

A wide-angle photograph of a solar farm at sunset. The solar panels are arranged in neat rows, stretching towards the horizon. The sky is filled with soft, golden light from the setting sun, which is partially obscured by clouds. A single tree stands on the right side of the horizon. The overall scene is peaceful and emphasizes renewable energy.

# INVESTOR PRESENTATION

October 2022



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01

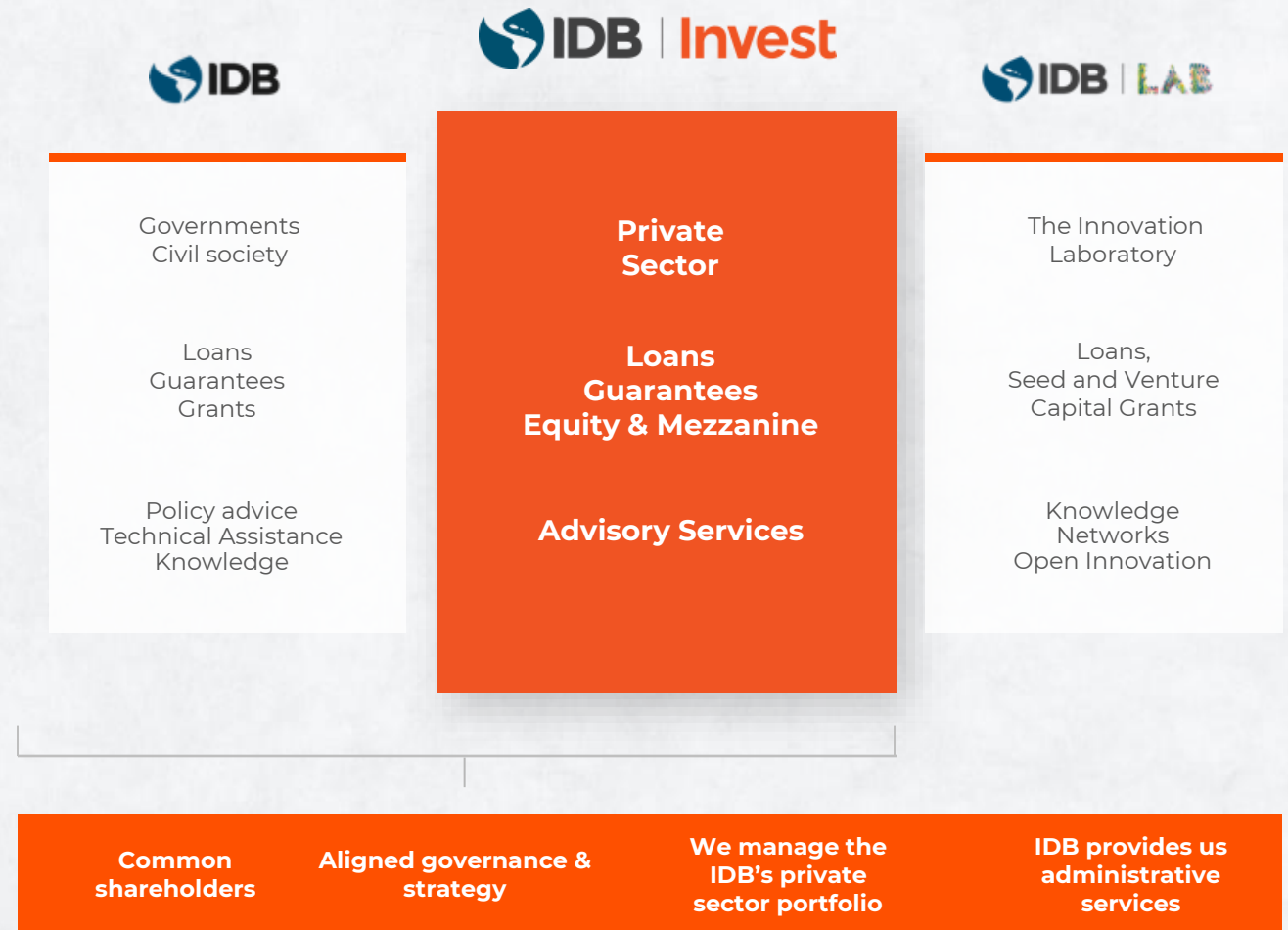
# ABOUT US

*Investing in sustainable impact*

## Three Institutions, One IDB Group

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

At IDB Invest, we finance sustainable enterprises and projects to achieve financial results that maximize economic, social and environmental development while playing a lead role in integrating ESG sustainability solutions throughout our investment process.
























# Shareholder Overview

## Member Countries and Voting Power

### REGIONAL MEMBER COUNTRIES

 Argentina	12.1%
 Bahamas	0.2%
 Barbados	0.2%
 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	0.4%
 Honduras	0.5%
 Jamaica	0.4%
 Mexico	7.7%
 Nicaragua	0.5%
 Panama	0.6%
 Paraguay	0.5%
 Peru	3.2%
 Suriname	0.1%
 Trin. & Tobago	0.3%
 Uruguay	1.3%
 Venezuela	3.2%

### OTHER MEMBER COUNTRIES

0.5%	Austria	
0.2%	Belgium	
3.1%	Canada	
0.01%	Croatia	
5.3%	China	
0.7%	Denmark	
0.6%	Finland	
2.0%	France	
1.1%	Germany	
0.3%	Israel	
3.0%	Italy	
3.8%	Japan	
4.7%	Korea	
0.7%	Netherlands	
0.6%	Norway	
0.2%	Portugal	
0.01%	Slovenia	
4.3%	Spain	
0.6%	Sweden	
1.4%	Switzerland	
14.9%	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.



## Finance Solutions

- 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



# CASE STUDY

## Elcatex



# Building a more inclusive textile supply chain in Honduras

**Category:** Social

**Sub-category:** Employment generation and programs to alleviate unemployment from socio-economic crises

Honduras



**Approved amount:**  
\$64M

**Allocated amount:**  
\$64M

**Total mobilization:**  
\$32M

### As of 2021, the project has achieved the following results:

About 5,000 new jobs created, surpassing the target of 3,200.

