FitchRatings

Supranationals
Mexico and United States

North American 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 Foreign-Currency IDR	Stable

Highest ESG Relevance Scores

Environmental	2
Social	3
Governance	4

Financial Data

	End-2023	End-2024
Total assets (USDm)	2,288	2,402
Equity/assets (%)	36.5	36.9
Fitch's usable capital/ risk-weighted assets (%)	90.2	90.1
Average rating of loans and guarantees	BBB−	BB+
Impaired loans (% of total loans)	0.0	0.9
Five largest exposures/ total exposure (%)	31.9	31.4
Share of non-sovereign exposure (%)	100.0	100.0
Net income/equity (%)	2.5	2.6
Average rating of key shareholders	A	A

Source: Fitch Ratings, NADB

Applicable Criteria

Supranationals Rating Criteria (October 2024)

National Scale Rating Criteria (December 2020)

Related Research

Fitch Affirms North American Development Bank at 'AA'; Outlook Stable (March 2025)

Global Supranationals Outlook 2025 (November 2024)

What Investors Want to Know: US Participation in MDBs (March 2025)

Click here for more Fitch content on NADB

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Key Rating Drivers

SCP, Support Drive Rating: North American Development Bank's (NADB) 'AA' Issuer Default Rating is driven by its Standalone Credit Profile (SCP) and shareholder support, both assessed at 'aa'. The SCP reflects the lower of Fitch Ratings' solvency (aa+) and liquidity (aaa) assessments, adjusted down by one notch due to the 'Medium Risk' business environment. Fitch's shareholder support assessment considers the coverage of net debt by callable capital subscribed by the US (AA+/Stable), along with a 'Moderate' propensity to support the bank.

US EO Highlights Risk: Fitch does not currently anticipate a US withdrawal from NADB following President Trump's executive order (EO) to review US membership in international intergovernmental organisations. However, this EO does highlight the higher risk for NADB than other Fitch-rated supranationals, as the bank only has two shareholders, the US and Mexico, each owning 50% of capital. NADB's statutes state that a US withdrawal would lead to the termination of its operations. This could result in a multi-notch downgrade of the ratings.

'Excellent' Capitalisation Underpins Solvency: Fitch's usable capital/risk-weighted assets (FRA) ratio was stable at 90% at end-2024, one of the highest among rated peers. The increase in usable capital, driven by internal capital generation, was offset by higher risk-weighted assets due to some deterioration in the credit quality of loans. NADB's leverage also remained stable, with an equity/assets (E/A) ratio of 37%. Fitch expects the FRA and E/A ratios to remain above their respective 35% and 25% 'Excellent' thresholds over the medium term.

'Moderate' Credit Risk: The weighted average rating of loans weakened in 2024 to 'BB+' from 'BBB-', driven by increased credit risk across NADB's portfolio, with one exposure (0.9% of loans at end-2024) classified as non-performing by the bank. NADB's focus on non-sovereign operations means it credit risk does not benefit from an uplift for preferred creditor status.

'Low' Solvency Risks: NADB's five largest exposures accounted for 31% of the banking portfolio at end-2024, consistent with 'Low' concentration risk. The equity risk is 'Very Low'. Fitch deems the bank's risk-management policies to be 'Strong', balancing its conservative risk management based on its policies and record against its sectoral and geographical concentration.

Exposure to Mexico's Electricity Sector: Ongoing reforms in this sector have not significantly affected NADB's exposures. Despite timely repayments, the bank has conservatively kept these exposures (27% of loans) on a negative watch list. NADB reduced its exposure to Mexico's renewable energy sector to 27% in 2024 from 32% in 2023. This reduction is part of the bank's diversification strategy, which includes disbursing more loans in the US. As part of its strategy, NADB aims to further diversify its portfolio by extending more loans beyond the energy sector.

'Medium Risk' Business Environment: NADB's 'Medium Risk' business environment balances: i) a 'High Risk' business profile assessment (minus two notches), which is largely a product of the bank's small size, focus on non-sovereign loans and minor policy role relative to similarly rated peers, partly offset by sound governance standards; and ii) its 'Low Risk' operating environment assessment (plus one notch). NADB maintains good relations with local governments and municipalities, which have been the key beneficiaries of its lending programmes.

