Investing in rural people

Executive Board
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Asset and Liability Management Report as at 30 June 2023

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Useful references: IFAD Asset and Liability Management Framework (EB 2019/128/R.46); IFAD Risk Appetite Statement (EB 2021/134/R.21/Rev.1).

Action: The Executive Board is invited to take note of the Asset and Liability Management Report as at 30 June 2023.

Technical questions:

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I. Executive summary

1. The report summarizes IFAD's exposure to liquidity, interest rate and currency risks.

2. Liquidity risk:

   (i) Liquidity ratios are in compliance with the policy limits:

      (a) Minimum liquidity ratio = 167 per cent (minimum 100 per cent);

      (b) Liquidity ratio = 17 per cent (minimum 5 per cent);

      (c) Debt-service coverage ratio = 18 per cent (maximum 50 per cent);

      (d) IFAD-calculated 12-month Standard & Poor's liquidity ratio = 1.3 (>1).

   (ii) The average life of ordinary term loans largely matches the average life of IFAD's debt.

   (iii) Bullet maturities[1] of private placements generate some exposure to refinancing risk in the long term.

3. Interest and currency risks:

   (i) Interest rate and currency risks are driven mainly by IFAD's concessional loan portfolio, i.e. long-term fixed-rate loans denominated in special drawing rights, funded by equity.

   (ii) The debt-funded portion of the balance sheet remains relatively well matched in terms of currency and interest rate risk.

II. Overview of IFAD's balance sheet

4. Assets:

   (i) Loans make up 76 per cent of total assets.

   (ii) 78 per cent of loans are on highly concessional terms (equivalent to 60 per cent of total assets).

   (iii) 18 per cent of assets are represented by the liquidity portfolio.

   (iv) The remaining 5 per cent relate to other assets (contribution receivables, fixed or right-of-use assets and other receivables).

5. Debt and equity:

   (i) Equity and concessional partner loans fund 77 per cent of the balance sheet.

   (ii) Outstanding sovereign borrowing and private placements fund 20 per cent of the balance sheet.

   (iii) The remaining 3 per cent relates to other liabilities (mainly payables and deferred revenues).

6. The schematic balance sheet is contained in appendix I.

III. Liquidity risk

7. IFAD manages liquidity risk by holding sufficient liquid assets to meet cash outflow requirements and ensure compliance with the minimum liquidity requirement (MLR) and other financial ratios, without having to resort to requests for additional funding from Member States.

[1] A single repayment of principal on the borrowing's maturity date.

8. As of 30 June 2023, the MLR ratio was 167 per cent (minimum of 100 per cent). All other liquidity ratios were within their respective limits. Liquidity ratios of credit rating agencies are also monitored as a complementary tool for liquidity management. Standard and Poor's (S&P) liquidity ratio stood at 1.36 for 12 months and 2.06 for six months,[2] which is considered strong by S&P.

9. Issuance of private placements has reached 15 per cent of total debt; 65 per cent of debt has a floating interest rate (reaching 80 per cent after interest rate swaps). This result is broadly aligned to the terms of ordinary loans. More specifically, the breakdown by currency shows that the tenor for euro and United States dollar debt instruments was on average 2.2 and 2.6 years longer than that for ordinary term loans. This gap widened slightly after December 2022, as additional long-dated private placements were issued in the first half of 2023.

10. Private placements will mature in 2029, 2035 and 2037. The concentration of debt repayment in each of those years is 9 per cent of the total future debt principal and interest repayments.

11. While the weighted-average spread differential between ordinary term loans and debt is positive for both the United States dollar (44 basis points [bps]) and the euro (43 bps), the amount of outstanding ordinary loans is lower than outstanding borrowing. The residual liquidity is managed by Treasury in accordance with the Investment Policy Statement and as a result incurs negative carry, i.e. returns earned on the investment portfolio are lower than the cost of borrowing.

12. Supporting analysis, charts and tables are presented in appendix II.

IV. Interest rate risk

13. IFAD's interest rate risk management objective is to reduce the risk of loss resulting from a mismatch of duration[3] between assets (investment portfolio[4] and loan portfolio) and liabilities (borrowing).

14. The current approach to interest rate risk management is based on the following principles:

    (i) Regular grants and grants for countries in debt distress are financed by contributions.

    (ii) Fixed-rate loan assets (highly/super highly concessional and blend term loans) are financed by equity and by fixed-rate liabilities at concessional terms such as concessional partner loans (CPLs).

    (iii) Ordinary term loans are funded by debt, excluding CPLs.

15. IFAD's debt-funded balance sheet has a negligible duration gap between assets and liabilities. This is due to the short-term nature of IFAD's investment portfolio, floating rate ordinary term loans and floating rate debt. The duration gap for the balance sheet funded by debt is mainly due to two fixed-rate sovereign loans from Canada totalling US$340 million that are not swapped to floating rate.

16. IFAD's equity-funded balance sheet has a duration gap between assets and liabilities of eight years. This is due to long-dated, fixed-rate loans (mainly on highly concessional and blend terms accounting for 97 per cent of the total asset duration). The duration gap for the equity-funded balance sheet is in essence the effective duration of IFAD's equity.

[2] Ratios calculated by Treasury are based on S&P methodology. Official ratios are published by S&P in periodic rating reports.
[3] Duration represents the weighted average time to repricing of an asset or liability, where the weights are discounted cash flows. The duration gap is the difference between the duration of assets, weighted by the United States dollar value of assets, and the duration of liabilities, weighted by the United States dollar value of liabilities.
[4] The portfolio's conditional value at risk was 0.84 per cent, within the risk tolerance level of 3 per cent defined in the Investment Policy Statement. The portfolio duration was 0.35 years (EB 2023/139/R.26).

17. The potential impact of stressed scenarios for interest rate changes on IFAD equity was simulated through a sensitivity analysis of economic value of equity (EVE), which includes an increase (steepening) or decrease (flattening) of the interest rate curve.

18. An increase in interest rates of 1 per cent would reduce IFAD's EVE by US$449 million, while a decrease by 1 per cent would increase the EVE by US$507 million.

19. With regard to repricing gap and net interest income analysis, the IFAD balance sheet shows a positive gap for the first year of US$1.14 billion. This means that when rates rise, IFAD's revenues are likely to rise, which makes the IFAD balance sheet asset-sensitive to changes in interest rates. The main contributors to the positive gap are the liquidity and investment portfolio and ordinary loans, partially offset by the repricing of borrowing.

20. The sensitivity analysis of net interest income shows that, overall, an increase (decrease) in the interest rate by 1 per cent would generate an additional US$10 million in income (US$10 million in expenses).

21. For the debt-funded part of the balance sheet, the net interest income impact of such a change would be US$4 million of income (US$4 million loss), therefore showing a lower sensitivity to the change in interest rates due to the lower repricing gap between debt and debt-funded assets.

