International Development Association

Management's Discussion & Analysis

and

Condensed Quarterly Financial Statements

March 31, 2013

(Unaudited)

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

CONTENTS

March 31, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CONDENSED QUARTERLY FINANCIAL STATEMENTS

Box 1: Selected Financial Data

In millions of US dollars, except ratios in percentages and months

	As of and for the nine months ended		*Full Year*
	March 31, 2013	*March 31, 2012*	*June 30, 2012*
Development Operations (Section IV)			
Commitments of development credits, grants and guarantees	$10,632	$9,809	$ 14,753
Gross disbursements of development credits and grants	7,366	7,825	11,061
Net disbursements of development credits and grants	4,694	4,630[a]	7,037[a]
Balance Sheet (Section V)			
Total assets	$162,571	$159,573	$160,028
Net investment portfolio	28,088	26,007	26,333
of which core liquidity	11,211	11,028	9,698
Development credits outstanding	122,773	117,290	123,576
Payable for development grants	5,828	5,915	6,161
Subscriptions and contributions paid-in	182,043	173,794	175,587
Income Statement (Section IV)			
Income from development credits and guarantees	$785	$687	$ 914
Investment income, net	470	675	1,006
Transfers and grants from affiliated organizations and trust funds	954	857	858
Development grants	(1,107)	(1,205)	(2,062)
Net (loss) income	(20)	341	(210)
Funding Position (Section VI)			
Investment portfolio and unrestricted demand notes as a percentage of undisbursed commitments of credits and development grants payable	83%	81%	81%
Liquidity Position (Section VI)			
Months of average monthly gross disbursements covered by core liquidity	13	12	11

a. Net disbursements for the nine months ended March 31, 2012 and for the year ended June 30, 2012 include $940 million of prepayments. The associated funds were received in June 2011 but were effective in July, 2011.

I. Introduction

This document should be read in conjunction with the International Development Association's (IDA) financial statements and management's discussion and analysis issued for the fiscal year ended June 30, 2012. IDA undertakes no obligation to update any forward looking statements. **Box1** provides IDA's selected financial data as of and for the nine months ended March 31, 2013 and March 31, 2012 as well as the full year June 30, 2012.

II. Sources and Applications of Funds

IDA's lending, grant financing and guarantee activities are funded by donor and internal resources, and transfers and grants from affiliated organizations. These key activities are presented and discussed below.

Sources of Funds

Donor Resources (Subscriptions and Contributions)*:* IDA finances its new commitments for development credits and development grants primarily through donor resources. The donor resources are in the form of subscriptions and contributions with assigned voting rights.

Internal Resources*:* These comprise contractual principal repayments (including any accelerated repayments and voluntary prepayments), income from the investment portfolio, and interest income from Blend and Hard-term credits.

Transfers and Grants from affiliated organizations and trust funds: These are primarily transfers from the International Bank for Reconstruction and Development's (IBRD) net income and grants from the International Finance Corporation's (IFC) retained earnings.

Applications of Funds

Disbursement of development credits and grants: Through its development operations**,** IDA's development credits, development grants and guarantees benefit the poorest and least creditworthy members.

III. 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". Under the reported basis, IDA's Statement of Income does not reflect the true economic results of IDA due to a number of asymmetries. These include the following:

- The recording of development grants as charges to net income in the Statement of Income, while the associated funding resources are recorded as equity through members' subscriptions and contributions on the Balance Sheet.
- The reporting of the translation adjustments on the non-special drawing rights currencies (non-functional currencies) associated with IDA's currency forward contracts in the Statement of Income; for which the economic offset, represented by the translation adjustment on the future donor inflows being hedged, is not reported in the financial statements.
- The reporting in the Statement of Income of the unrealized mark-to-market gains/losses on the donor asset and liability tranche of the investment portfolio, for which the economic offset, represented by the change in the present value of the associated future net cash outflows reflected in the immunization strategy, is not reported in IDA's financial statements. The immunization strategy aims to align the duration of this tranche with the duration of the contractual future net cash outflows.
- Donor compensation received for forgone service charges due to debt relief and grant financing, which funds part of the net administrative expenses, is recorded as equity through members' contributions.

IV. *Statement of Activities Analysis*

Given the asymmetries embedded in IDA's reported results under U.S. GAAP, Management believes that a Statement of Activities (**Table 1**) better reflects the operating and risk management results of IDA. The Statement of Activities categorizes activities under two broad headings, namely: operating activities and risk management activities. It is designed to show the financial impact of IDA's operating and risk management activities.

Table 1 : Statement of Activities

Expressed in millions of U.S. dollars

For the nine months ended March 31	2013	2012	Variance
Operating Activities			
Contributions and other support			
Members' subscriptions and contributions	$5,619	$6,006	$ (387)
Transfers and grants from affiliated organizations and trust funds	954	857	97
	6,573	6,863	(290)
Development operations			
Development credit disbursements	(5,978)	(5,909)	(69)
Principal repayments	2,649	2,212	437
Discount on prepaid development credits	-	(113)	113
Write-off on buy-down of development credits	(26)	(45)	19
Development grant disbursements	(1,373)	(1,903)	530
Provision for debt relief and for losses on development credits and other exposures, net	99	(31)	130
	(4,629)	(5,789)	1,160
Investments			
Investment income, net	470	675	(205)
Administrative and other activities			
Service and interest charges	785	687	98
Administrative expenses, net	(952)	(804)	(148)
Project Preparation Advances (PPA) grants/other	(5)	(5)	-
	(172)	(122)	(50)
Results from Operating Activities	2,242	1,627	615
Risk Management Activities			
Non-functional currency translation adjustment (losses)/gains, net	(159)	261	(420)
Translation adjustment on non-functional currency donor inflows gains/(losses), net	162	(275)	437
Fair value adjustment on non-trading portfolios, net	(79)	64	(143)
Results from Risk Management Activities	(76)	50	(126)
Results from Operating and Risk Management Activities	$2,166	$1,677	$489

Reconciliation to Reported Basis Net Income

Expressed in millions of U.S. dollars

For the nine months ended March 31,	2013	2012
Results from operating and risk management activities	$2,166	$1,677
Members' subscriptions and contributions	(5,619)	(6,006)
Development credit disbursements	5,978	5,909
Principal repayments	(2,649)	(2,212)
Development grant disbursements	1,373	1,903
Development grant commitments	(1,107)	(1,205)
Translation adjustment on non-functional currency donor inflows, net	(162)	275
Reported Basis Net (Loss)/Income	$(20)	$341

Overall Results from Operating and Risk Management Activities

IDA's operating and risk management activities produced an overall positive result of $2,166 million for the nine months ended March 31, 2013 (FY 2013 YTD). This primarily reflects the $5,619 million of cash receipts relating to member subscriptions and contributions, $954 million of transfers and grants from affiliated organizations and trust funds and $470 million investment income, net. This was partially offset by $4,629 million of net outflows for development operations.

Following the positive results from operating and risk management activities, IDA's liquidity position as of March 31, 2013 strengthened and was sufficient to cover approximately 13 months of average monthly gross disbursements, and remains within the historical range of 9 to 14 months.

IDA also experienced an improvement in its funding position to 83% at March 31, 2013 as compared to 81% at June 30, 2012. The remaining funding gap will be primarily covered by future receipts of cash and demand notes already committed by donors. At all times, IDA enters into new commitments based on the commitment authority available. See **Section VIII** for further details on IDA's Commitment Authority.

Results from Operating Activities

The key drivers of IDA's results from operating activities are: (i) Contributions and Other Support, (ii) Development Operations, (iii) Investment Income, and (iv) Administrative Expenses. The impact of these activities on IDA's Results from Operating Activities for FY 2013 YTD, as compared with the nine months ended March 31, 2012 (FY 2012 YTD) are discussed below.

Contributions and Other Support

Members' subscriptions and contributions

The subscriptions and contributions of $5,619 million represent the unrestricted cash contributions received from members of $1,533 million and the encashment of demand obligations of $4,086 million. The decrease of $387 million as compared to FY2012 YTD is primarily due to a decrease in note encashments.

