International Development Association

Management's Discussion & Analysis
and
Condensed Quarterly Financial Statements
March 31, 2018
(Unaudited)

International Development Association (IDA)

Contents

March 31, 2018

Management's Discussion and Analysis

Box 1: Selected Financial Data

In millions of U.S. dollars

	As of and for the nine months ended March 31,		As of and for Fiscal Year ended June 30,			
	2018	2017	2017	2016	2015	2014
Lending Highlights (Section IV)						
Commitments of loans, grants and guarantees	$ 12,707	$ 9,299	$ 19,513	$ 16,171	$ 18,966	$ 22,239
Gross disbursements of loans and grants	9,795	7,467	12,718	13,191	12,905	13,432
Net disbursements of loans and grants	6,050	4,153	8,153	8,806	8,820	9,878
Balance Sheet (Section IV)						
Total assets	$ 208,082	$ 182,165	$ 197,041	$ 180,475	$ 178,685	$ 183,445
Net investment portfolio	32,575	31,898	29,673	29,908	28,418	28,300
Net loans outstanding	148,394	131,582	138,351	132,825	126,760	132,010
Borrowings	5,314	3,599	3,660	2,906	2,150	-
Payable for grants	8,041	5,630	6,583	6,099	6,637	6,983
Total Equity	167,697	155,277	158,476	154,700	147,149	153,749
Income Statement (Section IV)						
Interest revenue, net of borrowing expenses	$ 1,228	$ 1,134	$ 1,520	$ 1,453	$ 1,435	$ 1,469
Transfers and grants from affiliated organizations and others	123	598	599	990	993	881
Grants	(3,208)	(1,069)	(2,577)	(1,232)	(2,319)	(2,645)
Net (Loss) Income	(3,367)	(884)	(2,296)	371	(731)	(1,612)
Sources and Application of Funds (Section IV)						
Total Sources of Funds	$ 11,856	$ 10,855	$ 13,213	$ 13,925	$ 15,638	$ 13,054
Total Applications of Funds	9,874	7,523	12,800	13,260	12,941	13,441

Section I: Executive Summary

This document provides Management's Discussion and Analysis (MD&A) of the financial condition and results of operations for IDA for the nine months ended March 31, 2018. **Box 1** provides IDA's selected financial data as of and for the nine months ended March 31, 2018 (FY18 YTD) and March 31, 2017 (FY17 YTD), as well as for the fiscal years ended June 30, 2014-2017. This document should be read in conjunction with IDA's financial statements and MD&A issued for the fiscal year ended June 30, 2017. IDA undertakes no obligation to update any forward-looking statements.

On July 1, 2017, The International Development Association (IDA) commenced its Eighteenth Replenishment of resources (IDA18). Under this replenishment, members have agreed that IDA will make $75 billion in new commitments over the three year replenishment period, (FY18-FY20). The IDA18 financing framework is an integrated package. It includes an expansion of IDA's business model to access debt from the capital markets, which leverages IDA's strong equity base. On April 17, 2018, IDA issued its first bond in the capital markets, raising $1.5 billion. See Section III: Funding and Resource Allocation.

Financial Highlights

Equity (Section IV)

As of March 31, 2018, IDA's reported equity was $167.7 billion, an increase of $9.2 billion from June 30, 2017 ($158.5 billion). The main drivers of the increase were the receipt of contributions from members and translation gains.

Net Loans Outstanding (Section IV)

As of March 31, 2018, IDA's net loans outstanding were $148.4 billion, an increase of $10.0 billion from June 30, 2017 ($138.4 billion). The increase was mainly due to currency translation gains and strong demand for IDA's lending products as measured by lending commitments and net loan disbursement activity.

Investments (Section IV)

As of March 31, 2018, the investment portfolio stood at $32.6 billion, an increase of $2.9 billion compared to June 30, 2017 ($29.7 billion). During this period, IDA financed $9.8 billion of loan and grant operations and received $11.9 billion of resources, primarily comprised of $6.3 billion in cash contributions from members, $3.7 billion of loan repayments and prepayments and $1.4 billion of borrowings from members. IDA's investments remain concentrated in the upper end of the credit spectrum, with 62% rated AA or above, reflecting IDA's objective of principal protection and resulting preference for high quality investments.

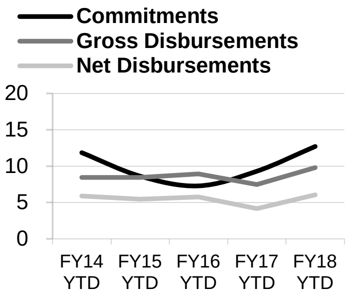
Net Income (Section IV)

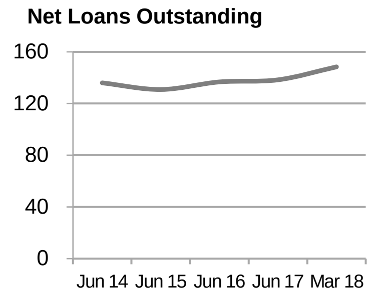
For FY18 YTD, IDA reported a net loss of $3.4 billion. The net reported loss primarily reflects the impact of $3.2 billion in grants provided to IDA's eligible members. Grants are financed by contributions from members, which are recorded as equity and not reflected in the Statement of Income.

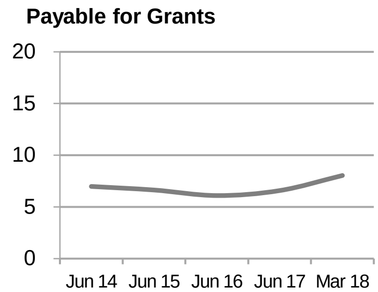
Key Performance Indicators

In billions of U.S. dollars

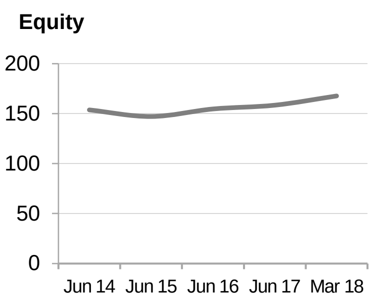
Lending – During the first nine months of FY18, IDA committed $12.7 billion to help its member countries to finance their development needs. At March 31, 2018, IDA's net loans outstanding amounted to $148.4 billion, a 7% increase from June 30, 2017. IDA's loans normally disburse over a period of 5 to 10 years, and have repayment periods of up to 40 years.

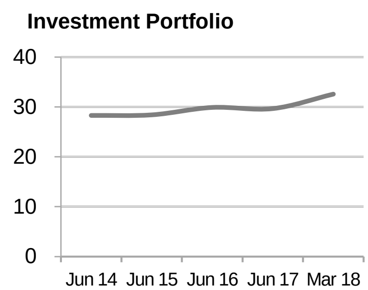


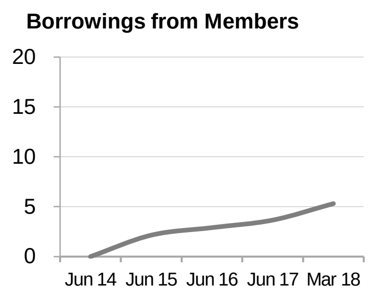




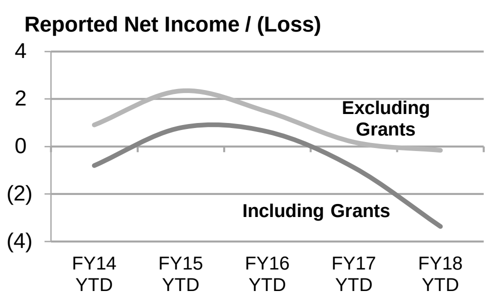
Equity, Liquidity & Borrowings – Each successive replenishment has increased the amount of equity available to finance IDA's operations. IDA has maintained high levels of liquidity in its investment portfolio to ensure that it can meet its liquidity needs, even under potential scenarios of severe market disruptions.

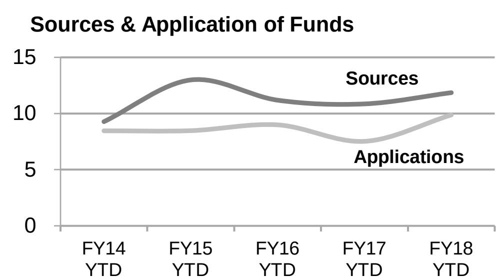






Financial Results – IDA's reported net losses are primarily driven by its grant activity, as previously discussed.





Section II: Overview

Owned by its 173 members[1], IDA, one of the five institutions of the World Bank Group (WBG[2]), has been providing financing and knowledge services to many of the world's developing countries for more than fifty years. In addition to loans, grants, and guarantees provided to countries to help meet their development needs, IDA leverages its experience and expertise to provide technical assistance and policy advice. It also supports countries with disaster risk financing and insurance against natural disasters and health-related crises, and facilitates financing through trust fund partnerships.

Business Model

IDA has financed its operations over the years with equity. As a result of strong support from member countries, IDA has built up a substantial equity base, amounting to $167.7 billion as of March 31, 2018. In addition to equity, starting from IDA18, IDA will also be using market debt to finance its operations. On April 17, 2018, IDA issued its first bond in the capital markets. See Section IV: Financial Results**,** for additional details.

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

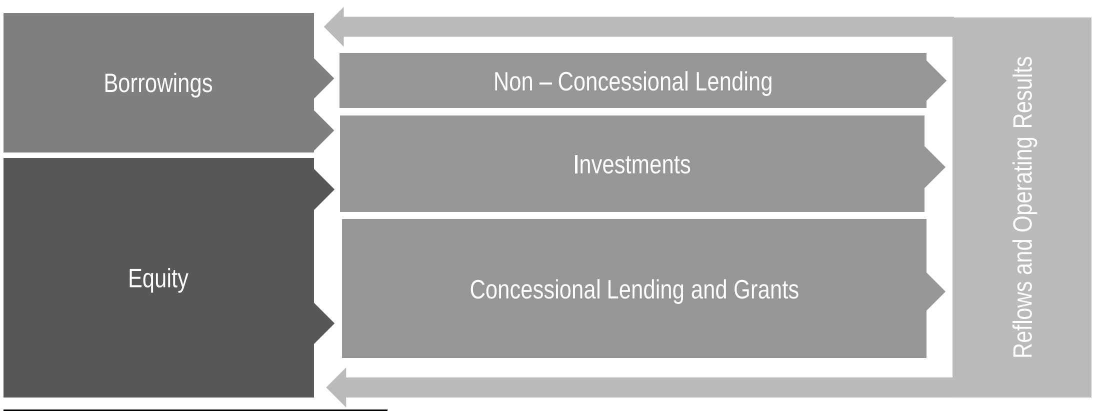
Eighteenth Replenishment of Resources (IDA18)

The IDA18 financing framework represents a fundamental shift in IDA's approach to mobilizing finance since it primarily combines contributions from members and internal resources, with market debt, thereby allowing IDA to provide US$75 billion[3] in financing for its clients.

"Toward 2030: Investing in Growth, Resilience and Opportunity" is the overarching theme for IDA18. Gender and development, climate change, fragility, conflict and violence (FCV), jobs and economic transformation, and governance and institutions, were selected as special themes which will receive extra attention in IDA's normal business of providing country-driven development support.

