International Development Association

Management's Discussion & Analysis

and

Condensed Quarterly Financial Statements

March 31, 2014

(Unaudited)

International Development Association (IDA)

Contents

March 31, 2014

Management's Discussion and Analysis

List of Boxes, Tables, and Charts

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, 2014	*March 31, 2013*	*June 30, 2013*
Development Operations (Section IV)			
Commitments of development credits, grants and guarantees	$ 11,849[a]	$ 10,632	$ 16,298
Gross disbursements of development credits and grants	8,457	7,366	11,228
Net disbursements of development credits and grants	5,886	4,694	7,371
Balance Sheet (Section V)			
Total assets	$173,795	$162,571	$165,806
Net investment portfolio	28,981	28,088	27,487
of which core liquidity	10,832	11,211	10,079
Development credits outstanding	132,630	122,773	125,135
Payable for development grants	6,665	5,828	6,436
Subscriptions and contributions paid-in	191,098	182,043	184,511
Income Statement			
Revenue from development credits and guarantees	$ 751	$ 785	$ 1,021
Investment revenue, net	341	470	99
Transfers and grants from affiliated organizations and trust funds	883	954	964
Development grants	(1,712)	(1,107)	(2,380)
Net loss	(802)	(20)	(1,752)
Funding Position (Section VII)			
Investment portfolio and unrestricted demand notes as a percentage of undisbursed commitments of credits and development grants payable	79%	83%	79%
Liquidity Position (Section VII)			
Months of average monthly gross disbursements covered by core liquidity	11	13	11

a.Includes $90 million of USD loan commitments, under the two year pilot program for single currency lending to IDA countries.

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, 2013. 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, 2014 and March 31, 2013 as well as for the fiscal year ended June 30, 2013.

I. Organizational Overview and Business Model

IDA is an international organization established in 1960 and is owned by its member countries. It is the largest multilateral channel for providing concessional financing to the world's poorest countries. With its overarching goals to reduce poverty and promote shared prosperity, IDA plays a pivotal role in the global aid architecture and agenda. IDA pursues these goals by providing concessional development credits, development grants and guarantees to its recipient member countries for programs and operations that help meet development needs. It provides technical assistance (including through reimbursable advisory services), policy advice, and global knowledge services through economic sector work and country studies. IDA supports member countries with disaster risk financing and insurance to help increase their financial resilience against natural disasters, as part of their broader disaster risk management agenda. In addition, IDA also provides or facilitates financing through trust fund partnerships with bilateral and multilateral donors.

The resources available to IDA for funding its lending activities constitute its commitment authority. IDA finances its development credit, development grant and guarantee commitments primarily from contributions from partner countries, funds from its internal resources, as well as transfers from IBRD's net income, and grants designated out of IFC's retained earnings. Since IDA's lending is highly concessional, its resources are periodically replenished. Since its inception, IDA's resources have been replenished sixteen times, complemented by an additional replenishment agreed to in 2006 for financing the Multilateral Debt Relief Initiative (MDRI). Details of the Sixteenth Replenishment of IDA's Resources (IDA16) are provided in **Chart 1.**

In December 2013, a global coalition of 46 developed and developing country partners pledged contributions towards the estimated USD Eq. $52 billion lending envelope of the Seventeenth Replenishment of IDA's Resources (IDA17), which runs from July 1, 2014 to June 30, 2017. The International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC) are expected to provide close to $3 billion towards the IDA17 lending envelope.

II. Resource Allocation

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

Sources of Funds

Partner Resources (Subscriptions and Contributions)*:* IDA finances its new commitments for development credits and development grants primarily through partner resources. The partner 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), interest income on blend credits and income from the investment portfolio.

Transfers and Grants from affiliated organizations and trust funds: These are primarily transfers from IBRD's net income and grants from IFC's 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.

Administrative Expenses

IDA's policy is to maintain its service and commitment charges at a level that will cover its administrative expenses. Commitment charges are set annually and take into account the extent to which service and certain interest charges, and partner compensation for development grant financing and forgone charges on development credits forgiven under the Heavily Indebted Poor Country Initiative (HIPC) and the MDRI, cover administrative expenses. Management is currently undertaking an expenditure review to help identify how resources can be redirected to more effectively support the World Bank Group strategy[1].

Commitment Authority

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, 2014.

With three months remaining under IDA16, cumulative commitments made under IDA16 as of March 31, 2014 amounted to approximately 88% of the IDA16 available resources. Any unused resources under the IDA16 commitment authority are expected to be rolled over into the IDA17 commitment authority.

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 for presentational purposes only, which is based on IDA16 foreign exchange reference rate of USD/SDR 1.50233. Actual commitments are recorded based on historical USD rates.
b. Amounts may not add due to rounding.
c. Includes U.S.dollar equivalent 5.3 billion of partner commitments for compensation of debt relief provided under MDRI.
d. IDA16 guarantee commitments to date totaled $708 million, of which only 25% ($177 million) is used for the purposes of the Commitment Authority.

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". The financial statements provide a basis upon which users are able to analyze IDA's sources and uses of resources. Under the reported basis, IDA's Statement of Income does not reflect the true economic results of IDA due to a number of asymmetries, which are explained in detail in the Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2013.

IV. Statement of Activities Analysis

The Statement of Activities (**Table 1**) is designed to reflect how IDA manages its sources and applications of funds in executing its operating activities, and ensuring that it has sufficient funds available in its investment portfolio to conduct its development operations. The Statement of Activities presents the cash flows associated with IDA's operating activities and the impact of these activities on the net asset value of IDA's investment portfolio. This presentation addresses the asymmetries (explained in detail in IDA's June 30, 2013 MD&A) embedded in IDA's reported basis results.

1.The other principal institutions of the World Bank Group are the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

Table 1 : Statement of Activities for the nine months ended March 31, 2014 and March 31, 2013

In millions of U.S. dollars

For the nine months ended March 31,	2014	2013	Variance
Sources of Funds			
Partner Resources – Members' subscriptions and contributions	$ 5,269	$ 5,410	$ (141)
Transfers and Grants from Affiliated Organizations and Trust Funds	883	954	(71)
Internal Resources			
Principal repayments and prepayments	2,504	2,649	(145)
Proceeds from buy-down of development credits	67	23	44
Investment interest income	345	358	(13)
	2,916	3,030	(114)
Total Sources of Funds	9,068	9,394	(326)
Application of Funds			
Disbursements			
Development credit disbursements	(6,804)	(5,978)	(826)
Development grant disbursements (including PPA grant activity)	(1,657)	(1,373)	(284)
Total Application of Funds	(8,461)	(7,351)	(1,110)
Administrative Activities			
Administrative expenses, net	(962)	(952)	(10)
Service and interest charges	751	785	(34)
Partner compensation for forgone charges	205	209	(4)
	(6)	42	(48)
Results from Operating Activities / Net cash used in operating activities	$ 601	$ 2,085	$(1,484)
Net Asset Value of Investment Portfolio, at beginning of fiscal year	$27,487	$26,333	
Results from Operating Activities / Net cash used in operating activities	601	2,085	
Effects of exchange rates	627	(380)	
Net movement in non-operating activities	(27)	138	
Net movement in non-investment cash	293	(88)	
Net Asset Value of Investment Portfolio, at end of period	$28,981	$28,088	

Results from Operating Activities

IDA's operating activities resulted in a net cash inflow of $601 million for the nine months ended March 31, 2014 (FY14 YTD). This primarily reflects the $5,269 million of cash receipts relating to members' subscriptions and contributions, $2,504 million of cash receipts relating to principal repayments and $883 million of transfers and grants from affiliated organizations and trust funds, partially offset by $8,461 million of outflows for disbursements.

