(466)
Europe and Central Asia	7,635	24%	989	4%	6,646
Latin America and the Caribbean	914	3%	251	1%	663
Middle East and North Africa	—	—%	40	*	(40)
South Asia	6,041	19%	5,862	25%	179
Total	\$31,652	100%	\$23,094	100%	\$8,558

* indicates percentage less than 0.5%.

Table 15: Net Commitments of Grants by Region

In millions of U.S. dollars

<i>For the fiscal year ended June 30,</i>	<i>2025</i>	<i>% of total</i>	<i>2024</i>	<i>% of total</i>	<i>Variance</i>
Eastern and Southern Africa	\$5,035	61%	\$5,616	69%	\$(581)
Western and Central Africa	882	11%	1,497	19%	(615)
East Asia and Pacific	698	9%	182	2%	516
Europe and Central Asia	448	5%	111	1%	337
Latin America and the Caribbean	166	2%	18	*	148
Middle East and North Africa	465	6%	300	4%	165
South Asia	520	6%	377	5%	143
Total	\$8,214	100%	\$8,101	100%	\$ 113

* indicates percentage less than 0.5%.

Table 16: Gross Disbursements of Loans and Grants by Region

In millions of U.S. dollars

<i>For the fiscal year ended June 30,</i>	<i>2025</i>			<i>2024</i>			<i>Variance</i>
	<i>Loans^a</i>	<i>Grants</i>	<i>Total</i>	<i>Loans^a</i>	<i>Grants</i>	<i>Total</i>	
Eastern and Southern Africa	\$ 7,031	\$4,943	\$11,974	\$ 6,672	\$4,024	\$10,696	\$1,278
Western and Central Africa	6,261	1,882	8,143	7,216	1,791	9,007	(864)
East Asia and Pacific	946	286	1,232	839	176	1,015	217
Europe and Central Asia	5,897	268	6,165	900	287	1,187	4,978
Latin America and the Caribbean	447	169	616	430	172	602	14
Middle East and North Africa	30	436	466	97	490	587	(121)
South Asia	4,179	348	4,527	4,902	251	5,153	(626)
Total	\$24,791	\$8,332	\$33,123	\$21,056	\$7,191	\$28,247	\$4,876

a. Excludes PSW related disbursements—\$93 million (FY24—\$137 million) and includes disbursements towards guarantees called - \$212 million (FY24—\$100 million).

As of June 30, 2025, 50% of IDA's loans were on regular terms (75 basis points SDR-equivalent service charge) (Table 17). The increase in IDA's revenue from loans in FY25 compared to FY24 was primarily due to the higher average balances by \$16.3 billion.

Table 17: Revenue and Loan Balances by Product Category*In millions of U.S. dollars*

Category	Balance as of June 30,		Interest revenue on loans ^a	
	For the fiscal year ended June 30,			
	2025	2024	2025	2024
Loans				
Concessional				
Regular	\$113,455	\$106,972	\$ 844	\$ 824
Blend	81,160	74,162	1,308	1,183
Hard ^b	1,279	1,240	41	42
Concessional Shorter-Maturity Loans	7,559	5,287	NA	NA
50-year	4,672	2,390	NA	NA
Non-concessional ^c	19,118	12,111	783	553
Others ^d	644	386	30	18
Total	\$227,887	\$202,548	\$3,006	\$2,620

a. Excludes interest rate swap income or expense from loan related derivatives—\$15 million of income in FY25 (\$19 million of income in FY24).

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

c. In addition, \$23 million of commitment charges were earned in FY25 on undisbursed balances of non-concessional loans (\$26 million in FY24).

d. Represents loans under the PSW and others.

Climate Resilient Debt Clause (CRDC)

IDA offers CRDCs for eligible new and existing loans (with minimum remaining maturity of five years), for certain borrowers⁵. CRDCs allow eligible borrowing countries to defer payments of principal and/or interest (and other loan charges) for up to two years after an eligible event. After the deferral period, the borrower will restart payments of the deferred amounts according to a modified amortization schedule that maintains the original weighted average maturity of the loan and does not extend the final maturity date. The eligible events when the clause was first offered were tropical cyclones and earthquakes. In October 2024, the Board approved an extension of the covered events to include all natural catastrophes, including droughts, floods, and public health emergencies caused by a biological event. Total IDA loans outstanding as of June 30, 2025 for the 27 countries (including Blend countries) that are eligible to adopt the clause for CRDCs was \$5.2 billion.

⁵ Eligible borrowers are IDA Small State Economies, members of the Small States Forum, and Small Island Developing States as defined by the United Nations.

SECTION VI: OTHER DEVELOPMENT ACTIVITIES AND PROGRAMS

IDA has products, services, and programs, other than lending, that it offers to its borrowing member countries to help them meet their development goals. These include guarantees, debt relief, trust fund administration, and externally funded reimbursable advisory services.

Guarantees

IDA offers both project-based and policy-based guarantees. These guarantees are available for projects and programs in member countries to help mobilize private financing for development purposes. IDA's guarantees are partial in nature as they are intended to cover risks only to the extent necessary to obtain the required private financing, taking into account country, market and, if appropriate, project circumstances. IDA's guarantees require a sovereign counter-guarantee and indemnity, comparable to the requirement of a sovereign guarantee for IDA lending to sub-sovereign and non-sovereign borrowers. See Box 4 for the types of guarantees that IDA provides. These guarantees are separate and distinct from those offered under the Private Sector Window. On July 1, 2024, the WBG Guarantee Platform, housed at MIGA, was launched to bring together products and experts from the World Bank, IFC, and MIGA and help boost WBG annual guarantee issuances for all entities.

Box 4: Types of Guarantees

Project-based guarantees	<p>Project-based guarantees are provided to mobilize private financing for a project and/or mitigate payment and/or performance related risks of a project. There are two types:</p> <ol style="list-style-type: none">1. Loan guarantees: these cover loan-related debt service defaults caused by the government's failure to meet specific payment and/or performance obligations arising from contract, law, or regulation. Loan guarantees include coverage for debt service defaults on: (i) commercial debt, normally for a private sector project; and, (ii) a specific portion of commercial debt irrespective of the cause of such default, normally for a public-sector project.2. Payment guarantees: These cover payment default on non-loan related government payment obligations to private entities and foreign public entities arising from contract, law, or regulation.
Policy-based guarantees	<p>Policy-based guarantees are provided to mobilize private financing for sovereigns or sub-sovereigns. They cover debt service default, irrespective of the cause of such default, on a specific portion of commercial debt owed by government and associated with the supported government's program of policy and institutional actions.</p>

Guarantee Exposure

IDA's guarantee exposure is measured by discounting each guaranteed amount from its next call date. IDA had \$2,813 million of guarantee exposure as of June 30, 2025 (\$2,774 million—June 30, 2024), including guarantee exposure under PSW guarantees of \$1,173 million as of June 30, 2025 (\$1,169 million—June 30, 2024). For additional information, see Notes to the Financial Statements for the year ended June 30, 2025, Notes D – Loans and Other Exposures and Note H – Transactions with Affiliated Organizations.

Other Financial Products and Services

IDA facilitates access to risk management solutions to mitigate the financial effects of natural disasters for borrowing members. Financial solutions can include disaster risk financing through catastrophe swaps, insurance and reinsurance contracts, and regional pooling facilities.

The Catastrophe Deferred Draw-Down Option (CAT-DDO) promotes countries' resilience to disasters and expands the range of IDA's crisis instruments. The CAT-DDO is a contingent credit line that provides immediate liquidity to countries in the aftermath of a catastrophe and serves as early financing while funds from other sources such as bilateral aid or reconstruction loans are being mobilized. CAT-DDOs are intended to enhance IDA countries' capacity to plan for and manage crises. As of June 30, 2025, the amount of CAT DDOs disbursed and outstanding was \$677 million (\$436 million as of June 30, 2024), and the undisbursed amount of effective or disbursing CAT DDOs was \$460 million, compared to \$224 million a year earlier.

Grant Making Facilities

Grant Making Facilities (GMFs) are contributions to specific trust funds and are complementary to IDA's work. In FY25, the amount under this program was \$20 million in accordance with the cost sharing agreement with IBRD (FY24 – \$20 million). These amounts are recorded in Non-Interest Expenses – Contribution to Special Programs in IDA's Statements of Income.

Debt Relief

The Heavily Indebted Poor Countries Debt Initiative (HIPC Initiative) was launched in 1996 as a joint effort by bilateral and multilateral creditors to provide debt relief to the poorest countries to reduce their external debt payments to sustainable levels. Under the HIPC initiative, implementation mechanisms include partial forgiveness of IDA debt service as it comes due and partial repayment with IDA resources of outstanding IBRD debt. The Multilateral Debt Relief Initiative (MDRI) was implemented in 2006 and provides debt relief by writing-off eligible loans upon qualifying borrowers reaching the HIPC Completion Point. Both initiatives are part of a global effort focused on heavily indebted poor countries with strong policy performance. The initiatives aim to reduce the external debt of eligible countries as part of a broader poverty reduction strategy, whilst safeguarding the long-term financial capacity of IDA and other participating multilateral institutions; and encouraging the best use of additional member resources for development, by allocating these resources to low-income countries on the basis of policy performance.

In order to receive irrevocable debt relief, eligible countries are required to maintain macroeconomic stability, carry out key structural and social reforms, and implement a Poverty Reduction Strategy, in addition to being in good standing with respect to all eligible debt repayments. To ensure IDA's financial capacity was not eroded, members agreed to compensate IDA with additional contributions to offset the impact of the forgone reflows, resulting from the provision of debt relief.

The accumulated provision for debt relief was recorded at the inception of the initiative and is based on both quantitative and qualitative analyses of various factors, including estimates of the Decision and the Completion Point dates. These factors are periodically reviewed, and the adequacy of the accumulated provision is reassessed and adjusted to reflect the impact of any changes.

During FY25, HIPC debt relief was provided on \$12 million of loans (\$10 million in FY24). HIPC debt relief on service charges for FY25 was less than \$1 million (FY24 — Nil). On a cumulative basis, debt relief has been provided on \$2.2 billion of loans and \$335 million of service charges under HIPC as of June 30, 2025.

During FY25, there were no loans eligible for relief under MDRI. On a cumulative basis, debt relief has been provided on \$40.3 billion of loans under the MDRI as of June 30, 2025. The provision for the debt relief was recorded at the beginning of the MDRI Initiative.

Externally-Funded Activities

Mobilization of external funds from third-party partners includes trust funds. Additional external funds include reimbursable funds and revenues from fee-based services to member countries, which are related to Reimbursable Advisory Services (RAS) and EFO.

Trust Funds

Trust Funds are a part of the WBG's development activities, providing resources and added flexibility in providing development solutions that serve member recipients and donors alike. The partnerships funded by trust funds often serve as a platform from which IDA and its members can draw on the WBG's diverse technical and financial resources to achieve development goals that cannot be addressed effectively by any single member, given their complexity, scale, and scope. IDA's roles and responsibilities in managing trust funds depend on the type of fund, outlined as follows:

- Bank-executed activities for trust funds: IDA, alone or jointly with one or more of its affiliated organizations, manages the funds and implements the activities financed. These trust funds support IDA's

work program. IDA, as an executing agency, disbursed \$768 million in FY25 (\$705 million in FY24) of trust fund program funds, which was included in Non-interest expense, Administrative in IDA's Statements of Income with corresponding revenue included in Non-interest revenue, Revenue from externally funded activities.

- Recipient-executed activities for trust funds: Funds are provided to a third party, normally in the form of project grant financing, and are supervised by IDA.
- Financial Intermediary Funds (FIFs): IDA, as a trustee, administrator, or treasury manager, offers specific administrative or financial services with a limited operational role. Arrangements include the administration of debt service trust funds, fiscal agency funds and other more specialized limited fund management roles.

IDA uses a cost recovery framework for trust funds, which aims to recover the costs of performing agreed roles in administering trust funds, and is guided by principles of transparency, fairness, simplification, standardization, predictability, and consistent treatment across all trust fund donors.

Management continues to implement measures to better integrate planning, support sustainability and enhance alignment of external funds with mission priorities through greater use of umbrella trust fund programs.

During FY25, IDA's share of revenue and fees from trust fund administration activity was \$88 million (\$93 million in FY24). The decrease in fees was mainly driven by lower levels of trust fund disbursement activity. For additional information, see Notes to the Financial Statements for the year ended June 30, 2025, Note K—Trust Funds Administration.

As noted in the discussion of trust fund activities above, IDA, alone or jointly with one or more of its affiliated organizations, administers funds restricted for specific uses on the donors' behalf. Such administration is governed by agreements with donors, who include members, their agencies, and other entities. These funds are held in trust and are not included on IDA's Balance Sheets. See Table 18. These funds did not include \$734 million of undisbursed third-party contributions made to Bank-executed activities for trust funds, which are recognized on IDA's Balance Sheets. These amounts are included in Other assets and the corresponding liabilities are included in Accounts payable and miscellaneous liabilities on the Balance Sheets.

Table 18: Funds Held in Trust by IDA

In millions of U.S. dollars

<i>As of June 30,</i>	<i>Total Fiduciary Assets</i>	
	<i>2025</i>	<i>2024</i>
Bank-executed activities	\$ 28	\$ 27
Jointly executed with affiliated organization	1,059	1,085
Recipient-executed activities	2,147	2,173
Financial intermediary funds	252	301
Execution not yet assigned ^a	6,643	6,447
Total	\$10,129	\$10,033

a. These represent assets held in trust for which the determination as to the type of execution is yet to be finalized.

Reimbursable Advisory Services (RAS)

While most of IDA's advisory and analytical work is financed by its own budget or donor contributions (e.g., trust funds), clients may also pay for services. IDA offers technical assistance and other advisory services to its member countries, in connection with, and independent of, lending operations. Available services include, for example, assigning qualified professionals to survey developmental opportunities in member countries; analyzing member countries fiscal, economic, and developmental environments; helping members devise coordinated development programs; and improving their asset and liability management techniques. In FY25, income relating to reimbursable advisory services was \$47 million (FY24 — \$44 million).

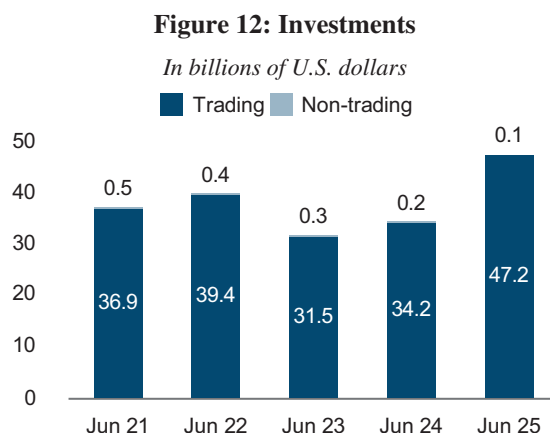
Externally Financed Outputs (EFOs)

IDA offers donors the ability to contribute to specific projects and programs. EFO contributions are recorded as restricted revenue when received because they are for contractually specified purposes. IDA received and recorded \$5 million of restricted revenue in FY25 (FY24 — \$8 million), which was included in the line “Total net non-interest expenses – Reported basis” in Table 10.

Restrictions are released once the funds are used for the purposes specified by donors. In FY25, there was a release of \$8 million (FY24 — \$8 million).

SECTION VII: INVESTMENT ACTIVITIES

As of June 30, 2025, IDA's investments totaled \$47.3 billion (Figure 12). See the Notes to the Financial Statements for the year ended June 30, 2025, Note C – Investments.



Investments – Trading

The primary objective of IDA's investments-trading strategy continues to be preservation of capital within institutional constraints. Consistent with this primary objective, IDA invests in high quality instruments. IDA aims to earn reasonable investment returns, while ensuring timely availability of funds for future cash flow requirements, including disbursements for loans, grants, debt service, and administrative expenses (see Note C —Investments).

As of June 30, 2025, \$33.1 billion (approximately 70% of total volume) of the Investments—Trading was due to mature within six months, of which \$10.9 billion was expected to mature within one month.

IDA's total return on its investments-trading portfolio for FY25 excluding unrealized mark-to-market gains / losses on PEBP and PCRf assets (liquid asset portfolio) was 4.36%, compared to 4.58% in FY24, consistent with the decreasing interest rate environment.

IDA's liquid assets are held mainly in the following types of highly rated, fixed-income instruments. See Box 7 for eligibility criteria for IDA's investments.

- Government, Agency and Corporate Obligations.
- Time deposits, and other unconditional obligations of banks and financial institutions.
- Asset-backed securities (including mortgage-backed securities).
- Currency and interest rate derivatives (including currency forward contracts).
- Exchange-traded options and futures.

IDA's prudential minimum liquidity policy ensures that it holds sufficient liquidity. The prudential minimum liquidity level is set at 80% of 24 months of projected net outflows. The prudential minimum for FY26 has been set at \$37.0 billion, compared to \$29.5 billion for FY25, a \$7.5 billion increase due to higher projected debt service and net loan disbursements. See Section IX: Risk Management for details on how IDA manages liquidity risk.

Investments—Non-Trading

During FY15, with the proceeds of a concessional loan from a member, IDA purchased a debt security issued by the IFC. IDA elected to measure the security at fair value, so that the measurement method could be consistently applied to all its investments. As of June 30, 2025, the investments non-trading had a fair value of \$115 million

(\$171 million in FY24). The changes in fair value for this security are recognized in the Unrealized mark-to-market gains (losses) on non-trading portfolios, net line in the Statements of Income. See Notes to the Financial Statements for the year ended June 30, 2025, Note C – Investments and Note H—Transactions with Affiliated Organizations.

SECTION VIII: BORROWING ACTIVITIES

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

Table 19: Borrowings

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

	<i>Outstanding excluding related derivatives as of June 30,</i>		<i>Interest expense ^a</i>		<i>Weighted average rate</i>	
	<i>2025</i>	<i>2024</i>	<i>FY25</i>	<i>FY24</i>	<i>FY25</i>	<i>FY24</i>
Market debt, at fair value	\$45,154	\$26,425	\$1,862	\$1,282	4.27%	5.27%
Market debt, at amortized cost	18,127	11,494	274	159	2.05	1.82
Concessional partner loans	7,551	7,004	142	143	1.92	2.01
Total	\$70,832	\$44,923	\$2,278	\$1,584	3.46%	3.93%

a. Includes interest expenses associated with derivatives and excludes interest expenses associated with repurchase agreements—\$14 million in FY25 (FY24—\$32 million).

Market Debt

As of June 30, 2025, the market borrowings recorded at fair value, excluding related derivatives were \$45.1 billion, an increase of \$18.7 billion compared to June 30, 2024, primarily due to net issuances of \$16.9 billion during the year.

As of June 30, 2025, market borrowings recorded at amortized cost were \$18.1 billion, an increase of \$6.6 billion compared to June 30, 2024, primarily due to new issuances of \$5.2 billion during the year.

Concessional Partner Loans

Concessional Partner Loans (CPLs) continue as a source of funding, whereby the borrowing terms of the concessional loans from members aim to follow the concessional features of IDA's loans.

The maturities of the CPLs can be 25, 40 or 50 years to match the terms of IDA's loans, with a grace period on principal repayments of 5 years for a 25-year loan and 10 years for a 40-year or a 50-year loan. Under IDA21, the loans are subject to maximum coupon rates equivalent to 1.59% in USD terms.

Voting rights are allocated to members who provide concessional loans following the drawdowns by IDA, and are based on the cash paid, computed as the derived grant element of the loan. The grant element, which is paid in cash and recorded as equity, is a function of the terms of the loan and the discount rate agreed upon during the replenishment discussions. See Table 20.

Table 20: Concessional Partner Loans Terms

<i>Maturity</i>	<i>Grace period</i>	<i>SDR Discount rates (IDA20)</i>	<i>SDR Discount rates (IDA21)</i>
25-year	5 years	1.41%	3.83%
40-year	10 years	1.79%	4.01%
50-year	10 years	1.84%	4.02%

The concessional partner loans outstanding were \$7.6 billion as of June 30, 2025, an increase of \$0.6 billion from \$7.0 billion in June 30, 2024. Interest expense associated with these loans was \$142 million in FY25 (FY24—\$143 million).

IDA uses currency and interest rate derivatives in connection with its borrowings for asset and liability management purposes. For more details, see Section IX: Risk Management.

Table 21: Effect of Derivatives on Currency Composition of the Borrowing Portfolio*Ratios are in percentages*

<i>As of June 30, 2025</i>	<i>Borrowings excluding derivatives</i>	<i>Borrowings including derivatives</i>
US Dollar	47%	50%
Euro	37%	38%
GBP	10%	8%
JPY	4%	4%
Others	2%	—%
Total	100%	100%

Table 22: Medium- and Long-Term Borrowings Issued by Currency During the Year, Excluding Derivatives*Ratios are in percentages*

<i>For the period ended June 30,</i>	<i>2025</i>	<i>2024</i>
US Dollar	56%	54%
Euro	42%	27%
GBP	—%	16%
NOK	2%	3%
Total	100%	100%

Other Short-Term Borrowings

Under its Investment Guidelines, IDA is allowed to enter into transactions involving securities sold under repurchase agreements and securities lent under securities lending agreements. These transactions are accounted for as short-term borrowings. The agreements are secured predominantly by high quality collateral, including government issued debt, and are used both to enhance returns and for liquidity management purposes.

Table 23: Short-Term Borrowings*In millions of U.S. dollars, except rates in percentages*

<i>As of June 30,</i>	<i>2025</i>	<i>2024</i>
Securities sold under repurchase agreements and securities lent under securities lending agreements		
Average monthly balance during the year	221	599
Weighted average rate during the fiscal year	3.87%	1.35%

Contractual Obligations

In conducting its business, IDA takes on contractual obligations that may require future payments which are mainly associated with IDA's borrowings. See Notes to the Financial Statements for the year ended June 30, 2025, Note E – Borrowings – Table E6. Other contractual obligations are reflected on IDA's balance sheets including undisbursed loans, amounts payable for currency and interest rate swaps, amounts payable for investment securities purchased, guarantees, and cash received under agency arrangements.

SECTION IX: RISK MANAGEMENT

Risk Governance

IDA's risk management processes and practices continually evolve to reflect changes in activities in response to market, credit, product, operational, and other developments. The Board, particularly the Audit Committee members, periodically review 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, and supports management in its oversight function, particularly in coordinating different aspects of risk management and in connection with risks that are common across functional areas.

IDA's risk governance structure is built on the "three lines model" where:

- Business units, with support from specialized functions, are responsible for directly managing risks in their respective functional areas,
- The Vice President and WBG Chief Risk Officer (CRO) provides direction, challenge, and oversight over risk management practices, and
- Internal Audit provides independent assurance and advice on the effectiveness of risk management.

IDA's risk management process comprises of risk identification, assessment, response, and risk monitoring and reporting. IDA has policies and procedures under which risk owners are responsible for identifying, assessing, responding to, monitoring, and reporting risks.

Risk Oversight and Coverage

Financial and Operational Risk Management

The 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 and model risks, and (iii) operational risks relating to people, processes, and systems, or from external events. In addition, the CRO works closely with IBRD, IFC, and MIGA's management to review, measure, aggregate, and report on risks and share best practices across the WBG. The CRO also helps enhance cooperation between the entities and facilitates knowledge sharing in the risk management function.

The following three departments report directly to the CRO:

Credit Risk Department

- Identifies, measures, monitors, and manages country credit risk faced by IDA. By agreement with the Board, the individual country credit risk ratings are not shared with the Board and are not made public.
- Assesses loan portfolio risk and capital requirements, determines the adequacy of provisions for losses on loans and other exposures, and monitors borrowers that are vulnerable to crises in the near term. The department assesses the consistency of country lending programs as determined in IDA's PBA allocation framework with overall capital adequacy.
- Reviews proposed new financial products for any implications for country credit risk.

Market and Counterparty Risk Department

- Responsible for market, liquidity, and counterparty credit risk oversight, assessment, and reporting. It does these in coordination with IDA's financial managers who are responsible for the day-to-day execution of trades for the liquid asset and derivative portfolios, within applicable policy and guideline limits.
- Ensures effective oversight, including: i) maintaining sound credit assessments, ii) addressing transaction and product risk issues, iii) providing an independent review function, iv) monitoring market and counterparty risk

in the investment, borrowing and client operation portfolios, and v) model risk for financial and capital models. It also provides reports to the Audit Committee and the Board on the extent and nature of risks, risk management, and oversight.

- Responsible for validation of market data and models used for fair valuation of financial instruments. Undertakes model verification to ensure robust implementation of the models for products measured at fair value.

Operational Risk Department

- Provides direction and oversight for operational risk activities by business function.
- Key operational risk management responsibilities include: (i) administering the Operational Risk Committee (ORC) for IDA, (ii) implementing the operational risk management framework which is aligned with Basel principles and provides direction to business unit partners to ensure consistent application, (iii) assisting and guiding business units in identifying and prioritizing significant operational risks and enabling monitoring and reporting of risks through suitable metrics (or risk indicators), (iv) helping identify emerging risks and trends through monitoring of internal and external risk events, (v) supporting risk response and mitigating actions, and prepares a corporate Operational Risk Report for review and discussion by the ORC.
- Responsible for the oversight of the enterprise risk, operational risk, business continuity, operational resilience, corporate insurance, and data privacy functions.

The risk of IDA's operations not meeting their development outcomes (development outcome risk) 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.

Risk Committees

Figure 13: Management Risk Committee Structure for Financial and Operational Risks



Financial Risk Committees:

The Finance and Risk Committee (FRC), a Vice President level committee, provides a high-level governance structure for decisions that may have financial risks. The FRC is chaired by the Managing Director and WBG Chief Financial Officer (MDCFO) and approves, clears, or discusses: (a) policy and procedure documents related to financial integrity, income sustainability and balance sheet strength, and (b) issues and new business initiatives with policy implications related to IDA's financial and operational risks in the areas of finance, which include country credit, market, counterparty, liquidity, and model risks, and operational risks related to the finance business functions. The FRC helps to integrate individual components of finance and risk management activities by building on mechanisms and processes already in place and provides a forum for discussing and communicating significant risk related issues. The FRC meets regularly to discuss the new products and services and financial risk management of IDA.

