FitchRatings

Supranationals

Italy

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

International Fund for Agricultural Development

Ratings

Long-Term IDR	AA+
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable

Financial Data

IFAD

	Dec 19	Dec 18
Total assets (USDm)	8,142	8,037
Equity to assets (%)	84.4	88.2
Fitch's usable capital to risk-weighted assets (FRA, %)	74.8	78.8
Average rating of loans & guarantees	B+	B+
Impaired loans (% of total loans)	2.7	2.8
5 largest exposures to total exposure (%)	28.0	27.7
Share of non-sovereign exposure (%)	0.0	0.0
Net income/equity (%)	-5.0	-6.2
Average rating of key contributors	AA-	AA-

Source: Fitch Ratings, IFAD

Applicable Criteria

Supranational Rating Criteria (April 2020)

Related Research

The Coronavirus Crisis and Supranationals (July 2020)

Fitch Ratings 2020 Outlook: Supranationals (December 2019)

The Cost to Sovereigns of Support for Supranationals (November 2019)

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Key Rating Drivers

Pandemic Response: International Fund for Agricultural Development's (IFAD) business model and its operations are funded by member contributions in three-year replenishment cycles, so there are limitations as to how the fund can respond in the short term to crises such as Covid-19. As such, the pandemic has not led to a material shift in the fund's strategy. It has principally responded to the crisis through repurposing funds for existing projects, receiving requests from 82 of its member countries for assistance in responding to the economic impact of Covid-19.

'Excellent' Capitalisation: Fitch considers IFAD's 'excellent' capitalisation as a key rating strength, primarily driven by our view that its equity/assets ratio will continue to far exceed the 25% 'excellent' threshold over the medium term (end-2019: 84%). Our assessment is also supported by the usable capital/risk-weighted assets (FRA) ratio, which also far exceeds the 35% 'excellent' threshold (end-2019: 75%). IFAD is inherently loss-making due to its business model, but this is offset by the paid-in contributions it receives from its member states (MS).

'Moderate' Credit Risk: IFAD's loan portfolio comprises solely of sovereign borrowers, about two-thirds of which are low and lower-middle income countries and one-third upper-middle-income countries, which Fitch estimates have an average rating of 'B+'. Non-performing loans (NPL) represented 2.7% of total loans at end-2019. As of September 2020, there were four sovereigns in arrears to IFAD: North Korea, Somalia, Venezuela and Yemen. Fitch expects the NPL rate to be closer to 4.0%-4.5% by end-2022 as a result of the Covid-19 crisis.

'Excellent' Liquidity: Liquidity is a rating strength for IFAD, reflecting its 'excellent' liquidity buffer, 'strong' asset quality and 'weak' access to capital markets. To date, IFAD has not tapped international capital markets. Its main funding source is replenishment contributions from MS. However, IFAD is taking steps to further diversify its funding profile and borrowing instruments and the fund expects to issue private placements over the medium to long term as an additional borrowing instrument to complement bilateral loans.

'Medium Risk' Business Environment: Our overall assessment of IFAD's 'medium risk' business environment, balances the bank's 'low risk' business profile and its 'high risk' operating environment. The fund's exclusive focus on sovereign lending and importance of its public mandate support the "low" business profile risk assessment, while the relatively high share of low-income countries in the distribution of IFAD's countries of operations, leads to the 'high risk' assessment of IFAD's operating environment.

Strong Contributors' Support: We assess IFAD's support rating at 'aa-'. This is anchored on the weighted average rating of IFAD's key contributors, which Fitch defines as those MS that contribute over 50% of the fund's total replenishments. IFAD has no callable capital. The assessment of a 'strong' propensity to support the institution, based on the regularity of contributions from members that have totalled USD9 billion since inception, leads to a zero-notch adjustment on the average rating of key contributors.

Rating Sensitivities

Solvency (Risk): Resilience of the loan portfolio to the Covid-19 crisis, either through an improvement in the fund's loan impairment ratio and/or improvement in the average rating of the loan portfolio, could put upward pressure on the ratings. Conversely, a worse-than-expected impact from the Covid-19 crisis could put negative pressure on the ratings.

Business Environment

Formed in December 1977, IFAD is a specialised UN agency and the only multilateral development institution that focusses exclusively on transforming remote, rural economies and food systems. Most of the world's poorest and hungry live in rural areas and IFAD invests in rural areas to promote prosperity, food security and economic resilience to local communities. IFAD provides highly concessional loans and grants to developing countries.

