Inter-American Development Bank

Full Rating Report

Ratings

Long-Term IDR	AAA
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable

Financial Data

Inter-American Development Bank

	Jun 18 (1H)	Dec 17 (FY)
Total assets (USDm)	132,107	126,240
Equity to assets (%)	25.2	26.1
Average rating of loans & guarantees	BB	BB
Impaired loans ratio (%)	2.7	0.5
Five largest exposures to total exposure (%)	57.4	56.9
Share of non-sovereign exposure (%)[a]	6.5	6.9
Net income/equity (%)	1.8	2.1
Average rating of key shareholders	A−	A

[a] As per Fitch's definition, IADB's non-sovereign exposures comprise its non-sovereign loans as well as its non-sovereign guarantee exposures.
Source: Fitch Ratings

Related Research

Preferred-Creditor Status (October 2018)
Fitch Ratings 2019 Outlook: Supranationals (December 2018)

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Key Rating Drivers

Excellent Capitalisation: Inter-American Development Bank's (IADB) equity/assets and guarantees ratio improved to 25.2% at end-1H18 (end-2016: 24.1%), following the consolidation of its concessional lending arm's USD5.8 billion paid-in equity into its ordinary balance sheet. We expect IADB's capitalisation to remain "excellent" at end-2021, reflecting moderate growth in banking exposures (4% per year on average) and a redeployment of the bank's sizeable treasury assets cushion to finance future loans.

Limited Impact of Venezuela's Non-Payment: USD88.3 million of loans extended to Venezuela (RD) fell into arrears by over 180 days in May 2018, leading the bank to consider USD2 billion of loans outstanding (2.3% of banking exposures) to this country as non-accrued. Though Fitch Ratings considers these exposures as non-performing, IADB's NPL ratio is "low", in our view, at 2.7% at end-1H18 (end-2017: 0.5%). We consider that the bank's preferred-creditor status (PCS) remains "excellent", given the very low sovereign default occurrences in IADB's history.

Concentration Main Rating Weakness: IADB's five largest borrowers accounted for 57% of its banking exposures at end-1H18 (end-2016: 58%), when taking into account the effects of exposure exchange agreements (EEAs), which Fitch considers a "moderate" risk. We understand that IADB could execute further EEA transactions with 'AAA' rated peers, which could improve its concentration ratio, currently expected to reach 55% at end-2021.

Highly Liquid Balance Sheet: IADB has substantially increased the size of its treasury assets holdings, which accounted for 30% of total assets as of end-1H18 (end-2016: 25%). Though we expect IADB to partially use this sizeable cushion to finance loan disbursements, we expect the bank to maintain "excellent" short-term debt coverage by liquid assets of 1.8x (end-1H18: 2.2x). Combined with "excellent" treasury assets credit quality and capital market access, its liquidity profile is one of the strongest among Fitch-rated multilateral development banks (MDBs).

Low-Risk Business Environment: IADB's low-risk business environment translates into a one-notch positive adjustment over its solvency assessment of 'aa+'. This is mainly driven by IADB's low-risk sovereign-focused strategy, moderate lending growth targets and very important policy mandate. IADB's operating environment is a "medium" risk, in our view, considering the credit quality, political risk and business climate of its countries of operations.

Shareholders' Support Remains Strong: IABD's 'AAA' rating is driven by the bank's intrinsic features; hence extraordinary support is a secondary rating driver. In line with our lending and capitalisation projections, we expect the rating of the lowest-rated shareholders whose callable capital ensures full coverage of outstanding net debt to reduce to 'A' by end-2021 (end-2017: 'AAA'). Nevertheless, the share of IADB's 'AAA' rated callable shares is very high, and our support assessment factors in "strong" shareholder support propensity for IADB.

Rating Sensitivities

Prolonged Capitalisation Depletion: A significant decline in IADB's projected equity/assets and guarantees ratio, resulting from a marked decline in internal capital generation or higher-than-expected lending growth, would be negative for the rating.

Significant Risk Profile Deterioration: A significant deterioration in the bank's risk profile, stemming from deteriorated credit risk metrics and/or worsening concentration risk, would have negative rating implications.

Intrinsic Rating Assessment

Indicative value	Assessment
Solvency	aa+
Liquidity	aaa
Business environment	+1
Intrinsic rating	aaa

Source: Fitch Ratings

Business Environment

IADB is an MDB established in 1959 and based in Washington DC (US). It extends loans and guarantees to sovereign and private borrowers in Latin America and the Caribbean with a focus on poverty reduction, sustainable development, infrastructure, education and social needs.

