International Development Association

Management's Discussion & Analysis

and

Condensed Quarterly Financial Statements
September 30, 2015
(Unaudited)

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)

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SEPTEMBER 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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CONDENSED QUARTERLY FINANCIAL STATEMENTS

Box 1: Selected Financial Data

In millions of U.S dollars, except ratios in percentages and months	*As of and for the three months ended*		*Full Year*
	September 30, 2015	*September 30, 2014*	*June 30, 2015*
Development Operations (Section IV)			
Commitments of development credits, grants and guarantees	$2,464	$ 1,719	$ 18,966
Gross disbursements of development credits and grants	2,356	2,470	12,905
Net disbursements of development credits and grants	1,396	1,516	8,820
Commitment Authority [a] (Section II)			
IDA 17 full commitment authority	$50,825	$50,555	$50,760
Commitment authority made available	36,110	21,900	28,393
Balance Sheet (Section V)			
Total assets	$179,208	$176,817	$178,685
Net investment portfolio	27,754	27,276	28,418
Development credits outstanding, net	127,456	127,634	126,760
Borrowings	2,152	1,000	2,150
Total equity	147,751	148,151	147,149
Income Statement			
Revenue from development credits and guarantees	$278	$ 271	$ 1,068
Investment revenue, net	213	160	514
Transfers and grants from affiliated organizations and Others	2	2	993
Statement of Activities (Section IV)			
Total sources of funds	$1,612	$ 2,691	$ 15,472
Total application of funds	(2,374)	(2,465)	(12,941)
Results from operating activities	(764)	217	2,471
Funding and Liquidity Position (Section VII)			
Funding position	68%	72%	70%
Liquidity position (months)	9	7	9

a. U.S. dollar equivalent amounts for presentational purposes only, based on the IDA17 foreign exchange reference rate of U.S. dollar/SDR 1.50718.

Introduction

This document should be read in conjunction with the International Development Association's (IDA) financial statements and management's discussion and analysis (MD&A) issued for the fiscal year ended June 30, 2015. IDA undertakes no obligation to update any forward looking statements. **Box 1** provides IDA's selected financial data as of and for the three months ended September 30, 2015 (FY16 YTD) and September 30, 2014 (FY15 YTD) as well as for the fiscal year ended June 30, 2015.

I. Organizational Overview and Business Model

IDA is an international organization established in 1960 and is owned by its 173 member countries. It is the largest multilateral channel for providing concessional financing and knowledge services to the world's poorest countries, and is one of the five institutions of the World Bank Group (WBG); the others are the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). Each of these organizations is legally and financially independent, with separate assets and liabilities. IDA is not liable for their respective obligations. The WBG's two goals, to be achieved by 2030, are to end extreme poverty by reducing the percentage of people living on less than $1.90 per day to no more than 3% globally, and to promote shared prosperity in a sustainable manner by fostering income growth for the bottom 40% of the population in every developing country. In October 2015, the WBG raised its poverty line figure upwards, from $1.25 to $1.90 a day, to reflect the increase in prices worldwide based on updated purchasing-power-parity data.

IDA plays a pivotal role in the global aid architecture and pursues the WBG goals by providing concessional development credits, grants and guarantees to the world's poorest countries for programs and operations that help meet their development needs. IDA provides technical assistance through reimbursable advisory services, policy advice and global knowledge services through economic sector work and country studies. It also supports member countries with disaster risk financing and insurance to help increase their financial resilience against natural disasters, as part of their broader disaster risk management agenda. In addition, IDA provides or facilitates financing through trust fund partnerships with bilateral and multilateral donors.

The resources available to IDA for funding its activities constitute its commitment authority. IDA finances its development credit, grant and guarantee commitments primarily from partner contributions and loans, funds from its internal resources, as well as transfers from IBRD's net income, and grants designated out of IFC's retained earnings. The three-year replenishment process allows IDA to be responsive to changes in the needs of its borrowers and the development environment. Given that the disbursements of IDA's credits and grants take place over several years, commitments do not have to be fully funded at the time of approval and this allows partner contributions to be encashed over several years, and internal resources to be committed in advance of their expected receipt.

Since its inception, IDA's resources have been replenished seventeen times, complemented by an additional replenishment agreed to in 2006 for financing the Multilateral Debt Relief Initiative (MDRI). Details of the Seventeenth Replenishment of IDA's Resources (IDA17), which is effective from July 1, 2014 to June 30, 2017, are provided in **Chart 1.**

II. Funding and Resource Allocation

The funding of IDA's lending, grant financing and guarantee activities is presented and discussed below.

Sources of Funds

Partner Resources (Subscriptions and Contributions and Borrowings from Partners): IDA finances its commitments for development credits and development grants primarily through partner resources. The partner resources that are in the form of subscriptions and contributions are assigned voting rights. Prior to IDA17, IDA had not entered into long-term borrowings, even though it is allowed to do so under its Articles. Whilst grant contributions from members remain at the core of IDA's financing framework, borrowings from partners were introduced in IDA17 to increase the lending envelope available by incorporating a limited amount of debt funding into the financing framework in a sustainable manner.

Internal Resources*:* These primarily comprise contractual principal repayments (including any contractually accelerated repayments and voluntary prepayments), interest income on blend term credits, income from the investment portfolio and any carryover of residual resources from previous replenishments.

Transfers and Grants from affiliated organizations: These are transfers from IBRD's net income and grants from IFC's retained earnings.

Applications of Funds

Disbursement of development credits and grants: Through its development operations IDA's development credits, grants and guarantees benefit the poorest and least creditworthy countries, which are eligible to borrow from IDA.

Administrative Expenses: IDA's policy is to maintain its service and commitment charges at a level that will cover its administrative expenses. Commitment charges are set annually and take into account the extent to which service and certain interest charges, and partner compensation for development grant financing and forgone charges on development credits forgiven under the Heavily Indebted Poor Country Initiative (HIPC) and the MDRI, cover administrative expenses. FY16 commitment charges are set at nil.

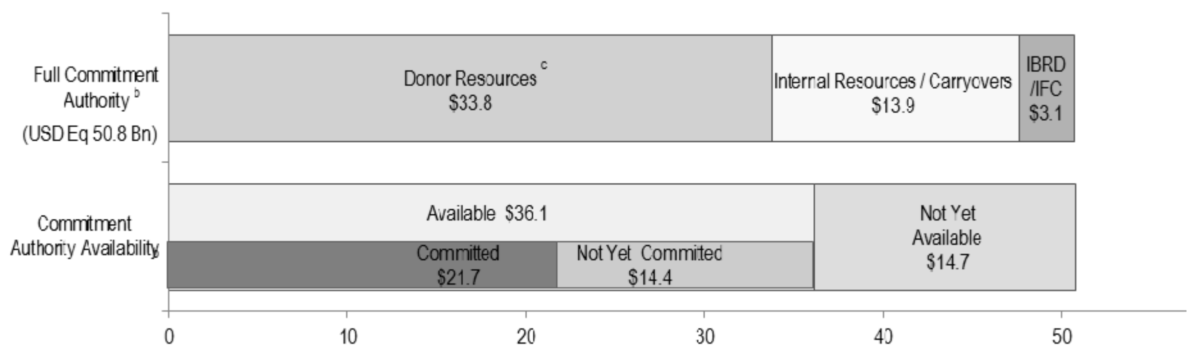
Commitment Authority

The IDA17 Commitment Authority Framework amounts to Special Drawing Rights (SDR) 33.7 billion (approximately U.S. dollar equivalent $50.8 billion using the IDA17 foreign exchange reference rate).

Chart 1 provides a breakdown of the principal sources making up the total lending envelope under IDA17 and the extent to which these sources have been used for commitments of development credits, grants and guarantees through September 30, 2015.

Chart 1 : IDA17 Commitment Authority Status

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



a. Commitment Authority is measured and monitored in SDR. The chart represents the U.S. dollar equivalent amounts for presentational purposes only, based on the IDA17 foreign exchange reference rate of U.S. dollar/SDR 1.50718. Actual commitments are recorded based on historical U.S. dollar rates.
b. Amounts may not add due to rounding.
c. Includes U.S.dollar equivalent 4.5 billion of partner commitments for compensation of debt relief provided under MDRI.

III. Basis of Reporting

IDA prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), referred to in this document as the "reported basis". The financial statements provide a basis upon which users are able to analyze IDA's sources and uses of resources. Under the reported basis, IDA's Statement of Income alone does not reflect the true economic results of IDA due to a number of asymmetries, which are explained in the MD&A for the fiscal year ended June 30, 2015.

