



# INVESTOR PRESENTATION

JANUARY 2021

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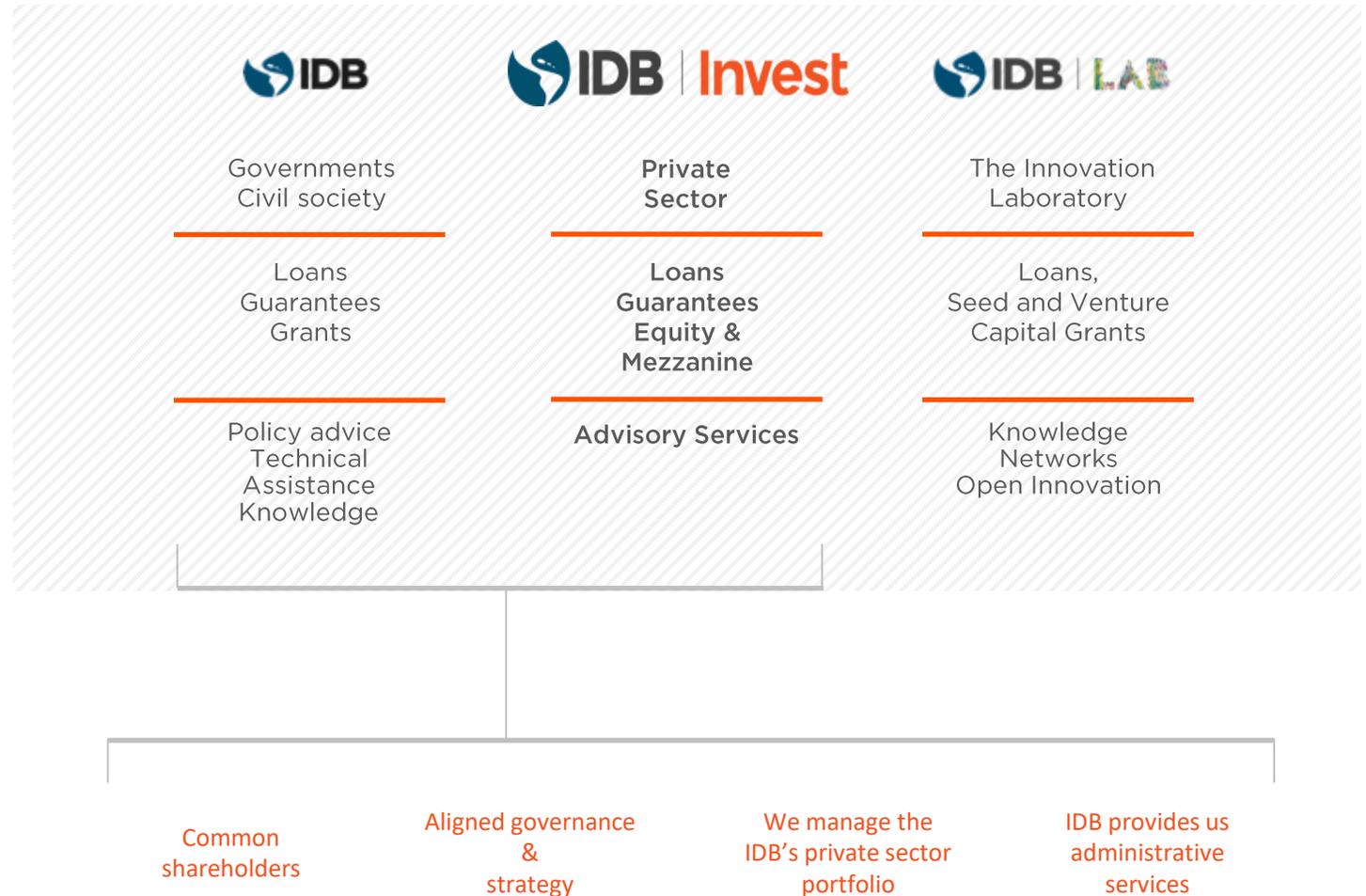


# ABOUT US

## Three Institutions, one IDB Group

We are IDB Invest, the private sector institution of the IDB Group, a multilateral development bank committed to strengthening Latin American and the Caribbean businesses.

IDB Invest finances sustainable enterprises and projects to achieve financial results that maximize economic, social and, environmental development for the region



# SHAREHOLDER OVERVIEW

Member Countries  
and  
Voting Power

## REGIONAL MEMBER COUNTRIES

 Argentina	12.1%
 Bahamas	0.2%
 Barbados	0.1%
 Belize	0.1%
 Bolivia	1.0%
 Brazil	10.9%
 Chile	3.1%
 Colombia	3.1%
 Costa Rica	0.5%
 Dom. Rep.	0.7%
 Ecuador	0.7%
 El Salvador	0.5%
 Guatemala	0.6%
 Guyana	0.2%
 Haiti	0.3%
 Honduras	0.5%
 Jamaica	0.4%
 Mexico	7.7%
 Nicaragua	0.5%
 Panama	0.6%
 Paraguay	0.5%
 Peru	3.4%
 Suriname	0.1%
 Trin. & Tobago	0.2%
 Uruguay	1.3%
 Venezuela	3.4%