At the time of the pledge in December 2016, the United States (the member country with the largest IDA voting power), announced an indicative pledge of $3,872 million that was explicitly linked to a review and possible change by the new Administration. The new Administration confirmed its participation in IDA18 with a pledge of $3,291 million, which was authorized in the recent omnibus appropriations bill and for which Congress has appropriated $1,097 million this fiscal year. On March 31, 2018, IDA had received Instruments of Commitment (IoCs) of $17.8 billion and loan agreements of $3.9 billion, for a total of $21.7 billion.

Figure 1: IDA's Business Model



1 IDA's members are owners and hold voting rights in IDA. Members do not, however, hold shares in IDA and are therefore not referred to as shareholders. Payments for subscriptions and contributions from members increase IDA's paid-in equity and are financially equivalent to paid-in capital in multilateral development organizations with capital structures.

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

3 IDA's functional currencies are the SDR and its component currencies of U.S. dollar, euro, Japanese yen, pound sterling and Chinese renminbi. For the convenience of its members and other users, IDA's financial statements are reported in U.S. Dollars.

Section III: Funding and Resource Allocation

Sources of IDA's Funding

IDA's equity remains strong at $167.7 billion as of March 31, 2018, as shown in **Table 8**. During FY18 YTD, IDA received $6.4 billion in subscriptions and contributions, which includes $0.2 billion in net demand note activity. Demand notes will be encashed over a period of approximately 9 years to finance loan and grant disbursements. In addition to equity, IDA uses internal resources, comprised primarily of repayments and prepayments of loans, to fund its financing activities. During FY18 YTD, IDA generated internal resources of $4.0 billion (See **Table 7**).

Uses of IDA's Funding

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

The IDA18 operational framework has, as of March 31, 2018, resulted in commitments for concessional financing amounting to $11.4 billion, of which $8.2 billion is in the form of loans and $3.2 billion in the form of grants. Included in these commitments was $1.8 billion to countries identified as FCV countries.

Non-Concessional financing comprises loans and guarantees whose terms are aligned with those of IBRD's flexible loans and guarantees. As of March 31, 2018, commitments for non-concessional financing were $1.3 billion.

A $2.5 billion IFC-MIGA Private Sector Window (PSW) has been created in IDA18, with the goal of mobilizing private sector investment in the IDA-only and IDA-eligible FCV countries. The PSW is deployed through four facilities: the Local Currency Facility, the Risk Mitigation Facility, the MIGA Guarantee Facility, and the Blended Finance Facility. These facilities have been designed to target critical challenges faced by the private sector in these difficult markets and leverages IFC and MIGA's business platforms and instruments. For further details, see Section III: Funding and Resource Allocation of the MD&A for the fiscal year ended June 30, 2017. As of March 31, 2018, $9 million of instruments under the PSW had been made effective.

Section IV: Financial Results

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 can analyze IDA's sources and uses of resources.

Summary of Financial Results

IDA had a net loss of $3,367 million in FY18 YTD compared with a net loss of $884 million in FY17 YTD. The net loss in both periods was driven by grant activity, primarily in the Africa region, for which IDA is compensated by member contributions that are recorded in equity.

Table 1: Condensed Statement of Income
In millions of U.S.dollars

For the nine months ended March 31,	2018	2017	Variance
Interest Revenue			
Loans	$ 1,021	$ 916	$ 105
Investments, net	309	290	19
Borrowings, net	(102)	(72)	(30)
Interest Revenue, net of borrowing expenses	**1,228**	**1,134**	**94**
Provision for losses on loans and other exposures, charge	(88)	(144)	56
Other expenses, net (Table 10)	(14)	(4)	(10)
Net non-interest expenses (Table 9)	(1,079)	(1,076)	(3)
Transfers from affiliated organizations and others	123	598	(475)
Non-functional currency translation adjustment (losses) gains, net (Section V)	(162)	84	(246)
Unrealized mark-to-market losses on Investments-Trading portfolio, net	(138)	(368)	230
Unrealized mark-to-market losses on non-trading portfolios, net	(29)	(39)	10
Development Grants	(3,208)	(1,069)	(2,139)
Net Loss	**$ (3,367)**	**$ (884)**	**$ (2,483)**

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

As of	March 31, 2018	June 30, 2017	Variance
Assets			
Due from Banks	$ 717	$ 483	$ 234
Investments	34,156	32,033	2,123
Net loans outstanding	148,394	138,351	10,043
Receivable from derivatives	22,432	23,843	(1,411)
Other assets	2,383	2,331	52
Total assets	**$ 208,082**	**$ 197,041**	**$ 11,041**
Liabilities			
Borrowings	$ 5,314	$ 3,660	$ 1,654
Payable for derivatives	23,279	24,073	(794)
Other liabilities	11,792	10,832	960
Equity	167,697	158,476	9,221
Total liabilities and equity	**$ 208,082**	**$ 197,041**	**$ 11,041**

Total Assets

As of March 31, 2018, total assets increased by 5.6% from June 30, 2017. The asset growth was primarily driven by an increase in investments and net loans outstanding. While the receivable from derivatives, and the corresponding payable for derivatives, decreased during the period compared with June 30, 2017, IDA's net derivative exposure after master-netting agreements and collateral is $208 million as of March 31, 2018. Refer to Note E: Derivative Instruments in the Notes to the Condensed Quarterly Financial Statements.

Loan Portfolio and Grant Activity

As of March 31, 2018, IDA's net loans outstanding were $148.4 billion, $10.0 billion higher than at June 30, 2017 ($138.4 billion). The increase was mainly due to currency translation gains of $6.3 billion, consistent with the 4.5% appreciation of the SDR against the U.S. dollar during the period and $4.0 billion of net positive loan disbursements.

FY18 YTD gross loan disbursements were $7.7 billion ($6.1 billion in FY17 YTD), which primarily consisted of $4.5 billion to the Africa region, $2.0 billion to the South Asia region, and $0.9 billion to the East Asia and Pacific region. See **Table 4**. IDA's loans generally disburse within five to ten years for investment project financing and one to three years for development policy financing. Therefore, FY18 YTD and FY17 YTD disbursements also include amounts relating to commitments made in earlier years.

Interest revenue and service charges from loans has increased by $105 million from FY17 YTD to FY18 YTD. The increase reflects the increase in the overall loan volume. See **Table 6**.

As of March 31, 2018, IDA's payable for development grants was $8.0 billion, $1.4 billion higher than as of June 30, 2017. This increase reflects grant expenses of $3.2 billion in FY18 YTD which were primarily for the Africa region.

Commitments of loans, grants and guarantees as of March 31, 2018 were $12.7 billion, $3.4 billion higher than for the same period in FY17 ($9.3 billion). The higher commitments were most evident in the Africa region ($2.5 billion) and South Asia region ($1.5 billion), see **Table 3**.

Table 3: Commitments of Loans, Grants and Guarantees by Region
In millions of U.S.dollars

For the nine months ended March 31,	2018	2017	Variance
Africa	$ 7,792	$ 5,255	$ 2,537
South Asia	3,839	2,358	1,481
Middle East and North Africa	350	705	(355)
Europe and Central Asia	328	163	165
East Asia and Pacific	238	611	(373)
Latin America and the Caribbean	160	207	(47)
Total	**$ 12,707**	**$ 9,299**	**$ 3,408**

Table 4: Gross Disbursements of Loans and Grants by Region
In millions of U.S.dollars

	2018			2017		
For the nine months ended March 31,	Loans	Grants	Total	Loans	Grants	Total
Africa	$ 4,518	1,349	5,867	$ 3,228	943	4,171
South Asia	1,986	200	2,186	1,931	92	2,023
East Asia and Pacific	911	52	963	595	70	665
Middle East and North Africa	40	356	396	55	135	190
Europe and Central Asia	193	37	230	201	47	248
Latin America and the Caribbean	82	71	153	100	70	170
Total	**$ 7,730**	**2,065**	**9,795**	**$ 6,110**	**1,357**	**7,467**

Table 5: Loans Outstanding by Region
In millions of U.S. dollars

As of		March 31, 2018	% of total			June 30, 2017	% of total			Variance
Africa	$	59,536	39	%	$	52,991	37	%	$	6,545
South Asia		59,192	39			56,728	40			2,464
East Asia and Pacific		20,326	13			19,460	14			866
Europe and Central Asia		7,689	5			7,462	5			227
Middle East and North Africa		3,023	2			3,025	2			(2)
Latin America and the Caribbean		2,652	2			2,518	2			134
Total	**$**	**152,418**	**100**	**%**	**$**	**142,184**	**100**	**%**	**$**	**10,234**

Table 6 shows IDA's interest and service charge revenue by loan type. The $45 million increase in interest revenue and $60 million increase in service charges is primarily driven by the increased volume of loans.

Table 6: Revenue by Category
In millions of U.S. dollars

	Outstanding balance as of March 31,		Interest revenue		Service charge revenue	
Category	2018	2017	FY18 YTD	FY17 YTD	FY18 YTD	FY17 YTD
Loans						
Concessional						
Regular	$ 94,327	$ 83,052	$ 11	$ 11	$ 494	$ 451
Blend	56,076	51,097	162	127	307	291
Hard	1,366	1,129	29	27	7	6
Non-concessional						
Transitional support	306	168	5	2	-	*
Scale up Facility [a]	343	105	6	1	-	*
Total	**$ 152,418**	**$ 135,551**	**$ 213**	**$ 168**	**$ 808**	**$ 748**

** Indicates amount less than $0.5 million.*
a. In addition, $6 million of commitment charges were earned in FY18 YTD under the Scale-up Facility.

Investment Portfolio

The net investment portfolio increased by $2,902 million, from $29,673 million as of June 30, 2017 to $32,575 million as of March 31, 2018. The key drivers during the period were:

- The receipt of $6,287 million relating to member contributions and $1,419 million in concessional loans from members.
- The inflow of $3,746 million in the form of loan repayments and prepayments, included in internal resources.
- The payment of $9,800 million in loan and grant disbursements.

Table 7: Change in Net Asset Value of IDA's Investment Portfolio
In millions of U.S. dollars

For the nine months ended March 31,	2018	2017
Net Asset Value of Investment Portfolio, at beginning of fiscal year	$ 29,673	$ 29,908
Sources of Funds		
Member Resources	7,706	6,665
Transfers from Affiliated Organizations	123	598
Internal Resources	4,027	3,592
Total Sources of Funds	11,856	10,855
Application of Funds		
Loan Disbursements	(7,730)	(6,110)
Grant disbursements (including PPA[a] grant activity)	(2,070)	(1,353)
Borrowing expenses	(74)	(60)
Total Application of Funds	(9,874)	(7,523)
Operating Activities		
Net administrative expenses (see Table 9)	(1,079)	(1,076)
Interest revenue from Loans	1,033	921
Total Operating Activities	(46)	(155)
Effects of exchange rates	1,204	(837)
Unrealized mark-to-market losses on the investment portfolio	(156)	(405)
Net movement in non-operating activities	(82)	55
Net Asset Value of Investment Portfolio, at end of period	$ 32,575	$ 31,898

a. Project Preparation Advances (PPA)

Borrowings

As part of IDA18, five members have agreed to provide loans totaling $5.2 billion. As of March 31, 2018, IDA had signed concessional loan agreements totaling $3.9 billion with two of the five members, of which $1.4 billion was received as loan proceeds. As of March 31, 2018, total borrowings from members under IDA17 and IDA18 were $5.3 billion.

