

Inter-American Investment Corporation (IDB Invest)

Full Rating Report

Ratings

Long-Term IDR	AAA
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable
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Financial Data

IDB Invest

	Dec 18	Dec 17
Total assets (USDm)	3,209	2,185
Equity to assets (%)	56.7	66.1
Average rating of loans & guarantees	BB-	B+
Impaired loans ratio (%)	0.9	0.9
5 largest exposures to total exposure (%)	14.6	21.4
Share of non-sovereign loan exposure (%)	85.4	94.1
Net income/av. equity (%)	1.5	1.4
Average rating of key shareholders	BBB	BBB+

Key Rating Drivers

Intrinsic Credit Quality: Inter-American Investment Corporation's (IDB Invest) intrinsic credit quality drives its 'AAA' IDR. IDB Invest's solvency assessment of 'aaa', underpinned by its excellent capitalization and low risk profile, and its liquidity assessment of 'aaa', result in an overall rating of 'AAA'. Fitch Ratings' assessment of IDB Invest's operating environment as medium risk does not result in any adjustment to IDB Invest's solvency assessment.

Excellent Capitalization: Fitch assesses IDB Invest's capitalization as excellent. IDB Invest has one of the highest equity/adjusted assets ratios among multilateral development banks (MDBs) rated 'AAA' by Fitch. Unlike most MDBs, all IDB Invest's capital is paid in. Capitalization will remain strong over the forecast horizon as IDB Invest expands its mandate to execute all private sector operations for the Inter-American Development Bank (IDB) Group as part of its 10-year capitalization plan that started in 2016.

Low Risks: IDB Invest's overall risk is 'low' as the bank's 'very low' concentration, equity and market risks, and its 'excellent' risk management policies offset the 'moderate' credit risks as reflected in the weighted average rating of its credit portfolio. Fitch estimates the weighted average rating of IDB Invest's loan portfolio at 'BB-' at end-2018. Loans past due by more than 90 days accounted for 0.9% of gross loans at this same date.

Excellent Risk Management: Fitch assesses IDB Invest's risk management framework as 'excellent'. IDB Invest is not subject to banking regulations but abides by its own prudential framework. Management carefully monitors capital adequacy, liquidity and credit risk through conservative risk-management policies based on self-imposed prudential ratios and limits and consistently operates well within these guidelines. Risk management policies have been updated and implemented to reflect internationally accepted standards for financial institutions.

Excellent Liquidity: IDB Invest's liquid assets/short-term debt ratio over the medium term will remain well above 150%, the threshold within our criteria consistent with an 'excellent' assessment. The quality of treasury assets declined in 2018, with 66% of the portfolio rated at 'AA-' or above compared to an average of 76.1% from 2015 to 2017. The bank's sound liquidity profile is also supported by its access to capital markets and alternative sources of liquidity.

No Support: Support from shareholders is not a factor in the overall rating, in line with Fitch's supranationals criteria, as the average rating of IDB Invest's key shareholders is 'BBB' and there is no callable capital. IDB Invest's 'AAA' rating therefore purely reflects the bank's intrinsic strengths.

Rating Sensitivities

Weaker Financial Profile: IDB Invest's ratings could be downgraded due to a prolonged and significant decline in capitalisation related to asset losses, unbalanced growth in operations, increased earnings volatility or failure to comply with paid-in capital contributions. A substantial decline in liquid assets/short-term debt coverage and a deterioration in the bank's ability to access other sources of liquidity would also be negative for creditworthiness.

Loss of Preferred Creditor Treatment: A stress situation in a member country that significantly affects asset quality or results in transfer and convertibility restrictions would be negative for IDB Invest's creditworthiness.

Related Research

[Fitch Affirms IDB Invest at 'AAA'; Outlook Stable \(February 2019\)](#)

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Intrinsic Rating Assessment

Indicative value	Assessment
Solvency	aaa
Liquidity	aaa
Business environment	0 notches
Intrinsic rating	aaa

Source: Fitch Ratings

Business Environment

IDB Invest was established in 1986 to promote the economic development of its 26 Latin American and Caribbean member countries by financing private enterprise. Armed with initial capital of USD200 million, IDB Invest started lending and investing in the region in 1989, focusing on SMEs. IDB Invest, laDB and the Multilateral Investment Fund constitute the laDB group, which provided USD17.5 billion in total approvals to the region in 2018.

