International Development Association

Management's Discussion & Analysis
and
Condensed Quarterly Financial Statements
March 31, 2020
(Unaudited)

International Development Association (IDA)
Management's Discussion and Analysis
March 31, 2020

Contents

This Management's Discussion & Analysis (MD&A) discusses the results of the International Development Association's (IDA) financial performance for the nine-month period ended March 31, 2020 (FY20 YTD). This document should be read in conjunction with IDA's financial statements and MD&A issued for the fiscal year ended June 30, 2019 (FY19). IDA undertakes no obligation to update any forward-looking statements. For information relating to IDA's development operations' results and corporate performance, refer to the World Bank Corporate Scorecard and Sustainability Review.

Box 1: Selected Financial Data

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

	As of and for the nine months ended March 31,		As of and for the fiscal years ended June 30,			
	2020	2019	2019	2018	2017	2016
Lending Highlights (Section IV)						
Loans, Grants and Guarantees						
Commitments [a]	$ 13,183	$ 12,354	$ 21,932	$ 24,010	$ 19,513	$ 16,171
Gross disbursements [a]	12,143	11,343	17,549	14,383	12,718	13,191
Net disbursements [a]	7,635	7,423	12,221	9,290	8,154	8,806
Balance Sheet (Section IV)						
Total assets [b]	$ 194,180	$ 185,987	$ 188,553	$ 184,666	$ 173,357	$ 167,985
Net investment portfolio	36,849	33,787	32,443	33,735	29,673	29,908
Net loans outstanding	153,903	148,516	151,921	145,656	138,351	132,825
Borrowing portfolio [c]	15,120	9,624	10,149	7,318	3,660	2,906
Total equity	166,064	163,055	162,982	163,945	158,476	154,700
Income Statement (Section IV)						
Interest revenue, net of borrowing expenses	$ 1,409	$ 1,267	$ 1,702	$ 1,647	$ 1,521	$ 1,453
Transfers from affiliated organizations and others	252	251	258	203	599	990
Development grants	(729)	(4,552)	(7,694)	(4,969)	(2,577)	(1,232)
Net (loss) income	(441)	(3,656)	(6,650)	(5,231)	(2,296)	371
Adjusted Net Income (Loss) [d] (Section IV)	368	309	225	(391)	(158)	423
Capital Adequacy (Section V)						
Deployable strategic capital ratio	37.6%	36.5%	35.3%	37.4%	37.2%	NA

a. Excludes commitments and disbursements relating to IFC-MIGA Private Sector Window (PSW) activities.

b. Effective June 30, 2019, derivatives are presented net by counterparty, after cash collateral received, on the Balance Sheet. The presentation for the prior periods has been updated for comparability (For further details, see Note A: Summary of Significant Accounting and Related Policies in the Notes to the Financial Statements for the fiscal year ended June 30, 2019).

c. Includes associated derivatives.

d. Effective June 30, 2019, IDA introduced a new income measure, Adjusted Net Income (ANI), to reflect the economic results of its operations. Prior period numbers have been calculated and presented for comparability.

Section I: Executive Summary

Owned by its 173 members, IDA, an entity rated triple-A by the major rating agencies and one of the five institutions of the World Bank Group (WBG[1]), has been providing financing and knowledge services to many of the world's developing countries for nearly 60 years. Each organization is legally and financially independent from IDA, with separate assets and liabilities, and IDA is not liable for their obligations.

With its many years of experience and its depth of knowledge in the international development arena, IDA plays a key role in achieving the WBG goal of helping countries achieve better development outcomes.

IDA contributes to the WBG's twin goals of ending extreme poverty and promoting shared prosperity by providing loans, grants, and guarantees to countries to help meet their development needs and by leveraging its experience and expertise to provide technical assistance and policy advice. It also supports countries with disaster risk financing and insurance against natural disasters and health-related crises and facilitates financing through trust fund partnerships.

IDA and its affiliated organizations seek to help countries achieve improvements in growth, job creation, poverty reduction, governance, the environment, climate adaptation and resilience, human capital, infrastructure and debt transparency. To meet its development goals, the WBG is increasing its focus on country programs in order to improve growth and development outcomes. Support is being expanded for countries at lower levels of income, and fragile and conflict-affected states.

The Eighteenth Replenishment of IDA's resources (IDA18) represents an innovative policy and financing package for FY18 through FY20. The IDA18 financing framework represents a shift in IDA's approach to mobilizing finance since it combines contributions from members with market debt, helping IDA provide $75 billion[2] in financing for its clients.

In December 2019, IDA's Deputies endorsed the Nineteenth Replenishment of IDA resources (IDA19). They recommended an IDA19 lending envelope of $82 billion[3], supported by $23.5 billion of member contributions. The IDA19 Deputies' Report was approved by IDA's Executive Directors (referred to as the "Board" in this document) in February 2020, and the IDA19 Resolution was adopted by IDA's Board of Governors on March 31, 2020.

In March 2020, in response to the global outbreak of the coronavirus disease (COVID-19) and to support global public goods, as part of a WBG package, IDA announced that it could deploy an estimated range of $50 - $55 billion over the next 15 months to support member countries in their efforts to contain the pandemic and respond to its immediate health consequences as well as to address the social and economic effects. This amount was estimated in compliance with the IDA18 and IDA19 financial framework based on market conditions at that time. Given the continued uncertainty around the outbreak's full impact on markets, as well as on client needs, these estimates are subject to revisions. IDA's operational response includes two phases, with the first focused on addressing the immediate health implications and the second focusing on the social and economic impact in member countries. The second phase includes three pillars of support:

(i) protecting the poor and vulnerable;

(ii) supporting businesses; and

(iii) strengthening economic resilience and the speed of recovery.

This includes up to $1.3 billion of new financing approved by the Board in March 2020 to assist countries in their efforts to prevent, detect and respond to the rapid spread of COVID-19 as part of phase one of the response. Further financing for the remainder of the fiscal year and beyond will be reprioritized to achieve these efforts.

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

[2] *U.S. dollar amounts are based on an IDA18 reference rate of USD/SDR 1.40207. The U.S. dollar amounts are provided for reporting purposes only, as IDA's balance sheet is predominantly managed in Special Drawing Rights (SDR).*

[3] *U.S. dollar amounts are based on an IDA19 reference rate of USD/SDR 1.38318. The U.S. dollar amounts are provided for reporting purposes only, as IDA's balance sheet is predominantly managed in Special Drawing Rights (SDR).*

Financial Results and Portfolio Performance

Equity and Capital Adequacy

As of March 31, 2020, IDA's reported equity was $166.1 billion, an increase of $3.1 billion from June 30, 2019. The increase was primarily due to $6.4 billion of cash received from members for subscriptions and contributions partially offset by $2.8 billion of negative currency translation adjustments and $0.4 billion of reported net loss during the period. See Section IV: Financial Results.

The deployable strategic capital (DSC) ratio, IDA's main measure for capital adequacy, was 37.6% as of March 31, 2020, above the zero percent policy minimum. IDA's capital continues to be adequate to support its operations. See **Table 11**.

$166.1 billion
Total Equity

37.6%
DSC

Lending Operations

IDA had $13.2 billion of commitments in FY20 YTD, of which $9.1 billion were loan and guarantee commitments. The remaining were grant commitments which will be recorded as an expense in IDA's Statement of Income once all conditions have been met.

IDA's net loans outstanding increased by $2 billion, to $153.9 billion as of March 31, 2020, from $151.9 billion as of June 30, 2019. The key driver of the increase was the $4.7 billion of net loan disbursements during the period partially offset by $2.8 billion of negative currency translation adjustments due to the depreciation of the SDR against the U.S. dollar.

$153.9 billion
Net Loans Outstanding

$4.1 billion
Grant Commitments

Net Investment Portfolio

IDA's investments remain concentrated in the upper end of the credit spectrum, with 60% rated AA or above (See **Table 13**) reflecting IDA's objective of principal protection and resulting preference for high-quality investments. As of March 31, 2020, the net investment portfolio was $36.8 billion, compared with $32.4 billion as of June 30, 2019. The increase was primarily driven by cash contributions from members and net debt issuances during the period.

$36.8 billion
Net Investment Portfolio

Borrowing Portfolio

Market borrowings: As of March 31, 2020, the total amount outstanding for market borrowings (including associated derivatives) was $7.6 billion, an increase of $4.3 billion compared with June 30, 2019 ($3.3 billion), primarily driven by medium-long term debt issuances during the period.

Concessional Partner Loans: As of March 31, 2020, total borrowings from members - Concessional Partner Loans (CPLs) - were $7.5 billion, an increase of $0.7 billion, compared with June 30, 2019 ($6.8 billion). The increase was primarily due to a new loan proceeds received during the period.

$7.6 billion
Market Borrowings

$7.5 billion
Concessional Partner Loans

Net Income and Adjusted Net Income

Net Income: For FY20 YTD, IDA reported a net loss of $441million, compared to a net loss of $3,656 million for FY19 YTD. This was primarily driven by the decrease in development grant expenses due to the adoption of an accounting standard that became effective from the quarter ended September 30, 2019, which changed the timing of the recognition of grant expenses (See Section II: Overview – Basis of Reporting).

$441 million
Net loss

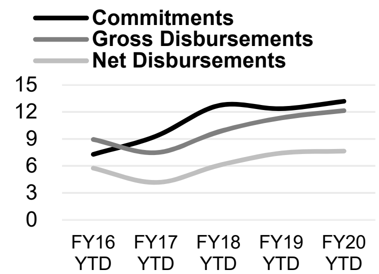
Adjusted Net Income: For FY20 YTD, IDA's adjusted net income was $368 million, an increase of $59 million compared with the $309 million of adjusted net income for FY19 YTD (See **Table 10**). The increase was primarily due to higher loan interest revenue, partially offset by higher loan loss provision and borrowing cost.

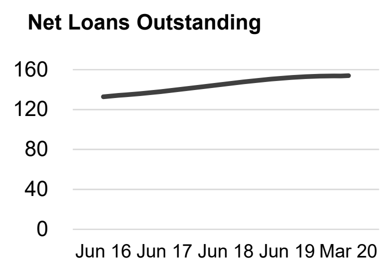
$368 million
Adjusted Net Income

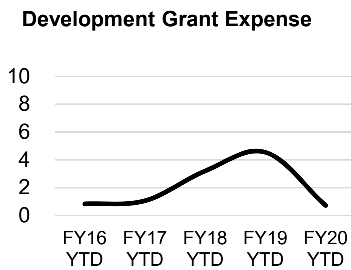
Key Performance Indicators

Lending – During FY20 YTD, IDA committed $13.2 billion in loans, grants and guarantees to help its eligible member countries to finance their development priorities. The majority of IDA's loans typically disburse over a period of 5 to 10 years and have repayment periods of up to 40 years. Therefore, each replenishment generally results in a steady increase in IDA's net loans outstanding. Since IDA's loans are primarily in SDR, their reported balance is affected by the fluctuation of the SDR against the U.S. dollar.

In billions of U.S. dollars

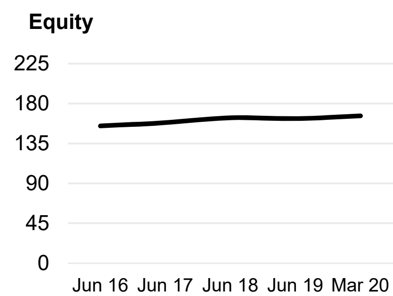


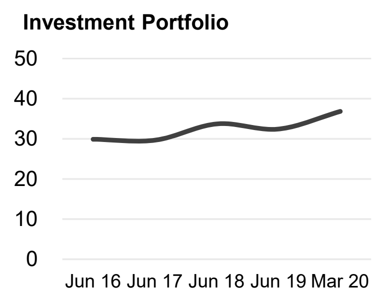


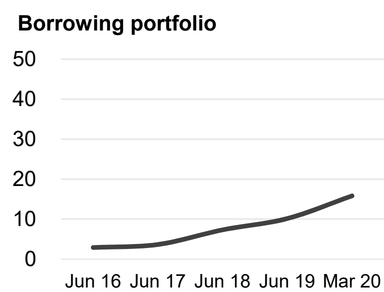


Equity, Liquidity and Borrowings – Each successive replenishment has increased the amount of equity available to finance IDA's operations. Since IDA's resources are managed primarily in SDR, the reported balance of IDA's equity is affected by the fluctuation of the SDR against the U.S. dollar. IDA maintains high levels of liquidity in its investment portfolio to ensure that it can meet its liquidity needs, even under potential scenarios of severe market disruptions. The borrowings balance reflects both borrowings from members and market debt.

In billions of U.S. dollars

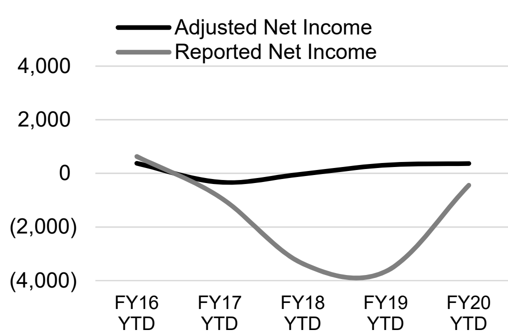


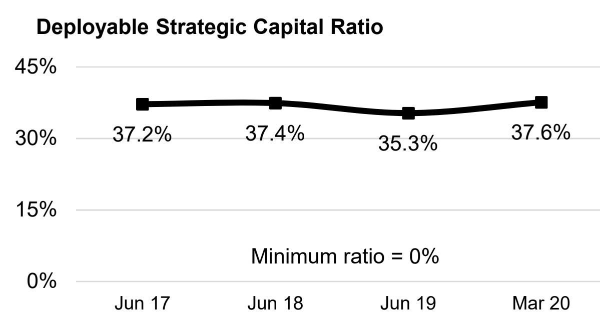




Financial Results and Capital Adequacy – IDA's reported net results are primarily driven by its grant activity, as previously discussed. Given the long duration of IDA's investment portfolio, which is carried at fair value, results are also affected by unrealized mark-to-market gains and losses due to movements in the relevant yield curves. IDA's Adjusted Net Income has been relatively stable when compared with the volatility of IDA's reported net income. The DSC measures the amount of capital available to support future commitments over and above the current loan portfolio.