## OTHER MEMBER COUNTRIES

0.6%	Austria	
0.2%	Belgium	
2.7%	Canada	
0.0%	Croatia	
5.4%	China	
0.8%	Denmark	
0.7%	Finland	
2.1%	France	
1.1%	Germany	
0.2%	Israel	
3.1%	Italy	
3.6%	Japan	
4.8%	Korea	
0.8%	Netherlands	
0.7%	Norway	
0.2%	Portugal	
0.0%	Slovenia	
4.5%	Spain	
0.6%	Sweden	
1.5%	Switzerland	
14.1%	United States	

# WHAT WE OFFER

We support our clients by providing finance solutions, advisory services and knowledge that meet the evolving demands of the regions private sector.



## Financial Products and Services

- Loans
- Guarantees
- Equity and mezzanine
- Resource mobilization
- Blended finance



## Advisory Services

- Climate change
- Gender, diversity and inclusion
- Sustainability and MSMEs
- Public-private partnerships



## Knowledge

- Publications
- Conferences and workshops
- Market trends
- Feasibility studies
- Regional/sectorial expertise

# OUR SECTORS

## Financial Intermediaries



Banks and other financial intermediaries



Financial Inclusion



Funds

## Infrastructure



Energy



Transport



Water and sanitation



Social infrastructure

## Corporates



Agribusiness



Manufacturing



Tourism



Telecommunications, media and technology



# OUR FINANCIAL PROFILE AND RISK MANAGEMENT

*All figures are in million US dollar as of September 2020,  
unless otherwise stated.*

# A SOLID BALANCE SHEET



**Robust capitalization & Low leverage**

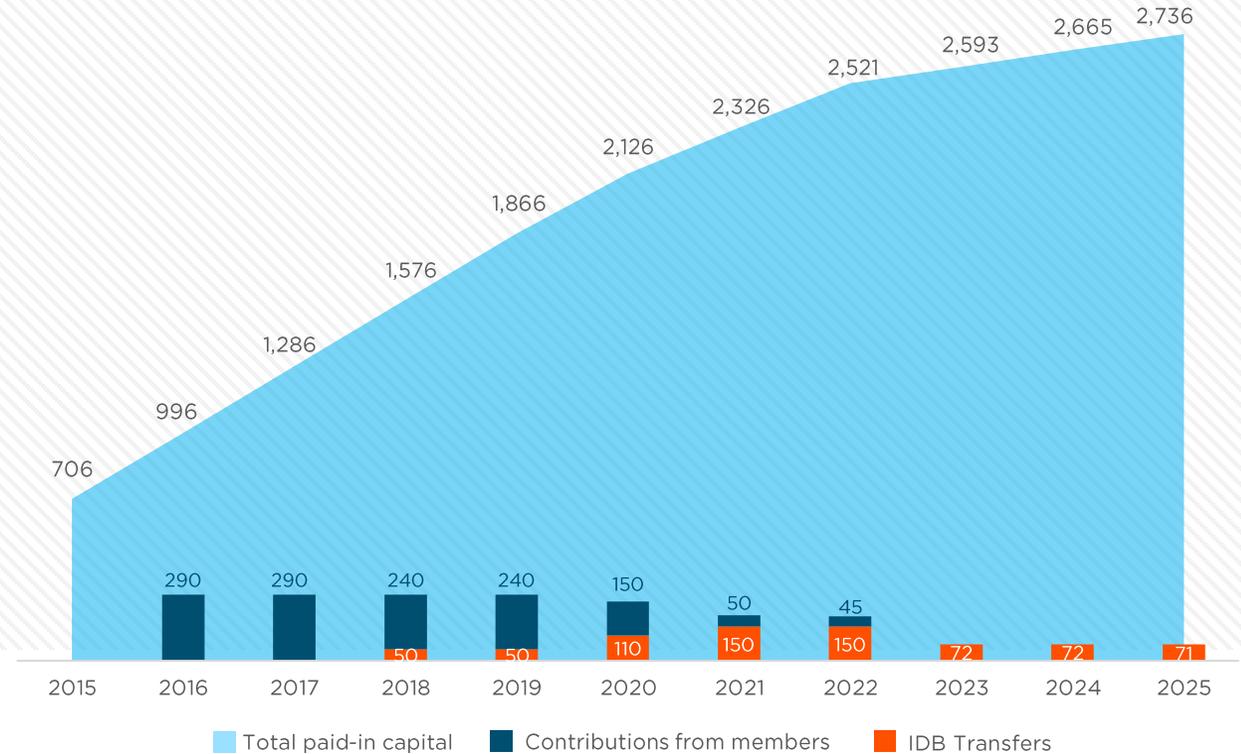
Capital / Total Assets ratio of 35% and Debt / Capital ratio of 1.7x provide ample room for growth.

