

# INVESTOR PRESENTATION

JUNE 2021

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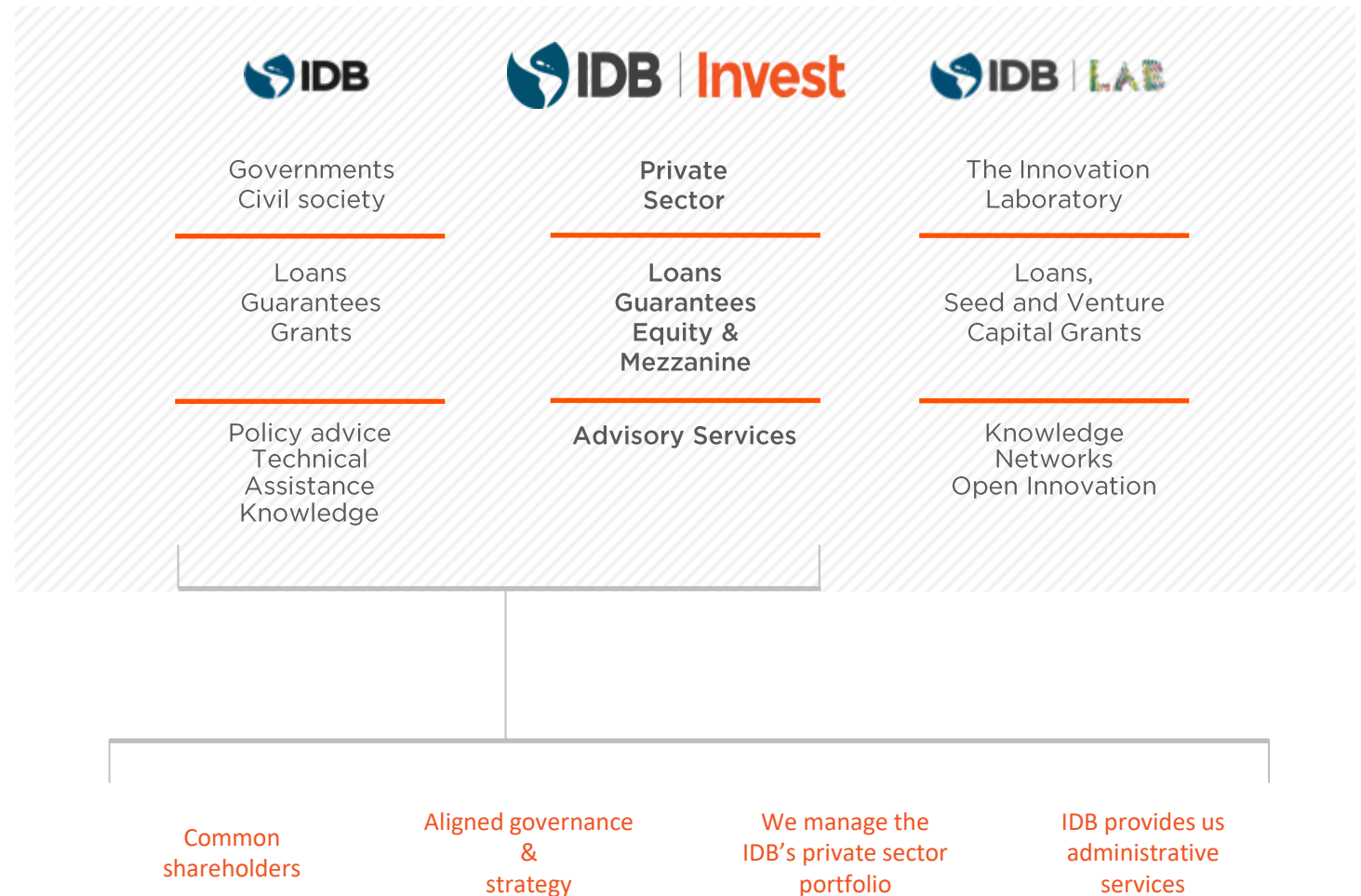
1. About IDB Invest
2. Our Financial Profile and Risk Management Framework
3. Our Approach to Sustainability

# 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	0.2%
 Belize	0.1%
 Bolivia	0.9%
 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	0.7%
 Paraguay	0.5%
 Peru	3.5%
 Suriname	0.1%
 Trin. & Tobago	0.2%
 Uruguay	1.3%
 Venezuela	3.2%