Headquartered in Rome, IFAD has a well-diversified membership, with 177 member countries. IFAD's largest contributors are the US (11.2%), Japan (6.8%), Germany (6.7%), Netherlands (6.6%) and Italy (6.5%).

Unlike most other supranationals that Fitch rates, IFAD does not have callable capital. Instead, equity is supported through pledges from its members every three years through replenishment cycles. This is in line with the unleveraged funding model of concessional arms of other multilateral development banks (MDB) like the International Development Association (IDA) and the African Development Fund.

IFAD is currently in its 11th replenishment cycle (IFAD11), which runs from 2019-2021. To date, since inception members have cumulatively contributed over USD9 billion to IFAD. The fund is currently in the process of negotiating the next replenishment cycle (IFAD12), which will run from 2022-2024.

We assess IFAD's overall business environment as 'Medium Risk', owing to the fund's 'Low Risk' business profile and its 'High Risk' operating environment.

Intrinsic Rating Assessment

Indicative value	Assessment
Solvency	aa+
Liquidity	aa+
Business environment	0 notch
Intrinsic rating	aa+

Source: Fitch Ratings

Business Profile – 'Low Risk'

Size of the Banking Portfolio (Medium Risk)

As of end-2019, IFAD's total banking portfolio (including loans + equity participations + guarantees) was USD6.4 billion. Fitch assesses this as 'medium risk', in line with the threshold of total banking exposure (TBE) between USD5 billion–USD30 billion, as outlined in the Supranationals Rating Criteria.

Involvement in Private-Sector Financing (Low Risk)

Non-sovereign exposure accounted for 0% of IFAD's total banking exposure at end-2019 and as such is treated as a 'Low Risk' within our rating framework, with the 'Low Risk' threshold being less than 10%.

Risks Associated with the Strategy (Medium Risk)

IFAD focusses its operations directly with sovereigns (typically perceived as lower risk than the non-sovereign sector). However, its business model means that it is focussed on borrowers with low creditworthiness and it is inherently loss making, unlike most MDBs, which make a small profit and accumulate reserves,

IFAD makes continual losses and builds up an accumulated deficit. IFAD's business model factors this in, in that the fund regularly receives paid-in contributions from its members in the form of loss-absorbing equity but this exposes IFAD to political and potentially operational risk of continued receipt of these additional contributions every three years.

Quality of Governance of the Institution (Low Risk)

IFAD's MS have the ultimate decision-making power on all matters including policy, finances and membership. IFAD is governed through the Governing Council (IFAD's main decision-making body open to all members), which meets annually and the Executive Board (comprising a sub-set of MS responsible for overseeing the general operations of IFAD and for approving its programme of work), which meets three times a year.

Voting rights are divided between two types of vote – membership and contribution votes. Membership votes are allocated on the basis of membership of the fund, with each member receiving an equal number of shares. Contribution votes are allocated according to each MS' payments to IFAD's replenishment programmes. The high share of non-borrowing MS and the absence of one overly dominant contributor supports our assessment of governance.

Importance of the Public Mandate (Low Risk)

IFAD is recognised as a specialised UN agency and is seen as important for its members to support key development goals set by the international community. IFAD is recognised as the only IFI specifically focussing on global food security, and overall we view the importance of the mandate as 'Low Risk'.

Operating Environment – 'High Risk'

Credit Quality of the Countries of Operations (High Risk)

The non-weighted average rating of IFAD's countries of operation is 'B'. A significant portion of IFAD's countries of operations are unrated by any credit rating agency. In line with our approach across the supranationals' portfolio, we therefore assign a 'High Risk' to IFAD's credit quality of the countries of operation.

Income per Capita in the Countries of Operations (High Risk)

Using World Bank Indicators, IFAD's average GDP per capita in its countries of operations was USD3,755 in 2019, which is weaker than peers such as International Bank for Reconstruction and Development (IBRD: USD7,164), Asian Development Bank (AsDB: USD23,091) and Caribbean Development Bank (CDB: USD11,455).

Political Risk and Business Climate in the Head Office Country (Low Risk)

Using World Bank indicators, a 'Low Risk' assessment is commensurate with Italy relative to the head offices of other supranational issuers in our rated portfolio, such as IBRD (based in Washington) which is also deemed a 'Low Risk' country of head office.

