North American Development Bank

Key Rating Drivers

Paid-in Capital Increase: The North American Development Bank's (NADB) two 'excellent' capitalisation ratios have improved after the US made cash payments of USD225 million to NADB in 2020. Of this amount, USD165 million was restricted from commitment. In the course of 2021, Mexico injected USD11.5 million into the bank, and as the country continues to make payments to NADB, the portion of the US contribution, which is restricted from commitment, is expected to be released.

Mexico Electricity Regulatory Changes: In 2020 and 2021, the Mexican government proposed regulatory changes and a constitutional reform to its electricity market – to impose new fees and obligations for wind and solar producers, as well as to re-prioritise the order of electricity generation, which could negatively affect a significant portion of NADB's borrowers if the constitutional reform had passed in its original form.

Some regulatory changes continue to be litigated within the Mexican judicial system. The bank continues to have all potentially affected borrowers on watch negative. NADB has not added new loans in the Mexican clean energy sector since 2019.

'Low' Risk Profile: NADB maintains a 'low' risk profile despite the risks from both the medium-term impact of Covid-19 on the bank's borrowers and the impact of the regulatory changes to the Mexican electricity sector. Loan impairments remain low (1.4% at end-2021) and the forecast average rating of the loan portfolio is 'BBB'. The largest five exposures accounted for 32% of total banking exposure, which is within our 'low' threshold.

'Excellent' Liquidity: Fitch Ratings' assessment of NADB's liquidity remains 'aaa', which reflects its 'excellent' liquidity buffer (liquid assets/short-term debt) exceeding 700% (the 'excellent' threshold is 150%). The bank maintains a very high quality of treasury assets, with 93.8% rated in the 'AAA' to 'AA' categories.

'Medium-Risk' Business Environment: Fitch continues to assess NADB's business environment as medium risk and to discount one notch from its solvency assessment, despite Mexico's downgrade to 'BBB-' from 'BBB' in April 2020. Fitch's assessment balances the small size of operation (USD1 billion), the focus on non-sovereign loans, and the 'high-risk' assessment of the importance of the bank's public mandate, with sound governance standards. The bank maintains good relations with local governments and municipalities.

Improving Propensity of Shareholder Support: Following the receipt of capital from the US and Mexico in 2020 and 2021, Fitch revised its assessment of the propensity of the bank's shareholders to support to 'moderate' from 'weak' at last year's review, which has remained unchanged since. As part of this capital increase, Fitch also expects Mexico to further contribute around USD200 million of paid-in capital to the bank in the medium term.

Rating Sensitivities

Support (Capacity): Assuming an unchanged Standalone Credit Profile (SCP), a revision of the US's Negative Outlook back to Stable would lead to an improvement in the support assessment.

Solvency (Capitalisation): Rapid asset growth that outpaces capital growth and results in a reduction in NADB's capitalisation metrics below levels commensurate with 'excellent' could lead to a negative adjustment to the 'aa+' solvency assessment.

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

Long-Term IDR	AA
Short-Term IDR	F1+

Outlook

Long-Term IDR	Stable

Financial Data

NADB

	Dec 21	Dec 20
Total assets (USDm)	2,115	2,177
Equity to assets (%)	36.7	35.4
Fitch's usable capital to risk-weighted assets (FRA, %)	141.3	153.2
Average rating of loans & guarantees	BBB	BBB+
Impaired loans (% of total loans)	1.4	1.2
Five largest exposures to total exposure (%)	32.6	32.1
Share of non-sovereign exposure (%)	100	100
Net income/equity (%)	1.6	2.1
Average rating of key shareholders	A+	A+

Source: Fitch Ratings, NADB

Applicable Criteria

Supranational Rating Criteria (April 2022)

Related Research

Fitch Ratings Supranationals, Subnationals and Agencies Handbook: The Fitch SSA-50 (May 2021)

Fitch Ratings 2022 Outlook: Supranationals (December 2021)

The Coronavirus Crisis and Supranationals (July 2020)

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Business Environment

NADB extends loans, guarantees and technical assistance to private-sector companies or subnational institutions for infrastructure projects focused on environmental preservation and sustainable development in the border region between the US and Mexico. Its geographical scope is limited to 100km north of the border and 300km south, covering six states in Mexico and four in the US.

