

INTER-AMERICAN INVESTMENT CORPORATION

Condensed Interim Financial Statements (Unaudited)

June 30, 2024

Inter-American Investment Corporation

Balance Sheets (Unaudited)

<i>Expressed in thousands of United States dollars</i>	Notes	June 30, 2024	December 31, 2023
Assets			
Cash	3	\$ 56,162	\$ 75,828
Investment securities	3 & 10	4,206,514	2,542,568
Development-related investments			
Loans, debt securities and guarantees			
At amortized cost		5,907,499	6,288,064
Allowance for credit losses		(208,320)	(231,516)
		<u>5,699,179</u>	<u>6,056,548</u>
At fair value		1,591,819	1,632,386
		<u>7,290,998</u>	<u>7,688,934</u>
Equity investments		307,006	303,176
Total development-related investments, net	4 & 10	7,598,004	7,992,110
Derivative assets	7 & 10	200,653	245,512
Receivables and other assets	5	445,637	472,216
Total assets		12,506,970	11,328,234
Liabilities			
Borrowings	6 & 10		
At amortized cost		1,758,475	2,159,539
At fair value		6,515,585	5,146,005
		<u>8,274,060</u>	<u>7,305,544</u>
Derivative liabilities	7 & 10	352,321	382,231
Payables and other liabilities	8	364,810	410,570
Total liabilities		8,991,191	8,098,345
Capital			
Capital, par value		1,970,620	1,849,750
Additional paid-in capital		817,234	729,485
Receivable from members		(91,203)	(37,840)
Total paid-in capital	9	2,696,651	2,541,395
Retained earnings		800,004	639,331
Accumulated other comprehensive income/(loss)		19,124	49,163
Total capital		3,515,779	3,229,889
Total liabilities and capital		\$ 12,506,970	\$ 11,328,234

The accompanying notes are an integral part of these condensed interim financial statements

Inter-American Investment Corporation
Income Statements (Unaudited)

<i>Expressed in thousands of United States dollars</i>	Notes	Six months ended June 30	
		2024	2023
Income from development-related investments			
Loans, debt securities and guarantees			
Interest and other income, net		\$ 323,537	\$ 235,555
(Provision)/release of provision for credit losses		12,076	(3,247)
		335,613	232,308
Equity investments	4	(10,049)	(11,114)
Income from development-related investments, net	4	325,564	221,194
Income/(loss) from liquid assets, net	3	71,057	97,001
Borrowings expense	6	(152,933)	(109,279)
Other income			
Service fees from related parties	13	20,147	16,480
Mobilization fees and other income		10,922	17,682
Total other income		31,069	34,162
Income/(expense) from development-related investments, liquid assets and other income, net of borrowings expense		274,757	243,078
Other expenses			
Administrative expenses		84,726	78,038
Other components of pension benefit costs, net	14	(6,567)	(8,823)
Total other expenses		78,159	69,215
Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	11	(35,925)	(73,763)
Net income/(loss)		\$ 160,673	\$ 100,100

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

Statements of Comprehensive Income/(Loss)

<i>Expressed in thousands of United States dollars</i>	Notes	Six months ended June 30	
		2024	2023
Net income/(loss)		\$ 160,673	\$ 100,100
Other comprehensive income/(loss)			
Recognition of net actuarial (gains)/losses and prior service (credit)/cost on Pension Plans and Postretirement Benefit Plan	14	(1,965)	(3,812)
Unrealized gains/(losses) arising during the period related to fair value adjustments on borrowings attributable to changes in instrument-specific credit risk, net	6	(28,074)	3,984
Total other comprehensive income/(loss)		(30,039)	172
Comprehensive income/(loss)		\$ 130,634	\$ 100,272

Statements of Changes in Capital

<i>Expressed in thousands of United States dollars, except for share information</i>	Notes	Shares	Total paid-in capital	Retained earnings	Accumulated other comprehensive income/(loss)	Total capital
As of December 31, 2022		182,441	\$ 2,423,695	\$ 475,397	\$ 65,270	\$ 2,964,362
Six months ended June 30, 2023						
Net income/(loss)			—	100,100	—	100,100
Other comprehensive income/(loss)			—	—	172	172
Change in shares	9	(1,379)				
Payments received for capital	9		77,280	—	—	77,280
As of June 30, 2023		181,062	2,500,975	575,497	65,442	3,141,914
As of December 31, 2023		184,975	2,541,395	639,331	49,163	3,229,889
Six months ended June 30, 2024						
Net income/(loss)			—	160,673	—	160,673
Other comprehensive income/(loss)			—	—	(30,039)	(30,039)
Change in shares	9	12,087				
Payments received for capital	9		155,256	—	—	155,256
As of June 30, 2024		197,062	\$ 2,696,651	\$ 800,004	\$ 19,124	\$ 3,515,779

The accompanying notes are an integral part of these condensed interim financial statements

Inter-American Investment Corporation
Statements of Cash Flows (Unaudited)

<i>Expressed in thousands of United States dollars</i>	Six months ended June 30	
	2024	2023
Cash flows from investing activities		
Loan disbursements	\$ (2,079,437)	\$ (2,389,050)
Loan repayments and sales	2,415,803	2,017,538
Development-related debt securities purchases	(49,739)	(258,988)
Development-related debt securities proceeds	42,793	19,409
Equity investment disbursements	(26,719)	(7,200)
Equity investment proceeds	12,841	11,084
Capital asset expenditures	(3,031)	(1,124)
Net cash provided by/(used in) investing activities	\$ 312,511	\$ (608,331)
Cash flows from financing activities		
Proceeds from issuance of borrowings	1,629,488	1,564,305
Borrowings repayments	(488,402)	(3,375)
Payments received for capital	155,256	77,280
Net cash provided by/(used in) financing activities	\$ 1,296,342	\$ 1,638,210
Cash flows from operating activities		
Net income/(loss)	160,673	100,100
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Change in fair value of equity investments	12,123	13,497
Provision/(release) of provision for credit losses	(12,076)	3,247
(Gain)/loss from investment securities, net	15,291	(21,224)
Depreciation and amortization	(22,505)	(23,818)
(Gain)/loss from changes in fair value on non-trading portfolios and foreign exchange transactions, net	35,925	73,763
Realized gain/(loss) on swaps	(107,550)	(44,618)
Realized (gain)/loss on sales of equity investments, net	(2,074)	(2,320)
Change in receivables and other assets	23,610	(56,030)
Change in payables and other liabilities	(47,156)	108,994
Change in Pension Plans and Postretirement Benefit Plan, net	(3,710)	(7,051)
Change in investment securities	(1,679,237)	(1,153,085)
Other, net	(1,609)	(6,173)
Net cash provided by/(used in) operating activities	\$ (1,628,295)	\$ (1,014,718)
Change in cash	(19,442)	15,161
Effect of exchange rate changes on cash, net	(224)	3,207
Net increase/(decrease) in cash	\$ (19,666)	\$ 18,368
Cash as of January 1	75,828	57,886
Cash as of June 30	\$ 56,162	\$ 76,254
Supplemental disclosure:		
Interest paid during the period	126,608	75,600

The accompanying notes are an integral part of these condensed interim financial statements

Inter-American Investment Corporation

Notes to Condensed Interim Financial Statements (Unaudited)

1. Purpose

The Inter-American Investment Corporation (IDB Invest) is an international organization established in 1986 and a separate legal entity within the Inter-American Development Bank Group (the IDB Group), which also includes the Inter-American Development Bank (IDB) and the Multilateral Investment Fund (commercially known as IDB Lab). IDB Invest began operations in 1989, and is owned by its member countries, which include 26 regional developing member countries, located in Latin America and the Caribbean (the Regional Developing Member Countries), and 22 countries outside of Latin America and the Caribbean. The purpose of IDB Invest is to promote the economic development of its Regional Developing Member Countries by encouraging the establishment, expansion, and modernization of private enterprises in such a way as to supplement the activities of the IDB. IDB Invest provides financing through its development-related investments, which include loans, guarantees, investments in debt securities, and equity investments where sufficient capital is not otherwise available on adequate terms in the market. IDB Invest also arranges financing from other investors through loan participations, co-financing arrangements, and unfunded participations. In addition, IDB Invest provides financial and technical advisory services to clients.

2. Summary of Significant Accounting Policies

Basis of presentation – Certain financial information that is normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP), but is not required for interim reporting purposes, has been condensed or omitted. References to US GAAP issued by the Financial Accounting Standards Board (FASB) in these notes are to the FASB Accounting Standards Codification (ASC, Codification) or Accounting Standards Update (ASU).

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

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

Cash – Cash¹ includes those amounts held on deposit with banks and cash restricted for development-related investment activities. IDB Invest may hold cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits.

Investment securities – Investment securities include fixed and floating rate bonds, notes, bills issued by corporations, governments, supranationals or agencies, and certificates of deposit, commercial paper and mutual funds, including money market funds. IDB Invest's strategy for its Cash¹ and Investment securities (collectively, Liquid Assets) is to provide sufficient liquidity and resources to finance development-related investments.

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

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

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

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

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

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

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

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

Allowance for credit losses – The allowance for credit losses represents Management's estimates of current expected credit losses over the remaining expected lives of development-related debt investments measured at amortized cost. The allowance for credit losses and the contingent liability for off-balance sheet credit exposures consider historical credit loss information as adjusted for current conditions and reasonable and

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supportable (R&S) forecasts of future economic conditions in the related portfolio. Changes in the allowance for credit losses are recorded through the (Provision)/release of provision for credit losses in the income statements. IDB Invest does not record an allowance for credit losses on accrued interest receivable as it has a substantive nonaccrual policy.

Expected prepayments are factored into the estimate of expected credit losses on development-related debt investments. Projected disbursements are factored into the estimate of expected credit losses on off-balance sheet credit exposures, considering historical experience and contractual amortization schedules. Prepayment assumptions are based on historical data from IDB Group's private sector portfolio given the common portfolio characteristics, which include the borrower's country, risk rating and industry sectors. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not controlled by IDB Invest (not unconditionally cancellable by IDB Invest).