On 14 May 2018, USD88.3 million of loans extended by IADB to Venezuela fell into arrears by more than 180 days (arrears totalled USD99 million as of end-June 2018). This constitutes the first payment incident on a sovereign loan affecting the bank since Suriname (B−/Stable) was placed in non-accrual status in 2000. Consistent with its internal policy, the bank moved the entirety of its USD2 billion of loans outstanding to Venezuela into non-accrual status. The bank had suspended any disbursement to the country after 30 days of arrears (in November 2017) in line with its suspension of payment policy, which we consider as a conservative practice. In our view, amounts outstanding to Venezuela should have a limited effect on IADB's solvency profile, representing 2.3% of the bank's total loan exposure, or 6.2% of its total equity.

Fitch considers IADB's business environment as "low" risk, an assessment that combines the bank's "low" risk business profile and "medium" risk operating environment. IADB's business environment assessment translates into one notch of uplift above its 'aa+' solvency assessment, resulting in an intrinsic rating of 'AAA'.

Business Profile

IADB's business profile is "low" risk, in our view.

We assess the size of IADB's total banking exposure of USD89.3 billion at end-1H18 as a "low" risk. This is in line with 'AAA' rated regional peers, such as African Development Bank (AfDB) and Asian Development Bank (AsDB), whose respective banking exposures reached USD27 billion and USD105 billion at end-2017, but lags behind a global MDB such as International Bank for Reconstruction and Development's (IBRD) USD185 billion.

The vast majority of IADB's banking exposure consists of loans, which accounted for 99.6% of financing granted as of end-1H18, the remainder consisting of guarantees. IADB is predominantly a sovereign lender (only 6.5% of its total banking exposures related to non-sovereign counterparts at end-1H18), which positively affects our business profile assessment. Since 2016 and until 2023, IADB is transferring its private-sector operations to a sister organisation, IDB Invest (AAA/Stable), meaning that IADB's sovereign focus will be reinforced.

In our view, risks associated with the strategy followed by IADB are "low". In 2017, net loan disbursements reached USD2.5 billion, compared to a yearly average of USD3.4 billion in 2013-2017. Fitch anticipates relatively conservative net disbursement figures in 2018-2021, at approximately USD4 billion per year on average.

IADB's governance standards are in line with those of 'AAA' rated peers. The bank's board of governors, composed of a representative of each member state, is its overarching authority and delegates most of its powers to a 14-member board of directors. The US and Canada both have a permanent seat on the board of directors, with the US holding a significant share of the total voting power (30%). The president of the bank is also the board's chair. Risk management depends on experienced senior staff operating under a relatively simple organisational structure with adequate policy transparency and enforcement. Fitch expects the bank to preserve its long-standing culture of conservative risk management and underwriting.

Operating Environment

Fitch assesses IADB's operating environment as "medium" risk, considering the credit quality, political risk and business climate of the countries in which it operates. At purchasing power parity, Fitch estimates that IADB's countries of operations' per capita income was approximately USD9,000 at end-September 2018, which compared favourably with levels at

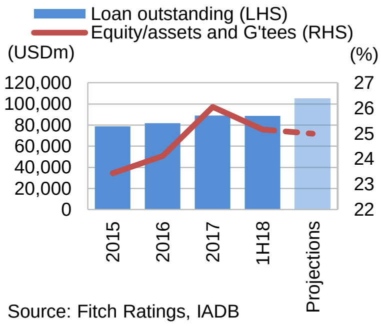
Related Criteria

Supranationals Rating Criteria (May 2018)

AfDB (USD2,600), AsDB (USD6,200) and IBRD (USD6,700). The region also faces challenges with respect to political stability, government effectiveness and the rule of law according to World Bank governance indicators, scoring below other regions with the exception of Africa and the Middle East. Our assessment factors in the low-risk operating environment in the United States, where the bank is headquartered.

Excellent Capitalisation Levels

Loan outstanding and equity base



Source: Fitch Ratings, IADB

Solvency

Fitch assesses IADB's solvency at 'aa+', which reflects the bank's "excellent" capitalisation metrics as well as its "low" risk profile.