Projects financed cover waste and water treatment and distribution, air quality, basic infrastructure, public transportation, and renewable energies and energy efficiency (mainly solar and wind energies). Loans are extended to private borrowers including cities, states and state utilities. All projects financed by the bank are subject to an environmental assessment.

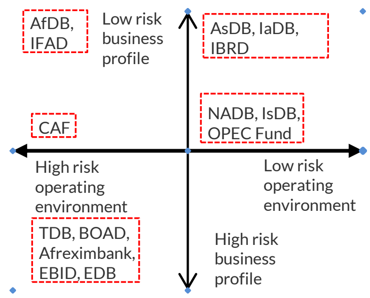
We assess NADB's overall business environment as 'Medium Risk', reflecting the bank's 'Medium Risk' business profile and its 'Medium Risk' operating environment. This translates to a '-1' notch adjustment to the solvency assessment of 'aa+', resulting in an SCP of 'aa'.

Intrinsic Rating Assessment

Indicative value	Assessment
Solvency	aa+
Liquidity	aaa
Business Environment	-1 notch
SCP	aa

Source: Fitch Ratings

Business Environment



Source: Fitch Ratings

Business Profile – 'Medium Risk'

Size of the Banking Portfolio (High Risk)

NADB's total banking operations were USD1.0 billion as of the year ending December 2021 (FY21), below the USD5 billion 'high risk' threshold outlined in the criteria.

Involvement in Private-Sector Financing (High Risk)

The bank is only involved in non-sovereign sector financing.

Risks Associated with the Strategy (Medium Risk)

Growth is slow and the bank sustains high capital metrics. The strategy is consistent with the NADB's mandate, size and capabilities. The bank maintains a high concentration around the Mexico–US border but is trying to diversify the loan book and income sources.

Quality of Governance of the Institution (Low Risk)

This assessment reflects a highly transparent organisational structure, independent management and audit bodies and even representation of both shareholders in the board. The board approves all policies, financing and the annual programme budget.

Importance of the Public Mandate (High Risk)

The importance of the public mandate is high risk, to reflect the limited geographic coverage compared to larger supranationals. The bank has good relations with local government and municipalities, as these are the key beneficiaries of the programmes. The congressional delegations from the US border states were crucial in securing the US capitalisation authorisation.

Operating Environment – 'Medium Risk'

Credit Quality of the Countries of Operations (Low Risk)

NADB has a limited mandate to operate in just two countries – the US and Mexico – and the average rating of these two countries is 'A+'. This is unchanged from the previous review.

Income per Capita in the Countries of Operations (Low Risk)

Using World Bank data, the average GDP per capita in NADB's countries of operation was USD35,945 at end-2021, which is one of the highest in the supranationals portfolio – and is assessed as 'low risk'. This is considerably stronger than medium-risk peers, such as Inter-American Investment Corporation (IDB Invest; USD8,186) and Islamic Corporation for the Development of the Private Sector (ICD; USD6,906).

Political Risk and Business Climate in the Head Office Country (Low Risk)

Using World Bank indicators, a 'low risk' assessment is commensurate with the US, where NADB's head office is based, similar to the head offices of other supranational issuers in our rated portfolio, such as the Council of Europe Development Bank (CEB; based in Paris) which is also deemed a 'low risk' country of head office.

Overall Political Risk and Business Climate in the Countries of Operations (Medium Risk)

When looking at peers, using World Bank data on a percent rank basis, NADB's profile is more closely aligned with a 'medium' risk profile, similar to IDB Invest, than the 'low' risk profile of CEB.

Operational Support Provided by MS (High Risk)

The operational support of member states is assessed as 'high risk', consistent with the low importance of the public mandate and limited area of operation.

Solvency

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

Capitalisation

NADB's 'excellent' capitalisation is driven by our view that its equity/adjusted assets and usable capital/risk-weighted assets (FRA) ratios will continue to exceed the respective 'excellent' thresholds outlined in the criteria in the medium term.