IV. Statement of Activities Analysis

The Statement of Activities (**Table 1**) is designed to reflect how IDA manages its sources and applications of funds in executing its operating activities. Specifically, it presents the flows associated with IDA's operating activities and the impact of these activities on the net asset value of IDA's investment portfolio. This presentation addresses the majority of the asymmetries (explained in IDA's June 30, 2015 MD&A) embedded in IDA's reported basis results.

Table 1: Statement of Activities

In millions of U.S. dollars

For the three months ended September 30,	2015	2014	Variance
Sources of Funds			
Partner Resources			
Members' subscriptions and contributions	$ 528	$ 612	$ (84)
Borrowings from partners	-	1,000	(1,000)
Transfers and Grants from Affiliated Organizations	-	-	-
Internal Resources			
Principal repayments and prepayments	960	953	7
Transfers from Trust Funds and Others	2	2	-
Interest on credits with blend terms, regular credits with accelerated interest, and guarantee income	31	17	14
Investment interest income, net	91	107	(16)
	1,084	1,079	5
Total Sources of Funds	1,612	2,691	(1,079)
Application of Funds			
Disbursements			
Development credit disbursements	(1,977)	(1,901)	(76)
Development grant disbursements (including PPA grant activity)	(381)	(561)	180
Borrowing expenses	(16)	(3)	(13)
Total Application of Funds	(2,374)	(2,465)	91
Administrative Activities			
Administrative expenses, net (see Table 3)	(309)	(329)	20
Service charges and interest on credits with hard terms	247	254	(7)
Partner compensation for forgone charges	60	66	(6)
	(2)	(9)	7
Results from Operating Activities	$(764)	$ 217	$ (981)
Net Asset Value of Investment Portfolio, at beginning of fiscal year	$28,418	$28,300	$118
Results from Operating Activities	(764)	217	(981)
Effects of exchange rates	(40)	(1,068)	1,028
Net movement in non-operating activities	140	(173)	313
Net Asset Value of Investment Portfolio, at end of period	$27,754	$27,276	$478

Results from Operating Activities

IDA's operating activities resulted in a net outflow of $764 million for FY16 YTD. This primarily reflects the $2,358 million of outflows for disbursements of development credits and grants, partially offset by $528 million of cash receipts relating to members' subscriptions and contributions and, $960 million of cash receipts relating to principal repayments and prepayments.

The $981 million variance in FY16 YTD as compared to FY15 YTD is primarily due to the $1,000 million in borrowings from partners received in FY15 YTD.

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

Members' Subscriptions and Contributions

The subscriptions and contributions of $528 million represent the cash contributions received from members and the encashment of demand notes. This excludes $60 million of member contributions received to finance foregone charges for debt relief and development grant financing, which is reflected as part of administrative activities.

Borrowings from Partners

There were no receipts from partner borrowings during FY16 YTD , as compared to $1,000 million which was received over the same period in FY15 YTD. At September 30, 2015 borrowings from partners was $2,152 million as compared to $1,000 million as at September 30, 2015. (See Note D in the Financial Statements for more details). The increase in FY16 YTD borrowing expenses is in line with the increase in borrowing balances over the period.

Transfers and Grants from Affiliated Organizations

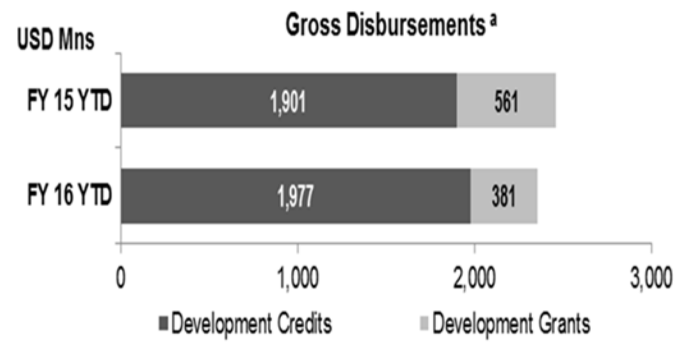
On October 9, 2015, IBRD's Board of Governors approved a transfer to IDA of $650 million, under IDA17. This transfer was received on October 15, 2015.

Development Operations

Gross disbursements of development credits and grants during FY16 YTD were $2,358 million, with Africa and South Asia together accounting for 83%. The largest declines in disbursements were in South Asia and Middle East and North Africa which decreased by $125 million and $40 million respectively, over the period.

Of the $1,977 million in development credit disbursements, 33% related to commitments made under IDA17, 39% under IDA16, and 28% related to commitments made under earlier replenishments.

Of the $381 million in development grants disbursements, 30% related to commitments made under IDA17, 48% under IDA16, and 22% related to commitments made under earlier replenishments.



(a.Includes adjustments for certain PPA activity)

In June 2015, the Board approved a Policy-based Guarantee for up to $400 million equivalent, to support the issuance of up to $1.0 billion of long-term debt by a borrowing member country. This guarantee became effective in October 2015. (See note F in the Financial Statements for more details). This was followed by an approval by the Board in July 2015 for the same member country of an IDA payment guarantee for $500 million in conjunction with an IBRD enclave loan guarantee of $200 million. This is the first time an IBRD enclave instrument has been used in combination with an IDA instrument. It is structured to protect both investors and lenders against debt service default of principal and interest. These gurantees are expected to attract significant private sector participation in the project. They were not effective as of November [ ], 2015.

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

Table 2: Reconciliation of Statement of Activities to Reported Basis Net Income (Loss)

In millions of U.S. dollars

For the three months ended September 30,	2015	2014
Results from Operating Activities	**$(764)**	**$ 217**
(i) Items in reported basis results, not included in Statement of Activities		
Adjustments to reflect non-cash operating activities:		
· Development grant expense	(145)	(374)
· Provision for debt relief and for losses on development credits and other exposures, net	(90)	(68)
· PPA grants and other	8	2
Adjustments for non-operating activities:		
· Non-functional currency translation adjustment gains	234	389
· Unrealized mark-to market gains (losses) on non-trading portfolios, net	7	(91)
· Unrealized mark-to-market gains on Investment portfolio	122	53
(ii) Items included in Statement of Activities, not in Reported Basis Net Income		
Adjustments addressing asymmetries:		
· Members' subscriptions and contributions	(528)	(612)
· Borrowings from partners	-	(1,000)
· Partner compensation for forgone charges	(60)	(66)
Adjustments to reflect cash operating activities:		
· Development credit disbursements	1,977	1,901
· Development grant disbursements	381	561
· Principal repayments	(960)	(953)
Reported Basis Net Income (Loss)	**$ 182**	**$ (41)**

Table 3 represents IDA's share of administrative expenses, net of other revenue,jointly incurred by IBRD and IDA. The allocation of expenses between IBRD and IDA is based upon an agreed cost sharing formula. The decline in FY16 YTD net administrative expenses as compared to FY15 YTD is in line with changes in the cost sharing ratio between IBRD and IDA over the same period.

Table 3: Net Administrative Expenses

In millions of U.S. dollars

For the three months ended September 30,	2015	2014	Variance
Administrative expenses:			
Staff costs	$ 196	$ 216	$ (20)
Travel	27	27	-
Consultant fees and contractual services	64	74	(10)
Pension and other post-retirement benefits	56	68	(12)
Communications and IT	11	13	(2)
Equipment and buildings	33	34	(1)
Other expenses	12	5	7
Total administrative expenses	$399	$437	$ (38)
Revenue from externally funded activities:			
Reimbursable revenue - IDA executed trust funds	(50)	(63)	13
Other revenue	(40)	(45)	5
Total revenue	$ (90)	$(108)	$ 18
Total Net Administrative Expenses	**$ 309**	**$ 329**	**$ (20)**

V. Balance Sheet Analysis

The principal components of IDA's balance sheet are development credits outstanding, investment assets net of related liabilities, and subscriptions and contributions paid-in. Movements in these principal components between September 30, 2015 and June 30, 2015 are discussed further below.

