Market View
Economics and Strategy

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Quick refresh on the IDBINV RV proposition

By Ethan Currie

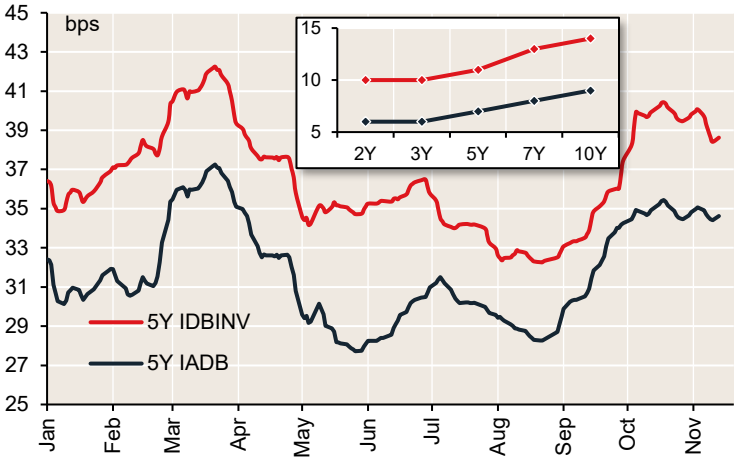
For some time, our constructive view on SSA product has rested on sound fundamentals (against sovereigns and other spread product). Within that broader story, IDB Invest (ticker: **IDBINV**) stands out as a name where the *recognition of* strong fundamentals is supporting (and should continue to support) performance. We've highlighted the issuer before, most recently following its AAA rating upgrade by S&P (**here**). Last week brought another positive catalyst, as the **Basel Committee** approved 0% risk-weight treatment for exposures to IDB Invest under its existing framework. This puts the issuer's regulatory treatment on the same footing as its MDB peers and reinforces a convergence thesis that was already supported by narrowing rating differentials.

That said, shakier risk appetite since September has widened spreads more broadly and pushed the IDBINV basis to key peers off YTD tights as well. Both moves leave an attractive entry opportunity in our view, especially as fundamentals are seen driving valuations: The IDBINV 4.375% May 2031 bond traded 2 bps tighter on the Basel news, on G-spread and in basis terms against tighter-trading SSAs, with those levels holding since. A positive reaction was also seen in June, following the rating upgrade. The value proposition also extends beyond the immediate peer set. IDBINV spreads have widened less than corporate IG and exhibited less volatility throughout. The rating upgrade and revised risk-weight treatment this year reinforce IDBINV's fundamental strength and support such outperformance in times of stress going forward.

Alongside these developments, regular issuance (and thus building liquidity) will continue to support basis compression. Investor depth and breadth will also remain an advantage, with October's return to the USD floater market the latest illustration of the issuer's success in primary. All told, the spread back-up offers a good opportunity to revisit strong credits such as IDBINV. G-spreads have found support in recent weeks, and there's scope for basis compression ahead, driven partly by rekindled risk appetite but, more importantly, by recognized credit similarities with peer MDBs and the resulting alignment in regulatory treatment.

Chart 1: Basis to peers flags attractive at current risk profile

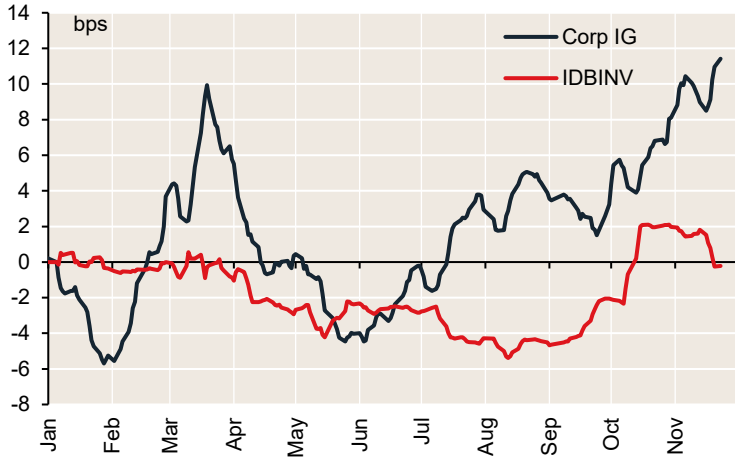
5Y USD SOFR spread, IDBINV vs. IADB, 2026 YTD | Inset: G-spread indication



Source: NBC | Note: 5-day moving average constant maturity new issue spread indications vs. SOFR; Inset is current NI indications vs. UST

Chart 2: Not immune from risk-off (but certainly less volatile)

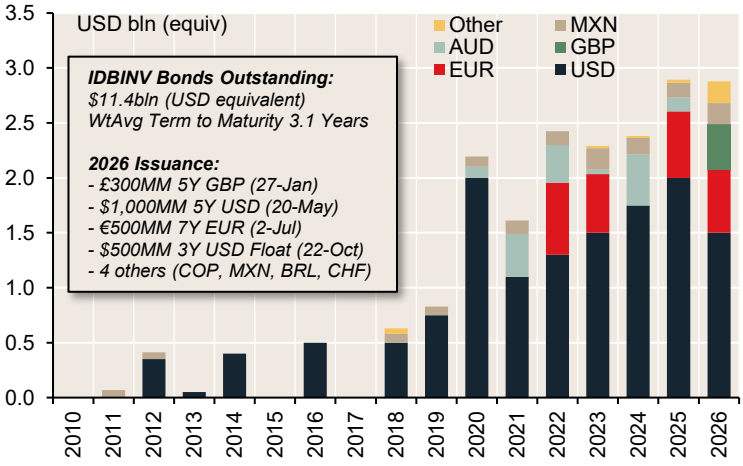
2026 YTD change in 5Y USD G-Spread: IDBINV vs. corporate IG



Source: NBC, Bloomberg | Note: 5-day moving average; change since 1-Jan-2026

Chart 3: Gross bond supply has stepped into a rhythm…

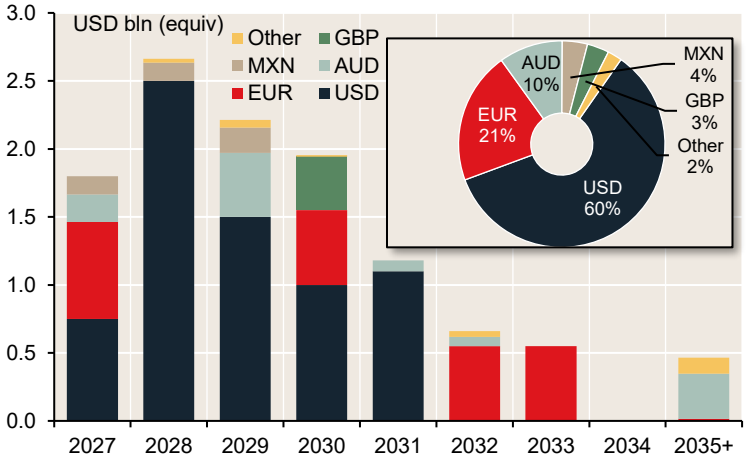
IDBINV gross bond issuance by calendar year



Source: NBC, Bloomberg | Note: Deals translated at pricing date FX

Chart 4: …leaving an increasingly liquid and diverse stock

Maturity & currency profile of outstanding IDBINV bonds | Inset: Currency share



Source: NBC, Bloomberg | Note: Current issuer as defined by Bloomberg, in USD equivalent

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