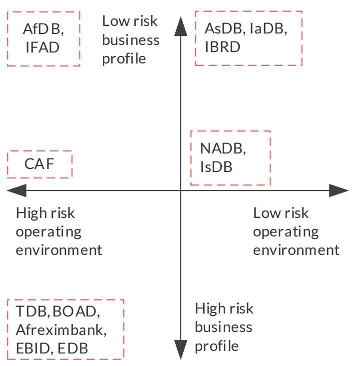
Overall Political Risk and Business Climate in the Countries of Operations (High Risk)

When looking at peers, using World Bank data on a percent rank basis, IFAD's profile is more closely aligned with a 'High Risk' profile, rather than the 'Medium Risk' profiles of IBRD or AsDB.

Operational Support Provided by MS (Medium Risk)

IFAD benefits from privileges and immunities from governments – as well as benefitting from PCS, given IFAD's majority-sovereign loan book. IFAD is also recognised as an official UN Agency and benefits from privileges and immunities accordingly.

Business Environment



Source: Fitch Ratings

Solvency

Fitch assesses IFAD's solvency at 'aa+'. This is driven by the assessment of its capitalisation as 'excellent' and risks as 'Low'.

Capitalisation

IFAD's 'Excellent' capitalisation is driven by our view that its equity/adjusted assets ratio and usable capital/weighted assets ratios will continue to far exceed the respective 'Excellent' thresholds outlined in the criteria.

Peer Comparison: Capital Ratios and Profitability

	IFAD (AA+)		IBRD (AAA)	AsDB (AAA)	CDB (AA+)
	End-2019	Projection[a]	June 2019	End-2019	End-2019
Equity/adjusted assets (%)	84.4	75-80	14.8	32.1	44.5
Usable capital/risk-weighted assets (FRA, %)	74.8	65-70	45.5	69.4	68.9
Net income/average equity (%)	-5.0	-4/-5	1.2	3.0	2.4

[a] Medium-term projections, forecast range
Source: Fitch Ratings, MDBs

Capitalisation is a clear strength for the rating, with an equity/adjusted assets ratio of 84.4% as of end-2019. We anticipate a minor deterioration of this ratio (towards 75%-80% over the medium-term) driven by a mild increase in lending (around USD1 billion over the coming three years) and a relatively stable level of equity, with IFAD's inherently loss-making structure offsetting the paid-in contributions it receives from members. This forecast of around 75%-80% is significantly higher than the 25% 'excellent' threshold in the criteria.

Fitch's usable capital to risk-weighted assets ratio (FRAR): Usable capital includes shareholders' equity plus a portion (10%) of callable capital subscribed by 'AAA'/'AA' rated shareholders. Weighted assets include loans, guarantees, equity participations and other assets; weights are inspired by the Basel Committee's Standard Approach.

For MDBs providing concessional loans, Fitch applies a negative adjustment to members equity for the computation of the usable capital to risk-weighted assets ratio. This adjustment reflects the opportunity cost incurred by the MDB for extending loans at a rate below the 'risk-free' rate (the yield on US Treasury) for an equivalent maturity. It is based on the characteristics of the concessional loans granted by the bank, in particular the interest rate, the maturity, and the length of the grace period.

For IFAD, the FRAR was calculated as 74.8% as of end-2019. Similar to our expectations for the equity/assets ratio, as outlined above, we also forecast a slight deterioration of the FRAR to around 65%-70% over the medium term, still comfortably above the 35% 'excellent' threshold outlined in the Supranationals Rating Criteria.

Risks

The overall assessment of solvency risks is 'low' for IFAD.

Peer Comparison: Risks

	IFAD (AA+)		IBRD (AAA)	AsDB (AAA)	CDB (AA+)
	End-2019	Projection[a]	June 2019	End-2019	End-2019
Estimated average rating of loans & guarantees	B+	B	BB+	BB+	B
Impaired loans/gross loans (%)	2.7	4.0-4.5	0.2	0.1	0.2
Five largest exposures/total banking exposure[b] (%)	28.0	25-30	39.1	14.9	56.8
Equity stakes/total banking exposure (%)	0.0	0-5	0.0	1.4	0.0

[a] Medium-term projections, forecast range
[b] Total banking exposure = Loans + Equity stakes + Guarantees
Source: Fitch Ratings, MDBs

Risks Assessment

Indicative value	Risk level
Credit	Moderate
Concentration	Low
Equity risk	Very low
Market risks	Very low
Risk mgmt policies	Strong

Source: Fitch Ratings

Credit Risk (Moderate Risk)

IFAD has a well-diversified lending portfolio, with the average rating of loans estimated at 'B+'.

