



Investor Presentation

September 2018



## 1. Introduction

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## 2. Products and sectors

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## 3. Financial Profile

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## 4. Funding

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# INTRODUCTION



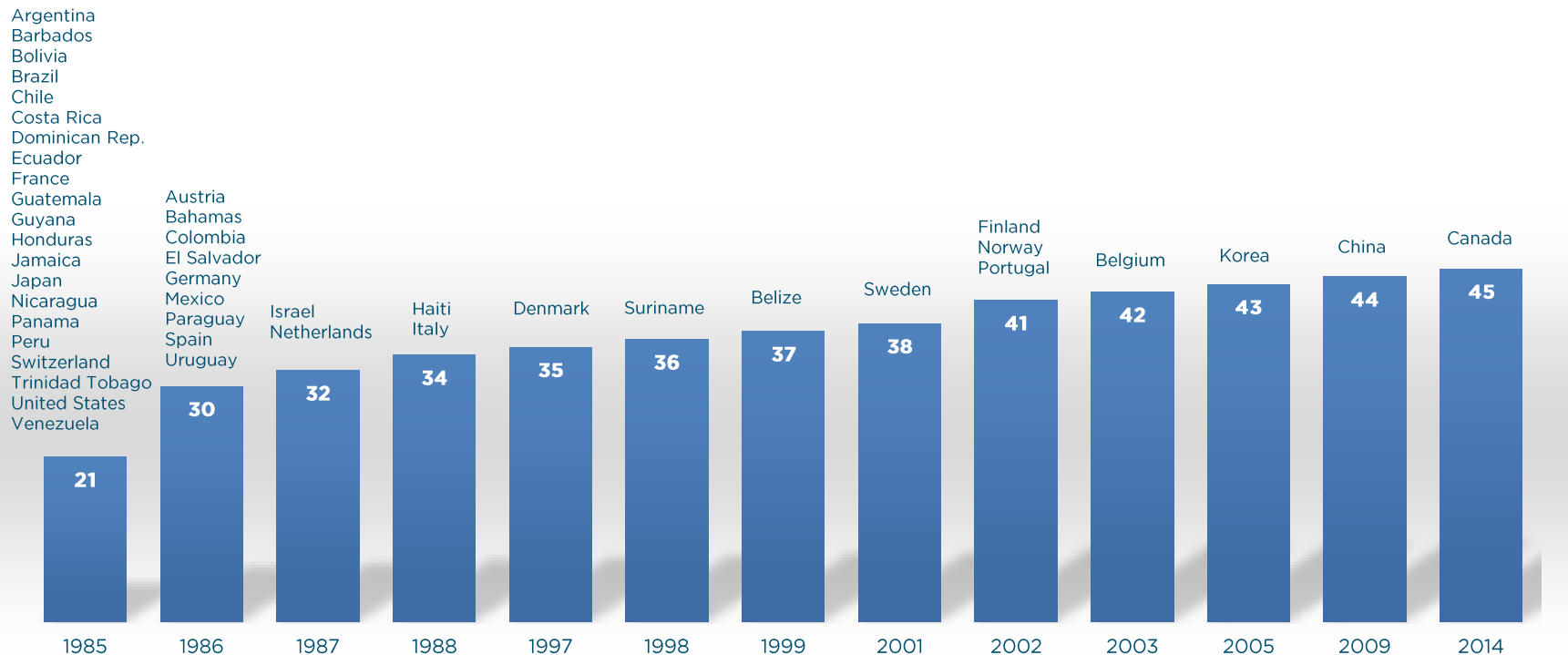
IDB Invest, a member of the IDB Group, is a multilateral development bank committed to support the private sector in Latin America and the Caribbean.

We work with clients to achieve financial results while creating social and environmental value.

We operate across sectors to provide innovative financing and advisory services that meet the evolving demands of the region's private sector.

