FitchRatings

Supranational
Barbados

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.

Caribbean Development Bank

Ratings

Foreign Currency

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

Outlooks

Long-Term IDR	Stable

Financial Data

	Sep 22	Sep 23
Total assets (m)	2,041	2,049
Equity to assets (%)	43.1	44.7
Fitch's usable capital to risk-weighted assets (FRA, %)	62.5	65.4
Average rating of loans & guarantees	B-	B-
Impaired loans (% of total loans)	0.1	0.1
Five largest exposures to total exposure (%)	53.3	56.6
Share of non-sovereign exposure (%)	5.6	5.1
Net income/equity (%)	-11.8	2.5
Average rating of key shareholders	BBB-	BBB-

Source: Fitch Ratings, CDB

Applicable Criteria

Supranationals Rating Criteria (April 2023)

Related Research

Fitch Affirms Caribbean Development Bank at 'AA+'; Outlook Stable (February 2023)

Fitch Revises Barbados' Outlook to Positive; Affirms at 'B' (October 2023)

Click here for more Fitch Ratings content on Caribbean Development Bank

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Key Rating Drivers

Ratings Driven by SCP: Caribbean Development Bank's **(**CDB) 'AA+' 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.

CDB's President on Administrative Leave: CDB's president, Dr. Hyginus Leon, was placed on administrative leave in mid-January until 14 April 2024, pending the outcome of an independent, internal administrative process. In Fitch's view, the ongoing process is consistent with the bank's high governance standards and the agency does not anticipate there to be any rating impact.

Excellent Capitalisation: CDB's solvency assessment is supported by the bank's 'excellent' capitalisation. As of end-September 2023, the bank's equity/adjusted assets and guarantees ratio was 45%, comfortably above the 25% threshold for an 'excellent' assessment. Fitch's usable capital/risk-weighted assets (FRA) ratio was 65%, also well above the 35% threshold for an 'excellent' assessment. These metrics are broadly in line with pre Covid-19 -pandemic levels, which highlights the limited impact it had on the capitalisation, given strong loan performance.

Resilient Loan Performance: The performance of CDB's loan portfolio continues to exceed our expectations during the pandemic, with no new non-performing loans (NPLs) incurred since it started in 2020. The bank's NPL ratio is 'very low' (defined as less than 1%), with no sovereign arrears and only two non-sovereign NPLs to a single borrower, accounting for 0.1% of loans at end-September 2023.

Barbados Drives Forecast ARL Improvement: We expect CDB's weighted average rating of loans (ARL) to improve from 'B-' at end-September 2023 to 'B' in our forecast through to end-2026. The principal driver of this is the revision of the Outlook on Barbados (B) to Positive in October 2023 as the agency assumes a one-notch upgrade of the rating of any entity on Positive Outlook through its forecast period. Fitch also recognises the positive impact on this metric of the bank's strategy to increasingly disburse loans to higher-rated borrowing member countries.

Risk-Management Framework Enhancements: CDB is upgrading its risk management framework in response to the ongoing review of multilateral development banks' (MDB) capital adequacy by the G20 countries. The bank's reforms roadmap spans capital adequacy, concentration, market, liquidity and operational risks through to 2025. In our view, recourse to schemes that would reduce loan concentration, CDB's main solvency weakness, could support our assessment of risk management.

Concentration Key Rating Constraint: CDB's five largest borrowers made up 56.6% of total banking exposures (TBE) at end-September 2023 (53% at end-2022), which is a 'moderate' level under Fitch's criteria. The bank's concentration risk is inherently higher than peers, given the proximity and correlation between borrowing member countries' economies. CDB is trying to improve its concentration risk, as it targets loan portfolio diversification towards higher-rated sovereigns as well as exploring an exposure exchange agreement with a highly rated MDB.

Very High Liquidity: Fitch assesses CDB's liquidity at 'aaa'. This is driven by the bank's 'excellent' liquidity buffers (coverage of short-term debt was 8.0x at end-September 2023) and the 'excellent' credit quality of the bank's treasury portfolio. Fitch expects the bank to continue to operate with large and high-quality liquidity buffers.