22. Supporting analysis, charts and tables are presented in appendix III.

V. Currency risk

23. Currency risk arises from potential changes in foreign exchange rates. IFAD’s equity is exposed to foreign exchange risk to the extent that assets and liabilities are denominated in different currencies.

24. Most outstanding loan assets are denominated in special drawing rights (SDR), while most liabilities (excluding equity) are denominated in United States dollars and euros. For other currencies, assets and liabilities show positive gaps, i.e. euro – US$119 million, Pound Sterling – US$35 million, Yen – US$32 million, Yuan renminbi (US$27 million), with the largest positive gap for the United States dollar – US$1.34 billion.

25. While the debt-funded balance sheet is not exposed to currency risk, the main currency exposure for IFAD is driven by SDR-denominated concessional loans funded by equity.

26. While the undisbursed loan balances are denominated mainly in euros and United States dollars, most outstanding disbursed loans are denominated in SDR, mainly on highly concessional terms.

27. The current currency alignment approach requires cash flow analysis over the next 24 months to ensure that IFAD has enough of each currency to fund the projected outflows in that currency. In the case of a deficit for any currency above 10 per cent of total projected outflows, Treasury executes a currency forward to hedge the exposure above the limit. No currency gap outside of the 10 per cent threshold was observed.

28. Supporting analysis, charts and tables are presented in appendix IV.

VI. Conclusions

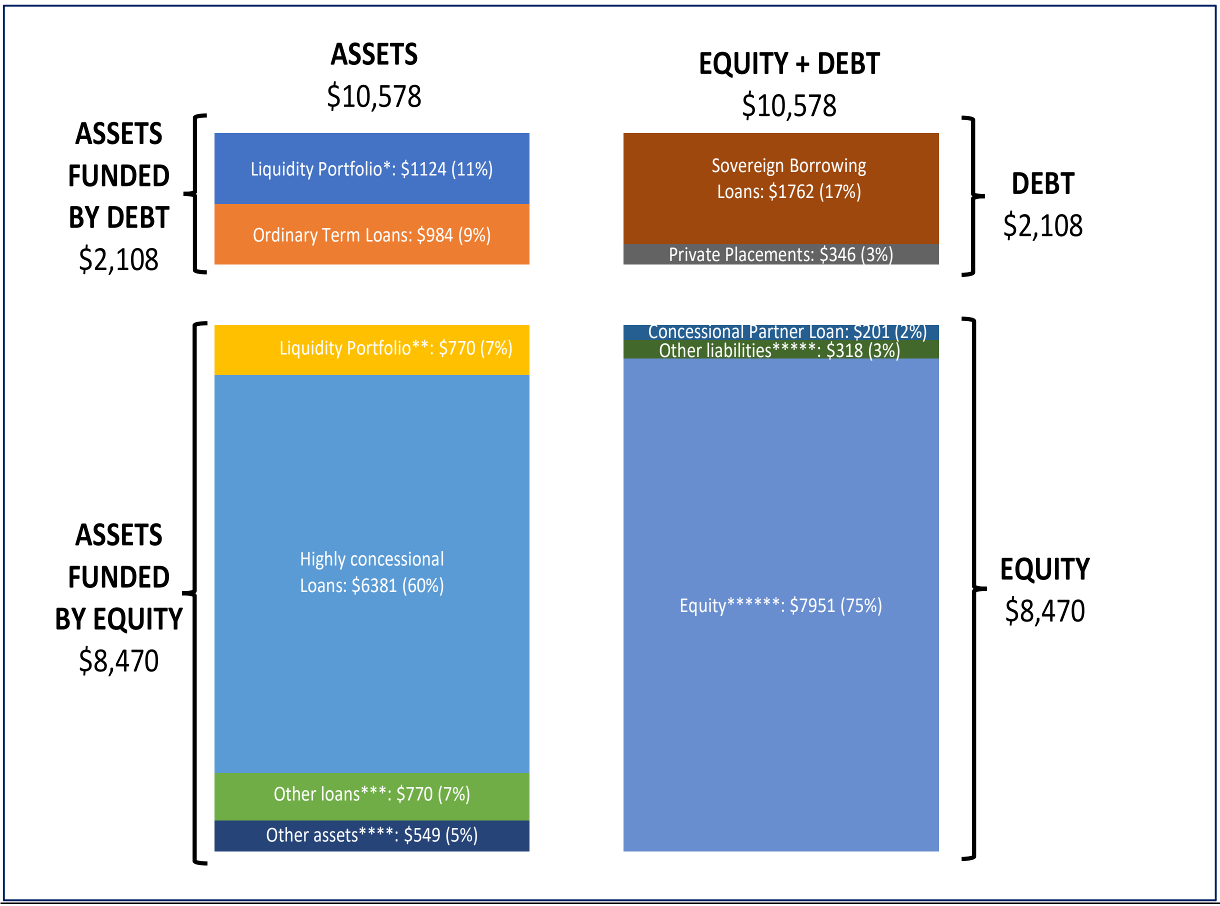
29. Based on the composition of the balance sheet as of June 2023, exposure to asset and liability management risks was still relatively low and manageable.

30. It is important to note that the structure of IFAD’s balance sheet will continue to reflect its mission to focus on long-dated, fixed-interest rate, highly concessional lending on the asset side, which is the main source of interest rate and currency risks.

31. Management will monitor the evolution of IFAD’s balance sheet and report on any exposure semi-annually.

IFAD's schematic balance sheet and key assumptions

Figure 1: Schematic balance sheet



Footnotes:
(*) Computed as residual from total debt- ordinary term loans
(**) computed as residual of the total liquidity portfolio - liquidity portfolio funded by borrowing
(***) other loans consists of super highly concessional, hardened term, intermediate term, debt settlement and blend loans
(****) Other assets consists of contribution and other receivables, fixed and intangible assets, and right-of-use-assets
(*****) other liabilities consists of undisbursed grants, deferred revenues, payables, and other liabilities
(******) computed as total assets - total liabilities
Source: IFAD Treasury[5]

[5] Differences with IFAD financial statements are due to fixed assets, grant element of CPLs and lease liabilities, not included in the above schematic balance sheet.

