Caribbean Development Bank

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com

Ratings

Foreign Currency

Long-Term IDR	AA+
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable

Highest ESG Relevance Scores

Environmental	3
Social	4
Governance	4

Financial Data

	Sep 23	Sep 24
Total assets (USD Mil.)	2,049	2,072
Equity/assets (%)	44.7	45.2
Fitch's usable capital/risk-weighted assets (FRA, %)	65.4	67.6
Average rating of loans & guarantees	B−	B
Impaired loans (% of total loans)	0.1	0.1
Five largest exposures/total exposure (%)	56.6	61.3
Share of non-sovereign exposure (%)	5.1	4.8
Net income/equity (%)	2.5	2.1
Average rating of key shareholders	BBB−	BBB−

Source: Fitch Ratings, CDB

Applicable Criteria

Supranationals Rating Criteria (October 2024)

Related Research

Fitch Affirms Caribbean Development Bank at 'AA+'; Outlook Stable (February-2025)

Click here for more Fitch Ratings content on Caribbean Development Bank

Analysts

Nick Perry
+44 20 3530 2727
nick.perry@fitchratings.com

Khamro Ruziev
+44 20 3530 1813
khamro.ruziev@fitchratings.com

Key Rating Drivers

Ratings Driven by SCP: Caribbean Development Bank's (CDB) Long-Term Issuer Default Rating (IDR) reflects its Standalone Credit Profile (SCP) of 'aa+', underpinned by liquidity and solvency assessments of 'aaa' and 'aa+', respectively. Fitch Ratings assesses CDB's business environment as medium risk, which does not translate into any adjustment to the solvency and liquidity assessments.

New President Elected: Mr Daniel Best was recently appointed president of CDB, effective February 2025. This follows the bank's decision to place former president Dr Hyginus Leon on administrative leave from January to April 2024, before he departed the bank later in the year.

In Fitch's view, the process to transition to a new president was consistent with the bank's high governance standards. The bank has decided to delay the implementation of its new Strategic Plan from 2025 until 2026 so the strategic direction of the bank can be informed by the president's vision. The new strategy is expected to run from 2026-2035, which is longer than recent strategies, including the most recent update (2022-2024).

'Excellent' Capitalisation: CDB's solvency assessment is supported by its 'excellent' capitalisation. As of end-September 2024, the bank's usable capital/risk-weighted assets (FRA) ratio was 68%, comfortably above the 35% threshold for an 'excellent' assessment, and the equity/adjusted assets and guarantees ratio was 45%, also well above the 25% threshold for an 'excellent' assessment. These metrics are broadly in line with pre-pandemic levels, which highlights the resilience of the bank's capitalisation, supported by its strong loan performance.

Lending Volumes Decline: CDB's ordinary capital resource approvals fell considerably in 2024 to USD132 million, versus USD285 million the year before, representing a decline of 53%. This largely reflects that no policy-based loan was approved in 2024, unlike 2023, when the bank approved USD193 million of loans to Bahamas and St. Lucia to support post-pandemic recovery. Fitch understands that one of the reasons for the lower loan approvals was due to changes in the level of engagement between the bank and some of its borrowing member countries due to the leadership changes it was undergoing.

'Low' Credit Risk: Fitch has revised its credit risk assessment to 'low', from 'moderate', to reflect the bank's very strong record of loan performance (non-performing loans (NPL): 0.1% at end-September 2024), coupled with an improvement in its average rating of loans to 'B', from 'B-'. CDB continues to have no arrears with sovereign borrowers; its sole NPL is to a small, non-sovereign exposure (around USD1.6 million). Fitch assesses CDB's preferred creditor status as 'excellent'. This translates into a '+3' notch adjustment to the average rating of loans when assessing the bank's solvency.