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 positively affecting the bank's weighted ARL beyond Fitch's current expectations.

Business Environment

We assess the business environment as 'medium risk', 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 in October 1969 in Jamaica and came into force in January 1970. The bank was set up to promote economic cooperation and integration in the Caribbean, with a 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; Haiti; St Lucia; St Vincent and the Grenadines; Trinidad and Tobago; Turks and Caicos Islands; Canada; and the UK.

Membership is open to all states and territories in the region and to all non-regional states that are members of the United Nations.

Current membership includes 28 countries consisting of: 19 regional borrowing member countries: 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; four regional non-borrowing members: Brazil (2015), Colombia, Mexico and Venezuela; and five non-regional non-borrowing members: Canada, China (1998), Germany (1989), Italy (1989), and the UK.

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

CDB provides loan financing to borrowing member countries' governments and to public-sector entities with a government guarantee, technical assistance to governments, public-sector enterprises and non-governmental organisations and regional institutions. The bank also provides loan financing to private-sector enterprises, albeit, to a lesser extent than 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 subregional MDBs, such as Inter-American Development Bank (IADB; USD110 billion) and Corporacion Andina de Fomento (CAF; USD30 billion). Fitch assesses this as 'high risk'.

CDB's 'low-risk' governance reflects its experienced staff and its prudential risk framework. It has a transparent organisational structure and internal policies are comprehensive, in particular those regarding leverage, liquidity, and risk management, as well as institutional matters, which are firmly enforced. Fitch expects the bank to maintain high-quality risk and underwriting standards.

An independent and internal administrative process is underway regarding Dr. Leon. The bank's acting president, Isaac Solomon, has told Fitch that the bank's governance procedures have been followed throughout. Fitch does not anticipate this to have any rating impact on CDB.

We assess CDB's strategy as 'medium risk', which mainly reflects the moderate growth in the bank's loan portfolio and lending to distressed sovereigns without offsetting increases in capital.

CDB has 'low risk' exposure to the non-sovereign sector at 5% of its TBE. This is comparable with sovereign- focused peers, such as IADB (4%) and lower than CAF (7%). Fitch expects private-sector financing to remain limited.

CDB's public mandate is important as it provides sizeable financing to member countries (share of CDB debt in relation to government debt – average for borrowing member countries is 10%-15%) as a percentage of total government debt. Our 'low risk' assessment also reflects the excellent relationship with member states, including close collaboration in national and regional projects.

The fairly large size of non-Ordinary Capital Resource funds managed by CDB strengthens its relevance to borrowing member countries and ultimately its public mandate. These funds are continuously replenished by all members including non-regional member states, such as the UK, Canada, and Italy.

Operating Environment

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

We assess the average credit quality of the bank's countries of operations as 'high risk'. The CDB extends its financing operations only to its 19 regional borrowing member countries, all of which are in the Caribbean. With the exception of Jamaica, Belize, Guyana and Suriname all borrowing member countries are part of the lower Antilles (small, eastern islands).. Fitch publicly rates two of CDB's regional borrowing member states, Jamaica (B+/Positive) and Barbados (B/Positive). The average rating of countries of operations is 'B-'.

We assess the average income per capita in CDB's countries of operations 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, but overall, GDP per capita of member states is in the intermediate range, as assessed by the World Bank, when gauging the simple average.

The political risk and business climate in CDB's countries of operations is assessed as 'low risk'. Using World Bank Governance Indicators, the median score (based on percentile rank) for CDB's countries of operation was 63.7.

The political risk and business climate in the CDB's country of head office (Barbados) is assessed as 'low risk'.

We assess operational support provided by the authorities of the member states of the CDB as 'medium risk'.

The overwhelming majority of member states provide significant operational support to the bank, although one member (Grenada) breached its PCS in 2012. That member state delayed its payment to the CDB, whilst honouring its commercial debt obligations, but by end-2012, it had repaid the late payments and overdue fees. This is the only case of a breach of PCS in the bank's history, evidencing the willingness of member states to support the bank.