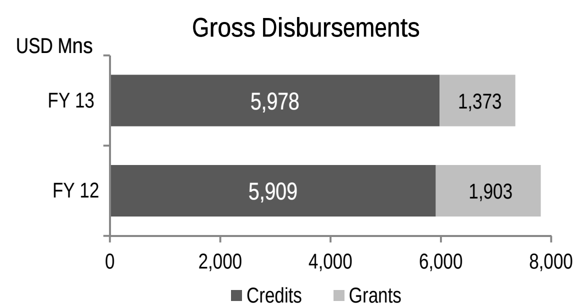
Transfers and Grants from Affiliated Organizations and Trust Funds

The increase of $97 million is primarily due to higher transfers received from IBRD during the current period. In FY2013 YTD, IBRD transferred $608 million to IDA as compared to $520 million in FY2012 YTD.

Development Operations

Development Credit Disbursements

Gross disbursements of development credits during FY 2013 YTD were $5,978 million, an increase of $69 million from FY 2012 YTD. In terms of regional focus, disbursements to East Asia and Pacific alone increased by $320 million which was substantially offset by a $243 million decrease in South Asia. Africa and the South Asia Regions together accounted for 70% of the total gross disbursements during FY 2013 YTD.



(Includes adjustments for certain PPA activity)

Of the $5,978 million in development credit disbursements, 29% related to commitments made under IDA16, 41% under IDA15, 26% under IDA14 and the remaining 4% related to commitments made under earlier replenishments.

Development Grant Disbursements

The majority of the $530 million decrease in development grants disbursed between FY 2013 YTD and FY 2012 YTD is attributable to the Africa region.

Discount on Prepaid Development Credits

During FY 2012 YTD, the total amount prepaid by two IDA graduate members of $940 million reflected the present value of the development credits as of the date of the prepayment, resulting in an aggregate discount of $113 million.

Investments

Investment Income, net

IDA's investment portfolio had a duration of approximately three years as of March 31, 2013. It has two components: core liquidity and the donor asset and liability management component. The decrease of $205 million in investment income, of which $110 million relates to the donor asset and liability management component, was primarily driven by the lower unrealized mark-to-market gains experienced as a result of the more moderate decline in the yield curves for all major currencies during FY 2013 YTD as compared to FY 2012 YTD.

Administrative and Other Activities

Administrative Expenses, net

The increase of $148 million was primarily due to higher pension expenses during FY 2013 YTD compared to FY 2012 YTD.

Risk Management Activities

The key drivers of IDA's results from risk management activities are the unrealized mark to market adjustments on the currency forward contracts entered into to hedge the foreign currency exposure from future donor contributions.

IDA uses currency forward contracts to hedge those donor contributions that are denominated in non-functional currencies, into special drawing rights (SDR) basket currencies. There are certain non-functional currencies that are not hedged with such contracts, due to the relatively small size of the contribution or the unpredictability of the expected payment date.

The liability positions of the currency forward contracts economically hedging donor pledges are composed of non-functional currencies. Appreciation (depreciation) of these currencies against the U.S. dollar results in translation adjustment losses (gains). The translation adjustment losses on non-functional currencies of $159 million in FY 2013 YTD were primarily due to the significant appreciation of the majority of the non-functional currencies against the U.S. dollar. In contrast, the significant depreciation of the non-functional currencies against the U.S. dollar during the same period in FY 2012 resulted in $261 million of translation adjustment gains. The translation adjustment on the economic offset to the currency forward contracts; the future inflows from donors, was a gain of $162 million during FY 2013 YTD and a loss of $275 million during FY 2012 YTD. The differences between the reported translation adjustments and the related economic offsets are marginal, and primarily represent the donor contributions in certain nonfunctional currencies that are not hedged due to the reasons outlined above.

V. *Balance Sheet Analysis*

The principal components of IDA's balance sheet are development credits outstanding, investment assets, net of related liabilities, and subscriptions and contributions paid-in. Movements in these principal components between March 31, 2013 and June 30, 2012 are discussed further below.

Table 2: Condensed Balance Sheet
In millions of U.S. dollars

As of	March 31, 2013	June 30, 2012	Variance
Assets			
Investment assets, including related derivative assets	$35,913	$ 34,079	$1,834
Derivatives relating to asset-liability management	5,964	7,327	(1,363)
Receivables and other assets, including non-investment cash	1,873	1,769	104
Development credits outstanding	122,773	123,576	(803)
Accumulated provision for debt relief and losses on development credits	(3,952)	(6,723)	2,771
Total assets	162,571	$160,028	2,543
Liabilities and equity			
Liabilities and derivatives relating to investments	$ 7,825	$ 7,746	$ 79
Derivatives relating to asset-liability management	6,208	7,714	(1,506)
Payables and other liabilities, including maintenance of value	6,546	6,788	(242)
Subscriptions and contributions paid-in	182,043	175,587	6,456
Demand obligations	(9,514)	(8,678)	(836)
Accumulated deficit	(39,326)	(39,306)	(20)
Accumulated other comprehensive income	8,789	10,177	(1,388)
Total liabilities and equity	$162,571	$160,028	$2,543

Development Credits Outstanding and Accumulated Provision for Debt Relief and Losses on Development Credits

Development credits outstanding decreased by $803 million during FY 2013 YTD, primarily due to the $2,647 million write-off of development credits relating to Côte d'Ivoire, Guinea and Comoros under the MDRI and negative translation adjustments of $1,432 million resulting from the 1.21% depreciation of the SDR against the U.S dollar. This was partially offset by net positive disbursements of $3,306 million.

The $2,771 million decrease in the accumulated provision for debt relief and losses on development credits, was also primarily due to the write-off of development credits relating to Côte d'Ivoire, Guinea and Comoros under the MDRI.

On January 25, 2013, Myanmar cleared all of its overdue principal and charges due to IDA and the credits to, or guaranteed by, Myanmar were restored to accrual status on that date.

Investment Assets, net of related Liabilities

The net investment portfolio increased from $26,333 million as of June 30, 2012 to $28,088 million as of March 31, 2013, reflecting the net results of IDA's cash related activities as follows:

Table 3: Changes in the Net Asset Value of the Investment Portfolio
In millions of U.S. dollars

	March 31, 2013	June 30, 2012
Beginning of fiscal year	$26,333	$24,872
Net cash used in development activities	(3,306)	(5,567)
Net cash from contributions and other support	5,619	8,958
Net cash used in other operating activities	(90)	(796)
Effects of exchange rates	(380)	(1,128)
Other	(88)	(6)
End of period/fiscal year	$28,088	$26,333

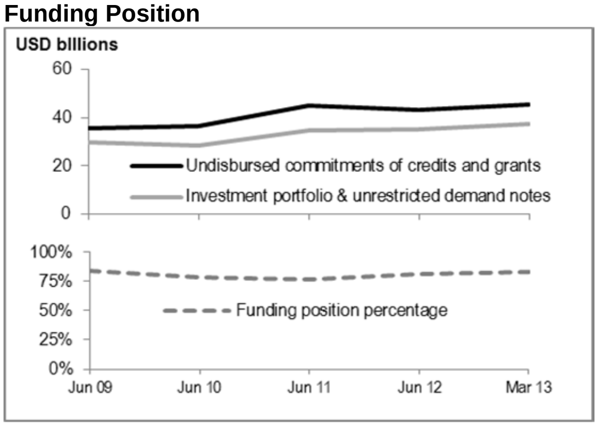
Subscriptions and Contributions

The $6,456 million increase in subscriptions and contributions paid-in is primarily attributable to the receipt from members of $5,253 million of demand notes and $1,533 million of unrestricted cash contributions, partially offset by translation adjustment.

VI. Funding and Liquidity Positions

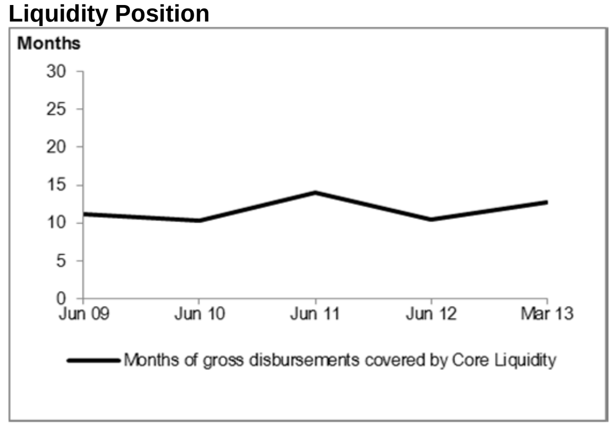
Management monitors IDA's funding and liquidity positions to assess IDA's ability to conduct its operations. Since IDA does not borrow from the capital markets, even though it is allowed to do so under its Articles of Agreement, it is important that IDA has sufficient funding resources and liquidity to meet its contractual obligations to disburse approved development credits and grants in a timely manner**.**

Funding Position



As of March 31, 2013, the investment portfolio and unrestricted demand notes covered 83% of all undisbursed commitments of development credits and grants, compared with 81% as at June 30, 2012. IDA's funding position has been relatively stable for the last 4 years, ranging from 74% to 83%.