When looking at the forecast average rating of loans for FYE22, the 'B+' rating is resilient to a one-notch downgrade of all 29 borrowers that currently have Negative Outlooks. In total, there are 109 sovereign borrowers from IFAD, as of end-2019. The resilience of the average rating of the portfolio to this volume of downgrades is testament to the fund's well-diversified lending portfolio. However, we conservatively forecast IFAD's average rating of loans to deteriorate by one notch over the medium term, to 'B'.

Over the past 10 years, nine countries have reached non-accrual status with IFAD, most of which also defaulted at some point to other MDBs: Somalia (defaulted to IDA), Venezuela (IaDB), Yemen (IsDB), Zimbabwe (IDA/IBRD/AfDB), Democratic Republic of Congo (IDA), Guinea Bissau (IsDB/AfDB). Zimbabwe (currently in arrears to IBRD) is current with its payments to IFAD.

When looking at preferred-creditor status (PCS), IFAD's share of non-sovereign exposure is less than 20% (IFAD exclusively lends directly to sovereign borrowers) and its relative default rate using data from the past 10 years is low. As such, we make a '+3' notch adjustment to IFAD's average rating of loans, increasing the average rating from 'B+' pre-PCS to 'BB+' post-PCS adjustment.

As of FYE19, there were four sovereigns in arrears greater than 180 days in IFAD's lending portfolio; North Korea (0.7% of portfolio), Somalia (0.3%), Venezuela (0.1%) and Yemen (1.6%). These four impairments total 2.7% of total banking exposure, which in line with Fitch's criteria, would equate to a 'low' risk assessment (1%-3%).

Since the beginning of the year, as well as these four sovereigns, a handful of IFAD's other borrowers fell into arrears with IFAD, without reaching the 180 days NPL status. However, as of September 2020, all of the sovereign borrowers that had recently fallen into arrears in 2020, had now paid and were current with their obligations to IFAD. To date the only four sovereigns in arrears to IFAD are unchanged from FYE19: North Korea, Somalia, Venezuela and Yemen.

When looking at our future expectations of the bank's NPL rate, we expect this ratio to increase from just less than 3% (a 'low' risk as assessed under the criteria) to the 'medium' risk level, of around 4.0%-4.5%. Given no additional sovereigns are currently in arrears with IFAD (aside from the four as of FYE19) and the loan portfolio is relatively well diversified with 109 sovereign borrowers, we assume that the impact of Covid-19 will lead to a 'moderate' level of NPLs, rather than a 'high level, of greater than 6%.

The accounting standards of IFRS 9 allows degree of flexibility in the classification of Stage 1/Stage 2/Stage 3 assets but IFAD's classification is in line with most common practice among rated MDBs that report under IFRS. IFAD's Stage 3 loans, as at FYE19, were the four loans in arrears greater than 180 days, and there was no re-classification of any asset to Stage 3 in 2020. The share of Stage 2 loans in the bank's portfolio increased from 10.7% at FYE19 to 12.7% at end-June 2020.

Concentration (Low Risk)

In accordance with Fitch's supranational rating criteria, IFAD's concentration risk is deemed to be 'low' as the bank's five largest exposures (China, India, Bangladesh, Ethiopia, Pakistan) account for 28% of total banking exposure. In line with forecasts shared by IFAD, Fitch expects concentration to remain constant over the coming years at around 30%. The 'low' risk threshold for concentration is between 20%-40%, so IFAD is quite comfortably within this assessment level.

Equity Risk (Very Low)

IFAD does not, nor do we expect it to, make any equity investments.

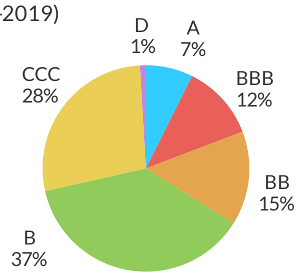
Market Risks (Very Low)

Interest Rate Risk: Although very limited, the introduction of borrowing activities has generated potential interest rate risk. This is mitigated by ensuring that the lending terms of IFAD's financial liabilities are matched against the terms of on-lent funds.