The New Business Committee (NBC) is a standing subcommittee of the FRC. The NBC provides advice, guidance, and recommendations to the FRC, by performing due diligence over new financial products or services to ensure that management has a full understanding of the rationale, costs, risks and rewards of the product or service being considered.

Asset and Liability Management Committee (ALCO), a Vice President level committee chaired by the MDCFO provides a high-level forum to ensure prudent balance sheet management of IDA by: a) monitoring its financial positions and ALM activities for compliance with its respective guidelines, policies and procedures, including borrowing and investment activities; b) identifying and providing recommendations on emerging ALM issues for IDA, as well as those related to capital, balance-sheet planning, and financial sustainability; and c) serving as a reviewing and recommending body for ongoing decisions as part of implementing the ALM policies and procedures of IDA, including those that impact lending rates and net income.

Operational Risk Committees:

The Enterprise Risk Committee (ERC) is a Vice President-level committee chaired by the Managing Director and Chief Administrative Officer (MDCAO) that oversees IDA's non-financial risks through reviewing, discussing and/or formulating proposed policies, procedures, directives, guidance, and other matters requested by its members. ERC's scope comprises : a) operational risk, including business continuity, corporate security, cyber security, and IT service continuity; b) enterprise risk; c) Integrity Vice Presidency (INT) and Ethics and Business Conduct (EBC) policies and methodologies; d) shared services; and e) any other matters brought by the MDCAO. The ERC leverages existing risk management mechanisms that are in place to provide a corporate view of operational and non-financial risks.

Operational Risk Committee (ORC) is the main governance committee for operational risk and provides a mechanism for an integrated review and response across IDA units on operational risks associated with people, processes, and systems or from external events and recognizing that business units remain responsible for managing operational risks. The Committee's key responsibilities include monitoring significant operational risk matters and events on a quarterly basis to ensure that appropriate risk- response measures are taken and reviewing and concluding on IDA's overall operational risk profile. The ORC is chaired by the CROVP and escalates significant risks and decisions to the FRC and ERC.

Other Risk Councils

The Financial Risk Council and Non-Financial Risk Council facilitate regular coordination and collaboration across WBG entities in financial and non-financial risk functions, respectively. These councils, chaired by the MDCFO and MDCAO, respectively, meet regularly to identify opportunities for collaboration across the risk functions that serve to enhance the effectiveness of each of the risk functions while respecting the fiduciary obligations of each entity and considering the different mandates, clients, products, and business models. They also provide a common forum for the systematic exchange of information and encourage joint reporting of risks across the entities to form an overall picture on risk and for the purposes of information sharing, identifying interdependencies, connections, and concentrations of risk.

Management of IDA's Risks

IDA assumes financial risks in order to achieve its development and strategic objectives. IDA's financial risk management framework is designed to enable and support the institution in achieving its goals in a financially sustainable manner. IDA manages credit, market, and operational risks in its financial activities, which include lending, borrowing and investing (Box 5). 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.

Box 5: Summary of IDA’s Specific Risk Categories

Types of Financial Risk	How the risk is managed
Credit Risk	
Country Credit Risk	IDA’s credit-risk-bearing capacity and individual country exposure limits
Counterparty Credit Risk	Counterparty credit limits and collateral
Market Risk	
Interest Rate Risk	Interest rate derivatives to match the sensitivity of assets and liabilities
Exchange Rate Risk	Currency derivatives to align the currency composition of assets and liabilities
Liquidity Risk	Prudential Minimum liquidity level
Operational Risk	Risk assessment and monitoring of key risk indicators and internal and external operational risk events

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. IDA’s main measure of capital adequacy is the Deployable Strategic Capital (DSC), which represents the capital available to support future commitments, over and above the current portfolio. IDA is required, based on a Board- approved policy, to keep the DSC at no lower than zero. The DSC is calculated as the amount by which Total Resources Available (TRA) exceeds Total Resources Required (TRR) and Conservation Buffer (CB).

In June 2024, IDA implemented enhancements to the DSC, as part of the review of IDA’s Capital Adequacy Framework (CAF) to increase the efficiency of IDA’s capital utilization while continuing to protect IDA’s triple-A rating and long-term financial sustainability. TRA represents IDA’s available equity plus accumulated provision for losses on loans and other exposures. It includes, as a subtraction to equity, the present value adjustment of IDA’s concessional loan portfolio based on the prevailing interest rates and development grants approved but not yet expensed. In addition, it includes expected encashment of donor contributions in IDA’s 3-year risk horizon and excludes pension-related adjustments and other restricted assets.

The TRR is the minimum capital required to cover expected and unexpected losses in connection with all of IDA’s operations and assets. Since June 2024, TRR also includes a capital charge for: a) interest rate risk on the expected net disbursements of concessional loans in IDA’s 3-year risk horizon and b) updated capital charges for the components of the PSW based on actual transaction data. The Conservation Buffer is calculated as 10% of TRA.

As of June 30, 2025, the DSC ratio was 30.8% (34.8% as of June 30, 2024). IDA’s capital continues to be adequate to support its operations. See Table 24. The decrease was mainly due to a larger percentage increase in TRR compared to the percentage increase in TRA. The increase in TRR was primarily due to higher capital requirements for the increase in total exposure during the year. The increase in TRA was primarily due to the increase in equity, mainly reflecting the subscriptions and contributions received from members during the year.

Table 24: Deployable Strategic Capital Ratio

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

<i>As of</i>	<i>Jun-25</i>	<i>Jun-24</i>	<i>Change</i>
Total Resources Available (TRA)	\$165.5	\$149.5	\$16.0
Total Resources Required (TRR)	97.9	82.5	15.4
Conservation Buffer (CB)	16.6	15.0	1.6
Deployable Strategic Capital (DSC = TRA-TRR-CB)	\$ 51.0	\$ 52.0	\$ (1.0)
Deployable Strategic Capital as a percentage of TRA	30.8%	34.8%	(4.0)%

Asset/Liability Management

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 Financial Statements for the year ended June 30, 2025, Note E—Borrowings.

Capital Value Protection Program (CVP)

As part of IDA's ALM policies, IDA executed pay fixed, receive floating forward-starting swaps with a current notional of \$15.4 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.

Changes in the values of these forward-starting swaps partially offset changes in the present value of loans, thereby reducing the sensitivity of IDA's capital adequacy to long-term interest rate movements and providing greater stability in IDA's long-term financing to clients. These swaps are included in the ALM portfolio. For more details, see Notes to the Financial Statements for the year ended June 30, 2025, Note F—Derivative Instruments.

Asset Coverage Principles

In addition to the DSC framework, IDA has policies in place to ensure alignment of its lending and borrowing activities. Specifically, the Board approved the following asset coverage principles:

- Management monitors the level of assets available to satisfy all of IDA's borrowings and adjusts future lending and grant commitments should the level of asset coverage fall below the level expected for a triple-A rated entity.
- Management monitors IDA's liquidity to ensure its ability to satisfy its borrowing and commitment obligations even under stressed conditions taking into account the level expected for a triple-A rated entity without callable capital.
- If IDA's access to the capital markets or alternative sources of cash funding is impaired, then no additional loan or grant commitments will be approved until access to cash funding has resumed or all market debt is repaid.

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.

While the PBA framework was not originally intended as a credit quality metric, it incorporates factors related to country credit risk. The PBA determines the volume of concessional IDA resources allocated to each country, based on performance in implementing policies that promote economic growth and poverty reduction, as assessed under the Country Policy and Institutional Assessment (CPIA). The CPIA includes economic management criteria, such as fiscal policy and debt policy and management.

In addition to these considerations in the PBA, 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.

Single Borrower Limit

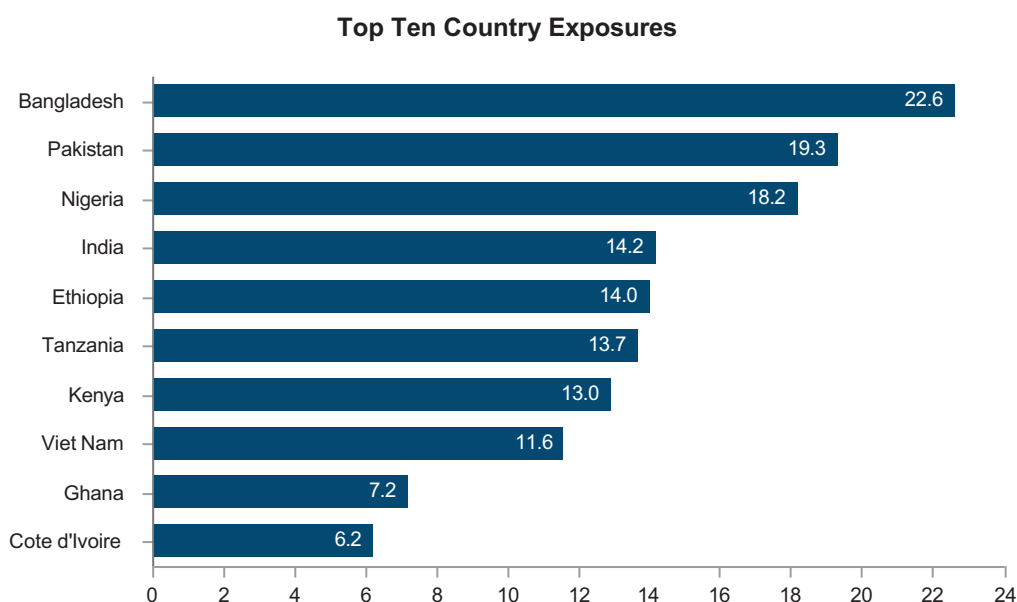
Portfolio concentration risk, which arises when a small group of borrowing countries account for a large share of loans outstanding, is a key consideration for IDA. Concentration risk is managed through the SBL, which caps exposure to any single borrowing country at 25 percent of equity, in line with the Basel- based maximum exposure limit.

For FY26, the SBL has been set at \$51.0 billion (25% of \$204.2 billion of total equity as of June 30, 2025), a marginal increase compared to FY25 (\$47.5 billion). Currently, the maximum country exposure levels compatible with IDA's overall capital adequacy target are lower than the SBL for all IDA borrowing countries. As a consequence, the SBL is currently not a constraining factor.

As of June 30, 2025, the ten countries with the highest exposures accounted for 61% of IDA's total exposure (Figure 14). 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 14: Country Exposures as of June 30, 2025

In billions of U.S. dollars



Debt Relief

IDA has participated in two comprehensive debt relief initiatives, HIPC and MDRI, adopted by the global development community to reduce the debt burdens of developing countries. In each case, IDA agreed to provide debt relief in return for future compensation from members for forgone reflows, ensuring that IDA's financial capacity would not be reduced. For a borrower to be eligible for debt relief on its loans with IDA, it is required to maintain macroeconomic stability, carry out key structural and social reforms, and maintain all loans in accrual status.

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 gradual approach (Box 6). 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 June 30, 2025, none of the IDA borrowing countries in the accrual portfolio had overdue payments beyond three months.

On May 12, 2025, the Syrian Arab Republic, with the assistance of 2 member countries, cleared all of its overdue principal and charges due to IDA.

Box 6: Treatment of Overdue Payments

Overdue by 30 days	Where the borrower is the member country, no new loans, or grants to the member country, or to any other borrower in the country, will be presented to the Board for approval nor will any previously approved loans or grants be signed, until payments for all amounts 30 days overdue or longer have been received. Where the borrower is not the member country, no new loans or grants to that borrower will be signed or approved.
Overdue by 45 days	In addition to the provisions cited above for payments overdue by 30 days, to avoid proceeding further on the notification process leading to suspension of disbursements, the country as borrower or guarantor and all borrowers in the country must pay not only all payments overdue by 30 days or more, but also all payments due regardless of the number of days since they have fallen due. Where the borrower is not the member country, no new loans, or grants to, or guaranteed by, the member country, will be signed or approved.
Overdue by 60 days	In addition to the suspension of approval for new loans or grants and signing of previously approved loans or grants, disbursements on all grants or loans to or guaranteed by the member country are suspended until all overdue amounts are paid. This policy applies even when the borrower is not the member country. Under exceptional circumstances, disbursements can be made to a member country upon the Board's approval.
Overdue by more than six months	In addition to the suspension of disbursements on all loans to, or guaranteed by, the member country, all loans made to or guaranteed by a member or to the territory of a member of IDA are placed in nonaccrual status, unless IDA determines that the overdue amount will be collected in the immediate future. Unpaid service charges and other charges not yet paid on loans outstanding are deducted from loan revenue in the current period. To the extent that these payments are received, they are included in loan revenue. At the time of arrears clearance, if collectability risk is considered to be particularly high, the member's exposures may not automatically emerge from nonaccrual status. In such instances, a decision is made on the restoration of accrual status on a case-by-case basis and in certain cases, this decision may be deferred until after a suitable period of payment or policy performance has passed.

As an exception to the practices set forth in Box 6, IDA has provided financing to countries with overdue payments, in very specific situations:

- IDA has provided grants from its Crisis Response Window to third party agencies for use in Federal Republic of Somalia and Zimbabwe in response to major crises, during FY17 and FY19 respectively, and;
- IDA has financed a few regional projects, for the benefit of countries with overdue payments to IDA, through its Regional Program Window.

In the past, on an exceptional basis, IDA financed through concessional loans and grants the following regional projects, where participation of a country with overdue payments was crucial to the success of the regional project.

- In April 2017, the Kenya Displacement project (\$103 million) through Intergovernmental Authority on Development (IGAD) that included financing for Federal Republic of Somalia, a country with overdue payments at the time.
- In December 2014, Kariba Dam Rehabilitation Project (\$75 million) that included benefits for Zimbabwe, a country with overdue payments.
- In September 2003, West Africa HIV/AIDS project for the Abidjan-Lagos Transport Corridor (\$17 million) that included benefits for Togo, a country with overdue payments at that time.

In the above cases, financing was not made directly to the country with overdue payments. Implementation arrangements were such that a regional bank or another participating country took on the obligation of the regional project on behalf of the country with overdue payments to IDA.

In addition, IDA may engage with countries with overdue payments when a very narrow and well-defined set of criteria are met, including a clear path to arrears clearance. For more details on exceptional financing, see Section III: IDA's Financial Resources.

Accumulated Provision for Losses on Loans and other Exposures

The total exposure for provisioning is the current exposure and the estimated exposure taking into account expected disbursements and repayments over the life of the instruments. The expected credit losses related to loans and other exposures are calculated over the life of the instruments based on the expected exposures, the expected default frequency (probability of default to IDA) and the estimated loss given default. The provision for expected losses is the sum of the expected annual losses over the life of the instruments. A key determinant in the provision for losses on loans and other exposures is IDA's borrowing country credit risk ratings. These ratings are IDA's own assessment of borrowers' ability and willingness to repay IDA on time and in full.

As of June 30, 2025, IDA had \$227.9 billion of loans outstanding, of which loans in nonaccrual status represented 0.4%. IDA's accumulated provision for losses on loans and other exposures was \$6.2 billion, which represented a provisioning rate of 2.0% of the underlying exposures (\$5.6 billion as of June 30, 2024, 2.0% of the underlying exposures). For a summary of countries with loans or guarantees in nonaccrual status as of June 30, 2025, see Notes to the Financial Statements for the year ended June 30, 2025, Note D – Loans and Other Exposures.

Commercial Counterparty Credit Risk

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.

IDA mitigates the counterparty credit risk from its investment and derivative holdings through the credit approval process, the use of collateral agreements and risk limits, and other monitoring procedures. The credit approval process involves evaluating counterparty and product specific creditworthiness, assigning internal credit ratings and limits, and determining the risk profile of specific transactions. Credit limits are set and monitored throughout the year. Counterparty exposure is updated daily, taking into account current market values of assets held, estimates of potential future movements of exposure for derivative instruments, and related counterparty collateral agreements. Collateral posting requirements are based on thresholds driven by public credit ratings. Collateral held includes cash and highly rated liquid investment securities. Commercial credit risk management includes ESG related assessments in the approval and monitoring of higher exposure counterparts for the liquid asset portfolio and for derivative counterparties.

IDA's liquid asset portfolio consists mostly of sovereign government bonds, debt instruments issued by sovereign government agencies, corporates and time deposits with banks.

Derivative Instruments

In the normal course of its business, IDA enters into various derivative instruments to manage foreign exchange and interest rate risks. These instruments are also used to help borrowers to manage their financial risks. Derivative transactions are conducted with other financial institutions and, by their nature, entail commercial counterparty credit risk.

While the volume of derivative activity can be measured by the contracted notional value of derivatives, notional value is not an accurate measure of credit or market risk. IDA uses the estimated replacement cost of the derivative instruments, or potential future exposure (PFE), to measure credit risk with counterparties.

Under IDA's mark-to-market collateral arrangements, IDA receives collateral when mark-to-market exposure is greater than the ratings-based collateral threshold. As of June 30, 2025, IDA received \$1,266 million of cash collateral for its derivative transactions (\$893 million—June 30, 2024).

IDA is not required to post collateral under its derivative agreements as long as it maintains a triple-A credit rating. (For the contractual value, notional amounts, related credit risk exposure amounts, and the amount IDA would be required to post in the event of a downgrade, see Notes to the Financial Statements for the year ended June 30, 2025, Note F—Derivative Instruments).

Investment Securities

IDA's Board-approved General Investment Authorization provides the basic authority for IDA to invest its liquid assets. Furthermore, all investment activities are conducted in accordance with a more detailed set of Investment Guidelines set by management. The Investment Guidelines are approved by the MDCFO and implemented by the Treasurer. The Guidelines include a consultative loss limit to reflect a level of tolerance for the risk of underperforming the benchmark in any fiscal year and a duration deviation metric. Clear lines of responsibility for risk monitoring and compliance are highlighted in the Guidelines. Credit risk appetite is conveyed through specific eligibility criteria (Box 7). IDA has procedures in place to monitor performance against this limit and potential risks, and it takes appropriate actions if the limit is reached. All investments are subject to additional conditions specified by the market and counterparty risk department, as deemed necessary.

Box 7: Eligibility Criteria for IDA's Investments

Eligible Investments ^a	Description
Sovereigns	IDA may only invest in obligations issued or unconditionally guaranteed by governments of member countries with a minimum credit rating of AA-. However, no rating is required if government obligations are denominated in the national currency of the issuer.
Agencies	IDA may invest only in obligations issued by an agency or instrumentality of a government of a member country, a multilateral organization, or any other official entity other than the government of a member country, with a minimum credit rating of AA-.
Corporates and asset-backed securities	IDA may only invest in securities with a triple-A credit rating.
Time deposits ^b	IDA may only invest in time deposits issued or guaranteed by financial institutions, whose senior debt securities are rated at least A-.
Commercial paper	IDA may only invest in short-term borrowings (less than 190 days) from commercial banks, corporates, and financial institutions with at least two Prime-1 ratings.
Securities lending, and borrowing, resales, and reverse repurchases	IDA may engage in securities lending, against adequate collateral repurchases and reverse repurchases, against adequate margin protection, of the securities described under the repurchases sovereigns, agencies, and corporates and asset-backed security categories.
Collateral assets	IDA may engage in collateralized forward transactions, such as swap, repurchase, resale, securities lending, or equivalent transactions that involve certain underlying assets not independently eligible for investment. In each case, adequate margin protection needs to be received.

- a. All investments are subject to approval by the Market and Counterparty Risk department and must appear on the "Approved List" created by the department.
- b. Time deposits include certificates of deposit, bankers' acceptances and other obligations issued or unconditionally guaranteed by banks or other financial institutions.

The credit quality of IDA's investment portfolio remains in the upper end of the credit spectrum with 78% of the portfolio rated AA or above as of June 30, 2025, reflecting IDA's continued preference for highly-rated securities and counterparties across all categories of financial instruments.

Commercial Counterparty Credit Risk Exposure

As a result of IDA's use of mark-to-market collateral arrangements for swap transactions, its residual commercial counterparty credit risk exposure is concentrated in the investment portfolio, in instruments issued by sovereign governments and non-sovereign holdings (including Agencies, Asset-backed securities, Corporates, and Time Deposits). Total commercial counterparty credit exposure, net of collateral held, was \$47.8 billion as of June 30, 2025. (Table 25).

Table 25: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating*In millions of U.S. dollars, except rates in percentages*

<i>Counterparty Rating ^a</i>	<i>As of June 30, 2025</i>				
	<i>Sovereigns</i>	<i>Non-Sovereigns</i>	<i>Net Swap Exposure</i>	<i>Total Exposure</i>	<i>% of Total</i>
AAA	\$ 8,327	\$ 4,011	\$ —	\$12,338	26%
AA	7,507	17,006	199	24,712	52
A	3,643	6,556	291	10,490	22
BBB or lower/unrated	89	175	—	264	*
Total	\$19,566	\$27,748	\$490	\$47,804	100%

<i>Counterparty Rating ^a</i>	<i>As of June 30, 2024</i>				
	<i>Sovereigns</i>	<i>Non-Sovereigns</i>	<i>Net Swap Exposure</i>	<i>Total Exposure</i>	<i>% of Total</i>
AAA	\$ 6,815	\$ 2,774	\$ —	\$ 9,589	28%
AA	7,411	9,528	160	17,099	49
A	3,200	4,622	291	8,113	23
BBB	—	7	—	7	*
Total	\$17,426	\$16,931	\$451	\$34,808	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.

For the contractual value, notional amounts and related credit risk exposure amounts by instrument, see Notes to the Financial Statements for the year ended June 30, 2025, Note F—Derivative Instruments.

Credit and Debit Valuation Adjustments

Most outstanding derivative positions are transacted over-the-counter and therefore valued using internally developed valuation models. For commercial and non-commercial counterparties where IDA has a net exposure (net receivable position), IDA calculates a Credit Valuation Adjustment (CVA) to reflect credit risk. For net derivative positions with commercial and non-commercial counterparties where IDA is in a net payable position, IDA calculates a Debit Valuation Adjustment (DVA) to reflect its own credit risk.

The CVA is calculated using future projected exposures of the derivative contracts, net of collateral received under credit support agreements, and the probability of counterparty default based on the Credit Default Swaps (CDS) spread and, where applicable, proxy CDS spreads. IDA does not currently hedge this exposure. The DVA calculation is generally consistent with the CVA methodology and incorporates IDA's own credit spread as observed through the CDS market. As of June 30, 2025, IDA recorded a CVA on its balance sheet of \$108 million, and a DVA of \$14 million.

Changes in Credit Spreads

- **Borrowings:** IDA's own credit risk reflects the cost of funding relative to applicable reference rates. Changes in IDA's credit spreads result in unrealized mark-to-market gains/losses, recorded as Net Change in DVA on Fair Value Option elected liabilities in the Statements of Comprehensive Income.
- **Loans:** IDA's fair value model mainly represents a hypothetical MDB market exit price of the loans outstanding. It incorporates CDS spreads as an indicator of the credit risk for each borrower, after adjusting recovery levels to incorporate IDA's institutional experience and assumptions. These assumptions are reviewed annually. IDA does not hedge its sovereign credit exposure, but Management assesses its credit risk through a loan-loss provisioning framework. The loan loss provision represents the expected losses inherent in its accrual and nonaccrual portfolios. IDA's country credit risk is managed by using individual country exposure limits and by monitoring its credit-risk-bearing capacity.

- **Investments:** IDA purchases investment-grade securities for its liquid asset portfolio. Credit risk is controlled through appropriate eligibility criteria (Box 7). The overall risk of the investment portfolio is also constrained by a consultative loss limit. In line with these risk management strategies, the potential effect of default risk on IDA's investments is therefore small.
- **Derivatives:** IDA uses derivatives to manage exposures to currency and interest rate risks in its borrowing, loan, and investment portfolios. It is therefore exposed to commercial counterparty credit risk on these instruments. This risk is managed through:
 - Stringent selection of commercial derivative counterparties,
 - Daily marking-to-market of derivative positions, and
 - Use of collateral and collateral thresholds for all commercial counterparties.

The sensitivity of IDA's portfolios to changes in credit spreads is shown in Table 26, where the amount represents the dollar change in fair value which corresponds to a one basis point parallel upward shift in credit spreads.

Table 26: Effect of Credit on IDA's Portfolios

In millions of U.S. dollars

<i>As of June 30, 2025</i>	<i>Credit Effect on Portfolio Sensitivity^a</i>
Borrowings	\$ 15
Loans ^b	(15)
Investments	(1)
Total losses	\$ (1)

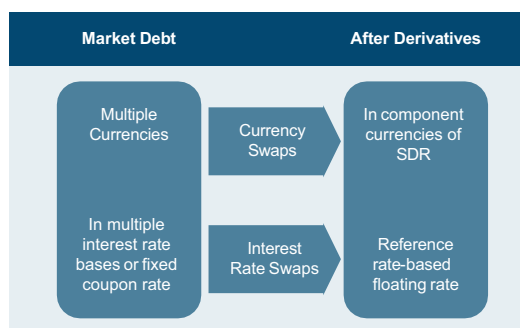
a. Excludes CVA and DVA on derivatives

b. If loans were measured at fair value

Market Risk

IDA is exposed to changes in interest and exchange rates and uses derivatives to manage its exposure to market risks. Derivatives are used to align the interest and currency composition of its assets (loan and investment trading portfolios) with that of its liabilities (borrowing portfolio) and equity, with the exception of the long-term fixed rate market debt that is used to fund fixed rate loans. Figure 15 below illustrates the use of derivatives for market borrowing portfolios. The loan, investment and borrowing portfolios are largely maintained in SDR and its component currencies.

Figure 15: Use of Derivatives for Market Borrowings at Fair Value



Interest Rate Risk

IDA is exposed to interest rate risk due to mismatches between its assets (loan and investment portfolios) and its liabilities (borrowing portfolio) both in terms of maturity and instrument type. Given IDA's lengthy disbursement profile, the weighted average maturity of IDA's loans is relatively long (12 years). This long maturity, 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 Sheets is not fully evident. IDA's investment-trading portfolio (liquid asset portfolio) has a relatively low sensitivity to interest rates with a duration of 5 months as of June 30, 2025.