(\*) Net of USD 167 million allowance for credit losses. Total equity Investments: USD 113 million

# STRONG SHAREHOLDER SUPPORT

In 2015 the Board of Governors approved a capital increase of USD 2 billion: USD 1.3 billion of new contributions from member countries and USD 725 million of transfers by IDB on behalf of its member countries.

## Capital Increase Payment Schedule<sup>1</sup>



**IDB Invest operates exclusively with 100% paid-in capital**

<sup>1</sup> Figures in USD millions. IDB transfers are subject to annual approval by IDB's Board of Governors

# STRONG RISK MANAGEMENT FRAMEWORK

## Conservative Risk Appetite Policy

**15%**

Maximum exposure to single country

**20%**

Maximum exposure by subsector\*

**5% / 6%**

Per client & per economic group

**20%**

Maximum exposure Equity & quasi equity

## Liquidity Portfolio

**4 years**

Maximum liquidity portfolio duration

**A**

Minimum rating for securities at purchases in liquidity portfolio

## Key Balance Sheet Metrics

**3.0x**

Maximum leverage ratio

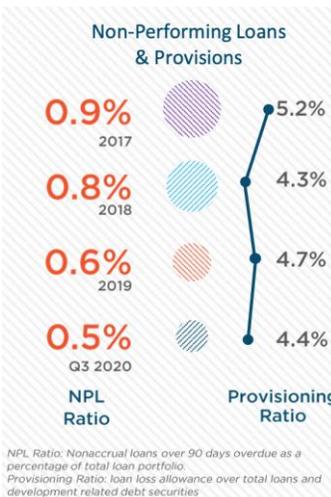
**105%**

Minimum liquidity coverage ratio

## Development Portfolio By country



## Development Portfolio By Sector



Limits are based on allocated capital

\*Except for Financial Institutions sector (75%)

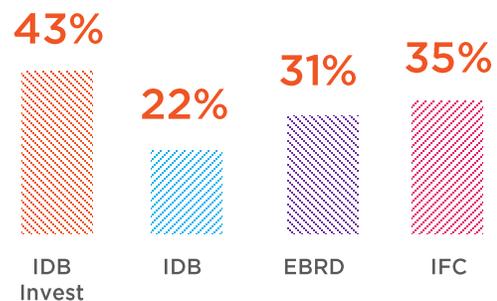
23 countries with exposures below 5% amount to 30% of the total portfolio.

# ONE OF THE STRONGEST FINANCIAL PROFILES AMONG MULTILATERAL DEVELOPMENT BANKS

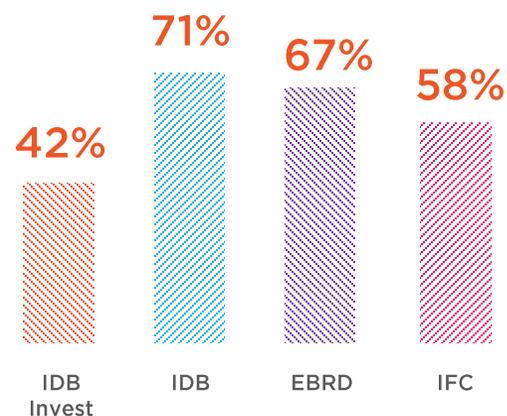
Multilateral	Assets (USD Millions)	S&P Long Term Issuer Rating
IDB-Invest	3.900	AA
IDB	136.358	AAA
EBRD	76.546	AAA
IFC	95.800	AAA

Source: S&P Global Ratings "Supranational Special Edition, October 2020"  
Data as of December 31, 2019, except for IFC, whose data are as of June 30, 2020.

