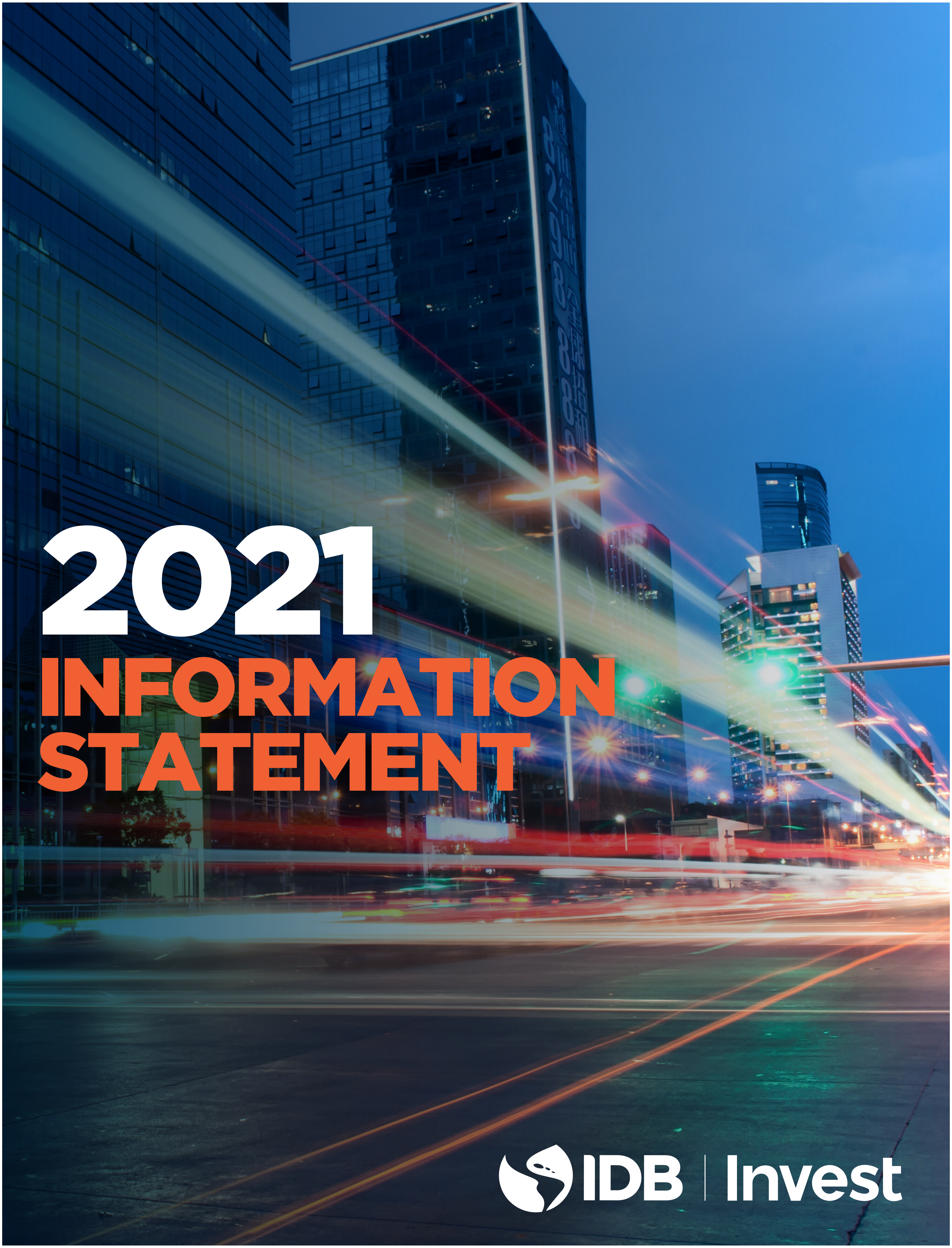


2021 INFORMATION STATEMENT

IDB | Invest

Information Statement

Inter-American Investment Corporation

The Inter-American Investment Corporation (IDB Invest) intends from time to time to issue its debt securities with maturities and on terms based on market conditions at the time of sale. The debt securities may be sold to dealers or underwriters, who may resell them in public offerings or otherwise, or they may be sold by IDB Invest directly or through agents. The terms, conditions and other details of debt securities being offered at any particular time will be set forth in a prospectus and various incorporated or supplemental documents thereto. Unless otherwise stated, all information in this annual Information Statement is provided as of March 1, 2022, and all amounts are expressed in United States dollars.

AVAILABILITY OF INFORMATION

IDB Invest will provide, upon request, copies of this Information Statement without charge. Written, or e-mail requests should be directed to the principal office of IDB Invest at 1350 New York Avenue, N.W., Washington, D.C. 20577, Attention: fnatrs-funding@idbinvest.org.

The Information Statement is also available on the IDB Invest's website at https://www.idbinvest.org/en/investors. Other documents and information on this website are not intended to be incorporated by reference in this Information Statement.

Recipients of this Information Statement should retain it for future reference, since it is intended that each prospectus and any supplemental Information Statement issued after the date hereof will refer to this Information Statement for a description of IDB Invest and its financial condition, until a subsequent Information Statement is issued.

March 1, 2022

CONTENTS

I. Business

Overview

IDB Invest is an international organization established in 1986 pursuant to the Agreement Establishing the Inter-American Investment Corporation (the Establishing Agreement) and began operations in 1989. The headquarters of IDB Invest are located in Washington, DC, and it has operations in Latin America and the Caribbean (the Region). It is a legally separate and distinct member of the Inter-American Development Bank Group (the IDB Group or IDBG), which also includes the Inter-American Development Bank (the IDB) and the Multilateral Investment Fund (commercially known as IDB Lab). IDB Invest has a separate governance structure, including a separate Board of Governors, Board of Executive Directors[1], management and staff. IDB Invest is owned by its member countries, which include 26 regional developing countries in Latin America and the Caribbean (the Regional Developing Member Countries) and 21 countries outside of Latin America and the Caribbean.

The purpose of IDB Invest is to promote the economic development of its Regional Developing Member Countries by encouraging the establishment, expansion, and modernization of private enterprises in the Region that do not benefit from a sovereign guarantee by supporting projects that aim to bolster competitiveness, inclusive economic growth and sustainable practices.

On March 30, 2015, the Boards of Governors of IDB Invest and the IDB approved the transfer to IDB Invest, effective on January 1, 2016, of all operational and administrative functions associated with the IDB private sector and non-sovereign guaranteed (NSG) activities (the IDBG Private Sector Reform) to better serve clients and partners in the Region and to maximize developmental impact.

IDB Invest provides, through its development operations, financing in the form of loans, guarantees, debt securities, and equity investments and mobilizes financing from other investors through loan participations, loan syndications, and other co-financing arrangements, unfunded participations, and guarantees of debt instruments. IDB Invest aims to finance projects that offer profitable investment opportunities and promote sustainable economic, environmental, and social development of the Region. The objectives of these investments include improving infrastructure, facilitating healthcare, digitalization, climate change action, regional integration, increasing productivity and innovation, and education; reducing gender inequality, expanding entrepreneurial ecosystems and empowering micro, small and medium enterprises (MSMEs) across the Region. In addition to financing, IDB Invest provides financial and technical advisory services and knowledge along with leading environmental, social and corporate governance practices to clients.

In January 2022, Fitch Ratings affirmed IDB Invest's rating at AAA and revised its outlook to stable from negative. This action was a result of stronger-than-expected asset performance and reduced downside risks related to IDB Invest's capitalization metrics. In March 2021, Moody’s affirmed IDB Invest’s Aa1 long-term issuer default rating with a stable outlook, reflecting its intrinsic credit profile underpinned by its strong liquidity and solvency positions. In June 2021, Standard & Poor’s upgraded IDB Invest's rating to AA+ with a stable outlook, making reference to IDB Invest's consistent track record of executing and consolidating its expanded mandate and strengthening its operational capabilities, risk practices, and systems.

Amounts presented in the Management's Discussion & Analysis section, and the Financial Statements and notes thereto reflect IDB Invest amounts only. Amounts presented in the Operational Highlights within the Business section reflect the combined portfolio of IDB Invest and the NSG activities of the IDB where indicated.

[1] References to the Board of Executive Directors refers to the IDB Invest Board of Executive Directors unless otherwise explicitly mentioned.

Development Operations

Strategy

The first component of IDB Invest's strategic framework is the Renewed Vision, which underpins the IDBG Private Sector Reform and reflects the Board of Governors' long-term mandate for IDB Invest to maximize development impact and provide access to financing, technical knowledge, and sectoral expertise within a framework of financial sustainablity to clients in the Region.

The second component of IDB Invest's strategic framework is the IDB Group's Institutional Strategy, which focuses IDB Invest's strategic priorities on areas where the private sector shows potential for significant contributions to the IDB Group's goals. These include the development challenges of productivity and innovation and economic integration; the cross-cutting issues of gender equality, inclusion, and diversity; and the mitigation and adaptation strategies related to climate change and environmental sustainability. Technology and innovation and resource mobilization were added to IDB Invest's strategic priorities through the 2019 Update to the Institutional Strategy (UIS). The IDB Group's Institutional Strategy, together with its Country Strategies that articulate the work of the IDB Group in each of its borrowing member countries, further define the IDB Group's vision and guide its actions. The implementation of the IDB Group's Institutional Strategy is monitored through its Corporate Results Framework[2] (CRF), which sets institutional targets that map directly to the UN Sustainable Development Goals[3] (SDGs).

During the virtual meeting hosted by Barranquilla, Colombia in March 2021, the Boards of Governors of the IDB and IDB Invest reaffirmed their commitment to the IDB Group's critical role in promoting sustainable social and economic development and reducing poverty and inequality throughout the Region, and approved a resolution authorizing analytic work required to inform the Boards of Governors' continuing consideration of the Region's challenges, IDB Group's role in the Region, and optimal institutional structure for the IDB Group. Management presented to the Boards of Governors the "Vision 2025" agenda. This agenda outlines the IDB Group's priorities to advance implementation of the UIS for the 2021-2025 period and respond to the challenges that the Region faces and will continue to face in the years to come, as well as a path to emerge from the COVID-19 pandemic with more sustainable growth and resilience.

Given the climate change crisis facing the Region, the resolution mandates that the analytic work explores how best to align with the Paris Agreement. Assessing the IDB Group's alignment will be key to avoiding activities that could hinder the transition to net-zero emissions. Aligning operations will also improve the management of climate-related financial exposure in IDB Invest's portfolios. In addition to the alignment effort, IDB Invest is committed to assessing disaster and climate risk in all of its moderate and high risk operations by the year 2023.

IDB Invest's strategic framework is implemented through its Business Plan. The Business Plan is updated on a triennial basis, which establishes the areas of focus and performance indicators in alignment with the Renewed Vision and the UIS. In December 2019, the Board of Executive Directors approved IDB Invest's 2020-2022 Business Plan, setting a clear strategic framework to guide its work throughout the following three years.

In addition to the Business Plan, on an annual basis, IDB Invest prepares a Business Plan Update to validate institutional priorities, present financial projections, and confirm the plan of operations, risk parameters and funding authorization for the coming year. In December 2021, the IDB Invest Board of Executive Directors approved the 2022 Business Plan Update (the last in the 2020-2022 Business Plan Cycle) and the 2022 Administrative and Capital Budget. This Business Plan focuses on smart growth, knowledge and innovation, and synergies and defines five core institutional indicators to direct IDB Invest's activity: (i) Small and Vulnerable Countries, (ii) S&I (Small and Island) Countries, (iii) MSMEs, (iv) Climate Change, and (v) Gender and Diversity. Action Plans and Roadmaps, which serve to implement specific strategic objectives outlined in the Business Plan, are also part of the strategic framework. In August 2021, the Board approved the Poverty and Vulnerability Roadmap which seeks to deepen IDB Invest's impact through projects that directly benefit poor and vulnerable populations.

Despite the challenges of responding to the COVID-19 pandemic and adapting to telework, IDB Invest made substantial progress implementing the pillars of the 2020-2022 Business Plan, positioning the institution to accomplish the main objectives during 2022. After a strong counter-cyclical response to the COVID-19 pandemic in 2020 and 2021, IDB Invest's 2022 Plan of Operations included in the Business Plan begins a reversion to its pre-crisis trajectory. To address these, IDB Invest's value proposition to clients and partners will continue to complement an innovative financial service offering with a strong financial and non-financial risk management framework and a strategic approach to advisory services. In 2022, IDB

[2] IDB Invest's Corporate Results Framework (CRF) is available at https://crf.iadb.org/en

[3] UN Sustainable Development Goals (SDGs) are available at https://crf.iadb.org/en/sdgs?institution=idbgroup

Invest will focus on completing key projects that will enable it to scale its operations and address increasingly complex demands from clients. IDB Invest will also continue implementing its end-to-end Impact Management Framework, which

builds on three pillars that were an essential element of the Renewed Vision: Strategic Selectivity, Development Impact, and a Systemic Approach.

- Strategic Selectivity allows IDB Invest to steer development related investments towards: (i) areas within each sector and country with the most significant development gaps; and (ii) key strategic priority areas aligned with the Institutional Strategy.
- Development Impact prioritizes the development impact of each development related investment and ensures a rigorous approach for selecting and structuring operations and managing and evaluating results.
- Systemic Approach optimizes the use of IDB Invest's limited resources by focusing on development related investments with the potential to transform markets or industries through demonstration effects, market linkages, or knowledge and innovation, as well as those with strong resource mobilization capacity.

Impact Management Framework

The Impact Management Framework[4] is an end-to-end series of tools and practices covering the complete development related investment lifecycle. It allows IDB Invest to build, measure, and manage a portfolio of financially sustainable investments that maximize development impact and contribute to reaching the Sustainable Development Goals (SDGs) in the Region. IDB Invest's Impact Management Framework is fully aligned with leading global initiatives such as the Operating Principles for Impact Management, of which IDB Invest is a signatory and a member of the Advisory Board.

The Impact Management Framework aims to fulfill three main objectives:

- Build, measure, and manage a portfolio for impact.
- Ensure learning from operational experience and the generation and dissemination of knowledge.
- Ensure timely and transparent reporting on development impact to our stakeholders.

[4] More information on IDB Invest's Impact Management Framework is available at www.idbinvest.org/impact.

FIGURE 1. THE IMPACT MANAGEMENT FRAMEWORK ACROSS THE DEVELOPMENT RELATED INVESTMENT CYCLE.

DELTA = Development Effectiveness Learning, Tracking, and Assessment System
FCR = Financial Contribution Rating
ASR = Annual Supervision Report
XSR = Expanded Supervision Report
IE = Impact Evaluations
DEO = Development Effectiveness Overview
DEA = Development Effectiveness Analytics Platform

The following is a brief description of the tools that make up the Impact Management Framework across the development related investment lifecycle:

1. Selecting the right development related investments and clients

The Strategic Selectivity Scorecard is a Selectivity Tool used to identify each country's private sector investment priorities by sector, helping IDB Invest pinpoint areas with the most significant development gaps. This tool helps guide project selection and resource allocation, in line with IDB Invest's development appetite and corporate targets, including a focus on the five core institutional indicators: small and vulnerable economies, S&I countries, MSMEs, climate change, and gender equality, inclusion and diversity.

2. Assessing potential impact and designing development related investments for results

The Development Effectiveness Learning, Tracking, and Assessment tool (DELTA), is a rigorous, evidence-based impact rating system that assesses the expected impact of each investment and tracks results achieved over time. Four key elements are embedded within the DELTA score calculated for each investment: (i) an approximation of the economic and social rate of return; (ii) a stakeholder analysis to ensure that the most important direct and indirect effects are considered; (iii) a sustainability assessment to ensure that the project is financially sustainable and meets ESG requirements; and (iv) an additionally assessment to ensure that IDB Invest provides financing beyond what is available in the market, without crowding out, and when needed, offers advisory services or knowledge to strengthen investments and build client capacity for long-term sustainability.

The DELTA score is a key decision-making factor in IDB Invest's portfolio approach, together with the Financial Contribution Rating, which assesses each development related investment's contribution to IDB Invest's long-term financial sustainability, based on the risk-adjusted return on capital (RAROC). Proposed investments need to meet certain impact and financial rating thresholds to advance, with decreasing financial contribution requirements for highly impactful development related investments. In this way, IDB Invest can build and manage a portfolio that maximizes development impact while maintaining financial sustainability.

3. Managing, evaluating, and reporting portfolio impact

Monitoring

The ex-ante DELTA impact assessment is one in a series of assessments. Each development related investment includes a results matrix, which outlines the key indicators and targets to be measured, as well as a monitoring and evaluation plan that specifies the frequency, methods, sources, and responsibilities for data collection and analysis. As part of the annual supervision exercise that integrates both financial and impact performance, the DELTA Project Score is updated to reflect actual progress toward achieving impact targets set in the results matrix. Changes in DELTA scores are factored into the overall tracking of portfolio-level progress toward delivering development outcomes. Each development related investment in the portfolio is classified according to its performance, allowing IDB Invest to identify clients who may need additional support to deliver development objectives. Similarly, the expected SDG contributions of each development related investment in supervision are updated annually.

Evaluation and reporting

IDB Invest conducts a mandatory final self-evaluation for each development related investment in the portfolio. This evaluation compares the expected and actual impact of each development related investment through a systematic assessment of its relevance, efficiency, effectiveness, and sustainability, and also captures the main lessons learned. The final performance rating of each evaluation is validated by the IDB Group's independent Office of Evaluation and Oversight. Aggregate performance results are published annually in the IDB Group's Development Effectiveness Overview (DEO) and reported to the Board of Executive Directors.

4. Generating and sharing actionable knowledge

To further build the impact evidence base, IDB Invest selects some investments for more in-depth evaluations. By generating and sharing rigorous causal evidence about lessons learned from its investments, IDB Invest can help bolster the effectiveness of the broader impact investing industry as it continues to grow. In other cases, IDB Invest works with clients in the early stages of an investment to test whether an innovative product, service, or approach with development impact is effective before scaling it up. IDB Invest also provides tailored support to clients to build their capacity to measure, manage, and report on the social and environmental impact of their operations.

IDB Invest publishes the results of its impact evaluations, sector knowledge gap analyses, and other studies in the Development through the Private Sector peer-reviewed technical note series. Study results are further distilled through concise two-page summaries (DEBriefs) and blogs (Negocios Sostenibles). In addition, the SDG-aligned results and impact of operations are published annually in the IDB Group's DEO.

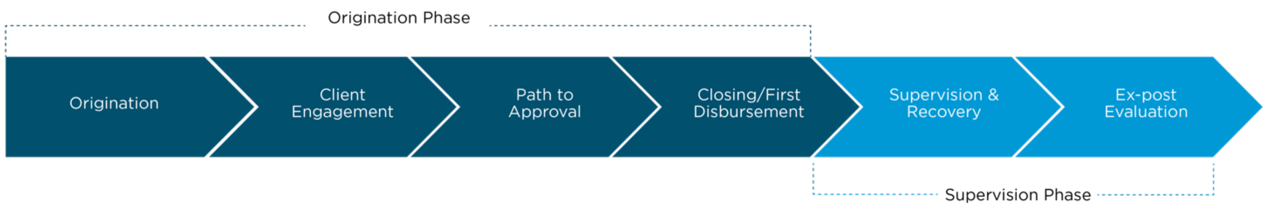
5. Applying operational learning

IDB Invest employs multiple tools to capture and apply operational data to create continuous learning loops. The Development Effectiveness Analytics (DEA) platform provides a visualization of results and impact data to help IDB Invest analyze the evolution of the portfolio. Dashboards at the investment approval and supervision stages provide management with real-time data to inform decision-making. Additional dashboards capture portfolio-level SDG contributions. The DEA also includes a repository of lessons learned from completed operations, showcasing which projects succeeded or failed in meeting their objectives and why. This learning is then fed back into new operations with the help of a Virtual Assistant, which automatically matches relevant lessons to new investments in the pipeline.

Development Related Investment Cycle

IDB Invest's development related investment cycle consists of two phases: (i) the origination phase, which begins with origination and client engagement and proceeds through transaction approval, closing, commitment, and first disbursement, and (ii) the supervision phase, which entails client supervision and, if applicable, recovery, and concludes with ex-post evaluation after financial maturity.

FIGURE 2. DEVELOPMENT RELATED INVESTMENT CYCLE.



Origination Phase

The Origination Phase includes origination, client engagement, path to approval and the closing/first disbursement stages. The origination and client engagement stages involve the identification of eligible clients and projects. This identification is consistent with IDB Invest's Strategic Selectivity Scorecard, enabling IDB Invest to steer origination towards development priority areas identified through the country strategy process, as well as other corporate priorities.

In the path to approval, the development related investment team, which includes investment officers, credit analysts, development effectiveness experts, environmental and social sustainability experts, and lawyers, performs the due diligence, structuring, impact assessment using the DELTA Impact Rating System, and independent risk analysis in preparation for the development related investment approval. The Board of Executive Directors approves each development related investment, with certain exceptions where this authority has been delegated to management.

After approval, the development related investment team proceeds to closing stage, at which the signing of the financial documents occurs. The origination phase ends with the development related investment's first disbursement, which is subject to the fulfillment of conditions set forth in the financial documents.

Supervision Phase

The Supervision Phase includes the supervision and recovery, and ex-post evaluation stages. During the supervision stage, IDB Invest closely monitors projects to identify events and circumstances that could adversely affect performance and proactively take corrective action. The supervision of development related investments also includes tracking compliance with financial covenants, ESG requirements, and progress toward achieving targeted development outcomes.

A strong presence in the Region allows IDB Invest to closely oversee the performance of development related investments through site visits. Quarterly portfolio reviews by the Portfolio Supervision Committee ensure ongoing oversight of IDB Invest's portfolio and include in-depth discussions of country and sector exposures, distressed assets, industry and country developments.

Upon maturity or disposition of each development related investment, IDB Invest conducts a final evaluation. This evaluation compares the expected and actual impact of each development related investment through a systematic assessment of its relevance, efficiency, effectiveness, and sustainability, as well as captures the main lessons learned. The final performance rating of each evaluation is validated by the IDB Group's independent Office of Evaluation and Oversight, and aggregate results are published annually in the DEO.

Organizational Structure of the Origination Function

IDB Invest's origination function for its development related investments is organized by industry as follows:

Infrastructure and Energy

This industry division is organized by geographic regions covering: (i) Mexico, Central America and the Caribbean, (ii) Andean Countries, and (iii) Southern Cone, and focuses on four key sectors: energy, social infrastructure, transport, and water and sanitation.

Financial Intermediaries

This industry division is organized by geographic regions covering: (i) Mexico and Central America, (ii) the Caribbean, (iii) Andean Countries, and (iv) Southern Cone, and focuses on two key sectors: (i) financial institutions and (ii) investment funds, with an emphasis on financial inclusion among others.

Corporates

This industry division focuses on four key sectors covering the Region: (i) agribusiness, (ii) manufacturing, (iii) telecommunications, media and technology and (iv) tourism.

In addition to the origination function, IDB Invest has a portfolio management function to supervise investment execution and an investment products and services function to develop and offer a range of solutions to clients.

Investment Products and Services

To meet the evolving demands of the Region's private sector, IDB Invest offers a broad range of financial products and services to its clients. In addition, to amplify impact in the Region, IDB Invest offers a range of solutions, including blended finance and mobilization of third-party capital.

Loans

IDB Invest offers loans at market-based rates, in U.S. dollars or selected local currencies, with tenors in line with the client's objectives and flexible terms and conditions based on the client's needs or investment requirements.

Debt Securities

IDB Invest subscribes bonds, notes, and other debt securities issued by clients. In recent years, IDB Invest has developed a strong market position supporting clients issuing thematic bonds (e.g., green, social, and sustainable).

Guarantees

IDB Invest issues guarantees under different structures to enable its clients to finance projects, obtain access to trade finance or capital markets, or enhance the working capital of their supply chains. IDB Invest also offers risk-sharing facilities or loss-sharing arrangements, which allow its clients to reduce risks while expanding their products and services.

Equity and Mezzanine

IDB Invest provides equity and mezzanine investments to support companies in scaling up their operations. IDB Invest's equity and mezzanine investments may include loans with income participation or conversion features, subordinated loans, preferred and common equity, warrants, and interests in limited partnerships or similar entities. In addition, through participation on the board of directors of investee companies and through advisory mandates, IDB Invest can add value to investee companies, most notably by strengthening environmental, social and governance standards and by crowding in additional investors.

Trade and Supply Chain Finance (TSCF)

IDB Invest's supply chain products address the needs of buyers and sellers in the Region by offering a set of efficient, reliable, and comprehensive financial solutions for every stage of a client's value chain, supporting the client's local and international trade activities. The product offering includes accounts payable financing (reverse factoring), accounts receivable finance (factoring), pre-export finance, import and export finance, stand-by letters of credit (SBLC) and trade-related working capital liquidity lines.

Additionally, through its Trade Finance Facilitation Program (TFFP), IDB Invest promotes international trade with two main products: (i) credit guarantees issued in favor of confirming banks to cover the commercial and political risks they assume on accepting eligible trade instruments issued by issuing banks in the Region; and (ii) loans to borrowers in the Region to finance their international trade portfolio, for which IDB Invest may also mobilize third-party capital.

Blended Finance

Blended Finance refers to the use of concessional financing for high impact development related investments where risks are too high for commercial finance alone. This product provides financial flexibility as it allows for multiple types of interventions, ranging from performance grants, equity, debt, and risk mitigation instruments. IDB Invest also offers advice and investment management solutions to providers and recipients of concessional finance and is the main conduit of concessional resources in the Region.

Mobilization

IDB Invest has extensive experience connecting clients and investors to suit different time horizons, sector priorities, risk appetites and return expectations. IDB Invest works with a range of market players – international commercial banks, regional commercial banks, institutional investors, such as insurance companies and pension funds, impact investors and sovereign wealth funds – to mobilize financing in the form of loan participations, co-financing arrangements (parallel loans, equity investments and capital market issuances), unfunded participations (purchased credit insurance and unfunded risk participations) and guarantees of debt instruments. IDB Invest may also structure its transactions to include B Bonds to cater to institutional investors. Through its mobilization efforts, IDB Invest is able to provide clients access to larger financing packages.

Assets under Management

IDB Invest originates new private sector investments and supervises the entire private sector investments portfolio and NSG activities for the IDB Group. Total assets under management comprises all private sector development related investments and activities of the IDB Group including donor funds administered by IDB Invest and the IDB.

Operational Highlights

Amounts presented in this section reflect the combined portfolio of IDB Invest and the NSG activities of the IDB, where indicated.

Combined commitments

A commitment generally occurs when the legal documentation has been signed by the client and IDB Invest. For FY2021, combined commitments reached $6.3 billion compared to $6.2 billion for FY2020.

Mobilization

In line with the concept outlined within the Investment Products and Services section above, Table 1 presents IDB Invest's total mobilization for the comparable period, which for FY2021, under challenging market conditions, totaled $3.0 billion, setting a record for the second consecutive year.

TABLE 1. MOBILIZATION (IN US$ THOUSAND).

Mobilization	FY2021	FY2020
Loan participations	$1,025,227	$754,864
Co-financing arrangements	1,423,226	846,625
Unfunded participations	523,950	702,513
Total mobilization	**$2,972,403**	**$2,304,002**

Assets under Management

IDB Group's private sector development related investments and NSG activities for the years ended December 31, 2021 and 2020 are presented in Table 2.