The collective assessment of current expected credit losses is based on exposure at default (EAD), term structures of probability of default (PD) that combine point-in-time (PIT) and through-the-cycle (TTC) PDs, and loss given default (LGD). In addition, the CECL estimate incorporates forward looking conditions, 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. The macroeconomic variables considered in these scenarios depend on the country of the exposure and generally include the gross domestic product (GDP), equity indices, and oil prices. Management currently considers the R&S period to be three years, after which the model reverts to historical averages for long-term values over a two year period using a linear method for PD mean-reversion. For each scenario, a lifetime loss rate for each instrument is calculated using the appropriate PD and LGD for each quarter of the instrument's remaining life. The results are then multiplied by the instrument's amortized cost. If multiple scenarios are considered, then results are weighted.

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

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

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

The major credit risk factors considered for corporate development-related debt investments are country and industry risks, business and market risks, an assessment of the borrower's management, and financial risks,

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including a qualitative assessment of financial risks and a quantitative assessment of financial ratios. After consideration of these borrower specific characteristics, extraordinary support from shareholders or from the government may be considered if applicable.

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

For those development-related debt investments where the collective assessment does not apply, IDB Invest individually assesses the current expected credit losses. The determination of the allowance for credit losses for these investments reflects Management's best judgment of the creditworthiness of the borrower and is established based upon the periodic review of individual development-related debt investments. This estimate considers all available evidence including, as appropriate, the present value of expected future cash flows, the fair value of collateral less disposal costs, and other market data. Due to the nature of the development-related debt investments, secondary market values are usually not available.

IDB Invest monitors its development-related debt investments for signs that the borrower may be facing financial difficulty, which may be evidenced by —among other factors— a current or expected payment default, declared or potential declaration of bankruptcy by the borrower, substantial doubt as to whether the borrower will continue as a going concern, delisting or threat of delisting of the borrower's securities, expectations that the borrower's cash flows will be insufficient to service its debt in accordance with the contractual terms for the foreseeable future, or the borrower's inability to obtain funds from sources other than existing creditors at an effective interest rate equal to the current market rate for debt for a nontroubled debtor. The effect of most modifications of development-related debt investments to borrowers facing financial difficulty is already reflected in the allowance for credit losses and, therefore, such modifications generally do not result in a change to the allowance for credit losses. For a modification in the form of principal forgiveness, the amortized cost basis of the asset is written off against the allowance for credit losses. Additional information related to modifications in the form of principal forgiveness, interest rate reduction, other-than-insignificant payment delay, or term extension (or a combination of these) to borrowers experiencing financial difficulty 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. Recoveries, if any, of previously written off amounts are recorded through the allowance.

Revenue recognition on development-related debt investments – Interest income on development-related debt investments is recorded on an accrual basis to the extent that such amounts are expected to be collected and is included in Interest and other income, net, in the income statements. Accrued interest income receivable is presented separately from development-related debt investments and is included in Receivables and other assets in the balance sheets.

Development-related debt investments are generally placed in nonaccrual status when collectability is in doubt or payments of interest or principal are past due more than 90 days. IDB Invest does not accrue income and ceases amortization of any premiums or discounts on development-related debt investments in nonaccrual status. Any uncollected interest accrued on a development-related debt investment placed in nonaccrual status is reversed out of income and is thereafter recognized as Interest and other income, net, 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.

Fees and costs for a development-related debt investment measured at amortized cost are deferred and amortized over the life of the asset on a straight-line basis. Amortization of the net deferred fees and costs is

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included in Interest and other income, net, 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. Fees and costs for development-related debt investment measured at fair value are recognized as incurred and included in Interest and other income, net, in the income statements.

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

IDB Invest accounts for its equity investments at fair value through income. For investments in entities over which IDB Invest has significant influence, IDB Invest elects the fair value option in lieu of applying the equity method of accounting.

IDB Invest utilizes the 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.

Revenue recognition on equity investments – Dividends, fund distributions, sales, and profit participations received from equity investments are recorded as income and reported in Realized gain/(loss), dividends and other income, net, in the income statements.

Unrealized gains and losses related to fair value adjustments are recorded in Unrealized gain/(loss) from changes in fair value, net, in the income statements. Disbursements and distributions that represent return of capital are recorded as increases and decreases, respectively, in the outstanding balance of these equity investments and recorded in Equity investments in the balance sheets.

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

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

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

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

Risk management and use of derivative instruments – IDB Invest uses derivative instruments primarily for market risk management purposes in connection with its principal business activities. IDB Invest enters into

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cross currency and interest rate swaps to manage foreign exchange and interest rate risks arising from mismatches between its development-related debt investments and its borrowing liabilities. None are designated as hedging instruments under ASC 815, *Derivatives*.

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

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

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

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

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

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

For those borrowings carried at fair value, fair value changes are reported in accordance with ASC 825, *Financial Instruments*. Accordingly, the change in fair value due to market risk is reported in Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net, in the income statements. The remaining change in fair value resulting from changes in IDB Invest's own credit risk is reported in Unrealized gains/(losses) arising during the period related to fair value adjustments on borrowings attributable to changes in instrument-specific credit risk, net, in the statements of other comprehensive income, and is measured by using IDB Invest's own credit spread against a reference rate. Additional information about borrowings is included in Note 6.

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

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from development-related investments, liquid assets and other income, net, of borrowing expenses in the income statements. Additional information about the non-trading portfolio is included in Note 11.

Remeasurements of foreign currency transactions – Monetary assets and liabilities denominated in currencies other than the USD are translated into USD 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. Resulting gains and losses from remeasurements are generally included in Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net, in the income statements.

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

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

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

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

Assets and liabilities utilizing Level 1 inputs include debt securities and equity investments that are actively traded and primarily include debt securities of the United States government and agencies.
- Level 2—Inputs are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not actively traded; or pricing models for which all significant inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.

Assets and liabilities utilizing Level 2 inputs include money market funds, investment securities, and investments in obligations of banks, governments and agencies or instrumentalities other than the United States, sovereigns, local and regional governments, corporate bonds, borrowings, and derivative instruments that are not actively traded.
- Level 3—Inputs are unobservable and significant to the overall fair value measurement.

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

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

Fair value for the majority of IDB Invest's financial instruments is derived using pricing models. Pricing models consider the contract terms, including amortization schedule and maturity, where applicable, and other inputs, including, where applicable, interest rate yield curves, credit spreads, creditworthiness of the counterparty,

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option volatility, and currency rates. In accordance with ASC 820, the impact of IDB Invest's own credit spreads would also be considered when measuring the fair value of liabilities. Where appropriate, valuation adjustments are made to account for various factors, including bid-ask spreads, credit quality, and market liquidity. These adjustments are applied on a consistent basis and are based upon observable inputs, where available. Additional information about fair value measurements is included in Note 10.

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

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

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

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

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

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

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

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

Accounting and financial reporting developments – In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. Additionally, certain disclosures for equity securities subject to contractual sale restrictions are required. For IDB Invest, this ASU is effective from January 1, 2024, and did not impact IDB Invest's financial statements.

In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*. The amendments in this ASU defer the sunset date of the guidance in Topic 848 to December 31, 2024, and are effective immediately for all entities. This ASU is not expected to have a material impact on IDB Invest's financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this ASU enhance segment reporting primarily through enhanced disclosures such as significant segment expenses and other incremental segment information to enable investors to develop more decision-useful financial analyses. For IDB Invest, this ASU is effective for the reporting period ending December 31, 2024. IDB Invest is currently evaluating the impact on its financial statements.

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3. Liquid Assets

Liquid assets consists of the following (USD thousands):

	June 30, 2024	December 31, 2023
Cash ⁽¹⁾	\$ 56,162	\$ 75,828
Investment securities ⁽²⁾		
Money market funds	878,109	326,920
Debt securities		
Corporate securities ⁽³⁾	2,065,450	1,428,112
Agency securities	651,714	400,357
Government securities	360,110	258,967
Supranational securities	251,131	128,212
Total debt securities	\$ 3,328,405	\$ 2,215,648
Total investment securities	4,206,514	2,542,568
Total liquid assets	\$ 4,262,676	\$ 2,618,396

⁽¹⁾ Includes restricted cash of \$18.5 million as of June 30, 2024 (\$18.6 million as of December 31, 2023).

⁽²⁾ Investment securities is composed of 96.4% in USD, 2.3% in MXN, 1.1% in COP, and 0.2% in BRL as of June 30, 2024 (93.5% in USD, 3.8% in MXN, 1.8% in COP, and 0.9% in BRL as of December 31, 2023).

⁽³⁾ Includes a certificate of deposit of \$29.5 million pledged as collateral to secure a borrowing as of June 30, 2024 (\$29.5 million as of December 31, 2023). Refer to Note 6.

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

	Six months ended June 30	
	2024	2023
Interests and dividends, net	\$ 86,572	\$ 72,570
Gain/(loss) from changes in fair value and gain/(loss) from foreign exchange transactions, net	(15,515)	24,431
Total income/(loss) from liquid assets, net	\$ 71,057	\$ 97,001

Net unrealized losses recognized in income for the six months ended June 30, 2024 relating to trading securities still held as of June 30, 2024 were \$10.4 million (\$1.3 million net unrealized losses for the six months ended June 30, 2023).

