

# Caribbean Development Bank

## Full Rating Report

### Ratings

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

### Outlook

Long-Term IDR	Stable
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### Financial Data

#### Caribbean Development Bank

	Sep 16	Dec 15
Total assets (USDm)	1,592.6	1,361.4
Equity/adj. assets (%)	55	61
Average rating of loans & guarantees	B-	B-
Impaired loans ratio (%)	0.5	0.5
Five largest exposures/ total exposure (%)	60	63
Share of non-sovereign exposure (%)	4.0	4.2
Net income/equity (%)	-8.9	1.3
Average rating of key shareholders	BBB	BBB

### Key Rating Drivers

**'Excellent' Capitalisation:** The Caribbean Development Bank's (CDB) capitalisation is its key rating strength. The CDB's overall rating is driven by its intrinsic strength; including both capitalisation and risks. The equity/adjusted assets ratio of 55.4% at end-September 2016 is comfortably within the 'excellent' threshold set out in Fitch Ratings' *Supranationals Rating Criteria* and is one of the strongest across the multilateral development bank (MDB) universe.

Fitch expects the CDB to maintain its 'excellent' capitalisation over the medium-term rating horizon.

**'Low' Solvency Risks:** The CDB's low-risk profile is the other key driver of its ratings. As well as capitalisation, the CDB's 'AA+' intrinsic rating stems from Fitch's assessment of its risks as low, chiefly owing to the bank's 'very low' loan impairment rate (0.5%), the excellent strength of its preferred-creditor status (PCS) through its focus on the sovereign sector, and its 'excellent' risk management policies.

**'Very High' Concentration Risk:** However, within this low assessment of risk, concentration is undoubtedly a rating weakness for the CDB. Fitch assesses its concentration as 'very high' risk, with the five largest exposures accounting for 60% of total exposures at end-September 2016. The CDB's largest two exposures are Jamaica (21.6% of the total portfolio) and Barbados (11.6%). Over the medium term, Fitch expects concentration to remain a key area of weakness for the ratings.

**'Low-Risk' Business Profile:** In terms of the CDB's Business Environment, the bank receives a one-notch upgrade to the 'aa' solvency assessment, leading to an overall intrinsic rating of 'AA+'. Fitch's assessment of the CDB's business environment as low-risk is driven by its assessment of the bank's business profile as 'low risk', characterised by good governance and its low-risk strategy owing to the well-controlled expected growth in lending.

**'Medium-Risk' Operating Environment:** Within the overall assessment of the Business Environment, Fitch considers the operating environment in which an MDB operates. The CDB operates in a 'medium-risk' environment, as characterised by income per capita in its countries of operations, the political risk and business climate in these countries, and the operational support provided by member states. Fitch assesses all these sub-factors as 'medium-risk'.

**'Excellent' Liquidity:** Fitch assesses the CDB's liquidity as 'aaa' primarily due to the large amount of liquid assets relative to short-term debt, as well as the overall excellent quality of its treasury portfolio. Based on the agency's projections, the bank's liquidity assessment will remain excellent, due to its conservative risk management policies, which will continue to result in excellent coverage of short-term debt by liquid assets.

### Rating Sensitivities

**Asset Quality, Concentration:** A material improvement in asset quality, concentration risk or the credit quality of the countries of operations would help improve the intrinsic rating.

**Weakening Solvency:** A weakening of the solvency assessment, either as a result of lower capitalisation metrics or an increase in the overall assessment of risk, would put pressure on the ratings.

