

## SSA Spotlight: Time to invest in IDB Invest?

By Ethan Currie & Warren Lovely

IDB Invest (ticker: IDBINV) is the private sector arm of the IDB Group – a multilateral development bank (MDB) – which aims to promote the development and strengthening of private sector enterprises in Latin America and the Caribbean. Comprised of 48 shareholder countries, IDBINV has undergone general capital increases (GCI) three times since its inception – most recently, USD\$3.5 billion in 2024 – a clear sign of shareholder confidence and of IDB Invest’s ability to deliver (Chart 1). Keenly noted by credit rating agencies (AAA / AA+ / Aa1 – Fitch, S&P, Moody’s), IDB Invest has “excellent capitalization”, operating exclusively with 100% paid-in capital, and boasting a strong risk management framework. A recently assigned ‘positive’ outlook from S&P was also awarded on strong shareholder support. The institution sets strict limits which guide lending activity, including a 15% maximum exposure to a single country, or 20% maximum for a given sub sector. Non-performing loans remain muted, while IDBINV has continued to be prudent in their loan loss allowance budgeting (Chart 2).

IDB Invest’s ability to deliver on all metrics – including risk management, business development, and impact reporting – has led to growing shareholder confidence and increased capital commitments. As such, bond issuance has also stepped up significantly – is it time to revisit the RV case? IDBINV is now the associated ticker on 28 active bonds, which vary across the term structure and in currency denomination (Chart 3). With ~\$9.0 bln (USD equiv) outstanding, that amount has picked up significantly, as IDBINV increases its presence in primary. The issuer has also tapped new currencies in recent years – notably, the EUR, which is now the denomination of over a fifth of outstanding debt (Chart 4). IDB Invest’s Euro curve, which consists of three benchmark-sized issues – was enhanced earlier this month with its first Euro green bond (previous conventional / social). That €500MM deal was taken up by over thirty investors, with 59% sold to central banks and official institutions. The seven-year bond helped to extend maturities, and was priced 2bps inside guidance, highlighting strong investor appetite. Incremental value in the IDBINV name can be realized across the curve – which trades 10-20bps over Treasuries and at a spread to other SSA issuers with larger

borrowing programs (Chart 5). We’d highlight this premium in the context of a credit-positive outlook, where agencies have noted the strong financial profile of IDB Invest that already reflects a AAA name – as such, we see scope for basis compression. We would also flag attractive yield picks over swaps, where shorter-term USD bonds can offer up to 50bps (Chart 6). IDBINV spread performance had been quite strong in 2024, a representative 5Y bond compressing as much as 10bps to the UST benchmark (Chart 7).

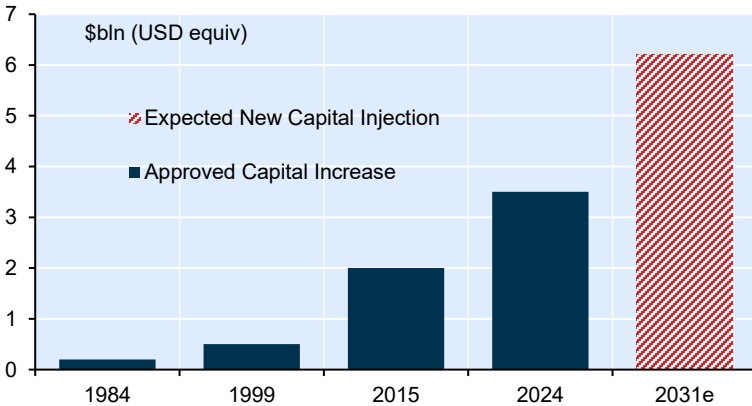
Those levels had backed up as economic uncertainty spiked in the first half of 2025 but are starting to catch a relative bid once again. That’s a similar story to that told by corporate spread performance, which is also largely unchanged year-to-date. However, IG corporate spreads have displayed plenty of volatility in their valuations relative to IDBINV differentials, which have traded considerably more rangebound (Chart 8). As capital races in to support IDB Invest’s global operations, there’s scope for continued development of a multi-currency bond curve, which should help to compress spreads to levels consistent with the issuer’s credit quality and growth outlook.