Shareholder Support: Fitch assesses extraordinary support from NADB's shareholders at 'aa', reflecting their capacity and 'Moderate' propensity to support the bank. The 'aa+' support capacity is anchored on the coverage of NADB's net debt by callable capital subscribed by the US. The shareholders' 'Moderate' propensity to provide support balances the ongoing capital payments and limited size and geographical coverage of the bank relative to rated peers.

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
NADB	aa+	aaa	aa+	-1	aa	aa+	-1	0	AA

Source: Fitch Ratings

Rating Sensitivities

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

Given that NADB's ratings are underpinned by the SCP and support, any negative rating action would require a deterioration in our assessment of both NADB's SCP and support assessments.

Shareholder Support: A downgrade of the US sovereign rating and/or weakening in shareholders' propensity to support due to delayed capital payments by Mexico or delayed release of US paid-in capital.

Solvency (Risks): Significantly higher non-performing loans and/or weakening in the average rating of loans affecting our assessment of the bank's SCP. This could be driven by changes affecting the bank's borrowers operating in Mexico's renewable energy sector.

Solvency/Business Profile: The withdrawal of a major shareholder that significantly affects NADB's capitalisation or business profile could result in a multi-notch downgrade.

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

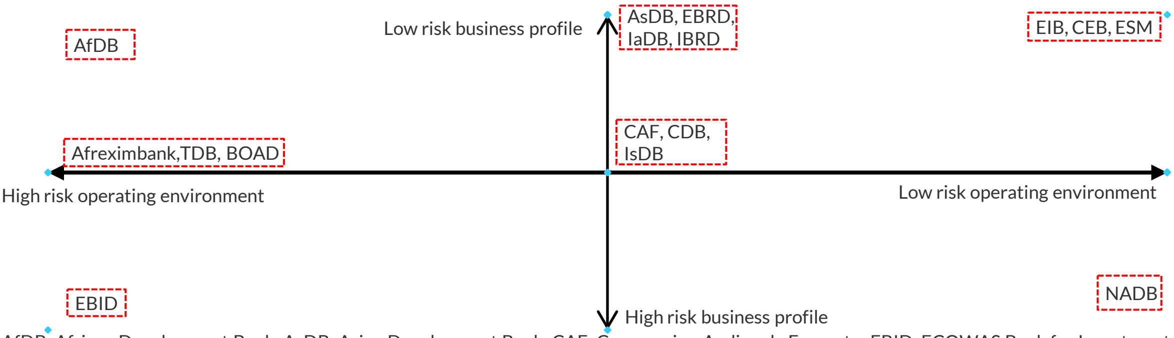
Support (Capacity): An upgrade of the US sovereign rating to 'AAA'/Stable would lead to an improvement in our assessment of support and overall Long-Term Issuer Default Rating, provided the bank's SCP does not deteriorate by several notches, given the three-notch cap between SCP and shareholder support assessments.

Solvency (Risks): An improvement in the bank's SCP, stemming from a material improvement in the credit quality of the bank's loan portfolio, non-performing loans being at a 'very low' level on a sustained basis and reduced concentration to 'very low' levels.

Business Environment

Fitch assesses NADB's overall business environment as 'medium risk', reflecting a combination of its 'high risk' business profile and a 'low risk' operating environment. This translates into a '-1' notch adjustment to the solvency assessment of 'aa+', resulting in an SCP of 'aa'.

Business Environment



AfDB: African Development Bank; AsDB: Asian Development Bank; CAF: Corporacion Andina de Fomento; EBID: ECOWAS Bank for Investment and Development; IaDB: Inter-American Development Bank; IBRD: International Bank for Reconstruction and Development ; IsDB: Islamic Development Bank; TDB: Trade and Development Bank
Source: Fitch Ratings

Brief Issuer Profile

NADB is a sub-regional multilateral development bank (MDB), established in 1994. The bank extends loans, guarantees, grants 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.

The 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 non-sovereign borrowers, including cities, states and state utilities. All projects financed by the bank are subject to an environmental assessment.