Following the results of operating activities, IDA's core liquidity position as of March 31, 2014 is sufficient to cover approximately 11 months of average monthly gross disbursements, and remains within the historical range of 10 to 14 months for the fiscal years ending June 30, 2010 through 2013. See **Section VII** for more details on IDA's core liquidity position.

IDA's funding position at March 31, 2014 was 79%, the same as that at June 30, 2013. The remaining funding gap will primarily be covered by future receipts of cash, demand notes already committed by partners and repayments on outstanding credits. IDA enters into new commitments based on the commitment authority available. See **Section II** for further details on IDA's Commitment Authority.

The following are additional details of the key drivers of IDA's results from operating activities:

Members' subscriptions and contributions

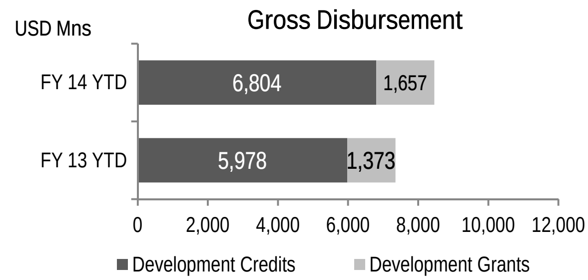
The subscriptions and contributions of $5,269 million represent the cash contributions received from members and the encashment of demand notes. This excludes $205 million of member contributions received to finance foregone charges for debt relief and development grant financing, which is shown as part of administrative activities.

Transfers and Grants from Affiliated Organizations and Trust Funds

The third installment of IBRD's transfer under IDA16 of $621 million was received on October 16, 2013. The third installment of IFC's grant under IDA16 of $251 million was received on January 23, 2014.

Development Credit and Grant Disbursements

Gross disbursements of development credits and grants during FY14 YTD were $8,461 million, an increase of $1,110 million from FY13 YTD. In terms of regional focus, disbursements to Africa alone increased by $931 million. Africa and South Asia together accounted for 77% of the total gross disbursements during FY14 YTD.



(Includes adjustments for certain PPA activity)

Of the $6,804 million in development credit disbursements, 42% related to commitments made under IDA16, 41% under IDA15, 15% under IDA14 and the remaining 2% related to commitments made under earlier replenishments.

The majority of the $284 million increase in development grants disbursed in FY14 YTD as compared to FY13 YTD was attributable to the Middle East and North Africa and the South Asia regions. This increase corresponds with higher grant commitments which increased by $605 million during the same period.

Administrative Activities

The increase in administrative expenses, net, of $10 million was primarily due to higher expenses directly attributable to IDA, consistent with the increase in IDA's lending operations.

Table 2, shows a reconciliation of the results from operating activities as presented in **Table 1**, Statement of Activities to the reported basis, net loss. The reconciling items are presented as either (i) items in the reported basis results but not included in the Statement of Activities, or (ii) items included in the Statement of Activities but not in the reported basis results. These are further classified as: addressing asymmetries, adjustments to reflect cash and non-cash operating activities, and adjustments for non-operating activities.

Table 2 : Reconciliation to Reported Basis, Net Loss

For the nine months ended March 31,	2014	2013
Results from Operating Activities	$ 601	$2,085
(i) Items in reported basis results, not included in Statement of Activities		
Adjustments to reflect non-cash operating activities:		
- Development grant expense	(1,712)	(1,107)
- Provision for debt relief and losses on development credits and other exposures, net	(25)	99
- Write-off on buy-down of development credits	-	(26)
- PPA grants and other	(9)	(5)
Adjustments for non-operating activities:		
- Non-functional currency translation adjustment losses	(38)	(159)
- Fair value adjustment on non-trading portfolios, net	(31)	(79)
- Unrealized MTM gain (loss) on Investment portfolio	(4)	112
(ii) Items included in Statement of Activities, not in reported basis results		
Adjustments addressing asymmetries:		
- Members' subscriptions and contributions	(5,269)	(5,410)
- Partner compensation for forgone charges	(205)	(209)
Adjustments to reflect cash operating activities:		
- Development credit disbursements	6,804	5,978
- Development grant disbursements	1,657	1,373
- Principal repayments and prepayments	(2,504)	(2,649)
- Proceeds from buy-down of development credits	(67)	(23)
Reported Basis, Net Loss	$ (802)	$ (20)

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, 2014 and June 30, 2013 are discussed further below.

Table 3: Condensed Balance Sheet

In millions of U.S. dollars

As of	March 31, 2014	June 30, 2013	Variance
Assets			
Investment assets, including related derivative assets	$ 39,191	$ 37,208	$1,983
Derivatives relating to asset-liability management	4,002	5,307	(1,305)
Receivables and other assets, including non-investment cash	2,001	2,161	(160)
Development credits outstanding	132,630	125,135	7,495
Accumulated provision for debt relief and for losses on development credits	(4,029)	(4,005)	(24)
Total assets	$173,795	$165,806	$7,989
Liabilities and equity			
Liabilities and derivatives relating to investments	$ 10,210	$ 9,721	$ 489
Derivatives relating to asset-liability management	3,985	5,242	(1,257)
Payables and other liabilities, including maintenance of value	7,430	7,147	283
Subscriptions and contributions paid-in	191,098	184,511	6,587
Demand obligations	(10,127)	(9,015)	(1,112)
Accumulated deficit	(41,860)	(41,058)	(802)
Accumulated other comprehensive income	13,059	9,258	3,801
Total liabilities and equity	$173,795	$165,806	$7,989

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

Development credits outstanding increased by $7,495 million during FY14 YTD, primarily due to net positive disbursements of $4,233 million and positive translation adjustments of $3,334 million resulting from the 2.8% appreciation of the SDR against U.S dollar.