Table 4: Condensed Balance Sheet

In millions of U.S. dollars

As of	September 30, 2015	June 30, 2015	Variance
Assets			
Investment assets, including related derivative assets	$ 41,175	$ 41,174	$1
Derivatives relating to asset-liability management	8,694	8,914	(220)
Receivables and other assets, including non-investment cash	1,909	1,863	46
Development credits outstanding	131,131	130,878	253
Accumulated provision for debt relief and for losses on development credits	(3,701)	(4,144)	443
Total assets	**$179,208**	**$178,685**	**$523**
Liabilities			
Liabilities and derivatives relating to investments	$ 13,421	$ 12,756	$665
Derivatives relating to asset-liability management	8,431	8,963	(532)
Payables and other liabilities	7,453	7,667	(214)
Borrowings from partners	2,152	2,150	2
Total liabilities	31,457	31,536	(79)
Equity			
Subscriptions and contributions paid-in	200,909	201,045	(136)
Demand obligations	(8,654)	(9,378)	724
Deferred amounts to maintain value of currency holdings	(243)	(242)	(1)
Accumulated deficit	(43,219)	(43,401)	182
Accumulated other comprehensive income	(1,042)	(875)	(167)
Total equity	147,751	147,149	602
Total liabilities and equity	**$179,208**	**$178,685**	**$523**

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

Development credits outstanding increased by $253 million during FY16 YTD, primarily due to positive net disbursements of $1,015 million offset by the $524 million MDRI write-off of credits pertaining to Chad reaching completion point under the HIPC Debt Initiative, and by negative translation adjustments of $238 million resulting from the 0.2% depreciation of the SDR against the U.S. dollar. The majority of the decrease of $443 million in the accumulated provision for debt relief and for losses on development credits reflects the MDRI write-off. All eligible members of the HIPC Debt Initiative in accrual status have now reached their completion point.

Investment Assets, net of related Liabilities

The net investment portfolio decreased from $28,418 million as of June 30, 2015 to $27,754 million as of September 30, 2015, a decrease of $664 million. The main driver for the decrease was the net outflow of IDA's operating activities as reflected in the Statement of Activities (Table-1), as well as the $40 million negative impact of exchange rate movements, reflecting the depreciation of the non U.S dollar component currencies of the SDR against the U.S dollar. See **Section IV** for variance analysis of operating activities.

Subscriptions and Contributions

The $136 million decrease in subscriptions and contributions paid-in is primarily attributable to the negative translation adjustment of $212 million which was partially offset by receipts from members of $39 million of demand notes and $37 million of cash contributions.

VI. Financial Risk

IDA is subject to four main types of financial risk: funding risk, liquidity risk, credit risk and market risk.

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

Liquidity Risk is managed through a combination of IDA's daily cash flow monitoring and management, timing of partner contributions, and prudent investment policies under an established financial framework. A key indicator of liquidity management is the core liquidity position which reflects the number of months of gross disbursements (based on the average for a particular year) that can be met out of the core liquidity (comprised of investment portfolio tranches 2 and 3) available at any point in time, see ***Section VII, Funding and Liquidity Positions.***

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

Country credit risk is managed by the Development Finance Resource Mobilization Department, which regularly reviews the credit risk of its recipient countries in terms of country's debt sustaining capacity. These reviews provide an input into the composition of development credits versus grants for new operations. Reviews are also performed to determine the adequacy of provisions for losses on credits and other exposures.

Table 5 provides details of the top five borrowers with the largest development credits outstanding as of September 30, 2015. These borrowers represented 50% of total development credits outstanding as of that date.

Table 5: Top Five Borrowers with the Largest Development Credits Outstanding Balance

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

Country	India	Pakistan	Bangladesh	Vietnam	Nigeria	Others	Total
Development Credits Outstanding	24,609	12,258	11,581	11,140	6,185	65,358	131,131
% of Total Development Credits Outstanding	19%	9%	9%	8%	5%	50%	100%
Weighted Average Maturity (Years)	7.1	13.3	14.1	15.3	16.1	13.8	12.8
Development Credits outstanding by terms							
- IDA only	5,960	1,114	11,581	7,885	4,081	48,997	79,618
- Blend	18,532	10,816	-	3,023	2,104	12,562	47,037
- Hard terms	117	328	-	232	-	123	800
- Hardened	-	-	-	-	-	3,676	3,676
Undisbursed balance	7,044	2,289	5,013	3,942	3,914	24,703	46,905

Commercial Credit Risk: The monitoring and managing of this risk is a continuous process due to the changing market enviroment. IDA's commercial counterparty credit risk is concentrated in investments in debt instruments issued by sovereign governments, agencies, corporate entities and banks, as shown in **Table 6**. The credit quality of IDA's investment portfolio remains concentrated in the upper end of the credit spectrum, with 82% of the portfolio rated AA or above, reflecting IDA's continued preference for highly rated securities and counterparties across all categories of financial instruments. Total commercial counterparty credit exposure, net of collateral held, was $31,139 million as of September 30, 2015.

Table 6: Commercial Credit Exposure, Net of Collateral Held, by Counterparty Rating

In millions of U.S. dollars

As of	September 30, 2015				June 30, 2015			
Counterparty Rating	Sovereigns	Agencies,ABS, Commercial Paper, Swaps, Corporate and Time Deposits	Total[a]	% of Total	Sovereigns	Agencies, ABS, Commercial Paper, Swaps, Corporate and Time Deposits	Total[a]	% of Total
AAA	$11,840	$4,646	**$16,486**	53	$10,906	$4,628	**$15,534**	49
AA	5,972	3,130	**9,102**	29	6,014	4,153	**10,167**	32
A	5,458	66	**5,524**	18	4,929	913	**5,842**	18
BBB or below	21	6	**27**	*	155	6	**161**	1
Total[a]	$23,291	$7,848	**$31,139**	100	$22,004	$9,700	**$31,704**	100

a. Excludes IFC investment .
** Denotes less than 0.5%.*

Market Risk: IDA faces foreign exchange risk with respect to its future partner contributions, which it manages using currency forwards and by rebalancing the currency composition of its investment portfolio, and interest rate risk on its investment portfolio, which is managed by aligning the duration of the investment portfolio with that of the projected net cash requirements. The impact of these strategies is reflected on IDA's Statement of Income, however, the economic offset is not reported as it relates to future net cash outflows. Further details can be seen in IDA's June 30, 2015 MD&A. The analysis below discusses the impact of these activities on IDA's Statement of Income and the corresponding economic offset.

Foreign Exchange Risk

IDA conducts its operations in SDR and its component currencies of U.S. dollar, euro, Japanese yen and pound sterling. These constitute the functional currencies of IDA, and all other currencies are considered non-functional currencies. Any translation adjustments due to exchange rate movements against the U.S. dollar for non-functional currencies and functional currencies, are reflected in the Statement of Income, and in Accumulated Other Comprehensive Income in the Equity section of the Balance Sheet, respectively.

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

IDA uses currency forward contracts to convert the majority of partners' encashments provided in national currencies into the four currencies of the SDR basket. These transactions are intermediated by IBRD for efficiency purposes.The payable leg of the currency forward contracts economically hedging partner 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 partners is the economic offset to the translation adjustment on non-functional currencies of currency forward contracts. The translation adjustment gain on non-functional currencies of $234 million in FY16 YTD was due to the depreciation of the non-functional currencies against the U.S. dollar. This was offset by the effect of foreign exchange movements on the economic offset to the currency forward contracts, i.e., the future inflows from partners, which was a loss of $278 million in FY16 YTD. In FY15, the translation adjustment gain on non-functional currencies of $389 million in FY15 YTD was due to the depreciation of majority of the non-functional currencies against the U.S. dollar. This was offset by the effect of foreign exchange movements on the economic offset to the currency forward contracts, which was a loss of $479 million in FY15 YTD. 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 partner 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 partner contributions are hedged using a currency correlation methodology under the overall currency management framework.

In addition, IDA also mitigates the currency exchange rate risk by aligning the currency composition of its liquid asset portfolio and the hedges of its non-SDR cash flows with the SDR composition.

Interest Rate Risk

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

IDA's investment portfolio had a duration of approximately three years as of September 30, 2015, and has two components: core liquidity and partner asset and liability management. During FY16 YTD, the investment portfolio experienced unrealized mark-to-market gains of $122 million as compared to unrealized mark-to-market gains of $53 million in FY15 YTD, as a result of the more pronounced tightening of the yield curves for the major currencies.

The non-trading portfolios incurred unrealized mark-to-market gains of $7 million during FY16 YTD, comprising of unrealized mark-to-market gains of $17 million on investments with IFC, partially offset by unrealized mark-to-market losses of $10 million on the currency forward contracts. This is compared to unrealized mark-to-market losses of $91 million in FY15 YTD, comprising unrealized mark-to-market losses of $56 million on the currency forward contracts, resulting from the more pronounced downward movement of yield curves of the majority of the payable currencies during FY15 YTD, and unrealized mark-to-market losses of $35 million on investments with IFC.