Caribbean Sovereign Ratings Improve: Fitch upgraded the sovereign ratings of Barbados to 'B+', from 'B', with a Stable Outlook in October 2024 and Jamaica to 'BB-', from 'B+', with a Positive Outlook in March 2024. Barbados and Jamaica are in the bank's top-10 exposures, accounting for 14.1% and 4.6% of loans, respectively.

Concentration Remains Key Constraint: CDB's five largest borrowers made up 61.3% of total banking exposures at end-September 2024 (56.6% at end-September 2023), which is 'high' under Fitch's criteria. The increase stemmed from the large policy-based loan the bank disbursed to Bahamas. The bank's concentration risk is inherently higher than at peers, given the geographical proximity and correlation between borrowing member countries' economies.

Fitch recognises CDB's on-going efforts to improve concentration risk, as it targets loan portfolio diversification towards higher-rated sovereigns as well as exploring an Exposure Exchange Agreement with a highly rated multilateral development bank.

Rating Derivation Summary

	Standalone Credit Profile (SCP)					Support			
	Solvency	Liquidity	Lower of solvency and liquidity	Business environment (+3/-3 notches)	Final SCP	Capacity	Propensity (+1/-3 notches)	Support adjustment (up to 3 notches)	Final rating
CDB	aa+	aaa	aa+	0	aa+	BBB−	0	0	AA+

Source: Fitch Ratings

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- **Solvency (Credit Risk):** An increase in credit risk potentially leading to sovereign arrears and/or higher NPLs in the non-sovereign loan book, leading to a rise in the NPL ratio above the upper bound 'very low' risk threshold of 1%.
- **Solvency (Concentration Risk):** Increased concentration risk, driven by a rise in the share of existing exposures and/or increased exposure to sovereigns in financial distress, would be negative for the rating.
- **Solvency (Capitalisation):** Significant decline in the FRA ratio relative to recent historical performance (previous three-year average: 64%). This could be driven by losses, rapid growth in banking operations and/or a significant increase in risk-weighted assets.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- **Solvency (Concentration Risk):** A material improvement in concentration, resulting in the bank's top-five exposures accounting for less than 40% of total banking exposure. This could stem from a diversification of the bank's lending operations and/or the successful execution of an Exposure Exchange Agreement.
- **Solvency (Credit Risk):** A sustained improvement in the bank's credit risk profile, potentially driven by greater exposure to higher-rated borrowers moving the bank's weighted average rating of loans into the 'BB' category; alongside a continued 'very low' level of NPLs.

Business Environment

We assess CDB's business environment as 'medium risk', reflecting a combination of its 'medium risk' operating environment and 'medium risk' business profile. This translates into no notching adjustment to the SCP assessment.

Brief Issuer Profile

CDB is a multilateral development bank established by an agreement signed in 1969 in Jamaica and entered into force on 26 January 1970. The bank was set up to promote economic co-operation and integration within the Caribbean, with a particular and urgent focus on the needs of the region's less-developed member countries.

The following states and territories are founding members: Antigua and Barbuda; The Bahamas; Barbados; Belize; British Virgin Islands; Cayman Islands; Dominica; Grenada; Guyana; Jamaica; Montserrat; St Kitts and Nevis; Anguilla; St Lucia; St Vincent and the Grenadines; Trinidad and Tobago; Turks and Caicos Islands; Canada; and the United Kingdom.

Membership is open to all states and territories in the region and to all non-regional states that are members of the UN. The US (AA+/Stable) is not a shareholder in CDB. Current membership consists of:

- Regional borrowing member countries (BMCs): Antigua and Barbuda; The Bahamas; Barbados; Belize; British Virgin Islands; Cayman Islands; Dominica; Grenada; Guyana; Jamaica; Montserrat; St Kitts and Nevis; Anguilla; St Lucia; St Vincent and the Grenadines; Suriname (2013); Trinidad and Tobago; Turks and Caicos Islands; Haiti
- Four regional non-borrowing members: Brazil (2015), Colombia, Mexico and Venezuela
- Five non-regional non-borrowing members: Canada, China (1998), Germany (1989), Italy (1989) and the UK.

