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4 May 2017

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RATINGS

Caribbean Development Bank (CDB)

	Rating
Senior Unsecured (Foreign)	Aa1

TABLE OF CONTENTS

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Caribbean Development Bank – Aa1 Stable

Annual Credit Analysis

Overview and Outlook

The Caribbean Development Bank's (CDB) Aa1 rating reflects strong capital adequacy ratios, higher liquidity levels than most of its multilateral development bank (MDB) peers, and strong financial support from borrowing and non-borrowing members, as reflected in a general capital increase and relatively high percentage of paid-in capital. The ratings are also supported by its preferred creditor status, which has ensured a strong repayment performance even from borrowing members that have gone through debt restructurings in recent years, and a strong governance and risk management framework. The Aa1 rating incorporates the relatively weak average credit quality of its borrowing member countries and high borrower concentration.

The rating could face upward pressure if the bank reduces its exposure to troubled credits. However, given the bank's mission to serve the Caribbean, coupled with the severe economic and financial challenges facing the region, we view this as unlikely in the near-to-medium term, notwithstanding management's plans to increase lending to higher rated members and to attract new regional members.

The rating could face downward pressure if the bank's capitalization and/or liquidity levels decline; if its borrowing members' credit qualities experience further deterioration and loan portfolio performance suffers as a result; and if the bank again fails to comply with any of its financial policies.

This Credit Analysis elaborates on the CDB's credit profile in terms of Capital Adequacy, Liquidity and Strength of Member Support, which are the three main analytic factors in Moody's Supranational Rating Methodology.

This Credit Analysis provides an in-depth discussion of credit rating(s) for the Caribbean Development Bank (CDB) and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website.

Organizational Structure and Strategy

The Caribbean Development Bank (CDB) is a multilateral lending institution founded in 1969 and headquartered in Barbados. The bank's purpose is to contribute to the economic growth and development of its Caribbean member countries and to promote their economic cooperation and integration. The CDB has developed a particular niche in assisting less developed Caribbean members, where often the bank is the only source of borrowing. With a loan portfolio of just over $1 billion, the CDB is among the smallest of the MDBs rated by Moody's. Due to its relatively small size, the CDB focuses on having a greater economic impact in smaller countries than in larger economies where other MDBs can provide more funding.

The CDB makes loans to its borrowing member countries (BMCs) from its Ordinary Capital Resources (OCR) and from various other concessional funds, which make up its Special Funds Resources (SFR). Moody's rating applies just to the CDB's OCR operations. As such, these are referred to as the CDB in this report. The SFR was established to provide resources on concessional terms primarily for poverty reduction. The resources, assets, and liabilities of the OCR, which account for about 60% of total lending, and the SFR are completely segregated. Though the SFR is partially funded with transfers from net income of the OCR, the SFR has no recourse to OCR resources.

The CDB has 18 founding member countries – 16 regional states and autonomous dependent territories of the UK, and two non-regional countries. There are currently 28 members: 23 regional countries and five non-regional countries (Canada, the People's Republic of China, Germany, Italy, and the UK). Brazil became the CDB's 28th member, and the fourth non-borrowing regional member, joining Colombia, Mexico and Venezuela in that category in December 2015. Another recent member is the Republic of Suriname, which joined as a regional borrowing member in 2013. The CDB is also in discussions with some of the former members of the Netherlands Antilles and it continues to actively pursue the expansion of its membership base beyond the Caribbean.

All powers are vested in the Board of Governors, where each member country is represented by a governor or an alternate, except for Anguilla, British Virgin Islands, Cayman Islands, Montserrat, and the Turks and Caicos Islands, which are considered as a single member for this purpose. Provided there is a quorum, most decisions of the Board of Governors are determined by a majority of the voting power of the members represented at the meeting, unless otherwise specified. Each member's voting power is directly related to its relative share of the bank's capital. Amendments to the bank's charter require a vote of not less than two-thirds of the total number of governors representing not less than three-fourths of the total voting power of the members. At its annual meeting, the bank's Board of Governors determines how to allocate net income. However, the CDB does not pay dividends to its member countries.

Office of Risk Management continues improving governance and risk management

The Board of Directors established a governance framework for the bank by setting up a risk and risk appetite framework, with underlying policies and procedures. Since 2013, the bank has successfully implemented a comprehensive risk management framework with underlying policies and procedures, fully integrated it into its operational structure. The new independent risk management function is headed by a Chief Risk Officer (CRO), who has direct access to the board and is responsible for developing the bank's risk assessment methodology and limit setting, as well as oversight of risk reporting and control. The bank's Office of Risk Management (ORM) manages and monitors all aspects of risks that the bank faces, such as strategic, financial, operational and reputational, governed by the bank's policies and procedures. Risks are identified, measured and managed in accordance with the bank's approved policies and risk objectives. The operational risk pillar of the framework was extended by the ORM to include environmental, climate and disaster risk management, given the bank's increasing visibility and importance to the region's sovereign risk profile.

The bank has also formed a new Enterprise Risk Committee (ERC) chaired by the CRO and composed of representatives of senior management from across the organization. The ERC's remit covers the gamut of risks faced by the organization. In particular, the ERC is responsible for the oversight of the bank's asset and liability management, liquidity, loan portfolio performance, capitalization and investment strategy. The bank is also in the process of significantly enhancing its risk reporting as part of this overhaul.

A new Risk Appetite Statement (RAS) has been developed, which sets out high-level quantitative and qualitative boundaries or thresholds within which the bank's strategic initiatives are executed. The CDB's financial policies are designed to ensure that the bank maintains adequate levels of capital and liquidity while keeping leverage manageable and lending rates as low as possible. The bank continued to maintain its Enterprise Risk Management (ERM) approach with coverage including financial, strategic, operational and developmental risks. The ERM framework continues to be supported by key risk governance tools including RAS; Risk Taxonomy, Risk Control Self-Assessments; Risk Registers and ERC. These improvements to governance and risk management should help to ensure that the bank does not experience a repeat of liquidity issues which occurred in 2012.

All new loan proposals are recommended by the president for approval by the board, having first been technically appraised by staff and subject to the overall lending limits established by the board, compliance with which is being enforced by the CRO. The board's Oversight and Assurance Committee assesses the functions related to the ORM, Office of Independent Evaluation, Internal Audit Division, and the Office of Integrity, Compliance, Accountability. This new office covers institutional integrity, compliance (AML/CFT and financial sanctions), ethics and whistle-blowing, and project accountability. The bank's Office of Independent Evaluation now reports directly to this committee rather than to the president's office. Management has strengthened the internal audit function via the provision of additional resources at a very senior level.