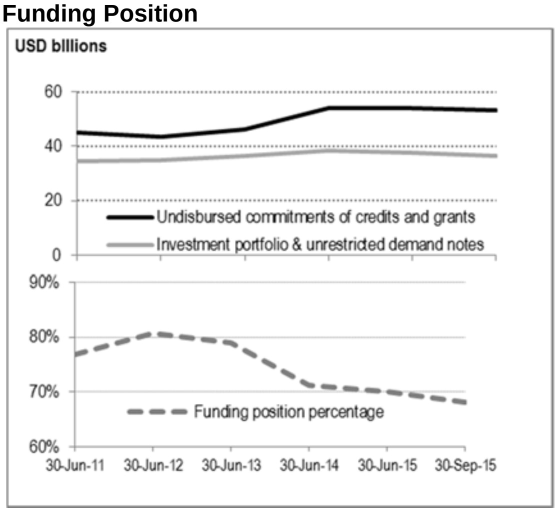
VII. Funding and Liquidity Positions

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

IDA's funding position is determined as the total of its investment portfolio and unrestricted demand notes as a percentage of undisbursed commitments of development credits and development grants payable. Any remaining funding gap will primarily be covered by future receipts of cash, demand notes already committed by partners, and repayments on outstanding credits by recipient countries. At all times, IDA enters into new commitments based on the commitment authority available. See **Section II** for further details on IDA's Commitment Authority.

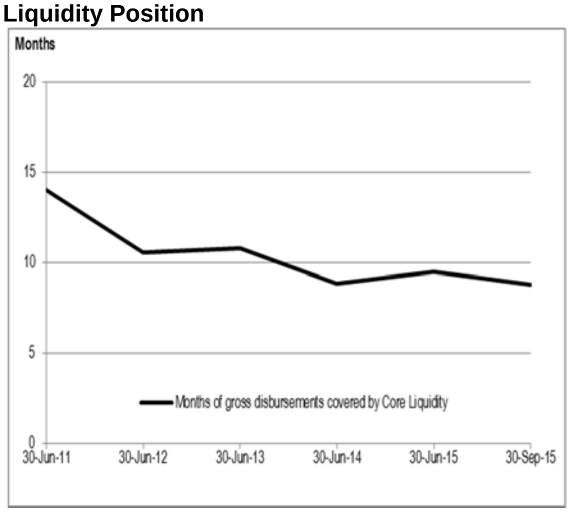
IDA's liquidity position is determined as the number of months of average gross disbursements covered by IDA's core liquidity, comprised of investment portfolio tranches 2 and 3.

Funding Position



As of September 30, 2015, the investment portfolio and unrestricted demand notes covered 68% of all undisbursed commitments of development credits and grants as compared to 70% at June 30, 2015. The 68% funding position is slightly below the 5 year historical range of 70% to 81%. This is due to the relative reduction in the investment portfolio and unrestricted demand notes balance as result of the net outflows for IDA's operating activities, being greater than the relative reduction in the undisbursed commitments and grants balance.

Liquidity Position



As of September 30, 2015, IDA's liquidity position was sufficient to cover approximately 9 months of average monthly gross disbursements, within the 5 year historical range of 9 to 14 months of average monthly gross disbursements and above the minimum requirement of 4 months. The liquidity position as of September 30, 2014 of 7 months, was an outlier to this historical range.

VIII. Senior Management Changes

On November 6, 2015, Bertrand Badre announced that he will be leaving as Managing Director and WBG Chief Financial Officer at the end of March 2016.

CONDENSED BALANCE SHEET

Expressed in millions of U.S. dollars

	September 30, 2015 (Unaudited)	*June 30, 2015 (Unaudited)*
Assets		
Due from banks—Note C		
Unrestricted cash	$ 539	$ 328
Restricted cash	27	28
	566	356
Investments (including securities transferred under repurchase or securities lending agreements of $4,381 million—September 30, 2015; $4,013 million—June 30, 2015)—Notes C and G	31,904	32,574
Securities purchased under resale agreements—Note C	677	599
Derivative assets		
Investments—Notes C and E	6,887	6,619
Asset-liability management—Notes E and G	8,694	8,914
	15,581	15,533
Receivable from affiliated organization—Note G	847	863
Development credits outstanding—Notes F and K		
Total development credits	178,036	178,166
Less: Undisbursed balance	46,905	47,288
Development credits outstanding	131,131	130,878
Less: Accumulated provision for debt relief and for losses on development credits	3,701	4,144
Plus: Deferred development credits origination costs	26	26
Net development credits outstanding	127,456	126,760
Other assets—Notes C and H	2,177	2,000
Total assets	$ 179,208	$ 178,685

	September 30, 2015 (Unaudited)	June 30, 2015 (Unaudited)
Liabilities		
Borrowings—Note D	$ 2,152	$ 2,150
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received—Note C	4,986	4,904
Derivative liabilities		
Investments—Notes C and E	6,864	6,507
Asset-liability management—Notes E and G	8,431	8,963
	15,295	15,470
Payable for development grants—Note H	6,388	6,637
Payable to affiliated organization—Note G	330	396
Other liabilities—Notes C and F	2,306	1,979
Total liabilities	31,457	31,536
Equity		
Members' subscriptions and contributions—Note B		
Subscriptions and contributions committed	244,177	244,694
Less: Subscriptions and contributions receivable	40,152	40,533
Less: Cumulative discounts/acceleration credits on subscriptions and contributions	3,116	3,116
Subscriptions and contributions paid-in	200,909	201,045
Nonnegotiable, noninterest-bearing demand obligations on account of members' subscriptions and contributions	(8,654)	(9,378)
Deferred amounts to maintain value of currency holdings	(243)	(242)
Accumulated deficit (see Condensed Statement of Changes in Accumulated Deficit)	(43,219)	(43,401)
Accumulated other comprehensive income—Note J	(1,042)	(875)
Total equity	147,751	147,149
Total liabilities and equity	$ 179,208	$ 178,685

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 September 30, (Unaudited)	
	2015	*2014*
Revenue		
Development credits and guarantees — Note F	$ 278	$ 271
Investments, net — Notes E and G	215	161
Transfers and grants from affiliated organizations and others — Note G	2	2
Other — Notes G	90	108
Total Revenue	585	542
Expenses		
Administrative expenses — Notes G and I	399	437
Development grants — Note H	145	374
Borrowings — Notes C and D	18	4
Provision for debt relief and for losses on development credits and other exposures, net charge — Note F	90	68
Non-functional currency translation adjustment gains, net	(234)	(389)
Unrealized mark-to market (gains) losses on non-trading portfolios, net — Notes E and K	(7)	91
Project Preparation Advances (PPA) grants and other expenses	(8)	(2)
Total Expenses	403	583
Net Income (Loss)	$ 182	$ (41)

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 September 30, (Unaudited)	
	2015	*2014*
Net Income (Loss)	$ 182	$ (41)
Other comprehensive loss—Note J		
Currency translation adjustments on functional currencies	(167)	(6,234)
Comprehensive Income (Loss)	$ 15	$ (6,275)

CONDENSED STATEMENT OF CHANGES IN ACCUMULATED DEFICIT

Expressed in millions of U.S. dollars

	Three Months Ended September 30, (Unaudited)	
	2015	*2014*
Accumulated deficit at beginning of the fiscal year	$ (43,401)	$ (42,670)
Net income (loss) for the period	182	(41)
Accumulated deficit at end of the period	$ (43,219)	$ (42,711)

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

	Three Months Ended September 30, (Unaudited)	
	2015	*2014*
Cash flows from investing activities		
Development Credits		
Disbursements	$ (1,977)	$ (1,901)
Principal repayments	960	953
Non-trading securities – Investments		
Purchases	-	(1,179)
Repayments	25	-
Net cash used in investing activities	(992)	(2,127)
Cash flows from financing activities		
Members' subscriptions and contributions	588	678
Borrowings	-	1,000
Net cash provided by financing activities	588	1,678
Cash flows from operating activities		
Net Income (Loss)	182	(41)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Provision for debt relief and for losses on development credits and other exposures, net — charge	90	68
Non-functional currency translation adjustment gains, net	(234)	(389)
Unrealized mark-to market (gains) losses on non-trading portfolios, net	(7)	91
PPA grants and other expenses	(8)	(2)
Amortization of discount on borrowings	5	-
Changes in:		
Investments — Trading, net	750	1,142
Other assets and liabilities	(163)	(368)
Net cash provided by operating activities	615	501
Effect of exchange rate changes on unrestricted cash	-	(2)
Net increase in unrestricted cash	211	50
Unrestricted cash at beginning of the fiscal year	328	120
Unrestricted cash at end of the period	$ 539	$ 170