The bank's headquarters is located in Wildey, Barbados. CDB opened its first 'field' office in Haiti in 2018.

CDB provides loan financing to BMCs' governments and to public-sector entities with a government guarantee. It also provides technical assistance to governments, public-sector enterprises, non-governmental organisations and regional institutions. The bank offers loan financing to private-sector enterprises, but to a lesser extent than at its sovereign operations.

Business Profile

Fitch assesses CDB's business profile as 'medium risk'.

CDB's banking portfolio of USD1.4 billion is small compared with regional and sub-regional multilateral development banks (MDBs). Fitch assesses this as 'high risk'.

CDB's 'low-risk' governance reflects its experienced staff and prudential risk framework. Its organisational structure is highly transparent and its internal policies are comprehensive, particularly those regarding leverage, liquidity and risk management, as well as the policies for institutional matters as a whole, which are firmly enforced. Fitch believes the recent process to transition to a new president was consistent with the bank's high governance standards. Fitch expects the bank to maintain high-quality risk and underwriting standards in coming years.

Fitch assesses CDB's strategy as 'medium risk', reflecting the moderate growth in the bank's loan portfolio and lending to distressed sovereigns without offsetting increases in capital.

CDB has a 'low risk' exposure to the non-sovereign sector, at 5% of its total banking exposure. This is comparable to sovereign-focused peers, such as Inter-American Development Bank (IADB, 6%), and lower than Corporacion Andina de Fomento (CAF, 11%). Fitch expects private-sector financing to remain a contained activity.

Fitch's 'low risk' assessment of the importance of a public mandate reflects the bank's excellent relationships with member states, including close collaboration in national and regional projects. The large size of non-ordinary capital resource funds managed by CDB strengthens the relevance of the bank to BMCs and, ultimately, its public mandate. These Special Funds Resources (SFR) are continuously replenished by regional and non-regional member states, such as the UK, Canada and Italy.

Operating Environment

Fitch assesses CDB's operating environment as 'medium risk'.

Fitch assesses the average credit quality of the bank's countries of operation as 'high risk'. CDB only extends its financing operations to its 19 regional BMCs, all of which are in the Caribbean. The BMCs are part of the lower Antilles (small, eastern islands), except for Jamaica, Belize, Guyana and Suriname. The non-weighted average rating of CDB's countries of operation is 'B-'.

Fitch assesses the average income per capita in CDB's countries of operation as 'medium risk'. There are significant variations in the average income per capita in the Caribbean, ranging from very low in Haiti to very high in the Cayman Islands. However, overall, BMCs' GDP per capita is in the intermediate range, as assessed by the World Bank.

Fitch assesses political risk and the business climate in CDB's countries of operation as 'low risk', based on World Bank Governance indicators, while political risk and the business climate in the country of its head office, Barbados, is 'low risk'.

Solvency

Fitch assesses CDB's solvency at 'aa+', driven by its 'excellent' capitalisation and 'excellent' and 'low' risk assessments.

Capitalisation

CDB's capitalisation is a key strength for its rating. The bank's capital adequacy framework is anchored by a risk-adjusted capital calculation, introduced in 2021. The ratio measures a wide scope of risks, including credit, operational, concentration and market risk. It also incorporates preferred-creditor status (PCS) treatment into the calculation. The policy requires the bank to maintain its risk-adjusted capital ratio at a minimum level of 24% of risk-weighted assets; the ratio stood at 29.7% at end-September 2024.

The bank is in the process of implementing a new economic capital model, which should enhance the bank's ability to evaluate risk-adjusted capital adequacy. The model has undergone initial testing and is set for full deployment in 2025.

The bank's leverage limit is 1.65x, the lowest among Fitch-rated MDBs.