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

	June 30, 2024	December 31, 2023
Less than one year	\$ 1,455,930	\$ 1,069,137
Between one and five years	1,872,475	1,146,511
Total	\$ 3,328,405	\$ 2,215,648

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4. Development-related Investments

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

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

	June 30, 2024			December 31, 2023		
	Principal outstanding	Amortized cost	Carrying amount	Principal outstanding	Amortized cost	Carrying amount
Loans						
At amortized cost	\$ 5,782,990	\$ 5,761,760	\$ 5,761,760	\$ 6,169,432	\$ 6,139,520	\$ 6,139,520
At fair value	435,412	435,412	405,000	437,377	437,377	419,239
Total loans	6,218,402	6,197,172	6,166,760	6,606,809	6,576,897	6,558,759
Debt securities						
At amortized cost	145,739	145,739	145,739	148,544	148,544	148,544
At fair value	1,276,011	1,237,584	1,186,819	1,295,211	1,249,516	1,213,147
Total debt securities	1,421,750	1,383,323	1,332,558	1,443,755	1,398,060	1,361,691
Allowance for credit losses			(208,320)			(231,516)
Total development-related debt investments, net	7,640,152	7,580,495	7,290,998	8,050,564	7,974,957	7,688,934
		Cost	Carrying amount		Cost	Carrying amount
Equity investments		330,665	307,006		314,713	303,176
Total equity investments		330,665	307,006		314,713	303,176
Total development-related investments, net		\$ 7,911,160	\$ 7,598,004		\$ 8,289,670	\$ 7,992,110

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Income from development-related investments is summarized below (USD thousands):

	Six months ended June 30	
	2024	2023
Loans, debt securities and guarantees		
Interest income	\$ 317,653	\$ 248,208
Fees and other income/(expense), net	22,143	12,016
Recovery asset income/(release)	(2,627)	(10,702)
Insurance premium expense	(13,632)	(13,967)
(Provision)/release of provision for credit losses	12,076	(3,247)
Income/(expense) from loans, debt securities and guarantees	335,613	232,308
Equity investments		
Realized gain/(loss), net	2,074	2,320
Dividends and other income	—	63
Unrealized gain/(loss) from changes in fair value, net	(12,123)	(13,497)
Income from equity investments, net	(10,049)	(11,114)
Income from development-related investments, net	\$ 325,564	\$ 221,194

Undisbursed commitments (net of cancellations) related to development-related investments are summarized below (USD thousands):

	June 30, 2024	December 31, 2023
Loans		
At amortized cost	\$ 990,898	\$ 1,047,216
At fair value	83,701	126,032
Total loans	1,074,599	1,173,248
Debt securities		
At amortized cost	15,000	—
At fair value	23,790	127,330
Total debt securities	38,790	127,330
Total development-related debt investments, net	1,113,389	1,300,578
Equity investments	179,629	201,117
Total equity investments	179,629	201,117
Total development-related investments, net	\$ 1,293,018	\$ 1,501,695

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The maturity structure of development-related debt investments is as follows (USD thousands):

	June 30, 2024	December 31, 2023
Loans		
Due in one year or less	\$ 2,222,782	\$ 2,459,963
Due after one year through five years	2,030,554	2,168,318
Due after five years through ten years	1,440,121	1,456,202
Due after ten years and thereafter	524,945	522,326
Total loans	6,218,402	6,606,809
Debt securities		
Due in one year or less	249,019	207,778
Due after one year through five years	702,172	756,680
Due after five years through ten years	396,384	387,198
Due after ten years and thereafter	74,175	92,099
Total debt securities	1,421,750	1,443,755
Total development-related debt investments, principal amount outstanding	7,640,152	8,050,564
Unamortized discounts	(59,657)	(75,607)
Total development-related debt investments at cost	7,580,495	7,974,957
Fair value adjustments	(81,177)	(54,507)
Total development-related debt investments at carrying amount	\$ 7,499,318	\$ 7,920,450

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

	June 30, 2024		December 31, 2023	
	Amount	Interest rate range	Amount	Interest rate range
Brazilian real (BRL)				
Loans	\$ 242,783	10.9%-15.8%	\$ 281,212	12.2%-17.0%
Debt securities	30,387	12.4%-12.6%	34,891	13.7%-13.9%
	<u>273,170</u>		<u>316,103</u>	
Chilean unit of account (CLF) ⁽¹⁾				
Loans	114,589	4.5%	—	—%
	<u>114,589</u>		<u>—</u>	
Chilean peso (CLP)				
Loans	19,842	8.6%-10.1%	25,490	8.7%-11.9%
	<u>19,842</u>		<u>25,490</u>	
Colombian peso (COP)				
Loans	128,557	13.7%-18.1%	163,745	15.3%-19.0%
Debt securities	163,532	9.5%-13.5%	175,067	9.5%-14.9%
	<u>292,089</u>		<u>338,812</u>	
Colombian real value unit (COU) ⁽¹⁾				
Debt securities	134,115	7.6%	138,154	7.6%
	<u>134,115</u>		<u>138,154</u>	
Mexican peso (MXN)				
Loans	150,527	12.0%-16.2%	185,847	12.7%-16.5%
Debt securities	66,135	12.2%-13.8%	76,504	12.5%-14.0%
	<u>216,662</u>		<u>262,351</u>	
Paraguayan guarani (PYG)				
Loans	26,671	7.5%-9.6%	33,186	7.5%-9.5%
	<u>26,671</u>		<u>33,186</u>	
Peruvian sol (PEN)				
Loans	70,967	7.7%-11.1%	73,564	7.7%-11.1%
Debt securities	49,795	8.0%-10.8%	51,618	8.0%-10.8%
	<u>120,762</u>		<u>125,182</u>	
Trinidad and Tobago dollar (TTD)				
Loans	95,911	2.9%-3.8%	96,078	2.9%-3.8%
Debt securities	35,413	3.5%	35,475	3.5%
	<u>131,324</u>		<u>131,553</u>	
United States dollar (USD)				
Loans	4,804,618	2.9%-15.0%	4,931,918	2.9%-15.0%
Debt securities	553,473	3.0%-12.0%	558,601	3.0%-12.2%
	<u>5,358,091</u>		<u>5,490,519</u>	
Uruguayan peso (UYU)				
Loans	9,668	12.0%	—	—%
	<u>9,668</u>		<u>—</u>	
Total development-related debt investments, before discounted debt investments	6,696,983		6,861,350	
Discounted debt investments with no stated interest rate (USD)	743,058		980,412	
Discounted debt investments with no stated interest rate (MXN)	140,454		133,195	
Total development-related debt investments at cost	7,580,495		7,974,957	
Fair value adjustments for debt investments	(81,177)		(54,507)	
Total development-related debt investments at carrying amount	\$7,499,318		\$7,920,450	

⁽¹⁾ Non-circulating currencies.

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

Development-related debt investments

An aging analysis, based on contractual terms, for development-related debt investments as of June 30, 2024 and December 31, 2023 is as follows (USD thousands):

	June 30, 2024				
	1-90 days past due	>90 days past due	Total past due	Total current	Total portfolio
Loans	\$ 44,906	\$ 25,466	\$ 70,372	\$ 6,148,030	\$ 6,218,402
Debt securities	—	—	—	1,421,750	1,421,750
Total development-related debt investments, principal amount outstanding	44,906	25,466	70,372	7,569,780	7,640,152
Unamortized discounts	(373)	—	(373)	(59,284)	(59,657)
Total development-related debt investments at cost	44,533	25,466	69,999	7,510,496	7,580,495
Fair value adjustments for debt investments	—	—	—	(81,177)	(81,177)
Total development-related debt investments at carrying amount	\$ 44,533	\$ 25,466	\$ 69,999	\$ 7,429,319	\$ 7,499,318

	December 31, 2023				
	1-90 days past due	>90 days past due	Total past due	Total current	Total portfolio
Loans	\$ 20,843	\$ 15,171	\$ 36,014	\$ 6,570,795	\$ 6,606,809
Debt securities	—	—	—	1,443,755	1,443,755
Total development-related debt investments, principal amount outstanding	20,843	15,171	36,014	8,014,550	8,050,564
Unamortized discounts	—	—	—	(75,607)	(75,607)
Total development-related debt investments at cost	20,843	15,171	36,014	7,938,943	7,974,957
Fair value adjustments for debt investments	(3,180)	—	(3,180)	(51,327)	(54,507)
Total development-related debt investments at carrying amount	\$ 17,663	\$ 15,171	\$ 32,834	\$ 7,887,616	\$ 7,920,450

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IDB Invest monitors for development-related debt investments measured at amortized cost and fair value in nonaccrual and past due. Development-related debt investments in nonaccrual are summarized as of June 30, 2024 and December 31, 2023 as follows (USD thousands):

	June 30, 2024		Six months ended June 30, 2024	
	Total nonaccrual	> 90 days past due and accruing	Interest income recognized on nonaccrual	Accrued interest income written off
Loans	\$ 163,862	\$ —	\$ 1,837	\$ —
Debt securities	—	—	—	—
Total development-related debt investments, principal amount outstanding	163,862	—	1,837	—
Unamortized discounts	(65)	—		
Total development-related debt investments at cost	163,797	—	1,837	—
Fair value adjustments for debt investments	(3,180)	—		
Total development-related debt investments at carrying amount	\$ 160,617	\$ —	\$ 1,837	\$ —

	December 31, 2023		Six months ended June 30, 2023	
	Total nonaccrual	> 90 days past due and accruing	Interest income recognized on nonaccrual	Accrued interest income written off
Loans	\$ 145,658	\$ —	\$ 883	\$ 4,845
Debt securities	—	—	—	—
Total development-related debt investments, principal amount outstanding	145,658	—	883	4,845
Unamortized discounts	—	—		
Total development-related debt investments at cost	145,658	—	883	4,845
Fair value adjustments for debt investments	(3,180)	—		
Total development-related debt investments at carrying amount	\$ 142,478	\$ —	\$ 883	\$ 4,845

As of June 30, 2024, one loan measured at fair value with a principal amount outstanding of \$3.2 million and net carrying amount of zero was classified as nonaccrual and current (principal amount outstanding of \$3.2 million and net carrying amount of zero classified as nonaccrual and past due as of December 31, 2023). There were no debt securities measured at fair value in nonaccrual nor past due as of June 30, 2024 (none as of December 31, 2023).

There were no development-related debt investments at amortized cost classified as nonaccrual without a related allowance for credit losses as of June 30, 2024 (none as of December 31, 2023).