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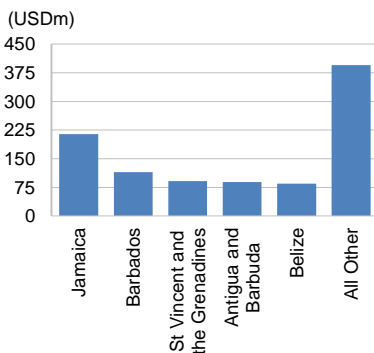
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## Intrinsic Rating Assessment

Indicative value	Assessment
Solvency	aa
Liquidity	aaa
Business environment	+1
Intrinsic Rating	aa+

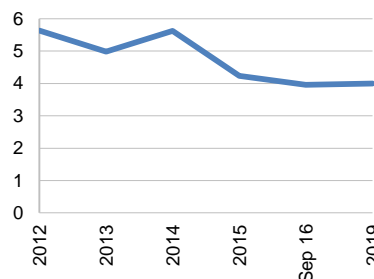
Source: Fitch

## CDB Loan Book



Source: Fitch, CDB

## Non-Sovereign Exposure/ Total Exposure (%)



Source: Fitch

## Related Criteria

[Supranationals Rating Criteria \(July 2016\)](#)

## Business Environment

The CDB is a regional financial institution established by an agreement signed on 18 October 1969 in Jamaica and entered into force on 26 January 1970. The bank was set up to promote economic co-operation and integration within the Caribbean, with a particular and urgent focus on the needs of the region's less developed member countries.

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

## Business Profile

Fitch assesses the CDB's governance and business profile as 'low-risk', due to the following key factors:

- The CDB's relatively small banking portfolio of USD999.2 million as of end-September 2016 is low compared with MDBs such as Inter-American Development Bank (IADB; USD78.3 billion), Corporacion Andina de Fomento (CAF; USD19.5 billion) and Central American Bank for Economic Integration (CABEI; USD6.2 billion). This is assessed as 'high risk' by Fitch.
- The CDB has 'low-risk' exposure to the non-sovereign sector at 4.0% of its total portfolio as of end-September 2016. This is low compared to other highly rated MDBs such as IADB (7.7%), CABEI (21.0%) and CAF (17.5%). Fitch does not expect the non-sovereign sector within the CDB to grow significantly in the coming years.
- The CDB's strategy is deemed 'low risk'. Its loan approvals are growing at a moderate pace, and the bank remains extremely cautious in its approvals/disbursements.
- The CDB's 'low-risk' governance reflects its experienced staff and the prudential risk framework it has in place. Its organisational structure is highly transparent and its internal policies are comprehensive, in particular those regarding leverage, liquidity, and risk management, as well as the policies for institutional matters as a whole, which are firmly enforced. Fitch expects the bank to maintain high-quality risk and underwriting standards in the coming years.

## Operating Environment

Fitch assesses the CDB's operating environment as 'medium risk' based on the following factors:

- The average credit quality of the bank's countries of operations is assessed as 'medium-risk'. The CDB only extends its financing operations to its 19 regional member countries, all of which are in the Caribbean. Fitch rates two of the CDB's regional borrowing member states, Jamaica (B/Stable) and Suriname (B-/Negative).
- Average income per capita in the CDB's countries of operations is also assessed as 'medium risk'. As in many regions, there are extremes in 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.
- The political risk and business climate in the CDB's country of head office (Barbados) is assessed as 'low risk'. As of 2015, the average score of Barbados' World Bank Governance Indicators (based on percentile rank) was 85.5.
- The CDB's political risk and business climate in the Caribbean is assessed as 'medium risk', taking into account the World Bank's Governance Indicators figures for the bank's countries of operations.

## Risks Assessment

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

Source: Fitch

- Operational support provided by the authorities of the member states of the CDB is assessed as 'medium risk'. Whilst the overwhelming majority of member states provide significant operational support to the bank, one member breached its PCS in 2012. That member state delayed its payment to the CDB, whilst honouring its commercial debt obligations, but by the end of 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 the CDB's solvency at 'aa'. This is driven by the assessment of its capitalisation as 'excellent' and risks as 'low'.

