INTER-AMERICAN INVESTMENT CORPORATION

Financial Statements
December 31, 2020 and 2019

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

Independent Auditors' Report

The Board of Governors
Inter-American Investment Corporation:

We have audited the accompanying financial statements of Inter-American Investment Corporation (the Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inter-American Investment Corporation as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2020, the Corporation adopted new accounting guidance related to the recognition and measurement of credit losses under Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and other related ASUs. Our opinion is not modified with respect to this matter.

KPMG LLP

Washington, District of Columbia
March 3, 2021

Inter-American Investment Corporation

Balance Sheets

Expressed in thousands of United States dollars	Notes	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents	3	$ 41,592	$ 22,749
Investment securities	3 & 10	2,079,036	1,337,664
Development related investments			
Loans and debt securities			
At amortized cost		3,782,696	2,175,921
Allowance for credit losses		(181,098)	(97,614)
		3,601,598	2,078,307
At fair value		443,883	270,827
		4,045,481	2,349,134
Equity investments			
At cost-based measurement alternative		4,695	4,695
At fair value		126,713	91,980
		131,408	96,675
Total development related investments, net	4 & 10	4,176,889	2,445,809
Derivative assets	8	5,461	—
Receivables and other assets	5	121,334	93,602
Total assets		**6,424,312**	**3,899,824**
Liabilities			
Borrowings	7		
At amortized cost		1,792,818	1,648,146
At fair value		2,115,639	—
		3,908,457	1,648,146
Derivative liabilities	8	1,834	—
Payables and other liabilities	6	405,807	218,616
Total liabilities		**4,316,098**	**1,866,762**
Capital			
Capital, par value		1,640,850	1,573,500
Additional paid-in-capital		593,835	546,751
Receivable from members		(217,596)	(287,840)
Total paid-in-capital	9	2,017,089	1,832,411
Retained earnings		239,882	279,227
Accumulated other comprehensive income/(loss)		(148,757)	(78,576)
Total capital		**2,108,214**	**2,033,062**
Total liabilities and capital		**$ 6,424,312**	**$ 3,899,824**

The accompanying notes are an integral part of these financial statements

Inter-American Investment Corporation

Income Statements

Expressed in thousands of United States dollars	Notes	Year ended December 31 2020	2019
Income from development related investments			
Development related investments			
Loans and debt securities			
Interest and other income		$ 185,900	$ 134,067
(Provision)/release of provision for credit losses		(111,756)	(36,697)
		74,144	97,370
Equity investments			
Realized gain/(loss) from sales, dividends and other income, net		1,185	2,835
Unrealized gain/(loss) from changes in fair value and measurement adjustments, net		100	229
		1,285	3,064
Income from development related investments, net	4	**75,429**	**100,434**
Gain/(loss) from liquid assets, net	3	22,310	37,920
Borrowings expense	7	(47,957)	(44,570)
Other income			
Service fees from related parties	13	85,876	77,420
Mobilization fees and other income		9,053	7,289
Total other income		**94,929**	**84,709**
Income/(expense) from development related investments, liquid assets and other income, net of borrowings expense		**144,711**	**178,493**
Other expenses			
Administrative expenses		147,160	130,031
Other components of pension benefit costs, net	14	2,032	(4,119)
Other expenses		3,983	4,353
Total other expenses		**153,175**	**130,265**
Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net		15,352	(4,357)
Net income/(loss)		**$ 6,888**	**$ 43,871**

The accompanying notes are an integral part of these financial statements

Inter-American Investment Corporation
Statements of Comprehensive Income/(Loss)
Statements of Changes in Capital

Statements of Comprehensive Income/(Loss)

Expressed in thousands of United States dollars	Notes	Year ended December 31 2020	2019
Net income/(loss)		**$ 6,888**	**$ 43,871**
Other comprehensive income/(loss)			
Recognition of net actuarial losses and prior service credit on Pension Plans and Postretirement Benefit Plan	14	(46,178)	(50,064)
Recognition of unrealized gain/(loss) related to available-for-sale securities, net	3	(3,172)	9,800
Net fair value adjustments on borrowings attributable to changes in instrument-specific credit risk	7	(20,831)	—
Total other comprehensive income/(loss)		**(70,181)**	**(40,264)**
Comprehensive income/(loss)		**$ (63,293)**	**$ 3,607**

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, 2018		**154,286**	**$ 1,622,206**	**$ 235,356**	**$ (38,312)**	**$ 1,819,250**
Year ended December 31, 2019						
Net income/(loss)			—	43,871	—	43,871
Other comprehensive income/(loss)			—	—	(40,264)	(40,264)
Change in shares	9	3,064				
Payments received for capital			210,205	—	—	210,205
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			184,678	—	—	184,678
As of December 31, 2020		**164,085**	**$ 2,017,089**	**$ 239,882**	**$ (148,757)**	**$ 2,108,214**

The accompanying notes are an integral part of these financial statements

Inter-American Investment Corporation

Statements of Cash Flows

Expressed in thousands of United States dollars	Year ended December 31 2020	2019
Cash flows from investing activities		
Loan disbursements	$ (2,972,509)	$ (1,320,894)
Loan proceeds	1,241,298	772,450
Equity investment disbursements	(50,798)	(37,624)
Equity investment proceeds	16,323	9,993
Development related debt securities purchases	(97,401)	(205,813)
Development related debt securities proceeds	38,519	413
Available-for-sale security purchases	—	(187,271)
Available-for-sale security proceeds	—	732,777
Capital asset expenditures	(4,697)	(3,835)
Net cash provided by/(used in) investing activities	**$ (1,829,265)**	**$ (239,804)**
Cash flows from financing activities		
Proceeds from issuance of borrowings	2,302,519	980,416
Borrowings repayments	(35,187)	(620,000)
Payments received for capital	184,678	210,205
Net cash provided by/(used in) financing activities	**$ 2,452,010**	**$ 570,621**
Cash flows from operating activities		
Net income/(loss)	6,888	43,871
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	(100)	(229)
Provision/(release) of provision for credit losses	111,756	36,697
(Gain)/loss from investment securities, net	(6,846)	(10,828)
Depreciation and amortization	(2,934)	(2,818)
(Gain)/loss from changes in fair value on non-trading portfolios and foreign exchange transactions, net	(15,352)	4,357
Realized (gain)/loss on sales of equity investments, net	(922)	(2,541)
Change in receivables and other assets	(28,060)	(59,701)
Change in payables and other liabilities	50,674	74,234
Change in Pension Plans and Postretirement Benefit Plan, net	15,903	1,618
Change in investment securities	(737,698)	(403,822)
Other, net	3,331	1,425
Net cash provided by/(used in) operating activities	**$ (603,360)**	**$ (317,737)**
Change in cash and cash equivalents	19,385	13,080
Effect of exchange rate changes on cash and cash equivalents, net	(542)	22
Net increase/(decrease) in cash and cash equivalents	**$ 18,843**	**$ 13,102**
Cash and cash equivalents as of January 1	22,749	9,647
Cash and cash equivalents as of December 31	**$ 41,592**	**$ 22,749**
Supplemental disclosure:		
Change in ending balances resulting from currency exchange rate fluctuations:		
Investment securities	(6,687)	3,689
Loans	(1,065)	2,072
Debt securities	(18,486)	(4,780)
Borrowings	26,176	(910)
Gain/(loss) on foreign exchange transactions, net	(62)	71
Interest paid during the period	40,621	44,569

The accompanying notes are an integral part of these financial statements

Inter-American Investment Corporation

Notes to Financial Statements

1. Purpose

The Inter-American Investment Corporation (the IIC or IDB Invest), an international organization, was established in 1986 and began operations in 1989, and is owned by its member countries. These members include 26 regional developing member countries, all of which are located in Latin America and the Caribbean (the Regional Developing Member Countries), and 21 members from non-regional countries. 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 Inter-American Development Bank (IDB). IDB Invest provides financing through its development related investments that include loans, investments in debt securities, guarantees and equity investments where sufficient capital is not otherwise available on adequate terms in the market. IDB Invest also arranges additional project funding from other investors and lenders, either through joint financing or through loan syndications, loan participations and guarantees. In addition, IDB Invest provides financial and technical advisory services to clients. IDB Invest is an autonomous international organization and a member of the Inter-American Development Bank Group (the IDB Group), which also includes the IDB and the Multilateral Investment Fund (commercially known as IDB Lab).

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 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts 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 determination of: the adequacy of the allowance for credit losses; the evaluation for other-than-temporary impairment on available-for-sale and held-to-maturity debt securities and equity investments; the fair value of investment securities, loan and equity investments, debt securities, derivative instruments and borrowings; the determination of the projected benefit obligations of the pension and postretirement benefit plans; the fair value of plan assets, and the funded status and net periodic benefit cost associated with these plans. There are inherent risks and uncertainties related to IDB Invest's operations including the potential impacts of changing economic conditions on IDB Invest's clients and the global investment markets that could have an adverse effect on the financial position of IDB Invest.

Cash and cash equivalents – Highly liquid investments purchased with original maturities of three months or less are considered cash equivalents. IDB Invest may hold cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. In addition, cash and cash equivalents include restricted cash for project related activities.

Liquid asset portfolio – IDB Invest's liquid asset portfolio consists of Cash and cash equivalents[1] and Investment securities. IDB Invest's overall portfolio management strategy is to provide liquidity and resources to finance development related investments and to invest in money market funds and debt securities issued by

[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.

corporations, governments, supranationals and agencies (Investment securities). These investments may include fixed and floating rate bonds, notes, bills, certificates of deposit, commercial paper and mutual funds.