	YEAR ENDED DECEMBER 31	
	2021	2020
IDB Invest's development related portfolio [(1)]	$5,711,874	$4,473,628
IDB's NSG development related portfolio [(1)]	5,143,334	5,768,282
IDBG private sector donor funds' portfolio [(1)]	896,277	774,549
IDB Invest's managed participation arrangements [(2)]	3,141,705	2,614,270
Total undisbursed commitments for IDB Invest and IDB NSG private sector	2,584,130	2,149,119
Total assets under management	**$17,477,320**	**$15,779,848**

(1) Includes development related loans, guarantees, debt securities, and equity investments at cost.

(2) Includes B loans and B bonds.

Non-Financial Solutions

IDB Invest's value proposition is to offer a combination of financial and non-financial solutions to its clients. Non-financial solutions include advisory services, knowledge and capacity building.

Climate Change

IDB Invest promotes smart solutions for sustainable businesses by helping clients to implement mitigation strategies and to increase resiliency through adaptation measures. IDB Invest works with clients from various sectors in the Region to develop and rethink their strategy, maximize new climate technology, and identify present and future climate risks.

Gender, Diversity and Inclusion

IDB Invest works with its clients to narrow gender, diversity, and inclusion gaps and to find new business opportunities. IDB Invest supports clients in their human capital strategy to attract and retain the best talent and advises clients on their market strategy to identify potential opportunities and segments both within their client base and throughout their value chain. IDB Invest conducts specific risk assessments to prevent vulnerable or disadvantaged groups from being disproportionately affected by project-related adverse impacts or being at a disadvantage when accessing project benefits and opportunities for development because of their gender, race, religion, disabilities, languages, or other identities. IDB invest guides clients in mitigating those risks and avoiding discrimination in relation to local communities and among workers.

Micro, Small and Medium sized Enterprises and Sustainable Business Practices

IDB Invest works with its clients to increase access to financing, products, and services for underserved populations and to better integrate MSMEs across value chains in the Region supporting their growth and sustainability practices. Also, IDB Invest supports clients in their understanding and adoption of innovative and transformative solutions, such as the transition to a circular economy.

Public-Private Partnerships (PPP)

IDB Invest's solution to support PPP development draws on its experience and leadership in financing this type of project and developing sustainable infrastructure to improve the prospects for success of PPPs in the Region. IDB Invest advises on the design and implementation of bankable bidding processes, including the financial, legal, and socio-environmental structure of tender documents and PPP contracts, and provides support during the bidding processes, the definition process of winning bidders, and the development and implementation of global-scale bid promotion. Additionally, for the private sector, IDB Invest supports the presentation of private initiatives, aiming to create projects that have an impact on development and mobilization of private capital.

Sources of Funds

IDB Invest funds its operations with capital and debt, mainly bond issuances in the capital markets.

Capital

Since its inception, IDB Invest has received two general capital increases (GCI): GCI-I approved in 1999 and GCI-II approved in 2015. IDB Invest's capitalization plan includes capital to be contributed by IDB Invest shareholders as well as capital contributions to be funded through income distributions by IDB on behalf of its shareholders introduced under IDB Invest's GCI-II. These income transfers are intended to be achieved during the period 2018-2025 for a total amount of $725 million. These transfers are conditional upon annual IDB Board of Governors' approval, which considers the continued maintenance of the IDB's Triple A long term foreign currency credit rating, among other financial policies of the IDB.

Under GCI-II, IDB Invest shareholders have made capital payments of $1,165.9 million, with the remaining payments due by October 2022. In addition, IDB Invest has received income distributions totaling $356.5 million, with the remaining capital installments expected to be completed by 2025. Further, the IDB intends to send a proposal for a $150 million distribution to the shareholders of the IDB for a concurrent contribution to IDB Invest on their behalf for approval at the Board of Governors' meeting to be held in March 2022. The consistency of shareholders' capital contributions is a clear signal of the strength of shareholder support to IDB Invest's mission and capacity to respond and deliver high impact results.

Borrowings

Under its Establishing Agreement, IDB Invest may borrow funds provided that its leverage, measured as the ratio of the total amount of outstanding borrowings plus guarantees given by IDB Invest to the sum of its subscribed capital, earned surplus and reserves, shall not exceed three times. As of December 31, 2021, IDB Invest's leverage ratio was 1.92 (1.90 as of December 31, 2020).

IDB Invest raises funds primarily through the issuance of debt securities in the international capital markets and it diversifies its funding sources by borrowing in different currencies, products, and maturities, while maintaining a small borrowing facility with the IDB.

In 2021, IDB Invest's new borrowings amounted to $1,634.5 million ($2,302.5 million for the year ended December 31, 2020). New borrowings were denominated in 5 currencies - AUD, BRL, COP, MXN and USD with final contractual maturities ranging from 3 to 19 years. Actual maturities may differ from contractual maturities as call and prepayment features may be embedded in certain of IDB Invest's borrowings.

In 2021, IDB Invest launched its Sustainable Debt Framework aligned with the Green Bond Principles and Social Bond principles published by the International Capital Markets Association (ICMA), allowing it to issue green, social and sustainability debt instruments. Vigeo Eiris, a company owned by Moody's ESG solutions, issued a Second Party Opinion confirming the framework's alignment with the Green Bond Principles and Social Bond Principles and awarding it the highest score for its contribution to sustainability.

IDB Invest executed its first funding program under the Sustainable Debt Framework in 2021. The program consisted of six bond issuances, including (i) one sustainability bond, (ii) three green bonds and (iii) two social bonds. IDB Invest further expanded its funding sources during 2021 through the establishment of (i) a Global Debt Program and (ii) an Australian Debt Issuance Program.

From time to time, IDB Invest enters into interest rate and currency swaps to convert the proceeds of borrowing transactions mostly into USD floating rate obligations. As of December 31, 2021, IDB Invest had gross payables from borrowing-related interest rate swaps of $2,900.0 million and gross receivables from borrowing-related currency swaps of $475.6 million ($2,000.0 million and $99.2 million, respectively as of December 31, 2020). Taking into consideration the effect of these borrowing related swaps, 73% of IDB Invest's borrowings were USD denominated floating rate obligations as of December 31, 2021 (73% as of December 31, 2020).

IDB Invest also raises funds in local currency to provide local currency financing to its clients and to promote the development of local capital markets. Proceeds of such borrowings not disbursed to clients are primarily invested in securities of high credit quality and liquidity in the currency of the issuances.

COVID-19 Pandemic

In 2021, the Region began a slow recovery from the global crisis caused by the COVID-19 pandemic, hampered by limited access to vaccines and ongoing economic uncertainty. In the face of this uncertainty, many businesses delayed investment decisions and financial institutions remained highly liquid. Despite challenging market conditions, IDB Invest demonstrated its capacity to originate quality transactions at scale to meet the Region's demand for private investment focused on development impact within a framework of long-term financial sustainability and the institutional infrastructure required to support further growth.

As the COVID-19 pandemic unfolded, the IDB Invest Board of Executive Directors approved Management's COVID-19 Operational Response in April 2020 and the 2021 Update to the Plan of Operations in March 2021. The goal was to finance interventions that alleviate healthcare constraints, maintain jobs, restore supply chains, and sustain sources of income, especially for MSMEs.

During 2021, Management remained focused on delivering a counter-cyclical response to the Region. By year ended December 31, 2021, IDB Invest met the operational goals defined in its 2022 Business Plan Update under challenging market conditions.

The path to a post-COVID world remains uncertain. While signs of economic recovery are starting to appear, significant challenges lie ahead. The rolling out of vaccination campaigns and the return to growth are positive signs for the Region; however, the timeline for achieving herd immunity is expected to be longer than in developed economies. While still addressing the consequences of the COVID-19 pandemic, it is imperative to plan and prepare for the next stage. As economic activity returns, IDB Invest will increase its focus on operations that support recovery and contribute to sustained growth.

II. Management Discussion and Analysis

The following information is management's discussion and analysis of the financial condition and results of operations (MD&A) of IDB Invest for the year ended December 31, 2021. The MD&A is supplemented and qualified by the additional information and financial statements appearing elsewhere in this Information Statement and should be read in conjunction with the Financial Statements and Notes thereto. In addition, the MD&A contains forward-looking information, which may be identified by such terms as "believes", "expects", "intends" or words of similar meaning. Such statements involve a number of assumptions and estimates that are based on current expectations, which are subject to risks and uncertainties. Consequently, actual future results could differ materially from those currently anticipated. IDB Invest undertakes no obligation to update any forward-looking statements.

Financial Highlights

Selected Financial Data

The following information is based upon, and should be read in conjunction with, the detailed information appearing in this Information Statement.

TABLE 3. SELECTED FINANCIAL DATA (EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, USD, US$ OR $).

	YEARS ENDED DECEMBER 31				
Income Statement Data	2017	2018	2019	2020	2021
Total income	$ 134,229	$ 170,180	$ 223,063	$ 192,668	**$ 351,882**
Total income, net of borrowing expenses	117,189	143,568	178,493	144,711	**288,986**
Total operating expenses	(99,619)	(122,471)	(130,265)	(153,175)	**(172,455)**
Gain/(loss) from changes in fair-value on non-trading portfolios and foreign exchange transactions, net	(16)	2,959	(4,357)	15,352	**14,394**
Net income	**17,554**	**24,056**	**43,871**	**6,888**	**130,925**
Balance Sheet Data					
Liquid assets	$ 1,192,320	$ 1,469,446	$ 1,360,413	$ 2,120,628	**$ 1,957,960**
Development related investments	1,013,623	1,756,131	2,543,423	4,357,987	**5,585,633**
Allowance for credit losses1	(49,685)	(65,776)	(97,614)	(181,098)	**(201,803)**
Development related investments, net	963,938	1,690,355	2,445,809	4,176,889	**5,383,830**
Nonaccruals	20,943	28,405	31,266	32,377	**25,431**
Total assets	2,185,395	3,209,253	3,899,824	6,424,312	**7,551,424**
Borrowings	646,741	1,286,372	1,648,146	3,908,457	**4,612,629**
Total liabilities	740,815	1,390,003	1,866,762	4,316,098	**5,076,650**
Paid-in capital	1,283,414	1,622,206	1,832,411	2,017,089	**2,228,299**
Retained earnings	208,471	235,356	279,227	239,882	**370,807**
Accumulated other income/(loss)2	(47,305)	(38,312)	(78,576)	(148,757)	**(124,332)**
Total equity	**1,444,580**	**1,819,250**	**2,033,062**	**2,108,214**	**2,474,774**
Ratios					
Return on average assets (ROA)	0.8 %	0.9%	1.2%	0.1%	**1.9 %**
Return on average equity (ROE)	1.4%	1.5%	2.3%	0.3%	**5.7 %**
Leverage ratio	0.45	0.72	0.83	1.90	**1.92**
Equity to total assets	66.1 %	56.7%	52.1 %	32.8%	**32.8 %**
Liquidity to total assets	54.6%	45.8%	34.9%	33.0%	**25.9 %**
Liquidity to debt	184.4%	114.2%	82.5%	54.3%	**42.4 %**
Nonaccruals as a percentage of the total development related debt investments	2.2%	1.7%	1.3 %	0.8 %	**0.5 %**
Allowance for credit losses to development related debt investments[3]	**5.2 %**	**4.4 %**	**4.8 %**	**4.8 %**	**4.3 %**

Notes:

[1]On January 1, 2020, IDB Invest adopted the current expected credit loss (CECL) model. This concept applies to the development related debt investments portfolio (includes loans and debt securities). Prior to 2020, the allowance for credit losses applied to loans only.

[2]Includes recognition of net actuarial losses and prior service credit on IDB Invest's Pension Plans and Postretirement Benefit Plan and net fair value adjustments on borrowings attributable to changes in instrument-specific credit risk.

[3]On January 1, 2020, IDB Invest adopted the current expected credit loss (CECL) model. This ratio is related to development related assets only, and does not consider the liability for undisbursed commitments and financial guarantees. Prior to 2020, this ratio was defined as Allowance for loan losses as a percentage of Loan portfolio.

Definitions:

ROA: Net income annualized for the previous twelve months divided by the average of current and previous year's Total assets.

ROE: Net income annualized for the previous twelve months divided by the average of current and previous year's Total capital.

Leverage ratio: Borrowings plus Guarantees outstanding divided by Total capital (Expressed in units).

Equity to total assets: Equity divided by Total assets.

Liquidity to total assets: Liquid assets divided by Total assets.

Liquidity to debt: Liquid assets divided by Borrowings.

Nonaccruals as a percentage of the total development related debt investments: Total loans and debt securities in nonaccrual status divided by the Total development related debt investments portfolio (disbursed loans and debt securities outstanding at cost).

Allowance for credit losses to development related investments: Allowance for credit losses divided by development related loans and debt securities at amortized cost.

Financial Results

In 2021, IDB Invest marked its sixth year of consecutive profits since the IDBG Private Sector Reform with net income of $130.9 million in 2021 compared to $6.9 million in 2020. Net income increased $124.0 million compared to the prior year mainly driven by portfolio growth and a decrease in the provision for credit losses of $106.0 million ($5.7 million in 2021, compared to $111.8 million in 2020). The lower provision for credit losses in 2021 was primarily attributable to an improvement in credit ratings and in expected future global macroeconomic conditions. The higher provision for credit losses in 2020 was mainly attributable to the adoption of the current expected credit losses (CECL) methodology and the global crisis triggered by the COVID-19 pandemic.

Total income/(expense) from development related investments, liquid assets and other income, net of borrowings expense5, amounted to $289.0 million in 2021 as compared to $144.7 million in 2020. This increase was primarily driven by the overall increase in the development related investments portfolio income, and a decrease in the provision for credit losses as indicated above, partially offset by a decrease in gains from liquid assets and an increase in borrowing expenses. Interest and other income from development related debt investments (includes loans and debt securities) grew by $24.1 million as a result of growth in the outstanding portfolio despite a lower global interest rate environment. Gains on equity investments increased by $45.9 million at the end of 2021 compared to the end of 2020, driven by fair value changes on an overall higher portfolio. Also, the decrease in the provision for expected credit losses of $106.0 million as detailed above contributed to the improved net income results at the end of 2021 compared to the end of 2020. Gain from liquid assets, net, decreased $14.1 million and Borrowings expenses increased by $14.9 million, mainly due to higher interest expenses on an 80.0% higher average borrowings outstanding than in 2020. This increase was driven!by bond issuances under IDB Invest's Euro Medium Term Note Program and Australian Debt Issuance Program in addition to local currency borrowings. These factors explain the increase of $144.3 million in Total income/(expense) from development related investments, liquid assets and other income, net of borrowings expense as compared to the prior year.

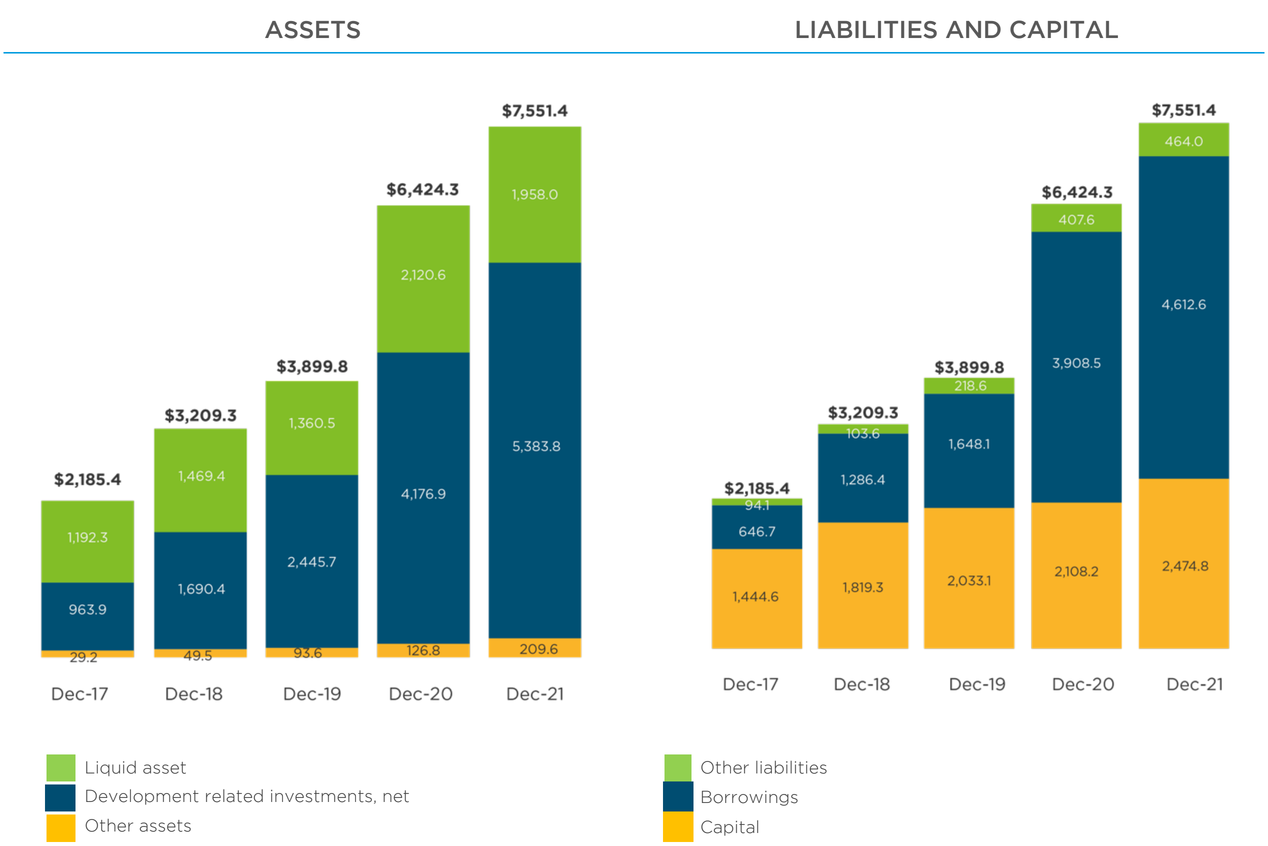
[5] References to captions of IDB Invest's financial statements are identified by the name of the caption beginning with a capital letter every time they appear herein.

Administrative expenses increased 12.5% from $147.2 million at the end of 2020 to $165.6 million at the end of 2021, primarily due to higher pension costs driven by historically low discount rates. Remaining workforce costs remained stable, despite considerable disruptions to daily activities introduced by the COVID-19 pandemic. IDB Invest continued to strengthen its operational platform to deliver business operations in a more complex environment as well as drive initiatives to support the optimization of organizational processes with a combination of innovative technologies and system improvements to achieve greater efficiencies and synergies.

Development Related Activities

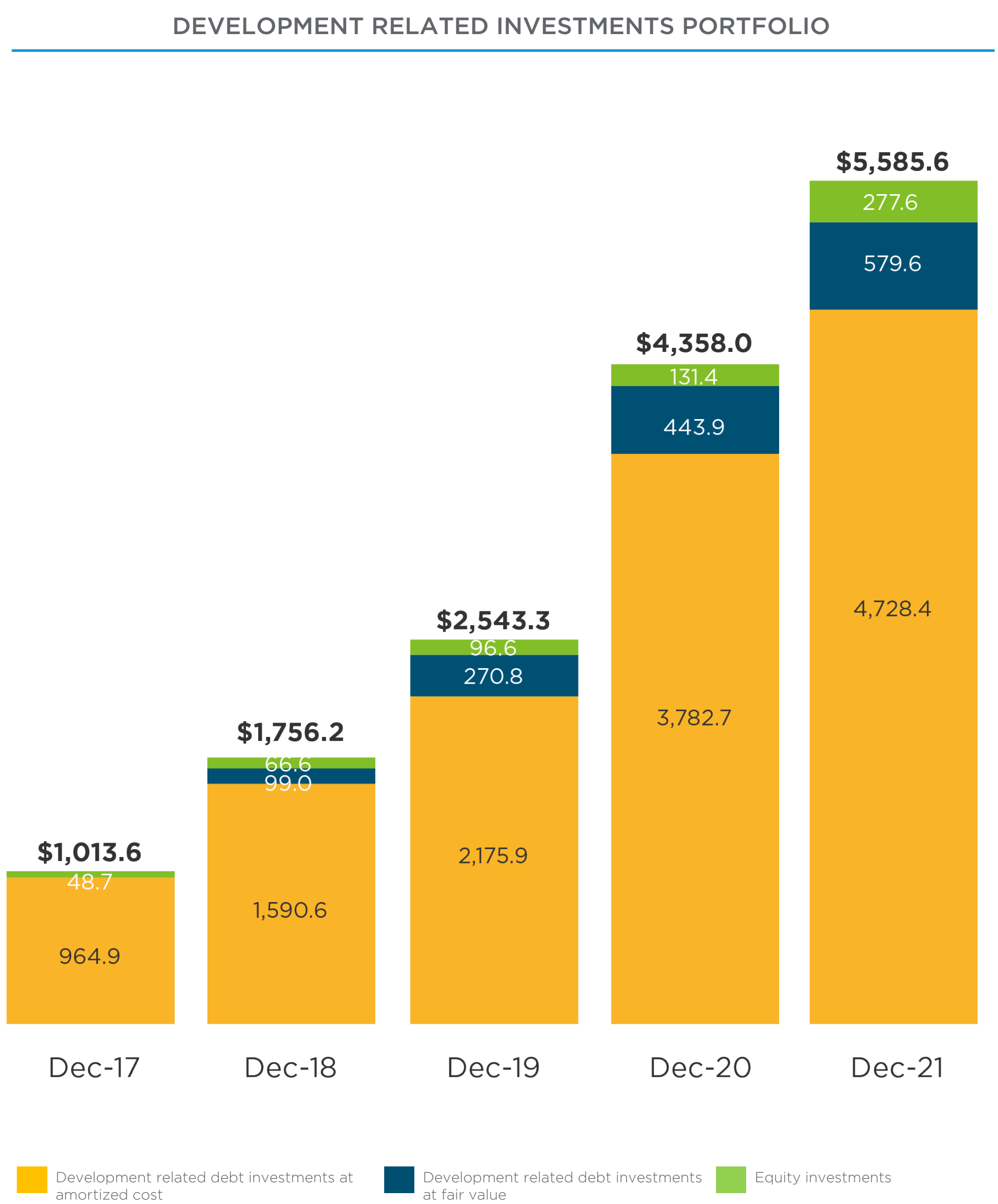
IDB Invest continued to expand its financial product solutions to meet client demands and respond to the economic strain caused by the COVID-19 pandemic, including development of new financial instruments and mobilization products, growth of supply chain finance products, and continued expansion of local currency financing. In 2021, IDB Invest also emerged as an innovator in the thematic bonds market with the issuance of its first sustainable bond under its Sustainable Debt Framework to further deepen capital markets in the Region.

GRAPH 1. IDB INVEST'S BALANCE SHEETS BY COMPONENTS (IN US$ MILLION).



IDB Invest's gross development related investments, comprised of loans, debt securities and equity investments (excluding guarantees), increased approximately 28.2% from $4,358.0 million as of December 31, 2020, to $5,585.6 million as of December 31, 2021. To complement the growth in the development related debt investments portfolio, equity investments grew 111.3% in 2021 in comparison to 35.9% in 2020 to support the recovery in the Region. In addition, undisbursed commitments toward development related investments as of December 31, 2021, were $2,005.8 million, or 53.8% higher than $1,304.1 million as of December 31, 2020.

GRAPH 2. IDB INVEST'S GROSS DEVELOPMENT RELATED INVESTMENTS PORTFOLIO (IN US$ MILLION).



Country & Industry Tables

IDB Invest has specific limits for concentrations and it monitors its development related investments for credit performance, market risk and any potential related effects of geographic or industry concentrations. IDB Invest's development related investments are the result of lending and investing activities designed to promote the economic development of IDB Invest's Regional Developing Member Countries through the establishment, expansion and modernization of private enterprises.

TABLE 4. DISTRIBUTION OF IDB INVEST'S PORTFOLIO AT COST BY COUNTRY AND INDUSTRY (IN US$ THOUSAND).

	DECEMBER 31, 2021				DECEMBER 31, 2020			
	Loans	Debt securities	Equity investments	Total	Loans	Debt securities	Equity investments	Total
Country								
Chile	$ 636,902	$ 79,263	$ —	$ 716,165	$ 389,782	$ —	$ —	$ 389,782
Brazil	561,137	79,015	52,422	692,574	630,459	62,595	34,755	727,809
Mexico	618,206	20,033	33,197	671,436	469,774	4,427	18,271	492,472
Regional[1]	256,446	51,437	109,486	417,369	162,303	57,920	50,903	271,126
Peru	359,495	27,413	15,500	402,408	212,951	28,932	15,500	257,383
Colombia	296,432	80,811	5,334	382,577	336,778	95,593	8,621	440,992
Guatemala	335,306	40,000	—	375,306	189,187	40,000	—	229,187
Ecuador	330,367	28,333	—	358,700	383,402	35,000	—	418,402
El Salvador	276,585	11,428	—	288,013	123,550	14,286	—	137,836
Uruguay	147,676	40,859	10,728	199,263	116,076	19,473	—	135,549
Panama	128,805	50,000	—	178,805	98,961	50,000	—	148,961
Paraguay	112,226	39,921	—	152,147	134,355	—	—	134,355
Argentina	135,877	6,000	—	141,877	157,477	9,000	—	166,477
Honduras	136,864	—	—	136,864	107,542	—	—	107,542
Dominican Republic	117,575	—	—	117,575	12,436	—	—	12,436
Trinidad and Tobago	67,014	—	—	67,014	74,490	—	—	74,490
Nicaragua	58,954	—	—	58,954	70,286	—	—	70,286
Bolivia	54,963	—	1,668	56,631	43,897	—	2,018	45,915
Costa Rica	52,225	—	—	52,225	69,472	—	—	69,472
Jamaica	35,000	—	—	35,000	—	—	—	—
Belize	25,243	—	—	25,243	12,428	—	—	12,428
Haiti	8,224	—	—	8,224	8,874	—	—	8,874
Guyana	7,000	—	—	7,000	—	—	—	—
Suriname	3,756	—	—	3,756	5,136	—	—	5,136
Bahamas	626	—	—	626	1,430	—	—	1,430
Total cost	**4,762,904**	**554,513**	**228,335**	**5,545,752**	**3,811,046**	**417,226**	**130,068**	**4,358,340**
Industry								
Financial intermediaries	1,812,696	465,317	152,724	2,430,737	1,654,058	361,022	88,495	2,103,575
Corporates	1,652,386	35,437	66,611	1,754,434	1,235,670	41,920	35,573	1,313,163
Infrastructure and energy	1,297,822	53,759	9,000	1,360,581	921,318	14,284	6,000	941,602
Total cost	**$ 4,762,904**	**$ 554,513**	**$ 228,335**	**$ 5,545,752**	**$ 3,811,046**	**$ 417,226**	**$ 130,068**	**$ 4,358,340**

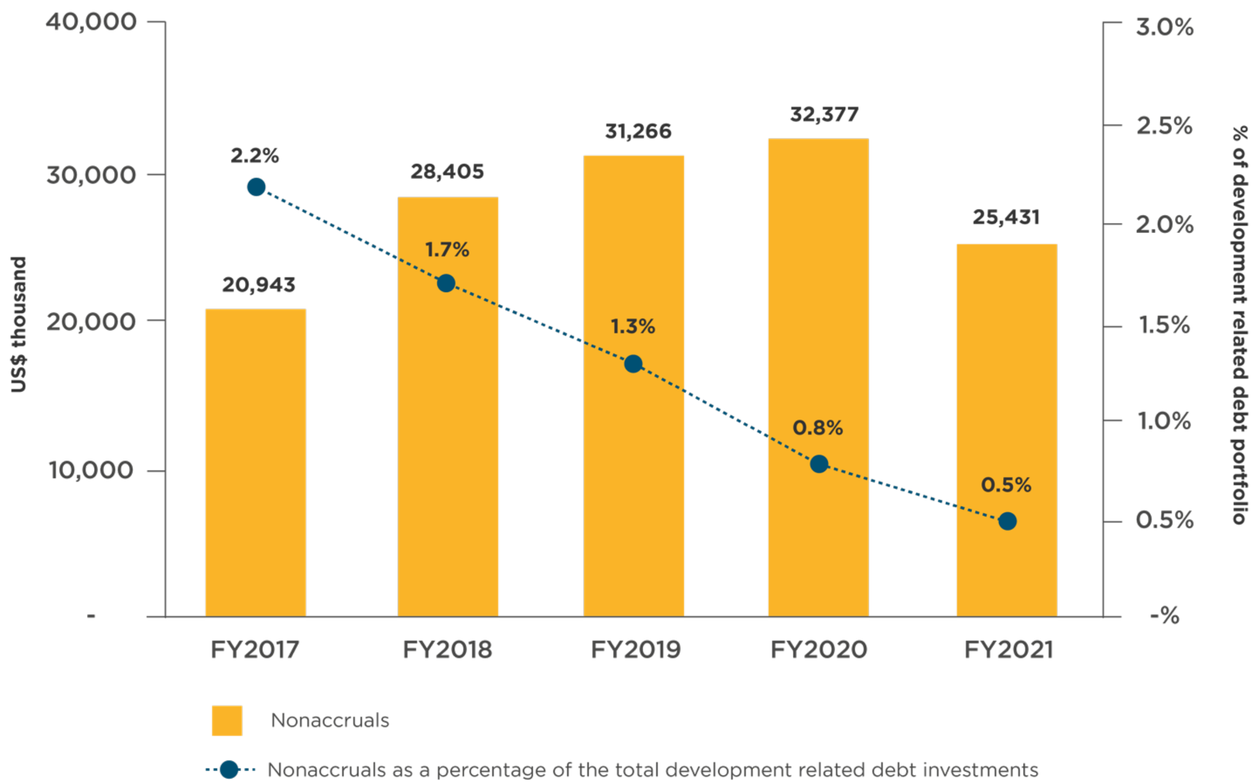
[1] Represents investments with operations in multiple countries.