379 SME suppliers integrated into the value chain, 92% of the total expected.

Elcatex increased its sales by 24% between 2019 and 2021. The new plant became operational in September 2021 and is expected to reach capacity by 2022 and exceed its targets including for production and exports.

Approval Year: 2020  
Disbursement Year: 2021

1 NO POVERTY



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



17 PARTNERSHIPS FOR THE GOALS



# OUR FINANCIAL PROFILE AND RISK MANAGEMENT FRAMEWORK

*All figures are expressed in million US dollar  
as of June 2022, unless otherwise stated.*





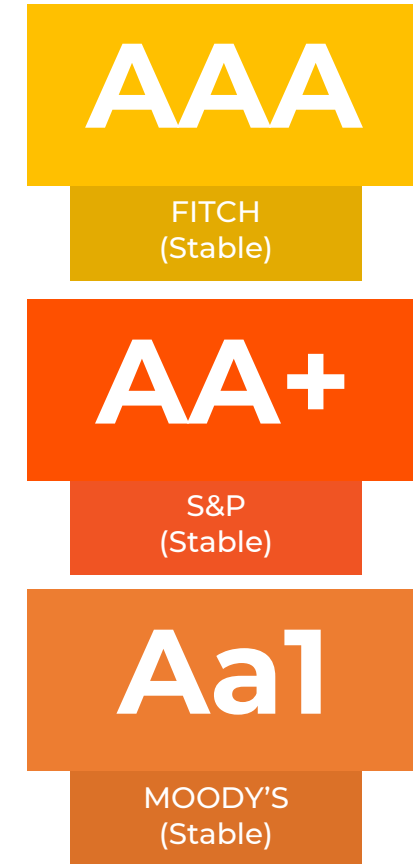
## A Solid Balance Sheet



ASSETS



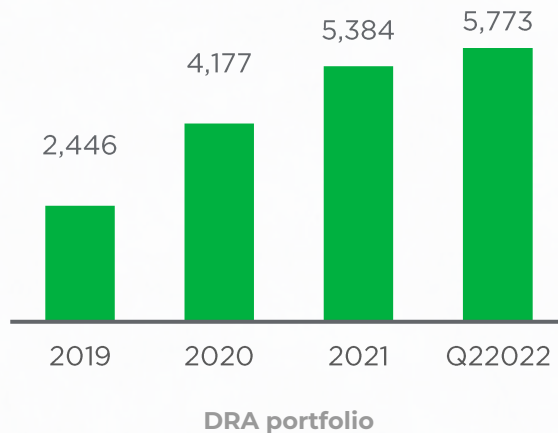
LIABILITIES AND CAPITAL



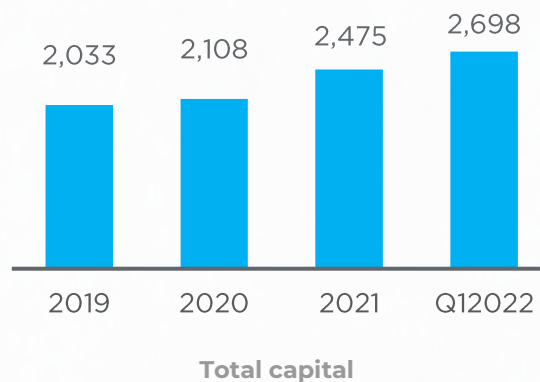
(\*) Net of USD 221 million allowance for credit losses. Total equity Investments: USD 277 million

## Strong Contribution to Reignite the Economic Recovery

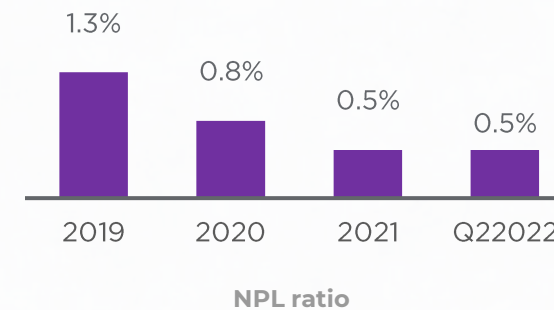
### Continued growth of the development portfolio