Securities are classified based on management’s intention on the date of purchase. 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. Within the liquid asset portfolio, Investment securities are classified as trading and are recorded at fair value with unrealized gains and losses reported in income from Gain/(loss) from liquid assets, net. For the year ended December 31, 2019, Investment securities classified as available-for-sale are carried at fair value with net unrealized gains or losses reported in Other comprehensive income/(loss). Available-for-sale debt securities are evaluated for other-than-temporary impairment. For impairments that are deemed to be other-than-temporary, the credit portion of the loss is recognized in income and the non-credit portion is recognized in Other comprehensive income/(loss). Interest and dividends on securities, amortization of premiums, accretion of discounts, and realized gains and losses from both trading and available-for-sale debt securities are reported in income from Gain/(loss) from liquid assets, net.

As a result of management's conclusion that IDB Invest's business model requires greater available liquidity to meet strategic business needs, IDB Invest did a one-time reclassification of its remaining available-for-sale debt securities into the trading portfolio on January 1, 2020. Unrealized gains of $3.2 million previously recorded to Accumulated other comprehensive income were recognized in income on the date of transfer.

Loans and development related debt securities (Development related debt investments) – Loans and debt securities in the development related investments portfolio are recorded when disbursed. As described in Note 4, these development related debt investments are carried at amortized cost or fair value through income, depending on the nature of the instrument. Debt securities designated as held-to-maturity (HTM) and carried at amortized cost and loans carried at amortized cost are adjusted for an allowance for expected credit losses. IDB Invest utilizes the net asset value (NAV) as a practical expedient for the fair value measurement for certain development related debt securities.

For credit monitoring and portfolio management purposes, the development related debt investments portfolio includes loans and debt securities. Loans are classified into three portfolio segments: corporates, financial institutions and project finance. Debt securities are classified as corporate securities.

IDB Invest’s loans may be secured or unsecured. Secured loans may be guaranteed by mortgages and other forms of collateral security, as well as third-party guarantees. IDB Invest also enters into standalone insurance contracts as a form of credit enhancements that are generally not transferable. IDB Invest estimates its recovery assets under these contracts and records them as Receivables and other assets in the balance sheets and as Interest and other income in the income statements.

Guarantees – IDB Invest offers credit guarantees covering, on a risk-sharing basis, third party obligations on loans undertaken for or securities issued in support of projects located within Regional Developing Member Countries to enhance their credit standing and enable them to complete a wide variety of business transactions. These financial guarantees are commitments issued by IDB Invest to guarantee payment performance by a borrower to a third party. IDB Invest’s policy for requiring collateral security with respect to these instruments and the types of collateral security held is generally the same as for loans. Guarantees are regarded as issued when IDB Invest executes the guarantee agreement, outstanding when the underlying financial 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 the guarantees: (1) the stand-ready obligation to perform; and (2) the contingent obligation to make future payments. The stand-ready obligation to perform is recognized at the issuance date at fair value. The contingent liability associated with the financial guarantee is recognized following the current expected credit losses (CECL) methodology. Any stand-ready and contingent liabilities associated with the guarantees are included 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. Guarantee fee income is recognized as IDB Invest is released from risk and its stand-ready obligation to perform and recorded in Interest and other income in the income statements. In the event the guarantees are called, the amount disbursed is recorded as a loan and reserves are established based on the expected credit loss.

Undisbursed commitments – Under CECL, 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 management 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 its estimated life. Liability for off-balance sheet credit losses is recorded as a contingent liability and included 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 expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable (R&S) forecasts of future economic conditions in the related portfolio as of the balance sheet date and is recorded as a reduction of the respective development related debt investments carried at amortized cost (loans and HTM debt securities) and as a contingent liability for undisbursed commitments and guarantees (related off-balance sheet credit exposures). Changes in the allowance for credit losses are recorded through the (Provision)/release of provision for credit losses in the income statements.

Expected credit losses are estimated over the contractual term of the development related debt investment in accordance with its current estimate of the collectability risk over the contractual life of such asset and for related off-balance sheet exposures over the contractual period in which IDB Invest is exposed to credit risk via a present contractual obligation to extend credit. 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). Expected credit losses are estimated over the contractual term adjusted for expected prepayments. Prepayment assumptions are based on historical data from IDB's private sector portfolio given the common portfolio characteristics that include borrower's country, risk rating and industry sector.

IDB Invest assesses credit risk for development related debt investments using a series of sector specific scorecards to determine borrower risk ratings. IDB Invest's portfolio segments — corporates, financial institutions and project finance — are aligned to the scorecards.

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 financial institutions considers country-related risk including regulatory, competition, government support and macro-economic risks, which acts 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 & 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.

The CECL methodology incorporates Point in Time (PIT) term structures for probability of default (PD), loss given default (LGD) term structures and exposure at default (EAD). In addition, the methodology 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. For each scenario, a lifetime loss rate for each instrument is calculated using the appropriate PD and LGD for every quarter for 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.

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. IDB Invest uses PDs published by international rating agencies for similarly rated credits to determine PDs.

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 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, such as internal ratings in specific industries and countries. These parameters are considered in the CECL methodology, as well as the deterioration in the macroeconomic forecasts during the R&S period and mean reverting period to historical losses.

For individually assessed development related debt investments, the determination of the allowance for identified probable losses 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 the expected future cash flows discounted at the development related debt investment's contractual effective rate, 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.

IDB Invest considers a development related debt investment impaired when, based on current information and events, it is probable that IDB Invest will be unable to collect all amounts due according to the investment's contractual terms. Information and events considered in determining that an investment is impaired include the borrower's financial difficulties, the borrower's 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, as well as geopolitical conflict and macroeconomic crises.

A modification 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 on the existing development related debt investment. A development related debt investment restructured under a TDR is considered impaired, until its extinguishment, but it does not need to be disclosed as such after the year it was restructured, if the restructuring agreement specifies an interest rate equal to or greater than the rate that IDB Invest was willing to accept at the time of the restructuring for a new investment with comparable risk, and the investment is not impaired based on the terms specified in the restructuring agreement. In light of the COVID-19 pandemic, IDB Invest implemented COVID-19 loan modification measures in response to requests received from borrowers for short-term modifications such as payment deferrals under existing loans that meets the Interagency Statement[2]. 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.

[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.

Revenue recognition on development related debt investments – Interest on development related debt investments is included in Interest and other income from development related investments, net in the income statements. Accrued interest income receivable is presented separately from development related debt investments and is included in the balance sheets in Receivables and other assets. IDB Invest has elected the practical expedient permissible under CECL to not record an allowance for credit losses on accrued interest receivable as it has a substantive nonaccrual policy.

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 income in 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, net, 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.

Equity investments under ASC 321, *Investments–Equity Securities*, are accounted for at fair value through the income statements except for those investments without a readily determinable fair value that are accounted for under the cost-based measurement alternative.

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 reassesses periodically whether these equity investments continue to qualify for this cost-based measurement alternative. IDB Invest may subsequently elect to measure an equity investment at 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 as Realized gain/(loss) from sales, dividends and other income, net in the income statements on a cash basis when the distributions are received. Gains or losses on the sale or redemption of equity investments accounted for under the cost-based measurement alternative are recorded, at disposition, as income/(loss) 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 are recorded as changes to the outstanding balance of these equity investments and reflected as such in Equity investments in the balance sheets.

Variable interest entities – ASC 810, *Consolidation*, provide for consolidation when a reporting entity is the primary beneficiary of a variable interest entity (VIE), or if an entity does not meet the definitional elements of a VIE, consolidation is required if a reporting entity has a controlling financial interest or holds a majority voting interest in an entity. Additional information about VIEs is included in Note 4.

Revenue recognition for service fees – IDB Invest recognizes income for services provided to related parties. 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. Revenue is recognized as IDB Invest 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 affiliated with 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 as meant by ASC 815, *Derivatives.*

Derivatives are recognized in the balance sheet at their fair value and are classified as either Derivative assets or Derivative liabilities, depending on their net fair value amount. 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 8.

Fixed and intangible assets – Fixed and intangible assets (software costs) 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 – In accordance with ASC 842, *Leases*, IDB Invest recognizes lease assets and lease liabilities in the balance sheets. IDB Invest follows lessee accounting related to its operating leases for office space with the IDB at headquarters and in its Regional Developing Member Countries.

IDB Invest recognizes a right-of-use asset and lease liability for its operating leases. 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, and the 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 current market 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, 6 and 12.

Borrowings – To ensure funds are available for its operational liquidity needs, IDB Invest accesses the international capital markets, offering its debt securities to investors. 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 Net fair value adjustments on borrowings attributable to changes in instrument-specific credit risk 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 and Borrowings expense in the income statements. Additional information about borrowings is included in Note 7.

Non-trading portfolio – IDB Invest's non-trading portfolio includes development related debt investments composed of loans and debt securities, 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.

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 – The Codification 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 that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of IDB Invest. Unobservable inputs are inputs that reflect the best information available about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1—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—Valuations 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 that are not actively traded, and investments in obligations of banks, governments and agencies or instrumentalities other than the United States, sovereigns, local and regional governments, corporate bonds, and structured borrowings.

- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Assets utilizing Level 3 inputs include loans, equity investments and development related debt securities and borrowings that are measured for impairment or disclosed at fair value.

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 take into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, interest rate yield curves, credit spreads, creditworthiness of the counterparty, option volatility, and currency rates. In accordance with ASC 820, *Fair Value Measurements* (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.

Fair value option – The Fair Value Option (FVO) under ASC 825 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 development related investments in debt securities that IDB Invest does not have the ability and intent to hold until maturity, ii) certain development related investments with special features, iii) investments that would otherwise be accounted for under the equity method, iv) certain development related investments in equity securities that do not have quoted market prices, v) certain hybrid instruments that would otherwise require bifurcation of the host and embedded derivative, and vi) 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 and co-financing arrangements – 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 as Mobilization fees and other income in the income statements. IDB Invest also services co-financing arrangements with IDB Group related parties in exchange for a fee recognized upon receipt and are reported as Services fees from related parties in the income statements. The disbursed and outstanding balances of loan participations and co-financing arrangements that meet the applicable accounting criteria for sales are not included in IDB Invest's balance sheets.