Currency Risk: IFAD conducts its operations in various currencies. However, IFAD's currency risk is mitigated by ensuring that commitments for undisbursed loans and grants (mainly denominated in SDR) are supported by assets denominated in the SDR basket of currencies. Fluctuations in the USD/SDR exchange rate create a degree of volatility in IFAD's accounts (accounting records in USD). This retranslation of assets between USD/SDR creates unrealised gains/losses in IFAD's income statement. However, over the past 15 years, exchange rate fluctuations have historically netted out. These are unrealised gains and losses and do not have repercussions on IFAD's financial stability.

Breakdown of Loans by Rating

(End-2019)



Source: Fitch Ratings, IFAD

Top 10 Largest Exposures at FYE19

Country	Rating	(% total loans)
China	A+	7.4
India	BBB-	6.4
Bangladesh	BB-	5.9
Ethiopia	B	4.8
Pakistan	B-	3.5
Top 5	-	**28.0**
Tanzania	NR	3.5
Vietnam	BB	3.4
Uganda	B+	3.3
Nigeria	B	2.6
Kenya	B+	2.3
Top 10	-	**43.0**

Source: Fitch Ratings, IFAD

Risk Management (Strong)

IFAD's risk management framework is 'strong' and is based on two fundamental pillars: capital management and liquidity management.

IFAD has a very comprehensive set of internal policies that govern its risk management framework. IFAD's key financial policies relate to liquidity management (minimum liquidity ratio), capital adequacy policy and the sovereign borrowing framework and are broadly in line with MDBs' peers 'best practices' although they differ slightly from a more 'traditional' MDB in our rated portfolio. For example, the fund has two operational leverage limits (debt to equity) with differing minimum requirements and its minimum liquidity policy of requiring only 60% of total annual gross disbursements is below that of well-rated peers (typically >100%).

We assess IFAD's risk management as 'strong' rather than 'excellent', owing to the fact that as the fund transitions towards a more levered operating model over the medium term, new policies are being put in place, against which we do not have a track record of the fund's operating performance. These new policies will be brought in alongside IFAD12 (2022).

Internal Financial Ratios 2019

Ratio	Min.	Actual
Deployable capital (%)	>0	40.3
Debt coverage ratio (%)	<50	1.2
Liquidity ratio (%)	>5	10.7
Debt/equity (%)	<35%	8.1
Single country limit (%)	20	8.4
Duration asset liability portfolio	<2 yrs	0.8 yrs
Rating floor on investments	'BBB-'	'BBB-'

Source: Fitch Ratings, IFAD

Liquidity

Peer Comparison: Liquidity

	IFAD (AA+)		IBRD (AAA)	AsDB (AAA)	CDB (AA+)
	End-2019	Projection[a]	June 2019	End-2019	End-2019
Liquid asset/short-term debt (%)	6,917.2	2,400-2,500	161.5	199.6	803.8
Share of treasury assets rated AA- & above (%)	67.9	65-70	65.3	59.0	85.5

[a] Medium-term projections, forecast range
Source: Fitch Ratings, MDBs

Liquidity Assessment

Indicative value	Risk level
Liquidity buffer	Excellent
Quality of treasury assets	Strong
Access to cap markets & alt. sources of liquidity	Weak

Source: Fitch Ratings

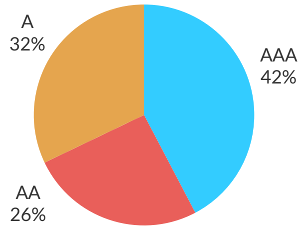
Liquidity Buffer (Excellent)

Liquidity is a rating strength for IFAD. As of 31 December 2019, IFAD had USD741 million of outstanding debt, of which only USD14 million was short-term. Compared with a liquid assets portfolio of just over USD1 billion this liquidity buffer is comfortably in the 'excellent' threshold. We expect the bank's leverage to continue to increase in the coming years, but it will remain relatively negligible and we continue to forecast the liquidity buffer to be well in excess of 1000%.

Quality of Treasury Assets (Strong)

IFAD's treasury asset portfolio consists mostly of highly rated, low yielding, liquid instruments. The overall duration of the liquid assets portfolio is short; 0.5 years in December 2019. The currency composition includes US dollars, euros, sterling, yen and yuan. In terms of credit ratings, the current investment policy stipulates that each investment must be rated at least 'A-' (revised from 'BBB-' in December 2019).