Capitalisation

Peer Comparison: Capital Ratios and Profitability

	IADB (AAA)		AfDB (AAA)	AsDB (AAA)	IBRD (AAA)
	June-2018	Projection[a]	End-2017	End-2017[b]	June-2017
Equity/adjusted assets (%)	25.2	25.0	22.5	36.0	15.7
Internal capital generation (%)	0.9	2.5	3.4	97.4	6.5

[a] Medium-term projections
[b] AsDB's internal capital generation is distorted by the consolidation of its concessional lending arm into this bank's ordinary resources, which is considered as a one-off comprehensive income item.
Source: Fitch Ratings, MDBs

With an equity/assets and guarantees ratio of 25.2% as of end-1H18, IADB's capitalisation has improved since end-2016 (24.1%). This equity consolidation was mainly driven by the transfer of the net assets of its concessional lending arm, the Fund for Special Operation (FSO), in 2017, whose USD5.8 billion paid-in capital was consolidated into the bank's ordinary balance sheet. Conversely, IADB's capitalisation ratio was hampered by a material increase in the stock of highly liquid treasury assets in 2017 and 1H18.

In our view, IADB's mid-year internal capital generation metrics are not relevant measures of its profitability, because the bank's profitability figures are seasonal and loan disbursements and interest earnings typically pick up during the last six months of the year. As of 2017, internal capital generation deteriorated to 2.1% compared to 4.3% in 2016. This deterioration partially reflects the IADB board's decision to decrease the lending spread for non-concessional sovereign loans to 0.85% from 1.15% in 2016. In addition, interest payments have increased, consistent with rising USD interest rates, which are affecting all 'AAA' rated MDBs.

Risks Assessment

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

Source: Fitch Ratings

Fitch projects IADB's equity/assets and guarantees ratio at 25% by end-2021, which is the threshold for an "excellent" capitalisation assessment, as set out in our *Supranationals Rating Criteria*. We assume decreasing treasury assets stocks during the forecast period to finance future loan disbursement, which exerts positive pressure on IADB's capitalisation and leverage metrics.

We forecast internal capital generation to be broadly in line with 2017 standards, at 2.5% of average equity by 2021. Profitability will remain an important equity growth driver in the medium term, supported by the bank's strong ability to pass increasing borrowing costs on to its borrowers. In addition, we believe that IADB's internal "Income Management Model" framework provides the bank with a high degree of pricing flexibility, while ensuring the maintenance of internal capital generation at levels commensurate with its current "excellent" capitalisation assessment, even in the absence of a capital increase. In addition, the placement of Venezuela in non-accrual status only marginally affects our profitability forecast given the relatively small size of the exposure to the country.

Risks

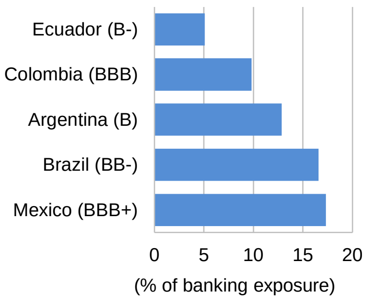
Despite the placement of Venezuela in non-accrual status, IADB's overall risk profile remains low, in our view.

Fitch's assessment of the average credit quality of IADB's loans and guarantees remained unchanged at 'BB' at end-June 2018. However, this metric is sensitive to a multi-notch downgrade of Mexico (BBB+/Negative), Brazil (BB−/Stable) or Argentina (B/Negative). Prior to Venezuela's non-payment, IADB's non-performing loans only related to very small exposures to non-sovereign borrowers, totalling 0.5% of gross loans as of end-December 2017. Fitch accounts for the full Venezuela exposures as non-performing, which differs from IaDB's approach, and entails an increase in the bank's NPL ratio to 2.7% as of end-June 2018.

In line with its risk management rules, the bank has placed its loan exposures to Venezuela in non-accrual status. IADB considers that non-concessional sovereign loans placed in the non-accrual category will ultimately be paid and therefore the bank does not consider these loans as impaired. Consistent with our supranationals rating standards, we consider the loan exposures to Venezuela as non-performing.

Since placement in non-accrual status in May 2018, loan payment collections received from Venezuela have amounted to USD11 million. In our view, this evidences a willingness on the part of Venezuela to undertake payments due to the bank. We consider that IADB's NPL ratio will slightly decrease to 2.4% of gross loans by end-2021, in line with the gradual dilution of the non-performing exposure to Venezuela within its growing loan book.