Investment Assets, net of related Liabilities

The net investment portfolio increased from $27,487 million as of June 30, 2013 to $28,981 million as of March 31, 2014. The increase of $1,494 million reflects the net results of IDA's cash related operating activities, effects of non operating items (primarily unrealized mark to market gains/losses), and the effects of movements in exchange rates. See **Section IV** for variance analysis of operating activities.

Subscriptions and Contributions

The $6,587 million increase in subscriptions and contributions paid-in is primarily attributable to the receipt from members of $4,780 million of demand notes and $1,452 million of cash contributions along with a positive translation adjustment of $355 million.

VI. Financial Risk

IDA is subject to four main types of financial risk: Funding risk, Liquidity risk, Credit risk and Market risk.

Funding Risk is managed using the Commitment Authority Framework and monitored, in part, by the funding position, see ***Section II, Resource Allocation and Section VII, Funding and Liquidity Positions***.

Liquidity Risk is managed through a combination of cash flow monitoring, timing of partner contributions and investment policies. IDA's liquidity position is a key indicator of liquidity management; see ***Section VII, Funding and Liquidity Positions.***

Credit Risk includes two types: Country credit risk and Commercial credit risk.

Country credit risk is managed by the IDA Resource Mobilization Department which regularly reviews the credit risk of its recipient countries in terms of the country's debt sustaining capacity. These reviews provide an input into the composition of development credits versus grants for new operations.

Table 4 provides details of the top five borrowers with the largest development credits outstanding as at March 31, 2014. These borrowers represented 50% of total development credits outstanding as of that date.

Table 4: Top Five Borrowers with the Largest Development Credits Outstanding Balance
In millions of US dollars, or as otherwise indicated

Country	India	Bangladesh	Pakistan	Vietnam	China [a]	Total
Development Credits Outstanding	26,811	11,698	11,345	10,524	5,875	66,253
% of Total Development Credits Outstanding	20%	9%	9%	8%	4%	50%
Weighted Average Maturity (Years)	11.3	14.2	14.1	16.3	3.8	-
Credits outstanding by terms						
IDA only	7,005	11,698	1,317	8,350	956	29,326
Blend	19,686	-	9,726	1,961	4,919	36,292
Hard terms	120	-	302	213	-	635
Undisbursed balance	6,776	4,855	2,078	4,875	-	18,584

a. China graduated from IDA in FY1999.

Commercial Credit Risk: 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 5**. The credit quality of IDA's portfolio remains concentrated in the upper end of the credit spectrum, with 92% of the portfolio rated AA or above, 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 $32.6 billion as of March 31, 2014.

Table 5: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating
In millions of U.S. dollars

As of	March 31, 2014				June 30, 2013			
Counterparty Rating	Sovereigns	Agencies, ABS, Commercial paper, Swaps, Corporate and Time Deposits	Total Exposure, Net	% of Total	Sovereigns	Agencies, ABS, Commercial paper, Swaps, Corporate and Time Deposits	Total Exposure, Net	% of Total
AAA	$12,490	$3,983	$16,473	50%	$12,802	$3,969	$16,771	55%
AA	10,154	3,405	13,559	42	8,456	2,732	11,188	37
A	602	1,445	2,047	6	170	2,313	2,483	8
BBB or lower	553	9	562	2	102	8	110	*
Total	$23,799	$8,842	$32,641	100%	$21,530	$9,022	$30,552	100%

** Denotes less than 0.5%.*

Market Risk: IDA faces **foreign exchange risk** with respect to its future partner contributions, which it manages by hedging using currency forwards and by rebalancing the currency composition of its investment portfolio, **and interest rate risk** on its investment portfolio which is managed by aligning the duration of the investment portfolio with that of the projected net cash requirements. The impact of these strategies is shown on IDA's Statement of Income, however, the economic offset is not reported. Further details on these asymmetries can be seen in IDA's June 30, 2013 MD&A. The analysis below discusses the impact of these activities on IDA's Statement of Income and the economic offset.

Foreign Exchange Risk

The payable leg of the currency forward contracts economically hedging partner pledges are denominated in non-functional currencies. 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 loss on non-functional currencies of $38 million in FY14 YTD was due to the appreciation of majority of the non-functional currencies against the U.S. dollar. This was offset by the translation adjustment on the economic offset to the currency forward contracts; the future inflows from partners, which was a gain of $36 million in FY14 YTD. In FY13 YTD, the significant appreciation of the non-functional currencies against the U.S. dollar resulted in higher translation adjustment losses of $159 million on the payable leg of the currency forward contracts, offset by translation adjustment gains of $162 million on the flows associated with the economic offset. The differences between the reported translation adjustments and the related translation adjustments on the economic offsets primarily represent the translation adjustments on the partner contributions in non-functional currencies that are not hedged.

Interest Rate Risk

The primary objective in the management of IDA's investment portfolio is to provide a ready source of liquidity when needed by IDA to meet projected net cash requirements. Accordingly, IDA's assets are invested so that their duration closely matches the duration of these projected net cash requirements. Given IDA's lengthy disbursement profile, the duration for IDA's investment portfolio is therefore relatively long. This long duration, combined with volatility in market interest rates, results in significant year-on-year variability in unrealized mark-to-market gains/losses on the portfolio. The economic offset to the unrealized mark-to-market gains/losses on the investment portfolio would be the change in the present value of the projected net cash outflows.

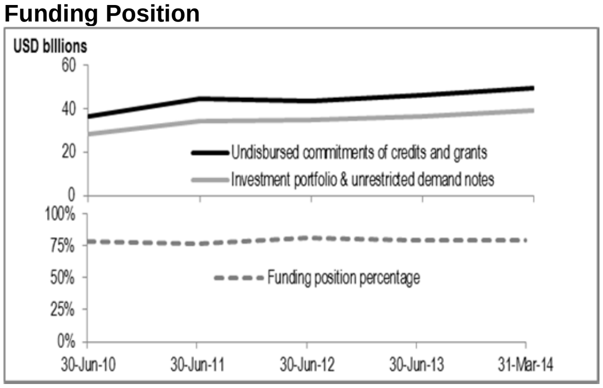
IDA's investment portfolio had a duration of approximately three years as of March 31, 2014, and has two components: core liquidity and partner asset and liability management. During FY14 YTD, the investment portfolio experienced unrealized mark-to-market losses of $4 million, resulting from the offsetting movements of the yield curves for the major currencies. In contrast, in FY13 YTD, the investment portfolio experienced unrealized mark-to-market gains of $112 million due to flattening of the yield curves for all the major currencies.

The currency forward contracts incurred unrealized mark-to-market losses of $31 million during FY14 YTD, as compared to losses of $79 million in FY13 YTD, resulting from the more pronounced downward movement of yield curves of the majority of the payable currencies during FY13 YTD.