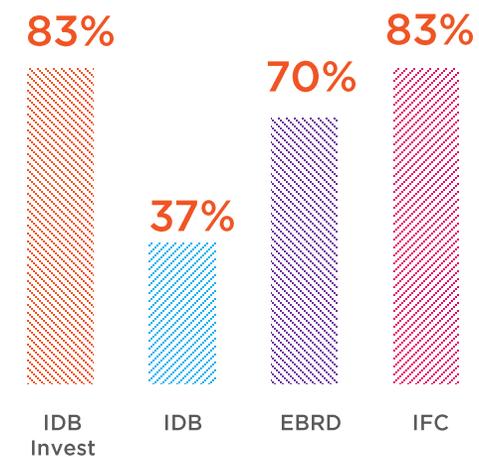
RAC-Ratio



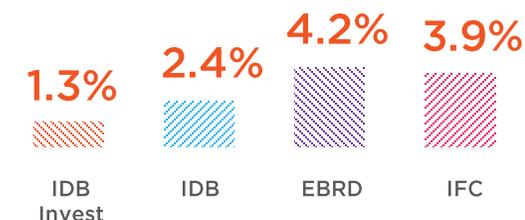
Debt/Total Assets



Liquid assets / Gross Debt



Impaired Loans

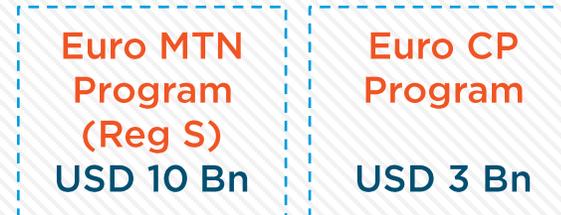


# FUNDING STRATEGY

- 2021 Funding Program: USD 2.0-2.5Bn
  - USD benchmark issues
  - Public issues in strategic markets
  - MTNs in selected currencies and tenors
  - Local currency issues to fund local projects
- Promote secondary market liquidity through underwriters
- Sustainable Debt Framework allows for the issue of Green, Social and Sustainability Debt Instruments (e.g. Bonds, Commercial Paper)