## Capitalisation

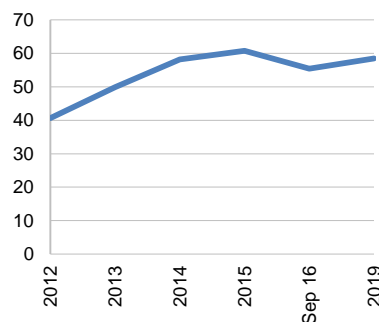
### Peer Comparison: Capital Ratios and Profitability

	CDB (AA+)		IADB (AAA)	CABEI (A)	CAF (AA-)
	Sep 16	Projection <sup>a</sup>	Jun 16	End-2015	End-2015
Equity/adjusted assets (%)	55.4	58.5	22.1	30.7	29.0
Net income/average equity	-8.9	3.9	0.8	6.2	5.6

<sup>a</sup> Medium-term projections

Source: MDBs, Fitch calculations, estimates and methodology

## Equity/Adj. Assets (%)



Source: Fitch

The CDB's capitalisation ratio is a key strength for the rating. The equity/adjusted assets ratio of 55.4% at end-September 2016 is assessed as 'excellent' in Fitch's *Supranationals Rating Criteria*, well above the 25% threshold for this category. Fitch expects this figure to have been 56.6% at end-2016 and to reach 58.5% at the medium-term rating horizon of end-2018.

Like most MDBs, profitability is not an objective for the CDB. The CDB, again like most MDBs, does not pay taxes and has never distributed dividends to its shareholders. The bank's internal capital generation for 2015 was 1.3% but this fell to -8.9% as of end-September 2016. The fall in net income was due to the CDB deciding to reduce lending spreads during 2016. This decision was taken against the backdrop of the bank having built up a very strong capital position following capital subscriptions from the 2011-2016 general capital increase (GCI).

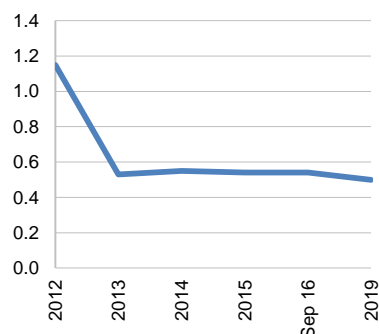
The CDB therefore decided for the two six-month interest-setting periods in 2016 to hold its lending rate at 2.97% despite rising Libor rates. Net income/average equity for end-2016, however, is expected to have stabilised back at around 0.8% due to the receipt of the final injection of capital from the GCI. However, CDB's derivatives are not traded and are being held to maturity. Accordingly, the volatility in the measurement of these derivatives, which is included in the comprehensive income or loss, is excluded from the operating income which is used in the computation of the bank's key ratios.

## Risks

Fitch assesses the CDB's overall risks as 'low', based on the following key factors:

- In terms of credit risk, starting with the bank's overall loan performance, this is assessed as 'low risk' with a loan impairment ratio of 0.5%. Fitch expects this trend to continue over the rating horizon owing to the CDB's continued focus on the sovereign sector. The CDB has an average rating of loans of 'B-' and, as has just been mentioned, the majority of its operations focus on the sovereign sector (96%) and support key infrastructure projects, such as roads, education facilities and water supply, across the Caribbean. The overall credit risk exposure for the CDB is assessed at 'BB-', owing largely to the CDB's excellent PCS, as well as other risk-mitigating factors.
- Concentration is undoubtedly a rating weakness for the CDB. The CDB's concentration assessment is deemed as 'very high risk', with the five largest exposures (Jamaica,

## Impaired Loans (%)



Source: Fitch

Liquidity Assessment

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

Source: Fitch

Barbados, St Vincent and the Grenadines, Antigua and Barbuda, and Belize) accounting for 60.1% of total exposure at end-September 2016. This falls just above the 60%+ 'very high' threshold set out in the *Supranationals Rating Criteria*.

- The CDB's equity risk is assessed as 'very low' due to the fact that the bank has 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 loans by the bank denominated in US dollars and funded in the same currency, through member states' subscriptions or borrowings on the financial markets. That said, there were increased costs from the cross-currency interest rate swap with the CHF borrowing that was done in July 2016. Interest rate risk is again minimal for the 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, the CDB has its own prudential framework under which it monitors numerous prudential ratios within its limits. Such limits include a single sovereign exposure (40% of outstanding loans), a non-sovereign exposure limit (30% of outstanding loans) and a debt/equity limit of 1.65x. The effectiveness of the self-imposed risk management framework is contingent on the CDB's willingness to adhere to its own limits, and any breach in the limits would undermine the credibility of the framework and the bank. To date, the CDB's management policies have been conservative and in line with those of other MDBs, a practice that Fitch expects to continue.