To fulfil its goals, IDB Invest makes direct loans (most of its development portfolio) to corporations and financial institutions throughout the region. It also invests in local and regional private equity funds. It also provides technical assistance. The ongoing merge-out (see below) will shift IDB Invest's focus toward infrastructure, agriculture and energy projects.

The operations of laDB's Structured and Corporate Finance Department and Opportunities for the Majority Department have been consolidated into IDB Invest under the resolution approved by the board of governors of laDB and IDB Invest at the annual meeting in March 2015. The transfer of operational and administrative functions and non-financial resources related to laDB's private-sector activities was completed on 1 January 2016. laDB and IDB Invest have been cross-booking operations since this time and this will continue through 2022. laDB is winding down its private-sector assets. In Fitch's view, the merge-out will be neutral for IDB Invest's financial profile as it also incorporates a comprehensive capitalisation plan, and has strengthened its mandate in private-sector development and its importance to shareholders.

The capitalisation plan is based on IDB Invest's adequate capitalisation and was designed to preserve the financial strength of the laDB group. It includes a USD2.03 billion capital increase for IDB Invest, of which USD1.305 billion consists of new contributions by IDB Invest member countries payable over a seven-year period beginning in 2016. Since 2018, the remaining USD725 million in capital has come from annual transfers from laDB (on behalf of its members) to IDB Invest from the ordinary capital income of the bank, subject to annual approval by the laDB board of governors.

IDB Invest's expanded mandate will allow it to provide a full range of products and diversify its balance sheet. The proportion of lending to financial institutions declined to 41% of gross loans at end-December 2018, from 69% in 2016 and will continue to decline over the medium term. IDB Invest's heightened strategic focus and goal of increasing its developmental impact in the private sector should increase the corporation's importance to its member states.

Fitch's assessment of IDB Invest's business environment assessment of 'medium risk' results in no notching from either the solvency or the liquidity assessment.

Business Profile

Fitch considers IDB Invest's business profile 'medium risk' due to the small, albeit rapidly expanding, size of its lending portfolio and exposure to the non-sovereign sector.

- Fitch assesses the size of IDB Invest's banking portfolio, including outstanding loans, equity participations, debt securities and guarantees, of USD1.8 billion at 31 December 2018 as 'high risk'. Increased capital contributions by member states will underpin growth related to the consolidation of laDB's private sector activities and organic growth over the medium term.
- In line with its mandate, the IDB Invest extends all its loans to the private sector, which Fitch considers high risk as this segment has traditionally been riskier for MDBs. Nevertheless, member countries have historically accorded preferred-creditor treatment to IDB Invest. For a breakdown of IDB Invest's loan portfolio by economic sector and by country, see the charts in the left margin.

Related Criteria

[Supranationals Rating Criteria \(May 2019\)](#)

- Equity participations are very low at 3.7% of IDB Invest's total banking exposure. Fitch views this favourably, as these assets are typically more volatile.
- IDB Invest's projected growth in lending is in line with expected new capital contributions and internal capital generation, which will maintain its equity/adjusted assets ratio well above the 25% threshold for assessment as 'excellent'.
- Fitch views IDB Invest's quality of governance as 'low risk', which compensates for the entity's higher-risk private-sector business focus. The corporation's governance standards are in line with those of larger regional MDBs, including its sister organisation, laDB. IDB Invest is controlled by its board of governors, comprising representatives from its 45 member countries as of December 2018. In April 2019 Slovenia and Croatia completed all requirements for membership and became new members of IDB Invest, leading to a total of 47 shareholders at 30 June 2019. Only the board of governors may decide to admit new members, increase capital or liquidate the corporation.
- Management of the corporation's operations is delegated to the 13-member board of executive directors. This board comprises one representative from the US, three from the non-regional members and nine from regional member countries. The board appoints the general manager by a four-fifths majority. A four-member executive committee is in charge of approving loans and investments, among other issues. In addition to its Washington DC headquarters, IDB Invest has offices in 25 Latin American and Caribbean member countries. The local staff is mostly responsible for loan origination and supervision.