Asset Quality

IDB Invest's gross development related investments portfolio continued to grow in 2021 while maintaining a consistent level of portfolio credit quality relative to 2020. The allowance for credit losses as a percentage of development related debt investments outstanding decreased compared to the end of 2020 (4.3% at the end of 2021 vs. 4.8% at the end of 2020).

Further, despite the Region facing the continued challenges of the COVID-19 pandemic, nonaccruals decreased to $25.4 million at the end of 2021 from $32.4 million at the end of 2020, and nonaccruals as a percentage of the total development related debt investments portfolio improved to 0.5% at the end of 2021 from 0.8% at the end of 2020 demonstrating the continued health of the portfolio and the limited impact to date of the COVID-19 pandemic on the portfolio.

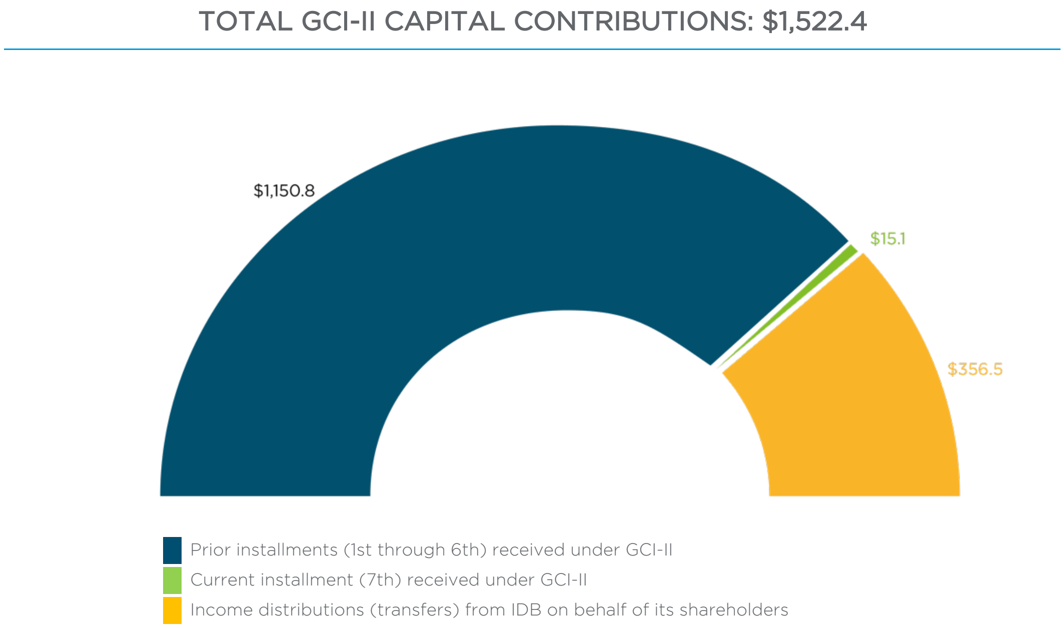
GRAPH 3. NONACCRUALS AS A PERCENTAGE OF THE TOTAL DEVELOPMENT RELATED DEBT INVESTMENTS.



Liquidity and Capital Resources

IDB Invest's total capital increased by 17.4% from $2,108.2 million as of the end of 2020 to $2,474.8 million as of the end of 2021. This increase was the result of $211.2 million in capital contributions received in 2021, $130.9 million of net income, and other comprehensive income of $24.4 million, which was composed of unrealized gains on pension obligations due to an increase in discount rates partially offset by unrealized losses in the fair value of borrowings resulting from changes in IDB Invest's own credit risk spread. As of December 31, 2021, IDB Invest has received $1,522.4 million in total capital contributions under GCI-II and expects to receive approximately $530.0 million under the remaining installments through 2025, demonstrating continued shareholder support.

GRAPH 4. CAPITAL CONTRIBUTIONS (IN US$ MILLION AS OF DECEMBER 31, 2021).



IDB Invest operates under a robust financial risk management framework. IDB Invest's solvency and liquidity ratios remained within established thresholds in 2021 despite the continued challenges triggered by the COVID-19 pandemic. Specifically, IDB Invest's capital adequacy ratio, liquidity coverage ratio and leverage ratio remained fully in compliance with financial risk management policies and targets.

IDB Invest's Equity to total assets ratio remained constant at 32.8% at the end of 2021 compared to 32.8% at the end of 2020 as a result of the aforementioned portfolio growth. IDB Invest's Liquidity to total assets ratio was 25.9% in 2021 (33.0% in 2020) and the Liquidity to debt ratio was 42.4% in 2021 (54.3% in 2020). The leverage ratio increased slightly to 1.92 at the end of 2021 compared to 1.90 at the end of 2020 as a result of increased funding from the capital markets.

Other Developments

LIBOR Replacement

In July 2017, the Financial Conduct Authority, the regulator of LIBOR, announced that it would no longer compel panel banks to submit rates required to calculate LIBOR after December 31, 2021. Therefore, market participants, including IDB Invest and its borrowers, would need to move to alternative reference rates. In March 2021, the discontinuation was postponed for the most liquid U.S. dollar LIBOR tenors from December 31, 2021 to June 30, 2023. Although the transition from LIBOR poses numerous uncertainties and challenges, the transition decision is aimed at increased transparency in the financial markets by better aligning the alternative reference rates with actual market transactions.

LIBOR transition has broad implications for IDB Invest. As a result, Management established a governance structure to manage the transition process. IDB Invest's LIBOR Transition Program includes a dedicated program management office, cross-departmental workstreams and a Steering Committee for oversight and approval of major decisions. LIBOR transition efforts began with an impact assessment across portfolios, systems, and functions. Next, a detailed implementation plan was created incorporating steps to prepare IDB Invest to be operationally ready to originate SOFR lending in 2022 and to transition the existing LIBOR portfolio by the time USD LIBOR ceases to exist in June 2023. Implementation efforts are well underway and major milestones achieved during 2021 include adherence to the ISDA protocol and achievement of operational readiness for SOFR loan origination. The remaining efforts are focused on transitioning the existing LIBOR portfolio. A loan specific conversion plan will be finalized in early 2022.

Pension Plans and Postretirement Benefits Plan

The volatility in the equity and credit markets affects the funded status of the Pension Plans and Postretirement Benefits Plan (PRBP). IDB Invest's Pension Plans are 70.4% funded and the Post Retirement Benefit Plan is 91.1% funded as of December 31, 2021. The funded status of the Pension Plans decreased by $3.1 million and the PRBP increased by $16.2 million from 2020. The changes to the funded status of the Pension Plans and PRBP were positively driven by an increase in asset returns and an increase in the discount rates of 34 bps and 31 bps, respectively, that were partially offset by an increase in the inflation rates of 43 bps impacting both the Pension Plans and the PRBP. Overall, the Pension Plans and PRBP benefited from an improvement to recent historically low discount rates combined with a continued recovery in asset values from the economic impacts of the COVID-19 pandemic on financial markets. IDB Invest, in coordination with the IDB, actively monitors management strategies to address the short-term and long-term performance of the Pension Plans and PRBP. For further information, refer to Note 14 – Pension and Postretirement Benefit Plans of the financial statements.

External Auditors

The external auditors are appointed by the Board of Governors of IDB Invest. In March 2012, the Board of Governors appointed KPMG LLP (KPMG) as the external auditors of IDB Invest for the five-year period 2012-2016, following a competitive bidding process. In April 2017, the Board of Governors reappointed KPMG as IDB Invest´s external auditor for a second five-year term, covering fiscal years 2017 through 2021. In November 2021, the Board of Governors approved the appointment of Ernst & Young, LLC as the external auditors to succeed KPMG for the five-year period 2022-2026, following a competitive bidding process pursuant to IDB Invest's policy limiting the external auditor's contract to a maximum term of ten consecutive years.

Contracted fees for audit services provided to IDB Invest by KPMG in connection with the 2021 financial statement audit amounted to $574.8 thousand. KPMG also provides audit services to donor funds administered by IDB Invest, for which contracted fees related to the 2021 audits amounted to $61.0 thousand.

Critical Accounting Estimates

IDB Invest's financial statements are prepared in accordance with generally accepted accounting principles of the United States of America (GAAP). The preparation of such financial statements requires Management to make estimates and assumptions that affect the reported results. Refer to Note 2 – Summary of Significant Accounting Policies in IDB Invest's Financial Statements for a summary of the significant accounting policies, including a discussion of accounting estimates that involve a significant degree of judgment and complexity and have had or are reasonably likely to have a material impact on IDB Invest's financial condition or results of operations. These critical accounting estimates include the: (i) evaluation and measurement of the allowance for credit losses, (ii) measurement of the fair value of investment securities, development related investments, derivative instruments, and borrowings, and (iii) measurement of projected benefit obligations and fair value of plan assets of the Pension Plans and Postretirement Benefits Plan and the associated net periodic benefit costs of each plan.

Internal Controls over Financial Reporting

Management of IDB Invest is responsible for establishing and maintaining adequate internal controls over financial reporting (ICFR). While IDB Invest's ICFR framework is not externally evaluated with an independent auditor's opinion issued as part of an integrated audit, IDB Invest is committed to maintaining high standards of internal control over financial reporting. Nevertheless, because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements, and deficiencies or lapses in internal controls that may occur from time to time. Based on Management's annual assessment, there was no change in IDB Invest's internal control over financial reporting during the year ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, IDB Invest's internal control over financial reporting.

III. Risk Management

In its ordinary course of business, IDB Invest is exposed to an array of financial and non-financial risks that it must monitor and manage. The Establishing Agreement and subsequent resolutions approved by the Board of Governors and Board of Executive Directors define IDB Invest's overall risk profile. As part of a triennial review, the Financial Risk Framework encompassing the Risk Appetite Policy, Capital Adequacy Policy, and Liquidity Policy, was updated as of March 3, 2021.

IDB Invest's Risk Appetite Policy, as approved by its Board of Executive Directors, provides both qualitative and quantitative guidance for different types of risk and establishes the maximum leverage ratio and a target minimum international credit rating by the major rating agencies. These directives form the cornerstone of IDB Invest's risk appetite and underpin all risk management policies and guidelines.

IDB Invest's overall market risk appetite is limited, as the Risk Appetite Policy defines a limit based on value-at-risk and rules that IDB Invest shall match the structure of its assets and liabilities.

Diversification is an important part of the Risk Appetite Policy, with concentration limits defined in terms of country, sector, economic groups, and clients. IDB Invest intends not to be a sole source of funding for investments and limits its participation so that the risk is always shared with other market participants.

The Risk Appetite Policy also stipulates that development related investments must meet specified environmental and social sustainability criteria and mitigate corporate governance, integrity and reputational risks to be eligible for investment consistent with IDB Invest's Environmental and Social Sustainability Policy and Integrity Framework. Development related investments in which IDB Invest participates must include adequate provisions for actions necessary to prevent, control and mitigate negative impacts on the environment and on communities, improve environmental quality, and comply with local labor laws and regulations and IDB Invest's standards. Other types of risks, such as operational risk, are also discussed in the Risk Appetite Policy.

IDB Invest operates under a three lines of defense model. The first line of defense resides with Management and the process owners that have primary responsibility for their respective day-to-day operational activities. The second line of defense includes the Risk Management Department, the Office of Institutional Integrity (OII) and the Office of Ethics. The Chief Risk Officer who reports directly to the Chief Executive Officer heads the Risk Management Department. The Risk Management Department is organized in the following areas: Credit Risk Management; Environmental and Social Risk; Market and Operational Risk; and Special Assets. These areas identify, measure and control existing and emerging risks related to certain financial, non-financial and operational matters providing compliance and oversight in the form of frameworks, policies, tools and techniques to support risk and compliance management. The third line of defense includes the Office of the Executive Auditor (AUG), the Office of Evaluation and Oversight (OVE), and the Independent Consultation and Investigation Mechanism (ICIM).

Capital Adequacy

Regular capital adequacy assessments are a fundamental pillar of the management of any financial institution. Development banks, such as IDB Invest, although not regulated, by virtue of their mandates are required to hold more capital than their commercial counterparts. Within its financial risk framework, as approved by the Board of Executive Directors, IDB Invest estimates how much capital it needs to retain, which also helps determine its overall lending capacity.

IDB Invest assesses capital adequacy by comparing Available Capital (AC) to Required Capital (RC). AC is equal to IDB Invest's net worth, as stated in its most recent financial statements (composed of paid-in capital plus retained earnings and reserves). RC is the highest capital requirement from either IDB Invest's internally developed economic capital model or the estimated capital requirements under the methodologies of the international credit rating agencies that assess IDB Invest's capital adequacy in a quantitatively supported and replicable way. The Capital Adequacy Policy describes different possible levels of capitalization, requiring different levels of disclosures, analysis and potential action plans. The policy also considers a buffer and requires compliance under forward looking stress scenarios. The CAR factors into IDB Invest's financial planning and includes regular stress testing and reporting.

Ratings provided by international rating agencies are generally based on a combination of qualitative and quantitative metrics. IDB Invest's annual targets are based on quantitative metrics that are designed to maintain a minimum financial profile level that, in combination with its business profile, results in at least an AA rating.

Liquidity Risk

Liquidity risk is defined as the risk that IDB Invest would not be able to meet its financial obligations on a timely basis. Overall liquidity requirements at IDB Invest are driven by a Liquidity Coverage Ratio (LCR) whose target is approved by the Board of Executive Directors on an annual basis. The LCR measures IDB Invest's ability to fulfill liquidity needs in a stressed market environment for an extended period of time. The LCR is the ratio of available liquidity at a point in time to the liquidity required to sustain cash payments during a pre-determined time period (Coverage Period) considering estimated sources and uses of liquidity under stressed market conditions.

Under the Board approved Liquidity Policy, stressed market conditions are defined as follows:

- IDB Invest is assumed to be unable to access additional sources of funding, such as issuing debt in the markets or obtaining funding through other means;
- IDB Invest's initial sources of liquidity, including marketable assets and inflows, are assumed to be adjusted conservatively by applying proportional reductions in value, also referred to as Haircuts; and
- IDB Invest is assumed to continue to originate new operations for half of the Coverage Period in accordance with the annual Business Plan.

In addition to the Liquidity Policy, IDB Invest manages liquidity in accordance with (i) the Authorization to Invest Corporation Funds and (ii) the Risk Appetite Policy. The Authorization to Invest Corporation Funds is a resolution of the Board of Executive Directors authorizing IDB Invest to invest all or part of the assets held by IDB Invest that are not immediately required for use in its operations. The resolution gives Management flexibility to obtain diversification from IDB Invest's loan portfolio and optimize the risk and return through investment in instruments in a wide number of market segments.

Credit Risk

Credit risk refers to financial or economic losses that may result from time to time from counterparties that default on their obligations to IDB Invest or whose credit quality fluctuates adversely. On- or off-balance sheet exposures of IDB Invest, as well as all investments in debt securities acquired for liquidity management purposes are subject to the credit risk management process.

There is a systematic approval process in place to analyze the credit risk and the safety and yield of proposed investments in development related investments and to monitor IDB Invest's committed development related investments portfolio. IDB Invest's Operating Policy defines, among other topics, the main guidelines for the supervision of the portfolio.

Once a debt or equity investment is committed, the Portfolio Management function and Management's Portfolio Supervision Committee are responsible for its monitoring. The portfolio is monitored by personnel in its headquarters in Washington D.C., and in the regional offices. Individual development related investments are reviewed at least once a year, which may involve a field visit. Certain development related investments facing critical risks are reviewed with greater frequency.

Among the main risk drivers affecting credit risk of IDB Invest's portfolio of counterparties are the following:

- lower demand that could lead to an excess of supply and lower prices impacting company revenues;
- higher costs of raw materials that could lead to lower margins;
- a higher rate of inflation;
- deterioration of the financial position of the end-users that purchase the goods and services from borrowers, which could lead to an increase in days of account receivables, putting pressure on working capital needs;
- liquidity constraints for counterparties in the country, which could lead to higher interest expense and lower credit supply by financial intermediaries;
- income volatility to the counterparty's exposure to exchange rate risk when their revenue is generated mainly by local currency sales but their debt is in foreign currency;
- for some investments, risks are related to the implementation of expansion projects or start-up operations and risks may arise due to cost over-runs, delays or cost increases during the implementation process;

- the political and regulatory environment in which the counterparty operates compared to that affecting other competitors from foreign countries that sell their products in the same market;
- the demand for financial services, which could be hindered by lower growth expectations of the economy or higher burdens foreseen by the economic agents. Moreover, a decrease in the market interest rate could impact the income of IDB Invest clients in the financial sector; and
- any deterioration in the macroeconomic conditions and the competitiveness of borrowers could impact the credit quality of the portfolio of investments in financial intermediaries and have an impact on their earnings due to higher provisions.

The credit risk of development related debt investments is quantified with the use of credit ratings. IDB Invest utilizes specific scorecards depending on the segment and type of investment, that generates an internal credit rating. The internal credit ratings are comparable to those published by an international rating agency. There is also a model to calculate the Loss Given Default (LGD) of each facility. The internal ratings with the LGDs are used in different risk management applications that include the economic capital calculation, risk-adjusted return on capital (RAROC) and loss allowance calculation.

Credit risk is also managed in terms of portfolio concentration. IDB Invest protects itself against portfolio concentration through diversification applying country, sector, economic groups and single borrower limits. There are also limits for equity and mezzanine investments.

Market Risk

Market risk refers to the potential impact on the economic value of IDB Invest's net worth caused by changes in the general level of interest rates in the market due to mismatches in the overall duration of assets and liabilities. It also captures the impact of changes in foreign exchanges rates on net currency positions on the balance sheet. These exposures could materialize from time to time due to temporary operational mismatches, direct or indirect equity investments denominated in local currency or through contingent exposures denominated in local currency.

IDB Invest's Risk Appetite Policy provides key guidelines that aim to minimize mismatches in market risk exposures. Guidelines further detail exposure limits by risk type and line of business. Local currency debt transactions are matched back-to-back either through a dedicated funding source or through a currency swap, while foreign currency exchange risk from local currency equity investments remains unhedged. Interest rate risk mismatches are only allowed in USD and Mexican peso (MXN).

Treasury's liquid assets portfolio is managed in USD and is subject to limits in terms of interest rate risk and credit risk. There are investment guidelines defining the criteria and instrument types.

Counterparty risk comes mainly from cross-currency and interest rate swaps used to hedge assets and liabilities. This risk is controlled by the Market Risk team.

IDB Invest has a dedicated Market Risk team that sets limits, monitors, and controls exposures. In addition, Management provides additional oversight through the asset and liability management committee.

Integrity Risk

Integrity risk is defined as the possibility that a person or entity engages in serious ethical or financial misconduct in connection with an IDB Invest development related investment. When such misconduct occurs, it adversely affects the ability of IDB Invest to further its development purpose and safeguard its financial sustainability. IDB Invest expects its clients and its employees to abide by the highest standards of ethics, integrity, transparency, and accountability in relation to all IDB Invest development related investments.

To manage integrity risk, IDB Invest conducts a risk based due diligence for all its lending and equity development related investments regarding its counterparties and any other entity closely associated with the development investment, which is updated annually. The key elements of that integrity due diligence include: (i) general integrity review of all IDB Invest clients and relevant entities; (ii) an assessment of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) systems of all financial institution clients; and (iii) an assessment of tax-related risks presented by cross-border corporate structures used by proposed IDB Invest clients.

The integrity due diligence process allows IDB Invest to identify risk indicators, including but not limited to: politically exposed persons, persons subject to economic or administrative sanctions, relevant litigation or enforcement activity involving the client, or use of cross-border structures that may be used for tax evasion. When the counterparty is a financial institution, IDB Invest also assesses the effectiveness of its AML/CFT controls.

The integrity due diligence process is overseen by the Office of Institutional Integrity, an oversight office of the Inter-American Development Bank that provides services to IDB Invest.

Operational Risk

IDB Invest's defines operational risk as the risk resulting from inadequate or failed internal processes, people or systems or from external events that may result in financial losses and damage to IDB Invest's reputation.

IDB Invest maintains an operational risk management framework, in which personnel have ownership, responsibility and accountability for assessing, controlling, and mitigating operational risks, as well as establishing and maintaining effective internal controls in their respective functions.

IDB Invest's operations rely on the secure processing, storage, and transmission of confidential and other information in computer systems and networks. As is the case for financial institutions in general, and given the increased reliance on teleworking, IDB Invest's cybersecurity risk and phishing attacks have increased and have been effectively mitigated due to past investments in remote access, security and cloud technologies as well as strengthened cybersecurity risk management controls and monitoring. IDB Invest regularly reviews and adopts its technical and process-level controls, and raises the level of user awareness to mitigate the risks. On a periodic basis, IDB Invest also assesses the maturity and effectiveness of its cybersecurity defenses and strives to incorporate industry standard risk mitigation techniques.

Environmental, Social and Corporate Governance

Environmental and Social Sustainability Policy

IDB Invest's Environmental and Social Sustainability Policy is applied to all development related investments financed by IDB Invest. It also conveys IDB Invest's commitment to sustainable development, as the foundation of its approach to risk management, as well as its development mandate. During the appraisal process for proposed investments in development related assets, robust environmental, social and corporate governance risk management standards are applied. This policy and its Implementation Manual include a detailed description to help clients, investors and development practitioners understand how to mainstream ESG practices and how the policy is applied during the investment cycle. A summary is provided below.

Environmental, Social and Corporate Governance (ESG) Due Diligence and Supervision

IDB Invest assesses the potential environmental, social and corporate governance risks and impacts of all development related investments in which it considers investing for compliance with host country laws and regulations and its Sustainability Policy and Exclusion List prior to final approval. This assessment is based on the mitigation hierarchy approach whereby clients should avoid, minimize, or manage environmental, social and health and safety risks and impacts. IDB Invest requires its clients to comply with its Social and Environmental Sustainability Policy (Sustainability Policy), which incorporates IFC standards and guidelines: the Performance Standards on Environmental and Social Sustainability of the International Finance Corporation (IFC) (the Performance Standards); and the World Bank/IFC Environmental Health and Safety (EHS) Guidelines (including both General EHS guidelines and Industry Sector EHS Guidelines) (the EHS Guidelines). Any subsequent revisions to the above-mentioned Performance Standards and EHS Guidelines will apply to the Sustainability Policy unless otherwise determined by IDB Invest's Board of Executive Directors.

IDB Invest will only finance development related investments that are expected to meet the Sustainability Policy's environmental and social requirements within a reasonable time frame. IDB Invest's investment agreements include obligations requiring clients to comply with applicable requirements of the Performance Standards and conditions included in action plans, as well as relevant provisions for environmental and social reporting, and supervision visits by IDB Invest staff or representatives, as appropriate.

Additionally, IDB Invest works with clients to assess their corporate governance practices and provide advice on how to improve them. This may include issues related to board effectiveness, representation of women and minority groups on company boards and in leadership positions, the control and accountability environment of a company, or engagement with different business partners.

IDB Invest has adopted the Corporate Governance Development Framework (CGDF), a common methodology among Development Finance Institutions for assessing corporate governance of investee companies. Under the CGDF, IDB Invest carries out the following activities: (i) integrates corporate governance in its investment operations, (ii) establishes an internal corporate governance function, (iii) provides training and capacity building, (iv) collaborates with other signatories, and (v) reports annually on implementation. Through its technical assistance activities, IDB Invest provides private sector companies in the Region with direct corporate governance support, capacity-building programs, and other forms of assistance.

Finally, IDB Invest monitors projects for compliance with its ESG standards throughout implementation and the repayment period. This approach aimed at identifying and managing ESG risks throughout the development related investment lifecycle provides a comprehensive framework to promote effective sustainability gains to its portfolio.

IDB Invest helps clients incorporate ESG data-driven decision-making in their business strategies and designs roadmaps to help them adopt ESG solutions that demonstrate meaningful improvement in their performance. IDB Invest also develops knowledge, practical guidance, and risk management tools to identify and manage ESG risks and opportunities.

Data Privacy Risk

With the objective to uphold IDB Group's reputation as a trusted partner and meet expectations of its stakeholders, on February 24, 2021, the Boards of Executive Directors of IDB Invest and the IDB approved the IDB Group Personal Data Privacy Policy. This policy defines how IDB Invest and the IDB will operate the personal data collection process, and is intended to develop consistent practices and procedures across the IDB Group. The policy provides the guiding principles for each IDB Group institution to establish their own privacy program, which shall provide for the implementation of administrative, technical, and physical safeguards for personal data processing tailored to their unique mandate and business needs. The policy will become effective for IDB Invest and the IDB upon their respective adoption of implementing guidelines, procedures, technology solutions, and other measures, in a period not to exceed 3 years after its approval. The achievement of this important milestone is reflective of the IDB Group's firm commitment to protect personal data in line with global data privacy standards and is aligned with the approach taken by other multilateral development banks.

Access to Information Policy

IDB Invest is accountable for the use and management of its resources. As such, IDB Invest produces information regarding its activities and operations to enable its member countries, clients, third parties, and the public to learn about and stay up to date with IDB Invest's activities.