VII. 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**.**

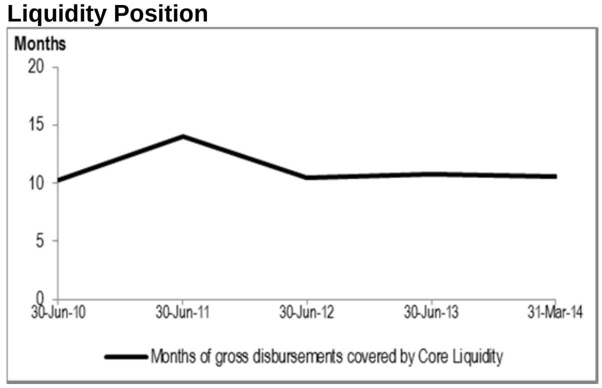
Funding Position



As of March 31, 2014, the investment portfolio and unrestricted demand notes covered 79% of all undisbursed commitments of development credits and grants, which is the same when compared with the postion as at June 30, 2013.

IDA's funding position has been relatively stable for the last four years, ranging from 77% to 81%.

Liquidity Position



As of March 31, 2014, core liquidity accounted for $10,832 million, comprising short-term and medium-term investments. IDA's liquidity position was sufficient to cover approximately 11 months of average monthly gross disbursements.

IDA's liquidity postion has been relatively stable for the last four years, ranging from 10 to 14 months of average monthly gross disbursements.

VIII. Senior Management Changes

Effective February 17, 2014 Bernard Lauwers became Vice President and Controller of IDA, following the retirement of Charles McDonough.

Effective February 17, 2014, Lakshmi Shyam-Sunder became Vice President and Chief Risk Officer of IDA, following the retirement of Robert Kopech

Effective July 30, 2013, Sri Mulyani Indrawati, Managing Director of IDA also became Chief Operating Officer.

This page intentionally left blank

CONDENSED BALANCE SHEET

Expressed in millions of U.S. dollars

	March 31, 2014 (Unaudited)	*June 30, 2013 (Unaudited)*
Assets		
Due from banks—Note C		
Unrestricted cash	$ 288	$ 565
Restricted cash	30	30
	318	595
Investments—Trading (including securities transferred under repurchase or securities lending agreements of $4,392 million—March 31, 2014; $3,236 million—June 30, 2013)—Note C	32,653	30,283
Securities purchased under resale agreements—Note C	1,887	458
Derivative assets		
Investments – Notes C and D	3,448	2,605
Asset-liability management – Notes D and F	4,002	5,307
	7,450	7,912
Receivable from affiliated organization—Note F	883	887
Development credits outstanding—Note E		
Total development credits	175,301	164,900
Less: Undisbursed balance	42,671	39,765
Development credits outstanding	132,630	125,135
Less: Accumulated provision for debt relief and for losses on development credits	4,029	4,005
Plus: Deferred development credits origination costs	27	27
Net development credits outstanding	128,628	121,157
Other assets—Note C	1,976	4,514
Total assets	$173,795	$165,806
Liabilities		
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received—Note C	$ 4,431	$ 3,622
Derivative liabilities		
Investment – Notes C and D	3,536	2,602
Asset-liability management – Notes D and F	3,985	5,242
	7,521	7,844
Payable for development grants—Note G	6,665	6,436
Payable to affiliated organization—Note F	351	413
Other liabilities—Notes C and E	2,893	4,029
Total liabilities	21,861	22,344
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	225,609	224,303
Less: Subscriptions and contributions receivable	31,507	36,933
Less: Cumulative discounts /acceleration credits on subscriptions and contributions	3,004	2,859
Subscriptions and contributions paid-in	191,098	184,511
Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions	(10,127)	(9,015)
Deferred amounts to maintain value of currency holdings	(236)	(234)
Accumulated deficit (see Condensed Statement of Changes in Accumulated Deficit)	(41,860)	(41,058)
Accumulated other comprehensive income—Note I	13,059	9,258
Total equity	151,934	143,462
Total liabilities and equity	$173,795	$165,806

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)*	
	2014	*2013*	*2014*	*2013*
Revenue				
Development credits and guarantees—Note E	$ 257	$ 325	$ 751	$ 785
Investments—Trading, net—Notes C and D	275	90	343	475
Transfers and grants from affiliated organizations and trust funds—Note F	258	342	883	954
Other—Note F	151	140	407	346
Total revenue	941	897	2,384	2,560
Expenses				
Administrative expenses—Notes F and H	455	456	1,369	1,298
Development grants—Note G	836	464	1,712	1,107
Interest expense on securities sold under repurchase agreements	1	1	2	5
Provision for debt relief and for losses on development credits and other exposures, net charge (release)—Note E	64	(111)	25	(99)
Write-off on buy-down of development credits—Note E	—	26	—	26
Non-functional currency translation adjustment (gains) losses, net	(17)	(42)	38	159
Fair value adjustment on non-trading portfolios, net—Note D	14	25	31	79
Project Preparation Advances (PPA) grants and other expenses	2	5	9	5
Total expenses	1,355	824	3,186	2,580
Net (Loss) Income	$ (414)	$ 73	$ (802)	$ (20)

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 March31, (Unaudited)		*Nine Months Ended March 31, (Unaudited)*	
	2014	*2013*	*2014*	*2013*
Net (loss) income	$(414)	$ 73	$ (802)	$ (20)
Other comprehensive income (loss) —Note I				
Currency translation adjustments on functional currencies	492	(3,265)	3,801	(1,388)
Comprehensive income (loss)	$ 78	$(3,192)	$ 2,999	$ (1,408)

CONDENSED STATEMENT OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Nine Months Ended March 31, (Unaudited)	
	2014	*2013*
Accumulated deficit at beginning of the fiscal year	$(41,058)	$(39,306)
Net loss for the period	(802)	(20)
Accumulated deficit at end of the period	$(41,860)	$(39,326)

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)	
	2014	*2013*
Cash flows from investing activities		
Development credits		
Disbursements	$(6,804)	$(5,978)
Principal repayments	2,504	2,649
Proceeds from buy-down of development credits	67	23
Net cash used in investing activities	(4,233)	(3,306)
Cash flows from financing activities		
Members' subscriptions and contributions	5,474	5,619
Cash flows from operating activities		
Net loss	(802)	(20)
Adjustments to reconcile net loss to net cash used in operating activities		
Provision for debt relief and for losses on development credits and other exposures, net –charge (release)	25	(99)
Non-functional currency translation adjustment losses, net	38	159
Fair value adjustment on non-trading portfolios, net	31	79
PPA grants and other expenses	9	5
Changes in:		
Investments—Trading, net	(856)	(2,125)
Other assets and liabilities	32	(214)
Net cash used in operating activities	(1,523)	(2,215)
Effect of exchange rate changes on unrestricted cash	5	12
Net (decrease) increase in unrestricted cash	(277)	110
Unrestricted cash at beginning of the fiscal year	565	78
Unrestricted cash at end of the period	$ 288	$ 188
Supplemental disclosure		
Increase (decrease) in ending balances resulting from exchange rate fluctuations		
Development credits outstanding	$3,334	$(1,432)
Investment portfolio	627	(380)
Principal repayments written off under Heavily Indebted Poor Countries (HIPC) Debt Initiative	(6)	(4)
Development credits written off under Multilateral Debt Relief Initiative (MDRI)	—	(2,647)
Buy-down of development credits-carrying value	134	49

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, 2013 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2013 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 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 12, 2014, 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. As the rules are being developed, IDA continues to assess the impact on its business. As of March 31, 2014. IDA believes that the Act has not had any significant effect on its business.