## FUNDING PROGRAMS

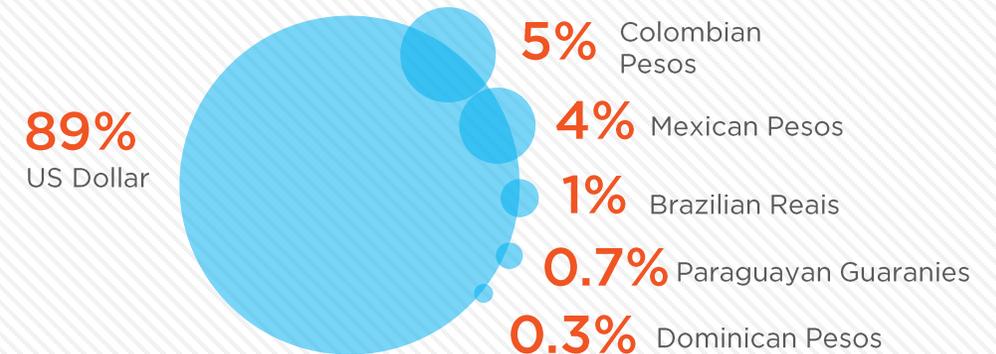
### INTERNATIONAL PROGRAMS



### LOCAL CURRENCY PROGRAMS



## OUTSTANDING BORROWINGS BY CURRENCY

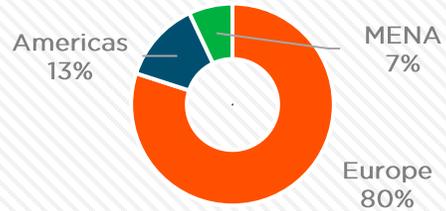


# RECENT BENCHMARK ISSUES

**2018**

US\$ 500 million  
3-Year FRN

Allocation  
by region



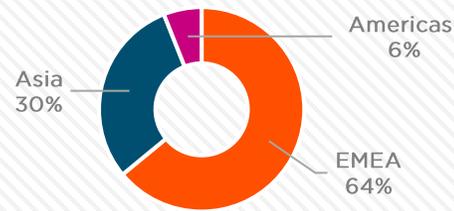
Allocation  
by Investor Type



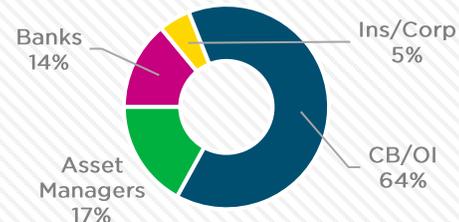
**2019**

US\$ 500 million  
5-Year Fixed Rate

Allocation  
by region



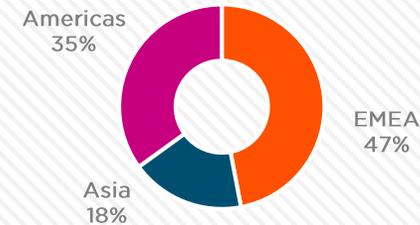
Allocation  
by Investor Type



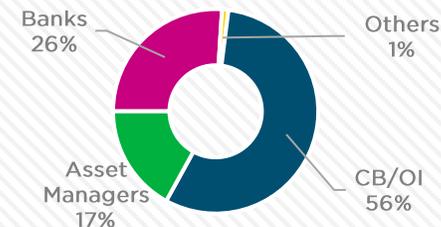
**2020**

US\$ 1 billion  
2-Year Fixed Rate

Allocation  
by region



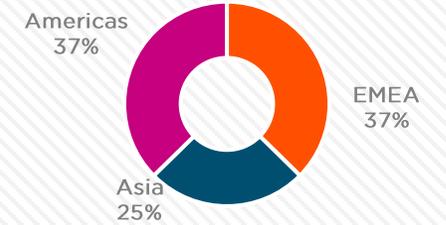
Allocation  
by Investor Type



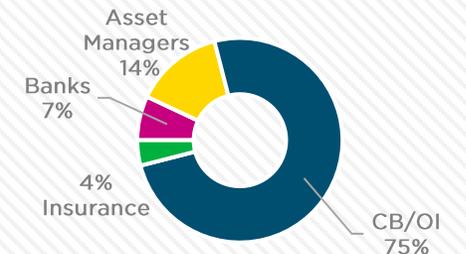
**2020**

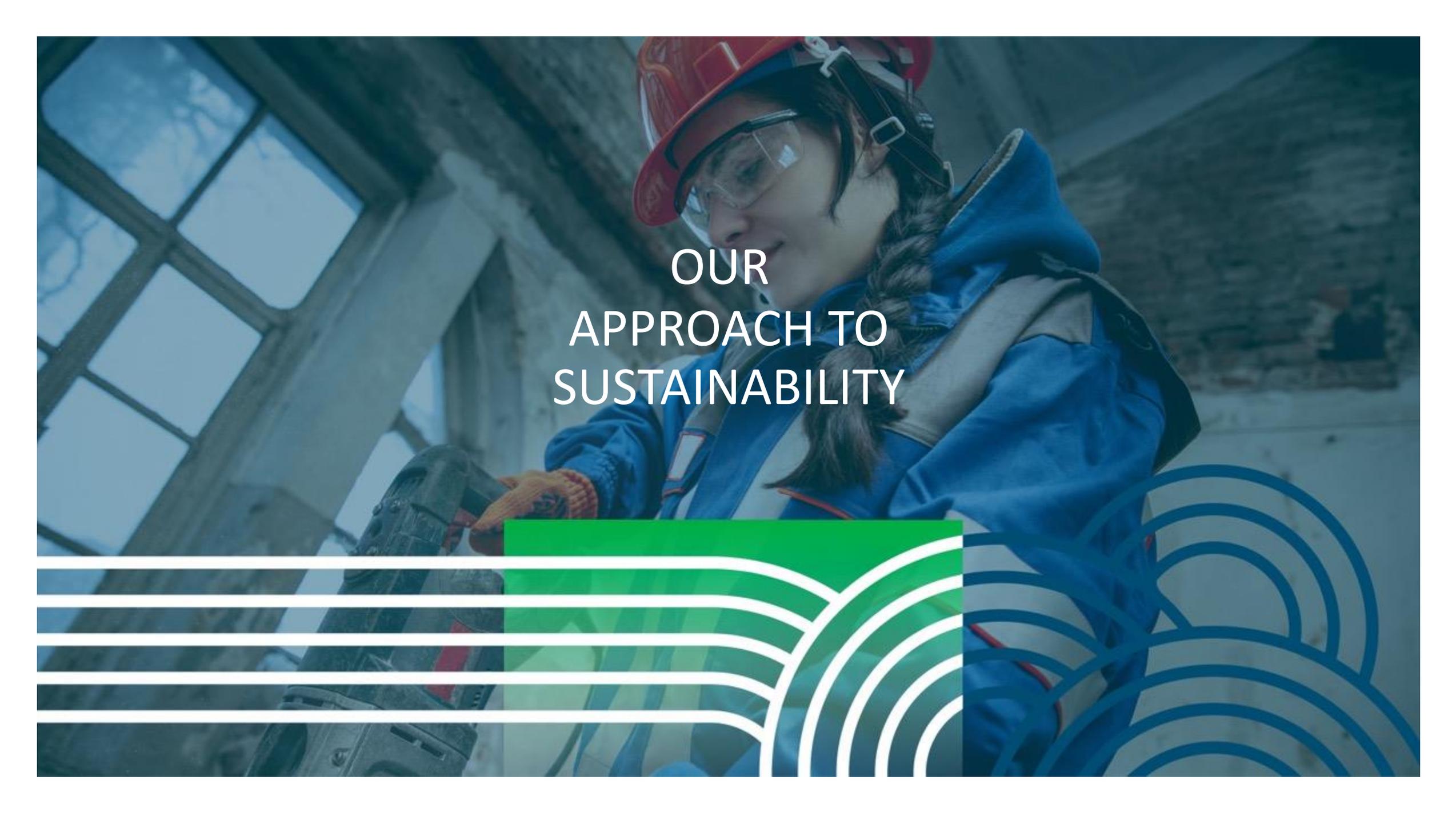
US\$ 1 billion  
3-Year Fixed Rate

Allocation  
by region



Allocation  
by Investor Type



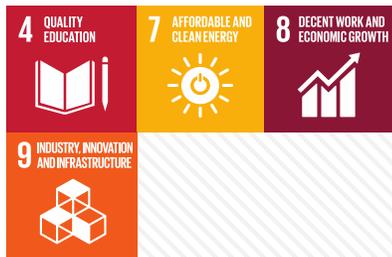


OUR  
APPROACH TO  
SUSTAINABILITY

# STRATEGIC PRIORITIES ALIGNED WITH SDGs



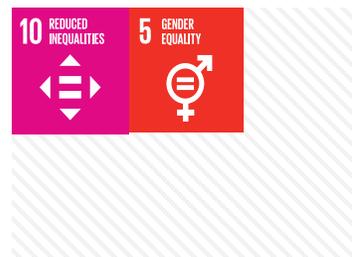
Productivity and Innovation



Economic Integration



Gender Equality and diversity



Climate change and Environmental Sustainability



Social Inclusion and Equity





# IMPACT MANAGEMENT FRAMEWORK

## OBJECTIVES

1. Select operations in line with our **mandate** as a development bank
2. Ensure operations are structured to be **strategically relevant, effective, and measurable**
3. **Manage our portfolio** to maximize impact and sustainability
4. Foster continuous **learning** from our operations
5. Ensure **accountability** to stakeholders