Breakdown of Treasury Assets by Rating (FYE19)



Source: Fitch Ratings, IFAD

Access to Capital Markets and Alternative Sources of Liquidity (Weak)

To date, IFAD has not tapped international capital markets. Its main funding source has been, and continues to be, its replenishment contributions from MS. However, IFAD is taking steps to further diversify its funding profile and borrowing instruments and the fund expects to issue private placements over the medium to long term as an additional borrowing instrument to complement bilateral loans.

In 2015, IFAD started leveraging its balance sheet by entering into bilateral loan agreements with two state-supported institutions (AFD and KfW) and Canada. In 2017, the fund introduced Concessional Partner Loans (CPL), which are concessional loans from members that aim to follow the concessional features of IFAD's loans. The maturities of the CPLs are either 25 or 40 years, matching IFAD's blend and highly concessional loans. Under the CPL framework, IFAD has borrowed at highly concessional terms from three of its members (France/India/Finland) for a total amount of USD132 million.

Shareholders' Support

We assess IFAD's support rating at 'aa-'. This assessment is anchored on the weighted average rating of IFAD's key contributors. An assessment of a 'strong' propensity to support the institution leads to a zero-notch adjustment on the average rating of key contributors, resulting in an overall support rating of 'aa-'.

Peer Comparison: Shareholder Support

	IFAD (AA+)		IBRD (AAA)	AsDB (AAA)	CDB (AA+)
	End-2019	Projection[a]	June-2019	End-2019	End-2019
Coverage of net debt by callable capital	NC	NC	A+	A+	A+
Average rating of key contributors	AA-	AA-	AA-	A+	BBB
Propensity to support (notch adjustment)	Strong (0)	Strong (0)	Strong (0)	Strong (0)	Strong (0)

[a] Medium-term projections
Source: Fitch Ratings, MDBs

Capacity to Provide Extraordinary Support

IFAD has no callable capital and so we do not consider the rating factor 'coverage of net debt by callable capital', in our analysis of the fund.

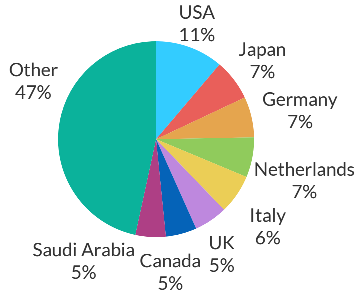
Given this lack of callable capital, when assessing 'extraordinary support' provided to IFAD by its contributors, we consider the weighted average rating of IFAD's key contributors. With 11.2% of contributions to IFAD, the US is the bank's largest contributor, with the other 'key' contributors Japan, Germany, Netherlands, Italy, the UK, Canada and Saudi Arabia, which cumulatively make up more than 50% of member contributions.

When looking at the forecast for the average rating of the key contributors, even if we assume a one-notch downgrade of the sovereigns that currently have Negative Outlooks (US, Japan, UK), the overall average rating is unchanged at 'AA-'. This resilience is supported by the fact that there are eight 'key' contributors at IFAD (which is relatively high compared with most supranationals Fitch rates).

Propensity to Provide Extraordinary Support (Strong)

Fitch views IFAD's MS' propensity to support as 'strong', primarily based on the large paid-in capital subscription that its members sign up to every three years as part of the replenishment programme. In advance of the payment of contributions, all members issue joint statements of support confirming their willingness to continue to financially support IFAD.

IFAD Contributors



Source: Fitch Ratings, IFAD

The below annex tables and ratios reflect IFAD's financial statements as reported at Fair Value.

International Fund for Agricultural Development (IFAD)

