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Inter-American Development Bank

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Inter-American Development Bank

Major Rating Factors

Counterparty Credit Rating
Foreign Currency
AAA/Stable/A-1+

Strengths:

- Very strong financial profile and very strong business profile
- Solid membership support, including expected continued treatment as a preferred creditor
- Prudent financial management and policies

Weaknesses:

- Single-name concentration in its portfolio of loans and guarantees
- Capital adequacy that is still somewhat lower than that of some peers we rate 'AAA', though it rose in 2015 and we expect will remain around this higher level following revised policies implementation in the coming years

Rationale

The ratings on Inter-American Development Bank (IADB) reflect S&P Global Ratings' assessment of the bank's business profile as very strong and its financial profile as very strong, and the extraordinary shareholder support it receives through callable capital (see "Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology," published Nov. 26, 2012, on RatingsDirect). The bank's stand-alone credit profile (SACP) of 'aa+' reflects its risk-adjusted capital (RAC) ratio, after adjustments, of 19% in 2015--versus 16% in 2014 and 17% in 2013. The increase reflects both a higher rating on Argentina and stronger financial results in 2015 (see "Argentina Long-Term Foreign Currency Rating Raised To 'B-' From 'SD' On Payment Of Past-Due Interest On Exchange Bonds," published May 6, 2016). Last year the bank posted a $1.2 billion gain in comprehensive income, primarily a result of doubling net income and a gain in other comprehensive income (in contrast with a loss in 2014 owing mostly to a stronger position on the funded status of its pension plans in 2015). In addition, the bank continued to receive the third and fourth installments under its ninth general capital increase (GCI-9). IADB's RAC ratio, coupled with the bank's funding and liquidity profile, underpins its very strong financial profile.

Founded in 1959, IADB is the oldest regional multilateral development finance institution (MDFI). It has 48 country members--26 borrowing member countries in Latin America and the Caribbean and 22 nonborrowing members (the U.S., Canada, and 20 nonregional countries). The bank lends mostly to central governments in Latin America and the Caribbean to promote economic development and to expand opportunities for the poor.

Our assessment of IADB's very strong business profile is based on our view of the bank's role, public policy mandate, and governance. It also reflects solid membership support and our expectation that the bank will continue to receive preferred creditor treatment (PCT), an internationally recognized practice of excluding multilateral lending institutions (MLIs) from restructuring or rescheduling of sovereign debt. IADB's PCT track record is slightly weaker than that of some MLIs but stronger than that of many others. The last time a sovereign ran arrears of more than six months with IADB was in December 2000. Shorter arrears of less than one month on sovereign loans have occurred, and they sometimes have been longer. No sovereign guaranteed borrower, however, was in nonaccrual status at the time of this report and hasn't been since 2001.

The shareholders approved the ninth general capital increase (GCI-9) 2010, and it went into effect in February 2012. The GCI-9 includes $1.7 billion of paid-in capital, which member countries will contribute over five years, as well as $68.3 billion in callable capital. Two of the 48 member countries (The Netherlands and Venezuela) decided not to participate in the capital increase. In January 2013, the bank reallocated the unsubscribed shares that The Netherlands and Venezuela didn't take up to other member countries; this reallocation became effective in February 2014. Collections on the first two installments of GCI-9 are complete. Those on the third, fourth, and fifth installments are underway, though a number of countries are late. As we expect IADB to continue distributing $200 million yearly in grants to Haiti until 2020, the gains from GCI-9 are largely offset.

Since 2008, when the bank experienced significant unrealized losses in its treasury portfolio, IADB has strengthened its financial and risk management. The revised policies include the capital adequacy framework, liquidity policy, the investment authority, the asset and liability management framework, and an income management model. In 2014, the bank further updated its capital adequacy framework, which mandates the creation and building of capital buffers with an aim of facilitating the bank's ability to lend counter-cyclically in times of stress while preserving a 'AAA' rating.

The bank also introduced a single-borrower limit for sovereign-guaranteed borrowing, which, over time, could help to further diversify the portfolio. In late 2015, rules for the revised income management model, to support the building of capital buffers under the capital adequacy framework, became effective. The liquidity policy that targets at least 12 months of debt repayments and loan disbursements and considers liquidity haircuts went into effect in March 2015 and prompted a revision of the bank's borrowing policy.

Half of IADB's voting members are borrowing members and, as such, have important influence over decision-making. We consider this a limiting factor for the bank's business profile because the interests of borrowing members could differ from those of creditors. That said, IADB has shown an ability to increase earnings capacity as needed. Unlike many other MLIs, it can adjust charges on its entire sovereign-guaranteed loan book to generate additional interest revenue and, in essence, raise internally generated capital. It did so in 2009, for example, raising $350 million in annual net interest income associated with a recalibration in loan charges. In late 2015, the bank raised loan charges by 30 basis points (bps) to 115 bps and the credit fee by 25 bps to 50 bps, in line with the new rules for the income management model generating approximately $140 million in additional capital. We expect the bank to keep them at this level in 2016. The various steps taken by IABD to strengthen its policies are noteworthy. A more established track record of adherence to them could lead to improved assessment of the bank's governance and business profile.

IADB's very strong financial profile reflects its capital adequacy and its funding and liquidity. S&P Global Ratings' primary metric to assess capital adequacy, the RAC ratio, was 29% before adjustments specific to MLIs as of year-end 2015. However, after taking into account S&P Global Ratings' MLI-specific adjustments, the RAC ratio is 19%. For IADB, the predominant adjustment is a concentration penalization for sovereign exposures, which our expectation for continuing PCT somewhat offsets. The top five largest credit exposures as of year-end 2015 were Brazil, Mexico, Argentina, Colombia, and Ecuador (which replaced Peru in the top five in 2014). They accounted for 66% of total loans and guarantees exposure. During the last 10 years, the top five exposures accounted for 67%-73% of total loans and guarantees.

Argentina, the bank's third-largest country exposure, accounted for 14% of loans and guarantees in 2015. The large single-name, sovereign concentration adjustment for this exposure has weighed significantly on IADB's RAC ratio in recent years, namely when the rating on its commercial debt fell into the 'CCC' category in September 2013. With the resolution of Argentina's commercial default, S&P Global Ratings raised its foreign currency rating to 'B-' from 'SD' (selective default), and as a result the RAC ratio improved. Throughout the period of commercial default, Argentina has made its payments to IADB on time. This is consistent with its historical preferred payment record.

In December 2015, IADB entered into two bilateral exposure exchange agreement (EEA) transactions to mitigate some of its single name concentration. It did so with the International Bank for Reconstruction and Development and the African Development Bank for $4.9 billion and took on exposure with Africa, Asia, Europe, and the Middle East. These transactions do not involve any direct exchange of credit exposures or loans--all aspects of the client relationship remain with the originating MLI--but the bank benefits from some diversification of its sovereign single name diversification.

S&P Global Ratings understands that plans are underway to transfer the net assets of the Funds for Special Operations (FSO), the bank's soft loan window, into the IADB. We believe this transaction could bolster the capital ratios of the combined entity without materially hurting the bank's preferred creditor treatment. Currently, Bolivia, Honduras, Guyana, and Nicaragua borrow from the FSO; Haiti receives grants.

IADB's lending is predominately sovereign or sovereign guaranteed, accounting for an average 93% of its loan portfolio during the past five years. In the coming years, IADB's non-sovereign-guaranteed (NSG) portfolio is set to decline. At their annual shareholder meetings in March 2015, the boards of governors of IADB and sister institution Inter-American Investment Corp. (IIC) approved a resolution, "Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-Out." This entails a $2.03 billion capitalization of IIC over the next 10 years to support consolidation of the group's private-sector lending in the corporation. The amount includes distributions from IADB earnings, subject to annual approval, totaling $725 million from 2018 to 2025 as part of this capitalization process. The resolution passed by the governors of both institutions indicates that IADB's transfers are conditional on its updated capital adequacy policy, which is aimed at building and maintaining capital buffers.