In millions of U.S. dollars (except for ratio)





Section II: Overview

Every three years, representatives of IDA's members[4] meet to assess IDA's financial capacity and the medium-term demand for new IDA financing. Members decide 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 following three years. For the three-year funding cycle of IDA18, the agreed resource envelope totals $75 billion, supported by $27 billion of member contributions. The fiscal year beginning July 1, 2019 is the last year of IDA18.

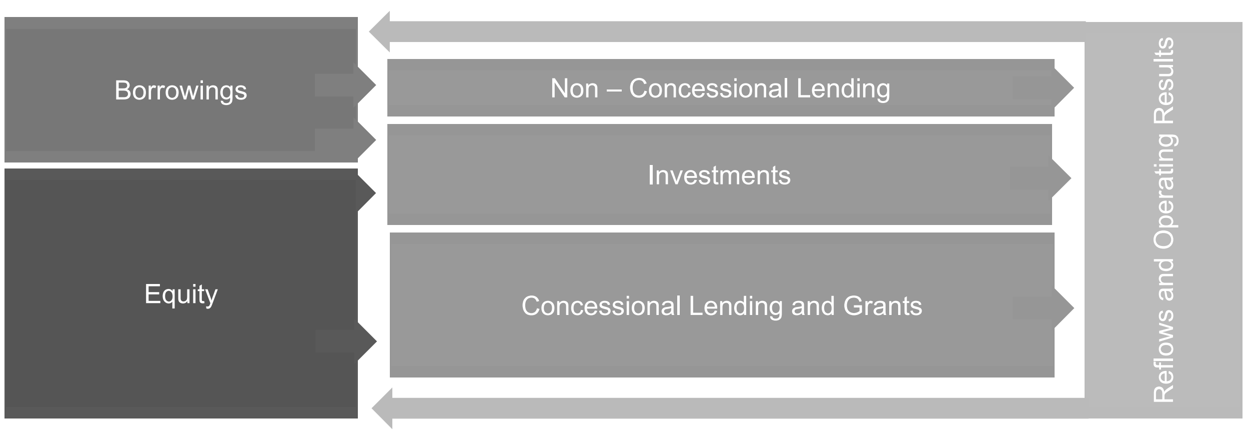
Financial Business Model

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. IDA first introduced debt into its business model in IDA17, starting from FY15, through concessional partner loans (CPLs) received from some of its members. In order to make the most efficient use of the strong equity base that has been built up over the decades, IDA has moved to a hybrid financing model by including market debt in its business model starting from FY18. By prudently leveraging its equity and blending market debt with additional 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:

- retain IDA's mandate to 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.

Concessional lending and grants are primarily financed by IDA's equity. Non-concessional lending will primarily be financed by market debt. See **Figure 1**. To the extent that market debt will be used to finance concessional lending, it will be blended with member contributions, which will provide an interest subsidy.

Figure 1: IDA's Financial Business Model



[4] *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.*

Basis of Reporting

IDA prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), referred to in this document as the "reported basis". IDA's functional currencies are the SDR and its component currencies of U.S. dollar, Euro, Japanese Yen, Pound Sterling and Chinese Renminbi. For the convenience of its members and other users, IDA's financial statements are reported in U.S. dollars. Management uses the reported net income as the basis for deriving adjusted net income, as discussed in Section IV: Financial Results.

IDA adopted Accounting Standard Update (ASU) 2018-08 relating to *Contributions Made* in the quarter ended September 30, 2019. Previously, grants were recognized as expenses at the time of approval. Grants approved after July 1, 2019 are expensed when all conditions have been met, which generally occurs at the time of disbursement. Grants that are deemed to be unconditional, continue to be expensed upon Board approval. See Notes to the Condensed Quarterly Financial Statements, Note A – Summary of Significant Accounting and Related Policies.

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*. The ASU, along with its subsequent amendments, introduces a new credit loss methodology - the Current Expected Credit Losses (CECL) methodology. The update also requires credit risk measurement disclosures. IDA will adopt the ASU as of July 1, 2020. See Notes to the Condensed Quarterly Financial Statements, Note A – Summary of Significant Accounting and Related Policies.

Fair Value Results

IDA reflects all financial instruments at fair value in Section VI: Fair Value Analysis, of the MD&A. The fair value of these instruments is affected by changes in market variables such as interest rates, exchange rates, and credit risk. Management uses fair value to assess the performance of the investment-trading portfolio, and to manage various market risks, including interest rate risk and commercial counterparty credit risk.

Section III: IDA's Financial Resources

Allocation of IDA18 Resources

Concessional financing is provided in the form of loans, grants and guarantees. Eligibility and the percentage of allocation for grants for IDA-only countries is based on an assessment of the country's risk of debt distress, where the higher the risk assessment, the greater the proportion of grant financing.

Cumulative commitments under IDA18 as of March 31, 2020 were:

- $54.1 billion of concessional financing (core and non-core), of which $37.2 billion was in loans and guarantees, and $16.9 billion was in grants. Included in these commitments were $17.1 billion to countries identified as being in situations of fragility, conflict and violence.
- $5.0 billion of non-concessional financing that comprises loans and guarantees whose terms are aligned with those of IBRD's flexible loans and guarantees.

Core Financing is allocated based on IDA's Performance Based Allocation (PBA) system and the allocation framework agreed during each replenishment. Non-core financing allows IDA to respond to specific needs of its members through the following windows:

- Regional Program Window
- Crisis Response Window (CRW)
- Arrears Clearance Set-Aside

In IDA18, a $2.5 billion IFC-MIGA Private Sector Window (PSW) was created with the goal of mobilizing private sector investment in IDA-only countries and IDA-eligible Fragile and Conflict-affected States. During FY20 YTD, the allocation was reduced to $1.4 billion, by re-allocating $0.8 billion to the CRW in response to the COVID-19 outbreak and $0.3 billion to IDA country allocations.

During FY20 YTD, $162 million of PSW commitments, net of cancellations, were approved, bringing the cumulative approved PSW commitments to $740 million as of March 31, 2020. Of these, $254 million has been utilized. See Notes to the Condensed Quarterly Financial Statements for the period ended March 31, 2020, Note G – Transactions with Affiliated Organizations – Table G4. The utilized amount is comprised of:

- $180 million for guarantees
- $62 million for derivatives
- $7 million in exposure through the funding of IFC's PSW-related equity investments
- $5 million for loans.

Section IV: Financial Results

Summary of Financial Results

IDA had a net loss of $441 million in FY20 YTD compared with a net loss of $3,656 million in FY19 YTD. The decrease in net loss was primarily driven by the decrease in development grant expenses, due to the timing of recognition of the grant expenses as a result of the implementation of a new accounting standard (See Notes to the Condensed Quarterly Financial Statements, Note A – Summary of Significant Accounting and Related Policies). Starting from July 1, 2019, grant expenses are recognized in the Statement of Income only when all conditions have been met, which generally occurs at the time of disbursement.

Table 1: Condensed Statement of Income

In millions of U.S. dollars

For the nine months ended March 31,	2020	2019	Variance
Interest Revenue			
Loans, net	$ 1,273	$ 1,086	$ 187
Investments, net	341	341	-
Other, net	(16)	(3)	(13)
Borrowing expenses, net	(189)	(157)	(32)
Interest Revenue, net of borrowing expenses	**1,409**	**1,267**	**142**
Provision for losses on loans and other exposures, release (charge)	30	(174)	204
Other (expenses) revenue, net (Table 9)	(8)	27	(35)
Net non-interest expenses (Table 8)	(1,141)	(1,072)	(69)
Transfers from affiliated organizations and others	252	251	1
Non-functional currency translation adjustment gains, net	239	113	126
Unrealized mark-to-market gains on investments-trading portfolio, net [a]	171	218	(47)
Unrealized mark-to-market (losses) gains on non-trading portfolios, net	(664)	266	(930)
Development grants	(729)	(4,552)	3,823
Net Loss	**$ (441)**	**$ (3,656)**	**$ 3,215**

a. Includes IDA's share of returns from Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve Fund (PCRF) assets – $32 million of negative returns (FY19 YTD – $16 million of positive returns)

Table 2: Condensed Balance Sheet

In millions of U.S. dollars

As of	March 31, 2020	June 30, 2019	Variance
Assets			
Due from banks	$ 493	$ 138	$ 355
Investments	37,253	32,770	4,483
Net loans outstanding	153,903	151,921	1,982
Derivative assets, net	269	487	(218)
Other assets	2,262	3,237	(975)
Total assets	**$ 194,180**	**$ 188,553**	**$ 5,627**
Liabilities			
Borrowings	$ 15,200	$ 10,202	$ 4,998
Derivative liabilities, net	570	22	548
Other liabilities	12,346	15,347	(3,001)
Equity	166,064	162,982	3,082
Total liabilities and equity	**$ 194,180**	**$ 188,553**	**$ 5,627**

Equity

IDA's equity was $166.1 billion as of March 31, 2020, a $3.1 billion increase compared with June 30, 2019. The change was primarily due to:

- $6.4 billion of cash received from members for subscriptions and contributions (net of receipt of demand obligations), partially offset by
- $2.8 billion of negative currency translation adjustments mainly from the depreciation of the SDR against the U.S. dollar and
- $0.4 billion of net loss earned during the period.

Table 3: Changes in Equity

In millions of U.S. dollars

Equity as of June 30, 2019	$ 162,982
Activity during the year:	
Subscriptions and contributions paid-in	6,410
Nonnegotiable, noninterest-bearing demand obligations	(56)
Change in Accumulated deficit	(441)
Change in Accumulated other comprehensive income	(2,829)
Deferred amounts to maintain value of currency holdings	(2)
Total activity	3,082
Equity as of March 31, 2020	**$ 166,064**

Total Assets

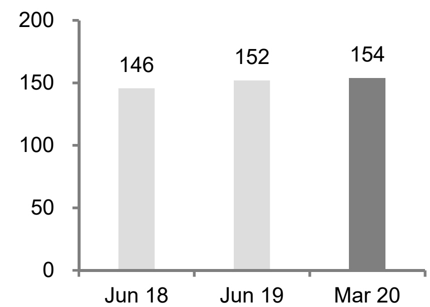
As of March 31, 2020, total assets were $194.2 billion, an increase of $5.6 billion from June 30, 2019 ($188.6 billion). The increase was primarily driven by the increase in net investments portfolio and net loans outstanding, as discussed below.

Loan Portfolio and Grant Activity

As of March 31, 2020, IDA's net loans outstanding (after accumulated provision for losses on loans) were $153.9 billion, higher by $2 billion compared with June 30, 2019. The increase was mainly due to $4.7 billion in net positive loan disbursements, partially offset by currency translation losses of $2.8 billion, consistent with the 1.8% depreciation of the SDR against the U.S. dollar during the period. As of March 31, 2020, 94% of IDA's total loans outstanding were denominated in SDR. For the regional presentation of total loans outstanding, see Notes to the Condensed Quarterly Financial Statements, Note F – Loans and Other Exposures – Table F5.

Figure 2: Net Loans Outstanding

In billions of U.S. dollars



IDA's loans generally disburse within five to ten years for investment project financing and one to three years for development policy financing, therefore, each year's disbursements also include amounts relating to commitments made in earlier years (See **Table 4**)

Commitments

Commitments of loans in FY20 YTD were $9 billion, an increase of $1.5 billion (20%) over FY19 YTD ($7.5 billion).

Commitments of guarantees in FY20 YTD were $25 million, a decrease of $203 million as compared to $228 million in FY19 YTD.

Commitments of grants in FY20 YTD were $4.1 billion, a decrease of $0.5 billion (11%) over FY19 YTD (See **Table 6**).

In line with the adoption of the new accounting standard on *Contributions Made*, only $0.7 billion of net grant expenses were recognized during the period. In contrast, during the same period in FY19 YTD, IDA had grant approvals and net grant expenses of $4.6 billion. During FY19 YTD, under the accounting policies in effect at that time, grant expenses were recognized upon approval of IDA's grants. See Notes to the Condensed Quarterly Financial Statements, Note H – Development Grants –Table H2.

Table 4: Gross Disbursements of Loans and Grants by Region

In millions of U.S. dollars

	2020			2019		
For the nine months ended March 31,	Loans	Grants [a]	Total	Loans	Grants [a]	Total
Africa	$ 5,876	2,300	8,176	$ 4,691	1,821	6,512
East Asia and Pacific	940	72	1,012	909	75	984
Europe and Central Asia	216	61	277	766	75	841
Latin America and the Caribbean	181	95	276	145	108	253
Middle East and North Africa	78	44	122	27	140	167
South Asia	1,944	336	2,280	2,310	276	2,586
Others [b]	5	-	5	-	-	-
Total	**$ 9,240**	**2,908**	**12,148**	**$ 8,848**	**2,495**	**11,343**

a. Excludes Project Preparation Advances (PPA).
b. Represents loans under the PSW.