Rating Rationale

Our determination of a supranational's rating is based on three rating factors: Capital Adequacy, Liquidity and Strength of Member Support. For MDBs, the first two factors combine to form the assessment of Intrinsic Financial Strength, which provides a preliminary rating range. The Strength of Member Support can provide uplift to the preliminary rating range. For more information please see our Supranational Rating Methodology.

Capital Adequacy: Very High

STRONG CAPITALIZATION MITIGATES RISKS STEMMING FROM HIGH CONCENTRATION AND LOW BORROWER QUALITY

Factor 1

Scale	Very High	High	Medium	Low	Very Low	
+	■					-

Capital adequacy assesses the solvency of an institution. The capital adequacy assessment considers the availability of capital to cover assets in light of their inherent credit risks, the degree to which the institution is leveraged and the risk that these assets could result in capital losses.

Capital position remains strong as high asset coverage compensates for low borrower quality

When assessing an MDB's capital adequacy, we look at the bank's loss-absorption capacity provided by its own usable equity in the face of shocks that may impair its assets, measured by the asset coverage ratio (ACR) – the ratio of total equity over all loans, equity investments and risk-weighted liquid assets. The CDB's ACR had declined in 2010 as the loan portfolio expanded due to a mandate to focus on its less-developed members. However, over the past six years this metric has increased again following the initial boost provided by the 2010 general capital increase to equity and assets.

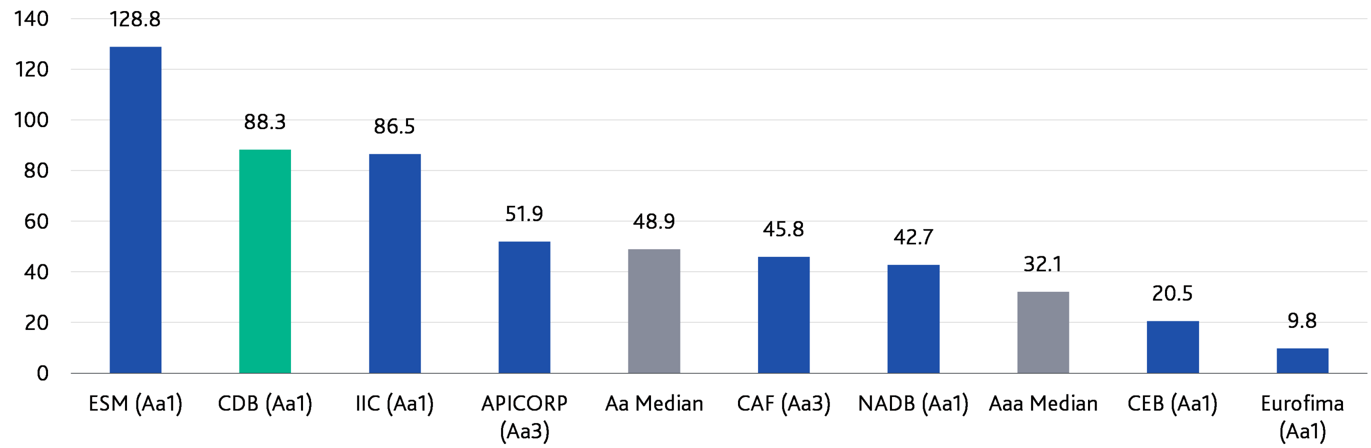
Total assets rose from $1.269 billion in 2010 to $1.641 billion by 2012. However, these had fallen to $1.379 billion in 2014. The drop in 2014 is explained by the repayment of a bond worth $175 million and the level of total assets has been steadily increasing since then. Meanwhile, the bank's equity has continued to rise because of increases in members' paid-in capital and retained earnings. In July 2016, the CDB issued a CHF145 million bond with a 12-year tenor in the Swiss franc market, boosting the liquid assets position (cash + cash equivalent) on its balance sheet.

Relative to its peers, the CDB continues to record a strong capital position. When looking at the coverage that equity provides over an MDB's development-related operations, that is its loans and equity investments, the CDB's ratio in 2016 at 88.3% was one of the highest among Aa-rated supranationals after the European Stability Mechanism (ESM), and was almost three times the "Aaa" median (see Exhibit 1).

Exhibit 1

CDB's Coverage of Developmental Assets One of the Highest Among Peers

(Total equity/ loans + equity investments, %, 2015 & 2016)



Source: Moody's Investors Service

The CDB's high coverage of its developmental operations counterbalances the risk presented to these assets by the bank's high-risk borrowers. As a regional development bank, the CDB's mandate is limited to a region where several sovereigns have exhibited decreasing creditworthiness, or in some cases have resorted to debt restructuring or default. Such is the case for the CDB's largest borrowers. Jamaica (B3 Stable) had a debt exchange on its domestic liabilities in 2010 and 2013. Meanwhile, we downgraded Barbados Caa3 from Caa1 with a stable outlook in March 2017 due to a rising debt burden and mounting fiscal challenges. The amount of loans outstanding for Jamaica and Barbados accounts for more than one-third of the CDB's lending operations. Similarly, unrated BMCs St. Kitts and Nevis, and Grenada defaulted on bond debt in 2013. Two countries are nearing completion of comprehensive public debt restructuring with assistance from multilateral development banks and IMF.

High asset performance reflects preferred creditor status

Despite the aforementioned low borrower quality, the CDB's nonperforming loans (NPLs) were very low at 0.5% of the total loan portfolio in 2016. These NPLs stem from two loans, which have been provided for and in full, to a private sector entity, reflecting the fact that even though some of its sovereign BMCs have defaulted on market debt they are willing to remain current on their liabilities to the CDB. To date, the CDB has not experienced any public sector write-offs. Since the CDB provides funds for investments that are considered essential for its members' economic and social progress, and arrears carry a loss of political standing for the debtor country, members have generally sought to avoid arrears at all costs and thereby ensure that their relationships with the bank remain on good terms. Planned and anticipated OCR commitments and disbursements significantly exceed scheduled repayments for most of the BMCs and should continue to support timely repayment.

Consistent with practices of other MDBs, the bank has had a policy not to reschedule debt obligations of its borrowing member countries. However, it is important to note that on several occasions the bank has used its SFR to refinance the OCR obligations of certain members, including some going through restructurings. Management stresses that borrowers must make substantial fiscal adjustments before they will be considered for such treatment and the approval of the contributors to the bank's special resources is also required. Furthermore, these operations are generally limited to circumstances in which the cause of the member's financial distress was something outside its direct control, such as natural disasters.