We assess the equity/adjusted assets and guarantees ratio of 45% at end-9M24 as 'excellent', in line with our *Supranationals Rating Criteria* and well above the 25% threshold for this category.

Fitch's FRA ratio for CDB was 67.6% as of end-9M24, comfortably above the 35% 'excellent' threshold.

Peer Comparison: Capital Ratios and Profitability

	CDB (AA+)		CAF AA-	IADB AAA	New Development Bank (NDB) AA
	September 2024	Projection[a]	September 2024	June 2024	End-2023
Equity/adjusted assets (%)	45.2	45-50	28.0	26	39.8
Usable capital/risk-weighted assets (FRA, %)	67.6	65-80	46.4	51	78.9
Net income/average equity	2.1	1.5-2.5	5.5	3.4	5.4

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

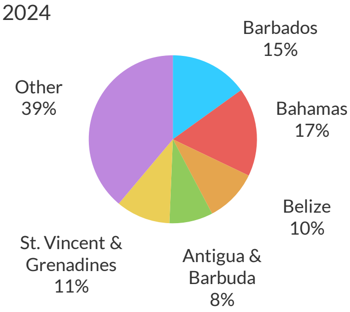
Risks

Risks Assessment

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

Source: Fitch Ratings

Geographic Breakdown of Loans
September 2024



Source: Fitch Ratings, CDB

Fitch assess CDB's overall risks as 'low'.

CDB's 'low' credit risk reflects the balance of borrowers' average credit quality with the bank's excellent loan performance (NPL ratio: 0.1%) and sovereign focus (sovereign loans were about 94% of the portfolio). These factors positively weigh on the bank's overall risk profile.

Only one private sector borrower (USD1.6 million) was in arrears as of end-9M24. The majority of CDB's operations focus on supporting key infrastructure projects, such as roads, education facilities and water-supply systems in BMCs (two-thirds of total loans). The bank also plays an important role in providing emergency and short-term liquidity support via policy-based operations.

The low NPL level, both current and historical, reinforces our expectation of minimal credit losses in the bank's loan operations, despite the weak credit quality of borrowers. Fitch does not expect any sovereign to fall in arrears with the bank, leading to an expected NPL ratio of below 1% over the medium term.

The weighted-average rating of loans and guarantees improved by one notch to 'B' as of end-9M24 ('B-' at end-2023).

Fitch's 'excellent' PCS assessment is based on the high share of sovereign exposure and empirical evidence of BMCs honouring CDB's debt. PCS was tested in the debt restructurings of Dominica (2004), Belize (2006, 2017 and 2021), Grenada (2013), Barbados (2019) and Suriname (2020/21).

Concentration is the bank's main rating weakness and is assessed as a 'moderate risk', with the five-largest exposures (Bahamas, Barbados, St Vincent and Grenadines, Belize and Antigua and Barbuda) accounting for just over 60% of total exposure as of end-9M24. This ratio had fallen to 59% by end-2024 and Fitch expects it to fall to 50%-55% over the medium term.

Concentration risk is inherently higher than at peers with similar top-five obligor metrics, as the geographical proximity and correlation with other BMCs' economies increases contagion risk. However, the bank has proactively aimed to diversify its loan exposures; it projects the top-five loans as a percentage of total loans to fall below 50%.

We assess CDB's equity risk as 'very low', as the bank has no equity participations in its portfolio.

CDB is not subject to any bank regulation or supervisory regime, as is the case with other MDBs. Instead, the bank has its own prudential framework under which it monitors numerous prudential ratios within its limits.

The bank is rolling out a new enterprise risk management framework. Some changes are already in place, including amendments to risk rating criteria and enterprise risk reporting, with further adjustments, such as credit/concentration limits and liquidity risk improvements, to be implemented in 2024 and in the next strategic plan.