# OUR SUSTAINABILITY POLICY AND PRACTICES

## The Sustainability Framework

1. The Environmental and Social Sustainability Policy
  - A. The IFC Performance Standards
  - B. The World Bank Group's Environmental, Health and Safety (EHS) Guidelines
  - C. IDB Invest Exclusion List
2. The IDB Invest Access to Information Policy
3. IDB Invest Corporate Governance Development Framework
4. IDB Invest Policy for Independent Consultation and Investigation Mechanism ICIM

# LEADING IN IMPACT AND SUSTAINABILITY

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ACTIVE MEMBER IN LEADING  
IMPACT INVESTING AND  
REPORTING INITIATIVES



Operating  
Principles for



GLOBAL IMPACT INVESTING NETWORK



Harmonized Indicators for Private  
Sector Operations



Private Sector Development Research  
Network



Task Force for Climate  
Related Financial  
Disclosures



CARBON NEUTRAL SINCE 2007  
- BUILDINGS WITH LEADING  
GREEN CERTIFICATIONS



Since 2007

100% COMMITTED TO  
GENDER EQUALITY



Since 2017

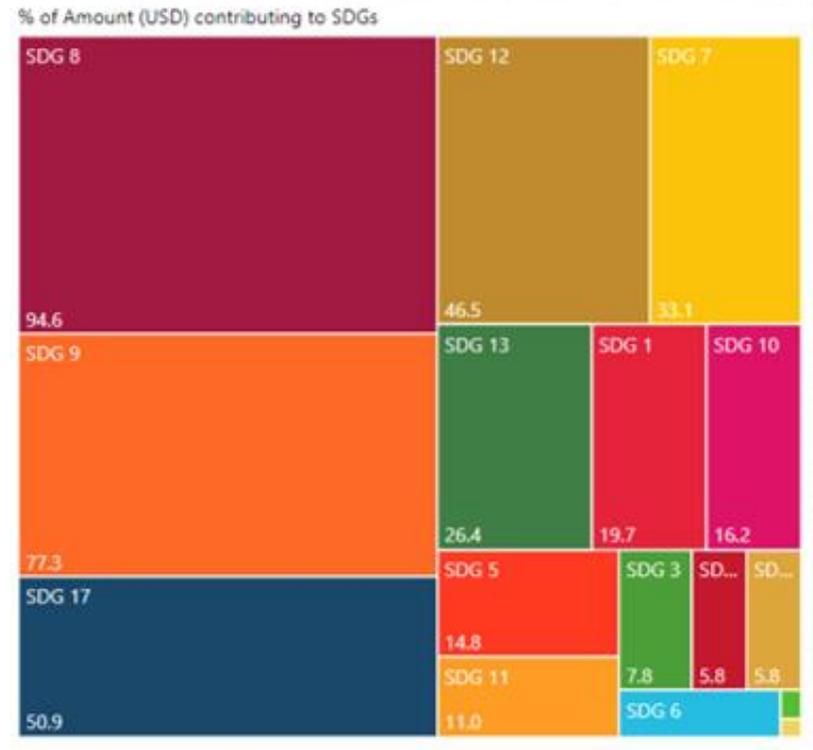
# OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

1. We **Map** our business to the SDGs

2. We **Track** our impact throughout the life of the project

3. We **Report** on our impact

4. We **Monitor** our projects vs expected results



# OUR SUSTAINABLE DEBT FRAMEWORK



## Green Debt

Finance  
Projects with  
environmental  
benefits



## Social Debt

Finance  
Projects with  
social benefits



## Sustainability Debt

Finance project  
with environmental  
and social benefits

## DEBT PRODUCTS

Public Bond  
Offerings

Local  
Currency  
Bonds

Private  
Placements

Commercial  
Paper

# ALIGNED WITH ICMA PRINCIPLES AND GUIDELINES

USE OF PROCEEDS	PROJECT EVALUATION AND SELECTION PROCESS	MANAGEMENT OF PROCEEDS	REPORTING
<p>Finance and/or re-finance, in whole or in part, new or existing projects, with short- or long-term tenors from any of the Eligible Project Categories</p>	<p>Follows our lending cycle in which we apply our Impact Management Framework throughout the project cycle</p>	<p>To be deposited on IDB Invest's general treasury account and allocated annually</p>	<p>On an annual basis and until the maturity of the bond</p>



# FIRST PILLAR: USE OF PROCEEDS

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## SOCIAL PROJECT CATEGORIES