The CDB maintains a strict arrears policy. Arrears start to accrue if payment is one day overdue. No loan to a borrower will be recommended to the Board of Directors if the borrower is in arrears or a loan guaranteed by the borrower is in arrears. After three months of arrears, disbursements can be suspended. Arrears of more than four months on a loan that a BMC guarantees can result in suspension of disbursements on all loans to or guaranteed by that BMC. The CDB also applies a late fee of 1% on all payments that are overdue.

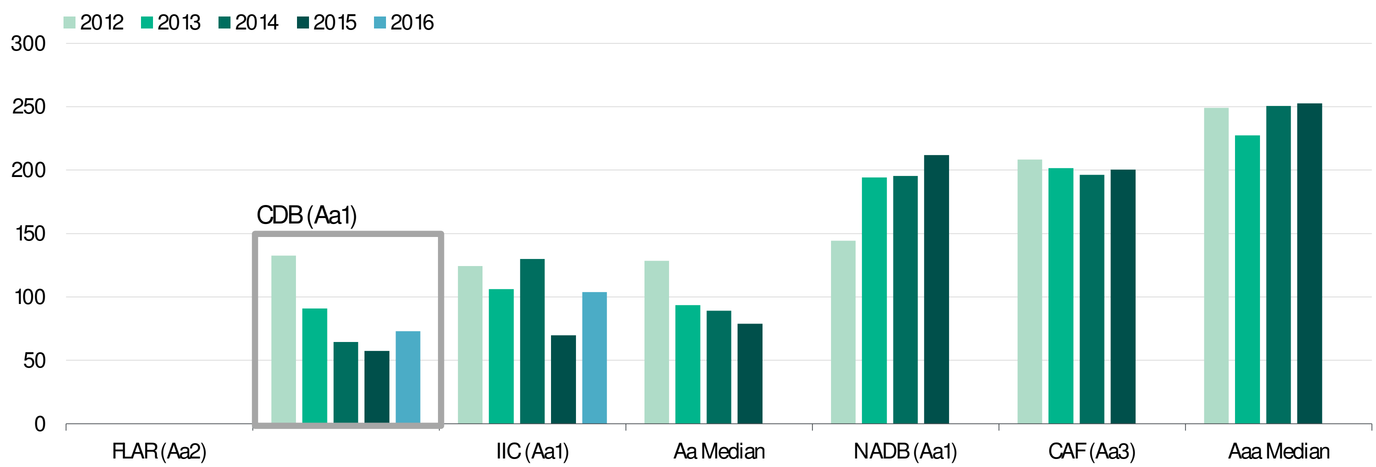
Leverage continues to fall as lending operations grow at a modest pace

The bank maintains conservative limits on total lending and borrowing to ensure that it does not become overleveraged. The charter limits the total amount of outstanding loans, equity investments, and guarantees to 100% of the bank's unimpaired subscribed capital and retained earnings, net of receivables from members, derivatives, and the cumulative translation of YEN and CHF borrowings. As of the end of 2016, outstanding loans stood at 45.1% of subscribed capital and net retained earnings, down from an average of more than 70% from 2006 to 2010, due to the general capital increase.

The bank's borrowing limit is even more restrictive than its overall lending limit. The borrowing limit only permits the bank to borrow against paid-in capital, net retained earnings, and the callable capital of its investment grade non-borrower members, though we note that this policy is not in the bank's charter as is the case with the lending limit. Nevertheless, the bank has ample headroom for additional borrowing. As of the end of 2016, borrowings equaled 58.1% of the limit.

Following repayment of debt in 2013 and 2014 the bank's leverage ratio, measured as debt over usable equity, almost halved to 73.0 in 2016 from 132.6 in 2012 (see Exhibit 2). The leverage ratio slightly increased due to the debt issuance in 2016 for liquidity funding. This still positions the CDB below most Aa peers and the "Aaa" median.

Exhibit 2
Leverage Has Fallen and Is Lower than Most Aa Peers
(Debt/usable equity, %)



2016 financial statements are not available for most MDBs.
Source: Moody's Investors Service

We believe that the CDB's leverage ratio will remain in line with the median of Aa-rated peers over the next 2-3 years. This is in line with the projected modest growth of the loan portfolio. Under the 2015-19 Strategic Plan, management expects that the loan portfolio will grow from about $1 billion in 2015 to $1.1 billion by 2019. The Caribbean region has experienced a prolonged period of low growth. Additionally, natural disasters affected a number of countries, most significantly Haiti. The loss of correspondent banking relationships in some countries continued to be a problem in 2016, increasing the costs of transactions. Against the backdrop of the weak growth environment in the region, the expected modest growth in the CDB's loan portfolio would track the modest economic recovery that is expected to take place in most BMCs in the coming years.

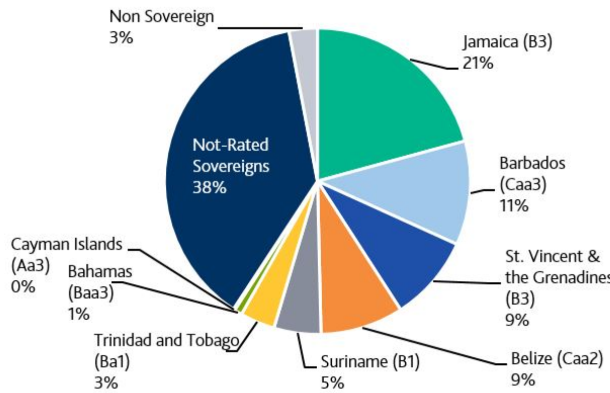
High concentration due to regional mandate

The bank's mission to provide developmental support in the Caribbean region limits the geographical scope for its lending operations, resulting in a highly concentrated loan portfolio. In order to manage credit risks stemming from this concentration, the bank's exposure limits dictate that the maximum exposure it can have to its three largest borrowers is the greater of 90% of total available capital or 60% of outstanding loans. In addition, the bank applies exposure limits at the country level. While, as of December 2016, the bank's exposure remained below these limits (loans to its three largest borrowers are equal to 46.6% of total usable equity or 40.9%

of outstanding loans), we highlight that the top borrowers have particularly low ratings (see Exhibit 3), which still implies a risk for the bank. Moreover, with its top 10 exposures representing almost 85% of the total loan portfolio, the CDB has one of the highest concentrations among Aa-rated MDBs. The "Aa" median in 2015 was 61% while the median for Aaa-rated supranationals was 22%.