Business Profile

Fitch assesses NADB's business profile as 'high risk', reflecting the following factors:

- NADB's total banking exposure was USD1.1 billion as of end-2024, below the USD5 billion 'high risk' threshold outlined in the criteria.
- Fitch assesses the quality of NADB's governance as 'low risk'. Our assessment reflects the bank's 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. The recent EO has highlighted the potential risk related to being owned by only two countries (as opposed to several countries for other Fitch-rated supranationals). NADB's statutes state that a US withdrawal would lead to the termination of its operations.
- NADB's strategy is 'medium risk'. Growth has been slow and even negative in recent years (with an average annual growth of 1% over the past five years), while the bank has sustained high capital metrics. NADB's mandate results in higher geographical and sectoral concentration than other MDBs. Although the bank has significant concentration in the renewable energy sector in Mexico, it has been making consistent efforts to diversify its loan book and income sources.
- We assess NADB's involvement in the private sector as 'high risk' as the bank is only involved in non-sovereign sector financing.
- The importance of NADB's public mandate is assessed as 'high risk' to reflect the more limited geographical and sectoral coverage than larger MDBs. The delays in paid-in capital payments by the two shareholders are also, in Fitch's view, evidence of weak policy importance relative to peers rated 'AA'. The bank maintains good relations with local governments and municipalities as these are the key beneficiaries of the programmes.

Operating Environment

Fitch considers NADB's operating environment as 'low risk', reflecting the following:

- NADB has a limited mandate to operate in two countries (US and Mexico), and the average rating of these two countries is 'A', which is consistent with a 'low risk' assessment.
- The income per capita in NADB's countries of operations is one of the highest in Fitch's supranationals portfolio and is assessed as 'low risk'. Fitch estimates the average GDP per capita income for the US and Mexico was around USD47,800 as of end-October 2024. This compares favourably with the bank's peers, such as Arab Petroleum Investments Corporation (APICORP; AA+/Stable) at USD38,900, Inter-American Investment Corporation (IDB Invest) (IIC; AAA/Stable) at USD11,600 and Islamic Corporation for the Development of the Private Sector (ICD; A+/Stable) at USD9,200.
- The political risk in NADB's countries of operations is considered as 'medium risk', based on World Bank's Worldwide Governance Indicators (WBGI).
- Fitch assesses the political risk in the US, where NADB has its head office (San Antonio, Texas), as 'low', based on WBGI.

Solvency

Fitch assesses NADB's solvency at 'aa+', balancing its 'excellent' capitalisation and 'low' risk profile.

Capitalisation

NADB's 'excellent' capitalisation remains a rating strength, reflecting Fitch's two capital ratios, the FRA and the E/A, both of which have consistently exceeded the 'excellent' thresholds of 35% and 25%, respectively.

The bank's FRA ratio, which is one of the highest among rated MDBs, remained stable at 90% in 2024 (2023: 90%). The increase in usable capital, driven by internal capital generation, was offset by higher risk-weighted assets due to some deterioration in the credit quality of loans. Fitch includes an additional 10% of the bank's 'AA+' rated callable capital subscribed by the US (after deducting the portion of 'AAA' to 'AA' rated callable capital used to assess shareholder support) to adjust NADB's usable capital (USD1,123 million) from its equity (USD868 million).

The bank's leverage also remained stable, with an E/A ratio of 37% at end-2024 (2023: 37%). Over the past nine years, the bank has conservatively managed its balance sheet to ensure that the ratio remains above its internal limit of 30%, which is higher than the 25% threshold for Fitch's 'excellent' assessment.

Fitch expects both capital ratios, the FRA and the E/A, to remain well above their respective 'excellent' thresholds of 35% and 25% over its forecast period of 2025–2027. Our forecast assumes capital payments and growth in the loan portfolio in line with the bank's business plan (9% per year on average).