# Strong shareholder support

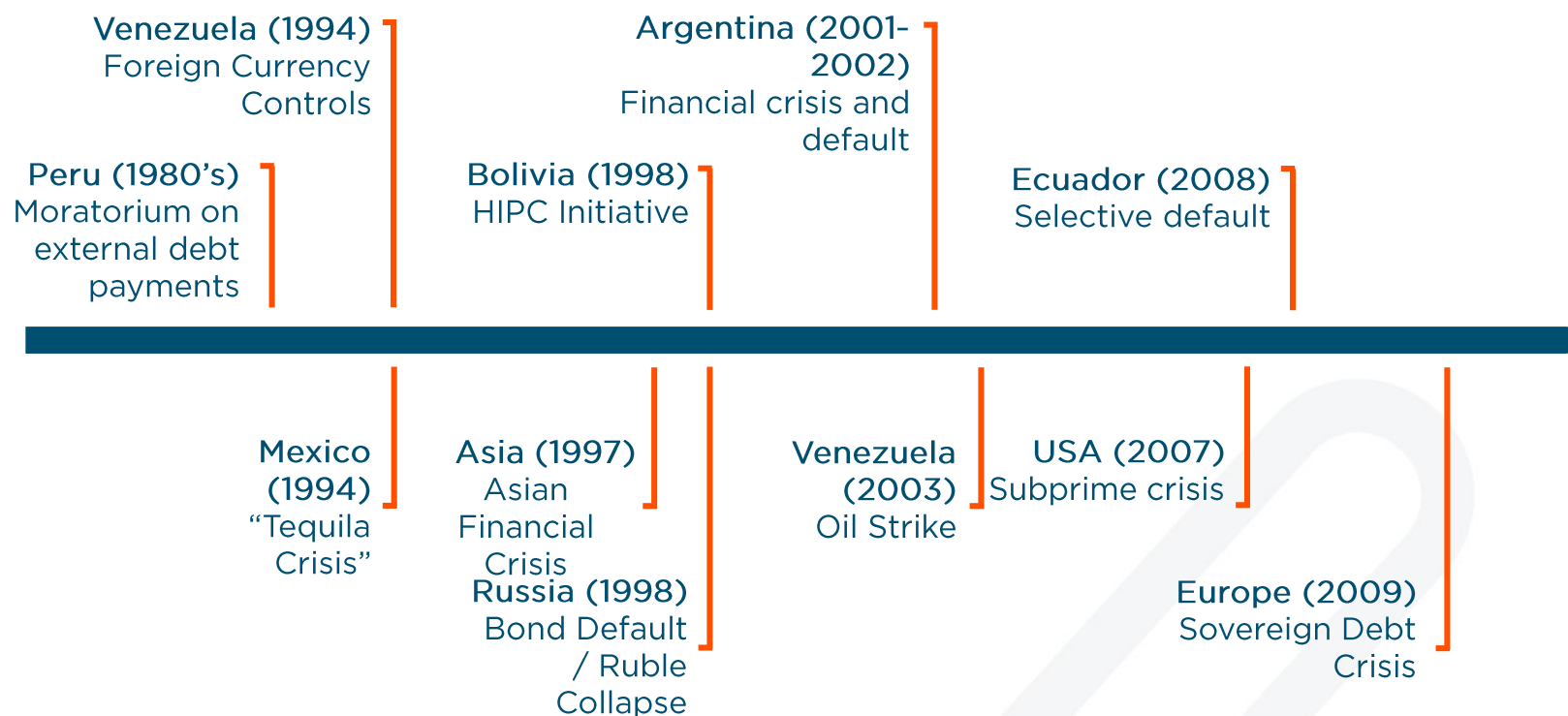
The number of member countries has more than doubled since inception



Number of Member Countries

# Preferred creditor treatment

Loan payments to IDB Invest have never been interrupted due to currency convertibility events in the host countries of the projects



## Corporate Governance

- IDB Invest is a distinct institution within the IDB group, with its own charter, governance and capital.
- While IDB Invest is legally and financially independent from IDB, there are strong ties between both institutions.
- Common shareholders: 45 of the 48 member countries of the IDB are shareholders of IDB Invest.
- The President of the IDB is also chairman of the Board of Executive Directors of IDB Invest.

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## Operational and financial relationship

- USD 300 million loan granted by IDB to IDB Invest.
- IDB Invest manages the origination and supervision of the portfolio of non-sovereign guaranteed loans of the IDB.
- IDB provides administrative services to IDB Invest, creating synergies and increasing efficiency.

# Broad presence in Latin America and the Caribbean

**26**

Countries

**4**

Hubs



## Objectives

- Increase closeness to clients
- Grow share of staff in the region from 14% (2016) to 40% (2020)
- Twenty country offices by 2019
- Four regional hubs with specialized staff provide support to country offices



**BUENOS AIRES**



**BOGOTA**



**PANAMA CITY**



**PORT OF SPAIN**



**SAO PAULO**





**MEXICO CITY**



# Recent events

## Reorganization of the private sector activities of the IDB Group

In January 2016, the three departments of the IDB dedicated to the private sector were merged into the Inter-American Investment Corporation (“IIC”) with the objective of increasing the efficiency and maximizing the development impact of the IDB Group’s private sector activities.