Figure 2: Evolution of IFAD's balance sheet

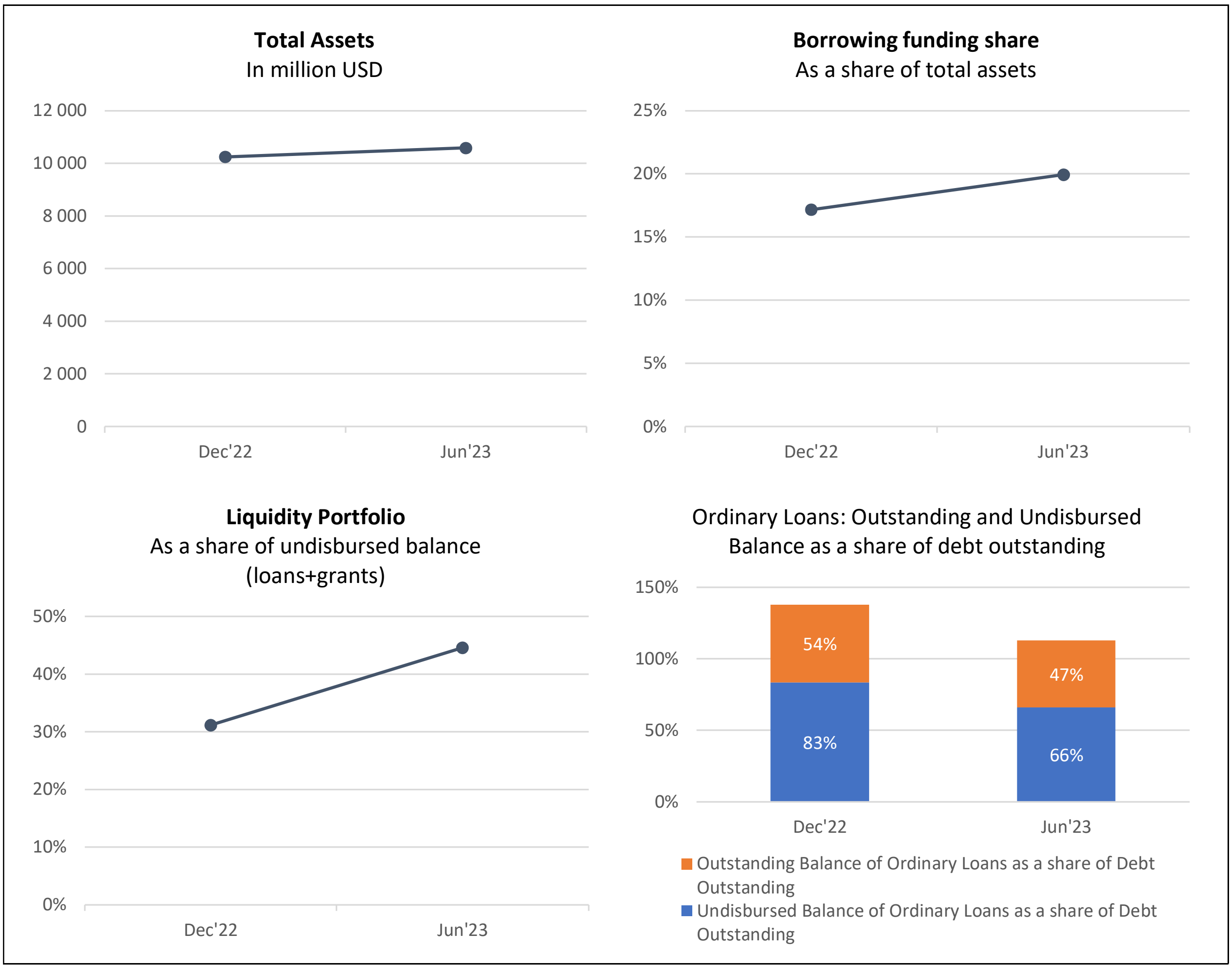


Figure 3: Key assumptions:

1. Cut-off date: 30 June 2023.
2. All analysis based on IFAD-only balance sheet (excluding supplementary funds).
3. Static ALM approach: only existing items and their projected cash flows were considered, i.e. no planned business, unless stated otherwise.
4. Undisbursed loans and pledges without instruments of contribution or promissory notes were considered as off-balance sheet items.
5. Discount curves were derived from overnight index swaps. Net present value was converted to United States dollars, as the reporting currency, using the spot rate as of the cut-off date.
6. In the absence of a benchmark yield curve for SDR, the IMF approach was used – the currency value of the SDR is determined by summing the values in United States dollars based on market exchange rates of a weighted basket of major currencies (United States dollar, euro, Japanese yen, pound sterling and Chinese yuan renminbi).

7. Interest rate indices: Secured Overnight Financing Rate (SOFR) for the United States dollar, Euro Interbank Offered Rate (EURIBOR) for the euro, Shanghai Interbank Offered Rate (SHIBOR) for the Chinese yuan renminbi, Tokyo Overnight Average Rate (TONAR) for the Japanese yen and Sterling Overnight Index Average (SONIA) for pound sterling (unless stated otherwise).[6]

8. No amortization of equity was assumed.

9. To generate interest on ordinary loans with floating interest rates, the zero-floor policy was considered (the pricing element linked to the variable spread on International Bank for Reconstruction and Development funding cost was projected as flat).

10. The parallel shocks for the stress scenarios are equal for all forward rates curves, e.g. the 100 bps shock was the same for SOFR and six-month EURIBOR.

11. The cash flows for IFAD loans take into account projected cancellations and disbursement envelopes.

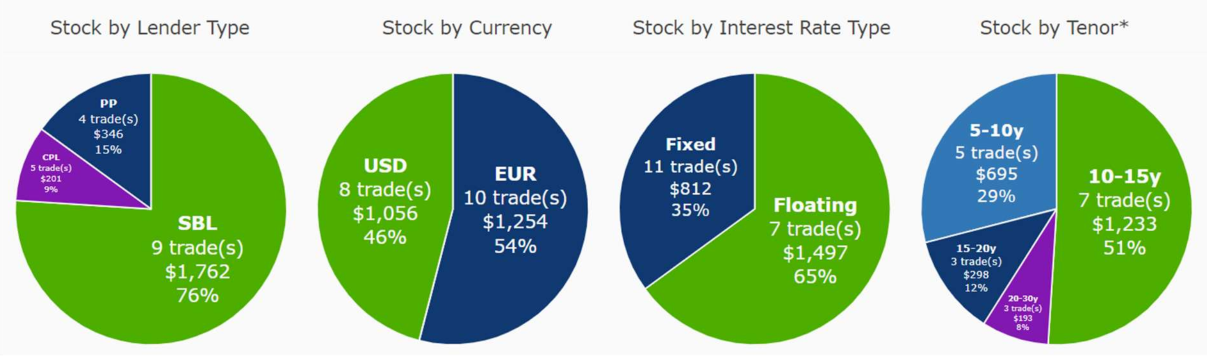
[6] For pricing IFAD loans linked to a market-based variable reference rate, SOFR was used rather than six-month LIBOR as part of the transition to SOFR since April 2022 (EB 2021/134/INF.5).