Solvency

Fitch assesses CDB's solvency at 'aa+'. This is driven by the assessment of its capitalisation as 'excellent' and risks as 'low'.

Capitalisation

CDB's capitalisation is a key strength for the rating.

CDB's capital adequacy framework is anchored on the risk adjusted capital ratio, replacing the economic capital calculation previously. The bank's leverage limit is 1.65x, the lowest among Fitch-rated MDBs. At end-2023, leverage was 1.17x, an increase compared to 0.74x when Fitch first rated CDB in 2017.

Profitability is broadly in line with peers as CDB passes on its borrowing costs to borrowing member countries and invests its treasury portfolio in high-quality, low-yielding assets.

The E/A assets and guarantees ratio of 45% at end-9M23 is assessed as 'excellent' in line with Fitch's *Supranationals Rating Criteria*, well above the 25% threshold for this category.

CDB's Fitch usable capital to risk-weighted assets ratio (FRA) was calculated as 65% as of end-9M23, comfortably above the 35% 'excellent' threshold.

Peer Comparison: Capital Ratios and Profitability

	CDB (AA+)		CAF (AA-)	IADB (AAA)	NDB (AA)
	Sep 2023	Projection[a]	Sep 2022	Jun 2023	End 2022
Equity/adjusted assets (%)	44.8	40-50	30.3	26	40.8
Usable capital/risk-weighted assets (FRA, %)	65.0	60-65	48.1	51	86.1
Net income/average equity	2.5	2-3	0.7	1.2	1.0

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

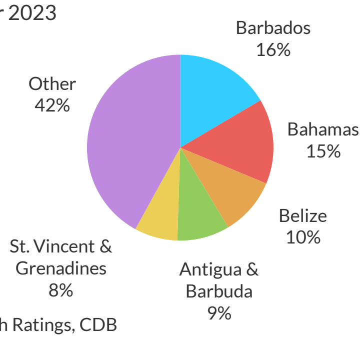
Risks

Risks Assessment

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

Source: Fitch Ratings

Geographic Breakdown of Loans
September 2023



Source: Fitch Ratings, CDB

Fitch assess CDB's overall risks as 'low', based on the following key factors.

CDB's 'moderate' credit risk assessment primarily reflects the weak credit quality of CDB's borrowers. However, the bank's excellent loan performance (NPL ratio of 0.1%) and sovereign focus (sovereign loans accounted for about 95% of the portfolio) are positive for the bank's risk profile.

Only one private-sector borrower (approximately USD1.6 million) was in arrears to CDB at end-Sept 23. The majority of its operations are focused on supporting important infrastructure projects, such as roads, education facilities and water supply systems in borrowing member countries (two-thirds of total loans). The bank provides budget support through its policy-based lending (PBL) instrument and has also introduced a new PBL instrument type (the Disaster Response PBL) that will provide emergency liquidity in the aftermath of a natural hazard impact.

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

The weighted average rating of loans and guarantees (WARLG) was unchanged at 'B-' as of end-Sept 23. However, owing to the Positive Outlook on the rating of Barbados (16.5% of total loans), we assume that the WARLG will improve to 'B' in the forecast period.

The 'excellent' PCS assessment is based on the high share of sovereign exposures and empirical evidence of borrowing member countries honouring CDB's debt. PCS was tested in the debt restructurings by Dominica (2004), Belize (2006, 2016, and 2021), Grenada (2013), Barbados (2019), and Suriname (2020-2021). Grenada breached briefly the PCS in 2012. However, the payment of the small outstanding balance was rectified during same financial year.

Concentration is the main rating weakness for CDB.

Fitch deems CDB's concentration assessment as 'moderate risk', with the five largest exposures (Barbados, Bahamas, Belize, Antigua and St. Vincent and the Grenadines) accounting for 56% of total exposure as of end-Sept 23. This falls below the 60%+ 'high' threshold set out in the *Supranationals Rating Criteria*.

Concentration risk is inherently higher than peers with similar top-five obligor metrics as the proximity and correlation with other borrowing member countries' economies augments contagion risks. However, the bank aims to diversify its loan exposures and its projections see the top five falling below 50%.