Top 5 Exposures
Share of total banking exposures, 1H18, before exposure swaps



Source: Fitch Ratings, IADB

In our view, IADB continues to benefit from "excellent" PCS on its sovereign exposures (93% of the total banking portfolio as of end-1H18), despite Venezuela's non-payment. In a report on PCS dated 11 October 2018, Fitch demonstrated that IADB benefits from a very solid track record of loan repayment from sovereign borrowers, including from Latin American and Caribbean countries in default to at least one official creditor over the past 20 years. Overall, we consider Venezuela's non-payment as an isolated event and we do not expect additional non-payments from sovereign borrowers in the immediate future; this is factored into our assessment of IADB's PCS.

Concentration risk is moderate, in our view, and constitutes the bank's main rating weakness relative to its other very strong intrinsic features, with IADB's five largest exposures accounting for 57.4% of total banking exposures at end-1H18 (end-2016: 58.1%), when taking EEA guarantees into account.

The EEA programme was developed in 2016 by IADB, IBRD and AfDB. The agreement involves the three institutions exchanging guarantees related to their largest sovereign credit-risk exposures, in order to improve concentration measures. Fitch estimates that IADB has made moderate use of the EEA programme so far, which enabled the bank to improve its top five borrowers/total banking exposure ratio by roughly 4 percentage points in 1H18. We understand that IADB is at an early stage of discussing additional EEA transactions with its two MDB peers. Absent additional executions of EEA contracts, we expect IADB's concentration ratio to decrease to 55% at end-2021, a "moderate" risk, in our view.

IADB's management of its exposures to market risks is in line with 'AAA' rating standards, in Fitch's opinion. Foreign-currency risk is limited as the bank aligns the currency composition of its assets and liabilities through recourse to swaps and maintains all equity in US dollars. Interest-rate risk is kept at very low levels as borrowings are swapped into floating rates to match interest rate features of loans.

Liquidity Assessment

Indicative value	Risk level
Liquidity buffer	Excellent
Quality of treasury assets	Excellent
Access to cap markets & alt. sources of liquidity	Excellent

Source: Fitch Ratings

Assessment of IADB's "excellent" risk management policies is an important rating driver. In addition to its Income Management Model (see *Capitalisation* above), the bank abides by conservative and flexible capital adequacy and liquidity frameworks. In particular, IADB abides by conservative capital management rules, via its so-called "Capital Adequacy Policy" established in 2014, which ensures that the bank gradually builds countercyclical capital buffers while maintaining capitalisation metrics commensurate with its 'AAA' rating. Its liquidity management policy targets full coverage of its 12-month cash outflow, which is in line with similarly rated peers.

Peer Comparison: Risks

	IADB		AfDB	AsDB	IBRD
	June 2018	Projection[a]	End-2017	End-2017	June 2017
Estimated average rating of loans & guarantees	BB	BB	BB	BB+	BB+
Impaired loans/gross loans (%)	2.7	2.4	2.7	0.1	0.2
Five largest exposures/total loans (%)	57.4	55.0	34.5	57.3	39.9
Equity stakes/(loans + equity stakes) (%)	0.0	0.0	4.1	1.1	0.0

[a] Medium-term projections
Source: Fitch Ratings, MDBs

Liquidity

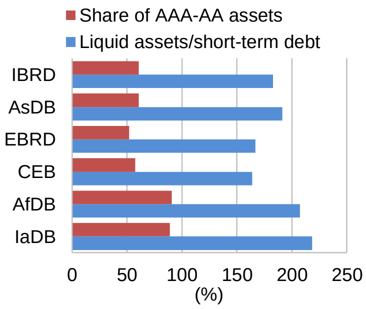
Peer Comparison: Liquidity

	IADB		AfDB	AsDB	IBRD
	June 2018	Projection[a]	End-2017	End-2017	June 2017
Liquid asset/short-term debt (%)	218.5	182.8	207.2	191.2	182.7
Share of treasury assets rated 'AA−' & above (%)	89.0	89.0	90.7	60.6	60.7

[a] Medium-term projections
Source: Fitch Ratings, MDBs

Sound Liquidity Profile

AAA-AA rated treasury assets and liquidity buffer



Source: Fitch Ratings, MDBs

We believe that IADB's liquidity profile – assessed at 'aaa' – is one of the strongest in the universe of Fitch-rated MDBs.