1. Affordable basic infrastructure
2. Access to essential services
3. Food security and sustainable food system and employment generation and program to alleviate unemployment from socio economic crises
4. Socio economic advancement and improvement



## GREEN PROJECT CATEGORIES

1. Renewable energy
2. Energy efficiency
3. Clean transportation
4. Environmentally sustainable management of living natural resources and land use
5. Climate change adaptation and climate resilience
6. Sustainable water and wastewater management

# PROJECT HIGHLIGHTS



## Klabin II - Brazil

### Category: Social Socioeconomic advancement and empowerment

Objective: finance the purchase of new pulp integrated packaging paper machinery and the construction of complementary installations for supporting the new lines for the recovery and utilities areas



### Key facts

- Approval Year: 2019
- Segment: Corporates
- Delta Score: 9.7
- Total Project: US\$ 2.3 bn
- IDB Invest : US\$ 100MM (4%)
- Tenor: 7 years
- Resource Mobilization: US\$ 600 MM

### Expected results

- Increase total production capacity in 1.7MM tons per year
- Increase Klabin exports in 55%
- Create 9,000 new jobs
- Increase renewable energy generation to 524MW

# PROJECT HIGHLIGHTS



Banco Guayaquil – Ecuador

## Category: Social Socioeconomic advancement and empowerment

Objective: To support the growth of Banco Guayaquil's MSME loan portfolio, with a focus on women-led MSMEs



## Key facts

- Approval Year: 2019
- Segment: Financial Institutions
  - Delta Score: 9.4
- Total Project: USD 50MM
- IDB Invest : US 50MM (100%)
  - Tenor: 5 years

## Expected Results

- Growing MSMEs portfolio in 35%
- Growing the MSMEs portfolio lead by women in 10%

# PROJECT HIGHLIGHTS



Natelu & Yarnel - Uruguay

## Category: Green Renewable energy

**Objective:** finance the construction, operation and maintenance of two photovoltaic power plants with a 9.5 MW capacity each, located in the surroundings of Young, Río Negro, and Mercedes, Soriano, Uruguay



### Key facts

- Approval Year: 2020
- Segment: Energy
- Delta Score: 8.6
- Total Project: US\$ 30M
- IDB Invest : US\$ 3 MM
- Tenor: up to 20 years
- Mobilization: US\$ 27MM

### Expected Results

- Supporting the expansion of clean energy capacity
- Adding 19 MW of solar capacity to the grid, helping to meet the goal to add new sources of electricity

# SECOND PILLAR: PROJECT EVALUATION AND SELECTION PROCESS

## 01 ORIGINATION

## 02 CLIENT ENGAGEMENT

## 03 APPROVAL

## 04 CLOSING & FIRST DISBURSEMENT

## 05 SUPERVISION & RECOVERY

### ENVIRONMENTAL AND SOCIAL DUE DILIGENCE ALONG THE PROJECT CYCLE

Strategic selection including screening against **exclusion list**

Client **to commit to comply with IDB Invest** Environmental and Social policy and practices

- Obtain information about the Client's assets and management of E&S risks and impacts;
- Assign a project **categorization based** on E&S risk;
- Conduct a **site visit to the project's area** of influence;
- Assess **the project against IDB Invest Sustainability Policy** requirements; and
- Prepare an E&S Review Summary and E&S Action Plan (ESAP)

#### CONSULTATION AND DISCLOSURE

**Disclose on our website** the Investment Summary, ESRS and ESAP prior to IDB Invest Board approval.

The legal agreement **includes standard E&S conditions and** specific ESAP requirements tied to milestones.

Prior to each disbursement, IDB Invest verifies E&S conditions and ESAP requirements for compliance.

The IDB Invest E&S Team **supervises the Client's compliance** with E&S requirements and ESAP conditions on a regular basis.

The Client produces an E&S Compliance Report (ESCR) annually on the status of the ESAP.

# THIRD PILLAR: MANAGEMENT OF PROCEEDS



COMMITMENT TO  
ALLOCATE FUNDS  
WITHIN 24 MONTHS



SHARE OF  
REFINANCING TO  
BE DISCLOSED



LOOK-BACK  
PERIOD: 24  
MONTHS

# FOURTH PILLAR: REPORTING

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1.

## ALLOCATION REPORT

Outstanding balance of  
Sustainable Debt instrument  
by country and sector

2.

## IMPACT REPORT

1. Eligible projects
2. Quantitative and qualitative  
Impact metrics achieved
3. Mapping with SDGs

# SECOND-PARTY OPINION



“... IDB Invest Sustainable Debt Framework is coherent with IDB Invest strategic sustainability priorities...”

“... In our assessment, the bonds issued via this framework will provide an ‘advanced’ contribution to sustainability ...”