Operating Environment

Fitch assesses IDB Invest's operating environment as 'medium risk' due to the lower average credit quality, medium political risk and weaker business environments of its countries of operation.

- Fitch views the credit quality of the countries of operation as 'high risk' based on the average rating of IDB Invest's regional member states of 'BB-' at 31 December 2018.
- Fitch calculates average income per capita in IDB Invest's 26 countries of operation at USD8,939. Based on the income classifications published by the World Bank in November 2018, 80% of the MDB's countries of operation are upper-middle to high income.
- In Fitch's view, the political and business climate in the United States, where IDB Invest's headquarters is located, is 'low risk'. This is based on Fitch's own assessment of political risk, which is addressed in its sovereign rating reports.
- Fitch also factors in the medium political risk in the region in which IDB Invest operates.
- The operational support provided by the authorities of IDB Invest's member states is 'medium risk'. The strength of preferred creditor status (PCS), which has been maintained through various financial crises in the region since IDB Invest's inception in 1986, and the shareholders' commitment to expand IDB Invest's role in private-sector financing support this assessment.

Solvency

Fitch evaluates IDB Invest's overall solvency as 'aaa'. The corporation's 'excellent' capitalisation and low risks underpin this assessment.

Capitalisation

IDB Invest's capital is 'excellent', underpinned by its high equity/adjusted assets ratio. The MDB's equity/adjusted assets ratio has been maintained between 48% and 66%, averaging 56.8% for the four years ending 2018. Capitalisation remains robust due to new paid-in capital contributions and will remain a key credit strength relative to peers given the entity's capitalisation plan, as noted above.

- IDB Invest has one of the highest equity/adjusted assets ratios among MDBs rated 'AAA' by Fitch at 56.7% at end-December 2018. We expect this ratio to remain well above the threshold of 25% to be assessed as 'excellent' under our supranational criteria over the forecast period, even as the corporation expands its mandate to execute all private sector operations for the laDB group given its capitalization plan.
- IDB Invest does not have any callable capital. There have been minor delays in capital payments, although these have been offset by advance payments from other member states. At 30 June 2019, 68.6% of the total capital payments of Annex A had been received, totalling USD1,305 million.
- We expect internal capital generation to remain positive over the forecast horizon, although somewhat volatile due to actuarial adjustments to IDB Invest's pension plan. However, internal capital generation is weak compared with other Fitch-rated supranationals. However, despite a ramping up of asset growth, fresh capital contributions will keep IDB Invest's ratios very high.

Peer Comparison: Capital Ratios and Profitability

	IDB Invest (AAA)		NADB (AA)	EBRD (AAA)	EIB (AAA)
	End-2017	Projection ^a	End-2017	End-2017	End-2017
Equity/adjusted assets (%)	66.1	57.3	29.6	27.5	12.4
Net income/average equity	1.4	1.9	4.7	4.0	4.1

^a Medium-term projections

NADB – North American Development Bank; EBRD – European Bank for Reconstruction and Development; EIB –

European Investment Bank

Source: Fitch Ratings, MDBs

Risks

Fitch views IDB Invest's overall risk profile as 'low', as its very low concentration, equity and market risks combined with excellent risk management policies more than compensate for the moderate risk of the estimated average rating of IDB Invest's loans and guarantees of 'BB-'. Furthermore, the MDB's past-due loans to gross loans ratio has remained at or below 1% during the period analysed. The main drivers of this assessment are below.