Peer Comparison: Capital Ratios and Profitability

	NADB (AA)		ICD (A+)	CEB (AA+)	IDB Invest (AAA)
	End-2021	Projection[a]	End-2020	End-2020	End-3Q21
Equity/adjusted assets (%)	36.7	45-50	30.6	11.7	29.1
Usable capital/risk-weighted assets (FRA, %)	141.3	135-140	39.2	41.4	43.5
Net income/average equity	1.6	1.5-2	-1.6	1.6	6.0

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

Risks Assessment

Indicative value	Risk level
Credit	Low
Concentration	Low
Equity risk	Very low
Market risks	Low
Risk-management policies	Strong

Source: Fitch Ratings

At end-2021, NADB's equity/adjusted assets ratio was 36.7% (FYE20: 35.4%). The bank has maintained this ratio above 30% for at least the past seven years and conservatively manages its balance sheet to maintain this ratio in excess of 30%. As the primary metric used by Fitch to assess a multilateral development bank (MDB)'s capitalisation, the bank's own internal guidance being above our 'excellent' threshold outlined in the criteria of 25% is positive for its credit profile.

The FRA ratio, which measures usable capital/risk-weighted assets, is in excess of 100% for NADB (FYE21: 141%), significantly above the 35% 'excellent' threshold. On the numerator side of the equation, we include an additional 10% of the bank's 'AAA' rated callable capital subscribed by the US (after the portion of 'AAA' to 'AA' callable capital used to assess shareholder support has been deducted), to upwardly adjust NADB's usable capital from its equity.

In terms of internal capital generation (ICG), a tertiary rating driver within our capitalisation assessment, NADB had a profitable year in 2021, recording ICG of just over 1.5%. We forecast ICG to be around 1.5% over the medium term, which is in line with most other private-sector-focused MDBs that Fitch rates.

Risks

The overall assessment of solvency risks is 'low' for NADB.

Peer Comparison: Risks

	NADB (AA)		ICD (A+)	CEB (AA+)	IDB invest (AAA)
	End-2021	Projection[a]	End-2020	End-2020	End-3Q21
Estimated average rating of loans & guarantees	BBB	BBB	B	A-	BB-
Impaired loans/gross loans (%)	1.4	1.5-2	24.3	0.0	0.7
Five largest exposures/total banking exposure[b] (%)	32.6	30-35	21.3	23.5	9.9
Equity stakes/total banking exposure (%)	0.0	0.0	28.2	0.0	4.5

[a] Medium-term projections, forecast range
[b] Total Banking Exposure = Loans + Equity Stakes + Guarantees
Source: Fitch Ratings, MDBs

Credit Risk (Low Risk)

To calculate the average rating of NADB's loan book (assessed at 'BBB'), Fitch has used a combination of the bank's internal rating model and input from Fitch/Moody's/S&P where available.

In 2019, a revision was made to our assessment of NADB's average rating of loans, which improved from 'BB'- to 'BBB' following the implementation of the bank's internal risk grading scale, which started in May 2017. In April 2019, the bank introduced a new rating scale moving to nine risk grades from seven, leading to improved mapping of the bank's internal ratings to an international rating scale.

In spite of the uncertainty surrounding borrowers affected by changes to the electricity sector in Mexico, we forecast the average rating of the portfolio to remain at the 'BBB' level in the medium term. The bank has placed any borrowers potentially affected by the electricity regulatory changes in Mexico on Negative Watch (meaning the exposure is reviewed every three months), which accounted for around 38% of loans at end-2021.

The strength of the preferred creditor status is weak for NADB and the average rating of the loan book is not adjusted. NADB only participates in private, public-private and subnational (municipalities and states) loans and only benefits from tax exemptions.

The outstanding balance of impaired loans for NADB as of end-2021 related to one single solar project – which represented approximately 1.4% of the bank's lending portfolio. Our treatment of this loan mirrors the internal treatment at NADB, which is to treat this loan as impaired despite the borrower being current. Under US GAAP, there is allowance for a project to continue to be classified as impaired until the bank's management feels comfortable about the long-term prospects of the borrower.