Exhibit 3
Significant Concentration in Low-Rated Borrowers
(% of total outstanding loans, 2016)

Country (Rating)	Loans	Rating	(%)
Jamaica (B3)	212.5	B3	20.8
Barbados (Caa3)	112.5	Caa3	11.0
St. Vincent & the Grenadines (B3)	93.0	B3	9.1
Belize (Caa2)	89.8	Caa2	8.8
Suriname (B1)	50.8	B1	5.0
Trinidad and Tobago (Ba1)	37.6	Ba1	3.7
Bahamas (Baa3)	8.4	Baa3	0.8
Cayman Islands (Aa3)	1.8	Aa3	0.2
Not-Rated Sovereigns	386.2	--	37.7
Non Sovereign	30.6	--	3.0



Source: CDB and Moody's Investors Service

The bulk of lending has been concentrated in the public sector, and all loans to government-owned entities carry a full sovereign guarantee. Most of the bank's loans are project based, but demand for its project based loans has increased considerably in recent years. Historically, the CDB has channeled approximately one-third of its lending to small- and medium-sized enterprises (SMEs) through financial intermediaries owned by the host country governments. As such, this lending carries government credit risk.

Declining profitability does not affect CDB's creditworthiness

Profitability measures such as return on assets and on equity displayed relatively high numbers relative to other MDBs during the 2007-11 period with an average of 2.2%. Over the past five years, the average ROA dropped to 1.2% and the ROA was recorded at 0.7%, displaying slightly weaker profit performance in 2016. Profitability is not a driving factor of an MDB's creditworthiness given its developmental mission to provide the lowest cost funding possible to its members, rather than to maximize profitability.

Liquidity: Very High

CONSERVATIVE LIQUIDITY POLICY DRIVES VERY HIGH LIQUIDITY LEVELS

Factor 2

Scale	Very High	High	Medium	Low	Very Low
+	■				-

A financial institution's liquidity is important in determining its shock absorption capacity. We evaluate the extent to which liquid assets cover debt service requirements and the stability of the institution's access to funding.

Continued compliance with liquidity policy has led to stronger liquidity position

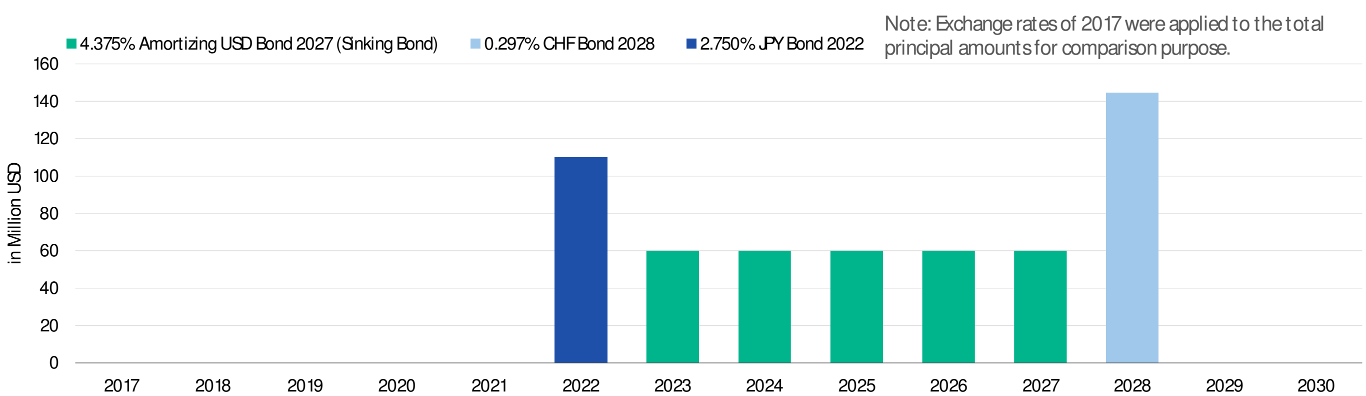
The CDB's liquidity policy requires the bank to maintain liquid assets equivalent to the greater of (1) 40% of undisbursed loan commitments and loans not yet effective (comprising loans approved by the Board for which all conditions precedent have not yet been met) of $528,800 in 2016 (2015: $473,166) or (2) three years of net funding requirements of $48 million in 2016 (2015: $48 million), including bond amortization payments. Given the small size of the bank and its high degree of geographic concentration, a conservative liquidity policy is appropriate despite the associated cost.

As part of its liquidity management, the CDB issued a CHF145 million bond in July 2016. The 12-year bond offering had the lowest coupon rate of 0.297% among international public sector issuers for this tenor in the Swiss franc market. The CDB's most recent bond issue prior to this one was in 2012, when the bank raised $300 million through the placement of a 15-year bond in the U.S. capital markets. The latest transaction confirms the CDB's continued market access at low cost to support its operations.

The new risk management framework has been put in place and is fully operational to ensure compliance with the bank's internal policies and risk management guidelines. As a result, we do not anticipate liquidity pressure in meeting its payment obligations associated with its financial liabilities going forward. The CDB's liquidity position remains very strong relative to its peers. The ratio of short-term debt and maturing long-term debt to total liquid assets in 2016 was 7.0% compared with 69.9% in 2011. This was below that of the "Aa" median and Aaa-rated supranationals (see Exhibit 5). Following the issuance of the CHF145 million in bond in 2016, total cash and investments rose to $434.5 million in 2016, $155 million higher than at the end of 2015. The current liquid asset level comfortably exceeds the three years of net funding requirement of $48 million and the 40% of undisbursed loan commitments and loans not yet effective. The bank has been using bond proceeds to repay current maturities.