### Strengthened Capital



### High asset quality

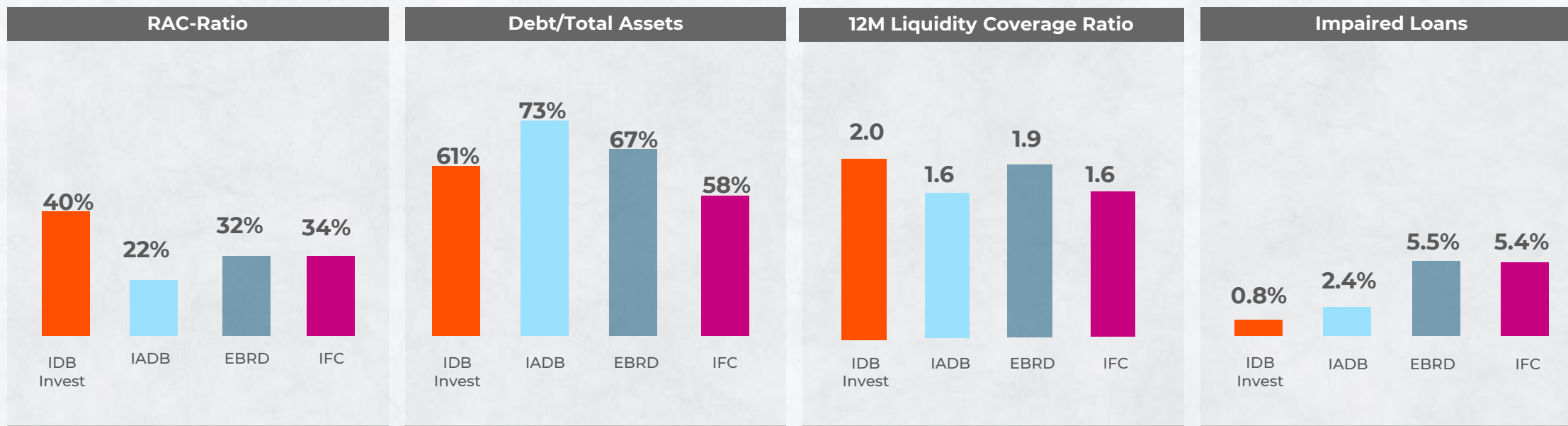


## Strong Financial Profile

### AAA Rated Peer Comparison

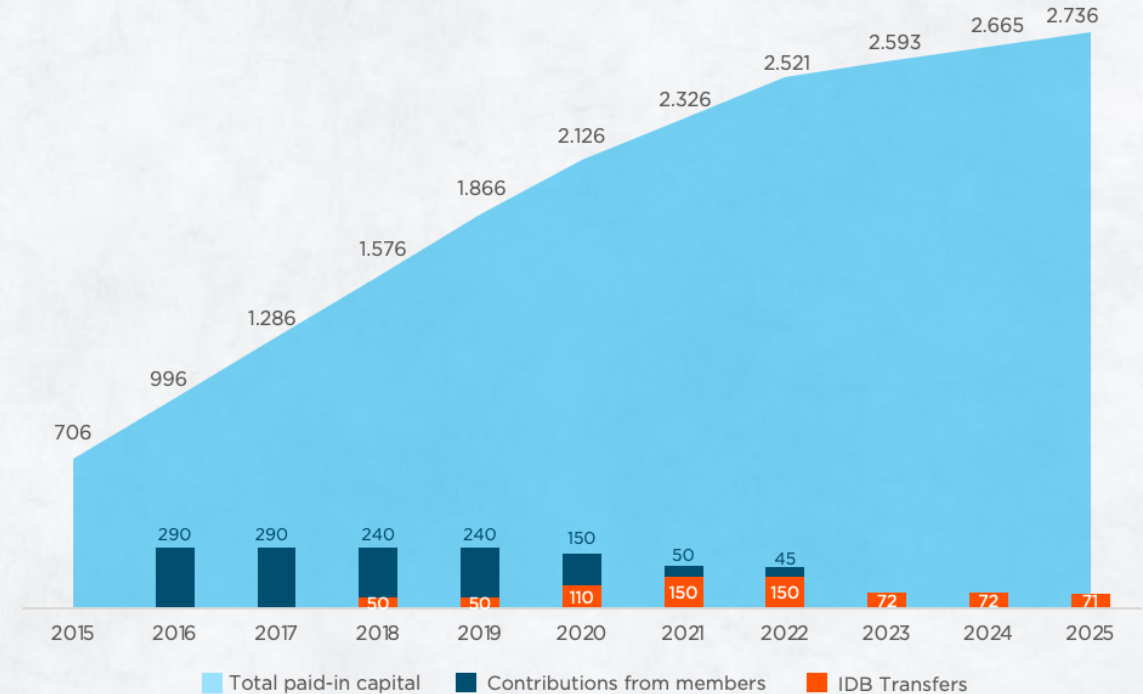
Multilateral	Assets (USD Millions)	S&P Long Term Issuer Rating
<b>IDB-Invest</b>	6.424	AA+
<b>IADB</b>	151.737	AAA
<b>EBRD</b>	85.87	AAA
<b>IFC</b>	95.800	AAA

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



## 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

# 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

### 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\*\*

- Defines minimum capital adequacy ratio (CAR)
- Internal models deliver capital requirements i.a. for credit and market risk
- CAR incorporates rating agencies' AA capital requirements

## Liquidity Policy\*\*

- Core metric: liquidity coverage ratio (LCR)
- LCR time horizon >12 months
- LCR time horizon and liquidity haircuts consistent with rating agency criteria