Balance sheet	31 Dec 19 Year end (USDm) Original	31 Dec 18 Year end (USDm) Original
A. Loans		
1. To/guaranteed by sovereigns	6,348.5	6,057.4
2. To/guaranteed by public institutions	0.0	0.0
3. To/guaranteed by private sector	0.0	0.0
4. Trade financing loans (memo)	0.0	0.0
5. Other loans	0.0	0.0
6. Loan loss reserves (deducted)	92.6	99.2
A. Loans, total	**6,255.9**	**5,958.2**
B. Other earning assets		
1. Deposits with banks	n.a.	n.a.
2. Securities held for sale & trading	841.6	839.0
3. Investment debt securities (incl. other invest.)	n.a.	144.0
4. Equity investments	0.0	0.0
5. Derivatives (incl. fair-value of guarantees)	n.a.	n.a.
B. Other earning assets, total	**841.6**	**983.0**
C. Total earning assets (A+B)	**7,097.5**	**6,941.2**
D. Fixed assets	**114.2**	**15.4**
E. Non-earning assets		
1. Cash and due from banks	162.3	56.3
2. Other	768.3	1,024.4
F. Total assets	**8,142.3**	**8,037.3**
G. Short-term funding		
1. Bank borrowings (< 1 year)	0.0	0.0
2. Securities issues (< 1 year)	0.0	0.0
3. Other (incl. deposits)	14.5	0.0
G. Short-term funding, total	**14.5**	**0.0**
H. Other funding		
1. Bank borrowings (> 1 year)	0.0	0.0
2. Other borrowings (incl. Securities issues)	727.1	571.6
3. Subordinated debt	0.0	0.0
4. Hybrid capital	0.0	0.0
H. Other funding, total	**727.1**	**571.6**
I. Other (non-int bearing)		
1.derivatives (incl. fair value of guarantees)	0.0	0.0
2. Fair value portion of debt	0.0	0.0
3. Other (non-int bearing)	527.8	378.0
I. Other (non-interest bearing), total	**527.8**	**378.0**
J. General provisions & reserves	**0.0**	**0.0**

International Fund for Agricultural Development (IFAD) (Cont.)

Balance sheet	31 Dec 19 Year end (USDm) Original	31 Dec 18 Year end (USDm) Original
L. Equity		
1. Preference shares	0.0	0.0
2. Subscribed capital	9,040.5	8,893.2
3. Callable capital	0.0	0.0
4. Arrears/advances on capital	0.0	0.0
5. Paid in capital (memo)	0.0	0.0
6. Reserves (incl. net income for the year)	-2,167.6	-1,805.5
7. Fair-value revaluation reserve	n.a.	n.a.
K. Equity, total	**6,872.9**	**7,087.7**
M. Total liabilities & equity	**8,142.3**	**8,037.3**

Source: Fitch Ratings

International Fund for Agricultural Development (IFAD)

Income statement	31 Dec 19 Year end (USDm) Original	31 Dec 18 Year end (USDm) Original
1. Interest received	93.3	67.5
2. Interest paid	2.0	1.8
3. Net interest revenue (1. - 2.)	**91.3**	**65.7**
4. Other operating income	-21.8	-150.6
5. Other income	-256.9	-160.9
6. Personnel expenses	91.1	93.1
7. Other non-interest expenses	84.8	85.2
8. Impairment charge	-14.5	8.2
9. Other provisions	0.0	0.0
10.Pre-derivative operating profit ((3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**-348.8**	**-432.3**
11. Net gains/(losses) on non-trading derivative instruments	0.0	0.0
12. Post-derivative operating profit (10. + 11.)	**-348.8**	**-432.3**
13. Other income and expenses	0.0	0.0
14. Net income (12. + 13.)	**-348.8**	**-432.3**
15. Fair value revaluations recognised in equity	-19.3	21.2
16. Fitch's comprehensive net income (14. + 15.)	**-368.1**	**-411.1**

Source: Fitch Ratings

International Fund for Agricultural Development (IFAD)

Ratio analysis (%)	31 Dec 19 Year end Original	31 Dec 18 Year end Original
I. Profitability level		
1. Net income/equity (avg.)	-5.0	-6.2
2. Net income/total assets (avg.)	-4.3	-5.5
3. Net interest revenue + commitment fees/gross loans + treasury assets + guarantees (av.)	n.a.	n.a.
4. Cost-income ratio	253.1	-210.0
5. Income from equity investment/equity investment (avg.)	0.0	0.0
6. Provisions/average total banking exposure (excl LCS)	n.a.	n.a.
II. Capital adequacy		
1. Net total banking exposure (excl LCS)/subscribed capital + reserves	91.0	84.1
2. Equity/adjusted total assets	84.4	88.2
3. Equity /adjusted total assets + guarantees	84.4	88.2
4. Paid-in capital/subscribed capital	n.a.	n.a.
5. Internal capital generation after distributions	n.a.	n.a.
6. Usable capital/risk weighted assets (FRA ratio)	74.8	78.8
III. Liquidity		
1. Liquid assets/short-term debt	6,917.2	n.a.
2. Treasury assets/total assets	12.3	12.9
3. Treasury assets IG + eligible non IG/total assets	12.3	12.9
4. Unimpaired trade financing loans/total assets	0.0	0.0
5. Liquid assets/total assets	12.3	12.9
6. Liquid assets/undisbursed loans & equity	n.a.	n.a.
IV. Asset quality		
1. Impaired loans /gross loans	2.7	2.8
2. Loan loss reserves/gross loans	1.5	1.6
3. Total reserves/gross loans, equity investment & guarantees	1.5	1.6
4. Loan loss reserves/impaired loans	54.0	57.8
V. Leverage		
1. Debt/equity	10.8	8.1
2. Debt/subscribed capital + reserves	10.8	8.1
3. Debt/callable capital	n.a.	n.a.
4. Net income + interest paid/interest paid	-17,340.0	-23,916.7