Liquidity Buffer

Fitch estimates that the credit quality of 98% of IADB's treasury assets (USD40 billion as of end-June 2018) is investment-grade. The bank's coverage of its short-term debt by liquid assets is substantially in excess of the 150% threshold for assessment as "excellent", at 218% at end-1H18. We forecast a decrease in IADB's main liquidity ratio, to 183% by end-2021, as we consider that the bank pre-funded future loan disbursements with treasury assets in anticipation of higher interest rates in the future; however, we anticipate that IADB's liquidity buffer will remain in its current assessment category.

Quality of Treasury Assets

At end-1H18, the share of treasury assets rated 'AA−' and above reached 89%, an excellent level, in our view, highlighting the bank's conservative investment management. When considering the robustness of its liquidity buffer and treasury assets credit quality, IADB's liquidity profile compares favourably with other 'AAA' rated institutions.

Access to Capital Markets and Alternative Sources of Liquidity

IADB's access to capital markets is "excellent", in line with other 'AAA' rated MDBs. During the first six months of 2018, proceeds from medium- and long-term debt raised in capital markets amounted to USD12.6 billion (versus USD10 billion in June 2017), and for the full year 2017, proceeds amounted to USD18.7 billion (2016: USD15.6 billion). Despite a slight increase in interest paid by the bank relative to gross outstanding debt, which is a common feature among highly rated MDBs, we consider that IADB benefits from a very strong franchise name, which supports our assessment of its capital markets access.

Shareholders’ Support

Support is a secondary rating driver for IADB, as the bank’s IDR of ‘AAA’ is driven by its very strong intrinsic features. We assess IADB’s support at ‘A’, based on the projected coverage of the bank’s net debt by its callable capital.

Peer Comparison: Shareholder Support

	IADB		AfDB	AsDB	IBRD
	June 2018	Projection[a]	End-2017	End-2017	June 2017
Coverage of net debt by callable capital	AAA	A	AAA	AA	A−
Average rating of key shareholders	A−	A−	BBB+	A+	AA−
Propensity to support	Strong	Strong	Strong	Strong	Strong

[a] Medium-term projections
Source: Fitch Ratings, MDBs

Capacity to Provide Extraordinary Support

As of end-1H18, IADB’s callable capital shares pledged by ‘AAA’ rated shareholders ensured full coverage of the bank’s net debt, defined as outstanding debt minus high credit-quality treasury assets. We anticipate this will no longer be the case by end-2021, with IADB’s net debt expected to be fully covered by callable capital shares rated ‘A’. This is due to the fact that, absent a capital increase, the bank’s callable capital stock of USD164.9 billion will remain unchanged, while IADB’s outstanding debt will grow to finance its relatively moderate lending growth.

Nevertheless, IADB’s shareholders’ support remains strong, in our view. The bank’s callable capital has very high credit quality overall, with 37% of callable shares pledged by countries rated ‘AAA’ (including the United States with 30% of the bank’s capital and Canada with 4%), which is very strong by industry standards.

Propensity to Provide Extraordinary Support

Fitch views IADB member states’ propensity to provide support as “strong”, given its importance for development finance in the Latin American region, as well as the track record of timely capital increases in the past. “Strong” support propensity means that support capacity and overall support rating are equalised (no notching up or down), translating into a support rating of ‘A’.

Inter-American Development Bank
Income Statement

	30 Jun 2018		31 Dec 2017		31 Dec 2016		31 Dec 2015	
	6 Months - Interim 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 Original	As % of Earning Assets
1. Interest Received	1,820.0	2.84	2,918.0	2.36	2,546.0	2.30	1,985.0	1.83
2. Interest Paid	1,019.0	1.59	1,223.0	0.99	797.0	0.72	409.0	0.38
3. NET INTEREST REVENUE	**801.0**	**1.25**	**1,695.0**	**1.37**	**1,749.0**	**1.58**	**1,576.0**	**1.45**
4. Other Operating Income	(4.0)	(0.01)	117.0	0.09	163.0	0.15	56.0	0.05
5. Other Income	19.0	0.0	(64.0)	-0.1	(67.0)	-0.1	(74.0)	-0.1
6. Personnel Expenses	n.a.	-	408.0	0.33	390.0	0.35	503.0	0.46
7. Other Non-Interest Expenses	394.0	0.62	328.0	0.27	286.0	0.26	265.0	0.24
8. Impairment charge	(26.0)	0.0	27.0	0.0	142.0	0.1	73.0	0.1
9. Other Provisions	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10.PRE-DERIVATIVE OPERATING PROFIT	**448.0**	**0.70**	**985.0**	**0.80**	**1,027.0**	**0.93**	**717.0**	**0.66**
11. Net gains / (losses) on non-trading derivative instruments	(157.0)	-0.2	(370.0)	-0.3	(179.0)	-0.2	443.0	0.4
12. POST-DERIVATIVE OPERATING PROFIT	**291.0**	**0.45**	**615.0**	**0.50**	**848.0**	**0.77**	**1,160.0**	**1.07**
13. Other income and expenses	n.a.	-	n.a.	-	0.0	0.0	(200.0)	-0.2
14. NET INCOME	**291.0**	**0.45**	**615.0**	**0.50**	**848.0**	**0.77**	**960.0**	**0.89**
15. Fair value revaluations recognised in equity	n.a.	-	n.a.	-	261.0	0.2	229.0	0.2
16. FITCH'S COMPREHENSIVE NET INCOME	**291.0**	**0.45**	**615.0**	**0.50**	**1,109.0**	**1.00**	**1,189.0**	**1.10**