On April 17, 2018, for the first time, IDA issued $1.5 billion of debt in the international capital markets. This debt was denominated in USD and has a maturity of five years. As part of IDA's asset-liability management strategy, IDA also entered into derivatives to convert the fixed rate bond into a floating rate instrument.

Transfers from Affiliated Organizations

On October 13, 2017, IBRD's Board of Governors approved a transfer of $123 million to IDA, bringing the cumulative transfers to $15,249 million. This transfer was received on October 24, 2017.

Equity

IDA's equity was $167.7 billion as of March 31, 2018, an increase of $9.2 billion as compared to June 30, 2017 ($158.5 billion). The increase was due to $6.4 billion in subscriptions and contributions paid-in in the form of cash and demand obligations, and a $6.3 billion increase in accumulated other comprehensive income due to positive translation adjustments on functional currencies as SDR had appreciated by 4.5% against the USD. This was offset by $3.4 billion of net losses incurred during the period.

The $3.4 billion increase in the accumulated deficit largely represents the impact of IDA's grant activity during the period, which is funded by member contributions which are recorded as subscriptions and contributions.

Table 8: Changes in Equity
In millions of U.S. dollars

Equity balance as of June 30, 2017	$	158,476
Subscriptions and contributions paid-in		7,050
Nonnegotiable, noninterest-bearing demand obligations		(763)
Accumulated deficit		(3,367)
Accumulated other comprehensive income		6,299
Deferred amounts to maintain value of currency holdings		2
Total activity	$	9,221
Equity balance as of March 31, 2018	$	167,697

Net Non-Interest Expenses

As shown in **Table 9**, IDA's net non-interest expenses primarily comprise administrative expenses, net of revenue from externally funded activities. IBRD and IDA's administrative budget is a single resource envelope that funds the combined work programs of IBRD and IDA. The allocation of administrative expenses between IBRD and IDA is based on an agreed cost sharing methodology, approved by their Boards, which is driven by the relative level of activities relating to lending, knowledge services, and other services between these two institutions. The staff costs and consultant and contractual services shown in the table below include costs related to IDA executed trust funds, which are recovered through revenue from externally funded activities.

IDA's net non-interest expenses were $1,079 million for FY18 YTD as compared to $1,076 million in FY17 YTD. The key drivers during the period were i) the increase in costs allocated to IDA under the cost sharing methodology, due to the increase in client engagement activities associated with IDA18, offset by ii) lower pension costs as a result of lower amortization of unrecognized actuarial losses during FY18 YTD, as well as the increase in revenue from externally funded activities.

Table 9: Net Non-Interest Expenses
In millions of U.S. dollars

For the nine months ended March 31,		2018		2017		Variance
Administrative expenses:						
Staff costs	$	734	$	653	$	81
Travel		124		107		17
Consultant and contractual services		267		248		19
Pension and other post-retirement benefits		241		315		(74)
Communications and technology		42		39		3
Equipment and buildings		104		94		10
Other expenses		28		20		8
Total administrative expenses	$	1,540	$	1,476	$	64
Contributions to special programs		21		20		1
Revenue from externally funded activities:						
Reimbursable revenue - IDA executed trust funds		(297)		(256)		(41)
Other revenue		(185)		(164)		(21)
Total revenue from externally funded activities	$	(482)	$	(420)	$	(62)
Total Net Non-Interest Expenses (Table 1)	$	1,079	$	1,076	$	3

Table 10: Other expenses, net
In millions of U.S. dollars

For the nine months ended March 31,		2018		2017		Variance
Other (primarily PPA grants)	$	26	$	9	$	17
Guarantee fees		(6)		(5)		(1)
Commitment charges		(6)		-		(6)
Other expenses, net (Table 1)	**$**	**14**	**$**	**4**	**$**	**10**

Section V: Risk Management

Risk Governance

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

Management believes that effective risk management is critical for its overall operations. Accordingly, the risk management governance structure is designed to manage the principal risks IDA assumes in its activities, and supports Management in its oversight function, particularly in coordinating different aspects of risk management and in connection with risks that are common across functional areas.

IDA's financial and operational risk governance structure is built on the "three lines of defense" principle where:

Business units are responsible for directly managing risks in their respective functional areas,

The Vice President and WBG Chief Risk Officer (CRO) provides direction, challenge, and oversight over financial and operational risk activities, and Internal Audit provides independent oversight.

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

Risk Oversight and Coverage

The CRO has an overview of both financial and operational risks. These risks include (i) country credit risks in the core sovereign lending business, (ii) market and counterparty risks including liquidity risk, and (iii) operational risks relating to people, processes and systems. In addition, the CRO works closely with IDA, IBRD, IFC, and MIGA's Management to review, measure, aggregate, and report on risks and share best practices across the WBG. The CRO also helps enhance cooperation between the entities and facilitates knowledge sharing in the risk management function.

The risk in operations in IDA's lending activities is monitored and supported by the Operations Policy and Country Services (OPCS). This covers risk of non-compliance with IDA's policies, safeguards as well as risk of misprocurement. Where fraud and corruption risks may impact IDA-financed projects, OPCS and the Integrity Vice Presidency jointly address such issues.

Capital Adequacy

IDA's capital adequacy framework is based on an economic capital model, which mandates that IDA holds capital for credit risk, market risk and operational risk covering all activities and assets on its books. The main measure of capital adequacy is Deployable Strategic Capital (DSC). This represents the Total Resources Available (TRA), comprised of IDA's equity and loan loss reserves, and Total Resources Required (TRR) to cover expected and unexpected losses in connection with IDA's currently existing operations and assets. A conservation buffer (CB), to reflect the concessionality of IDA's loan portfolio, is also applied to the TRR when determining the DSC. IDA is required, by the Board, to keep the DSC at levels greater than or equal to zero percent. As of March 31, 2018, the DSC was 38%, marginally higher compared with June 30, 2017, see **Table 11** below.

Table 11: Deployable Strategic Capital Ratio

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

Component	As of March 31, 2018	As of June 30, 2017
Total Resources Available (TRA)	$ 172.0	$ 162.3
Total Resources Required (TRR)[a]	89.4	85.7
Conservation Buffer (CB)	17.2	16.2
Deployable Strategic Capital (DSC = TRA-TRR-CB)	$ 65.3	$ 60.4
Deployable Strategic Capital as a percentage of Total Resources Available	**38%**	**37%**

a.TRR will be increased for the $2.5 billion allocated to the Private Sector Window as it is utilized. At March 31, 2018 $9 million has been utilized.

In addition to the DSC framework, IDA has Board approved policies in place to ensure alignment of its lending and borrowing activities. These policies have informed the prudent capital adequacy and liquidity risk management policies. Included in these policies are asset coverage requirements, where Management will monitor asset and liquidity levels to ensure IDA's ability to satisfy all its borrowing and commitment obligations. See Section IX, Risk Management of IDA's June 30, 2017 MD&A.

Management of Credit and Market Risks

IDA is exposed to changes in interest and exchange rates. The introduction of market debt financing into IDA's business model from IDA18, will result in additional exposures. Accordingly, IDA has updated its Asset Liability Management (ALM) Framework in order to minimize its exposure to market risk.

Credit Risk

IDA faces two types of credit risk: country credit risk and counterparty credit risk. Country credit risk is the risk of loss due to a country not meeting its contractual obligations, and counterparty credit risk is the risk of loss attributable to a counterparty not honoring its contractual obligations. IDA is exposed to commercial as well as noncommercial counterparty credit risk. In addition, IDA is also exposed to changes in interest rates. See next page.

Country credit risk

IDA manages country credit risk through regular assessments of borrowers' debt sustainability and credit risk. Based on these assessments, to manage overall portfolio risk, the allocation outcomes of the Performance Based Allocation (PBA) and other mechanisms are reviewed to ensure that they are compatible with the Deployable Strategic Capital Framework and Single Borrower Limit (SBL).

As of March 31, 2018, the SBL was $42 billion (25 percent of the $167.7 billion of equity as of March 31, 2018). Currently, the maximum country exposure levels compatible with IDA's overall capital adequacy target are lower than the SBL for all IDA-borrowing countries. Consequently, the SBL is not currently a constraining factor.

Probable Losses, Overdue Payments and Non-Performing Loans

When a borrower fails to make payments on any principal, interest or other charges due to IDA, IDA may suspend disbursements immediately on all loans and grants to that borrower. IDA's current practice is to exercise this option using a graduated approach. These practices also apply to member countries eligible to borrow from both IDA and IBRD, and whose payments on IBRD loans may become overdue. It is IDA's practice not to reschedule interest or principal payments on its loans, or participate in debt rescheduling agreements with respect to its loans. As of March 31, 2018, no borrowing countries in IDA's accrual portfolio had overdue payments beyond 90 days.

As of March 31, 2018, approximately 2% of IDA's loans were in nonaccrual status, unchanged from June 30, 2017. (Refer to Note F: Loans and Other Exposures in the Notes to the Condensed Quarterly Financial Statements). **Table 12** provides details of the top five borrowers with the largest loan outstanding balances as of March 31, 2018. These borrowers represented 49% of loans outstanding as of that date.

Table 12: Top Five Borrowers with the Largest Outstanding Balance
In millions of U.S. dollars, or as otherwise indicated

Country	Total	India	Pakistan	Bangladesh	Vietnam	Nigeria	Others
Eligibility		IBRD	Blend	IDA only	IBRD	Blend	
Loans Outstanding	$ 152,418	$ 24,769	$ 14,267	$ 14,232	$ 13,161	$ 8,239	$ 77,750
% of Total Loans Outstanding	100	16	10	9	9	5	51
Weighted Average Maturity (Years)	12	6	12	14	14	15	14
Loans outstanding by terms							
Concessional							
Regular	94,327	5,004	957	14,232	8,033	5,296	60,805
Blend	56,076	18,968	12,725	-	4,868	2,943	16,572
Hard	1,366	491	481	-	260	-	134
Non-concessional							
Scale Up Facility	343	-	104	-	-	-	239
Transitional support	306	306	-	-	-	-	-
Undisbursed balance	$ 58,076	$ 5,179	$ 2,776	$ 6,992	$ 5,109	$ 5,072	$ 32,948

Commercial Counterparty Credit Risk Exposure

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

The credit quality of IDA's investment portfolio remains concentrated in the upper end of the credit spectrum with 62% of the portfolio rated AA or above as of March 31, 2018, 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 $33,959 million as of March 31, 2018.

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

For the contractual value, notional amounts and related credit risk exposure amounts by instrument, see the Notes to the Condensed Quarterly Financial Statements-Note E- Derivative Instruments.