Liquidity Position



As of March 31, 2013, core liquidity accounted for $11,211 million, comprising short-term and medium-term investments and was sufficient to cover nearly 13 months of average monthly gross disbursements.

IDA's liquidity position has been relatively stable for the last 4 years, ranging from 9 to 14 months of average monthly gross disbursements since FY 2009.

VII. Commercial Counterparty Credit Risk

The effective management of commercial counterparty credit risk is vital to the success of IDA's investment activities. The monitoring and managing of this risk is a continuous process due to changing market conditions. IDA's commercial counterparty credit risk is concentrated in investments in debt instruments issued by sovereign governments, agencies, corporate entities and banks, as shown in **Table 4**.

During FY 2013, with the goal of achieving greater diversification in the portfolio and improving investment performance, Management has taken actions to broaden its universe of investment assets. As a result of these actions, investment opportunities in a range of local currency sovereign bond markets have been pursued, resulting in new sovereign exposure to counterparties in the A and BBB rating categories in FY 2013. This new exposure is being monitored by Management. As of March 31, 2013, the maximum maturity of these sovereign bonds was less than six months.

Table 4: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating
In millions of U.S. dollars

As of	March 31, 2013				June 30, 2012			
Counterparty Rating	Sovereigns	Agencies, Asset Backed Securities, Swaps, Corporates, Time Deposits	Total	% of Total	Sovereigns	Agencies, Asset Backed Securities, Swaps, Corporates, Time Deposits	Total	% of Total
AAA	$14,486	$3,785	$18,271	59%	$18,233	$3,259	$21,492	70%
AA	6,637	4,022	10,659	34	3,507	3,379	6,886	22
A	33	1,936	1,969	6	–	2,173	2,173	7
BBB or lower	195	83	278	1	–	81	81	*
Total	$21,351	$9,826	$31,177	100	$21,740	$8,892	$30,632	100

** Denotes less than 0.5%.*

IDA's total commercial credit exposure net of collateral was $31,177 million as of March 31, 2013. Of this amount, $11,616 million (37%) related to countries in the euro zone; of which $10,328 million (89%) was rated AA or above, and none were rated below A.

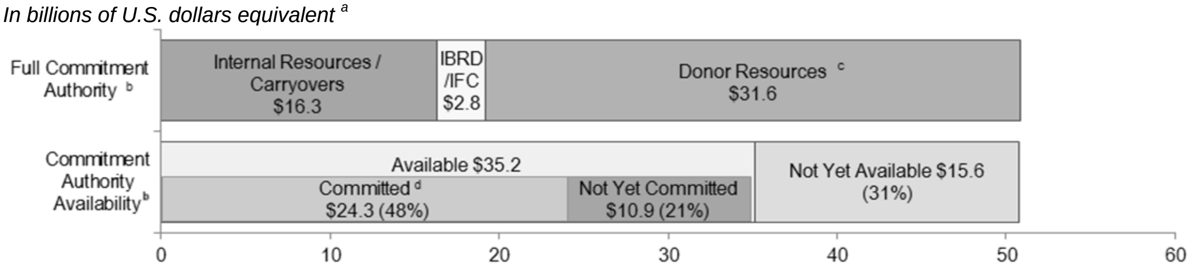
VIII. IDA16 Commitment Authority

March 31, 2013 is three months past the mid-point of the IDA16 replenishment period. Cumulative commitments made under IDA16 as of March 31, 2013 amounted to approximately 48% of the total IDA16 lending envelope of SDR 33.9 billion (U.S. dollar equivalent 50.8 billion).

Chart 1 provides a breakdown of the principal sources making up the total lending envelope under the revised IDA16 Commitment Authority Framework and the extent to which these sources have been used for commitments of development credits, grants and guarantees through March 31, 2013.

Chart 1 : IDA16 Commitment Authority Status

In billions of U.S. dollars equivalent [a]



a. Commitment Authority is measured and monitored in SDR. The chart represents the U.S. dollar equivalent amounts based on USD/SDR exchange rate at March 31, 2013 for presentational purposes only. Actual commitments are recorded based on historical USD rates.
b. Amounts may not add due to rounding.
c. Includes U.S.dollar equivalent 5.2 billion of donor commitments for compensation of debt relief provided under MDRI.
d. IDA 16 replenishment guarantee commitments to date totaled $448 million, of which only 25% ($112 million) is used for the purposes of the Commitment Authority.

IX. Senior Management Changes

Effective July 1, 2012, Jim Yong Kim became the President of IDA.

Effective January 1, 2013, Mahmoud Mohieldin commenced the new role of President's Special Envoy on Millennium Development Goals and Financial Development.

Effective January 1, 2013, Pamela Cox assumed the position of Senior Vice President, Change Management.

Effective March 1, 2013, Bertrand Badre became IDA's Managing Director, Finance and Chief Financial Officer.

CONDENSED BALANCE SHEET

Expressed in millions of U.S. dollars

	March 31, 2013 (Unaudited)	*June 30, 2012 (Unaudited)*
Assets		
Due from banks—Note C		
Unrestricted currencies	$ 188	$ 78
Currencies subject to restrictions	30	28
	218	106
Investments—Trading (including securities transferred under repurchase or securities lending agreements of $3,312 million—March 31, 2013; $2,691 million—June 30, 2012)—Note C	30,795	30,424
Securities purchased under resale agreements—Note C	641	441
Derivative assets—Notes C, D and F		
Investments	2,925	1,905
Asset-liability management	5,964	7,327
	8,889	9,232
Receivable from affiliated organization—Note F	927	1,006
Development credits outstanding—Note E		
Total development credits	162,208	160,720
Less: Undisbursed balance	39,435	37,144
Development credits outstanding	122,773	123,576
Less: Accumulated provision for debt relief and for losses on development credits	3,952	6,723
Plus: Deferred development credits origination costs	28	27
Net development credits outstanding	118,849	116,880
Other assets—Note C	2,252	1,939
Total assets	$162,571	$160,028
Liabilities		
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received—Note C	$ 3,925	$ 3,824
Derivative liabilities—Notes C, D and F		
Investments	2,897	1,898
Asset-liability management	6,208	7,714
	9,105	9,612
Payable for development grants—Note G	5,828	6,161
Payable to affiliated organization—Note F	337	375
Other liabilities—Notes C and E	1,618	2,510
Total liabilities	20,813	22,482
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	223,677	224,732
Less: Subscriptions and contributions receivable	38,872	46,571
Cumulative discounts/acceleration credits on subscriptions and contributions	2,762	2,574
Subscriptions and contributions paid-in	182,043	175,587
Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions	(9,514)	(8,678)
Deferred amounts to maintain value of currency holdings	(234)	(234)
Accumulated deficit (see Condensed Statement of Changes in Accumulated Deficit)	(39,326)	(39,306)
Accumulated other comprehensive income—Note I	8,789	10,177
Total equity	141,758	137,546
Total liabilities and equity	$162,571	$160,028

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)*	
	2013	*2012*	*2013*	*2012*
Income				
Development credits and guarantees—Note E	$ 325	$ 226	$ 785	$ 687
Investments—Trading, net—Notes C and D	90	110	475	681
Transfers and grants from affiliated organizations and trust funds—Note F	342	—	954	857
Other income—Note F	140	138	346	369
Total income	897	474	2,560	2,594
Expenses				
Administrative expenses—Notes F and H	456	393	1,298	1,173
Development grants—Note G	464	297	1,107	1,205
Interest expense on securities sold under repurchase agreements	1	1	5	6
Provision for debt relief and for losses on development credits and other exposures, net— (release) charge—Note E	(111)	51	(99)	31
Discount on prepaid development credits—Note E	—	—	—	113
Write-off on buydown of development credits—Note E	26	—	26	45
Non-functional currency translation adjustment (gains) losses, net	(42)	164	159	(261)
Fair value adjustment on non-trading portfolios, net—Note D	25	4	79	(64)
Project Preparation Advances (PPA) grants/Other	5	3	5	5
Total expenses	824	913	2,580	2,253
Net Income (Loss)	$ 73	$(439)	$ (20)	$ 341