The consolidation plan became effective Jan. 1, 2016. As of that date, the bank transferred all administrative and technical responsibilities related to the origination and portfolio management of its NSG loan portfolio to IIC. IADB's existing portfolio will remain on its balance sheet, but new NSG lending operations will be cross-booked for seven years given the phase-in of capital contributions to IIC to leverage lending activity. IADB and IIC are negotiating service level agreements for various services that the institutions provide each other.

Our funding and liquidity assessment reflects IADB's prudent treasury operations and asset and liability management. Our funding ratios as of year-end 2015 indicate that IADB did not have any static funding gap for the next five years (excluding undisbursed loans). IADB's static funding gap for the next one year was 1.5x at year-end 2015, versus 1.4x in 2014, excluding loan disbursements. Moreover, IADB is a frequent issuer across global markets.

Under our liquidity stress scenario, at all horizons up to one year, IADB would fully cover its balance-sheet liabilities without market access. For year-end 2015 data, the liquidity ratios were 1.9x at the one-year horizon without any loan disbursements and 1.4x with scheduled loan disbursements. However, the bank may not be able to significantly increase disbursements to its borrowing members to meet their needs in the face of such a stress scenario. The bank's liquidity position has strengthened over the past several years, particularly beginning in 2014. This, in part, reflects the transition to an updated liquidity policy the bank formally adopted in early 2015. The new policy incorporates the stressed value of liquid assets, and its objective is to enable IADB to stay out of the market for a minimum of 12 months. That said, it still has somewhat lower liquidity ratios than some other MLIs, though those institutions tend to have smaller balance sheets.

In addition to callable capital's importance for the institution's franchise value, we quantify the support it provides by adding callable capital to the numerator of the RAC ratios. The RAC ratios with callable capital from 'AAA' rated shareholders translated into an extremely strong financial profile. Based on this, the issuer credit rating on IADB is 'AAA', one notch higher than the SACP of 'aa+'. IADB's largest 'AAA' rated shareholders include Canada and Germany.

Outlook

The stable outlook reflects our expectation that over the next two years, IADB will continue to generate capital internally at recent rates and that it will receive its GCI-9 in full so that equity growth broadly outpaces loan growth. The rating and stable outlook are premised on IADB's sovereign borrowers continuing to treat it as a preferred creditor, in terms of both debt servicing and public support. In addition, we assume that the IADB group will smoothly shift its private-sector lending to IIC. Finally, the outlook assumes that IADB's stock of 'AAA' rated callable capital will remain largely intact. We could lower the rating if these assumptions do not hold.

Table 1

IADB Selected Indicators

	2015	2014	2013	2012	2011
Liquid assets / adjusted total assets (%)	25.7	26.3	22.1	16.8	16.7
Purpose-related assets (gross) / adjusted total assets (%)	71	70	73	75	74
Public-sector (including sovereign-guaranteed) loans / total loans (%)	92	92	92	94	95
Private-sector loans / total loans (%)	8	8	8	6	5
Other Indicators					
RAC ratio after adjustments (%)	19	16	17	16	15
Static funding gap§ at 1 year (x)	1.5	1.4	1.4	1.5	1.3
Liquidity with scheduled loan disbursements (net derivatives payable) at 1 year (x)	1.4	1.3	N.A.	N.A.	N.A.
Gross debt / adjusted common equity (x)	3	3	3	3	3
Short-term debt (by remaining maturity) / gross debt (%)	18	19	17	14	18
Net income / average adjusted assets (%)	1	1	1	1	(0)

N.A.--Not available. §Static funding gap is maturing assets divided by maturing liabilities. It is cumulative and based on scheduled receipts and payments.

Stand-Alone Credit Profile

We assess IADB's SACP at 'aa+'. This assessment combines our opinion that IADB's business profile is very strong and its financial profile is very strong, as defined by our criteria.

Business Profile

In our opinion, IADB has a very strong business profile, based on our assessment of IADB's policy importance to its shareholders and its governance and management expertise.

Policy Importance Assessment

IADB is the oldest regional MDFI. IADB was established in 1959 by 19 Latin American and Caribbean developing countries and the U.S. Eight countries in the western hemisphere (including Canada) subsequently joined, followed by 18 nonregional countries between 1976 and 1993. The Republic of Korea joined in March 2005, followed by the People's Republic of China in January 2009, bringing the total number of country members to 48 as of today.

No major shareholder has withdrawn from IADB, and we do not expect any to do so in the medium term.

We regard the agreement establishing IADB as equivalent to a treaty. It was registered with the Organization of American States (OAS) on 1959.

IADB's shareholders approved its ninth GCI in 2010. This brings the bank's ordinary capital resources to roughly $170 billion from $100 billion, as well as replenishes the Fund for Special Operations (FSO). Collections on the first two installments of GCI-9's paid-in capital increase of $1.7 billion are complete. Those on the third, fourth, and fifth installments are underway, with a number of countries being late, with 6.5% of paid-in capital due yet to be received.

Of the 48 member countries, The Netherlands and Venezuela decided not to participate in the capital increase. In January 2013, the bank reallocated the "additional" shares that The Netherlands and Venezuela didn't take to other member countries. Payments under the first four installments of the reallocation, which became effective in February 2014, were complete in February 2015.

Overall, the net additional paid-in capital resulting from the ninth GCI increase will be small because the bank committed transfers concurrently with the general capital increase. At the time of the capital increase, the bank committed to transfer annually (from 2011-2020) $200 million from the ordinary capital income to the grant facility (GRF) to support Haitian reconstruction and development. These transfers are subject to the annual board of governors' approval.

In 2016, however, IADB bank updated its policy of disbursing grants to Haiti. It did so to optimize the timing of the grant transfers from the bank's income, which now may extend beyond 2020, as Haiti has not fully executed the grants disbursed to date. Once the balance of Haiti's grant funds falls below $300 million, the bank will replenish it. IADB expects this to slow the pace of further disbursements while preserving its overall commitment to Haiti.

The bank's public policy mandate is to promote economic development and to expand opportunities for the poor in Latin America and the Caribbean via lending predominately to the public sector.

IADB's lending to the private sector has been complemented by lending from its affiliate IIC, which lends solely to the private sector. However, at their annual shareholder meetings in March 2015, the boards of executive directors of IADB and IIC approved "Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-out," which entails a $2.03 billion capitalization of IIC over the next 10 years to support consolidation of the group's private-sector lending in the corporation. IADB endorsed transfers, subject to annual approval, from its shareholders to IIC from net income totaling $725 million from 2018 to 2025 as part of this capitalization process.

The consolidation plan became effective Jan. 1, 2016, with administrative and technical responsibilities for the bank's private-sector portfolio now at IIC. The group has transferred administrative supervision of IADB's NSG loan portfolio to IIC, even while this portfolio remains on IADB's balance sheet. All new private-sector lending operations are originated by IIC; however, they will be cross-booked for seven years given the phase-in of capital contributions in order to leverage lending activity under the IIC. The resolution passed by the governors of both institutions indicate that IADB's transfers are conditional on its updated capital adequacy program, which is aimed at building and maintaining capital buffers.