- **Loan and Borrowing Portfolios:** In line with IDA's financial risk management strategies, the sensitivity of IDA's loan and borrowing portfolios to changes in interest rates is managed through derivatives, or through the use of borrowings which match the fixed rate basis of the loan portfolio and which are reported at amortized cost. As noted earlier, IDA intends to maintain its positions for these portfolios and thus manages these instruments on a cash flow basis. The resulting net unrealized mark-to-market gains and losses on these portfolios, associated with the sensitivity to interest rates, are therefore not expected to be realized.
- **Other ALM (including CVP):** Other ALM primarily includes the CVP which consists of \$15.4 billion current notional, forward starting fixed pay swaps. These swaps hedge against rising future interest rates given IDA's fixed rate concessional loan portfolio. CVP is classified as a non-trading portfolio recorded at fair value. Changes in the values of these derivatives would partially offset changes in the value of the loans if the loans were recorded at fair value.
- **Investments:** After the effects of derivatives, the average effective duration of the investments is approximately 5 months for FY25. As a result, the portfolio has a low sensitivity to changes in interest rates.

The sensitivity of these portfolios to interest rate movements, after the effect of derivatives, is shown in Table 27 below where the amount represents the dollar change in fair value corresponding to a one basis point parallel upward shift in interest rates as of June 30, 2025.

Under its integrated financial 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.

Table 27: Effect of Interest Rates on IDA's Portfolios

In millions of U.S. dollars

<i>As of June 30, 2025</i>	<i>Net Interest Rate Effect on Portfolio Sensitivity</i>
Market borrowings at fair value, including derivatives	\$ 1
Other borrowings, at amortized cost ^a	26
Loan portfolio ^a	(116)
Other ALM ^b	9
Investment Portfolio	(2)
Total losses	\$ (82)

a. If instruments were measured at fair value

b. Amount mainly reflects interest rate effect on the CVP.

Figure 16 depicts how the use of derivatives, or other offsetting positions, affects the overall sensitivity of the borrowing, loan, other ALM, and investment portfolios. It indicates the extent to which each portfolio is

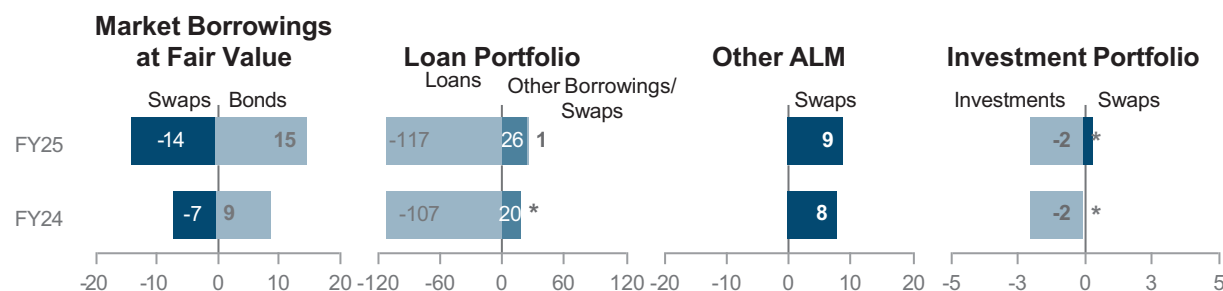
economically hedged. For example, for the borrowing portfolio, a one basis point increase in interest rates would result in \$15 million of unrealized mark-to-market gains on bonds, which would be offset by \$14 million of unrealized mark-to-market losses on swaps. Loan and Other borrowings sensitivities are illustrative, as they are carried at amortized cost on the Balance Sheets.

Figure 16: Sensitivity to Interest Rates

(Dollar change in fair value corresponding to a one-basis-point upward parallel shift in interest rates)

In millions of U.S. dollars

As of June 30, 2025



* Sensitivities are marginal

Exchange Rate Risk

IDA faces foreign exchange rate risk exposure as a result of the currency mismatch between its commitments for loans and grants, which are mainly denominated in SDRs; equity contributions from members, which are typically denominated in national currencies; and the portion of IDA's internal resources and expenditures that are denominated in U.S. dollars.

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 sheets are managed in multiple currencies: SDR and the currencies comprising the SDR basket. The exchange rate risk management methodology includes the hedging of: (i) currency risk arising from settlement of loan disbursements, loan repayments and donor contributions; (ii) debt funding; (iii) IDA loans; (iv) donor contributions; and (v) administrative budget.

The reported levels of its assets, liabilities, income, and expenses in the financial statements are affected by exchange rate movements in all the currencies in which IDA transacts, relative to its reporting currency, the U.S. dollar. These movements are shown as currency translation adjustments. Translation adjustments relating to the revaluation of assets and liabilities denominated in SDR and SDR component currencies, (IDA's functional currencies), are reflected in Accumulated Other Comprehensive Loss, in equity. Translation adjustments relating to non-functional currencies are reported in IDA's Statements of Income (see Notes to the Financial Statements for the year ended June 30, 2025, Note A – Summary of Significant Accounting and Related Policies).

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 SDR.

The payable leg of the currency forward contracts economically hedging member equity contribution pledges is denominated in non-functional currencies. IDA pays the market counterparty in a non-SDR currency. Accordingly, depreciation or appreciation of the non-SDR currencies against the U.S. dollar results in exchange rate gains or losses, which are reported in the Statements of Income. The translation adjustment on future inflows

from members, even though they are not recorded in the balance sheets, is the economic offset to the translation adjustment on nonfunctional 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 FY25, the prudential minimum was \$29.5 billion. For FY26, the prudential minimum has been set at \$37.0 billion. As of June 30, 2025, IDA's liquid assets were \$45.7 billion, 155% of the FY25 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, staff health and safety, information security and data privacy, business continuity, and third party 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.

Cybersecurity Risk Management

IDA's operations rely on the secure processing, storage, and transmission of confidential and other information in computer systems and networks. Like other financial institutions, cybersecurity risk continues to be significant for IDA due to the evolving sophistication and complexity of the cyber threat landscape. These risks are unavoidable, and IDA seeks to manage them on a cost-effective basis consistent with its risk appetite.

To protect the security of its computer systems, software, networks and other technology assets, IDA has developed its cybersecurity risk management program, aligned with its Operational Risk Management Framework. This program consists of cybersecurity policies, procedures, compliance, and awareness programs. A multi-layered approach for cybersecurity risk management is employed to prevent and detect malicious activity, both from within the organization and from external sources. In response to emerging cyber threats such as malware including ransomware, denial of service, phishing attacks and artificial intelligence related risks, IDA adapts its technical and process-level controls and enhances user awareness to mitigate the risk. When relying on third-party vendors for technology-enabled services, additional meaningful and diligent measures are applied to gain assurance regarding the security of its information and technology assets including, as appropriate, legal and cybersecurity contractual safeguards in third-party vendor agreements and review and monitoring of third-party control environments.

IDA periodically assesses the maturity and effectiveness of its cyber defenses through risk mitigation techniques, including but not limited to, targeted testing, internal and external audits, incident response desktop exercises and industry benchmarking.

SECTION X: CRITICAL ACCOUNTING POLICIES AND THE USE OF ESTIMATES

IDA's significant accounting policies, as well as estimates made by management, are integral to its financial reporting. While all of these policies require a certain level of judgment and estimates, significant policies require management to make highly difficult, complex, and subjective judgments as these relate to matters inherently uncertain and susceptible to change. Note A to the financial statements contains a summary of IDA's significant accounting policies including a discussion of recently issued accounting pronouncements.

Fair Value of Financial Instruments

All fair value adjustments are recognized through the Statements of Income, except for changes in the fair value of debt related to IDA's own credit, which are reported in Other Comprehensive Income. The fair values of financial instruments are based on a three-level hierarchy.

For financial instruments classified as Level 1 or 2, less judgment is applied in arriving at fair value measures as the inputs are based on observable market data. For financial instruments classified as Level 3, unobservable inputs are used. These require management to make important assumptions and judgments in determining fair value measures.

Derivative contracts generally include currency forward contracts, to-be-announced (TBA) securities, swaptions, exchange traded options and futures contracts, currency swaps, and interest rate swaps. Plain vanilla swaps and structured swaps are valued using the standard discounted cash flow methods using observable market inputs such as yield curves, foreign exchange rates and basis spreads.

In instances where management relies on instrument valuations supplied by external pricing vendors, there are procedures in place to validate the appropriateness of the models used as well as the inputs applied in determining those values.

IDA's financial instruments recorded at fair value are classified as either Level 1 or Level 2 as of June 30, 2025, as the inputs are based on observable market data and less judgment is applied in arriving at fair value measures.

On a quarterly basis, the methodology, inputs, and assumptions are reviewed to assess the appropriateness of the fair value hierarchy classification of each financial instrument. All the financial models used for input to IDA's financial statements are subject to both internal and periodic external verification and review by qualified personnel.

Provision for Losses on Loans and Other Exposures

IDA's accumulated provision for losses on loans and other exposures reflects the expected losses inherent in its nonaccrual and accrual portfolios after taking into consideration the expected relief under the HIPC Debt Initiative and MDRI and any provision for losses on the buy-down of loans.

Adjustments to the accumulated provision are recorded as a charge to or a release of provision in the Statements of Income. Actual losses may differ from expected losses due to unforeseen changes in any of the factors that affect borrowers' creditworthiness.

The Credit Risk Committee monitors aspects of country credit risk, in particular, reviewing the provision for losses on loans and guarantees taking into account, among other factors, any changes in exposure, risk ratings of borrowing member countries, or movements between the accrual and nonaccrual portfolios.

Additional information on IDA's provisioning policy and the status of nonaccrual loans can be found in the Notes to Financial Statements for the year ended June 30, 2025, Note A—Summary of Significant Accounting and Related Policies and Note D—Loans and Other Exposures.

SECTION XI: GOVERNANCE AND INTERNAL CONTROLS

Business Conduct

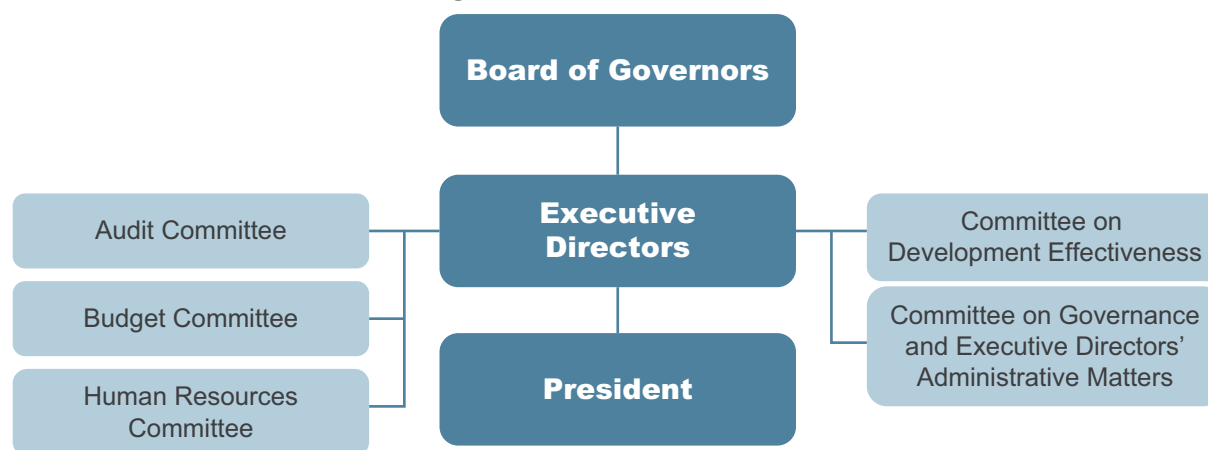
The WBG promotes a positive work environment in which staff members understand their ethical obligations to the institution. In support of this commitment, the institution has a Code of Conduct in place. The WBG has both an Ethics Helpline and a Fraud and Corruption hotline. A third-party service offers many methods of worldwide communication. Reporting channels include telephone, mail, email, or confidential submission through a website.

IDA has in place procedures for receiving, retaining, and handling recommendations and concerns relating to business conduct identified during the accounting, internal control, and auditing processes.

WBG staff rules clarify and codify the staff's obligations in reporting suspected fraud, corruption, or other misconduct that may threaten the operations or governance of the WBG. These rules also offer protection from retaliation.

General Governance

Figure 17: Governance Structure



IDA's decision-making structure consists of the Board of Governors, the Executive Directors (the Board), the President, management, and staff. The Board of Governors is the highest decision-making authority. Governors are appointed by their member governments for a five-year term, which is renewable. The Board of Governors may delegate authority to the Executive Directors (referred to as the Board in this document) to exercise any of its powers, except for certain powers enumerated in IDA's Articles. IDA has its own policies and frameworks that are carried out by staff that share responsibilities for both IDA and IBRD.

In addition, IBRD and IDA have joint internal institutional oversight units which play an assurance role to shareholders and management that IDA's work is impactful and accountable, informed by best practices, and delivered to the highest ethical standards with risk management controls and governance processes that are functioning effectively.

Executive Directors

In accordance with the Articles, Executive Directors are appointed or elected every two years by their member governments. The Board currently has 25 Executive Directors who represent all 175 member countries. Executive Directors are neither officers nor staff of IDA. The President is the only member of the Board from management, and he serves as a non-voting member and as Chairman of the Board.

The Board is required to consider proposals made by the President on IDA loans, grants, and guarantees and on other policies that affect its general operations. The Board is also responsible for presenting to the Board of Governors, at the Annual Meetings, audited accounts, an administrative budget, and an annual report on operations and policies and other matters.

The Board and its committees are in continuous sessions based in Washington DC, as business requires. Each committee's terms of reference establish its respective roles and responsibilities. As committees do not vote on issues, their role is primarily to serve the Board in discharging its responsibilities.

The committees are made up of eight members and function under their respective terms of reference. These committees are as follows:

- **Audit Committee**—assists the Boards in overseeing IDA's finances, accounting, risk management and internal controls (See further explanation below).
- **Budget Committee**—assists the Boards in approving the World Bank's budget and in overseeing the preparation and execution of IDA's business plans. The committee provides guidance to management on strategic directions of IDA.
- **Committee on Development Effectiveness**—supports the Boards in assessing IDA's development effectiveness, providing guidance on strategic directions of IDA, monitoring the quality and results of operations.
- **Committee on Governance and Executive Directors' Administrative Matters**—assists the Boards in issues related to the governance of IDA, the Boards' own effectiveness, and the administrative policy applicable to Executive Directors' offices.
- **Human Resources Committee**—strengthens the efficiency and effectiveness of the Board in discharging its oversight responsibility on the World Bank's human resources strategy, policies and practices, and their alignment with the business needs of the organization.

Audit Committee

Membership

The Audit Committee consists of eight Executive Directors. Membership in the Audit Committee is determined by the Board, based on nominations by the Chairman of the Board, following informal consultation with Executive Directors.

Key Responsibilities

The Audit Committee is appointed by the Board for the primary purpose of assisting the Board in overseeing IDA's finances, accounting, risk management, internal controls, and institutional integrity. Specific responsibilities include:

- Oversight of the integrity of IDA's financial statements.
- Appointment, qualifications, independence, and performance of the External Auditor.
- Performance of the Group Internal Audit Vice Presidency.
- Adequacy and effectiveness of financial and accounting policies and internal controls and the mechanisms to deter, prevent and penalize fraud and corruption in IDA operations and corporate procurement.
- Effective management of financial, fiduciary and compliance risks in IDA.
- Oversight of the institutional arrangements and processes for risk management across IDA.

In carrying out its role, the Audit Committee discusses financial issues and policies that affect IDA's financial position and capital adequacy, with management, external auditors, and internal auditors. It also recommends the annual audited financial statements for approval to the Board. The Audit Committee monitors and reviews developments in corporate governance and its own role on an ongoing basis.

Executive Sessions

Under the Audit Committee's terms of reference, it may convene an executive session at any time, without management's presence. The Audit Committee meets separately in executive session with the external and internal auditors.

Access to Resources and to Management

Throughout the year, the Audit Committee receives a large volume of information to enable it to carry out its duties and meets both formally and informally throughout the year to discuss relevant matters. It has complete access to management, and reviews and discusses with management topics considered in its terms of reference.

The Audit Committee has the authority to seek advice and assistance from outside legal, accounting, or other advisors as it deems necessary.

Auditor Independence

The appointment of the external auditor for IDA is governed by a set of Board-approved principles. These include:

- Limits on the external auditor's provision of non-audit-related services;
- Requiring all audit-related services to be pre-approved on a case-by-case basis by the Board, upon recommendation of the Audit Committee; and
- Renewal of the external audit contract every five years, with a limit of two consecutive terms and mandatory rotation thereafter.

The external auditor may provide non-prohibited, non-audit related services subject to monetary limits.

Broadly, the list of prohibited non-audit services includes those that would put the external auditor in the roles typically performed by management and in a position of auditing their own work, such as accounting services, internal audit services, and provision of investment advice. The total non-audit services fees over the term of the relevant external audit contract shall not exceed 70% of the audit fees over the same period.

Communication between the external auditor and the Audit Committee is ongoing and carried out as often as deemed necessary by either party. The Audit Committee meets periodically with the external auditor and individual committee members have independent access to the external auditor. IDA's external auditors also follow the communication requirements with the Audit Committee set out under generally accepted auditing standards in the United States.

External Auditors

The external auditor is appointed to a five-year term, with a limit of two consecutive terms, and is subject to annual reappointment based on the recommendation of the Audit Committee and approval of a resolution by the Board.

In May 2022, IDA's Board approved Deloitte & Touche LLP as IDA's external auditor for a second five- year term commencing in FY24.

Senior Management Changes

Lakshmi Shyam-Sunder, WBG Chief Risk Officer and Vice President, retired in January 2025. Dennis McLaughlin was appointed to this role effective January 2, 2025.

Pamela O'Connell, Vice President and WBG Controller, will be retiring and leaving the Bank in September 2025.

Internal Controls

Internal Control over Financial Reporting

Each fiscal year, management evaluates the internal control over financial reporting to determine whether any changes made in these controls during the fiscal year materially affect, or would be reasonably likely to materially affect, IDA's internal control over financial reporting. The internal control framework promulgated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), "Internal Control—Integrated Framework (2013)" provides guidance for designing, implementing, and conducting internal control and assessing its effectiveness. IDA uses the 2013 COSO framework to assess the effectiveness of the internal control over financial reporting. As of June 30, 2025, management maintained effective internal control over financial reporting. See "Management's report regarding effectiveness of Internal Control over Financial Reporting" on page 72.

IDA's internal control over financial reporting as of June 30, 2025, has been audited by Deloitte & Touche LLP, an independent auditor, as stated in their report, which is included herein.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed is gathered and communicated to management as appropriate, to allow timely decisions regarding required disclosure by IDA. Management conducted an evaluation of the effectiveness of such controls and procedures and the President and the MDCFO have concluded that these controls and procedures were effective as of June 30, 2025.

SECTION XII: AFFILIATED ORGANIZATIONS—IBRD, IFC AND MIGA

IBRD's purpose is to work with its borrowing members so that they can achieve equitable and sustainable economic growth in their national economies and find effective solutions to pressing regional and global problems in economic development and environmental sustainability. It pursues this goal primarily by providing financing, risk management products and other financial services, access to experts and a pool of knowledge in development-related disciplines, so that borrowing members can pool, administer and prioritize resources they dedicate to development-related objectives. IBRD is financed by capital subscriptions by its members and debt raised in the capital markets. Under its Articles, IDA may not lend to, or borrow from IBRD.

IBRD may make transfers to IDA out of net income. In FY25, IDA received \$515 million from IBRD, resulting in cumulative transfers to IDA from IBRD of \$17.3 billion as of June 30, 2025. For additional information on transfers from IBRD, see Notes to the Financial Statements for the year ended June 30, 2025 — Note H—Transactions with Affiliated Organizations.

IFC helps developing countries achieve sustainable growth by financing private sector investments, mobilizing capital in international financial markets and providing advisory services to businesses and governments. Under its Articles, IDA is permitted to provide financing to IFC, and may, at its discretion, require a suitable governmental or other guarantee. Such financing is subject to the limitation that IDA may not lend IFC any amount which would increase its total outstanding loans beyond a certain threshold. As of June 30, 2025, IDA had no loans to IFC. As of June 30, 2025, IDA held a debt security issued by IFC with a fair value of \$115 million.

IFC may make grants to IDA. During FY25, there were no transfers from IFC to IDA. The cumulative transfers from IFC to IDA were \$3.9 billion as of June 30, 2025.

The IFC-MIGA Private Sector Window (PSW) was created under the Eighteenth Replenishment of IDA (IDA18) to mobilize private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations (FCS). In IDA20, the PSW was allocated an initial envelope of \$2.5 billion which was increased to \$2.7 billion corresponding to the release of the PSW resources allocated in the previous replenishment cycles. This had no impact on the cumulative total PSW allocation in IDA18 through IDA20. Under IDA21, \$3.2 billion has been allocated to PSW, including \$500 million capital set aside on IFC's balance sheet. The PSW is deployed through four facilities designed to target critical challenges faced by the private sector and leverage IFC and MIGA's business platforms and instruments. For additional information on the PSW, see Notes to the Financial Statements for the year ended June 30, 2025 — Note H—Transactions with Affiliated Organizations.

As of June 30, 2025, the PSW exposures comprising mainly of the MIGA Guarantee Facility and the IFC Blended Finance Facility, were \$1,579 million (\$1,507 million—June 30, 2024), and the related accumulated provision was \$179 million (\$212 million—June 30, 2024).

MIGA was established to encourage the flow of investments for productive purposes by providing guarantees against noncommercial risks for foreign investment in its developing member countries. Under its Articles, IDA is permitted to provide financing to MIGA, and may, at its discretion, require a suitable governmental or other guarantee. Such financing is subject to the limitation that IDA may not lend MIGA any amount which would increase its total outstanding loans beyond a certain threshold. As of June 30, 2025, IDA had no loans to MIGA.

SECTION XIII: ADMINISTRATION OF IDA

IDA's administration is composed of the Board of Governors, the Executive Directors, the President, other officers, and staff.

All the powers of IDA are vested in the Board of Governors, which consists of a Governor and an Alternate Governor. Each Governor and Alternate Governor of IBRD appointed by a member of IBRD which is also the member of IDA shall ex officio be a Governor and Alternate Governor, respectively, of IDA. The Board of Governors holds regular annual meetings.

There are 25 Executive Directors. The Executive Directors of IDA shall be composed ex officio of each Executive Director of IBRD who shall have been (i) appointed by a member of IBRD which is also a member of IDA, or (ii) elected in an election in which the votes of at least one member of IBRD which is also a member of IDA shall have counted toward his election. The Board of Governors has delegated to the Executive Directors authority to exercise all the powers of IDA except those reserved to the Governors under the Articles. The Executive Directors function as a board, and each Executive Director is entitled to cast the number of votes of the member or members by which such person is appointed or elected.

The following is an alphabetical list of the Executive Directors of IDA and the member countries by which they were appointed or elected:

<i>Name</i>	<i>Countries</i>
Zainab S. Ahmed	Angola, Nigeria, South Africa
Abdulaziz Al-Mulla	Bahrain, Egypt (Arab Republic of), Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, United Arab Emirates, Yemen (Republic of)
Abdelhak Bedjaoui	Afghanistan, Algeria, Ghana, Iran (Islamic Republic of), Libya, Morocco, Pakistan, Tunisia
Matteo Bugamelli	Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste
Arnaud Buissé	France
Marcos V. Chiliatto	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago
Nathalie Francken	Austria, Belgium, Czechia, Hungary, Kosovo, Luxembourg, Slovak Republic, Slovenia, Türkiye
Olga Fuentes	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay
Vel Gnanendran	United Kingdom
Param Iyer	Bangladesh, Bhutan, India, Sri Lanka
Naoya Jinda	Japan
Zarau Wendeline Kibwe	Botswana, Burundi, Eritrea, Eswatini, Ethiopia, Gambia (The), Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Rwanda, Seychelles, Sierra Leone, Somalia (Federal Republic of), South Sudan, Sudan, Tanzania, Uganda, Zambia, Zimbabwe
Michael Krake	Germany
Beatrice Maser	Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan
Alexey Morozov(Alternate)	Belarus, Russian Federation, Syrian Arab Republic
Robert Nicholl	Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands, Micronesia (Federated States of), Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tuvalu, Vanuatu
Sigrún Rawet	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden

<u>Name</u>	<u>Countries</u>
Katharine Rechico	Antigua and Barbuda, Bahamas (The), Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines
Eugene Philip Rhuggenaath	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Moldova, Montenegro, Netherlands, North Macedonia, Romania, Ukraine
Suhail A. Saeed	Saudi Arabia
Wempi Saputra	Brunei Darussalam, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Viet Nam
Teresa Solbes	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Spain, Venezuela (Republica Bolivariana de)
Harold Tavares	Benin, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo (Democratic Republic of), Congo (Republic of), Cote d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Sao Tome and Principe, Senegal, Togo
Peter Wisner	United States
Jiandi Ye	China

The President is selected by the Executive Directors. Subject to their direction on questions of policy, the President is responsible for the conduct of the ordinary business of IBRD and for the organization, appointment, and dismissal of its officers and staff.