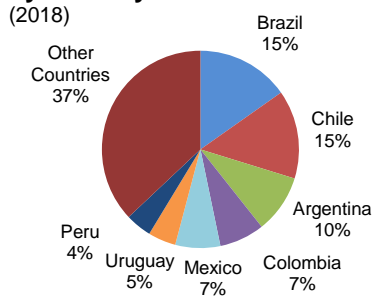
- IDB Invest's main risk is its lending portfolio, which Fitch views as a moderate risk based on its average rating. According to Fitch's estimate, the weighted average rating of IDB Invest's loan portfolio was 'BB-' at end-2018, based on the agency's ratings where available and IDB Invest's ratings on remaining exposures. Although not legally binding, member countries have historically accorded preferred-creditor treatment of private-sector debtors to IDB Invest. Furthermore, the MDB's loan-loss reserves coverage remains strong, also supporting our current assessment.
- Risks from loan impairments are low. IDB Invest's past-due loans less than 90 days overdue/gross loans ratio tends to be higher and more volatile than at other MDBs given its private-sector focus, reaching 0.9% at end-2018. Historically, non-accrual loans have been kept manageable even though all lending is to the private sector.
- Fitch assesses concentration risk by borrower and country as 'very low' relative to other regional MDBs, with IDB Invest's five largest exposures accounting for 14.6% of its total exposures at end-2018, a material reduction from 21.4% at end-2017. However, although it has declined significantly in recent years, sector concentration remains high, with 41% of development-related investments extended to financial services. Low concentration means IDB Invest's lending portfolio is not as vulnerable to potential downgrades of individual exposures as those of its peers.

Risks Assessment

Indicative value	Risk level
Credit	Moderate
Concentration	Very low
Equity risk	Very low
Market risks	Very low
Risk mgmt policies	Excellent

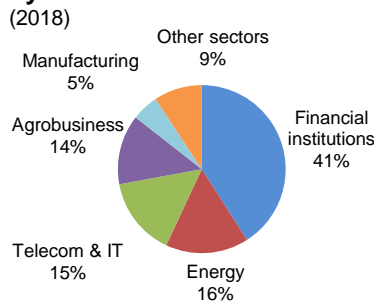
Source: Fitch Ratings

Development Related Assets by Country



Source: Fitch Ratings, IDB Invest Audited Financial Statements

Development Related Assets by Sector



Source: Fitch Ratings, IDB Invest Audited Financial Statements

- Equity risk is 'very low' due to equity participations/total exposures of 3.7% and Fitch's medium-term forecast of 3.1%.
- Fitch assesses IDB Invest's market risk as 'very low'. IDB Invest's liquid asset portfolio is composed of government and agency obligations, time deposits, commercial paper and bank instruments, according to its credit risk and duration policies. All treasury assets in US dollars must be of high credit quality and have high liquidity. Derivatives counterparty risk is limited to instruments for financial risk management purposes. There was no derivatives exposure at end-2018.
- IDB Invest's risk management policies are 'excellent'. Management carefully monitors capital adequacy, liquidity and credit risk through conservative risk-management policies based on self-imposed prudential ratios and limits. Limits cover lending, borrowing, liquidity and capitalisation. IDB Invest's operations are consistently well within its capital adequacy, lending, borrowing and liquidity policy limits.

Peer Comparison: Risks

	IDB Invest (AAA)		NADB (AA)	EBRD (AAA)	EIB (AAA)
	End-2017	Projection ^a	End-2017	End-2017	End-2017
Estimated average rating of loans & guarantees	B+	BB-	BB-	B+	A-
Impaired loans/gross loans (%)	0.9	1.5	1.3	3.7	0.3
Five largest exposures/total loans (%)	21.4	18.6	29.5	9.4	16.4
Equity stakes/(loans + equity stakes) (%)	4.8	3.1	0.0	17.1	1.2

^a Medium-term projections
Source: Fitch Ratings, MDBs

Liquidity

Fitch assesses IDB Invest's liquidity at 'aaa', supported by its 'excellent' liquidity buffer and 'strong' access to capital markets.

Liquidity Buffer

Fitch views IDB Invest's liquidity buffer as 'excellent'. The liquid assets/short term debt ratio reached 305% at end-December 2018. This ratio will remain well above 150%, the threshold for being assessed as 'excellent', over the medium term. The bank's internal liquidity coverage ratio reached 133%, the equivalent of 15 months' coverage, at 30 September 2018.

IDB Invest abides by conservative internal liquidity management policies, which require liquid assets to cover at least 100% of undisbursed commitments.