In December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities*. The ASU requires entities to disclose both gross information and net information about instruments and transactions eligible for offset in the statement of financial position, and instruments and transactions subject to a master netting agreement and agreements similar to master netting agreements. Subsequently, in January 2013, the FASB issued ASU 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities,* which clarified that the scope of ASU 2011-11 applies to derivatives accounted for in accordance with *Topic 815*, *Derivatives and Hedging*, including bifurcated embedded derivatives, as well as repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with US GAAP or subject to an enforceable master netting arrangement or similar agreement. For IDA, the ASUs were effective from the quarter ended September 30, 2013, and resulted in additional disclosures which are reflected in Note C-Investments and Note D-Derivative Instruments.

In February 2013, the FASB issued 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. As IDA does not reclassify items from other comprehensive income to net income, this ASU does not have an impact on its financial statements.

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, 2014, and for the fiscal year ended June 30, 2013, is summarized below:

In millions of U.S. dollars

	March 31, 2014	*June 30, 2013*
Beginning of the fiscal year	$184,511	$175,587
Cash contributions received[a]	1,452	1,928
Demand obligations received	4,780	7,445
Translation adjustment	355	(449)
End of the period/fiscal year	$191,098	$184,511

a. Includes restricted cash subscriptions of $1 million at March 31, 2014 and June 30,2013.

During the nine months ended March 31, 2014, IDA encashed demand obligations totaling $4,023 million.

Subsequent Event

On April 12, 2014, Romania became the 173rd member of IDA following completion of the formal requirements for membership.

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, 2014, the majority of the Investments—Trading is comprised of government and agency obligations (87%), with 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, 2014 and June 30, 2013, is as follows:

In millions of U.S. dollars

	March 31, 2014	*June 30, 2013*
Investments—Trading		
Government and agency obligations	$28,257	$23,775
Time deposits	3,365	5,561
Asset-backed securities (ABS)	1,031	947
Total	$32,653	$30,283

IDA manages its investments on a net portfolio basis. The following table summarizes IDA's net portfolio position as of March 31, 2014 and June 30, 2013:

In millions of U.S. dollars

	March 31, 2014	*June 30, 2013*
Investments—Trading	$32,653	$30,283
Securities purchased under resale agreements	1,887	458
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	(4,431)	(3,622)
Derivatives Assets		
Currency forward contracts	533	1,066
Currency swaps	2,913	1,534
Interest rate swaps	1	1
Swaptions, exchange traded options and futures contracts	1	4
Other[a]	*	*
Total	3,448	2,605
Derivatives Liabilities		
Currency forward contracts	(534)	(1,068)
Currency swaps	(2,997)	(1,529)
Interest rate swaps	(2)	(1)
Swaptions, exchange traded options and futures contracts	(3)	(*)
Other[a]	(*)	(4)
Total	(3,536)	(2,602)
Cash held in investment portfolio[b]	126	110
Receivable from investment securities traded[c]	1,077	3,752
Payable for investment securities purchased[d]	(2,243)	(3,497)
Net Investment Portfolio	$28,981	$27,487

a. These relate to Mortgage Backed Securities To-Be-Announced (TBA securities).
b. This amount is included in Unrestricted cash under Due from banks 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, 2014, there were $126 million short sales ($134 million—June 30, 2013) included in Other liabilities on the Condensed Balance Sheet.

For the three and nine months ended March 31, 2014, IDA's investment revenue included $155 million of net unrealized gains and $4 million of net unrealized losses respectively (three and nine months ended March 31, 2013—$26 million of net unrealized losses and $112 million of net 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, 2014 and June 30, 2013:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2014			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments—Trading				
Government and agency obligations	$6,987	$21,270	$—	$28,257
Time deposits	432	2,933	—	3,365
ABS	—	1,031	—	1,031
Total Investments—Trading	7,419	25,234	—	32,653
Securities purchased under resale agreements	—	1,887	—	1,887
Derivative assets				
Currency forward contracts	—	533	—	533
Currency swaps	—	2,913	—	2,913
Interest rate swaps	—	1	—	1
Swaptions, exchange traded options and futures contracts	—	1	—	1
Other[a]	—	*	—	*
	—	3,448	—	3,448
Total	$7,419	$30,569	$ —	$37,988
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements	$ —	$4,431	$ —	$4,431
Derivative liabilities				
Currency forward contracts	—	534	—	534
Currency swaps	—	2,997	—	2,997
Interest rate swaps	—	2	—	2
Swaptions, exchange traded options and futures contracts	3	—	—	3
Other[a]	—	*	—	*
	3	3,533	—	3,536
Total	$3	$7,964	$—	$7,967

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, 2013			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments—Trading				
Government and agency obligations	$7,029	$16,746	$—	$23,775
Time deposits	881	4,680	—	5,561
ABS	—	947	—	947
Total Investments—Trading	7,910	22,373	—	30,283
Securities purchased under resale agreements	100	358	—	458
Derivative assets—Investments				
Currency forward contracts	—	1,066	—	1,066
Currency swaps	—	1,534	—	1,534
Interest rate swaps	—	1	—	1
Swaptions, exchange traded options and futures contracts	4	—	—	4
Other[a]	—	*	—	*
	4	2,601	—	2,605
Total	$8,014	$25,332	$ —	$33,346
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements [b]	$133	$3,480	$ —	$3,613
Derivative liabilities—Investments				
Currency forward contracts	—	1,068	—	1,068
Currency swaps	—	1,529	—	1,529
Interest rate swaps	—	1	—	1
Swaptions, exchange traded options and futures contracts	*	—	—	*
Other[a]	—	4	—	4
	*	2,602	—	2,602
Total	$133	$6,082	$—	$6,215

a. These relate to TBA securities.
b. Excludes $9 million relating to payable for cash collateral received.
** Indicates amount less than $0.5 million.*

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, 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 are 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. Credit risk with financial assets subject to a master derivative 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 D – Derivative Instruments.

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. For Balance Sheet presentation purposes, IDA presents its securities lending and repurchases, as well as resales, on a gross basis. As of March 31, 2014, amounts which could potentially be offset as a result of legally enforceable master netting arrangements were $467 million ($251 million-June 30, 2013).