IDB Invest is responsible for disclosing information in accordance with its Access to Information Policy. In addition, in accordance with the Policy, IDB Invest's business approach requires that, as part of the process of managing the risks and impacts of the investment projects, IDB Invest's clients engage with communities affected by their projects, including through the disclosure of information, in a manner that aligns with IDB Invest's Environmental and Social Sustainability Policy.

IV. Administration and Corporate Governance

IDB Invest has a Board of Governors, a Board of Executive Directors, a Chairperson of the Board of Executive Directors, and a Chief Executive Officer (CEO) (also referred to as General Manager). The CEO, in consultation with the Board of Executive Directors and the Chairman of the Board of Executive Directors, is responsible for the organization, appointment and dismissal of the officers and staff.

Board of Governors

All the powers of IDB Invest are vested in its Board of Governors, which consists of one Governor and one Alternate Governor appointed by each member country. The Board of Governors has delegated to the Board of Executive Directors all its powers except certain powers reserved to the Governors under the Establishing Agreement.

The Governor or Alternate Governor from each member country exercises the voting power to which its member country is entitled, each member country having one vote for each fully paid share held by it. A list of the member countries, showing the voting power and the number of shares subscribed by each member country as of December 31, 2021, is set forth in Note 9 – Capital to the Financial Statements. The quorum for any meeting of the Board of Governors is the majority of the Governors representing at least two-thirds of the votes of the member countries. Matters before the Board of Governors are decided by a majority of the votes of the members except as specifically detailed in the Establishing Agreement or other regulations. Governors and Alternate Governors serve without compensation from IDB Invest.

The Board of Governors holds regular meetings, at least annually.

Board of Executive Directors

Function

The Board of Executive Directors (the Board) is responsible for the conduct of the operations of IDB Invest. To this end, the Board of Executive Directors exercises all the powers granted to it under the Establishing Agreement and those delegated to it by the Board of Governors. The Board of Executive Directors establishes the basic organizational structure of IDB Invest, including the number and general responsibilities of its main administrative and professional positions. The Board of Executive Directors is also responsible for adopting IDB Invest's annual budget.

Membership

The Board of Executive Directors is composed as follows: (i) one Executive Director appointed by the member country having the largest number of shares in IDB Invest (as of the date of this Information Statement, this is the United States); (ii) nine Executive Directors elected by the Governors for the Regional Developing Member Countries; and (iii) three Executive Directors elected by the Governors for the remaining member countries. Executive Directors are persons of recognized competence and wide experience in economic and financial matters. Each Executive Director appoints an Alternate Executive Director who has full power to act for the Executive Director when he or she is not present. Executive Directors generally serve for three years. The president of the IDB is the ex-officio Chairperson of the Board of Executive Directors of IDB Invest and presides over meetings of the Board of Executive Directors but does not have the right to vote except in the case of a tie. The Chairperson of the Board of Executive Directors may participate in, but may not vote at, meetings of the Board of Governors. Executive Directors are neither officers nor staff of IDB Invest.

The table below shows a list of Executive Directors and Alternate Executive Directors as of the date of this Information Statement.

TABLE 5. IDB INVEST'S LIST OF EXECUTIVE DIRECTORS AND ALTERNATE EXECUTIVE DIRECTORS.

Country	Executive Director or Alternate Executive Director
Argentina and Haiti	Guillermo Alberto Francos (Argentina) Santiago Martin Chelala (Argentina)
Austria, Belgium, Germany, Italy, the Netherlands, and the People's Republic of China	Adolfo Di Carluccio (Italy) Jing Chen (China)
Bahamas, Barbados, Guyana, Jamaica, and Trinidad and Tobago	R. Brian Langrin (Jamaica) Vacant (Trinidad and Tobago)
Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua	Edna Gabriela Camacho (Costa Rica) Diego Aycinena Abascal (Guatemala)
Bolivarian Republic of Venezuela and Panama	Gustavo Tarre Briceno (Venezuela) Carlos Alberto Vallarino Rangel (Panama)
Brazil and Suriname	José Guilherme Almeida dos Reis (Brazil) Sergio Savino Portugal (Brazil)
Canada, Denmark, Finland, France, Norway, Sweden and Switzerland	Harald Tollan (Norway) Eric Daniel Madueño (Canada)
Chile and Colombia	Matias Acevedo Ferrer (Chile) Luis Martin Uribe Velez (Colombia)
Croatia, Israel, Japan, Portugal, Republic of Korea, Slovenia and Spain	Alberto Nadal (Spain) Shigeo Shimizu (Japan)
Dominican Republic and Mexico	Mario Alejandro Gaytan Gonzalez (Mexico) Ernesto Alejandro Selman Mejia (Dominican Republic)
Ecuador and Peru	Silvio Roberto Rendón (Peru) Bernardo Acosta (Ecuador)
Paraguay, Plurinational State of Bolivia, and Uruguay	Germán Hugo Rojas Irigoyen (Paraguay) Mario Alberto Guillen Suarez (Bolivia)
United States of America	Vacant

Operation

The Board of Executive Directors functions in continuous session at the principal offices of IDB Invest in Washington D.C., or exceptionally at such other locations as shall be designated by the Board of Executive Directors and meets as often as business requires.

Agendas, minutes, and resolutions of the meetings of the Board of Executive Directors are made available to the public at the end of the corresponding deliberative process.

Each Executive Director is entitled to cast the number of votes which the member or member countries of IDB Invest whose votes counted towards his or her nomination or election are entitled to cast. All the votes that an Executive Director is entitled to cast are cast as a unit. The quorum for any meeting of the Board of Executive Directors is the majority of the Executive Directors representing not less than two-thirds of the votes of the member countries.

Unless an Executive Director requires formal voting on any matter in the Board, the Chairman of the Board of Executive Directors may declare any matter approved based on verbal affirmations. In the event that a formal voting is called, unless otherwise provided, all matters are decided by a majority of the votes of the member countries.

Key Governing Committees

The Board of Executive Directors has the following committees: the Executive Committee, the Audit Committee, the Committee of the Board of Executive Directors, and the Special Ad Hoc Committee for Problem Projects. In addition, there are two joint committees of the IDB Invest Board of Executive Directors and the IDB Board of Executive Directors: the Steering Committee and the Conduct Committee. The role of each committee is determined pursuant to its terms of reference.

Executive Committee of the Board of Executive Directors

The Executive Committee of the Board of Executive Directors is composed of: (i) the Director or Alternate appointed by the member country having the largest number of shares in IDB Invest (as of the date of this Information Statement, this is the United States); (ii) two Directors representing the Regional Developing Member Countries; and (iii) one Director representing the other member countries. Rotating agreements among the Directors result in a change in the composition every quarter.

The Executive Committee considers all loans and investments in Regional Developing Member Countries. To be approved, a loan, investment or financing program requires the vote of the majority of the Executive Committee. A quorum for any meeting of the Executive Committee shall be three members. A report with respect to each operation approved by the Executive Committee is then submitted to the Board of Executive Directors. If requested by any Executive Director, such approved operation will be presented to the Board of Executive Directors for a vote. An operation approved by the Executive Committee shall be deemed approved by the Board of Executive Directors in the absence of such request within the period specified by the Board of Executive Directors.

Audit Committee of the Board of Executive Directors

The purpose of this committee is to assist the Board of Executive Directors in its oversight of (i) IDB Invest's accounting and financial reporting processes, and internal controls over financial reporting, (ii) the qualifications, independence, reports and written communications of IDB Invest's External Auditor, and (iii) the performance, work program and reports of IDB Invest's internal audit function, which is carried out by the Office of the Executive Auditor (AUG).

Committee of the Board of Executive Directors

The purpose of this committee is to consider and review matters related to budget, organization, policies, and evaluation, as well as such other matters as the Board may decide to entrust to it.

Special Ad Hoc Committee for Problem Projects

The purpose of this committee is to support the timely, accurate and complete communication to and from the members of the Board on matters of which the Board should be informed, requiring the approval of the Board, or as otherwise deemed necessary by the Board, about impaired projects.

Steering Committee

The purpose of this committee is to serve as the advisory body to the Boards of Executive Directors of the IDB and IDB Invest. Its functions include to review and confer with management on all matters related to the preparation and follow-up on the Boards' work programs and other relevant matters.

Conduct Committee

This committee addresses all matters arising from the application of the Code of Conduct and the Operating Guidelines for the Conduct Committee, and as may be otherwise determined by the Boards of Executive Directors of IDB Invest and the IDB.

Key Executives and Personnel

The Board of Executive Directors appoints the General Manager of IDB Invest by a four-fifths majority of the total voting power of the member countries, on the recommendation of the Chairperson of the Board of Executive Directors and for such term as she or he shall indicate.

The General Manager is responsible for the ordinary business of IDB Invest under the direction of the Board of Executive Directors and the general supervision of the Chairman of the Board of Executive Directors. The General Manager is responsible for the organization, appointment, and dismissal of IDB Invest officers and staff in consultation with the Board of Executive Directors and the Chairman of the Board of Executive Directors. The General Manager may participate in meetings of the Board of Executive Directors but does not have the right to vote at these meetings. The departments that provide support for project and program activities include Investment Operations; Strategy and Development; Legal; Risk Management; and Finance and Administration. As of December 31, 2021, IDB Invest has 383 staff and 77 consultants on-board.

TABLE 6. LIST OF KEY IDB INVEST EXECUTIVES AS OF THE DATE OF THIS INFORMATION STATEMENT.

IDB INVEST'S EXECUTIVES	
NAME	**POSITION**
James P. Scriven	Chief Executive Officer
H. Rosemary Jeronimides	General Counsel
Gema Sacristán Postigo	Chief Investment Officer
Orlando Ferreira Caballero	Chief Finance and Administration Officer
Rachel Robboy	Chief Risk Officer
Alexandre Meira da Rosa	Chief Strategy Officer

Management & Organizational Changes

In March 2021, IDB Invest's CEO appointed Orlando Ferreira as Chief Finance and Administration Officer and Alexandre Meira da Rosa as Chief Strategy Officer. In 2021, IDB Invest redesigned its Department of Strategy and Development (DSP) to better serve as the advisory and sustainability hub for development impact to the Region's private sector. IDB Invest created a new function in the Risk Management Department focused on risk management, compliance, and internal outreach to complement the environmental, social, and corporate governance work in DSP, and contribute to an integrated view of the non-financial risks, credit considerations and climate related financial risks for the IDB Group private sector portfolio.

Ethics Matters

IDB Invest fosters an ethical work environment for its staff and consultants, and is committed to safeguard the activities financed by IDB Invest from fraud and corruption.

Code of Ethics

IDB Invest requires employees to maintain the highest standards of professional and ethical conduct. To assist in preserving such institutional standards, IDB Invest has in place a Code of Ethics and Professional Conduct6 that applies to all employees. This Code contains guidelines concerning conflicts of interest and use of IDB Invest information, among other matters.

[6] IDB Invest Code of Ethics and Professional Conduct is available at: https://www.idbinvest.org/en/how-we-work/institutional-information

Oversight Offices

The following offices provide oversight services to IDB Inves

Office of Institutional Integrity

The Office of Institutional Integrity7 (OII), an oversight office of the IDB established to promote institutional integrity, provides services to IDB Invest and reports its ongoing activities and significant findings to its Board of Executive Directors and management. The OII complies with its mandate through the detection and investigation of fraud, corruption and other prohibited practices, and the support of initiatives for their prevention. Allegations of corrupt or fraudulent activities involving IDB Invest-financed activities may be reported to the OII in person, by telephone, e-mail, facsimile, regular mail, or through the allegation forms available on the website. Such allegations may be made confidentially or anonymously.

Office of the Executive Auditor

The Office of the Executive Auditor provides assurance and consulting services guided by international professional standards, and reports functionally to the IDB and IDB Invest Boards of Executive Directors through the Audit Committee of each entity. The Office of the Executive Auditor provides assurance and advisory services designed to add value and continuously improve the IDB Group's operations, bringing a systematic, disciplined approach to assess and improve the effectiveness of governance, risk management, and control processes.

Office of Evaluation and Oversight

The Office of Evaluation and Oversight, which reports directly to the Board of Executive Directors, undertakes independent and systematic evaluations of IDB Invest's strategies, policies, programs, activities, delivery support functions and systems, and disseminates the findings of such evaluations so that recommendations for improvement can be used in new operations. The Office of Evaluation and Oversight also provides oversight and support for the enhancement of the effectiveness of IDB Invest's evaluation system.

Independent Investigation and Consultation Mechanism

The Independent Consultation and Investigation Mechanism (the ICIM) is an investigation mechanism that is independent from the management structure at IDB Invest and reports directly to the Board of Executive Directors. The ICIM's objectives are as follows: (i) provide a mechanism and process independent of Management in order to investigate allegations by requesters of damages produced by IDB Invest's failure to comply with its relevant operational policies in IDB Invest financed operations; (ii) provide information to the Board of Executive Directors regarding such investigations; and (iii) be a last-resort mechanism for addressing the concerns of requesters, after reasonable attempts to bring such allegations to the attention of Management have been made.

The Agreement Establishing the Inter-American Investment Corporation

The Establishing Agreement8 sets forth IDB Invest's purpose and functions, capital structure and organization. It also outlines the operations in which IDB Invest may participate, prescribes limits and directives, establishes IDB Invest's status, legal capacity, immunities, and privileges, and regulates membership and the termination of IDB Invest's operations.

The Establishing Agreement may be amended only by decision of IDB Invest's Board of Governors by a majority representing at least four-fifths of the votes of the members and two-thirds of the number of Governors. The unanimous agreement of the Board of Governors is required for the approval of any amendment modifying the right to withdraw from IDB Invest; the right to purchase shares in IDB Invest; or any changes to the limitation of liability of its member countries. Refer to Note 9 – Capital in IDB Invest's Financial Statements for additional details.

Legal Status, Immunities and Privileges

The following is a summary of the principal provisions of the Establishing Agreement relating to the legal status, immunities, and privileges of IDB Invest in the territories of its members.

[7] More information about the Office of Institutional Integrity (OII) is available at https://www.iadb.org/en/about-us/departments/oii

[8] IDB Invest's Establishing Agreement is available within the Institutional Information section of the website in the institution's four official languages, at https://idbinvest.org/en/how-we-work/institutional-information

IDB Invest possesses legal personality and has full capacity to contract, acquire and dispose of immovable and movable property, and to institute legal and administrative proceedings.

Actions may be brought against IDB Invest only in a court of competent jurisdiction in the territories of a member country in which IDB Invest has an office; has appointed an agent for the purpose of accepting service or notice of process; or has issued or guaranteed securities. No action shall be brought against IDB Invest by member countries or persons acting for or deriving claims from member countries. However, such countries or persons may have recourse to such special procedures to settle controversies between IDB Invest and its member countries as prescribed in the Establishing Agreement.

The property and assets of IDB Invest are immune from all forms of seizure, attachment or execution before the delivery of final judgment against IDB Invest. Immunity for IDB Invest's property and assets also applies against searches, requisitions, confiscation, expropriation and any other form of taking or foreclosure by executive or legislative action. The archives of IDB Invest are also inviolable.

IDB Invest, its property, other assets, income, and the operations and transactions it carries out are immune from all taxation and from all customs duties in its member countries.

IDB Invest is also immune from any obligation relating to the payment, withholding or collection of any tax or duty. No tax is levied on or in respect of salaries and emoluments paid by IDB Invest to officials or employees of IDB Invest who are not local citizens or other local nationals. No tax of any kind is levied on any obligation or security issued by IDB Invest, including any dividend or interest thereon, by whosoever held:

- which discriminates against such obligation or security solely because it is issued by IDB Invest; or
- if the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by IDB Invest.

The IDB Group

Inter-American Development Bank (IDB)

The IDB is an international organization, with a separate governance structure, including its own Board of Governors and Board of Executive Directors, capital structure and balance sheet. The IDB's objective is to achieve economic and social development in a sustainable, climate-friendly way.

Multilateral Investment Fund (MIF)

The Multilateral Investment Fund (now commercially known as IDB Lab), a trust fund administered by IDB, is the innovation laboratory of the IDB Group. IDB Lab has a separate governance structure from IDB, including its own Donors Committee, capital structure and balance sheet. The purpose of IDB Lab is to drive innovation for inclusion in the Region, mobilizing financing, knowledge, and connections to co-create solutions capable of transforming the lives of vulnerable populations due to economic, social, or environmental conditions. IDB Lab offers a range of financing products, such as grants for technical assistance, loans and equity investments, as well as a combination of these tools to better support client.

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

INDEPENDENT AUDITORS' REPORT

Board of Governors
Inter-American Investment Corporation:

Opinion

We have audited the financial statements of Inter-American Investment Corporation (the Corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related income statements and the statements of comprehensive income/(loss), changes in capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the Information Statement of the Inter-American Investment Corporation and the Annual Report as of December 31, 2021. The other information comprises management's description of their business, risk management, administration and governance processes as well as management's discussion and analysis of financial results, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Washington, District of Columbia
March 1, 2022

BID | Invest

INTER-AMERICAN INVESTMENT CORPORATION

Financial Statements

December 31, 2021 and 2020

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	NOTES	DECEMBER 31, 2021	DECEMBER 31, 2020
Assets			
Cash and cash equivalents	3	$54,409	$41,592
Investment securities	3 & 10	1,903,551	2,079,036
Development related investments			
Loans and debt securities			
At amortized cost		4,728,380	3,782,696
Allowance for credit losses		(201,803)	(181,098)
		4,526,577	3,601,598
At fair value		579,613	443,883
		5,106,190	4,045,481
Equity investments			
At cost-based measurement alternative		—	4,695
At fair value		277,640	126,713
		277,640	131,408
Total development related investments, net	4 & 10	5,383,830	4,176,889
Derivative assets	7 & 10	17,689	5,461
Receivables and other assets	5	191,945	121,334
Total assets		**7,551,424**	**6,424,312**
Liabilities			
Borrowings	6 & 10		
At amortized cost		1,550,804	1,792,818
At fair value		3,061,825	2,115,639
		4,612,629	3,908,457
Derivative liabilities	7 & 10	79,941	1,834
Payables and other liabilities	8	384,080	405,807
Total liabilities		**5,076,650**	**4,316,098**
Capital			
Capital, par value		1,732,650	1,640,850
Additional paid-in-capital		657,221	593,835
Receivable from members		(161,572)	(217,596)
Total paid-in-capital	9	2,228,299	2,017,089
Retained earnings		370,807	239,882
Accumulated other comprehensive income/(loss)		(124,332)	(148,757)
Total capital		**2,474,774**	**2,108,214**
Total liabilities and capital		**$7,551,424**	**$6,424,312**

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	NOTES	YEAR ENDED DECEMBER 31 2021	2020
Income from development related investments			
Loans and debt securities			
Interest and other income, net		$209,983	$185,900
(Provision)/release of provision for credit losses		(5,707)	(111,756)
		204,276	74,144
Equity investments			
Realized gain/(loss) from sales, dividends and other income, net		1,970	1,185
Unrealized gain/(loss) from changes in fair value and measurement adjustments, net		45,241	100
		47,211	1,285
Income from development related investments, net	4	**251,487**	**75,429**
Gain/(loss) from liquid assets, net	3	8,196	22,310
Borrowings expense	6	(62,896)	(47,957)
Other income			
Service fees from related parties	13	78,942	85,876
Mobilization fees and other income		13,257	9,053
Total other income		**92,199**	**94,929**
Income/(expense) from development related investments, liquid assets and other income, net of borrowings expense		**288,986**	**144,711**
Other expenses			
Administrative expenses		165,591	147,160
Other components of pension benefit costs, net	14	6,879	2,032
Other expense/(income)		(15)	3,983
Total other expenses		**172,455**	**153,175**
Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	11	14,394	15,352
Net income/(loss)		$130,925	$6,888

STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	NOTES	YEAR ENDED DECEMBER 31 2021	2020
Net income/(loss)		**$130,925**	**$6,888**
Other comprehensive income/(loss)			
Recognition of net actuarial gains/(losses) and prior service credit on Pension Plans and Postretirement Benefit Plan	14	42,841	(46,178)
Recognition of unrealized gain/(loss) related to available-for-sale securities, net	3	—	(3,172)
Unrealized gains/(losses) arising during the period related to fair value adjustments on borrowings attributable to changes in instrument-specific credit risk, net	6	(18,416)	(20,831)
Total other comprehensive income/(loss)		**24,425**	**(70,181)**
Comprehensive income/(loss)		**$155,350**	**$(63,293)**

STATEMENTS OF CHANGES IN CAPITAL

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, EXCEPT FOR SHARE INFORMATION	NOTES	SHARES	TOTAL PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS)	TOTAL CAPITAL
As of December 31, 2019		157,350	$ 1,832,411	$279,227	$(78,576)	$ 2,033,062
Year ended December 31, 2020						
Cumulative effect of adoption of ASU 2016-13	2			(46,233)		(46,233)
Net income/(loss)			—	6,888	—	6,888
Other comprehensive income/(loss)			—	—	(70,181)	(70,181)
Change in shares	9	6,735				
Payments received for capital	9		184,678	—	—	184,678
As of December 31, 2020		**164,085**	**2,017,089**	**239,882**	**(148,757)**	**2,108,214**
Year ended December 31, 2021						
Net income/(loss)			—	130,925	—	130,925
Other comprehensive income/(loss)			—	—	24,425	24,425
Change in shares	9	9,180				
Payments received for capital	9		211,210	—	—	211,210
As of December 31, 2021		**173,265**	**$2,228,299**	**$370,807**	**$(124,332)**	**$2,474,774**

EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS	YEAR ENDED DECEMBER 31 2021	2020
Cash flows from investing activities		
Loan disbursements	$(3,538,155)	$(2,972,509)
Loan proceeds	2,571,742	1,241,298
Development related debt securities purchases	(173,898)	(97,401)
Development related debt securities proceeds	14,056	38,519
Equity investment disbursements	(92,955)	(50,798)
Equity investment proceeds	7,774	16,323
Capital asset expenditures	(5,900)	(4,697)
Net cash provided by/(used in) investing activities	**$(1,217,336)**	**$(1,829,265)**
Cash flows from financing activities		
Proceeds from issuance of borrowings	1,634,463	2,302,519
Borrowings repayments	(835,476)	(35,187)
Payments received for capital	211,210	184,678
Net cash provided by/(used in) financing activities	**$1,010,197**	**$2,452,010**
Cash flows from operating activities		
Net income/(loss)	130,925	6,888
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Change in fair value of equity investments and measurement adjustments	(45,241)	(100)
Provision/(release) of provision for credit losses	5,707	111,756
(Gain)/loss from investment securities, net	4,173	(6,846)
Depreciation and amortization	(8,566)	(2,934)
(Gain)/loss from changes in fair value on non-trading portfolios and foreign exchange transactions, net	(14,394)	(15,352)
Realized (gain)/loss on sales of equity investments, net	(1,920)	(922)
Change in receivables and other assets	(72,195)	(28,060)
Change in payables and other liabilities	13,387	50,674
Change in Pension Plans and Postretirement Benefit Plan, net	29,673	15,903
Change in investment securities	171,313	(737,698)
Other, net	4,578	3,331
Net cash provided by/(used in) operating activities	**$217,440**	**$(603,360)**
Change in cash and cash equivalents	10,301	19,385
Effect of exchange rate changes on cash and cash equivalents, net	2,516	(542)
Net increase/(decrease) in cash and cash equivalents	**$12,817**	**$18,843**
Cash and cash equivalents as of January 1	41,592	22,749
Cash and cash equivalents as of December 31	**$54,409**	**$41,592**
Supplemental disclosure:		
Interest paid during the period	53,569	40,621
Non-cash items:		
Loan conversion to equity investment, net	13,890	—

1. Purpose

The Inter-American Investment Corporation (IDB Invest) is an international organization established in 1986 and a separate legal entity within the Inter-American Development Bank Group (the IDB Group), which also includes the Inter-American Development Bank (IDB) and the Multilateral Investment Fund (commercially known as IDB Lab). IDB Invest began operations in 1989, and is owned by its member countries, which include 26 regional developing member countries, located in Latin America and the Caribbean (the Regional Developing Member Countries), and 21 countries outside of Latin America and the Caribbean. The purpose of IDB Invest is to promote the economic development of its Regional Developing Member Countries by encouraging the establishment, expansion, and modernization of private enterprises in such a way as to supplement the activities of the IDB. IDB Invest provides financing through its development related investments, which include loans, guarantees, investments in debt securities, and equity investments where sufficient capital is not otherwise available on adequate terms in the market. IDB Invest also arranges financing from other investors through loan participations, co-financing arrangements, and unfunded participations. In addition, IDB Invest provides financial and technical advisory services to clients.

2. Summary of Significant Accounting Policies

Basis of presentation – These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP). References to US GAAP issued by the Financial Accounting Standards Board (FASB) in these notes are to the FASB Accounting Standards Codification (ASC or Codification) or Accounting Standards Update (ASU).

All amounts presented in the accompanying financial statements and notes are expressed in United States dollars (USD, US$ or $), which is IDB Invest's functional and reporting currency.

Use of estimates – The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. A significant degree of judgment has been used in the evaluation and measurement of: the allowance for credit losses; other-than-temporary impairments on equity investments measured at cost; the fair value of investment securities, development related investments (loans, debt securities and equity investments), derivative instruments and borrowings; and the projected benefit obligations and fair value of plan assets of the Pension Plans and Postretirement Benefits Plan and associated net periodic benefit cost of each plan.

Cash and cash equivalents – Cash and cash equivalents[1] include those amounts held on deposit with banks, highly liquid investments purchased with original maturities of three months or less, and cash restricted for development related investment activities. IDB Invest may hold cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits.

Investment securities – Investment securities include fixed and floating rate bonds, notes, bills issued by corporations, governments, supranationals or agencies, and certificates of deposit, commercial paper and mutual funds, including money market funds. IDB Invest's strategy for its Cash and cash equivalents[1] and Investment securities (collectively, Liquid Assets) is to provide sufficient liquidity and resources to finance development related investments.

Investment securities are classified as trading and are recorded at fair value with gains and losses reported in income from Gain/(loss) from liquid assets, net. Purchases and sales of securities are recorded on a trade date basis. The first-in, first-out method is used to determine the cost basis of securities sold.

Development related loans and debt securities (Development related debt investments) – Development related loans and debt securities are recognized upon disbursement and measured at amortized cost or at fair value through income, depending on the nature and terms of each instrument. An allowance for credit losses is recognized against development related debt investments measured at amortized cost. The net asset value (NAV) is used as a practical expedient for the fair value measurement for certain development related debt securities. Refer to Note 4 for additional information.

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[1] References to captions in the financial statements are identified by the name of the caption beginning with a capital letter every time they appear in the notes to the financial statements.

For credit monitoring and portfolio management purposes, development related loans are classified into three portfolio segments – corporates, financial institutions and project finance – and development related debt securities are classified as corporate securities.

Development related loans may be secured by mortgages, third-party guarantees or other forms of collateral security or may be unsecured. IDB Invest enters into standalone insurance contracts, which are generally not transferable, to cover the credit risk of particular development related debt investments. IDB Invest recognizes the recovery assets associated with these third-party credit enhancements in Receivables and other assets in the balance sheets and any associated gains or losses from such assets as Interest and other income in the income statements.