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)*	
	2013	*2012*	*2013*	*2012*
Net income (loss)	$ 73	$ (439)	$ (20)	$ 341
Other comprehensive (loss) income —Note I				
Currency translation adjustments on functional currencies	(3,265)	1,363	(1,388)	(4,684)
Comprehensive (loss) income	$(3,192)	$ 924	$(1,408)	$(4,343)

CONDENSED STATEMENT OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Nine Months Ended March 31, (Unaudited)	
	2013	*2012*
Accumulated deficit at beginning of the fiscal year	$(39,306)	$(39,096)
Net (loss) income for the period	(20)	341
Accumulated deficit at end of the period	$(39,326)	$(38,755)

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)	
	2013	*2012*
Cash flows from investing activities		
Development credits		
Disbursements	$(5,978)	$(5,909)
Principal repayments	2,649	2,212
Proceeds from buydown of development credits	23	42
Net cash used in investing activities	(3,306)	(3,655)
Cash flows from financing activities		
Members' subscriptions and contributions	5,619	6,006
Cash flows from operating activities		
Net (loss) income	(20)	341
Adjustments to reconcile net (loss) income to net cash used in operating activities		
Provision for debt relief and for losses on development credits and other exposures, net— (release) charge	(99)	31
Non-functional currency translation adjustment losses (gains), net	159	(261)
Discount on prepaid development credits	—	113
Write-off on buydown of development credits	26	45
Fair value adjustment on non-trading portfolios, net	79	(64)
PPA grants/Other	5	5
Changes in:		
Investments—Trading, net	(2,125)	(1,701)
Other assets and liabilities	(240)	(708)
Net cash used in operating activities	(2,215)	(2,199)
Effect of exchange rate changes on unrestricted cash	12	(5)
Net increase in unrestricted cash	110	147
Unrestricted cash at beginning of the fiscal year	78	20
Unrestricted cash at end of the period	$ 188	$ 167
Supplemental disclosure		
(Decrease) increase in ending balances resulting from exchange rate fluctuations		
Development credits outstanding	$(1,432)	$(3,781)
Investment portfolio	(380)	(692)
Principal repayments written off under Heavily Indebted Poor Countries (HIPC) Debt Initiative	(4)	(4)
Development credits written off under Multilateral Debt Relief Initiative (MDRI)	(2,647)	—
Amounts received in prior year relating to current year's development credit prepayments	—	940
Buydown of Development credits — nominal value	49	87

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

Basis of Preparation

These unaudited condensed quarterly financial statements should be read in conjunction with the June 30, 2012 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2012 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 income and expenses during the reporting period. 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 debt relief and losses on development credits 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.

These financial statements were approved for issue on May 8, 2013, which was also the date through which IDA's management evaluated subsequent events.

Accounting and Reporting Developments

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) became law. The Act seeks to reform the U.S. financial regulatory system by introducing new regulators and extending regulation over new markets, entities, and activities. The implementation of the Act is dependent on the development of various rules to clarify and interpret its requirements. Pending the development of these rules, no impact on IDA has been determined as of March 31, 2013. IDA continues to evaluate the potential future implications of the Act.

In April 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2011-02, *Receivables: A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring.* The ASU clarifies criteria to be considered in evaluating whether a restructuring of a receivable constitutes a troubled debt restructuring and was effective for IDA from the quarter ended September 30, 2012. As it is IDA's practice not to restructure its development credits, this ASU did not have an impact on its financial statements.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income.* The ASU requires comprehensive income to be reported in either a single statement or in two consecutive statements. The ASU does not change which items are reported in other comprehensive income or existing requirements to reclassify items out of accumulated other comprehensive income to net income. Subsequently, in December 2011, the FASB issued ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*, which deferred certain reclassification provisions in ASU 2011-05. For IDA, the ASUs are effective for fiscal year ending after December 15, 2012, and interim and annual periods thereafter. The ASUs will not have an effect on IDA's financial statement as these are already in compliance with one of the options allowed under ASU 2011-05.

In February 2013, the FASB issued the ASU 2013-02 *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (AOCI).* The ASU introduces new presentation requirements about the amounts reclassified out of AOCI. It requires an entity to present information about the reclassified amounts by component and to provide additional details about such reclassifications. The ASU does not change the current requirements for reporting net income or other comprehensive income in financial statements or which items could be reclassified from other comprehensive income to net income. For IDA, the new requirements will be effective for the fiscal year ending June 30, 2015, with early adoption permitted. IDA is currently evaluating the impact of this ASU on its financial statements and intends to adopt it early as permitted by the standard.

In February 2013, the FASB issued the ASU 2013-03 *Financial Instruments (Topic 825): Clarifying the Scope and Applicability of a Particular Disclosure to Nonpublic Entities.* The ASU 2013-03 clarifies the scope and applicability of a particular disclosure to nonpublic entities that resulted from the issuance of ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,* which IDA adopted from the quarter ended March 31, 2012. The ASU 2013-03 clarifies that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in their entirety (Level 1, 2, or 3) does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position, but for which fair value is disclosed. For IDA, the ASU is effective from the quarter ended March 31, 2013. IDA has elected not to make use of the exemption provided.

NOTE B—MEMBERS' SUBSCRIPTIONS AND CONTRIBUTIONS, AND MEMBERSHIP

Subscriptions and Contributions: The movement in Subscriptions and Contributions Paid-in for the nine months ended March 31, 2013, and for the fiscal year ended June 30, 2012, is summarized below:

In millions of U.S. dollars

	March 31, 2013	*June 30, 2012*
Beginning of the fiscal year	$175,587	$167,610
Cash contributions received[a]	1,534	1,655
Demand obligations received	5,253	6,848
Translation adjustment	(331)	(526)
End of the period/fiscal year	$182,043	$175,587

a. Includes restricted cash subscriptions of $1 million at March 31, 2013.

During the nine months ended March 31, 2013, IDA encashed demand obligations totaling $4,086 million.

NOTE C—INVESTMENTS

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

As of March 31, 2013, the majority of the Investments—Trading is comprised of government and agency obligations (76%), with almost all the instruments being classified as either Level 1 or Level 2 within the fair value hierarchy.

A summary of IDA's Investments—Trading at March 31, 2013 and June 30, 2012, is as follows:

In millions of U.S. dollars

	March 31, 2013	*June 30, 2012*
Investments—Trading		
Government and agency obligations	$23,507	$23,140
Time deposits	6,381	6,104
Asset-backed securities (ABS)	907	1,180
Total	$30,795	$30,424

IDA manages its investments on a net portfolio basis. The following tables summarize IDA's net portfolio position as of March 31, 2013 and June 30, 2012:

In millions of U.S. dollars

	March 31, 2013	*June 30, 2012*
Investments—Trading	$30,795	$30,424
Securities purchased under resale agreements	641	441
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	(3,925)	(3,824)
Derivatives Assets		
Currency forward contracts	1,565	743
Currency swaps	1,358	1,159
Interest rate swaps	1	2
Other[a]	1	1
Total	2,925	1,905
Derivatives Liabilities		
Currency forward contracts	(1,543)	(747)
Currency swaps	(1,352)	(1,149)
Interest rate swaps	(2)	(2)
Other[a]	(*)	(*)
Total	(2,897)	(1,898)
Cash held in investment portfolio[b]	76	54
Receivable from investment securities traded[c]	1,476	1,255
Payable for investment securities purchased[d]	(1,003)	(2,024)
Net Investment Portfolio	$28,088	$26,333

a. These relate to Mortgage Backed Securities To-Be-Announced (TBA securities).
b. This amount is included in Unrestricted currencies under Due from Banks and in Other liabilities on the Condensed Balance Sheet.
c. This amount is included in Other assets on the Condensed Balance Sheet.
d. This amount is included in Other liabilities on the Condensed Balance Sheet.
** Indicates amount less than $0.5 million.*

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

As of March 31, 2013, there were short sales totaling $29 million ($32 million—June 30, 2012) included in Other liabilities on the Condensed Balance Sheet.