Inter-American Development Bank
Balance Sheet

	30 Jun 2018 6 Months - Interim USDm Original	As % of Assets Original	31 Dec 2017 Year End USDm Original	As % of Assets Original	31 Dec 2016 Year End USDm Original	As % of Assets Original	31 Dec 2015 Year End USDm Original	As % of Assets Original
A. LOANS								
1. To / Guaranteed by Sovereigns	83,349.0	63.09	83,180.0	65.89	76,022.0	67.08	72,765.0	65.47
2. To / Guaranteed by public institutions	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. To / Guaranteed by Private Sector	5,531.0	4.19	5,902.0	4.68	5,930.0	5.23	5,980.0	5.38
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)	437.0	0.33	546.0	0.43	532.0	0.47	444.0	0.40
TOTAL A	**88,443.0**	**66.95**	**88,536.0**	**70.13**	**81,420.0**	**71.85**	**78,301.0**	**70.45**
B. OTHER EARNING ASSETS								
1. Deposits with Banks	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Securities held for Sale & Trading	39,243.0	29.71	33,154.0	26.26	27,292.0	24.08	27,901.0	25.10
3. Investment Debt Securities (incl. other invest.)	n.a.	-	9.0	0.01	0.0	0.00	n.a.	-
4. Equity Investments	0.0	0.00	n.a.	-	0.0	0.00	0.0	0.00
5. Derivatives (incl. Fair-value of guarantees)	1,379.0	1.04	1,688.0	1.34	2,054.0	1.81	2,224.0	2.00
TOTAL B	**40,622.0**	**30.75**	**34,851.0**	**27.61**	**29,346.0**	**25.90**	**30,125.0**	**27.11**
C. TOTAL EARNING ASSETS (A+B)	**129,065.0**	**97.70**	**123,387.0**	**97.74**	**110,766.0**	**97.74**	**108,426.0**	**97.56**
D. FIXED ASSETS	**n.a.**	**-**	**447.0**	**0.35**	**431.0**	**0.38**	**401.0**	**0.36**
E. NON-EARNING ASSETS								
1. Cash and Due from Banks	831.0	0.63	896.0	0.71	599.0	0.53	641.0	0.58
2. Other	2,211.0	1.67	1,510.0	1.20	1,529.0	1.35	1,671.0	1.50
F. TOTAL ASSETS	**132,107.0**	**100.00**	**126,240.0**	**100.00**	**113,325.0**	**100.00**	**111,139.0**	**100.00**
G. SHORT-TERM FUNDING								
1. Bank Borrowings (< 1 Year)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Securities Issues (< 1 Year)	17,931.0	13.57	17,500.0	13.86	12,280.0	10.84	13,892.0	12.50
3. Other (incl. Deposits)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
TOTAL G	**17,931.0**	**13.57**	**17,500.0**	**13.86**	**12,280.0**	**10.84**	**13,892.0**	**12.50**
H. OTHER FUNDING								
1. Bank Borrowings (> 1 Year)	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Borrowings (incl. Securities Issues)	75,017.0	56.8	70,928.0	56.2	68,046.0	60.0	65,268.0	58.7
3. Subordinated Debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Hybrid Capital	n.a.	-	n.a.	-	n.a.	-	n.a.	-
TOTAL H	**75,017.0**	**56.79**	**70,928.0**	**56.19**	**68,046.0**	**60.05**	**65,268.0**	**58.73**
I. OTHER (Non-Int Bearing)								
1.Derivatives (incl. Fair value of guarantees)	3,679.0	2.78	2,827.0	2.24	3,843.0	3.39	3,615.0	3.25
2. Fair value portion of debt	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other (Non-Int Bearing)	3,079.0	2.33	2,738.0	2.17	2,696.0	2.38	3,111.0	2.80
TOTAL I	**6,758.0**	**5.12**	**5,565.0**	**4.41**	**6,539.0**	**5.77**	**6,726.0**	**6.05**
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	176,752.0	133.79	176,752.0	140.01	170,940.0	150.84	156,939.0	141.21
3. Callable Capital	(164,901.0)	(124.82)	(164,901.0)	(130.63)	(164,901.0)	(145.51)	(151,240.0)	(136.08)
4. Arrears/Advances on Capital	(6.0)	(0.00)	(6.0)	(0.00)	(24.0)	(0.02)	(75.0)	(0.07)
5. Paid in Capital (memo)	11,851.0	8.97	11,851.0	9.39	6,039.0	5.33	5,699.0	5.13
6. Reserves (incl. Net Income for the year)	20,556.0	15.56	20,402.0	16.16	20,445.0	18.04	19,629.0	17.66
7. Fair-value revaluation reserve	n.a.	-	n.a.	-	n.a.	-	n.a.	-
TOTAL L	**32,401.0**	**24.53**	**32,247.0**	**25.54**	**26,460.0**	**23.35**	**25,253.0**	**22.72**
M. TOTAL LIABILITIES & EQUITY	**132,107.0**	**100.00**	**126,240.0**	**100.00**	**113,325.0**	**100.00**	**111,139.0**	**100.00**
Exchange rate	USD1 = USD1		USD1 = USD1		USD1 = USD1		USD1 = USD1	