Exhibit 4

The Next Bullet Payment Is Due in 2022

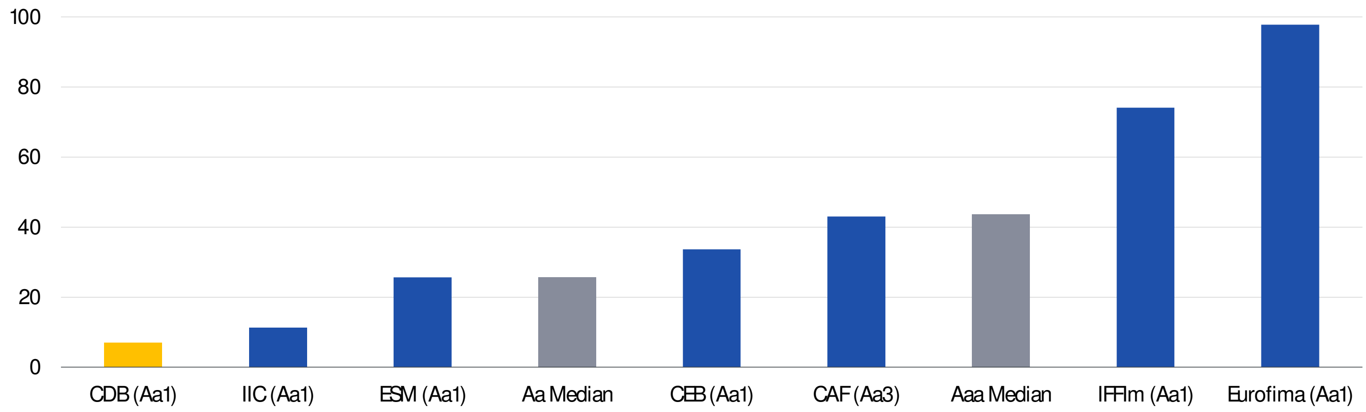


Source: CDB and Moody's Investors Service

Exhibit 5

...Supporting Robust Liquidity Levels Compared With Other MDBs

(Short-term debt + currently maturing long-term debt / liquid assets, % 2015 & 2016)



Source: Moody's Investors Service

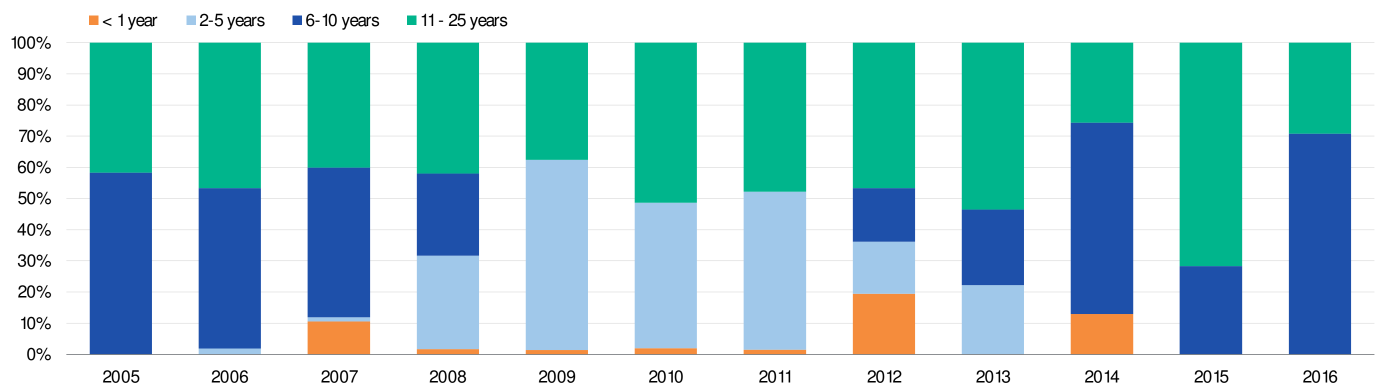
Liability management operations have significantly reduced rollover risk

The CDB tapped global markets to refinance maturities in 2012 and 2016. In the process, the bank was able to address front-loaded debt repayments. Proceeds of the 2012 issuance were used to repay debt due in 2013 and 2014 and 2016 issuance for liquidity funding. This effectively pushed almost all maturities beyond five years, with only $30 million (5.7% of total borrowings) due over the next five years at the end of 2016 (see Exhibit 6). The next bullet payment is due in 2022.

Exhibit 6

Medium-Term Rollover Risk Has Been Eliminated

(Debt maturity by years, % of total)

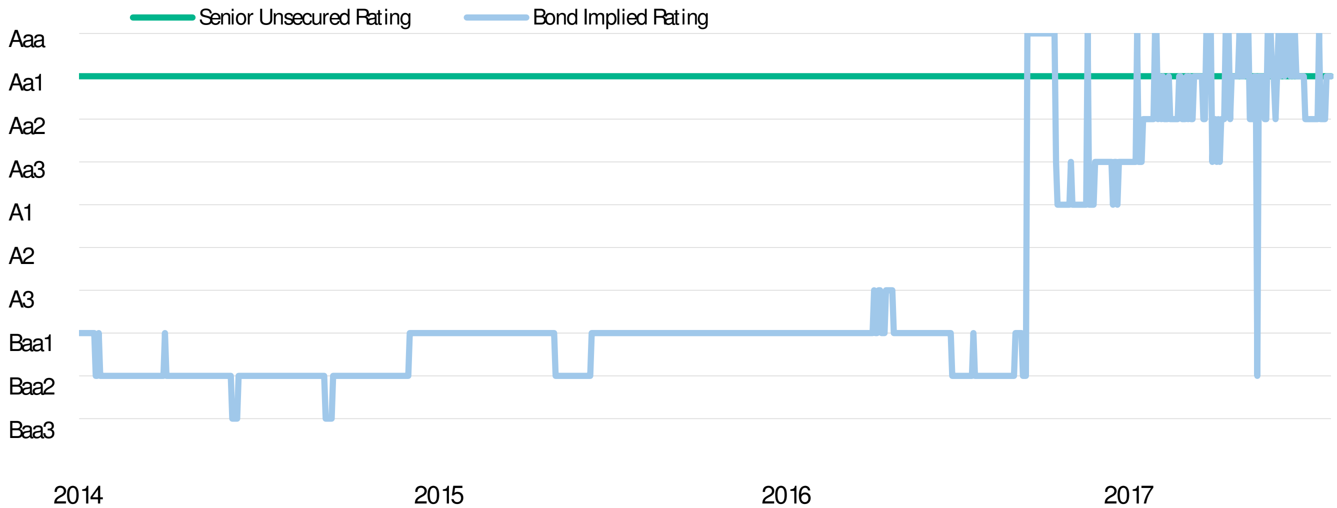


Source: CDB and Moody's Investors Service

Funding access assessed as strong

After the repayments of two floating rate bonds in 2013 and 2014, worth $175 million and $150 million, respectively, the CDB's remaining market debt includes three notes, one denominated in yen (a note for approximately US$110 million with a 2.75% coupon due in 2022), a USD bond ($300 million, 4.375% coupon amortizing over the period 2023 to 2027 at $60 million annually) and a CHF bond ($145 million with 0.297% coupon due in 2027). The 12-year bond offering in the Swiss market had the lowest coupon rate of 0.297% among international public sector issuers for this tenor in the Swiss franc market. The latest issuance attests to the CDB's strong position in accessing the international capital market.