Peer Comparison: Risks

	CDB (AA+)		CAF AA-	IADB AAA	NDB AA
	September 2024	Projection[a]	September 24	June 2024	End-2023
Estimated average rating of loans & guarantees	B	B	B+	B+	BB+
Impaired loans/gross loans (%)	0.1	0-1	5.9	1.9	0.2
Five largest exposures/total banking exposure (%)	67.6	50-60	52.1	50	88.8
Equity stakes/total banking exposure (%)	0.0	0-1	1.1	0	0.5

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

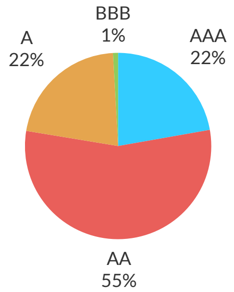
Liquidity Analysis

Liquidity Assessment

Indicative value	Risk level
Liquidity buffer	Excellent
Quality of treasury assets	Excellent
Access to capital markets & alternative liquidity sources	Strong

Source: Fitch Ratings

Breakdown of Treasury Assets
September 2024



Source: Fitch Ratings, CDB

Fitch assesses CDB's liquidity at 'aaa' as a result of its 'excellent' coverage of short-term debt by liquid assets and the 'excellent' share of 'AAA' to 'AA' rated liquid assets.

Liquid Assets to Short-Term Debt

CDB's liquidity buffers compare favourably with those of peers. Treasury assets were 27% of total assets at end-9M24 and coverage of short-term liabilities by liquid assets was 9x. Fitch expects CDB's excellent liquidity to remain a key rating strength over the medium term as a result of its long-term staggered debt maturities.

Fitch forecasts the liquidity to fall to 3x by end-2027, as the bank has a USD170 million debt security due in 2028, the repayment of which will increase its short-term debt in 2027.

Quality of Treasury Assets

Fitch assesses the quality of CDB's treasury assets as 'excellent'. At end-9M24, 78% of the portfolio was rated in the 'AAA' to 'AA' categories (74% at end-9M23). Fitch expects CDB to maintain the high quality of treasury assets in the medium term, remaining above the 70% 'excellent' threshold outlined in the criteria.

Access to Capital Market, Alternative Source of Liquidity

Fitch assesses CDB's access to capital markets and alternative sources of liquidity as 'strong', with the bank issuing market debt sporadically, including a Swiss franc issue in 2016 and euro issues in 2019 and 2021. It also borrows frequently, albeit in small amounts, from other development institutions for special purpose projects.

Capital market borrowings raised EUR62 million in 2024. In addition, the bank borrowed EUR100 million from the European Investment Bank (AAA/Stable) and continues to draw on other lines, such as Agence Francaise de Developpement (AA-/Negative). CDB expects to issue a bond in 2025, with the size to be determined based on projected liquidity needs.

Peer Comparison: Liquidity

	CDB (AA+)		CAF AA-	IADB AAA	NDB AA
	September 2024	Projection[a]	September 2024	June 2024	End-2023
Liquid assets/short-term debt (%)	961.0	300-400	159.6	192	156.8
Share of treasury assets rated 'AA-' and above (%)	77.6	75-85	59.3	94	54.8

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

Shareholder Support

Fitch assesses the capacity of shareholders to provide support to CDB at 'BBB-'.

Capacity to Provide Extraordinary Support

The weighted-average rating of key shareholders remains unchanged at 'BBB-' from 2023. Fitch defines key shareholders as the countries or institutions that own the largest shares of callable capital and whose cumulative share ownership accounts for at least 50% of total capital. CDB's key shareholders are Jamaica, Trinidad & Tobago, the UK and Canada. Fitch expects shareholders rated at least 'BBB-' to cover net debt by callable capital through to 2027.

Propensity to Provide Extraordinary Support

Fitch believes there is no justification for an adjustment to shareholders' capacity to provide support, as the propensity to do so is assessed as 'strong'.