### Liquidity Portfolio Guidelines

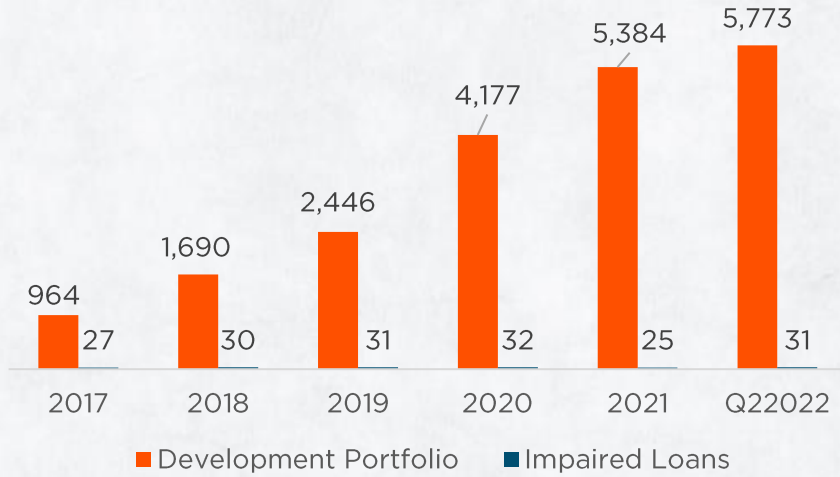
**4 years**

Maximum liquidity portfolio duration

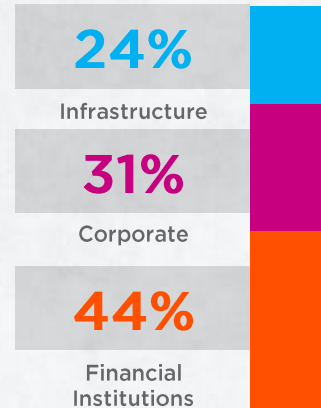
**A**

Minimum rating required

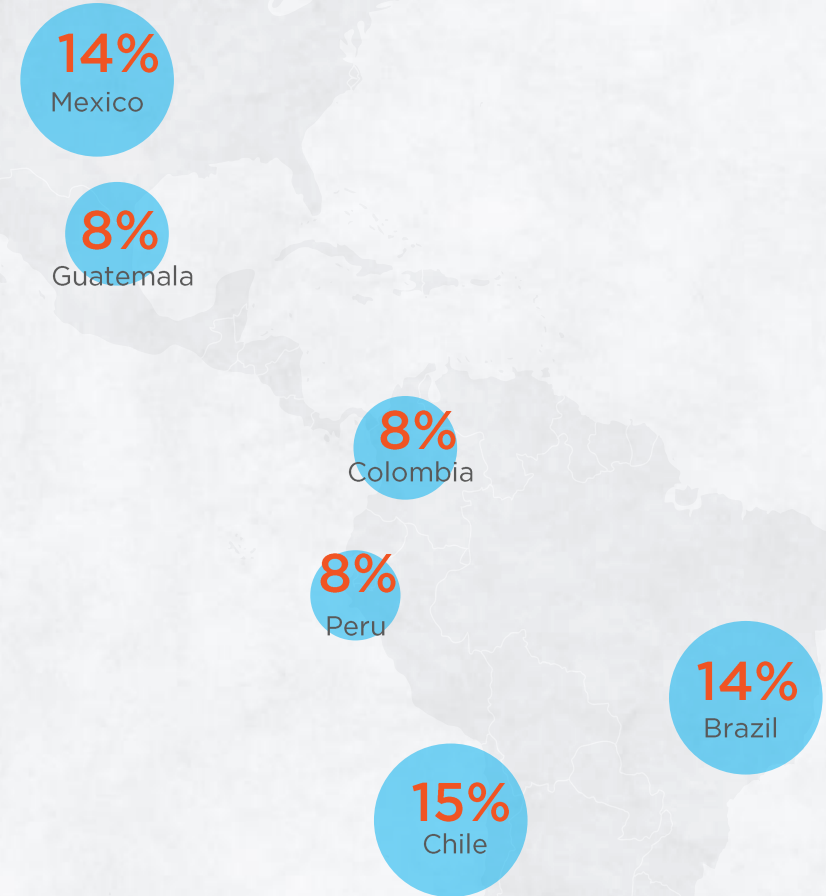
# High Quality and Diversified Development Portfolio



## Development Portfolio By Sector



## Development Portfolio By country



NPL Ratio: Loans and debt securities past due for more than 90 days  
 Provisioning Ratio: loan loss allowance / loans and debt securities at amortized cost

All other countries show exposures below 5%  
 Country and Sector Breakdown per Year End 2021

# CASE STUDY

## KLABIN

# Bolstering the productivity and sustainability of the pulp and paper industry in Brazil

Category: Green

Sub-category: Renewable energy

Brazil



Approved amount:  
\$180M

Allocated amount:  
\$13.7M

Total mobilization:  
\$267.6M

By the end of 2021, the following results have been achieved (vs. 2018):

1,673 new permanent jobs created

60% increase in wood produced by its own plantations

60% increase in wood supplied by local farmers

Volume of production of pulp and paper (in tons) increased 15% and 87%, respectively.

US\$1.1 billion in export sales

Installed power capacity for renewable energy generation increased from 384 MW to 530 MW.

Approval Year: 2019  
Disbursement Year: 2020

7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



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12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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# FUNDING PROGRAM





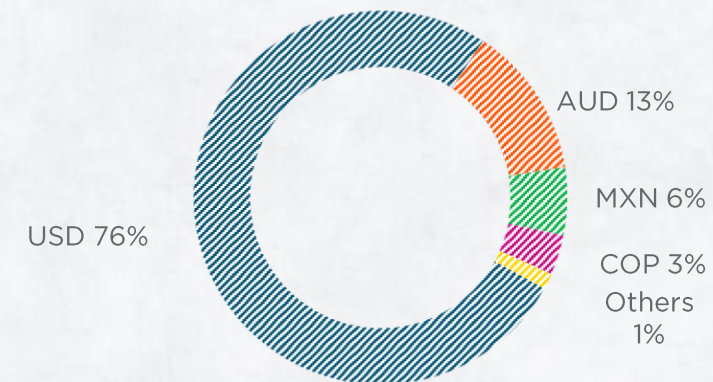
## Funding Strategy

- 2022 Funding Program: USD 2.5bn
  - USD benchmark issues
  - Public issues in strategic markets
  - MTNs in selected currencies and tenors
  - Local currency issues to fund local projects
- Most borrowings are swapped into US dollar variable-rate
- Promote secondary market liquidity through underwriters