Liquidity risk analysis

Figure 1: Key liquidity metrics

Metric	As of 31/12/2022	As of 30/06/23	Limit
IFAD Liquidity (USD million)	1 445	**1 902**	-
IFAD stressed liquidity (USD million)	1 179	**1 687**	-
Liquidity haircut (percent)	18.4	**11.3**	-
Liquidity haircut (USD million)	266	**215**	
MLR[7] (USD million)	997	**1 006**	-
MLR ratio (percent)	118	**167**	>100
Liquidity ratio (percent)	14.5	**17.9**	>5
Debt-service coverage ratio (percent)	10.5	**10.1**	<50
IFAD-calculated S&P liquidity ratio (12 months)	1.34	**1.36**	>1

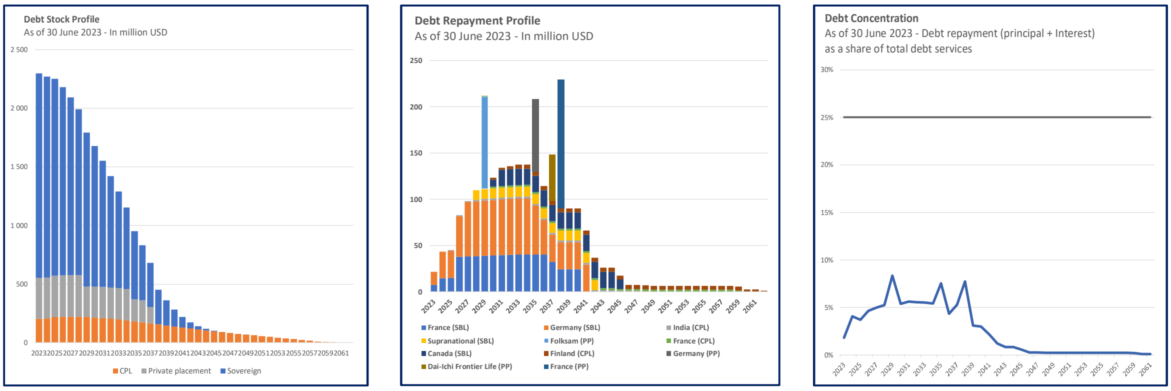
Figure 2: Terms of IFAD's outstanding debt



(*) Tenor buckets are computed as Average Time to Maturity

Note: Starting from June 2023, tranches from the same debt agreement are consolidated into a single trade.
Source: IFAD TRE

Figure 3: Maturity profile of debt stock and repayment concentration



[7] The MLR is calculated as the sum of next 12-month disbursements (USD 920 million) and debt service (USD 77 million).

Figure 4: Ordinary Loans and Debt: terms and spreads[8]

	Remaining Tenor (years)			IR Spread (bps)		
Currency	Loans (c)	Debt (d)	Gap (c-d)	Loans (e)	Debt (f)	Gap (e-f)
EUR	6.8	9.0	**-2.2**	91	48	**43**
USD	8.2	10.7	**-2.6**	115	70	**44**
XDR	4.5	0.0	**4.5**	94	0	**94**

Source: IFAD TRE

Note 1: Weighted by outstanding amount.

Note 1: Excludes loans suspended, CPL debts and concessional fixed-rate loans from Canada. Includes Venezuela loan.

Nota 2: WA IR Spread are expressed on top of the benchmark rate (EUR: EURIBOR 6M; USD: SOFR; SDR: SDR weighted rate based on O/N SOFR, O/N TONA, O/N SONIA + applicable spread adjustment for O/N rates, EURIBOR 6m and SHIBOR 6M)

Figure 5: Ordinary term loans and debt: volumes and outstanding balances

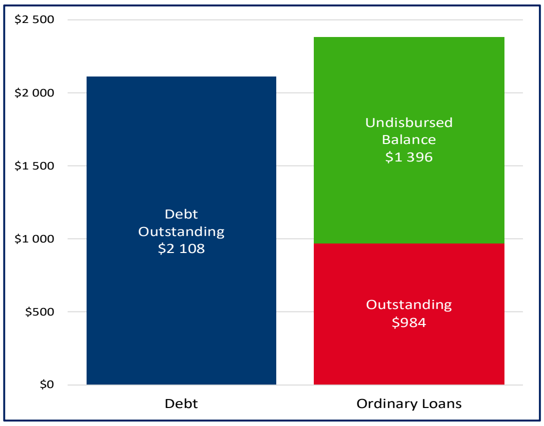
	Number #		Balance Outstanding (Mill. USD)		
Currency	Loan	Debt	Loans (a)	Debt (b)	Gap (a-b)
EUR	34	7	345	1 072	-726
USD	44	4	271	765	-493
XDR	54	0	369	0	369
Total	**-**	**-**	**986**	**1 836**	**-851**

Source: IFAD TRE

Note 1: Weighted by outstanding amount.

Note 2: Excludes loans suspended, CPL debts and concessional fixed-rate loans from Canada. Includes Venezuela loan

Figure 6: Outstanding debt & undisbursed ordinary term loans



[8] Floating rate and Fixed rate swapped into floaters instruments only. Weighted by outstanding amount. It excludes loans suspended, CPL debts and concessional fixed-rate loans from Canada. Includes Venezuela loan. Weighted average spreads are over the relevant benchmark rate (EUR: EURIBOR 6M; USD: SOFR; SDR: SDR weighted rate based on O/N SOFR, O/N TONA, O/N SONIA + applicable spread adjustment for O/N rates, EURIBOR 6m and SHIBOR 6M)

Figure 7: Gap by maturity bucket[9]

Maturity gap - ON-BS items only
As of 30 June 2023 - In million USD

Bucket	Assets	Liabilities	Gap	Weighted Average Life Assets	Weighted Average Life Liabilities
0 to 15 D	788	1	787	0	0
16 to 30 D	77	1	76	0	0
31 to 60 D	48	1	47	0	0
61 to 90 D	82	17	64	0	0
91 to 180 D	227	42	184	0.01	0.01
181 to 360 D	736	75	661	0.05	0.02
1 to 2 y	1,131	130	1,000	0.14	0.06
2 to 3 y	263	104	159	0.06	0.08
3 to 5 y	1,206	329	877	0.41	0.42
5 to 10 y	2,528	930	1,597	1.61	2.23
More than 10 y	4,787	1,535	3,252	6.13	7.37
Total	**11,872**	**3,167**	**8,705**		

Note: Doesn't include Other Assets and Liabilities
Source: IFAD TRE

Maturity gap - All BS items
As of 30 June 2023 - In million USD

Bucket	Assets	Liabilities	Gap	Weighted Average Life Assets	Weighted Average Life Liabilities
0 to 15 D	788	16	772	0	0
16 to 30 D	82	75	7	0	0
31 to 60 D	53	84	−30	0	0
61 to 90 D	87	112	−25	0	0
91 to 180 D	252	307	−55	0.01	0.02
181 to 360 D	774	533	241	0.04	0.06
1 to 2 y	1,264	958	306	0.11	0.2
2 to 3 y	275	723	−448	0.04	0.26
3 to 5 y	1,463	1,249	214	0.36	0.72
5 to 10 y	3,589	1,436	2,152	1.64	1.55
More than 10 y	7,917	1,546	6,372	7.28	3.34
Total	**16,546**	**7,039**	**9,507**		

Note: Doesn't include Other Assets and Liabilities
Source: IFAD TRE

[9] It includes all assets and liabilities projected cash flows, e.g., future accrued interests and operating expenses, slotted in maturity buckets at their present value.