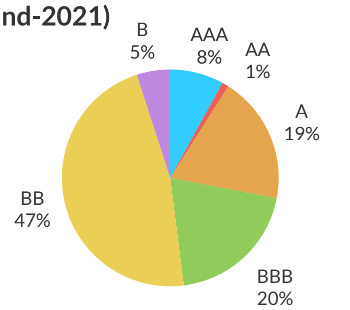
Concentration (Low Risk)

As per Fitch's criteria, concentration risk, measured by the ratio of the five largest exposures to the total banking portfolio, is 'low' at 32.6%. Geographic and sectoral concentrations are high as a result of NADB's narrow mandate in terms of sectors and geography. Given the uncertainty surrounding the renewable electricity sector, which the bank is heavily exposed to, NADB is exploring the diversification of its loan portfolio into alternative sectors – including energy storage, mobility, urban development, sustainable industrial parks, sustainable buildings, green manufacturing, and sustainable food chains.

Equity Risk (Very Low)

The bank does not maintain any equity participation, nor do we expect it to over the medium term.

Breakdown of Loans by Rating (End-2021)



Source: Fitch Ratings, NADB

Market Risks (Low)

Interest rate and foreign-exchange risk exposures are hedged through derivatives:

- Cross-currency swaps cover the exposure of the loan book in Mexican pesos.
- Long-term fixed-rate debt is mostly swapped to a variable rate to mitigate interest rate risk and maintain cost at market level, and fixed-rate loans are swapped to a variable interest rate, except when funded by equity. The interest rate swaps are matched to the terms of loans and to a portion of its long-term notes payable and structured so that the notional amounts mature to match the expected maturity of the loans and the notes payable.

Risk Management (Strong)

Investment policy is unchanged from previous years. The bank's investment guidelines state that the portfolio must include laddered maturities to minimise market risk, including a minimum 'A-' rating for corporate bonds.

Underwriting standards also remain unchanged – with the bank's single obligor limit at 20% of equity. This limit can be increased to 30% only if the loan is fully secured by marketable collateral or by a strong repayment mechanism such as 'participaciones' (federal tax revenue).

The bank's total principal debt outstanding shall not exceed at any time the callable portion of the capital plus the minimum liquidity level required by the bank's liquidity policy. The managing director will inform the board when they reasonably estimate that the outstanding debt will reach 80% of the callable capital within the next six months.

Liquidity Assessment

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

Source: Fitch Ratings

Liquidity

Peer Comparison: Liquidity

	NADB (AA)		ICD (A+)	CEB (AA+)	IDB Invest (AAA)
	End-2021	Projection[a]	End-2020	End-2020	End-3Q21
Liquid asset/short-term debt (%)	722.3	750-780	239.4	246.2	190.5
Share of treasury assets rated 'AA-' and above (%)	93.8	90-100	8.0	53.7	91.5

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

Liquidity Buffer (Excellent)

At end-2021, the liquidity buffer ratio was over 700% – far in excess of the 150% 'excellent' threshold in the criteria.

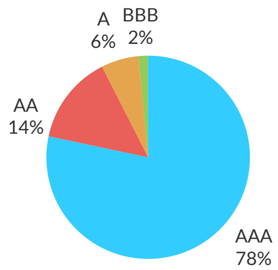
For the purposes of this calculation, we consider assets as liquid if they are assets with a 12-month maturity and below, denominated in hard currency, with a rating of 'B-' and above, or are investment-grade-rated assets with a maturity above 12 months.

NADB's debt maturity profile includes peaks and troughs through the next 10 years – and, as such, our forecasts for this ratio vary considerably from year to year. That said, we expect this ratio will remain 'excellent' (with headroom) over the medium term.

Quality of Treasury Assets (Excellent)

Quality of treasury assets is excellent, as evidenced by the bank's sector investment allocation guidelines and the minimum rating requirements for investments. The quality of the book has improved significantly in recent years due to the increased share of US Treasuries in the total portfolio. At end-2021, the share of 'AAA' to 'AA' rated treasury assets was 93.8%.

Breakdown of Treasury Assets by Rating (FYE20)



Source: Fitch Ratings, NADB

Access to Capital Markets and Alternative Sources of Liquidity (Moderate)

Given the rating, the bank is likely to have access to additional sources of funding should it be required. NADB has discussed potential back-up credit lines with financial institutions but does not maintain committed lines at the moment, as access to capital markets has been proven and structural liquidity requirements can be identified well in advance due to the nature of the bank's activity.