The overall performance of IADB's loan portfolio is better than many, though not all, MLIs. The performance of its sovereign loan portfolio has been excellent compared with commercial creditors', as is generally the case for MLIs. Borrowing member sovereigns that have defaulted on their commercial foreign currency debt in the past 15 years (Argentina, Belize, Dominican Republic, Ecuador, Jamaica, Paraguay, Uruguay, and Venezuela) have not gone into arrears with IADB. This track record was reinforced by that fact that Argentina, which has been in commercial default from July 30, 2014, until May 6, 2016, continued to make timely payments to IADB. Venezuela has also remained timely. The performance of the bank's private-sector loan portfolio has, however, been less timely.

By practice, IADB neither renegotiates nor takes part in rescheduling sovereign or sovereign-guaranteed loans. The bank did take part in the Heavily Indebted Poor Countries initiative, along with many other MLIs. In effect, it granted debt forgiveness for member countries Bolivia, Guyana, Haiti, Honduras, and Nicaragua from its concessional window (FSO).

Nonaccruals on sovereign and sovereign-guaranteed loans averaged 0.6% of total sovereign and sovereign-guaranteed loans during the past 30 years and 0.004% since 2000. This track record is stronger than that of some other 'AAA' rated MLIs. In addition, some member countries went into arrears sooner with other MLIs than they did with IADB. In addition, at about 20 months, the average time spent in nonaccrual status tended to be less for IADB.

During IADB's history, only five countries--Honduras, Nicaragua, Panama, Peru, and Suriname--have had arrears exceeding six months, with most occurring during the troubled 1980s. All of these countries eventually cleared the arrears, paying in full principal and interest due (the bank does not charge interest on past-due interest, so it still suffered some economic loss). The most recent instance of six-month arrears was Suriname, which went into arrears from December 2000 until June 2001. Shorter arrears of less than one month on sovereign loans have occurred, and they sometimes have been longer.

No borrower was in nonaccrual status as of the time of this report, and none has been since 2001.

IADB places into nonaccrual status all loans made to or guaranteed by a member country of the bank when principal, interest, or any charges are more than 180 days overdue. Meanwhile, the bank's policy is to place private-sector loans in nonaccrual status when interest or other charges are more than 90 days past due (or earlier, if management has doubts about the collectability of any amount due to the bank). If collectability risk seems particularly high when past-due obligations are cleared, the borrower's loans may be kept in nonaccrual status.

Currently, there is no written policy outlining sanctions that would apply if a private-sector borrower were to default to IADB because of government interference with its debt-service payments (as opposed to because of commercial reasons). If a default is the result of government interference with debt-service payments, IADB's management has expressed confidence that the preferential treatment of its private-sector loans will be respected. (In the context of private-sector loans, preferential treatment refers to the willingness of the authorities to make foreign exchange available at the market rate at the time of conversion to borrowers for servicing loans from IADB and other MDFIs when they will not do so for loans from commercial borrowers.) This confidence was reinforced during the 2001 Argentine crisis, when the authorities permitted private-sector borrowers to repay their loans to MDFIs, including IADB, without the central bank's authorization.

Government And Management Expertise

The agreement establishing IADB, as amended, stipulates that the voting power of regional developing country members will not be less than 50.005% of the total. In addition, the voting power of the U.S. is no less than 30% and that of Canada no less than 4%.

As of year-end 2015, the largest nonborrowing shareholders were the U.S. (30.01% voting share), Japan (5.00%), and Canada (4.00%). The largest regional voteholders were Argentina and Brazil, with 11.28% each; Mexico, with 7.25%; and Venezuela, with 3.71%. Majority votes decide matters before the boards of governors and directors, except in certain cases in which the agreement requires a larger percentage.

IADB's administration consists of a board of governors, a board of executive directors, the president, and other officers and staff. All powers are vested in the board of governors, which has regular annual meetings and to which each country appoints one member and one alternate. The board of governors delegates nearly all control to the 14-member board of executive directors. Of this board, the U.S. and Canada each appoints one member, the nonregional member countries elect three, and regional member countries elect nine.

The board of governors elects IADB's president. Mr. Luis Alberto Moreno, a citizen of Colombia, is serving his third five-year term following his reelection in 2015. IADB has a representative in each borrowing member country, as well as in Madrid and Tokyo. As of Jan. 1, 2016, the bank's operations are consolidated under four vice presidents: the executive vice president, one vice president for sectors and knowledge, one for countries, and one for finance and administration.

Together, senior staff possesses considerable expertise and experience.

Half of IADB's voting members are borrowing members and, as such, have important influence over decision-making. We consider this a limiting factor for the bank's business profile because the interests of borrowing members could diverge from those of creditors. This was illustrated most recently with the decision to continue to approve net new lending (which IADB characterizes as net loan flow) to Argentina in 2014, though this was reversed in 2015.

Since 2008, when the bank experienced significant mark-to-market losses in its treasury portfolio, IADB has strengthened its financial and risk management. Revised policies include the capital adequacy framework, liquidity policy, the investment authority, the asset and liability management framework, and an income management model, and updated borrowing authority.

The bank's capital adequacy framework was further updated in 2014. A key objective of the new policy is to reaffirm and preserve the 'AAA' rating on the bank—a mandate from the bank's governors. It aims to do so by establishing and building capital buffers in the coming years to facilitate ongoing countercyclical lending in times of need. Additionally, establishing buffers insulates capital adequacy or lending capacity from mark-to-market valuation effects on the bank's pension obligations.

The bank's capital adequacy policy considers a calibration of minimum capital requirements based on the S&P Global Ratings MLI RAC ratio. The bank recognizes it operates with high single-name borrower concentration.

It also established a country limit policy in 2014 that sets a "hard" single borrower limit at 22% of aggregate sovereign-guaranteed exposure at default (defined by IADB as the country's outstanding loan balance plus 40% of its undisbursed loan balance). When the hard limit is breached, country approvals for the following year will be cut to generate a decline in exposure over time. Risk-based price differentiation goes into effect when exposure exceeds a "soft" single borrower limit of 18% of EAD (with the exception of Brazil who is over this limit; once Brazil falls below the limit, the new policy will become binding).

The updated capital adequacy policy framework builds on the prior framework that went into effect in 2010 and which aimed to capture and expand the scope of financial risks that the bank analyzes and monitors. It calculates capital required to support different levels of risk, such as market risk in lending operations and market and credit risks of treasury investments and derivatives, as well as takes into account operational risk.

IADB's policies limit its lending and borrowing according to its capital. The receipt of new capital, including callable capital, has relaxed these constraints.

The bank limits its net borrowing (borrowing after swaps and guarantees minus liquid assets after swaps) to the callable capital stock of its nonborrowing member countries.

The bank's unused borrowing capacity (UBC) constrains lending. The UBC is the difference between the callable capital stock of the nonborrowing member countries and net borrowings and gross guarantee exposure less qualified liquid assets (after swaps).

A $4 billion UBC buffer aims to protect the bank from a breach of policy-based borrowing authority as a result of unforeseen changes, such as an unexpected acceleration in disbursements, losses in the investment portfolio, credit losses in the swaps portfolio, exchange-rate fluctuations of borrowings funding non-dollar loans, and a reduction on the return of free funds.

Nonborrowing members' callable capital increased to $75.6 billion in 2015 from $70.1 billion in 2014. With it, the bank increased its net borrowing to $53.5 billion (up from $49.9 billion in 2014), or 70.8% of nonborrowing callable capital as of year-end 2015 (as opposed to 71.2% of nonborrowing callable capital as of year-end 2014).

IADB, unlike many other MLIs, can adjust charges on its entire sovereign-guaranteed (SG) loan book to generate additional interest revenue when needed. It did so in 2009, for example, raising $350 million in annual net interest income associated with a recalibration in loan charges. The bank sets its loan charges each year as part of the annual long-term financial planning (and in line with the capital adequacy policy updated in 2015). Once the changes in loan charges take effect, they apply to all of the outstanding loans in the SG portfolio, rather than only to new loans. Loan charges were raised in November 2015, retroactive back to July 2015. They were set at 115 bps for the second half of 2015 and for all of 2016, up 30 bps from 85 bps as of the first half of 2015. This compares with loan charges of 85 bps in 2014, 84 bps in 2013, and 62 bps in 2012. The changes are in line with internal policy guidelines.