Fitch views CDB as an important institution for its member states, with over 50% of subscribed capital put forward by regional BMCs. Member states have shown evidence of supporting the bank by participating in general capital increases, and the enforceability of the capital call is in line with MDB peers. Further replenishment of non-ordinary capital resource funds reinforces the shareholders' commitment to the institution and its development mandate.

Peer Comparison: Shareholder Support

	CDB (AA+)		CAF AA-	IADB AAA	NDB AA
	September 2024	Projection[a]	September 2024	June 2024	End-2023
Coverage of net debt by callable capital	BBB	BBB	NC	A	A+
Average rating of key shareholders	BBB–	BBB–	BB	BBB+	BB
Propensity to support	0	0	0	0	0

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

ESG Relevance Scores

This Navigator report does not constitute a new rating action for this issuer. It provides a visual summary of the integrated scoring system that shows how environmental, social and governance (ESG) factors affect individual credit rating decisions. The most recent Rating Action Commentary can be found on www.fitchratings.com.

FitchRatings

Caribbean Development Bank

Supranational ESG Navigator
Supranational

Credit-Relevant ESG Derivation

Caribbean Development Bank has 3 ESG rating drivers and 5 ESG potential rating drivers

- \+ Caribbean Development Bank has exposure to borrowers with limited access to external funding sources and/or extend concessional loans which, in combination with other factors, impacts the rating.
- Caribbean Development Bank has exposure to lack of supervision by an external authority and is not subject to banking regulation which, in combination with other factors, impacts the rating.
- Caribbean Development Bank has exposure to obligor concentration; access to central bank refinancing; effectiveness of preferred creditor status which, in combination with other factors, impacts the rating.
- Caribbean Development Bank has exposure to impact of climate change on assets quality but this has very low impact on the rating.
- Caribbean Development Bank has exposure to social pressure to provide support at times of crisis but this has very low impact on the rating.
- Caribbean Development Bank has exposure to risk around the execution/predictability of its strategy but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	3	issues	4
potential driver	5	issues	3
not a rating driver	1	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	3	Impact of extreme weather events and climate change on assets and corresponding risk appetite and management	Asset Quality; Risk Management	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	4	Lending to borrowers with limited or no access to other external sources of finance; extension of concessional loans or grants; credit protection schemes	Importance of the Public Mandate; Credit Risk; Propensity to Support	5
Privacy & Data Security	1	n.a.	n.a.	4
Labour Relations & Practices	2	Restriction on recruitment based on nationality and quotas	Governance	3
Employee Well-being	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Counter-cyclical mandate and development role; social pressure to provide support at times of crisis	Credit Risk; NPLs; Capitalisation; Strategy	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy (Operational Execution)	3	Lack of predictability and/or risk around the execution of strategy	Business Profile; Strategy; Governance	5
Governance Structure	3	Board independence and effectiveness, ownership composition, degree of political or external influence, control of one member state over the management of the institution	Business Profile; Strategy; Governance	4
Rule of Law, Institutional & Regulatory Quality	4	Supranationals are neither subject to bank regulation nor supervised by an external authority; all supranationals attract a score of '4'	Risk Management Policies; Governance	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes, detail and scope of information, medium-term financial forecasts	Minimum Data Requirement	2
Policy Status and Mandate Effectiveness	4	Inherent obligor risk concentration; effectiveness of preferred creditor status; access to liquidity support from central bank	Concentration; Credit Risk; Access to Central Bank Refinancing	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Data Tables