## OTHER MEMBER COUNTRIES

0.6%	Austria	
0.2%	Belgium	
3.0%	Canada	
0.01%	Croatia	
5.5%	China	
0.7%	Denmark	
0.6%	Finland	
2.0%	France	
1.1%	Germany	
0.3%	Israel	
3.1%	Italy	
3.7%	Japan	
4.9%	Korea	
0.7%	Netherlands	
0.6%	Norway	
0.2%	Portugal	
0.0%	Slovenia	
4.5%	Spain	
0.6%	Sweden	
1.4%	Switzerland	
14.3%	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
- Digitalization



## Knowledge

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

# OUR SECTORS

## Financial Intermediaries



Financial Institutions



Non-Bank  
Financial Institutions



Investment Funds

## Infrastructure



Energy



Transport



Water and sanitation



Social infrastructure

## Corporates



Agribusiness



Manufacturing



Tourism



Telecommunications,  
media and technology

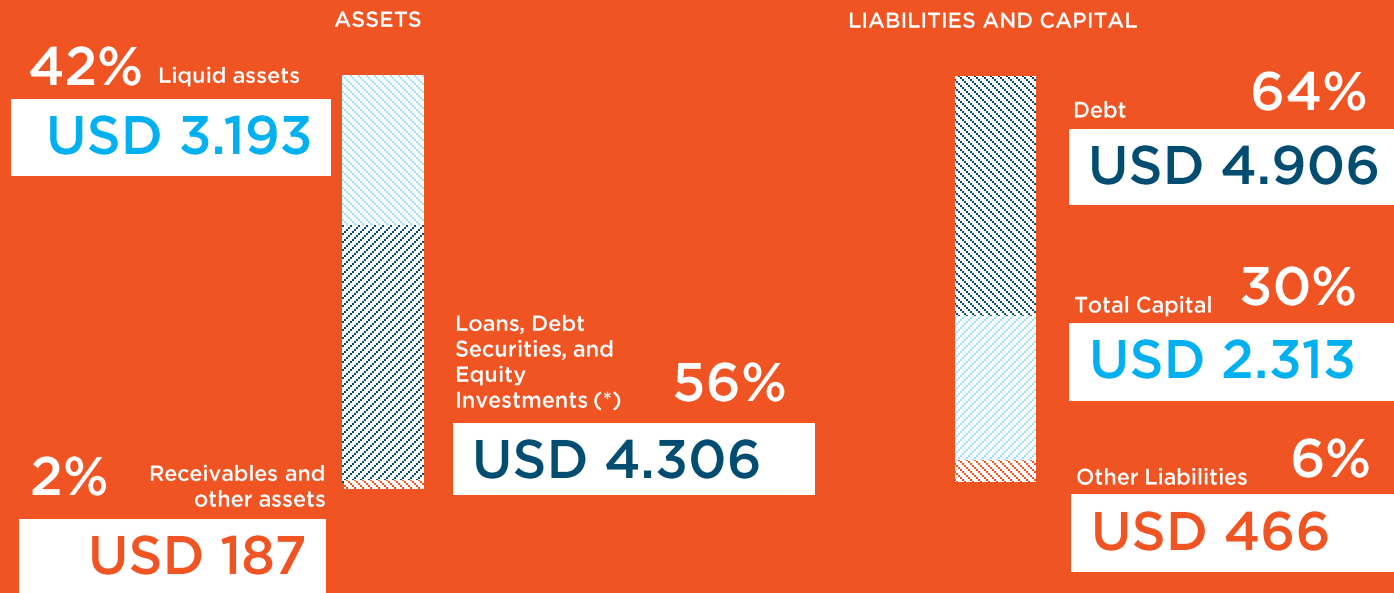




# OUR FINANCIAL PROFILE AND RISK MANAGEMENT FRAMEWORK

*All figures are expressed in million US dollar as of  
March 31, 2021, unless otherwise stated.*

# A SOLID BALANCE SHEET AND STRONG RATINGS



AAA

FITCH

AA+

S&P

Aa1

MOODY'S

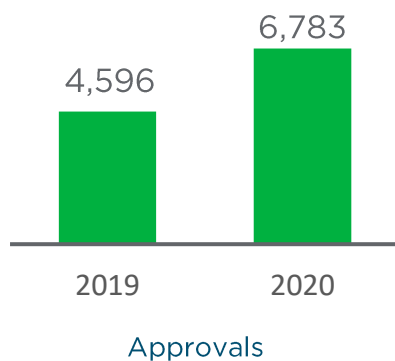
(\*) Net of USD 181 million allowance for credit losses. Total equity Investments: USD 135 million