CONDENSED STATEMENT OF CASH FLOWS

Expressed in millions of U.S. dollars

	Three Months Ended September 30, (Unaudited)	
	2015	*2014*
Supplemental disclosure		
(Decrease) Increase in ending balances resulting from exchange rate fluctuations:		
Development credits outstanding	(238)	(5,362)
Investment portfolio	(40)	(1,068)
Derivatives — Asset/liability management	323	200
Borrowings	(3)	-
Principal repayments written off under Heavily Indebted Poor Countries (HIPC) Debt Initiative	(2)	(3)
Development credits written-off under Multilateral Debt Relief Initiative (MDRI)	(524)	-
Interest paid on borrowings	20	-

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

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING AND RELATED POLICIES

Basis of Preparation

These unaudited condensed quarterly financial statements should be read in conjunction with the June 30, 2015 audited financial statements and notes included therein. The condensed comparative information that has been derived from the June 30, 2015 audited financial statements has not been audited. In the opinion of management, the condensed quarterly financial statements reflect all adjustments necessary for a fair presentation of IDA's financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed quarterly financial statements and the reported amounts of revenue and expenses during the reporting period. Due to the inherent uncertainty involved in making those estimates, actual results could differ from those estimates. Areas in which significant estimates have been made include, but are not limited to, the provision for debt relief and losses on development credits and other exposures, and valuation of certain financial instruments carried at fair value. The results of operations for the first three 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 November [ ], 2015 which was also the date through which IDA's management evaluated subsequent events.

Accounting and Reporting Developments

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) became law. The Act seeks to reform the U.S. financial regulatory system by introducing new regulators and extending regulation over new markets, entities, and activities. The implementation of the Act is dependent on the development of various rules to clarify and interpret its requirements. As the rules are being developed, IDA continues to assess the impact on its business. As of September 30, 2015, IDA believes that the Act has not had any significant effect on its business.

In August 2015, the FASB issued ASU 2015-14 *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*. The ASU defers for one year the effective date of ASU 2014-09 *Revenue from Contracts with Customers*. As a result, for IDA, ASU 2014-09 will be effective beginning from the year ending June 30, 2020, with earlier application permitted as of the quarter ending September 30, 2017.

NOTE B—MEMBERS' SUBSCRIPTIONS AND CONTRIBUTIONS, AND MEMBERSHIP

Subscriptions and Contributions: The movement in Subscriptions and contributions paid-in for the three months ended September 30, 2015, and for the fiscal year ended June 30, 2015, is summarized below:

In millions of U.S dollars

	September 30, 2015	June 30, 2015
Beginning of the fiscal year	$ 201,045	$ 193,747
Cash contributions received[a]	37	3,863
Demand obligations received	39	4,702
Translation adjustment	(212)	(1,267)
End of the period/fiscal year	$ 200,909	$ 201,045

a. Includes any restricted cash subscriptions.

During the three months ended September 30, 2015, IDA encashed demand obligations totaling $551 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.

During the year ended June 30, 2015, IDA purchased a security which is held in a non-trading portfolio. While IDA does not plan to sell the security, IDA elected to measure it at fair value, so that all its investment securities would be measured on the same basis. The changes in fair value for this security are reflected in the Condensed Statement of Income. For details regarding this transaction, see Note G – Affiliated Organizations.

As of September 30, 2015, the majority of IDA's Investments comprised government and agency obligations (91%), with all the instruments being classified as either Level 1 or Level 2 within the fair value hierarchy.

A summary of IDA's Investments as of September 30, 2015 and June 30, 2015, is as follows:

In millions of U.S.dollars

	September 30, 2015	*June 30, 2015*
Trading		
Government and agency obligations	$ 29,106	$ 27,604
Time deposits	409	2,519
Asset-backed securities (ABS)	1,260	1,309
	$ 30,775	$ 31,432
Non-trading (at fair value)		
Debt securities	1,129	1,142
Total	$ 31,904	$ 32,574

IDA manages its investments on a net portfolio basis. The following tables summarize IDA's net portfolio position as of September 30, 2015 and June 30, 2015:

In millions of U.S. dollars

	September 30, 2015	June 30, 2015
Investments		
Trading	$ 30,775	$ 31,432
Non-trading (at fair value)	1,129	1,142
Total	31,904	32,574
Securities purchased under resale agreements	677	599
Securities sold under repurchase agreements, securities lent under securities lending agreements, and payable for cash collateral received	(4,986)	(4,904)
Derivative Assets		
Currency forward contracts	938	1,603
Currency swaps	5,936	5,004
Interest rate swaps	3	5
Swaptions, exchange traded options and futures contracts	8	6
Other[a]	2	1
Total	6,887	6,619
Derivative Liabilities		
Currency forward contracts	(937)	(1,588)
Currency swaps	(5,892)	(4,903)
Interest rate swaps	(13)	(5)
Swaptions, exchange traded options and futures contracts	(22)	(11)
Other[a]	*	(*)
Total	(6,864)	(6,507)
Cash held in investment portfolio[b]	390	240
Receivable from investment securities traded[c]	1,245	1,142
Payable for investment securities purchased[d]	(1,499)	(1,345)
Net investment portfolio	$ 27,754	$ 28,418

a. These relate to To-Be-Announced (TBA) Securities.
b. These amounts are included in Unrestricted cash under Due from Banks and Other liabilities on the 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 September 30, 2015, there were short sales totaling $232 million ($395 million—June 30, 2015) included in Other liabilities on the Condensed Balance Sheet.

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 September 30, 2015 and June 30, 2015:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of September 30, 2015			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments—Trading				
Government and agency obligations	$ 16,772	$ 12,334	$ -	$ 29,106
Time deposits	156	253	-	409
ABS	-	1,260	-	1,260
Total Investments—Trading	16,928	13,847	-	30,775
Investments—Non-trading (at fair value)	-	1,129	-	1,129
Securities purchased under resale agreements	80	597	-	677
Derivative assets				
Currency forward contracts	-	938	-	938
Currency swaps	-	5,936	-	5,936
Interest rate swaps	-	3	-	3
Swaptions, exchange traded options and futures contracts	-	8	-	8
Other[a]	-	2	-	2
Total Derivative assets – Investments	-	6,887	-	6,887
Total	$ 17,008	$ 22,460	$ -	$ 39,468
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements[b]	$ 122	$ 4,863	$ -	$ 4,985
Derivative liabilities				
Currency forward contracts	-	937	-	937
Currency swaps	-	5,892	-	5,892
Interest rate swaps	-	13	-	13
Swaptions, exchange traded options and futures contracts	13	9	-	22
Other[a]	-	*	-	*
Total Derivative liabilities – Investments	13	6,851	-	6,864
Payable for investment securities purchased[c]	174	58	-	232
Total	$ 309	$ 11,772	$ -	$ 12,081

a. These relate to TBA securities.
b. Excludes $1 million relating to payable for cash collateral received.
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, 2015			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets:				
Investments—Trading				
Government and agency obligations	$ 15,642	$ 11,962	$ -	$ 27,604
Time deposits	202	2,317	-	2,519
ABS	-	1,309	-	1,309
Total Investments—Trading	15,844	15,588	-	31,432
Investments – Non-trading (at fair value)	-	1,142	-	1,142
Securities purchased under resale agreements	19	580	-	599
Derivative assets				
Currency forward contracts	-	1,603	-	1,603
Currency swaps	-	5,004	-	5,004
Interest rate swaps	-	5	-	5
Swaptions, exchange traded options and futures contracts	-	6	-	6
Other[a]	-	1	-	1
Total Derivative assets – Investments	-	6,619	-	6,619
Total	$ 15,863	$ 23,929	$ -	$ 39,792
Liabilities:				
Securities sold under repurchase agreements and securities lent under security lending agreements[b]	$ 20	$ 4,840	$ -	$ 4,860
Derivative liabilities				
Currency forward contracts	-	1,588	-	1,588
Currency swaps	-	4,903	-	4,903
Interest rate swaps	-	5	-	5
Swaptions, exchange traded options and futures contracts	5	6	-	11
Other[a]	-	*	-	*
Total Derivative liabilities – Investments	5	6,502	-	6,507
Payable for investment securities purchased[c]	337	58	-	395
Total	$ 362	$ 11,400	$ -	$ 11,762

a. These relate to TBA securities.
b. Excludes $44 million relating to payable for cash collateral received.
c. These relate to short sales of investment securities.
** Indicates amount less than $0.5 million.*

During the three months ended September 30, 2015, there were no securities transferred between Level 1 and Level 2 within the fair value hierarchy. On June 30, 2015, $3,499 million of investments related to non-U.S government securities were transferred from Level 2 to Level 1 within the fair value hierarchy. This reclassification was done based on the annual review of the inputs used to measure fair value.