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Modifications of development-related debt investments made to borrowers experiencing financial difficulty

The following table presents modifications for development-related debt investments measured at amortized cost in accordance with ASU 2022-02 and the respective financial effects for the six months ended June 30, 2024 and 2023 (USD thousand):

Six months ended June 30, 2024				
	Amortized cost basis	Undisbursed commitment amount	% of total class of financing receivable	Financial effect
Loans				
Term extension	\$ 107	\$ —	— %	The modification increased the weighted-average remaining life of the loans by 0.6 years.
Total loans	107	—		
Total development-related debt investments	\$ 107	\$ —		

Six months ended June 30, 2023				
	Amortized cost basis	Undisbursed commitment amount	% of total class of financing receivable	Financial effect
Loans				
Term extension	\$ 27,697	\$ 6,480	0.5 %	These modifications increased the weighted-average life of the modified loans by 0.5 years, from 2.0 to 2.5 years. Additionally, one uncommitted revolving line of credit included in the modified financings was changed to committed with reduced undrawn available amount and its maturity date was extended by 14 months.
Total loans	27,697	6,480		
Total development-related debt investments	\$ 27,697	\$ 6,480		

The following table presents the performance of development-related debt investments modified in the last twelve months for the six months ended June 30, 2024 and 2023 (USD thousand):

Six months ended June 30, 2024					
	Current	1-90 days past due	>90 days past due	Total	Gross write-offs
Loans	\$ 93,198	\$ —	\$ —	\$ 93,198	\$ —
Total	\$ 93,198	\$ —	\$ —	\$ 93,198	\$ —

Six months ended June 30, 2023					
	Current	1-90 days past due	>90 days past due	Total	Gross write-offs
Loans	\$ 24,624	\$ 3,073	\$ —	\$ 27,697	\$ —
Total	\$ 24,624	\$ 3,073	\$ —	\$ 27,697	\$ —

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There were no defaults during the six months ended June 30, 2024 related to development-related debt investments that were modified twelve months prior. The amortized cost basis of modified development-related debt investments that subsequently defaulted during the six months ended June 30, 2023 is summarized below (USD thousand):

Six months ended June 30, 2023

	Interest rate reduction	Term extension	Principal forgiveness	Other-than- insignificant payment delay	Total
Loans	\$ —	\$ 3,073	\$ —	\$ —	\$ 3,073
Total	\$ —	\$ 3,073	\$ —	\$ —	\$ 3,073

Collateral-dependent Loans

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. IDB Invest's collateral-dependent loans are generally secured by mortgages or asset pledges. As of June 30, 2024, the amortized cost of collateral-dependent loans was \$19.6 million (\$26.5 million as of December 31, 2023).

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

	Six months ended June 30, 2024			
	Financial institutions	Corporates	Project finance	Total
Loans				
Beginning balance	\$ (48,958)	\$ (91,480)	\$ (89,179)	\$ (229,617)
Loans written off	600	3,757	—	4,357
Recoveries	(114)	—	—	(114)
(Provision)/release of provision for credit losses	7,053	9,172	2,311	18,536
Loans ending balance	<u>(41,419)</u>	<u>(78,551)</u>	<u>(86,868)</u>	<u>(206,838)</u>
Debt securities				
Beginning balance	(1,473)	(287)	(139)	(1,899)
Debt securities written off	—	—	—	—
Recoveries	—	—	—	—
(Provision)/release of provision for credit losses	231	153	33	417
Debt securities ending balance	<u>(1,242)</u>	<u>(134)</u>	<u>(106)</u>	<u>(1,482)</u>
Allowance for credit losses	<u>(42,661)</u>	<u>(78,685)</u>	<u>(86,974)</u>	<u>(208,320)</u>
Undisbursed commitments				
Beginning balance	(1,700)	(11,922)	(19,896)	(33,518)
(Provision)/release of provision for credit losses	159	(3,717)	18	(3,540)
Undisbursed commitments ending balance	<u>(1,541)</u>	<u>(15,639)</u>	<u>(19,878)</u>	<u>(37,058)</u>
Guarantees				
Beginning balance	(843)	(39)	(20)	(902)
(Provision)/release of provision for credit losses	(3,068)	(268)	(1)	(3,337)
Guarantees ending balance	<u>(3,911)</u>	<u>(307)</u>	<u>(21)</u>	<u>(4,239)</u>
Liability for off-balance sheet credit losses	<u>(5,452)</u>	<u>(15,946)</u>	<u>(19,899)</u>	<u>(41,297)</u>
(Provision)/release of provision for credit losses	\$ 4,375	\$ 5,340	\$ 2,361	\$ 12,076

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	Year ended December 31, 2023			
	Financial institutions	Corporates	Project finance	Total
Loans				
Beginning balance	\$ (59,138)	\$ (115,027)	\$ (69,463)	\$ (243,628)
Loans written off	—	46,789	—	46,789
Recoveries	(119)	—	—	(119)
(Provision)/release of provision for credit losses	10,299	(23,242)	(19,716)	(32,659)
Loans ending balance	(48,958)	(91,480)	(89,179)	(229,617)
Debt securities				
Beginning balance	(3,008)	(1,735)	(494)	(5,237)
Debt securities written off	—	—	—	—
Recoveries	—	—	—	—
(Provision)/release of provision for credit losses	1,535	1,448	355	3,338
Debt securities ending balance	(1,473)	(287)	(139)	(1,899)
Allowance for credit losses	(50,431)	(91,767)	(89,318)	(231,516)
Undisbursed commitments				
Beginning balance	(3,411)	(30,455)	(44,553)	(78,419)
(Provision)/release of provision for credit losses	1,711	18,533	24,657	44,901
Undisbursed commitments ending balance	(1,700)	(11,922)	(19,896)	(33,518)
Guarantees				
Beginning balance	(180)	—	(118)	(298)
(Provision)/release of provision for credit losses	(663)	(39)	98	(604)
Guarantees ending balance	(843)	(39)	(20)	(902)
Liability for off-balance sheet credit losses	(2,543)	(11,961)	(19,916)	(34,420)
(Provision)/release of provision for credit losses	\$ 12,882	\$ (3,300)	\$ 5,394	\$ 14,976

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Notes to Condensed Interim Financial Statements (Unaudited)

	Six months ended June 30, 2023			
	Financial institutions	Corporates	Project finance	Total
Loans				
Beginning balance	\$ (59,138)	\$ (115,027)	\$ (69,463)	\$ (243,628)
Loans written off	—	3,847	—	3,847
Recoveries	(120)	—	—	(120)
(Provision)/release of provision for credit losses	26,088	(28,578)	(36,094)	(38,584)
Loans ending balance	(33,170)	(139,758)	(105,557)	(278,485)
Debt securities				
Beginning balance	(3,008)	(1,735)	(494)	(5,237)
Debt securities written off	—	—	—	—
Recoveries	—	—	—	—
(Provision)/release of provision for credit losses	1,320	565	190	2,075
Debt securities ending balance	(1,688)	(1,170)	(304)	(3,162)
Allowance for credit losses	(34,858)	(140,928)	(105,861)	(281,647)
Undisbursed commitments				
Beginning balance	(3,411)	(30,455)	(44,553)	(78,419)
(Provision)/release of provision for credit losses	2,215	12,216	19,226	33,657
Undisbursed commitments ending balance	(1,196)	(18,239)	(25,327)	(44,762)
Guarantees				
Beginning balance	(180)	—	(118)	(298)
(Provision)/release of provision for credit losses	(409)	(14)	28	(395)
Guarantees ending balance	(589)	(14)	(90)	(693)
Liability for off-balance sheet credit losses	(1,785)	(18,253)	(25,417)	(45,455)
(Provision)/release of provision for credit losses	\$ 29,214	\$ (15,811)	\$ (16,650)	\$ (3,247)

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Notes to Condensed Interim Financial Statements (Unaudited)

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.

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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 June 30, 2024 and December 31, 2023 are as follows (USD thousands):

	June 30, 2024							Revolving loans amortized cost basis	Total
	Amortized cost basis by origination year ⁽¹⁾								
	2024	2023	2022	2021	2020	Prior			
Loans									
Very strong	\$ 9,100	\$ 171,967	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 181,067
Strong	—	—	—	141	—	—	—	—	141
Adequate	42,645	195,589	129,900	52,922	246,188	32,858	272,176	972,278	972,278
Moderate	559,661	401,835	324,020	363,357	216,238	228,425	378,171	2,471,707	2,471,707
Weak	210,560	229,524	389,973	404,288	279,665	214,451	152,778	1,881,239	1,881,239
Very weak	—	—	18,250	32,375	93,753	83,125	27,825	255,328	255,328
Total loans	821,966	998,915	862,143	853,083	835,844	558,859	830,950	5,761,760	5,761,760
Six months ended June 30, 2024									
Gross loan write-offs	—	—	(600)	—	—	(3,757)	—	—	(4,357)
Debt securities									
Adequate	—	—	—	—	—	7,946	—	7,946	7,946
Moderate	—	—	35,413	—	—	89,380	—	124,793	124,793
Weak	—	—	—	—	—	13,000	—	13,000	13,000
Very weak	—	—	—	—	—	—	—	—	—
Total debt securities	—	—	35,413	—	—	110,326	—	145,739	145,739
Six months ended June 30, 2024									
Gross debt security write-offs	—	—	—	—	—	—	—	—	—
Total amortized cost loans and debt securities	\$ 821,966	\$ 998,915	\$ 897,556	\$ 853,083	\$ 835,844	\$ 669,185	\$ 830,950	\$ 5,907,499	\$ 5,907,499

⁽¹⁾ Includes short-term loans with maturities of less than one year and \$6.0 million of line-of-credit arrangements that were converted to term loans during the six months ended June 30, 2024.

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Notes to Condensed Interim Financial Statements (Unaudited)

December 31, 2023								
	Amortized cost basis by origination year ⁽¹⁾						Revolving loans amortized cost basis	Total
	2023	2022	2021	2020	2019	Prior		
Loans								
Very strong	\$ 198,916	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 198,916
Strong	—	—	138	—	—	—	—	138
Adequate	139,025	129,900	61,860	201,550	39,643	27,472	439,920	1,039,370
Moderate	855,273	366,571	356,358	308,893	176,746	121,124	448,508	2,633,473
Weak	413,021	375,048	415,576	329,975	146,467	102,836	205,650	1,988,573
Very weak	—	19,789	33,964	90,099	6,818	104,961	23,419	279,050
Total loans	1,606,235	891,308	867,896	930,517	369,674	356,393	1,117,497	6,139,520
Year ended December 31, 2023								
Gross loan write-offs	—	—	(41,200)	—	—	(5,589)	—	(46,789)
Debt securities								
Adequate	—	—	—	—	—	8,138	—	8,138
Moderate	—	35,475	—	—	50,000	41,931	—	127,406
Weak	—	—	—	—	—	13,000	—	13,000
Very weak	—	—	—	—	—	—	—	—
Total debt securities	—	35,475	—	—	50,000	63,069	—	148,544
Year ended December 31, 2023								
Gross debt security write-offs	—	—	—	—	—	—	—	—
Total amortized cost loans and debt securities	\$ 1,606,235	\$ 926,783	\$ 867,896	\$ 930,517	\$ 419,674	\$ 419,462	\$ 1,117,497	\$ 6,288,064

⁽¹⁾ Includes short-term loans with maturities of less than one year. There were no line-of-credit arrangements that were converted to term loans during the year ended December 31, 2023.