Peer Comparison: Liquidity

	IDB Invest (AAA)		NADB (AA)	EBRD (AAA)	EIB (AAA)
	End-2017	Projection ^a	End-2017	End-2017	End-2017
Liquid asset/short-term debt (%)	5,906.4	353.6	253.7	166.9	96.1
Share of treasury assets rated 'AA-' and above (%)	68.8	70.0	72.9	52.1	58.7

^a Medium-term projections
Source: Fitch Ratings, MDBs

Liquidity Assessment

	Indicative value
Liquidity buffer	Excellent
Quality of treasury assets	Excellent
Access to cap markets and alternative sources of liquidity	Strong

Source: Fitch Ratings

Quality of Treasury Assets

Fitch views the overall quality of IDB Invest's liquid assets as 'excellent', as 70.7% of its treasury assets were rated 'AA-' and above at end-September 2018. Although this declined to 66% at end-2018, Fitch projects this proportion to remain around the threshold of 70% over the medium term. According to IDB Invest's policies, the minimum required rating for treasury assets is 'A', which is less conservative than at most 'AAA' rated peers. Nevertheless, the average rating of IDB Invest's portfolio is typically higher than this minimum, reaching 'AA-' at end-2018.

Access to Capital Markets and Alternative Sources of Liquidity

IDB Invest has a diverse investor base and has reduced its funding costs over time. IDB Invest also has a committed credit line for USD169 million with the Inter-American Development Bank (IaDB, AAA/Stable).

Shareholders' Support

No credit uplift from support is needed to achieve an overall rating of 'AAA' given IDB Invest's intrinsic rating of 'aaa', as extraordinary support from shareholders is weaker than IDB Invest's intrinsic rating.

Peer Comparison: Shareholder Support

	<u>IDB Invest (AAA)</u>		NADB (AA)	EBRD (AAA)	EIB (AAA)
	End-2017	Projection ^a	End-2017	End-2017	End-2017
Coverage of net debt by callable capital	NC	NC	AAA	AAA	NC
Average rating of key shareholders	BBB+	BBB+	AA-	AA-	A+
Propensity to support	Strong	Strong	Weak	Strong	Strong

^a Medium-term projections.
Source: Fitch Ratings, MDBs

Capacity to Provide Extraordinary Support

IDB Invest has no callable capital, so the support assessment is based on the average rating of key shareholders. The weighted average rating of IDB Invest's key shareholders was 'BBB' at end-December 2018. The weighted average rating of key shareholders will decline to 'BB+' after the downgrades of Argentina (CCC, downgraded in August 2019) and Mexico (BBB/Stable, downgraded in June 2019). Nevertheless, as long as IDB Invest's intrinsic strengths remain intact, this will not affect its ratings.

Propensity to Provide Extraordinary Support

Fitch views the propensity of shareholders to provide extraordinary support as 'strong', but no notching has been applied for propensity to support. IDB Invest's subscribed capital is held by 45 member countries, with Argentina and Brazil (BB-/Stable at 31 December 2018) holding the largest shares at 11.5% each. Although the proportion of 'AAA' and 'AA' rated shareholders is lower than for other 'AAA' MDBs (26.9% of paid-in capital at December 2018), support has been demonstrated by continuous capital increases since 2000 and a high level of paid-in capital.

In addition, the consolidation of the IaDB group's operations at IDB Invest is evidence of the member countries' commitment to IDB Invest. The corporation's relationship with other IaDB Group entities, in terms of common shareholders and their boards of governors and directors, also demonstrates this commitment.

Inter-American Investment Corporation (IDB Invest)