To alleviate pressures on the bank's concentration metrics, CDB is exploring the possibility of an exposure exchange agreement with a highly rated MDB.

We assess the CDB's equity risk as 'very low' due to the bank having no equity participations in its portfolio.

The CDB's exposure to market risk is limited and is assessed as 'very low'. FX risk is limited, with all the bank's loans denominated in US dollars and funded in the same currency, through member states' subscriptions or borrowings on the financial markets. Interest-rate risk is minimal for CDB, with the bank managing this risk by ensuring that the changes in the cash flow of its liabilities match those of its assets, with the use of interest-rate swaps.

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

CDB is upgrading its enterprise risk management framework in response to the strategic plan, risk appetite and the ongoing review of MDBs' capital adequacy by the G20 countries. The bank has a reforms roadmap spanning capital adequacy, credit, concentration, market, liquidity and operational risks through to 2025.

Peer Comparison: Risks

	CDB (AA+)		CAF (AA-)	IADB (AAA)	NDB (AA)
	Sep 2023	Projection[a]	Sep 2022	Jun 2023	End-2022
Estimated average rating of loans & guarantees	B-	B	B+	B+	BB+
Impaired loans/gross loans (%)	0.1	0-1	9.3	1.9	0.0
Five largest exposures/total banking exposure (%)	56.6	50-55	57.6	51	83.7
Equity stakes/total banking exposure (%)	0.0	0.0	1.3	0	0.4

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

Liquidity Analysis

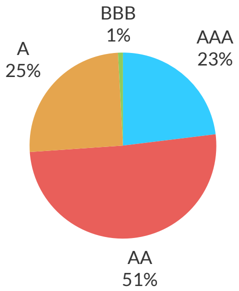
Liquidity Assessment

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

Source: Fitch Ratings

Breakdown of Treasury Assets

September 2023



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' – 'AA' rated assets in liquid assets.

Liquid Assets to Short-Term Debt

Liquidity buffers for the CDB compare favourably with those of peers.

Treasury assets accounted for 29% of total assets at end-9M23 and coverage of short-term liabilities by liquid assets was 8x at end-Sept 23. Fitch expects CDB's excellent liquidity to remain a key rating strength over the rating horizon as result of its long-term staggered debt maturities.

The regular long-term issuance plan is scheduled for 2024 in two tranches, with size of the issuances still to be confirmed.

Quality of Treasury Assets

Fitch has revised its assessment of the quality of CDB's treasury assets to 'excellent' from 'strong'.

At end-Sept 23, 74% of its portfolio was rated in the 'AAA'-'AA' categories (approximately 83% at end-Sept 22) and the bank expects to continue to maintain this share of 'AAA'-'AA' rated assets above 70% (the 'excellent' threshold) over the forecast period.

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, and borrowing frequently, albeit small amounts, from other development institutions for special-purpose projects.

Peer Comparison: Liquidity

	CDB (AA+)		CAF (AA-)	IADB (AAA)	NDB (AA)
	Sep 2023	Projection[a]	Sep 2022	Jun 2023	End-2022
Liquid assets/short-term debt (%)	797.3	700+	106	170	211
Share of treasury assets rated AA- & above (%)	73.8	70-75	34	90	67

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

Shareholder Support

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

Capacity to Provide Extraordinary Support

The weighted average rating of key shareholders was unchanged from last year's review at 'BBB-'.

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. For CDB, the bank's key shareholders are Jamaica, Trinidad & Tobago, UK and Canada.

Fitch expects the coverage of net debt by callable capital (CNDCC) by shareholders rated at least 'BB' at the rating horizon (2026). CNDCC is 'BBB' at end-Sept 23.

Propensity to Provide Extraordinary Support

Fitch believes no adjustment (0 notches) to CDB's shareholders' capacity to provide support is justified as their propensity to do so is assessed as 'strong'.

Fitch views CDB as an important institution for member states, with more than half of its subscribed capital put forward by regional borrowing members. Member states have shown evidence of supporting the bank through participating in General Capital Increases, and the enforceability of the capital call is in line with MDB peers. Further continual replenishment of non-OCR funds reinforces shareholders' commitment to the institution and its development mandate.