For the three and nine months ended March 31, 2013, IDA's income included unrealized losses of $26 million and $112 million of unrealized gains, respectively (three and nine months ended March 31, 2012—$47 million of unrealized losses and $132 million of unrealized gains, respectively).

Fair Value Disclosures

The following tables present IDA's fair value hierarchy for investment assets and liabilities measured at fair value on a recurring basis as of March 31, 2013 and June 30, 2012:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2013			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments—Trading				
Government and agency obligations	$6,861	$16,646	$—	$23,507
Time deposits	505	5,876	—	6,381
ABS	—	903	4	907
Total Investments—Trading	7,366	23,425	4	30,795
Securities purchased under resale agreements	—	641	—	641
Derivative assets—Investments				
Currency forward contracts	—	1,565	—	1,565
Currency swaps	—	1,358	—	1,358
Interest rate swaps	—	1	—	1
Other[a]	—	1		1
	—	2,925	—	2,925
Total	$7,366	$26,991	$4	$34,361
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements	$ —	$ 3,925	$—	$ 3,925
Derivative liabilities—Investments				
Currency forward contracts	—	1,543	—	1,543
Currency swaps	—	1,352	—	1,352
Interest rate swaps	—	2	—	2
Other[a]	—	*	—	*
	—	2,897	—	2,897
Total	$ —	$ 6,822	$—	$ 6,822

a. *These relate to TBA securities*
* *Indicates amount less than $0.5 million.*

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2012			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments—Trading				
Government and agency obligations	$7,131	$16,009	$—	$23,140
Time deposits	997	5,107	—	6,104
ABS	—	1,176	4	1,180
Total Investments—Trading	8,128	22,292	4	30,424
Securities purchased under resale agreements	335	106	—	441
Derivative assets—Investments				
Currency forward contracts	—	743	—	743
Currency swaps	—	1,159	—	1,159
Interest rate swaps	—	2	—	2
Other[a]	—	1	—	1
	—	1,905	—	1,905
Total	$8,463	$24,303	$ 4	$32,770
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements	$ 97	$ 3,727	$—	$ 3,824
Derivative liabilities—Investments				
Currency forward contracts	—	747	—	747
Currency swaps	—	1,149	—	1,149
Interest rate swaps	—	2	—	2
Other[a]	—	*	—	*
	—	1,898	—	1,898
Total	$ 97	$ 5,625	$—	$ 5,722

a. These relate to TBA securities.
* *Indicates amount less than $0.5 million.*

Level 3 Financial Instruments

The following table provides a summary of changes in the fair value of IDA's Level 3 financial instruments relating to Investments—Trading during the three and nine months ended March 31, 2013 and March 31, 2012:

In millions of U.S. dollars

	Level 3 Financial Instruments			
	Investments—Trading (ABS)			
	Three Months Ended March 31,		*Nine Months Ended March 31,*	
	2013	*2012*	*2013*	*2012*
Beginning of the period	$5	$2	$4	$18
Total realized/unrealized gains or losses in:				
Net income	*	*	1	*
Sales/Settlements	(*)	(*)	(1)	(1)
Transfers (out) in, net	(1)	1	(*)	(14)
End of the period	$4	$4	$4	$4

* *Indicates amount less than $0.5 million.*

The following table provides information on the unrealized gains or losses included in income for the three and nine months ended March 31, 2013 and March 31, 2012, relating to IDA's Level 3 financial instruments still held as of those dates, as well as where those amounts are included in the Condensed Statement of Income.

In millions of U.S. dollars

	Level 3 Financial Instruments Still Held as of the reporting date			
Unrealized Gains (Losses)	*Investments — Trading (ABS)*			
Condensed Statement of Income Location	*Three Months Ended March 31,*		*Nine Months Ended March 31,*	
	2013	*2012*	*2013*	*2012*
Investments—Trading, net	$*	$*	$1	$*

* *Indicates amount less than $0.5 million.*

The fair value of Level 3 instruments in the investment portfolio is estimated using valuation models that incorporate observable market inputs and unobservable inputs. The significant unobservable inputs include constant prepayment rates, probability of default, and loss severity rate. The constant prepayment rate is an annualized expected rate of principal prepayment for a pool of ABS. The probability of default is an estimate of the expected likelihood of not collecting contractual amounts owed. Loss severity is the present value of lifetime losses (both interest and principal) as a percentage of the principal balance.

Significant increases (decreases) in the assumptions used for these inputs in isolation, would result in a significantly lower (higher) fair value measurement. Generally, a change in the assumption used for the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumption used for constant prepayment rates.

The following table provides a summary of the valuation technique applied in determining fair values of these Level 3 instruments as of March 31, 2013 and June 30, 2012 and quantitative information regarding the significant unobservable inputs used:

In millions of U.S. dollars

Portfolio	*Fair value at March 31, 2013*	*Fair value at June 30, 2012*	*Valuation Technique*	*Unobservable input*	*Range (weighted average) March 31, 2013*	*Range (weighted average) June 30, 2012*
Investments (ABS)	$4	$4	Discounted Cash Flow	Constant prepayment rate	0.8% to 10.0% (5.9%)	0.5% to 5.0% (4.5%)
				Probability of default	0.0% to 8.0% (3.9%)	0.0% to 8.0% (1.1%)
				Loss severity	0.0% to 100% (70.7%)	0.0% to 100% (45.9%)

Inter-level transfers

The transfers from Level 2 to Level 3 reflect the unavailability of quoted prices for similar instruments resulting from a decreased volume of trading for these instruments. Conversely, transfers from Level 3 to Level 2 reflect the availability of quoted prices for similar instruments resulting from increased volume of trading for these instruments.

The table below provides the details of all gross inter-level transfers during the three and nine months ended March 31, 2013 and March 31, 2012:

In millions of U.S. dollars

	Three Months Ended March 31, 2013		*Nine Months Ended March 31, 2013*	
	Level 2	*Level 3*	*Level 2*	*Level 3*
Investments-Trading				
ABS				
Transfers into (out of)	$2	$(2)	$5	$(5)
Transfers (out of) into	(1)	1	(5)	5
	$1	$(1)	$*	$(*)

* *Indicates amount less than $0.5 million.*

In millions of U.S. dollars

	Three Months Ended March 31, 2012		*Nine Months Ended March 31, 2012*	
	Level 2	*Level 3*	*Level 2*	*Level 3*
Investments-Trading				
ABS				
Transfers into (out of)	$—	$—	$17	$(17)
Transfers (out of) into	(1)	1	(3)	3
	$(1)	$1	$14	$(14)

Valuation Methods and Assumptions

Summarized below are the techniques applied in determining the fair values of investments.

Investment securities

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

For instruments for which market quotations are not available, fair values are determined based on 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 prepayment spreads. Where applicable, unobservable inputs such as constant prepayment rates, probability of default, and loss severity are used.

Unless quoted prices are available, given their short term nature, time deposits are reported at face value which approximates fair value.

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 reported at face value, which approximates fair value.

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 derivatives agreements which contain legally enforceable close-out netting provisions. These agreements may further reduce the gross credit risk exposure related to the swaps. The reduction in exposure as a result of these netting provisions can vary as additional transactions are entered into under these agreements. The extent of the reduction in exposure may therefore change substantially within a short period of time following the balance sheet date.

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. 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.

The following is a summary of the carrying amount of the securities transferred under repurchase or securities lending agreements, and the related liabilities, as of March 31, 2013 and June 30, 2012:

In millions of U.S. dollars

	March 31, 2013	*June 30, 2012*	*Financial Statement Presentation*
Securities transferred under repurchase or securities lending agreements	$3,312	$2,691	Included under Investments—Trading on the Condensed Balance Sheet
Liabilities relating to securities transferred under repurchase or securities lending agreements	$3,850	$3,772	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, 2013, the liabilities relating to securities transferred under repurchase or securities lending agreements included $524 million ($1,046 million—June 30, 2012) of repurchase agreement trades that had not settled at that date. Of this amount, $173 million ($685 million—June 30, 2012) represented replacement trades entered into in anticipation of maturing trades.