Peer Comparison: Risks

	CDB		IADB	CABEI	CAF
	Sep 16	Projection <sup>a</sup>	Jun 16	End-15	End-15
Estimated average rating of loans & guarantees	B-	B-	BB	B+	BB-
Impaired loans/gross loans (%)	0.5	0.5	0.7	0.1	0.5
Five largest exposures/total loans (%)	60.0	60.0	63.5	54.0	55.8
Equity stakes/(loans + equity stakes) (%)	0.0	0.0	0.0	0.5	1.7

<sup>a</sup> Medium-term projections

Source: MDBs, Fitch calculations, estimates and methodology

Liquidity

Peer Comparison: Liquidity

	CDB		IADB	CABEI	CAF
	Sep 16	Projection <sup>a</sup>	Jun 16	End-15	End-15
Liquid assets/short-term debt (%)	6299.1	6296.3	243.9	194.7	237.1
Share of treasury assets rated 'AA-' & above (%)	76.0	76.0	92.0	54.5	40.8

<sup>a</sup> Medium-term projections

Source: MDBs, Fitch calculations, estimates and methodology

Fitch assesses the 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.

Liquidity Buffer

- Liquidity buffers for the CDB compare favourably with those of peers. Treasury assets accounted for 29.7% of total assets at end-September 2016, and coverage of short-term liabilities by liquid assets was 6,299.1%. This is calculated by comparing liquid assets (USD279.1 million) to short-term debt (USD4.4 million). Fitch expects the CDB's excellent liquidity to remain a key rating strength over the rating horizon.

## Quality of Treasury Assets

- Fitch assesses the quality of the CDB's treasury assets as 'excellent'. At end-September 2016, 76% of this portfolio was rated in the 'AAA'-'AA' categories, with the average rating of treasury assets being 'AA+'. Fitch expects the CDB to maintain a high quality of treasury assets in the medium term.

## Access to Capital Markets and Alternative Sources of Liquidity

- Fitch assesses the CDB's access to capital markets as 'strong', with the bank having recently completed its first issue in the Swiss market. The inaugural bond offering in Swiss francs was a 12-year CHF145m bond launched in June 2016, which was considerably oversubscribed. As well as this bond, the CDB has three other borrowings outstanding (two in US dollars and one in Japanese yen), with maturities ranging from 2022 to 2030.

## Shareholders' Support

Fitch assesses extraordinary support for the CDB at 'A+', which reflects its member states' capacity to provide support (A+) and a zero-notch adjustment for their propensity to do so.

## Peer Comparison: Shareholder Support

	CDB		IADB	CABEI	CAF
	Sep 16	Projection <sup>a</sup>	Jun 16	End-15	End-15
Coverage of net debt by callable capital	A+	A+	AAA	NC	NC
Average rating of key shareholders	BBB	BBB	A-	BB	BB
Propensity to support	0	0	0	0	1

<sup>a</sup> Medium-term projections

Source: MDBs, Fitch calculations, estimates and methodology

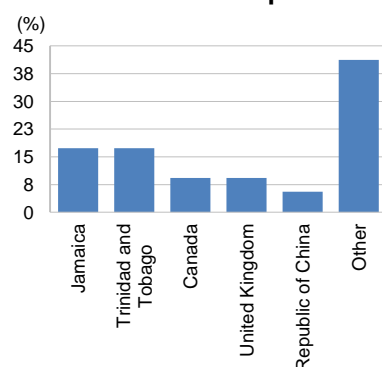
## Capacity to Provide Extraordinary Support

- The average rating of key shareholders is '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. The CDB's key shareholders are Jamaica (B), Trinidad and Tobago (NR), Canada (AAA) and the United Kingdom (AA). In total, these four key shareholders account for 53.2% of total callable capital. Given that the UK's sovereign rating is currently on Negative Outlook, it is worth noting that the average rating of key shareholders would remain resilient to a single-notch downgrade.
- Fitch assesses the CDB's shareholders' capacity to provide support at 'A+'. Fitch's approach is to determine the rating of the lowest-rated shareholder whose callable capital, when added to that of higher-rated shareholders, ensures full coverage of outstanding. In the CDB's case, net debt (USD326,126,000) is fully covered by callable capital from shareholders rated 'A+' and above.