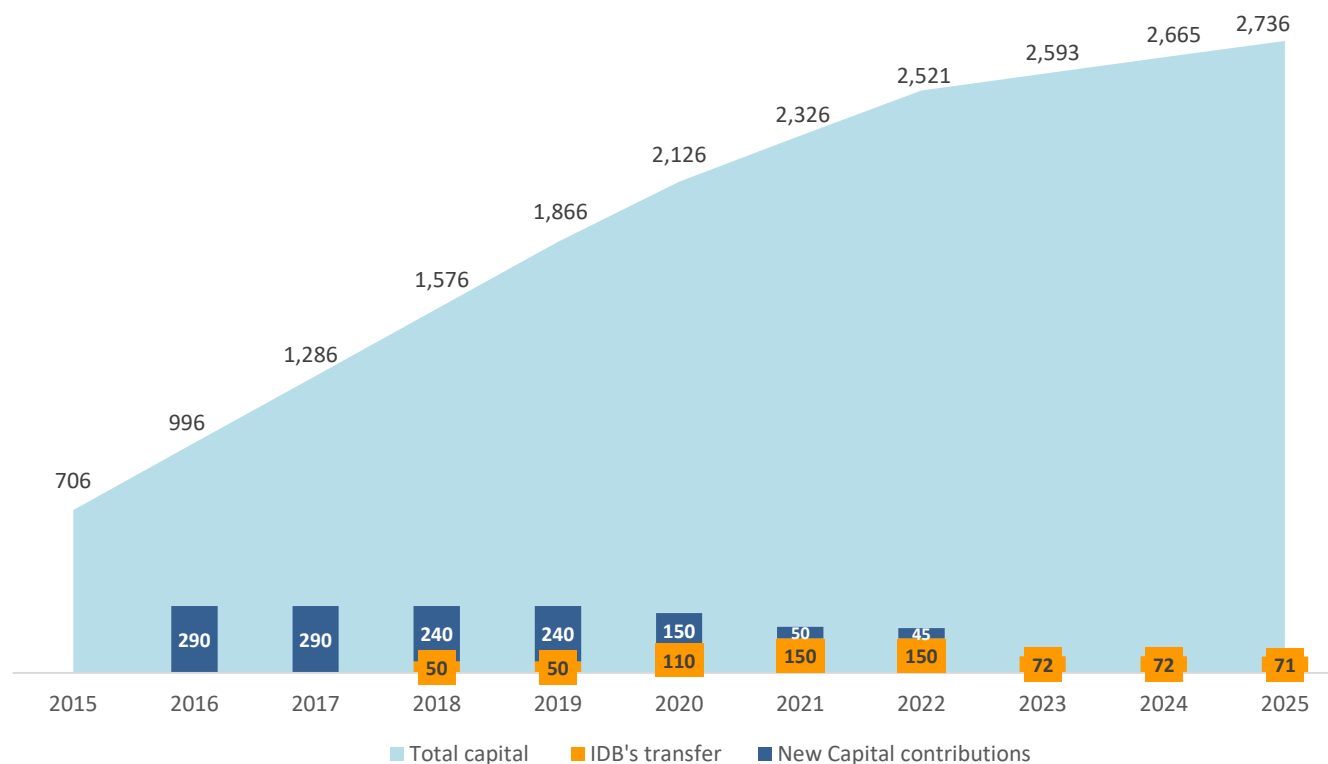
	Prior to the reorganization	After the reorganization
	<p>Provided loans, guarantees, and technical assistance to sovereigns and large companies</p>	<p>Provides loans, guarantees, and technical assistance only to sovereigns</p>
	<p>Provided loans, guarantees, and equity investments to small and medium-sized companies</p>	<p>Provides loans, guarantees, and equity investments to the private sector and manages the IDB's private sector portfolio</p>

# Recent events

## Capital increase

As part of the reorganization, the Board of Governors approved a capital increase for up to 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

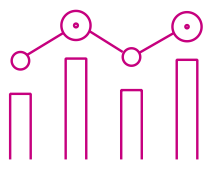


(\*) Figures are in USD million

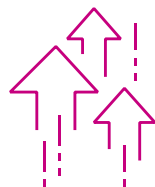
# Recent events

## Launch of IIC's new brand name: IDB Invest

In November 2017, IIC launched its new brand name: IDB Invest. While our legal name remains Inter-American Investment Corporation, the new brand seeks to reflect our focus on investing in the future of Latin America and the Caribbean and to leverage the knowledge and IDB solid position.



Dynamic



Agile,  
flexible



Economic  
growth and  
social inclusion



Synergies and  
collaborations

# PRODUCTS AND SECTORS



# Our sectors

## FINANCIAL INSTITUTIONS



Banks



Funds



Microfinance

## INFRASTRUCTURE



Energy



Transport



Water and sanitation



Social infrastructure

## CORPORATES



Agribusiness



Manufacturing



Tourism



Telecommunications,  
media and technology

# Financial products

IDB Invest offers innovative financial products tailored to meet our clients' needs, creating smarter, more sustainable businesses in Latin America and the Caribbean.



Senior and  
Subordinated Loans



Guarantees



Equity and  
Quasi-Equity



Trade and Supply  
Chain Finance



Resource  
Mobilization



Capital Market  
Instruments

# Advisory Services and Blended Finance

IDB Invest offers non-financial products to mainstream sustainability. Coupling financial solutions with advisory services and blended finance ensures that our investments maximize their development impact.