Interest rate risk analysis

Figure 1: Duration gap for debt-funded balance sheet

Item Type	Item Sub Type	IR Type	Economic Value[1]	Weighted Duration (years)[2]	Yield Based DV01[3]	Duration Attribution
Assets						
Investments (cash+bonds+swaps)	Investments (cash+bonds+swaps)	Both	1 128	0.3	0.0	51%
Loan reflows	Ordinary	Floating	1 043	0.3	0.0	49%
Sub total	**-**		**2 171**	**0.3**	**0.1**	**100%**
Liabilities						
Debt	Private placement	Fixed	350	9.7	0.3	128%
Debt	Sovereign	Fixed	166	13.8	0.2	86%
Debt	Sovereign	Floating	1 558	0.3	0.0	17%
Debt	Swaps	Fixed	-358	9.7	-0.3	-131%
Debt	Swaps	Floating	354	0.0	0.0	0%
Sub total	**-**		**2 070**	**1.3**	**0.3**	**100%**
Total	**-**		**101**	**-0.9**	**-0.2**	**-**

1 Present value of future cash flows except otherwise noted, discounted with swap curve prevailing at the cut-off date

2 Macaulay durations for each individual item, then grouped and weighted by market value

3 Yield-based DV01 = Modified Duration x Market Value / 10,000. This metrics shows the potential loss as a result of an increase of 1bp in IR and it’s normally expressed as a positive value (thus, a negative value in the yield-based DV01 would represent a gain). Modified Duration = Duration / (1+yield), where yield are par rates built fron the OIS Swap Curve prevailing at the cutoff-date

Note 1: The Economic Value of Investments consists of Cash priced at outstanding amount, and bonds and swaps priced at market value

Note 2: Duration Gap = Asset Duration - (Liabilities Duration x Market Value Liabilities / Market Value Assets)

Source: IFAD TRE

Figure 2: Duration gap for equity-funded balance sheet

Item Type	Item Sub Type	IR Type	Economic Value[1]	Weighted Duration (years)[2]	Yield Based DV01[3]	Duration Attribution
Assets						
Contributions	Pledges and IOC/PN		474	0.9	0.0	1%
Drawdown of debt	CPL	Fixed	13	1.0	0.0	0%
Investments (cash+bonds+swaps)	Investments (cash+bonds+swaps)	Both	773	0.3	0.0	0%
Loan reflows	Blend	Fixed	534	8.2	0.4	7%
Loan reflows	Hardened terms	Fixed	29	3.8	0.0	0%
Loan reflows	Highly concessional	Fixed	5 035	10.8	5.3	90%
Loan reflows	Intermediate terms	Fixed	143	3.9	0.1	1%
Loan reflows	Super highly concessional	Fixed	1	25.0	0.0	0%
Other assets	Other receivables		175	0.0	0.0	0%
Sub total	**-**		**7 177**	**8.3**	**5.8**	**100%**
Liabilities						
Debt	CPL	Fixed	122	18.7	0.2	95%
Debt (future drawdowns)	CPL	Fixed	9	13.0	0.0	5%
Other liabilities	Other liabilities		252	0.0	0.0	0%
Sub total	**-**		**384**	**6.3**	**0.2**	**100%**
Total	**-**		**6 794**	**8.0**	**5.6**	**-**

1 Present value of future cash flows except otherwise noted, discounted with swap curve prevailing at the cut-off date

2 Macaulay durations for each individual item, then grouped and weighted by market value

3 Yield-based DV01 = Modified Duration x Market Value / 10,000. This metrics shows the potential loss as a result of an increase of 1bp in IR and it’s normally expressed as a positive value (thus, a negative value in the yield-based DV01 would represent a gain). Modified Duration = Duration / (1+yield), where yield are par rates built fron the OIS Swap Curve prevailing at the cutoff-date

Note 1: The Economic Value of Investments consists of Cash priced at outstanding amount, and bonds and swaps priced at market value

Note 2: Other liabilities includes deferred revenues, payables and other liabilities

Note 3: Duration Gap = Asset Duration - (Liabilities Duration x Market Value Liabilities / Market Value Assets)

Source: IFAD TRE

Figure 3: Duration gap for IFAD's balance sheet

Item Type	Item Sub Type	IR Type	Economic Value[1]	Weighted Duration (years)[2]	Yield Based DV01[3]	Duration Attribution
Assets						
Contributions	Pledges and IOC/PN		474	0.9	0.0	1%
Drawdown of debt	CPL	Fixed	13	1.0	0.0	0%
Investments	Investments (cash+bonds+swaps)	Both	1 901	0.3	0.1	1%
Loan reflows	Blend	Fixed	534	8.2	0.4	7%
Loan reflows	Hardened terms	Fixed	29	3.8	0.0	0%
Loan reflows	Highly concessional	Fixed	5 035	10.8	5.3	89%
Loan reflows	Intermediate terms	Fixed	143	3.9	0.1	1%
Loan reflows	Ordinary	Floating	1 043	0.3	0.0	1%
Loan reflows	Super highly concessional	Fixed	1	25.0	0.0	0%
Other assets	Other receivables		175	-	-	0%
Sub total	**-**		**9 348**	**6.5**	**5.9**	**100%**
Liabilities						
Debt	CPL	Fixed	122	18.7	0.2	45%
Debt	Private placement	Fixed	350	9.7	0.3	67%
Debt	Sovereign	Fixed	166	13.8	0.2	45%
Debt	Sovereign	Floating	1 558	0.3	0.0	9%
Debt	Swaps	Fixed	-358	9.7	(0.3)	-69%
Debt	Swaps	Floating	354	0.0	0.0	0%
Debt (future drawdowns)	CPL	Fixed	9	13.0	0.0	2%
Other liabilities	Other liabilities		252	-	-	0%
Sub total	**-**		**2 454**	**2.1**	**0.5**	**100%**
Total	**-**		**6 894**	**5.9**	**5.4**	**-**

1 Present value of future cash flows except otherwise noted, discounted with swap curve prevailing at the cut-off date

2 Macaulay durations for each individual item, then grouped and weighted by market value

3 Yield-based DV01 = Modified Duration x Market Value / 10,000. This metrics shows the potential loss as a result of an increase of 1bp in IR and it's normally expressed as a positive value (thus, a negative value in the yield-based DV01 would represent a gain). Modified Duration = Duration / (1+yield), where yield are par rates built fron the OIS Swap Curve prevailing at the cutoff-date

Note 1: The Economic Value of Investments consists of Cash priced at outstanding amount, and bonds and swaps priced at market value

Note 2: Other liabilities includes deferred revenues, payables and other liabilities

Note 3: Duration Gap = Asset Duration - (Liabilities Duration x Market Value Liabilities / Market Value Assets)

Source: IFAD TRE

Figure 4: Repricing gap and Net interest income sensitivity of assets funded by equity