## Funding Programs



## Outstanding Borrowings By Currency



## Recent Benchmark Issues

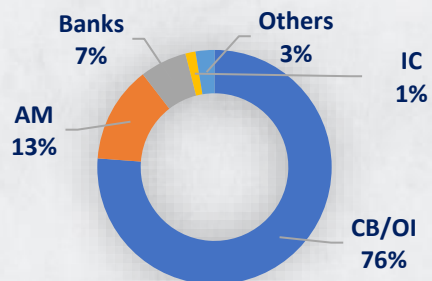
2021

### USD 1 billion 5-Year Fixed Rate Sustainability Bond

Allocation by geography



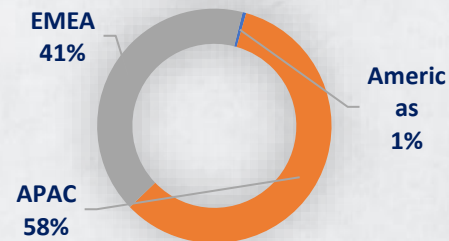
Allocation by Investor Type



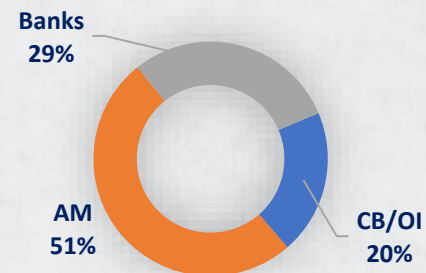
2021

### AUD 400 million 5-Year Fixed Rate Social Bond

Allocation by geography



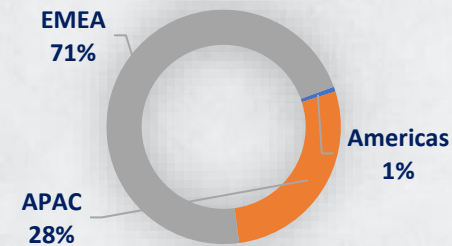
Allocation by Investor Type



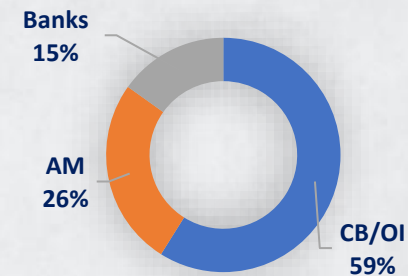
2022

### AUD 300 million 5-Year Fixed Rate Green Bond

Allocation by geography



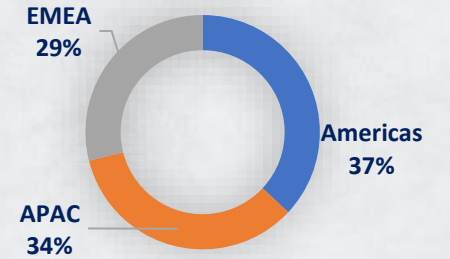
Allocation by Investor Type



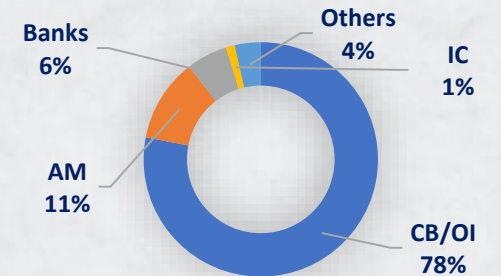
2022

### USD 1 billion 3-Year Fixed Rate Sustainability Bond

Allocation by geography



Allocation by Investor Type



# OUR APPROACH TO SUSTAINABILITY

*We believe that impact investing is the future of our region.*

# Strategic Priorities Aligned with Sustainable Development Goals



# 100% Committed to Sustainability

## KEY SUSTAINABILITY TARGETS\*

- **100%** of new projects **aligned with Paris Climate Agreement** from 2023 on
- 30% of **new financing to support climate** change mitigation and/or adaptation
- 40% of **new projects** to support climate change mitigation and/or adaptation
- **25% of new** projects to support Gender Equality
- 5% of **new projects** to support Diversity and Inclusion

## REPORTING AND IMPACT MANAGEMENT

- First development bank in Latin America and the Caribbean to deliver a [TCFD Disclosure](#) in its Annual Report, including Scope 1, 2 and 3 GHG emissions
- Annual IDB Group [Sustainability Report](#) and [GRI-Annex](#) following the standards of the Global Reporting Initiative.
- Founding signatory of the Operating principles for Impact Management

## CORPORATE SUSTAINABILITY

- IDB Group **is carbon neutral since 2006**
- Headquarters Buildings received LEED Platinum certification (top level); several country offices LEED Certified.
- Commitment to Gender Equality: Second Multilateral Development Bank worldwide and first in the Americas to receive EDGE Move Certification.
- 38% of staff in mid- and senior level positions are women.

## EXTERNAL ASSESMENTS AND ESG INDICES



\* Select organizational targets according to the IDB Group Corporate Results Framework (CRF). For more information on the CRF visit <https://crf.iadb.org/en/2020-2023/level-3?institution=all&status=all&year=2021>



## Impact Management Framework

### Objectives

Select operations in line with our **mandate** as a development bank

Ensure 100% operations are structured to be **strategically relevant, effective, and measurable**

**Manage our portfolio** to maximize impact and sustainability

Foster continuous **learning** from our operations

Ensure **accountability** to stakeholders

# Our Sustainability Policy and Practices

## Environmental and Social Sustainability Policy (Updated Dec 2020)

- a. The IFC Performance Standards
- b. The World Bank Group's Environmental, Health and Safety (EHS) Guidelines
- c. [IDB Invest Exclusion List](#)

## Corporate Governance Development Framework

## Access to Information Policy

## Independent Consultation and Investigation Mechanism

# Our Sustainable Debt Framework

## CATEGORIES



### Green

Finance projects with environmental impact



### Social

Finance projects with social impact



### Sustainability

Finance projects with environmental and social impact

## DEBT PRODUCTS

Public Bond Offerings

Local Currency Bonds

Private Placements

Commercial Paper

## ALIGNMENT





## Second Party Opinion

“... IDB Invest Sustainable Debt Framework is **aligned with the four components** of the Green Bond Principles 2018 and Social Bond Principle 2020 ...”

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

**SECONDPARTY OPINION**  
on the sustainability of IDB Invest's Sustainable Debt Framework

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. ✓

**Framework**

Contribution to Sustainability :