Peer Comparison: Capital Ratios and Profitability

	NADB (AA)		APICORP (AA+)	ICD (A+)	IIC (AAA)
	End-2024	Projection[a]	End-2023	End-2023	End-3Q24
Equity/adjusted assets (%)	36.9	35–40	32.0	37.7	25.6
Usable capital/risk-weighted assets (FRA, %)	90.1	85–90	51.0	40.1	44.3
Net income/average equity	2.6	1.0–2.0	7.4	1.1	5.5

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

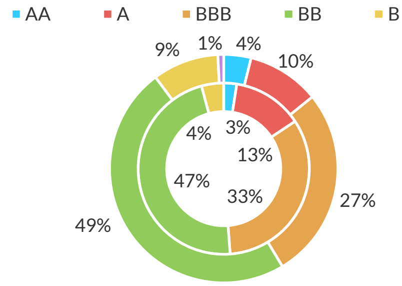
Risks

Risks Assessment

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

Source: Fitch Ratings

Loans by Ratings
Outer 2024, Inner 2023



Source: Fitch Ratings, NADB

Fitch considers NADB's overall risk profile as 'low', balancing 'moderate' credit risk, 'low' concentration, 'very low' equity risks and 'strong' risk-management policies.

The weighted average rating of the loans declined in 2024 to 'BB+' from 'BBB-', consistent with a 'moderate' credit risk assessment. The deterioration was driven by increased credit risk across NADB's loan portfolio. Additionally, loan performance weakened following NADB's classification of one of its exposures (0.9% of total loans at end-2024) as non-performing, breaking the zero non-performing loans status maintained for the previous two years. Fitch expects the average rating of loans to remain stable at 'BB+' as the bank aims to diversify its portfolio within various sectors (for example, solid waste management, water treatment and efficiency) in the US and Mexico.

NADB's focus on non-sovereign operations (private, public-private and sub-national loans) means that the bank credit risk does not benefit from an uplift for preferred creditor status.

Fitch assesses concentration risk as 'low'. NADB's five largest exposures represent 31% of the total banking portfolio at end-2024 (end-2023: 32%), consistent with a 'low risk' assessment. Geographical and sectoral concentrations are high due to NADB's narrow mandate by geography and sectors.

Ongoing reforms in Mexico's electricity sector have not significantly affected NADB's related exposures. Despite timely repayments, the bank has conservatively kept these exposures (27% of loans as of end-2024) on a negative watch list. NADB has reduced its exposure to Mexico's renewable energy sector to 27% of total loans at end-2024, from 32% in 2023 and 46% in 2020. This reduction is part of the bank's diversification strategy, which includes disbursing more loans in the US. As part of its five-year strategic plan, NADB aims to further diversify its portfolio by extending a growing number of loans beyond the energy sector.

The equity risk is 'very low', as NADB does not maintain any equity participation, nor do we expect it to in the medium term.

Fitch assesses NADB's risk-management policies as 'strong', balancing the bank's conservative risk management based on its policies and track record against its sectoral and geographical concentration (which is a relative weakness compared with other MDBs).

Investment policy remains unchanged from prior years. The bank's investment guidelines state that the investment portfolio must have adequate liquidity to protect from significant losses from interest rate movements, with a maximum duration of four years and a minimum 'A' rating for corporate bonds.

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

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 estimate that the outstanding debt will reach 80% of the callable capital within the next six months.

NADB actively uses derivatives to hedge foreign-exchange and interest rate risks. When funding sources are in currencies other than Mexican pesos, the bank employs cross-currency swaps to hedge the foreign-exchange risk of its peso-denominated loan portfolio. Long-term fixed-rate loans are swapped to variable rates to mitigate interest rate risk and maintain market-level costs. Interest rate swaps are aligned with the terms of loans and some long-term notes payable, ensuring that notional amounts mature in line with the expected maturity of the loans and the notes payable.

Peer Comparison: Risks

	NADB (AA)		APICORP (AA+)	ICD (A+)	IIC (AAA)
	End-2024	Projection[a]	End-2023	End-2023	End-3Q24
Estimated average rating of loans & guarantees	BB+	BB+	A-	B	BB+
Impaired loans/gross loans (%)	0.9	1.0–2.0	0.8	7.5	1.9
Five largest exposures/total banking exposure (%)	31.4	30–35	23.2	17.4	10.8
Equity stakes/total banking exposure (%)	0.0	0.0	22.0	23.6	3.8