## CLIMATE CHANGE AND CLEAN ENERGY

- Energy efficiency appraisals
- Innovative clean energy financing models
- Biodiversity appraisals
- Climate smart agriculture
- Climate change mitigation and adaptation assessments



## GENDER

- Gender appraisals
- Innovative financial services for women
- Women empowerment initiatives



## CORPORATE SUSTAINABILITY

- Shared value appraisals
- Corporate governance
- Sustainable value chains



## PUBLIC-PRIVATE PARTNERSHIPS

- Long-term program planning
- Sustainable investment plan development
- Bankable deal structuring support
- Blended and commercial finance advisory



Alignment with the United Nations Sustainable Development Goals.

## Our impact

**2.7**

**MILLION  
MSMEs  
FINANCED**

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**109,276**

**JOBS  
CREATED**

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**4,502**

**MEGAWATTS  
LOW-CARBON  
POWER  
INSTALLED**

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**88,491**

**WOMEN-LED  
MSMEs  
FINANCED**

**1.7**

**MILLION  
NEW METRO  
RIDERS SERVED**

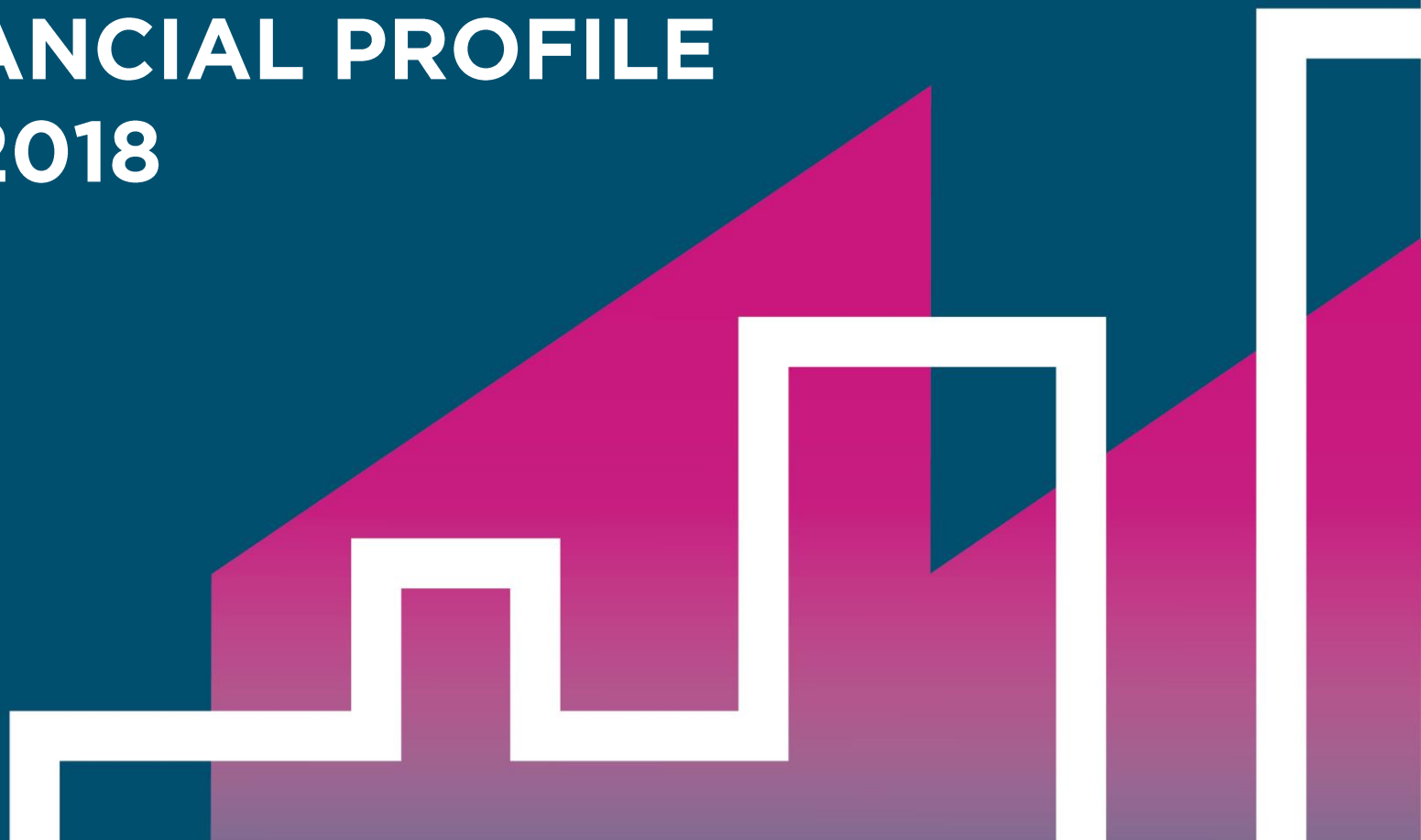
**8.4**

**MILLION tCO2  
REDUCED  
PER YEAR**

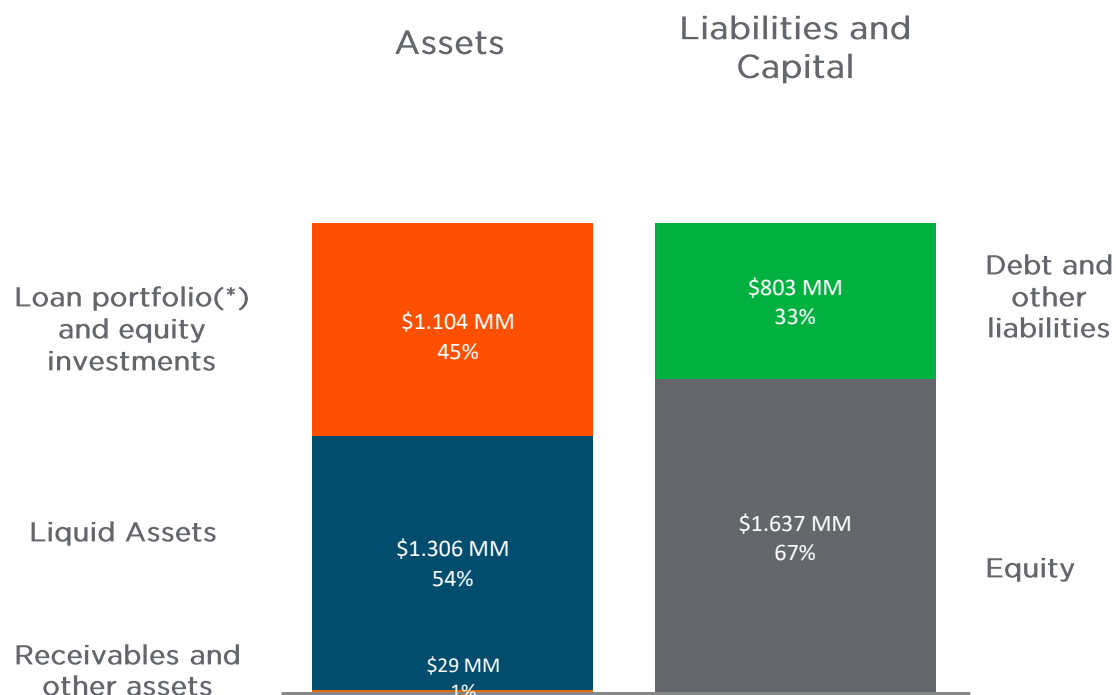


# FINANCIAL PROFILE

## 2Q 2018



# Sound Balance Sheet



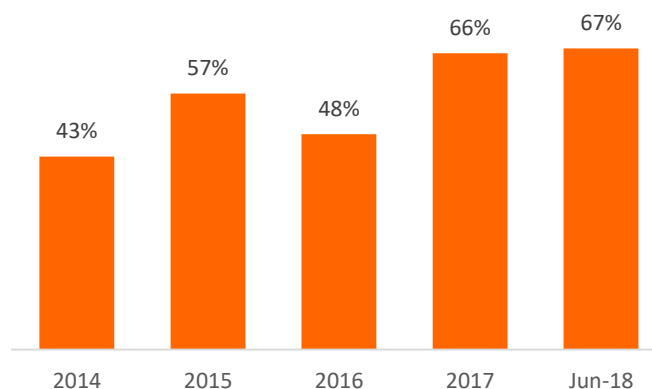
(\*) Net of USD 51.4 million in provisions. Total equity Investments: USD 53.2 million

# Robust capitalization and low leverage

## Robust capitalization

- IDB Invest operates exclusively with 100% paid-in capital
- Capital / total assets ratio has been historically above 40%
- Capital + provisions coverage of 146% of the loan portfolio

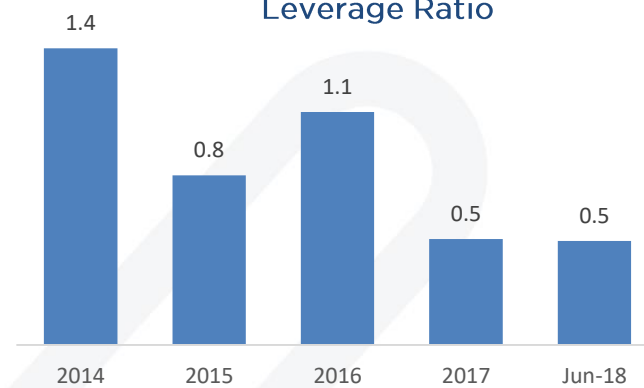
Capitalization Ratio



## Low leverage

- IDB Invest has one of the lowest leverage ratios of any supranational
- Leverage ratio consistently below the charter limit of 3.0x