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

June 30, 2024						
	Amortized cost	Allowance for credit losses	Net carrying amount	Gross unrecognized holding		Fair value
				gains	losses	
Debt securities	\$ 145,739	\$ (1,482)	\$ 144,257	\$ 1,122	\$ (3,638)	\$ 143,223
Total	\$ 145,739	\$ (1,482)	\$ 144,257	\$ 1,122	\$ (3,638)	\$ 143,223

December 31, 2023						
	Amortized cost	Allowance for credit losses	Net carrying amount	Gross unrecognized holding		Fair value
				gains	losses	
Debt securities	\$ 148,544	\$ (1,899)	\$ 146,645	\$ 2,079	\$ (4,714)	\$ 145,909
Total	\$ 148,544	\$ (1,899)	\$ 146,645	\$ 2,079	\$ (4,714)	\$ 145,909

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Guarantees

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

The outstanding exposure for guarantees by IDB Invest was \$486.0 million as of June 30, 2024 (\$441.4 million as of December 31, 2023). The maximum potential amount of future payments under the guarantees, without taking into consideration possible recoveries under recourse provisions or from collateral held or pledged, amounted to \$519.6 million as of June 30, 2024 (\$470.2 million as of December 31, 2023).

The contingent liabilities associated with the guarantees issued by IDB Invest are measured either under the CECL methodology or at fair value through income. For guarantees measured under the CECL methodology, IDB Invest recorded a contingent liability for off-balance sheet credit exposures of \$4.2 million as of June 30, 2024 (\$902 thousand as of December 31, 2023) in the balance sheets and a provision for credit losses of \$3.3 million for the six months ended June 30, 2024 (provision for credit losses of \$395 thousand for the six months ended June 30, 2023) in the income statements. In connection with guarantees measured at fair value, IDB Invest recorded a fair value asset of \$2.2 million as of June 30, 2024 in the balance sheets (fair value liability of \$2.6 million as of December 31, 2023) and recognized \$4.8 million of net unrealized gains for the six months ended June 30, 2024 (net unrealized gains of \$0.8 million for the six months ended June 30, 2023) in the income statements. Refer to Note 10 for additional information related to guarantees measured at fair value.

Loan participations

As of June 30, 2024, IDB Invest serviced loan participations outstanding of \$5.1 billion (\$4.8 billion as of December 31, 2023) and recognized servicing fees of \$526 thousand for the six months ended June 30, 2024 (\$362 thousand for the six months ended June 30, 2023) included in Mobilization fees and other income in the income statements.

Variable interest entities

IDB Invest, in its normal course of business, utilizes VIEs that are mainly special purpose vehicles, securitization structures, investment funds or trusts, where the sponsor, the general partner or fund manager does not have substantive equity at risk or the equity investors, as a group, lack substantive voting rights or the power, through voting or similar rights, to direct the activities of the entity that most significantly impact the entity's economic performance.

The development-related investments in VIEs for which IDB Invest is the primary beneficiary were recorded as loans, with an outstanding balance of \$32.0 million as of June 30, 2024 (\$31.1 million as of December 31, 2023) in the balance sheets. Those VIEs had no other creditors and their total assets were approximately equal to the carrying values of the Development-related investments recognized in IDB Invest's balance sheets as of June 30, 2024 and December 31, 2023.

IDB Invest also holds variable interests, recorded as Development-related investments in the balance sheets, in the form of loans, debt securities and equity investments in VIEs in which it is not the primary beneficiary.

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Notes to Condensed Interim Financial Statements (Unaudited)

IDB Invest's maximum exposure to losses as a result of its involvement in VIEs in which IDB Invest is not the primary beneficiary as of June 30, 2024 and December 31, 2023 is in the table below (USD thousands). IDB Invest does not have any liabilities with respect to these VIEs.

	June 30, 2024	December 31, 2023
Carrying value	\$ 751,897	\$ 768,030
Undisbursed commitments	236,120	226,604
Maximum exposure to VIEs	\$ 988,017	\$ 994,634

5. Receivables and Other Assets

Receivables and other assets are summarized below (USD thousands):

	Notes	June 30, 2024	December 31, 2023
Receivables for cash collateral pledged	7	\$ 182,150	\$ 225,600
Interest receivable on development-related debt investments		93,057	87,168
Recovery assets		47,866	50,492
Postretirement Benefit Plan, net asset		39,256	36,821
Operating lease right-of-use asset		29,966	30,344
Interest receivable on investment securities		29,954	19,681
Fixed and intangible assets		12,293	11,536
Other assets		11,095	10,574
Total receivables and other assets		\$ 445,637	\$ 472,216

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Notes to Condensed Interim Financial Statements (Unaudited)

6. Borrowings

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

	June 30, 2024		December 31, 2023	
	Amount outstanding	Interest rate range	Amount outstanding	Interest rate range
At amortized cost				
Australian dollar (AUD)	\$ 345,540	1.1%-2.2%	\$ 353,005	1.1%-2.2%
Brazilian real (BRL)	51,923	10.6%-12.8%	60,153	11.9%-14.1%
Colombian peso (COP)	139,499	6.6%-11.8%	182,348	6.6%-15.1%
Mexican peso (MXN)	464,347	11.3%-11.6%	500,608	11.5%-11.6%
Paraguayan guarani (PYG)	26,671	5.4%-7.9%	33,186	5.4%-7.9%
Trinidad and Tobago dollar (TTD)	131,325	1.9%-2.1%	131,554	1.9%-2.1%
United States dollar (USD)	600,000	1.7%-1.8%	900,000	1.7%-5.7%
Principal at face value	1,759,305		2,160,854	
Unamortized premiums/discounts and issuance costs, net	(830)		(1,315)	
Borrowings at amortized cost, net	1,758,475		2,159,539	
At fair value				
Australian dollar (AUD)	946,756	1.5%-5.0%	480,588	1.5%-5.0%
Brazilian real (BRL)	9,260	11.4%	—	— %
Colombian peso (COP)	30,410	9.6%-11.3%	20,090	11.3%
Euro (EUR)	1,207,767	3.1%	1,207,768	3.1%
United States dollar (USD)	4,500,000	0.6%-4.8%	3,500,000	0.6%-4.8%
Principal at face value ⁽¹⁾	6,694,193		5,208,446	
Unamortized premiums/discounts and issuance costs, net	(10,409)		(9,121)	
Fair value (gain)/loss adjustments, net	(168,199)		(53,320)	
Borrowings at fair value, net	6,515,585		5,146,005	
Total borrowings at carrying amount, net	\$ 8,274,060		\$ 7,305,544	

⁽¹⁾ Translated at the market exchange rate in effect at the issuance date.

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Notes to Condensed Interim Financial Statements (Unaudited)

Availability under existing credit facilities are senior and unsecured, except as noted below (USD thousands):

	Available until	Committed amount	June 30, 2024	
			Undrawn commitment amount	Drawdown amount
Colombian peso				
COP 254 billion	2024	\$ 61,250	\$ —	\$ 61,250
Trinidad & Tobago dollar				
TTD 350 million (uncollateralized)	2029	\$ 51,645	\$ —	\$ 51,645
TTD 200 million (collateralized) ⁽¹⁾	2029	\$ 29,511	\$ —	\$ 29,511
Multi-currency				
USD 300 million	2033	\$ 300,000	\$ 89,655	\$ 210,345

⁽¹⁾ As of June 30, 2024, a corporate security of \$29.5 million was pledged to secure a borrowing. Refer to Note 3.

Borrowings expense, net, is as follows (USD thousands):

	Six months ended June 30	
	2024	2023
Interest expense	\$ 148,770	\$ 105,206
Fees and other borrowing related expenses	112	154
Amortization of premiums/discounts and issuance costs, net	4,051	3,919
Total borrowings expense, net	\$ 152,933	\$ 109,279

Changes in fair value of borrowings attributable to changes in instrument-specific credit risk recognized in Other comprehensive income and the net amount recognized in Accumulated other comprehensive income/(loss) are as follows (USD thousands):

	Six months ended June 30	
	2024	2023
Beginning balance	\$ (12,573)	\$ (19,173)
Unrealized gains/(losses) arising during the period related to fair value adjustments on borrowings attributable to changes in instrument-specific credit risk, net	(28,074)	3,984
Net amount recognized	\$ (40,647)	\$ (15,189)

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Notes to Condensed Interim Financial Statements (Unaudited)

7. Derivative Instruments

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

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

Derivative purpose	Derivative type	June 30, 2024		December 31, 2023	
		Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Development-related debt investments	Cross currency swaps	\$ 5,137	\$ (15,905)	\$ 2,631	\$ (19,899)
	Interest rate swaps	122,712	(20,051)	106,885	(21,849)
Borrowings	Cross currency swaps	66,552	(181,261)	112,840	(196,028)
	Interest rate swaps	6,252	(135,104)	23,156	(144,455)
Total		\$ 200,653	\$ (352,321)	\$ 245,512	\$ (382,231)

The effect of derivative instruments is recorded through Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net, in the income statements, and is summarized below (USD thousands):

Derivative type and purpose	Six months ended June 30			
	2024		2023	
	Realized gain/(loss) on swaps	Unrealized gain/(loss) on swaps	Realized gain/(loss) on swaps	Unrealized gain/(loss) on swaps
Development-related debt investments				
Cross currency swaps	\$ 7,543	\$ 6,500	\$ (1,836)	\$ (10,168)
Interest rate swaps	28,960	17,624	25,403	(7,312)
Borrowings				
Cross currency swaps	(58,157)	(31,521)	(32,664)	8,165
Interest rate swaps	(85,896)	(7,552)	(35,521)	(13,749)
Total	\$ (107,550)	\$ (14,949)	\$ (44,618)	\$ (23,064)

As of June 30, 2024, the outstanding volume, measured by notional amount, of swap contracts was \$9.7 billion (\$8.2 billion as of December 31, 2023).