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

Liquidity Analysis

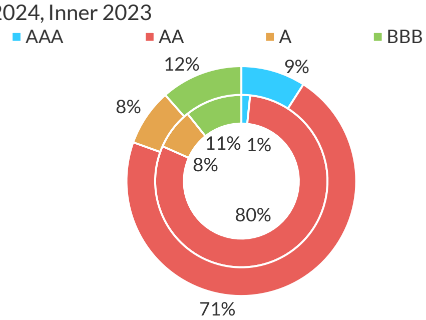
Liquidity Assessment

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

Source: Fitch Ratings

Treasury Assets by Ratings

Outer 2024, Inner 2023



Source: Fitch Ratings, Fitch Solutions, NADB

Fitch assesses NADB's overall liquidity profile at 'aaa', reflecting its 'excellent' liquidity buffer and the credit quality of its treasury assets.

Liquid Assets to Short-Term Debt

The liquidity buffer, measured as liquid assets/short-term debt, was at 781% at end-2024, significantly exceeding the 150% for an 'excellent' assessment.

Fitch considers the following assets as liquid for the purposes of the liquidity buffer calculation:

- Assets with a 12-month maturity and below, denominated in hard currency, with a rating of 'B-' and above.
- Investment-grade assets with a maturity above 12 months.

In its estimate of the bank's liquidity ratio, Fitch has not accounted for the US's deferred paid-in capital contributions amounting to USD165 million. Although these funds are held with NADB and invested into US treasuries, they cannot be used for liquidity purposes until the US releases them for such use.

NADB's debt maturity profile includes peaks and troughs for the next 10 years; however, in our forecasts to end-2027, we expect this ratio to remain 'excellent' (with large headroom) in the medium term.

Quality of Treasury Assets

The credit quality of NADB's treasury assets remained stable, with 82% rated 'AA-' or higher at end-2024 (2023: 82%).

The quality of treasury assets is considered 'excellent', supported by NADB's sector investment allocation guidelines and the minimum rating requirements for investments. The robust quality of the treasury assets has been maintained over the past few years due to the large share of US treasuries in the treasury portfolio.

Fitch expects both the liquidity buffer and credit quality of treasury assets to remain consistent with the 'excellent' assessment over the medium term.

Access to Capital Market, Alternative Source of Liquidity

Fitch expects the bank will maintain its access to additional sources of funding, if required, given its rating level. NADB has discussed potential back-up credit lines with financial institutions but does not maintain committed loans, as its access to capital markets has been proven, and structural liquidity requirements can be identified in advance due to the nature of the bank's activity.

NADB issued a Green Bond in 2024 amounting to CHF140 million, maturing in 2030, and entered peso-denominated borrowings of MXN430 million, maturing in 2029. The bank aims to continue issuing in hard currencies, albeit in smaller amounts, given its strong liquidity position and the size of its operations.

Peer Comparison: Liquidity

	NADB (AA)		APICORP (AA+)	ICD (A+)	IIC (AAA)
	End-2024	Projection[a]	End-2023	End-2023	End-3Q24
Liquid assets/short-term debt (%)	781.0	350–400	276.6	286.2	340.5
Share of treasury assets rated AA- & above (%)	81.8	80–85	46.3	11.8	90.7

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

Shareholder Support

Fitch's assesses extraordinary support provided by NADB's shareholders at 'aa', reflecting their capacity and 'moderate' propensity to support the bank.

Capacity to Provide Extraordinary Support

The 'aa+' assessment of shareholders' support capacity is anchored on the coverage of NADB's net debt by callable capital subscribed by the US.

The weighted average rating of key shareholders is 'A'. The US holds a larger share of ownership, having paid its share of paid-in capital in advance, but we continue to treat Mexico and the US as the main shareholders of the bank.

Propensity to Provide Extraordinary Support

The 'moderate' propensity to support takes into account the ongoing capital payments, arrears and delays in capital payments by the two shareholders, and the bank's limited size and geographical coverage relative to rated peers. This assessment translates into a one-notch downward adjustment to the capacity to support assessment to 'aa'.

Mexico disbursed USD46 million of paid-in capital in January 2025, clearing some of its outstanding capital arrears with NADB. However, the US Treasury has not yet authorised the release of any of its capital that is being held as cash restricted from use at the bank. Further delays in capital received or recognised from either shareholder could weigh on our assessment of their propensity to support.