Source: Fitch Ratings

International Fund for Agricultural Development (IFAD)

Annex	31 Dec 19 (USDm) Original	31 Dec 18 (USDm) Original
1. Lending operations		
1. Loans outstanding	6,348.5	6,057.4
2. Undisbursed loans	n.a.	n.a.
3. Approved loans	n.a.	n.a.
4. Disbursed loans	n.a.	n.a.
5. Loan repayments	n.a.	n.a.
6. Net disbursments	n.a.	n.a.
Memo: Loans to sovereigns	6,348.5	6,057.4
Memo: Loans to non-sovereigns	0.0	0.0
2. Other banking operations		
1. Equity participations	0.0	0.0
2. Guarantees (off BS)	0.0	0.0
Memo: Guarantees to sovereigns	0.0	0.0
Memo: Guarantees to non-sovereigns	0.0	0.0
3. Total banking exposure (bs and off bs)		
1. Total banking exposure (loans + equity participations + guarantees (off BS))	6,348.5	6,057.4
2. Growth in total banking exposure	4.8	3.4
Memo: Non sovereign exposure	0.0	0.0
Memo: LCS and other off BS credit commitments (not incl. in total banking exposure)	0.0	0.0
4. Support		
1. Share of AAA/AA shareholders in callable capital	0.0	0.0
2. Share of A/BBB shareholders in callable capital	0.0	0.0
3. Share of speculative grade shareholders in callable capital	0.0	0.0
4. Rating of callable capital ensuring full coverage of net debt	NC	NC
5. Weighted average rating of key contributors	AA-	AA-
5. Breakdown of banking portfolio		
1. Loans to sovereigns/total banking exposure	100.0	100.0
2. Loans to non sovereigns/total banking exposure	0.0	0.0
3. Equity participation/total banking exposure	0.0	0.0
4. Guarantees covering sovereign risks/total banking exposure	0.0	0.0
5. Guarantees covering non-sovereign risks/total banking exposure	0.0	0.0
Memo: Non sovereign exposure [2.+3.+5.]/total banking exposure	0.0	0.0
6. Concentration measures		
1. Largest exposure	559.0	556.0
2. Five largest exposures	2122,7	2,028.0
3. Largest exposure/equity (%)	8.1	7.8
4. Five largest exposures/equity (%)	25.9	23.7
5. Largest exposure/total banking exposure (%)	8.8	9.2
6. Five largest exposures/total banking exposure (%)	28.0	27.7

International Fund for Agricultural Development (IFAD) (Cont.)

Annex	31 Dec 19 (USDm) Original	31 Dec 18 (USDm) Original
7. Credit risk		
1. Average rating of loans & guarantees	B+	B+
2. Loans to investment grade borrowers/gross loans	23.0	23.0
3. Loans to sub-investment grade borrowers/gross loans	96.7	97.4
4. Share of treasury assets rated AAA-AA	67.9	56.3
5. Average rating of treasury assets	n.a.	n.a.
8. Liquidity		
1. Treasury assets	1,003.9	1,039.3
2. Treasury assets o/w IG + eligible non-IG	1,003.9	1,039.3
3. Unimpaired short-term trade financing loans	0.0	0.0
4. Unimpaired short-term trade financing loans - discounted 40%	0.0	0.0
5. Liquid assets [2. + 4.]	1,003.9	1,039.3

Source: Fitch Ratings

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.