The screenshot shows a webpage titled "SECOND PARTY OPINION on the sustainability of IDB Invest's Sustainable Debt Framework". The opinion is issued by V.E. and states that the framework is aligned with the Green Bond Principles 2018 and the Social Bond Principles 2020. The report includes a "Contribution to Sustainability" section with a donut chart showing an "Advanced" rating, a table for "Expected impacts" and "ESG risks management" (both rated "Advanced"), and an "SDG Mapping" section showing 17 SDG icons. A "Characteristics of the Framework" table lists details such as 6 Green categories, 4 Social categories, Latin America locations, and a 24-month look-back period.

**Framework**

Contribution to Sustainability :

Expected impacts

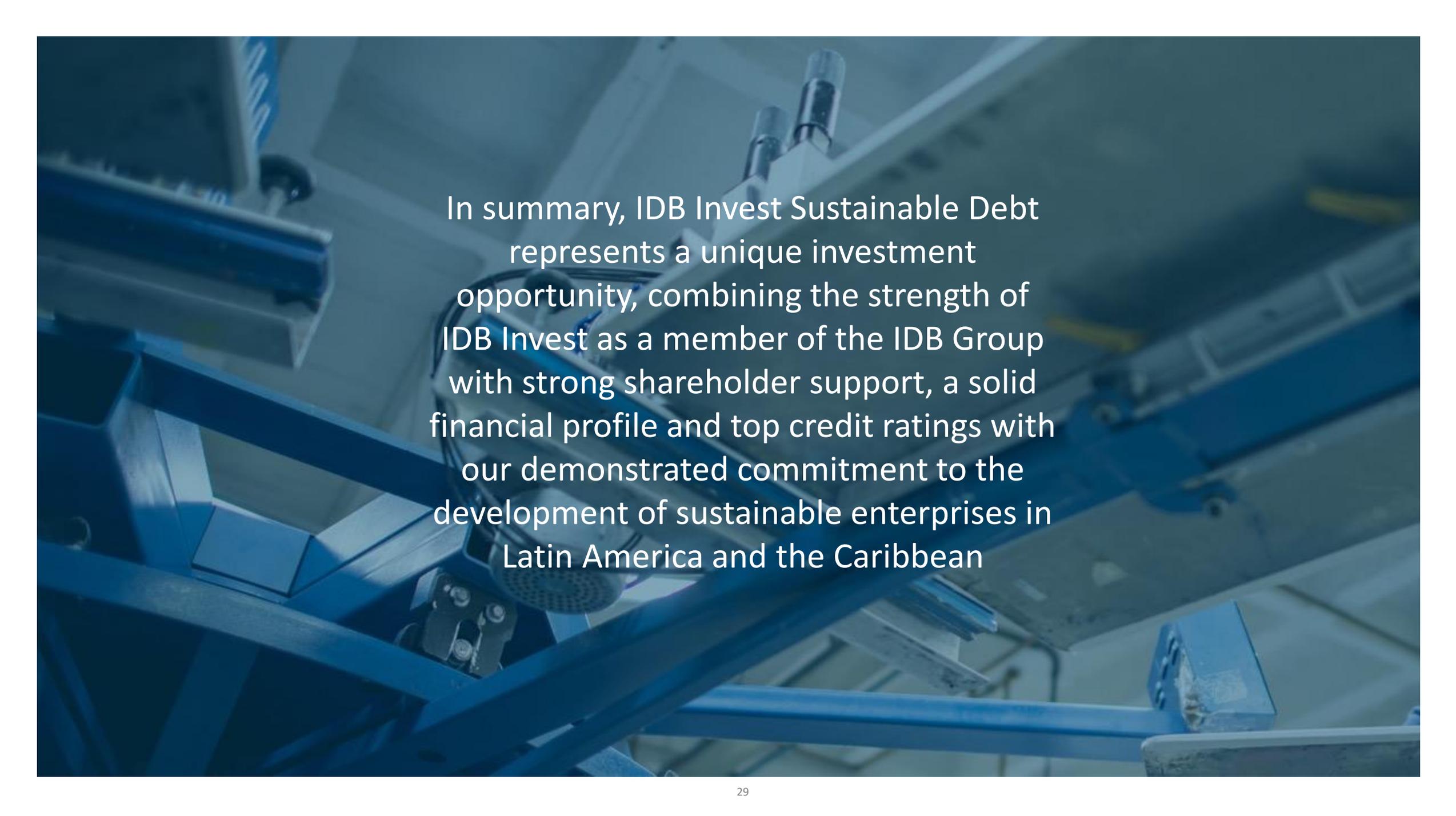
	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

ESG risks management

SDG Mapping

Characteristics of the Framework

Project Categories	⇒ Green: 6 categories ⇒ Social: 4 categories divided in 7 subcategories
Project locations	Latin America
Existence of framework	Yes
Share of refinancing	To be communicated for each issuance
Look back period	No more than 24 months in each issuance



In summary, IDB Invest Sustainable Debt represents a unique investment opportunity, combining the strength of IDB Invest as a member of the IDB Group with strong shareholder support, a solid financial profile and top credit ratings with our demonstrated commitment to the development of sustainable enterprises in Latin America and the Caribbean

# Let's continue the conversation



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Principal Officer  
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