## Propensity to Provide Extraordinary Support

- Fitch adjusts shareholders' capacity to provide support by their propensity to do so. This is measured on a four-point scale (weak, moderate, strong, exceptional) and leads to an adjustment of between -3 and +1 notches. 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 the CDB as an important institution for member states, with over 50% of its subscribed capital put forward by regional borrowing members. Member states have shown clear evidence of supporting the bank through participating in GCIs, and the enforceability of the capital call is in line with MDB peers.

## Share of Callable Capital



Source: Fitch

## Caribbean Development Bank Balance Sheet

	30 Sep 2016		31 Dec 2015		31 Dec 2014		31 Dec 2013		As % of Assets
	9 Months - 3rd Quarter	3rd Quarter	Year End	Year End	Year End	Year End	Year End	Year End	
	USDm	USDm	USDm	USDm	USDm	USDm	USDm	USDm	
	Original	Original	Original	Original	Original	Restated	Restated	Original	Original
<b>A. LOANS</b>									
1. To / Guaranteed by Sovereigns	959.6	959.6	60.25	962.3	70.68	945.9	70.93	924.3	65.63
2. To / Guaranteed by public institutions	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. To / Guaranteed by Private Sector	39.6	39.6	2.49	36.5	2.68	43.1	3.23	48.4	3.44
4. Trade Financing Loans (memo)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Loan Loss Reserves (deducted)	6.3	6.3	0.40	6.3	0.46	6.3	0.47	4.8	0.34
<b>TOTAL A</b>	<b>992.9</b>	<b>992.9</b>	<b>62.34</b>	<b>992.5</b>	<b>72.90</b>	<b>982.7</b>	<b>73.69</b>	<b>967.9</b>	<b>68.73</b>
<b>B. OTHER EARNING ASSETS</b>									
1. Deposits with Banks	126.6	126.6	7.95	65.4	4.80	34.2	2.56	67.7	4.81
2. Securities held for Sale & Trading	347.0	347.0	21.79	213.8	15.70	232.8	17.46	289.5	20.56
3. Investment Debt Securities - (incl. other invest.)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Equity Investments	n.a.	n.a.	-	0.0	0.00	n.a.	-	n.a.	-
5. Derivatives (incl. Fair-value of guarantees)	95.2	95.2	5.98	56.3	4.14	52.4	3.93	54.0	3.83
<b>TOTAL B</b>	<b>568.8</b>	<b>568.8</b>	<b>35.72</b>	<b>335.5</b>	<b>24.64</b>	<b>319.4</b>	<b>23.95</b>	<b>411.2</b>	<b>29.20</b>
<b>C. TOTAL EARNING ASSETS (A+B)</b>	<b>1,561.7</b>	<b>1,561.7</b>	<b>98.06</b>	<b>1,328.0</b>	<b>97.55</b>	<b>1,302.1</b>	<b>97.65</b>	<b>1,379.1</b>	<b>97.93</b>
<b>D. FIXED ASSETS</b>	<b>12.6</b>	<b>12.6</b>	<b>0.79</b>	<b>11.8</b>	<b>0.87</b>	<b>8.9</b>	<b>0.67</b>	<b>8.1</b>	<b>0.58</b>
<b>E. NON-EARNING ASSETS</b>									
1. Cash and Due from Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other	18.3	18.3	1.15	21.6	1.59	22.5	1.69	21.1	1.50