Shareholders' Support

Peer Comparison: Shareholder Support

	NADB (AA)		ICD (A+)	CEB (AA+)	IDB Invest (AAA)
	End-2021	Projection[a]	End-2020	End-2020	End-2020
Coverage of net debt by callable capital	AAA	AA+	NC	NC	NC
Average rating of key shareholders	A+	A	AA	A+	BBB
Propensity to support (notch adjustment)	Moderate (-1)	Moderate (-1)	Moderate (-1)	Weak (-2)	Strong (0)

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

We assess NADB's support rating at 'aa'. This assessment is anchored on the coverage of net debt by callable capital (aa+). An assessment of 'moderate' propensity to support the bank leads to a minus one-notch adjustment of the coverage of net debt by callable capital assessment, resulting in an overall support rating of 'aa'.

Capacity to Provide Extraordinary Support

Callable capital from the US (AAA/Negative) fully covers NADB's net debt. In line with our treatment of sovereigns on Negative Outlook, we forecast NADB's net debt coverage by callable capital will fall to 'AA+'.

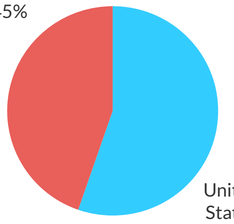
Following the sovereign downgrade of Mexico to 'BBB-' from 'BBB' in April 2020 and the base-case assumption that the US rating will be downgraded to 'AA+' in the medium term, we forecast NADB's average rating of key shareholders to fall by one notch to 'A' from 'A+'. The Outlook on Mexico's IDR is Stable, however. Although the US has a larger share of ownership (as it has paid in advance its share of paid-in capital), we continue to treat both Mexico and the US as key shareholders of the bank. The bank's charter states that all decisions of the board require approval from a majority of the directors. Equity ownership does not change either the bank's board composition or decision-making processes.

Propensity to Provide Extraordinary Support

Fitch revised its assessment of NADB's member states' propensity to support the bank to 'moderate' from 'weak' at last year's review and discounted the shareholders' capacity to support by one notch from minus two notches in 2020, which remains unchanged. This reflects the following:

- NADB's inclusion in the USMCA deal has led to a significant paid-in capital increase at the bank. In 2020, the bank has received USD225 million in cash from the US Treasury and in 2021, Mexico USD11.5 million into the bank's equity. Of the US contribution, USD165 million have been restricted from commitment.
- The bank expects to receive further capital payments from Mexico in the coming years, which will lead to the release of the restricted portion of the US contribution.

NADB Paid-in Capital



Source: Fitch Ratings, NADB

North American Development Bank
Balance Sheet

	31 Dec 21 Year end (USDm) Original	31 Dec 20 Year end (USDm) Original	31 Dec 19 Year end (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	0.0	0.0	0.0
2. To/guaranteed by public institutions	197.5	198.9	180.6
3. To/guaranteed by private sector	640.7	838.2	1,012.7
4. Trade financing loans (memo)	0.0	0.0	0.0
5. Other loans	0.0	0.0	0.0
6. Loan loss reserves (deducted)	22.1	19.2	19.2
A. Loans, total	**816.1**	**1,017.9**	**1,174.1**
B. Other earning assets			
1. Deposits with banks	26.5	38.7	46.3
2. Securities held for sale & trading	1,099.2	965.9	703.2
3. Investment debt securities (including other investments)	4.1	3.5	4.0
4. Equity investments	0.0	0.0	0.0
5. Derivatives (including fair-value of guarantees)	155.6	136.4	62.4
B. Other earning assets, total	**1,285.4**	**1,144.5**	**815.9**
C. Total earning assets (A+B)	**2,101.5**	**2,162.4**	**1,990.0**
D. Fixed assets	**0.1**	**0.1**	**0.2**
E. Non-earning assets			
1. Cash and due from banks	n.a.	n.a.	n.a.
2. Other	13.1	14.7	17.3
F. Total assets	**2,114.6**	**2,177.2**	**2,007.5**
G. Short-term funding			
1. Bank borrowings (< 1 year)	0.0	0.0	0.0
2. Securities issues (< 1 year)	0.0	0.0	0.0
3. Other (including deposits)	154.9	5.3	255.6
G. Short-term funding, total	**154.9**	**5.3**	**255.6**
H. Other funding			
1. Bank borrowings (> 1 year)	0.0	0.0	0.0
2. Other borrowings (including securities issues)	1,001.3	1,210.2	1,044.7
3. Subordinated debt	0.0	0.0	0.0
4. Hybrid capital	0.0	0.0	0.0
H. Other funding, total	**1,001.3**	**1,210.2**	**1,044.7**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	0.3	17.7	1.5
2. Fair value portion of debt	n.a.	n.a.	n.a.
3. Other (non-interest bearing)	181.2	180.2	22.7
I. Other (non-interest bearing), total	**181.5**	**197.9**	**24.2**
J. General provisions & reserves	**n.a.**	**n.a.**	**n.a.**

North American Development Bank (Cont.)