Expected impacts

	Weak	Limited	Robust	Advanced
Expected impacts				
ESG risks management				

ESG risks management

SDG Mapping

1	2	3	4	5	6	7	8	9
10	11	12	13	14	15	16	17	

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

## Use of Proceeds



### 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

## Management of Proceeds



COMMITMENT TO ALLOCATE  
FUNDS WITHIN 24 MONTHS

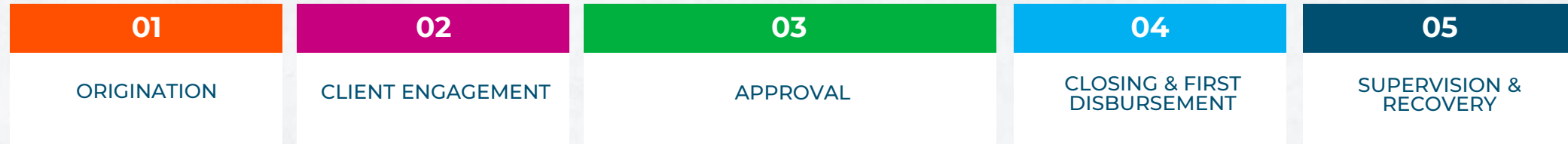


SHARE OF REFINANCING  
TO BE DISCLOSED



LOOK-BACK PERIOD:  
24 MONTHS

# Project Evaluation And Selection Process



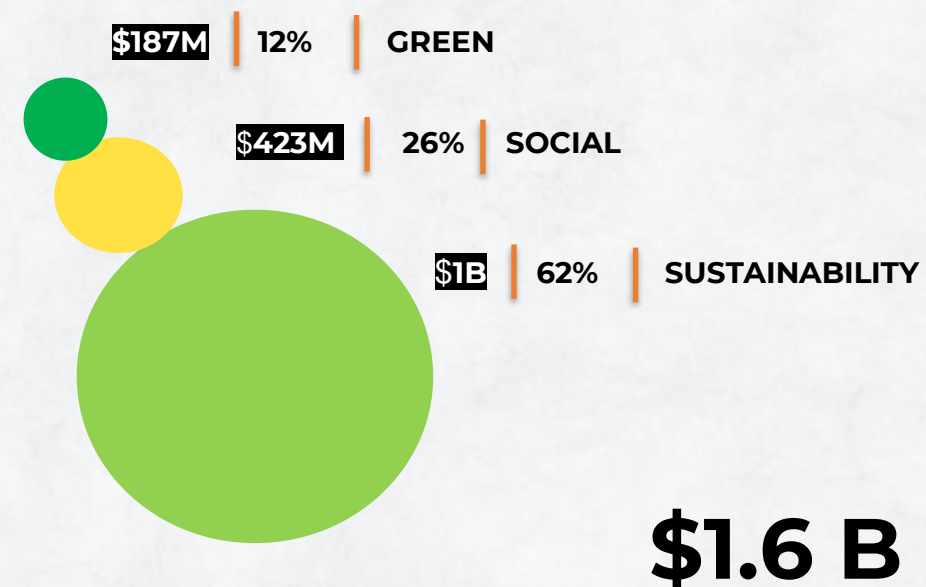
## ESG AND DEVELOPMENT IMPACT DUE DILIGENCE EMBEDDED IN EVERY STEP OF THE PROJECT CYCLE\*



\* IDB Invest performs ESG due diligence for all projects, including more than 80 new projects in 2021 alone

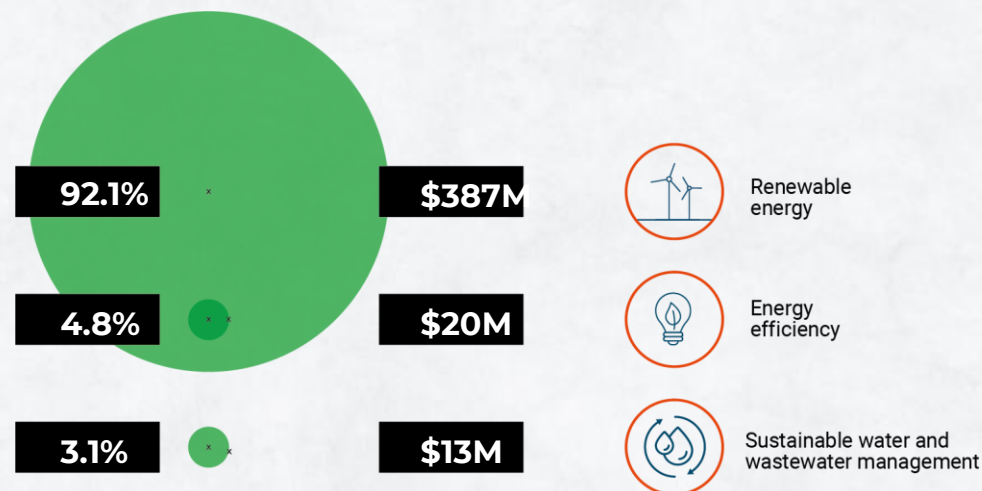
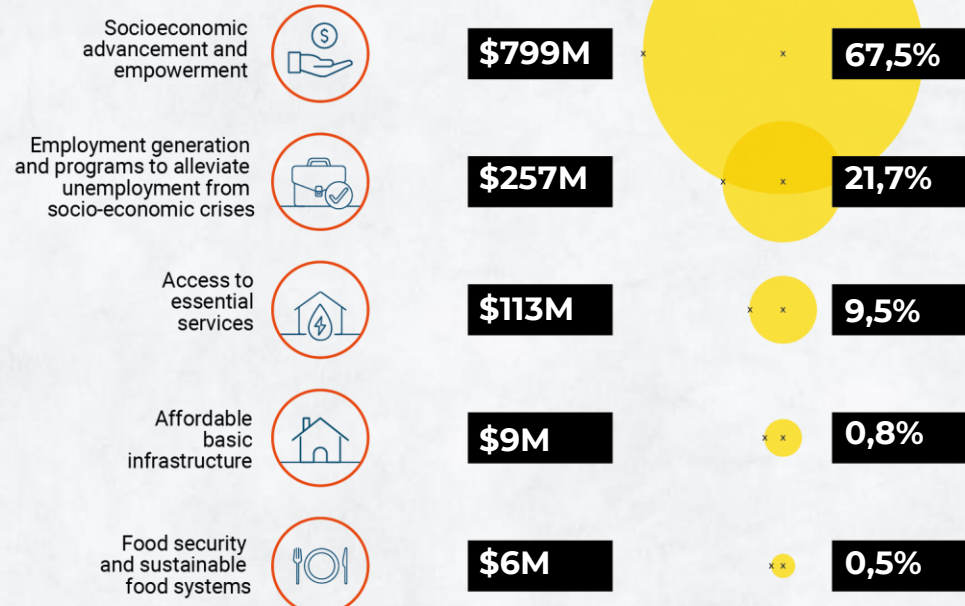
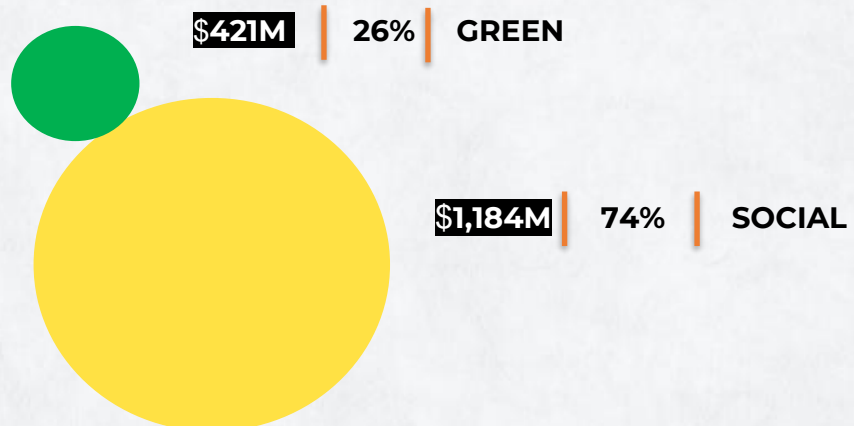
## 2021 – Sustainable Debt Issuances