Pension and postretirement benefits – The IDB Group has three defined benefit pension plans: The Staff Retirement Plan (SRP), the Complementary Staff Retirement Plan (CSRP), and the Local Retirement Plan (LRP) (the Pension Plans and LRP), covering staff of the IDB Group entities. Under the Pension Plans and LRP, benefits are based on years of service and level of compensation, and are funded by contributions from employees, IDB Invest and the IDB, in accordance with the provisions of the Pension Plans and LRP. Any and all contributions to the Pension Plans and LRP are irrevocable and are held separately in retirement funds solely for the payment of benefits under the Pension Plans and LRP.

The IDB Group also provides certain health care, tax reimbursement and other benefits to retirees. Staff who retire, receive a monthly pension from the IDB or IDB Invest, and meet certain requirements, are eligible for postretirement benefits under the Postretirement Benefits Plan (PRBP). 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. While all contributions and all other assets and income of the PRBP remain the property of IDB Invest and the IDB, they 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 these 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 funded status of the Pension Plans and the PRBP is included in Receivables and other assets when the respective plan is in a funded status, and included in Payables and other liabilities when the respective plan is in an unfunded 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 – On January 1, 2020, IDB Invest early adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and other related ASUs, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans and held-to-maturity debt securities, as well as off-balance sheet undisbursed loan commitments and financial guarantees. IDB Invest adopted ASC 326 using the modified retrospective method and recorded a net decrease to retained earnings of $46.2 million as of January 1, 2020 for the cumulative effect of adopting CECL.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement – Changes to the disclosure requirements for fair value measurement*. The amendments in this Update impact disclosure requirements for all entities that are required, under existing US GAAP, to make disclosures about recurring or nonrecurring fair value measurements. This Update eliminates, modifies, and adds to the existing disclosures. For IDB Invest, this Update is effective on January 1, 2020. This Update did not have a material impact on IDB Invest's financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits - Defined Benefit Plans – Changes to the disclosure requirements for defined benefit plans.* The amendments in this Update impact disclosure requirements for all employers that sponsor defined benefit pension or other postretirement plans by eliminating existing disclosures that are no longer deemed to be relevant while at the same time adding new disclosures deemed to improve disclosures and clarifying existing disclosures. Among the new disclosures, the explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period will be required. For IDB Invest, this Update is effective on January 1, 2020. This Update did not have a material impact on IDB Invest's financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and other – Internal-use software – Customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract*. The amendments in this Update result in consistent capitalization of implementation costs of a hosting arrangement that is a service contract and implementation costs incurred to develop or obtain internal-use software and hosting arrangements that include an internal-use software license. For IDB Invest, this Update is effective on January 1, 2020. This Update did not have a material impact on IDB Invest's financial statements.

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 and 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 and is not expected to 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 provides 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 has elected to apply the optional expedients related to contract modifications effective December 31, 2020.

In April 2020, US federal banking regulators in consultation with the FASB issued the Interagency Statement that allows lenders to conclude that loan modifications related to COVID-19 meeting certain conditions are not TDRs. The guidance clarifies that it is not necessary to consider the impact of the COVID-19 pandemic on the financial condition of a borrower in connection with a short-term COVID-19 related modification, provided the borrower is current at the date the modification measures are implemented. COVID-19 related modifications that do not meet the provisions of the Interagency Statement will be assessed for TDR classification. IDB Invest elected to apply the guidance. The adoption of the guidance 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 is on January 1, 2021 and is not expected to have a material impact on IDB Invest's financial statements.

3. Liquid Assets

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

	December 31, 2020	December 31, 2019
Cash and cash equivalents [1]	$ 41,592	$ 22,749
Money market funds	617,053	372,822
Debt securities		
Corporate securities	967,805	677,372
Agency securities	309,103	136,336
Government securities	114,850	127,911
Supranational securities	70,225	23,223
Total debt securities	**1,461,983**	**964,842**
Total	**$ 2,120,628**	**$ 1,360,413**

[1] Includes restricted cash of $22.6 million as of December 31, 2020 ($523 thousand as of December 31, 2019).

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

	Year ended December 31	
	2020	2019
Interests and dividends, net	$ 15,928	$ 27,092
Gain/(loss) from changes in fair value and gain/(loss) from foreign exchange transactions, net	6,382	10,828
Total	**$ 22,310**	**$ 37,920**

Net unrealized gains recognized in income for the year ended December 31, 2020 relating to trading securities still held as of December 31, 2020 were $7.6 million ($193 thousand net unrealized gains for the year ended December 31, 2019).

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

	December 31, 2020	December 31, 2019
Less than one year	$ 608,857	$ 412,570
Between one and five years	853,126	552,272
Total	**$ 1,461,983**	**$ 964,842**

As of December 31, 2020, all investment securities are classified as trading due to the one-time reclassification explained in Note 2. The fair value of available-for-sale debt securities as of December 31, 2019 was as follows (US$ thousands):

	December 31, 2019			
	Amortized cost	Gross unrealized		Fair value
		gains	losses	
Corporate securities	$ 410,019	$ 3,014	$ (328)	$ 412,705
Government securities	80,046	184	(6)	80,224
Agency securities	70,139	115	(11)	70,243
Supranational securities	23,042	183	(2)	23,223
Total	**$ 583,246**	**$ 3,496**	**$ (347)**	**$ 586,395**

The length of time that individual available-for-sale debt securities were in a continuous unrealized loss position as of December 31, 2019 was as follows (US$ thousands):

	December 31, 2019					
	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Corporate securities	$ 34,975	$ (51)	$ 74,611	$ (277)	$ 109,586	$ (328)
Government securities	6,981	(6)	—	—	6,981	(6)
Agency securities	—	—	52,416	(11)	52,416	(11)
Supranational securities	—	—	7,997	(2)	7,997	(2)
Total	**$ 41,956**	**$ (57)**	**$ 135,024**	**$ (290)**	**$ 176,980**	**$ (347)**

Changes in available-for-sale debt securities recognized in Other comprehensive income/(loss) are as follows (US$ thousands):

	Year ended December 31	
	2020	2019
Unrealized gain/(loss) during the period	$ —	$ 10,759
Reclassification of (gain)/loss to net income/(loss)	(3,172)	(959)
Total recognized in other comprehensive income/(loss) related to available-for-sale investment securities	**$ (3,172)**	**$ 9,800**

Sales of available-for-sale debt securities amounted to $293.2 million during the year ended December 31, 2019. Gross realized gains were $884 thousand and there were $4 thousand gross realized losses from the sale of available-for-sale debt securities during the year ended December 31, 2019.

During the year ended December 31, 2019, there were no other-than-temporary impairment losses on debt securities that IDB Invest would be more likely than not required to sell before recovery of the amortized cost.

4. Development Related Investments

IDB Invest has specific metrics for concentrations and it monitors the development related investments for credit performance, market risk and any potential related effects of geographic or sectorial concentrations. IDB Invest's development related investments are the result of lending and investing activities that include loans, debt securities, equity investments, and guarantees that promote the economic development of IDB Invest's Regional Developing Member Countries through the establishment, expansion and modernization of private enterprises. All development related investments are individually evaluated for purposes of monitoring and evaluating credit performance and market risk.

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

	December 31, 2020		December 31, 2019	
	Cost	Carrying amount	Cost	Carrying amount
Loans				
At amortized cost	$ 3,654,492	3,654,492	$ 2,042,297	$ 2,042,297
At fair value	156,554	155,647	28,432	27,527
Total loans	**3,811,046**	**3,810,139**	**2,070,729**	**2,069,824**
Debt securities				
At amortized cost	128,204	128,204	133,624	133,624
At fair value	289,022	288,236	243,205	243,300
Total debt securities	**417,226**	**416,440**	**376,829**	**376,924**
Total development related debt investments	**4,228,272**	**4,226,579**	**2,447,558**	**2,446,748**
Equity investments				
At cost-based measurement alternative	4,695	4,695	4,695	4,695
At fair value	125,373	126,713	90,534	$ 91,980
Total equity investments	**130,068**	**131,408**	**95,229**	**96,675**
Allowance for credit losses		(181,098)		(97,614)
Total development related investments, net	**$ 4,358,340**	**$ 4,176,889**	**$ 2,542,787**	**$ 2,445,809**

The distribution of the portfolio by country, and a reconciliation of total cost to carrying amount, is as follows (US$ thousands):