Since 2010, IADB's liquidity policy has called for the maintenance of liquidity sufficient to cover six to 12 months of debt repayments and loan disbursements with no access to capital markets (and not considering other cash inflows, such as loan collections). The guidelines incorporate the cash outflows projections and set yearly minimum and maximum liquidity levels of projected year-end outstanding loans.

In advance of an overhaul to the bank's liquidity policy in 2014 that took effect in early 2015, the bank increased the policy band ceiling at the end of 2013 to provide additional funding flexibility. The new policy now in effect incorporates a stressed value of liquid assets--or haircuts--with the objective to enable IADB to cover projected net cash requirements, namely stay out of the market if needed, for a minimum of 12 months. The policy provides flexibility to management to hold higher liquidity depending on market conditions.

Liquidity, as defined by IADB, is essentially nonborrowing countries' convertible currency cash and investments, excluding assets with limited or restricted availability. As of year-end 2015, liquidity, according to the bank's definition, was $27.724 billion, and within IADB policy limits. Meanwhile liquidity averaged $29.628 billion in 2015, up by $4.1 billion from average liquidity in 2014; this reflected changes in the policy that was fully operational liquidity for most of the year.

Implementation of an income management model in July 2010 has allowed for the combination of income allocation and budgeting decisions (transfers to the grant facility, administrative expenses, and loan charges) with capital accumulation and lending/approval decisions. This has created a more consistent and comprehensive framework for making policy decisions. The board approved an amended and restated income management model in 2015 to support the updated capital adequacy policy. The amended policy, which went into effect in October 2015, lays out the conditions and the building of capital buffers, including when capital falls below specified levels.

In addition, in 2015 the bank approved a risk appetite for its pension plans and a funding policy that established contribution rates to obtain constant annual contributions from the bank to the plans for five-year periods. The first such period began in 2015, and the rates are subject to annual reaffirmation by the Board of Executive Directors during this time frame.

Financial Profile

In our opinion, IADB has a very strong financial profile, based on our calculations of the bank's capital adequacy and on the bank's funding and liquidity profiles. Our 19% RAC ratio and our assessment of IADB's funding and liquidity profile put it in the very strong financial profile spectrum.

Capital Adequacy

Capital and earnings

IADB prepares its financial statements according to U.S. generally accepted accounting principles. S&P Global Ratings RAC ratio before adjustments is based on the same RAC framework used for commercial banks (see "Bank Capital Methodology And Assumptions," published Dec. 6, 2010, for a full explanation), thereby producing a comparable ratio with those institutions. As of year-end 2015, our RAC ratio for IADB was 29%; taking into account adjustments for concentration risk (according to our criteria), this RAC ratio falls to 19%.

Table 2

IADB Summary Balance Sheet

(Mil. US$)	2015	2014	2013	2012	2011
Assets					
Cash and money market instruments	641	535	421	1,021	1,189
Securities	27,901	27,395	21,015	14,399	13,703
Memo: Liquid assets (excluding restricted currencies)	28,394	27,790	21,284	15,259	14,719
Net loans	78,301	74,215	70,435	68,460	65,980
Purpose-related assets (gross)	78,745	74,585	70,679	68,640	66,130
Purpose-related assets (net)	78,301	74,215	70,435	68,460	65,980
Derivative assets	2,224	2,861	3,440	6,803	7,040
Fixed assets	401	378	354	331	325
Accrued receivables	933	811	966	826	851
Other assets, other	738	104	376	91	49
Total assets	111,139	106,299	97,007	92,209	89,432
Total adjustments to shareholders' equity	(148)	(140)	(152)	(439)	(468)
Total adjusted assets*	110,991	106,159	96,855	91,770	88,964
Liabilities					
Other borrowings (gross debt)	79,160	77,309	68,701	65,565	63,923
Other liabilities	6,726	5,293	4,756	5,963	5,715
Memo:					
Derivative liabilities	3,615	2,669	2,774	2,567	2,532
Total liabilities	85,886	82,602	73,457	71,528	69,638

Table 2

IADB Summary Balance Sheet (cont.)					
(Mil. US$)	**2015**	**2014**	**2013**	**2012**	**2011**
Shareholders' equity					
Paid-in capital and surplus	5,699	5,357	4,941	4,640	4,339
Retained earnings	19,207	18,247	17,699	16,392	15,488
Capital subscriptions received in advance	(75)	(84)	(1)	(18)	N/A
Other equity	(230)	(246)	(262)	N/A	N/A
Accumulated other comprehensive income (loss)	652	423	1,173	(333)	(33)
Shareholders' equity (reported)	25,253	23,697	23,550	20,681	19,794
Adjusted Common Equity	25,105	23,557	23,398	20,242	19,326
Memo:					
Total guarantees	207	251	871	761	980
Undisbursed loans	30,711	31,601	29,207	26,987	23,994
Signed undisbursed loans	22,625	23,809	21,878	20,107	N/A

N/A--Not available. *Adjustments made to reported shareholders' equity to calculate adjusted common equity (an institution's cash capital) are carried through to total assets.

Table 3

IADB Risk-Adjusted Capital Framework Data			
(Mil. US$)	**Exposure**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk			
Government and central banks	105,120	73,123	70
Institutions	8,739	2,776	32
Corporate	3,862	5,616	145
Securitization	561	458	82
Other assets	534	601	113
Total credit risk	118,815	82,574	69
Market risk			
Equity in the banking book	0	0	--
Trading book market risk	--	0	--
Total market risk	--		--
Operational risk			
Total operational risk	--	4,317	--
RWA before MLI adjustments		86,892	100
MLI adjustments			
Industry and geographic diversification		(9,566)	(11)
Preferred creditor treatment		(25,900)	(30)
Single-name concentration		79,478	91
High-risk exposure cap		(133)	(0)
Total MLI adjustments		43,879	50
RWA after MLI adjustments		130,771	150

Table 3

IADB Risk-Adjusted Capital Framework Data (cont.)		
	Adjusted common equity	**S&P Global Ratings RAC ratio (%)**
Capital ratio before adjustments	25,105	29
Capital ratio after adjustments		19

MLI--Multilateral lending institutions. RW--Risk weighting. RWA--Risk-weighted assets. Data as of Dec. 31, 2015. Parameters as of July 18, 2016

IADB's loan growth continued at a about the same pace in 2015 as it did in 2014. The bank's loan portfolio grew 5.6% last year, versus 5.5% in 2014. This is higher than rates of 3.0% and 3.8% in 2013 and 2012, respectively.

Shareholders' equity, however, increased by a higher 6.6% in 2015, compared with a 0.6% increase in 2014. The pickup last year resulted from gains in net income and in other comprehensive income (the latter posted a loss in 2014). Net income rose on higher net interest income (following the increase in loan charges), higher other loan income, and lower provision for loan and guarantee losses, which somewhat offset lower gains in net investment and higher net non-interest expense. The variations in other comprehensive income continued to be related to changes in the funded status of the bank's pension and postretirement plans. As a result, in 2015 there was a hike in total comprehensive income, in contrast with the loss posted in 2014. The increase in equity also includes installments made under GCI-9 increase.

As a result, our RAC ratio after adjustments for IADB increased to 19% in 2015--coupled with a higher rating for Argentina as it cured its commercial default in May 2016--compared with 16% in 2014, 17% in 2013, and 16% in 2012.