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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 (USD thousands):

June 30, 2024

	Gross amount of assets/(liabilities) presented in the balance sheets	Gross amounts not offset in the balance sheets		Net amount
		Financial instruments	Collateral (received)/pledged⁽¹⁾	
Derivative assets	\$ 200,653	\$ (187,151)	\$ (13,502)	\$ —
Derivative liabilities	\$ (352,321)	\$ 187,151	\$ 164,474	\$ (696)

⁽¹⁾ Collateral received of \$13.5 million and collateral pledged of \$164.5 million reflect the offsetting threshold limits, which cannot exceed the fair value of the derivative assets and derivative liabilities. Total cash collateral pledged was \$182.2 million and total cash collateral received was \$14.0 million as of June 30, 2024. Refer to Notes 5 and 8 for additional details related to Receivables for cash collateral pledged and Payables for cash collateral received, respectively.

December 31, 2023

	Gross amount of assets/(liabilities) presented in the balance sheets	Gross amounts not offset in the balance sheets		Net amount
		Financial instruments	Collateral (received)/pledged⁽¹⁾	
Derivative assets	\$ 245,512	\$ (162,322)	\$ (83,190)	\$ —
Derivative liabilities	\$ (382,231)	\$ 162,322	\$ 212,223	\$ (7,686)

⁽¹⁾ Collateral received of \$83.2 million and collateral pledged of \$212.2 million reflect the offsetting threshold limits, which cannot exceed the fair value of the derivative assets and derivative liabilities. Total cash collateral pledged was \$225.6 million and total cash collateral received was \$92.4 million as of December 31, 2023. Refer to Notes 5 and 8 for additional details related to Receivables for cash collateral pledged and Payables for cash collateral received, respectively.

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 USD 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 June 30, 2024, IDB Invest had \$14.0 million of outstanding obligations to return cash collateral under CSAs (\$92.4 million as of December 31, 2023). IDB Invest recognizes a receivable in its balance sheets for its rights to cash collateral posted. As of June 30, 2024, \$182.2 million of cash collateral was posted under CSAs (\$225.6 million as of December 31, 2023). No securities collateral was received or pledged as of June 30, 2024 nor December 31, 2023. 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.

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8. Payables and Other Liabilities

Payables and other liabilities are summarized below (USD thousands):

	Notes	June 30, 2024	December 31, 2023
Borrowings related Interest and commitment fees payable		81,660	60,182
Pension Plans, net liability		46,876	46,187
Other liabilities	4	42,537	36,697
Liability for off-balance sheet credit losses		41,297	34,420
Deferred revenue ⁽¹⁾		31,534	24,725
Operating lease liability	12	30,981	33,028
Loan origination fees and costs, net		29,481	34,580
Due to IDB, net	13	28,842	27,490
Employment benefits payable		17,602	20,861
Payables for cash collateral received	7	14,000	92,400
Total payables and other liabilities		\$ 364,810	\$ 410,570

⁽¹⁾ Includes service fees collected from related parties. Additional information is included in Note 13.

9. Capital

IDB Invest's authorized share capital is owned by its member countries. Since its establishment, IDB Invest has had three General Capital Increases.

In December 1999, IDB Invest's First General Capital Increase (GCI-I), including several subsequent special increases thereafter, raised IDB Invest's original authorized share capital from \$200.0 million to \$705.9 million, equivalent to 70,590 shares with a par value and issuance price of \$10,000 per share.

In March 2015, IDB Invest's Board of Governors authorized the issuance of 125,474 shares for a total of \$2.03 billion in capital, through the Second General Capital Increase (GCI-II). GCI-II increased the number of total authorized shares to 196,064 with a par value of \$10,000 and an issuance price of \$16,178.60 per share. GCI-II is comprised of:

(i) Annex A Shares, corresponding to capital subscribed by IDB Invest's shareholders during the 2016-2022 period. Annex A authorizes 80,662 shares for a total of \$1.305 billion. Annex A Shares were subject to a 5.0% price increase for each year of arrears, except for those shares corresponding to the first installment which were fully paid in by the end of the second installment and not subject to a price adjustment.

(ii) Annex B Shares, corresponding to transfers from the IDB on behalf of its shareholders, that are also member countries of IDB Invest, paid annually to IDB Invest during the 2018-2025 period upon approval by the IDB Board of Governors. Annex B authorizes 44,812 shares for a total of \$725.0 million in capital.

In February 2023, 6,137 Annex A Shares that were subscribed in the context of GCI-II but were not paid for by the final payment date of January 31, 2023, became available for reallocation with a par value of \$10,000 and an issuance price of \$20,000 per share per the terms and conditions agreed by the Board of Executive Directors. The subscription period for the reallocation of these shares concluded on February 19, 2024, and all Annex A Shares available for reallocation were subscribed.

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Total capital contributions of \$155.3 million were received during the six months ended June 30, 2024 corresponding to \$12.6 million of Annex A Shares and \$142.7 million² of Annex B Shares for an accumulated total of \$2.0 billion under GCI-II.

In March 2024, IDB Invest's Board of Governors authorized the issuance of 166,666 shares for a total of \$3.5 billion in capital, through the Third General Capital Increase (GCI-III). GCI-III increased the number of total authorized shares to 362,730 with a par value of \$10,000 and an issuance price of \$21,000 per share. Member countries have until March 10, 2026, to subscribe to GCI-III.

Subscribed shares are presented in Capital, par value, and Additional paid-in capital, and any subscription amount due from a member is presented in Receivable from members in the balance sheets. The price adjustment for shares in arrears is presented in Additional paid-in capital in the balance sheets.

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.

² In February 2024, the Board of Governors of IDB Invest and the Board of Governors of IDB approved and completed the remaining capital transfers of \$142.7 million in income distributions corresponding to Annex B Shares. This transfer constitutes the fulfillment of Annex B Shares payments, and are included in Total paid-in-capital in the balance sheets.

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Notes to Condensed Interim Financial Statements (Unaudited)

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

	Capital					Voting power		
	Shares ⁽¹⁾	Capital, par value	Additional paid-in capital ⁽²⁾	Receivable from members	Total paid-in capital	Percent of total paid-in capital ⁽³⁾	Number of votes	Percent of total votes ⁽³⁾
Argentina	24,475	\$ 244,750	\$ 109,157	\$ (40,200)	\$ 313,707	11.63	22,465	11.67
Austria	958	9,580	3,787	—	13,367	0.50	958	0.50
Bahamas	401	4,010	1,619	—	5,629	0.21	401	0.21
Barbados	281	2,810	1,167	—	3,977	0.15	281	0.15
Belgium	316	3,160	908	—	4,068	0.15	316	0.16
Belize	153	1,530	321	—	1,851	0.07	153	0.08
Bolivia	1,806	18,060	7,142	—	25,202	0.93	1,806	0.94
Brazil	24,475	244,750	113,876	—	358,626	13.30	24,475	12.71
Canada	5,881	58,810	35,421	—	94,231	3.49	5,881	3.05
Chile	6,375	63,750	29,244	(10,440)	82,554	3.06	5,853	3.04
China	9,345	93,450	56,829	(280)	149,999	5.56	9,331	4.85
Colombia	6,473	64,730	29,475	—	94,205	3.49	6,473	3.36
Costa Rica	1,619	16,190	11,653	(15,624)	12,219	0.45	875	0.45
Croatia ⁽⁴⁾	21	210	130	—	340	0.01	21	0.01
Denmark	1,147	11,470	470	—	11,940	0.44	1,147	0.60
Dominican Republic	1,313	13,130	5,830	(2,160)	16,800	0.62	1,205	0.63
Ecuador	1,214	12,140	4,801	—	16,941	0.63	1,214	0.63
El Salvador	875	8,750	3,602	—	12,352	0.46	875	0.45
Finland	1,092	10,920	4,319	—	15,239	0.57	1,092	0.57
France	3,717	37,170	9,608	—	46,778	1.73	3,717	1.93
Germany	2,183	21,830	5,246	—	27,076	1.00	2,183	1.13
Guatemala	1,155	11,550	4,541	—	16,091	0.60	1,155	0.60
Guyana	607	6,070	4,354	(5,859)	4,565	0.17	328	0.17
Haiti	875	8,750	4,203	—	12,953	0.48	875	0.45
Honduras	875	8,750	3,548	—	12,298	0.46	875	0.45
Israel	461	4,610	1,784	—	6,394	0.24	461	0.24
Italy	5,499	54,990	20,618	—	75,608	2.80	5,499	2.86
Jamaica	737	7,370	2,184	(1,180)	8,374	0.31	678	0.35
Japan	7,201	72,010	29,133	—	101,143	3.75	7,201	3.74
Korea	8,294	82,940	50,281	—	133,221	4.94	8,294	4.31
Mexico	14,395	143,950	56,769	—	200,719	7.44	14,395	7.48
Netherlands	1,160	11,600	550	—	12,150	0.45	1,160	0.60
Nicaragua	875	8,750	3,469	—	12,219	0.45	875	0.45
Norway	1,092	10,920	4,319	—	15,239	0.57	1,092	0.57
Panama	1,176	11,760	5,257	—	17,017	0.63	1,176	0.61
Paraguay	1,006	10,060	4,566	(1,940)	12,686	0.47	909	0.47
Peru	6,490	64,900	29,645	(12,740)	81,805	3.03	5,853	3.04
Portugal	413	4,130	1,438	—	5,568	0.21	413	0.21
Slovenia ⁽⁵⁾	13	130	80	—	210	0.01	13	0.01
Spain	7,853	78,530	33,166	—	111,696	4.14	7,853	4.08
Suriname	140	1,400	241	—	1,641	0.06	140	0.07
Sweden	1,092	10,920	4,323	—	15,243	0.57	1,092	0.57
Switzerland	2,498	24,980	8,817	—	33,797	1.25	2,498	1.30
Trinidad and Tobago	864	8,640	4,287	—	12,927	0.48	864	0.45
United Kingdom	431	4,310	2,663	—	6,973	0.26	431	0.22
United States	29,510	295,100	83,505	(780)	377,825	14.01	29,471	15.31
Uruguay	2,394	23,940	9,466	—	33,406	1.24	2,394	1.24
Venezuela	5,836	58,360	9,422	—	67,782	2.51	5,836	3.03
Total as of June 30, 2024	197,062	\$ 1,970,620	\$ 817,234	\$ (91,203)	\$ 2,696,651	100	192,553	100
Total as of December 31, 2023	184,975	\$ 1,849,750	\$ 729,485	\$ (37,840)	\$ 2,541,395		181,062	

⁽¹⁾ Includes Annex B Shares under GCI-II 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⁾ Data are rounded; detail may not add to total because of rounding.