Guarantees – IDB Invest issues guarantees covering, on a risk-sharing basis, third party obligations or securities issuances in Regional Developing Member Countries. IDB Invest's policy with respect to collateral security for these guarantees is generally the same as for its development related loans. Guarantees are regarded as issued when IDB Invest executes the guarantee agreement, outstanding when the underlying obligation of the third party is incurred and called when IDB Invest's obligation under the guarantee has been invoked. There are two obligations associated with guarantees: (1) a stand-ready obligation to perform; and (2) a contingent obligation to make future payments. The stand-ready obligation to perform is recognized at fair value at the issuance date, typically in an amount equal to the present value of any premiums received or receivable. For financial guarantees not accounted for as derivatives, the contingent liability is measured based on the current expected credit losses (CECL) on the guarantee. For guarantees that do not qualify for the derivative accounting scope exception, the contingent liability is measured at fair value through income from the issuance date.

The stand-ready and contingent liabilities associated with the guarantees issued by IDB Invest are included in Payables and other liabilities in the balance sheets. Changes in contingent liabilities measured under the CECL methodology are recorded in (Provision)/release of provision for credit losses on development related investments in the income statements, while changes in contingent liabilities measured at fair value through income are recorded through Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net in the income statements. Guarantee fee income is recognized as IDB Invest is released from its stand-ready obligation to perform and recorded in Interest and other income in the income statements. In the event a guarantee is called, the amount disbursed is recorded as a development related loan and an allowance is established based on the CECL methodology.

Undisbursed commitments – IDB Invest estimates expected credit losses over the contractual period in which it is exposed to credit risk through a contractual obligation to extend credit unless IDB Invest has the discretion to cancel the commitment at any time (unconditionally cancellable). The estimate considers the likelihood that funding will occur and the expected credit losses on estimated funded commitments over their estimated lives. A contingent liability for off-balance sheet credit losses is recorded in Payables and other liabilities in the balance sheets. The expense related to the contingent liability is recorded in (Provision)/release of provision for credit losses on development related investments in the income statements.

Allowance for credit losses – The allowance for credit losses represents management's estimates of current expected credit losses over the remaining expected lives of development related debt investments measured at amortized cost. The allowance for credit losses and the contingent liability for off-balance sheet credit exposures consider historical credit loss information as adjusted for current conditions and reasonable and supportable (R&S) forecasts of future economic conditions in the related portfolio. Changes in the allowance for credit losses are recorded through the (Provision)/release of provision for credit losses in the income statements. IDB Invest does not record an allowance for credit losses on accrued interest receivable as it has a substantive nonaccrual policy.

Expected prepayments are factored into the estimate of expected credit losses on development related debt investments. Projected disbursements are factored into the estimate of expected credit losses on off-balance sheet credit exposures, considering historical experience and contractual amortization schedules. Prepayment assumptions are based on historical data from IDB Group's private sector portfolio given the common portfolio characteristics, which include the borrower's country, risk rating and industry sectors. The contractual term excludes expected extensions, renewals, and modifications unless either of the following applies: (i) management has a reasonable expectation at the reporting date that a troubled debt restructuring (TDR) will be executed with an individual borrower or (ii) the extension or renewal options are included in the original or modified contract at the reporting date and are not controlled by IDB Invest (not unconditionally cancellable by IDB Invest).

The collective assessment of current expected credit losses is based on exposure at default (EAD), Point in Time (PIT) term structures for probability of default (PD) and loss given default (LGD). In addition, the CECL estimate incorporates forward looking conditioning, which takes into consideration current market conditions, macroeconomic forecasts and their corresponding impact to the PIT PDs and LGDs. The macroeconomic forecasts in the CECL model include various scenarios, where each scenario represents a different state of the economy in the R&S period. Management currently considers the R&S period to be three years, after which the model reverts to historical averages for long-term values over a two year period using a linear method for PD mean-reversion. For each scenario, a lifetime loss rate for each instrument is calculated using the appropriate PD and LGD for every quarter of the remaining life of the instrument. The results are then multiplied by the instrument's amortized cost. If multiple scenarios are considered, then results are weighted.

IDB Invest assigns a risk rating to each borrower and each development related debt investment based on a periodic risk assessment. The risk ratings assigned to the borrower and the investment correspond to specific PDs and LGDs and are determined based on a series of sector specific scorecards, which are aligned to IDB Invest's portfolio segments — corporates, financial institutions and project finance. IDB Invest maps internal ratings to long-term PDs published annually by an international rating agency. For LGDs, IDB Invest uses a decision-tree scorecard model developed by an international rating agency to capture exposure specific information, such as seniority, guarantees, collateral, industry, and jurisdiction at the facility level, which vary across different exposures of the same borrower.

The major credit risk factors considered for a project finance development related debt investment may be grouped into the following categories: political risk, commercial or project risk, technical and construction risk, and financial risk. Political risks can be defined as the risks to a project's financing emanating from governmental sources, either from a legal or regulatory perspective. Commercial or project risks are related to the construction or completion risks, economic or financial viability of a project and operational risks. Financial risks consider the project's exposures to cash flow generation, interest rate and foreign currency volatility, inflation risk, liquidity risk, and funding risk.

The major credit risk factors considered for a development related debt investment to a financial institution are country-related risk including regulatory, competition, government support and macro-economic risks, which act as an anchor for the risk assessment as a whole. Additionally, the rating scorecard assesses the following institution-specific factors: capital adequacy, asset quality, operating policies and procedures and risk management framework; quality of management and decision making; earnings and market position, liquidity and sensitivity to market risk; quality of regulations and regulatory agencies; and potential government or shareholder support.

The major credit risk factors considered for corporate development related debt investments are country and industry risks, business and market risks, an assessment of the borrower's management, and financial risks, including a qualitative assessment of financial risks and a quantitative assessment of financial ratios. After consideration of these borrower specific characteristics, extraordinary support from shareholders or from the government may be considered if applicable.

To augment the quantitative process described above, qualitative adjustments arising from information lags implicit in the quantitative loss estimation models, known model or data limitations, significant changes in portfolio composition or lending operations and uncertainty associated with economic and business conditions are applied as necessary based on management's judgment.

The recent global crisis triggered by the COVID-19 pandemic has had a direct effect on economies within IDB Invest's Regional Developing Member Countries. The crisis affected risk parameters of the portfolio used in the CECL methodology, such as internal risk ratings for specific industries and countries. These parameters also consider the deterioration in the macroeconomic forecasts during the R&S period and a mean reversion period to historical losses.

IDB Invest individually assesses the current expected credit losses on development related debt investments that have been or are reasonably expected to be restructured through a TDR. The determination of the allowance for credit losses for these investments reflects management's best judgment of the creditworthiness of the borrower and is established based upon the periodic review of individual development related debt investments. This estimate considers all available evidence including, as appropriate, the present value of expected future cash flows, the fair value of collateral less disposal costs, and other market data. Due to the nature of the development related debt investments, secondary market values are usually not available. For these investments, IDB Invest also considers the effects of the modification in its determination of the allowance for credit losses.

A modification of a development related debt investment is considered a TDR when the borrower is experiencing financial difficulty and IDB Invest has granted a concession to the borrower that it otherwise would not grant in order to maximize recoveries. IDB Invest monitors its development related debt investments for signs that the borrower may be facing financial difficulty. Information and events considered in determining whether a TDR is reasonably expected include the borrower's financial situation and competitive position in the marketplace, the risk associated with the underlying collateral, the willingness and capacity of the sponsor who organized the project to support the investment, the borrower's management team, and geopolitical and macroeconomic factors.

In light of the COVID-19 pandemic, IDB Invest has implemented loan modifications for loans that were otherwise performing in response to requests from borrowers for short-term relief. Modifications that meet the conditions set forth in the Interagency Statement[2] are not accounted for as TDRs. Additional information is included in Note 4.

Development related debt investments are partially or fully written off when IDB Invest has exhausted all possible means of recovery through a legal agreement, final bankruptcy settlement or when IDB Invest has determined with a reasonable degree of certainty that the relevant amount will not be collected. IDB Invest reduces the investment and related allowance for credit losses. Such reductions in the allowance are partially offset by recoveries, if any, associated with previously written off development related debt investments.

Revenue recognition on development related debt investments – Interest on development related debt investments is included in Interest and other income in the income statements. Accrued interest income receivable is presented separately from development related debt investments and is included in Receivables and other assets in the balance sheets.

Development related debt investments are generally placed in nonaccrual status when collectability is in doubt or payments of interest or principal are past due more than 90 days. IDB Invest does not accrue income and ceases amortization of any premiums or discounts on development related debt investments in nonaccrual status. Any uncollected interest accrued on a development related debt investment placed in nonaccrual status is reversed out of income and is thereafter recognized as Interest and other income in the income statements when the payment is received. A development related debt investment is returned to accrual status once management has concluded that the borrower has demonstrated its ability to make periodic interest and principal payments.

Development related debt investment fees and costs are deferred and amortized over the life of the asset on a straight-line basis. Amortization of the net deferred fees and costs is included in Interest and other income in the income statements thereby approximating how fees and costs would be reflected under the effective interest method. The net deferred amounts are included in Payables and other liabilities in the balance sheets.

Equity investments – Equity investments include certain ownership interests in limited partnerships and similar fund structures (LPs) and direct equity investments primarily in small and medium-sized enterprises and financial institutions.

IDB Invest accounts for its equity investments at fair value through income, except for equity investments without readily determinable fair values that are accounted for under the cost-based measurement alternative. For investments in entities over which IDB Invest has significant influence, IDB Invest elects the fair value option in lieu of applying the equity method of accounting.

IDB Invest utilizes the net asset value (NAV) reported by the fund managers as a practical expedient for the fair value measurement of interests in LPs. The NAVs that have been reported by the fund manager are derived from the fair values of the underlying investments.

Equity investments accounted for under the cost-based measurement alternative are recorded at cost less impairment plus or minus adjustments resulting from observable price changes in orderly transactions for the identical investment or a similar investment of the same issuer. Adjustments related to impairment and observable price changes, if any, are recorded in Unrealized gain/(loss) from changes in fair value and measurement adjustments, net in the income statements. IDB Invest may subsequently elect to measure an equity investment that continues to qualify for the cost-based measurement alternative at

[2] The Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus was issued jointly by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau.

fair value. Such election is irrevocable, and any resulting gains or losses would be recorded through income at the time of election and thereafter.

Equity investments accounted for under the cost-based measurement alternative are assessed for impairment periodically based on the latest financial information, operating performance and other relevant information including macroeconomic conditions, specific industry trends, the historical performance of the company, and IDB Invest's intent to hold the investment for an extended period. When impairment is identified, the investment is written down to its estimated fair value, which becomes the new carrying value for the investment.

Revenue recognition on equity investments – Dividends and profit participations received from equity investments are recorded as income and reported in Realized gain/(loss) from sales, dividends and other income, net in the income statements. Gains or losses on the sale or redemption of equity investments accounted for under the cost-based measurement alternative are recorded as income/(loss) upon disposition and reported in Realized gain/(loss) from sales, dividends, and other income, net in the income statements.

For equity investments accounted for at fair value, unrealized gains and losses are recorded as Unrealized gain/(loss) from changes in fair value and measurement adjustments, net in the income statements. Disbursements and distributions that represent return of capital are recorded as changes to the outstanding balance of these equity investments and recorded in Equity investments in the balance sheets.

Consolidation, non-controlling interests, variable interest entities – IDB Invest evaluates its variable interests in legal entities upon commitment, at the time of modification, if applicable, and on an annual basis to determine whether it must consolidate any entity. Pursuant to ASC 810, Consolidation, IDB Invest is required to consolidate an entity if (a) the entity is a variable interest entity (VIE) for which IDB Invest is the primary beneficiary or (b) the entity is not a VIE and IDB Invest has a controlling financial interest.

A variable interest is a contractual, ownership or other pecuniary interest in a VIE whose value changes as the fair value of the VIE's net assets change. A legal entity is a VIE if (i) it lacks sufficient equity to permit the entity to finance its activities without additional subordinated financial support or (ii) the equity investors, as a group, lack (a) the power, through voting or similar rights, to direct the activities of the entity that most significantly impact the entity's economic performance; (b) substantive voting rights; (c) the obligation to absorb the expected losses of the entity; or (d) the right to receive the expected residual returns of the entity.

The primary beneficiary is the party with the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of the entity or the right to receive benefits of the VIE that could potentially be significant to the entity. Additional information about VIEs is included in Note 4.

Revenue recognition for service fees – IDB Invest recognizes revenue in connection with services it provides to the IDB and trust funds administered by the IDB or IDB Invest. A series of service level agreements (SLAs) define the nature of the services and corresponding fees for services provided to the IDB. The most significant of these services relates to loan origination and servicing performed on the IDB's behalf. IDB Invest recognizes revenue for these services as it fulfills its performance obligation over the annual service period. Similarly, IDB Invest receives project administration and general administrative fees for services provided to several special purpose trust funds administered by IDB Invest or the IDB. Additional information about related party transactions is included in Note 13.

Risk management and use of derivative instruments – IDB Invest uses derivative instruments primarily for market risk management purposes in connection with its principal business activities. IDB Invest enters into cross currency and interest rate swaps to manage foreign exchange and interest rate risks arising from mismatches between its development related debt investments and its borrowing liabilities. None are designated as hedging instruments under ASC 815, Derivatives.

Derivatives are recognized in the balance sheets at their fair value and are classified as either Derivative assets or Derivative liabilities. Changes in fair value of derivatives are recorded in Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net, in the income statements. Additional information about derivatives is included in Note 7.

Fixed and intangible assets – Fixed assets consist of office equipment and furniture and intangible assets consist of internally-developed software. Fixed and intangible assets are presented at cost less accumulated depreciation and amortization and are included in Receivables and other assets in the balance sheets. Depreciation and amortization are recognized using the straight-line method over the estimated useful lives of the assets that range from three to seven years.

Leases – IDB Invest leases office space from the IDB at its headquarters and in its Regional Developing Member Countries. IDB Invest recognizes these leases as operating leases under ASC 842, Leases.

IDB Invest recognizes a right-of-use asset and lease liability in the balance sheets for each operating lease based on the present value of the future minimum lease payments over the lease term. The right-of-use assets are nonmonetary assets included in Receivable and other assets in the balance sheets and are amortized based on each period's discounted cash flows. Lease liabilities are monetary liabilities included in Payables and other liabilities in the balance sheets and are reduced based on each period's discounted cash flows. IDB Invest remeasures its lease liabilities originating in currencies other than US$ at the exchange rate in effect at each reporting date. Operating lease expense is recorded on a straight-line basis and included in Administrative expenses in the income statements. Additional information related to IDB Invest's leases is included in Notes 5, 8, and 12.

Borrowings – To ensure funds are available for its operational liquidity needs, IDB Invest offers its debt securities to investors in international capital markets. IDB Invest's borrowings are carried at amortized cost or fair value in the balance sheets.

For those borrowings carried at amortized cost, the amortization of premiums and accretion of discounts is calculated following a methodology that approximates the effective interest method and is included in Borrowings expense in the income statements. The unamortized balance of the borrowing issuance costs related to a recognized debt liability is included as a direct deduction from the carrying amount of the Borrowings in the balance sheets. Interest expense on all borrowings is recognized on an accrual basis and is included in Borrowings expense in the income statements.

For those borrowings carried at fair value, fair value changes are reported in accordance with ASU 2016-01, Financial Instruments. Accordingly, the change in fair value resulting from changes in instrument-specific credit risk is reported in Unrealized gains/(losses) arising during the period related to fair value adjustments on borrowings attributable to changes in instrument-specific credit risk, net, in the statements of other comprehensive income, while the remaining change in fair value is reported in Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net in the income statements. Additional information about borrowings is included in Note 6.

Non-trading portfolio – IDB Invest's non-trading portfolio includes development related debt investments, derivatives, and borrowings accounted for at fair value. The reported income volatility resulting from these non-trading financial instruments is not fully representative of the underlying economics of the transactions as IDB Invest does not intend to actively trade such instruments. Therefore, Gain/(loss) from changes in fair value on non-trading portfolios and foreign currency transactions, net, are reported separately from Income/(expense) from development related investments, liquid assets and other income, net of borrowing expenses in the income statements. Additional information about the non-trading portfolio is included in Note 11.

Remeasurements of foreign currency transactions – Monetary assets and liabilities denominated in currencies other than the US$ are translated into US$ at market exchange rates prevailing at the balance sheet dates. Income and expenses are translated at the market exchange rate in effect at the transaction date or at monthly average rates. Resulting gains and losses from remeasurements are generally included in Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net in the income statements.

Fair value measurements – ASC 820, Fair Value Measurements requires entities to disclose information about recurring and non-recurring fair value measurements, as well as the fair value of financial instruments.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transfer between market participants at the measurement date under current market conditions. Fair value measurement further assumes that a transaction to sell the asset or assume a liability takes place either in the principal market or, in the absence of a principal market, in the most advantageous market for the asset or liability.

In determining fair value, IDB Invest uses various valuation approaches, including market, income, or cost approaches. The Codification establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs developed based on market data obtained from sources independent of IDB Invest that reflect assumptions market participants would use in pricing the asset or liability. Unobservable inputs are inputs for which market data is not available and are developed using the best information available about the assumptions market participants would use in pricing the asset or liability. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- **Level 1—** Inputs are based on unadjusted quoted prices for identical assets or liabilities in active markets.

  Assets and liabilities utilizing Level 1 inputs include debt securities and equity investments that are actively traded and primarily include debt securities of the United States government and agencies.

- **Level 2—** Inputs are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not actively traded; or pricing models for which all significant inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

  Assets and liabilities utilizing Level 2 inputs include money market funds, investment securities, and investments in obligations of banks, governments and agencies or instrumentalities other than the United States, sovereigns, local and regional governments, corporate bonds, borrowings, and derivative instruments that are not actively traded.

- **Level 3—** Inputs are unobservable and significant to the overall fair value measurement.

  Assets utilizing Level 3 inputs include loans, development related debt securities, equity investments, and borrowings that are measured for which observable inputs are not available.

The availability of observable inputs is affected by a wide variety of factors, including, for example, the type of product, and other characteristics particular to the transaction. To the extent fair value is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Fair value for the majority of IDB Invest's financial instruments is derived using pricing models. Pricing models consider the contract terms, including amortization schedule and maturity, where applicable, and other inputs, including, where applicable, interest rate yield curves, credit spreads, creditworthiness of the counterparty, option volatility, and currency rates. In accordance with ASC 820, the impact of IDB Invest's own credit spreads would also be considered when measuring the fair value of liabilities. Where appropriate, valuation adjustments are made to account for various factors, including bid-ask spreads, credit quality, and market liquidity. These adjustments are applied on a consistent basis and are based upon observable inputs, where available. Additional information about fair value measurements is included in Note 10.

Fair value option – The Fair Value Option (FVO) under ASC 825, Financial Instruments, permits the measurement of eligible financial assets, financial liabilities and firm commitments at fair value on an instrument-by-instrument basis, that are not otherwise permitted or required to be accounted for at fair value under other accounting standards. IDB Invest has elected the FVO for the following classes of financial assets and liabilities: i) certain investments in development related debt securities that IDB Invest does not have the ability and intent to hold until maturity, ii) certain hybrid development related debt investments, iii) investments that would otherwise be accounted for under the equity method, iv) certain development related investments in equity securities for which a measurement alternative is no longer applied, and v) certain borrowings that are economically hedged with derivative financial instruments.

Financial assets and borrowings elected under the FVO are measured at fair value on a recurring basis and changes in fair value of these financial instruments are included in Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net, in the income statements. Interest income on these financial instruments is recognized on an accrual basis, where applicable.

Loan participations – IDB Invest mobilizes funds from commercial banks and other financial institutions (Participants) by facilitating loan participations, without recourse. These loan participations are administered and serviced by IDB Invest on behalf of the Participants in exchange for a fee. Such fees are recognized upon receipt and are reported in Mobilization fees and other income in the income statements. The disbursed and outstanding balances of loan participations that meet the requirements to be accounted for as sales are not included in IDB Invest's balance sheets.

Pension and postretirement benefits – IDB Invest is a sponsor of the Staff Retirement Plan (SRP) and the Complementary Staff Retirement Plan (CSRP) (the Pension Plans), which are defined benefit pension plans jointly managed with the IDB. Under the Pension Plans, benefits are based on years of service and level of compensation, and plan assets include contributions by employees and by IDB Invest and the IDB for their respective employees. Any and all contributions to the Pension Plans are irrevocable and are held separately in retirement funds solely for the payment of benefits under the Pension Plans

IDB Invest also provides certain health care, tax reimbursement and other postretirement benefits to eligible retirees under its Postretirement Benefits Plan (PRBP), which is also jointly managed by the IDB. Retirees contribute toward the PRBP based on an established premium schedule. IDB Invest and the IDB contribute the remainder of the actuarially determined cost of future health care and other benefits for their respective employees. All contributions and other assets and income of the PRBP remain the property of IDB Invest and the IDB, but are held and administered separately and apart from the other property and assets of each employer solely for the purpose of payment of benefits under the PRBP.

Since both the IDB and IDB Invest are sponsors of the Pension Plans and the PRBP, each employer presents its respective share of these plans. The amounts presented reflect IDB Invest's proportionate share of costs, assets, and obligations of the Pension Plans and PRBP in accordance with ASC 715, Compensation – Retirement Benefits.

The service cost component of net periodic benefit costs allocated to IDB Invest is included in Administrative expenses and the other components are included in Other components of pension benefit costs, net, in the income statements. The separate funded statuses of the Pension Plans and the PRBP are included in Receivables and other assets when the respective Pension Plans or the PRBP is in a funded status, and included in Payables and other liabilities when the respective Pension Plans or the PRBP is in an underfunded status in the balance sheets. Additional information about the Pension Plans and PRBP is included in Note 14.

Taxes – IDB Invest, its property, other assets, income, and the operations and transactions it carries out pursuant to the Agreement Establishing the Inter-American Investment Corporation, are immune from all taxation and from all custom duties in its member countries. IDB Invest is also immune from any obligation relating to the payment, withholding or collection of any tax or duty in its member countries.

Accounting and financial reporting developments – In January 2020, the FASB issued ASU 2020-01, *Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)* Investments. The amendments in this Update clarify the interaction of the accounting for equity securities under Topic 321, investments accounted for under the equity method of accounting in Topic 323, and the accounting for certain forward contracts and purchased options accounted for under Topic 815. For IDB Invest, this Update is effective on January 1, 2021. This Update did not have a material impact on IDB Invest's financial statements.

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848). This Update and related ASUs provide temporary optional expedients and exceptions to the US GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burden of the expected marked transition from LIBOR and other interbank offered rates. To be eligible for the optional expedients, modifications of contractual terms that change (or have the potential to change) the amount or timing of contractual cash flows must be related to replacement of a reference rate. IDB Invest is exposed to LIBOR through its LIBOR-based development related debt investments, investment securities, borrowings and swaps. The amendments in this Update may be implemented any time before December 31, 2022. IDB Invest adopted this Update effective December 31, 2020. This Update did not have a material impact on IDB Invest's financial statements.

In October 2020, the FASB issued ASU 2020-08, *Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs.* The amendments in this Update state that for callable bonds purchased at a premium, an entity must reevaluate to ensure that the premium is not amortized to the earliest call date. For IDB Invest, this Update is effective on January 1, 2021. This Update did not have a material impact on IDB Invest's financial statemen

3. Liquid Assets

Liquid assets consists of the following (US$ thousands):

	DECEMBER 31, 2021	DECEMBER 31, 2020
Cash and cash equivalents [(1)]	$54,409	$41,592
Investment securities		
Money market funds	275,145	617,053
Debt securities		
Corporate securities	876,384	967,805
Agency securities	464,378	309,103
Government securities	166,295	114,850
Supranational securities	121,349	70,225
Total debt securities	**$1,628,406**	**$1,461,983**
Total investment securities	**1,903,551**	**2,079,036**
Total liquid assets	**$1,957,960**	**$2,120,628**

[(1)] Includes restricted cash of $23.9 million as of December 31, 2021 ($22.6 million as of December 31, 2020).

The total income from Liquid assets is summarized below (US$ thousands):

	YEAR ENDED DECEMBER 31	
	2021	2020
Interests and dividends, net	$9,853	$15,928
Gain/(loss) from changes in fair value and gain/(loss) from foreign exchange transactions, net	(1,657)	6,382
Total	**$8,196**	**$22,310**

Net unrealized losses recognized in income for the year ended December 31, 2021 relating to trading securities still held as of December 31, 2021 were $7.7 million ($7.6 million net unrealized gains for the year ended December 31, 2020).

The maturity structure of debt securities included in Liquid assets is as follows (US$ thousands):

	DECEMBER 31, 2021	DECEMBER 31, 2020
Less than one year	$952,394	$608,857
Between one and five years	676,012	853,126
Total	**$1,628,406**	**$1,461,983**

4. Development Related Investments

IDB Invest's development related investments include loans, guarantees, debt securities, and equity investments, which are the result of financing activities that are designed to promote the economic development of IDB Invest's Regional Developing Member Countries through the establishment, expansion and modernization of private enterprises.

The cost and carrying amount of development related investments are as follows (US$ thousands):

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	COST	CARRYING AMOUNT	COST	CARRYING AMOUNT
Loans				
At amortized cost	$4,610,105	4,610,105	$3,654,492	$3,654,492
At fair value	152,799	144,422	156,554	155,647
Total loans	**4,762,904**	**4,754,527**	**3,811,046**	**3,810,139**
Debt securities				
At amortized cost	118,275	118,275	128,204	128,204
At fair value	436,238	435,191	289,022	288,236
Total debt securities	**554,513**	**553,466**	**417,226**	**416,440**
Allowance for credit losses		(201,803)		(181,098)
Total development related debt investments, net	**5,317,417**	**5,106,190**	**4,228,272**	**4,045,481**
Equity investments				
At cost-based measurement alternative	—	—	4,695	4,695
At fair value	228,335	277,640	125,373	126,713
Total equity investments	**228,335**	**277,640**	**130,068**	**131,408**
Total development related investments, net	**$5,545,752**	**$5,383,830**	**$4,358,340**	**$4,176,889**

Income from development related investments is summarized below (US$ thousands):

	YEAR ENDED DECEMBER 31	
	2021	2020
Loans, debt securities and guarantees		
Interest income	$178,091	$149,194
Fees and other income, net	17,394	13,046
Recovery asset income/(release)	14,498	23,660
(Provision)/release of provision for credit losses	(5,707)	(111,756)
Income/(expense) from loans, debt securities and guarantees	**204,276**	**74,144**
Equity investments		
Realized gain/(loss) from sales, net	1,920	922
Realized dividends and other income	50	263
Unrealized gain/(loss) from changes in fair value and measurement adjustments, net [1]	45,241	100
Income/(expense) from equity investments	**47,211**	**1,285**
Income from development related investments, net	**$251,487**	**$75,429**

[1] Includes net gains/(losses) for equity investments carried at fair value or observable price change/impairment adjustments for equity investments recorded using the cost-based measurement alternative.