Purpose-related exposure (PRE)

Purpose-related activities--loans, guarantees, and securities investments--constitute most of IADB's exposure at default risk. IADB's exposure to its borrowing members is essentially through its loan portfolio, with a much smaller amount through guarantees or holdings of their securities. Securities exposure on IADB's balance sheet is predominantly to highly rated non-borrowing member countries.

Loan programs

IADB's lending can be divided into three categories: investment lending (consisting of sovereign-guaranteed project lending, NSG private-sector lending and guarantees), policy-based lending, and contingent lending instruments.

Investment lending accounts for about 70% of the bank's lending activity over the past five years. The bank generally uses investment lending to finance goods, works, and services in support of economic and social development projects in a wide variety of sectors. Historically, IADB has emphasized lending for public-sector investments. NSG loans and guarantees outstanding as of year-end 2015 amounted to 7.8% of outstanding loans and guarantees, a bit lower than the 8.2% in 2014. And, as noted the NSG portfolio is now managed by IIC.

In 1990, IADB began making policy-based loans (PBLs) to support social, structural, and institutional reforms to improve specific sectors of members' economies. In practice, these are balance-of-payments loans and are disbursed faster than investment loans, mostly over three years. PBLs grew steadily in approvals between 2007 and 2010, reflecting the bank's commitment to support the region in times of global crisis and fragile recovery. Given the relatively stable performance in the region following the global recession and tighter lending capacity constraints, PBL approvals declined by 54% in 2011; however, they increased 12% in 2012. In 2013, they more than doubled, in 2014 they decreased by 21%, and in 2015, they rose 13% (see chart 1).

Chart 1

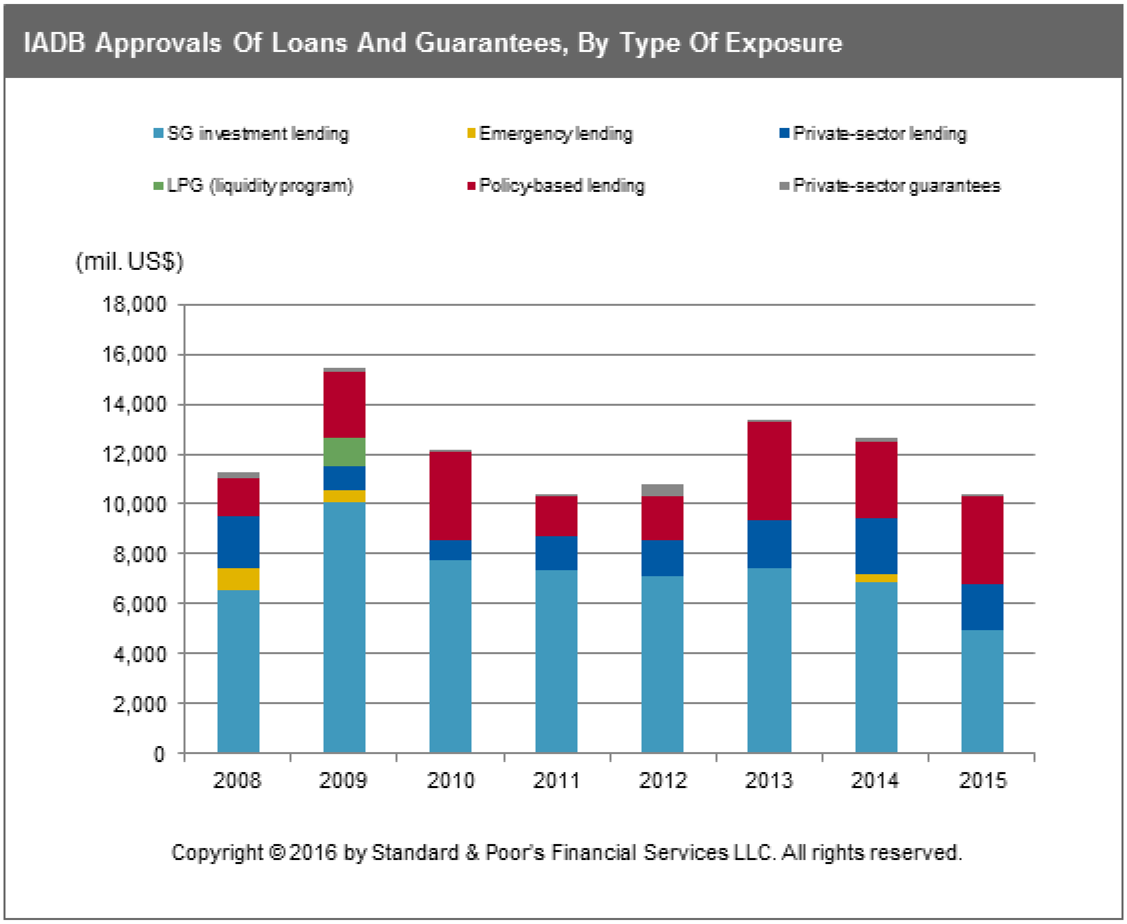
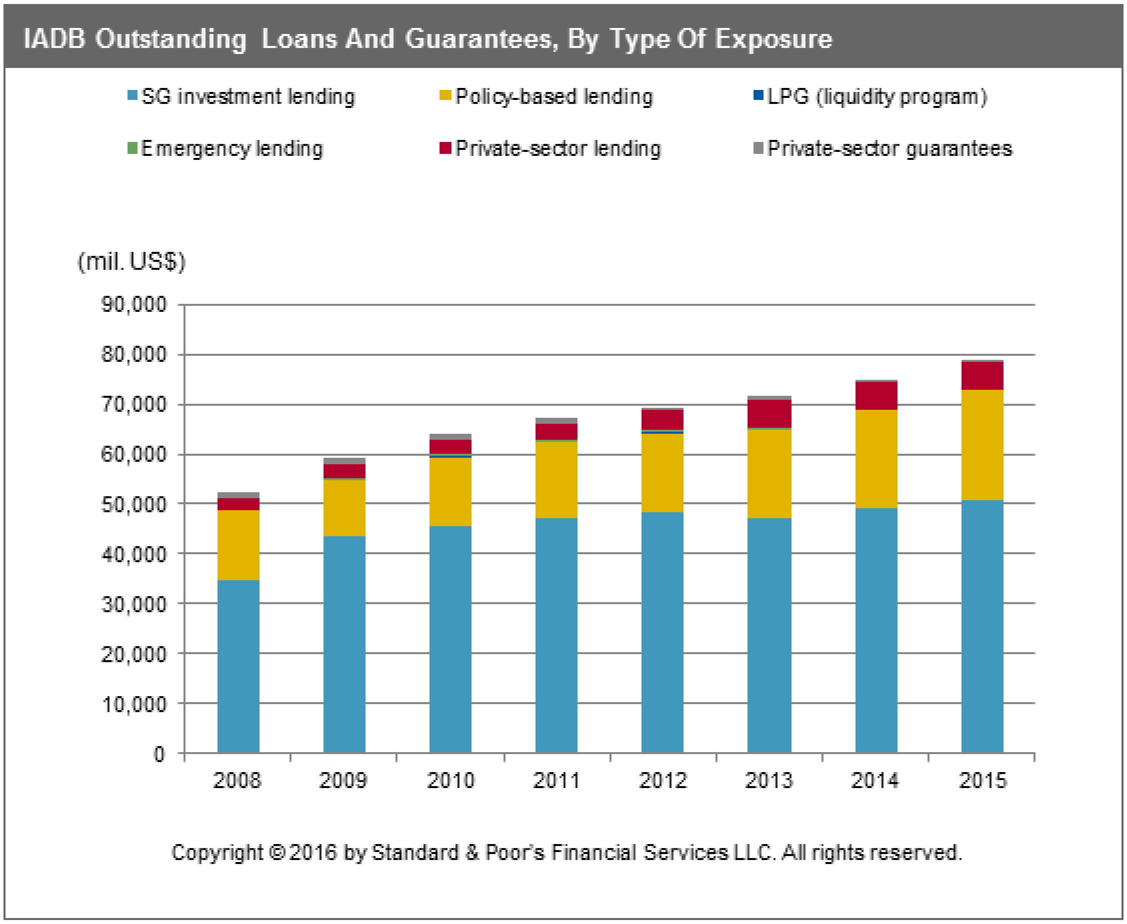