Table 5: Commitments of Loans and Guarantees by Region

In millions of U.S. dollars

For the nine months ended March 31,	2020	% of total	2019	% of total	Variance
Africa	$ 6,450	71 %	$ 4,444	58 %	$ 2,006
East Asia and Pacific	635	7	414	5	221
Europe and Central Asia	820	9	148	2	672
Latin America and the Caribbean	208	2	96	1	112
Middle East and North Africa	10	*	45	1	(35)
South Asia	938	11	2,579	33	(1,641)
Total	**$ 9,061**	**100** %	**$ 7,726**	**100** %	**$ 1,335**

** indicates percentage less than 0.5%.*

Table 6: Commitments of Grants by Region

In millions of U.S. dollars

For the nine months ended March 31,	2020	% of total	2019	% of total	Variance
Africa	$ 3,153	76 %	$ 3,577	78 %	$ (424)
East Asia and Pacific	189	5	244	5	(55)
Europe and Central Asia	248	6	131	3	117
Latin America and the Caribbean	66	2	20	*	46
Middle East and North Africa	5	*	145	3	(140)
South Asia	461	11	511	11	(50)
Total	**$ 4,122**	**100** %	**$ 4,628**	**100** %	**$ (506)**

** indicates percentage less than 0.5%.*

As of March 31, 2020, 63% of IDA's loans were on regular terms (75bps SDR equivalent service charge), see **Table 7**. For a summary of financial terms for IDA's lending products, effective July 1, 2019, refer to Section V: Development Activities, Products and Programs of IDA's MD&A for the fiscal year ended June 30, 2019.

During the nine months ended March 31, 2020, the increase in IDA's interest revenue and service charges was driven by the increased volume of loans. The revenue from loans included $90 million of service charges recorded in the Statement of Income when Somalia was restored to accrual status after paying all its overdue principal and charges due to IDA. For more details, see Section V: Risk Management.

Table 7: Revenue by Category

In millions of U.S. dollars

			Interest revenue		Service charge revenue	
	Balance as of March 31,		For the nine months ended March 31,			
Category	2020	2019	2020	2019	2020	2019
Loans						
Concessional						
Regular	$ 99,179	$ 95,777	$ 11	$ 11	$ 629	$ 514
Blend	55,499	54,477	229	186	318	307
Hard	1,321	1,311	28	28	8	8
Non-concessional [a]	2,433	1,443	50	32	-	-
Others [b]	5	-	*	-	-	-
Total	**$ 158,437**	**$ 153,008**	**$ 318**	**$ 257**	**$ 955**	**$ 829**

a. $11 million of commitment charges were earned in FY20 YTD for non-concessional loans ($9 million in FY19 YTD).
b. Represents loans under the PSW.
** Indicates amount less than $0.5 million.*

Investment Portfolio

IDA's net investment portfolio was $36.8 billion as of March 31, 2020, compared with $32.4 billion as of June 30, 2019. The key drivers of the increase were:

- $6.4 billion of member contributions,
- $5.2 billion of issuances of debt instruments, net of maturities,
- $4.5 billion of loan repayments and prepayments, partially offset by
- the outflow of $12.1 billion in loan and grant disbursements.

Borrowings (excluding associated derivatives)

As part of IDA18, five members have agreed to provide IDA with concessional loans totaling $5.2 billion. Of this amount, as of March 31, 2020, IDA has signed concessional loan agreements totaling $5.1 billion, $3.8 billion of which was received as loan proceeds. As of March 31, 2020, total borrowings from members were $7.5 billion. See Notes to the Condensed Quarterly Financial Statements, Note D – Borrowings.

As of March 31, 2020, the total amount of market borrowings outstanding was $7.7 billion, an increase of $4.3 billion compared to June 30, 2019 ($3.4 billion) primarily due to issuance of medium and long-term debt instruments during the period. See Notes to the Condensed Quarterly Financial Statements, Note K – Fair Value Disclosures.

Transfers from Affiliated Organizations

On October 18, 2019, IBRD's Board of Governors approved a transfer of $259 million to IDA, bringing the cumulative transfers to $15,756 million. This transfer was received on October 29, 2019.

Net Non-Interest Expenses

As shown in **Table 8**, IDA's net non-interest expenses primarily comprise administrative expenses, net of revenue from externally-funded activities. IBRD and IDA's administrative budget is a single resource envelope that funds the combined work programs of IBRD and IDA. The allocation of administrative expenses between IBRD and IDA is based on an agreed cost and revenue sharing methodology, approved by their Boards, which 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.

See **Table 8** for a comparison of the main sources of Administrative expenses and revenue from externally funded activities between FY20 YTD and FY19 YTD.

IDA's net non-interest expenses were $1,141 million for FY20 YTD, as compared to $1,072 million in

FY19 YTD. The key drivers during the period were:

i) increase in overall administrative expenses due to a higher level of operations;

ii) higher pension costs as a result of higher service cost and higher amortization of unrecognized actuarial losses, partially offset by

iii) increase in revenue from externally funded activities.

Table 8: Net Non-Interest Expenses

In millions of U.S. dollars

For the nine months ended March 31,	2020	2019	Variance
Administrative expenses:			
Staff costs	$ 854	$ 782	$ 72
Travel	133	125	8
Consultant and contractual services	329	273	56
Pension and other post-retirement benefits	274	228	46
Communications and technology	44	43	1
Equipment and buildings	112	108	4
Other expenses	26	29	(3)
Total administrative expenses	**$ 1,772**	**$ 1,588**	**$ 184**
Contributions to special programs	21	22	(1)
Revenue from externally funded activities:			
Reimbursable revenue - IDA executed trust funds	(426)	(319)	(107)
Other revenue	(226)	(219)	(7)
Total revenue from externally funded activities	**$ (652)**	**$ (538)**	**$ (114)**
Total Net Non-Interest Expenses (Table 1)	**$ 1,141**	**$ 1,072**	**$ 69**

During FY20 YTD, IDA's net other revenue decreased by $35 million. The main driver was the Project Preparation Advances (PPA) grant activity, including cancellations and refinancing of PPA grants previously approved.

Table 9: Other (Expenses) Revenue, net

In millions of U.S. dollars

For the nine months ended March 31,	2020	2019	Variance
Other (primarily PPA grants)	$ (30)	$ 9 [a]	$ (39)
Guarantee fees	11	9	2
Commitment charges	11	9	2
Other (Expenses) Revenue, net (Table 1)	**$ (8)**	**$ 27**	**$ (35)**

a. PPA grant cancellations exceeded new PPA grants approved in FY19 YTD.

Adjusted Net Income

Starting from June 30, 2019, a new income measure, Adjusted Net Income (ANI), was introduced. This non-GAAP measure reflects the economic results of IDA's operations and is used by IDA's Management and the Board as a financial sustainability measure. ANI is defined as IDA's net income on a reported basis, adjusted to exclude certain items (For a detailed discussion of the adjustments, see Section IV of IDA's MD&A for June 30, 2019). After the effects of these adjustments, the resulting ANI generally reflects amounts which are realized, not restricted for specific uses, and not directly funded by members.

As illustrated in **Table 10**, the key differences between ANI and reported net income for FY20 YTD and FY19 YTD relate to activities directly funded by members and unrealized mark-to-market gains/losses on non-trading portfolios.

Table 10: Adjusted Net Income

In millions of U.S. dollars

For the nine months ended March 31,	2020	2019	Variance
Net Loss	$ (441)	$ (3,656)	$ 3,215
Adjustments to Reconcile Net Income (Loss) to Adjusted Net Income:			
Expenses relating to development financing activities directly funded by contributions from members			
Development grants	$ 729	$ 4,552	$ (3,823)
PPA grants	29	(9)	38
Amortization of CPL discounts	60	55	5
Provision for debt relief (Highly Indebted Poor Countries Debt Initiative (HIPC) / Multilateral Debt Relief Initiative (MDRI)) - (release) charge	(280)	-	(280)
Contributions from affiliated organizations and others	(252)	(251)	(1)
Non-functional currency translation adjustment gains	(239)	(113)	(126)
Unrealized market-to-market losses (gains) on non-trading portfolios	664	(266)	930
Pension, Post-Employment Benefit Plan (PEBP) and Post-Retirement Contribution Reserve (PCRF) adjustments			
Pension adjustment	70	26	44
PEBP and PCRF income	32	(16)	48
Externally Funded Outputs (EFO) income	(4)	(13)	9
	$ 809	**$ 3,965**	**$ (3,156)**
Adjusted Net Income	**$ 368**	**$ 309**	**$ 59**

Section V: Risk Management

Risk Governance

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

Management believes that effective risk management is critical for IDA's overall operations. Accordingly, the risk management governance structure is designed to manage the principal risks IDA assumes in its activities, 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 financial and operational risk governance structure is built on the "three lines of defense" principle where:

i. Business units are responsible for directly managing risks in their respective functional areas,
ii. The Vice President and WBG Chief Risk Officer (CRO) provides direction, challenge, and oversight over financial and operational risk activities, and
iii. Internal Audit provides independent oversight.

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

Risk Oversight and Coverage

The CRO has an overview of both financial and operational risks. These risks include (i) country credit risks in the core sovereign lending business, (ii) market and counterparty risks including liquidity risk, and (iii) operational risks relating to people, processes and systems. 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 risk of IDA's operations not meeting the development outcomes (development outcome risks) in IDA's lending activities is monitored at the corporate level by Operations Policy and Country Services (OPCS). Where fraud and corruption risks may impact IDA-financed projects, OPCS, the Regions and Practice Groups, and the Integrity Vice Presidency jointly address such issues.

Management of IDA's Risks

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

Coronavirus Disease 2019 (COVID-19) Outbreak

In light of COVID-19, IDA faces additional credit, market and operational risks for its financial activities. IDA continues to monitor the developments and to manage the risks associated with all its portfolios. IDA's announced response to the outbreak was estimated within its existing financial, operational and risk management policies as well as prescribed limits, which have not been modified for this response to the outbreak, as described in Section I – Executive Summary.

The outbreak of the novel strain of Coronavirus (COVID-19), has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

As of March 31, 2020, IDA has sufficient resources to meet its liquidity requirements and continues to have access to capital market resources, despite recent market volatility. IDA's eligible liquidity assets were

162% of the Prudential Minimum at the end of the period. IDA experienced widening of its credit spreads relative to the London Interbank Offered Rate (LIBOR), resulting in unrealized mark-to-market gains of $51 million on its borrowing portfolio, recorded in Other Comprehensive Income. IDA continues to maintain a robust liquidity position and flexibility to access the necessary liquidity resources. Management remains vigilant in assessing funding needs in the medium and longer-term to manage the effect of severe market movements.

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

As of March 31, 2020, home-based work has been invoked in all IDA offices throughout the world, with certain exceptions, in line with IDA's Business Continuity Procedures. In addition, IDA has adopted other prudent measures to ensure the health and safety of its employees, including imposing travel restrictions, rescheduling public events or holding them in virtual format. IDA's operations remain functional, even with these changes in working arrangements.

The duration of the COVID-19 pandemic and its effects are difficult to predict at this time. The length and severity of these developments as well as the impact on the financial results and condition of IDA in future periods cannot be reasonably estimated at this point in time. IDA continues to monitor the situation closely and will continue to manage associated risks within its existing financial, operational and risk management policies as well as prescribed limits.

Capital Adequacy

IDA uses a solvency-based capital adequacy model, which mandates that IDA holds capital for credit risk, market risk and operational risk covering all activities and assets on its books. The main measure of capital adequacy is the Deployable Strategic Capital (DSC), which is the capital available to support future commitments, over and above the current portfolio. IDA is required, by the Board, to keep the DSC at levels greater than or equal to zero percent. The DSC is calculated as the amount by which Total Resources Available (TRA) exceed Total Resources Required (TRR), plus a Conservation Buffer (CB). The TRA consists of IDA's existing equity plus its outstanding loan loss reserve. The TRR is the minimum capital required to cover expected and unexpected losses, (under a stressed but still plausible downside scenario), in connection with all of IDA's currently existing operations and assets. It also includes a capital allowance to reflect losses that result from valuing IDA's concessional loan portfolio in present value terms using market interest rates. This allowance is calculated using a stressed interest rate to account for a potential future rise in market interest rates. The CB is an extra buffer in the amount of 10 percent of TRA.

As of March 31, 2020, the DSC was 37.6 %, higher by 2.3 percentage points compared with June 30, 2019 (35.3%) due to a decrease in the TRR, primarily from the reduced level of capital required to be set-aside for interest rate risk as a result of the forward-starting swaps executed under the capital value protection program. See **Table 11**.

In addition to the DSC framework, IDA has policies in place to ensure alignment of its lending and borrowing activities. Included in these policies are asset coverage requirements, where Management monitors asset and liquidity levels to ensure IDA's ability to satisfy all its borrowing and commitment obligations. See Section IX: Risk Management of IDA's June 30, 2019 MD&A.

Table 11: Deployable Strategic Capital Ratio

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

As of	March 31, 2020	June 30, 2019
Total Resources Available (TRA)	$ 170.6	$ 167.6
Total Resources Required (TRR)	89.3	91.6
Conservation Buffer (CB)	17.1	16.8
Deployable Strategic Capital (DSC = TRA-TRR-CB)	$ 64.2	$ 59.2
Deployable Strategic Capital as a percentage of TRA	**37.6%**	**35.3%**

Asset/Liability Management

Capital Value Protection Program

In September 2019, as part of IDA's Asset/ Liability Management (ALM) policies, the Board approved a 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.

The total notional value of the program is $15 billion, and entails entering into a limited amount of pay fixed, receive floating forward-starting interest rate swaps. 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. As of March 31, 2020, IDA had executed forward-starting swaps with a notional of $15 billion, completing the program. These swaps are included under the ALM portfolio. For more details, see Notes to the Condensed Quarterly Financial Statements, Note E: Derivative Instruments.