NII Sensitivity Analysis - BS items funded by Equity

As of 30 June 2023 - In million USD

Maturity Bucket	Assets	Liabilities	Gap	Sensitivity Analysis: Paralell +1bps	Paralell -100bps	Paralell -200bps	Paralell -300bps	Paralell +100bps	Paralell +200bps	Paralell +300bps	Steepening	Flattening
At sight	317	-	317	0	3	6	10	(3)	(6)	(9)	(3)	3
1M	55	0.1	55	0	1	1	2	(1)	(1)	(2)	(0)	0
2M	23	-	23	0	0	0	1	(0)	(0)	(1)	(0)	0
3M	108	-	108	0	1	2	3	(1)	(2)	(3)	(0)	0
4M	59	0.1	59	0	0	1	1	(0)	(1)	(1)	(0)	0
5M	99	-	99	0	1	1	2	(1)	(1)	(2)	(0)	0
6M	67	-	67	0	0	1	1	(0)	(1)	(1)	-	-
7M	25	0.1	24	0	0	0	0	(0)	(0)	(0)	0	(0)
8M	54	-	54	0	0	0	1	(0)	(0)	(1)	0	(0)
9M	29	-	29	0	0	0	0	(0)	(0)	(0)	0	(0)
10M	42	0.1	42	0	0	0	0	(0)	(0)	(0)	0	(0)
11M	51	-	51	0	0	0	0	(0)	(0)	(0)	0	(0)
12M	5	-	5	0	0	0	0	(0)	(0)	(0)	0	(0)
Repricing Gap	**935**	**0.4**	**935**	**0**	**7**	**14**	**20**	**(7)**	**(13)**	**(20)**	**(4)**	**4**

Source: IFAD TRE

Figure 5: Repricing gap and Net interest income sensitivity of assets funded by debt

NII Sensitivity Analysis - BS items funded by Borrowing

As of 30 June 2023 - In million USD

Maturity Bucket	Assets	Liabilities	Gap	Sensitivity Analysis								
				Paralell +1bps	Paralell -100bps	Paralell -200bps	Paralell -300bps	Paralell +100bps	Paralell +200bps	Paralell +300bps	Steepening	Flattening
At sight	463	-	463	0	5	9	14	(5)	(9)	(14)	(5)	5
1M	113	328	(215)	(0)	(2)	(4)	(6)	2	4	6	2	(2)
2M	119	-	119	0	1	2	3	(1)	(2)	(3)	(1)	1
3M	385	357	28	0	0	0	1	(0)	(0)	(1)	(0)	0
4M	186	-	186	0	1	3	4	(1)	(3)	(4)	(0)	0
5M	306	454	(148)	(0)	(1)	(2)	(3)	1	2	3	0	(0)
6M	319	491	(172)	(0)	(1)	(2)	(3)	1	2	3	-	-
7M	22	-	22	0	0	0	0	(0)	(0)	(0)	0	(0)
8M	53	-	53	0	0	0	1	(0)	(0)	(1)	0	(0)
9M	(0)	-	(0)	(0)	(0)	(0)	(0)	0	0	0	(0)	0
10M	26	-	26	0	0	0	0	(0)	(0)	(0)	0	(0)
11M	29	66	(37)	(0)	(0)	(0)	(0)	0	0	0	(0)	0
12M	8	126	(118)	(0)	(0)	(0)	(0)	0	0	0	(0)	0
Repricing Gap	**2 029**	**1 823**	**206**	**0**	**4**	**7**	**11**	**(4)**	**(7)**	**(10)**	**(4)**	**4**

Source: IFAD TRE

Figure 6: Repricing gap of balance sheet items

NII Sensitivity Analysis - All BS items

As of 30 June 2023 - In million USD

Maturity Bucket	Assets	Liabilities	Gap	Sensitivity Analysis								
				Paralell +1bps	Paralell -100bps	Paralell -200bps	Paralell -300bps	Paralell +100bps	Paralell +200bps	Paralell +300bps	Steepening	Flattening
At sight	780	-	780	0	8	16	24	(8)	(15)	(23)	(8)	8
1M	168	328	(160)	(0)	(2)	(3)	(5)	2	3	5	1	(1)
2M	142	-	142	0	1	3	4	(1)	(2)	(4)	(1)	1
3M	494	357	136	0	1	2	3	(1)	(2)	(3)	(1)	1
4M	245	0	245	0	2	3	5	(2)	(3)	(5)	(1)	1
5M	405	454	(49)	(0)	(0)	(1)	(1)	0	1	1	0	(0)
6M	386	491	(105)	(0)	(1)	(1)	(2)	1	1	2	-	-
7M	47	0	47	0	0	0	1	(0)	(0)	(1)	0	(0)
8M	108	-	108	0	0	1	1	(0)	(1)	(1)	0	(0)
9M	29	-	29	0	0	0	0	(0)	(0)	(0)	0	(0)
10M	68	0	68	0	0	0	0	(0)	(0)	(0)	0	(0)
11M	80	66	13	0	0	0	0	(0)	(0)	(0)	0	(0)
12M	13	126	(112)	(0)	(0)	(0)	(0)	0	0	0	(0)	0
Repricing Gap	**2 964**	**1 823**	**1 141**	**0**	**10**	**21**	**31**	**(10)**	**(20)**	**(30)**	**(8)**	**8**