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*
September 30, 2015	$ 1,129	$ 1,129	$ (*)

** Indicates amount less than $0.5 million.*

The maturity structure of IDA's non-trading investments as of September 30, 2015 and June 30, 2015 was as follows:

In millions of U.S dollars

Period	*September 30, 2015*	*June 30, 2015*
Less than 1 year	$ 94	$ 72
Between		
1 - 2 years	131	113
2 - 3 years	122	127
3 - 4 years	122	122
4 - 5 years	127	124
Thereafter	533	596
	$ 1,129	$ 1,154

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

The following is a summary of the collateral received by IDA in relation to swap transactions as of September 30, 2015 and June 30, 2015.

In millions of U.S. dollars

	September 30, 2015	June 30, 2015
Collateral received		
Cash	$ -	$ 44
Securities	85	-
Total collateral received	$ 85	$ 44
Collateral permitted to be repledged	$ 85	$ 44
Amount of collateral repledged	-	-

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 September 30, 2015, amounts which could potentially be offset as a result of legally enforceable master netting arrangements were $415 million ($457 million-June 30, 2015).

Transfers of securities by IDA to counterparties are not accounted for as sales as IDA still retains control over these securities and therefore 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

	September 30, 2015	June 30, 2015	Financial Statement Presentation
Securities transferred under repurchase or securities lending agreements	$ 4,381	$ 4,013	Included under Investments - Trading on the Condensed Balance Sheet
Liabilities relating to securities transferred under repurchase or securities lending agreements	$ 4,958	$ 4,779	Included under Securities Sold under Repurchase Agreements, Securities Lent under Securities Lending Agreements, and Payable for Cash Collateral Received on the Balance Sheet.

As of September 30, 2015, the liabilities relating to securities transferred under repurchase or securities lending agreements included $575 million ($765 million—June 30, 2015) of repurchase agreement trades that had not settled at that date. Of this amount, $354 million ($168 million—June 30, 2015) represented replacement trades entered into in anticipation of maturing trades of a similar amount.

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 September 30, 2015		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	Up to 30 days	Total
Repurchase or Securities Lending agreements			
Government and agency obligations	$ 3,382	$ 1,603	$ 4,985
Total liabilities for Securities sold under repurchase agreements and Securities Lent under Securities Lending Agreements	$ 3,382	$ 1,603	$ 4,985

In millions of U.S.dollars

	As of June 30, 2015		
	Remaining contractual maturity of the agreements		
	Overnight and continuous	Up to 30 days	Total
Repurchase or Securities Lending agreements			
Government and agency obligations	$ 3,261	$ 1,599	$ 4,860
Total liabilities for Securities sold under repurchase agreements and Securities Lent under Securities Lending Agreements	$ 3,261	$ 1,599	$ 4,860

In the case of resale agreements, IDA receives collateral in the form of liquid securities and is permitted to repledge these securities. While these transactions are legally considered to be true purchases and sales, the securities received are not recorded on IDA's balance sheet as IDA has not obtained control over these securities and therefore the accounting criteria for treatment as a sale have not been met. As of September 30, 2015, securities purchased under resale agreements included $396 million of securities which had not settled on that date ($181 million—June 30, 2015). For the remaining purchases, IDA received securities with a fair value of $281 million ($418 million—June 30, 2015 million). Out of this amount, $27 million of these securities had been transferred under repurchase or securities lending agreements ($81 million—June 30, 2015).

NOTE D—BORROWINGS

IDA's borrowings comprise concessional partner loans. 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 September 30, 2015, IDA's borrowings outstanding were $2,152 million. These borrowings have original maturities of 25 and 40 years, with the final maturity being 2054. This does not include the effect of the amounts relating to proceeds received under the grant component of the concessional partner loan agreements, for which voting rights have been provided and are reflected in equity.

In millions of U.S dollars

	September 30, 2015			June 30, 2015		
	Principal at face value	Net unamortized premium (discount)	Total Carying Value	Principal at face value	Net unamortized premium (discount)	Total Carying Value
Borrowings outstanding	$ 2,542	$ (390)	$2,152	$ 2,548	$ (398)	$2,150

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 September 30, 2015 and June 30, 2015:

In millions of U.S dollars

	September 30,2015		*June 30, 2015*	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Borrowings outstanding	$ 2,152	$ 2,379	$ 2,150	$ 2,332

As September 30, 2015, 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.

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 and currency swaps	Manage foreign exchange risks.
Other purposes:		
Client operations	Structured swaps	Assist clients in managing risks.

Under its derivative agreement with IBRD, IDA is not required to post collateral as long as it maintains liquidity holdings at pre-determined levels that are a proxy for a AAA credit rating. As of September 30, 2015, IDA had not posted any collateral with IBRD in accordance with the agreement.

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 September 30, 2015 and June 30, 2015:

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

In millions of U.S.dollars

	Balance Sheet Location			
	Derivative assets		*Derivative liabilities*	
	September 30, 2015	*June 30, 2015*	*September 30, 2015*	*June 30, 2015*
Derivatives not designated as hedging instruments				
Currency forward contracts	$ 9,632	$ 10,517	$ 9,368	$ 10,551
Currency swaps	5,936	5,004	5,892	4,903
Swaptions, exchange traded options and futures contracts - Investments	8	6	22	11
Interest rate swaps	3	5	13	5
Other[a]	2	1	*	*
Total Derivatives	$ 15,581	$ 15,533	$ 15,295	$ 15,470

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	*September 30, 2015*	*June 30, 2015*
Investments - Trading		
Interest rate swaps		
Notional principal	$ 1,583	$ 1,333
Credit exposure	3	5
Currency swaps (including currency forward contracts)		
Credit exposure	155	197
Swaptions, exchange traded options, and futures contracts[a]		
Notional long position	15,148	19,527
Notional short position	42,520	32,184
Credit exposure	8	6
Other[b]		
Notional long position	287	274
Notional short position	12	4
Credit exposure	2	1
Asset-liability management		
Currency forward contracts		
Credit exposure	434	251
Client Operations		
Structured swaps		
Notional principal	86	86
Credit exposure	-	-

a. Exchange traded instruments are generally subject to daily margin requirements and are deemed to have no material credit risk. All options and futures contracts are interest rate contracts.
b. These relate to TBA securities.
** Indicates amount less than $ 0.5 million.*

Amounts of gains and losses on the Asset-liability management derivative instruments and their location on the Condensed Statement of Income during the three months ended September 30, 2015 and September 30, 2014 are as follows:

In millions of U.S. dollars

		Three Months Ended September 30,	
		Gains (Losses)	
	Condensed Statement of Income Location	*2015*	*2014*
Derivatives not designated as hedging instruments and not held in a trading portfolio[a]			
Currency forward contracts and currency swaps	Unrealized mark-to-market losses on non-trading portfolios, net	$ (10)	$ (56)

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 the IDA's investment trading portfolio (derivative and non-derivative instruments), and their location on the Condensed Statement of Income during the three months ended September 30, 2015 and September 30, 2014:

In millions of U.S. dollars

	Investments, Net	
Condensed Statement of Income Location	*Gains (Losses)*	
	Three Months Ended September 30,	
	2015	*2014*
Type of instrument		
Fixed income (including related derivatives)	$ 122	$ 53

Offsetting assets and liabilities

IDA enters into International Swaps and Derivatives Association, Inc. (ISDA) master netting agreements with substantially all of its derivative counterparties. These legally enforceable master netting agreements give IDA the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty, in the event of default by the counterparty.

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

The following tables summarize information on derivative assets and liabilities (before and after netting adjustments) that are reflected on IDA's Condensed Balance Sheet as of September 30, 2015 and June 30, 2015. 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

	September 30, 2015					
	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	$ 400	$ (397)	$ 3	$ 552	$ (539)	$ 13
Currency swaps[a]	15,568	-	15,568	15,260	-	15,260
Other[b]	10	(*)	10	38	(16)	22
Total	$ 15,978	$ (397)	$ 15,581	$ 15,850	$ (555)	$ 15,295
Amounts subject to legally enforcable master netting agreements[c]			$ (15,246)			$ (15,246)
Net derivatives positions at counterparty level before collateral			335			49
Less:						
Cash collateral received[d]			1			
Securities collateral received[d]			70			
Net derivative exposure after collateral			$ 264			

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.*

In millions of U.S. dollars

	June 30, 2015					
	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	$ 180	$ (175)	$ 5	$ 254	$ (249)	$ 5
Currency swaps[a]	15,521	-	15,521	15,454	-	15,454
Other[b]	7	-	7	16	(5)	11
Total	$ 15,708	$ (175)	$ 15,533	$ 15,724	$ (254)	$ 15,470
Amounts subject to legally enforcable master netting agreements[c]			$ (15,407)			$ (15,407)
Net derivatives positions at counterparty level before collateral			126			63
Less:						
Cash collateral received[d]			44			
Securities collateral received			-			
Net derivative exposure after collateral			$ 82			

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.