Inter-American Development Bank
Ratio Analysis

	30 Jun 2018 6 Months - Interim % Original	31 Dec 2017 Year End % Original	31 Dec 2016 Year End % Original	31 Dec 2015 Year End % Original
I. PROFITABILITY LEVEL				
1. Net Income/Equity (av.)	1.8	2.1	3.3	3.9
2. Net Income/Total Assets (av.)	0.5	0.5	0.8	0.9
3. Net Interest Revenue + Commitment Fees / Gross Loans + Treasury Assets + Guarantees (av.)	1.3	1.5	1.6	1.5
4. Cost-Income Ratio	49.4	40.6	35.4	47.1
5. Income from Equity Investment / Equity Investment (av.)	n.a.	n.a.	n.a.	n.a.
6. Provisions / Average Total Banking Exposure (excl LCs)	-0.1	0.0	0.2	0.1
II. CAPITAL ADEQUACY				
1. Net Total Banking Exposure (excl LCs) / Subscribed Capital + Reserves	45.0	45.1	42.7	44.5
2. Equity/Adjusted Total Assets	25.2	26.1	24.2	23.5
3. Equity /Adjusted Total Assets + Guarantees	25.2	26.1	24.1	23.4
4. Paid-in capital / Subscribed capital	6.7	6.7	3.5	3.6
5. Internal Capital Generation after Distributions	0.9	2.1	4.3	4.9
III. LIQUIDITY				
1. Liquid Assets / Short-term debt	218.5	188.0	223.3	197.6
2. Treasury Assets / Total Assets	30.3	27.0	24.6	25.7
3. Treasury Assets IG + eligible non IG / Total Assets	29.7	26.1	24.2	24.7
4. Unimpaired Trade Financing Loans / Total Assets	n.a.	n.a.	n.a.	n.a.
5. Liquid Assets / Total Assets	29.7	26.1	24.2	24.7
6. Liquid Assets / Undisbursed Loans & Equity	n.a.	n.a.	n.a.	n.a.
IV. ASSET QUALITY				
1. Impaired Loans /Gross Loans	2.7	0.5	0.6	0.6
2. Loan Loss Reserves / Gross Loans	0.5	0.6	0.7	0.6
3. Total reserves / Gross Loans, Equity Investment & Guarantees	0.5	0.6	0.7	0.6
4. Loan Loss Reserves/Impaired Loans	18.1	114.5	107.7	95.3
V. LEVERAGE				
1. Debt/Equity	286.9	274.2	303.6	313.5
2. Debt/Subscribed Capital + Reserves	47.1	44.9	42.0	44.8
3. Debt/Callable Capital	56.4	53.6	48.7	52.3
4. Net Income + Interest Paid/Interest Paid	128.6	150.3	206.4	334.7