Balance Sheet

	30 Sep 24 9 months - 3rd quarter (USDm) Original	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	1,383.0	1,329.4	1,257.6
2. To/guaranteed by public institutions	-	-	-
3. To/guaranteed by private sector	67.7	71.6	81.2
4. Trade financing loans (memo)	-	-	-
5. Other loans	-	-	-
6. Loan loss reserves (deducted)	5.2	7.8	8.2
A. Loans, total	**1,445.5**	**1,393.2**	**1,330.6**
B. Other earning assets			
1. Deposits with banks	126.1	131.0	121.2
2. Securities held for sale & trading	441.4	459.5	511.7
3. Investment debt securities (including other investments)	-	-	-
4. Equity investments	0.0	0.0	0.0
5. Derivatives (including fair-value of guarantees)	n.a.	n.a.	0.2
B. Other earning assets, total	**567.5**	**590.5**	**633.1**
C. Total earning assets (A+B)	**2,013.0**	**1,983.7**	**1,963.7**
D. Fixed assets	**20.3**	**23.0**	**21.7**
E. Non-earning assets			
1. Cash and due from banks	-	-	-
2. Other	39.1	42.8	55.4
F. Total assets	**2,072.4**	**2,049.5**	**2,040.8**
G. Short-term funding			
1. Bank borrowings (< 1 year)	-	-	-
2. Securities issues (< 1 year)	-	-	-
3. Other (including deposits)	59.1	78.0	99.1
G. Short-term funding, total	**59.1**	**78.0**	**99.1**
H. Other funding			
1. Bank borrowings (> 1 year)	-	-	-
2. Other borrowings (including securities issues)	982.0	928.9	923.8
3. Subordinated debt	-	-	-
4. Hybrid capital	-	-	-
H. Other funding, total	**982.0**	**928.9**	**923.8**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	91.0	143.6	142.5
2. Fair value portion of debt	-	-	-
3. Other (non-interest bearing)	17.1	15.7	14.5
I. Other (non-interest bearing), total	**108.1**	**159.3**	**157.0**
J. General provisions & reserves	**21.8**	**26.0**	**38.1**
L. Equity			
1. Preference shares	-	-	-
2. Subscribed capital	1,763.7	1,763.7	1,763.7
3. Callable capital	-1,375.1	-1,375.1	-1,375.1

Balance Sheet

	30 Sep 24 9 months - 3rd quarter (USDm) Original	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original
4. Arrears/advances on capital	-0.3	-0.3	-0.3
5. Paid in capital (memo)	388.2	388.2	388.2
6. Reserves (including net income for the year)	537.0	520.5	488.9
7. Fair-value revaluation reserve	-23.9	-51.5	-54.4
K. Equity, total	**901.4**	**857.3**	**822.8**
M. Total liabilities & equity	**2,072.4**	**2,049.5**	**2,040.8**

Source: Fitch Ratings, Fitch Solutions

Income Statement

	30 Sep 24 9 months - 3rd quarter (USDm) Original	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original
1. Interest received	63.1	61.8	45.6
2. Interest paid	35.3	27.2	26.7
3. Net interest revenue (1. - 2.)	**27.8**	**34.6**	**18.9**
4. Other operating income	0.3	-13.6	4.2
5. Other income	-3.8	1.9	0.7
6. Personnel expenses	-	-	-
7. Other non-interest expenses	13.4	14.0	10.9
8. Impairment charge	-0.4	-0.3	0.2
9. Other provisions	-	-	-
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**11.3**	**9.2**	**12.7**
11. Net gains/(losses) on non-trading derivative instruments	-	-	-91.2
12. Post-derivative operating profit (10. + 11.)	**11.3**	**9.2**	**-78.5**
13. Other income and expenses	-	-	-
14. Net income (12. + 13.)	**11.3**	**9.2**	**-78.5**
15. Fair value revaluations recognised in equity	14.3	1.9	-48.2
16. Fitch's comprehensive net income (14. + 15.)	**25.6**	**11.1**	**-126.7**