<b>F. TOTAL ASSETS</b>	<b>1,592.6</b>	<b>1,592.6</b>	<b>100.00</b>	<b>1,361.4</b>	<b>100.00</b>	<b>1,333.5</b>	<b>100.00</b>	<b>1,408.3</b>	<b>100.00</b>
<b>G. SHORT-TERM FUNDING</b>									
1. Bank Borrowings (< 1 Year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Securities Issues (< 1 Year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other (incl. Deposits)	n.a.	n.a.	-	4.4	0.32	30.0	2.25	0.0	0.00
<b>TOTAL G</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>4.4</b>	<b>0.32</b>	<b>30.0</b>	<b>2.25</b>	<b>0.0</b>	<b>0.00</b>
<b>H. OTHER FUNDING</b>									
1. Bank Borrowings (> 1 Year)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Borrowings (incl. Securities Issues)	689.2	689.2	43.3	498.4	36.6	500.3	37.5	675.4	48.0
3. Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Hybrid Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL H</b>	<b>689.2</b>	<b>689.2</b>	<b>43.28</b>	<b>498.4</b>	<b>36.61</b>	<b>500.3</b>	<b>37.52</b>	<b>675.4</b>	<b>47.96</b>
<b>I. OTHER (Non-Int Bearing)</b>									
1. Derivatives (incl. Fair value of guarantees)	n.a.	n.a.	-	n.a.	-	n.a.	-	6.8	0.48
2. Fair value portion of debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other (Non-Int Bearing)	3.0	3.0	0.19	12.6	0.93	11.7	0.88	16.9	1.20
<b>TOTAL I</b>	<b>3.0</b>	<b>3.0</b>	<b>0.19</b>	<b>12.6</b>	<b>0.93</b>	<b>11.7</b>	<b>0.88</b>	<b>23.7</b>	<b>1.68</b>
<b>J. GENERAL PROVISIONS &amp; RESERVES</b>	<b>17.7</b>	<b>17.7</b>	<b>1.11</b>	<b>17.7</b>	<b>1.30</b>	<b>14.9</b>	<b>1.12</b>	<b>9.6</b>	<b>0.68</b>
<b>L. EQUITY</b>									
1. Preference Shares	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Subscribed Capital	1,763.7	1,763.7	110.74	1,763.7	129.55	1,699.3	127.43	1,635.1	116.10
3. Callable Capital	(1,375.1)	(1,375.1)	(86.34)	(1,375.1)	(101.01)	(1,324.9)	(99.36)	(1,274.9)	(90.53)
4. Arrears/Advances on Capital	(53.0)	(53.0)	(3.33)	(90.9)	(6.68)	(119.9)	(8.99)	(147.9)	(10.50)
5. Paid in Capital (memo)	388.5	388.5	24.39	388.5	28.54	374.4	28.08	360.3	25.58
6. Reserves (incl. Net Income for the year)	547.1	547.1	34.35	530.6	38.97	522.1	39.15	487.3	34.60
7. Fair-value revaluation reserve	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>TOTAL L</b>	<b>882.7</b>	<b>882.7</b>	<b>55.43</b>	<b>828.3</b>	<b>60.84</b>	<b>776.6</b>	<b>58.24</b>	<b>699.6</b>	<b>49.68</b>
<b>M. TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,592.6</b>	<b>1,592.6</b>	<b>100.00</b>	<b>1,361.4</b>	<b>100.00</b>	<b>1,333.5</b>	<b>100.00</b>	<b>1,408.3</b>	<b>100.00</b>