Exhibit 7
CDB Rating vs. Bond Implied Rating



Source: Moody's Investors Service and Moody's Analytics

The CDB also has loans from the European Investment Bank (EIB) and the Inter-American Development Bank (IADB). In addition, the bank has access to two lines of credit: a $65 million line from the EIB designated specifically for climate change projects and a $50 million line from a highly rated commercial bank.

Strength of Member Support: Very High

CALLABLE CAPITAL COVERAGE OF DEBT AND WILLINGNESS POINT TO HIGH STRENGTH OF MEMBER SUPPORT

Factor 3

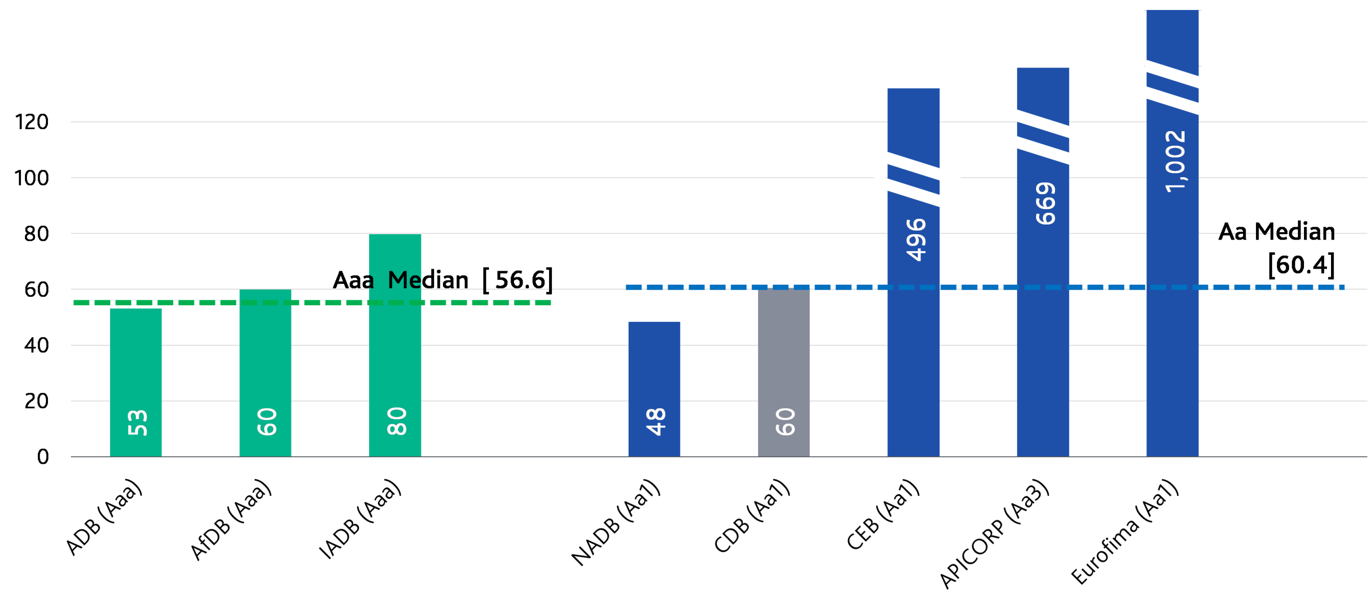
Scale	Very High	High	Medium	Low	Very Low	
+	■					-

Contractual support primarily manifests itself in the callable capital pledge, which is a form of emergency support. Extraordinary support is a function of shareholders' ability and willingness to support the institution in ways other than callable capital. Strength of member support can increase the preliminary rating range determined by combining factors 1 and 2 by as many as three scores.

Robust contractual support as reflected by callable capital coverage of debt

As is the case with most MDBs, the CDB benefits from callable capital (CC), which can be used to pay down debt if called. In the CDB's case, CC is sufficient to repay all of its outstanding debt – the CDB's debt is 40% less than its risk-discounted investment-grade CC, which places it at the median for Aa-rated MDBs (see Exhibit 8). We note that for other highly rated regional MDBs such as the Asian, African and Inter-American Development Banks, CC provides a similar coverage of their debt stocks.

Exhibit 8
CDB's Risk-Discounted Callable Capital Nearly Equal to Debt Stock
(Debt/ Discounted Investment Grade Callable Capital, % 2015)



Note: The latest data reported for Eurofima (2013)
Source: Moody's Investors Service

While most of its BMCs are now rated below investment-grade with the exception of the Bahamas (Baa3 stable), 41.3% of the callable capital is provided by investment grade non-Caribbean members. This distribution of ownership reduces the risks that could stem from a correlation between assets and members, which could in turn affect members' ability to support the CDB.

High extraordinary support due to strong willingness

While the ability of many of its members to provide financial support may be limited, CDB shareholders' willingness to support the bank is very strong, in our opinion. We note that the bank has a special relationship with its borrowing member countries, who collectively hold a majority of the bank's capital and therefore play an important role in determining its strategic direction. This influence drives their support for the institution and distinguishes it from many other MDBs.