Balance Sheet

	31 Dec 2018		31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Year End USDm Original	As % of Assets Original	Year End USDm Original	As % of Assets Original	Year End USDm Original	As % of Assets Original	Year End USDm Restated	As % of Assets Restated
A. LOANS								
1. To / Guaranteed by Sovereigns	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. To / Guaranteed by public institutions	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. To / Guaranteed by Private Sector	1,513.8	47.17	958.2	43.85	854.4	39.80	961.3	63.86
4. Trade Financing Loans (memo)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Loan Loss Reserves (deducted)	65.8	2.05	49.7	2.27	34.9	1.63	36.7	2.44
TOTAL A	1,448.0	45.12	908.5	41.57	819.5	38.17	924.6	61.42
B. OTHER EARNING ASSETS								
1. Deposits with Banks	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
2. Securities held for Sale & Trading	1,459.8	45.49	1,171.6	53.61	1,251.5	58.30	513.6	34.12
3. Investment Debt Securities (incl. other invest.)	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Equity Investments & Investment Securities	242.4	7.55	55.4	2.54	32.1	1.50	29.5	1.96
5. Derivatives (incl. Fair-value of guarantees)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
TOTAL B	1,702.2	53.04	1,227.0	56.15	1,283.6	59.79	543.1	36.08
C. TOTAL EARNING ASSETS (A+B)	3,150.2	98.16	2,135.5	97.72	2,103.1	97.97	1,467.7	97.50
D. FIXED ASSETS	n.a.	-	n.a.	-	n.a.	-	n.a.	-
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	9.6	0.30	20.8	0.95	23.4	1.09	14.9	0.99
2. Other	49.5	1.54	29.1	1.33	20.2	0.94	22.7	1.51
F. TOTAL ASSETS	3,209.3	100.00	2,185.4	100.00	2,146.7	100.00	1,505.3	100.00
G. SHORT-TERM FUNDING								
1. Bank Borrowings (< 1 Year)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Securities Issues (< 1 Year)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other (incl. Deposits)	500.0	15.58	20.3	0.93	428.8	19.97	57.8	3.84
TOTAL G	500.0	15.58	20.3	0.93	428.8	19.97	57.8	3.84
H. OTHER FUNDING								
1. Bank Borrowings (> 1 Year)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Borrowings (incl. Securities Issues)	786.4	24.5	626.4	28.7	633.6	29.5	540.7	35.9
3. Subordinated Debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Hybrid Capital	n.a.	-	n.a.	-	n.a.	-	n.a.	-
TOTAL H	786.4	24.50	626.4	28.66	633.6	29.52	540.7	35.92
I. OTHER (Non-Int Bearing)								
1. Derivatives (incl. Fair value of guarantees)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Fair value portion of debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other (Non-Int Bearing)	103.6	3.23	94.1	4.31	62.3	2.90	49.5	3.29
TOTAL I	103.6	3.23	94.1	4.31	62.3	2.90	49.5	3.29
J. GENERAL PROVISIONS & RESERVES	n.a.	-	n.a.	-	n.a.	-	n.a.	-
L. EQUITY								
1. Preference Shares	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Subscribed Capital	2,066.8	64.40	2,014.0	92.16	2,010.9	93.67	1,591.9	105.75
3. Callable Capital	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Arrears/Advances on Capital	(444.6)	(13.85)	(730.6)	(33.43)	(1,153.1)	(53.72)	(888.7)	(59.04)
5. Paid in Capital (memo)	1,622.2	50.55	1,283.4	58.73	857.8	39.96	703.2	46.71
6. Reserves (incl. Net Income for the year)	197.1	6.14	161.2	7.38	164.2	7.65	154.1	10.24
7. Fair-value revaluation reserve	n.a.	-	n.a.	-	n.a.	-	n.a.	-
TOTAL L	1,819.3	56.69	1,444.6	66.10	1,022.0	47.61	857.3	56.95
M. TOTAL LIABILITIES & EQUITY	3,209.3	100.00	2,185.4	100.00	2,146.7	100.00	1,505.3	100.00
Exchange rate	USD1 = USD1		USD1 = USD1		USD1 = USD1		USD1 = USD1	