Issuer Profile: Inter-American Investment Corporation		
Ticker   Status   Ownership		
IDBINV	MDB	48 Countries
Credit Rating		
S&P: AA+ (Positive)	Moody's: Aa1 (Stable)	Fitch: AAA (Stable)
Debt & Borrowing		
Amount O/S	USD\$bln (equiv)	9.07
W.Avg Term	Years	3.30
W.Avg Cpn	%	3.35
Due in 2025	USD\$bln (equiv)	0.13
No. of Issues	#	28
USD Debt	% of Total	59.0
EU Basel III R.W.	%	20
2025 Issue Target	USD\$bln (equiv)	2.0 - 2.5

Note: As at 28-Jul-2025. Statistics via Bloomberg <DDIS>. For additional detail on select SSA / PSE / Provincial issuers, please see [NBC's SSA Fact Sheet](#).

Chart 1: Capital increases signal shareholder confidence...

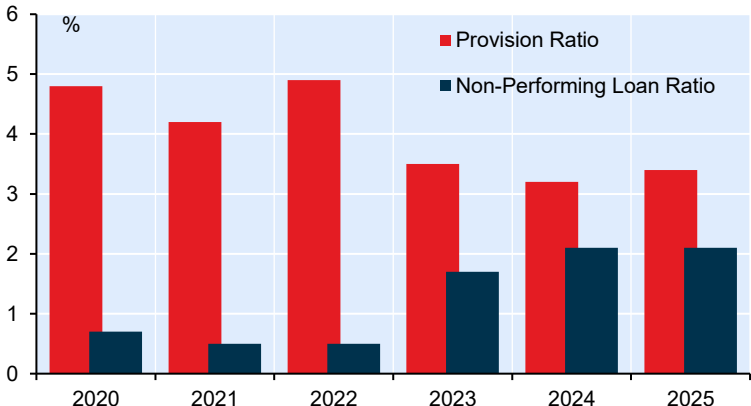
Approved general capital increases (GCI) since inception, paid-in cap trajectory



Source: NBC, IDBINV | Note: 1984 was initial funding, 2031 is excl. retained earnings

Chart 2: ...enhanced by steady provisions / loan performance

Non-performing loan ratio and provisioning ratio, since 2020

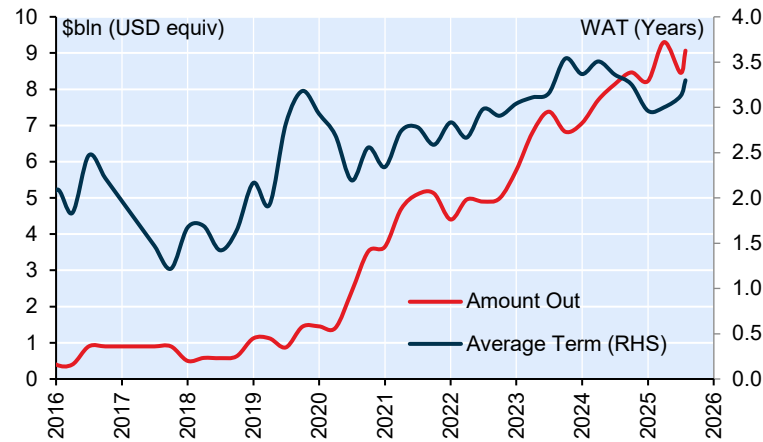


Source: NBC, IDBINV | Note: 2025 is to Q1 (calendar basis)

Since inception, IDB Invest has approved three general capital increases (GCI), the latest and largest (GCI-III) occurring last year. Steady paid-in capital growth “suggests enhancements to how shareholders view the institution,” per S&P. This vote of confidence also stems from IDB Invest’s conservative risk management—across sector exposures, provisions, and leverage. A growing capital base supports key priorities, while the issuer’s bond program continues to scale in both quantity and quality (more on this below) ...