Management of Credit and Market Risks

Credit Risk

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

Country Credit Risk

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

IDA regularly assesses the country credit risk of all its borrowers. Based on these risk ratings, to manage IDA's overall portfolio risk, the allocation outcomes of the PBA and other mechanisms are reviewed to ensure that they are compatible with the Deployable Strategic Capital Framework and Single Borrower Limit (SBL).

For FY20, the SBL has been set at $41 billion (25% of $163 billion of equity as of June 30, 2019). Currently, the maximum country exposure levels compatible with IDA's overall capital adequacy target are lower than the SBL for all IDA-borrowing countries. As a consequence, the SBL is not currently a constraining factor.

Probable Losses, Overdue Payments and Non-Performing Loans

When a borrower fails to make payments on any principal, interest or other charges due to IDA, IDA may suspend disbursements immediately on all loans and grants to that borrower. IDA's current practice is to exercise this option using a graduated approach. These practices also apply to member countries eligible to borrow from both IDA and IBRD, and whose payments on IBRD loans may become overdue. It is IDA's practice not to reschedule interest or principal payments on its loans or participate in debt rescheduling agreements with respect to its loans. As of March 31, 2020, none of the borrowing countries in IDA's accrual portfolio had overdue payments beyond 90 days.

As an exception to the practices set forth for treatment of overdue payments, IDA has provided financing to countries with overdue payments, in very specific situations (Section IX: Risk Management of IDA's June 30, 2019 MD&A).

In response to the significant human loss and destabilization caused by Cyclone Idai in Malawi, Mozambique and Zimbabwe, as part of a multi-country regional response package, in July 2019, IDA's Board approved an exceptional grant of $72 million to support the people of Zimbabwe, a country that is overdue on its payments to IDA and IBRD. The grant amount is provided through third-party UN agencies towards a harmonized multi-sector livelihood support and recovery operation focused on social welfare and community interventions. Of this amount, $31 million was disbursed as an advance during FY20 YTD.

Aligned with IDA's Pre-Arrears Clearance Grants Framework and under its Country Partnership Framework (CPF), in FY19 and FY20 YTD, Somalia received an allocation of $140 million of Pre-Arrears Clearance Grants (PAC) per year to support national priorities related to resilience and recovery and the country's reform momentum towards HIPC decision point.

On March 5, 2020, Somalia paid all of the overdue principal and charges due to IDA and accordingly the loans to, or guaranteed by, Somalia were restored to accrual status on that date. For more details, see Notes to the Condensed Quarterly Financial Statements, Note F – Loans and Other Exposures.

As of March 31, 2020, approximately 1.3% of IDA's loans were in nonaccrual status, a marginal decrease (0.3%), compared with June 30, 2019. See Notes to the Condensed Quarterly Financial Statements, Note F: Loans and Other Exposures.

Table 12 provides details of the top five borrowers with the largest loan outstanding balances as of March 31, 2020. These borrowers represented 46% of loans outstanding as of that date.

Table 12: Top Five Borrowers with the Largest Outstanding Balance

In millions of U.S. dollars, or as otherwise indicated

Country	Total	India	Bangladesh	Pakistan	Vietnam	Nigeria	Others
Eligibility		IBRD	IDA-only	Blend	IBRD	Blend	
Loans outstanding	$ 158,437	$ 21,504	$ 15,730	$ 13,659	$ 13,095	$ 9,515	$ 84,934
% of Total Loans outstanding	100%	14%	10%	9%	8%	6%	53%
Weighted Average Maturity (Years)	12.1	5.3	13.5	10.7	12.2	13.7	13.5
Loans outstanding by terms							
Concessional							
Regular	99,179	3,986	15,263	772	7,217	5,203	66,738
Blend	55,499	16,028	445	12,190	5,600	4,216	17,020
Hard	1,321	419	-	441	258	61	142
Non-concessional	2,433	1,071	22	256	20	35	1,029
Others [a]	5	-	-	-	-	-	5
Undisbursed balance	$ 55,959	$ 2,338	$ 6,245	$ 4,080	$ 3,789	$ 5,982	$ 33,525

a. Represents loans under the PSW.

Commercial Counterparty Credit Risk Exposure

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

As a result of IDA's use of mark-to-market collateral arrangements for swap transactions, its residual commercial counterparty credit risk exposure is concentrated in the investment portfolio, in instruments issued by sovereign governments and non-sovereign holdings (including Agencies, Asset-backed securities, Corporates, and Time Deposits) (See **Table 13)**.

The credit quality of IDA's investment portfolio remains concentrated in the upper end of the credit spectrum with 60% of the portfolio rated AA or above as of March 31, 2020, reflecting IDA's continued preference for highly-rated securities and counterparties across all categories of financial instruments.

Total commercial counterparty credit exposure, net of collateral held, was $37.2 billion as of March 31, 2020. For the contractual value, notional amounts and related credit risk exposure amounts by instrument. See Notes to the Condensed Quarterly Financial Statements, Note E: Derivative Instruments.

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

In millions of U.S. dollars

As of	March 31, 2020				June 30, 2019			
Counterparty Rating [a]	Sovereigns	Non-Sovereigns	Total Exposure	% of Total	Sovereigns	Non-Sovereigns	Total Exposure	% of Total
AAA	$ 2,826	$ 10,736	$ 13,562	37	$ 2,744	$ 7,294	$ 10,038	31
AA	1,542	7,172	8,714	23	1,613	7,579	9,192	29
A	11,990	2,929	14,919	40	9,435	3,626	13,061	40
BBB or below	-	1	1	*	-	1	1	*
Total	**$ 16,358**	**$ 20,838**	**$ 37,196**	**100**	**$ 13,792**	**$ 18,500**	**$ 32,292**	**100**

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

** Indicates percentage less than 0.5%.*

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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 Value 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 Value Adjustment (DVA) to reflect its own credit risk. As of March 31, 2020, IDA's Condensed Balance Sheet included a CVA of $11 million and a DVA of $46 million on outstanding derivatives.

Market Risk

IDA is exposed to changes in interest and exchange rates. The introduction of market debt financing into IDA's business model from IDA18 presents additional exposures. Accordingly, IDA's ALM Framework minimizes its exposure to market risk associated with market debt.

IDA uses derivatives to manage its exposure to various market risks. These 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. Loan and investment portfolios are largely maintained in SDR and its component currencies.

Interest Rate Risk

IDA is exposed to interest rate risk due to mismatches between its assets (loan and investment portfolios) and its liabilities (borrowing portfolio) both in terms of maturity and instrument type. Given IDA's lengthy disbursement profile, the duration of IDA's assets is relatively long. This long duration, combined with volatility in market interest rates, can result in significant year-on-year variability in the fair value of equity. However, since the loan portfolio is not reported at fair value under U.S. GAAP, the impact of this variability on IDA's Balance Sheet is not fully evident. **Table 14** provides a fair value estimate of IDA's financial assets and liabilities.

Under the new integrated financing model, IDA employs the following strategies to continue to enhance its management of 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.

As of March 31, 2020, IDA's Investments-Trading portfolio (liquid asset portfolio) had a duration of sixteen months. During FY20 YTD and FY19 YTD, this portfolio experienced unrealized mark-to-market gains of $171 million and $218 million, respectively, as a result of the decrease in the yield curves of the major currencies during the two periods.

In July 2017, the Financial Conduct Authority (FCA), the regulator of LIBOR, announced that it will no longer compel panel banks to submit rates required to calculate LIBOR after December 31, 2021 and, therefore, market participants need to move to alternative reference rates because the availability of LIBOR after this date is not a certainty. This decision, although causing uncertainties and challenges, is aimed at increasing transparency in the financial system by better aligning reference rates with actual market transactions.

The transition of LIBOR presents both financial and operational risks to most financial institutions, including IDA, and IDA has been working to actively manage the transition. IDA has formed a working group of subject matter experts from across the institution to analyze the impact from multiple perspectives, including lending, funding, accounting, operations, information technology, and legal, and has prepared plans to ensure a smooth transition after LIBOR ceases to exist.

During FY20, IDA completed an initial impact assessment of its exposure, both quantitatively and qualitatively, to LIBOR and has also met with various internal and external key stakeholders to discuss the important nature of the transition. Furthermore, Executive Directors have endorsed an omnibus amendment process with borrowers for loan and financing agreements, where relevant, to address the replacement of LIBOR and maintain the principles of fairness and equivalence for any replacement reference rate. The planned contract amendments will bring the fallback provisions related to changes in the reference rate in the General Conditions into conformity with those applicable to the loans issued after December 14, 2018. The new language permits IDA to transition the interest rate to alternative reference rates when a suitable alternative is available, and it is appropriate to do so.

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

Exchange Rate Risk

Changes in exchange rates affect the capital adequacy of IDA when the currency of the equity funding the loan portfolio is different from that of the loan exposure. Accordingly, the aim of IDA's exchange rate risk management is the protection of IDA's financial capacity, as measured by the capital adequacy framework.

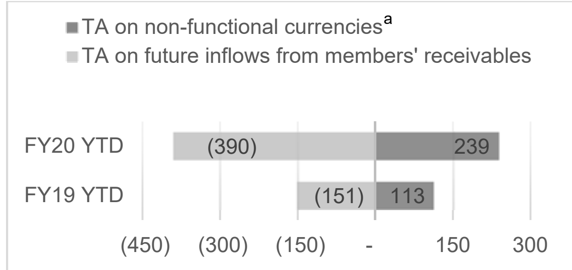
IDA uses currency forward contracts to convert future inflows from members' receivables provided in national currencies into the five currencies of the SDR basket, thereby aligning the currency composition of member contributions with the net cash outflows relating to loans and grants, which are primarily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

The liability position of the currency forward contracts economically hedging member equity contribution pledges is denominated in non-functional currencies. Accordingly, appreciation (depreciation) of these currencies against the U.S. dollar results in exchange rate losses (gains), which are reported in the Statement of Income. The translation adjustment on future inflows from members is the economic offset to the translation adjustment on non-functional currencies of currency forward contracts.

In FY20 YTD, the translation adjustment gains on nonfunctional currencies were due to the depreciation of the majority of the non-functional currencies against the U.S. dollar.

The difference between the reported translation adjustments and the effect of foreign exchange movements on the economic offsets (future inflows), primarily represent the effect of foreign exchange movements on the member equity contributions in non-functional currencies that are not economically hedged through forward contracts due to their relatively small contribution amount or the unpredictability of the expected payment date. These residual equity contributions are hedged using a currency correlation methodology under the overall currency management framework.

Figure 3: Translation Adjustment on Non-Functional Currencies
in millions of U.S. dollars



a. Reported in IDA's Statement of Income.

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 FY20, the prudential minimum has been set at $18.8 billion. As of March 31, 2020, IDA's eligible liquidity assets were 162% of the 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 loss resulting from inadequate or failed internal processes, people and systems, or from external events.

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

Section VI: Fair Value Analysis

Fair Value Analysis and Results

Fair value reflects the most current and complete expectation and estimation of the value of assets and liabilities. It aids comparability and can be useful in decision-making. On a reported basis, IDA's loans and borrowings, in the form of concessional loans from members, are carried at amortized cost. All instruments in its investment portfolio (trading and non-trading), derivatives, and existing market debt are carried at fair value. Whilst IDA intends to hold its loans and borrowings to maturity, a fair value estimate of IDA's financial assets and liabilities along with their respective carrying values is presented in **Table 14**.

The fair value of these instruments is affected by changes in market variables such as interest rates, exchange rates, and credit risk. Management uses fair value to assess the performance of the investment-trading portfolio, and to manage various market risks, including interest rate risk and commercial counterparty credit risk. **Table 14** shows that as of March 31, 2020, IDA's equity on a fair value basis ($150 billion) is less than on a carrying value basis ($166.1 billion) primarily due to the $14.2 billion negative fair value adjustment on IDA's net loans outstanding. This negative fair value adjustment arises due to the concessional nature of IDA's loans; IDA's interest rates are below market rates for the given maturity of its loans and risk profile of the borrowers.

The fair value of loans is calculated using market-based methodologies, which incorporate the respective borrowers' Credit Default Swap (CDS) spreads and, where applicable, proxy CDS spreads. Basis adjustments are applied to market recovery levels to reflect IDA's recovery experience. The fair value of borrowings from members is calculated using a discounted cash flow method which relies on market observable inputs such as yield curves, foreign exchange rates, basis spreads and funding spreads.

Loan Portfolio

As of March 31, 2020, on a fair value basis, there was a $14.2 billion negative adjustment on IDA's net loans outstanding bringing the fair value to $139.7 billion. This compares with an $18.2 billion negative adjustment as of June 30, 2019, bringing the fair value to $133.8 billion. The $4 billion variance in the adjustment was driven primarily by the positive impact of the decrease in interest rates during the period, which was offset by the impact of changes in credit risk.

Borrowings – Concessional Partner Loans

The fair value of borrowings from members marginally increased from $8.5 billion as of June 30, 2019 to $9.4 billion as of March 31, 2020. The increase was primarily driven by the new borrowings received during the year.