Leverage Ratio

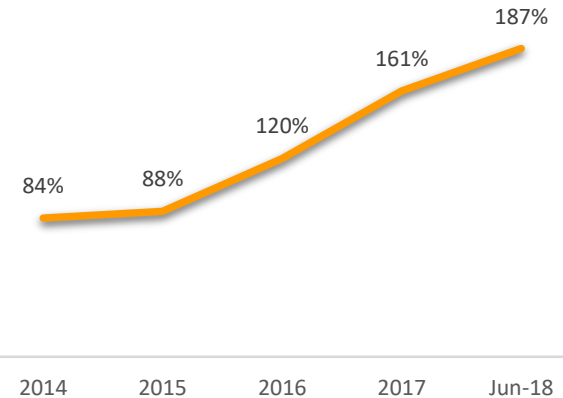


# Ample liquidity and high quality liquid assets

## Conservative Liquidity Policy

- Extremely strong coverage of outstanding debt with liquid assets
- “Our funding and liquidity ratios indicate that IDB Invest would be able to finance its expansion mandate, disburse scheduled loans, and service its debt obligations without capital market access for at least one year” (Standard & Poor’s)

Liquid Assets/Total Debt

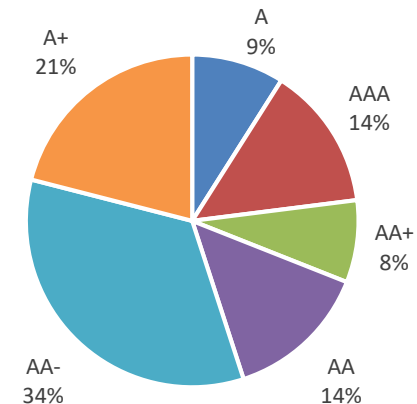


## High Quality Liquid Asset Portfolio

Conservative investment policies:

- Minimum rating: A
- Maximum portfolio duration: 4y
- Maximum term and exposure limit linked to issuer rating

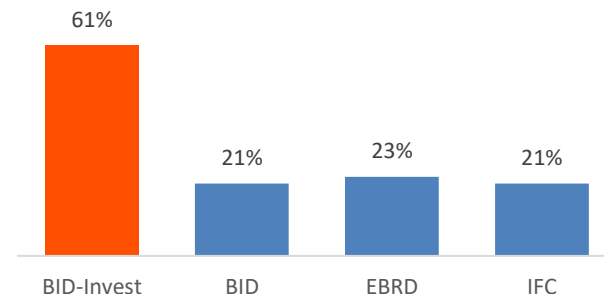
Liquid Assets Rating Distribution



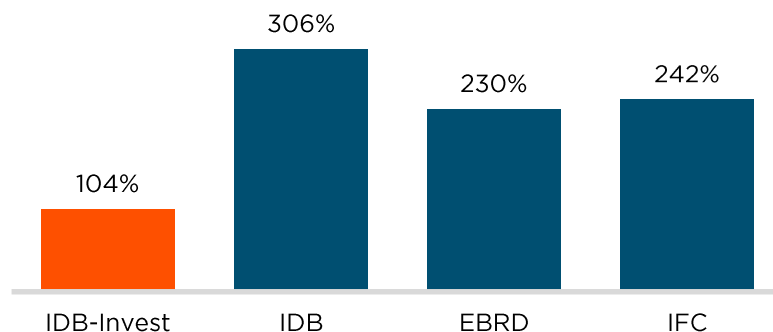
# One of the strongest financial profiles among Multilateral Development Banks

Multilateral	Assets (USD Millions)	Long Term Issuer Rating <sup>1</sup>
IDB-Invest	2,147	AA
IDB	113,133	AAA
EBRD	59,069	AAA
IFC	90,434	AAA

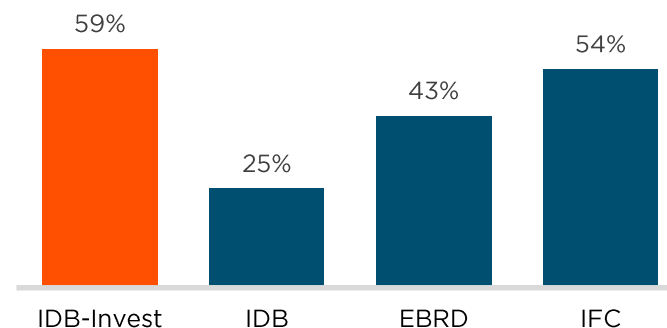
RAC<sub>(2)</sub>



Gross Debt/Equity <sup>3</sup>



Liquid assets / Total assets



Source: S&P Global Supranationals Special Edition 2017.