	December 31, 2020				December 31, 2019			
	Loans	Debt securities	Equity investments	Total	Loans	Debt securities	Equity investments	Total
Brazil	$ 680,459	$ 62,595	$ 35,676	$ 778,730	$ 273,290	$ 45,715	$ 19,217	$ 338,222
Colombia	336,778	153,514	32,099	522,391	150,536	144,129	6,993	301,658
Mexico	471,292	4,427	39,080	514,799	187,960	3,233	13,404	204,597
Ecuador	393,402	35,000	—	428,402	241,783	20,000	—	261,783
Chile	389,782	—	—	389,782	282,164	—	—	282,164
Guatemala	266,870	40,000	1,000	307,870	59,890	40,000	—	99,890
Peru	212,951	28,932	15,500	257,383	77,878	13,000	—	90,878
Argentina	168,352	9,000	—	177,352	196,864	12,000	—	208,864
Panama	100,115	50,000	—	150,115	66,929	50,000	—	116,929
El Salvador	123,550	14,286	—	137,836	27,982	15,000	—	42,982
Uruguay	116,076	19,472	—	135,548	79,648	17,752	—	97,400
Paraguay	134,355	—	—	134,355	96,663	—	—	96,663
Honduras	107,542	—	—	107,542	24,273	—	—	24,273
Nicaragua	70,286	—	4,695	74,981	65,717	—	—	65,717
Trinidad and Tobago	74,490	—	—	74,490	37,500	—	—	37,500
Costa Rica	69,601	—	—	69,601	78,690	—	—	78,690
Bolivia	43,897	—	2,018	45,915	38,566	—	18,500	57,066
Dominican Republic	12,436	—	—	12,436	13,265	—	—	13,265
Belize	12,428	—	—	12,428	7,500	—	—	7,500
Spain	10,944	—	—	10,944	—	—	—	—
Haiti	8,874	—	—	8,874	7,032	—	—	7,032
Suriname	5,136	—	—	5,136	6,515	—	—	6,515
Bahamas	1,430	—	—	1,430	1,891	—	—	1,891
Regional[(1)]	—	—	—	—	48,193	16,000	37,115	101,308
Total cost	**3,811,046**	**417,226**	**130,068**	**4,358,340**	**2,070,729**	**376,829**	**95,229**	**2,542,787**
Fair value adjustments	(907)	(786)	1,340	(353)	(905)	95	1,446	636
Total carrying value	**3,810,139**	**416,440**	**131,408**	**4,357,987**	**2,069,824**	**376,924**	**96,675**	**2,543,423**
Allowance for credit losses	(173,247)	(7,851)	—	(181,098)	(97,614)	—	—	(97,614)
Total development related investments, net	**$3,636,892**	**$ 408,589**	**$ 131,408**	**$4,176,889**	**$1,972,210**	**$ 376,924**	**$ 96,675**	**$2,445,809**

(1) On January 1, 2020, IDB Invest adopted CECL and refined the exposure tracking methodology for investments in multiple countries to be based on a single country representing the activities or location of the borrower or ultimate guarantor (country of risk).

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

	Year ended December 31	
	2020	2019
Loans, debt securities and guarantees		
Interest income	$ 149,194	$ 125,847
Fees and other income	36,706	8,220
(Provision)/release of provision for credit losses	(111,756)	(36,697)
Income/(expense) from loans, debt securities and guarantees	**74,144**	**97,370**
Equity investments		
Realized gain/(loss) from sales, net	922	2,541
Realized dividends and other income	263	294
Unrealized gain/(loss) from changes in fair value and measurement adjustments, net [1]	100	229
Income/(expense) from equity investments	**1,285**	**3,064**
Income from development related investments, net	**$ 75,429**	**$ 100,434**

[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, 2020
Loans	$ 1,090,707
Equity investments	153,952
Debt securities	59,478
Total	**$ 1,304,137**

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

	December 31, 2020	December 31, 2019
Loans		
Due in one year or less	$ 1,343,945	$ 622,921
Due after one year through five years	1,452,793	878,165
Due after five years through ten years	830,520	406,723
Due after ten years and thereafter	191,797	167,651
Total loans	**3,819,055**	**2,075,460**
Debt securities		
Due in one year or less	12,969	24,132
Due after one year through five years	301,963	247,258
Due after five years through ten years	92,736	90,952
Due after ten years and thereafter	9,558	14,487
Total debt securities	**417,226**	**376,829**
Total development related debt investments, gross	**4,236,281**	**2,452,289**
Unamortized discounts for loans	(8,009)	(4,731)
Total development related debt investments at cost, net	**4,228,272**	**2,447,558**
Fair value adjustments for loans and debt securities	(1,693)	(810)
Total development related debt investments at carrying amount, net	**$ 4,226,579**	**$ 2,446,748**

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, 2020		December 31, 2019	
	Amount	Range	Amount	Range
Brazilian real (BRL)				
Loans	$ 26,282	3.9% - 6.7%	$ —	—%
Debt securities	12,595	3.9%	45,715	7.7%
	38,877		45,715	
Colombian peso (COP)				
Loans	58,903	7.6% - 9.2%	41,177	10.9% - 11.8%
Debt securities	137,513	3.3% - 9.5%	144,129	5.7% - 9.5%
	196,416		185,306	
Dominican Republic peso (DOP)				
Loans	8,590	10.5%	9,418	10.5%
	8,590		9,418	
Mexican peso (MXN)				
Loans	58,036	5.9% - 8.7%	34,555	8.7% - 12.0%
Debt securities	4,427	5.5%	3,232	7.7%
	62,463		37,787	
Paraguayan guarani (PYG)				
Loans	21,388	7.5% - 9.0%	4,650	9.0%
	21,388		4,650	
Peruvian sol (PEN)				
Loans	15,793	10.5%	—	—%
Debt securities	15,931	8.0%	—	—%
	31,724		—	
Trinidad and Tobago dollar (TTD)				
Loans	36,990	3.8%	—	—%
	36,990		—	
United States dollar (USD)				
Loans	3,155,537	1.1% - 12.0%	1,735,934	1.5% - 16.0%
Debt securities	246,758	2.2% - 8.0%	183,753	3.5% - 7.9%
	3,402,295		1,919,687	
Total development related debt investments, before discounted loans	**3,798,743**		**2,202,563**	
Discounted loans with no stated rate (USD)	363,443		222,695	
Discounted loans with no stated rate (MXN)	66,086		22,300	
Total development related debt investments at cost, net	**4,228,272**		**2,447,558**	
Fair value adjustments for loans and debt securities	(1,693)		(810)	
Total development related debt investments at carrying amount, net	**$ 4,226,579**		**$ 2,446,748**	

Variable rate loans generally reprice within one year. Base rates of variable rate loans reset at each repayment 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 investment at cost as of December 31, 2020 and December 31, 2019 is as follows (US$ thousands):

	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**

	December 31, 2019				
	1-90 days past due	>90 days past due	Total past due	Total current	Total portfolio
Loans	$ 6,530	$ 14,516	$ 21,046	$ 2,049,683	$ 2,070,729
Debt securities	—	—	—	376,829	376,829
Total	**$ 6,530**	**$ 14,516**	**$ 21,046**	**$ 2,426,512**	**$ 2,447,558**

The recorded investment in nonaccrual loans at amortized cost is summarized as of December 31, 2020 and December 31, 2019 as follows (US$ thousands):

	December 31, 2020				Year ended December 31, 2020	
	Nonaccrual			> 90 days past due and accruing	Interest income recognized on nonaccrual status	Accrued interest income written off
	Past due	Current	Total			
Loans	$ 21,185	$ 11,192	$ 32,377	$ —	$ 720	$ 206
Total	**$ 21,185**	**$ 11,192**	**$ 32,377**	**$ —**	**$ 720**	**$ 206**

	December 31, 2019				Year ended December 31, 2019
	Nonaccrual			> 90 days past due and accruing	Interest income recognized on nonaccrual status
	Past due	Current	Total		
Loans	$ 19,415	$ 11,851	$ 31,266	$ 1,501	$ 857
Total	**$ 19,415**	**$ 11,851**	**$ 31,266**	**$ 1,501**	**$ 857**

There were no debt securities in nonaccrual status as of December 31, 2020 nor December 31, 2019.

A current nonaccrual development related debt investment is a financial instrument that was placed in nonaccrual status, where the borrower is now current on payments, but for which ongoing monitoring is necessary to determine whether the borrower has sufficiently demonstrated performance before returning the development related debt investment to accrual status. There were no development related debt investments at amortized cost classified as nonaccrual without a related allowance for credit losses as of December 31, 2020 (none as of December 31, 2019).

The investment in impaired loans was $32.4 million as of December 31, 2020 ($31.3 million as of December 31, 2019). The average investment in impaired loans was $30.4 million for the year ended December 31, 2020 ($30.3 million for the year ended December 31, 2019). The total allowance related to impaired loans was $15.0 million as of December 31, 2020 ($12.8 million as of December 31, 2019). As of the years ended December 31, 2020 and 2019, all loans classified as impaired were in nonaccrual status.

As of December 31, 2020, there was one operation in the portfolio considered a TDR with an outstanding balance of $6.4 million and individually assessed allowance for credit losses of $1.9 million (none as of December 31, 2019). IDB Invest does not have commitments to extend additional funds to borrowers whose terms have been modified in a TDR.

During 2020, IDB Invest implemented loan modification measures in response to requests received from borrowers for short-term modifications as a result of the COVID-19 pandemic. As of December 31, 2020, IDB Invest evaluated loans with a total outstanding balance of $66 million under the Interagency Statement and determined that the modifications are not considered TDRs. These loans were fully performing at the time the measures were implemented. The reliefs provided are short-term arrangements of principal deferrals amounting to $5 million. 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 expected credit losses for these loans under the CECL provision.

The allowance for credit losses considers credit risk assessments as of December 31, 2020. In light of the COVID-19 pandemic, several of the credit risk ratings of individual development related debt investments have deteriorated as of December 31, 2020 when compared to December 31, 2019, reflecting both general credit and specific COVID-19 related aspects. In evaluating the appropriateness of the allowance for credit losses on development related debt investments as of December 31, 2020, IDB Invest has considered this impact when assessing the credit worthiness and risk rating of its development related debt investments and increased its provisions for credit losses in the year ended December 31, 2020.

Changes in the allowance for expected credit losses are summarized below (US$ thousands):

	Year ended December 31, 2020			
	Financial institutions	Corporates	Project finance [1]	Total
Loans				
Beginning balance	$ (32,926)	$ (64,688)	$ —	$ (97,614)
Cumulative effect of adoption of ASU 2016-13	5,490	26,988	(30,082)	2,396
Loans written off, net	—	—	—	—
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 [2]	—	—	—	—
Cumulative effect of adoption of ASU 2016-13	(3,755)	(3,021)	(732)	(7,508)
Debt securities written off, net	—	—	—	—
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 [2]	—	—	—	—
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] Project finance was not presented as a separate segment prior to the adoption of ASU 2016-13.
[2] Debt securities and undisbursed commitments were not subject to provisioning prior to the adoption of ASU 2016-13.