The following is a list of the principal officers of the Bank:

President	Ajay Banga
Senior Managing Director	Axel van Trotsenburg
Managing Director of Operations	Anna Bjerde
Managing Director & WBG Chief Financial Officer	Anshula Kant
Managing Director & WBG Chief Administrative Officer	Wencai Zhang
Senior Vice President & WBG General Counsel	Christopher Stephens
WBG Chief Economist & Senior Vice President for Development Economics	Indermit Gill
Vice President, Development Finance	Akihiko Nishio
Chief Information Officer & Vice President, Information & Technology Solutions	Amy Doherty
Vice President & Auditor-General, Internal Audit	Anke D'Angelo
Vice President, Europe, and Central Asia.	Antonella Bassani
Vice President & Corporate Secretary for WBG	Aradhana Kumar-Capoor
Vice President, East Asia and Pacific	Carlos Felipe Jaramillo
Vice President & WBG Chief Risk Officer	Dennis McLaughlin
Vice President, Operations Policy and Country Services	Gallina Andronova Vincelette
Vice President, Infrastructure	Guangzhe Chen
Chairperson, Inspection Panel	Ibrahim James Pam
Vice President, WBG External and Corporate Relations	James Heimbach
Vice President, South Asia	Johannes M.C. Zutt
Vice President & Treasurer, WB and Pension Finance Administrator, WBG	Jorge Familiar
Vice President, Planet	Juergen Voegelé
Vice President, Ethics & Internal Justice Services	Lisa Rosen
Vice President, People	Mamta Murthi

Vice President, East Asia and Pacific	Manuela Ferro
Vice President, Integrity	Mouhamadou Diagne
Vice President, Eastern and Southern Africa	Ndiame Diop
Secretary, World Bank Accountability Mechanism	Orsolya Melinda Szekely
Vice President, Western and Central Africa	Ousmane Diagana
Vice President, Middle East and North Africa	Ousmane Dione
Vice President, Prosperity	Pablo Saaverdra
Vice President & WBG Human Resources	Radi Anguelova
Director General, Independent Evaluation Group	Sabine Bernabe
Vice President, Budget, Performance Review and Strategic Planning	Samuel Munzele Maimbo
Vice President, Digital Transformation	Sangbu Kim
Vice President, Latin America and Caribbean	Susana Cordeiro Guerra
Vice President for Finance & WBG Controller	Zinga Venner (effective October 1, 2025)

SECTION XIV: THE ARTICLES OF AGREEMENT

The Articles constitute IDA's governing charter. They establish the status, privileges and immunities of IDA, prescribe IDA's purposes, membership structure and organization, and authorize the operations in which it may engage and impose limitations on the conduct of those operations. The Articles also contain, among other things, provisions with respect to the admission of additional members, additions to resources, the terms and conditions under which IDA may provide financing, the use of currencies held by IDA, the disposition of IDA's net income, the withdrawal and suspension of members, and the suspension of operations of IDA.

The Articles provide that they may be amended (except for certain provisions the amendment of which requires acceptance by all members) by consent of three-fifths of the members having four-fifths of the total voting power. The Articles further provide that questions of interpretation of provisions of the Articles arising between any member and IDA or between members of IDA shall be decided by the Executive Directors. Their decisions may be referred by any member to the Board of Governors, whose decision is final. Pending the result of such reference, IDA may act on the basis of the decision of the Executive Directors.

The Articles and the decisions made by the Executive Directors on questions of interpretation may be obtained from IDA.

SECTION XV: LEGAL STATUS, PRIVILEGES AND IMMUNITIES

The Articles contain provisions which accord to IDA, in the territories of each of its members, legal status and certain privileges and immunities. The following is a summary of the more important of these provisions.

IDA has full juridical personality with capacity to make contracts, to acquire and dispose of property and to sue and be sued. Actions may be brought against IDA in a court of competent jurisdiction in territories of any member in which IDA has an office, has appointed an agent for accepting service or notice of process or has issued or guaranteed securities, but no actions against IDA may be brought by its members or persons acting for or deriving claims from its members.

The Governors and Executive Directors, and their Alternates, and the officers and employees of IDA are immune from legal process for acts performed by them in their official capacity, except when IDA waives such immunity.

The archives of IDA are inviolable. The assets of IDA are immune from seizure, attachment or execution prior to delivery of final judgment against IDA.

IDA, its assets, property and income, and its operations and transactions authorized by the Articles, are immune from all taxation and from all customs duties. IDA is also immune from liability for the collection or payment of any tax or duty.

The securities issued by IDA and the interest thereon are not exempt from taxation generally.

Under the Articles, securities issued by IDA and the interest thereon are not subject to any tax by a member (a) which tax discriminates against such securities solely because they are issued by IDA, or (b) if the sole jurisdictional basis for the tax is the place or currency in which such securities are issued, made payable or paid, or the location of any office or place of business maintained by IDA. Also, under the Articles, IDA is not under any obligation to withhold or pay any tax on any interest on such securities.

SECTION XVI: FISCAL YEAR AND ANNOUNCEMENTS

FISCAL YEAR

IDA's fiscal year runs from July 1 to June 30.

ANNOUNCEMENTS

Pursuant to the Articles of Agreement, IDA published an annual report containing its audited financial statements and distributed quarterly financial statements to its members.

SECTION XVII: FEES TO EXTERNAL AUDITORS

The external auditor is appointed to a five-year term, with a limit of two consecutive terms, and is subject to annual reappointment based on the recommendation of the Audit Committee and approval of a resolution by the Board.

In May 2022, IDA's Board approved Deloitte & Touche LLP (Deloitte) as IDA's external auditor for a second five- year term commencing in FY24.

For FY25 and FY24, Deloitte served as IDA's independent external auditors. The aggregate fees for professional services rendered for IDA and IBRD by Deloitte for FY25 and FY24 are as follows: \$2.9 million for FY25 audit fees (\$2.8 million — FY24), and \$0.6 million for FY25 audit-related services (\$0.9 million — FY24). Audit related services include accounting consultations concerning financial accounting and reporting standards. The external auditors may also provide non-prohibited non-audit services subject to monetary limits. Fees related to non-audit services amounted to \$2.2 million for FY25 (\$4.2 million — FY24). IDA records its share of these fees as part of administrative expenses based on an agreed cost sharing formula. (See the Notes to the Financial Statements for the year ended June 30, 2025 — Note H — Affiliated Organizations, for a description of the allocation of administrative expenses between IDA and IBRD).

See the Governance section of this Information Statement for additional discussion of auditor independence issues.

SECTION XVIII: APPENDIX

Glossary of Terms

Blend Borrower: IDA Member that is eligible to borrow from IDA on the basis of per capita income and is also eligible to borrow from IBRD. Given the access to both sources of funds, blend borrowers are expected to limit IDA funding to social sector projects and to use IBRD resources for projects in the other sectors.

Board: The Executive Directors as established by IDA's Articles of Agreement.

Completion Point: When conditions specified in the legal notification sent to a country are met and the country's other creditors have confirmed their full participation in the HIPC debt relief initiative. When a country reaches its Completion Point, IDA's commitment to provide the total debt relief for which the country is eligible, becomes irrevocable.

Consultative Loss Limit: Reflects a level of IDA's tolerance for risk of underperforming the benchmark in any fiscal year.

Credit Valuation Adjustment (CVA): The CVA represents the counterparty credit risk exposure and is reflected in the fair value of derivative instruments.

Debit Valuation Adjustment (DVA): DVA on Fair Value Option (FVO) Elected Liabilities that corresponds to the change in fair value of the liability presented under the FVO that relate to the instrument specific credit risk ("own- credit risk").

Deputies: Representatives of IDA's contributing partners, known as "the IDA Deputies".

Duration: Provides an indication of the sensitivity of underlying yield to changes in interest rates.

Encashment: Draw down (payment in cash) of a demand note in accordance with a schedule agreed for each replenishment.

Externally Financed Output (EFO): An instrument for receiving external contributions to support the Bank's work program, typically, for amounts under \$1 million, however larger amounts can also be received.

Graduate Member: A member country that was once eligible to borrow from IDA, however due to improvements in the member's economic results is no longer eligible to borrow from IDA and is deemed to have "graduated" to IBRD.

Instrument of Commitment (IoC): The instrument through which a government commits to make a subscription or a subscription and contribution to IDA's resources.

Lending operations: Total projects from a fiscal year based on project approval date as of June 30 of the fiscal year.

Net Commitments: Commitments of Loans, grants and guarantees, net of full cancellations and terminations relating to commitments approved in the same fiscal year.

Net Disbursements: Loans and grant disbursements net of repayments and prepayments.

Prudential Minimum: The minimum amount of liquidity that IDA is required to hold. It represents 80% of twenty-four months coverage as calculated at the start of every fiscal year.

Replenishment: The process of regular review of the adequacy of IDA resources and authorization of additional subscriptions. Under IDA's Articles, replenishments are required to be approved by IDA's Board of Governors by a two-thirds majority of the total voting power.

Replenishment Envelope: Total value of resources available during a particular replenishment including member equity contributions, borrowings, internal resources, IBRD transfers, IFC grants and other resources.

Special Drawing Rights (SDR): The SDR is an international reserve asset, created by the International Monetary Fund in 1969 to supplement the existing official reserves of member countries. The SDR is defined as a basket of currencies, consisting of the Chinese Renminbi, Euro, Japanese Yen, Pound Sterling, and U.S. dollar. The basket composition is reviewed every five years to ensure that it reflects the relative importance of currencies in the world's trading and financial systems.

Voting Rights: IDA's voting rights consist of a combination of membership and subscription votes.

World Bank (WB): The World Bank consists of IBRD and IDA.

World Bank Group (WBG): The World Bank Group consists of the IBRD, IDA, IFC, MIGA and ICSID.

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INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCIAL STATEMENTS AND INTERNAL CONTROL

REPORTS

JUNE 30, 2025

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Management's Financial Reporting Assurance

August 7, 2025

Audit Committee of the Board of Executive Directors
International Development Association

We have reviewed the financial statements for the period ending on June 30, 2025, and the accompanying management's discussion and analysis of the International Development Association (IDA) (collectively, the "Reports"). Based on our knowledge, the Reports do not (1) contain any untrue statement of a material fact, or (2) omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Reports.

Based on our knowledge, the financial statements and other financial information included in the Reports fairly present in all material respects the financial condition, results of operations, changes in net assets, and cash flows of IDA for the periods presented in the Reports.

Management is responsible for establishing and maintaining internal controls and procedures over financial reporting for IDA. As part of carrying out these responsibilities, Management has:

- designed internal controls and procedures to ensure that material information required to meet the accuracy and completeness standards set forth above with regard to the Reports is recorded, processed, summarized and reported in a timely manner, as well as to ensure that such information is accumulated and communicated to Management as appropriate to allow timely decisions regarding required disclosure; and
- designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management has evaluated the effectiveness of IDA's internal controls and procedures as of the date of the Reports; and presented in management's discussion and analysis its conclusions about the effectiveness of such controls and procedures, as of the end of the period covered by the Reports, based on such evaluation. Management has disclosed in the Reports any change in IDA's internal control over financial reporting that occurred during the period covered by the Reports that has materially affected, or is reasonably likely to materially affect, IDA's internal control over financial reporting.

Further, Management has disclosed, based on its most recent evaluation of internal control over financial reporting, to IDA's external auditor and the Audit Committee of IDA's Board of Executive Directors:

- all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect IDA's ability to record, process, summarize, and report financial information; and
- any fraud, whether or not material, that involves Management or other employees who have a significant role in IDA's internal control over financial reporting.



Ajay Banga
President



Anshula Kant
Managing Director and World Bank Group Chief Financial Officer

Management's Report Regarding Effectiveness of Internal Control over Financial Reporting

August 7, 2025

The management of the International Development Association (IDA) is responsible for the preparation, integrity, and fair presentation of its published financial statements. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts based on informed judgments and estimates made by management.

The financial statements have been audited by an independent audit firm, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Executive Directors and their Committees. Management believes that all representations made to the independent auditors during their audit of IDA's financial statements and audit of its internal control over financial reporting were valid and appropriate. The independent auditor's reports accompany the audited financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting for financial statement presentations in conformity with accounting principles generally accepted in the United States of America. Management maintains a comprehensive system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. The system of internal control contains monitoring mechanisms, and actions are taken to correct deficiencies identified. Management believes that internal control over financial reporting supports the integrity and reliability of the external financial statements.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

IDA assessed its internal control over financial reporting for financial statement presentation in conformity with accounting principles generally accepted in the United States of America as of June 30, 2025. This assessment was based on the criteria for effective internal control over financial reporting described in the *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this assessment, management believes that IDA maintained effective internal control over financial reporting presented in conformity with accounting principles generally accepted in the United States of America as of June 30, 2025. The independent audit firm that audited the financial statements has issued an Independent Auditor's Report which expresses an opinion on IDA's internal control over financial reporting.

The Executive Directors of IDA have appointed an Audit Committee responsible for monitoring the accounting practices and internal controls of IDA. The Audit Committee is comprised entirely of Executive Directors who are independent of IDA's management. The Audit Committee is responsible for recommending to the Executive Directors the selection of independent auditors. It meets periodically with management, the independent auditors, and the internal auditors to ensure that they are carrying out their responsibilities. The Audit Committee is responsible for performing an oversight role by reviewing and monitoring the financial, accounting and auditing procedures of IDA in addition to reviewing IDA's financial reports. The independent auditors and the internal auditors have full and free access to the Audit Committee, with or without the presence of management, to

discuss the adequacy of internal control over financial reporting and any other matters which they believe should be brought to the attention of the Audit Committee.

A handwritten signature in blue ink, appearing to read 'AJ Banga', with a horizontal line underneath.

Ajay Banga
President

A handwritten signature in blue ink, appearing to read 'Anshula Kant', with a horizontal line underneath.

Anshula Kant
Managing Director and World Bank Group Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'Pamela O'Connell', with a horizontal line underneath.

Pamela O'Connell
Vice President and World Bank Group Controller



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INDEPENDENT AUDITOR'S REPORT ON EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING.

President and Board of Executive Directors
International Development Association

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of the International Development Association ("IDA") as of June 30, 2025, based on the criteria established in the *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, IDA maintained, in all material respects, effective internal control over financial reporting as of June 30, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We also have audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the financial statements as of and for the year ended June 30, 2025 of IDA, and our report dated August 7, 2025, expressed an unmodified opinion on those financial statements.

Basis for Opinion

We conducted our audit in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting section of our report. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for Internal Control over Financial Reporting

Management is responsible for designing, implementing, and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report Regarding Effectiveness of Internal Control over Financial Reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects and to issue an auditor's report that includes our opinion on internal control over financial reporting. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material weakness when it exists.

In performing an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Obtain an understanding of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

August 7, 2025



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INDEPENDENT AUDITOR'S REPORT

President and Board of Executive Directors
International Development Association

Opinion

We have audited the financial statements of the International Development Association ("IDA"), which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended June 30, 2025, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IDA as of June 30, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2025 in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), IDA's internal control over financial reporting as of June 30, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 7, 2025 expressed an unmodified opinion on IDA's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IDA's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee

that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

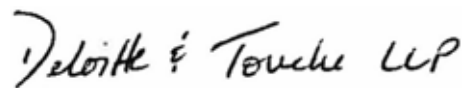
Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. This supplementary information is the responsibility of IDA's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information Included in Management's Discussion & Analysis and Financial Statements

Management is responsible for the other information included in Management's Discussion & Analysis and Financial Statements. The other information comprises the information included in Management's Discussion & Analysis but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



August 7, 2025

BALANCE SHEETS

June 30, 2025 and June 30, 2024

Expressed in millions of U.S. dollars

	2025	2024
Assets		
<i>Due from banks—Notes C and J</i>		
Unrestricted cash	\$ 1,191	\$ 563
Restricted cash	24	23
	<u>1,215</u>	<u>586</u>
<i>Investments (including securities transferred under repurchase or securities lending agreements of \$120 million—June 30, 2025; \$69 million—June 30, 2024) —Notes C, H and J</i>	47,272	34,377
<i>Securities Purchased Under Resale Agreements—Notes C and J</i>	136	58
<i>Derivative assets, net—Notes F, H and J</i>	415	363
<i>Receivable from affiliated organization—Note H</i>	1,807	1,395
<i>Other Receivables</i>		
Receivables from investment securities traded—Note C	9	9
Accrued interest and commitment charges—Note D	860	726
	<u>869</u>	<u>735</u>
<i>Loans outstanding—Notes D, H and J</i>		
Total loans approved	311,194	278,107
Less: Undisbursed balance (including signed loan commitments of \$74,514 million—June 30, 2025; \$68,851 million— June 30, 2024)	(83,307)	(75,559)
Loans outstanding	227,887	202,548
Less:		
Accumulated provision for loan losses	(4,611)	(4,065)
Deferred loan income	(44)	(26)
Net loans outstanding	<u>223,232</u>	<u>198,457</u>
<i>Other assets—Notes G, H and K</i>	5,923	5,379
Total assets	<u><u>\$280,869</u></u>	<u><u>\$241,350</u></u>

BALANCE SHEETS

June 30, 2025 and June 30, 2024

Expressed in millions of U.S. dollars

	2025	2024
Liabilities		
<i>Borrowings—Notes E and J</i>		
Market borrowings, at fair value	\$ 45,154	\$ 26,425
Market borrowings, at amortized cost	18,127	11,494
Concessional partner loans, at amortized cost	7,551	7,004
	<u>70,832</u>	<u>44,923</u>
<i>Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received —Notes C and J</i>	122	71
<i>Derivative liabilities, net—Notes F, H and J</i>	496	667
<i>Payable for development grants</i>	1,080	1,706
<i>Payable to affiliated organization—Note H</i>	631	279
<i>Other liabilities</i>		
Payable for investment securities purchased—Note C	644	648
Accounts payable and miscellaneous liabilities—Notes D and K	2,893	2,755
	<u>3,537</u>	<u>3,403</u>
Total liabilities	<u>76,698</u>	<u>51,049</u>
Equity		
<i>Members' subscriptions and contributions—Note B</i>		
Unrestricted	314,651	310,663
Restricted	321	320
Subscriptions and contributions committed	314,972	310,983
Less:		
Subscriptions and contributions receivable	(19,013)	(26,690)
Cumulative discounts/credits on subscriptions and contributions, net	(4,277)	(4,220)
Subscriptions and contributions paid-in	291,682	280,073
<i>Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions—Note B</i>		
Unrestricted	(12,203)	(12,508)
Restricted	(47)	(45)
	<u>(12,250)</u>	<u>(12,553)</u>
<i>Deferred amounts to maintain value of currency holdings</i>	(246)	(248)
<i>Accumulated deficit</i>	(71,903)	(66,379)
<i>Accumulated other comprehensive loss—Note I</i>	(3,112)	(10,592)
Total equity	<u>204,171</u>	<u>190,301</u>
Total liabilities and equity	<u>\$280,869</u>	<u>\$241,350</u>

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

STATEMENTS OF INCOME

For the fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023

Expressed in millions of U.S. dollars

	2025	2024	2023
Interest revenue			
Loans, net— <i>Note D</i>	\$ 3,021	\$ 2,639	\$ 2,256
Investments, net— <i>Notes F and H</i>	1,559	1,317	1,053
Asset-liability management derivatives, net— <i>Notes F and J</i>	78	58	15
Borrowing expenses, net—<i>Note E</i>	<u>(2,292)</u>	<u>(1,616)</u>	<u>(957)</u>
Interest revenue, net of borrowing expenses	<u>2,366</u>	<u>2,398</u>	<u>2,367</u>
Provision for losses on loans and other exposures—<i>Note D</i>	<u>(358)</u>	<u>(275)</u>	<u>(688)</u>
Non-interest revenue			
Revenue from externally funded activities— <i>Notes H and K</i>	1,098	1,031	966
Commitment charges— <i>Note D</i>	23	26	27
Other	36	25	31
Total	<u>1,157</u>	<u>1,082</u>	<u>1,024</u>
Non-interest expenses			
Administrative— <i>Notes H and K</i>	(2,737)	(2,435)	(2,410)
Contribution to special programs— <i>Note H</i>	(20)	(20)	(20)
Other	—	(23)	(3)
Total	<u>(2,757)</u>	<u>(2,478)</u>	<u>(2,433)</u>
Transfers from affiliated organizations—<i>Note H</i>	515	291	117
Development grants—<i>Note G</i>	(7,200)	(5,291)	(3,946)
Currency remeasurement (losses) gains, net	(57)	(21)	192
Unrealized mark-to-market gains (losses) on Investments-Trading portfolio, net—<i>Notes F and J</i>	340	316	(29)
Unrealized mark-to-market gains (losses) on non-trading portfolios, net—<i>Notes F and J</i>			
Asset-liability management derivatives	484	393	143
Other non-trading portfolios	(14)	12	(9)
Total	<u>470</u>	<u>405</u>	<u>134</u>
Net loss	<u><u>\$(5,524)</u></u>	<u><u>\$(3,573)</u></u>	<u><u>\$(3,262)</u></u>

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

STATEMENTS OF COMPREHENSIVE INCOME

For the fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023

Expressed in millions of U.S. dollars

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net loss	<u>\$(5,524)</u>	<u>\$(3,573)</u>	<u>\$(3,262)</u>
Other comprehensive income (loss)—Note I			
Currency translation adjustments on functional currencies	7,447	(1,652)	224
Net Change in Debit Valuation Adjustment (DVA) on Fair Value option elected liabilities	<u>33</u>	<u>6</u>	<u>(18)</u>
Total other comprehensive income (loss)	<u>7,480</u>	<u>(1,646)</u>	<u>206</u>
Total comprehensive income (loss)	<u><u>\$ 1,956</u></u>	<u><u>\$(5,219)</u></u>	<u><u>\$(3,056)</u></u>

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

STATEMENTS OF CHANGES IN EQUITY

For the fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023

Expressed in millions of U.S. dollars

	<i>Subscriptions and contributions paid-in</i>	<i>Nonnegotiable, noninterest- bearing demand obligations on account of members' subscriptions and contributions</i>	<i>Deferred amounts to maintain value of currency holdings</i>	<i>Accumulated deficit</i>	<i>Accumulated other comprehensive loss</i>	<i>Total equity</i>
As of June 30, 2022	\$257,777	\$(10,167)	\$(246)	\$(59,544)	\$ (9,152)	\$178,668
Net loss	—	—	—	(3,262)	—	(3,262)
Other comprehensive income	—	—	—	—	206	206
Cash contributions and demand obligations received	13,606	—	—	—	—	13,606
Demand obligations, (received) encashed, net	—	(3,435)	—	—	—	(3,435)
Currency remeasurement changes, net	(125)	125	(1)	—	—	(1)
As of June 30, 2023	271,258	(13,477)	(247)	(62,806)	(8,946)	185,782
Net loss	—	—	—	(3,573)	—	(3,573)
Other comprehensive loss	—	—	—	—	(1,646)	(1,646)
Cash contributions and demand obligations received	8,896	—	—	—	—	8,896
Demand obligations, (received) encashed, net	—	843	—	—	—	843
Currency remeasurement changes, net	(81)	81	(1)	—	—	(1)
As of June 30, 2024	280,073	(12,553)	(248)	(66,379)	(10,592)	190,301
Net loss	—	—	—	(5,524)	—	(5,524)
Other comprehensive income	—	—	—	—	7,480	7,480
Cash contributions and demand obligations received	10,874	—	—	—	—	10,874
Demand obligations, (received) encashed, net	—	1,038	—	—	—	1,038
Currency remeasurement changes, net	735	(735)	2	—	—	2
As of June 30, 2025	<u>\$291,682</u>	<u>\$(12,250)</u>	<u>\$(246)</u>	<u>\$(71,903)</u>	<u>\$ (3,112)</u>	<u>\$204,171</u>

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

STATEMENTS OF CASH FLOWS

For the fiscal years ended June 30, 2025, June 30, 2024 and June 30, 2023

Expressed in millions of U.S. dollars

	2025	2024	2023
Cash flows from investing activities			
Loans			
Disbursements	\$(24,652)	\$(21,093)	\$(20,601)
Principal repayments	8,918	8,187	7,751
Non-trading securities—Investments			
Repayments	61	77	96
Net cash used in investing activities	(15,673)	(12,829)	(12,754)
Cash flows from financing activities			
Members' subscriptions and contributions	11,912	9,739	10,171
Medium and long-term borrowings			
New issues	18,759	12,031	2,276
Retirements	(2,540)	(113)	(1,606)
Short-term borrowings (original maturities greater than 90 days)			
New issues	24,755	8,625	6,762
Retirements	(19,545)	(8,581)	(5,783)
Net short-term borrowings (original maturities less than 90 days)	424	—	(2,187)
Net derivatives-borrowings	23	34	(7)
Net cash provided by financing activities	33,788	21,735	9,626
Cash flows from operating activities			
Net loss	(5,524)	(3,573)	(3,262)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Provision for losses on loans and other exposures	358	275	688
Currency remeasurement losses (gains), net	57	21	(192)
Unrealized mark-to-market gains on non-trading portfolios, net	(470)	(405)	(134)
Other non-interest expenses, net	(2)	23	3
Amortization and capitalized interest on loans, net	472	308	175
Changes in:			
Investments—Trading	(10,729)	(3,078)	8,651
Net receivable/payable from investment securities traded/purchased	(8)	(664)	984
Net derivatives—Investments	(305)	(12)	(304)
Net derivatives—Asset-liability management	77	335	510
Net securities purchased/sold under resale/repurchase agreements and payable for cash collateral received	293	419	(278)
Net receivable/payable from/to affiliated organizations	(61)	(419)	(269)
Payable for development grants	(681)	(1,362)	(1,526)
Accrued interest and commitment charges	(103)	(64)	(135)
Other assets	(1,083)	(931)	(1,873)
Accounts payable and miscellaneous liabilities	182	133	100
Net cash (used in) provided by operating activities	(17,527)	(8,994)	3,138
Effect of exchange rate changes on unrestricted and restricted cash	41	(15)	(7)
Net increase (decrease) in unrestricted and restricted cash	629	(103)	3
Unrestricted and restricted cash at beginning of the fiscal year	586	689	686
Unrestricted and restricted cash at end of the fiscal year	<u>\$ 1,215</u>	<u>\$ 586</u>	<u>\$ 689</u>
Supplemental disclosure			
Increase (Decrease) in ending balances resulting from exchange rate fluctuations:			
Loans outstanding	\$ 9,386	\$ (2,038)	\$ 767
Investment portfolio	1,417	(331)	273
Borrowing portfolio	2,771	(474)	735
Principal repayments written off under Heavily Indebted Poor Countries (HIPC)/Multilateral Debt Relief Initiative (MDRI)	12	104	22
Capitalized interest and loan origination fees in total loans	19	3	3
Interest paid on borrowing portfolio	2,006	1,390	778