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, 2014 and June 30, 2013:

In millions of U.S. dollars

	March 31, 2014	*June 30, 2013*	*Financial Statement Presentation*
Securities transferred under repurchase or securities lending agreements	$4,392	$3,236	Included under Investments—Trading on the Condensed Balance Sheet
Liabilities relating to securities transferred under repurchase or securities lending agreements	$4,410	$3,613	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, 2014, the liabilities relating to securities transferred under repurchase or securities lending agreements did not include any repurchase agreement trade that had not settled at that date as there were no such trades ($344 million—June 30, 2013). The entire amount of $344 million in June 30, 2013 represented replacement trades entered into in anticipation of maturing trades.

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, 2014, securities purchased under resale agreements included $1,032 million of securities which had not settled at that date. For the remaining purchases, IDA received securities with a fair value of $867 million ($465 million—June 30, 2013). Out of this amount, $21 million of these securities had been transferred under repurchase or securities lending agreements (Nil—June 30, 2013).

NOTE D—DERIVATIVE INSTRUMENTS

IDA uses derivative instruments in its investment portfolio and for asset-liability management purposes. All derivative instruments are classified as either Level 1 or 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 associated with future cash flows and align to the Special Drawing Rights (SDR)
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 a AAA credit rating. As of March 31, 2014, 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, 2014 and June 30, 2013:

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

In millions of U.S dollars

	Derivative assets		*Derivative liabilities*	
	March 31, 2014	*June 30, 2013*	*March 31, 2014*	*June 30, 2013*
Derivatives not designated as hedging instruments				
Swaptions, exchange traded options and futures contracts – Investments	$ 1	$ 4	$ 3	$ *
Interest rate swaps	1	1	2	1
Currency forward contracts	4,535	6,373	4,519	6,310
Currency swaps	2,913	1,534	2,997	1,529
Other[a]	*	*	*	4
Total Derivatives	$7,450	$7,912	$7,521	$7,844

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, 2014*	*June 30, 2013*
Investments—Trading		
Interest rate swaps		
Notional principal	$ 343	$ 67
Credit exposure	1	1
Currency swaps (including currency forward contracts)		
Credit exposure	11	31
Swaptions, exchange traded options and futures contracts[a]		
Notional long position	2,554	624
Notional short position	19,116	4,597
Credit exposure	2	*
Other[b]		
Notional long position	297	318
Notional short position	9	31
Credit exposure	*	*
Asset/liability management		
Currency forward contracts		
Credit exposure	144	199
Client Operations		
Structured swaps		
Notional principal	135	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, 2014 and March 31, 2013 are as follows:

In millions of U.S. dollars

		Three Months Ended March 31,		*Nine Months Ended March 31,*	
	Condensed Statement of Income Location	*Gains (Losses)*		*Gains (Losses)*	
		2014	*2013*	*2014*	*2013*
Derivatives not designated as hedging instruments and not held in a trading portfolio[a]					
Currency forward contracts, currency swaps and structured swaps	Fair value adjustment on non-trading portfolios, net	$(14)	$(25)	$(31)	$(79)

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 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, 2014 and March 31, 2013:

In millions of U.S. dollars

	Investments – Trading, Net Gains (Losses)			
Condensed Statement of Income Location	*Three months Ended March 31,*		*Nine Months Ended March 31,*	
	2014	2013	2014	2013
Type of Instrument				
Fixed income	$155	$(26)	$(4)	$112

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 presentation of derivative instruments is consistent with the manner in which these instruments are settled. Interest rate swaps are settled on a net basis, while currency swaps are settled on a gross basis.

The following tables summarize information on derivative assets and liabilities (before and after netting adjustments) that are reflected on IDA's Condensed Balance Sheet as of March 31, 2014 and June 30, 2013. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of legally enforceable master netting agreements. The net derivative asset positions have been further reduced by the cash and securities collateral received.

In millions of U.S. dollars

	March 31, 2014					
	Derivative Assets			*Derivative Liabilities*		
	Gross Amounts Recognized on the Condensed Balance Sheet	*Gross Amounts Offset on the Condensed Balance Sheet*	*Net Amounts Presented on the Condensed Balance Sheet*	*Gross Amounts Recognized on the Condensed Balance Sheet*	*Gross Amounts Offset on the Condensed Balance Sheet*	*Net Amounts Presented on the Condensed Balance Sheet*
Interest rate swaps	$ 85	$(84)	$ 1	$ 13	$(11)	$ 2
Currency swaps[a]	7,448	—	7,448	7,516	—	7,516
Other[b]	1	—	1	5	(2)	3
Total	$7,534	$(84)	$7,450	$7,534	$(13)	$7,521
Amounts subject to legally enforceable master netting agreements[c]			$(7,429)			$(7,429)
Net derivatives positions at counterparty level before collateral			21			92
Less:						
Cash collateral received[d]			—			
Securities collateral received			—			
Net derivative exposure after collateral			$ 21			

a. Includes currency forward contracts.
b. These relate to swaptions, exchange traded options, futures contracts and TBA securities.
c. Not offset on the Condensed Balance Sheet.
d. Does not include excess collateral received.

In millions of U.S. dollars

	June 30, 2013					
	Derivative Assets			*Derivative Liabilities*		
	Gross Amounts Recognized on the Condensed Balance Sheet	*Gross Amounts Offset on the Condensed Balance Sheet*	*Net Amounts Presented on the Condensed Balance Sheet*	*Gross Amounts Recognized on the Condensed Balance Sheet*	*Gross Amounts Offset on the Condensed Balance Sheet*	*Net Amounts Presented on the Condensed Balance Sheet*
Interest rate swaps	$ 5	$(4)	$ 1	$ 1	$(*)	$ 1
Currency swaps[a]	7,907	—	7,907	7,839	—	7,839
Other[b]	6	(2)	4	4	(*)	4
Total	$7,918	$(6)	$7,912	$7,844	$(*)	$7,844
Amounts subject to legally enforceable master netting agreements[c]			$(7,835)			$(7,832)
Net derivatives positions at counterparty level before collateral			77			12
Less:						
Cash collateral received[d]			9			
Securities collateral Received			—			
Net derivative exposure after collateral			$ 68			

a. Includes Currency forward contracts.
b. These relate to swaptions, exchange traded options, futures contracts and TBA securities.
c. Not offset on the Condensed Balance Sheet.
d. Does not include excess collateral received.
** Indicates amount less than $0.5 million.*