 <p><b>Green Bonds</b></p> <p>Finance projects with environmental impact</p>	<p><b>USD</b></p> <p><b>100M</b></p> <p>10 Years Fixed Rate</p> <p>June - 2021</p>	<p><b>AUD</b></p> <p><b>68M</b></p> <p>10 Years Fixed Rate</p> <p>September - 2021</p>	<p><b>AUD</b></p> <p><b>50M</b></p> <p>10 Years Fixed Rate</p> <p>December - 2021</p>
 <p><b>Social Bonds</b></p> <p>Finance projects with social impact</p>	<p><b>MXN</b></p> <p><b>2.5B</b></p> <p>3 Years Floating Rate</p> <p>March - 2021</p>	<p><b>AUD</b></p> <p><b>400M</b></p> <p>5 years Fixed Rate</p> <p>June - 2021</p>	
 <p><b>Sustainability Bonds</b></p> <p>Finance projects with environmental and social impact</p>	<p><b>USD</b></p> <p><b>1.0 B</b></p> <p>5 Years Fixed Rate</p> <p>Feb - 2021</p>		







# 2021 –Allocation

**100% FUNDS ALLOCATED**



# 2021 –Impact





## Green Indicators

	Actual	Expected	%
 Installed power generation from renewable energy sources	<b>1,533 MW</b>	<b>2,904 MW</b>	<b>53%</b>
 Reduction of emissions	<b>2.5 M Tons</b>	<b>52.5 M Tons</b>	<b>5%</b>
 Energy generated - renewable	<b>5.3 MW/h</b>	<b>111.3 MW/h</b>	<b>5%</b>
 Treated wastewater (m3)	<b>161M</b>	<b>167M</b>	<b>96%</b>

## Social Indicators

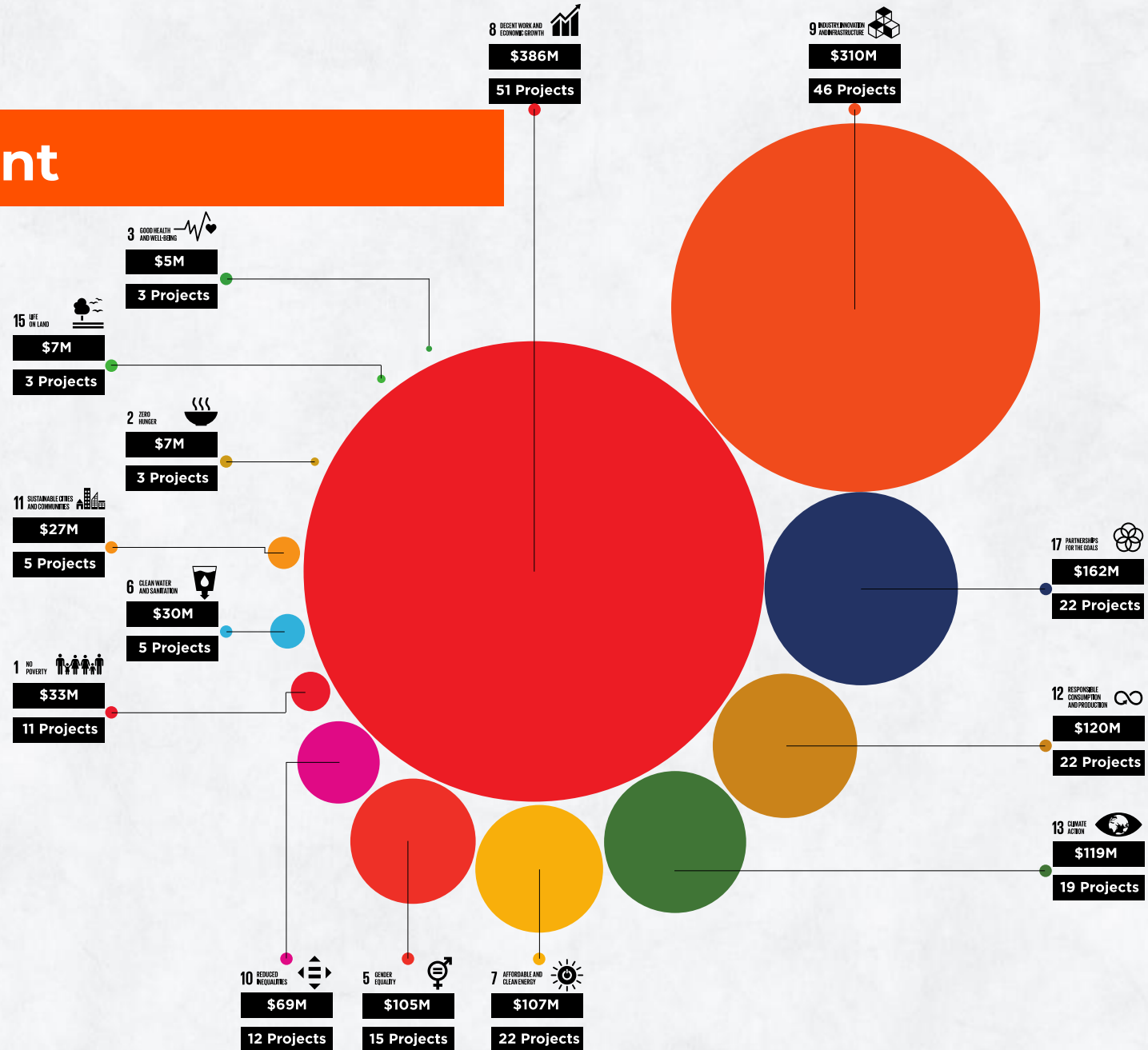
 Jobs supported by firms	<b>72.3k</b>
 MSMEs financed	<b>570k</b>
 Beneficiaries of employment support initiatives	<b>19.4k</b>
 Women beneficiaries of economic empowerment initiatives	<b>16.8k</b>
 Farmers with improved access to agricultural services and investments	<b>4.9k</b>
 Households with improved access to water or sanitation	<b>657.2k</b>
 International trade promoted	<b>\$3.7B</b>
 Beneficiaries receiving health services	<b>14.2k</b>