# 2020 RESULTS

## A STRONG RESPONSE TO THE PANDEMIC IN THE REGION

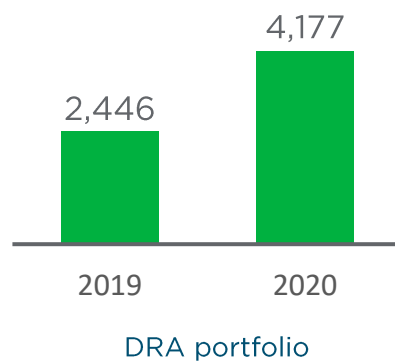
**+48%**

Approvals  
increased



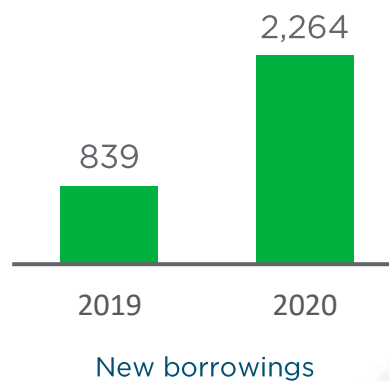
**+71%**

DRA Portfolio  
increased



**2.1B**

3 COVID-19  
response bonds  
issued



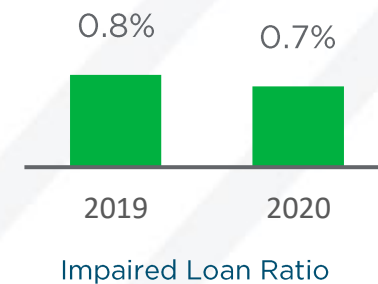
**+4%**

Strengthened  
capital



**0.7%**

High asset quality  
and low NPLs

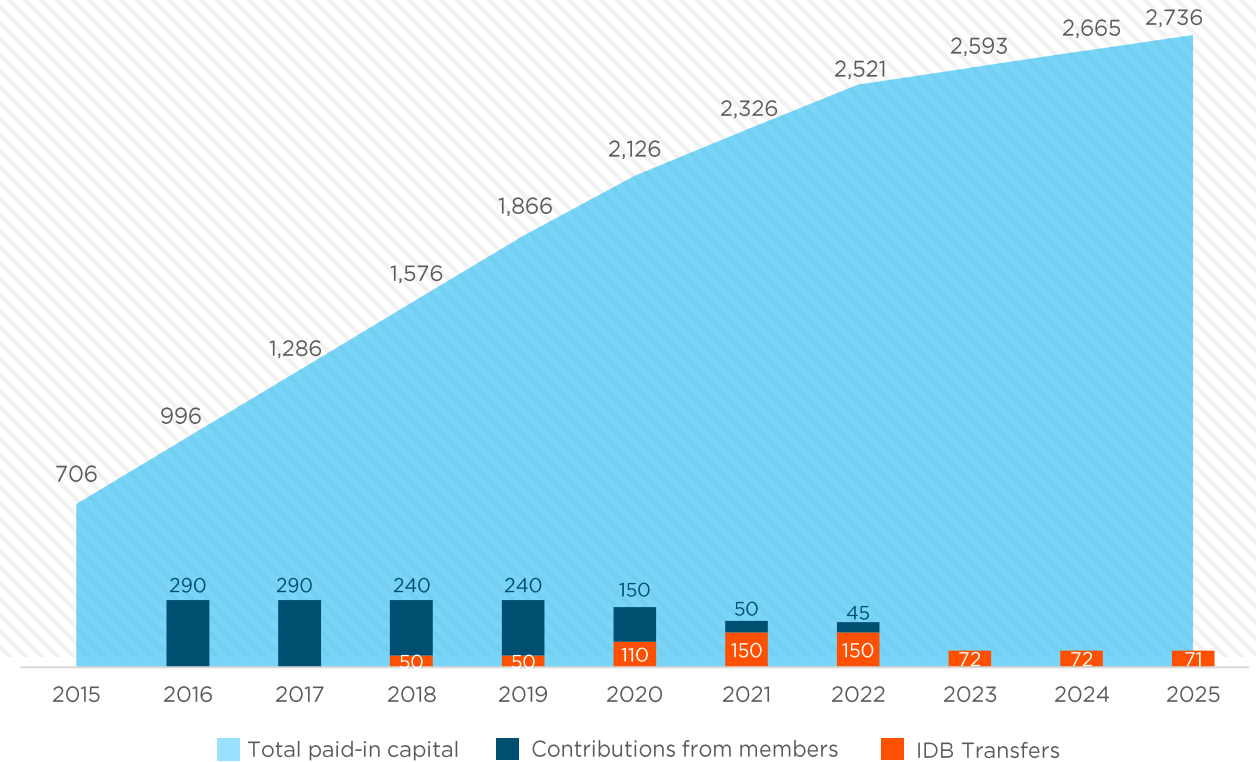




## STRONG SHAREHOLDER SUPPORT

In 2015 the Board of Governors approved a capital increase of USD 2.0 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

## Risk Appetite Policy

### Concentration Limits

**15%**

Maximum exposure  
to single country