Development related investments committed but not disbursed (net of cancellations) are summarized below (US$ thousands):

	DECEMBER 31, 2021	DECEMBER 31, 2020
Loans	$1,483,013	$1,090,707
Debt securities	419,347	59,478
Equity investments	103,457	153,952
Total	**$2,005,817**	**$1,304,137**

The maturity structure of development related debt investments is as follows (US$ thousands):

	DECEMBER 31, 2021	DECEMBER 31, 2020
Loans		
Due in one year or less	$1,771,943	$1,343,945
Due after one year through five years	1,637,845	1,452,793
Due after five years through ten years	1,100,582	830,520
Due after ten years and thereafter	266,015	191,797
Total loans	**4,776,385**	**3,819,055**
Debt securities		
Due in one year or less	32,654	12,969
Due after one year through five years	286,029	301,963
Due after five years through ten years	227,947	92,736
Due after ten years and thereafter	25,956	9,558
Total debt securities	**572,586**	**417,226**
Total development related debt investments, principal amount outstanding	**5,348,971**	**4,236,281**
Unamortized discounts	(31,554)	(8,009)
Total development related debt investments at cost	**5,317,417**	**4,228,272**
Fair value adjustments	(9,424)	(1,693)
Total development related debt investments at carrying amount	**$5,307,993**	**$4,226,579**

Development related debt investments by currency and range of contractual interest rates, and a reconciliation of total cost to carrying amount are summarized below (US$ thousands):

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	AMOUNT	INTEREST RATE RANGE	AMOUNT	INTEREST RATE RANGE
Brazilian real (BRL)				
Loans	$36,745	11.1%-14.5%	$26,282	3.9%-6.7%
Debt securities	29,015	11.2%	12,595	3.9%
	65,760		38,877	
Colombian peso (COP)				
Loans	63,159	8.4%-12.3%	58,903	7.6%-9.2%
Debt securities	116,248	4.6%-9.5%	137,513	3.3%-9.5%
	179,407		196,416	
Dominican Republic peso (DOP)				
Loans	8,728	10.5%	8,590	10.5%
	8,728		8,590	
Mexican peso (MXN)				
Loans	115,212	6.7%-10.1%	58,036	5.9%-8.7%
Debt securities	20,032	6.2%-13.0%	4,427	5.5%
	135,244		62,463	
Paraguayan guarani (PYG)				
Loans	19,847	7.5%-9.0%	21,388	7.5%-9.0%
	19,847		21,388	
Peruvian sol (PEN)				
Loans	39,818	10.5%-11.1%	15,793	10.5%
Debt securities	14,413	8.0%	15,931	8.0%
	54,231		31,724	
Trinidad and Tobago dollar (TTD)				
Loans	29,514	3.8%	36,990	3.8%
	29,514		36,990	
United States dollar (USD)				
Loans	3,816,020	0.5%-9.2%	3,155,537	1.1%-12.0%
Debt securities	295,542	2.3%-8%	246,758	2.2%-8.0%
	4,111,562		3,402,295	
Total development related debt investments, before discounted debt investments	**4,604,293**		**3,798,743**	
Discounted debt investments with no stated interest rate (USD)	596,050		363,443	
Discounted debt investments with no stated interest rate (MXN)	117,074		66,086	
Total development related debt investments at cost	5,317,417		4,228,272	
Fair value adjustments for debt investments	(9,424)		(1,693)	
Total development related debt investments at carrying amount	**$5,307,993**		**$4,226,579**	

Base rates of variable rate loans reset at each interest due date at least annually or more frequently, but loan margins generally remain constant over the life of the variable rate loan.

Development related debt investments

An aging analysis, based on contractual terms, for development related debt investments at cost as of December 31, 2021 and 2020 is as follows (US$ thousands):

	DECEMBER 31, 2021				
	1-90 DAYS PAST DUE	>90 DAYS PAST DUE	TOTAL PAST DUE	TOTAL CURRENT	TOTAL PORTFOLIO
Loans	$312	$17,750	$18,062	$4,744,842	$4,762,904
Debt securities	—	—	—	554,513	554,513
Total	**$312**	**$17,750**	**$18,062**	**$5,299,355**	**$5,317,417**

	DECEMBER 31, 2020				
	1-90 DAYS PAST DUE	>90 DAYS PAST DUE	TOTAL PAST DUE	TOTAL CURRENT	TOTAL PORTFOLIO
Loans	$8,049	$17,774	$25,823	$3,785,223	$3,811,046
Debt securities	—	—	—	417,226	417,226
Total	**$8,049**	**$17,774**	**$25,823**	**$4,202,449**	**$4,228,272**

Nonaccrual loans at amortized cost is summarized as of December 31, 2021 and 2020 as follows (US$ thousands):

	DECEMBER 31, 2021		YEAR ENDED DECEMBER 31, 2021	
	TOTAL NONACCRUAL	> 90 DAYS PAST DUE AND ACCRUING	INTEREST INCOME RECOGNIZED ON NONACCRUAL STATUS	ACCRUED INTEREST INCOME WRITTEN OFF
Loans	$25,431	$—	$593	$—
Total	**$25,431**	**$—**	**$593**	**$—**

	DECEMBER 31, 2020		YEAR ENDED DECEMBER 31, 2020	
	TOTAL NONACCRUAL	> 90 DAYS PAST DUE AND ACCRUING	INTEREST INCOME RECOGNIZED ON NONACCRUAL STATUS	ACCRUED INTEREST INCOME WRITTEN OFF
Loans	$32,377	$—	$720	$206
Total	**$32,377**	**$—**	**$720**	**$206**

There were no development related debt investments at amortized cost classified as nonaccrual without a related allowance for credit losses as of December 31, 2021 (none as of December 31, 2020). There were no development related debt securities in nonaccrual status as of December 31, 2021 (none as of December 31, 2020).

During 2021, there were three TDRs related to financial institutions and corporate loans included in development related debt investments, which have an outstanding balance of $6.8 million and individually assessed allowance for credit losses of $2.3 million as of December 31, 2021. During 2020, there was one TDR related to a project finance loan included in development related debt investments with an outstanding balance of $6.4 million and individually assessed allowance for credit losses of $1.9 million as of December 31, 2020. IDB Invest does not have commitments to extend additional funds to borrowers whose terms have been modified in a TDR. There were no payment defaults on loans previously modified in a TDR.

During 2020, IDB Invest implemented loan modification measures in response to requests received from borrowers for short-term relief as a result of the COVID-19 pandemic. During 2021, IDB Invest evaluated loan modifications with a total outstanding balance of $2.1 million and the relief provided included short-term deferrals of principal amounting to $165 thousand as of December 31, 2021. During 2020, IDB Invest evaluated loan modifications with a total outstanding balance of $65.7 million and the relief provided included short-term deferrals of principal amounting to $5.2 million as of December 31, 2020. IDB Invest determined that these modifications were not considered TDRs based on the guidance set forth in the Interagency Statement. The loans continue to accrue interest during the deferral period and are not reported as past due nor in nonaccrual status. IDB Invest continues to estimate the allowance for credit losses for these loans through the collective assessment under the CECL methodology.

Changes in the allowance for credit losses by portfolio segment are presented below (US$ thousands):

	YEAR ENDED DECEMBER 31, 2021			
	FINANCIAL INSTITUTIONS	CORPORATES	PROJECT FINANCE	TOTAL
Loans				
Beginning balance	$(59,862)	$(72,064)	$(41,321)	$(173,247)
Loans written off	—	—	1,273	1,273
Recoveries	(38)	—	—	(38)
(Provision)/release of provision for credit losses	(5,547)	(946)	(17,509)	(24,002)
Loans ending balance	(65,447)	(73,010)	(57,557)	(196,014)
Debt securities				
Beginning balance	(4,630)	(2,558)	(663)	(7,851)
Debt securities written off	—	—	—	—
Recoveries	—	—	—	—
(Provision)/release of provision for credit losses	1,663	309	90	2,062
Debt securities ending balance	(2,967)	(2,249)	(573)	(5,789)
Allowance for credit losses	**(68,414)**	**(75,259)**	**(58,130)**	**(201,803)**
Undisbursed commitments				
Beginning balance	(18,072)	(14,371)	(27,887)	(60,330)
(Provision)/release of provision for credit losses	8,942	(12,044)	1,913	(1,189)
Undisbursed commitments ending balance	(9,130)	(26,415)	(25,974)	(61,519)
Guarantees				
Beginning balance	(282)	(1,142)	(16,039)	(17,463)
(Provision)/release of provision for credit losses	263	1,142	16,017	17,422
Guarantees ending balance	(19)	—	(22)	(41)
Liability for off-balance sheet credit losses	**(9,149)**	**(26,415)**	**(25,996)**	**(61,560)**
(Provision)/release of provision for credit losses	$ 5,321	$ (11,539)	$ 511	$ (5,707)

	YEAR ENDED DECEMBER 31, 2020			
	FINANCIAL INSTITUTIONS	CORPORATES	PROJECT FINANCE	TOTAL
Loans				
Beginning balance	$(32,926)	$(64,688)	$—	$(97,614)
Loans written off	—	—	—	—
Cumulative effect of adoption of ASU 2016-13	5,490	26,988	(30,082)	2,396
Recoveries	(40)	—	—	(40)
(Provision)/release of provision for credit losses	(32,386)	(34,364)	(11,239)	(77,989)
Loans ending balance	(59,862)	(72,064)	(41,321)	(173,247)
Debt securities				
Beginning balance [1]	—	—	—	—
Debt securities written off	—	—	—	—
Cumulative effect of adoption of ASU 2016-13	(3,755)	(3,021)	(732)	(7,508)
Recoveries	—	—	—	—
(Provision)/release of provision for credit losses	(875)	463	69	(343)
Debt securities ending balance	(4,630)	(2,558)	(663)	(7,851)
Allowance for credit losses	**(64,492)**	**(74,622)**	**(41,984)**	**(181,098)**
Undisbursed commitments				
Beginning balance [1]	—	—	—	—
Cumulative effect of adoption of ASU 2016-13	(3,356)	(10,134)	(18,431)	(31,921)
(Provision)/release of provision for credit losses	(14,716)	(4,237)	(9,456)	(28,409)
Undisbursed commitments ending balance	(18,072)	(14,371)	(27,887)	(60,330)
Guarantees				
Beginning balance	(187)	(314)	(2,747)	(3,248)
Cumulative effect of adoption of ASU 2016-13	110	(542)	(8,768)	(9,200)
(Provision)/release of provision for credit losses	(205)	(286)	(4,524)	(5,015)
Guarantees ending balance	(282)	(1,142)	(16,039)	(17,463)
Liability for off-balance sheet credit losses	**(18,354)**	**(15,513)**	**(43,926)**	**(77,793)**
(Provision)/release of provision for credit losses	$ (48,182)	$ (38,424)	$ (25,150)	$ (111,756)

[1] Debt securities and undisbursed commitments were not subject to provisioning prior to the adoption of ASU 2016-13.

A description of credit quality indicators is presented in the table below:

RATING CATEGORIES	CREDIT QUALITY INDICATOR	INTERNAL CREDIT RISK CLASSIFICATION RANGE	DESCRIPTION
aa- and better	Very strong	aa- or higher	An obligor in these categories has a very strong capacity to meet its financial commitment.
a+ to a-	Strong	a+, a, a-	An obligor in these categories has a strong capacity to meet its financial commitment.
bbb+ to bbb-	Adequate	bbb+, bbb, bbb-	An obligor in these categories exhibits an adequate financial profile. However, adverse economic conditions or changing circumstances are more likely to lead to a weakening of the obligor's capacity to meet its financial obligations.
bb+ to bb-	Moderate	bb+, bb, bb-	An obligor in these categories can face major uncertainties or exposures to adverse business, financial, or economic conditions that could lead to its inadequate capacity to meet its financial obligations.
b+ to b-	Weak	b+, b, b-	An obligor in these categories is more vulnerable to nonpayment than obligations rated bb-, but the obligor currently has the capacity to meet its financial obligations. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial obligations.
ccc+ and lower	Very weak	ccc+ or lower	An obligor in these categories faces significant challenges, and default may also already be a virtual certainty. The obligor is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial obligations. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial obligations.

A summary of development related debt investments carried at amortized cost by credit quality indicator, class of financing receivable and major security type, and vintage as of December 31, 2021 and 2020 are as follows (US$ thousands):

	DECEMBER 31, 2021						
	AMORTIZED COST BASIS BY ORIGINATION YEAR [1]						
	2021	2020	2019	2018	Prior	Revolving loans amortized cost basis	Total
Loans							
Strong	$382	$—	$—	$—	$—	$—	$382
Adequate	19,041	274,000	15,350	—	13,785	319,955	642,131
Moderate	600,051	444,415	335,544	200,776	54,762	416,837	2,052,385
Weak	462,544	565,842	256,215	230,792	126,985	117,678	1,760,056
Very weak	—	6,531	25,750	54,839	68,031	—	155,151
Total loans	**1,082,018**	**1,290,788**	**632,859**	**486,407**	**263,563**	**854,470**	**4,610,105**
Debt securities							
Strong	—	—	—	—	—	—	—
Adequate	—	—	—	—	—	—	—
Moderate	—	—	50,000	43,382	5,893	—	99,275
Weak	—	—	—	13,000	—	—	13,000
Very weak	—	—	—	6,000	—	—	6,000
Total debt securities	**—**	**—**	**50,000**	**62,382**	**5,893**	**—**	**118,275**
Total amortized cost loans and debt securities	**$1,082,018**	**$1,290,788**	**$682,859**	**$548,789**	**$269,456**	**$854,470**	**$4,728,380**

[1] Includes short-term loans with maturities of less than one year. For the year ended December 31, 2021, there were no line of credit arrangements converted to term loans.

	DECEMBER 31, 2020					
	AMORTIZED COST BASIS BY ORIGINATION YEAR [1]					
	2020	2019	2018	Prior	Revolving loans amortized cost basis	Total
Loans						
Adequate	$270,000	$60,750	$—	$29,404	$331,111	$691,265
Moderate	755,716	287,107	323,748	115,225	232,869	1,714,665
Weak	461,220	240,847	190,829	158,377	16,477	1,067,750
Very weak	6,000	37,811	51,015	85,986	—	180,812
Total loans	**1,492,936**	**626,515**	**565,592**	**388,992**	**580,457**	**3,654,492**
Debt securities						
Adequate	—	—	—	—	—	—
Moderate	—	50,000	50,085	6,119	—	106,204
Weak	—	—	13,000	—	—	13,000
Very weak	—	—	9,000	—	—	9,000
Total debt securities	**—**	**50,000**	**72,085**	**6,119**	**—**	**128,204**
Total amortized cost loans and debt securities	**$1,492,936**	**$676,515**	**$637,677**	**$395,111**	**$580,457**	**$3,782,696**

[1] Includes short-term loans with maturities of less than one year and $1.2 million of line-of-credit arrangements that were converted to term loans during the year ended December 31, 2020.

The following table presents the amortized cost and allowance for credit losses on held-to-maturity development related debt securities in comparison to the fair value and gross unrecognized holding gains/(losses) that would have been recorded if such securities were recorded at fair value (US$ thousands):

	DECEMBER 31, 2021					
				GROSS UNRECOGNIZED HOLDING		
	AMORTIZED COST	ALLOWANCE FOR CREDIT LOSSES	NET CARRYING AMOUNT	GAINS	LOSSES	FAIR VALUE
Debt securities	$118,275	$(5,789)	$112,486	$11,306	$—	$129,581
Total	**$118,275**	**$(5,789)**	**$112,486**	**$11,306**	**$—**	**$129,581**

	DECEMBER 31, 2020					
				GROSS UNRECOGNIZED HOLDING		
	AMORTIZED COST	ALLOWANCE FOR CREDIT LOSSES	NET CARRYING AMOUNT	GAINS	LOSSES	FAIR VALUE
Debt securities	$128,204	$(7,851)	$120,353	$17,573	$—	$145,777
Total	**$128,204**	**$(7,851)**	**$120,353**	**$17,573**	**$—**	**$145,777**

Guarantees

Guarantees issued by IDB Invest have maturities consistent with those of the guaranteed loan portfolio. No guarantees issued by IDB Invest have been called since the inception of the guarantee program.

The outstanding exposure for guarantees by IDB Invest was $134.6 million as of December 31, 2021 ($107.3 million as of December 31, 2020). The maximum potential amount of future payments under the guarantees, without taking into consideration possible recoveries under recourse provisions or from collateral held or pledged, amounted to $146.7 million as of December 31, 2021 ($156.8 million as of December 31, 2020).

The contingent liabilities associated with the guarantees issued by IDB Invest are measured either under the CECL methodology or at fair value through income. For guarantees measured under the CECL methodology, IDB Invest recorded a contingent liability for off-balance sheet credit exposures of $41 thousand as of December 31, 2021 ($17.5 million as of December 31, 2020) in the balance sheets and a release of provision for credit losses of $17.4 million for the year ended December 31, 2021 (provision for credit losses of $5.0 million for the year ended December 31, 2020) in the income statements. In connection with guarantees measured at fair value, IDB Invest recorded a reduction in the contingent liability of $1.2 million as of December 31, 2021 in the balance sheets and recognized $1.2 million net unrealized gains for the year ended December 31, 2021 in the income statements.

Loan participations

As of December 31, 2021, IDB Invest serviced loan participations outstanding of $2.2 billion ($1.4 billion as of December 31, 2020) and recognized servicing fees of $1.2 million for the year ended December 31, 2021 ($751 thousand for the year ended December 31, 2020) included in Mobilization fees and other income in the income statements.

Variable interest entities

IDB Invest is the primary beneficiary of one VIE as of December 31, 2021. IDB Invest's involvement with this VIE is limited to a loan which amounted to $7.0 million as of December 31, 2021 ($6.4 million as of December 31, 2020) and recorded as Development related investments in the balance sheets. Based on the most recent available data, total VIE assets amounted to $6.7 million as of December 31, 2021 ($6.4 million as of December 31, 2020), which is considered insignificant compared to the carrying value, and thus not consolidated with IDB Invest's financial statements.

IDB Invest also holds variable interests in the form of development related investments in VIEs in which it is not the primary beneficiary as of December 31, 2021. These VIEs are mainly special purpose vehicles or investment funds, where the sponsor, the general partner or fund manager does not have substantive equity at risk or the equity investors, as a group, lack substantive voting rights or the power, through voting or similar rights, to direct the activities of the entity that most significantly impact the entity's economic performance. IDB Invest's interests in these VIEs are recorded as Development related investments in the balance sheets.

IDB Invest's maximum exposure to loss as a result of its involvement in such VIEs as of December 31, 2021 is as follows (US$ thousands):

	DECEMBER 31, 2021
Carrying value	$162,336
Undisbursed commitments	103,457
Maximum exposure to VIEs	**$265,793**

5. Receivables and Other Assets

Receivables and other assets are summarized below (US$ thousands):

	NOTES	DECEMBER 31, 2021	DECEMBER 31, 2020
Receivables for cash collateral pledged	7	$ 65,800	$ —
Operating lease right-of-use asset		40,174	48,400
Recovery assets		38,158	23,660
Interest receivable on development related debt investments		24,030	24,377
Fixed and intangible assets		13,796	12,650
Interest receivable on investment securities		6,976	5,511
Other assets		3,011	6,736
Total receivables and other assets		**$ 191,945**	**$ 121,334**

6. Borrowings

Borrowings outstanding by measurement basis, currency, and range of contractual interest rates applicable to each category are presented below (US$ thousands):

	DECEMBER 31, 2021		DECEMBER 31, 2020	
	AMOUNT OUTSTANDING	INTEREST RATE RANGE	AMOUNT OUTSTANDING	INTEREST RATE RANGE
At amortized cost				
Australian dollar (AUD)	$ 376,426	1.1% - 2.2%	$ —	— %
Brazilian real (BRL)	50,173	9.4% - 11.6%	33,712	2.7% - 4.3%
Colombian peso (COP)	175,824	3.5% - 9.2%	192,177	2.2% - 6.6%
Dominican peso (DOP)	8,728	8.8%	8,589	8.8 %
Mexican peso (MXN)	292,506	5.2% - 5.7%	251,240	4.5% - 4.6%
Paraguayan guarani (PYG)	19,847	5.4% - 6.1%	21,388	5.4% - 6.1%
Trinidad and Tobago dollar (TTD)	29,514	2.1%	36,990	2.1 %
United States dollar (USD)	600,000	1.7% - 1.8%	1,250,000	0.3% - 1.8%
Principal at face value	**1,553,018**		**1,794,096**	
Unamortized premiums/discounts and issuance costs, net	(2,214)		(1,278)	
Borrowings at amortized cost, net	**1,550,804**		**1,792,818**	
At fair value				
Australian dollar (AUD)	99,176	1.5%	99,176	1.5 %
United States dollar (USD)	3,000,000	0.5% - 0.8%	2,000,000	0.5% - 0.8%
Principal at face value	**3,099,176**		**2,099,176**	
Unamortized premiums/discounts and issuance costs, net	(3,571)		(370)	
Fair value (gain)/loss adjustments, net	(33,780)		16,833	
Borrowings at fair value, net	**3,061,825**		**2,115,639**	
Total borrowings at carrying amount, net	**$ 4,612,629**		**$ 3,908,457**	

The principal amounts repayable on borrowings outstanding in all currencies for the years ended December 31, 2021, through December 31, 2026, and thereafter are presented below (US$ thousands):

	DECEMBER 31, 2021
2022	$ 1,095,852
2023	1,111,559
2024	716,011
2025	46,476
2026	1,291,632
Thereafter	390,664
Total principal amount outstanding	**4,652,194**
Unamortized premiums/discounts and issuance costs, net	(5,785)
Fair value (gain)/loss adjustments, net	(33,780)
Total borrowings at carrying amount, net	**$ 4,612,629**

Availability under existing credit facilities by currency are as follows (US$ thousands):

		DECEMBER 31, 2021		
	AVAILABLE UNTIL	COMMITTED AMOUNT	UNDRAWN COMMITMENT AMOUNT	DRAWDOWN AMOUNT
Colombian peso				
COP 254 billion	2024	$ 62,521	$ 2,945	**$ 59,576**
Multi-currency				
USD 300 million	2029	$ 300,000	$ 93,079	**$ 206,921**

Borrowings expense, net, is as follows (US$ thousands):

	YEAR ENDED DECEMBER 31	
	2021	2020
Interest expense	$ 59,794	$ 45,099
Fees expense	346	534
Amortization of premiums/discounts and issuance costs, net	2,756	2,324
Total borrowings expense, net	**$ 62,896**	**$ 47,957**

Changes in fair value of borrowings attributable to changes in instrument-specific credit risk recognized in Other comprehensive income/(loss) are as follows (US$ thousands):

	YEAR ENDED DECEMBER 31	
	2021	2020
Unrealized gain/(loss) during the period	$ (18,416)	$ (20,831)
Total recognized in other comprehensive income/(loss)	**$ (18,416)**	**$ (20,831)**

7. Derivative Instruments

IDB Invest enters into contracts for derivative instruments primarily for market risk management purposes in connection with its principal business activities. None of these derivative instruments are designated as hedging instruments under ASC 815, Derivatives.

The location presented as assets/(liabilities) in the balance sheets and the fair value of derivative instruments by purpose and type are summarized below (US$ thousands):

		DECEMBER 31, 2021		DECEMBER 31, 2020	
DERIVATIVE PURPOSE	DERIVATIVE TYPE	DERIVATIVE ASSETS	DERIVATIVE LIABILITIES	DERIVATIVE ASSETS	DERIVATIVE LIABILITIES
Development related debt investments	Cross currency swaps	$ 5,302	$ (1,311)	$ 266	$ (444)
	Interest rate swaps	11,106	(2,849)	164	(90)
Borrowings	Cross currency swaps	—	(39,023)	3,848	—
	Interest rate swaps	1,281	(36,758)	1,183	(1,300)
Total		**$ 17,689**	**$ (79,941)**	**$ 5,461**	**$ (1,834)**

The effect of derivative instruments in the income statements are summarized below (US$ thousands):

		YEAR ENDED DECEMBER 31	
DERIVATIVE TYPE AND PURPOSE	INCOME STATEMENT LOCATION	2021	2020
Development related debt investments			
Cross currency swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	$ 3,446	$ (178)
Interest rate swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	8,818	62
Borrowings			
Cross currency swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	(40,269)	3,848
Interest rate swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	(31,084)	2,073
Total		**$ (59,089)**	**$ 5,805**

The income related to each derivative type includes realized and unrealized gains and losses.

As of December 31, 2021, the outstanding volume, measured by notional amount, of swap contracts was $4.6 billion ($2.4 billion as of December 31, 2020).

IDB Invest does not present derivative assets and liabilities related to contracts entered into with the same counterparty under a legally enforceable netting agreement on a net basis in the balance sheets. The following tables provide the gross and net positions of IDB Invest's derivative contracts considering amounts and collateral held or pledged in accordance with enforceable counterparty credit support and netting agreements described below (US$ thousands):

	DECEMBER 31, 2021			
	GROSS AMOUNT OF ASSETS PRESENTED IN THE BALANCE SHEETS	GROSS AMOUNTS NOT OFFSET IN THE BALANCE SHEETS		NET AMOUNT
		FINANCIAL INSTRUMENTS	COLLATERAL RECEIVED [1]	
Derivative assets	$ 17,689	$ (12,372)	$ (5,317)	$ —

	DECEMBER 31, 2021			
	GROSS AMOUNT OF LIABILITIES PRESENTED IN THE BALANCE SHEETS	GROSS AMOUNTS NOT OFFSET IN THE BALANCE SHEETS		NET AMOUNT
		FINANCIAL INSTRUMENTS	COLLATERAL PLEDGED (1)	
Derivative liabilities	$ (79,941)	$ 12,372	$ 65,800	$ (1,769)

[1] Collateral received of $5.3 million reflects the offsetting threshold limit, which cannot exceed the fair value of the derivative assets. Total cash collateral received was $5.7 million as of December 31, 2021. Refer to Note 8 for additional details related to Payables for cash collateral received.

	DECEMBER 31, 2020			
	GROSS AMOUNT OF ASSETS PRESENTED IN THE BALANCE SHEETS	GROSS AMOUNTS NOT OFFSET IN THE BALANCE SHEETS		NET AMOUNT
		FINANCIAL INSTRUMENTS	COLLATERAL RECEIVED (1)	
Derivative assets	$ 5,461	$ (1,834)	$ (2,205)	$ 1,422

	DECEMBER 31, 2020			
	GROSS AMOUNT OF LIABILITIES PRESENTED IN THE BALANCE SHEETS	GROSS AMOUNTS NOT OFFSET IN THE BALANCE SHEETS		NET AMOUNT
		FINANCIAL INSTRUMENTS	COLLATERAL PLEDGED	
Derivative liabilities	$ (1,834)	$ 1,834	$ —	$ —

[1] Collateral received of $2.2 million reflects the offsetting threshold limit, which cannot exceed the fair value of the derivative assets. Total cash collateral received was $2.6 million as of December 31, 2020. Refer to Note 8 for additional details related to Payables for cash collateral received.

IDB Invest's derivative contracts with market counterparties are entered into under standardized master agreements published by the International Swaps and Derivatives Association ("ISDA" Agreements). ISDA Agreements provide for a single lump sum settlement amount upon the early termination of transactions following a default or termination event whereby amounts payable by the non-defaulting party to the other party may be applied to reduce any amounts that the other party owes the non-defaulting party. This setoff effectively reduces any amount payable by the non-defaulting party to the defaulting party.

IDB Invest's ISDA Agreements are appended by a Credit Support Annex ("CSA") that provides for the receipt and posting of collateral in the form of cash in US$ or U.S. Treasury securities to reduce mark-to-market exposure among derivative market counterparties. IDB Invest recognizes cash collateral received and a corresponding liability in its balance sheets for the obligation to return it. As of December 31, 2021, IDB Invest had $5.7 million of outstanding obligations to return cash collateral under CSAs ($2.6 million as of December 31, 2020). IDB Invest recognizes a receivable in its balance sheets for its rights to cash collateral posted. As of December 31, 2021, $65.8 million of cash collateral was posted under CSAs (none as of December 31, 2020). No securities collateral was received nor pledged as of December 31, 2021 nor 2020. Securities received as collateral are not recognized in the balance sheets. In accordance with the CSAs, IDB Invest may rehypothecate securities received as collateral, subject to the obligation to return such collateral and any related distributions received. In the event of a counterparty default, IDB Invest may exercise certain rights and remedies, including the right to setoff any amounts payable by the counterparty against any collateral held by IDB Invest and the right to liquidate any collateral held.