Table 13: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating
In millions of U.S. dollars, except rates in percentages

As of	March 31, 2018				June 30, 2017			
Counterparty Rating	Sovereigns	Non-Sovereigns	Total Exposure	% of Total	Sovereigns	Non-Sovereigns	Total Exposure	% of Total
AAA	$ 6,796	$ 4,349	**$ 11,145**	33	$ 8,065	$ 5,088	**$ 13,153**	42
AA	2,753	7,159	**9,912**	29	3,919	5,194	**9,113**	29
A	8,852	4,015	**12,867**	38	6,860	2,017	**8,877**	29
BBB or below	32	3	**35**	*	-	4	**4**	*
Total	**$ 18,433**	**$ 15,526**	**$ 33,959**	**100**	**$ 18,844**	**$ 12,303**	**$ 31,147**	**100**

** Denotes less than 0.5%.*

Interest Rate Risk

IDA is exposed to interest rate risk due to mismatches between its assets (loans and investment portfolio) and its liabilities (borrowing portfolio) both in terms of maturity and instrument type.

IDA employs the following strategies in its management of interest rate risk:

- Capital adequacy policies, which factor in the sensitivity to interest rates;
- Asset liability management policies, where IDA matches interest rates between loans and funding to minimize open interest rate positions;

The funding risk related to the mismatch between the maturity profile of the debt funding and the related loans is monitored through duration measurements and adjustments to capital requirements to cover this risk.

As of March 31, 2018, IDA's overall investment portfolio had a duration of approximately 2 years. During FY18 YTD, the investment portfolio experienced unrealized mark-to-market losses of $156 million as compared to unrealized mark-to-market losses of $405 million in FY17 YTD. The lower losses in FY18 YTD were consistent with the smaller increases in interest rates of the major currencies for FY18 YTD compared with FY17 YTD. For IDA18, the trading portfolio is gradually being adjusted to reflect the new hybrid financing model. IDA's investment portfolio is being transitioned to a sub-portfolio structure comprised of a Stable portfolio and an Operational portfolio.

Exchange Rate Risk

Changes in exchange rates affect the capital adequacy of IDA when the currency of the equity or debt funding the loan portfolio is different from that of the loan exposure. Accordingly, the aim of IDA's exchange rate risk management under IDA18 is the protection of IDA's financial capacity.

The key element of IDA's foreign exchange risk mitigation framework under IDA18 is the alignment of the currency composition of IDA's equity with that of the currency composition of required capital.

As part of IDA's currency alignment strategy, IDA uses currency forward contracts to convert members' encashments provided in national currencies into the five currencies of the SDR basket, thereby aligning the currency composition of partner contributions with the net cash outflows relating to loans and grants, which are denominated in SDRs.

The payable leg of the currency forward contracts economically hedging member equity contribution pledges are denominated in non-functional currencies. Accordingly, appreciation (depreciation) of these currencies against the U.S. dollar results in exchange rate losses (gains), which are reported in the Statement of Income. The translation adjustment on future inflows from members is the economic offset to the translation adjustment on non-functional currencies of currency forward contracts. The difference between the reported translation adjustments and the effect of foreign exchange movements on the economic offsets, primarily represent the effect of foreign exchange movements on the member equity contributions in non-functional currencies that are not economically hedged through forward contracts due to their relatively small contribution amount or the unpredictability of the expected payment date. These residual equity contributions are hedged using a currency correlation methodology under the overall currency management framework.

The translation adjustment loss on non-functional currencies of $162 million in FY18 YTD was due to the appreciation of the majority of the non-functional currencies against the U.S. dollar. This was economically offset by the effect of foreign exchange movements on the future inflows from members, which was a gain of $183 million in FY18 YTD. In comparison, in FY17 YTD, the translation adjustment gains on non-functional currencies amounted to $84 million due to the depreciation of the non-functional currencies against the U.S. dollar. This was economically offset by the effect of foreign exchange movements on the future inflows from members, which was a loss of $92 million in FY17 YTD.

Liquidity Risk

Liquidity risk arises in the general funding of IDA's activities and in managing its financial position. It includes the risk of IDA being unable to fund its portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

IDA's aggregate liquid asset holdings are to be kept above a specified prudential minimum to safeguard against cash flow interruptions. This minimum is equal to 80% of 24 months of projected net outflows and is reset annually. For FY18, the prudential minimum is $11 billion. As of March 31, 2018, IDA held $33.3 billion in the liquid asset portfolio. IDA will hold liquidity above the prudential minimum to ensure sufficient liquidity under a wide range of shock scenarios as well as to give it flexibility in timing its borrowing transactions and to meet working capital needs.

Operational Risk

Operational risk is defined as the risk of financial loss or damage to IDA's reputation resulting from inadequate or failed internal processes, people and systems, or from external events.

IDA recognizes the importance of operational risk management activities, which are embedded in its financial operations. IDA's approach to managing operational risk includes assessing and prioritizing operational risks, monitoring and reporting relevant key risk indicators, aggregating and analyzing internal and external events, identifying emerging risks that may affect business units, and developing risk response and mitigating actions.

Section VI: Summary of Fair Value Results

Fair Value Analysis and Results

Fair value reflects the most current and complete expectation and estimation of the value of assets and liabilities. It aids comparability, and can be useful in decision-making. On a reported basis, IDA's loans and borrowings from members are carried at amortized cost, while all instruments in its investment portfolio (trading and non-trading) are carried at fair value. Whilst IDA intends to hold its loans and borrowings from members to maturity, a fair value estimate of IDA's financial assets and liabilities along with their respective carrying values is presented in **Table 14**. The fair value of these instruments is affected by changes in market variables such as interest rates, exchange rates, and credit risk. Management uses fair value to assess the performance of the investment-trading portfolio, and to manage various market risks, including interest rate risk and commercial counterparty credit risk.

Table 14 shows that IDA's equity on a fair value basis ($139.4 billion) is less than on a carrying value basis ($167.7 billion). This is primarily due to the $27.6 billion negative fair value adjustment on IDA's net loans outstanding. This negative fair value adjustment arises due to the concessional nature of IDA's loans; IDA's interest rates are below market rates for the given maturity of its loans and risk profile of the borrowers (concessional).

The fair value of loans is calculated using market-based methodologies - see Notes to Condensed Quarterly Financial Statements–Note F– Loans and Other Exposures. For details on valuation methods and assumptions relating to other fair value disclosures, see Notes to Condensed Quarterly Financial Statements–Note K–Other Fair Value Disclosures. As non-financial assets and liabilities are not reflected at fair value, IDA's equity, as shown in **Table 14**, is not intended to reflect full fair value.

Loan Portfolio

As of March 31, 2018, there was a $27.6 billion fair value adjustment on IDA's net loans outstanding bringing the fair value to $120.8 billion. This compares with a $26.8 billion adjustment as of June 30, 2017, bringing the fair value to $111.5 billion at that time. The $0.8 billion variance in the adjustment is mainly due to changes in the credit risk of the portfolio.

Borrowing Portfolio

The fair value of borrowings from members increased from $4.2 billion as of June 30, 2017 to $6.0 billion as of March 31, 2018. The increase was primarily driven by the $1.4 billion in new borrowings during the period.

Table 14: Fair Value Estimates and Reported Basis Value
In millions of U.S. dollars

As of	March 31, 2018		June 30, 2017	
	Reported Basis	Fair Value	Reported Basis	Fair Value
Assets				
Due from Banks	$ 717	$ 717	$ 483	$ 483
Investments (including securities purchased under resale agreements)	34,156	34,156	32,033	32,033
Net Loans Outstanding	148,394	120,753	138,351	111,539
Derivative Assets				
Investments	5,196	5,196	4,318	4,318
Other Asset-Liability Management	17,236	17,236	19,525	19,525
Receivable from affiliated organization	820	820	798	798
Other assets	1,563	1,563	1,533	1,533
Total	**$ 208,082**	**$ 180,441**	**$ 197,041**	**$ 170,229**
Liabilities				
Borrowings	$ 5,314	$ 5,958	$ 3,660	$ 4,175
Securities sold/lent under repurchase agreements/securities lending agreements, and payable for cash collateral received	2,076	2,076	2,560	2,560
Derivate Liabilities				
Investments	5,338	5,338	4,523	4,523
Other Asset-Liability Management	17,941	17,941	19,550	19,550
Payable for grants	8,041	8,041	6,583	6,583
Payable to affiliated organization	436	436	471	471
Other liabilities	1,239	1,239	1,218	1,218
Total Liabilities	**$ 40,385**	**$ 41,029**	**$ 38,565**	**$ 39,080**
Equity	**$ 167,697**	**$ 139,412**	**$ 158,476**	**$ 131,149**
Total Liabilities and Equity	**$ 208,082**	**$ 180,441**	**$ 197,041**	**$ 170,229**

Section VII: Governance

External Auditors

The external auditor is appointed to a five-year term, with a limit of two consecutive terms, and is subject to annual reappointment based on the recommendation of the Audit Committee and approval of a resolution by the Board. FY18 is the final year of KPMG LLP's second term as IDA's external auditor.

On November 28, 2017, following a mandatory rebidding of the external audit contract, IDA's Executive Directors approved the appointment of Deloitte as IDA's external auditor for a five-year term commencing FY19.

Tables, Figures and Boxes

Tables

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Boxes

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March 31, 2018

Condensed Quarterly Financial Statements

CONDENSED BALANCE SHEET

Expressed in millions of U.S. dollars

	March 31, 2018 (Unaudited)	*June 30, 2017 (Unaudited)*
Assets		
Due from banks		
Unrestricted cash—Note C	$ 688	$ 455
Restricted cash	29	28
	717	483
Investments (including securities transferred under repurchase or securities lending agreements of $1,851 million—March 31, 2018; $2,150 million—June 30, 2017)—Notes C and G	34,137	31,789
Securities purchased under resale agreements—Note C	19	244
Derivative assets		
Investments—Notes C and E	5,196	4,318
Asset-liability management—Notes E and G	17,236	19,525
	22,432	23,843
Receivable from affiliated organization—Note G	820	798
Loans outstanding—Notes F and K		
Total loans	210,494	196,363
Less: Undisbursed balance	(58,076)	(54,179)
Loans outstanding	152,418	142,184
Less: Accumulated provision for losses on loans	(4,038)	(3,853)
Add: Deferred loans origination costs	14	20
Net loans outstanding	148,394	138,351
Other assets—Note C	1,563	1,533
Total Assets	$ 208,082	$ 197,041

	March 31, 2018 (Unaudited)	June 30, 2017 (Unaudited)
Liabilities		
Borrowings—Note D	$ 5,314	$ 3,660
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received—Note C	2,076	2,560
Derivative liabilities		
Investments—Notes C and E	5,338	4,523
Asset-liability management—Notes E and G	17,941	19,550
	23,279	24,073
Payable for development grants—Note H	8,041	6,583
Payable to affiliated organization—Note G	436	471
Other liabilities—Notes C and F	1,239	1,218
Total Liabilities	40,385	38,565
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	267,229	245,930
Less: Subscriptions and contributions receivable	(41,264)	(27,113)
Less: Cumulative discounts/acceleration credits on subscriptions and contributions	(3,512)	(3,414)
Subscriptions and contributions paid-in	222,453	215,403
Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions	(10,081)	(9,318)
Deferred amounts to maintain value of currency holdings	(242)	(244)
Accumulated deficit (See Condensed Statement of Changes in Accumulated Deficit)	(48,693)	(45,326)
Accumulated other comprehensive income—Note J	4,260	(2,039)
Total Equity	167,697	158,476
Total Liabilities and Equity	$ 208,082	$ 197,041