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, 2014 and June 30, 2013 is as follows:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2014			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$ —	$533	$ —	$533
Currency swaps	—	2,913	—	2,913
Interest rate swaps	—	1	—	1
Swaptions, exchange traded options and futures contracts	—	1	—	1
Other[a]	—	*	—	*
	—	3,448	—	3,448
Asset-liability management				
Currency forward contracts	—	4,002	—	4,002
Total derivative assets	$ —	$7,450	$—	$7,450
Derivative liabilities:				
Investments				
Currency forward contracts	$ —	$ 534	$ —	$534
Currency swaps	—	2,997	—	2,997
Interest rate swaps	—	2	—	2
Swaptions, exchange traded options and futures contracts	3	—	—	3
Other[a]	—	*	—	*
	3	3,533		3,536
Asset-liability management				
Currency forward contracts	—	3,985	—	3,985
Total derivative liabilities	$ 3	$7,518	$—	$7,521

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, 2013			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$ —	$1,066	$ —	$1,066
Currency swaps	—	1,534	—	1,534
Interest rate swaps	—	1	—	1
Swaptions, exchange traded options and futures contracts	4	—	—	4
Other[a]	—	*	—	*
	4	2,601	—	2,605
Asset-liability management				
Currency forward contracts	—	5,307	—	5,307
Total derivative assets	$ 4	$7,908	$ —	$7,912
Derivative liabilities:				
Investments				
Currency forward contracts	$ —	$1,068	$ —	$1,068
Currency swaps	—	1,529	—	1,529
Interest rate swaps	—	1	—	1
Swaptions, exchange traded options and futures contracts	*	—	—	*
Other[a]	—	4	—	4
	*	2,602	—	2,602
Asset-liability management				
Currency forward contracts	—	5,242	—	5,242
Total derivative liabilities	$ *	$7,844	$ —	$7,844

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

Inter-level transfer

During the three and nine months ended March 31, 2014 and March 31, 2013, there were no inter-level transfers in the derivatives portfolio.

Valuation Methods and Assumptions

Derivative contracts include currency forward contracts, interest swaps and currency swaps, and TBA securities. These are valued using the standard discounted cash flow methods using market observable inputs such as yield curves, foreign exchange rates and basis spreads and funding spreads.

NOTE E—DEVELOPMENT CREDITS AND OTHER EXPOSURES

Development credits and other 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, 2014, 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, 2014, development credits outstanding totaling $2,749 million (representing about 2% of the portfolio) from five borrowers 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, 2014 and June 30, 2013:

In millions of U.S. dollars

	March 31, 2014							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ —	$—	$ —	$ —	$ —	$ —	$ 5,896	$ 5,896
Medium	—	—	—	—	—	—	29,652	29,652
High	*	—	—	—	—	*	94,333	94,333
Credits in accrual status	*	—	—	—	—	*	129,881	129,881
Credits in nonaccrual status	13	5	6	20	935	979	1,770	2,749
Total	$13	$ 5	$ 6	$20	$935	$979	$131,651	$132,630

In millions of U.S. dollars

	June 30, 2013							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,289	$ 6,289
Medium	—	—	—	—	—	—	28,867	28,867
High	*	—	—	—	—	*	87,289	87,289
Credits in accrual status	*	—	—	—	—	*	122,445	122,445
Credits in nonaccrual status	10	1	5	22	855	893	1,797	2,690
Total	$10	$ 1	$ 5	$22	$855	$893	$124,242	$125,135

** 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 revenue.

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, 2014 and the fiscal year ended June 30, 2013 are summarized below:

In millions of U.S. dollars

	March 31, 2014				*June 30, 2013*			
	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	$1,294	$16	$2,711	$4,021	$1,339	$13	$5,384	$6,736
Provision, net –charge (release)[a]	28	(3)	*	25	(34)	3	(22)	(53)
Development credits written-off under the buy-down mechanism	(67)	—	—	(67)	—-	—	—	—
Development credits written off under HIPC	—	—	(6)	(6)	—	—	(5)	(5)
Development credits written off under MDRI	—	—	—	—	—	—	(2,647)	(2,647)
Translation adjustment	31	2	38	71	(11)	—	1	(10)
Accumulated provision, end of the period	$1,286	$15	$2,743	$4,044	$1,294	$16	$2,711	$4,021
Composed of accumulated provision for losses on:								
Development credits in accrual status	$1,231				$1,243			
Development credits in nonaccrual status	55				51			
Total	$1,286				$1,294			
Development credits:								
Development credits in accrual status	$129,881				$122,445			
Development credits in nonaccrual status	2,749				2,690			
Total	$132,630				$125,135			

* *Indicates amount less than $0.5 million*.

a. Includes provision of $52 million for the nine months ended March 31, 2014 and $30 million for the fiscal year ended June 30, 2013 for development credits expected to be bought-down.

	Reported as Follows	
Accumulated Provision for Losses on:	**Condensed Balance Sheet**	**Condensed Statement of Income**
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, net
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, net
Other Exposures	Other Liabilities	Provision for debt relief and for losses on development credits and other exposures, net

For the nine months ended March 31, 2014, there were no eligible development credits written off under the MDRI.

The table below summarizes the eligible development credits written off under the MDRI during the fiscal year ended June 30, 2013:

In millions of U.S. dollars

Country	*Completion Point Date*	*Amount*	*Date*
Côte d'Ivoire	June 26, 2012	$1,559	July 1, 2012
Guinea	September 26, 2012	995	October 1, 2012
Comoros	December 20, 2012	93	January 1, 2013
		$2,647	

Overdue Amounts

As of March 31, 2014, 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, 2014 and June 30, 2013 and for the three and nine months ended March 31, 2014 and March 31, 2013:

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	$ 483	$ 478	$ 483	$ 343	$28	$ 23	$ 10
Somalia	July 1991	444	441	444	423	4	201	77
Sudan	January 1994	1,293	1,285	1,293	1,229	13	593	191
Syrian Arab Republic	June 2012	14	14	14	—	*	3	*
Zimbabwe	October 2000	515	510	515	—	10	159	53
Total — March 31, 2014		$2,749	$2,728	$2,749	$1,995	$55	$979	$331
Total — June 30, 2013		$2,690	$2,714	$2,690	$1,972	$51	$893	$310

a. A credit loss provision has been recorded against each of the credits in nonaccrual status.
b. For March 31, 2014, represents the average for the nine months ended that date (June 30, 2013—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,		*Nine Months Ended March 31,*	
	2014	*2013*	*2014*	*2013*
Service charge revenue not recognized as a result of development credits being in nonaccrual status	$5	$5	$15	$15

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. Revenue from development credits for the period ended March 31, 2013, increased by $90 million, $87 million of which represents revenue that would have been accrued in previous fiscal years had these credits not been in nonaccrual status.

During the three and nine months ended March 31, 2014 and March 31, 2013, no development credits were placed into nonaccrual status.

During the three and nine months ended March 31, 2014, service charge revenue recognized on development credits in nonaccrual status was less than $1 million in each period (Nil—three and nine months ended March 31, 2013).