Chart 2



IADB approved an emergency lending program in December 1998 to address financial or economic crises. The program required loans to fit within an approved macroeconomic stabilization program to protect the interests of the poor and sustain reform. These loans were disbursed at the discretion of the borrower once conditions had been satisfied and carried more expensive terms than other IADB loans. In 2012, IADB created the development sustainability credit line to replace the previous emergency loan category. In addition, the bank established the contingent credit facility (CCF) for natural disasters, which aims to complement the contingent credit facility, which is a contingent lending instrument, for natural disaster emergencies. CCF provided additional resources for natural disasters. These two instruments have expired.

In 2012, the bank established a reallocation program to offer additional flexibility for borrowing members to allocate their exposure with IADB. It earmarks resources that have been released following loan prepayments by a borrower to finance new loan operations to that same borrower.

Treasury activities

IADB's management does not view its treasury activities as a source of significant income for the bank. Rather, IADB intended these activities to fund its assets at minimum cost, consistent with ensuring sufficient liquidity to meet all of its financial commitments. The investment portfolio suffered large unrealized losses in 2008 because of high exposure to asset-backed securities (ABS) and mortgage-backed securities (MBS). Most of these losses reversed, and the exposure to ABS and MBS declined substantially.

Credit risk

IADB has stringent credit requirements for its liquidity portfolio. It invests only in bank obligations of institutions with senior debt rated 'A+' or higher, corporates rated 'AA-' or higher, 'AAA' rated ABS and MBS, and obligations of 'AAA' rated multilateral institutions. It also invests in sovereign and sovereign-guaranteed obligations of government agencies, subsovereign governments, and other official entities of a country rated at least 'AA-' (or with equivalent creditworthiness), including MBS. As of year-end 2015, the investment portfolio overall was spread out between foreign government and agencies obligations (66% of total), bank obligations (18%), and ABS/MBS exposure (0.9%), with the rest in U.S. government or government-sponsored obligations. The quality of the investment portfolio remains high, with 90.3% of the exposure in the 'AAA', 'AA', and 'A-1+' categories.

IADB regularly uses derivatives, primarily swaps, to hedge its market risk. It limits its credit exposure to highly rated dealers and counterparties, for each of which it has strict credit limits. For swap counterparties, it enters into master swap agreements that contain enforceable close-out netting provisions and has agreements in place for the provision of collateral in the event that the mark-to-market exposure exceeds certain contractual limits. As of year-end 2015, 96% of swap exposure was to counterparties rated in the 'AA' category or higher, up from 72% in 2014, and closer to 90% in 2013. The bank is not required to post collateral under its derivative agreements as long as it maintains the 'AAA' rating, or the equivalent from another similar rating agency. However, some derivative instruments have credit-risk-related contingent features.

Interest rate risk

IADB has policies and practices in place to minimize the interest rate and credit risk of its treasury activities. Although IADB is mostly a fixed-rate borrower in the international capital markets, it transforms these borrowings via derivatives to the desired floating-rate index of its liquidity and loan portfolios to mitigate interest rate risk. Swap counterparty criteria and signed International Swaps and Derivatives Association/Credit Support Annex agreements that incorporate netting and collateralization mitigate counterparty credit risk. IADB also faces interest rate sensitivity of the spread between IADB assets and the cost of funding those assets. Because the bank's loans are substantially cost pass-through, spreads are periodically adjusted to mitigate the risk.

Exchange rate risk

To minimize exchange rate risk, IADB matches the after-swap borrowing obligations in any one currency with assets in the same currency. Its liabilities, mostly borrowings after swaps— 99% in U.S. dollars and 1% in euros, as of year-end 2015--match its assets' currency composition (99% of after-swap assets are in U.S. dollars).

Earnings

MLIs are generally not profit maximizing. Overall, while IADB's operating income, net income, and comprehensive income were volatile in the past few years, the core income (excluding volatility in the trading portfolio and loan loss provisions) has been relatively stable. The bank's ability to influence loan charge income through adjusting its loan spread (which immediately applies to substantially all of the balance of SG loans outstanding) introduces important flexibility to income management.

Net operating income was $717 million in 2015 (see table 3), up from $652 million in 2014. The increase was the result of higher interest income, after swaps, despite an increase in administrative expenses. In 2015, net interest income benefited from higher lending charges during the second semester and an increase in the loan portfolio. The effects of net fair-value adjustments on nontrading portfolios and foreign currency transactions increased net income by $443 million during 2015, versus a $96 million increase in 2014. The board of governors allocated $200 million as a transfer to the grant facility for Haiti (as it did in 2014 and is expected to do so annually until 2020). As a result, the bank recorded net income of $960 million, compared with net income of $548 million during 2014.

Higher net income contributed to a gain in comprehensive income of $1,189 million in 2015, compared with a $202 million loss in 2014. In 2015, postretirement benefits accounting requirements led to gains on pension plans of $229 million--which generated the gain in other comprehensive income. In 2014, in contrast, the bank lost $750 million on the pension liability, generating the loss in other comprehensive income. In 2015, the plans' assets value deterioration (because of the financial market retreat) was compensated by the liabilities decrease, mostly due to the increase in market interest rates. Overall, the plans' funded status increased from the prior year.

Table 4

IADB Summary Statement of Income

(Mil. US$)	2015	2014	2013	2012	2011
Interest income	2,092.0	1,859	2,107	1,870	1,953
Interest expense	388.0	374	389	508	455
Net interest income	1,704.0	1,485	1,718	1,362	1,498
Operating noninterest income	413.0	180	803	514	(887)
Other noninterest income	21.0	44	24	27	23
Operating revenues	2,505.0	2,039	2,910	2,384	1,066
Noninterest expenses	884.0	799	956	750	691
Credit loss provisions (net new)	73.0	118	58	22	3
Operating income after loss provisions	1,160.0	748	1,507	1,104	(83)
Net income	960.0	548	1,307	904	(283)
Other comprehensive income	229.0	(750)	1,506	(300)	(883)
Comprehensive income	1,189.0	(202)	2,813	604	(1,166)
Memo:					
Net increase (decrease) in cash and cash equivalents during the year	106.0	114	(600)	(168)	947

Risk Position

The MLI-adjusted RAC ratio is based on our calculation of the RAC after adjustments (to our risk weights) for the amount of diversification and (expected) PCT. As of year-end 2015, our MLI-adjusted RAC ratio for IADB was 19%. For IADB, the key adjustments are concentration of the sovereign loan portfolio, which increases the RAC, and our expectation that IADB would receive PCT, which partially mitigates that risk.

Exposure concentration

Single-name concentration. IADB's exposure in terms of lending, guarantees, and investments in securities was to 62 countries as of year-end 2015. Lending and guarantee exposure were the predominant risk on its balance sheet. This exposure was to 27 countries in the region and 15 via the EEAs.