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)*	
	2018	*2017*	*2018*	*2017*
Interest revenue				
Loans, net—Note F	$ 352	$ 305	$ 1,021	$ 916
Investments, net—Notes C and G	100	98	309	290
Borrowings, net—Notes C and D	(37)	(27)	(102)	(72)
Interest revenue, net of borrowing expenses	415	376	1,228	1,134
Provision for losses on loans and other exposures—Note F	(14)	(32)	(88)	(144)
Non-interest revenue				
Revenue from externally funded activities—Note G	179	160	482	420
Commitment charges—Note F	3	-	6	-
Other	2	2	6	5
Total	184	162	494	425
Non-interest expenses				
Administrative—Notes G and I	(515)	(494)	(1,540)	(1,476)
Contributions to special programs—Note G	(2)	(1)	(21)	(20)
Other	6	(5)	(26)	(9)
Total	(511)	(500)	(1,587)	(1,505)
Transfers from affiliated organizations and others—Notes G and H	-	101	123	598
Development grants—Note H	(679)	(687)	(3,208)	(1,069)
Non-functional currency translation adjustment gains (losses) , net	10	(90)	(162)	84
Unrealized mark-to-market losses on Investments-Trading portfolio, net—Notes E and K	(103)	(18)	(138)	(368)
Unrealized mark-to-market (losses) gains on Non-Trading portfolios, net				
Investments—Note K	(11)	1	(18)	(37)
Asset-Liability management—Notes E and K	(37)	58	(11)	(2)
Total	(48)	59	(29)	(39)
Net Loss	**$** (746)	**$** (629)	(3,367)	(884)

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)	
	2018	*2017*	*2018*	*2017*
Net Loss	$ (746)	$ (629)	$ (3,367)	$ (884)
Other comprehensive income (loss)—Note J				
Currency translation adjustments on functional currencies	2,952	1,365	6,299	(4,417)
Comprehensive Income (Loss)	$ 2,206	$ 736	$ 2,932	$ (5,301)

CONDENSED STATEMENT OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Nine Months Ended March 31, (Unaudited)	
	2018	*2017*
Accumulated Deficit at beginning of the fiscal year	$ (45,326)	$ (43,030)
Net loss for the period	(3,367)	(884)
Accumulated Deficit at end of the period	$ (48,693)	$ (43,914)

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) 2018	2017
Cash flows from investing activities		
Loans		
Disbursements	$ (7,730)	$ (6,110)
Principal repayments	3,695	3,263
Principal prepayments	51	51
Non-trading securities—Investments		
Principal payments received	126	113
Net cash used in investing activities	(3,858)	(2,683)
Cash flows from financing activities		
Members' subscriptions and contributions	6,287	5,879
Borrowings	1,419	786
Net cash provided by financing activities	7,706	6,665
Cash flows from operating activities		
Net loss	(3,367)	(884)
Adjustments to reconcile net loss to net cash used in operating activities		
Provision for losses on loans and other exposures, net charge	88	144
Non-functional currency translation adjustment losses (gains), net	162	(84)
Unrealized mark-to-market losses on non-trading portfolios, net	29	39
Other non interest expenses	26	9
Amortization of discount on borrowings	37	25
Changes in:		
Investments—Trading, net	(1,588)	(3,378)
Other assets and liabilities	991	(289)
Net cash used in operating activities	(3,622)	(4,418)
Effect of exchange rate changes on unrestricted cash	7	9
Net increase (decrease) in unrestricted cash	233	(427)
Unrestricted cash at beginning of the fiscal year	455	645
Unrestricted cash at end of the period	$ 688	$ 218

	2018	2017
Supplemental disclosure		
Increase (Decrease) in ending balances resulting from exchange rate fluctuations:		
Loans outstanding	$ 6,257	$ (3,970)
Investment portfolio	1,204	(837)
Derivatives—Asset-liability management	(709)	105
Borrowings	198	(118)
Principal repayments written off under Heavily Indebted Poor Countries (HIPC) Debt Initiative	7	7
Loans prepaid—carrying value	54	54
Interest paid on borrowings	48	45

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

NOTES TO CONDENSED QUARTERLY FINANCIAL STATEMENTS

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

Basis of Preparation

These unaudited condensed quarterly financial statements should be read in conjunction with the June 30, 2017 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2017 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 losses on loans and other exposures and valuation of certain financial instruments carried at fair value. The results of operations for the first nine months of the current fiscal year are not necessarily indicative of the results that may be expected for the full year.

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

These financial statements were approved for issue on May 7, 2018 which was also the date through which IDA's management evaluated subsequent events.

Accounting and Reporting Developments

Accounting standards under evaluation:

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and subsequent amendments in 2015 and 2016. The ASUs provide a common framework for revenue recognition for U.S. GAAP and supersede most of the existing revenue recognition guidance in US GAAP. The core principle of the guidance is that an entity recognizes revenue when it transfers control of promised goods and services to customers in an amount that reflects consideration to which the entity expects to be entitled. For IDA, the ASUs will be effective from the quarter ending September 30, 2018.

IDA primarily earns revenue from financial instruments that are not within the scope of the ASUs. In addition, IDA does not have contractual arrangements which result in revenue sources that would ordinarily be within the scope of this ASUs since it has a revenue sharing arrangement with IBRD.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* The ASU makes targeted amendments to existing guidance on recognition and measurement of financial instruments that primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The new guidance requires that changes in the fair value of financial liabilities measured under the fair value option that are attributable to instrument-specific credit risk are reported in Other Comprehensive Income (OCI). For IDA, the ASU will be effective from the quarter ending September 30, 2018 with early adoption permitted for certain provisions. The impact of this ASU on IDA's financial statements and disclosures will be related to the measurement of instrument-specific credit risk for its financial liabilities measured under the fair value option.

Starting in the quarter ending September 30, 2018, changes in fair value of IDA's financial liabilities that relate to IDA's own credit risk will be recognized in OCI as a *Debit Valuation Adjustment (DVA) on Fair Value Option Elected Liabilities*. The *DVA on Fair Value Option Elected Liabilities* will be measured by revaluing each liability to determine the changes in fair value of that liability arising from changes in IDA's cost of funding relative to LIBOR.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU introduces a new model for the accounting of credit losses of loans and other financial assets measured at amortized cost. Current U.S. GAAP requires an "incurred loss" methodology for recognizing credit losses. The new model, referred to as the current expected credit losses (CECL) model, requires an entity to estimate the credit losses expected over the life of an exposure, considering historical information, current information, and reasonable and supportable forecasts. Additionally, the ASU requires enhanced disclosures about credit quality and significant estimates and judgments used in estimating credit losses. For IDA, the ASU is expected to be effective beginning from the quarter ending September 30, 2020, with early adoption permitted. IDA is currently evaluating the impact of the ASU on its accumulated provision for losses on loans.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The ASU provides classification guidance on eight specific cash flow classification issues for which current US GAAP does not provide guidance. For IDA, the ASU is expected to be effective from the quarter ending September 30, 2018, with early adoption permitted. IDA has evaluated the ASU and its impact will be limited to the reclassification of certain items on the statement of cash flows, with no net impact on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted cash.* The ASU requires that the amounts of restricted cash and cash equivalents are included in the total of cash and cash equivalents at the beginning and end of the period in the statement of cash flows. For IDA, the ASU is expected to be effective from the quarter ending September 30, 2018, with early adoption permitted. IDA has evaluated the ASU and determined that there will be no material 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, 2018, and for the fiscal year ended June 30, 2017, is summarized below:

In millions of U.S dollars

	March 31, 2018	*June 30, 2017*
Beginning of the fiscal year	$ 215,403	$ 208,430
Cash contributions received	2,676	2,963
Demand obligations received	3,769	4,014
Translation adjustment	605	(4)
End of the period/fiscal year	$ 222,453	$ 215,403

During the nine months ended March 31, 2018, IDA encashed demand obligations totaling $3,611 million.

NOTE C—INVESTMENTS

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

As of March 31, 2018, the majority of IDA's Investments comprised government and agency obligations (77%), with all the instruments being classified as either Level 1 or Level 2 within the fair value hierarchy. As of March 31, 2018, Japanese instruments represented the largest holding of a single counterparty and amounted to 19% of the Investments Trading.

A summary of IDA's Investments as of March 31, 2018 and June 30, 2017, is as follows:

In millions of U.S.dollars

	March 31, 2018	*June 30, 2017*
Trading		
Government and agency obligations	$ 26,389	$ 25,341
Time deposits	6,255	4,783
Asset-backed securities (ABS)	682	705
	$ 33,326	$ 30,829
Non-trading (at fair value)		
Debt securities	811	960
Total	$ 34,137	$ 31,789

IDA manages its investments on a net portfolio basis. The following table summarizes IDA's net portfolio position as of March 31, 2018 and June 30, 2017:

In millions of U.S. dollars

	March 31, 2018	*June 30, 2017*
Investments		
Trading	$ 33,326	$ 30,829
Non-trading (at fair value) - Note G	811	960
Total	34,137	31,789
Securities purchased under resale agreements	19	244
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	(2,076)	(2,560)
Derivative Assets		
Currency forward contracts	3,028	803
Currency swaps	2,160	3,513
Interest rate swaps	6	*
Swaptions, exchange traded options and futures contracts	*	1
Other [a]	2	1
Total	5,196	4,318
Derivative Liabilities		
Currency forward contracts	(3,015)	(819)
Currency swaps	(2,310)	(3,689)
Interest rate swaps	(12)	(8)
Swaptions, exchange traded options and futures contracts	(1)	(5)
Other [a]	(*)	(2)
Total	(5,338)	(4,523)
Cash held in investment portfolio [b]	665	421
Receivable from investment securities traded [c]	460	527
Payable for investment securities purchased [d]	(488)	(543)
Net Investment Portfolio	$ 32,575	$ 29,673

a. These relate to 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 E—Derivative Instruments.

As of March 31, 2018, there were short sales totaling $81 million ($77 million—June 30, 2017) included in Other liabilities on the Condensed Balance Sheet. These are reported at fair value on a recurring basis.