Peer Comparison: Shareholder Support

	CDB (AA+)		CAF (AA-)	IADB (AAA)	NDB (AA)
	Sep 2023	Projection[a]	Sep 2022	Jun 2023	End-2022
Coverage of net debt by callable capital	BBB	BB	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 result in 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

Caribbean Development Bank

Balance Sheet

	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original	30 Jun 21 6 months - interim (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	1,329.4	1264.0	1222.7
2. To/guaranteed by public institutions	-	-	-
3. To/guaranteed by private sector	71.6	74.8	82.0
4. Trade financing loans (memo)	-	-	-
5. Other loans	-	-	-
6. Loan loss reserves (deducted)	7.8	8.2	7.9
A. Loans, total	**1,393.2**	**1,330.6**	**1,296.8**
B. Other earning assets			
1. Deposits with banks	131.0	121.2	189.1
2. Securities held for sale & trading	459.5	511.7	482.6
3. Investment debt securities (including other investments)	-	-	-
4. Equity investments	0.0	0.0	0.0
5. Derivatives (including fair-value of guarantees)	-	0.2	51.7
B. Other earning assets, total	**590.5**	**633.1**	**723.4**
C. Total earning assets (A+B)	**1,983.7**	**1,963.7**	**2,020.2**
D. Fixed assets	**23.0**	**21.7**	**18.8**
E. Non-earning assets			
1. Cash and due from banks	-	-	-
2. Other	42.8	55.4	49.8
F. Total assets	**2,049.5**	**2,040.8**	**2,088.8**
G. Short-term funding			
1. Bank borrowings (< 1 year)	-	-	-
2. Securities issues (< 1 year)	-	-	-
3. Other (including deposits)	78.0	99.1	125.1
G. Short-term funding, total	**78.0**	**99.1**	**125.1**
H. Other funding			
1. Bank borrowings (> 1 year)	-		
2. Other borrowings (including securities issues)	928.9	923.8	945.3
3. Subordinated debt	-	-	-
4. Hybrid capital	-	-	-
H. Other funding, total	**928.9**	**923.8**	**945.3**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	143.6	142.5	13.5
2. Fair value portion of debt	-	-	-
3. Other (non-interest bearing)	15.7	14.5	12.0
I. Other (non-interest bearing), total	**159.3**	**157.0**	**25.5**
J. General provisions & reserves	**26.0**	**38.1**	**46.8**
L. Equity			
1. Preference shares	-	-	-
2. Subscribed capital	1,763.7	1,763.7	1,763.7

Caribbean Development Bank

Balance Sheet

	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original	30 Jun 21 6 months - interim (USDm) Original
3. Callable capital	-1,375.1	-1,375.1	-1,375.1
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)	520.5	488.9	557.9
7. Fair-value revaluation reserve	-51.5	-54.4	-0.1
K. Equity, total	**857.3**	**822.8**	**946.1**
M. Total liabilities & equity	**2,049.5**	**2,040.8**	**2,088.8**

Source: Fitch Ratings, Fitch Solutions

Caribbean Development Bank

Income Statement

	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original	30 Jun 21 6 months - interim (USDm) Original
1. Interest received	61.8	45.6	28.3
2. Interest paid	27.2	26.7	9.7
3. Net interest revenue (1. - 2.)	**34.6**	**18.9**	**18.6**
4. Other operating income	-13.6	4.2	0.5
5. Other income	1.9	0.7	0.3
6. Personnel expenses	-	-	-
7. Other non-interest expenses	14.0	10.9	5.9
8. Impairment charge	-0.3	0.2	0.9
9. Other provisions	-	-	-
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**9.2**	**12.7**	**12.6**
11. Net gains/(losses) on non-trading derivative instruments	-	-91.2	-26.6
12. Post-derivative operating profit (10. + 11.)	**9.2**	**-78.5**	**-14.0**
13. Other income and expenses	-	-	-
14. Net income (12. + 13.)	**9.2**	**-78.5**	**-14.0**
15. Fair value revaluations recognised in equity	1.9	-48.2	-8.6
16. Fitch's comprehensive net income (14. + 15.)	**11.1**	**-126.7**	**-22.6**