The Notes to Financial Statements are an integral part of these Statements

SUMMARY STATEMENT OF LOANS

June 30, 2025

Amounts expressed in millions of U.S. dollars

Borrower or guarantor	Total loans	Undisbursed balance		Loans outstanding	Percentage of total loans outstanding ^a
		Loans approved but not yet signed	Signed loan commitments		
Afghanistan	\$ 287	\$ —	\$ —	\$ 287	0.13%
Albania	336	—	—	336	0.15
Angola	272	—	—	272	0.12
Armenia	645	—	—	645	0.28
Azerbaijan	127	—	—	127	0.06
Bangladesh	31,994	938	8,432	22,624	9.93
Benin	4,511	113	1,650	2,748	1.21
Belize	24	—	24	—	0.00
Bhutan	676	—	237	439	0.19
Bolivia	763	—	41	722	0.32
Bosnia and Herzegovina	472	—	—	472	0.21
Burkina Faso	5,294	152	2,027	3,115	1.37
Burundi	112	—	—	112	0.05
Cabo Verde, Republic of	792	—	153	639	0.28
Cambodia	2,863	—	1,053	1,810	0.79
Cameroon	5,908	434	2,659	2,815	1.24
Central African Republic	123	—	—	123	0.05
Chad	143	—	—	143	0.06
China	*	—	—	*	*
Comoros	140	—	63	77	0.03
Congo, Democratic Republic of	8,208	—	3,692	4,516	1.98
Congo, Republic of	1,008	—	393	615	0.27
Côte d'Ivoire	8,710	6	2,689	6,015	2.64
Djibouti	514	—	190	324	0.14
Dominica	321	—	68	253	0.11
Egypt, Arab Republic of	91	—	—	91	0.04
El Salvador	*	—	—	*	*
Equatorial Guinea	13	—	—	13	0.01
Eritrea	429	—	—	429	0.19
Eswatini	70	70	—	0.00	0.00
Ethiopia	17,205	27	3,147	14,031	6.16
Fiji	556	—	142	414	0.18
Gambia, The	134	—	7	127	0.06
Georgia	455	—	—	455	0.20
Ghana	9,372	918	1,784	6,670	2.93
Grenada	403	29	109	265	0.12
Guinea	1,677	136	737	804	0.35
Guinea-Bissau	252	—	16	236	0.10
Guyana	432	169	65	198	0.09
Honduras	1,864	—	740	1,124	0.49

SUMMARY STATEMENT OF LOANS (Continued)

June 30, 2025

Amounts expressed in millions of U.S. dollars

<i>Borrower or guarantor</i>	<i>Total loans</i>	<i>Undisbursed balance</i>		<i>Loans outstanding</i>	<i>Percentage of total loans outstanding ^a</i>
		<i>Loans approved but not yet signed</i>	<i>Signed loan commitments</i>		
India	\$ 14,245	\$ —	\$ 62	\$ 14,183	6.22%
Indonesia	1	—	—	1	*
Iraq	205	—	—	205	0.09
Jordan	192	—	—	192	0.08
Kenya	17,419	338	4,222	12,859	5.64
Kosovo	653	99	242	312	0.14
Kyrgyz Republic	1,670	136	727	807	0.35
Lao People's Democratic Republic	1,477	18	463	996	0.44
Lebanon	91	—	—	91	0.04
Lesotho	775	—	215	560	0.25
Liberia	1,538	86	435	1,017	0.45
Madagascar	5,295	11	2,277	3,007	1.32
Malawi	2,056	—	189	1,867	0.82
Maldives	140	—	44	96	0.04
Mali	4,024	238	1,294	2,492	1.09
Mauritania	1,164	45	615	504	0.22
Moldova	1,068	—	209	859	0.38
Mongolia	853	—	58	795	0.35
Montenegro	3	—	—	3	*
Mozambique	3,513	—	397	3,116	1.37
Myanmar	1,549	—	60	1,489	0.65
Nepal	6,668	268	1,358	5,042	2.21
Nicaragua	1,017	—	26	991	0.44
Niger	5,673	—	2,801	2,872	1.26
Nigeria	26,152	1,145	6,932	18,075	7.93
North Macedonia	119	—	—	119	0.05
Pakistan	24,995	359	5,527	19,109	8.39
Papua New Guinea	1,182	103	446	633	0.28
Paraguay	*	—	—	*	*
Philippines	8	—	—	8	*
Rwanda	5,142	139	971	4,032	1.77
Samoa	93	—	—	93	0.04
São Tomé and Príncipe	9	—	—	9	*
Senegal	7,676	296	2,430	4,950	2.17
Serbia	4	—	—	4	*
Sierra Leone	479	—	1	478	0.21
Solomon Islands	271	5	121	145	0.06
South Sudan	75	—	—	75	0.03
Sri Lanka	4,290	180	419	3,691	1.62
St. Kitts and Nevis	*	—	—	*	*

SUMMARY STATEMENT OF LOANS (Continued)

June 30, 2025

Amounts expressed in millions of U.S. dollars

Borrower or guarantor	Total loans	Undisbursed balance		Loans outstanding	Percentage of total loans outstanding ^a
		Loans approved but not yet signed	Signed loan commitments		
St. Lucia	\$ 437	\$ 43	\$ 154	\$ 240	0.11%
St. Vincent and the Grenadines	426	32	119	275	0.12
Sudan	212	—	—	212	0.09
Suriname	23	—	23	—	0.00
Tajikistan	470	—	86	384	0.17
Tanzania	17,625	547	3,581	13,497	5.92
Timor-Leste	98	—	49	49	0.02
Togo	1,986	—	970	1,016	0.45
Tonga	45	—	3	42	0.02
Uganda	7,436	641	1,441	5,354	2.35
Ukraine	7,159	5	1,192	5,962	2.62
Uzbekistan	6,649	350	1,844	4,455	1.95
Vanuatu	191	—	84	107	0.05
Viet Nam	12,099	—	516	11,583	5.08
Yemen, Republic of	1,081	—	27	1,054	0.46
Zambia	3,484	—	857	2,627	1.15
Zimbabwe	453	—	—	453	0.20
Subtotal—Members ^a	\$308,854	\$8,076	\$73,605	\$227,173	99.69%
African Trade Insurance Agency	\$ 6	\$ —	\$ —	\$ 6	*%
Bank of the States of Central Africa	51	—	—	51	0.02
Caribbean Development Bank	6	—	—	6	*
Eastern and Southern African Trade and Development Bank	810	25	678	107	0.05
West African Development Bank	591	247	82	262	0.12
Subtotal—Regional development banks	\$ 1,464	\$ 272	\$ 760	\$ 432	0.19%
Private Sector Window (PSW) Loans	\$ 876	\$ 445	\$ 149	\$ 282	0.12%
Total—June 30, 2025 ^a	\$311,194	\$8,793	\$74,514	\$227,887	100%
Total—June 30, 2024	\$278,107	\$6,708	\$68,851	\$202,548	

* Indicates amount less than \$0.5 million or 0.005%.

a. May differ from the calculated amounts or sum of individual figures shown due to rounding.

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

STATEMENT OF VOTING POWER AND SUBSCRIPTIONS AND CONTRIBUTIONS

June 30, 2025

Expressed in millions of U.S. dollars except for votes data

<i>Member ^{a, c}</i>	<i>Number of votes</i>	<i>Percentage of total votes</i>	<i>Subscriptions and contributions committed ^b</i>
Non-Recipients			
Albania	61,859	0.19%	\$ 0.39
Algeria	128,260	0.40	58.59
Argentina	431,271	1.33	164.21
Australia	401,612	1.24	5,763.57
Austria	325,101	1.00	4,667.71
Bahamas, The	59,906	0.18	8.54
Barbados	62,860	0.19	2.36
Belgium	378,585	1.17	5,983.42
Belize	19,834	0.06	0.27
Botswana	53,986	0.17	3.74
Brazil	477,996	1.47	834.59
Bulgaria	113,171	0.35	8.02
Canada	884,699	2.73	14,416.98
Chile	58,505	0.18	39.11
China	831,066	2.56	3,457.26
Colombia	133,290	0.41	25.18
Costa Rica	31,091	0.10	0.28
Croatia	95,973	0.30	9.04
Cyprus	79,840	0.25	38.01
Czechia	140,699	0.43	173.00
Denmark	314,240	0.97	4,709.90
Dominican Republic	27,780	0.09	0.58
Ecuador	50,151	0.15	0.94
Egypt, Arab Republic Of	134,452	0.41	18.47
El Salvador	46,516	0.14	0.49
Equatorial Guinea	6,167	0.02	0.41
Estonia	58,764	0.18	27.75
Eswatini	22,322	0.07	0.42
Finland	201,204	0.62	2,431.62
France	1,273,031	3.93	22,134.42
Gabon	2,093	0.01	0.63
Germany	1,745,375	5.38	30,812.42
Greece	60,677	0.19	222.67
Guatemala	41,077	0.13	0.56
Hungary	217,265	0.67	184.69
Iceland	70,907	0.22	122.34
Indonesia	269,228	0.83	167.91
Iran, Islamic Republic Of	115,867	0.36	24.18
Iraq	73,274	0.23	2.12
Ireland	124,357	0.38	1,053.19

STATEMENT OF VOTING POWER AND SUBSCRIPTIONS AND CONTRIBUTIONS (Continued)

June 30, 2025

Expressed in millions of U.S. dollars except for votes data

<i>Member ^{a, c}</i>	<i>Number of votes</i>	<i>Percentage of total votes</i>	<i>Subscriptions and contributions committed ^b</i>
Israel	97,553	0.30%	\$ 181.66
Italy	738,811	2.28	11,920.16
Japan	2,739,070	8.45	52,322.34
Jordan	24,865	0.08	0.41
Kazakhstan	23,297	0.07	8.50
Korea, Republic Of	359,989	1.11	3,152.60
Kuwait	130,773	0.40	1,186.06
Latvia	65,360	0.20	34.68
Lebanon	8,562	0.03	0.56
Libya	44,771	0.14	1.30
Lithuania	58,710	0.18	37.07
Luxembourg	93,962	0.29	532.78
Malaysia	113,549	0.35	77.80
Mauritius	75,861	0.23	1.31
Mexico	142,236	0.44	168.34
Montenegro	63,483	0.20	1.77
Morocco	115,349	0.36	10.73
Netherlands	682,486	2.10	11,669.23
New Zealand	89,306	0.28	454.55
North Macedonia	50,955	0.16	3.10
Norway	348,523	1.07	4,999.66
Oman	59,388	0.18	1.42
Palau	3,804	0.01	0.03
Panama	10,185	0.03	0.03
Paraguay	46,493	0.14	0.43
Peru	93,174	0.29	18.10
Philippines	156,144	0.48	40.26
Poland	616,720	1.90	169.96
Portugal	82,342	0.25	357.21
Romania	100,041	0.31	9.75
Russian Federation	97,264	0.30	799.81
Saudi Arabia	1,078,495	3.33	3,906.49
Serbia	86,096	0.26	7.11
Singapore	68,302	0.21	386.85
Slovak Republic	100,483	0.31	40.46
Slovenia	63,403	0.20	51.83
South Africa	81,607	0.25	259.68
Spain	348,663	1.07	5,305.62
St. Kitts And Nevis	13,868	0.04	0.17
Sweden	705,657	2.18	10,750.83

STATEMENT OF VOTING POWER AND SUBSCRIPTIONS AND CONTRIBUTIONS (Continued)

June 30, 2025

Expressed in millions of U.S. dollars except for votes data

<i>Member ^{a, c}</i>	<i>Number of votes</i>	<i>Percentage of total votes</i>	<i>Subscriptions and contributions committed ^b</i>
Switzerland	461,050	1.42%	\$ 7,367.70
Thailand	119,444	0.37	28.41
Trinidad And Tobago	81,067	0.25	2.13
Tunisia	2,793	0.01	1.89
Türkiye	185,234	0.57	214.98
Ukraine	115,569	0.36	8.00
United Arab Emirates	1,367	*	5.58
United Kingdom	2,254,407	6.95	38,201.04
United States	3,166,780	9.77	61,605.96
Subtotal Non-Recipients	25,891,662	79.85%	\$ 313,876
Interstitial ^d			
Angola	172,434	0.53%	\$ 17.56
Armenia	69,897	0.22	1.69
Azerbaijan	78,321	0.24	6.38
Bolivia	79,231	0.24	1.67
Bosnia And Herzegovina	59,968	0.19	5.50
Georgia	70,945	0.22	2.99
India	952,169	2.94	801.57
Moldova	56,582	0.17	0.88
Mongolia	45,818	0.14	0.30
Viet Nam	61,168	0.19	2.22
Subtotal Interstitials	1,646,533	5.08%	\$ 841
Total Non-Recipients and Interstitials	27,538,195	84.93%	\$ 314,717
Recipients			
Afghanistan	59,204	0.18%	\$ 1.51
Bangladesh	176,234	0.54	7.83
Benin	69,166	0.21	0.79
Bhutan	66,532	0.21	0.08
Burkina Faso	75,064	0.23	0.82
Burundi	64,460	0.20	1.09
Cabo Verde	43,840	0.14	0.13
Cambodia	71,089	0.22	1.61
Cameroon	60,782	0.19	1.61
Central African Republic	48,910	0.15	0.77
Chad	52,210	0.16	0.78
Comoros	47,140	0.15	0.13
Congo, Democratic Republic Of	82,699	0.26	4.58
Congo, Republic Of	52,211	0.16	0.75
Côte d'Ivoire	67,377	0.21	1.56

STATEMENT OF VOTING POWER AND SUBSCRIPTIONS AND CONTRIBUTIONS (Continued)

June 30, 2025

Expressed in millions of U.S. dollars except for votes data

<i>Member ^{a, c}</i>	<i>Number of votes</i>	<i>Percentage of total votes</i>	<i>Subscriptions and contributions committed ^b</i>
Djibouti	48,116	0.15%	\$ 0.26
Dominica	66,729	0.21	0.14
Eritrea	46,636	0.14	0.14
Ethiopia	60,179	0.19	0.68
Fiji	19,809	0.06	0.75
Gambia, The	55,208	0.17	0.42
Ghana	86,677	0.27	3.11
Grenada	29,027	0.09	0.14
Guinea	37,287	0.12	1.33
Guinea-Bissau	44,500	0.14	0.22
Guyana	83,979	0.26	1.29
Haiti	54,638	0.17	1.11
Honduras	59,206	0.18	0.44
Kenya	87,732	0.27	2.40
Kiribati	43,592	0.13	0.10
Kosovo	77,778	0.24	0.93
Kyrgyz Republic	64,522	0.20	0.56
Lao People'S Democratic Republic	57,255	0.18	0.73
Lesotho	57,106	0.18	0.23
Liberia	52,038	0.16	1.12
Madagascar	70,583	0.22	1.38
Malawi	58,641	0.18	0.97
Maldives	62,822	0.19	0.05
Mali	62,445	0.19	1.37
Marshall Islands	12,654	0.04	0.01
Mauritania	60,555	0.19	0.79
Micronesia, Federated States Of	26,189	0.08	0.03
Mozambique	73,310	0.23	2.10
Myanmar	82,096	0.25	2.56
Nepal	54,710	0.17	0.71
Nicaragua	71,347	0.22	0.44
Niger	52,210	0.16	0.76
Nigeria	139,085	0.43	60.50
Pakistan	283,226	0.87	105.84
Papua New Guinea	67,754	0.21	1.24
Rwanda	52,038	0.16	1.12
St. Lucia	30,532	0.09	0.23
St. Vincent And The Grenadines	50,022	0.15	0.12
Samoa	43,901	0.14	0.14
Sao Tome And Principe	49,519	0.15	0.12

STATEMENT OF VOTING POWER AND SUBSCRIPTIONS AND CONTRIBUTIONS (Continued)

June 30, 2025

Expressed in millions of U.S. dollars except for votes data

<i>Member^{a, c}</i>	<i>Number of votes</i>	<i>Percentage of total votes</i>	<i>Subscriptions and contributions committed^b</i>
Senegal	84,615	0.26%	\$ 2.73
Sierra Leone	63,638	0.20	1.02
Solomon Islands	43,901	0.13	0.13
Somalia, Federal Republic of	19,165	0.06	0.97
South Sudan	52,447	0.16	0.45
Sri Lanka	114,721	0.35	4.24
Sudan	65,003	0.20	1.50
Suriname	64,625	0.20	0.15
Syrian Arab Republic	24,077	0.07	1.20
Tajikistan	53,918	0.17	0.53
Tanzania	78,715	0.24	2.34
Timor-Leste	45,123	0.14	0.44
Togo	61,840	0.19	1.19
Tonga	49,514	0.15	0.11
Tuvalu	16,615	0.05	0.03
Uganda	50,392	0.15	2.32
Uzbekistan	73,936	0.23	1.92
Vanuatu	50,952	0.16	0.31
Yemen, Republic Of	78,475	0.24	2.25
Zambia	98,131	0.30	3.68
Zimbabwe	123,209	0.38	6.52
Total Recipients	4,885,583	15.07%	\$ 255
Total—June 30, 2025^b	32,423,778	100%	\$ 314,972
Total—June 30, 2024^b	31,791,138	100%	\$ 310,983

Notes

- See Notes to Financial Statements—Note A for an explanation of the two categories of membership.*
 - May differ from the calculated amounts or sum of individual figures shown due to rounding.*
 - Pursuant to the IDA Voting Rights Framework approved by IDA's Board effective July 1, 2022, for the purposes of additional subscriptions, IDA's membership structure was changed from either Part I or Part II to either Non-Recipient or Recipient, driven by their IDA borrowing eligibility (See Notes to Financial Statements—Note A for Members' Subscriptions and Contributions).*
 - If a Non-Recipient member has graduated within the last five replenishments, they are classified as Interstitial Non-Recipient members (See Notes to Financial Statements—Note A for Members' Subscriptions and Contributions).*
- * Indicates amounts less than 0.005%.*

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

NOTES TO FINANCIAL STATEMENTS

PURPOSE AND AFFILIATED ORGANIZATIONS

The International Development Association (IDA) is an international organization established in 1960. IDA's main goal is reducing poverty through promoting sustainable economic development in the less developed countries of the world that are members of IDA, by extending concessionary and non- concessionary financing in the form of grants, loans and guarantees, and by providing related technical assistance. The activities of IDA are complemented by those of three affiliated organizations, the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). Each of these organizations is legally and financially independent from IDA, with separate assets and liabilities, and IDA is not liable for their respective obligations. Transactions with these affiliates are disclosed in the notes that follow.

IDA is immune from taxation pursuant to Article VIII, Section 9, Immunities from Taxation, of IDA's Articles of Agreement.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

IDA's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Due to the inherent uncertainty involved in making those estimates, actual results could differ from these estimates. Significant judgment has been used in the valuation of certain financial instruments and the determination of the adequacy of the accumulated provisions for debt relief and losses on loans and other exposures.

The Executive Directors approved these financial statements for issuance on August 7, 2025, which was also the date through which IDA's management evaluated subsequent events.

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

Translation and Remeasurement of Currencies

IDA's financial statements are expressed in U.S. dollars for the purpose of reporting its financial position and the results of its operations.

IDA conducts its operations in Special Drawing Rights (SDR) and its component currencies of U.S. dollar, euro, Japanese yen, pound sterling and Chinese renminbi. These constitute the functional currencies of IDA.

Assets and liabilities are translated at market exchange rates in effect at the end of the accounting period. Revenue and expenses are translated at either the market exchange rates in effect on the dates of revenue and expense recognition, or at an average of the market exchange rates in effect during each month. Translation adjustments relating to the revaluation of all assets and liabilities denominated in either SDR or the component currencies of SDR, are reflected in Accumulated Other Comprehensive Income. Remeasurement adjustments relating to other currencies (non-functional currencies) are reported in the Statements of Income.

Members' Subscriptions and Contributions

Recognition

Members' subscriptions and contributions committed for each IDA replenishment are initially recorded as both subscriptions and contributions committed and, correspondingly, as subscriptions and contributions receivable. Prior to effectiveness, only a portion of the value of Instruments of Commitment (IoCs) received as specified in the replenishment resolution is recorded as subscriptions and contributions committed. Upon effectiveness, the remainder of the value of IoCs received is subsequently recorded as subscriptions and contributions committed.

IoCs can contain unqualified or qualified commitments. Under an unqualified commitment, a contributing member agrees to pay a specified amount of its subscriptions and contributions without requiring appropriation legislation. A qualified commitment is subject to the contributing member obtaining the necessary appropriation legislation. Subscriptions and contributions made under IoCs become available for commitment for loans, grants and guarantees by IDA for a particular replenishment in accordance with the IDA replenishment envelope as approved by the Executive Directors.

A replenishment becomes effective when IDA receives IoCs from contributing members whose subscriptions and contributions aggregate to a specified portion of the full replenishment. Amounts not yet paid in at the date of effectiveness, are recorded as subscriptions and contributions receivable and shown as a reduction of subscriptions and contributions committed. These receivables become due throughout the replenishment period, generally three years, in accordance with an agreed payment schedule. The actual payment of receivables when they become due may be subject to the budgetary appropriation processes for certain members.

The subscriptions and contributions receivable are settled through payment of cash or deposit of nonnegotiable, noninterest-bearing demand notes. The notes are encashed by IDA on an approximately pro rata basis either as provided in the relevant replenishment resolution over the disbursement period of the loans and grants committed under the replenishment, or as needed.

In certain replenishments, donors receive discounts (a reduced obligation) when they pay a contribution amount before the relevant due date, and acceleration credits when they pay their full contribution amount before the due date. IDA retains any related revenue earned on these early payments, with subscriptions and contributions committed being recorded at contribution amounts received, grossed up for discounts and acceleration credits. Acceleration credits and discounts are presented on the Balance Sheet in the line item Cumulative discounts/credits on subscriptions and contributions, net. The discounts and acceleration credits are deducted in arriving at the subscriptions and contributions paid-in.

Under the Seventeenth Replenishment of IDA's Resources (IDA17), which became effective beginning fiscal year ended June 30, 2015, IDA's Executive Directors approved the use of a limited amount of concessional debt funding, referred to as concessional partner loans (CPL), which continued in the subsequent Replenishments of IDA's Resources. The borrowing terms of this concessional debt funding aim to match the concessional features of IDA's loans. Generally, proceeds received under this arrangement have two separate components: (1) a borrowing component and (2) a grant component, for which voting rights are allocated to providers of the CPL. The borrowing component of the CPL is recognized and reported at amortized cost (see Borrowings section of this note for more details). The grant component is calculated as a function of the terms of the loan and the discount rate agreed upon during the replenishment discussions. This grant component is recorded as equity, equivalent to the cash received.

For the purposes of determining its initial subscriptions and additional subscriptions and contributions up to and including IDA19, the membership of IDA is divided into two categories: (1) Part I members, which make payments of subscriptions and contributions provided to IDA in convertible currencies that may be freely used or exchanged by IDA in its operations and (2) Part II members, which make payments of 10% of their initial subscriptions in freely convertible currencies, and the remaining 90% of their initial subscriptions, and all additional subscriptions and contributions in their own currencies or in freely convertible currencies. Certain

Part II members provide a portion of their subscriptions and contributions in the same manner as mentioned in (1) above. IDA's Articles of Agreement and subsequent replenishment resolutions provide that the currency of any Part II member paid in by it may not be used by IDA for projects financed by IDA and located outside the territory of the member except by agreement between the member and IDA. The national currency portion of subscriptions of Part II members is recorded as restricted under Members' subscriptions and contributions unless released under an agreement between the member and IDA, or used for administrative expenses. The cash paid and notes deposited in nonconvertible local currencies for the subscriptions of Part II members are recorded either as Restricted cash under Due from Banks, or as Restricted notes included under Nonnegotiable, Noninterest-bearing Demand Obligations on Account of Members' subscriptions and contributions.

From IDA20 and onwards, under the new Voting Rights Framework, IDA members are classified as either a Non-Recipient, Interstitial Non-Recipient, or Recipient member. The payment terms for Non-Recipient members correspond to those outlined above for Part I members. Payment terms for Interstitial Non-Recipient and Recipient members follow those outlined above for Part II members. Each original member shall, in respect of its initial subscription, have 500 votes plus one additional vote for each \$5,000 of its initial subscription. Subscriptions other than initial subscriptions of original members carry such voting rights as the Board of Governors determine. Certain subscriptions and contributions do not carry voting rights.

Following adoption by the Board of Governors on April 21, 2006 of a resolution authorizing additions to IDA's resources to finance the MDRI (Multilateral Debt Relief Initiative), pledges received in the form of IoCs for financing the MDRI are recorded and accounted for in their entirety. Therefore, the full value of all IoCs received is recorded as Subscriptions and contributions committed. Correspondingly, the IoCs are recorded as Subscriptions and contributions receivable and deducted from equity.

Withdrawal of Membership

Under IDA's Articles of Agreement, a member may withdraw from membership in IDA at any time. When a government ceases to be a member, it remains liable for all financial obligations undertaken by it to IDA, whether as a member, borrower, guarantor or otherwise. The Articles provide that upon withdrawal, IDA and the government shall proceed to a settlement of accounts. If agreement is not reached within six months, standard arrangements are provided. Under these arrangements, IDA would pay to the government the lower of the member's total paid-in subscriptions and contributions or the member's proportionate share of IDA's net assets. These funds would be paid as a proportionate share of all principal repayments received by IDA on loans made during the period of the government's membership.

Valuation of Subscriptions and Contributions

The subscriptions and contributions provided through the Third Replenishment are expressed in terms of "U.S. dollars of the weight and fineness in effect on January 1, 1960" (1960 dollars). Following the abolition of gold as a common denominator of the monetary system and the repeal of the provision of the U.S. law defining the par value of the U.S. dollar in terms of gold, the pre-existing basis for translating 1960 dollars into current dollars or any other currency disappeared. The Executive Directors of IDA decided, that until such time as the relevant provisions of the Articles of Agreement are amended, the words "U.S. dollars of the weight and fineness in effect on January 1, 1960" in Article II, Section 2(b) of the Articles of Agreement of IDA are interpreted to mean the SDR introduced by the International Monetary Fund as the SDR was valued in terms of U.S. dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being equal to \$1.20635 for one SDR (the 1974 SDR). The Executive Directors also decided to apply the same standard of value to amounts expressed in 1960 dollars in the relevant resolutions of the Board of Governors.

The subscriptions and contributions provided through the Third Replenishment are expressed on the basis of the 1974 SDR. Prior to the decision of the Executive Directors, IDA had valued these subscriptions and contributions on the basis of the SDR at the current market value of the SDR.