Source: IFAD TRE

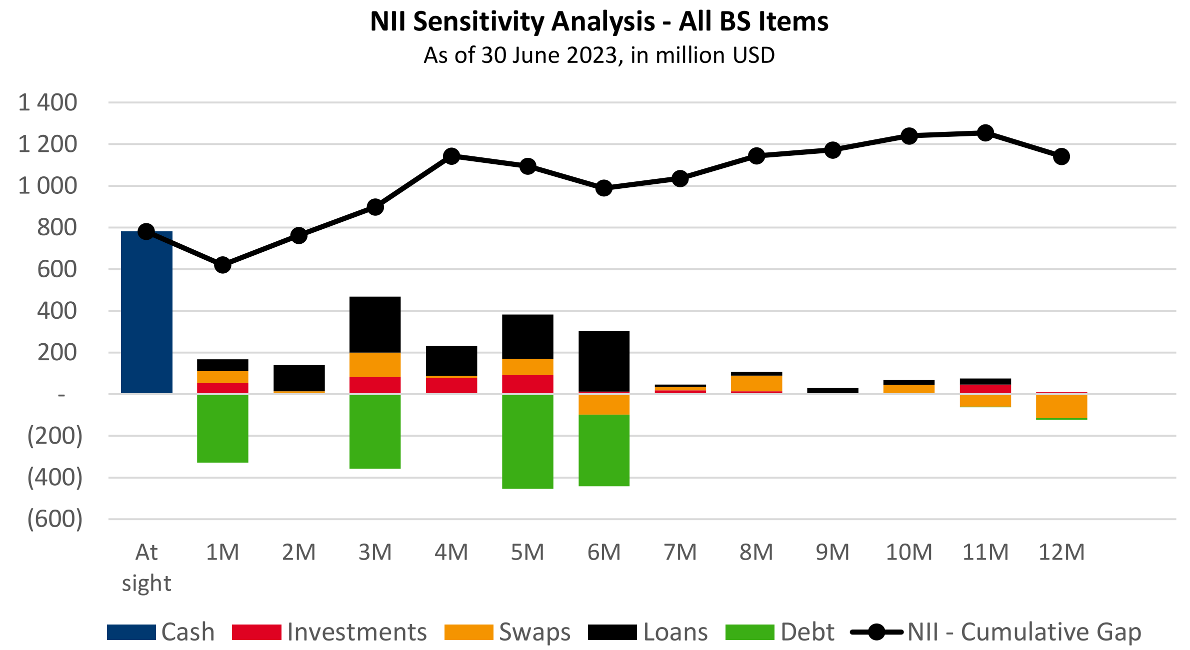


Figure 7: Sensitivity analysis of Economic Value of Equity

Item Type	Nominal Value [1]	Economic Value [2]	Sensitivity Analysis: DV01 w. concess. Items	DV01 w.o. concess. Items	Paralell -100bps	Paralell -200bps	Paralell -300bps	Paralell +100bps	Paralell +200bps	Paralell +300bps	Steepening [3]	Flattening [3]
Assets												
Contributions	374	474	(0)	(0)	4	9	13	(4)	(9)	(13)	(12)	12
Drawdown of debt	-	13	(0)	-	0	0	0	(0)	(0)	(0)	(1)	1
Investments (cash+bonds+swap	1 894	1 901	(0)	(0)	3	7	11	(3)	(7)	(10)	(14)	15
Loan reflows	8 135	6 785	(5)	(0)	558	1 171	1 848	(491)	(918)	(1 292)	(116)	121
Other assets	175	175	-	-	-	-	-	-	-	-	-	-
Sub total	**10 578**	**9 348**	**(5)**	**(0)**	**566**	**1 186**	**1 872**	**(499)**	**(934)**	**(1 315)**	**(142)**	**149**
Liabilities												
Debt	2 313	2 192	(1)	(0)	57	126	221	(49)	(90)	(126)	(12)	14
Debt (future drawdowns)	-	9	(0)	-	1	3	5	(1)	(2)	(3)	(0)	0
Other liabilities	252	252	-	-	-	-	-	-	-	-	-	-
Undisbursed Grants	63	-	(0)	(0)	1	2	2	(1)	(1)	(2)	(2)	2
Sub total	**2 627**	**2 454**	**(1)**	**(0)**	**59**	**129**	**226**	**(50)**	**(92)**	**(129)**	**(13)**	**14**
Total	**7 951**	**6 894**	-		-	-	-	-	-	-	-	-
Change in EVE (in mill. USD)			**(5)**	**0**	**507**	**1 058**	**1 646**	**(449)**	**(841)**	**(1 186)**	**(130)**	**135**
Change in EVE (as % of Nominal)			**(0)**	**0**	**6**	**13**	**21**	**(6)**	**(11)**	**(15)**	**(2)**	**2**

(1) Includes balances outstanding for Investment, Loans, Debt and Other Assets and Liabilities, and contributions receivables (IOC/PN)
(2) Present value of future cash flows discounted at the forward curve prevailing at the cut-off date
(3) An increase (steepening) or decrease (flatteing) of the baseline forward curve slope by 2.5 times
Note 1: Including disbursed items only.
Note 2: DV01 and Sensitivy Analysis are computed as the difference between the market value using the shocked rates and the market value using the baseline rates. Therefore, a positive (negative) value indicates an increase (decrease) of the market value in the shocked scenario.
Note 3: Duration of floating rate ordinary undisbursed loans reflows is zero since at the cut-off date the interest rate wasn't set yet.
Note 4: Asset loans are inflows from repayments, interest payments and service charge. Liabilities loans are future disbursements (i.e. outflows).
Source: IFAD TRE