Balance Sheet

	31 Dec 21 Year end (USDm) Original	31 Dec 20 Year end (USDm) Original	31 Dec 19 Year end (USDm) Original
L. Equity			
1. Preference shares	0.0	0.0	0.0
2. Subscribed capital	486.5	475.0	415.0
3. Callable capital	0.0	0.0	0.0
4. Arrears/advances on capital	0.0	0.0	0.0
5. Paid in capital (memo)	486.5	475.0	415.0
6. Reserves (including net income for the year)	285.6	273.5	258.6
7. Fair-value revaluation reserve	4.7	15.3	9.4
K. Equity, total	**776.9**	**763.8**	**683.0**
M. Total liabilities & equity	**2,114.6**	**2,177.2**	**2,007.5**

Source: Fitch Ratings, Fitch Solution

North American Development Bank

Income Statement

	31 Dec 21 Year end (USDm) Original	31 Dec 20 Year end (USDm) Original	31 Dec 19 Year end (USDm) Original
1. Interest received	47.1	57.0	84.3
2. Interest paid	14.3	21.2	44.6
3. Net interest revenue (1. - 2.)	**32.7**	**35.8**	**39.7**
4. Other operating income	-1.4	-5.5	4.5
5. Other income	1.1	-0.4	2.8
6. Personnel expenses	15.5	13.2	14.8
7. Other non-interest expenses	1.9	1.8	2.4
8. Impairment charge	2.9	0.0	0.1
9. Other provisions	0.0	0.0	0.0
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**12.1**	**14.9**	**29.7**
11. Net gains/(losses) on non-trading derivative instruments	0.0	0.0	0.0
12. Post-derivative operating profit (10. + 11.)	**12.1**	**14.9**	**29.7**
13. Other income and expenses	n.a.	n.a.	n.a.
14. Net income (12. + 13.)	**12.1**	**14.9**	**29.7**
15. Fair value revaluations recognised in equity	14.0	5.9	0.2
16. Fitch's comprehensive net income (14. + 15.)	**26.1**	**20.8**	**29.9**

Source: Fitch Ratings, Fitch Solutions

North American Development Bank
Ratio Analysis

(%)	31 Dec 21 Year end Original	31 Dec 20 Year end Original	31 Dec 19 Year end Original
I. Profitability level			
1. Net income/equity (average)	1.6	2.1	4.5
2. Net income/total assets (average)	0.6	0.7	1.5
3. Net interest revenue + commitment fees/gross loans + treasury assets + guarantees (average)	n.a.	n.a.	n.a.
4. Cost/income ratio	55.5	49.5	39.1
5. Income from equity investment/equity investment (average)	n.a.	n.a.	n.a.
6. Provisions/average total banking exposure (excluding letters of credit)	n.a.	n.a.	n.a.
II. Capital adequacy			
1. Net total banking exposure (excluding letters of credit)/subscribed capital + reserves	105.7	136.0	174.3
2. Equity/adjusted total assets	36.7	35.4	34.1
3. Equity/adjusted total assets + guarantees	36.7	35.4	34.1
4. Paid-in capital/subscribed capital	100.0	100.0	100.0
5. Internal capital generation after distributions	3.4	2.9	4.5
6. Usable capital/risk-weighted assets (FRA ratio)	141.3	153.2	n.a.
III. Liquidity			
1. Liquid assets/short-term debt	722.3	19,150.5	294.6
2. Treasury assets/total assets	53.4	46.3	37.5
3. Treasury assets investment grade + eligible non-investment grade/total assets	50.1	46.3	37.5
4. Unimpaired trade financing loans/total assets	0.0	0.0	0.0
5. Liquid assets/total assets	50.1	46.3	37.5
6. Liquid assets/undisbursed loans & equity	n.a.	n.a.	n.a.
IV. Asset quality			
1. Impaired loans/gross loans	1.4	1.2	1.2
2. Loan loss reserves/gross loans	2.6	1.9	1.6
3. Total reserves/gross loans, equity investment & guarantees	2.6	1.9	1.6
4. Loan loss reserves/Impaired loans	164.4	139.4	136.0
V. Leverage			
1. Debt/equity	148.9	159.2	190.4
2. Debt/subscribed capital + reserves	n.a.	n.a.	n.a.
3. Debt/callable capital	n.a.	n.a.	n.a.
4. Net income + interest paid/interest paid	184.7	170.1	166.5