The subscriptions and contributions provided under the Fourth Replenishment and thereafter are expressed in members' currencies or SDRs and are payable in members' currencies. Subscriptions and contributions made available for disbursement in cash to IDA are translated at market exchange rates in effect on the dates they were made available. Subscriptions and contributions not yet available for disbursements are translated at market exchange rates in effect at the end of the reporting period.

Nonnegotiable, Noninterest-bearing Demand Obligations on Account of Members' Subscriptions and Contributions

Payments on demand obligations are due to IDA upon demand and these instruments are held in bank accounts or in the designated depository in IDA's name. These instruments are carried and reported at face value as a reduction to equity on the Balance Sheets.

Deferred amounts to maintain value of currency holdings

Article IV, Section 2(a) and (b) of IDA's Articles of Agreement provides for maintenance of value payments on account of the local currency portion of the initial subscription whenever the par value of the member's currency or its foreign exchange value has depreciated or appreciated to a significant extent, so long as, and to the extent that, such currency shall not have been initially disbursed or exchanged for the currency of another member. The provisions of Article IV, Section 2(a) and (b) have by agreement been extended to cover additional subscriptions and contributions of IDA through the Third Replenishment, but are not applicable to those of the Fourth and subsequent replenishments.

The Executive Directors decided on June 30, 1987 that settlements of maintenance of value, which would result from the resolution of the valuation issue on the basis of the 1974 SDR, would be deferred until the Executive Directors decide to resume such settlements. These amounts are shown as Deferred amounts to maintain value of currency holdings and deducted from equity; any changes relate solely to translation adjustments.

Accumulated other comprehensive loss

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

Loans and Other Exposures

Loans

In fulfilling its mission, IDA makes concessional and non-concessional loans. These loans and other exposures (collectively "exposures") are made to, or guaranteed by, member governments or to the government of a territory of a member (except for loans which have been made to regional development institutions for the benefit of members or territories of members of IDA). In order to qualify for lending on IDA regular terms, a country's per capita income must be below a certain level (\$1,335 for the fiscal year ended June 30, 2025 and \$1,315 for the fiscal year ended June 30, 2024) and the country may have only limited or no access to IBRD lending.

Apart from loans to member countries described above, under IDA18, the IDA-IFC-MIGA Private Sector Window (PSW) was created to mobilize private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations. PSW includes loans which are deployed through facilities designed to target critical challenges faced by the private sector and leverages IFC's and MIGA's business platform and instruments.

Loans are carried at amortized cost. Commitment charges on the undisbursed balance of loans, are recognized in revenue as earned. Any loan origination fees incorporated in the terms of a loan are deferred and recognized over the life of the loan as an adjustment of the yield. Accrued interest is presented on the Balance Sheets in the line item Other receivables, accrued interest and commitment charges.

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, except for activation of a deferral under the Climate Resilient Debt Clause (CRDC). Should any other modifications be made to the terms of existing loans, IDA would perform an evaluation to determine the required accounting treatment, including whether the modifications would result in the affected loans being accounted for as a new loan, or as a continuation of the existing loans.

It is IDA's policy to place into nonaccrual status all loans and other exposures made to, or guaranteed by, a member or to the territory of a member if principal or charges with respect to any such loan and other exposures are overdue by more than six months, unless IDA's management determines that the overdue amount will be collected in the immediate future. In addition, if loans by IBRD to a member government are placed into nonaccrual status, all loans and other exposures to that member will also be placed into nonaccrual status by IDA. On the date a member's loans and other exposures are placed into nonaccrual status, unpaid charges that had been accrued on loans are deducted from loan revenue in the current period.

Interest and other charges on nonaccruing exposures are included in revenue only to the extent that payments have been received by IDA. A decision on the restoration of accrual status is made upon arrears clearance. If collectibility risk is considered to be particularly high at the time of arrears clearance, the member's exposures may not automatically emerge from nonaccrual status until a suitable period of payment performance has passed.

The repayment obligations of loans funded from resources through the Fifth Replenishment are expressed in the loan agreements in terms of 1960 dollars. In June 1987, the Executive Directors decided to value those loans at the rate of \$1.20635 per 1960 dollar on a permanent basis. Loans funded from resources provided under the Sixth Replenishment and thereafter are denominated in SDRs, with the exception of loans provided under the Single Currency Lending program, which allows IDA recipients to denominate new IDA loans in one of the five constituent currencies of the SDR basket.

Loan commitments

Loan Commitments are undisbursed loans approved by the Executive Directors for which disbursements are yet to be made. IDA records a provision for expected losses on undisbursed loan commitments including Deferred Drawdown Options (DDOs), when signed by both parties. The signature of the loan agreement is a binding event that prevents IDA from unconditionally withdrawing from the agreement.

Buy-down of Loans

IDA enters into loan buy-down agreements with third party donors who make payments on the borrower's service and commitment charges through a trust fund until the borrower reaches agreed performance goals. The trust fund then buys down the related loans for an amount equivalent to the present value of the remaining cash flows of the related loans. The difference between the carrying amount of the related loans and their net present value at the time of buy-down is reflected through provision expense.

Development Grants

Development grants made by IDA that are deemed to be conditional, are expensed when all the conditions have been met, which generally occurs at the time of disbursement. At times, grant advances may be disbursed to recipients prior to the conditions stipulated in the grant agreement being met and are presented in the Other assets line on the Balance Sheets. Once the conditions for the grant advances are met, they are expensed. Development grants that are deemed to be unconditional are expensed upon approval.

Commitment charges on the undisbursed balance of development grants, if any, are recognized in revenue as earned.

Project Preparation Advances

Project Preparation Advances (PPAs) are advances made to borrowers to finance project preparation costs pending the approval of follow-on development operations. If approved under grant terms, these amounts are

expensed upon approval by management. To the extent there are follow-on loans or grants, these PPAs are refinanced out of the proceeds of the loans and grants. Accordingly, the PPA grant amounts initially charged to expense are reversed upon approval of the follow-on development grants or loans.

Guarantees Provided

Financial guarantees are commitments issued by IDA to guarantee payment performance by a member country (the debtor) to a third party in the event that a member government (or government-owned entity) fails to perform its contractual obligations to a third party.

Guarantees are regarded as outstanding when the underlying financial obligation of the borrower is incurred, and called when a guaranteed party demands payment under the guarantee. IDA would be required to perform under its guarantees if the payments guaranteed are not made by the borrower and the guaranteed party called the guarantee by demanding payment from IDA in accordance with the terms of the guarantee.

At inception of the guarantees, IDA records the fair value of the obligation to stand ready and a corresponding guarantee fee receivable, included in Other Liabilities—Accounts payable and miscellaneous liabilities, and in Other Assets, respectively, on the Balance Sheets. Upfront guarantee fees received are deferred and amortized over the life of the guarantee.

In the event that a sovereign guarantee is called, IDA has the contractual right to require payment from the member country under an indemnity agreement. Any receivables arising out of the indemnity agreements for amounts paid by IDA are presented as Loans outstanding on the Balance Sheets.

HIPC Debt Initiative

The Heavily Indebted Poor Countries (HIPC) Debt Initiative was launched in 1996 as a joint effort by bilateral and multilateral creditors to ensure that reform efforts of HIPCs would not be put at risk by unsustainable external debt burdens.

Under the Enhanced HIPC Framework, implementation mechanisms include: (i) partial forgiveness of IDA debt service as it comes due, and ii) in the case of countries with a substantial amount of outstanding IBRD debt, partial repayment with IDA resources (excluding transfers from IBRD) of outstanding IBRD debt.

Upon signature by IDA of the country specific legal notification, immediately following the decision by the Executive Directors of IDA to provide debt relief to the country (the Decision Point), the country becomes eligible for debt relief up to the nominal value equivalent of one third of the net present value of the total HIPC debt relief committed to the specific country. Completion Point is reached when the conditions specified in the legal notification are met and the country's other creditors have confirmed their full participation in the debt relief initiative. When the country reaches its Completion Point, IDA's commitment to provide the total debt relief for which the country is eligible, becomes irrevocable. IDA's provisioning policy for the HIPC Debt Initiative is discussed below.

Donors compensate IDA on a "pay-as-you-go" basis to finance IDA's forgone loan reflows (principal and service charge repayments) under the HIPC Debt Initiative. This means that for the debt relief provided by writing off the principal and charges during a replenishment, the donors compensate IDA for the forgone reflows through additional contributions in the relevant replenishment. These additional resources are accounted for as equity, as subscriptions and contributions, because they carry voting rights.

MDRI

Debt relief provided under the Multilateral Debt Relief Initiative (MDRI), which is characterized by the write-off of eligible loans upon qualifying borrowers reaching the HIPC Completion Point, is in addition to existing debt relief commitments provided by IDA and other creditors under the HIPC Debt Initiative. When a country reaches Completion Point, the applicable loans are written off. This write off occurs at the beginning of the quarterly period following the date on which the country reaches Completion Point. For forgone repayments under MDRI, donors established a separate MDRI replenishment spanning fiscal years 2007 through 2044 and pledged to

compensate IDA for the costs of providing debt relief under MDRI on a “dollar-for-dollar” basis. These additional resources are accounted for as equity, as subscriptions and contributions, because they carry voting rights.

Accumulated Provision for Losses on Loans and Other Exposures

Management determines the appropriate level of accumulated provisions for losses on loan exposures, which reflects the expected losses inherent in IDA’s exposures.

The accumulated provision for losses on loans and other exposures includes the accumulated provision for the HIPC Debt Initiative and MDRI.

HIPC Debt Initiative and MDRI

The adequacy of the accumulated provision for the HIPC Debt Initiative and MDRI is based on both quantitative and qualitative analyses of various factors, including estimates of the Decision and the Completion point dates. IDA periodically reviews these factors and reassesses the adequacy of the accumulated provision for the HIPC Debt Initiative and MDRI.

Upon approval by the Executive Directors of a country as potentially eligible for IDA debt relief under the Enhanced HIPC Initiative, the principal component of the estimated debt relief costs is recorded within the accumulated provision for loan losses on the Balance Sheets, and as a provision expense in the Statements of Income. This estimate is subject to periodic revision. Adjustments to the accumulated provision are recorded as a charge to or release of provision in the Statements of Income. The accumulated provision for HIPC Debt Initiative is reduced as debt relief is provided. The accumulated provision for the HIPC Debt Initiative is reduced by the amount of the eligible loans written off when the country reaches Completion Point and becomes eligible for MDRI debt relief.

Loans

Loan exposures are disaggregated into two groups: exposures in accrual status and exposures in nonaccrual status. In each group, a credit risk rating is then assigned to the exposures for each borrower (defined as the nominal amount of loans outstanding less the accumulated provision for loss under the HIPC Debt Relief Initiative and MDRI).

The total exposure for provisioning is the current exposure and the estimated exposure taking into account expected disbursements and repayments over the life of the instruments. The expected credit losses related to loans and other exposures are calculated over the life of the instruments based on the expected exposures, the expected default frequency (probability of default to IDA) and the estimated loss given default. The provision for expected losses is the sum of the expected annual losses over the life of the instruments.

For countries in accrual status, these exposures are grouped in pools of borrowers with a similar risk rating. The determination of a borrower’s rating is based on various factors (see Note D—Loans and other exposures). Each risk rating is mapped to an expected default frequency using IDA’s credit migration matrix, based on historical observations of credit ratings at the beginning and at the end of each year.

Expected losses on loan exposures comprise estimates of potential losses arising from default and nonpayment of principal and interest amounts due, and any economic loss due to delays in receiving payments. The estimated loss given default is determined at each balance sheet date, based on IDA’s historical experience as well as parameters adjusted for current conditions during the reasonable and supportable forecast period of IDA. The loss given default is based on the borrower’s eligibility, namely: IDA, Blend (IBRD and IDA) and IBRD, with the highest loss given default associated with IDA eligibility. The borrower’s eligibility is assessed at least annually. The main factors used to determine the loss given default are the estimated length of delays in receiving loan payments and the effective interest rate of the exposures. IDA’s loan portfolio comprises mostly fixed interest rate loans, therefore, the measurement of loss severity is not sensitive to market interest rate movements.

For the calculation of expected credit losses, IDA applies a three-year reasonable and supportable forecast period representing the most reliable and available economic data during this period. IDA also applies a ten-year straight-line reversion to the mean to reflect the historical pattern of rating migration to the mean of its loan portfolio.

This methodology is also applied to countries with exposures in nonaccrual status, although the expected default frequency is equal to 100%. At times, to reflect certain distinguishing circumstances of a particular nonaccrual situation, different input assumptions may be used for a specific country.

All exposures for countries in nonaccrual status are individually assessed. Except for debt relief provided under the HIPC Debt Initiative and MDRI, it is IDA's practice not to write off its loans. To date, no loans have been written off, other than under the HIPC Debt Initiative, MDRI and buy-down of loans.

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 quarterly.

When a member country prepays its outstanding loans, it may receive a discount equivalent to the difference between the outstanding carrying amount and the present value of the remaining cash flows. In such instances, IDA records a provision for losses on loans equivalent to the discount provided at the time when the prepayment terms are agreed between IDA and the member country.

Loan Commitments

IDA records the expected credit losses on loan commitments based on the projected disbursements of signed loan commitments (adjusted by cancellations based on historical experience), the probability of default and loss given default. The provision is included in Other liabilities—Accounts payable and miscellaneous liabilities on the Balance Sheets.

Guarantees Provided

IDA records a contingent liability for the expected losses related to guarantees over the projected life of the instruments, which is determined based on the estimated exposure at default multiplied by the corresponding loss given default and expected default probability for the projected life of the guarantee. This provision, as well as the unamortized balance of the deferred guarantee fees, and the unamortized balance of the obligation to stand ready, are included in Other liabilities—Accounts payable and miscellaneous liabilities on the Balance Sheets.

Statements of Cash Flows

For the purpose of IDA's Statements of Cash Flows, cash is defined as the amount of both Unrestricted cash and Restricted cash presented under the Due from banks line on the Balance Sheets.

Restricted Cash

This mainly includes amounts which have been received from members as part of their subscriptions, which are restricted for specified purposes.

Investments

Investment securities are classified based on management's intention on the date of purchase, their nature, and IDA's policies governing the level and use of such investments. All investment securities are held in the trading portfolio, except for a security purchased from IFC in 2015, which is classified as non-trading. While IDA does not plan to sell the IFC security, IDA elected to measure it at fair value, so that all of its investment securities are measured on the same basis. All investment securities and related financial instruments held by IDA are carried and reported at fair value, or at face value which approximates fair value. Where available, quoted market prices are used to determine the fair value of trading securities. Examples include most government and agency securities, asset-backed securities (ABS) and mortgage-backed securities (MBS). 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 rates. Unless quoted prices are available, time deposits are reported at face value, which approximates fair value, as they are short term in nature. The first-in first-out method is used to determine the cost of securities sold in computing the realized gains and losses on these instruments.

Interest revenue is included in the Investments, net line in the Statements of Income. Unrealized mark-to-market gains and losses for investment trading securities and related financial instruments held in the investment portfolio are included in the Unrealized mark-to-market gains (losses) on Investments-Trading portfolio, net line in the Statements of Income. Realized gains and losses on investment trading securities are recognized in the same line in the Statements of Income when securities are sold.

IDA may require collateral in the form of cash or approved liquid securities from individual counterparties under legal agreements that provide for collateralization in order to mitigate its credit exposure to these counterparties. For collateral received in the form of cash from counterparties, IDA invests the amounts received and records the investment and a corresponding obligation to return the cash. Collateral received in the form of liquid securities is only recorded on IDA's Balance Sheets to the extent that it has been transferred under securities lending agreements in return for cash.

Securities Purchased Under Resale Agreements, Securities Sold Under Repurchase Agreements, Securities Lent Under Securities Lending Agreements and Payable for Cash Collateral Received

Securities purchased under resale agreements, securities sold under repurchase agreements, securities lent under securities lending agreements and payable for cash collateral received are recorded at face value, which approximates fair value, as they are short term in nature. IDA receives securities purchased under resale agreements, monitors the fair value of the securities and, if necessary, closes out transactions and enters into new repriced transactions. The securities transferred to counterparties under the repurchase and security lending arrangements and the securities transferred to IDA under the resale agreements have not met the accounting criteria for treatment as a sale. Therefore, securities transferred under repurchase agreements and security lending arrangements are retained as assets on the Balance Sheets, and securities received under resale agreements are not recorded on the Balance Sheets. Securities lent under securities lending agreements and sold under securities repurchase agreements as well as securities purchased under resale agreements are presented on a gross basis, which is consistent with the manner in which these instruments are settled. The interest earned with respect to securities purchased under resale agreements is included in Investments, net, line in the Statements of Income. The interest expense pertaining to the securities sold under repurchase agreements and security lending arrangements is included in the Borrowing expenses, net line in the Statements of Income.

Borrowings

IDA introduced long term borrowings through the CPL with borrowing terms aimed at matching the features of IDA's concessional loans. These borrowings are unsecured and unsubordinated debt in SDR component currencies. IDA may prepay some or the entire outstanding amounts without penalty. These borrowings are carried and reported at amortized cost.

IDA also issues debt instruments in the capital markets that are reported at either fair value or amortized cost. IDA only elects fair value for market debt designated to fund liquidity or variable rate loans. Market debt not meeting the fair value election criteria are reported at amortized cost. For debt carried at fair value, changes in fair value are recognized in the related Unrealized mark-to-market gains (losses) on non-trading portfolios, net, line in the Statements of Income, except for changes in the fair value that relate to IDA's own credit risk, which are reported in Other Comprehensive Income (OCI) as a Debit Valuation Adjustment (DVA). The DVA on fair value option elected liabilities 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 relative to the applicable reference rates.

Plain vanilla bonds and discount notes, if any, are valued using the standard discounted cash flow method which relies on observable market inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads. Where available, quoted market prices are used to determine the fair value of short-term notes.

Interest expense relating to all debt instruments in IDA's borrowing portfolio is measured on an effective yield basis and is reported as part of the Borrowing expenses, net line in the Statements of Income.

Amortization of discounts and premiums is also included in the Borrowing expenses, net line in the Statements of Income.

For the purpose of the Statements of Cash Flows, short term borrowings, if any, with an original maturity of less than 90 days, are presented net of new issuances and retirements. In contrast, short term borrowings with an original maturity greater than 90 days and less than one year are presented on a gross basis.

Accounting for Derivatives

IDA has elected not to designate any hedging relationships for accounting purposes. Rather, all derivative instruments are recorded at fair value on the Balance Sheets, with changes in fair value accounted for through the Statements of Income.

The presentation of derivative instruments on IDA's Balance Sheets reflects the netting of derivative asset and liability positions and the related cash collateral received from the counterparty when a legally enforceable master netting agreement exists, and other conditions are met. In addition, in the Notes to the financial statements, unless stated differently, derivatives are presented on a net basis by instrument.

A master netting agreement is an industry standard agreement with a counterparty that permits multiple transactions governed by that agreement to be terminated or accelerated and settled through a single payment in a single currency in the event of a default (e.g., bankruptcy, failure to make a required payment or transfer securities or deliver collateral when due). Obligations under master netting agreements are often secured by collateral posted under an industry standard credit support annex to the master netting agreement. Upon default by the counterparty, the collateral agreement grants an entity the right to set-off any amounts payable by the counterparty against any posted collateral.

IDA uses derivative instruments in its investment trading portfolio to manage interest rate and currency risks. These derivatives are carried and reported at fair value. Interest revenue (expenses) from these instruments are reflected as part of Investment interest revenue, while unrealized mark-to-market gains and losses on these derivatives are reflected as part of the Unrealized mark-to-market gains (losses) on Investments-Trading portfolio, net line in the Statements of Income.

IDA also uses derivatives in its loan, asset-liability management and borrowing portfolios. Within the asset-liability management portfolio, currency forward contracts are used to manage foreign exchange fluctuation risks and interest rate swap contracts under the Capital Value Protection program are used to manage interest rate volatility of IDA's capital adequacy model. In the loan and borrowing portfolios, interest rate swaps are used to modify the interest rate characteristics of these portfolios. The interest component of these derivatives is recognized as an adjustment to the loan revenue and borrowing costs over the life of the derivative contracts and is included in Loans, net and Borrowing expenses, net lines in the Statements of Income. Changes in fair values of these derivatives are recorded in the Statements of Income as Unrealized mark-to-market gains and losses on non-trading portfolios, net.

For the purpose of the Statements of Cash Flows, IDA has elected to report the cash flows associated with the derivative instruments that are used to economically hedge its borrowings and investments, in a manner consistent with the presentation of the related borrowing and investment cash flows.

Derivative contracts include currency forward contracts, TBA securities, swaptions, exchange traded options and futures contracts, currency swaps and interest rate swaps. Currency swaps and interest rate swaps are primarily

plain vanilla instruments and they are valued based on standard discounted cash flow methods using observable market inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

Most outstanding derivative positions are transacted over-the-counter and are therefore valued using internally developed valuation models. For commercial and non-commercial counterparties where IDA is in a net receivable position, IDA calculates a Credit Valuation Adjustment (CVA) to reflect credit risk. For net derivative positions with commercial and non-commercial counterparties where IDA is in a net payable position, IDA calculates a DVA to reflect its own credit risk. The CVA is calculated using future projected exposures of the derivative contracts, net of collateral received under credit support annex, and the probability of counterparty default based on the Credit Default Swaps (CDS) spread and, where applicable, proxy CDS spreads. The DVA calculation is generally consistent with the CVA methodology and incorporates IDA's own credit spread as observed through the CDS market.

Valuation of Financial Instruments

IDA has an established and documented process for determining fair values. Fair value is based upon quoted market prices for the same or similar securities, where available.

Financial instruments for which quoted market prices are not readily available are valued based on discounted cash flow models and other established valuation models. These models primarily use market-based or independently sourced market parameters such as yield curves, interest rates, volatilities, foreign exchange rates and credit curves, and may incorporate unobservable inputs. Selection of these inputs may involve some judgment. In instances where management relies on instrument valuations supplied by external pricing vendors, there are procedures in place to validate the appropriateness of the models used as well as the inputs applied in determining those values. IDA also has various internal controls in place to ensure that the valuations are appropriate where internally developed models are used.

Fair Value Hierarchy

Financial instruments are categorized based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to observable market-based inputs or inputs that are corroborated by market data (Level 2) and the lowest priority to unobservable inputs that are not corroborated by market data (Level 3).

Financial assets and liabilities recorded at fair value on the Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1:* Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2:* Financial assets and liabilities whose values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non- active markets; or pricing models for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.
- Level 3:* Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

IDA's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Accounting for Contributions to Special Programs

IDA recognizes unconditional grants such as contributions to special programs as an expense upon approval by the Executive Directors.

Transfers

Transfers from IBRD's net income to IDA are recognized in the Statements of Income upon approval by the Board of Governors of IBRD. Similarly, transfers relating to grants made from IFC's retained earnings to IDA are recognized in the transfers from affiliated organizations on the Statements of Income upon execution of a grant agreement between IFC and IDA.

In addition, IDA periodically receives contributions from trust funds and private institutions. IDA does not assign any voting rights for these contributions. Temporary restrictions relating to these contributions may arise from the timing of receipt of cash, or donor imposed restrictions as to use.

Trust Funds

To the extent that IDA acts as an agent for or controls Bank-executed activities for trust funds, assets held on behalf of specified beneficiaries are recorded on IDA's Balance Sheets, along with corresponding liabilities. Amounts disbursed from these trust funds are recorded as expenses with the corresponding amounts recognized as revenue. For recipient-executed activities for trust funds, since IDA acts as a trustee, no assets or liabilities relating to these activities are recorded on the Balance Sheets.

In some trust funds, execution is split between recipient-executed and IDA-executed portions. Decisions on assignment of funding resources between the two types of execution may be made on an ongoing basis; therefore, the execution of a portion of these available resources may not yet be assigned.

IDA also acts as a financial intermediary to provide specific administrative or financial services with a limited fiduciary or operational role. These arrangements, referred to as Financial Intermediary Funds, include, for example, administration of debt service trust funds, financial intermediation and other more specialized limited fund management roles. For these arrangements, funds are held and disbursed in accordance with instructions from donors or, in some cases, an external governance structure or a body operating on behalf of donors. For Financial Intermediary Funds, since IDA acts as a trustee, no assets or liabilities relating to these activities are recorded on IDA's Balance Sheets.

Accounting and Reporting Developments

Evaluated Accounting Standards

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires additional segment disclosures for public entities, including those with a single reportable segment (such as IDA). All existing annual disclosures about segment profit or loss must be provided on an interim basis in addition to disclosure of significant segment expenses. For IDA, the ASU became effective for the annual period ended June 30, 2025, and the adoption of the ASU has resulted in additional disclosures (see Note L—Segment Reporting).

Accounting Standards Under Evaluation

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*, which requires disaggregated disclosure of income statement expenses for public business entities. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. In January 2025, the FASB issued ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* which clarifies the effective date of ASU 2024-03. For IDA, the ASUs will be effective for the annual period ending June 30, 2028 (annual statements of fiscal year 2028 and interim reporting periods thereafter). IDA is currently evaluating the impact of the ASUs on its financial statements.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. The new guidance is intended to align U.S. GAAP requirements with those of the SEC and to facilitate the application of U.S. GAAP for all entities. If by June 30, 2027, the SEC has not removed the applicable SEC requirement, the related ASU amendment will not become effective. IDA is currently evaluating the impact of the ASU on its financial statements.

NOTE B—MEMBERS' SUBSCRIPTIONS AND CONTRIBUTIONS AND MEMBERSHIP

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

Table B1: Subscriptions and contributions paid-in

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Beginning of the fiscal year	\$280,073	\$271,258
Cash contributions received	6,035	4,620
Demand obligations received	4,839	4,276
Translation adjustment	735	(81)
End of the fiscal year	<u>\$291,682</u>	<u>\$280,073</u>

Table B2: Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Beginning of the fiscal year	\$12,553	\$13,477
Demand obligations received	4,839	4,276
Demand obligations encashed	(5,877)	(5,119)
Translation adjustment	735	(81)
End of the fiscal year	<u>\$12,250</u>	<u>\$12,553</u>

Membership

On October 18, 2024, the Republic of Suriname became the 175th member of IDA.