(1) S&P Global rating August 2017.

(2) RAC: Adjusted equity / Assets weighted by risk (%).

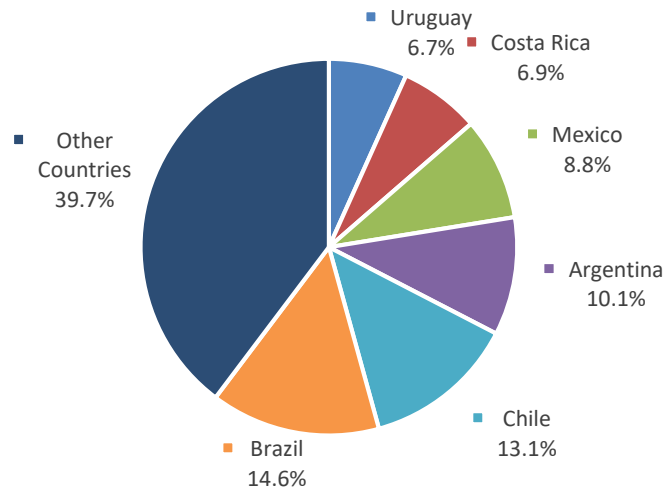
(3) Gross debt / adjusted ordinary equity (%).

Data as of December 31, 2016, except for the IFC, whose data are as of June 30, 2016.