8. Payables and Other Liabilities

Payables and other liabilities are summarized below (US$ thousands):

	NOTES	DECEMBER 31, 2021		DECEMBER 31, 2020	
Pension and Postretirement Benefit Plans					
Pension Plans, net liability	14	$	126,178	$	123,105
Postretirement Benefit Plan, net liability	14		18,453		34,694
Operating lease liability	12		41,593		49,939
Liability for off-balance sheet credit losses	4		61,560		77,793
Loan origination fees and costs, net			34,793		29,634
Borrowings related Interest and commitment fees payable			18,215		11,866
Employment benefits payable			16,635		14,600
Due to IDB, net	13		16,620		14,825
Deferred revenue			16,092		15,373
Payables for cash collateral received	7		5,700		2,600
Other liabilities			28,241		31,378
Total payables and other liabilities		**$**	**384,080**	**$**	**405,807**

Deferred revenue includes service fees collected from related parties. Additional information about IDB Invest's related party transactions is included in Note 1

9. Capital

IDB Invest's original authorized share capital was increased to $705.9 million, equivalent to 70,590 shares, through a $500.0 million general capital increase approved in 1999 (GCI-I), and several special increases. These increases allocated a total of $505.9 million for subscriptions by new and existing member countries, with a par value and issuance price of $10,000 per share.

On March 30, 2015, IDB Invest's Board of Governors authorized the Second General Capital Increase (GCI-II) for $2.03 billion. The capital increase is comprised of: (i) $1.305 billion in capital to be paid by IDB Invest shareholders during the 2016-2022 period; and (ii) annual transfers from the IDB, on behalf of its shareholders, to be paid to IDB Invest during the period 2018-2025, totaling $725.0 million for the entire period, and conditional upon annual approval by the IDB Board of Governors. The GCI–II increases the authorized capital stock by 125,474 shares – 80,662 shares corresponding to capital contributions payable by the countries (Annex A Shares) and 44,812 shares corresponding to transfers from the IDB on behalf of its member countries (Annex B Shares) – with a share issuance price of $16,178.60 per share. With this capital increase, total authorized shares amount to 196,064.

All Annex A Shares have been subscribed and are expected to be paid in over time. In the balance sheets, subscribed shares are recorded as Capital, par value, Additional paid-in capital and Receivable from members on the date of the subscription instrument at the share issuance price. Payments are due on October 31 of each year from 2016 to 2022, per a payment plan determined and communicated by management to each subscribing country. The Board of Executive Directors is authorized to extend payment deadlines. The price for Annex A Shares not paid within their corresponding annual installment is adjusted to reflect a 5.0% increase for each year of arrears; except for shares corresponding to the first installment which were fully paid in by the end of the second installment and not subject to a price adjustment. The price adjustment for shares in arrears is recorded to Additional paid-in capital and to Receivable from members in the balance sheets.

Capital contributions of $62.7 million were received during the year ended December 31, 2021 for a total of $1.2 billion in contributions corresponding to Annex A Shares under GCI-II. In March 2021, the Board of Governors approved income distributions corresponding to Annex B Shares transfers from the IDB on behalf of its shareholders that are also member countries of IDB Invest. Following this approval, IDB Invest received $148.6 million in income distributions (transfers) for a total of $356.5 million contributions corresponding to Annex B Shares under GCI-II, which are included as part of Total paid-in capital in the balance sheets. Total capital contributions of $1.5 billion have been received under GCI-II through December 31, 2021.

Under the Agreement Establishing the Inter-American Investment Corporation, any member may withdraw from IDB Invest, which shall become effective on the date specified in the notice but in no event prior to six months from the delivery date of such notice. Even after withdrawing, a member shall remain liable for all obligations to IDB Invest to which it was subject on the date of delivery of the withdrawal notice. In the event a member withdraws, IDB Invest and the member may agree to the repurchase of the shares of said member on terms appropriate under the circumstances. If such agreement is not reached within three months of the withdrawal notice, or within a term agreed upon between both parties, the repurchase price of the member's shares shall be equal to the book value on the date when the member ceases to belong to IDB Invest, such book value to be determined by the audited financial statements. Payment for shares shall be made in such installments, times, and currencies as IDB Invest shall determine, taking into account its financial position.

Capital and receivable from members are as follows (US$ thousands, except for Shares and Voting power):

	CAPITAL						VOTING POWER	
	SHARES[1]	CAPITAL, PAR VALUE	ADDITIONAL PAID-IN CAPITAL[2]	RECEIVABLE FROM MEMBERS[3]	TOTAL PAID IN CAPITAL	PERCENT OF TOTAL PAID IN CAPITAL [4]	NUMBER OF VOTES	PERCENT OF TOTAL VOTES[4]
Argentina	19,903	$ 199,030	$ 73,233	$ (233)	$ 272,030	12.21	19,578	12.09
Austria	922	9,220	3,574	(356)	12,438	0.56	900	0.56
Bahamas	354	3,540	1,325	(536)	4,329	0.19	322	0.20
Barbados	250	2,500	978	(190)	3,288	0.15	238	0.15
Belgium	242	2,420	453	—	2,873	0.13	242	0.15
Belize	126	1,260	170	—	1,430	0.06	126	0.08
Bolivia	1,601	16,010	5,877	(469)	21,418	0.96	1,572	0.97
Brazil	19,903	199,030	77,593	(15,163)	261,460	11.73	17,524	10.82
Canada	4,978	49,780	29,849	(2,232)	77,397	3.47	4,840	2.99
Chile	5,150	51,500	19,671	(2,911)	68,260	3.06	4,970	3.07
China	9,330	93,300	56,693	(5,225)	144,768	6.50	9,007	5.56
Colombia	5,150	51,500	18,932	—	70,432	3.16	5,064	3.13
Costa Rica	772	7,720	2,843	(243)	10,320	0.46	757	0.47
Croatia[5]	10	100	75	—	175	0.01	10	0.01
Denmark	1,108	11,080	241	—	11,321	0.51	1,108	0.68
Dominican Republic	1,068	10,680	3,912	(324)	14,268	0.64	1,048	0.65
Ecuador	1,077	10,770	3,957	(324)	14,403	0.65	1,057	0.65
El Salvador	772	7,720	2,971	(243)	10,448	0.47	757	0.47
Finland	1,056	10,560	4,105	—	14,665	0.66	1,032	0.64
France	3,289	32,890	6,977	(453)	39,414	1.77	3,261	2.01
Germany	1,755	17,550	2,615	—	20,165	0.90	1,755	1.08
Guatemala	1,025	10,250	3,743	(339)	13,654	0.61	1,004	0.62
Guyana	291	2,910	1,069	(17)	3,962	0.18	285	0.18
Haiti	772	7,720	3,488	(2,594)	8,614	0.39	623	0.38
Honduras	772	7,720	2,918	(322)	10,316	0.46	752	0.46
Israel	426	4,260	1,569	(243)	5,586	0.25	411	0.25
Italy	5,056	50,560	17,886	(1,440)	67,006	3.01	4,967	3.07
Jamaica	548	5,480	796	—	6,276	0.28	548	0.34
Japan	6,063	60,630	22,065	(1,472)	81,223	3.65	5,972	3.69
Korea	8,293	82,930	50,286	(4,627)	128,589	5.77	8,007	4.95
Mexico	12,748	127,480	46,604	—	174,084	7.81	12,540	7.75
Netherlands	1,115	11,150	277	—	11,427	0.51	1,115	0.69
Nicaragua	772	7,720	2,837	(242)	10,315	0.46	757	0.47
Norway	1,053	10,530	4,091	(405)	14,216	0.64	1,028	0.63
Panama	1,073	10,730	4,625	(404)	14,951	0.67	1,048	0.65
Paraguay	806	8,060	2,965	(275)	10,750	0.48	789	0.49
Peru	5,510	55,100	21,161	—	76,261	3.42	5,400	3.34
Portugal	401	4,010	1,364	(177)	5,197	0.23	390	0.24
Slovenia[6]	6	60	47	—	107	0.00	6	0.00
Spain	7,399	73,990	30,323	—	104,313	4.68	7,243	4.47
Suriname	120	1,200	128	—	1,328	0.06	120	0.07
Sweden	1,018	10,180	3,876	(372)	13,684	0.61	995	0.61
Switzerland	2,392	23,920	8,174	(744)	31,350	1.41	2,346	1.45
Trinidad and Tobago	767	7,670	3,548	(4,022)	7,196	0.32	543	0.34
United States	22,698	226,980	41,277	—	268,257	12.04	22,698	14.02
Uruguay	2,120	21,200	7,774	—	28,974	1.30	2,083	1.29
Venezuela	11,205	112,050	58,286	(114,975)	55,361	2.48	5,068	3.13
Total as of December 31, 2021	**173,265**	**$ 1,732,650**	**$ 657,221**	**$ (161,572)**	**$ 2,228,299**	**100**	**161,906**	**100**
Total as of December 31, 2020	**164,085**	**$ 1,640,850**	**$ 593,835**	**$ (217,596)**	**$ 2,017,089**		**149,176**	

[1] Includes Annex B shares for which income distributions (transfers) were made by IDB on behalf of its shareholders.
[2] Includes the amount in addition to par value for shares under GCI-II, partial payments in excess of full shares.
[3] Represents receivable from members under GCI-II.
[4] Data are rounded; detail may not add to total because of rounding.
[5] Croatia's voting power is 0.0062.
[6] Slovenia's voting power is 0.0037.

10. Fair Value Measurements

IDB Invest carries a portion of its financial instruments at fair value on a recurring basis and discloses fair value of financial instruments not carried at fair value in accordance with US GAAP. The methodologies and key assumptions IDB Invest uses to estimate the fair values of its financial instruments are summarized below.

Projections of future cash flows and other assumptions and methodologies used in the determination of fair value are subjective, particularly when the measurement relies on unobservable market inputs. Minor changes in assumptions or methodologies may affect the fair value measurements. Also, the impact of COVID-19 introduced a heightened degree of uncertainty in these measurements.

Cash and cash equivalents – The carrying amount reported in the balance sheets approximates fair value.

Liquid assets – Fair values for money market funds and debt securities are based on either unadjusted quoted prices for identical assets or liabilities in active markets or quoted prices in active markets for identical assets or liabilities or prices derived from alternative pricing models when these prices are not available from pricing vendors. These methodologies apply to certain investments in non-U.S. government obligations, agencies, supranationals and corporate bonds. Also included are commercial paper (CP) and certificates of deposit (CD) issued under large U.S. based CP or CD programs. For investments for which prices and other relevant information, generated by market transactions involving identical or comparable assets, are not available, the income approach is used, based on yield curves, bond or credit default swap spreads, and recovery rates based on collateral values as key inputs.

Development related debt investments – Loans and development related investments in debt securities for which a combination of observable and unobservable inputs is generally available, require the use of estimates and present value calculations of future cash flows. Fair values are estimated using recently executed transactions, market price quotations (where observable), and market observable credit default swap levels along with proprietary valuation models where such transactions and quotations are unobservable. The lack of objective pricing standards adds a greater degree of subjectivity and volatility to these derived or estimated fair values.

Any excess or deficit resulting from the difference between the carrying amounts of the development related debt investments carried at amortized cost and the fair value disclosed does not necessarily reflect the realizable values since IDB Invest generally holds investments to maturity with the aim of realizing their contractual cash flows.

Equity investments – In most cases, market prices are not available for equity investments, and alternate valuation techniques require a significant degree of judgment. IDB Invest intends to hold investments in LPs until the final liquidation of the underlying assets of the LPs in order to participate fully in the performance of the LP. IDB Invest does not have redemption rights in any of these investments. IDB Invest estimates that the underlying assets of the LPs generally may be liquidated over a period of 10 years.

> Equity investments at fair value – Equity investments are carried at fair value on a recurring basis if publicly traded in active markets, or if IDB Invest elects the FVO. For investments in LPs, IDB Invest utilizes the NAVs reported by the fund managers as the basis of the fair value measurement. These NAVs are derived from the fair values of the underlying investments and adjusted further by IDB Invest, as needed.
>
> Equity investments at cost-based measurement alternative – All equity investments are measured at fair value since June 30, 2021. Prior to this, IDB Invest used estimates and present value calculations of future cash flows to calculate impairments of equity investments measured at cost under the cost-based measurement alternative. IDB Invest relied on third-party valuation specialists when available, internal estimates, or a combination of both.

Derivative instruments – These include cross currency and interest rate swap contracts. Fair values are determined by obtaining the present value of estimated future cash flows using appropriate discount rates.

Borrowings – IDB Invest's borrowings are recorded at amortized cost or fair value. The fair value of IDB Invest's borrowings is estimated using traded prices, quoted market prices or discounted cash flow analyses based on IDB Invest's current borrowing rates for similar types of borrowing arrangements.

Other assets and liabilities – The carrying value of financial instruments included in Receivables and other assets, and Payables and other liabilities approximates fair value due to their liquid or short-term nature. Payables and other liabilities includes guarantees issued and measured at fair value.

Fair value of financial instruments

The following table presents the carrying values and estimated fair values of IDB Invest's financial instrument assets/(liabilities) and their classification within the fair value hierarchy in accordance with ASC 820, Fair Value Measurement (US$ thousands):

	DECEMBER 31, 2021				
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE
Investment securities					
Corporate securities	$ 876,384	$ —	$ 876,384	$ —	$ 876,384
Agency securities	464,378	—	464,378	—	464,378
Money market funds	275,145	—	275,145	—	275,145
Government securities	166,295	—	166,295	—	166,295
Supranational securities	121,349	—	121,349	—	121,349
	1,903,551	—	1,903,551	—	1,903,551
Loans					
Amortized cost	4,610,105	—	—	4,690,765	4,690,765
Fair value	144,422	—	—	144,422	144,422
	4,754,527	—	—	4,835,187	4,835,187
Debt securities					
Amortized cost	118,275	—	—	129,581	129,581
Fair value	405,866	—	—	405,866	405,866
NAV[1]	29,325				29,325
	553,466	—	—	535,447	564,772
Equity investments					
Fair value	115,213	971	—	114,242	115,213
NAV[1]	162,427				162,427
	277,640	971	—	114,242	277,640
Derivative assets					
Cross currency swaps	5,302	—	5,302	—	5,302
Interest rate swaps	12,387	—	12,387	—	12,387
	17,689	—	17,689	—	17,689
Borrowings					
Amortized cost	(1,550,804)	—	(1,302,414)	(258,297)	(1,560,711)
Fair value	(3,061,825)	—	(3,061,825)	—	(3,061,825)
	(4,612,629)	—	(4,364,239)	(258,297)	(4,622,536)
Derivative liabilities					
Cross currency swaps	(40,334)	—	(40,334)	—	(40,334)
Interest rate swaps	(39,607)	—	(39,607)	—	(39,607)
	(79,941)	—	(79,941)	—	(79,941)
Payables and other liabilities					
Guarantees measured at fair value	1,151	—	—	1,151	1,151
	$ 1,151	**$ —**	**$ —**	**$ 1,151**	**$ 1,151**

[1] In accordance with ASC 820, investments that are recorded using net asset value per share as a practical expedient to fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

	DECEMBER 31, 2020				
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE
Investment securities					
Corporate securities	$ 967,805	$ —	$ 967,805	$ —	$ 967,805
Money market funds	617,053	—	617,053	—	617,053
Agency securities	309,103	—	309,103	—	309,103
Government securities	114,850	—	114,850	—	114,850
Supranational securities	70,225	—	70,225	—	70,225
	2,079,036	—	2,079,036	—	2,079,036
Loans					
Amortized cost	3,654,492	—	—	3,739,510	3,739,510
Fair value	155,647	—	—	155,647	155,647
	3,810,139	—	—	3,895,157	3,895,157
Debt securities					
Amortized cost	128,204	—	—	145,777	145,777
Fair value	275,593	—	—	275,593	275,593
NAV[1]	12,643				12,643
	416,440	—	—	421,370	434,013
Equity investments					
Cost-based measurement alternative	4,695	—	—	4,695	4,695
Fair value	43,441	1,119	—	42,322	43,441
NAV[1]	83,272				83,272
	131,408	1,119	—	47,017	131,408
Derivative assets					
Cross currency swaps	4,114	—	4,114	—	4,114
Interest rate swaps	1,347	—	1,347	—	1,347
	5,461	—	5,461	—	5,461
Borrowings					
Amortized cost	(1,792,818)	—	(1,572,243)	(258,166)	(1,830,409)
Fair value	(2,115,639)	—	(2,115,639)	—	(2,115,639)
	(3,908,457)	—	(3,687,882)	(258,166)	(3,946,048)
Derivative liabilities					
Cross currency swaps	(444)	—	(444)	—	(444)
Interest rate swaps	(1,390)	—	(1,390)	—	(1,390)
	$ (1,834)	**$ —**	**$ (1,834)**	**$ —**	**$ (1,834)**

[1]In accordance with ASC 820, investments that are recorded using net asset value per share as a practical expedient to fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

The following tables present changes in carrying value of IDB Invest's Level 3 financial instrument assets/(liabilities) that are carried at fair value as follows (US$ thousands):

	YEAR ENDED DECEMBER 31, 2021				
	BALANCE AS OF JANUARY 1, 2021	NET GAINS/(LOSSES) INCLUDED IN INCOME	DISBURSEMENTS, PURCHASES, SALES, SETTLEMENTS AND OTHER	BALANCE AS OF DECEMBER 31, 2021	NET UNREALIZED GAINS/(LOSSES) INCLUDED IN EARNINGS RELATED TO ASSETS/LIABILITIES HELD AT DECEMBER 31, 2021
Loans	$ 155,647	$ (6,447)	$ (4,778)	$ 144,422	$ (9,171)
Debt securities	275,593	(14,751)	145,024	405,866	(16,962)
Equity investments	42,322	16,738	55,182	114,242	19,284
Total assets at fair value	**473,562**	**(4,460)**	**195,428**	**664,530**	**(6,849)**
Payables and other liabilities	—	1,151	—	1,151	1,151
Total liabilities at fair value	**$ —**	**$ 1,151**	**$ —**	**$ 1,151**	**$ 1,151**

	YEAR ENDED DECEMBER 31, 2020				
	BALANCE AS OF JANUARY 1, 2020	NET GAINS/(LOSSES) INCLUDED IN INCOME	DISBURSEMENTS, PURCHASES, SALES, SETTLEMENTS AND OTHER	BALANCE AS OF DECEMBER 31, 2020	NET UNREALIZED GAINS/(LOSSES) INCLUDED IN EARNINGS RELATED TO ASSETS/LIABILITIES HELD AT DECEMBER 31, 2020
Loans	$ 27,527	$ (189)	$ 128,309	$ 155,647	$ (189)
Debt securities	197,406	(5,485)	83,672	275,593	$ (5,485)
Equity investments	25,941	1,754	14,627	42,322	$ 1,506
Total assets at fair value	**$ 250,874**	**$ (3,920)**	**$ 226,608**	**$ 473,562**	**$ (4,168)**

The following tables present gross purchases, sales, issuances and settlements related to the changes in the carrying value of IDB Invest's Level 3 financial instruments that are carried at fair value (US$ thousands):

	YEAR ENDED DECEMBER 31, 2021				
	DISBURSEMENTS/ PURCHASES	REPAYMENTS/ SALES	ISSUANCES	SETTLEMENTS AND OTHERS	NET
Loans	$ 11,619	$ (3,673)	$ —	$ (12,724)	$ (4,778)
Debt securities	155,348	(10,611)	—	287	145,024
Equity investments	37,124	(527)	—	18,585	55,182
Total assets at fair value	**$ 204,091**	**$ (14,811)**	**$ —**	**$ 6,148**	**$ 195,428**

	YEAR ENDED DECEMBER 31, 2020				
	DISBURSEMENTS/PURCHASES	REPAYMENTS/ SALES	ISSUANCES	SETTLEMENTS AND OTHERS	NET
Loans	$ 131,130	$ (2,821)	$ —	$ —	$ 128,309
Debt securities	84,838	(1,166)	—	—	83,672
Equity investments	15,857	(1,230)	—	—	14,627
Total assets at fair value	**$ 231,825**	**$ (5,217)**	**$ —**	**$ —**	**$ 226,608**

The following tables present the valuation techniques and significant unobservable inputs for development related investment assets/(liabilities) classified as Level 3 as of December 31, 2021 and 2020 (US$ thousands):

	DECEMBER 31, 2021				
	FAIR VALUE	VALUATION TECHNIQUE	SIGNIFICANT INPUTS	RANGE	WEIGHTED AVERAGE
Loans	$ 140,803	Discounted cash flows	Discount rate	2.3%-15.0%	5.4%
	3,619	Recent transaction price	Transaction price		
	144,422				
Debt securities	351,052	Discounted cash flows	Discount rate	2.1%-8.0%	4.3%
	54,807	Recent transaction price	Transaction price		
	7	Various techniques (1)			
	405,866				
Equity investments	78,065	Recent transaction price	Transaction price		
	17,961	Discounted cash flows	Discount rate	17.3%	17.3%
	11,264	Other (2)			
	6,952	Various techniques (1)			
	114,242				
Payables and other liabilities	1,151	Various techniques (1)			
	1,151				
Total	**$ 665,681**				

(1) Includes a combination of valuation techniques utilizing discounted cash flows, recent transactions and valuation multiples.

(2) Includes industry multiples and put option valuation.

	DECEMBER 31, 2020					
	FAIR VALUE		VALUATION TECHNIQUE	SIGNIFICANT INPUTS	RANGE	WEIGHTED AVERAGE
Loans	$	128,247	Discounted cash flows	Discount rate	2.5%-15.0%	4.1%
		27,400	Recent transaction			
		155,647				
Debt securities		194,661	Discounted cash flows	Discount rate	2.3%-6.0%	3.5%
		80,932	Recent transaction			
		275,593				
Equity investments		16,889	Discounted cash flows	Discount rate	18.4%	18.4%
		15,857	Recent transaction			
		9,576	Various techniques [1]			
		42,322				
Total	**$**	**473,562**				

[1] Includes a combination of valuation techniques utilizing discounted cash flows, recent transactions and valuation multiples.

There were no transfers between levels during the year ended December 31, 2021 nor 2020.

11. Non-trading portfolios

IDB Invest's non-trading portfolio includes development related debt investments and borrowings measured at fair value under the FVO as well as the related derivative instruments at fair value. Net gains and losses from changes in fair value on the non-trading portfolios and foreign exchange transactions are as follows (US$ thousands):

	YEAR ENDED DECEMBER 31			
	2021		2020	
Changes in fair value				
Development related debt investments	$	(422)	$	(937)
Borrowings		69,030		3,997
Derivatives				
Realized gain/(loss) on swaps [1]		6,790		2,178
Unrealized gain/(loss) on swaps [1]		(65,879)		3,627
Gain/(loss) from changes in fair value, net		**9,519**		**8,865**
Foreign exchange transactions				
Development related debt investments		(43,020)		(19,551)
Borrowings		46,959		26,176
Other assets/liabilities		936		(138)
Gain/(loss) from foreign exchange transactions, net		**4,875**		**6,487**
Gain/(loss) from changes in fair value and foreign exchange transactions, net	**$**	**14,394**	**$**	**15,352**

[1] Includes foreign exchange gain/(loss) on cross currency swaps.

Changes in the fair value of borrowings resulting from changes in IDB Invest's own credit risk spread are recorded through Other comprehensive income whereas changes in fair value due to market risk, and all fair value changes on derivatives, are reported in the income statements.

12. Contingencies and Leases

In the ordinary course of business, IDB Invest is from time to time named as a defendant, codefendant or party in litigation matters inherent to and typical of the operations in which it is engaged. In the opinion of IDB Invest's management, the ultimate resolution of these legal proceedings would not have a material adverse effect on IDB Invest's financial position, results of operations, or cash flows.

The global outbreak of the COVID-19 pandemic has disrupted economic markets and created significant volatility. The operational and financial performance of the companies IDB Invest finances depends on future developments, including the duration and spread of the outbreak. Such uncertainty may impact the fair value of IDB Invest's development related investments and the credit worthiness of IDB Invest's borrowers. IDB Invest has capital buffers in place to absorb additional stress and credit rating downgrades.

Office Space Leases

IDB Invest has entered into office space leases with the IDB at its headquarters and in its Regional Developing Member Countries that are accounted for as either short-term leases or operating leases. The current lease agreement with the IDB at headquarters expires in 2030. The remaining current lease agreements with the IDB in the Regional Developing Member Countries are generally renewed annually. The lease agreements in Argentina, Colombia and Panama include renewal options which extend the lease term between 2022 and 2029, all of which IDB Invest is reasonably certain to exercise for the duration established in the contract.

Refer to Notes 5 and 8 for additional information related to IDB Invest's operating lease right-of-use assets and operating lease liabilities outstanding as of December 31, 2021 and 2020.
The following table details the lease expenses and quantitative disclosure requirements (US$ thousands):

	YEAR ENDED DECEMBER 31	
	2021	2020
Operating leases		
Operating lease expense	$ 5,239	$ 6,110
Total lease expense	**$ 5,239**	**$ 6,110**
Supplemental disclosure:		
Weighted average of lease terms (years)	8.9	9.9
Weighted average discount rate	1.8 %	3.1 %

Discount rate is determined as IDB Invest's incremental borrowing rate under the IDB multi-currency facility.

Maturity analysis of operating lease liabilities with the IDB are as follows (US$ thousands):

	DECEMBER 31, 2021
Undiscounted cash flows in 2022	5,093
Undiscounted cash flows in 2023	5,066
Undiscounted cash flows in 2024	4,976
Undiscounted cash flows in 2025	4,981
Undiscounted cash flows in 2026 - 2030	24,775
Total operating leases	$ 44,891
Discount	(3,298)
Operating lease liability	**$ 41,593**

13. Related Party Transactions

IDB Invest provides certain services to the IDB and the IDB provides certain services to IDB Invest pursuant to SLAs, which outline the duration, scope of work, roles and responsibilities, remuneration, and performance metrics of each institution. The services performed under the SLAs are further described below. IDB Invest has also entered into office space leases with the IDB as described in Note 12. IDB Invest also has related party relationships with trust funds it administers or IDB administers as described below.

Non-Sovereign Guaranteed Operations

Following the IDB Group private sector and non-sovereign guaranteed (NSG) reorganization, all new NSG activities are originated by IDB Invest and largely co-financed by IDB Invest and the IDB. In co-financing arrangements, IDB Invest and the IDB have separate legal and economic interests in a financing transaction, which may be subject to certain minimum amounts as agreed between IDB Invest and the IDB.

IDB Invest earns revenue from an annual renewable SLA under which IDB Invest provides loan origination, credit risk evaluation and monitoring, and certain loan administration services for the IDB related to its private sector operations including operations that are co-financed by IDB Invest and IDB. IDB Invest also provides certain advisory services to the IDB Group. These amounts are included in Service fees from related parties in the income statements.

Management of External Funds

IDB Invest administers on behalf of other related party entities, which include donors and member countries, funds restricted for specific uses that include the co-financing of certain projects, technical studies for borrowers, project-related studies, and research and training programs. These funds are held in trust by IDB Invest and are not commingled with IDB Invest's funds, nor are they included in the assets of IDB Invest. IDB Invest receives a management fee that is generally a percentage of the funds received. These fees are included in Service fees from related parties in the income statements.