## Target Populations

	# Projects	USD Amounts
 Excluded Population	<b>1</b>	<b>\$6M</b>
 Low-Income Population	<b>3</b>	<b>\$121M</b>
 MSMEs	<b>24</b>	<b>\$899M</b>
 Poor population	<b>1</b>	<b>\$38M</b>
Vulnerable	<b>1</b>	<b>\$16M</b>
Women-led SMEs	<b>4</b>	<b>\$141M</b>

\* Projects may have more than one target population

# SDG Alignment



Projects are usually mapped to more than one SDG





# CASE STUDY

## JMMB Bank



# Increasing access to finance for Jamaican SMEs

Category: Social

Sub-category: Socioeconomic advancement and empowerment

Jamaica



Approved amount:  
\$35M

Allocated amount:  
\$35M

The project is successfully helping JMMB to strengthen its SME portfolio widening access to finance for this segment. Specifically, the following outcomes have been achieved:

372 SMEs supported

Total value of loans disbursed to SMEs is around US\$87.5 million.

At the end of 2021, JMMB had an outstanding SME portfolio of US\$ 168.8 Million

Also, as a result of this transaction, JMMB Bank has developed an E&S Policy and an E&S Framework (as part of the ESMS), implemented a gender-gap analysis, provided training in diversity, and designed a gender action plan that will guide the Bank's steps to improve gender equality and diversity.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



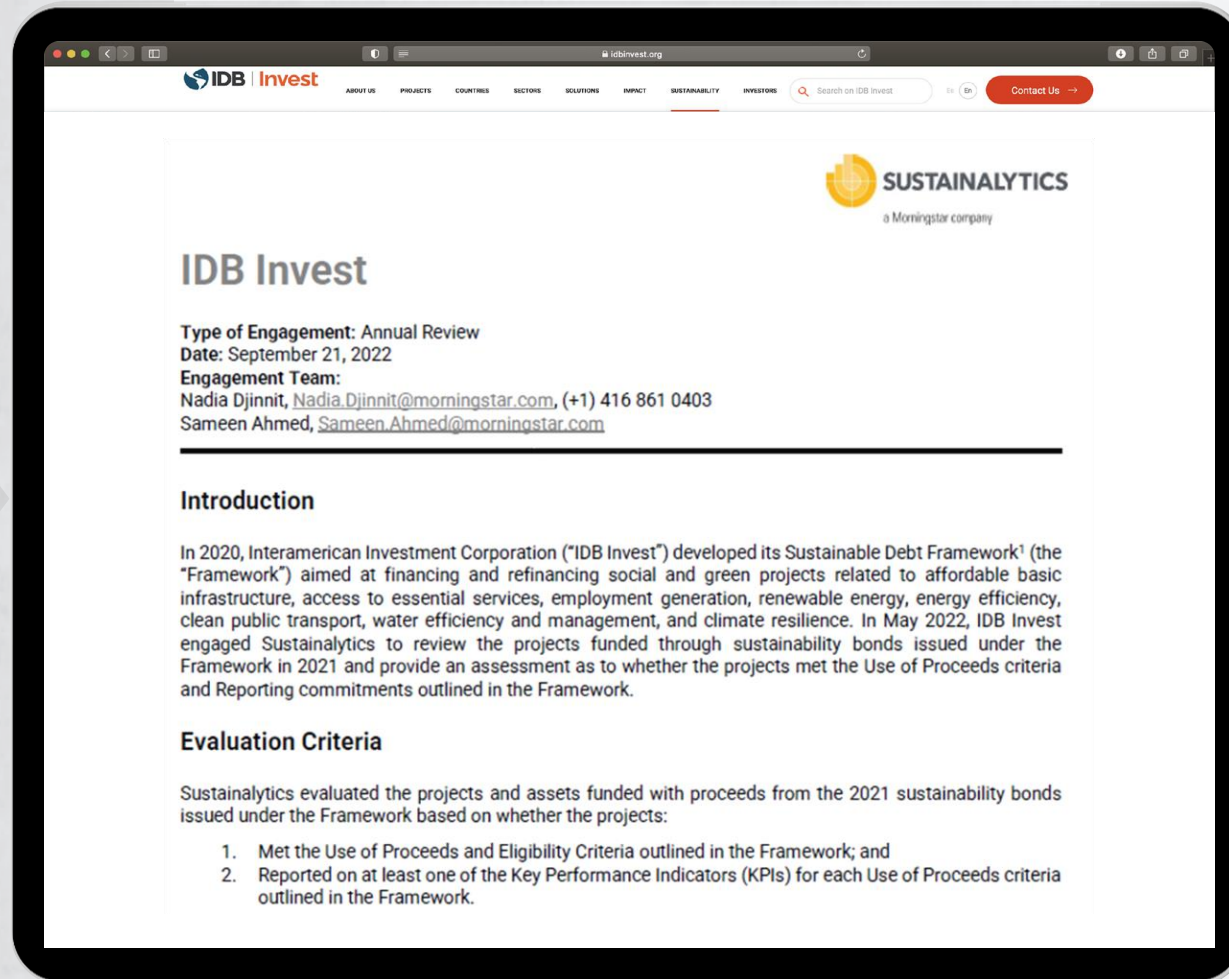
12 RESPONSIBLE CONSUMPTION AND PRODUCTION



# Independent External Review

“... Based on the **limited assurance procedures** conducted, nothing has come to Sustainalytics’ attention that causes them to believe that, **in all material respects, the reviewed bond projects, funded through proceeds of IDB’s sustainability bonds, are not in conformance with the Use of Proceeds criteria outlined in the Framework. ...**”

“... **No errors or Exceptions were identified ...**”



A hand is shown holding a small green plant with several leaves. The background is a blurred green and yellow, suggesting an outdoor setting. A white rectangular overlay is positioned in the center of the image, containing text.

**In summary,** our bonds represent a unique investment opportunity that combines 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 a demonstrated commitment to the development of sustainable enterprises in Latina American and the Caribbean

**Join us in  
building  
tomorrow,  
today.**



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

**Bloomberg:** IDBINV Corp <GO>

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

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

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