Loans	Year ended December 31, 2019 Financial institutions	Corporates	Total
Beginning balance	$ (24,602)	$ (41,174)	$ (65,776)
Write-offs	—	2,352	2,352
Recoveries	(133)	(44)	(177)
(Provision)/release of provision for loan losses [1]	(8,191)	(25,822)	(34,013)
Ending balance	**$ (32,926)**	**$ (64,688)**	**$ (97,614)**

[1] Does not include changes in (Provision)/release of provision for credit losses related to guarantees of $(2.7) million that are recorded in the same line item in the income statements.

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, 2020 are as follows (US$ thousands):

	December 31, 2020					
	Amortized cost basis by origination year (2)				Revolving loans amortized cost basis (1)	Total
	2020	2019	2018	Prior		
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 line-of-credit arrangements that may be converted to term loans in a separate column. As of December 31, 2020, line of credit arrangements converted to term loans amounted to $1.2 million.
(2) Includes short-term loans with maturities of less than one year.

A summary of loans carried at amortized cost by credit quality indicator and by investment type as of December 31, 2019 are as follows (US$ thousands):

	December 31, 2019		
Internal credit quality indicator	**Financial institutions**	**Corporates**	**Total**
Adequate	$ 132,500	$ 141,348	$ 273,848
Moderate	402,726	484,971	887,697
Weak	246,458	537,470	783,928
Very weak	1,000	95,824	96,824
Total loans at amortized cost	**$ 782,684**	**$ 1,259,613**	**$ 2,042,297**

The fair value of development related debt securities carried at amortized cost and a comparison of the allowance for credit losses with the gross unrecognized holding gains/(losses) that would have been recorded instead of the allowance if the development related debt securities carried at amortized cost were recorded at fair value is as follows (US$ thousands):

	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	$ 17,574	$ —	$ 145,778
Total	**$ 128,204**	**$ (7,851)**	**$ 120,353**	**$ 17,574**	**$ —**	**$ 145,778**

As of December 31, 2019, IDB Invest's development related debt securities carried at amortized cost were $133.6 million. There was no indication of other-than-temporary impairment losses on these debt securities for the year ended December 31, 2019.

Guarantees

Guarantees entered into by IDB Invest have maturities consistent with those of the guaranteed loan portfolio. No notices of default have been received since inception of IDB Invest's guarantee program.

IDB Invest's current outstanding exposure for guarantees was $107.3 million as of December 31, 2020 ($46.6 million as of December 31, 2019). The maximum potential exposure, which represents the amounts that could be lost under the guarantees in the event the full guaranteed loan disbursed and there were a total default by the guaranteed party without taking into consideration possible recoveries under recourse provisions or from collateral held or pledged, amounted to $156.8 million as of December 31, 2020 ($66.4 million as of December 31, 2019). The allowance for losses on guarantees is $17.5 million as of December 31, 2020 and is recorded in Payables and other liabilities in the balance sheets ($3.2 million as of December 31, 2019).

Loan participations and co-financing arrangements

As of December 31, 2020, IDB Invest serviced loan participations and co-financing arrangements outstanding of $1.4 billion ($1.8 billion as of December 31, 2019) and recognized servicing fees of $751 thousand for the year ended December 31, 2020 ($757 thousand for the year ended December 31, 2019) included in Mobilization fees and other income in the income statements.

In addition, IDB Invest serviced co-financing arrangements outstanding of $2.9 billion with IDB Group related parties as of December 31, 2020 ($2.4 billion as of December 31, 2019). As explained in Note 13, income from these arrangements are included in SLA revenue.

Variable interest entities

Some of IDB Invest's development related investments are made through VIEs. 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.

IDB Invest has made development related investments amounting to approximately $6.4 million in loans for one VIE for which it is deemed to be the primary beneficiary as of December 31, 2020 ($26.1 million in loans and $3.0 million in debt securities as of December 31, 2019). IDB Invest's involvement with one VIE is limited to development related investments, which are reflected as such in IDB Invest's financial statements as of December 31, 2020 (three as of December 31, 2019). Based on the most recent available data, the size of these VIEs measured by total assets with a notional value of approximately $6.5 million as of December 31, 2020 is considered immaterial compared to the carrying value of $6.4 million, and thus not consolidated in IDB Invest's financial statements ($31.5 million notional value and $29.1 million carrying value at December 31, 2019).

IDB Invest does not have a significant variable interest in any other VIE, which would require disclosure. Similarly, IDB Invest does not hold a controlling financial interest or majority voting interest in any other entity, and it does not have significant influence over any entities.

5. Receivables and Other Assets

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

	December 31, 2020	December 31, 2019
Operating lease right-of-use asset	$ 48,400	$ 52,536
Interest receivable on development related debt investments	24,377	22,538
Recovery assets	23,660	737
Fixed and intangible assets	12,650	11,033
Other assets	6,736	3,169
Interest receivable on investment securities	5,511	3,589
Total receivables and other assets	**$ 121,334**	**$ 93,602**

6. Payables and Other Liabilities

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

	Notes	December 31, 2020	December 31, 2019
Pension and Postretirement Benefit Plans	14		
Pension Plans, net liability		$ 123,105	$ 77,920
Postretirement Benefit Plan, net liability		34,694	17,798
Leases	12		
Operating lease liability		49,939	53,388
Current Expected Credit Losses (CECL)	4		
Liability for off-balance sheet credit losses		77,793	3,248
Development related investments			
Loan origination fees and costs, net		29,634	17,769
Interest and commitment fees payable		11,866	7,332
Deferred revenue		15,373	12,884
Employment benefits payable		14,600	12,288
Due to IDB, net	13	14,825	8,426
Other liabilities		33,978	7,563
Total payables and other liabilities		**$ 405,807**	**$ 218,616**

Deferred revenue includes service fees collected from related parties. Additional information about IDB Invest's related party transactions is included in Note 13.

7. Borrowings

Borrowings outstanding by currency are as follows (US$ thousands):

	Final Maturity	Interest payment terms	December 31, 2020 Amount outstanding	F/V rate[1]	Interest rate	December 31, 2019 Amount outstanding	F/V rate[1]	Interest rate
Australian dollar (AUD):								
2020 AUD 140.0 million	2035	Semi-annual	$ 107,925	F	1.5 %	$ —		
			107,925			**—**		
Brazilian real (BRL):								
2020 BRL 4.2 million	2027	Quarterly	802	V	3.2 %	—		
2020 BRL 25.5 million	2028	Quarterly	4,905	V	2.7 %	—		
2020 BRL 23.4 million	2028	Quarterly	4,495	V	2.8 %	—		
2020 BRL 12.4 million	2028	Quarterly	2,393	V	2.8 %	—		
2020 BRL 67.3 million	2029	Quarterly	12,944	V	2.8 %	—		
2020 BRL 37.7 million	2039	Quarterly	7,264	V	4.0 %	—		
2020 BRL 4.7 million	2039	Quarterly	909	V	4.3 %	—		
2018 BRL 90.0 million	2021	Quarterly	—	V	0.0 %	29,776	V	4.1 %
2019 BRL 15.0 million	2021	Quarterly	—	V	0.0 %	4,963	V	3.9 %
2019 BRL 11.3 million	2021	Quarterly	—	V	0.0 %	3,722	V	3.8 %
2019 BRL 11.3 million	2021	Quarterly	—	V	0.0 %	3,722	V	3.5 %
2019 BRL 11.3 million	2021	Quarterly	—	V	0.0 %	3,722	V	3.7 %
			33,712			**45,905**		
Colombian peso (COP):								
2019 COP 328.5 billion	2024	Monthly	95,593	V	2.2 %	100,192	V	4.6 %
2018 COP 144.1 billion	2025	Semi-annual	41,920	F	6.6 %	43,937	F	6.6 %
2018 COP 35.3 billion	2030	Quarterly	10,286	V	6.3 %	10,782	V	8.3 %
2020 COP 30.3 billion	2030	Quarterly	8,830	V	6.3 %	—		
2019 COP 27.1 billion	2030	Quarterly	7,883	V	6.3 %	8,262	V	8.3 %
2020 COP 16.1 billion	2030	Quarterly	4,676	V	6.0 %	—		
2019 COP 47.0 billion	2035	Semi-annual	13,677	V	6.4 %	14,335	V	7.9 %
2020 COP 9.0 billion	2035	Semi-annual	2,619	V	6.4 %	—		
2020 COP 7.0 billion	2035	Semi-annual	2,037	V	6.4 %	—		
2019 COP 6.0 billion	2035	Semi-annual	1,746	V	6.4 %	1,830	V	8.4 %
2019 COP 5.0 billion	2035	Semi-annual	1,455	V	6.4 %	1,525	V	8.4 %
2020 COP 5.0 billion	2035	Semi-annual	1,455	V	6.4 %	—		
			192,177			**180,863**		
Dominican peso (DOP):								
2019 DOP 500.0 million	2022	Semi-annual	8,589	F	8.8 %	9,418	F	8.8 %
			8,589			**9,418**		
Mexican peso (MXN):								
2018 MXN 1.5 billion	2021	Monthly	75,372	V	4.6 %	79,515	V	7.8 %
2019 MXN 1.5 billion	2022	Monthly	75,372	V	4.5 %	79,515	V	7.7 %
2020 MXN 2.0 billion	2023	Monthly	100,496	V	4.5 %	—		
			251,240			**159,030**		
Paraguayan guarani (PYG):								
2018 PYG 22.5 billion	2023	Semi-annual	3,263	F	6.1 %	4,650	F	6.1 %
2020 PYG 100.0 billion	2025	Semi-annual	14,500	F	6.1 %	—		
2020 PYG 25.0 billion	2025	Semi-annual	3,625	F	5.4 %	—		
			21,388			**4,650**		
Trinidad and Tobago dollar (TTD):								
2020 TTD 250.0 million	2025	Semi-annual	36,990	V	2.1 %	—		
			36,990			**—**		