Source: Fitch Ratings, Fitch Solutions

Caribbean Development Bank

Ratio Analysis

	30 Sep 23 9 months - 3rd quarter (%) Original	30 Sep 22 9 months - 3rd quarter (%) Original	30 Jun 21 6 Months - interim (%) Original
I. Profitability level			
1. Net income/equity (average)	2.5	-11.8	-2.9
2. Cost/income ratio	66.7	47.2	30.9
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	65.4	62.5	71.3
2. Equity/adjusted total assets + guarantees	44.7	43.1	45.3
3. Paid-in capital/subscribed capital	22.0	22.0	22.0
4. Internal capital generation after distributions	1.3	-14.3	-2.4
III. Liquidity			
1. Liquid assets/short-term debt	797.3	636.7	536.9
2. Share of treasury assets rated ‘AAA’-‘AA’	73.8	83.1	71.0
3. Treasury assets/total assets	28.8	31.0	32.2
4. Treasury assets investment grade + eligible non-investment grade/total assets	28.8	30.9	32.2
5. Liquid assets/total assets	28.8	30.9	32.2
IV. Asset quality			
1. Impaired loans/gross loans	0.1	0.1	0.1
2. Loan loss reserves/gross loans	0.6	0.6	0.6
3. Loan loss reserves/impaired loans	487.5	512.5	493.8
V. Leverage			
1. Debt/equity	117.5	124.3	113.1
2. Debt/callable capital	73.2	74.4	77.8

Source: Fitch Ratings, Fitch Solutions

Caribbean Development Bank

Annex

	30 Sep 23 (USDm) Original	30 Sep 22 (USDm) Original	30 Jun 21 (USDm) Original
1. Lending operations			
1. Loans outstanding	1,401.0	1,338.8	1,304.7
2. Disbursed loans	-	-	-
3. Loan repayments	-	-	-
4. Net disbursements	-	-	-
Memo: Loans to sovereigns	1,329.4	1,257.6	1,214.9
Memo: Loans to non-sovereigns	71.6	81.2	89.8
2. Other banking operations			
1. Equity participations	0.0	0.0	0.0
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	0.0	0.0	0.0
3. Total banking exposure (balance sheet and off-balance sheet)			
1. Total banking exposure (loans + equity participations + guarantees (off-balance sheet))	1,413.0	1,350.8	1,316.7
2. Growth in total banking exposure	4.6	-	-
Memo: Non-sovereign exposure	71.6	81.2	89.8
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	A+	A+
3. Weighted average rating of key shareholders	BBB-	BBB-	BBB-
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	94.1	93.1	92.3
2. Loans to non-sovereigns total banking exposure	5.1	6.0	6.8
3. Equity participation/total banking exposure	0.0	0.0	0.0
4. Guarantees covering sovereign risks/total banking exposure	0.9	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	5.1	6.0	6.8
6. Concentration measures			
1. Largest exposure/equity (%)	26.6	29.4	26.9
2. Five largest exposures/equity (%)	93.3	87.5	75.1
3. Largest exposure/total banking exposure (%)	16.1	17.9	19.3
4. Five largest exposures/total banking exposure (%)	56.6	53.3	54.0
7. Credit risk			
1. Average rating of loans & guarantees	B-	B-	B
2. Loans to investment-grade borrowers/gross loans	6.4	7.1	19.9
3. Loans to sub-investment grade borrowers/gross loans	80.9	90.9	79.0
8 Liquidity			
1. Treasury assets	590.5	632.9	671.7
2. Treasury assets of which investment grade + eligible non-investment grade	590.0	631.0	671.6
3. Unimpaired short-term trade financing loans	-	-	-
4. Unimpaired short-term trade financing loans - discounted 40%	-	-	-
5. Liquid assets (2. + 4.)	590.0	631.0	671.6

Source: Fitch Ratings, Fitch Solutions

SOLICITATION & PARTICIPATION STATUS

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