IDA receives collateral in connection with resale agreements. This collateral serves to mitigate IDA's exposure to credit risk. The collateral received is in the form of liquid securities and IDA 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 the Balance Sheet as the accounting criteria for treatment as a sale have not been met. As of March 31, 2013, IDA had received securities with a fair value of $644 million ($442 million—June 30, 2012) in connection with resale agreements. Of this amount, securities totaling $75 million ($52 million—June 30, 2012) had been transferred under repurchase or securities lending agreements.

NOTE D—DERIVATIVE INSTRUMENTS

IDA uses derivative instruments in its investment portfolio and for asset-liability management purposes. All derivative instruments are classified as Level 2 for the purposes of fair value hierarchy classification.

The following table summarizes IDA’s use of authorized derivatives in its 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 and futures contracts	Manage currency and interest rate risk in the portfolio
Other assets/liabilities	Currency forward contracts and currency swaps	Manage foreign exchange risks of future cash flows in non-Special Drawing Rights (SDR) component currencies
Other purposes:		
Client operations	Structured swaps	Assist clients in managing risks

Under its derivative agreement with IBRD, IDA is not required to post collateral as long as it maintains liquidity holdings at pre-determined levels that are a proxy for an AAA credit rating. As of March 31, 2013, having met the liquidity holdings requirement, IDA had not posted any collateral with IBRD.

The following tables provide information on the fair value amounts and the location of the derivative instruments on the Condensed Balance Sheet, as well as the notional amounts and credit risk exposures of those derivative instruments, as of March 31, 2013 and June 30, 2012:

Fair value amounts of the derivative instruments on the Condensed Balance Sheet:

In millions of U.S. dollars

	Derivative assets			*Derivative liabilities*		
	Condensed Balance Sheet Location	*March 31, 2013*	*June 30, 2012*	*Condensed Balance Sheet Location*	*March 31, 2013*	*June 30, 2012*
Derivatives not designated as hedging instruments						
Options, Swaptions and Futures contracts-Investments	Other assets	$ —	$ *	Other liabilities	$ 4	$ 1
Interest rate swaps	Derivative assets	1	2	Derivative liabilities	2	2
Currency forward contracts	Derivative assets	7,529	8,070	Derivative liabilities	7,751	8,461
Currency swaps	Derivative assets	1,358	1,159	Derivative liabilities	1,352	1,149
Other[a]	Derivative assets	1	1	Derivative liabilities	*	*
Total Derivatives		$8,889	$9,232		$ 9,109	$9,613

a. These relate to TBA securities.

** Indicates amount less than $0.5 million.*

Notional amounts and credit risk exposure of the derivative instruments:

In millions of U.S. dollars

Type of contract	*March 31, 2013*	*June 30, 2012*
Investments—Trading		
Interest rate swaps		
Notional principal	$ 68	$ 60
Credit exposure	1	2
Currency swaps (including currency forward contracts)		
Credit exposure	53	28
Swaptions, exchange traded Options, and Futures contracts[a]		
Notional long position	2,145	1,251
Notional short position	5,215	4,778
Credit exposure	*	2
Other[b]		
Notional long position	316	203
Notional short position	39	26
Credit exposure	1	1
Derivatives—Asset/liability management		
Currency forward contracts		
Credit exposure	154	57
Client operations		
Structured swaps		
Notional principal	90	—
Credit exposure	*	—

a. *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. *These relate to TBA securities.*

** Indicates amount less than $0.5 million*

Amounts of gains and losses on the non-trading derivative instruments and their location in the Condensed Statement of Income during the three and nine months ended March 31, 2013 and March 31, 2012 are as follows:

Derivatives not designated as hedging instruments and not held in a trading portfolio[a]

In millions of U.S. dollars

		Three Months Ended March 31,		*NineMonths Ended March 31,*	
		Gains (Losses)		*Gains (Losses)*	
Type of Instrument	*Condensed Statement of Income Location*	*2013*	*2012*	*2013*	*2012*
Currency forward contracts and structured swaps	Fair value adjustment on non-trading portfolios, net	$(25)	$(4)	$(79)	$64

a. For alternative disclosures about trading derivatives, see the following table.

All instruments in IDA's investment portfolio are held for trading purposes. Within the investment portfolio, IDA primarily holds highly rated fixed income instruments as well as derivatives. The investment 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 net investment portfolio (derivative and non-derivative instruments), and their location on the Condensed Statement of Income during the three and nine months ended March 31, 2013 and March 31, 2012:

In millions of U.S. dollars

	Three Months Ended March 31,		*Nine Months Ended March 31,*	
Condensed Statement of Income Location	Investments-Trading, net		Investments-Trading, net	
	Gains (Losses)		*Gains (Losses)*	
	2013	*2012*	*2013*	*2012*
Type of instrument				
Fixed income	$ (33)	$(16)	$ 94	$304
Equity	7	—	18	—
Total	$(26)	$(16)	$112	$ 304

Fair Value Disclosures

IDA's fair value hierarchy for derivative assets and liabilities measured at fair value on a recurring basis as of March 31, 2013 and June 30, 2012 is as follows:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2013			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$—	$1,565	$—	$1,565
Currency swaps	—	1,358	—	1,358
Interest rate swaps	—	1	—	1
Other[a]	—	1	—	1
	—	2,925	—	2,925
Asset-liability management				
Currency forward contracts	—	5,964	—	5,964
Total derivative assets	$—	$8,889	$—	$8,889
Derivative liabilities:				
Investments				
Currency forward contracts	$—	$1,543	$—	$1,543
Currency swaps	—	1,352	—	1,352
Interest rate swaps	—	2	—	2
Other[a]	—	*	—	*
	—	$2,897	—	$2,897
Asset-liability management				
Currency forward contracts	—	6,208	—	6,208
Total derivative liabilities	$—	$9,105	$—	$9,105

a. These relate to TBA securities.
** Indicates amount less than $0.5 million*

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of June 30, 2012			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$—	$ 743	$—	$ 743
Currency swaps	—	1,159	—	1,159
Interest rate swaps	—	2	—	2
Other[a]	—	1	—	1
	—	1,905	—	1,905
Asset-liability management				
Currency forward contracts	—	7,327	—	7,327
Total derivative assets	$—	$9,232	$—	$9,232
Derivative liabilities:				
Investments				
Currency forward contracts	$—	$ 747	$—	$ 747
Currency swaps	—	1,149	—	1,149
Interest rate swaps	—	2	—	2
Other[a]	—	*	—	*
	—	1,898	—	1,898
Asset-liability management				
Currency forward contracts	—	7,714	—	7,714
Total derivative liabilities	$—	$9,612	$—	$9,612

a. These relate to TBA securities.
***** *Indicates amount less than $0.5 million.*

During the three and nine months ended March 31, 2013 and March 31, 2012, there were no inter-level transfers in the derivatives portfolio.

Valuation Methods and Assumptions

Derivative contracts include currency forward contracts, plain vanilla swaps and structured swaps, and are valued using the standard discounted cash flow methods using market observable inputs such as yield curves, foreign exchange rates and basis spreads.

NOTE E—DEVELOPMENT CREDITS AND OTHER EXPOSURES

Development credits and other exposures (exposures) are generally made directly to member countries of IDA. Other exposures include irrevocable commitments, guarantees and repaying project preparation facilities.

Development credits are carried and reported at amortized cost. Of the total development credits outstanding as of March 31, 2013, 89% were to the South Asia, Africa, and East Asia and Pacific regions combined.

Based on IDA's internal credit quality indicators, the majority of the development credits outstanding are in the Medium- risk and High- risk classes.

As of March 31, 2013, 5 borrowers with development credits outstanding totaling $2,683 million representing 2.19% of the total were in nonaccrual status.

Credit Quality of Sovereign Development Credits

Based on an evaluation of IDA's development credits, management has determined that IDA has one portfolio segment — Sovereign Exposures. Development credits constitute the majority of sovereign exposures.

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 factors. For the purpose of analyzing the risk characteristics of IDA's exposures, 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 borrowers' country risk ratings are key determinants in the provisions for development credit losses.