Figure 8: Evolution of interest rate risk metrics

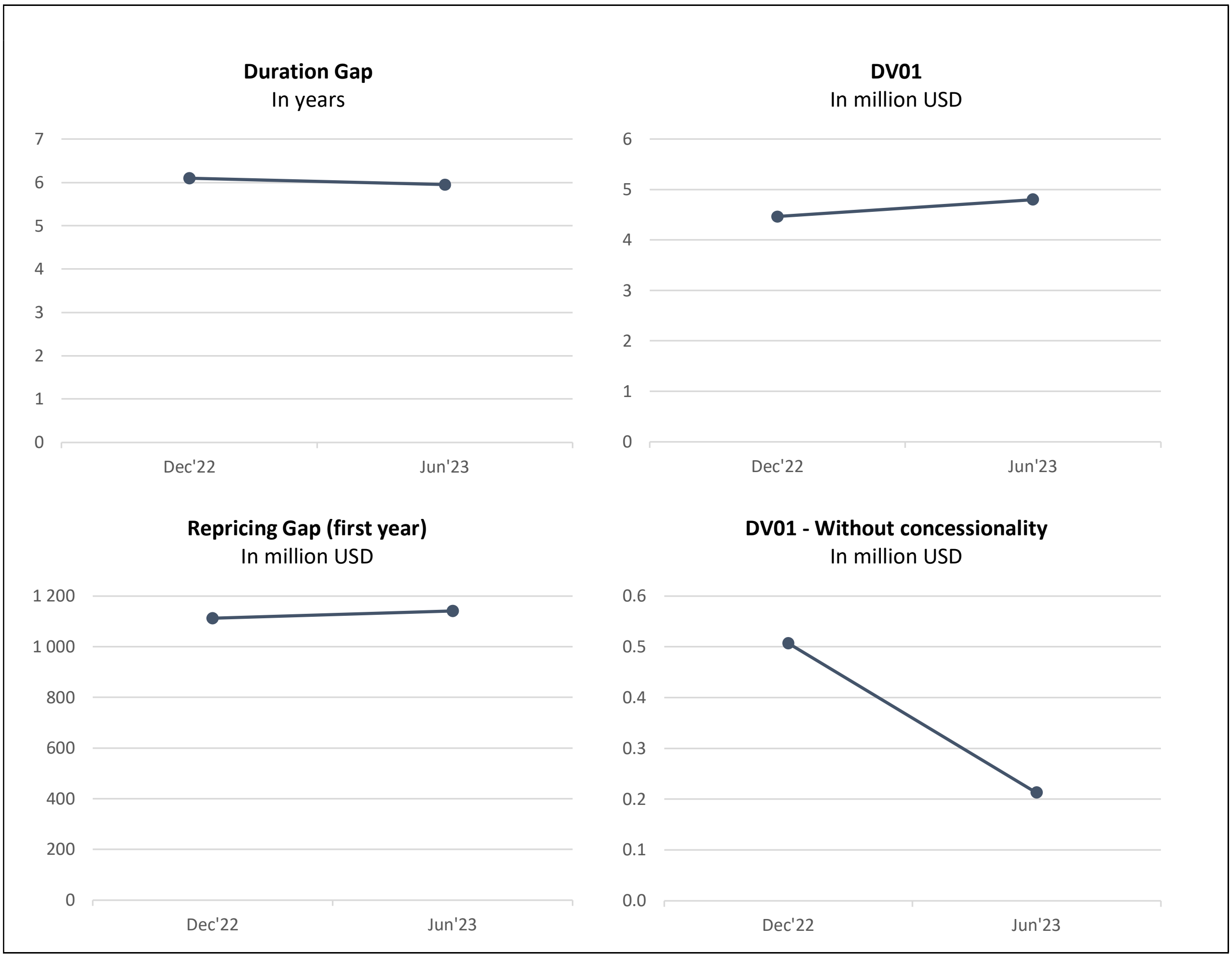


Figure 1: Balance sheet net currency position

Net Currency Position - ON-BS items only

As of 30 June 2023 - Outstanding balances, in million USD

Item Type	Item Sub Type	USD	EUR	CNY	JPY	GBP	SDR	Total
Assets								
Contributions	IOC - PN	107	163	27	32	45	-	374
Investments (cash+bonds+swa	Cash	622	154	0	0	3	-	780
Investments (cash+bonds+swa	Investments	691	383	-	-	-	-	1 074
Loan reflows	Blend	295	31	-	-	-	265	591
Loan reflows	Hardened terms	-	-	-	-	-	32	32
Loan reflows	Highly concessional	477	174	-	-	-	5 730	6 381
Loan reflows	Intermediate terms	-	-	-	-	-	145	145
Loan reflows	Ordinary	271	345	-	-	-	368	984
Loan reflows	Super highly concessional	2	-	-	-	-	-	2
Other assets	Other receivables	199	(33)	(0)	-	(13)	22	175
Sub total	**-**	**2 664**	**1 218**	**27**	**32**	**35**	**6 561**	**10 537**
Liabilities								
Debt	CPL	27	175	-	-	-	-	201
Debt	Private placement	344	0	-	-	-	-	344
Debt	Sovereign	879	883	-	-	-	-	1 762
Other liabilities	Other liabilities	217	33	-	0	0	2	252
Loan	Grant	48	9	-	-	-	5	63
Sub total	**-**	**1 515**	**1 099**	**-**	**0**	**0**	**8**	**2 622**
Total	**-**	**1 149**	**119**	**27**	**32**	**35**	**6 553**	**7 915**

Note 1: Following the current procedure, NOK, SEK, CHF were grouped in the EUR column (representing €62m of the Euro Net Position), and other currencies not shown in the table were grouped into the USD column (representing $19m of the USD Net Position)

Source: IFAD TRE

Figure 2: Net currency position of assets funded by debt

Net Currency Position - ON-BS items only, funded by Borrowing

As of 30 June 2023 - Outstanding balances, in million USD

Item Type	Item Sub Type	USD	EUR	CNY	JPY	GBP	SDR	Total
Assets								
Investments (cash+bonds+swap	Cash	369	92	0	0	2	-	463
Investments (cash+bonds+swap	Investments	410	227	-	-	-	-	637
Loan reflows	Ordinary	271	345	-	-	-	368	984
Sub total	**-**	**1 050**	**664**	**0**	**0**	**2**	**368**	**2 084**
Liabilities								-
Debt	Private placement	344	0	-	-	-	-	344
Debt	Sovereign	879	883	-	-	-	-	1 762
Sub total	**-**	**1 223**	**883**	**-**	**-**	**-**	**-**	**2 106**
Total	**-**	**(173)**	**(219)**	**0**	**0**	**2**	**368**	**(22)**

Note: The table shows the net position for Private Placements after FX swaps

Source: IFAD TRE

Figure 3: Net currency position of assets funded by equity

Net Currency Position - ON-BS items only, funded by Equity

As of 30 June 2023 - Outstanding balances, in million USD

Item Type	Item Sub Type	USD	EUR	CNY	JPY	GBP	SDR	Total
Assets								
Contributions	IOC - PN	107	163	27	32	45	-	374
Investments (cash+bonds+swap	Cash	253	63	0	0	1	-	317
Investments (cash+bonds+swap	Investments	281	156	-	-	-	-	437
Loan reflows	Blend	295	31	-	-	-	265	591
Loan reflows	Hardened terms	-	-	-	-	-	32	32
Loan reflows	Highly concessional	477	174	-	-	-	5 730	6 381
Loan reflows	Intermediate terms	-	-	-	-	-	145	145
Loan reflows	Super highly concessional	2	-	-	-	-	-	2
Other assets	Other receivables	199	(33)	(0)	-	(13)	22	175
Sub total	-	**1 614**	**554**	**27**	**32**	**33**	**6 193**	**8 453**
Liabilities								
Debt	CPL	27	175	-	-	-	-	201
Debt	Private placement	-	-	-	-	-	-	-
Debt	Sovereign	-	-	-	-	-	-	-
Other liabilities	Other liabilities	217	33	-	0	0	2	252
Loan	Grant	48	9	-	-	-	5	63
Sub total	-	**292**	**216**	-	**0**	**0**	**8**	**516**
Total	-	**1 322**	**338**	**27**	**32**	**33**	**6 186**	**7 937**

Source: IFAD TRE

Figure 4: 24-month cashflow currency alignment

IFAD Currency Composition as at 30/06/2023 Including Hedging

(Thousands of United States dollars equivalent - based on 24-Month Projected Cashflow)

Category	CNY Group	EUR Group	GBP Group	JPY Group	USD Group	Grand Total
Inflows						
Cash	144	76 765	4 068	33	633 982	714 993
Investments	15	467 496	4	0	719 668	1 187 183
Contributions	48 467	266 328	33 736	37 680	283 729	669 940
Projected Reflows	0	142 128	7 588	0	651 628	801 344
Debt Drawdowns	0	88 256	0	0	622 333	710 589
Assets Total	**48 627**	**1 040 973**	**45 396**	**37 713**	**2 911 340**	**4 084 050**
Outflows						
Projected Disbursements	(2 832)	(584 249)	(1 919)	(1 742)	(1 285 439)	(1 876 180)
Projected Operating Expenses		(47 794)			(310 391)	(358 185)
Debt Repayments & Interests	0	(139 434)	0	0	(62 368)	(201 803)
Commitments Total	**(2 832)**	**(771 478)**	**(1 919)**	**(1 742)**	**(1 658 198)**	**(2 436 168)**
Current Hedging						
Currency Forwards	0	0	0	0	0	0
Hedging Total	0	0	0	0	0	0
Deficit	**0**	**0**	**0**	**0**	**0**	**0**
Deficit as % of Commitments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Figure 5: Evolution of currency risk metrics