Source: Fitch Ratings, Fitch Solutions

North American Development Bank

Annex

	31 Dec 21 (USDm) Original	31 Dec 20 (USDm) Original	31 Dec 19 (USDm) Original
1. Lending operations			
1. Loans outstanding	838.2	1,037.1	1,193.3
2. Undisbursed loans	n.a.	n.a.	n.a.
3. Approved loans	n.a.	n.a.	n.a.
4. Disbursed loans	n.a.	n.a.	n.a.
5. Loan repayments	n.a.	n.a.	n.a.
6. Net disbursements	n.a.	n.a.	n.a.
Memo: Loans to sovereigns	0.0	0.0	0.0
Memo: Loans to non-sovereigns	838.2	1,037.1	1,193.3
2. Other banking operations			
1. Equity participations	0.0	0.0	0.0
2. Guarantees (off-balance sheet)	0.0	0.0	0.0
Memo: Guarantees to sovereigns	0.0	0.0	0.0
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))	838.2	1,037.1	1,193.3
2. Growth in total banking exposure	-19.2	-13.1	11.0
Memo: Non-sovereign exposure	838.2	1,037.1	1,193.3
Memo: Letters of credit and other off-balance sheet credit commitments (not included in total banking exposure)	0.0	0.0	0.0
4. Support			
1. Share of 'AAA'/'AA' shareholders in callable capital	50.0	50.0	50.0
2. Share of 'A'/'BBB' shareholders in callable capital	50.0	50.0	50.0
3. Share of non-investment-grade shareholders in callable capital	0.0	0.0	0.0
4. Rating of callable capital ensuring full coverage of net debt	AAA	AAA	AAA
5. Weighted average rating of key shareholders	A+	A+	A+
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	0.0	0.0	0.0
2. Loans to non-sovereigns total banking exposure	100.0	100.0	100.0
3. Equity participation/total banking exposure	0.0	0.0	0.0
4. Guarantees covering sovereign risks/total banking exposure	0.0	0.0	0.0
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	100.0	100.0	100.0
6. Concentration measures			
1. Largest exposure	100.0	100.0	100.0
2. Five largest exposures	317.9	361.4	377.0
3. Largest exposure/equity (%)	12.9	13.1	14.6
4. Five largest exposures/equity (%)	40.9	47.3	55.2
5. Largest exposure/total banking exposure (%)	11.9	9.6	8.4
6. Five largest exposures/total banking exposure (%)	32.6	32.1	31.6

North American Development Bank (Cont.)

Annex

	31 Dec 21 (USDm) Original	31 Dec 20 (USDm) Original	31 Dec 19 (USDm) Original
7. Credit risk			
1. Average rating of loans & guarantees	BBB	BBB+	BBB
2. Loans to investment-grade borrowers/gross loans	55.8	96.7	95.9
3. Loans to sub-investment grade borrowers/gross loans	60.7	1.5	13.2
4. Share of treasury assets rated 'AAA'-'AA'	93.8	92.5	92.9
5. Average rating of treasury assets	n.a.	n.a.	n.a.
8. Liquidity			
1. Treasury assets	1,129.8	1,008.1	753.5
2. Treasury assets of which investment grade + eligible non-investment grade	1,059.3	1,008.1	753.0
3. Unimpaired short-term trade financing loans	0.0	0.0	0.0
4. Unimpaired short-term trade financing loans - discounted 40%	0.0	0.0	0.0
5. Liquid assets (2. + 4.)	1,059.3	1,008.1	753.0

Source: Fitch Ratings, Fitch Solutions

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

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