	Final Maturity	Interest payment terms	December 31, 2020 Amount outstanding	F/V rate[1]	Interest rate	December 31, 2019 Amount outstanding	F/V rate[1]	Interest rate
United States dollar (USD):								
2018 $500.0 million	2021	Quarterly	500,000	V	0.3 %	500,000	V	2.1 %
2019 $250.0 million	2021	Quarterly	250,000	V	0.3 %	250,000	V	2.1 %
2020 $1.0 billion	2022	Annual	1,000,000	F	0.8 %	—		
2020 $1.0 billion	2023	Annual	1,000,000	F	0.5 %	—		
2019 $500.0 million	2024	Annual	500,000	F	1.8 %	500,000	F	1.8 %
			3,250,000			**1,250,000**		
Total borrowings, gross			**$ 3,902,021**			**$ 1,649,866**		
Fair value (gain)/loss adjustments, net			8,084			—		
Unamortized premiums/ discounts and issuance costs, net			(1,648)			(1,720)		
Total borrowings, net			**$ 3,908,457**			**$ 1,648,146**		

[1] F: fixed; V: variable

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

	Available until	Contractual amount	December 31, 2020 Available amount	December 31, 2020 Drawdown amount
Colombian peso (COP)				
2018 COP 370 billion	2021	$ 107,670	$ 53,006	**$ 54,664**
Multi-currency				
1997 $300 million	2022	$ 300,000	$ 114,915	**$ 185,085**

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

	Year ended December 31 2020	2019
Interest expense	$ 45,099	$ 43,433
Fees expense	534	693
Amortization of premiums/discounts and issuance costs, net	2,324	444
Total borrowings expense, net	**$ 47,957**	**$ 44,570**

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 2020	2019
Unrealized gain/(loss) during the period	$ (20,831)	$ —
Total recognized in other comprehensive income/(loss)	**$ (20,831)**	**$ —**

8. Derivative instruments

IDB Invest enters into transactions in certain 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.

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

		December 31, 2020		December 31, 2019	
Derivative purpose	**Derivative type**	**Derivative assets**	**Derivative liabilities**	**Derivative assets**	**Derivative liabilities**
Development related debt investments	Cross currency swaps	$ 266	$ (444)	$ —	$ —
	Interest rate swaps	164	(90)	—	—
Borrowings	Cross currency swaps	3,848	—	—	—
	Interest rate swaps	1,183	(1,300)	—	—
Total		**$ 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**	**2020**	**2019**
Development related debt investments			
Cross currency swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	$ (178)	$ —
Interest rate swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	62	—
Borrowings			
Cross currency swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	3,848	—
Interest rate swaps	Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	2,073	—
Total		**$ 5,805**	**$ —**

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

As of December 31, 2020, the outstanding volume, measured by notional amount, of swap contracts was $2.4 billion (none as of December 31, 2019).

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, 2020			
	Gross amount of assets presented in the balance sheets	Gross amounts not offset in the balance sheets		
		Financial instruments	Collateral received [1]	Net amount
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		
		Financial instruments	Collateral pledged	Net amount
Derivative liabilities	$ (1,834)	$ 1,834	$ —	$ —

[1] Total cash collateral received was $2.6 million as of December 31, 2020 (none as of December 31, 2019).

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, 2020, IDB Invest had $2.6 million of outstanding obligations to return cash collateral under CSAs (none as of December 31, 2019). IDB Invest recognizes a receivable in its balance sheets for its rights to cash collateral posted. As of December 31, 2020, no cash collateral was posted under CSAs (none as of December 31, 2019).

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.

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 that, shares corresponding to the first installment which were fully paid in by the end of the second installment were 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 $75.7 million were received during the year ended December 31, 2020 for a total of $1.1 billion in contributions corresponding to Annex A Shares under GCI-II. In March 2020, 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 $109 million in income distributions (transfers) for a total of $207.9 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 $1.3 billion have been received under GCI-II through December 31, 2020.

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.

The following table lists the capital and receivable from members (US$ thousands, except for share and voting power information):

	December 31							
	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	18,850	$ 188,500	$ 66,726	$ 234	$ 254,992	12.64	18,170	12.18
Austria	907	9,070	3,484	680	11,874	0.59	865	0.58
Bahamas	335	3,350	1,186	519	4,017	0.20	303	0.20
Barbados	237	2,370	903	189	3,084	0.15	225	0.15
Belgium	211	2,110	270	—	2,380	0.12	211	0.14
Belize	116	1,160	95	—	1,255	0.06	116	0.08
Bolivia	1,516	15,160	5,358	922	19,596	0.97	1,374	0.92
Brazil	18,850	188,500	69,586	44,246	213,840	10.60	16,178	10.84
Canada	4,607	46,070	27,556	4,659	68,967	3.42	4,319	2.90
Chile	4,860	48,600	17,704	7,496	58,808	2.92	4,399	2.95
China	9,330	93,300	56,689	10,888	139,101	6.90	8,657	5.80
Colombia	4,860	48,600	17,154	—	65,754	3.26	4,684	3.14
Costa Rica	730	7,300	2,578	453	9,425	0.47	702	0.47
Croatia[5]	6	60	42	—	102	0.01	6	0.00
Denmark	1,093	10,930	137	—	11,067	0.55	1,093	0.73
Dominican Republic	1,012	10,120	3,559	615	13,064	0.65	974	0.65
Ecuador	1,020	10,200	3,616	324	13,492	0.67	981	0.66
El Salvador	730	7,300	2,692	1,122	8,870	0.44	661	0.44
Finland	1,041	10,410	4,016	—	14,426	0.72	993	0.67
France	3,114	31,140	5,885	891	36,134	1.79	3,059	2.05
Germany	1,580	15,800	1,522	—	17,322	0.86	1,580	1.06
Guatemala	971	9,710	3,418	631	12,497	0.62	932	0.62
Guyana	276	2,760	978	178	3,560	0.18	265	0.18
Haiti	730	7,300	3,120	5,272	5,148	0.26	431	0.29
Honduras	730	7,300	2,650	529	9,421	0.47	697	0.47
Israel	411	4,110	1,483	357	5,236	0.26	389	0.26
Italy	4,874	48,740	16,758	2,961	62,537	3.10	4,691	3.14
Jamaica	494	4,940	471	—	5,411	0.27	494	0.33
Japan	5,599	55,990	19,202	2,976	72,216	3.58	5,415	3.63
Korea	8,293	82,930	50,281	9,658	123,553	6.13	7,696	5.16
Mexico	12,071	120,710	42,422	—	163,132	8.09	11,637	7.80
Netherlands	1,096	10,960	168	—	11,128	0.55	1,096	0.73
Nicaragua	730	7,300	2,574	453	9,421	0.47	702	0.47
Norway	1,038	10,380	3,986	777	13,589	0.67	990	0.66
Panama	1,031	10,310	4,361	2,000	12,671	0.63	908	0.61
Paraguay	764	7,640	2,701	501	9,840	0.49	733	0.49
Peru	5,369	53,690	20,290	—	73,980	3.67	5,141	3.45
Portugal	396	3,960	1,332	666	4,626	0.23	355	0.24
Slovenia[6]	3	30	32	—	62	0.00	3	0.00
Spain	7,217	72,170	29,195	—	101,365	5.03	6,890	4.62
Suriname	112	1,120	76	—	1,196	0.06	112	0.08
Sweden	988	9,880	3,686	716	12,850	0.64	881	0.59
Switzerland	2,349	23,490	7,898	1,488	29,900	1.48	2,118	1.42
Trinidad and Tobago	727	7,270	3,129	4,852	5,547	0.28	450	0.30
United States	19,915	199,150	24,079	—	223,229	11.07	19,915	13.35
Uruguay	2,007	20,070	7,077	—	27,147	1.35	1,933	1.30
Venezuela	10,889	108,890	51,710	110,343	50,257	2.49	4,752	3.19
Total as of December 31, 2020	**164,085**	**$ 1,640,850**	**$ 593,835**	**$ 217,596**	**$ 2,017,089**	**100**	**149,176**	**100**
Total as of December 31, 2019	**157,350**	**$ 1,573,500**	**$ 546,751**	**$ 287,840**	**$ 1,832,411**		**134,785**	

(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 0.0040.
(6) Slovenia's voting power is 0.0020.

10. Fair Value Measurements

Certain of IDB Invest's financial instruments are not actively traded in any market. Determining future cash flows for fair value estimation is subjective, and minor changes in assumptions or methodologies may affect the estimated values. Also, there is a heightened degree of uncertainty and judgment in incorporating the impact of COVID-19. Therefore, while disclosure of estimated fair values of certain financial instruments is required, readers are cautioned about using these data for purposes of evaluating the financial condition of IDB Invest as of December 31, 2020.

The methodologies and key assumptions used to estimate the fair values of IDB Invest's financial instruments are summarized below:

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 valuation has been employed, using yield curves, bond or credit default swap spreads, and recovery rates based on collateral values as key inputs.

Development related debt investments – For disclosure purposes, IDB Invest estimates the fair value of its 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. The 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 – Equity investments includes direct equity investments and LPs primarily in small and medium-sized enterprises and financial instruments. In most cases, market prices are not available, 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 recorded at fair value if publicly traded in certain markets, or 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 – IDB Invest's methodology to measure equity investments using the cost-based measurement alternative requires the use of estimates and present value calculations of future cash flows for impairments or observable price change adjustments. IDB Invest relies 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.

Fair value of financial instruments

IDB Invest's financial instruments recorded or disclosed at fair value have been categorized based on a fair value hierarchy in accordance with ASC 820 and are as follows (US$ thousands):

	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
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
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
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.