⁽⁴⁾ Croatia's voting power is 0.0109.

⁽⁵⁾ Slovenia's voting power is 0.0068.

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Notes to Condensed Interim Financial Statements (Unaudited)

10. Fair Value Measurements

IDB Invest carries a portion of its financial instruments at fair value on a recurring basis and discloses fair value of financial instruments not carried at fair value in accordance with US GAAP. The methodologies and key assumptions IDB Invest uses to estimate the fair values of its financial instruments are summarized below. Projections of future cash flows and other assumptions and methodologies used in the determination of fair value are subjective, particularly when the measurement relies on unobservable market inputs. Minor changes in assumptions or methodologies may affect the fair value measurements.

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

Investment securities – 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, supnationals and corporate bonds. Also included are commercial paper (CP) and certificates of deposit (CD) issued under large U.S. based CP or CD programs. For investments for which prices and other relevant information, generated by market transactions involving identical or comparable assets, are not available, the income approach is used, based on yield curves, bond or credit default swap spreads, and recovery rates based on collateral values as key inputs.

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

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

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

Equity investments are carried at fair value on a recurring basis if publicly traded in active markets, or if IDB Invest elects the FVO. For investments in LPs, IDB Invest utilizes the NAVs reported by the fund managers as the basis of the fair value measurement. These NAVs are derived from the fair values of the underlying investments and adjusted further by IDB Invest, as needed.

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 and forward curves.

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

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

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Notes to Condensed Interim Financial Statements (Unaudited)

Fair value of financial instruments

The following table presents the carrying values and estimated fair values of IDB Invest's financial instrument assets/(liabilities) and their classification within the fair value hierarchy in accordance with ASC 820.

<i>Expressed in USD thousands</i>	June 30, 2024				
	Carrying amount	Level 1	Level 2	Level 3	Fair value
Investment securities					
Corporate securities	\$ 2,065,450	\$ —	\$ 2,065,450	\$ —	\$ 2,065,450
Money market funds	878,109	—	878,109	—	878,109
Agency securities	651,714	—	651,714	—	651,714
Government securities	360,110	—	360,110	—	360,110
Supranational securities	251,131	—	251,131	—	251,131
	4,206,514	—	4,206,514	—	4,206,514
Loans					
Amortized cost	5,761,760	—	—	5,334,109	5,334,109
Fair value	405,000	—	—	405,000	405,000
	6,166,760	—	—	5,739,109	5,739,109
Debt securities					
Amortized cost	145,739	—	—	143,223	143,223
Fair value	1,155,980	—	—	1,155,980	1,155,980
NAV ⁽¹⁾⁽²⁾	30,839	—	—	—	30,839
	1,332,558	—	—	1,299,203	1,330,042
Equity investments					
Fair value	90,539	897	—	89,642	90,539
NAV ⁽¹⁾⁽²⁾	216,467	—	—	—	216,467
	307,006	897	—	89,642	307,006
Derivative assets					
Cross currency swaps	71,689	—	71,689	—	71,689
Interest rate swaps	128,964	—	128,964	—	128,964
	200,653	—	200,653	—	200,653
Borrowings					
Amortized cost	(1,758,475)	—	(1,385,340)	(249,390)	(1,634,730)
Fair value	(6,515,585)	—	(6,515,585)	—	(6,515,585)
	(8,274,060)	—	(7,900,925)	(249,390)	(8,150,315)
Derivative liabilities					
Cross currency swaps	(197,166)	—	(197,166)	—	(197,166)
Interest rate swaps	(155,155)	—	(155,155)	—	(155,155)
	(352,321)	—	(352,321)	—	(352,321)
Payables and other liabilities					
Guarantees measured at fair value	2,230	—	—	2,230	2,230
Undisbursed commitments measured at fair value	(77)	—	—	(77)	(77)
Other liability measured at fair value	(2,573)	—	—	(2,573)	(2,573)
	\$ (420)	\$ —	\$ —	\$ (420)	\$ (420)

⁽¹⁾ In accordance with ASC 820, investments recorded using NAV as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to reconcile to the amounts presented in the balance sheets.

⁽²⁾ As of June 30, 2024, the maximum undisbursed commitments subject to capital calls for these investments were \$181.4 million.

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December 31, 2023					
<i>Expressed in USD thousands</i>	Carrying amount	Level 1	Level 2	Level 3	Fair value
Investment securities					
Corporate securities	\$ 1,428,112	\$ —	\$ 1,428,112	\$ —	\$ 1,428,112
Money market funds	400,357	—	400,357	—	400,357
Agency securities	326,920	—	326,920	—	326,920
Government securities	258,967	—	258,967	—	258,967
Supranational securities	128,212	—	128,212	—	128,212
	<u>2,542,568</u>	<u>—</u>	<u>2,542,568</u>	<u>—</u>	<u>2,542,568</u>
Loans					
Amortized cost	6,139,520	—	—	5,700,613	5,700,613
Fair value	419,239	—	—	419,239	419,239
	<u>6,558,759</u>	<u>—</u>	<u>—</u>	<u>6,119,852</u>	<u>6,119,852</u>
Debt securities					
Amortized cost	148,544	—	—	145,909	145,909
Fair value	1,177,591	—	—	1,177,591	1,177,591
NAV ⁽¹⁾⁽²⁾	35,556	—	—	—	35,556
	<u>1,361,691</u>	<u>—</u>	<u>—</u>	<u>1,323,500</u>	<u>1,359,056</u>
Equity investments					
Fair value	96,645	920	—	95,725	96,645
NAV ⁽¹⁾⁽²⁾	206,531	—	—	—	206,531
	<u>303,176</u>	<u>920</u>	<u>—</u>	<u>95,725</u>	<u>303,176</u>
Derivative assets					
Cross currency swaps	115,471	—	115,471	—	115,471
Interest rate swaps	130,041	—	130,041	—	130,041
	<u>245,512</u>	<u>—</u>	<u>245,512</u>	<u>—</u>	<u>245,512</u>
Borrowings					
Amortized cost	(2,159,539)	—	(1,722,576)	(350,787)	(2,073,363)
Fair value	(5,146,005)	—	(5,146,005)	—	(5,146,005)
	<u>(7,305,544)</u>	<u>—</u>	<u>(6,868,581)</u>	<u>(350,787)</u>	<u>(7,219,368)</u>
Derivative liabilities					
Cross currency swaps	(215,927)	—	(215,927)	—	(215,927)
Interest rate swaps	(166,304)	—	(166,304)	—	(166,304)
	<u>(382,231)</u>	<u>—</u>	<u>(382,231)</u>	<u>—</u>	<u>(382,231)</u>
Payables and other liabilities					
Guarantees measured at fair value	(2,595)	—	—	(2,595)	(2,595)
Undisbursed commitments measured at fair value	256	—	—	256	256
Other liability measured at fair value	(2,653)	—	—	(2,653)	(2,653)
	<u>\$ (4,992)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4,992)</u>	<u>\$ (4,992)</u>

⁽¹⁾ In accordance with ASC 820, investments recorded using NAV as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to reconcile to the amounts presented in the balance sheets.

⁽²⁾ As of December 31, 2023, the maximum undisbursed commitments subject to capital calls for these investments were \$202.8 million.

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

Six months ended June 30, 2024					
	Balance as of January 1, 2024	Net gains/ (losses) included in income	Disbursements, purchases, sales, settlements and other	Balance as of June 30, 2024	Net unrealized gains/ (losses) included in earnings related to assets/liabilities held at June 30, 2024
Loans	\$ 419,239	\$ (15,045)	\$ 806	\$ 405,000	\$ (15,045)
Debt securities	1,177,591	(28,851)	7,240	1,155,980	(34,625)
Equity investments	95,725	(6,724)	641	89,642	(6,724)
Total level 3 assets at fair value	1,692,555	(50,620)	8,687	1,650,622	(56,394)
Guarantees measured at fair value	(2,595)	4,825	—	2,230	4,825
Undisbursed commitments measured at fair value	256	(333)	—	(77)	(333)
Other liability measured at fair value	(2,653)	80	—	(2,573)	80
Total level 3 liabilities at fair value	\$ (4,992)	\$ 4,572	\$ —	\$ (420)	\$ 4,572

Six months ended June 30, 2023					
	Balance as of January 1, 2023	Net gains/ (losses) included in income	Disbursements, purchases, sales, settlements and other	Balance as of June 30, 2023	Net unrealized gains/ (losses) included in earnings related to assets/liabilities held at June 30, 2023
Loans	\$ 281,918	\$ 72	\$ 51,995	\$ 333,985	\$ 59
Debt securities	735,051	27,803	239,967	1,002,821	23,460
Equity investments	97,834	(8,313)	982	90,503	(8,328)
Total level 3 assets at fair value	1,114,803	19,562	292,944	1,427,309	15,191
Guarantees measured at fair value	459	834	—	1,293	834
Undisbursed commitments measured at fair value	(267)	—	—	(267)	—
Other liability measured at fair value	(671)	(685)	(548)	(1,904)	(685)
Total level 3 liabilities at fair value	\$ (479)	\$ 149	\$ (548)	\$ (878)	\$ 149

There were no transfers in or out of Level 3 during the six months ended June 30, 2024 nor June 30, 2023.