### Chart 3: Growing ops → growing IDBINV bond program...

IDBINV outstanding bond program – weighted average term and amount O/S

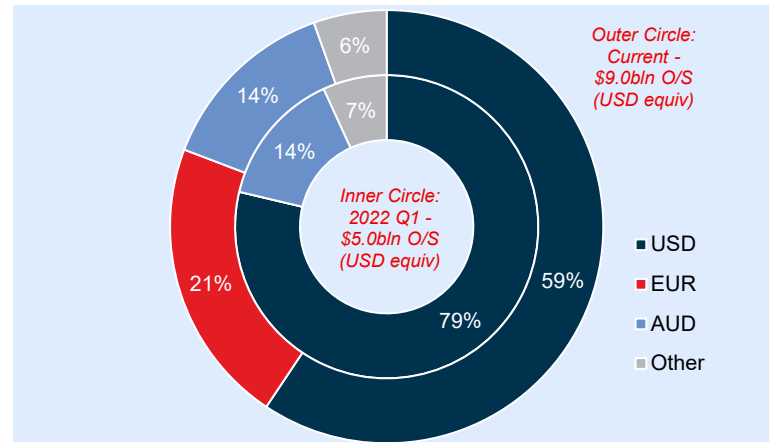


Source: NBC, Bloomberg | Note: Current issuer bonds

IDB Invest has had a steadily growing presence in the primary issuance market over the last decade. With 28 issues currently outstanding, the bond program has grown by \$4 bln (USD equiv) since the start of 2022, with issues in six different currencies and across the term structure, with bonds maturing in 2025 and out to 2045 (though larger, shorter-term issues have been more common).

### Chart 4: ... where curves continue to develop (in varying \$)

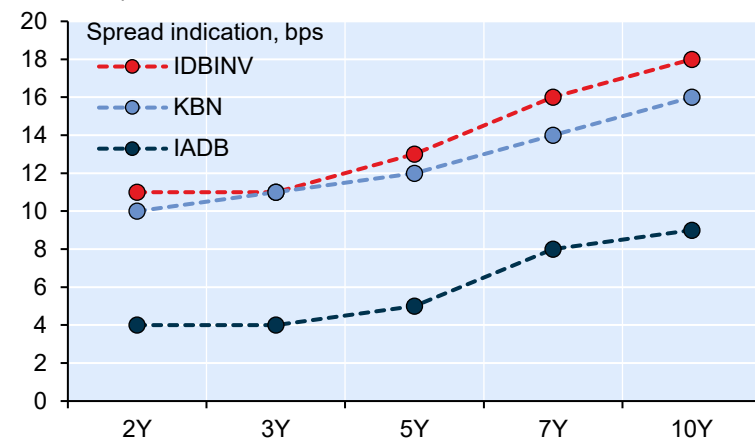
IDBINV outstanding bond program – by currency (share)



Source: NBC, Bloomberg | Note: Current issuer bonds; 'Other' includes COP, MXN, BRL