Table 14: Fair Value Estimates and Reported Basis Value

In millions of U.S. dollars

As of	March 31, 2020		June 30, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Due from banks	$ 493	$ 493	$ 138	$ 138
Investments (including securities purchased under resale agreements)	37,253	37,253	32,770	32,770
Net loans outstanding	153,903	139,735	151,921	133,764
Derivative assets, net	269	269	487	487
Receivable from affiliated organization	816	816	878	878
Other assets	1,446	1,446	2,359	2,359
Total Assets	**$ 194,180**	**$ 180,012**	**$ 188,553**	**$ 170,396**
Liabilities				
Borrowings				
Concessional partner loans	$ 7,497	$ 9,435	$ 6,770	$ 8,507
Market borrowings	7,703	7,703	3,432	3,432
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	417	417	698	698
Derivate liabilities, net	570	570	22	22
Payable for development grants	9,987	9,987	12,345	12,345
Payable to affiliated organization	479	479	522	522
Other liabilities	1,463	1,463	1,782	1,782
Total Liabilities	**$ 28,116**	**$ 30,054**	**$ 25,571**	**$ 27,308**
Equity	**$ 166,064**	**$ 149,958**	**$ 162,982**	**$ 143,088**
Total Liabilities and Equity	**$ 194,180**	**$ 180,012**	**$ 188,553**	**$ 170,396**

Section VII: Governance

Senior Management Changes

On July 12, 2019, Anshula Kant was appointed as the new Managing Director and WBG Chief Financial Officer. Her appointment became effective on October 7, 2019.

Kristalina Georgieva retired as WBG Chief Executive Officer. Effective October 1, 2019, Axel Van Trotsenburg was appointed as World Bank Managing Director, Operations.

On January 9, 2020, Mari Pangestu was appointed as World Bank Managing Director, Development Policy and Partnerships. Her appointment became effective on March 1, 2020.

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March 31, 2020

Condensed Quarterly Financial Statements

CONDENSED BALANCE SHEET

Expressed in millions of U.S. dollars

	March 31, 2020 (Unaudited)	June 30, 2019 (Unaudited)
Assets		
Due from banks—Notes C and K		
Unrestricted cash	$ 469	$ 112
Restricted cash	24	26
	493	138
Investments (including securities transferred under repurchase or securities lending agreements of $420 million—March 31, 2020; $702 million—June 30, 2019) —Notes C, G and K	37,253	32,770
Securities purchased under resale agreements—Notes C and K	-	-
Derivative assets, net—Notes C, E and K	269	487
Receivable from affiliated organization—Note G	816	878
Loans outstanding—Notes F, G and K		
Total loans	214,396	215,604
Less: undisbursed balance	(55,959)	(59,051)
Loans outstanding	158,437	156,553
Less: Accumulated provision for losses on loans	(4,537)	(4,638)
Add: Deferred loans origination costs	3	6
Net loans outstanding	153,903	151,921
Other assets—Notes C, F and G	1,446	2,359
Total assets	$ 194,180	$ 188,553

	March 31, 2020 (Unaudited)	June 30, 2019 (Unaudited)
Liabilities		
Borrowings—Notes D and K		
Concessional partner loans (at amortized cost)	$ 7,497	$ 6,770
Market borrowings (at fair value)	7,703	3,432
	15,200	10,202
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received—Notes C and K	417	698
Derivative liabilities, net—Notes C, E and K	570	22
Payable for development grants—Note H	9,987	12,345
Payable to affiliated organization—Note G	479	522
Other liabilities—Notes C and F	1,463	1,782
Total liabilities	28,116	25,571
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	266,725	267,886
Less:		
Subscriptions and contributions receivable	(22,473)	(30,138)
Cumulative discounts/ acceleration credits on subscriptions and contributions	(3,764)	(3,670)
Subscriptions and contributions paid-in	240,488	234,078
Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions	(11,293)	(11,237)
Deferred amounts to maintain value of currency holdings	(246)	(244)
Accumulated deficit (Statement of Changes in Accumulated Deficit)	(57,648)	(57,207)
Accumulated other comprehensive loss—Note J	(5,237)	(2,408)
Total equity	166,064	162,982
Total liabilities and equity	$ 194,180	$ 188,553

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

CONDENSED STATEMENT OF INCOME

Expressed in millions of U.S. dollars

	Three Months Ended March 31, (Unaudited)		Nine Months Ended March 31, (Unaudited)	
	2020	*2019*	*2020*	*2019*
Interest revenue				
Loans, net—Note F	$ 492	$ 372	$ 1,273	$ 1,086
Investments, net—Notes C and G	113	112	341	341
Asset/Liability Management Derivatives, net	(7)	(3)	(16)	(3)
Borrowing expenses, net—Note D	(66)	(52)	(189)	(157)
Interest revenue, net of borrowing expenses	532	429	1,409	1,267
Provision for losses on loans and other exposures, release (charge)—Note F	157	(80)	30	(174)
Non-interest revenue				
Revenue from externally funded activities—Note G	232	191	652	538
Commitment charges—Note F	4	3	11	9
Other	3	3	11	9
Total	239	197	674	556
Non-interest expenses				
Administrative—Notes G and I	(590)	(533)	(1,772)	(1,588)
Contributions to special programs—Note G	-	(2)	(21)	(22)
Other	(20)	1	(30)	9
Total	(610)	(534)	(1,823)	(1,601)
Transfers from affiliated organizations and others—Note G	-	-	252	251
Development grants—Note H	(350)	(1,358)	(729)	(4,552)
Non-functional currency translation adjustment gains, net	222	36	239	113
Unrealized mark-to-market gains on Investments-Trading portfolio, net—Notes E and K	152	147	171	218
Unrealized mark-to-market (losses) gains on non-trading portfolios, net—Note K	(987)	62	(664)	266
Net loss	$ (645)	$ (1,101)	$ (441)	$ (3,656)

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Expressed in millions of U.S. dollars

	Three Months Ended March 31, (Unaudited)		*Nine Months Ended March 31, (Unaudited)*	
	2020	*2019*	*2020*	*2019*
Net loss	$ (645)	$ (1,101)	$ (441)	$ (3,656)
Other comprehensive loss—Note J				
Currency translation adjustments on functional currencies	(1,978)	(361)	(2,880)	(2,060)
Net Change in Debit Valuation Adjustment (DVA) on Fair Value option elected liabilities	51	(3)	51	(1)
Comprehensive loss	$ (2,572)	$ (1,465)	$ (3,270)	$ (5,717)

CONDENSED STATEMENT OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Nine Months Ended March 31, (Unaudited)	
	2020	*2019*
Accumulated deficit at beginning of the fiscal year	$ (57,207)	$ (50,557)
Net loss for the period	(441)	(3,656)
Accumulated deficit at end of the period	$ (57,648)	$ (54,213)

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

CONDENSED STATEMENT OF CASH FLOWS

Expressed in millions of U.S. dollars

	Nine Months Ended March 31, (Unaudited)	
	2020	*2019*
Cash flows from investing activities		
Loans		
Disbursements	$ (9,240)	$ (8,848)
Principal repayments	4,458	3,869
Principal prepayments	51	51
Non-trading securities—Investments		
Principal payments received	125	122
Net cash used in investing activities	(4,606)	(4,806)
Cash flows from financing activities		
Members' subscriptions and contributions	6,353	4,827
Medium and long-term borrowings		
New issues	4,164	784
Retirements	(25)	-
Short-term borrowings (original maturities greater than 90 days)		
New issues	7,776	1,235
Retirements	(6,781)	-
Net short-term borrowings (original maturities less than 90 days)	29	273
Net derivatives-borrowings	(30)	(2)
Net cash provided by financing activities	11,486	7,117
Cash flows from operating activities		
Net loss	(441)	(3,656)
Adjustments to reconcile net loss to net cash used in operating activities		
Provision for losses on loans and other exposures, net—(release) charge	(30)	174
Non-functional currency translation adjustment gains, net	(239)	(113)
Unrealized mark-to-market losses (gains) on non-trading portfolios, net	664	(266)
Other non-interest expenses	30	(9)
Amortization of borrowing costs	109	57
Changes in:		
Investments—Trading portfolio, net	(4,899)	(596)
Other assets and liabilities	(1,708)	2,085
Net cash used in operating activities	(6,514)	(2,324)
Effect of exchange rate changes on unrestricted and restricted cash	(11)	1
Net increase (decrease) in unrestricted and restricted cash	355	(12)
Unrestricted and restricted cash at beginning of the fiscal year	138	523
Unrestricted and restricted cash at end of the period	$ 493	$ 511
Supplemental disclosure		
(Decrease) increase in ending balances resulting from exchange rate fluctuations:		
Loans outstanding	$ (2,836)	$ (1,937)
Investment portfolio	(739)	(415)
Derivatives—Asset-liability management	496	204
Borrowings	(236)	(49)
Principal repayments written off under Heavily Indebted Poor Countries (HIPC) Debt Initiative	8	8
Loans prepaid - carrying value	54	54
Interest paid on borrowings	72	66

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

NOTES TO CONDENSED QUARTERLY FINANCIAL STATEMENTS

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

Basis of Preparation

These unaudited condensed quarterly financial statements and notes should be read in conjunction with the June 30, 2019 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2019 audited financial statements has not been audited. In the opinion of management, the condensed quarterly financial statements reflect all adjustments necessary for a fair presentation of IDA's financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

Beginning from the quarter ended September 30, 2019, all fair value disclosures relating to financial instruments are included in Note K.

These financial statements were issued on May 13, 2020 which was also the date through which IDA's management evaluated subsequent events.

Accounting and Reporting Developments

Accounting Standards Evaluated:

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU, which applies to all entities that receive or make contributions, clarifies and improves current guidance about whether a transfer of assets should be accounted for as a contribution or an exchange transaction, and provides additional guidance about how to determine whether a contribution is conditional. For contributions received, the ASU became effective from the quarter ended September 30, 2018 and did not have an impact on IDA's financial statements. IDA also evaluated the impact of the portion of the ASU applicable to contributions made, which became effective from the quarter ended September 30, 2019. Under the policy effective prior to July 1, 2019, IDA expensed development grants upon approval by the Board. As a result of the implementation of the ASU, development grant agreements approved after July 1, 2019 will be expensed when all conditions have been met, which generally occurs at the time of disbursement. In cases where advances are paid to recipients, they will be recorded as other receivables. The related grant expense will subsequently be recognized when the recipient demonstrates that the funds were used according to the stipulations of the grant agreement. Development grants that are deemed to be unconditional, will continue to be expensed upon Board approval.

Accounting Standards Under Evaluation:

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU and its subsequent amendments introduce a new model for the accounting of credit losses of loans and other financial assets measured at amortized cost. Current U.S. GAAP requires an "incurred loss" methodology for recognizing credit losses. The new model, referred to as the current expected credit loss (CECL) model, requires an entity to estimate the credit losses expected over the life of an exposure, considering historical information, current information, and reasonable and supportable forecasts. Additionally, the ASUs require enhanced disclosures about credit quality and significant estimates and judgments used in estimating credit losses. For IDA, the ASUs will be effective from the quarter ending September 30, 2020. Upon adoption, IDA will record a cumulative effect adjustment to the opening balance of retained earnings for the fiscal year 2021.

IDA continues to develop and test credit loss models for in scope exposures, primarily loans, validate data inputs, and refine relevant policies, systems and controls that will be required to implement CECL. Management plans to execute two parallel runs prior to implementation. Based on work completed to date and current assumptions, the change in the accumulated provision for losses on loans and other exposures including new items in scope due to CECL calculated based on current conditions and expected forecasts of future conditions as of March 31, 2020, is estimated to range from an increase of 10% to 30% compared with the current methodology. The extent of the actual impact of adoption of this ASU on IDA's financial statements may vary and will depend on, among other things, the economic environment, the completion of the credit loss models, policies, assumptions and other management judgments, and the size of credit exposures held by IDA on the date of adoption.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,* which amends the disclosure requirements of ASC 820. The guidance will be effective for IDA from the quarter ending September 30, 2020, with early adoption permitted. IDA is currently evaluating the impact of the ASU on its financial statements.

In March 2020, the FASB issued ASU 2020-04 - *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The ASU provides temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burden of the expected market transition from LIBOR and other interbank offered rates. To be eligible for the optional expedients, modifications of contractual terms that change (or have the potential to change) the amount or timing of contractual cash flows must be related to replacement of a reference rate. The ASU can be applied as of the beginning of the interim period that includes March 12, 2020 or any date thereafter. The relief is temporary and is only available to contract modifications made before December 31, 2022. IDA is currently evaluating the adoption date and 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

	March 31, 2020	June 30, 2019
Beginning of the fiscal year	$ 234,078	$ 225,461
Cash contributions received	2,693	3,431
Demand obligations received	4,220	5,404
Translation adjustment	(503)	(218)
End of the period/fiscal year	$ 240,488	$ 234,078

During the nine months ended March 31, 2020, IDA encashed demand obligations totaling $3,660 million.

NOTE C—INVESTMENTS

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

The majority of IDA's Investments comprised government and agency obligations (72%), with all the instruments being classified as either Level 1 or Level 2 within the fair value hierarchy. As of March 31, 2020, exposure to one counterparty was in excess of 10% of the total Investments-Trading. This related to Japanese government instruments, which represented 24% of Investments-Trading.