Exchange rate

USD1 = USD1

USD1 = USD1

USD1 = USD1

USD1 = USD1

## Caribbean Development Bank Income Statement

	30 Sep 2016		As % of Earning Assets	31 Dec 2015		31 Dec 2014		31 Dec 2013			
	9 Months - 3rd Quarter			Year End USDm	As % of Earning Assets	Year End USDm	As % of Earning Assets	Year End USDm	As % of Earning Assets	Year End USDm	As % of Earning Assets
	USDm	USDm									
1. Interest Received	10.0	10.0	2.55	51.4	3.87	52.9	4.06	48.5	3.52		
2. Interest Paid	5.2	5.2	1.32	20.0	1.51	20.4	1.57	21.1	1.53		
<b>3. NET INTEREST REVENUE</b>	<b>4.8</b>	<b>4.8</b>	<b>1.22</b>	<b>31.4</b>	<b>2.36</b>	<b>32.5</b>	<b>2.50</b>	<b>27.4</b>	<b>1.99</b>		
4. Other Operating Income	(0.9)	(0.9)	(0.23)	(6.7)	(0.50)	22.4	1.72	32.2	2.33		
5. Other Income	(0.1)	(0.1)	0.0	0.8	0.1	0.3	0.0	2.1	0.2		
6. Personnel Expenses	n.a.	n.a.	-	9.6	0.72	7.4	0.57	7.6	0.55		
7. Other Non-Interest Expenses	9.2	9.2	2.34	10.0	0.75	9.9	0.76	3.1	0.22		
8. Impairment charge	n.a.	n.a.	-	0.0	0.0	1.5	0.1	0.9	0.1		
9. Other Provisions	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-		
<b>10. PRE-DERIVATIVE OPERATING PROFIT</b>	<b>(5.4)</b>	<b>(5.4)</b>	<b>(1.38)</b>	<b>5.9</b>	<b>0.44</b>	<b>36.4</b>	<b>2.80</b>	<b>50.1</b>	<b>3.63</b>		
11. Net gains / (losses) on non-trading derivative instruments	(13.7)	(13.7)	-3.5	4.8	0.4	6.2	0.5	(47.2)	-3.4		
<b>12. POST-DERIVATIVE OPERATING PROFIT</b>	<b>(19.1)</b>	<b>(19.1)</b>	<b>(4.87)</b>	<b>10.7</b>	<b>0.81</b>	<b>42.6</b>	<b>3.27</b>	<b>2.9</b>	<b>0.21</b>		
13. Other income and expenses	n.a.	n.a.	-	(0.7)	-0.1	0.0	0.0	n.a.	-		
<b>14. NET INCOME</b>	<b>(19.1)</b>	<b>(19.1)</b>	<b>(4.87)</b>	<b>10.0</b>	<b>0.75</b>	<b>42.6</b>	<b>3.27</b>	<b>2.9</b>	<b>0.21</b>		
15. Fair value revaluations recognised in equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-		
<b>16. FITCH'S COMPREHENSIVE NET INCOME</b>	<b>(19.1)</b>	<b>(19.1)</b>	<b>(4.87)</b>	<b>10.0</b>	<b>0.75</b>	<b>42.6</b>	<b>3.27</b>	<b>2.9</b>	<b>0.21</b>		

## Caribbean Development Bank Ratio Analysis

	30 Sep 2016 9 Months - 3rd Quarter %	31 Dec 2015 Year End %	31 Dec 2014 Year End %	31 Dec 2013 Year End %
	Original	Original	Restated	Original
<b>I. PROFITABILITY LEVEL</b>				
1. Net Income/Equity (av.)	(8.93)	1.25	5.77	0.43
2. Net Income/Total Assets (av.)	(5.17)	0.74	3.11	0.19
3. Net Interest Revenue + Commitment Fees / Gross Loans + Treasury Asse	1.40	2.48	2.51	1.95
4. Cost-Income Ratio	235.90	79.35	31.51	17.95
5. Income from Equity Investment / Equity Investment (av.)	n.a.	n.a.	n.a.	n.a.
6. Provisions / Average Total Banking Exposure (excl LCs)	n.a.	0.00	0.15	0.09
<b>II. CAPITAL ADEQUACY</b>				
1. Net Total Banking Exposure (excl LCs) / Subscribed Capital + Reserves	42.97	43.26	44.24	45.60
2. Equity/Adjusted Total Assets	55.43	60.84	58.24	49.92
3. Equity /Adjusted Total Assets + Guarantees	55.43	60.84	58.24	49.92
4. Paid-in capital / Subscribed capital	22.03	22.03	22.03	22.04
5. Internal Capital Generation after Distributions	(4.33)	1.43	6.83	(0.89)
<b>III. LIQUIDITY</b>				
1. Liquid assets / Short-term debt	6,299.10	6,345.45	890.00	n.a.
2. Treasury Assets / Total Assets	29.74	20.51	20.02	25.36
3. Unimpaired Trade Financing Loans / Total Assets	n.a.	n.a.	n.a.	n.a.
4. Liquid assets / Total Assets	29.74	20.51	20.02	25.36
5. Liquid Assets / Undisbursed Loans & Equity	465.23	82.82	86.94	123.26
<b>IV. ASSET QUALITY</b>				
1. Impaired Loans /Gross Loans	0.54	0.54	0.55	0.53
2. Loan Loss Reserves / Gross Loans	0.63	0.63	0.64	0.49
3. Total reserves / Gross Loans, Equity Investment & Guarantees	0.63	0.63	0.64	0.49
4. Loan Loss Reserves/Impaired Loans	116.67	116.67	116.67	92.31
<b>V. LEVERAGE</b>				
1. Debt/Equity	78.08	60.70	68.28	96.54
2. Debt/Subscribed Capital + Reserves	29.83	21.92	23.87	31.82
3. Debt/Callable Capital	50.12	36.56	40.03	52.98
4. Net Income + Interest Paid/Interest Paid	(267.31)	150.00	308.82	113.74