Peer Comparison: Shareholder Support

	NADB (AA)		APICORP (AA+)	ICD (A+)	IIC (AAA)
	End-2024	Projection[a]	End-2023	End-2023	End-3Q24
Coverage of net debt by callable capital	AA+	AA+	AA–	NC	NC
Average rating of key shareholders	A	A	AA–	AA	BBB–
Propensity to support	-1	-1	0	-1	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

North American Development Bank

Supranational ESG Navigator
Supranational

Credit-Relevant ESG Derivation

North American Development Bank has 2 ESG rating drivers and 5 ESG potential rating drivers

- North American 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.
- North American 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.
- North American Development Bank has exposure to borrowers with limited access to external funding sources and/or extend concessional loans but this has very low impact on the rating.
- North American Development Bank has exposure to social pressure to provide support at times of crisis but this has very low impact on the rating.
- North American Development Bank has exposure to risk around the execution/predictability of its strategy but this has very low impact on the rating.
- North American Development Bank has exposure to board independence and effectiveness, ownership composition but this has very low impact on the rating.

Showing top 6 issues

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

	December 31, 2024 Year end (USDm) Original	December 31, 2023 Year end (USDm) Original	December 31, 2022 Year end (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	0.0	0.0	0.0
2. To/guaranteed by public institutions	317.2	296.6	233.4
3. To/guaranteed by private sector	815.6	752.6	541.0
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)	27.6	16.5	22.2
A. Loans, total	**1,105.2**	**1,032.7**	**752.3**
B. Other earning assets			
1. Deposits with banks	75.1	22.5	89.5
2. Securities held for sale and trading	1,161.2	1,056.2	1,025.2
3. Investment debt securities (including other investments)	4.6	4.3	4.2
4. Equity investments	0.0	0.0	0.0

Balance Sheet

	December 31, 2024 Year end (USDm) Original	December 31, 2023 Year end (USDm) Original	December 31, 2022 Year end (USDm) Original
5. Derivatives (including fair-value of guarantees)	39.1	103.9	100.2
B. Other earning assets, total	**1,280.0**	**1,186.9**	**1,219.1**
C. Total earning assets (A+B)	**2,385.2**	**2,219.6**	**1,971.4**
D. Fixed assets	**0.5**	**0.1**	**0.8**
E. Non-earning assets			
1. Cash and due from banks	-	-	-
2. Other	15.8	26.4	21.9
F. Total assets	**2,401.6**	**2,246.0**	**1,994.1**
G. Short-term funding			
1. Bank borrowings (< 1 year)	-	-	-
2. Securities issues (< 1 year)	-	-	-
3. Other (including deposits)	137.8	5.3	5.3
G. Short-term funding, total	**137.8**	**5.3**	**5.3**
H. Other funding			
1. Bank borrowings (> 1 year)	-	-	-
2. Other borrowings (including securities issues)	1,146.9	1,222.5	1,018.2
3. Subordinated debt	-	-	-
4. Hybrid capital	-	-	-
H. Other funding, total	**1,146.9**	**1,222.5**	**1,018.2**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	48.9	44.0	23.6
2. Fair value portion of debt	-	-	-
3. Other (non-interest bearing)	196.6	193.7	198.2
I. Other (non-interest bearing), total	**245.5**	**237.8**	**221.8**
J. General provisions and reserves	**3.6**	4.1	-
L. Equity			
1. Preference shares	-	-	-
2. Subscribed capital	6,000	6,000.0	6,000.0
3. Callable capital	5,100	5,100.0	5,100.0
4. Arrears/advances on capital	-	-	-
5. Paid in capital (memo)	506.0	506.0	496.0
6. Reserves (including net income for the year)	331.7	305.9	286.6
7. Fair-value revaluation reserve	30.2	3.4	-33.8
K. Equity, total	**867.8**	**815.3**	**748.8**
M. Total liabilities and equity	**2.401.6**	**2,246.0**	**1,944.1**