# Diversified loan portfolio

## BY COUNTRY

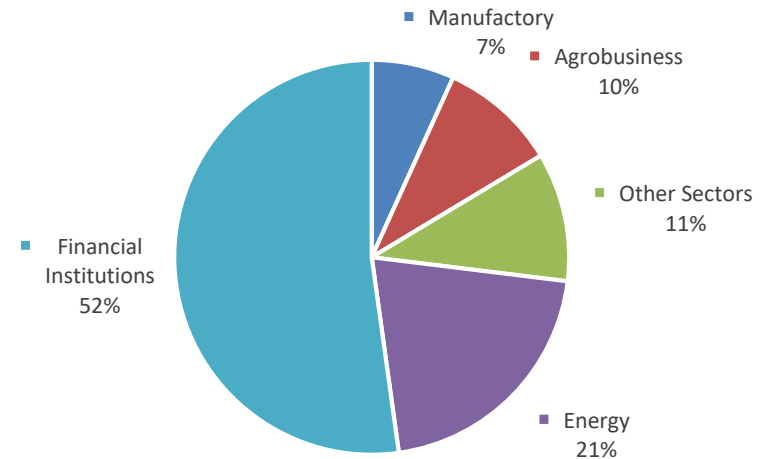
IDB Invest's Loan Portfolio



Includes equity investment

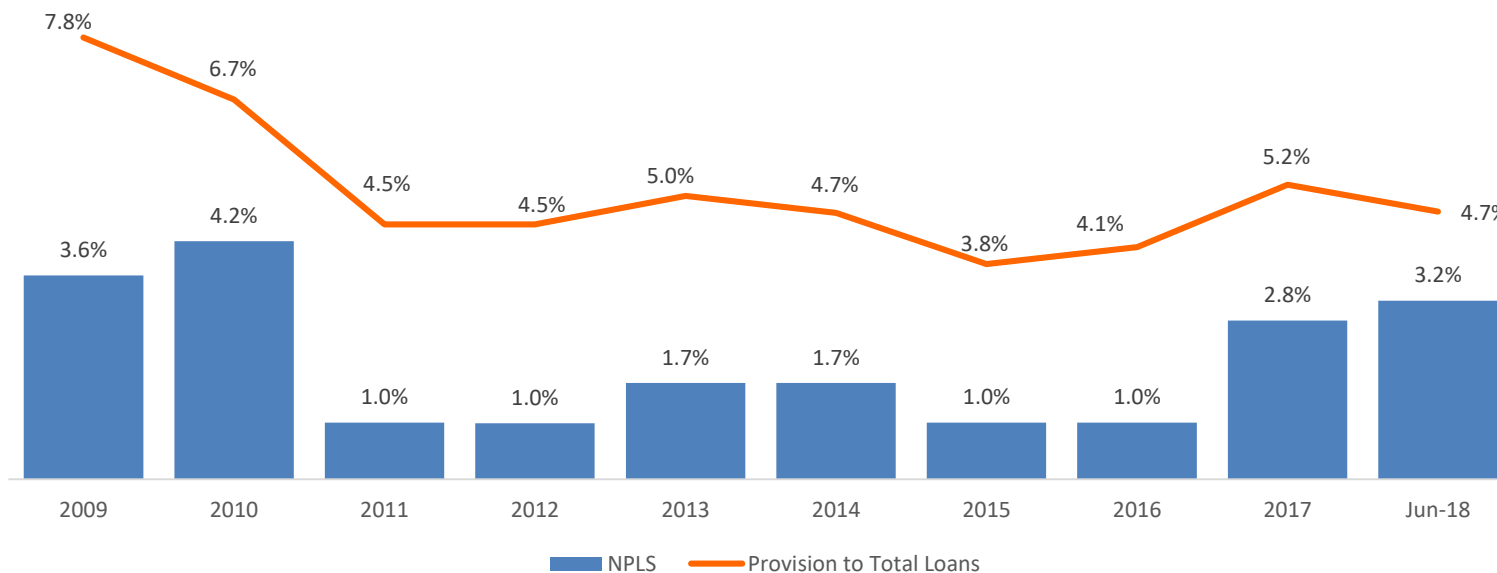
## BY SECTOR

IDB Invest's Loan Portfolio



# High quality loan portfolio

Non Performing Loans and Provisions for loan losses



# Rating agencies highlight our strong financial profile – S&P moved to positive outlook

**S&P Global**  
Ratings

**AA**  
Outlook: Positive

*“Our positive outlook reflects the progress IDB Invest has made in expanding its mandate, specifically the increase in lending in 2017, but also establishing policies and procedures for its operations. Our vision reflects the institution's strong capital adequacy and ample balance-sheet liquidity [...]”.*

*Standard and Poor's rating report as of April 30, 2018*

**Moody's**

**Aa1**  
Outlook: Stable

*“The credit profile reflects a robust capitalization, adequate financial management, and strong asset performance despite its private sector focus. The institution's close relationship with the Inter-American Development Bank (IADB, Aaa/Stable) also supports the rating. The conservative risk management practices, which are often even more conservative than the institutional limits set in its charter, keep low leverage and capital adequacy ratios very strong”.*

*Moody's rating report as of March 20, 2018*

**FitchRatings**

**AAA**  
Outlook: Stable

*“The affirmation and Stable Outlook reflect the following key rating drivers: IIC's intrinsic credit quality drives its 'AAA' IDR. IIC's solvency assessment of 'AAA', which considers its excellent capitalization and low risk profile, as well as its liquidity assessment of 'AAA' results in an overall rating of 'AAA' [...] Fitch assesses IIC's capitalization as excellent. At 52.9% IIC has one of the highest equity/adjusted assets ratios among multilateral development banks (MDBs) rated 'AAA' by Fitch. Unlike most MDBs, all of IIC's capital is paid-in”.*

*Fitch Ratings rating report as of February 12, 2018*



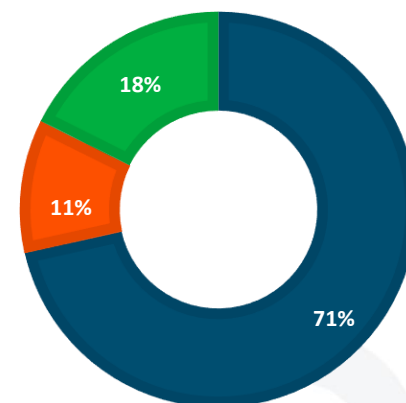
# FUNDING



# Diversified funding sources

- Established in 2012, the Euro Medium Term Note program has quickly become the main funding instrument of IDB Invest, with USD 1,3 billion issued since its inception.
- Additionally, we issue bonds in domestic markets in Latin America and the Caribbean to provide local currency financing to our clients and to support the development of the capital markets in the region.
- Loans complement IDB Invest's funding mix

■ Global Bonds ■ Local Bonds ■ Loans



# Our presence in the capital market



**COP**

64.000 million

5 year

December 2005



**COP**

86.000 million

5 year

December 2005



**MXN**

480 million

3 year

November 2007



**MXN**

800 million

3 year

May 2011



**MXN**

800 million

3 year

April 2012



**EMTN**

USD 400 million

3 year FRN

November 2012



**EMTN**

USD 400 million

3 year FRN

October 2014



**EMTN**

USD 500 million

3 year FRN

April 2016



**MXN**

1.5 billion

3 year

February 2018



**COP**

USD 50 million

7 year

June 2018

A close-up, low-angle shot of a white wind turbine against a clear blue sky. The turbine's blades and tower are visible, with the blades extending towards the top left of the frame.

## 2018 Funding program

- Projected 2018 Funding: USD 0.75 - 1 billion
- Program: Euro Medium Term Note
- Main funding instrument: Floating Rate Notes
- Preferred tenor: 3-5 years
- Preferred currency: USD
- Local currency issues in domestic markets in the region: US\$200 to US\$250 million



# A sound investment in development

- Strong credit ratings: AAA / Aa1 / AA by Fitch, Moody's and S&P Global Ratings.
- One of the strongest financial profiles among Multilateral Development Banks
- 100% paid-in capital
- Committed to sustainability
- Strong support from 45 member countries
- Member of the Inter-American Development Bank Group (IDBG)

# Let's continue the conversation

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