Inter-American Investment Corporation (IDB Invest)
Income Statement

	31 Dec 2018		31 Dec 2017		31 Dec 2016		31 Dec 2015	
	Year End USDm Original	As % of Earning Assets	Year End USDm Original	As % of Earning Assets	Year End USDm Original	As % of Earning Assets	Year End USDm Restated	As % of Earning Assets
1. Interest Received	65.5	2.08	43.9	2.06	41.7	1.98	44.2	3.01
2. Interest Paid	26.6	0.84	17.0	0.80	12.6	0.60	9.4	0.64
3. NET INTEREST REVENUE	38.9	1.23	26.9	1.26	29.1	1.38	34.8	2.37
4. Other Operating Income	114.2	3.63	93.4	4.37	68.0	3.23	7.2	0.49
5. Other Income	8.3	0.3	8.7	0.4	2.4	0.1	(0.2)	0.0
6. Personnel Expenses	n.a.	-	11.2	0.52	8.1	0.39	8.2	0.56
7. Other Non-Interest Expenses	119.0	3.78	86.1	4.03	71.1	3.38	36.2	2.47
8. Impairment charge	18.3	0.6	14.1	0.7	(3.5)	-0.2	(6.3)	-0.4
9. Other Provisions	0.0	0.0	0.0	0.0	6.0	0.3	0.7	0.0
10. PRE-DERIVATIVE OPERATING PROFIT	24.1	0.77	17.6	0.82	17.8	0.85	3.0	0.20
11. Net gains / (losses) on non-trading derivative instruments	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. POST-DERIVATIVE OPERATING PROFIT	24.1	0.77	17.6	0.82	17.8	0.85	3.0	0.20
13. Other income and expenses	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. NET INCOME	24.1	0.77	17.6	0.82	17.8	0.85	3.0	0.20
15. Fair value revaluations recognised in equity	11.8	0.4	(20.6)	-1.0	(7.8)	-0.4	4.3	0.3
16. FITCH'S COMPREHENSIVE NET INCOME	35.9	1.14	(3.0)	(0.14)	10.0	0.48	7.3	0.50

**Inter-American Investment Corporation (IDB Invest)
Ratio Analysis**

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	Year End	Year End	Year End	Year End
	%	%	%	%
	Original	Original	Original	Restated
I. PROFITABILITY LEVEL				
1. Net Income/Equity (av.)	1.5	1.4	1.9	0.4
2. Net Income/Total Assets (av.)	0.9	0.8	1.0	0.2
3. Net Interest Revenue + Commitment Fees / Gross Loans + Treasury Assets + Guarantees (av.)	1.5	1.3	1.6	n.a.
4. Cost-Income Ratio	77.7	80.9	81.6	105.7
5. Income from Equity Investment / Equity Investment (av.)	1.3	5.5	3.6	-14.6
6. Provisions / Average Total Banking Exposure (excl LCs)	1.3	1.5	0.3	-0.6
II. CAPITAL ADEQUACY				
1. Net Total Banking Exposure (excl LCs) / Subscribed Capital + Reserves	75.4	44.5	39.2	54.6
2. Equity/Adjusted Total Assets	56.7	66.1	47.6	57.0
3. Equity /Adjusted Total Assets + Guarantees	56.4	66.0	47.6	57.0
4. Paid-in capital / Subscribed capital	78.5	63.7	42.7	44.2
5. Internal Capital Generation after Distributions	2.2	-0.2	1.1	0.9
III. LIQUIDITY				
1. Liquid Assets / Short-term debt	293.9	5,873.4	297.3	914.4
2. Treasury Assets / Total Assets	45.8	54.6	59.4	35.1
3. Treasury Assets IG + eligible non IG / Total Assets	45.8	54.6	59.4	35.1
4. Unimpaired Trade Financing Loans / Total Assets	n.a.	n.a.	n.a.	n.a.
5. Liquid Assets / Total Assets	45.8	54.6	59.4	35.1
6. Liquid Assets / Undisbursed Loans & Equity	382.0	476.4	979.9	247.5
IV. ASSET QUALITY				
1. Impaired Loans /Gross Loans	0.9	0.9	1.0	1.0
2. Loan Loss Reserves / Gross Loans	4.4	5.2	4.1	3.8
3. Total reserves / Gross Loans, Equity Investment & Guarantees	3.7	4.9	3.9	3.7
4. Loan Loss Reserves/Impaired Loans	514.1	564.8	396.6	367.0
V. LEVERAGE				
1. Debt/Equity	70.7	44.8	104.0	69.8
2. Debt/Subscribed Capital + Reserves	56.8	29.7	48.8	34.3
3. Debt/Callable Capital	n.a.	n.a.	n.a.	n.a.
4. Net Income + Interest Paid/Interest Paid	190.6	203.5	241.3	131.9