**20%**

Maximum exposure  
by subsector \*

**5% / 6%**

Per client &  
per economic group

**20%**

Maximum exposure  
Equity & quasi equity

### Leverage

**3.0x**

Maximum Debt /  
Capital ratio

### Market Risk

**Guiding principle:** match the structure of assets and liabilities: tenor, interest rate and currency risk

**Market risk** exposures are managed with Value at Risk and DV01 limits

## Capital Adequacy Policy

**110%**

Minimum CAR

## Liquidity Policy

**105%**

Minimum liquidity  
coverage ratio

### Liquidity Portfolio Guidelines

**4 years**

Maximum liquidity  
portfolio duration

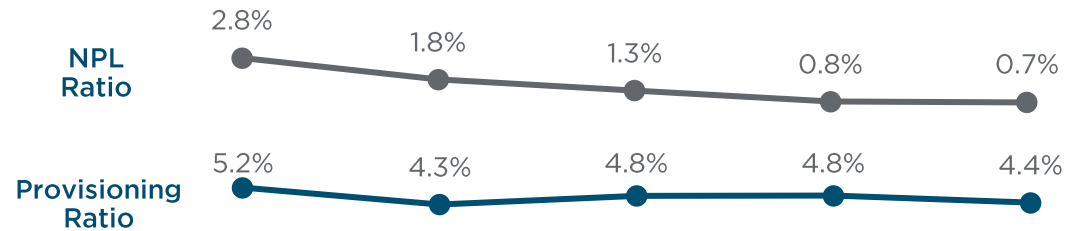
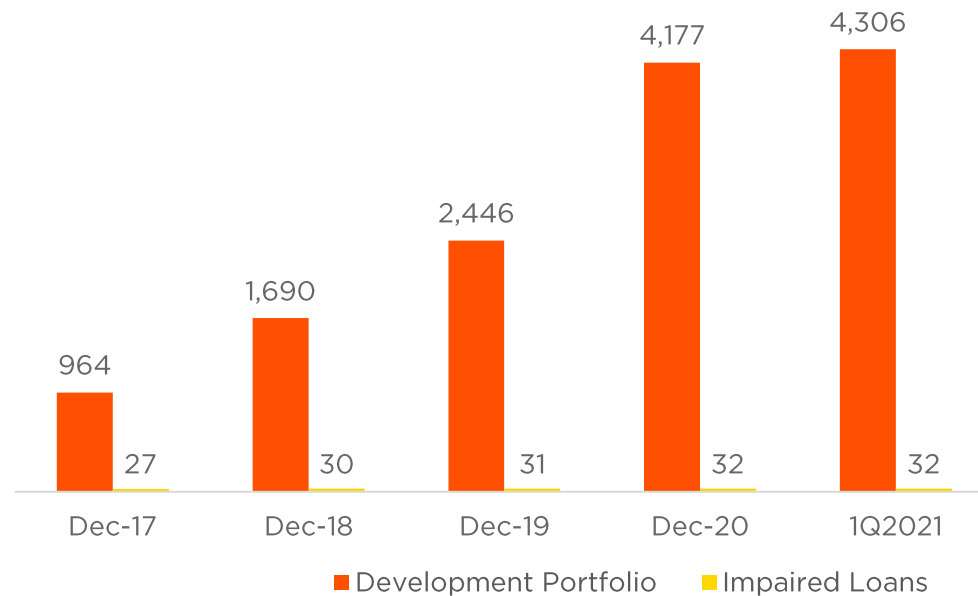
**A**