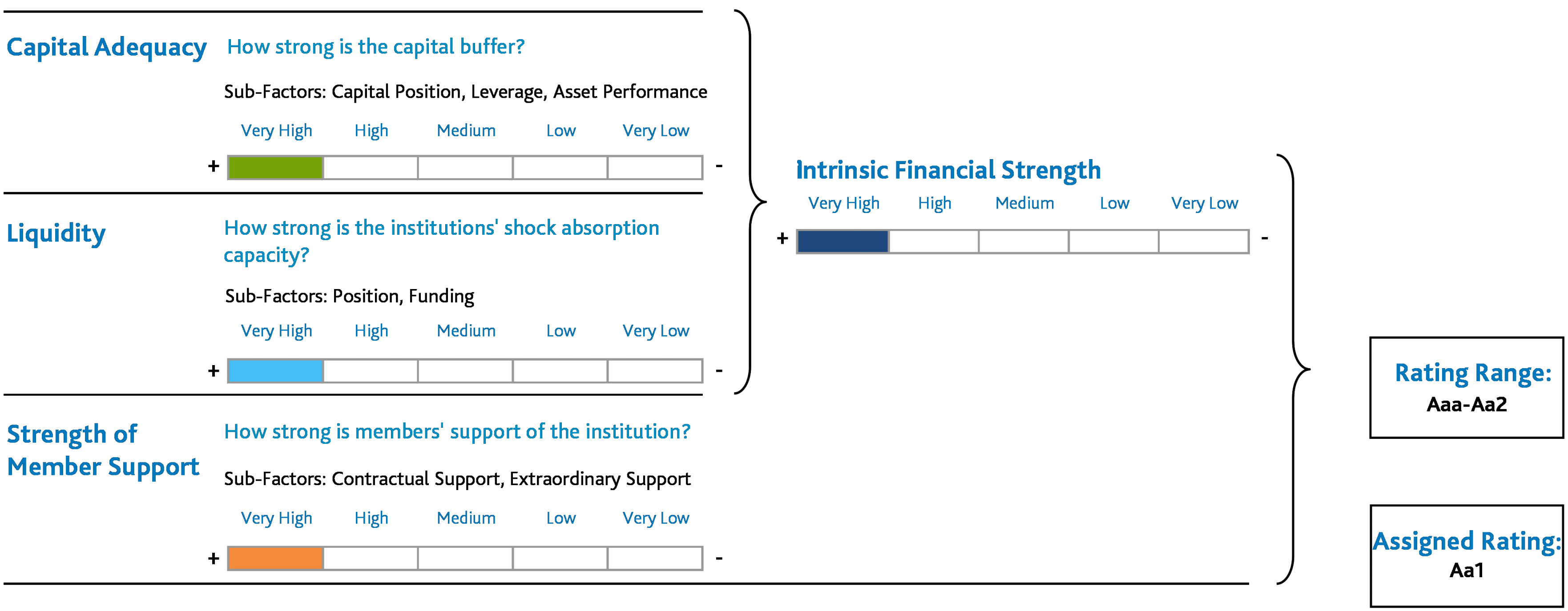
Strong willingness to provide support is reflected in the $1 billion general capital increase of May 2010 and the relatively high share of paid-in capital. The 2010 capital increase, the fourth since the bank's creation, increased subscribed capital by 150%. The capital increase was originally intended to enable the bank to finance increased lending called for in its 2010-14 strategic plan, though these lending plans were scaled back considerably.

The CDB's member subscriptions are divided into paid-in and callable portions. Twenty-two percent of the 2010 capital increase consisted of paid-in capital covered in six equal annual installments. The paid-in proportion of the capital increase was the same as the proportion for the bank's previously existing capital, which is relatively high for MDBs rated by Moody's. Among Aaa- and Aa-rated MDBs, just the IsDB (25%), and the IFC (100%) are higher. The high share of paid-in capital helps compensate for the relatively moderate weighted median rating of the CDB's shareholders (Baa3) and further demonstrates strong member support for the institution.

Rating Range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Supranational Rating Methodology.

Exhibit 9
Supranational Rating Metrics: Caribbean Development Bank (CDB)



Source: Moody's Investors Service

Comparatives

This section compares credit relevant information regarding the CDB with other supranationals rated by Moody's Investors Service. It focuses on a comparison with supranationals within the same rating range and shows selected credit metrics and factor scores.

The CDB is one of the smallest supranationals rated by Moody's. Despite operating in a region challenged by low growth and a marked deterioration in the creditworthiness of its borrowing members, the CDB has maintained strong capitalization relative to peers and enjoyed preferred creditor status, reflected by its low level of NPLs. In terms of liquidity, its debt service coverage ratio compares well with Aa-rated peers, with occasional need to raise market funding. Meanwhile, its strength of member support is somewhat higher than that of peers as the members' contractual obligations provide robust coverage of the total debt stock and they show strong willingness to give support under extraordinary conditions.

Exhibit 10

Caribbean Development Bank Key Peers

	Year	CDB	NADB	CAF	CEB	FLAR	Aa Median
Rating/Outlook		Aa1/STA	Aa1/STA	Aa3/STA	Aa1/STA	Aa2/STA	--
Total Assets (US$ million)	2016	1,599	1,781	32,470	27,342	6,194	4,695
Factor 1		Very High	High	High	Very High	Very High	--
Usable Equity/Gross Loans Outstanding + Equity Operations (%)[1]	2016	88.4	42.7	45.9	20.7	559.0	62.8
Debt/Usable Equity (%)[1]	2016	73.0	211.7	200.3	719.8	0.0	96.7
Gross NPLs/Gross Loans Outstanding (%)[2]	2016	0.5	0.0	0.0	0.0	0.0	0.0
Factor 2		Very High	High	Very High	Very High	Very High	--
ST Debt + CMLTD/Liquid Assets (%)[3]	2016	1.7	1.0	42.9	33.2	0.0	25.7
Bond-Implied Ratings (Long-Term Average)	2010-2016	A3	A1	A3	Aa1	--	Aa2
Intrinsic Financial Strength (F1+F2)		Very High	High	High	Very High	Very High	--
Factor 3		Very High	High	Low	Medium	Low	--
Total Debt/Discounted Callable Capital (%)[4]	2016	111.9	48.3	2610.2	496.1	--	60.4
Weighted Median Shareholder Rating (Year-End)	2016	Baa3	A1	Baa2	A2	Ba2	Aa3
Rating Range (F1+F2+F3)		Aaa-Aa2	Aaa-Aa2	Aa2-A1	Aaa-Aa2	Aaa-Aa2	--

[1] Usable equity is total shareholder's equity and excludes callable capital

[2] Non performing loans

[3] Short-term debt and currently-maturing long-term debt

[4] Callable capital pledge by members rated Baa3 or higher, discounted by Moody's 30-year expected loss rates associated with ratings.

Note: Key Peers' scores are based on 2015 numbers because the annual reports have not been published yet.