A summary of IDA's Investments is as follows:

Table C1: Investments-composition

In millions of U.S. dollars

	March 31, 2020	June 30, 2019
Trading		
Government and agency obligations	$ 26,772	$ 22,820
Time deposits	6,500	7,499
Asset-backed securities (ABS)	3,366	1,730
	$ 36,638	$ 32,049
Non-trading (at fair value)		
Debt securities	615	721
Total	$ 37,253	$ 32,770

IDA manages its investments on a net portfolio basis. The following table summarizes IDA's net portfolio position:

Table C2: Net investment portfolio position

In millions of U.S. dollars

	March 31, 2020	June 30, 2019
Investments		
Trading	$ 36,638	$ 32,049
Non-trading (at fair value)	615	721
Total	37,253	32,770
Securities purchased under resale agreements	-	-
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received [a]	(463)	(709)
Derivative Assets		
Currency swaps and currency forward contracts	10	7
Interest rate swaps	2	*
Other [b]	25	4
Total	37	11
Derivative Liabilities		
Currency swaps and currency forward contracts	(151)	(75)
Interest rate swaps	(5)	(2)
Other [b]	(4)	(*)
Total	(160)	(77)
Cash held in investment portfolio [c]	464	105
Receivable from investment securities traded	3	1,230
Payable for investment securities purchased	(285)	(887)
Net Investment Portfolio	$ 36,849	$ 32,443

a. Includes $47 million of cash collateral received from counterparties under swap agreements and To Be Announced (TBA) securities ($11 million - June 30, 2019).

b. These relate to TBA securities, swaptions, exchange traded options and futures contracts.

c. This amount is included in Unrestricted cash under Due from Banks on the Condensed Balance Sheet.

** Indicates amount less than $0.5 million.*

The following table summarizes the currency composition of IDA's Net Investment Portfolio.

Table C3: Net investment portfolio – Currency composition
In millions of U.S. dollars

	March 31, 2020		June 30, 2019	
	Carrying Value	Weighted Average Repricing (years) [a]	Carrying Value	Weighted Average Repricing (years) [a]
Chinese Renminbi	$ 2,524	1.93	$ 2,762	1.89
Euro	10,951	0.99	9,149	1.33
Japanese yen	5,196	0.61	4,668	0.64
Pound sterling	3,186	1.05	2,877	1.25
U.S. dollar	14,885	7.32	12,930	5.59
Other	107	0.04	57	0.17
Total	$ 36,849	3.58	$ 32,443	2.90

a. The weighted average repricing represents the remaining period to the contractual repricing or maturity date, whichever is earlier, weighted by the carrying value of instruments. This indicates the average length of time for which interest rates are fixed.

IDA uses derivative instruments to manage currency and interest rate risk in the investment portfolio. For details regarding these instruments, see Note E—Derivative Instruments.

As of March 31, 2020, there were no short sales included in Other liabilities on the Condensed Balance Sheet ($42 million—June 30, 2019).

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

Table C4: Maturity structure of non-trading investment portfolio
In millions of U.S dollars

Maturity	March 31, 2020	June 30, 2019
Less than 1 year	$ 125	$ 124
Between		
1 - 2 years	113	125
2 - 3 years	96	113
3 - 4 years	77	96
4 - 5 years	62	77
Thereafter	124	186
Total	$ 597	$ 721

Commercial Credit Risk

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

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

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

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

Table C5: Collateral received

In millions of U.S. dollars

	March 31, 2020		June 30, 2019	
Collateral received				
Cash	$	39	$	10
Securities		70		-
Total collateral received	$	109	$	10
Collateral permitted to be repledged	$	109	$	10
Amount of collateral repledged		-		-
Amount of Cash Collateral invested		-		-

Securities Lending: IDA may engage in securities lending and repurchases, against adequate collateral, as well as securities borrowing and reverse repurchases (resales) of government and agency obligations, and 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. As of March 31, 2020, there were no amounts which could potentially be offset as a result of legally enforceable master netting arrangements (Nil—June 30, 2019).

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

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

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

Table C6: Amounts related to securities transferred under repurchase or securities lending agreements

In millions of U.S. dollars

	March 31, 2020		June 30, 2019		Financial Statement Presentation
Securities transferred under repurchase or securities lending agreements	$	420	$	702	Included under Investments - Trading on the Condensed Balance Sheet
Liabilities relating to securities transferred under repurchase or securities lending agreements	$	416	$	698	Included under Securities Sold under Repurchase Agreements, Securities Lent under Securities Lending Agreements, and Payable for Cash Collateral Received on the Condensed Balance Sheet.

As of March 31, 2020, none of the liabilities relating to securities transferred under repurchase or securities lending agreements remained unsettled at that date (Nil—June 30, 2019). There were no replacement trades entered into in anticipation of maturing trades of a similar amount (Nil—June 30, 2019).

The following table presents the disaggregation of the gross obligation by class of collateral pledged and the remaining contractual maturities for repurchase agreements or securities lending transactions that are accounted for as secured borrowings:

Table C7: Composition of liabilities related to securities transferred under repurchase or securities lending agreements

In millions of U.S. dollars

	As of March 31, 2020		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	Up to 30 days	Total
Repurchase or Securities Lending agreements			
Government and agency obligations	$ 416	$ -	$ 416
Total liabilities for Securities sold under repurchase agreements and Securities Lent under Securities Lending Agreements	$ 416	$ -	$ 416

Table C7.1:

In millions of U.S. dollars

	As of June 30, 2019		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	Up to 30 days	Total
Repurchase or Securities Lending agreements			
Government and agency obligations	$ 698	$ -	$ 698
Total liabilities for Securities sold under repurchase agreements and Securities Lent under Securities Lending Agreements	$ 698	$ -	$ 698

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 sheet as the accounting criteria for treatment as a sale have not been met. As of March 31, 2020, and June 30, 2019, there were no securities purchased under resale agreements, nor were there any such instruments that remained unsettled on those dates.

NOTE D—BORROWINGS

IDA's borrowings comprise concessional partner loans made by IDA members (carried at amortized cost) as well as short-term and medium to long-term market borrowings (carried at fair value).

Table D1: Borrowings - concessional partner loans outstanding

In millions of U.S dollars

	Concessional Partner Loans outstanding		
	Principal at face value	Net unamortized discount	Total
March 31, 2020	$ 9,189	$ (1,692)	$ 7,497
June 30, 2019	$ 8,462	$ (1,692)	$ 6,770

Table D2: Borrowings – market borrowings

In millions of U.S dollars

	Market borrowings		
	Short-term	Medium to long-term	Total
March 31, 2020	$ 2,880	$ 4,823	$ 7,703
June 30, 2019	$ 1,876	$ 1,556	$ 3,432

IDA uses derivatives to manage interest rate risk in the borrowing portfolio.

As of March 31, 2020, all the instruments in IDA's borrowing portfolio were classified as Level 2, within the fair value hierarchy. For details regarding the derivatives used in the borrowing portfolio, see Note E—Derivative Instruments.

NOTE E—DERIVATIVE INSTRUMENTS

IDA uses derivative instruments in its investment, loan and borrowing portfolios to manage currency and interest rate risks, 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 E1: Use of derivatives in various financial portfolios

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

The derivatives in the related tables of Note E are presented on a net basis by instrument. A reconciliation to the Condensed Balance Sheet presentation is shown in table E2.

In September 2019, as part of IDA's Asset/Liability Management policies, the Board approved a Capital Value Protection Program (CVP). The objective of the program is to 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. The total notional value of the program is $15 billion and entails entering into a limited amount of pay fixed, receive floating forward-starting interest rate swaps. As of March 31, 2020, IDA had executed forward-starting swaps with a notional of $15 billion, completing the program. These swaps are included under the Asset/Liability Management portfolio.

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 information on derivative assets and liabilities (before and after netting adjustments) that are reflected on IDA's condensed balance sheet. Gross amounts in the tables represent the amounts receivable (payable) for instruments which are in a net asset (net liability) position. The effects of legally enforceable master netting agreements are applied on an aggregate basis to the total derivative asset and liability positions. The net derivative asset positions have been further reduced by the cash and securities collateral received.

Table E2: Derivatives assets and liabilities before and after netting adjustments

In millions of U.S. dollars

	March 31, 2020					
	Located on the Balance Sheet					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts	Gross Amounts Offset	Net Amounts	Gross Amounts	Gross Amounts Offset	Net Amounts
Interest rate swaps	$ 293	$ (154)	$ 139	$ 2,234	$ (1,186)	$ 1,048
Currency swaps [a]	8,988	(8,079)	909	8,065	(7,754)	311
Other [b]	25	-	25	4	-	4
Total	$ 9,306	$ (8,233)	$ 1,073 [d]	$ 10,303	$ (8,940)	$ 1,363 [d]
Less:						
Amounts subject to legally enforceable master netting agreements			$ 758 [e]			$ 793 [f]
Cash collateral received [c]			46			
Net derivative positions on the Balance Sheet			$ 269			$ 570
Less:						
Securities collateral received [c]			70			
Net derivative exposure after collateral			$ 199			

Table E2.1:

In millions of U.S. dollars

	June 30, 2019					
	Located on the Balance Sheet					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts	Gross Amounts Offset	Net Amounts	Gross Amounts	Gross Amounts Offset	Net Amounts
Interest rate swaps	$ 297	$ (244)	$ 53	$ 89	$ (80)	$ 9
Currency swaps [a]	12,539	(11,948)	591	6,143	(5,982)	161
Other [b]	4	-	4	*	-	*
Total	$ 12,840	$ (12,192)	$ 648 [d]	$ 6,232	$ (6,062)	$ 170 [d]
Less:						
Amounts subject to legally enforceable master netting agreements			$ 150 [e]			$ 148 [f]
Cash collateral received [c]			11			
Net derivative positions on the Balance Sheet			$ 487			$ 22
Less:						
Securities collateral received [c]			-			
Net derivative exposure after collateral			$ 487			

a. Includes currency forward contracts.
b. These include swaptions, exchange traded options, futures contracts and TBA securities.
c. Does not include excess collateral received.
d. Based on the net value per a derivative instrument.
e. Includes $11 million CVA adjustment ($2 million-June 30, 2019).
f. Includes $46 million DVA adjustment (less than $0.5 million-June 30, 2019).
** Indicates amount less than $0.5 million.*

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

Table E3: Notional amounts and credit risk exposure of the derivative instruments

In millions of U.S. dollars

Type of contract	*March 31, 2020*	*June 30, 2019*
Investments - Trading		
Interest rate swaps		
Notional amount	$ 649	$ 338
Credit exposure	2	*
Currency swaps (including currency forward contracts)		
Credit exposure	10	7
Other [a]		
Notional long position	6,234	10,466
Notional short position	1,116	3,598
Credit exposure	11	2
Asset/liability management		
Interest rate swaps		
Notional amount	14,920	-
Credit exposure	-	-
Currency forward contracts (including currency swaps)		
Credit exposure	896	584
Other [b]		
Interest rate swaps		
Notional amount	6,334	3,080
Credit exposure	137	53
Currency swaps		
Credit exposure	3	*
Total credit exposure at the instrument level		
Interest rate swaps	139	53
Currency swaps (including currency forward contracts)	909	591
Other derivatives [b]	11	2
Total exposure	$ 1,059	$ 646

a. Includes swaptions, exchange traded options, future contracts and TBA securities. Exchange traded instruments are generally subject to daily margin requirements and are deemed to have no material credit risk. All options and futures contracts are interest rate contracts.

b. Include derivatives related to loans, borrowings and Private Sector Window (PSW).

** Indicates amount less than $0.5 million.*

Under almost all of its ISDA Master Agreements, IDA is not required to post collateral as long as it maintains liquidity holdings at predetermined levels that are a proxy for a triple-A credit rating. After becoming a rated entity, IDA has started to enter into derivative agreements with commercial counterparties in which IDA is not required to post collateral as long as it maintains a triple-A rating. The aggregate fair value of all derivative instruments with credit-risk related contingent features that are in a liability position as of March 31, 2020 is $684 million ($10 million —June 30, 2019). As of March 31, 2020, 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 March 31, 2020, the amount of collateral that would need to be posted would be $60 million ($9 million—June 30, 2019). Subsequent triggers of contingent features would require posting of additional collateral, up to a maximum of $684 million as of March 31, 2020 ($10 million—June 30, 2019).

Amounts of gains and losses on the non-trading derivatives, by instrument type and their location on the Condensed Statement of Income are as follows:

Table E4: Unrealized mark-to-market gains or losses on non-trading derivatives
In millions of U.S. dollars

		Unrealized mark-to-market gains (losses)			
		Three Months Ended March 31,		Nine Months Ended March 31,	
Type of instrument	*Reported as*	*2020*	*2019*	*2020*	*2019*
Interest rate swaps		$ (1,197)	$ 13	$ (987)	$ 33
Currency forward contracts and currency swaps		275	56	355	247
Total	**Unrealized mark-to-market gains (losses) on non-trading portfolios, net**	$ (922)	$ 69	$ (632)	$ 280

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 and losses on the IDA's investment trading portfolio (derivative and non-derivative instruments), and their location on the Condensed Statement of Income:

Table E5: Unrealized mark-to-market gains or losses on investment trading portfolio
In millions of U.S. dollars

		Unrealized mark-to-market gains (losses)			
		Three Months Ended March 31,		Nine Months Ended March 31,	
Type of instrument	*Reported as*	*2020*	*2019*	*2020*	*2019*
Fixed income (including related derivatives)	**Unrealized mark-to-market gains on Investment-Trading portfolios, net**	$ 152	$ 147	$ 171	$ 218

NOTE F—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. Based on IDA's internal credit quality indicators, the majority of the loans outstanding are in the Medium and High-risk classes.

On March 5, 2020, all loans to, or guaranteed by Somalia were restored to accrual status, upon receipt of overdue amounts. As of March 31, 2020, loans outstanding totaling $2,083 million (representing about 1.3% of the portfolio) from four borrowers were in nonaccrual status.

Credit Quality of Sovereign Loans

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

IDA's country risk ratings are an assessment of its borrowers' ability and willingness to repay IDA on time and in full. These ratings are internal credit quality indicators. Individual country risk ratings are derived on the basis of both quantitative and qualitative analyses. The components considered in the analysis can be grouped broadly into eight categories: political risk, external debt and liquidity, fiscal policy and public debt burden, balance of payments risks, economic structure and growth prospects, monetary and exchange rate policy, financial sector risks, and corporate sector debt and vulnerabilities. For the purpose of analyzing the risk characteristics of IDA's exposures, these exposures are grouped into three classes in accordance with assigned borrower risk ratings, which relate to the likelihood of loss: Low, Medium and High-risk classes, as well as exposures in nonaccrual status. IDA considers all exposures in nonaccrual status to be impaired.