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, 2018 and June 30, 2017:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 11,901	$ 14,488	$ -	$ 26,389
Time deposits	522	5,733	-	6,255
ABS	-	682	-	682
Total Investments—Trading	12,423	20,903	-	33,326
Investments—Non-trading (at fair value)	-	811	-	811
Securities purchased under resale agreements	-	19	-	19
Derivative assets				
Currency forward contracts	-	3,028	-	3,028
Currency swaps	-	2,160	-	2,160
Interest rate swaps	-	6	-	6
Swaptions, exchange traded options and futures contracts	-	*	-	*
Other [a]	-	2	-	2
Total Derivative assets—Investments	-	5,196	-	5,196
Total	$ 12,423	$ 26,929	$ -	$ 39,352
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements [b]	$ -	$ 2,074	$ -	$ 2,074
Derivative liabilities				
Currency forward contracts	-	3,015	-	3,015
Currency swaps	-	2,310	-	2,310
Interest rate swaps	-	12	-	12
Swaptions, exchange traded options and futures contracts	-	1	-	1
Other [a]	-	*	-	*
Total Derivative liabilities—Investments	-	5,338	-	5,338
Payable for investment securities purchased [c]	19	62	-	81
Total	$ 19	$ 7,474	$ -	$ 7,493

a. These relate to TBA securities.

b. Excludes amount payable for cash collateral received relates to TBA securities ($2 million).

c. These relate to short sales of investment 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, 2017			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments—Trading				
Government and agency obligations	$ 12,271	$ 13,070	$ -	$ 25,341
Time deposits	165	4,618	-	4,783
ABS	-	705	-	705
Total Investments—Trading	12,436	18,393	-	30,829
Investments—Non-trading (at fair value)	-	960	-	960
Securities purchased under resale agreements	225	19	-	244
Derivative assets				
Currency forward contracts	-	803	-	803
Currency swaps	-	3,513	-	3,513
Interest rate swaps	-	*	-	*
Swaptions, exchange traded options and futures contracts	-	1	-	1
Other [a]	-	1	-	1
Total Derivative assets—Investments	-	4,318	-	4,318
Total	$ 12,661	$ 23,690	$ -	$ 36,351
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements [b]	$ -	$ 2,560	$ -	$ 2,560
Derivative liabilities				
Currency forward contracts	-	819	-	819
Currency swaps	-	3,689	-	3,689
Interest rate swaps	-	8	-	8
Swaptions, exchange traded options and futures contracts	4	1	-	5
Other [a]	-	2	-	2
Total Derivative liabilities—Investments	4	4,519	-	4,523
Payable for investment securities purchased [c]	19	58	-	77
Total	$ 23	$ 7,137	$ -	$ 7,160

a. These relate to TBA securities.
b. Excludes amount payable for cash collateral received relates to TBA securities (less than $0.5 million).
c. These relate to short sales of investment securities.
** Indicates amount less than $0.5 million.*

During the nine months ended March 31, 2018 and for the fiscal year ended June 30, 2017, there were no securities transferred between Level 1 and Level 2 within the fair value hierarchy.

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

In millions of U.S dollars

	Fair value	*Principal amount due*	*Difference*
March 31, 2018	$ 811	$ 843	$ (32)
June 30, 2017	$ 960	$ 969	$ (9)

The maturity structure of IDA's non-trading investment portfolio as of March 31, 2018 and June 30, 2017 was as follows:

In millions of U.S dollars

Period	*March 31, 2018*	*June 30, 2017*
Less than 1 year	$ 122	$ 126
Between		
1 - 2 years	125	122
2 - 3 years	124	124
3 - 4 years	114	125
4 - 5 years	96	113
Thereafter	262	359
	$ 843	$ 969

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 most government and agency securities and futures contracts.

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

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

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

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

Commercial Credit Risk

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

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

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

IDA did not receive any collateral in relation to swap transactions as of March 31, 2018 and June 30, 2017.

Securities Lending: IDA may engage in securities lending and repurchases, against adequate collateral, as well as securities borrowing and reverse repurchases (resales) of government and agency obligations, and ABS.

These transactions have been conducted under legally enforceable master netting arrangements, which allow IDA to reduce its gross credit exposure related to these transactions. As of March 31, 2018, amounts which could potentially be offset as a result of legally enforceable master netting arrangements were $19 million ($225 million—June 30, 2017).

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

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

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

In millions of U.S. dollars

	March 31, 2018	*June 30, 2017*	*Financial Statement Presentation*
Securities transferred under repurchase or securities lending agreements	$ 1,851	$ 2,150	Included under Investments - Trading on the Condensed Balance Sheet
Liabilities relating to securities transferred under repurchase or securities lending agreements	$ 2,074	$ 2,560	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, 2018, $232 million of the liabilities relating to securities transferred under repurchase or securities lending agreements remained unsettled at that date ($388 million—June 30, 2017). Of this, $127 million represented replacement trades entered into in anticipation of maturing trades of a similar amount ($368 million—June 30, 2017).

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

In millions of U.S. dollars

	As of March 31, 2018		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	*Up to 30 days*	*Total*
Repurchase or Securities Lending agreements			
Government and agency obligations	$ 1,344	$ 730	$ 2,074
Total liabilities for Securities sold under repurchase agreements and Securities Lent under Securities Lending Agreements	$ 1,344	$ 730	$ 2,074

In millions of U.S. dollars

	As of June 30, 2017		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	*Up to 30 days*	*Total*
Repurchase or Securities Lending agreements			
Government and agency obligations	$ 1,699	$ 861	$ 2,560
Total liabilities for Securities sold under repurchase agreements and Securities Lent under Securities Lending Agreements	$ 1,699	$ 861	$ 2,560

In the case of resale agreements, IDA received 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, 2018, none of the securities purchased under resale agreements remained unsettled on that date (Nil—June 30, 2017). For the securities purchased under resale agreements, IDA received securities with a fair value of $19 million ($244 million—June 30, 2017). Out of this amount, no securities had been transferred under repurchase or securities lending agreements (Nil—June 30, 2017).

NOTE D—BORROWINGS

As of March 31, 2018, IDA's borrowings comprise concessional partner loans made by IDA members. These borrowings are unsecured and unsubordinated fixed rate debt in SDR component currencies. IDA may prepay some or the entire outstanding amounts without penalty. These borrowings are carried and reported at amortized cost.

As of March 31, 2018, IDA's borrowings outstanding were $5,314 million ($3,660 million—June 30, 2017). These borrowings have original maturities of 25 and 40 years, with the final maturity being 2058. This excludes the amounts relating to proceeds received under the grant component of concessional partner loan agreements, for which voting rights have been provided. These amounts are reflected in equity.

In millions of U.S dollars

	Borrowings outstanding		
	Principal at face value	*Net unamortized premium (discount)*	*Total*
March 31, 2018	$ 6,685	$ (1,371)	$ 5,314
June 30, 2017	$ 4,392	$ (732)	$ 3,660

Fair Value Disclosures

The table below presents the fair value of IDA's borrowings for disclosure purposes, along with their respective carrying amounts as of March 31, 2018 and June 30, 2017:

In millions of U.S dollars

	March 31, 2018		*June 30, 2017*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Borrowings outstanding	$ 5,314	$ 5,958	$ 3,660	$ 4,175

As of March 31, 2018, IDA's borrowings were classified as Level 2 within the fair value hierarchy.

Valuation Methods and Assumptions

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

Subsequent Event

On April 17, 2018, for the first time, IDA issued a debt security in the international capital markets. This debt security had a notional principal value of $1.5 billion and carried a fixed interest rate of 2.75%. The issuance of this debt security had no impact on the March 31, 2018 financial statements.

IDA has elected the fair value option for all debt instruments issued in the capital markets. Changes in fair value will be recognized in the related Unrealized mark-to-market gains and losses on non-trading portfolios, net, line in the Condensed Statement of Income up until June 30, 2018. Since IDA has elected the fair value option for these instruments, starting in the quarter ending September 30, 2018 changes in the fair value that relate to IDA's own credit risk, will be reported in OCI (see Note A- Summary, Accounting and Reporting Developments for additional details).

NOTE E—DERIVATIVE INSTRUMENTS

IDA uses derivative instruments in its investment portfolio to manage currency and interest rate risks, for asset-liability management purposes, and to assist clients in managing risks.

The following table summarizes IDA's use of derivatives in its various financial portfolios.

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

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, 2018 and June 30, 2017:

In millions of U.S. dollars

	Condensed Balance Sheet Location			
	Derivative assets		*Derivative liabilities*	
	March 31, 2018	*June 30, 2017*	*March 31, 2018*	*June 30, 2017*
Derivatives not designated as hedging instruments				
Currency forward contracts	$ 20,254	$ 20,328	$ 20,946	$ 20,369
Currency swaps	2,170	3,513	2,319	3,689
Swaptions, exchange traded options and futures contracts	*	1	1	5
Interest rate swaps	6	*	13	8
Other [a]	2	1	*	2
Total Derivatives	$ 22,432	$ 23,843	$ 23,279	$ 24,073

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, 2018*	*June 30, 2017*
Investments - Trading		
Interest rate swaps		
Notional principal	$ 1,056	$ 760
Credit exposure	6	*
Currency swaps (including currency forward contracts)		
Credit exposure	26	14
Swaptions, exchange traded options, and futures contracts [a]		
Notional long position	2,083	37,967
Notional short position	3,285	39,264
Credit exposure	*	1
Other [b]		
Notional long position	541	412
Notional short position	44	147
Credit exposure	2	1
Asset-liability management		
Currency forward contracts (including currency swaps)		
Credit exposure	298	305
Interest rate swaps		
Notional principal	22	-
Credit exposure	-	-
Client Operations		
Structured swaps		
Notional principal	-	68
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.*

Under almost all of its International Swaps and Derivative Association (ISDA) Master Agreements, IDA is not required to post collateral as long as it maintains a triple-A rating. One active ISDA Master Agreement dates back to before IDA obtained its triple-A rating. Under the terms of that agreement, IDA is obligated to deliver collateral after exceeding certain exposure thresholds. As of March 31, 2018, only one contract remained outstanding under that ISDA Master Agreement, and given that IDA's exposure had exceeded the relevant threshold, IDA was required to post $47 million of collateral.

The aggregate fair value of all derivative instruments with credit-risk related contingent features that are in a liability position as of March 31, 2018 after collateral posted, is $1,010 million ($366 million —June 30, 2017). If the credit-risk related contingent features underlying these ISDA Master Agreements were triggered to the extent that IDA would be required to post collateral as of March 31, 2018, the amount of collateral that would need to be posted would be $63 million ($82 million—June 30, 2017). Subsequent triggers of contingent features would require posting of additional collateral, up to a maximum of $1,010 million as of March 31, 2018 ($366 million—June 30, 2017).

Amounts of gains and losses on the Asset-liability management derivative instruments and their location on the Condensed Statement of Income during the three and nine months ended March 31, 2018 and March 31, 2017 are as follows:

In millions of U.S. dollars

		Unrealized Gains (Losses)			
		Three Months Ended March 31,		*Nine Months Ended March 31,*	
	Condensed Statement of Income Location	*2018*	*2017*	*2018*	*2017*
Derivatives not designated as hedging instruments and not held in a trading portfolio [a]					
Interest rate swaps	**Unrealized mark-to-market (losses) gains on non-trading portfolios, net**	(1)	-	(1)	-
Currency forward contracts and currency swaps		(36)	58	(10)	(2)
Total		$ (37)	$ 58	$ (11)	$ (2)

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

The majority of the instruments in IDA's investment portfolio are held for trading purposes. Within the trading portfolio, IDA holds highly rated fixed income instruments as well as derivatives. The trading portfolio is primarily held to ensure the availability of funds to meet future cash flow requirements and for liquidity management purposes.

