



STATEMENT
IDB INVESTMENT PORTFOLIO
Feb. 13, 2009

For 2008, the Inter-American Development Bank (IDB) will report a net loss of approximately \$1 billion on its liquid investment portfolio, mostly because of a reduction in market prices of asset-backed securities stemming from the global financial crisis.

The losses were registered in compliance with mark-to-market accounting rules. Total losses were \$1.6 billion, mostly unrealized, and were partially offset by more than \$600 million in interest income generated by the investment portfolio. The realized losses were \$71 million.

More than 99 percent of the asset-backed securities in the IDB's liquid investment portfolio continue to pay both interest and principal, and more than 85 percent carry the top AAA rating from the credit rating agencies.

The losses have not materially affected the Bank's lending capacity. Any request to increase the IDB's capital will be based on the evolving needs from Latin America and the Caribbean and not on its liquid investment portfolio.

The IDB is reviewing its investment policy in light of the losses and the global financial crisis. Since 2007, the Bank has taken several steps to enhance its investment management, which included the creation of an independent risk management unit and the updating of systems and tools.

Shareholders have been informed about the investment portfolio's performance through regular monthly committee meetings and the general public through the Bank's quarterly financial statements.

In 2008, the IDB approved \$11.1 billion in loans, a record year. As the leading source of long-term financing for Latin America and the Caribbean, the IDB will continue to respond to the development challenges faced by its member countries.