IDA's borrower country risk ratings are key determinants in the provision for loan losses. 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. Due to the on-going coronavirus disease 2019 (COVID-19) pandemic, a review of the ratings of all borrowing member countries in the current portfolio was conducted and the risk ratings were changed or maintained depending on the extent of current credit vulnerabilities and the severity of the anticipated impact from COVID-19.

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

The following tables provide an aging analysis of loans outstanding:

Table F1: Loans-Aging structure

In millions of U.S. dollars

	March 31, 2020							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,079	$ 1,079
Medium	-	-	-	-	-	-	22,862	22,862
High	2	*	-	-	-	2	132,411 [a]	132,413
Loans in accrual status	2	*	-	-	-	2	156,352	156,354
Loans in nonaccrual status	10	6	2	16	1,108	1,142	941	2,083
Total	$ 12	$ 6	$ 2	$ 16	$ 1,108	$ 1,144	$ 157,293	$ 158,437

Table F1.1:

In millions of U.S. dollars

	June 30, 2019							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,469	$ 1,469
Medium	-	-	-	-	-	-	24,176	24,176
High	2	-	*	-	-	2	128,379	128,381
Loans in accrual status	2	-	*	-	-	2	154,024	154,026
Loans in nonaccrual status	12	1	5	22	1,319	1,359	1,168	2,527
Total	$ 14	$ 1	$ 5	$ 22	$ 1,319	$ 1,361	$ 155,192	$ 156,553

a. Includes PSW-related loans of $ 5 million

** Indicates amount less than $0.5 million*

Accumulated Provision for Losses on Loans and Other Exposures

Management determines the appropriate level of accumulated provision for losses, which reflects the probable losses inherent in IDA's exposures. Probable losses comprise estimates of losses arising from default and nonpayment of principal amounts due, as well as present value losses. Management reassesses the adequacy of the accumulated provision and the reasonableness of the inputs used, on a periodic basis, at least annually, and adjustments are recorded as a charge against or addition to revenue.

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

During the nine months ended March 31, 2020 and the fiscal year ended June 30, 2019, there were no loans written off under the MDRI.

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

Table F2: Accumulated provisions

In millions of U.S. dollars

	March 31, 2020				June 30, 2019			
	Loans	*Debt relief under HIPC/MDRI*	*Other*	*Total*	*Loans*	*Debt relief under HIPC/MDRI*	*Other*	*Total*
Accumulated provision, beginning of the fiscal year	$ 2,826	$ 1,812	$ 70	$ 4,708	$ 2,439	$ 1,944	$ 56	$ 4,439
Provision, net - charge (release) [a]	249	(280) [c]	1	(30)	417	(115)	14	316
Loans written off under:								
Prepayments	(3)	-	-	(3)	(3)	-	-	(3)
HIPC/MDRI	-	(8) [b]	-	(8)	-	(10) [b]	-	(10)
Translation adjustment	(50)	(9)	(2)	(61)	(27)	(7)	*	(34)
Accumulated provision, end of the period	$ 3,022	$ 1,515	$ 69	$ 4,606	$ 2,826	$ 1,812	$ 70	$ 4,708
Composed of accumulated provision for losses on:								
Loans in accrual status	$ 2,732	$ 203		$ 2,935	$ 2,524	$ 105		$ 2,629
Loans in nonaccrual status	290	1,312		1,602	302	1,707		2,009
Total	$ 3,022	$ 1,515		$ 4,537	$ 2,826	$ 1,812		$ 4,638
Loans:								
Loans in accrual status				$ 156,354				$ 154,026
Loans in nonaccrual status				2,083				2,527
Total				$ 158,437				$ 156,553

a. For the nine months ended March 31, 2020, the accumulated provision includes provision for discount on prepayment of loans $3 million ($3 million-June 30, 2019).

b. Represents debt service reduction under HIPC

c. Represents the release of Somalia HIPC provision due to arrears clearance

** Indicates amount less than $0.5 million.*

	Reported as Follows	
	Condensed Balance Sheet	**Condensed Statement of Income**
Accumulated Provision for Losses on:		
Loans	Accumulated provision for losses on loans	Provision for losses on loans and other exposures, net
Debt Relief under HIPC/MDRI	Accumulated provision for losses on loans	Provision for losses on loans and other exposures, net
Other Exposures	Other liabilities	Provision for losses on loans and other exposures, net

Overdue Amounts

As of March 31, 2020, there were no principal or charges under loans in accrual status which were overdue by more than three months.

On March 5, 2020, Somalia paid all of the overdue principal and charges due to IDA and accordingly the loans to, or guaranteed by Somalia were restored to accrual status on that date. Revenue from loans for the nine months ended March 31, 2020, increased by $90 million, all of which represents service charges received on March 5th, that would have been accrued in previous fiscal years had these loans not been in nonaccrual status. The arrears clearance of the overdue payments to IDA for Somalia was accomplished using a bridge financing provided by a member country. On the same day, IDA disbursed two development grants to Somalia in support of a re-engagement and reform program. Somalia used part of the proceeds from the program to repay the bridge financing.

Somalia's arrears clearance led to a $284 million release of loan loss provision. In addition, subsequent to arrears clearance, Somalia reached HIPC Decision point for IDA on March 24, 2020.

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

Table F3: Loans in nonaccrual status

In millions of U.S. dollars

Borrower	Nonaccrual since	Recorded investment [a]	Average recorded investment [b]	Principal Outstanding	Provision for debt relief	Provision for loan losses [c]	Overdue amounts Principal	Overdue amounts Charges
Eritrea	March 2012	$ 426	$ 429	$ 426	$ 291	$ 27	$ 82	$ 28
Sudan	January 1994	1,191	1,196	1,191	1,021	34	787	229
Syrian Arab Republic	June 2012	14	14	14	-	3	10	1
Zimbabwe	October 2000	452	455	452	-	226	263	60
Total - March 31, 2020		$ 2,083	$ 2,094	$ 2,083	$ 1,312	$ 290	$ 1,142	$ 318
Total - June 30, 2019		$ 2,527	$ 2,532	$ 2,527	$ 1,707	$ 302	$ 1,359	$ 399

a. A loan loss provision has been recorded against each of the loans in nonaccrual status.

b. For March 31, 2020, represents the average for the nine months ended that date (June 30, 2019 - represents the average for the fiscal year then ended).

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

Table F4: Service charge revenue not recognized

In millions of U.S. dollars

	Three months ended March 31, 2020	Three months ended March 31, 2019	Nine months ended March 31, 2020	Nine months ended March 31, 2019
Service charge revenue not recognized as a result of loans being in nonaccrual status	$ 3	$ 5	$ 12	$ 14

During the nine months ended March 31, 2020 and March 31, 2019, no loans were placed into nonaccrual status.

During the three and nine months ended March 31, 2020, service charge revenue recognized on loans in nonaccrual status was nil and less than $1 million, respectively (Nil – three months and nine months ended March 31, 2019).

Guarantees

Guarantees of $2,242 million were outstanding as of March 31, 2020 ($2,200 million—June 30, 2019). This amount includes $180 million relating to the PSW ($106 million—June 30, 2019). The outstanding amount of guarantees represents the maximum potential undiscounted future payments that IDA could be required to make under these guarantees and is not included on the Condensed Balance Sheet. The guarantees issued by IDA have original maturities ranging between 4 and 22 years, and expire in decreasing amounts through 2040.

As of March 31, 2020, liabilities related to IDA's obligations under guarantees of $142 million ($147 million—June 30, 2019), have been included in Other liabilities on the Condensed Balance Sheet. These include the accumulated provision for guarantee losses of $62 million ($58 million—June 30, 2019).

During the nine months ended March 31, 2020 and March 31, 2019, no guarantees provided by IDA were called.

Segment Reporting

Based on an evaluation of its operations, Management has determined that IDA has only one reportable segment.

Concentration Risk

Loan revenue comprises service charges and interest charges on outstanding loan balances. For the nine months ended March 31, 2020, loan revenue from two countries of $186 million and $140 million, respectively, were in excess of 10% of total loan revenue.

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

Table F5: Loans outstanding and revenue by geographic region

In millions of U.S. dollars	*As of and for the Nine months ended March 31,*			
	2020		*2019*	
Region	*Loans Outstanding*	*Service and Interest Charges*	*Loans Outstanding*	*Service and Interest Charges*
Africa	$ 69,115	$ 518	$ 62,634	$ 362
East Asia and Pacific	19,206	156	19,443	151
Europe and Central Asia	7,410	95	7,730	87
Latin America and the Caribbean	2,768	25	2,654	22
Middle East and North Africa	2,558	15	2,726	16
South Asia	57,375	464	57,821	448
Others [a]	5	*	-	-
Total	$ 158,437	$ 1,273	$ 153,008	$ 1,086

a. Represents loans under the PSW.
** Indicates amount less than $0.5 million.*

NOTE G—TRANSACTIONS WITH AFFILIATED ORGANIZATIONS

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

Transfers and Grants

Cumulative transfers and grants made to IDA as of March 31, 2020 were $19,658 million ($19,406 million—June 30, 2019). Details by transferor are as follows:

Table G1: Cumulative transfers and grants

In millions of U.S dollars			
Transfers from	*Beginning of the fiscal year*	*Transfers during the period*	*End of period*
Total	$ 19,406	$ 252	$ 19,658
Of which from:			
IBRD	15,497	259	15,756
IFC	3,672	-	3,672

Receivables and Payables

As of March 31, 2020, and June 30, 2019, the total amounts receivable from (payable to) affiliated organizations comprised:

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

In millions of U.S. dollars

	March 31, 2020			June 30, 2019		
	IBRD	IFC	Total	IBRD	IFC	Total
Administrative Services [a]	$ (250)	$ -	$ (250)	$ (327)	$ -	$ (327)
Derivative Transactions						
Derivative assets, net	143	3	146	365	-	365
Derivative liabilities, net	(68)	(2)	(70)	(71)	(1)	(72)
PSW- Blended Finance Facility[b]	-	6	6	-	1	1
Pension and Other Postretirement Benefits	587	-	587	683	-	683
Investments	-	615	615	-	721	721
	$ 412	$ 622	$ 1,034	$ 650	$ 721	$ 1,371

a. Includes $229 million as of March 31, 2020 ($195 million-June 30, 2019) receivable from IBRD for IDA's share of investments associated with Post-Retirement Contribution Reserve Fund (PCRF), which is a fund established to stabilize contributions made to the pension plans.

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

** Indicates amounts less than $0.5 million.*

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

Receivables / Payables related to:	Reported as:
Receivable for pension and other postretirement benefits	Receivable from affiliated organization
Receivables (payables) for derivative transactions	Derivative assets/liabilities, net
Payable for administrative services [a]	Payable to affiliated organization

a. Includes amounts receivable from IBRD for IDA's share of investments associated with PCRF. This receivable is included in Receivable from affiliated organization on the Condensed Balance Sheet.

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

For the three and nine months ended March 31, 2020, IDA's share of joint administrative expenses totaled $434 million and $1,367 million, respectively ($421 million and $1,291 million - three and nine months ended March 31, 2019, respectively).

Other revenue: Includes IDA's share of other revenue jointly earned with IBRD during the three and nine months ended March 31, 2020 totaling $77 million and $227 million, respectively ($77 million and $219 million—three and nine months ended March 31, 2019, respectively). The allocation of revenue is based upon an agreed revenue sharing formula, and amounts are settled quarterly.

For the three and nine months ended March 31, 2020 and March 31, 2019, the amount of fee revenue associated with services provided to other affiliated organizations is included in Other revenue on the Condensed Statement of Income, as follows:

Table G3: Fee revenue from affiliated organizations

In millions of U.S dollars

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Fees charged to IFC	$ 21	$ 19	$ 58	$ 57
Fees charged to MIGA	2	1	4	4

***Pension and Other Post-Retirement Benefits*: **The receivable from IBRD represents IDA's net share of prepaid costs for pension and other postretirement benefit plans and Post-Employment Benefits Plan (PEBP) assets. These will be realized over the lives of the plan participants.

***Derivative transactions*: **These relate to currency forward contracts entered into by IDA with IBRD acting as the intermediary with the market and primarily convert donors' expected contributions in national currencies under the Sixteenth and Seventeenth replenishments of IDA's resources into the five currencies of the SDR basket.

Investments – Non-trading

During the fiscal year ended June 30, 2015, IDA purchased a debt security issued by IFC for a principal amount of $1,179 million, amortizing over a period of 25 years. The investment carries a fixed interest rate of 1.84% and has a weighted average maturity of 4 years. As of March 31, 2020, the principal amount due on the debt security was $597 million, and it had a fair value of $615 million. The investment is reported under Investments in the Condensed Balance Sheet. During the three and nine months ended March 31, 2020, IDA recognized interest income of $3 million and $9 million, respectively on this debt security ($4 million and $11 million - three and nine months ended March 31, 2019 respectively).