The country concentration in IADB's portfolio is high (see table 4 and chart 3). Single-name concentration is the largest adjustment to the RAC ratio (see table 2). The top five countries accounted for 66% of loans and guarantees in 2015. This compares with a 72% average of the prior five years. As of 2014, the largest five countries of exposure are Brazil (18.4% of total loans and guarantees), Mexico (18.1%), Argentina (14.4%), Colombia (9.9%), and Ecuador (5.2%).

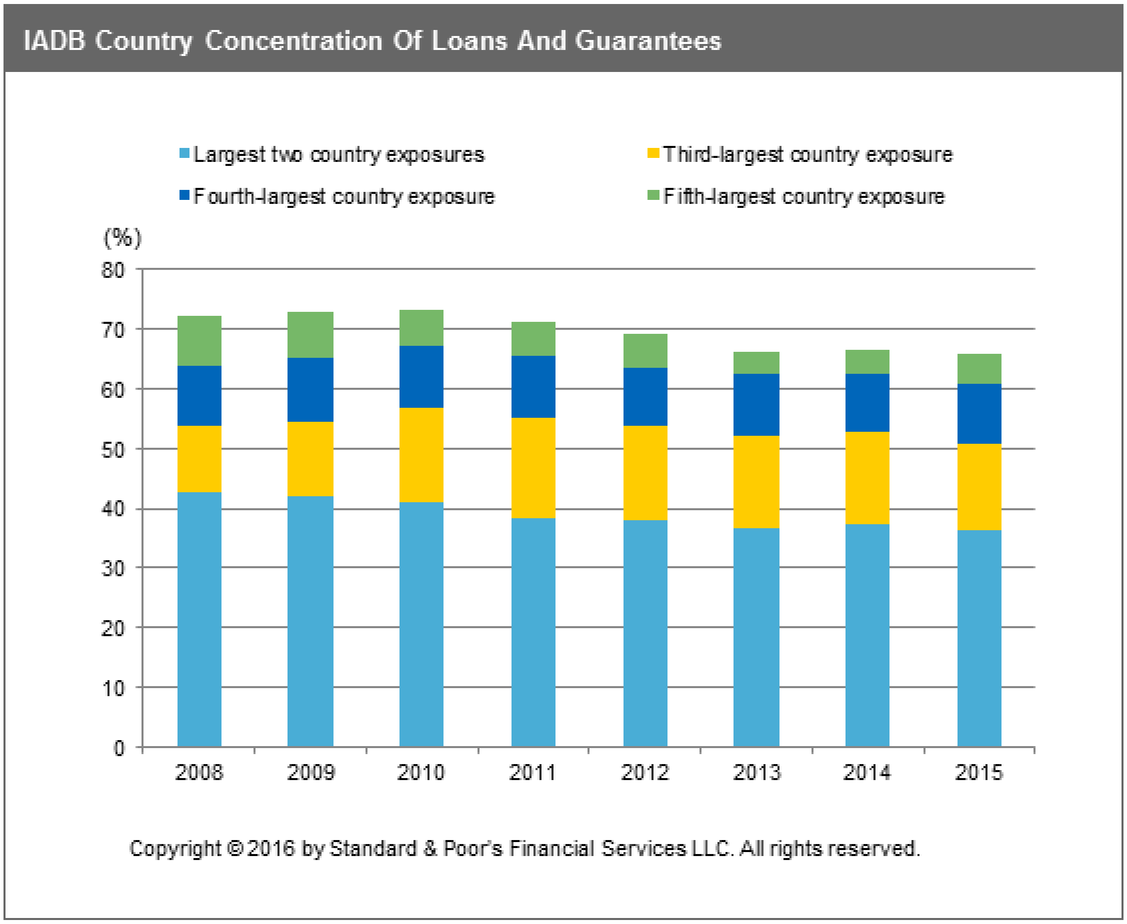
Table 5

IADB's Five Largest Country Exposures (Unweighted)

(Mil. US$)	2015	2014	2013	2012	2011
Name of largest country exposure/Long-term foreign currency rating	Brazil/BB	Brazil/BBB-	Brazil/BBB	Brazil/BBB	Brazil/BBB
Name of second-largest country exposure/Long-term foreign currency rating	Mexico/BBB+	Mexico/BBB+	Mexico/BBB+	Mexico/BBB	Argentina/B
Name of third-largest country exposure/Long-term foreign currency rating	Argentina/B-	Argentina/SD	Argentina/CCC+	Argentina/B-	Mexico/BBB
Name of fourth-largest country exposure/Long-term foreign currency rating	Colombia/BBB	Colombia/BBB	Colombia/BBB-	Colombia/BBB-	Colombia/BB+
Name of fifth-largest country exposure/Long-term foreign currency rating	Ecuador/B	Ecuador/B+	Peru/BBB+	Peru/BBB	Peru/BBB
Largest country exposure of loan, equity investment, and guarantee exposures (unweighted amount)	14,531	14,468	13,754	15,512	15,181
Second-largest country exposure of loan, equity investment, and guarantee exposures (unweighted amount)	14,228	13,637	12,511	10,915	10,652
Third-largest country exposure of loan, equity investment, and guarantee exposures (unweighted amount)	11,362	11,389	11,091	10,810	9,901
Fourth-largest country exposure of loan, equity investment, and guarantee exposures (unweighted amount)	7,833	7,350	7,328	6,849	6,846
Fifth-largest country exposure of loan, equity investment, and guarantee exposures (unweighted amount)	4,131	2,888	2,683	3,903	3,906
Purpose-related assets (gross)	78,745	74,585	70,679	68,640	66,130
Total guarantees	207	251	871	761	980
Letters of credit	N/A	N/A	N/A	N/A	N/A

N/A--Not applicable.

Chart 3



In December 2015, IADB entered into two bilateral EEAs with IBRD and AFDB for $4.9 billion (or 4.1% of its total EAD) and took on exposure with Africa, Asia, Europe, and the Middle East. We note that these transactions do not involve any direct exchange of credit exposures or loans, all aspects of the client relationship remain with the originating MLI, but the bank benefits from some diversification of its sovereign single name diversification. We also assume no impact of EEA on PCT for IADB.

The benefit of the PCT that IADB's borrowing member governments currently have, and that we believe will continue, partially offsets the negative adjustments to the RAC ratio. IADB has a proven track record of having received preferred creditor treatment on its sovereign-guaranteed loan portfolio. It has a history of low arrears that were cleared faster than those for some other MLIs. We assume this historical track record of PCT will hold despite the fairly high degree of default risk embedded in IADB's PRE.

Impaired loans, all of which are part of the NSG portfolio, increased to $466 million as of year-end 2015 from $394 million a year earlier. This was the highest level (in dollar terms) since 2008 (see table 5). Impaired loans were 0.59% of total loans and 7.8% of NSG loans as of year-end 2015. Specific allowances of impaired loans covered 50.4% of impaired loans as of year-end 2015, up from 46.4% in 2014.

Table 6

IADB Loan And Guarantee Quality And Accumulated Provisions For Losses					
(Mil. US$)	**2015**	**2014**	**2013**	**2012**	**2011**
Impaired/nonaccrual loans*	466	394	310	268	129
% of private-sector loans outstanding	7.8	6.6	5.5	6.9	3.9
Loan write-offs	0	0	0	0	0
Allowance for loan losses, of which:	444	370	244	180	150
Recoveries of loans written off	0	0	0	0	0
Specific allowance for private-sector loan losses	235	183	88	66	41
Allowance for loan losses as a % of impaired/nonaccrual loans	95.3	93.9	78.7	67.2	116.3
Allowance for loan losses as a % of total (SG and NSG) loans	0.6	0.5	0.3	0.3	0.2
Allowance for losses on private sector guarantees	2	3	11	17	25
As a % of outstanding private-sector guarantees	1.0	1.2	1.3	2.2	2.6

*These are 100% private sector.