Fair Value Disclosures

IDA's fair value hierarchy for derivative assets and liabilities measured at fair value on a recurring basis as of September 30, 2015 and June 30, 2015 is as follows:

In millions of U.S. dollars

	Fair Value Measurements on a Recurring Basis As of September 30, 2015			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$ -	$ 938	$ -	$ 938
Currency swaps	-	5,936	-	5.936
Interest rate swaps	-	3	-	3
Swaptions, exchange traded options and futures contracts	-	8	-	8
Other[a]	-	2	-	2
	-	6,887	-	6,887
Asset-liability management				
Currency forward contracts	-	8,694	-	8,694
Total derivative assets	$ -	$ 15,581	$ -	$ 15,581
Derivative liabilities:				
Investments				
Currency forward contracts	$ -	$ 937	$ -	$ 937
Currency swaps	-	5,892	-	5,892
Interest rate swaps	-	13	-	13
Swaptions, exchange traded options and futures contracts	13	9	-	22
Other[a]	-	*	-	*
	13	6,851	-	6,864
Asset-liability management				
Currency forward contracts	-	8,431	-	8,431
Total derivative liabilities	$ 13	$ 15,282	$ -	$ 15,295

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, 2015			
	Level 1	*Level 2*	*Level 3*	*Total*
Derivative assets:				
Investments				
Currency forward contracts	$ -	$ 1,603	$ -	$ 1,603
Currency swaps	-	5,004	-	5,004
Interest rate swaps	-	5	-	5
Swaptions, exchange traded options and futures contracts	-	6	-	6
Other[a]	-	1	-	1
	-	6,619	-	6,619
Asset-liability management				
Currency forward contracts	-	8,914	-	8,914
Total derivative assets	$ -	$ 15,533	$ -	$ 15,533
Derivative liabilities:				
Investments				
Currency forward contracts	$ -	$ 1,588	$ -	$ 1,588
Currency swaps	-	4,903	-	4,903
Interest rate swaps	-	5	-	5
Swaptions, exchange traded options and futures contracts	5	6	-	11
Other[a]	-	*	-	*
	5	6,502	-	6,507
Asset-liability management				
Currency forward contracts	-	8,963	-	8,963
Total derivative liabilities	$ 5	$ 15,465	$ -	$ 15,470

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

Inter-level transfers

During the periods ended September 30, 2015 and June 30, 2015, there were no inter-level transfers in the derivatives 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—DEVELOPMENT CREDITS AND OTHER EXPOSURES

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

Development credits are carried and reported at amortized cost. Of the total development credits outstanding as of September 30, 2015, 90% were to the South Asia, Africa, and East Asia and Pacific regions combined.

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

As of September 30, 2015, development credits outstanding totaling $2,548 million (representing about 2% of the portfolio) from five borrowers, were in nonaccrual status.

Credit Quality of Sovereign Development Credits

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

IDA's country risk ratings are an assessment of its borrowers' ability and willingness to repay IDA on time and in full. These ratings are internal credit quality indicators. Individual country risk ratings are derived on the basis of both quantitative and qualitative factors. For the purpose of analyzing the risk characteristics of IDA's exposures, exposures are grouped into three classes in accordance with assigned borrower risk ratings which relate to the likelihood of loss: Low, Medium and High risk classes, as well as exposures in nonaccrual status.

IDA's borrowers' country risk ratings are key determinants in the provisions for development credit losses.

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

The following tables provide an aging analysis of development credits outstanding as of September 30, 2015 and June 30, 2015:

In millions of U.S. dollars

	September 30, 2015							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,208	$ 4,208
Medium	*	-	-	-	-	*	27,000	27,000
High	1	1	-	*	-	2	97,373	97,375
Credits in accrual status	1	1	-	*	-	2	128,581	128,583
Credits in nonaccrual status	10	2	7	21	1,006	1,046	1,502	2,548
Total	$ 11	$ 3	$ 7	$ 21	$ 1,006	$ 1,048	$ 130,083	$ 131,131

** Indicates amount less than $0.5 million.*

In millions of U.S. dollars

	June 30, 2015							
Days past due	*Up to 45*	*46-60*	*61-90*	*91-180*	*Over 180*	*Total Past Due*	*Current*	*Total*
Risk Class								
Low	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,393	$ 4,393
Medium	-	-	-	-	-	-	27,270	27,270
High	1	*	-	-	-	1	96,662	96,663
Credits in accrual status	1	*	-	-	-	1	128,325	128,326
Credits in nonaccrual status	12	1	5	21	986	1,025	1,527	2,552
Total	$ 13	$ 1	$ 5	$ 21	$ 986	$ 1,026	$ 129,852	$ 130,878

** Indicates amount less than $0.5 million.*

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

Provision for Losses on Development Credits and Other Exposures

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

Provision for Debt Relief

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

Changes to the accumulated provision for losses on development credits and other exposures, as well as the debt relief under HIPC Debt Initiative and MDRI for the three months ended September 30, 2015 and the fiscal year ended June 30, 2015 are summarized below:

In millions of U.S. dollars

	September 30, 2015				*June 30, 2015*			
	Develop-ment credits	*Debt relief under HIPC/MDRI*	*Other*	*Total*	*Develop-ment credits*	*Debt relief under HIPC/MDRI*	*Other*	*Total*
Accumulated provision, beginning of the fiscal year	$1,585	$2,559	$11	$ 4,155	$1,295	$2,732	$15	$ 4,042
Provision, net - charge (release)	90	(1)	1	90	407	(34)	(3)	370
Development credits written off under the buy-down mechanism	-	-	-	-	-	-	-	-
Development credits written off under HIPC/MDRI	-	(526)	-	(526)	-	(14)	-	(14)
Translation adjustment	(3)	(3)	*	(6)	(117)	(125)	(1)	(243)
Accumulated provision, end of the period	$1,672	$2,029	$12	$ 3,713	$1,585	$2,559	$11	$ 4,155
Composed of accumulated provision for losses on:								
Development credits in accrual status	$1,411	$ 143		$ 1,554	$1,323	$ 673		$ 1,996
Development credits in nonaccrual status	261	1,886		2,147	262	1,886		2,148
Total	$1,672	$2,029		$ 3,701	$1,585	$2,559		$ 4,144
Development credits:								
Development credits in accrual status				$128,583				$128,326
Development credits in nonaccrual status				2,548				2,552
Total				$131,131				$130,878

** Indicates amount less than $0.5 million.*

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

Development credits to be written off under MDRI

On July 1, 2015, Development credits eligible for relief under MDRI totalling to $524 million were written off as a result of Chad reaching Completion Point under the HIPC Debt Initiative on April 28, 2015.

During the three months ended September 30, 2014, there were no eligible development credits written off under the MDRI.

Overdue Amounts

At September 30, 2015, principal installments of less than $1 million and charges of less than $1 million payable to IDA from one borrower became overdue by more than three months. The aggregate principal outstanding from this borrower was $31 million, as of September 30, 2015.

The following tables provide a summary of selected financial information related to development credits in nonaccrual status as of September 30, 2015 and June 30, 2015, and for the three months ended September 30, 2015 and September 30, 2014:

In millions of U.S dollars

Borrower	Nonaccrual since	Recorded investment[a]	Average recorded investment[b]	Principal Outstanding	Provision for debt relief	Provision for credit losses[c]	Overdue amounts	
							Principal	Charges
Eritrea	March 2012	$ 439	$ 438	$ 439	$ 310	$ 19	$ 35	$ 14
Somalia	July 1991	415	415	415	401	2	211	77
Sudan	January 1994	1,213	1,212	1,213	1,175	6	620	193
Syrian Arab Republic	June 2012	14	14	14	-	*	5	*
Zimbabwe	October 2000	467	466	467	-	234	175	51
Total - September 30, 2015		$ 2,548	$ 2,545	$ 2,548	$ 1,886	$ 261	$ 1,046	$ 335
Total - June 30, 2015		$ 2,552	$ 2,616	$ 2,552	$ 1,886	$ 262	$ 1,025	$ 331

a. A credit loss provision has been recorded against each of the credits in nonaccrual status.
b. For September 30, 2015, represents the average for the three months ended that date (June 30, 2015 - represents the average for the fiscal year then ended).
c. Credit loss provisions are determined after taking into account accumulated provision for debt relief.
** Indicates amount less than $0.5 million.*

In millions of U.S dollars

	Three months ended September 30,	
	2015	2014
Service charge revenue not recognized as a result of development credits being in nonaccrual status	$ 4	$ 5

During the three months ended September 30, 2015 and September 30, 2014, no development credits were placed into nonaccrual status.