IDA considers a development credit to be past due when a borrower fails to make payment on any principal, service, interest or other charges due to IDA, on the dates provided in the contractual development credit agreements.

The following tables provide an aging analysis of development credits outstanding as of March 31, 2013 and June 30, 2012:

In millions of U.S. dollars

	March 31, 2013							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ —	$—	$—	$ —	$ —	$ —	$ 6,479	$ 6,479
Medium	*	—	—	—	—	*	29,066	29,066
High	*	—	—	—	—	*	84,545	84,545
Credits in accrual status	*	—	—	—	—	*	120,090	120,090
Credits in nonaccrual status	13	5	6	16	833	873	1,810	2,683
Total	$13	$5	$6	$16	$833	$873	$121,900	$122,773

In millions of U.S. dollars

	June 30, 2012							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$—	$—	$—	$—	$ —	$ —	$ 7,074	$ 7,074
Medium	—	—	—	—	—	—	33,611	33,611
High	*	—	—	—	—	*	79,405	79,405
Credits in accrual status	*	—	—	—	—	*	120,090	120,090
Credits in nonaccrual status	12	2	6	28	1,072	1,120	2,366	3,486
Total	$12	$ 2	$ 6	$28	$1,072	$1,120	$122,456	$123,576

** Indicates amount less than $0.5 million.*

Accumulated Provision for Losses on Development Credits, Debt Relief (HIPC Debt Initiative and MDRI) and Other Exposures

Provision for Losses on Development Credits 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 on a periodic basis and adjustments are recorded as a charge against or addition to income.

Provision for Debt Relief

HIPC Debt Initiative and MDRI provisions 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 debt relief. Provisions are released as qualifying debt service becomes due, and is forgiven under the HIPC Debt Initiative and are reduced by the amount of the eligible development credits written off when the country reaches Completion Point, and becomes eligible for MDRI debt relief.

Changes to the accumulated provision for losses on development credits and other exposures, as well as the debt relief under HIPC Debt Initiative and MDRI for the nine months ended March 31, 2013 and the fiscal year ended June 30, 2012 are summarized below:

In millions of U.S. dollars

	March 31, 2013				*June 30, 2012*			
	Development credits	*Other*	*Debt relief under HIPC/MDRI*	*Total*	*Development credits*	*Other*	*Debt relief under HIPC/MDRI*	*Total*
Accumulated provision, beginning of the fiscal year	$ 1,339	$13	$5,384	$6,736	$ 1,333	$15	$5,614	$6,962
(Decrease) increase in provision, net	(102)	3	(*)	(99)	70	(1)	(3)	66
Development credits written off under HIPC	—	—	(4)	(4)	—	—	(5)	(5)
Development credits written off under MDRI	—	—	(2,647)	(2,647)	—	—	—	—
Translation adjustment	(15)	—	(3)	(18)	(64)	(1)	(222)	(287)
Accumulated provision, end of the period/ fiscal year	$ 1,222	$16	$2,730	$3,968	$ 1,339	$13	$5,384	$6,736
Composed of accumulated provision for losses on:								
Development credits in accrual status	$ 1,172				$ 1,131			
Development credits in nonaccrual status	50				208			
Total	$ 1,222				$ 1,339			
Development credits:								
Development credits in accrual status	$120,090				$120,090			
Development credits in nonaccrual status	2,683				3,486			
Total	$122,773				$123,576			

* *Indicates amount less than $0.5 million.*

	Reported as Follows	
	Condensed Balance Sheet	**Condensed Statement of Income**
Accumulated Provision for Losses on:		
Development Credits	Accumulated provision for debt relief and losses on development credits	Provision for debt relief and for losses on development credits and other exposures
Debt Relief under HIPC/MDRI	Accumulated provision for debt relief and losses on development credits	Provision for debt relief and for losses on development credits and other exposures
Other Exposures	Other liabilities	Provision for debt relief and for losses on development credits and other exposures

On July 1, 2012, development credits totaling $1,559 million were written off under the MDRI as a result of Côte d'Ivoire reaching the Completion Point under the HIPC Debt Initiative on June 26, 2012.

On October 1, 2012, development credits totaling $995 million were written off under the MDRI as a result of Guinea reaching the Completion Point under the HIPC Debt Initiative on September 26, 2012.

On January 1, 2013, development credits totaling $93 million were written off under the MDRI as a result of Comoros reaching the Completion Point under the HIPC Debt Initiative on December 20, 2012.

Overdue Amounts

It is the policy of IDA to place in nonaccrual status all development credits and other exposures made to, or guaranteed by, a member of IDA if principal, service charges, or other charges with respect to any such exposures are overdue by more than six months, unless IDA's management determines that the overdue amount will be collected in the immediate future. IDA considers the exposures in nonaccrual status to be impaired. In addition, if exposures made by IBRD to a member government are placed in nonaccrual status, all development credits and other exposures made to, or guaranteed by, that member government will also be placed in nonaccrual status by IDA. On the date a member's development credits and other exposures are placed into nonaccrual status, unpaid service charges and other charges accrued on development credits outstanding to the member are deducted from the income from development credits in the current period. Charge income on nonaccrual exposures is included in income only to the extent that payments have actually been received by IDA. If collectability risk is considered to be particularly high at the time of arrears clearance, a borrowing member's exposures may not automatically emerge from nonaccrual status. In such instances, a decision on the restoration of accrual status is made on a case-by-case basis, and in certain cases that decision may be deferred until a suitable period of payment or policy performance has passed.

As of March 31, 2013, there were no principal or charges under development credits in accrual status which were overdue by more than three months.

The following tables provide a summary of selected financial information related to development credits in nonaccrual status as of March 31, 2013 and June 30, 2012 and for the three and nine months ended March 31, 2013 and March 31, 2012:

In millions of U.S. dollars

Borrower	Nonaccrual Since	Recorded investment[a]	Average recorded investment[b]	Principal Outstanding	Provision for debt relief	Provision for credit losses[c]	Overdue amounts Principal	Overdue amounts Charges
Eritrea	March 2012	$ 468	$ 477	$ 468	$ 349	$ 24	$ 13	$ 6
Somalia	July 1991	435	440	435	421	3	184	72
Sudan	January 1994	1,267	1,282	1,267	1,200	13	540	177
Syrian Arab Republic	June 2012	14	14	14	—	*	2	*
Zimbabwe	October 2000	499	508	499	—	10	134	49
Total — March 31, 2013		$2,683	$2,721	$2,683	$1,970	$50	$ 873	$304
Total — June 30, 2012		$3,486	$3,206	$3,486	$1,980	$208	$1,120	$376

a. A credit loss provision has been recorded against each of the credits in nonaccrual status.
b. For March 31, 2013, represents the average for the nine months ended that date (June 30, 2012—represents the average for the fiscal year then ended).
c. Credit loss provisions are determined after taking into account accumulated provision for debt relief.
** Indicates amount less than $0.5 million.*

In millions of U.S. dollars

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Nine Months Ended March 31, 2013	Nine Months Ended March 31, 2012
Service charge income not recognized as a result of development credits being in nonaccrual status	$5	$9	$15	$21

On January 25, 2013, Myanmar cleared all of its overdue principal and charges due to IDA and the credits to, or guaranteed by, Myanmar were restored to accrual status on that date. Income from development credits for the period ended March 31, 2013, increased by $90 million, $87 million of which represents income that would have been accrued in previous fiscal years had these credits not been in nonaccrual status.

The arrears clearance of the overdue payments to IDA by Myanmar was accomplished using an intra-day bridge financing. On the same day, IDA disbursed a development credit to Myanmar on standard IDA terms. The proceeds from this development credit were used to repay the bridge financing.

During the three and nine months ended March 31, 2013, no development credits were placed into nonaccrual status.

During the three and nine months ended March 31, 2013 and March 31, 2012, no service charge income was recognized on development credits in nonaccrual status.

Guarantees

Guarantees of $366 million were outstanding at March 31, 2013 ($299 million—June 30, 2012). This amount 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 10 and 23 years, and expire in decreasing amounts through 2035.

As of March 31, 2013, liabilities related to IDA's obligations under guarantees of $31 million

($26 million—June 30, 2012), have been included in Other liabilities on the Condensed Balance Sheet. These include the accumulated provision for guarantee losses of $9 million ($7 million—June 30, 2012).