Funding And Liquidity

In our view, IADB conducts its treasury operations and asset and liability management prudently. Our funding and liquidity ratios for IADB indicate that the bank would be able to fulfill its mandate for at least one year, even under stressed market conditions, without access to the capital markets, but it may not be able to increase significantly disbursements to its borrowing members.

Funding

Our funding assessment for MLIs considers their funding mix and profile using quantitative and qualitative measures.

We estimate that IADB is structurally able to cover its scheduled short-term debt liabilities without recourse to new issuance; its static funding gap (without loan disbursements) was 1.5x at the one-year time horizon as of year-end 2015, compared with 1.4x in 2014, and 1.4x in 2013.

Qualitatively, we view IADB's funding program as very diversified by both geographic market and type of investor, reflecting IADB's frequent issuance in many markets and currencies. The bank regularly raises funds in the international capital markets through the issuance of debt securities. To diversify its funding sources, the bank issues debt in various currencies, maturities, formats, and structures. In effect, the bank principally funds itself in U.S. dollars; 81% of borrowings before swaps were in U.S. dollars, while this figure is 99% after swaps as of year-end 2015.

In 2015, the bank's medium- and long-term borrowing amounted to $18.8 billion, compared with $21 billion in 2014. The new borrowings carried a slightly longer average maturity in 2015 of 5.2 years, versus 5.1 years and 4.9 years in 2014 and 2013, respectively.

IADB management views the bank's short-term discount note program, with a total limit of $10 billion, as a cash management tool. The year-end 2015 balance in this program was $513 million, versus $675 million in 2014. The weighted average cost of the notes was 0.19% in 2015 (0.05% in 2014). The bank actively used the short-term borrowing facility, or discount note program, during the global financial crisis of 2008-2009. It totaled $3 billion as of year-end 2008 but dropped to only $30 million by the end of 2010. The program then became more active in 2011 in part as a result of a new strategy of maintaining a minimum balance of $500 million of discount notes outstanding to meet investor requirements.

Liquidity

Because of their mandate, national governments call upon multilateral development banks, such as IADB, to lend during financial and economic crises. We therefore set a higher liquidity standard for supranational financial institutions than we do for nationally regulated commercial banks that tend to have access to emergency liquidity facilities from their respective central banks.

We stress the potential liquidity gap between sources and uses of cash on a forward basis for adverse market and economic conditions. This entails applying risk haircuts for both credit risk and liquidity risk.

Under our liquidity stress scenario, at all horizons up to one year, IADB would fully cover its balance-sheet liabilities without market access. For year-end 2015 data, the liquidity ratios were 1.9x at the one-year horizon without any loan disbursements, and 1.4x with scheduled loan disbursements. However, the bank may not be able to significantly increase disbursements to its borrowing members to meet their needs in the face of such a stress scenario.

The bank's ratio of liquid assets (including cash due from banks, deposits, and investment securities less restricted currencies, without any haircuts) to gross debt was 36.1% as of year-end 2015, the same as 2014, up from 31.2% in 2013, and closer to the ratio prior to 2010. Liquid assets to estimated one-year debt service plus undisbursed development-related commitments were 63% in 2015, up from 60% in 2014, 52% in 2013, and 42% in 2011-2012.

IADB's own liquidity policy has just been updated. It calls for the maintenance of liquidity sufficient to cover at least 12 months of debt repayments and loan disbursements with no access to capital markets (and not considering other cash inflows, such as loan collections). The revised policy that became fully effective in early 2015 also aims to give management the flexibility to hold higher liquidity in its consideration of stress events and market conditions. The new policy takes into account haircuts on the bank's liquid assets.

Liquidity, as defined by IADB, for this purpose is nonborrowing countries' convertible currency cash and investments, excluding the assets that the discount note program funds and assets with limited or restricted availability. As of year-end 2015, liquidity, according to the bank's definition, was $27.7 billion--within the policy limits at that time.

Table 7

IADB Funding Ratios

	2015	2014	2013	2012	2011
Static funding gap§ at one year (x)	1.5	1.4	1.4	1.5	1.3
Short-term debt (by remaining maturity) / adjusted total assets (%)	12.5	13.9	12.1	10.0	12.9
Gross debt / adjusted total assets (%)	71.3	72.8	70.9	71.4	71.9
Gross debt net of liquid assets / adjusted total assets (%)	45.6	46.5	48.8	54.6	55.1
Short-term liabilities (by remaining maturity) / total liabilities (%)	16.2	17.8	15.9	12.9	16.4
Total liabilities / adjusted total assets (%)	77.4	77.8	75.8	77.9	78.3
Gross debt / adjusted common equity (x)	3.2	3.3	2.9	3.2	3.3

Table 7

IADB Funding Ratios (cont.)					
	2015	**2014**	**2013**	**2012**	**2011**
Short-term debt (by remaining maturity) / gross debt (%)	17.5	19.0	17.0	14.0	17.9

§Static funding gap is maturing assets divided by maturing liabilities. It is cumulative and based on scheduled receipts and payments.

Table 8

IADB Liquidity					
(Mil. US$)	**2015**	**2014**	**2013**	**2012**	**2011**
Cash and investments, of which:	28,542	27,930	21,436	15,420	14,892
Restricted currencies	148	140	152	161	173
Liquid assets	28,394	27,790	21,284	15,259	14,719
Short-term borrowings	513	675	654	840	898
Medium- and long-term borrowings	78,647	76,634	68,047	64,725	63,025
Total borrowings	79,160	77,309	68,701	65,565	63,923
Interest paid during	388	374	389	508	455
Short-term borrowings at year-end	513	675	654	840	898
Portion of medium and long-term debt maturing during next year	13,379	14,049	11,028	8,353	10,534
Undisbursed loans	30,711	31,601	29,207	26,987	23,994
Total undisbursed loans and estimated next-year debt service	44,991	46,699	41,278	36,688	35,881
Liquid assets/total assets (%)	25.5	26.1	21.9	16.5	16.5
Liquid assets/borrowings (%)	35.9	35.9	31.0	23.3	23.0
Liquid assets/total undisbursed loans and estimated next-year debt service (%)	63.1	59.5	51.6	41.6	41.0
Liquidity with scheduled loan disbursements (net derivatives payable) at 1 year (x)	1.4	1.3	N.A.	N.A.	N.A.

N.A.--Not available.

Likelihood Of Extraordinary Shareholder Support

Callable capital is important for the institution's franchise value, and we add callable capital to the numerator of the RAC ratios to quantify its support. As of year-end 2015, IADB had $10.964 billion (12.8% of total liabilities) in permanent callable capital from seven 'AAA' rated shareholders. When we include this callable capital in the 2015 RAC ratios, the financial profile improves to extremely strong. Based on this, we raise the issuer credit rating to 'AAA' from the SACP of 'aa+'.

Related Criteria And Research

Related Criteria

- Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Nov. 26, 2012
- Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Use of CreditWatch and Outlooks, Sept. 14, 2009

Related Research

- Inter-American Development Bank Ratings Affirmed at 'AAA/A-1+'; Outlook Remains Stable, June 13, 2016
- Inter-American Investment Corp., July 1, 2016
- Introduction To Supranationals Special Edition 2015, Oct. 8, 2015

Ratings Detail (As Of July 27, 2016)		
Inter-American Development Bank		
Counterparty Credit Rating		
Foreign Currency		AAA/Stable/A-1+
Senior Unsecured		AAA
Short-Term Debt		A-1+
Counterparty Credit Ratings History		
22-Sep-1997	*Foreign Currency*	AAA/Stable/A-1+
27-Apr-1990		AAA/Stable/--
28-Nov-1962		AAA/--/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.