Access to IDB Administered Funds

In addition to the aforementioned funds, IDB Invest provides certain services for trust funds administered by the IDB on behalf of the trust fund donors (the Trust Funds). IDB Invest receives an allocation of the IDB's related Trust Fund fees. Such fees are intended to cover internal and external costs associated with administering the NSG activities for the Trust Funds and related operations over the expected lives of the Trust Funds and the underlying operations. Costs expected to be incurred approximate the allocable fee. The Trust Fund organizational documents provide for either the payment of a lump sum or scheduled payments. The timing of the payments may not correspond to the incurrence of the related costs. IDB Invest also provides certain technical assistance activities for private sector operations on behalf of donor trust funds that are directly funded by IDB Trust Funds. These arrangements are recognized on a cost reimbursement basis and presented gross in Service fees from related parties and Administrative expenses in the income statements.

For the year ended December 31, 2021, IDB Invest received $3.5 million for these services ($4.3 million for the year ended December 31, 2020). As of December 31, 2021, IDB Invest has recorded deferred revenue of $16.0 million related to these services ($15.0 million as of December 31, 2020), which will be recognized as revenue as services are provided. Deferred revenue is presented as a component of Payables and other liabilities in the balance sheets.

Revenue from related party transactions are as follows (US$ thousands):

	YEAR ENDED DECEMBER 31			
	2021		2020	
SLA revenue	$	68,805	$	76,688
Management of external funds revenue		2,334		2,109
IDB administered funds revenue		7,803		7,079
Total	**$**	**78,942**	**$**	**85,876**

SLA Expenses

IDB Invest purchases various general and administrative services from the IDB under a series of annual renewable SLAs. For the year ended December 31, 2021, IDB Invest incurred expenses of $16.0 million SLA services provided by the IDB ($16.7 million for the year ended December 31, 2020), which are included in Administrative expenses in the income statements. Payables related to these SLA expenses are included in the total Due to IDB, net of $16.6 million as of December 31, 2021 ($14.8 million as of December 31, 2020). Refer to Note 8 for additional details.

Other Transactions with Related Parties

IDB Invest has a multi-currency credit facility with the IDB up to $300.0 million at the rate in accordance with the IDB's lending rate policy. The tenor of borrowings under this facility shall not exceed twenty years from the disbursement date. This facility permits IDB Invest to supplement resources in local currencies to support its development related investment portfolio through December 31, 2029. As of December 31, 2021, IDB Invest's total drawdowns from the IDB multi-currency credit facility were $206.9 million and $93.1 million remain undrawn ($185.1 million total drawdowns and $114.9 million undrawn as of December 31, 2020). Refer to Note 6 for additional details.

14. Pension and Postretirement Benefit Plans

Both the IDB and IDB Invest are sponsors of the Pension Plans and PRBP and each employer presents its respective share of these plans using a December 31 measurement date.

Obligations and funded status

IDB Invest uses a December 31 measurement date for the Pension Plans and the PRBP. The following table summarizes IDB Invest's change in projected benefit obligation, change in plan assets, funded status of the Pension Plans and the PRBP, and the assets/(liabilities) recognized in the balance sheets (US$ thousands):

	PENSION PLANS		PRBP	
	2021	2020	2021	2020
Reconciliation of benefit obligation				
Obligation as of January 1	$ (382,483)	$ (306,498)	$ (217,485)	$ (180,482)
Service cost	(25,224)	(18,717)	$ (10,567)	$ (7,671)
Interest cost	(9,340)	(9,635)	$ (5,385)	$ (5,600)
Participants' contributions	(4,015)	(3,659)	$ —	$ —
Plan amendments	—	—	$ —	$ —
Net transfers between IDB and IDB Invest[1]	(7,704)	1,856	$ 14,775	$ 723
Actuarial gains/(losses)	(1,779)	(49,420)	$ 11,032	$ (25,608)
Benefits paid	4,015	3,590	$ 1,153	$ 1,173
Retiree Part D subsidy	—	—	$ (16)	$ (20)
Obligation as of December 31	**$ (426,530)**	**$ (382,483)**	**$ (206,493)**	**$ (217,485)**
Reconciliation of fair value of plan assets				
Fair value of plan assets as of January 1	259,378	228,578	$ 182,791	$ 162,684
Net transfers between IDB and IDB Invest[1]	7,704	(1,856)	$ (14,775)	$ (723)
Actual return on plan assets	25,039	25,086	$ 16,395	$ 16,967
Benefits paid	(4,015)	(3,590)	$ (1,153)	$ (1,173)
Participants' contributions	4,015	3,659	$ —	$ —
Employer contributions	8,231	7,501	$ 4,782	$ 5,036
Fair value of plan assets as of December 31	**$ 300,352**	**$ 259,378**	**$ 188,040**	**$ 182,791**
Funded status				
Funded/(Underfunded) status as of December 31	(126,178)	(123,105)	(18,453)	(34,694)
Funded/(Underfunded) status as of December 31	**$ (126,178)**	**$ (123,105)**	**$ (18,453)**	**$ (34,694)**
Amounts recognized in Accumulated other comprehensive income/(loss) consist of:				
Net actuarial (gain)/loss	64,187	83,744	21,861	45,582
Prior service (credit)/cost	—	—	(962)	(1,399)
Transition (asset)/obligation	—	—	—	—
Net amount recognized as of December 31	$ 64,187	$ 83,744	20,899	44,183

[1] Includes both annual transfers between IDB and IDB Invest and the one-time liability shift from IDB Invest to IDB for LRP participants.

As of December 31, 2021 and 2020, the Pension Plans and PRBP were all underfunded. In 2021 and 2020, the aggregate fair value of the Pension Plans and PRBP's assets were $488.4 million and $442.2 million, respectively, and aggregate projected benefit obligations were $633.0 million and $600.0 million, respectively, contributing to the total Pension Plans and PRBP liability of $144.6 million and $157.8 million, respectively, as of December 31, 2021 and 2020.

The accumulated benefit obligation, which excludes the effect of future salary increases, in excess of the fair value of the Pension Plans' assets is as follows as of December 31, 2021 (US$ thousands):

	PENSION PLANS	
	2021	2020
Accumulated benefit obligation	$ (350,266)	(312,419)
Fair value of plan assets	$ 300,352	$ 259,378
Funded/(Underfunded) status	**$ (49,914)**	**$ (53,041)**

Components of net periodic benefit cost

Pension Plans and PRBP net periodic benefit costs recognized in the income statements consist of the following components (US$ thousands):

	YEAR ENDED DECEMBER 31			
	PENSION PLANS		PRBP	
	2021	2020	2021	2020
Service cost [1]	$ 25,224	$ 18,717	$ 10,567	$ 7,671
Interest cost [3]	9,340	9,635	5,385	5,600
Expected return on plan assets [2][3]	(10,709)	(11,590)	(7,494)	(7,781)
Amortization of: [3]				
Net actuarial (gain)/loss	7,006	4,191	3,788	2,414
Prior service (credit)/cost	—	—	(437)	(437)
Net periodic benefit cost	**$ 30,861**	**$ 20,953**	**$ 11,809**	**$ 7,467**

(1) Included in Administrative expenses.
(2) The expected long-term rate of return on plan assets is 4.75% in 2021 and 5.75% in 2020.
(3) Included in Other components of pension benefit costs, net.

Other changes in the Pension Plans and PRBP assets and projected benefit obligations recognized in Other comprehensive income/(loss) consist of the following components (US$ thousands):

	YEAR ENDED DECEMBER 31			
	PENSION PLANS		PRBP	
	2021	2020	2021	2020
Current actuarial (gain)/loss, net	$ (12,551)	$ 35,924	$ (19,933)	$ 16,422
Amortization of:				
Net actuarial (gain)/loss	(7,006)	(4,191)	(3,788)	(2,414)
Prior service (credit)/cost	—	—	437	437
Total recognized in other comprehensive (income)/loss	**$ (19,557)**	**$ 31,733**	**$ (23,284)**	**$ 14,445**
Total recognized in Net periodic benefit cost and Other comprehensive (income)/loss	**$ 11,304**	**$ 52,686**	**$ (11,475)**	**$ 21,912**

Actuarial assumptions

The actuarial assumptions used in the Pension Plans and PRBP valuations are based on financial market interest rates, past experience, and management's best estimate of future benefit changes and economic conditions. Changes in these assumptions will impact future benefit costs and obligations. Actuarial gains and losses occur when actual results are different from expected results. Actuarial gains and losses recognized in Accumulated other comprehensive income/(loss), which exceed 10% of the greater of the benefit obligation or market-related value of the plan assets at the beginning of the period, are amortized to income over the average remaining service period of active participants expected to receive benefits under the Pension Plans and PRBP, which is approximately 10.6 years and 12.5 years, respectively.

Unrecognized prior service credit is amortized over a range of 1.4 years to 4.0 years for the PRBP.

The weighted-average assumptions used to determine the benefit obligation and the net periodic benefit cost were as follows:

	PENSION PLANS		PRBP	
	2021	2020	2021	2020
Weighted average assumptions used to determine benefit obligation as of December 31				
Discount rate	2.78 %	2.44 %	2.83 %	2.52 %
Inflation rate	2.55 %	2.12 %	2.55 %	2.12 %
Rate of compensation increase	4.59 %	4.26 %	n/a	n/a

	PENSION PLANS		PRBP	
	2021	2020	2021	2020
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31				
Discount rate	2.44 %	3.17 %	2.52 %	3.23 %
Expected long-term rate of return on plan assets	4.75 %	5.75 %	4.75 %	5.50 %
Rate of compensation increase	4.26 %	4.34 %	n/a	n/a
Inflation rate	2.12 %	2.20 %	2.12 %	2.20 %

The expected long-term rate of return on the Pension Plans and PRBP's assets represents management's best estimate, after surveying external investment specialists, of the expected long-term (10 years or more) forward-looking rates of return of the asset categories employed by the Pension Plans and PRBP, weighted by the Pension Plans and PRBP's investment policy asset allocations. Accumulated and projected benefit obligations are measured as the present value of expected payments. The discount rate used is selected in reference to the year-end yield of AA corporate bonds within the approved Financial Times Stock Exchange Pension Liability Index, with maturities that correspond to the payment of benefits. For the assumed rate of U.S inflation, the IDB and IDB Invest have established a process by which a range of inputs is reviewed, including 10-year forward looking expert opinion forecasts, the average of the 10 year and 30 year U.S. Treasury Inflation Protected Securities (U.S. TIPS) breakeven inflation rate, and historical averages for U.S Consumer Price Index (CPI).

Significant actuarial gains related to changes in the Pension Plans' and PRBP benefit obligations for the year ended December 31, 2021 primarily resulted from changes in the discount rates (actuarial losses for the year ended December 31, 2020).

For participants assumed to retire in the United States, the accumulated postretirement benefit obligation was determined using the following health care cost trend rates as of December 31:

	PRBP	
	2021	2020
Health care cost trend rates assumed for next year		
Medical, Non-Medicare	4.50 %	4.50 %
Medical, Medicare	3.00 %	2.50 %
Prescription drugs	6.00 %	6.00 %
Dental	4.50 %	4.50 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)		
Medical, Non-Medicare	4.50 %	4.50 %
Medical, Medicare	3.00 %	2.50 %
Prescription drugs	6.00 %	6.00 %
Dental	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	2022	2021

For those participants assumed to retire outside of the United States, a 5.00% health care cost trend rate was used for 2021 and 2020, with an ultimate trend rate of 4.50% in 2024.

Pension Plans and PRBP Assets

The assets of the Pension Plans and the PRBP are managed primarily by external investment managers engaged by the IDB who are provided with governing Committee-approved investment guidelines that take into account the Pension Plans and PRBP investment policies. Investment policies with long-term strategic asset allocations have been developed so that there is an expectation of sufficient returns to meet long-term funding needs. The policies allocate 60% to 65% of the Pension Plans portfolio to growth-oriented, inflation-hedging assets (the Return Strategies), and 35% to 40% of assets to nominal and inflation-indexed U.S. fixed income which partially hedge the interest rate of the Pension Plans and PRBP's liabilities, and to protect against disinflation (the Liabilities Strategies).

The Pension and Managing Committees approve Investment Policy Statements (IPS) and Strategic Asset Allocations (SAA) of the Pension Plan's and PRBP, consistent with the IDB's Risk Appetite (RA) and Long-term Funding (LTF) policies and adopted by IDB Invest.

The IPS SAA target allocations as of December 31, 2021, are as follows:

	PENSION PLANS	PRBP
U.S. equities	20 %	20 %
Non-U.S. equities	18 %	18 %
Emerging markets equities	4 %	4 %
Public real estate	3 %	3 %
Long duration diversified fixed income	27 %	27 %
Core fixed income	4 %	4 %
High yield fixed income	2 %	2 %
U.S. inflation-indexed fixed income	4 %	4 %
Emerging markets fixed income	3 %	3 %
Private real estate	5 %	5 %
Public Infrastructure	3 %	3 %
Private Infrastructure	2 %	2 %
Tactical Asset Allocation	5 %	5 %
Commodity index futures	0 %	0 %
Short-term fixed income funds	0 %	0 %
Stabilization Reserve Fund:		
Core fixed income	50 %	50 %
U.S. inflation-indexed fixed income	0 %	0 %
Short-term fixed income funds	50 %	50 %

Investment and asset class risk is managed by the continuous monitoring of each asset class and investment manager. Investments are generally rebalanced monthly within IPS targets ranges using cash flows and other transactions. Investment managers are generally not allowed to invest more than 5% of their respective portfolios in the securities of a single issuer other than the U.S. Government. The use of derivatives by an investment manager for the Pension Plans and PRBP is limited, and subject to specific approval by the Managing Committees of the Pension Plans and PRBP.

The assets classes in which the Pension Plans (SRP and CSRP) and PRBP, invest are described below:

- U.S. equities - For the Pension Plans and PRBP, commingled funds that invest, long-only, in U.S. common stocks. Management of the funds replicates or optimizes the all capitalization (cap) Russell 3000 Index. For the SRP and PRBP only, approximately 50% of U.S. equities assets are actively managed in separate accounts holding individual stocks.

- Non-U.S. equities - For the Pension Plans and PRBP, commingled funds that invest, long-only, in non-U.S. common stocks. Management of the funds replicates or optimizes the large/mid-cap MSCI WORLD EX-USA IMI Index and/or the large/mid-cap MSCI EAFE Index. For the SRP and PRBP only, approximately 60% of non-U.S. equities assets are actively-managed in separate accounts holding individual stocks.

- Emerging markets equities - For the Pension Plans and PRBP, actively managed commingled funds and/or mutual fund that invest, long-only, in emerging markets common stocks. Managements of the funds select securities, based upon fundamental characteristics, which are generally comprised within the large/mid-cap MSCI Emerging Markets Free Index.

- Public real estate equities - For the SRP and PRBP only, separate accounts which holds, long-only, real estate securities. The account is actively-managed based upon fundamental characteristics, investing in securities generally comprised within the MSCI U.S. REIT Index.

- Long duration diversified fixed income - For the SRP and PRBP only, long duration fixed income assets are actively managed in separate accounts holding individual bonds generally comprised within the Bloomberg Barclays U.S. Long Government/Credit Bond Index. For the CSRP, actively managed commingled fund and/or mutual fund that invest, long-only, in long duration government and credit securities. Managements of the funds select securities, based upon fundamental characteristics, which are generally comprised within the Bloomberg Barclays U.S. Long Government/Credit Bond Index, as well as opportunistic investments in non-index securities.

- Core fixed income - For the Pension Plans and PRBP, actively managed commingled funds that invest, long-only, in intermediate duration government and credit securities. Managements of the funds select securities, based upon fundamental characteristics, which are generally comprised within the Bloomberg Barclays U.S. Aggregate Bond Index, as well as opportunistic investments in non-index securities.

- High yield fixed income - For the SRP only, assets are actively managed in a separate account holding individual securities, and for the PRBP only, in an actively managed commingled fund. For both the SRP and PRBP, the investible universe is generally comprised of the securities within the Bloomberg Barclays High Yield 2% Constrained Index, as well as opportunistic investments in non-index securities. High yield securities are financial obligations of U.S. companies, rated below investment-grade by at least one of the nationally recognized statistical rating organizations.

- U.S. inflation-indexed fixed income - For the Pension Plans and PRBP, investment in individual U.S. Treasury Inflation Protected Securities in accounts managed internally. For the SRP, CSRP and PRBP, replicate or optimize the Bloomberg Barclays U.S. Treasury Inflation Notes 10+ Years Index. For the SRP and PRBP Stabilization Reserve Funds, replicate or optimize the Bloomberg Barclays U.S. Treasury Inflation TIPS 0-5 Years Index.

- Emerging markets fixed income - For the Pension Plans and PRBP, actively managed commingled funds that invest, long-only, in emerging markets fixed income. The funds invest in sovereign and sub-sovereign United States dollar- and local-denominated debt. Managements of the funds invest in securities generally comprised within the J.P. Morgan EMBI Global Diversified Index, as well as opportunistic investments in non-index securities.

- Private real estate - For the Pension Plans and PRBP, an open-end commingled funds which invest, long-only, in U.S. real estate properties. The funds are actively-managed based upon fundamental characteristics of the properties.

- Public infrastructure - For the CSRP, an enhanced index exchange-traded fund that invests, long-only, in U.S. and developed markets common stocks within the infrastructure industries. Management of the fund selects securities, based upon fundamental characteristics, which are generally comprised within the MSCI World Infrastructure Index. For the SRP and PRBP only, assets are actively managed in a separate account holding individual stocks traded in the U.S. and non - U.S. developed markets.

- Private infrastructure - For the SRP and PRBP only, an actively managed , open-end commingled fund which invests, long-only, in U.S. and developed non - U.S. markets private equity within the infrastructure sector.

- Tactical asset allocation - For the SRP and PRBP only, actively managed commingled funds and mutual fund that invest in U.S. and developed markets equities, fixed income, commodities and currencies, investments could shift due to opportunistic behavior within these markets.

- Short-term fixed income funds - Commingled funds that invest, long-only, in U.S. Government securities with maturities of less than 18 months. Managements of the funds invest in short-term government securities only, which are benchmarked against the Merrill Lynch 3-month Treasury Bill Index.

Effective December 2015, the IDB Board of Executive Directors (Board) approved and IDB Invest adopted the Long-Term Funding Policy (LTF) for the Pension Plans (SRP and CSRP) and the PRBP that established stable contribution rates of 20%

(SRP), 0.71% (CSRP) and 12% (PRBP) of applicable salaries and established the Stabilization Reserve Funds (SRFs) for the SRP and PRBP for IDB Invest and the IDB. The LTF Policy had a five-year initial term. In July 2019, following a review of the LTF Policy components, the Boards of IDB Invest and the IDB adopted an enhanced version of the LTF policy as part of the ongoing financial policies of the IDB. The enhanced version of the LTF policy removes its sunset period, continues to keep the IDB Invest and IDB contribution rates at a stable level, and establishes a rules based mechanism to guide management decision making to allocate IDB Invest and IDB contributions when the SR Funds reaches its limits, as well as when the Pension Plans and PRBP reach their fully funded status. IDB Invest contributions made in excess (deficit) of the actuary's determined contribution rate are allocated (withdrawn) to (from) the SR Funds. The approved IPS SAA for the SR Funds is 50% Short-term fixed income funds and 50% Core fixed income and, for the SRP and PRBP only, a permitted 0% to 10% opportunistic investment in U.S. TIPS.

The following tables set forth the investments of the Pension Plans and PRBP as of December 31, 2021 and 2020, which are measured at fair value and presented together with their weighted average allocation, by level within the fair value hierarchy (in thousands). As required by the fair value measurements accounting framework, these investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Investments in funds that do not have a readily determinable fair value are measured at NAV as a practical expedient and are not classified within the fair value hierarchy (US$ thousands).

	PENSION PLANS			
	DECEMBER 31, 2021			
	LEVEL 1	LEVEL 2	FAIR VALUE MEASUREMENTS	WEIGHTED AVERAGE ALLOCATIONS
Equity securities				
U.S. equities	$ 26,583	$ 28,259	$ 54,842	18 %
Non-U.S. equities	30,139	17,461	47,600	16 %
Emerging markets equities	5,490	4,916	10,406	3 %
Public real estate equities	10,981	—	10,981	4 %
Public infrastructure equities	8,729	—	8,729	3 %
Government and diversified fixed income and fixed income funds				
Long duration U.S. Government and Agencies fixed income	28,704	942	29,646	10 %
Long duration diversified fixed income	730	46,954	47,684	16 %
Core fixed income	—	22,103	22,103	7 %
Emerging markets fixed income	—	8,155	8,155	3 %
High yield fixed income	—	4,221	4,221	1 %
U.S. inflation-indexed fixed income	9,573	—	9,573	3 %
Tactical asset allocation	7,008	8,073	15,081	5 %
Short-term fixed income funds	1,264	8,920	10,184	3 %
	$ 129,201	**$ 150,004**	**$ 279,205**	
Investments measured at NAV				
Private real estate fund			17,976	6 %
Private infrastructure fund			4,786	2 %
Total investments			$ 301,967	100 %
Other liabilities, net [1]			(1,615)	
Total			**$ 300,352**	

[1] Includes receivables and payables carried at amounts that approximate fair value. Mainly payables for investments purchased.

	PENSION PLANS			
	DECEMBER 31, 2020			
	LEVEL 1	LEVEL 2	FAIR VALUE MEASUREMENTS	WEIGHTED AVERAGE ALLOCATIONS
Equity securities				
U.S. equities	$ 23,460	$ 25,345	$ 48,805	19 %
Non-U.S. equities	27,708	15,829	43,537	17 %
Emerging markets equities	5,269	5,356	10,625	4 %
Public real estate equities	8,840	—	8,840	3 %
Public infrastructure equities	7,421	—	7,421	3 %
Government and diversified fixed income and fixed income funds				
Long duration U.S. Government and Agencies fixed income	21,486	1,464	22,950	9 %
Long duration diversified fixed income	447	40,426	40,873	16 %
Core fixed income	—	17,994	17,994	7 %
Emerging markets fixed income	—	7,172	7,172	3 %
High yield fixed income	—	3,890	3,890	1 %
U.S. inflation-indexed fixed income	9,507	—	9,507	3 %
Tactical asset allocation	6,044	6,818	12,862	5 %
Short-term fixed income funds	1,327	11,469	12,796	5 %
	$ 111,509	$ 135,763	$ 247,272	
Investments measured at NAV				
Private real estate fund			13,861	5 %
Total investments			$ 261,133	100 %
Other liabilities, net [1]			(1,755)	
Total			**$ 259,378**	

[1] Includes receivables and payables carried at amounts that approximate fair value. Mainly payables for investments purchased.

	PRBP			
	DECEMBER 31, 2021			
	LEVEL 1	LEVEL 2	FAIR VALUE MEASUREMENTS	WEIGHTED AVERAGE ALLOCATIONS
Equity and equity funds				
U.S. equities	$ 16,984	$ 17,115	$ 34,099	18 %
Non-U.S. equities	18,648	10,822	29,470	16 %
Emerging markets equities	3,025	2,913	5,938	3 %
Public real estate equities	7,156	—	7,156	4 %
Public Infrastructure equities	5,300	—	5,300	3 %
Government and diversified fixed income and fixed income funds				
Long duration U.S. Government and Agencies fixed income	18,945	583	19,528	10 %
Long duration diversified fixed income	—	29,476	29,476	15 %
Core fixed income	—	14,304	14,304	7 %
Emerging markets fixed income	—	5,244	5,244	3 %
High yield fixed income	—	2,562	2,562	1 %
U.S. inflation-indexed fixed income	5,936	—	5,936	3 %
Tactical asset allocation	4,138	5,570	9,708	5 %
Short-term fixed income funds	6,726	70	6,796	4 %
	$ 86,858	$ 88,659	$ 175,517	
Investments measured at NAV				
Private real estate fund			10,450	6 %
Private infrastructure fund			3,669	2 %
Total investments			$ 189,636	100 %
Other liabilities, net [1]			(1,596)	
Total			**$ 188,040**	

[1] Includes receivables and payables carried at amounts that approximate fair value. Mainly payables for investments purchased.

	PRBP			
	DECEMBER 31, 2020			
	LEVEL 1	LEVEL 2	FAIR VALUE MEASUREMENTS	WEIGHTED AVERAGE ALLOCATIONS
Equity and equity funds				
U.S. equities	$ 16,776	$ 17,118	$ 33,894	19 %
Non-U.S. equities	18,960	11,178	30,138	16 %
Emerging markets equities	3,458	4,180	7,638	4 %
Public real estate equities	6,145	—	6,145	3 %
Public infrastructure equities	5,086	—	5,086	3 %
Government and diversified fixed income and fixed income funds				
Long duration U.S. Government and Agencies fixed income	15,698	869	16,567	9 %
Long duration diversified fixed income	—	28,285	28,285	15 %
Core fixed income	—	14,678	14,678	8 %
Emerging markets fixed income	—	4,877	4,877	3 %
High yield fixed income	—	2,669	2,669	1 %
U.S. inflation-indexed fixed income	6,566	—	6,566	4 %
Tactical asset allocation	4,390	5,273	9,663	5 %
Short-term fixed income funds	10,720	10	10,730	6 %
	$ 87,799	**$ 89,137**	**$ 176,936**	
Investments measured at NAV				
Private real estate fund			7,606	4 %
Total investments				
Other liabilities, net [(1)]			(1,751)	
Total			**$ 182,791**	

[(1)] Includes receivables and payables carried at amounts that approximate fair value. Mainly payables for investments purchased.

Investment securities that are measured at fair value based on quoted market prices in active markets, a valuation technique consistent with the market approach, include U.S., non-U.S. infrastructure individual equity holdings, public infrastructure exchange trade funds, fixed income, emerging markets equity and tactical asset allocation mutual funds, U.S. treasury and U.S. inflation-indexed fixed income securities. Such securities are classified within Level 1 of the fair value hierarchy.

Investment securities that are measured at fair value based on quoted market prices for similar assets in active markets, or quoted prices for identical or similar assets in markets that are not active, a valuation technique consistent with the market approach, include corporate, non-U.S. government, high yield and municipal fixed income, and commercial mortgage backed securities. Also included are proprietary investment managers' commingled funds investing in U.S. and global equities, emerging markets fixed income, core and long-duration fixed income funds, and/or short-term fixed income investments. These commingled funds are not publicly traded and are measured at fair value based on the net asset per share, which are determined and published and are the basis for current transactions. Such securities are classified within Level 2 of the fair value hierarchy.

Proprietary investment managers' funds investing in private real estate and tactical asset allocation do not have readily determinable fair values and are measured at the NAV as a practical expedient. Such investments are not classified within the fair value hierarchy.

Contributions

Contributions from IDB Invest to the Pension Plans and the PRBP during 2022 are expected to be approximately $8.7 million and $5.8 million, respectively. All contributions are made in cash.

Estimated future benefit payments

The following table summarizes the benefit payments, which reflect expected future service, as appropriate, expected to be paid in each of the next five years and in the aggregate for the subsequent five years. These amounts are based on the same assumptions used to measure the benefit obligation as of December 31, 2021 (US$ thousands).

	PENSION PLANS	PRBP
Estimated future benefit payments		
2022	$ 5,303	$ 1,482
2023	5,842	1,635
2024	6,444	1,802
2025	7,047	2,028
2026	7,806	2,268
2027-2031	53,036	17,071

15. Subsequent Events

Management has evaluated subsequent events through March 1, 2022, which is the date the financial statements were issued. Management determined that there were no subsequent events that require disclosure under ASC Topic 855, Subsequent Events.