Minimum rating  
required

Limits are based on allocated capital

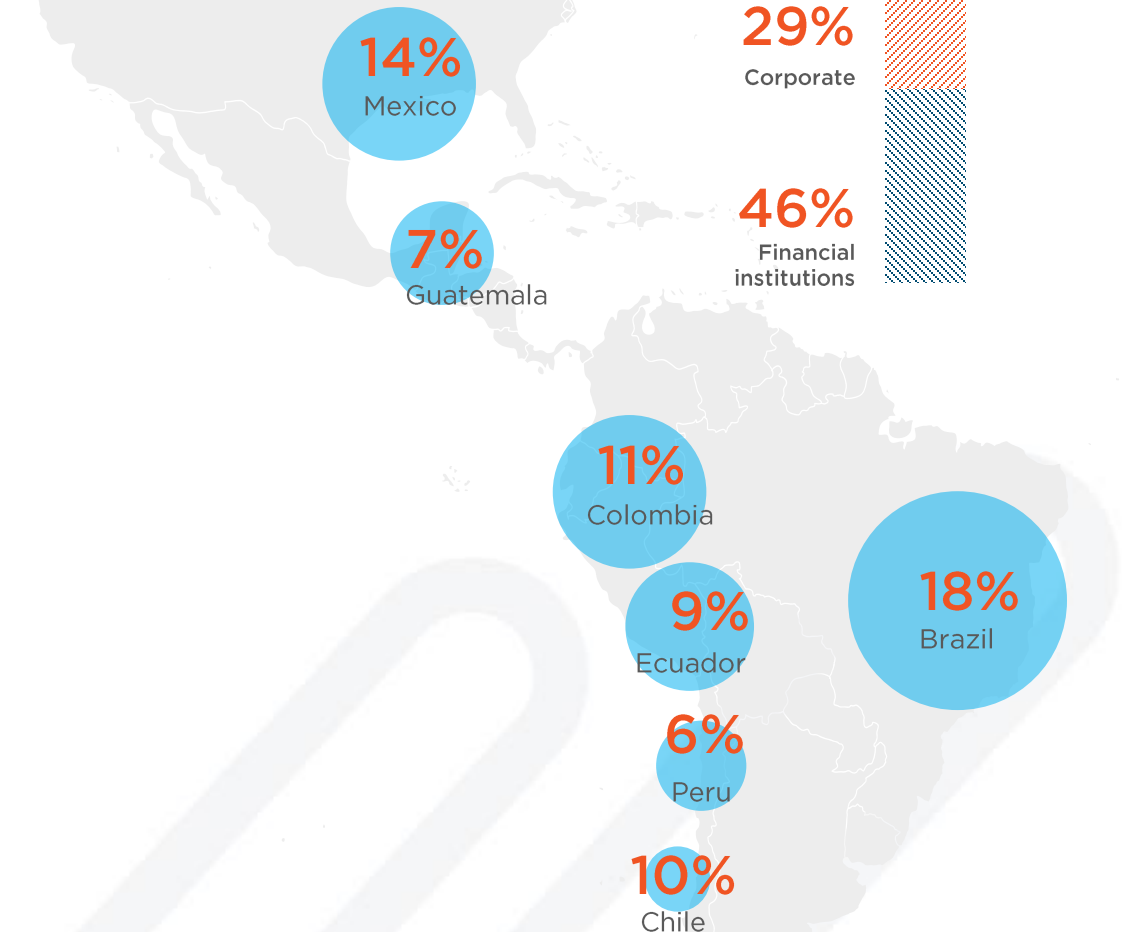
\*Except for Financial Institutions sector (60%)

# HIGH QUALITY AND DIVERSIFIED DEVELOPMENT PORTFOLIO

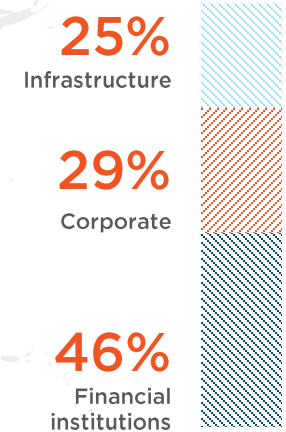


NPL Ratio: Impaired Loans and debt securities / loans and debt securities at amortized cost  
Provisioning Ratio: loan loss allowance / loans and debt securities at amortized cost