### Chart 5: IDBINV offers yield pick to other SSAs, USTs

New issue spread indications over UST

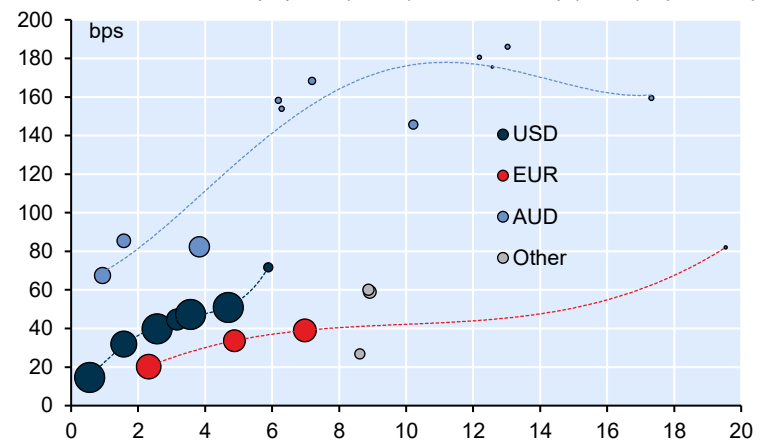


Source: NBC | Note: Indicative NI spreads as at 22-Jul-2025

IDBINV bonds currently offer a minimum spread of 10bps over Treasuries across all tenors, and trade at a basis to both tier 1 SSAs and select tier 2 names (w/ a steeper credit curve too). Valuations are particularly attractive on asset swap, where investors can select from a series of well-developed (and building) curves – a 50bp USD pick in a <5Y tenor, on a AAA-rated name ain't too shabby.

### Chart 6: Perspective on IDBINV asset swap value

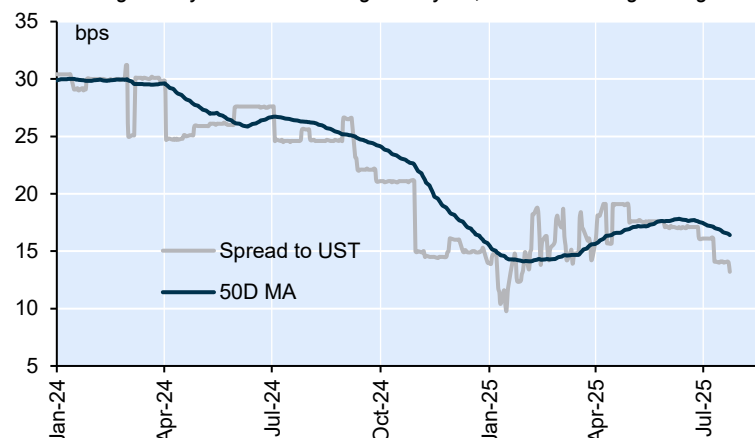
IDBINV bonds – asset swap spread (Y-axis), time to maturity (X-axis), by currency



Source: NBC, Bloomberg | Note: Bubble sized scaled to AMT out; spline is 4<sup>th</sup> degree poly

### Chart 7: Tighter G-spreads since peak uncertainty...

IDBINV 5Y generic yield less UST 5Y generic yield, and 50D moving average

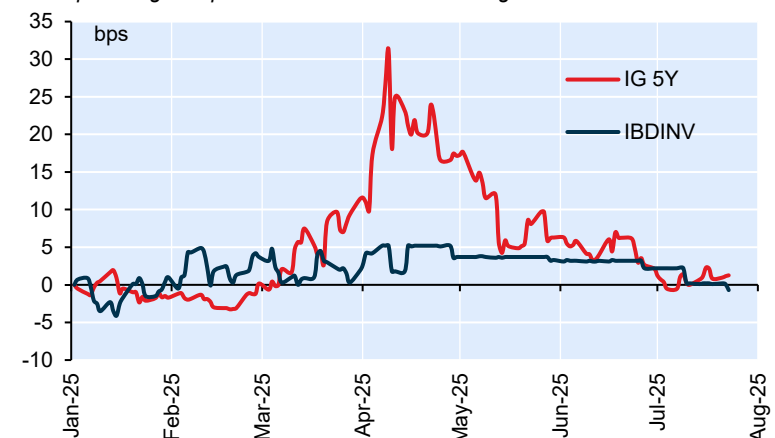


Source: NBC, Bloomberg | Note: Generic 5Y IDBINV is closest USD 5Y w/ min \$0.5 bln out

IDBINV yield spreads to UST are largely unchanged YTD, after a structural rally in 2024. With last year's approved capital increase, funding is starting to come in and we see scope for further spread compression across the curve. Relative to corporate spreads, IDBINV differentials exhibit lesser volatility, as early April's shock to asset valuations was much less pronounced in IDBINV spreads.

### Chart 8: ... similar 2025 story in IG, albeit a bumpier ride

YTD bps change in spread to UST – 5Y IG index vs generic IDBINV 5Y



Source: NBC | Note: Indexed change to level at 1-Jan-2025



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