Source: Moody's Investors Service, respective MDB financial statements

Appendices

Rating History

Exhibit 11

Caribbean Development Bank (CDB)

	Senior Unsecured	Outlook	Date
Outlook Changed	--	Stable	Nov-2013
Rating Affirmation	Aa1	--	Nov-2013
Outlook Changed	--	Negative	May-2012
Rating Lowered	Aa1	--	May-2012
Outlook Changed	--	RUR-	Feb-2012
Outlook Assigned	--	Stable	Nov-2003
Rating Assigned	Aaa	--	Mar-1992

Source: Moody's Investors Service

Annual Statistics

Exhibit 12

Caribbean Development Bank (CDB)

Balance Sheet

	2010	2011	2012	2013	2014	2015	2016
Balance Sheet, USD Millions							
Assets							
Cash & Equivalents	9	79	96	68	34	65	94
Securities	103	244	401	290	233	214	340
Derivative Assets	97	128	95	54	52	56	70
Net Loans	994	1,008	972	968	983	993	1,017
Other Assets	66	85	76	73	76	79	77
Total Assets	**1,269**	**1,543**	**1,641**	**1,452**	**1,379**	**1,407**	**1,599**
Liabilities							
Borrowings	653	858	920	675	530	503	655
Other Liabilities	11	19	27	33	27	30	48
Total Liabilities	**664**	**877**	**947**	**709**	**557**	**533**	**703**
Equity							
Subscribed Capital	937	1,502	1,549	1,635	1,699	1,764	1,764
Less: Callable Capital	730	1,171	1,208	1,275	1,325	1,375	1,375
Equals: Paid-In Capital	157	186	219	256	299	343	382
Retained Earnings (Accumulated Loss)	433	466	461	474	509	517	502
Reserves	14	14	14	13	13	13	13
Total Equity	**605**	**666**	**694**	**744**	**822**	**874**	**897**

Source: CDB, Moody's Investors Service

Exhibit 13

Caribbean Development Bank (CDB)

Income Statement

	2010	2011	2012	2013	2014	2015	2016
Income Statement, USD Millions							
Net Interest Income	**34**	**33**	**30**	**24**	**30**	**29**	**18**
Interest Income	43	41	40	39	41	38	32
Interest Expense	8	8	10	16	11	9	14
Net Non-Interest Income	**4**	**3**	**5**	**6**	**3**	**3**	**5**
Other Operating Expenses	**10**	**10**	**11**	**11**	**11**	**14**	**13**
Administrative, General, Staff	10	10	11	11	11	14	13
Pre-Provision Income	**28**	**26**	**24**	**19**	**22**	**18**	**10**
Loan Loss Provisions (Release)	0	3	3	1	2	0	0
Minority Interest	0	0	0	0	0	0	0
Net Income (Loss)	**28**	**23**	**21**	**18**	**20**	**18**	**10**
Other Accounting Adjustments and Comprehensive Income	-13	-18	11	6	-15	9	27
Comprehensive Income (Loss)	**41**	**41**	**10**	**12**	**35**	**9**	**-16**

Source: CDB, Moody's Investors Service

Exhibit 14

Caribbean Development Bank (CDB)

Financial Ratio

	2010	2011	2012	2013	2014	2015	2016
Financial Ratios							
Capital Adequacy, %							
Usable Equity / (Loans + Equity)	61.4	66.5	71.7	77.3	83.9	88.3	88.4
Debt/Usable Equity	108.1	128.7	132.6	90.8	64.5	57.5	73.0
Allowance For Loan Losses / Gross NPLs	19.2	46.9	66.9	91.6	117.7	128.8	126.2
NPL Ratio: Non-Performing Loans / Net Loans	1.1	1.1	1.2	0.5	0.5	0.5	0.5
Return On Average Assets	2.2	1.6	1.3	1.2	1.4	1.3	0.7
Interest Coverage Ratio (X)	4.5	4.0	3.2	2.1	2.9	3.1	1.7
Liquidity, %							
St Debt + CMLTD / Liquid Assets	105.6	4.2	46.8	58.2	59.7	12.8	1.7
Bond-Implied Rating	--	--	Baa2	Baa1	Baa1	--	Aaa
Liquid Assets / Total Debt	17.2	37.7	54.0	52.9	50.3	55.5	66.4
Liquid Assets / Total Assets	8.9	21.0	30.3	24.6	19.4	19.8	27.2
Strength of Member Support, %							
Callable Capital (CC) of Baa3-Aaa Members/Total CC	75.5	72.6	66.9	63.7	61.3	65.4	60.9
Total Debt/Discounted Callable Capital	197.9	131.3	110.3	119.0	67.9	60.4	111.9
Weighted Median Shareholder Rating (Year-End)	Baa1	Baa1	Baa1	Baa1	Baa1	Baa2	Baa3

Source: CDB, Moody's Investors Service

Exhibit 15
Loans Outstanding: Geographic Detail

(% of total)	2010	2011	2012	2013	2014	2015	2016
Loans Outstanding: Geographic Detail							
Jamaica	22.0	24.0	24.4	24.7	23.9	22.8	20.8
Barbados	12.8	12.6	12.4	14.0	13.9	12.9	11.0
St. Vincent and the Grenadines	11.0	10.4	10.4	10.6	10.3	9.8	9.1
Antigua and Barbuda	3.2	4.0	4.1	5.3	5.6	9.4	8.7
Belize	7.4	7.3	7.4	7.4	7.3	8.1	8.8
St. Lucia	10.2	9.2	8.7	8.3	8.1	7.4	6.5
Anguilla	6.8	6.6	6.6	6.6	6.3	6.0	7.7
Trinidad and Tobago	3.9	3.2	2.7	2.0	4.4	4.1	3.7
St. Kitts and Nevis	6.0	5.8	5.5	4.5	4.3	3.9	3.4
Other	16.7	16.9	17.8	16.6	15.9	15.6	23.7

Source: Caribbean Development Bank

Exhibit 16
Member Voting Power
% of Total

Member Voting Power (% of Total)
(as of year-end 2016)

Regional States and Territories	
Jamaica	17.14
Trinidad and Tobago	17.14
Bahamas	5.09
Guyana	3.73
Barbados	3.26
Colombia	2.81
Mexico	2.81
Venezuela	2.81
Other Regionals	10.05
Total Regional States and Territories	**64.84**

Non-Regional States	
Canada	9.24
United Kingdom	9.24
Italy	5.56
Germany	5.56
China	5.56
Total Non-regional States	**35.16**

Source: Caribbean Development Bank

Moody's Related Research

» **Credit Opinion:** Caribbean Development Bank (CDB), 24 November 2015

» **Sector in Depth:** Global Funding From Multilateral Development Banks Will Continue to Increase, 28 September 2015

Rating Methodologies:

» Multilateral Development Banks and Other Supranational Entities, 16 December 2013

» Sovereign Bond Ratings, 18 December 2015

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Related Websites and Information Sources

» Caribbean Development Bank (CDB) Website

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