	December 31, 2019				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
Investment securities					
Corporate securities	$ 677,372	$ —	$ 677,372	$ —	$ 677,372
Money market funds	372,822	—	372,822	—	372,822
Agency securities	136,336	—	136,336	—	136,336
Government securities	127,911	2,995	124,916	—	127,911
Supranational securities	23,223	—	23,223	—	23,223
	1,337,664	2,995	1,334,669	—	1,337,664
Loans					
Amortized cost	2,042,297	—	—	2,099,284	2,099,284
Fair value	27,527	—	—	27,527	27,527
	2,069,824	—	—	2,126,811	2,126,811
Equity investments					
Cost-based measurement alternative	4,695	—	—	4,695	4,695
Fair value	27,239	1,298	—	25,941	27,239
NAV(1)	64,741				64,741
	96,675	1,298	—	30,636	96,675
Debt securities					
Amortized cost	133,624	—	—	144,720	144,720
Fair value	197,406	—	—	197,406	197,406
NAV(1)	45,894				45,894
	376,924	—	—	342,126	388,020
Borrowings					
Amortized cost	1,648,146	—	1,655,632	—	1,655,632

(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 instruments that are carried at fair value as follows (US$ thousands):

	Year ended December 31, 2020				
	Balance as of January 1, 2020	**Net gains and 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)
Equity investments	25,941	1,754	14,627	42,322	1,506
Debt securities	197,406	(5,485)	83,672	275,593	(5,485)
Total assets at fair value	**250,874**	**(3,920)**	**226,608**	**473,562**	**(4,168)**

	Year ended December 31, 2019				
	Balance as of January 1, 2019	**Net gains and losses included in income**	**Disbursements, purchases, sales, settlements and other**	**Balance as of December 31, 2019**	**Net unrealized gains/ (losses) included in earnings related to assets/liabilities held at December 31, 2019**
Loans	$ 7,714	$ (905)	$ 20,718	$ 27,527	$ (905)
Equity investments	—	1,141	24,800	25,941	1,141
Debt securities	60,333	(84)	137,157	197,406	(84)
Total assets at fair value	**$ 68,047**	**$ 152**	**$ 182,675**	**$ 250,874**	**$ 152**

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, 2020				
	Disbursements/ Purchases	Repayments/ Sales	Issuances	Settlements and others	Net
Loans	$ 131,130	$ (2,821)	$ —	$ —	$ 128,309
Equity investments	15,857	(1,230)	—	—	14,627
Debt securities	84,838	(1,166)	—	—	83,672
Total assets at fair value	**$ 231,825**	**$ (5,217)**	**$ —**	**$ —**	**$ 226,608**

	Year ended December 31, 2019				
	Disbursements/ Purchases	Repayments/ Sales	Issuances	Settlements and others	Net
Loans	$ 20,718	$ —	$ —	$ —	$ 20,718
Equity investments	15,500	—	—	9,300	24,800
Debt securities	137,157	—	—	—	137,157
Total assets at fair value	**$ 173,375**	**$ —**	**$ —**	**$ 9,300**	**$ 182,675**

The following tables present the valuation techniques and significant unobservable inputs for development related investments classified as Level 3 as of December 31, 2020 and December 31, 2019 (US$ thousands):

	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				
Equity investments	16,889	Discounted cash flows	Discount rate	18.4%	18.4%
	15,857	Recent transaction			
	9,576	Various techniques [1]			
	42,322				
Debt securities	194,661	Discounted cash flows	Discount rate	2.3%-6.0%	3.5%
	80,932	Recent transaction			
	275,593				
Total	**$ 473,562**				

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

	December 31, 2019				
	Fair value	**Valuation technique**	**Significant inputs**	**Range**	**Weighted average**
Loans	$ 26,096	Discounted cash flows	Discount rate	6.5%-15.0%	10.1%
	1,431	Recent transaction			
	27,527				
Equity investments	15,500	Recent transaction			
	10,441	Various techniques[1]			
	25,941				
Debt securities	177,524	Discounted cash flows	Discount rate	3.9%-9.3%	5.6%
	19,882	Listed price			
	197,406				
Total	**$ 250,874**				

[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, 2020 nor December 31, 2019.

11. Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net

Net gains and losses on non-trading portfolios are as follows (US$ thousands):

	Year ended December 31	
	2020	2019
Gain/(loss) from changes in fair value, net		
Development related debt investments	$ (937)	$ (798)
Borrowings	3,997	—
Derivatives		
Realized gain/(loss) on swaps	2,178	—
Unrealized gain/(loss) on swaps	3,627	—
	8,865	(798)
Gain/(loss) from foreign exchange transactions, net	6,487	(3,559)
Gain/(loss) from changes in fair value and foreign exchange transactions, net	**$ 15,352**	**$ (4,357)**

IDB Invest's non-trading portfolio includes development related debt investments and borrowings accounted for at fair value under the Fair Value Option as well as derivative instruments at fair value. 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 accounted for 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, co defendant 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 the financial position, results of operations, or cash flows.

The recent 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 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 expired in 2020 and was renewed for an additional ten year term that will expire in 2030. The remaining current lease agreements with the IDB in the Regional Developing Member Countries are renewed annually with the exception of the Argentina, Brazil and Colombia offices which extend between 2021 and 2023. The lease agreements in Argentina and Colombia include renewal options to extend the lease term, all of which IDB Invest is reasonably certain to exercise for the duration established in the contract.

Refer to Notes 5 and 6 for additional information related to IDB Invest's operating lease right-of-use assets and operating lease liabilities outstanding as of December 31, 2020.

The following table details the lease expenses and quantitative disclosure requirements (US$ thousands):

	Year ended December 31	
	2020	**2019**
Operating leases		
Operating lease expense	$ 6,110	$ 6,109
Total lease expense	**$ 6,110**	**$ 6,109**
Supplemental disclosure:		
Weighted average of lease terms (years)	9.92	10.90
Weighted average discount rate	3.11 %	3.11 %

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, 2020
Undiscounted cash flows in 2021	$ 5,351
Undiscounted cash flows in 2022	5,315
Undiscounted cash flows in 2023	5,436
Undiscounted cash flows in 2024	5,503
Undiscounted cash flows in 2025 and thereafter	36,664
Total operating leases	**$ 58,269**
Discount	(8,330)
Operating lease liability	**$ 49,939**

13. Related Party Transactions

IDB Invest and the IDB entered into SLAs whereby IDB Invest provides certain services to the IDB and the IDB provides certain services to IDB Invest. These services are further described below. IDB Invest has also entered into office space leases with the IDB discussed in Note 12.

Service Level Agreements

The SLAs with the IDB outline the duration, scope of work, roles and responsibilities, remuneration, and performance metrics of each institution.

Co-financing Arrangements and SLA Revenue

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. IDB Invest and the IDB maintain separate legal and economic interests in their respective share of the loan principal balance for a co-financed loan. IDB Invest's portion is defined as a percentage of the overall transaction 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, 2020, IDB Invest received $4.3 million for these services ($1.2 million for the year ended December 31, 2019). As of December 31, 2020, IDB Invest has recorded deferred revenue of $15.0 million related to these services ($12.5 million as of December 31, 2019), 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	
	2020	2019
SLA revenue	$ 76,688	$ 73,652
Management of external funds revenue	2,109	2,202
IDB administered funds revenue	7,079	1,566
Total	**$ 85,876**	**$ 77,420**

SLA Expenses

IDB Invest purchases various general and administrative services from the IDB under a series of annual renewable SLAs. IDB Invest incurred expenses of $16.7 million for receiving these SLA services from the IDB for the year ended December 31, 2020 ($14.6 million for the year ended December 31, 2019) that 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 $14.8 million as of December 31, 2020 ($8.4 million as of December 31, 2019). Refer to Note 6 for additional details.

Other Transactions with Related Parties

IDB Invest has a renewable credit facility with the IDB amounting to $300.0 million. On September 21, 2018, this renewable credit facility was modified from a United States dollar facility to a multicurrency facility and the original expiration date of November 2020 was modified and extended to December 2022. As of December 31, 2020, IDB Invest's total drawdowns from the IDB multi-currency credit facility were $185.1 million and $114.9 million remain available ($150.8 million total drawdowns and $149.2 million available as of December 31, 2019). Refer to Note 7 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 the change in benefit obligation, change in plan assets, funded status of the Pension Plans and the PRBP, and the amounts recognized in the balance sheets (US$ thousands):

	Pension Plans		PRBP	
	2020	2019	2020	2019
Reconciliation of benefit obligation				
Obligation as of January 1	$ (306,498)	$ (224,152)	$ (180,482)	$ (136,934)
Service cost	(18,717)	(12,303)	(7,671)	(5,228)
Interest cost	(9,635)	(9,317)	(5,600)	(5,525)
Participants' contributions	(3,659)	(3,458)	—	—
Plan amendments	—	—	—	—
Net transfers between IDB and IIC	1,856	1,590	723	1,516
Actuarial gains/(losses)	(49,420)	(62,204)	(25,608)	(35,997)
Benefits paid	3,590	3,346	1,173	1,695
Retiree Part D subsidy	—	—	(20)	(9)
Obligation as of December 31	**$ (382,483)**	**$ (306,498)**	**$ (217,485)**	**$ (180,482)**
Reconciliation of fair value of plan assets				
Fair value of plan assets as of January 1	228,578	184,260	162,684	132,799
Net transfers between IDB and IIC	(1,856)	(1,590)	(723)	(1,516)
Actual return on plan assets	25,086	38,699	16,967	28,399
Benefits paid	(3,590)	(3,346)	(1,173)	(1,695)
Participants' contributions	3,659	3,458	—	—
Employer contributions	7,501	7,097	5,036	4,697
Fair value of plan assets as of December 31	**$ 259,378**	**$ 228,578**	**$ 182,791**	**$ 162,684**
Funded status				
Funded/(Underfunded) status as of December 31	(123,105)	(77,920)	(34,694)	(17,798)
Funded status as of December 31	**$ (123,105)**	**$ (77,920)**	**$ (34,694)**	**$ (17,798)**
Amounts recognized in Accumulated other comprehensive income/(loss) consist of:				
Net actuarial (gain)/loss	83,744	52,011	45,582	31,574
Prior service (credit)/cost	—	—	(1,399)	(1,836)
Transition obligation/(asset)			—	—
Net amount recognized as of December 31	**$ 83,744**	**$ 52,011**	**$ 44,183**	**$ 29,738**

As of December 31, 2020 and 2019, the Pension Plans and PRBP were all underfunded. In 2020 and 2019, the aggregate fair value of the Pension Plans and PRBP's assets were $442.2 million and $391.3 million, respectively, and aggregate benefit obligations were $600.0 million and $487.0 million, respectively, contributing to the total Pension Plans and PRBP liability of $157.8 million and $95.7 million, respectively, as of December 31, 2020 and 2019.