Source: Fitch Ratings, Fitch Solutions, NADB

Income Statement

	December 31, 2024 Year end (USDm) Original	December 31, 2023 Year end (USDm) Original	December 31, 2022 Year end (USDm) Original
1. Interest received	128.2	102.4	53.3
2. Interest paid	70.4	59.1	26.1
3. Net interest revenue (1. - 2.)	**57.8**	**43.4**	**27.2**
4. Other operating income	12.1	5.5	-1.7
5. Other income	-16.9	-2.9	-4.9
6. Personnel expenses	17.9	18.1	17.3
7. Other non-interest expenses	2.9	2.7	2.3
8. Impairment charge	10.5	1.7	0.0
9. Other provisions	-	-	-
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**21.7**	**23.5**	**1.0**
11. Net gains/(losses) on non-trading derivative instruments	-	-	-
12. Post-derivative operating profit (10. + 11.)	**21.7**	**23.5**	**1.0**
13. Other income and expenses	-	-	-
14. Net income (12. + 13.)	**21.7**	**23.5**	**1.0**
15. Fair value revaluations recognised in equity	27.9	36.1	-39.0
16. Fitch's comprehensive net income (14. + 15.)	**49.6**	**56.7**	**-38.0**

Source: Fitch Ratings, Fitch Solutions, NADB

Ratio Analysis

	December 31, 2024 (%) Original	December 31, 2023 (%) Original	December 31, 2022 (%) Original
I. Profitability level			
1. Net income/equity (average)	2.6	2.5	0.1
2. Cost/income ratio	29.7	46.5	76.7
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	90.1	90.2	119.8
2. Equity/adjusted total assets + guarantees	36.9	36.5	38.2
3. Paid-in capital/subscribed capital	-	-	-
4. Internal capital generation after distributions	5.8	7.3	-5.0
III. Liquidity			
1. Liquid assets/short-term debt	780.9	17,421.2	17955.5
2. Share of treasury assets rated 'AAA'-'AA'	81.8	81.6	92.7
3. Treasury assets/total assets	51.7	48.2	56.1
4. Treasury assets investment grade + eligible non-investment grade/total assets	51.7	48.2	55.7
5. Liquid assets/total assets	51.7	48.2	55.7
IV. Asset quality			
1. Impaired loans/gross loans	0.9	0.0	0.0
2. Loan loss reserves/gross loans	3.0	1.7	2.9
3. Loan loss reserves/Impaired loans	332.7	-	-
V. Leverage			
1. Debt/equity	148.0	145.8	136.7
2. Debt/callable capital	-	-	-

Source: Fitch Ratings, Fitch Solutions, NADB

Annex

	December 31, 2024 (USDm) Original	December 31, 2023 (USDm) Original	December 31, 2022 (USDm) Original
1. Lending operations			
1. Loans outstanding	1,132.8	1,049.2	774.5
2. Disbursed loans	-	-	-
3. Loan repayments	-	-	-
4. Net disbursements	-	-	-
Memo: Loans to sovereigns	0.0	0.0	0.0
Memo: Loans to non-sovereigns	1,132.8	976.4	774.5
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))	1,132.8	976.4	774.5
2. Growth in total banking exposure	8.0	35.5	-7.6
Memo: Non-sovereign exposure	1,132.8	1,049.2	774.5
4. Support			
1. Share of 'AAA'/'AA' shareholders in callable capital	50.0	50.0	50.0
2. Rating of callable capital ensuring full coverage of net debt	AA+	AA+	AA+
3. 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/equity (%)	10.9	11.8	13.1
2. Five largest exposures/equity (%)	40.9	39.9	42.9
3. Largest exposure/total banking exposure (%)	8.3	9.1	12.7
4. Five largest exposures/total banking exposure (%)	31.4	31.9	34.9
7. Credit risk			
1. Average rating of loans and guarantees	BB+	BBB-	BBB-
2. Loans to investment-grade borrowers/gross loans	41.6	48.8	43.7
3. Loans to sub-investment-grade borrowers/gross loans	58.4	51.2	56.3
8. Liquidity			
1. Treasury assets	1,240.8	1,083.1	1,118.9
2. Treasury assets of which investment grade + eligible non-investment grade	1,240.8	1,082.1	1,110.2
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.)	1,240.8	1,082.1	1,110.2

Source: Fitch Ratings, Fitch Solutions, NADB

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.