**Inter-American Investment Corporation (IDB Invest)
Spread Sheet Annex**

	31 Dec 2018	31 Dec 2017	31 Dec 2016	31 Dec 2015
	USDm	USDm	USDm	USDm
	Original	Original	Original	Restated
1. LENDING OPERATIONS				
1. Loans outstanding	1,513.8	958.2	854.4	961.3
2. Undisbursed Loans	495.5	250.3	130.1	213.5
3. Approved Loans	1,746.6	1,063.7	442.9	325.9
4. Disbursed Loans	906.6	403.6	152.7	306.9
5. Loan Repayments	349.6	301.7	256.8	356.8
6. Net disbursements	557.0	101.9	-104.1	-49.9
Memo: Loans to Sovereigns	n.a.	n.a.	n.a.	n.a.
Memo: Loans to Non-Sovereigns	1,513.8	958.2	854.4	961.3
2. OTHER BANKING OPERATIONS				
1. Equity participations & Investment Securities	242.4	55.4	32.1	29.5
2. Guarantees (off BS)	17.1	4.7	0.0	0.0
Memo: Guarantees to Sovereigns	0.0	0.0	0.0	0.0
Memo: Guarantees to Non-Sovereigns	17.1	4.7	0.0	0.0
3. TOTAL BANKING EXPOSURE (BS and off BS)				
1. Total banking exposure (Loans + Equity Participations + Debt Securities + Guarantees (off BS))	1,773.3	1,018.3	886.5	990.8
2. Growth in total banking exposure	74.1	14.9	-10.5	-5.9
Memo: Non Sovereign Exposure	1,773.3	1,018.3	886.5	990.8
Memo: LCs and other off BS credit commitments (not incl. in Total Banking Exposure)	n.a.	n.a.	n.a.	n.a.
4. SUPPORT				
1. Share of AAA / AA shareholders in callable capital	n.a.	n.a.	n.a.	n.a.
2. Share of A / BBB shareholders in callable capital	n.a.	n.a.	n.a.	n.a.
3. Share of Speculative Grade shareholders in callable capital	n.a.	n.a.	n.a.	n.a.
4. Rating of callable capital ensuring full coverage of net debt	1.0	1.0	1.0	1.0
5. Weighted Average Rating of Key Shareholders	BBB	BBB+	BBB-	BB
5. BREAKDOWN OF BANKING PORTFOLIO				
1. Loans to Sovereigns / Total Banking Exposure	n.a.	n.a.	n.a.	n.a.
2. Loans to Non Sovereigns / Total Banking Exposure	85.4	94.1	96.4	97.0
3. Equity participation / Total Banking Exposure	3.7	4.8	3.6	3.0
4. Guarantees covering Sovereign risks / Total Banking Exposure	0.0	0.0	0.0	0.0
5. Guarantees covering Non-Sovereign risks / Total Banking Expo	1.0	0.5	0.0	0.0
Memo: Non Sovereign Exposure [2.+3.+5.] / Total Banking Exposure	100.0	100.0	100.0	100.0
6. CONCENTRATION MEASURES				
1. Largest exposure	70.0	55.0	50.0	50.0
2. Five largest exposures	258.7	218.2	190.0	192.5
3. Largest exposure / Equity (%)	3.9	3.8	4.9	5.8
4. Five largest exposures / Equity (%)	14.2	15.1	18.6	22.5
5. Largest exposure / Total Banking Exposure (%)	4.0	5.4	5.6	5.1
6. Five largest exposures / Total Banking Exposure (%)	14.6	21.4	21.4	19.4
7. CREDIT RISK				
1. Average Rating of Loans & Guarantees	9.0	8.0	9.0	9.0
2. Loans to Investment Grade Borrowers / Gross Loans	16.2	15.4	29.5	37.0
3. Loans to Sub-Investment Grade Borrowers / Gross Loans	96.5	84.6	64.7	63.0
4. Share of Treasury Assets rated AAA-AA	66.0	69.2	76.4	83.2
5. Average rating of treasury assets	AA-	AA-	AA-	AA-
8. LIQUIDITY				
1. Treasury Assets	1,469.4	1,192.4	1,274.9	528.5
2. Treasury Assets o/w IG + eligible non-IG	1,469.4	1,192.3	1,274.9	528.5
3. Unimpaired Short-Term Trade Financing Loans	n.a.	n.a.	n.a.	n.a.
4. Unimpaired Short-Term Trade Financing Loans - discounted 40'	n.a.	n.a.	n.a.	n.a.
5. Liquid Assets [2. + 4.]	1,469.4	1,192.3	1,274.9	528.5

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