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 June 30, 2025, IDA's Investments were mainly comprised of government, agency and corporate obligations (56%) and time deposits (44%), with all of the instruments classified as either Level 1 or Level 2 within the fair value hierarchy.

A summary of IDA's Investments is as follows:

Table C1: Investments-composition

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Trading		
Government, agency and corporate obligations	\$26,429	\$19,380
Time deposits	20,641	14,715
Asset-backed securities (ABS)	87	111
	<u>\$47,157</u>	<u>\$34,206</u>
Non-trading		
Debt security	115	171
Total	<u><u>\$47,272</u></u>	<u><u>\$34,377</u></u>

IDA manages its investments on a net portfolio basis. As of June 30, 2025, the largest holdings from a single counterparty within the net investment portfolio was German government instruments (12%).

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 investment portfolio position:

Table C2: Net investment portfolio

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Investments		
Trading	\$47,157	\$34,206
Non-trading	115	171
Total	<u>47,272</u>	<u>34,377</u>
Securities purchased under resale agreements	136	58
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received ^a	(1,388)	(964)
Derivative Assets		
Currency swaps and forward contracts	22	232
Interest rate swaps	8	2
Other ^b	—	3
Total	<u>30</u>	<u>237</u>
Derivative Liabilities		
Currency swaps and forward contracts	(294)	(20)
Interest rate swaps	(4)	—
Total	<u>(298)</u>	<u>(20)</u>
Cash held in investment portfolio ^c	<u>712</u>	<u>532</u>
Receivable from investment securities traded and other assets ^d	<u>9</u>	<u>9</u>
Payable for investment securities purchased ^e	<u>(644)</u>	<u>(648)</u>
Net investment portfolio ^f	<u><u>\$45,829</u></u>	<u><u>\$33,581</u></u>

a. As of June 30, 2025, this amount includes cash collateral of \$1,266 million received from counterparties under derivative agreements (\$893 million—June 30, 2024).

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

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

- d. *These amounts are included in Other receivables on the Balance Sheets.*
- e. *These amounts are included in Other liabilities on the Balance Sheets. As of June 30, 2025, short sales amounted to \$139 million (\$59 million—June 30, 2024).*
- f. *As of June 30, 2025, the liquid assets amount to \$45,714 million (\$33,410 million—June 30, 2024), which is the Net investment portfolio, excluding Non-trading investments.*

As of June 30, 2025, IDA's non-trading investment portfolio (principal amount due on a debt security with IFC) was \$124 million (\$185 million—June 30, 2024). For details regarding this instrument, see Note H—Transactions with Affiliated Organizations.

Commercial Credit Risk

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

Swap Agreements

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

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

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

Table C3: Collateral received

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Collateral received		
Cash	\$1,266	\$893
Securities	33	—
Total collateral received	<u>\$1,299</u>	<u>\$893</u>
Collateral permitted to be repledged	\$1,299	\$893
Amount of collateral repledged	—	—
Amount of cash collateral invested	\$ 796	\$601

Securities Lending

IDA may engage in securities lending and repurchases, against adequate collateral, as well as securities borrowing and reverse repurchases (resales) of government, agency and corporate obligations, and ABS. These transactions have been conducted under legally enforceable master netting arrangements, which allow IDA to reduce its gross credit exposure related to these transactions. IDA presents its securities lending and repurchases, as well as resales, on a gross basis on the Balance Sheets. As of June 30, 2025, there were no amounts that could potentially be offset as a result of legally enforceable master netting arrangements (\$58 million—June 30, 2024).

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

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

As of June 30, 2025, liabilities relating to securities transferred under repurchase or securities lending agreements were \$122 million (\$71 million—June 30, 2024) and there were no unsettled trades relating to repurchase or securities lending agreements (Nil—June 30, 2024). There were no replacement trades entered into in anticipation of maturing trades of a similar amount (Nil—June 30, 2024). As of June 30, 2025, and June 30, 2024, the remaining contractual maturity of these agreements was up to 30 days. The securities transferred were mainly comprised of government and agency obligations.

In the case of resale agreements, IDA receives collateral in the form of liquid securities and is permitted to repledge these securities. While these transactions are legally considered to be true purchases and sales, the securities received are not recorded on IDA's Balance Sheets as the accounting criteria for treatment as a sale have not been met. As of June 30, 2025, and June 30, 2024, there were no unsettled trades pertaining to securities purchased under resale agreements. For resale agreements, IDA received securities with a fair value of \$139 million as of June 30, 2025 (\$59 million—June 30, 2024). As of June 30, 2025 and June 30, 2024, none of these securities had been transferred under repurchase or security lending agreements.

NOTE D—LOANS AND OTHER EXPOSURES

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

IDA excludes the interest and service charges receivable balance from the amortized cost basis and the related disclosures. As of June 30, 2025, accrued interest income and service charges on loans of \$849 million (\$715 million—June 30, 2024) are presented in Other receivables—Accrued interest and commitment charges on the Balance Sheets.

As of June 30, 2025, 0.4% of IDA's loans were in nonaccrual status and related to two borrowers. The total accumulated provision for losses on loans in accrual status and nonaccrual status was 2% of total loans as of June 30, 2025.

The maturity structure of loans outstanding was as follows:

Table D1: Loans outstanding—Maturity structure

In millions of U.S. dollars

<i>June 30, 2025</i>		<i>June 30, 2024</i>	
July 01, 2025 through June 30, 2026	\$ 10,218	July 01, 2024 through June 30, 2025	\$ 9,359
July 01, 2026 through June 30, 2030	46,083	July 01, 2025 through June 30, 2029	41,030
July 01, 2030 through June 30, 2040	99,016	July 01, 2029 through June 30, 2039	90,203
Thereafter	72,570	Thereafter	61,956
Total	<u>\$227,887</u>	Total	<u>\$202,548</u>

Loans outstanding had the following currency composition:

Table D2: Loans outstanding- Currency composition

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>% of total</i>	<i>June 30, 2024</i>	<i>% of total</i>
SDR	\$169,746	75%	\$160,957	80%
U.S. dollar	31,609	14%	22,310	11%
Euro	25,427	11%	18,626	9%
Japanese yen	998	*	569	*
Pound sterling	107	*	86	*
Total	<u>\$227,887</u>	<u>100%</u>	<u>\$202,548</u>	<u>100%</u>

* Indicates percentage less than 0.5%.

Credit Quality of Loans

Sovereign loans constitute the substantial majority of IDA's loan exposures. In addition, IDA has exposure to PSW loans which constitute 0.1% of the loans outstanding.

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

Based on the borrower risk ratings, IDA classifies loans into three credit quality categories—Low Risk, Medium Risk, and High Risk. These categories, which are described below, are intended to differentiate between varying levels of borrower credit risk and the associated likelihood of non-timely debt service across IDA's loan portfolio.

Low Risk: Exposures in this group generally exhibit strong credit characteristics with minimal uncertainty around repayment. Borrowers in this category typically demonstrate solid financial performance, consistent and stable cash flows, and a history of timely debt service. The likelihood of non-timely debt service is considered low.

Medium Risk: Exposures in this group display satisfactory credit profiles, but may be subject to moderate risk factors, such as country-specific volatility or operational challenges. Borrowers in this category usually exhibit adequate financial performance, though their resilience to adverse conditions may be more limited. The likelihood of non-timely debt service is considered moderate to low.

High Risk: Exposures in this category exhibit signs of elevated credit risk. Borrowers in this category may show weak or deteriorating financial indicators, irregular or delayed payment history, or limited capacity to absorb external shocks. While these loans remain on accrual status, the likelihood of non-timely debt service is considered heightened.

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 June 30, 2025, 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.

Overdue Amounts

As of June 30, 2025, there were no principal and charges under sovereign loans in accrual status that were overdue by more than three months.

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 and amounts past due of loans outstanding:

Table D3: Loans outstanding-Aging structure

In millions of U.S. dollars

<i>Days past due</i>	<i>June 30, 2025</i>							<i>Total</i>
	<i>Up to 45</i>	<i>46-60</i>	<i>61-90</i>	<i>91-180</i>	<i>Over 180</i>	<i>Total Past Due</i>	<i>Current^b</i>	
Risk Class								
Low	\$—	\$—	\$—	\$—	\$ —	\$ —	\$ —	\$ —
Medium	—	—	—	—	—	—	14,367	14,367
High	16	4	1	2	*	23	212,615	212,638 ^a
Loans in accrual status	16	4	1	2	*	23	226,982	227,005
Loans in nonaccrual status	7	*	3	9	524	543	339	882
Total	\$23	\$ 4	\$ 4	\$11	\$524	\$566	\$227,321	\$227,887^c

Table D3.1:

In millions of U.S. dollars

<i>Days past due</i>	<i>June 30, 2024</i>							<i>Total</i>
	<i>Up to 45</i>	<i>46-60</i>	<i>61-90</i>	<i>91-180</i>	<i>Over 180</i>	<i>Total Past Due</i>	<i>Current^b</i>	
Risk Class								
Low	\$—	\$—	\$—	\$—	\$ —	\$ —	\$ —	\$ —
Medium	—	—	—	—	—	—	16,266	16,266
High	18	*	*	1	*	19	185,404 ^a	185,423
Loans in accrual status	18	*	*	1	*	19	201,670	201,689
Loans in nonaccrual status	7	*	3	9	478	497	362	859
Total	\$25	\$ *	\$ 3	\$10	\$478	\$516	\$ 202,032	\$202,548^c

a. Includes PSW loans of \$282 million (\$236 million—June 30, 2024).

b. Represents the principal amounts not yet contractually due.

c. The total amounts of sovereign loans at amortized cost which contain principal past due amounts was \$1,741 million (\$1,717 million-June 30, 2024).

** Indicates amount less than \$0.5 million.*

Table D4: Loans in nonaccrual status*In millions of U.S. dollars*

<i>Borrower</i>	<i>Nonaccrual since</i>	<i>Recorded investment</i>	<i>Average recorded investment</i>	<i>Accumulated provision for debt relief</i>	<i>Accumulated provision for loan losses ^a</i>	<i>Overdue amounts</i>	
						<i>Principal</i>	<i>Interest and Charges</i>
Eritrea	March 2012	429	417	287	15	167	45
Zimbabwe	October 2000	453	440	—	227	376	77
Total—June 30, 2025		<u>\$882</u>	<u>\$857</u>	<u>\$287</u>	<u>\$242</u>	<u>\$543</u>	<u>\$122</u>
Total—June 30, 2024		<u>\$859</u>	<u>\$866</u>	<u>\$270</u>	<u>\$233</u>	<u>\$497</u>	<u>\$112</u>

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

During the fiscal year ended June 30, 2025, no sovereign loans were placed in nonaccrual status. On May 12, 2025, the Syrian Arab Republic, with the assistance of two countries, cleared all of its overdue principal and charges due to IDA of \$14 million and \$1 million respectively, and was subsequently removed from nonaccrual status.

Service charge revenue not recognized as a result of loans being in nonaccrual status was \$6 million for each of the fiscal years ended June 30, 2025, June 30, 2024, and June 30, 2023.

Service charge revenue recognized on loans in nonaccrual status upon receipt of payment was less than \$1 million for each of the fiscal years ended June 30, 2025 and June 30, 2024 (\$1 million – fiscal year ended June 30, 2023).

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. The table below discloses the balances of IDA's loans outstanding, classified by the year the loan agreement was signed.

Table D5: Loans outstanding-vintage disclosure*In millions of U.S. dollars*

	June 30, 2025								
	Fiscal Year of origination						CAT DDOs disbursed and revolving	CAT DDOs Converted to Term Loans	Loans Outstanding as of June 30, 2025
Risk Class	2025	2024	2023	2022	2021	Prior Years			
Low	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Medium	31	54	83	112	397	13,690	—	—	14,367
High	10,691	8,477	14,037	12,533	16,223	150,000	184	493	212,638
Loans in accrual status	10,722	8,531	14,120	12,645	16,620	163,690	184	493	227,005
Loans in nonaccrual status	—	—	—	—	—	882	—	—	882
Total	\$10,722	\$8,531	\$14,120	\$12,645	\$16,620	\$164,572	\$184	\$493	\$227,887
Current period gross write-offs ^a	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 12	n.a	n.a	\$ 12

Table D5.1:*In millions of U.S. dollars*

	June 30, 2024								
	Fiscal Year of origination						CAT DDOs disbursed and revolving	CAT DDOs Converted to Term Loans	Loans Outstanding as of June 30, 2024
Risk Class	2024	2023	2022	2021	2020	Prior Years			
Low	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Medium	56	83	111	393	542	15,081	—	—	16,266
High	5,670	10,661	9,487	13,294	10,279	135,597	101	334	185,423
Loans in accrual status	5,726	10,744	9,598	13,687	10,821	150,678	101	334	201,689
Loans in nonaccrual status ...	—	—	—	—	—	859	—	—	859
Total	<u>\$5,726</u>	<u>\$10,744</u>	<u>\$9,598</u>	<u>\$13,687</u>	<u>\$10,821</u>	<u>\$151,537</u>	<u>\$101</u>	<u>\$334</u>	<u>\$202,548</u>
Fiscal year 2024 gross write-offs ^a	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 104	n.a	n.a	\$ 104

a. Relate to HIPC/MDRI.

The Catastrophe Deferred Draw-Down Option (CAT-DDO) promotes countries' resilience to disasters and expands the range of IDA's crisis instruments. It is a contingent credit line that provides immediate liquidity to countries in the aftermath of a catastrophe. The amount of CAT DDOs outstanding and revolving that was converted to term loans during the fiscal year ended June 30, 2025 was \$150 million (Nil —June 30, 2024).

Accumulated Provision for Losses on Loans and Other Exposures

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

The accumulated provision for HIPC Debt Initiative and MDRI was recorded at the inception of this initiative and 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. Accumulated provisions are reduced as qualifying debt service becomes due and is forgiven under the HIPC Debt Initiative.

When the country reaches HIPC Completion Point, it becomes eligible for MDRI debt relief which is characterized by the write-off of eligible loans. This write-off occurs at the beginning of the quarterly period following the date on which the country reaches Completion Point. MDRI provision is reduced by the amount of the eligible loans written off.

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

Table D6: Accumulated provisions

In millions of U.S. dollars

	<i>June 30, 2025</i>				
	<i>Loans outstanding</i>	<i>Loan commitments</i>	<i>Debt relief under HIPC/MDRI</i>	<i>Other^a</i>	<i>Total</i>
Accumulated provision, beginning of the fiscal year . . .	\$ 3,534	\$ 1,316	\$ 531	\$ 240	\$ 5,621
Provision, net—charge (release)	431	(2)	(57)	(14)	358
Loans written off under HIPC/MDRI	—	—	(12)	—	(12)
Guarantee claims ^b	—	—	—	(33)	(33)
Translation adjustment	172	66	12	6	256
Accumulated provision, end of the fiscal year	<u>\$ 4,137</u>	<u>\$ 1,380</u>	<u>\$ 474</u>	<u>\$ 199</u>	<u>\$ 6,190</u>
Including accumulated provision for losses on:					
Loans in accrual status	\$ 3,895		\$ 187		\$ 4,082
Loans in nonaccrual status	242		287		529
Total	<u>\$ 4,137</u>		<u>\$ 474</u>		<u>\$ 4,611</u>
Loans:					
Loans in accrual status					\$227,005
Loans in nonaccrual status					882
Loans outstanding					<u>\$227,887</u>

Table D6.1:

In millions of U.S. dollars

	<i>June 30, 2024</i>				
	<i>Loans outstanding</i>	<i>Loan commitments</i>	<i>Debt relief under HIPC/MDRI</i>	<i>Other^a</i>	<i>Total</i>
Accumulated provision, beginning of the fiscal year	\$3,325	\$1,320	\$ 668	\$198	\$ 5,511
Provision, net—charge (release)	252	12	(31)	42	275
Loans written off under HIPC/MDRI	—	—	(104)	—	(104)
Translation adjustment	(43)	(16)	(2)	—	(61)
Accumulated provision, end of the fiscal year	<u>\$3,534</u>	<u>\$1,316</u>	<u>\$ 531</u>	<u>\$240</u>	<u>\$ 5,621</u>
Including accumulated provision for losses on:					
Loans in accrual status	\$3,301		\$ 261		\$ 3,562
Loans in nonaccrual status	233		270		503
Total	<u>\$3,534</u>		<u>\$ 531</u>		<u>\$ 4,065</u>
Loans:					
Loans in accrual status					\$ 201,689
Loans in nonaccrual status					859
Loans outstanding					<u>\$ 202,548</u>

a. These amounts primarily relate to outstanding guarantees and include exposures under PSW.

b. Represents settlements of guarantee claims made in connection with the PSW MIGA Guarantee Facility.

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

The accumulated provision for losses on loan and other exposures as of June 30, 2025, was \$6,190 million, compared to \$5,621 million as of June 30, 2024. The increase was primarily due to the overall increase in exposure and the impact of rating changes for the fiscal year ended June 30, 2025.

Loans to be written off under MDRI

During the fiscal year ended June 30, 2025, no loans eligible for debt relief under the MDRI were written off.

During the fiscal year ended June 30, 2024, loans eligible for debt relief under the MDRI totaling \$94 million were written off under the MDRI as a result of Somalia reaching the Completion Point under the HIPC debt relief initiative on December 13, 2023.

Guarantees Provided

Guarantees of \$2,822 million were outstanding as of June 30, 2025 (\$2,787 million—June 30, 2024). This amount includes \$1,173 million relating to the PSW (\$1,169 million—June 30, 2024). The outstanding guarantees represents the maximum potential undiscounted future payments that IDA could be required to make under these guarantees, and are not included on the Balance Sheets. The guarantees issued by IDA have original maturities ranging between 2 and 22 years and expire in decreasing amounts through 2044.

As of June 30, 2025, liabilities related to IDA's obligations under guarantees provided include the obligation to stand ready of \$132 million (\$141 million—June 30, 2024), and the accumulated provision for guarantee losses of \$174 million (\$220 million—June 30, 2024). These have been included in Other liabilities—Accounts payable and miscellaneous liabilities on the Balance Sheets.

During the fiscal year ended June 30, 2025, \$212 million of guarantees provided by IDA to sovereign or sub-sovereign borrowers were called (\$100 million — fiscal year ended June 30, 2024). A total of \$362 million is included in Loans Outstanding on the Balance Sheet as of June 30, 2025, following payments by IDA and pursuant to the terms of the related indemnity agreement between IDA and the borrower and the reimbursement terms agreed with the borrower.

During the fiscal year ended June 30, 2025, less than \$1 million of IDA-PSW Blended Finance Facility guarantees pursuant to the risk-sharing agreement between IDA and IFC were called (\$1 million— fiscal year ended June 30, 2024). During the same period, \$33 million of guarantees under the PSW MIGA guarantee facility agreement between IDA and MIGA were called (nil — fiscal year ended June 30, 2024).

Concentration Risk

Loan revenue comprises service charges, interest and commitment charges, net of waivers. For the fiscal year ended June 30, 2025, loan revenue of \$303 million from India was in excess of 10% of total loan revenue.

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

Table D7: Loan revenue and outstanding loan balances by geographic region

In millions of U.S. dollars

<i>Region</i>	<i>As of and for the fiscal year ended</i>			
	<i>June 30, 2025</i>		<i>June 30, 2024</i>	
	<i>Loan Revenue^a</i>	<i>Loans Outstanding</i>	<i>Loan Revenue^a</i>	<i>Loans Outstanding</i>
South Asia	\$ 938	\$ 65,469	\$ 916	\$ 62,724
Eastern and Southern Africa	668	67,220	597	59,083
Western and Central Africa	687	55,777	587	47,662
East Asia and Pacific	240	18,165	244	17,884
Europe and Central Asia	381	14,942	201	9,269
Latin America and the Caribbean	73	4,074	66	3,683
Middle East and North Africa	18	1,958	17	2,007
Others ^b	24	282	18	236
Total	<u>\$3,029</u>	<u>\$227,887</u>	<u>\$2,646</u>	<u>\$202,548</u>

- a. Excludes \$15 million of interest rate swap income from loan-related derivatives for the fiscal year ended June 30, 2025 (\$19 million of interest rate swap income—fiscal year ended June 30, 2024). Includes net commitment charges of \$23 million for the fiscal year ended June 30, 2025 (\$26 million – fiscal year ended June 30, 2024).
- b. Represents loans under the PSW.

NOTE E—BORROWINGS

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

CPL are unsecured and unsubordinated fixed rate debt in SDR component currencies. IDA may prepay some or the entire outstanding amounts without penalty. As of June 30, 2025, these borrowings have original contractual maturities between 25 and 50 years, with the final maturity in 2075. This does not include the proceeds received under the grant component of the CPL, which is included in equity.

Market borrowings are unsecured and unsubordinated debt issued in a variety of currencies, primarily at fixed rates. Some of these instruments are callable. IDA has elected the fair value option for certain instruments. Overall market borrowings have original maturities that range from 30 days to 30 years, with the final maturity in 2053.

IDA uses derivative contracts to manage the currency risk and the interest rate risk in the market borrowings carried at fair value. For example, IDA may enter into derivative transactions to convert fixed rate bonds into floating rate instruments. For details regarding the derivatives used, see Note F— Derivative Instruments. After the effect of these derivatives, the borrowing portfolio carried variable interest rates with a weighted average cost of 4.27% as of June 30, 2025 (5.27% as of June 30, 2024).

As of June 30, 2025, and June 30, 2024, the instruments in IDA's borrowing portfolio measured at fair value were classified as Level 2 within the fair value hierarchy.

A summary of IDA's borrowings are as follows (for details on principal due upon maturity, see Note J— Fair Value Disclosures):

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

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Market borrowings	\$45,154	\$26,425
Currency swaps, net	123	488
Interest rate swaps, net	883	1,617
Total	<u>\$46,160</u>	<u>\$28,530</u>

For the fiscal year ended June 30, 2025, Borrowing expenses, net in the Statements of Income was \$2,292 million (\$1,616 million—fiscal year ended June 30, 2024, and \$957 million—fiscal year ended June 30, 2023). This includes \$731 million of interest expense, net related to derivatives associated with the Borrowing portfolio (interest expense, net of \$816 million— fiscal year ended June 30, 2024, and \$477 million—fiscal year ended June 30, 2023).

Table E2: Market borrowings outstanding, at amortized cost

In millions of U.S. dollars

	<i>Principal at face value</i>	<i>Net unamortized discount</i>	<i>Total</i>
June 30, 2025	\$18,173	\$(46)	\$18,127
June 30, 2024	\$11,512	\$(18)	\$11,494

Table E3: Concessional partner loans outstanding, at amortized cost

In millions of U.S. dollars

	<i>Principal at face value</i>	<i>Net unamortized discount</i>	<i>Total</i>
June 30, 2025	\$9,086	\$(1,535)	\$7,551
June 30, 2024	\$8,486	\$(1,482)	\$7,004

The following table provides a summary of the interest rate characteristics of IDA's borrowings:

Table E4: Borrowings-Interest rate composition before derivatives

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>WAC^a (%)</i>	<i>June 30, 2024</i>	<i>WAC^a (%)</i>
Fixed	\$71,176	2.63%	\$46,383	2.05%
Variable	597	4.88%	284	5.04%
Borrowings ^b	\$71,773	2.64%	\$46,667	2.07%
Fair Value Adjustment	(941)		(1,744)	
Total Borrowings	<u>\$70,832</u>		<u>\$44,923</u>	

a. WAC refers to weighted average borrowing cost as of the reporting date.

b. At amortized cost.

The currency composition of debt in IDA's borrowings before derivatives was as follows:

Table E5: Borrowings-Currency composition before derivatives

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Euro	37%	35%
U.S. dollar	47	38
Pound sterling	10	18
Japanese yen	4	6
Others	2	3
	<u>100%</u>	<u>100%</u>

The maturity structure of IDA's borrowings outstanding was as follows:

Table E6: Borrowings-Maturity structure

In millions of U.S. dollars

<i>Period</i>	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Less than 1 year	\$12,894	\$ 5,478
Between		
1—2 years	2,948	3,933
2—3 years	1,508	2,681
3—4 years	10,327	1,341
4—5 years	8,605	9,827
Thereafter	<u>36,131</u>	<u>23,164</u>
Total ^a	<u>\$72,413</u>	<u>\$46,424</u>

a. As of June 30, 2025, total includes net unamortized discount of \$1,535 million (\$1,482 million—June 30, 2024) for CPL and \$46 million (\$18 million—June 30, 2024) for market borrowings at amortized cost.

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, forward contracts, currency swaps, options, swaptions, futures contracts, and TBA securities	Manage currency and interest rate risks
Other asset-liability 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	Interest rate swaps and currency swaps	Assist clients in managing risks

The derivatives in the related tables of Note F are presented on a net basis by instrument. A reconciliation to the 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 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 Balance Sheets. The net derivative asset positions in the tables below have been further reduced by any securities received as collateral to disclose IDA's net exposure on its derivative asset positions.

Table F2: Derivatives assets and liabilities before and after netting adjustments*In millions of U.S. dollars*

	June 30, 2025		June 30, 2024	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Interest rate swaps	\$3,035	\$1,212	\$2,250	\$1,694
Currency swaps ^a	266	810	767	665
Other ^b	—	—	3	—
Gross Total	<u>\$3,301</u>	<u>\$2,022</u>	<u>\$3,020</u>	<u>\$2,359</u>
Less:				
Amounts subject to legally enforceable master netting agreements ...	1,620 ^c	1,526 ^d	1,764 ^c	1,692 ^d
Cash collateral received	<u>1,266</u>	—	<u>893</u>	—
Net derivative positions on the Balance Sheet	<u><u>\$ 415</u></u>	<u><u>\$ 496</u></u>	<u><u>\$ 363</u></u>	<u><u>\$ 667</u></u>
Less:				
Securities collateral received	<u>33</u>	—	<u>—</u>	—
Net derivative exposure after collateral	<u><u>\$ 382</u></u>	—	<u><u>\$ 363</u></u>	—

*a. Includes forward contracts.**b. These include swaptions, exchange traded options, futures contracts and TBA securities.**c. Includes \$108 million Credit Valuation Adjustment (CVA) (\$92 million-June 30, 2024).**d. Includes \$14 million Debit Valuation Adjustment (DVA) (\$20 million-June 30, 2024).*

The following tables provide information about the credit risk exposures at fair value of IDA's derivative instruments by portfolio, before the effects of master netting arrangements and collateral:

Table F3: Credit risk exposure of the derivative instruments*In millions of U.S. dollars*

	June 30, 2025		
	Interest rate swaps	Currency swaps (including forward contracts)	Total
Investments—Trading	\$ 8	\$ 22	\$ 30
Asset-liability management	2,595	166	2,761
Borrowings	321	69	390
Other ^a	<u>111</u>	<u>9</u>	<u>120</u>
Total Exposure	<u><u>\$3,035</u></u>	<u><u>\$ 266</u></u>	<u><u>\$3,301</u></u>

Table F3.1*In millions of U.S. dollars*

	June 30, 2024		
	Interest rate swaps	Currency swaps (including forward contracts)	Total
Investments—Trading	\$ 2	\$ 232	\$ 234
Asset-liability management	2,063	519	2,582
Borrowings	74	15	89
Other ^a	<u>111</u>	<u>1</u>	<u>112</u>
Total Exposure	<u><u>\$2,250</u></u>	<u><u>\$ 767</u></u>	<u><u>\$3,017</u></u>

a. Includes derivatives related to loans and PSW, and excludes exchange traded instruments as they are generally subject to daily margin requirements and are deemed to have no material credit risk.