## Development Portfolio By country



## Development Portfolio By Sector



All other the countries show exposures below 5%

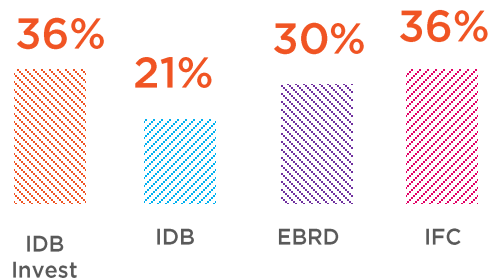
# STRONG FINANCIAL PROFILE

## AAA RATED PEER COMPARISON

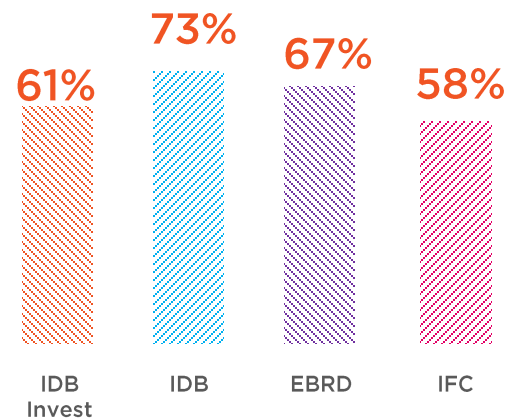
Multilateral	Assets (USD Millions)	S&P Long Term Issuer Rating
IDB-Invest	6.424	AA
IDB	151.737	AAA
EBRD	85.87	AAA
IFC	95.800	AAA

Source: S&P Global Ratings "Supranational Special Edition, May 2021"  
Data as of December 31, 2020, except for IFC, whose data are as of June 30, 2020.

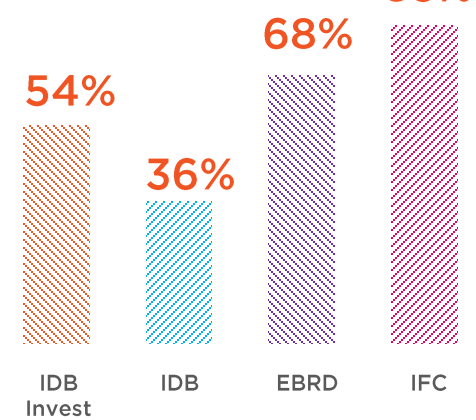
RAC-Ratio



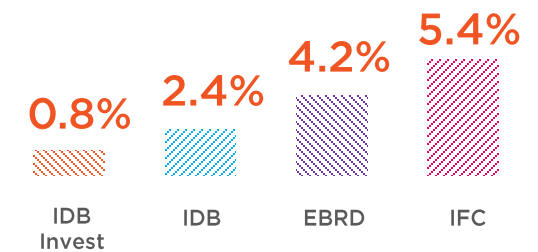
Debt/Total Assets



Liquid assets / Gross Debt



Impaired Loans



# FUNDING STRATEGY

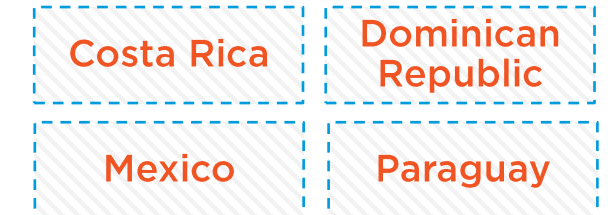
- 2021 Funding Program: USD 2.0-2.5Bn
  - USD benchmark issues
  - Public issues in strategic markets
  - MTNs in selected currencies and tenors
  - Local currency issues to fund local projects
- Promote secondary market liquidity through underwriters