## Caribbean Development Bank Spread Sheet Annex

	30 Sep 2016	31 Dec 2015	31 Dec 2014	31 Dec 2013
	USDm	USDm	USDm	USDm
	Original	Original	Restated	Original
<b>1. LENDING OPERATIONS</b>				
1. Loans outstanding	999.2	998.8	989.0	972.7
2. Undisbursed Loans	401.8	337.1	307.1	289.8
3. Approved Loans	95.7	197.2	173.8	139.0
4. Disbursed Loans	78.0	95.1	100.8	84.3
5. Loan Repayments	76.9	84.3	84.5	90.6
6. Net disbursements	1.1	10.8	16.3	(6.3)
<b>2. OTHER BANKING OPERATIONS</b>				
1. Equity participations	0.0	0.0	0.0	0.0
2. Guarantees plus LCs and other off BS credit comr	12.0	12.0	13.2	12.0
3. Total banking exposure (BS & off BS)	999.2	1,004.8	1,002.2	972.7
4. Growth in total banking exposure (BS and off BS)	(0.5)	0.3	3.0	(0.7)
<b>3. SUPPORT</b>				
1. Share of AAA / AA shareholders in callable capital	24.4	24.4	25.1	26.2
2. Share of A / BBB shareholders in callable capital	34.4	39.3	38.9	36.9
3. Share of Speculative Grade shareholders in callabl	41.2	36.3	35.9	36.8
4. Rating of callable capital ensuring full coverage of r	A+	n.a.	n.a.	n.a.
5. Weighted Average Rating of Key Shareholders	BBB	BBB	BBB+	BBB
<b>4. BREAKDOWN OF BANKING PORTFOLIO</b>				
1. Loans to Sovereigns / Total Banking Exposure	96.0	95.8	94.4	95.0
2. Loans to Non Sovereigns / Total Banking Exposure	4.0	3.6	4.3	5.0
3. Equity participation / Total Banking Exposure	0.0	0.0	0.0	0.0
4. Non Sovereign Exposure (incl. guarantees)/Total B	4.0	4.2	5.6	5.0
<b>5. CONCENTRATION MEASURES</b>				
1. Largest exposure	214.4	255.5	233.5	237.5
2. Five largest exposures	595.3	624.3	621.2	624.5
3. Largest exposure / Equity (%)	23.1	25.8	28.4	31.9
4. Five largest exposures / Equity (%)	64.2	71.4	75.6	84.0
5. Five largest exposures / Total Loans (%)	60.0	62.9	63.2	64.5
<b>6. CREDIT RISK</b>				
1. Average Rating of Loans & Guarantees	B-	B-	B-	CCC
2. Loans to Investment Grade Borrowers / Gross Loan	5.1	5.3	5.8	3.6
3. Share of Treasury Assets rated AAA-AA	75.9	75.9	99.4	99.3

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