The following table provides information on the amount of gains and losses on IDA's investment trading portfolio (derivative and non-derivative instruments), and their location on the Condensed Statement of Income during the three and nine months ended March 31, 2018 and March 31, 2017:

In millions of U.S. dollars

		Unrealized Gains (Losses)			
		Three Months Ended March 31,		*Nine Months Ended March 31,*	
	Condensed Statement of Income Location	*2018*	*2017*	*2018*	*2017*
Type of instrument					
Fixed income (including related derivatives)	**Unrealized mark-to-market losses on Investment-Trading portfolios, net**	$ (103)	$ (19)	$ (138)	$ (368)

Offsetting assets and liabilities

IDA enters into 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, 2018 and June 30, 2017. 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, 2018					
	Located on the Condensed Balance Sheet					
	Derivative Assets			*Derivative Liabilities*		
	Gross Amounts Recognized	*Gross Amounts Offset*	*Net Amounts Presented*	*Gross Amounts Recognized*	*Gross Amounts Offset*	*Net Amounts Presented*
Interest rate swaps	$ 28	$ (22)	$ 6	$ 267	$ (254)	$ 13
Currency swaps [a]	22,424	-	22,424	23,265	-	23,265
Other [b]	2	-	2	4	(3)	1
Total	$ 22,454	$ (22)	$ 22,432	$ 23,536	$ (257)	$ 23,279
Amounts subject to legally enforceable master netting agreements [c]			$ (22,224)			$ (22,224)
Net derivative positions at counterparty level before collateral			208			1,055
Less:						
Cash collateral received [d]			-			
Securities collateral received			-			
Net derivative exposure after collateral			$ 208			

a. Includes currency forward contracts.

b. These include 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, 2017					
	Located on the Condensed Balance Sheet					
	Derivative Assets			Derivative Liabilities		
	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented
Interest rate swaps	$ 1	$ (1)	$ *	$ 251	$ (243)	$ 8
Currency swaps [a]	23,841	-	23,841	24,059	(1)	24,058
Other [b]	2	-	2	28	(21)	7
Total	$ 23,844	$ (1)	$ 23,843	$ 24,338	$ (265)	$ 24,073
Amounts subject to legally enforceable master netting agreements [c]			$ (23,684)			$ (23,684)
Net derivative positions at counterparty level before collateral			159			389
Less:						
Cash collateral received [d]			-			
Securities collateral received			-			
Net derivative exposure after collateral			$ 159			

a. Includes currency forward contracts.
b. These include 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, 2018 and June 30, 2017 is as follows:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of March 31, 2018			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$ -	$ 3,028	$ -	$ 3,028
Currency swaps	-	2,160	-	2,160
Interest rate swaps	-	6	-	6
Swaptions, exchange traded options and futures contracts	-	*	-	*
Other [a]	-	2	-	2
	-	5,196	-	5,196
Asset-liability management				
Currency forward contracts	-	17,226	-	17,226
Currency swaps	-	-	10	10
Interest rate swaps	-	-	-	-
Total derivative assets	$ -	$ 22,422	$ 10	$ 22,432
Derivative liabilities:				
Investments				
Currency forward contracts	$ -	$ 3,015	$ -	$ 3,015
Currency swaps	-	2,310	-	2,310
Interest rate swaps	-	12	-	12
Swaptions, exchange traded options and futures contracts	-	1	-	1
Other [a]	-	*	-	*
	-	5,338	-	5,338
Asset-liability management				
Currency forward contracts	-	17,931	-	17,931
Currency swaps	-	-	9	9
Interest rate swaps	-	1	-	1
Total derivative liabilities	$ -	$ 23,270	$ 9	$ 23,279

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, 2017			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$ -	$ 803	$ -	$ 803
Currency swaps	-	3,513	-	3,513
Interest rate swaps	-	*	-	*
Swaptions, exchange traded options and futures contracts	-	1	-	1
Other [a]	-	1	-	1
	-	4,318	-	4,318
Asset-liability management				
Currency forward contracts	-	19,525	-	19,525
Total derivative assets	$ -	$ 23,843	$ -	$ 23,843
Derivative liabilities:				
Investments				
Currency forward contracts	$ -	$ 819	$ -	$ 819
Currency swaps	-	3,689	-	3,689
Interest rate swaps	-	8	-	8
Swaptions, exchange traded options and futures contracts	4	1	-	5
Other [a]	-	2	-	2
	4	4,519	-	4,523
Asset-liability management				
Currency forward contracts	-	19,550	-	19,550
Total derivative liabilities	$ 4	$ 24,069	$ -	$ 24,073

a. These relate to TBA securities.

* *Indicates amount less than $0.5 million.*

Inter-level transfers

During the nine months ended March 31, 2018 and March 31, 2017, there were no inter-level transfers in the derivative portfolio.

Valuation Methods and Assumptions

Derivative contracts include currency forward contracts, TBA securities, swaptions, exchange traded options and future contracts, currency swaps and interest rate swaps. 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 F—LOANS AND OTHER EXPOSURES

Loans and other exposures are generally made directly to member countries of IDA. Other exposures include irrevocable commitments, guarantees and repaying project preparation facilities. Loans are carried and reported at amortized cost. Of the total loans outstanding as of March 31, 2018, 91% 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 loans outstanding are in the Medium and High-risk classes.

As of March 31, 2018, loans outstanding totaling $2,617 million (representing about 2% of the portfolio) from five borrowers, were in nonaccrual status.

Credit Quality of Sovereign Loans

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's borrowers' country risk ratings are key determinants in the provisions for loan losses.

IDA considers a loan 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 loan agreements.

The following tables provide an aging analysis of loans outstanding as of March 31, 2018 and June 30, 2017:

In millions of U.S. dollars

	March 31, 2018							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,315	$ 2,315
Medium	-	-	-	-	-	-	26,734	26,734
High	1	-	-	-	-	1	120,751	120,752
Loans in accrual status	1	-	-	-	-	1	149,800	149,801
Loans in nonaccrual status	13	4	6	19	1,248	1,290	1,327	2,617
Total	$ 14	$ 4	$ 6	$ 19	$ 1,248	$ 1,291	$ 151,127	$ 152,418

In millions of U.S. dollars

	June 30, 2017							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,762	$ 2,762
Medium	-	-	-	-	-	-	26,385	26,385
High	7	-	-	-	-	7	110,501	110,508
Loans in accrual status	7	-	-	-	-	7	139,648	139,655
Loans in nonaccrual status	12	1	5	22	1,146	1,186	1,343	2,529
Total	$ 19	$ 1	$ 5	$ 22	$ 1,146	$ 1,193	$ 140,991	$ 142,184

Accumulated Provision for Losses on Loans and Other Exposures

Provision for Losses on Loans and Other Exposures

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

In light of the IDA18 replenishment which commenced on July 1, 2017, IDA's management is reviewing its approach to the credit risk rating of IDA's sovereign borrowers. Certain aspects of this review have been completed, and the resulting impact which is not material, has been reflected in the loan loss provision as of March 31, 2018. The potential impact of the remaining refinements on IDA's total equity and total assets is not expected to be material.

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

During the nine months ended March 31, 2018 and the fiscal year ended June 30, 2017, there were no loans written off under the MDRI.

Changes to the accumulated provision for losses on loans and other exposures for the nine months ended March 31, 2018 and the fiscal year ended June 30, 2017 are summarized below:

In millions of U.S. dollars

	March 31, 2018				*June 30, 2017*			
	Loans	*Debt relief under HIPC/MDRI*	*Other*	*Total*	*Loans*	*Debt relief under HIPC/MDRI*	*Other*	*Total*
Accumulated provision, beginning of the fiscal year	**$** 1,913	$ 1,940	$ 25	$ 3,878	$ 1,932	$ 2,000	$ 25	$ 3,957
Provision, net - charge (release) [a]	85	-	3	88	(10)	(46)	*	(56)
Loans written off under:								
Prepayments	(3)	-	-	(3)	(3)	-	-	(3)
HIPC/MDRI	-	(7)	-	(7)	-	(9)	-	(9)
Translation adjustment	83	27	*	110	(6)	(5)	*	(11)
Accumulated provision, end of the period	$ 2,078	$ 1,960	$ 28	$ 4,066	$ 1,913	$ 1,940	$ 25	$ 3,878
Composed of accumulated provision for losses on:								
Loans in accrual status	$ 1,793	$ 119		$ 1,912	$ 1,644	$ 126		$ 1,770
Loans in nonaccrual status	285	1,841		2,126	269	1,814		2,083
Total	$ 2,078	$ 1,960		$ 4,038	$ 1,913	$ 1,940		$ 3,853
Loans:								
Loans in accrual status				$ 149,801				$ 139,655
Loans in nonaccrual status				2,617				2,529
Total				$ 152,418				$ 142,184

a. For the nine months ended March 31, 2018, the provision includes $3 million for the discount on prepayment of loans from one IDA graduate country ($3 million-June 30, 2017).

** Indicates amount less than $0.5 million.*

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

Overdue Amounts

As of March 31, 2018, no principal or charges for loans in accrual status which were overdue by more than three months.

The following tables provide a summary of selected financial information related to loans in nonaccrual status as of March 31, 2018 and June 30, 2017 and for the three and nine months ended March 31, 2018 and March 31, 2017:

In millions of U.S. dollars

							Overdue amounts	
Borrower	*Nonaccrual since*	*Recorded investment* [a]	*Average recorded investment* [b]	*Principal Outstanding*	*Provision for debt relief*	*Provision for loan losses* [c]	*Principal*	*Charges*
Eritrea	March 2012	$ 454	$ 445	$ 454	$ 309	$ 22	$ 63	$ 23
Somalia	July 1991	425	420	425	398	4	248	87
Sudan	January 1994	1,242	1,226	1,242	1,134	16	736	220
Syrian Arab Republic	June 2012	14	14	14	-	2	8	1
Zimbabwe	October 2000	482	473	482	-	241	235	57
Total - March 31, 2018		$ 2,617	$ 2,578	$ 2,617	$ 1,841	$ 285	$ 1,290	$ 388
Total - June 30, 2017		$ 2,529	$ 2,503	$ 2,529	$ 1,814	$ 269	$ 1,186	$ 361

a. A loan loss provision has been recorded against each of the loans in nonaccrual status.
b. For March 31, 2018, represents the average for the nine months ended that date (June 30, 2017 - represents the average for the fiscal year then ended).
c. Loan loss provisions are determined after taking into account accumulated provision for debt relief.

In millions of U.S. dollars

	Three months ended March 31,		Nine months ended March 31,	
	2018	*2017*	2018	*2017*
Service charge revenue not recognized as a result of loans being in nonaccrual status	$ 4	$ 5	$ 14	$ 14

During the nine months ended March 31, 2018 and March 31, 2017, no loans were placed into nonaccrual status.

During the three and nine months ended March 31, 2018, no service charge revenue was recognized on loans in nonaccrual status (less than $1 million and $2 million—three and nine months ended March 31, 2017, respectively).

Guarantees

Guarantees of $1,289 million were outstanding as of March 31, 2018 ($1,177 million—June 30, 2017). 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 22 years, and expire in decreasing amounts through 2035.

As of March 31, 2018, liabilities related to IDA's obligations under guarantees of $102 million ($96 million—June 30, 2017), have been included in Other liabilities on the Condensed Balance Sheet. These include the accumulated provision for guarantee losses of $22 million ($19 million—June 30, 2017).