## FUNDING PROGRAMS

### INTERNATIONAL PROGRAMS



### LOCAL CURRENCY PROGRAMS



## OUTSTANDING BORROWINGS BY CURRENCY

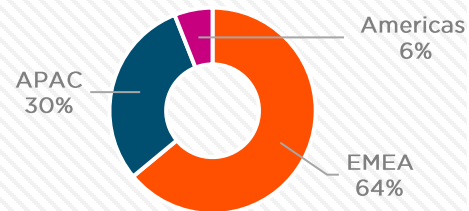


# USD BENCHMARK ISSUES

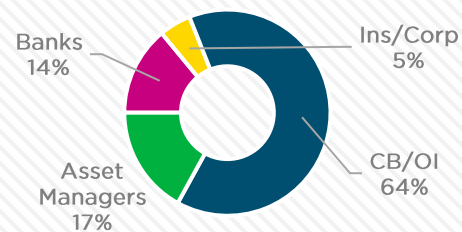
**2019**

US\$ 500 million  
5-Year Fixed Rate

Allocation  
by region



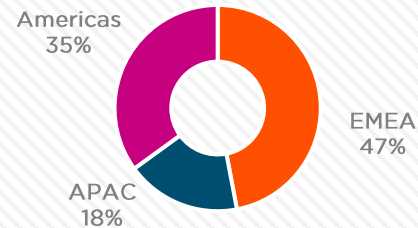
Allocation  
by Investor Type



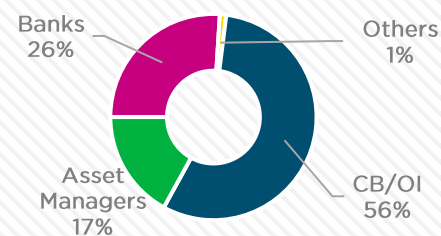
**2020**

US\$ 1 billion  
2-Year Fixed Rate

Allocation  
by region



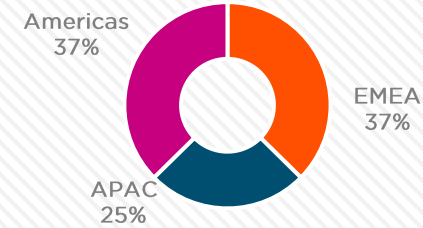
Allocation  
by Investor Type



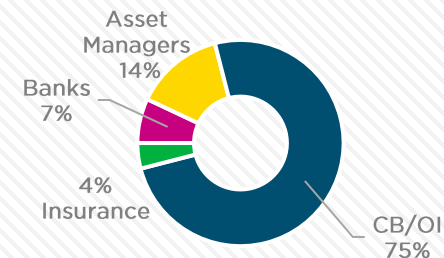
**2020**

US\$ 1 billion  
3-Year Fixed Rate

Allocation  
by region



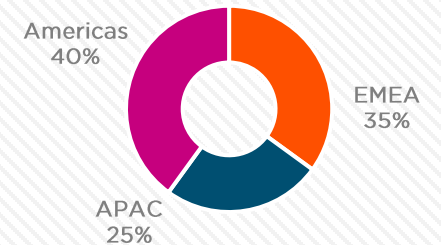
Allocation  
by Investor Type



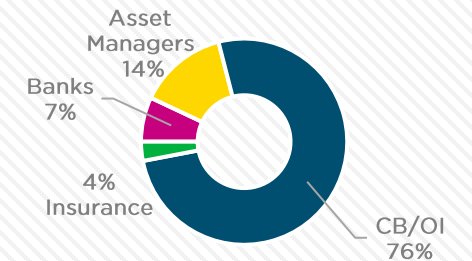
**2021**

US\$ 1 billion  
5-Year Fixed Rate  
Sustainability Bond

Allocation  
by region



Allocation  
by Investor Type







# OUR APPROACH TO SUSTAINABILITY

# STRATEGIC PRIORITIES ALIGNED WITH SUSTAINABLE DEVELOPMENT GOALS



## PRODUCTIVITY AND INNOVATION



## REGIONAL VALUE CHAINS



## GENDER EQUALITY AND DIVERSITY



## CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY



## SOCIAL INCLUSION AND EQUITY



## DIGITALIZATION





# 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. 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. Access to Information Policy
3. Corporate Governance Development Framework
4. Policy for Independent Consultation and Investigation Mechanism ICIM

# OUR SUSTAINABLE DEBT FRAMEWORK



## Green Debt

Finance projects with environmental impact



## Social Debt

Finance projects with social impact



## Sustainability Debt

Finance projects with environmental and social impact

## DEBT PRODUCTS

Public Bond Offerings

Local Currency Bonds

Private Placements

Commercial Paper

# ALIGNED WITH GREEN AND SOCIAL BOND PRINCIPLES

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





# 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 systems
4. Employment generation and programs to alleviate unemployment from socio-economic crises
5. 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 EVALUATION AND SELECTION PROCESS

01 ORIGINATION

02 CLIENT ENGAGEMENT

03 APPROVAL

04 CLOSING & FIRST DISBURSEMENT

05 SUPERVISION & RECOVERY

THE ENVIRONMENTAL, SOCIAL AND DEVELOPMENT IMPACT DUE DILIGENCE IS EMBEDDED ACROSS THE PROJECT CYCLE

Strategic selection using the Selectivity Tool  
  
Screening against exclusion list



Request to the 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 impact;
- 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;
- Prepare an Environmental and Social Review Summary (ESRS) and E&S Action Plan (ESAP);
- Define impact indicators with DELTA tool;
- Public Disclosure: the Investment Summary, ESRS and ESAP are disclosed on our website prior to IDB Invest Board approval.