Inter-American Development Bank
Spread Sheet Annex

	30 Jun 2018 USDm Original	31 Dec 2017 USDm Original	31 Dec 2016 USDm Original	31 Dec 2015 USDm Original
1. LENDING OPERATIONS				
1. Loans outstanding	88,880.0	89,082.0	81,952.0	78,745.0
2. Undisbursed Loans	30,542.0	31,264.0	30,007.0	30,711.0
3. Approved Loans	3,737.0	13,003.0	10,803.0	10,404.0
4. Disbursed Loans	3,242.0	10,250.0	9,600.0	9,719.0
5. Loan Repayments	6,379.0	7,748.0	6,023.0	5,132.0
6. Net disbursments	-3,137.0	2,502.0	3,577.0	4,587.0
Memo: Loans to Sovereigns	83,349.0	83,180.0	76,022.0	72,765.0
Memo: Loans to Non-Sovereigns	5,531.0	5,902.0	5,930.0	5,980.0
2. OTHER BANKING OPERATIONS				
1. Equity participations	0.0	n.a.	0.0	0.0
2. Guarantees (off BS)	382.0	353.0	230.0	207.0
Memo: Guarantees to Sovereigns	120.0	60.0	60.0	60.0
Memo: Guarantees to Non-Sovereigns	262.0	293.0	170.0	147.0
3. TOTAL BANKING EXPOSURE (BS and off BS)				
1. Total banking exposure (Loans + Equity Participations + Guarantees (off BS))	89,262.0	89,435.0	82,182.0	78,952.0
2. Growth in total banking exposure	2.5	8.8	4.1	5.5
Memo: Non Sovereign Exposure	5,793.0	6,195.0	6,100.0	6,127.0
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	40.8	40.8	40.8	43.9
2. Share of A / BBB shareholders in callable capital	25.9	25.9	26.3	23.3
3. Share of Speculative Grade shareholders in callable capital	33.3	33.3	32.9	32.8
4. Rating of callable capital ensuring full coverage of net debt	AAA	AAA	AAA	AAA
5. Weighted Average Rating of Key Shareholders	A-	A	A	A-
5. BREAKDOWN OF BANKING PORTFOLIO				
1. Loans to Sovereigns / Total Banking Exposure	93.4	93.0	92.5	92.2
2. Loans to Non Sovereigns / Total Banking Exposure	6.2	6.6	7.2	7.6
3. Equity participation / Total Banking Exposure	0.0	n.a.	0.0	0.0
4. Guarantees covering Sovereign risks / Total Banking Exposure	0.1	0.1	0.1	0.1
5. Guarantees covering Non-Sovereign risks / Total Banking Exposure	0.3	0.3	0.2	0.2
Memo: Non Sovereign Exposure [2.+3.+5.] / Total Banking Exposure	6.5	6.9	7.4	7.8
6. CONCENTRATION MEASURES				
1. Largest exposure	14,654.0	13,978.0	12,946.0	12,877.5
2. Five largest exposures	51,193.0	50,860.0	47,761.0	46,380.8
3. Largest exposure / Equity (%)	45.2	43.4	48.9	51.0
4. Five largest exposures / Equity (%)	158.0	157.7	180.5	183.7
5. Largest exposure / Total Banking Exposure (%)	16.4	15.6	15.8	16.3
6. Five largest exposures / Total Banking Exposure (%)	57.4	56.9	58.1	58.8
7. CREDIT RISK				
1. Average Rating of Loans & Guarantees	BB	BB	BB	BB
2. Loans to Investment Grade Borrowers / Gross Loans	35.5	34.7	36.0	35.8
3. Loans to Sub-Investment Grade Borrowers / Gross Loans	64.5	65.3	55.9	55.8
4. Share of Treasury Assets rated AAA-AA	89.0	88.3	86.7	86.8
5. Average rating of treasury assets	n.a.	n.a.	n.a.	n.a.
8. LIQUIDITY				
1. Treasury Assets	40,074.0	34,059.0	27,891.0	28,542.0
2. Treasury Assets o/w IG + eligible non-IG	39,175.0	32,904.0	27,417.0	27,448.6
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.]	39,175.0	32,904.0	27,417.0	27,448.6

The ratings above were unsolicited and have been provided by Fitch as a service to investors.