The volume of derivative contracts is measured using the U.S. dollar equivalent notional balance. The notional balance represents the face value or reference value on which the calculations of payments on the derivative instrument are determined. As of June 30, 2025, the notional amounts of IDA's derivative contracts outstanding were as follows: interest rate swaps \$52,538 million (\$39,153 million as of June 30, 2024) and currency swaps \$22,683 million (\$22,792 million as of June 30, 2024). There were \$352 million of long positions and \$860 million of short positions pertaining to other derivatives as of June 30, 2025 (\$566 million and \$74 million, respectively as of June 30, 2024).

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 June 30, 2025, was \$439 million (\$593 million—June 30, 2024). As of June 30, 2025, 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 June 30, 2025, the amount of collateral that would need to be posted would be less than \$1 million (\$30 million—June 30, 2024). Subsequent triggers of contingent features would require posting of additional collateral, up to a maximum of \$439 million as of June 30, 2025 (\$593 million—June 30, 2024).

The gains or losses on the non-trading derivatives, by instrument type and their location in the 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

<i>Type of instrument ^a</i>	<i>Reported as</i>	<i>Fiscal Year Ended June 30,</i>		
		<i>2025</i>	<i>2024</i>	<i>2023</i>
Interest rate swaps	Unrealized mark-to-market gains	\$1,234	\$ 912	\$(252)
Currency forward contracts and currency swaps	(losses) on non-trading portfolios,	148	178	(182)
	net			
Total		<u>\$1,382</u>	<u>\$1,090</u>	<u>\$(434)</u>

a. For disclosures related to derivatives in trading portfolio, see Table F5.

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 Statements of Income:

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

In millions of U.S. dollars

<i>Type of instrument</i>	<i>Reported as</i>	<i>Fiscal Year Ended June 30,</i>		
		<i>2025</i>	<i>2024</i>	<i>2023</i>
Fixed income (including related derivatives) ^a	Unrealized mark-to-market gains (losses) on Investment-Trading portfolios, net	<u>\$340</u>	<u>\$316</u>	<u>\$(29)</u>

a. Includes unrealized mark-to-market gains/losses from IDA's share of Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve Fund (PCRF) holdings.

NOTE G—DEVELOPMENT GRANTS

A summary of grant activities is presented below:

Table G1: Grant activities

<i>In millions of U.S. dollars</i>	<i>Fiscal Year Ended June 30,</i>		
	<i>2025</i>	<i>2024</i>	<i>2023</i>
Grants approved	\$8,256	\$8,117	\$7,263
Grant disbursements	8,332	7,191	7,170
Unconditional grants	603	1,142	1,385
Conditional grants	7,729	6,049	5,785
Grant expenses	7,200	5,291	3,946

As of June 30, 2025, the cumulative amount of conditional grants approved but not yet expensed, since all conditions have not been met, was \$30,582 million (\$29,135 million—June 30, 2024).

NOTE H—TRANSACTIONS WITH AFFILIATED ORGANIZATIONS

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

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

Table H1: IDA's receivables and payables with affiliated organizations

	<i>June 30, 2025</i>			<i>June 30, 2024</i>		
	<i>IBRD</i>	<i>IFC</i>	<i>Total</i>	<i>IBRD</i>	<i>IFC</i>	<i>Total</i>
Administrative Services	\$ (631)	\$ —	\$ (631)	\$ (279)	\$ —	\$ (279)
Derivative (liabilities)/assets, net	—	(70)	(70)	—	(94)	(94)
PSW-Blended Finance Facility	—	124	124	—	102	102
Investments	—	115	115	—	171	171
PCRF ^a	721	—	721	489	—	489
Pension and Other Postretirement Benefits	1,086	—	1,086	906	—	906
Total	<u>\$1,176</u>	<u>\$169</u>	<u>\$1,345</u>	<u>\$1,116</u>	<u>\$179</u>	<u>\$1,295</u>

a. Receivable from IBRD for IDA's share of investments associated with PCRF, which is a fund established to stabilize contributions made to the pension plans.

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

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

Transfers and Grants Received

Cumulative transfers and grants made to IDA as of June 30, 2025 were \$21,399 million (\$20,884 million—June 30, 2024). Details by transferor are as follows:

Table H2: Transfers and grants

In millions of U.S. dollars

<i>Transfers</i>	<i>Cumulative transfers as of June 30, 2025</i>
Total	\$21,399
Of which transfers from:	
IBRD	17,284
IFC	3,885
Nonaffiliated organizations	230

On September 18, 2024, IBRD's Board of Governors approved a transfer of \$515 million to IDA. This transfer was received on September 30, 2024.

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 fiscal year ended June 30, 2025, IDA's share of joint administrative expenses and contributions to special programs totaled \$1,989 million (\$1,750 million—fiscal year ended June 30, 2024 and \$1,744 million—fiscal year ended June 30, 2023). This amount excludes Bank-executed activities for trust funds expenses of \$768 million (\$705 million—fiscal year ended June 30, 2024 and \$686 million—fiscal year ended June 30, 2023).

Other revenue

IDA's share of other revenue jointly earned with IBRD during the fiscal year ended June 30, 2025, totaled \$330 million (\$326 million—fiscal year ended June 30, 2024 and \$280 million—fiscal year ended June 30, 2023). This amount excludes Bank-executed activities for trust fund revenue of \$768 million (\$705 million —fiscal year ended June 30, 2024 and \$686 million—fiscal year ended June 30, 2023).

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

Table H3: Fee revenue from affiliated organizations

In millions of U.S. dollars

	<i>Fiscal Year Ended June 30,</i>		
	<i>2025</i>	<i>2024</i>	<i>2023</i>
Fees charged to IFC	\$106	\$99	\$93
Fees charged to MIGA	7	7	6

Derivative transactions

Under the Local Currency Facility of the PSW, IDA enters into derivative transactions with IFC to support local currency loan transactions where currency hedging capabilities are limited or unavailable.

Private Sector Window

The PSW was created under the Eighteenth Replenishment of IDA's Resources (IDA18) to mobilize private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected Situations. The PSW continued under IDA's Twentieth Replenishment of Resources (IDA20), which commenced on July 1, 2022, with an initial allocation of \$2.5 billion. In December 2024, the Board approved an increase of the IDA20 allocation to the PSW by \$234 million, corresponding to the release of the PSW resources allocated in the previous replenishment cycles, bringing the total allocation to \$2.7 billion. Under the fee arrangement for the PSW, IDA receives fee income for transactions executed under this Window and reimburses IFC and MIGA for the related costs incurred in administering these transactions. As of June 30, 2025, the PSW exposures comprising mainly of MIGA Guarantee Facility and IFC Blended Finance Facility, were \$1,579 million (\$1,507 million—June 30, 2024), and the related accumulated provision was \$179 million (\$212 million—June 30, 2024). In addition, the signed loan commitments relating to PSW amounted to \$149 million as of June 30, 2025 (\$168 million—June 30, 2024), and the related accumulated provision was \$4 million (\$13 million—June 30, 2024).

Investments – Non-trading

During the fiscal year ended June 30, 2015, IDA purchased a debt security issued by IFC for a principal amount of \$1,179 million, amortizing over a period of 25 years. The investment carries a fixed interest rate of 1.84% and has a weighted average maturity of 4 years. As of June 30, 2025, the principal amount due on the debt security was \$124 million (\$185 million—June 30, 2024), and it had a fair value of \$115 million (\$171 million—June 30, 2024). The investment is reported under Investments in the Balance Sheets. During the fiscal year ended June 30, 2025, IDA recognized interest income of \$3 million from this investment (\$4 million—fiscal year ended June 30, 2024 and \$6 million—fiscal year ended June 30, 2023).

Pension and Other Post-Retirement Benefits

The staff of IBRD perform functions for both IBRD and IDA, but all staff compensation is paid directly by IBRD. Accordingly, a portion of IBRD's staff and associated administrative costs is allocated to IDA based on an agreed cost sharing ratio using various indicators. The methodology for computing this share ratio is approved by the Executive Directors for both institutions.

IBRD, along with IFC and MIGA, sponsor a defined benefit Staff Retirement Plan and Trust (SRP), the Retired Staff Benefits Plan and Trust (RSBP) and the Post-Employment Benefits Plan (PEBP) that cover all of their staff members.

The SRP provides regular defined pension benefits and also includes a cash balance component. The RSBP provides certain health and life insurance benefits to eligible retirees. The PEBP provides certain pension benefits administered outside the SRP.

June 30 is used as the measurement date for these pension and other postretirement benefit plans. All costs, assets and liabilities associated with these plans are allocated between IBRD, IFC, and MIGA based upon their employees' respective participation in the plans.

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 fiscal year ended June 30, 2025, IDA's share of IBRD's costs relating to all three plans totaled \$128 million (\$98 million—fiscal year ended June 30, 2024 and \$163 million—fiscal year ended June 30, 2023).

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.

The cost of any potential future liability arising from these plans would be shared by IBRD and IDA using the applicable cost sharing ratio. As of June 30, 2025, the SRP and the RSBP were overfunded by \$5,845 million and

\$2,196 million, respectively. The PEBP, after reflecting IBRD and IDA's share of assets which are included in IBRD's investment portfolio of \$2,359 million, was overfunded by \$289 million.

NOTE I—ACCUMULATED OTHER COMPREHENSIVE LOSS

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 Statements of Comprehensive Income.

The following table presents the changes in AOCL balances:

Table I1: Changes in AOCL

In millions of U.S dollars

	2025		
	<i>Balance, beginning of the fiscal year</i>	<i>Changes in AOCI</i>	<i>Balance, end of the fiscal year</i>
Currency translation adjustments on functional currencies	\$(10,567)	\$7,447	\$(3,120)
DVA on Fair Value option elected liabilities	(25)	33	8
Total AOCI	<u>\$(10,592)</u>	<u>\$7,480</u>	<u>\$(3,112)</u>

Table I1.1

In millions of U.S dollars

	2024		
	<i>Balance, beginning of the fiscal year</i>	<i>Changes in AOCI</i>	<i>Balance, end of the fiscal year</i>
Currency translation adjustments on functional currencies	\$(8,915)	\$(1,652)	\$(10,567)
DVA on Fair Value option elected liabilities	(31)	6	(25)
Total AOCI	<u>\$(8,946)</u>	<u>\$(1,646)</u>	<u>\$(10,592)</u>

Table I1.2

In millions of U.S dollars

	2023		
	<i>Balance, beginning of the fiscal year</i>	<i>Changes in AOCI</i>	<i>Balance, end of the fiscal year</i>
Currency translation adjustments on functional currencies	\$(9,139)	\$224	\$(8,915)
DVA on Fair Value option elected liabilities	(13)	(18)	(31)
Total AOCI	<u>\$(9,152)</u>	<u>\$206</u>	<u>\$(8,946)</u>

NOTE J—FAIR VALUE DISCLOSURES

Valuation Methods and Assumptions

As of June 30, 2025, and June 30, 2024, 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 June 30, 2025 and June 30, 2024. IDA's loans and loan commitments would be classified as Level 3 within the fair value hierarchy.

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

Investment securities

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

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

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

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

Borrowings

The fair value of IDA's market borrowings 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 June 30, 2025, and June 30, 2024, the fair value of borrowings measured at amortized cost would be classified as Level 2 within the fair value hierarchy.

Derivative instruments

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

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

Valuation adjustments on fair value option elected liabilities

The DVA on fair value option elected liabilities (market borrowings carried at fair value) is measured by revaluing each liability to determine the changes in fair value of that liability arising from changes in IDA's cost of funding applicable to the relevant reference rates.

The table below presents IDA's estimates of fair value of its financial assets and liabilities along with their respective carrying amounts.

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

In millions of U.S dollars

	<i>June 30, 2025</i>		<i>June 30, 2024</i>	
	<i>Carrying Value</i>	<i>Fair Value</i>	<i>Carrying Value</i>	<i>Fair Value</i>
Assets				
Due from banks	\$ 1,215	\$ 1,215	\$ 586	\$ 586
Investments (including securities purchased under resale agreements)	47,408	47,408	34,435	34,435
Net loans outstanding	223,232	172,530	198,457	151,428
Derivative assets, net	415	415	363	363
Liabilities				
Borrowings				
Market borrowings, at fair value	45,154	45,154	26,425	26,425
Market borrowings, at amortized cost	18,127	16,466	11,494	9,920
Concessional partner loans, at amortized cost	7,551	6,161	7,004	6,049
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	122	122	71	71
Derivative liabilities, net	496	496	667	667

As of June 30, 2025, IDA's signed loan commitments were \$74.5 billion (\$68.9 billion—June 30, 2024) and had a fair value of \$(15.3) billion (\$(12.8) billion—June 30, 2024).

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

	<i>Fair Value Measurements on a Recurring Basis As of June 30, 2025</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments—Trading				
Government, agency and corporate obligations	\$ 14,104	\$ 12,325	\$ —	\$ 26,429
Time deposits	1,341	19,300	—	20,641
ABS	—	87	—	87
Total Investments—Trading	15,445	31,712	—	47,157
Investments—Non-trading	—	115	—	115
Total Investments	\$ 15,445	\$ 31,827	\$ —	\$ 47,272
Securities purchased under resale agreements	\$ —	\$ 136	\$ —	\$ 136
Derivative assets:				
Currency swaps and forward contracts	\$ —	\$ 266	\$ —	\$ 266
Interest rate swaps	—	3,035	—	3,035
Other ^a	—	—	—	—
Gross Total	\$ —	\$ 3,301	\$ —	\$ 3,301
Liabilities:				
Market Borrowings, at fair value	\$ —	\$ 45,154	\$ —	\$ 45,154
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received ^b	\$ —	\$ 122	\$ —	\$ 122
Derivative liabilities:				
Currency swaps and forward contracts	\$ —	\$ 810	\$ —	\$ 810
Interest rate swaps	—	1,212	—	1,212
Gross Total	\$ —	\$ 2,022	\$ —	\$ 2,022

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

b. Excludes amount payable for cash collateral received of \$1,266 million.

Table J2.1*In millions of U.S. dollars*

	<i>Fair Value Measurements on a Recurring Basis As of June 30, 2024</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments—Trading				
Government and agency obligations	\$12,806	\$ 6,574	\$—	\$19,380
Time deposits	2,032	12,683	—	14,715
ABS	—	111	—	111
Total Investments—Trading	14,838	19,368	—	34,206
Investments—Non-trading	—	171	—	171
Total Investments	\$14,838	\$19,539	\$—	\$34,377
Securities purchased under resale agreements	\$ —	\$ 58	\$—	\$ 58
Derivative assets:				
Currency swaps and forward contracts	\$ —	\$ 767	\$—	\$ 767
Interest rate swaps	—	2,250	—	2,250
Other ^a	3	—	—	3
Gross Total	\$ 3	\$ 3,017	\$—	\$ 3,020
Liabilities:				
Market Borrowings, at fair value	\$ —	\$26,425	\$—	\$26,425
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received ^b	\$ —	\$ 71	\$—	\$ 71
Derivative liabilities:				
Currency swaps and currency forward contracts	\$ —	\$ 665	\$—	\$ 665
Interest rate swaps	—	1,694	—	1,694
Gross Total	\$ —	\$ 2,359	\$—	\$ 2,359

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

b. Excludes amount payable for cash collateral received of \$893 million.

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

Table J3: Investment portfolio-Non-trading security*In millions of U.S. dollars*

	<i>Fair value</i>	<i>Principal amount due</i>	<i>Difference</i>
June 30, 2025	\$115	\$124	\$ (9)
June 30, 2024	\$171	\$185	\$(14)

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

Table J4: Market Borrowings at fair value*In millions of U.S. dollars*

	<i>Fair Value</i>	<i>Principal Due Upon Maturity</i>	<i>Difference</i>
June 30, 2025	\$45,154	\$46,059	\$ (905)
June 30, 2024	\$26,425	\$27,886	\$(1,461)

During the fiscal year ended June 30, 2025, IDA recorded unrealized mark-to-market gains of \$33 million (\$6 million gains—fiscal year ended June 30, 2024) in Other Comprehensive Income, in relation to the changes in its own credit (DVA) on fair value option elected liabilities.

As of June 30, 2025, IDA's Balance Sheets included a DVA of \$8 million cumulative gains (\$25 million cumulative loss—June 30, 2024) in Accumulated other comprehensive loss, associated with the changes in IDA's own credit for its market borrowings reported at fair value.

The following tables reflect the components of the unrealized mark-to-market gains or losses on IDA's trading and non-trading portfolios, net (for details see Note F—Derivative Instruments).

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

In millions of U.S. dollars

	<i>Fiscal Year Ended June 30, 2025</i>		
	<i>Realized gains (losses)</i>	<i>Unrealized gains (losses) excluding realized amounts ^a</i>	<i>Unrealized gains (losses)</i>
Investments, Trading, net	<u>\$ (31)</u>	<u>\$ 371</u>	<u>\$ 340</u>
Non-trading portfolios, net			
Asset-liability management ^b	—	484	484
Other Non-trading portfolios			
Investment portfolio	—	5	5
Borrowings, including derivatives	—	(2)	(2) ^c
Loan-related derivatives	1	(6)	(5)
Other ^d	—	(12)	(12)
Total	<u>\$ 1</u>	<u>\$ 469</u>	<u>\$ 470</u>

Table J5.1

In millions of U.S. dollars

	<i>Fiscal Year Ended June 30, 2024</i>		
	<i>Realized gains (losses)</i>	<i>Unrealized gains (losses) excluding realized amounts ^a</i>	<i>Unrealized gains (losses)</i>
Investments, Trading, net	<u>\$ 35</u>	<u>\$ 281</u>	<u>\$ 316</u>
Non-trading portfolios, net			
Asset-liability management ^b	—	393	393
Other Non-trading portfolios			
Investment portfolio	—	4	4
Borrowing portfolio	—	34	34 ^c
Loan-related derivatives	—	(2)	(2)
Other ^d	—	(24)	(24)
Total	<u>\$ —</u>	<u>\$ 405</u>	<u>\$ 405</u>

Table J5.2*In millions of U.S. dollars*

	<i>Fiscal Year Ended June 30, 2023</i>		
	<i>Realized gains (losses)</i>	<i>Unrealized gains (losses) excluding realized amounts ^a</i>	<i>Unrealized gains (losses)</i>
Investments, Trading, net	\$ (254)	\$225	\$ (29)
Non-trading portfolios, net			
Asset-liability management ^b	—	143	143
Other Non-trading portfolios			
Investment portfolio	—	(5)	(5)
Borrowing portfolio	—	—	— ^c
Loan-related derivatives	—	33	33
Other ^d	(1)	(36)	(37)
Total	\$ (1)	\$135	\$134

a. *Adjusted to exclude amounts reclassified to realized gains (losses).*

b. *Includes mark-to-market gains (losses) on the Capital Value Protection program (CVP) portfolio and other Asset-liability management portfolios.*

c. *Includes \$915 million of unrealized mark-to-market gains related to derivatives associated with borrowings for the fiscal year ended June 30, 2025 (unrealized mark-to-market gains of \$723 million—fiscal year ended June 30, 2024 and unrealized mark-to-market losses of \$573 million—fiscal year ended June 30, 2023).*

d. *Represents mark-to-market gains (losses) on interest rate and currency swaps related to the PSW.*

NOTE K—TRUST FUNDS ADMINISTRATION

IDA, alone or jointly with one or more of its affiliated organizations, administers on behalf of the donors, including members, their agencies and other entities, funds restricted for specific uses in accordance with administration agreements with the donors. Specified uses of the funds include, among others, co-financing of IDA lending projects, debt reduction operations for IDA members, technical assistance for borrowers including feasibility studies and project preparation, global and regional programs, and research and training programs. These funds are held in trust by IDA and/or IBRD, and are held in a separate investment portfolio which is not commingled with IDA and/or IBRD funds.

Trust fund execution may be carried out in one of two ways: recipient-executed or Bank-executed activities.

Recipient-executed activities for trust funds involve activities carried out by a recipient third-party executing agency. IDA enters into agreements with and disburses funds to such recipients, who then exercise spending authority to meet the objectives and comply with the terms stipulated in the agreements.

Bank-executed activities for trust funds involve execution of activities by IDA as described in relevant administration agreements with donors, which define the terms and conditions for use of the funds. Spending authority is exercised by IDA, under the terms of the administration agreements. The executing agency services provided by IDA include, among others, activity preparation, analytical and advisory activities and project-related activities, including procurement of goods and services.

The following table summarizes the expenses pertaining to Bank-executed activities for trust funds:

Table K1: Expenses for Bank-executed activities for trust funds

In millions of U.S. dollars

	<i>Fiscal Year Ended June 30,</i>		
	<i>2025</i>	<i>2024</i>	<i>2023</i>
Expenses for Bank-executed activities for trust funds	\$768	\$705	\$686

These amounts are included in Administrative expenses and the corresponding revenue is included in Revenue from externally funded activities in the Statements of Income. Administrative expenses primarily relate to staff cost, travel and consultant fees.

The following table summarizes undisbursed contributions made by third party donors to Bank-executed activities for trust funds, recognized on the Balance Sheets:

Table K2: Undisbursed contributions made by third party donors to Bank-executed activities for trust funds

In millions of U.S. dollars

	<i>June 30, 2025</i>	<i>June 30, 2024</i>
Bank-executed activities for trust funds	\$734	\$735

These amounts are included in Other Assets and the corresponding liabilities are included in Accounts payable and miscellaneous liabilities on the Balance Sheets.

Revenues

IDA's revenues for the administration of trust fund operations were as follows:

Table K3: IDA's revenues for the administration of trust fund operations

In millions of U.S. dollars

	<i>Fiscal Year Ended June 30,</i>		
	<i>2025</i>	<i>2024</i>	<i>2023</i>
Revenues	\$88	\$93	\$57

These amounts are included in Revenue from externally funded activities in the Statements of Income.

Amounts collected from donor contributions for administration activities, but not yet earned, totaling \$66 million at June 30, 2025 (\$74 million—June 30, 2024) are included in Other Assets and in Accounts payable and miscellaneous liabilities, respectively, on the Balance Sheets.

Transfers Received

Under the agreements governing the administration of certain trust funds, IDA may receive any surplus assets as transfers upon the termination of these trust funds. In addition, as loans are repaid to trust funds, in certain cases, the repayments are transferred to IDA. During the fiscal year ended June 30, 2025 no funds were recorded as transfers from affiliated organizations under these arrangements (Nil—for each of the fiscal years ended June 30, 2024 and June 30, 2023).

NOTE L—SEGMENT REPORTING

IDA has determined that it has a single reportable operating segment. The President is the Chief Operating Decision Maker (CODM), who regularly reviews operational performance and financial measures of IDA to assess performance and allocate resources.

The Administrative budget for IBRD and IDA is approved and managed as a single resource. The CODM receives expense information on the combined basis for IBRD and IDA. As a result, no significant segment expense amounts are presented separately for IDA to the CODM. The measure of segment profit or loss is at the entity level and is reported on the Statements of Income as Net income (loss). The measure of segment assets is reported on the Balance Sheets as Total assets.

The following table presents IDA's revenues by products/services:

Table L1: Revenue by products/services

In millions of U.S. dollars

<u>Revenue</u>	<u>Fiscal Year Ended June 30,</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Loan revenue ^a	\$3,029	\$2,646	\$2,277
Revenue from externally funded activities	1,098	1,031	966
Guarantee fees ^b	38	21	21
Total	\$4,165	\$3,698	\$3,264

- a. Excludes \$15 million of interest rate swap income from loan-related derivatives for the fiscal year ended June 30, 2025 (\$19 million of interest rate swap income—fiscal year ended June 30, 2024 and \$6 million of interest rate swap income—fiscal year ended June 30, 2023). Includes net commitment charges of \$23 million for the fiscal year ended June 30, 2025 (\$26 million—fiscal year ended June 30, 2024, and \$27 million—fiscal year ended June 30, 2023).
- b. Included in Non-interest revenue—other in the Statements of Income and excludes other miscellaneous expense of \$2 million for the fiscal year ended June 30, 2025 (other miscellaneous income of \$4 million and \$10 million—fiscal year ended June 30, 2024 and fiscal year ended June 30, 2023, respectively).

NOTE M—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 fiscal year ended June 30, 2025, is not expected to have a material adverse effect on IDA's financial position, results of operations or cash flows.

Information Statement
International Development Association



No person is authorized to give any information or to make any representation not contained in this Information Statement, any supplemental information statement or any prospectus; and any information or representation not contained herein must not be relied upon as having been authorized by IDA or by any dealer, underwriter or agent of IDA. Neither this Information Statement nor any supplemental information statement or prospectus constitutes an offer to sell or solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The Information Statement contains forward looking statements which may be identified by such terms as “anticipates”, “believes”, “expects”, “intends” or words of similar meaning. Such statements involve a number of assumptions and estimates that are based on current expectations, which are subject to risks and uncertainties beyond IDA’s control. Consequently, actual future results could differ materially from those currently anticipated.

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