During the nine months ended March 31, 2018 and March 31, 2017, 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.

Loan revenue comprises service charges and interest charges on outstanding loan balances. For the nine months ended March 31, 2018, loan revenue from three countries of $182 million, $133 million and $105 million, respectively were in excess of 10 percent of total loan revenue.

The following table presents IDA's loans outstanding and associated loan revenue as of and for the nine months ended March 31, 2018 and March 31, 2017, by geographic region:

In millions of U.S. dollars

	March 31, 2018		March 31, 2017	
Region	*Loans Outstanding*	*Service and Interest Charges*	*Loans Outstanding*	*Service and Interest Charges*
Africa	$ 59,536	$ 322	$ 49,804	$ 277
East Asia and Pacific	20,326	147	18,855	135
Europe and Central Asia	7,689	83	7,323	79
Latin America and the Caribbean	2,652	21	2,434	19
Middle East and North Africa	3,023	17	3,006	17
South Asia	59,192	431	54,129	388
Total	$ 152,418	$ 1,021	$ 135,551	$ 915

Fair Value Disclosures

IDA's loans are carried and reported at amortized cost. The table below presents the fair value of loans for disclosure purposes, along with their respective carrying amounts as of March 31, 2018 and June 30, 2017:

In millions of U.S dollars

	March 31, 2018		June 30, 2017	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Net Loans Outstanding	$ 148,394	$ 120,753	$ 138,351	$ 111,539

As of March 31, 2018, IDA's loans are classified as Level 3 within the fair value hierarchy.

Valuation Methods and Assumptions

The fair value of loans is calculated using market-based methodologies, which incorporate the respective borrowers' Credit Default Swap (CDS) spreads and, where applicable, proxy CDS spreads. Basis adjustments are applied to market recovery levels to reflect IDA's recovery experience.

NOTE G—TRANSACTIONS WITH AFFILIATED ORGANIZATIONS

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

Transfers and Grants

Cumulative transfers and grants made to IDA as of March 31, 2018 were $19,068 million ($18,945 million—June 30, 2017). 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	$ 18,945	$ 123	$ 19,068
Of which from:			
IBRD	15,126	123	15,249
IFC	3,592	-	3,592

Receivables and Payables

As of March 31, 2018 and June 30, 2017, the total amounts receivable from or (payable to) affiliated organizations comprised:

In millions of U.S. dollars

	March 31, 2018			*June 30, 2017*		
	IBRD	*IFC*	*Total*	*IBRD*	*IFC*	*Total*
Administrative Services [a]	$ (305)	$ -	$ (305)	$ (368)	$ -	$ (368)
Derivative Transactions						
Receivable	5,752	10	5,762	6,717	-	6,717
Payable	(5,558)	(9)	(5,567)	(6,559)	-	(6,559)
Pension and Other Postretirement Benefits	689	-	689	695	-	695
Investments	-	811	811	-	960	960
	$ 578	$ 812	$ 1,390	$ 485	$ 960	$ 1,445

a. Includes $131 million as of March 31, 2018 ($103 million-June 30, 2017) 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.

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. Beginning from the period ending September 30, 2016, the allocation of expenses jointly incurred by IBRD and IDA also includes Contributions to special programs.

For the three and nine months ended March 31, 2018, IDA's share of joint administrative expenses totaled $406 million and $1,264 million, respectively ($399 million and $1,240 million—three and nine months ended March 31, 2017, respectively).

Other revenue: Includes IDA's share of other revenue jointly earned with IBRD during the three and nine months ended March 31, 2018 totaling $67 million and $185 million, respectively ($64 million and $164 million—three and nine months ended March 31, 2017, respectively). The allocation of revenue is based upon an agreed revenue sharing formula, and amounts are settled quarterly.

For the three and nine months ended March 31, 2018 and March 31, 2017, 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,*	
	2018	*2017*	*2018*	*2017*
Fees charged to IFC	$ 17	$ 15	$ 49	$ 44
Fees charged to MIGA	1	1	3	3

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 lives of the plan participants.

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

On December 22, 2017, as part of the local currency facility under Private Sector Window, IDA entered into a currency swap agreement with IFC for a period of 12 years. IDA will pay IFC a fixed rate of 2.49% annually on a U.S. dollar notional of 9 million and will receive 3.27% annually on a West African CFA franc (XOF) notional of 5,000 million. As of March 31, 2018, the derivative had a fair value of less than $1 million.

Investments

During the fiscal year ended June 30, 2015, IDA purchased a debt security issued by IFC for a principal amount of $1,179 million, amortizing over a period of 25 years. The investment carries a fixed interest rate of 1.84% and has a weighted average maturity of four years. As of March 31, 2018, the principal amount due on the debt security was $843 million, and it had a fair value of $811 million. The investment is reported under Investments in the Condensed Balance Sheet. During the three and nine months ended March 31, 2018, IDA recognized interest income of $4 million and $13 million, respectively on this debt security ($4 million and $14 million—three and nine months ended March 31, 2017 respectively).

NOTE H—DEVELOPMENT GRANTS

A summary of changes to the amounts payable for development grants for the nine months ended March 31, 2018, and for the fiscal year ended June 30, 2017, is presented below:

In millions of U.S dollars

	March 31, 2018	*June 30, 2017*
Balance, beginning of the fiscal year	$ 6,583	$ 6,099
Commitments	3,208	2,627 [a]
Disbursements (including PPA[b] grant activity)	(2,070)	(2,105)
Translation adjustment	320	(38)
Balance, end of the period/ fiscal year	$ 8,041	$ 6,583

a. Includes $50 million contribution to Pandemic Emergency Financing Facility (PEF) which will be expensed when the amounts are disbursed from PEF Financial Intermediary Funds.

b. Project Preparation Advances (PPA).

For the fiscal years ending June 30, 2018 and June 30, 2017, the commitment charge rate on the undisbursed balances of IDA grants has been set at nil percent.

NOTE I—PENSION AND OTHER POSTRETIREMENT BENEFITS

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

While IDA is not a participating entity to these benefit plans, IDA shares in the costs and reimburses IBRD for its proportionate share of any contributions made to these plans by IBRD, 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, 2018, IDA's share of IBRD's benefit costs relating to all three plans totaled $80 million and $241 million, respectively ($105 million and $315 million—three and nine months ended March 31, 2017, respectively).

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

NOTE J—ACCUMULATED OTHER COMPREHENSIVE INCOME

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

The following table presents the changes in Accumulated other comprehensive income balances for the nine months ended March 31, 2018 and March 31, 2017.

In millions of U.S dollars

	Nine Months Ended March 31,	
	2018	*2017*
Balance, beginning of the fiscal year	$ (2,039)	$ (1,219)
Currency translation adjustments on functional currencies	6,299	(4,417)
Balance, end of the period	$ 4,260	$ (5,636)

NOTE K—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, 2018 and June 30, 2017.

In millions of U.S dollars

	March 31, 2018		*June 30, 2017*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Assets				
Due from Banks	$ 717	$ 717	$ 483	$ 483
Investments (including securities purchased under resale agreements)	34,156	34,156	32,033	32,033
Net Loans Outstanding	148,394	120,753	138,351	111,539
Derivative Assets				
Investments	5,196	5,196	4,318	4,318
Asset-Liability Management	17,236	17,236	19,525	19,525
Liabilities				
Borrowings	5,314	5,958	3,660	4,175
Securities sold/ lent under repurchase agreements/ securities lending agreements and payable for cash collateral received	2,076	2,076	2,560	2,560
Derivative Liabilities				
Investments	5,338	5,338	4,523	4,523
Asset-Liability Management	17,941	17,941	19,550	19,550

Valuation Methods and Assumptions

As of March 31, 2018, and June 30, 2017, IDA had no financial assets or liabilities measured at fair value on a non–recurring basis.

For additional fair value disclosures regarding Investments, Borrowings, Derivative assets and liabilities and Loans, refer to Note C—Investments, Note D—Borrowings, Note E—Derivative Instruments and Note F—Loans and other exposures, respectively.

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

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

The following table reflects the components of the unrealized mark-to-market gains or losses on IDA's trading and non-trading portfolios, net, for the three and nine months ended March 31, 2018 and March 31, 2017.

In millions of U.S. dollars

	Three Months Ended March 31, 2018			*Nine Months Ended March 31, 2018*		
	Realized gains (losses)	*Unrealized gains (losses) excluding realized amounts*	*Unrealized gains (losses)*	*Realized gains (losses)*	*Unrealized gains (losses) excluding realized amounts*	*Unrealized gains (losses)*
Investments- Trading—Note E	$ (110)	$ 7	$ (103)	$ (152)	$ 14	$ (138)
Non-trading portfolios, net						
Investment portfolio—Note C	-	(11)	(11)	-	(18)	(18)
Asset-liability management—Note E	-	(37)	(37)	-	(11)	(11)
Total	$ -	$ (48)	$ (48)	$ -	$ (29)	$ (29)

In millions of U.S. dollars

	Three Months Ended March 31, 2017			*Nine Months Ended March 31, 2017*		
	Realized gains (losses)	*Unrealized gains (losses) excluding realized amounts*	*Unrealized gains (losses)*	*Realized gains (losses)*	*Unrealized gains (losses) excluding realized amounts*	*Unrealized gains (losses)*
Investments- Trading—Note E	$ (16)	$ (3)	$ (19)	$ 248	$ (616)	$ (368)
Non-trading portfolios, net						
Investment portfolio—Note C	-	1	1	-	(37)	(37)
Asset-liability management—Note E	-	58	58	-	(2)	(2)
Total	$ -	$ 59	$ 59	$ -	$ (39)	$ (39)

NOTE L—CONTINGENCIES

From time to time, IDA may be named as a defendant or co-defendant in legal actions on different grounds in various jurisdictions. IDA's Management does not believe the outcome of any existing legal action, in which IDA has been named as a defendant or co-defendant, as of and for the nine months ended March 31, 2018, will have a material adverse effect on IDA's financial position, results of operations or cash flows.

KPMG LLP
Suite 12000
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Washington, DC 20006

Independent Auditors' Review Report

President and Board of Executive Directors
International Development Association:

Report on the Financial Statements

We have reviewed the condensed financial statements of the International Development Association (IDA), which comprise the condensed balance sheet as of March 31, 2018, the related condensed statement of income and comprehensive income for the three- and nine-month periods ended March 31, 2018 and the related condensed statement of changes in accumulated deficit and cash flows for the nine-month period ended March 31, 2018. The accompanying condensed statements of income and comprehensive income for the three- and nine-month periods ended March 31, 2017 and the related condensed statements of changes in accumulated deficit and cash flows for the nine-month period ended March 31, 2017 of IDA were not reviewed by us, and accordingly, we do not express any form of assurance on them.

Management's Responsibility

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

Auditors' Responsibility

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

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the condensed financial information referred to above for it to be in accordance with U.S. generally accepted accounting principles.

Report on Condensed Balance Sheet as of June 30, 2017

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet as of June 30, 2017, and the related statements of income, comprehensive income, changes in accumulated deficit earnings, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 3, 2017. In our opinion, the accompanying condensed balance sheet of IDA as of June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPMG LLP

Washington, D.C.
May 7, 2018