The accumulated benefit obligation, in excess of the fair value of the Pension Plans' assets is as follows (US$ thousands):

	Pension Plans	
	2020	2019
Accumulated benefit obligation	$ (312,419)	(248,390)
Fair value of plan assets	$ 259,378	$ 228,578
Funded status	**$ (53,041)**	**$ (19,812)**

The accumulated benefit obligation attributable to IDB Invest for the Pension Plans, which excludes the effect of future salary increases was $312.4 million and $248.4 million as of December 31, 2020 and 2019, respectively.

Components of net periodic benefit cost

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

	Year ended December 31			
	Pension Plans		PRBP	
	2020	2019	2020	2019
Service cost [1]	$ 18,717	$ 12,303	$ 7,671	$ 5,228
Interest cost [3]	9,635	9,317	5,600	5,525
Expected return on plan assets [2][3]	(11,590)	(10,946)	(7,781)	(7,815)
Amortization of: [3]				
Net actuarial (gain)/loss	4,191	107	2,414	130
Prior service (credit)/cost	—	—	(437)	(437)
Net periodic benefit cost	**$ 20,953**	**$ 10,781**	**$ 7,467**	**$ 2,631**

(1) Included in Administrative expenses.
(2) The expected long-term rate of return on plan assets is 5.75% in 2020 and 6.00% in 2019.
(3) Included in Other components of pension benefit costs, net.

Other changes in plan assets and benefit obligations recognized in Other comprehensive income/(loss) (US$ thousands):

	Year ended December 31			
	Pension Plans		PRBP	
	2020	2019	2020	2019
Current actuarial (gain)/loss, net	$ 35,924	$ 34,451	$ 16,422	$ 15,413
Amortization of:				
Net actuarial (gain)/loss	(4,191)	(107)	(2,414)	(130)
Prior service (credit)/cost	—	—	437	437
Total recognized in other comprehensive (income)/loss	**$ 31,733**	**$ 34,344**	**$ 14,445**	**$ 15,720**
Total recognized in Net periodic benefit cost and Other comprehensive (income)/loss	**$ 52,686**	**$ 45,125**	**$ 21,912**	**$ 18,351**

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, 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 10.5 and 12.6 years, respectively.

Unrecognized prior service credit is amortized over a range of 2.4 years to 5.0 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	
	2020	2019	2020	2019
Weighted average assumptions used to determine benefit obligation as of December 31				
Discount rate	2.44 %	3.17 %	2.52 %	3.23 %
Inflation rate	2.12 %	2.20 %	2.12 %	2.20 %
Rate of compensation increase	4.26 %	4.34 %	n/a	n/a

	Pension Plans		PRBP	
	2020	2019	2020	2019
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31				
Discount rate	3.17 %	4.17 %	3.23 %	4.22 %
Expected long-term rate of return on plan assets	5.75 %	6.00 %	5.50 %	6.00 %
Rate of compensation increase	4.34 %	4.27 %	n/a	n/a
Inflation rate	2.20 %	2.21 %	n/a	n/a

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 inflation, the IDB has 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.

The decreases in the weighted-average discount rates for the Pension Plans and PRBP in 2020 and 2019 were the primary driver for the increases in the benefit obligations of approximately $45.2 million and $16.9 million, respectively, as of December 31, 2020 with respect to the precedent year ($38.0 million and $13.7 million, respectively, as of December 31, 2019).

Significant actuarial gains and losses related to changes in the Plans' benefit obligations for 2020 and 2019 primarily resulted from changes in the discount rate.

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

	PRBP	
	2020	**2019**
Health care cost trend rates assumed for next year		
Medical, Non-Medicare	4.50 %	4.75 %
Medical, Medicare	2.50 %	2.75 %
Prescription drugs	6.00 %	6.50 %
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	2.50 %	2.50 %
Prescription drugs	6.00 %	6.00 %
Dental	4.50 %	4.50 %
Year that the rate reaches the ultimate trend rate	2021	2021

For those participants assumed to retire outside of the United States, a 5.00% and 5.50% health care cost trend rate was used for 2020 and 2019, respectively with an ultimate trend rate of 4.50% in 2023.

Pension Plans and PRBP Assets

The assets of the Pension Plans and the PRBP are managed primarily by investment managers engaged by the IDB who are provided with 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 65% of the Pension Plans portfolio to growth-oriented assets (the Return Strategies), and 35% of assets to nominal and inflation-indexed U.S. fixed income (the Liabilities Hedging Strategies), to partially hedge the interest rate and inflation exposure in the Pension Plans and PRBP's liabilities, and to protect against disinflation.

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

The IPS SAA target allocations as of December 31, 2020, 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 category level and investment manager. Investments are rebalanced monthly within policy targets using cash flows and rebalancing exercises. 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.

For the Pension Plans (SRP and CSRP) and PRBP, the included asset classes 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, individual (separate) account 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 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. For the CSRP, replicates or optimizes the Bloomberg Barclays U.S. Treasury Inflation Notes 10+ 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.

- Private infrastructure - For the SRP and PRBP only, an actively managed , open-end commingled fund which invests, long-only, in U.S. and developed markets private equity within the infrastructure sector. This new asset class is not implemented yet.

- 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.

- Commodity index futures - For the CSRP, investment in a commingled fund that invests, long-only in commodity index futures. Management of the fund replicates or optimizes the Bloomberg Commodity Index.

- 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 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 the IDB Invest and IDB. The LTF Policy had a five-year initial term. In July 2019, following a review of the LTF Policy components, the Board adopted and 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 SRFs 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 SRFs. The approved Investment Policy Strategic Asset Allocation for the Stabilization Reserve Funds is 50% Short-term fixed income funds cash and 50% Core fixed income.

The following tables set forth the investments of the Pension Plans and PRBP as of December 31, 2020 and 2019, which are measured at fair value and presented together with their weighted average allocation, by level within the fair value hierarchy. 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, 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	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.

	Pension Plans			
	December 31, 2019			
	Level 1	Level 2	Fair value measurements	Weighted average allocations
Equity securities				
U.S. equities	$ 16,489	$ 28,172	$ 44,661	20 %
Non-U.S. equities	25,756	14,101	39,857	17 %
Emerging markets equities	5,144	4,385	9,529	4 %
Public real estate equities	348	6,342	6,690	3 %
Public infrastructure	11,087	—	11,087	5 %
Government and diversified fixed income and fixed income funds				
Long duration U.S. Government and Agencies fixed income	21,501	1,334	22,835	10 %
Long duration diversified fixed income	386	35,312	35,698	15 %
Core fixed income	—	13,731	13,731	6 %
Emerging markets fixed income	—	6,567	6,567	3 %
High yield fixed income	125	4,137	4,262	2 %
U.S. inflation-indexed fixed income	9,126	—	9,126	4 %
Tactical asset allocation	5,211	4,851	10,062	4 %
Short-term fixed income funds	1,359	6,168	7,527	3 %
	$ 96,532	**$ 125,100**	**$ 221,632**	
Investments measured at NAV				
Private real estate fund			9,101	4 %
Total investments			**$ 230,733**	**100 %**
Other liabilities, net [1]			(2,155)	
Total			**$ 228,578**	

[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	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			**184,542**	**100 %**
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.

	PRBP			
	December 31, 2019			
	Level 1	Level 2	Fair value measurements	Weighted average allocations
Equity and equity funds				
U.S. equities	$ 11,891	$ 21,555	$ 33,446	20 %
Non-U.S. equities	17,056	13,949	31,005	19 %
Emerging markets equities	3,217	3,243	6,460	4 %
Public real estate equities	245	4,487	4,732	3 %
Public infrastructure	7,796	—	7,796	5 %
Government and diversified fixed income and fixed income funds				
Long duration U.S. Government and Agencies fixed income	15,354	888	16,242	10 %
Long duration diversified fixed income	—	24,713	24,713	15 %
Core fixed income	—	11,289	11,289	7 %
Emerging markets fixed income	—	4,534	4,534	3 %
High yield fixed income	—	3,051	3,051	2 %
U.S. inflation-indexed fixed income	6,493	—	6,493	4 %
Tactical asset allocation	3,833	3,800	7,633	4 %
Short-term fixed income funds	7,027	31	7,058	4 %
Total investments	**$ 72,912**	**$ 91,540**	**$ 164,452**	**100 %**
Other liabilities, net [(1)]			(1,768)	
Total			**$ 162,684**	

[(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 mutual funds, U.S. treasury and U.S. inflation-indexed fixed income. 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, 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 2021 are expected to be approximately $8.4 million and $5.6 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, 2020 (US$ thousands).

	Pension Plans	PRBP
Estimated future benefit payments		
2021	$ 4,788	$ 1,567
2022	5,180	1,715
2023	5,649	1,874
2024	6,177	2,049
2025	6,761	2,288
2026 and thereafter	46,447	16,728

15. Subsequent Events

Management has evaluated subsequent events through March 3, 2021, 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.*