Private Sector Window (PSW)

As part of the IDA18 replenishment, IDA's Executive Directors approved the creation of an IDA18 IFC-MIGA PSW to mobilize private sector investments in IDA-only countries and IDA-eligible Fragile and Conflict Affected States (FCS). Under the fee arrangement for the PSW, IDA will receive fee revenue for transactions executed under this window and will reimburse IFC and MIGA for the related costs incurred in administering these transactions. The following tables provide a summary of all PSW related transactions under which IDA has an exposure as of March 31, 2020:

Table G4: Summary of PSW-related transactions

In millions of U.S. dollars

Facility	Notional	Net Asset/ (Liability) position	Description	Balance Sheet Location
Local Currency Facility	59	1	Currency swaps with IFC to support local currency denominated loans	Derivative assets/ liabilities, net

Facility	Exposure	Accumulated Provision	Description	Balance Sheet Location
MIGA Guarantee Facility	157	7	Expanding the coverage of MIGA Political Risk Insurance (PRI) products through shared first-loss or risk participation similar to reinsurance	Off Balance Sheet item
Blended Finance Facility	23	3	Sharing the first loss to support IFC's Small Loan Guarantee Program in PSW eligible countries	Off Balance Sheet item
	6	-	Funding for IFC's PSW equity investment	Other assets
	5	*	Concessional senior & sub-ordinated loans to support medium term projects	Loans outstanding

** Indicates amounts less than $0.5 million.*

NOTE H—DEVELOPMENT GRANTS

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

Table H1: Grants payable

In millions of U.S dollars

	March 31, 2020	June 30, 2019
Balance, beginning of the fiscal year	$ 12,345	$ 8,743
Unconditional grants approved	-	7,744 [a]
Disbursement (including PPA grant activity)[b]	(1,864)	(3,984)
Cancellations	(283)	(64)
Translation adjustment	(211)	(94)
Balance, end of the period/ fiscal year	$ 9,987	$ 12,345

a. Excludes $14 million Pandemic Emergency Financing Facility (PEF) disbursements made from PEF Financial Intermediary Funds. Includes conditional and unconditional grants for June 30 ,2019.

b. Project Preparation Advances (PPA)

A summary on the development grant expenses is presented below:

Table H2: Grant expenses

In millions of U.S dollars

	March 31, 2020					
	Three Months ended			Nine Months ended		
	Conditional Grants	Unconditional Grants	Total	Conditional Grants	Unconditional Grants	Total
Development grants approved	$ 2,253	$ -	$ 2,253	$ 4,111	$ -	$ 4,111
Less:						
Undisbursed conditional grants [b]	(1,672)	-	(1,672)	(3,072)	-	(3,072)
Cancellations	-	(220) [a]	(220)	-	(283) [a]	(283)
Grant advances not yet expensed [c]	(15)	-	(15)	(49)	-	(49)
Add:						
PEF disbursement	4	-	4	22	-	22
Grant Expenses	$ 570	$ (220)	$ 350	$ 1,012	$ (283)	$ 729

a. Includes grants approved prior to FY 2020

b. Undisbursed portion of grants approved starting FY 2020

c. Disbursement made for which the expense recognition criteria has not yet been met

Table H2.1

In millions of U.S dollars

	March 31, 2019	
	Three Months ended	Nine Months ended
Development grants approved	$ 1,372	$ 4,603
Less:		
Cancellations	(14)	(60)
Add:		
PEF disbursement	-	9
Grant expenses	$ 1,358	$ 4,552

NOTE I—PENSION AND OTHER POSTRETIREMENT BENEFITS

IBRD, along with IFC and MIGA, sponsors a defined benefit Staff Retirement Plan and Trust, a Retired Staff Benefits Plan and Trust and a PEBP that cover substantially all of their staff members.

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

During the three and nine months ended March 31, 2020, IDA's share of IBRD's benefit costs relating to all three plans totaled $91 million and $274 million, respectively ($77 million and $ 229 million—three and nine months ended March 31, 2019, respectively).

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

NOTE J—ACCUMULATED OTHER COMPREHENSIVE LOSS

Comprehensive income consists of net income (loss) and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income (loss). Other comprehensive income (loss) is comprised of currency translation adjustments on functional currencies, and the cumulative effect of changes relating to instrument specific credit risk (DVA) for financial liabilities measured under the fair value option. These items are presented in the Condensed Statement of comprehensive Income.

The following table presents the changes in Accumulated other comprehensive income (AOCI) balances.

Table J1: Changes in AOCI

In millions of U.S dollars

	Nine Months Ended March 31,	
	2020	*2019*
Balance, beginning of the fiscal year	$ (2,408)	$ (675)
Currency translation adjustments on functional currencies	(2,880)	(2,060)
DVA on Fair Value option elected liabilities	51	(1)
Balance, end of the period	$ (5,237)	$ (2,736)

** Indicates amounts less than $0.5 million.*

NOTE K— FAIR VALUE DISCLOSURES

Valuation Methods and Assumptions

As of March 31, 2020, and June 30, 2019, 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

There were no loans carried at fair value as of March 31, 2020 and June 30, 2019. For disclosure purposes, IDA's loans would be classified as Level 3 within the fair value hierarchy.

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

Investment securities

Where available, quoted market prices are used to determine the fair value of trading securities. Examples include most government and agency securities and futures contracts.

For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the standard discounted cash flow method using market observable inputs such as yield curves, credit spreads, and constant prepayment spreads.

Where applicable, unobservable inputs such as constant prepayment rates, probability of default, and loss severity are used.

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

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

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

Borrowings

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

Derivative instruments

Derivative contracts include currency forward contracts, TBA, swaptions, exchange traded options and future contracts, currency swaps and interest rate swaps.

Where available, quoted market prices are used to determine the fair value of trading securities. Examples include exchange traded options and futures contracts.

For instruments for which market quotations are not available, fair values are determined using model-based valuation techniques, whether internally-generated or vendor-supplied, that include the standard discounted cash flow method using market observable 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) is being 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 LIBOR.

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

Table K1: Fair value and carrying amounts of financial assets and liabilities

In millions of U.S dollars

	March 31, 2020		June 30, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Due from Banks	$ 493	$ 493	$ 138	$ 138
Investments (including securities purchased under resale agreements)	37,253	37,253	32,770	32,770
Net Loans Outstanding	153,903	139,735	151,921	133,764
Derivative Assets, net	269	269	487	487
Liabilities				
Borrowings				
Concessional partner loans	7,497	9,435	6,770	8,507
Market borrowings	7,703	7,703	3,432	3,432
Securities sold/ lent under repurchase agreements/ securities lending agreements and payable for cash collateral received	417	417	698	698
Derivative Liabilities, net	570	570	22	22

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

Table K2: Fair value hierarchy of IDA's assets and liabilities

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 10,983	$ 15,789	$ -	$ 26,772
Time deposits	1,343	5,157	-	6,500
ABS	-	3,366	-	3,366
Total Investments—Trading	12,326	24,312	-	36,638
Investments—Non-trading (at fair value)	-	615	-	615
Total Investments	$ 12,326	$ 24,927	$ -	$ 37,253
Securities purchased under resale agreements	-	-	-	-
Derivative assets:				
Currency swaps and currency forward contracts [a]	$ -	$ 909	$ -	$ 909
Interest rate swaps	-	139	-	139
Other [b]	13	12	-	25
	$ 13	$ 1,060	$ -	$ 1,073
Less:				
Amounts subject to legally enforceable master netting agreements [c]				758
Cash collateral received				46
Derivative assets, net				$ 269
Liabilities:				
Market Borrowings	$ -	$ 7,703	$ -	$ 7,703
Securities sold under repurchase agreements and securities lent under security lending agreements [e]	$ -	$ 416	$ -	$ 416
Derivative liabilities:				
Currency swaps and currency forward contracts	$ -	$ 311	$ -	$ 311
Interest rate swaps	-	1,048	-	1,048
Other [b]	-	4	-	4
	$ -	$ 1,363	$ -	$ 1,363
Less:				
Amounts subject to legally enforceable master netting agreements [d]				793
Derivative liabilities, net				$ 570

a. Includes structured swaps.

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

c. Includes $11 million CVA adjustment.

d. Includes $46 million DVA adjustment.

e. Excludes amount payable for cash collateral received ($47 million).

Table K2.1

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 8,708	$ 14,112	$ -	$ 22,820
Time deposits	269	7,230	-	7,499
ABS	-	1,730	-	1,730
Total Investments—Trading	8,977	23,072	-	32,049
Investments—Non-trading (at fair value)	-	721	-	721
Total Investments	$ 8,977	$ 23,793	$ -	$ 32,770
Securities purchased under resale agreements	-	-	-	-
Derivative assets:				
Currency swaps and currency forward contracts [a]	$ -	$ 591	$ -	$ 591
Interest rate swaps	-	53	-	53
Other [b]	2	2	-	4
	$ 2	$ 646	$ -	$ 648
Less:				
Amounts subject to legally enforceable master netting agreements [c]				150
Cash collateral received				11
Derivative assets, net				$ 487
Liabilities:				
Market Borrowings	$ -	$ 3,432	$ -	$ 3,432
Securities sold under repurchase agreements and securities lent under security lending agreements[e]	$ -	$ 698	$ -	$ 698
Derivative liabilities:				
Currency swaps and currency forward contracts	$ -	$ 161	$ -	$ 161
Interest rate swaps	-	9	-	9
Other[b]	-	*	-	*
	$ -	$ 170	$ -	$ 170
Less:				
Amounts subject to legally enforceable master netting agreements[d]				148
Derivative liabilities, net				$ 22

a. Includes structured swaps.

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

c. Includes $2 million CVA adjustment.

d. Includes less than $0.5 million DVA adjustment.

e. Excludes amount payable for cash collateral received ($11 million).

** Indicates amounts less than $0.5 million.*

During the nine months ended March 31, 2020 and for the fiscal year ended June 30, 2019, there were no securities transferred between Level 1 and Level 2, within the fair value hierarchy.

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

Table K3: Investment portfolio-Non-trading securities

In millions of U.S dollars

	Fair value	Principal amount due	Difference
March 31, 2020	$ 615	$ 597	$ 18
June 30, 2019	$ 721	$ 721	$ -

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

Table K4: Market Borrowings Fair value and contractual principal balance

In millions of U.S. dollars

	Fair Value	Principal Due Upon Maturity	Difference
March 31, 2020	$ 7,703	$ 7,602	$ 101
June 30, 2019	$ 3,432	$ 3,384	$ 48

Valuation adjustments on fair value option elected liabilities

As of March 31, 2020, IDA's Condensed Balance Sheet included a DVA of $46 million ($2 million—June 30, 2019) in Accumulated other comprehensive income, associated with the changes in IDA's own credit for its market borrowings.

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

Table K5: Unrealized Mark-to-Market Gains (Losses) on Trading and Non-Trading Portfolios, Net

In millions of U.S. dollars

	Three Months Ended March 31, 2020			*Nine Months Ended March 31, 2020*		
	Realized gains (losses)	*Unrealized gains (losses) excluding realized amounts [a]*	*Unrealized gains (losses)*	*Realized gains (losses)*	*Unrealized gains (losses) excluding realized amounts [a]*	*Unrealized gains (losses)*
Investments, Trading—Note E	$ (58)	$ 210	$ 152	$ 73	$ 98	$ 171
Non-trading portfolios, net						
Asset-liability management—Note E	-	(1,002)	(1,002)	-	(679)	(679)
Investment portfolio—Note C	-	19	19	-	22	22
Other [b]	-	(4)	(4)	-	(7)	(7)
Total non-trading portfolios, net	$ -	$ (987)	$ (987)	$ -	$ (664)	$ (664)

Table K5.1:

In millions of U.S. dollars

	Three Months Ended March 31, 2019			*Nine Months Ended March 31, 2019*		
	Realized gains (losses)	*Unrealized gains (losses) excluding realized amounts [a]*	*Unrealized gains (losses)*	*Realized gains (losses)*	*Unrealized gains (losses) excluding realized amounts [a]*	*Unrealized gains (losses)*
Investments, Trading, net—Note E	$ 29	$ 118	$ 147	$ 13	$ 205	$ 218
Non-trading portfolios, net						
Asset-liability management—Note E	-	56	56	-	247	247
Investment portfolio—Note C	-	9	9	-	19	19
Other [b]	-	(3)	(3)	-	-	-
Total non-trading portfolios, net	$ -	$ 62	$ 62	$ -	$ 266	$ 266

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

b. Other comprises mark to market gains or losses on the borrowing and loan portfolios and on PSW.

NOTE L—CONTINGENCIES

In light of the COVID-19 pandemic, IDA faces additional credit, market and operational risks. The duration of the COVID-19 pandemic is difficult to predict at this time, as are the extent and efficacy of economic interventions by governments and central banks. The length and severity of the pandemic and the related developments, as well as the impact on the financial results and position of IDA in future periods cannot be reasonably estimated at this point in time and continues to evolve. IDA continues to monitor the developments and to manage the risks associated with its various portfolios.

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 nine months ended March 31, 2020, is not expected to have a material adverse effect on IDA's financial position, results of operations or cash flows.

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INDEPENDENT AUDITORS' REVIEW REPORT

President and Board of Executive Directors
International Development Association:

We have reviewed the accompanying condensed balance sheet of the International Development Association ("IDA") as of March 31, 2020, and the related condensed statements of income and comprehensive income for the three-month and nine-month periods ended March 31, 2020 and 2019, and of changes in accumulated deficit and cash flows for the nine-month periods ended March 31, 2020 and 2019 (the "interim financial information").

Management's Responsibility for the Interim Financial Information

IDA's management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the interim financial information referred to above for it to be in accordance with accounting principles generally accepted in the United States of America.

Report on Condensed Balance Sheet as of June 30, 2019

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of IDA as of June 30, 2019, and the related statements of income, comprehensive income, changes in accumulated deficit, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2019. In our opinion, the accompanying condensed balance sheet of IDA as of June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Deloitte & Touche LLP

May 13, 2020