During the three months ended September 30, 2015, service charge revenue recognized on development credits in nonaccrual status was less than $1 million (less than $1 million—September 30, 2014).

Guarantees

Guarantees of $440 million were outstanding at September 30, 2015 ($411 million—June 30, 2015). This amount represents the maximum potential undiscounted future payments that IDA could be required to make under these guarantees, and is not included on the Condensed Balance Sheet. The guarantees issued by IDA have original maturities ranging between 9 and 23 years, and expire in decreasing amounts through 2035.

As of September 30, 2015, liabilities related to IDA's obligations under guarantees of $36 million ($33 million—June 30, 2015), have been included in Other liabilities on the Condensed Balance Sheet. These include the accumulated provision for guarantee losses of $6 million ($6 million—June 30, 2015).

During the three months ended September 30, 2015 and September 30, 2014, no guarantees provided by IDA were called.

Subsequent event:

On October 14, 2015 a new financial guarantee issued by IDA became effective. The maximum potential undiscounted future payments that IDA could be required to make under this guarantee is $400 million. The guarantee has an original maturity of 15 years, and expires in 2030. Given that this guarantee became effective subsequent to September 30, 2015, liabilities related to IDA's obligation under guarantees as of September 30, 2015, do not reflect $46 million of amounts related to this guarantee, of which $10 million was charged to the statement of income in the period this guarantee became effective.

Segment Reporting

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

Charge revenue comprises service charges and interest charges on outstanding development credit balances and guarantee fee revenue. For the three months ended September 30, 2015, charge revenue from 2 countries of $52 million and $34 million, respectively, was in excess of ten percent of total charge revenue.

The following table presents IDA's development credits outstanding and associated charge revenue as of and for the three months ended September 30, 2015 and September 30, 2014, by geographic region:

In millions of U.S. dollars

	September 30, 2015		September 30, 2014	
Region	*Development Credits Outstanding*	*Charge Revenue*	*Development Credits Outstanding*	*Charge Revenue*
Africa	$ 44,672	$ 82	$ 42,541	$ 78
East Asia and Pacific	19,836	44	20,663	45
Europe and Central Asia	7,625	23	8,067	20
Latin America and the Caribbean	2,307	6	2,168	4
Middle East and North Africa	3,293	6	3,562	7
South Asia	53,398	117	54,593	117
Total	$ 131,131	$ 278	$ 131,594	$ 271

Fair Value Disclosures

IDA's development credits are carried out and reported at amortized cost. The table below presents the fair value of development credits for disclosure purposes, along with their respective carrying amounts as of September 30, 2015 and June 30, 2015:

In millions of U.S dollars

	September 30, 2015		June 30, 2015	
	Carrying Value	*Fair Value*	*Carrying Value*	*Fair Value*
Net Development Credits Outstanding	$ 127,456	$ 97,196	$ 126,760	$ 94,276

As of September 30, 2015, IDA's development credits are classified as Level 3 within the fair value hierarchy.

Valuation Methods and Assumptions

The fair value of development credits 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—AFFILIATED ORGANIZATIONS

IDA transacts with affiliated organizations as a recipient of transfers and grants, investment in debt securities, 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 by affiliated organizations as of September 30, 2015 were $17,358 million ($17,356 million—June 30, 2015). 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	$ 17,356	$ 2	$ 17,358
Of which from:			
IBRD	13,979	-	13,979
IFC	3,161	-	3,161

Subsequent Event

On October 9, 2015, IBRD's Board of Governors approved a transfer to IDA of $650 million. This transfer was received on October 15, 2015.

Receivables and Payables

As of September 30, 2015, and June 30, 2015, the total amounts receivable from or (payable to) affiliated organizations comprised:

In millions of U.S dollars

	Receivable From (Payable To) IBRD				
			Derivative transactions		
	Administrative Services[a]	Pension and Other Postretirement Benefits	Receivable	Payable	Total
September 30, 2015	$ (291)	$ 808	8,694	$ (8,431)	$ 780
June 30, 2015	$ (364)	$ 831	8,914	$ (8,962)	$ 419

a. Includes $39 million as of September 30, 2015 ($32 million - June 30, 2015) 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 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.

For the three months ended September 30, 2015, IDA's share of joint administrative expenses totaled $349 million (three months ended September 30, 2014—$374 million).

Other revenue: Includes IDA's share of other revenue jointly earned with IBRD during the three months ended September 30, 2015 totaling $40 million (three months ended September 30, 2014—$45 million). The allocation of revenue is based upon an agreed revenue sharing formula, and amounts are settled quarterly.

For the three months ended September 30, 2015 and September 30, 2014, 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 September 30,	
	2015	2014
Fees charged to IFC	$ 14	$ 14
Fees charged to MIGA	1	1

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 four currencies of the SDR basket.

Investments

During FY2015, IDA purchased a debt security issued by the 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 6 years. As of September 30, 2015, the principal amount due on the debt security was $1,129 million, and it had a fair value of $1,129 million. The investment is reported under Investments in the Condensed Balance Sheet. During the three months ended September 30, 2015, IDA recognized interest income of $5 million on this debt security.

NOTE H—DEVELOPMENT GRANTS

A summary of changes to the amounts payable for development grants for the three months ended September 30, 2015, and for the fiscal year ended June 30, 2015, is presented below:

In millions of U.S dollars

	September 30, 2015	*June 30, 2015*
Balance, beginning of the fiscal year	$ 6,637	$ 6,983
Commitments	145	2,319
Disbursements (including PPA grant activity)	(381)	(2,040)
Translation adjustment	(13)	(625)
Balance, end of the period/fiscal year	$ 6,388	$ 6,637

For the fiscal years ending June 30, 2016 and June 30, 2015, 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 months ended September 30, 2015, IDA's share of IBRD's benefit costs relating to all the three plans totaled $57 million (three months ended September 30, 2014—$68 million).

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 three months ended September 30, 2015 and September 30, 2014.

In millions of U.S dollars

	Three Months Ended September 30,	
	2015	2014
Balance, beginning of the fiscal year	$ (875)	$ 12,997
Currency translation adjustments on functional currencies	(167)	(6,234)
Balance, end of the period	$ (1,042)	$ 6,763

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 September 30, 2015 and June 30, 2015.

In millions of U.S dollars

	September 30, 2015		June 30, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Due from Banks	$ 566	$ 566	$ 356	$ 356
Investments (including Securities Purchased Under Resale Agreements)	32,581	32,581	33,173	33,173
Net Development Credits Outstanding	127,456	97,196	126,760	94,276
Derivative Assets				
Investments	6,887	6,887	6,619	6,619
Other Asset-Liability Management	8,694	8,694	8,914	8,914
Liabilities				
Borrowings	2,152	2,379	2,150	2,332
Securities sold/lent under repurchase agreements/ securities lending agreements and payable for cash collateral received	4,986	4,986	4,904	4,904
Derivative Liabilities				
Investments	6,864	6,864	6,507	6,507
Other Asset-Liability Management	8,431	8,431	8,963	8,963

Valuation Methods and Assumptions

As of June 30, 2015 and June 30, 2014, IDA had no financial assets or liabilities measured at fair value on a non–recurring basis.

For valuation methods and assumptions of the investments and derivative assets and liabilities refer to Note C – Investments and Note E – Derivative Instruments.

For valuation methods and assumptions of borrowings refer to Note D – Borrowings.

For valuation methods and assumptions of the development credits outstanding refer to Note F – Development credits and other exposures.

For additional fair value disclosures refer to Note C – Investments, Note D – Borrowings, Note E – Derivative Instruments, and Note F – Development credits and other exposures.

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 Non-Trading Portfolios, Net

The following table reflects the components of the unrealized mark-to-market gains or losses on non-trading portfolios, net, for the three months ended September 30, 2015 and September 30, 2014.

In millions of U.S dollars

	Unrealized mark-to-market Gains (Losses)	
	Three Months Ended September 30,	
	2015	2014
Unrealized mark-to-market gains (losses) on non-trading portfolios, net		
Investment	$ 17	$ (35)
Asset-liability management - Note E	(10)	(56)
Total	$ 7	$ (91)

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, as of and for the three months ended September 30, 2015, will have a material adverse effect on IDA's financial position, results of operations or cash flows.