Source: Fitch Ratings, Fitch Solutions

CB Ratio Analysis

(%)	30 Sep 24 9 months - 3rd quarter Original	30 Sep 23 9 months - 3rd quarter Original	30 Sep 22 9 months - 3rd quarter Original
I. Profitability level			
1. Net income/equity (average)	2.1	2.5	-11.8
2. Cost/income ratio	47.7	66.7	47.2
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	67.6	65.4	66.4
2. Equity/adjusted total assets + guarantees	45.2	44.7	43.1
3. Paid-in capital/subscribed capital	22.0	22.0	22.0
4. Internal capital generation after distributions	3.1	1.3	-14.3
III. Liquidity			
1. Liquid assets/short-term debt	961.0	797.3	636.7
2. Share of treasury assets rated 'AAA'-'AA'	77.6	73.8	83.1
3. Treasury assets/total assets	27.4	28.8	31.0
4. Treasury assets investment grade + eligible non-investment grade/total assets	27.4	28.8	30.9
5. Liquid assets/total assets	27.4	28.8	30.9
IV. Asset quality			
1. Impaired loans/gross loans	0.1	0.1	0.1
2. Loan loss reserves/gross loans	0.4	0.6	0.6
3. Loan loss reserves/Impaired loans	325.0	487.5	512.5
V. Leverage			
1. Debt/equity	115.5	117.5	124.3
2. Debt/callable capital	75.7	73.2	74.4

Source: Fitch Ratings, Fitch Solutions

Annex

	30 Sep 24 (USDm) Original	30 Sep 23 (USDm) Original	30 Sep 22 (USDm) Original
1. Lending operations			
1. Loans outstanding	1,450.7	1,401.0	1,338.8
2. Disbursed loans	-	-	-
3. Loan repayments	-	-	-
4. Net disbursements	-	-	-
Memo: Loans to sovereigns	1,383.0	1,329.4	1,257.6
Memo: Loans to non-sovereigns	67.7	71.6	81.2
2. Other banking operations			
1. Equity participations	-	-	-
2. Guarantees (off balance sheet)	12.0	12.0	12.0
Memo: Guarantees to sovereigns	12.0	12.0	12.0
Memo: Guarantees to non-sovereigns	-	-	-
3. Total banking exposure (balance sheet and off balance sheet)			
1. Total banking exposure (loans + equity participations + guarantees (off balance sheet))	1,462.7	1,413.0	1,350.8
2. Growth in total banking exposure	3.5	4.6	n.a.
Memo: Non-sovereign exposure	67.7	71.6	81.2
4. Support			
1. Share of 'AAA'/'AA' shareholders in callable capital	24.0	24.0	24.0
2. Rating of callable capital ensuring full coverage of net debt	BBB	BBB	A+
3. Weighted average rating of key shareholders	BBB–	BBB–	BBB–
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	94.4	94.1	93.1
2. Loans to non-sovereigns total banking exposure	4.8	5.1	6.0
3. Equity participation/total banking exposure	0.0	0.0	0.0
4. Guarantees covering sovereign risks/total banking exposure	0.8	0.9	0.9
5. Guarantees covering non-sovereign risks/total banking exposure	0.0	0.0	0.0
Memo: Non sovereign exposure (2. + 3. + 5.)/total banking exposure	4.8	5.1	6.0
6. Concentration measures			
1. Largest exposure/equity (%)	27.1	26.6	29.4
2. Five largest exposures/equity (%)	98.6	93.3	87.5
3. Largest exposure/total banking exposure (%)	16.7	16.1	17.9
4. Five largest exposures/total banking exposure (%)	61.3	56.6	53.3
7. Credit risk			
1. Average rating of loans & guarantees	B	B-	B-
2. Loans to investment-grade borrowers/gross loans	9.0	6.4	7.1
3. Loans to sub-investment grade borrowers/gross loans	55.6	80.9	90.9
8. Liquidity			
1. Treasury assets	567.5	590.5	632.9
2. Treasury assets of which investment grade + eligible non-investment grade	567.0	590.0	631.0
3. Unimpaired short-term trade financing loans	-	-	-
4. Unimpaired short-term trade financing loans - discounted 40%	-	-	-
5. Liquid assets (2. + 4.)	567.0	590.0	631.0

Source: Fitch Ratings, Fitch Solutions

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.