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Notes to Condensed Interim Financial Statements (Unaudited)

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 (USD thousands):

Six months ended June 30, 2024

	Disbursements/ Purchases	Repayments/ Sales	Issuances	Settlements and others	Net
Loans	\$ 12,172	\$ (11,760)	\$ —	\$ 394	\$ 806
Debt securities	49,739	(42,499)	—	—	7,240
Equity investments	641	—	—	—	641
Total level 3 assets at fair value	\$ 62,552	\$ (54,259)	\$ —	\$ 394	\$ 8,687
Guarantees measured at fair value	—	—	—	—	—
Undisbursed commitments measured at fair value	—	—	—	—	—
Other liability measured at fair value	—	—	—	—	—
Total level 3 liabilities at fair value	\$ —	\$ —	\$ —	\$ —	\$ —

Six months ended June 30, 2023

	Disbursements/ Purchases	Repayments/ Sales	Issuances	Settlements and others	Net
Loans	\$ 53,645	\$ (2,459)	\$ —	\$ 809	\$ 51,995
Debt securities	257,611	(17,633)	—	(11)	239,967
Equity investments	1,019	(37)	—	—	982
Total level 3 assets at fair value	\$ 312,275	\$ (20,129)	\$ —	\$ 798	\$ 292,944
Guarantees measured at fair value	—	—	—	—	—
Undisbursed commitments measured at fair value	—	—	—	—	—
Other liability measured at fair value	—	—	—	(548)	(548)
Total level 3 liabilities at fair value	\$ —	\$ —	\$ —	\$ (548)	\$ (548)

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The following tables present the valuation techniques and significant unobservable inputs for development-related investment assets/(liabilities) classified as Level 3 as of June 30, 2024 and December 31, 2023 (USD thousands):

June 30, 2024					
	Fair value	Valuation technique	Significant unobservable inputs	Range	Weighted average ⁽¹⁾
Loans	\$ 392,329	Discounted cash flows	Discount rate	2.9%-19.5%	8.4%
	9,668	Recent transaction price	Transaction price		
	3,003	Others			
	405,000				
Debt securities	1,125,973	Discounted cash flows	Discount rate	3.0%-13.8%	9.1%
	30,000	Recent transaction price	Transaction price		
	7	Others			
	1,155,980				
Equity investments	74,640	Discounted cash flows	Discount rate	10.4%-16.9%	12.9%
		Discounted cash flows	Long term growth rate	2.8%-7.4%	5.1%
	15,002	Recent transaction price	Transaction price		
	89,642				
Payables and other liabilities	(420)	Others			
	(420)				
Total	\$ 1,650,202				

⁽¹⁾ Calculated using the input multiplied by the fair values of the instruments.

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December 31, 2023

	Fair value	Valuation technique	Significant unobservable inputs	Range	Weighted average ⁽²⁾
Loans	\$ 405,035	Discounted cash flows	Discount rate	2.9%-23.5%	9.5%
	14,203	Recent transaction price	Transaction price		
	419,238				
Debt securities	1,133,414	Discounted cash flows	Discount rate	3.0%-15.3%	9.4%
	44,171	Recent transaction price	Transaction price		
	7	Others			
	1,177,592				
Equity investments	18,002	Recent transaction price	Transaction price		
	77,723	Discounted cash flows ⁽¹⁾	Discount rate	12.8%-21.0%	16.6%
		Discounted cash flows ⁽¹⁾	Long term growth rate	3.0%-7.0%	4.8%
		Relative valuation ⁽¹⁾	EV/EBITDA	8.1x-10.0x	9.1x
		Relative valuation ⁽¹⁾	EV/Revenues	1.1x-4.9x	2.8x
	95,725				
Payables and other liabilities	(4,992)	Others			
	(4,992)				
Total	\$ 1,687,563				

⁽¹⁾ Equity investments of \$77.7 million utilizes multiple valuation techniques, including Discounted Cash Flows and Relative Valuation.

⁽²⁾ Calculated using the input multiplied by the fair values of the instruments.

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Notes to Condensed Interim Financial Statements (Unaudited)

11. Non-trading portfolios

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

	Six months ended June 30	
	2024	2023
Changes in fair value		
Development-related debt investments	\$ (22,097)	\$ (3,628)
Borrowings	142,954	(21,933)
Derivatives		
Unrealized gain/(loss) on swaps	(14,949)	(23,064)
Gain/(loss) from changes in fair value, net	105,908	(48,625)
Foreign exchange transactions		
Development-related debt investments	(95,533)	91,899
Borrowings	61,741	(71,514)
Other assets/liabilities	(491)	(905)
Gain/(loss) from foreign exchange transactions, net	(34,283)	19,480
Swap transactions		
Realized gain/(loss) on swaps ⁽¹⁾	(107,550)	(44,618)
Gain/(loss) from changes in fair value on non-trading portfolios and foreign exchange transactions, net	\$ (35,925)	\$ (73,763)

⁽¹⁾ Includes realized swap interest income/(expense), fee income/(expense), termination gain/(loss) and foreign exchange gain/(loss) on cross currency swaps, net.

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

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Notes to Condensed Interim Financial Statements (Unaudited)

12. Contingencies and Leases

In the normal course of business, IDB Invest is from time to time named as a defendant or codefendant in legal actions in different jurisdictions. Although there can be no assurances, based on the information available, IDB Invest's Management does not believe the outcome of any of the existing legal actions will have a material adverse effect on IDB Invest's financial position, results of operations, or cash flows.

The impact of the global geopolitical situation 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 length and severity of the current geopolitical environment. IDB Invest has capital buffers in place to absorb additional stress and credit rating downgrades. Management continues to monitor the developments and to actively manage risks associated with its various portfolios within existing financial policies and limits.

Office Space Leases

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

Refer to Notes 5 and 8 for additional information related to IDB Invest's operating lease right-of-use assets and operating lease liabilities outstanding as of June 30, 2024 and 2023.

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

	Six months ended June 30	
	2024	2023
Operating leases		
Operating lease expense	\$ 2,910	\$ 2,814
Total lease expense	\$ 2,910	\$ 2,814
Supplemental disclosure:		
Weighted average of lease terms (years)	6.4	7.4
Weighted average discount rate ⁽¹⁾	1.8 %	1.8 %

⁽¹⁾ Discount rate applied for the office space lease at headquarters is based on the IDB multi-currency incremental borrowing rate.

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

Estimated undiscounted cash flows	June 30, 2024	
2024	\$	2,665
2025		5,117
2026		5,081
2027		5,079
2028		4,995
2029 - 2030		9,806
Total operating leases	\$	32,743
Discount		(1,762)
Operating lease liability	\$	30,981

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13. Related Party Transactions

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

Private Sector Operations

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

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

Management of External Funds

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

Access to IDB Administered Funds

In addition to the aforementioned funds, IDB Invest provides certain services for trust funds administered by the IDB on behalf of the trust fund donors (the Trust Funds). IDB Invest receives an allocation of the IDB's related Trust Fund fees. Such fees are intended to cover internal and external costs associated with administering the private sector 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 six months ended June 30, 2024, IDB Invest received \$5.0 million for these service fees (\$3.5 million for the six months ended June 30, 2023). As of June 30, 2024, IDB Invest has recorded deferred revenue of \$24.3 million related to these services (\$21.0 million as of December 31, 2023), 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.

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

	Six months ended June 30	
	2024	2023
SLA revenue	\$ 14,083	\$ 14,231
Management of external funds revenue	883	847
IDB administered funds revenue	5,181	1,402
Total	\$ 20,147	\$ 16,480

SLA Expenses

IDB Invest purchases various general and administrative services from the IDB under a series of annual renewable SLAs. For the six months ended June 30, 2024, IDB Invest incurred expenses of \$9.5 million SLA services provided by the IDB (\$9.1 million for the six months ended June 30, 2023), which are included in Administrative expenses in the income statements. Payables related to these SLA expenses are included in the total Due to IDB, net, of \$28.8 million as of June 30, 2024 (\$27.5 million as of December 31, 2023). Refer to Note 8 for additional details.

Other Transactions with Related Parties

IDB Invest has a multi-currency credit facility with the IDB up to \$300.0 million at the rate in accordance with the IDB's lending rate policy. The tenor of borrowings under this facility shall not exceed twenty years from the disbursement date. This facility permits IDB Invest to supplement resources in local currencies to support its development-related investment portfolio through December 31, 2033. As of June 30, 2024, IDB Invest's total drawdowns from the IDB multi-currency credit facility were \$210.3 million and \$89.7 million remain undrawn (\$210.3 million total drawdowns and \$89.7 million undrawn as of December 31, 2023). Refer to Note 6 for additional details.

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14. Pension Plans and Postretirement Benefit Plan

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.

All employer contributions are made in cash during the fourth quarter of the year. As of June 30, 2024, the estimate of contributions expected to be paid for 2024 are \$9.9 million to the Pension Plans, and \$5.8 million to the PRBP, the same amounts disclosed in the December 31, 2023 financial statements. Contributions for 2023 were \$9.5 million to the Pension Plans and \$5.5 million to the PRBP.

Net periodic benefit costs are included in Other expenses in the income statements. The following table summarizes the net periodic benefit costs associated with the Pension Plans and the PRBP for the six months ended June 30, 2024 and 2023 (USD thousands):

	Six months ended June 30			
	Pension Plans		PRBP	
	2024	2023	2024	2023
Service cost ⁽¹⁾	\$ 7,721	\$ 6,676	\$ 3,138	\$ 2,618
Interest cost ⁽³⁾	8,052	7,275	3,511	3,122
Expected return on plan assets ⁽²⁾⁽³⁾	(9,974)	(9,480)	(6,191)	(5,928)
Amortization of: ⁽³⁾				
Net actuarial (gain)/loss	(991)	(2,111)	(899)	(1,518)
Prior service (credit)/cost	—	—	(75)	(183)
Net periodic benefit cost	\$ 4,808	\$ 2,360	\$ (516)	\$ (1,889)

⁽¹⁾ Included in Administrative expenses.

⁽²⁾ The expected return on plan assets is 6.25% in 2024 and 6.50% in 2023.

⁽³⁾ Included in Other components of pension benefit costs, net.

15. Subsequent Events

Management has evaluated subsequent events through August 7, 2024, 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*.