The legal agreement includes standard E&S conditions, specific ESAP requirements and impact indicators tied to milestones.  
  
Prior to each disbursement, IDB Invest verifies E&S conditions and ESAP requirements for compliance.



The IDB Invest portfolio management and E&S Teams supervise the Client's compliance with E&S requirements, ESAP conditions and track impact indicators on a regular basis.



# MANAGEMENT OF PROCEEDS



COMMITMENT TO  
ALLOCATE FUNDS  
WITHIN 24 MONTHS



SHARE OF  
REFINANCING TO  
BE DISCLOSED



LOOK-BACK  
PERIOD: 24  
MONTHS

# REPORTING

# 1.

## ALLOCATION REPORT

- Outstanding balance of debt under the framework
- List of eligible projects

# 2.

## IMPACT REPORT

- Quantitative and qualitative Impact metrics
- Mapping to the SDGs

## Social Indicators



**663,815**

Beneficiaries receiving health services

**693,508**

Jobs supported by firms



**1.9 M**

Micro / small / medium enterprises financed

**274,007**

Women beneficiaries of economic empowerment initiatives

**USD 6.1 B**

international trade promoted

## Green Indicators



**5.0MW**

Installed power generation from renewable energy sources

**12.5 Tons**

Reduction of emissions

# EXTERNAL VALIDATION

## 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 ...”

## THIRD PARTY ASSURANCE

Until the bonds mature, an independent auditor will annually verify the allocation of proceeds to eligible loans.

The screenshot shows the V.E. Second Party Opinion report. The title is "SECOND PARTY OPINION on the sustainability of IDB Invest's Sustainable Debt Framework". The opinion states: "V.E is of the opinion that IDB Invest's Sustainable Debt Framework is aligned with the four core components the Green Bond Principles 2018 and the Social Bond Principles 2020." A checkmark icon is next to this statement.

**Framework**

**Contribution to Sustainability :**

A donut chart shows the contribution to sustainability, with the word "Advanced" in the center. A legend indicates four levels: Advanced (dark blue), Limited (light blue), Robust (orange), and Weak (grey).

**Expected impacts**

	Weak	Limited	Robust	Advanced
Expected impacts				
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



# PROJECT HIGHLIGHTS



SABESP – Brazil

## Category: Social Access to essential services

Objective: support of the installation of: (i) five water quality restoration units for use in informal areas (“URQs”) in the Pinheiros River basin; and (ii) up to 32 small solar power plants to be installed in areas of the state of São Paulo where Sabesp has operations



## Key facts

- Approval Year: 2020
- Delta Score: 8.3
- Total Project: US\$ 176 MM
- IDB Invest : US\$ 176 MM (100%)
- Tenor: 14 years

## Expected results

- (i) reduce water contamination along the Pinheiros River by treating wastewater from low-income areas of São Paulo; and
- (ii) reduce Sabesp's carbon footprint by installing a 73 MW solar distributed generation capacity



# 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
- 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



## PPP Educativa 2

### Category: Social Affordable basic infrastructure

**Objective:** Design, finance, build, operate, maintain, and equip 23 public schools, public technology centers, and 10 public sports centers



### Key facts

- Approval Year: 2019
- Delta Score: 9.4
- Total Project: US\$ 95M
- IDB Invest : US\$ 25 MM
- Tenor: up to 20 years

### Expected Results

- (i) Enhanced availability of public education (early childhood, primary, and technical education) and public sports education;
- (ii) promotion of full-time education primarily in disadvantaged socio-educational contexts;
- (iii) improved conditions of buildings by replacing inadequate school infrastructure;
- (iv) improved conditions of facilities for sports activities at schools near sports centers



# 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
- 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





In summary, IDB Invest bonds represent 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



**Eusebio Garre**

Treasury - Head of Funding  
eusebiog@idbinvest.org  
Tel.: 202 623 1626



**Monica Landaeta**

Treasury - Funding Officer  
monicala@idbinvest.org  
Tel.: 202 623 3160



**Website:** [www.idbinvest.org](http://www.idbinvest.org)

**Bloomberg:** IDBINV Corp <GO>

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