During the nine months ended March 31, 2013 and March 31, 2012, 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.

Charge income comprises service charges and interest charges on outstanding development credit balances and guarantee fee income. For the nine months ended March 31, 2013, Credits to two countries generated in excess of ten percent of total charge income; this amounted to $150 million and $91 million, respectively.

The following table presents IDA's development credits outstanding and associated charge income as of and for the nine months ended March 31, 2013 and March 31, 2012, by geographic region:

In millions of U.S. dollars

	March 31, 2013		*March 31, 2012*	
Region	*Development Credits Outstanding*	*Charge Income*	*Development Credits Outstanding*	*Charge Income*
Africa	$ 35,812	$185	$ 36,099	$184
East Asia and Pacific	20,544	209	20,797	116
Europe and Central Asia	8,178	48	8,166	46
Latin America and the Caribbean	1,957	12	1,868	10
Middle East and North Africa	3,667	21	3,807	22
South Asia	52,615	310	53,322	309
Total	$122,773	$785	$124,059	$687

Buydown of Development Credits

During the nine months ended March 31, 2013, one development credit with outstanding nominal value of $49 million was purchased for a present value equivalent of $23 million under the buydown mechanism by the Global Program to Eradicate Poliomyelitis Trust Funds, resulting in a $26 million write-off.

During the nine months ended March 31, 2012, two development credits with outstanding nominal values of $87 million were purchased for a present value equivalent of $42 million under the buydown mechanism by the Global Program to Eradicate Poliomyelitis Trust Funds, resulting in a $45 million write-off.

Discount on Development Credits prepaid

During the nine months ended March 31, 2013, there were no development credits prepaid.

During the nine months ended March 31, 2012, two IDA graduate countries prepaid development credits with outstanding nominal values totaling $1,053 million as part of IDA16. The total amount prepaid of $940 million reflected the present value of the development credits as of the date of the prepayment, resulting in an aggregate discount of $113 million.

Subsequent Event

On May 1, 2013, as part of IDA16, one IDA graduate country prepaid development credits with outstanding nominal values of approximately $312 million. The present value of the development credits prepaid was $300 million, resulting in a discount of $12 million. The Accumulated provision for Losses on Development Credits, Debt Relief (HIPC Debt initiative and MDRI) and Other Exposures, includes a provision of $12 million to reflect this discount.

Fair Value Disclosures

The table below presents the fair value of IDA's development credits along with their respective carrying amounts as of March 31, 2013 and June 30, 2012:

In millions of U.S. dollars

	March 31, 2013		*June 30, 2012*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Net Development Credits Outstanding	$118,849	$82,916	$116,880	$79,917

Valuation Methods and Assumptions

The fair values of development credits are 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.

NOTE F—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, 2013 were $15,472 million ($14,518 million—June 30, 2012). Details by transferor are as follows:

In millions of U.S. dollars

Transfers from	*Beginning of the fiscal year*	*Transfers during the period*	*End of period*
Total	$14,518	$954	$15,472
Of which from:			
IBRD	12,115	608	12,723
IFC	2,230	340	2,570

Receivables and Payables

As of March 31, 2013, and June 30, 2012, the total amounts receivable from or (payable to) affiliated organizations comprised:

In millions of U.S. dollars

	March 31, 2013			
	Administrative Services	*Pension and Other Postretirement Benefits*	*Derivative transactions*	*Total*
Receivable from:				
IBRD	$ —	$ 927	$5,964	$6,891
Payable to:				
IBRD	$ (337)	$ —	$(6,207)	$(6,544)

In millions of U.S. dollars

	June 30, 2012			
	Administrative Services	*Pension and Other Postretirement Benefits*	*Derivative transactions*	*Total*
Receivable from:				
IBRD	$ —	$1,006	$ 7,327	$ 8,333
Payable to:				
IBRD	$(375)	$ —	$(7,714)	$(8,089)

Administrative Services: The payable to IBRD represents IDA's share of joint administrative expenses, net of other income 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, 2013, IDA's share of joint administrative expenses totaled $378 million and $1,111 million, respectively (three and nine months ended March 31, 2012—$316 million and $955 million, respectively).

Other income: Includes IDA's share of other income jointly earned with IBRD during the three and nine months ended March 31, 2013 totaling $63 million and $160 million, respectively (three and nine months ended March 31, 2012—$61 million and $150 million, respectively). Other income is allocated on the basis consistent with that applied to joint administrative expenses.

For the three and nine months ended March 31, 2013 and March 31, 2012, the amount of fee revenue associated with services provided to other affiliated organizations is included in Other income on the Condensed Statement of Income, as follows:

In millions of U.S. dollars

	Three Months Ended March 31,		*Nine Months Ended March 31,*	
	2013	*2012*	*2013*	*2012*
Fees charged to IFC	$13	$12	$33	$31
Fees charged to MIGA	2	1	5	4

Pension and Other Postretirement 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 life 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 prior replenishments of IDA's resources into the four currencies of the SDR basket.

NOTE G—DEVELOPMENT GRANTS

A summary of changes to the amounts payable for development grants for the nine months ended March 31, 2013, and for the fiscal year ended June 30, 2012, is presented below:

In millions of U.S. dollars

	March 31, 2013	*June 30, 2012*
Balance, beginning of the fiscal year	$6,161	$ 6,830
Commitments	1,107	2,062
Disbursements	(1,373)	(2,398)
Translation adjustment	(67)	(333)
Balance, end of the period/fiscal year	$5,828	$ 6,161

For the fiscal years ending June 30, 2013 and June 30, 2012, the commitment charge rate on the undisbursed balances of IDA grants was set at nil percent.

NOTE H—PENSION AND OTHER POSTRETIREMENT BENEFITS

IBRD, along with IFC and the Multilateral Investment Guarantee Agency sponsor a defined benefit Staff Retirement Plan, a Retired Staff Benefits Plan and a PEBP that cover substantially all of their staff members.

While IDA is not a participating entity to these benefit plans, IDA shares the benefit costs and reimburses IBRD for its proportionate share of any contributions made to these plans by IBRD, as part of IBRD's allocation of staff and associated administrative expenses to IDA based on an agreed cost sharing ratio.

During the three and nine months ended March31, 2013, IDA's share of IBRD's benefit costs relating to all the three plans totaled $82 million and $244 million, respectively (three and nine months ended March 31, 2012—$42 million and $132 million, 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 I—COMPREHENSIVE INCOME

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

The following table presents the changes in Accumulated other comprehensive income balances for the nine months ended March 31, 2013 and March 31, 2012.

In millions of U.S. dollars

	Nine Months Ended March 31,	
	2013	*2012*
Balance, beginning of the fiscal year	$10,177	$17,794
Currency translation adjustments on functional currencies	(1,388)	(4,684)
Balance, end of the period	$ 8,789	$13,110

NOTE J—OTHER FAIR VALUE DISCLOSURES

The table below presents IDA's estimates of fair value of its financial assets and liabilities along with their respective carrying amounts as of March 31, 2013 and June 30, 2012.

In millions of U.S. dollars

	March 31, 2013		*June 30, 2012*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Due from Banks	$ 218	$ 218	$ 106	$ 106
Investments (including Securities Purchased Under Resale Agreements)	31,436	31,436	30,865	30,865
Net Development Credits Outstanding	118,849	82,916	116,880	79,917
Derivative Assets				
Investments	2,925	2,925	1,905	1,905
Other Asset/Liability Management	5,964	5,964	7,327	7,327
Securities sold/lent under repurchase agreements/ securities lending agreements and payable for cash collateral received	3,925	3,925	3,824	3,824
Derivative Liabilities				
Investments	2,897	2,897	1,898	1,898
Other Asset/Liability Management	6,208	6,208	7,714	7,714

As of March 31, 2013, IDA's development credits are classified as level 3 within the fair value hierarchy.

Valuation Methods and Assumptions

As of March 31, 2013 and June 30, 2012, IDA had no assets or financial liabilities measured at fair value on a non-recurring basis.

For valuation methods and assumptions of the following items refer to the respective notes as follows:

Investments: See Note C

Derivative assets and liabilities: See Note D

Development Credits Outstanding: See Note E

Due from Banks: The carrying amount of unrestricted and restricted currencies is considered a reasonable estimate of the fair value of these positions.