Guarantees

Guarantees of $438 million were outstanding at March 31, 2014 ($359 million—June 30, 2013). 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 9 and 23 years, and expire in decreasing amounts through 2035.

As of March 31, 2014, liabilities related to IDA's obligations under guarantees of $36 million ($30 million—June 30, 2013) have been included in Other liabilities on the Condensed Balance Sheet. These include the accumulated provision for guarantee losses of $7 million ($9million—June 30, 2013).

During the nine months ended March 31, 2014 and March 31, 2013, 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 revenue comprises service charges and interest charges on outstanding development credit balances and guarantee fee revenue. For the nine months ended March 31, 2014, charge revenue from one country totaling $153 million was in excess of ten percent of total charge revenue.

The following table presents IDA's development credits outstanding and associated charge revenue as of and for the nine months ended March 31, 2014 and March 31, 2013, by geographic region:

In millions of U.S. dollars

	March 31, 2014		*March 31, 2013*	
Region	*Development Credits Outstanding*	*Charge Revenue*	*Development Credits Outstanding*	*Charge Revenue*
Africa	$ 41,810	$213	$ 35,812	$185
East Asia and Pacific	21,481	132	20,544	209
Europe and Central Asia	8,347	52	8,178	48
Latin America and the Caribbean	2,200	13	1,957	12
Middle East and North Africa	3,719	21	3,667	21
South Asia	55,073	320	52,615	310
Total	$132,630	$751	$122,773	$785

Buy-down of Development Credits

During the nine months ended March 31, 2014, two development credits, with outstanding carrying value of $134 million, were purchased under the buy-down mechanism by the Global Program to Eradicate Poliomyelitis Trust Fund, for present value equivalent of $67 million, resulting in a $67 million write-off. A provision of $30 million was recorded during the fiscal year ended June 30, 2013 for one development credit,-and a provision of $37 million was recorded during the nine months ended March 31, 2014 for the other. These provisions were recorded when all performance goals as well as conditions necessary to effect the buy-downs were completed.

In addition, for one development credit with an outstanding carrying value of $40 million, all performance goals as well as conditions necessary to effect the buy-down were completed during the nine months ended March 31, 2014. As a result, a provision for losses of $15 million was recorded during the nine months ended March 31, 2014. The provision is equivalent to the difference between the carrying amount of the development credit and the estimated amount to be received.

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

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, 2014 and June 30, 2013:

In millions of U.S. dollars

	March 31, 2014		*June 30, 2013*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Net Development Credits Outstanding	$128,628	$86,929	$121,157	$79,670

As of March 31, 2014, IDA's development credits are classified as Level 3 within the fair value hierarchy.

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, 2014 were $16,365 million ($15,482 million—June 30, 2013). 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	$15,482	$883	$16,365
Of which from:			
IBRD	12,723	621	13,344
IFC	2,570	251	2,821

Receivables and Payables

As of March 31, 2014, and June 30, 2013, the total amounts receivable from or payable to affiliated organizations comprised:

In millions of U.S. dollars

	March 31, 2014			
	Administrative Services	*Pension and Other Postretirement Benefits*	*Derivative transactions*	*Total*
Receivable from:				
IBRD	$ —	$860	$4,002	$4,862
Payable to:				
IBRD	$(328)[a]	$ —	$(3,983)	$(4,311)

a. Includes $23 million 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.

In millions of U.S. dollars

	June 30, 2013			
	Administrative Services	*Pension and Other Postretirement Benefits*	*Derivative transactions*	*Total*
Receivable from:				
IBRD	$ —	$887	$5,307	$ 6,194
Payable to:				
IBRD	$(413)	$ —	$(5,242)	$(5,655)

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 – Asset-liability management
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. At March 31, 2014, the amount payable for administrative service was net of IDA's share of investments associated with PCRF.

For the three and nine months ended March 31, 2014, IDA's share of joint administrative expenses totaled $371 million and $1,142 million, respectively (three and nine months ended March 31, 2013—$378 million and $1,111 million, respectively).

Other revenue: Includes IDA's share of other revenue jointly earned with IBRD during the three and nine months ended March 31, 2014 totaling $68 million and $180 million, respectively (three and nine months ended March 31, 2013—$63 million and $160 million, respectively). Other revenue is allocated on the basis consistent with that applied to joint administrative expenses.

For the three and nine months ended March 31, 2014 and March 31, 2013, 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:

In millions of U.S. dollars

	Three Months Ended March 31,		*Nine Months Ended March 31,*	
	2014	*2013*	*2014*	*2013*
Fees charged to IFC	$14	$13	$43	$33
Fees charged to MIGA	2	2	5	5

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, 2014, and for the fiscal year ended June 30, 2013, is presented below:

In millions of U.S. dollars

	March 31, 2014	*June 30, 2013*
Balance, beginning of the fiscal year	$ 6,436	$ 6,161
Commitments	1,712	2,380
Disbursements (including PPA grant activity)	(1,657)	(2,054)
Translation adjustment	174	(51)
Balance, end of the period/fiscal year	$ 6,665	$ 6,436

For the fiscal years ending June 30, 2014 and June 30, 2013, 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 March 31, 2014, IDA's share of IBRD's benefit costs relating to all the three plans totaled $75 million and $224 million, respectively (three and nine months ended March 31, 2013—$82 million and $244 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—ACCUMULATED OTHER 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, 2014 and March 31, 2013.

In millions of U.S. dollars

	Nine Months Ended March 31,	
	2014	*2013*
Balance, beginning of the fiscal year	$ 9,258	$10,177
Currency translation adjustments on functional currencies	3,801	(1,388)
Balance, end of the period	$13,059	$ 8,789

NOTE J—OTHER FAIR VALUE DISCLOSURES

The table below presents IDA's estimates of the fair value of its financial assets and liabilities along with their respective carrying amounts as of March 31, 2014 and June 30, 2013.

In millions of U.S. dollars

	March 31, 2014		*June 30, 2013*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Due from Banks	$ 318	$ 318	$ 595	$ 595
Investments (including Securities purchased under resale agreements)	34,540	34,540	30,741	30,741
Net Development Credits Outstanding	128,628	86,929	121,157	79,670
Derivative Assets				
Investments	3,448	3,448	2,605	2,605
Other Asset/Liability Management	4,002	4,002	5,307	5,307
Securities sold/lent under repurchase agreements/ securities lending agreements and payable for cash collateral received	4,431	4,431	3,622	3,622
Derivative Liabilities				
Investments	3,536	3,536	2,602	2,602
Other Asset/Liability Management	3,985	3,985	5,242	5,242

Valuation Methods and Assumptions

As of March 31, 2014 and June 30, 2013, IDA had no financial assets or 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 cash is considered a reasonable estimate of the fair value of these positions.