CREDIT OPINION

24 July 2026

Update

Send Your Feedback

RATINGS

CDB

	Rating	Outlook
Long-term Issuer	Aa1	STA
Short-term Issuer	--	--

Contacts

David Rogovic +1.212.553.4196
Senior Vice President
david.rogovic@moodys.com

Sergio Herrera Carranza +1.212.553.8994
Sr Ratings Associate
sergio.herreracarranza@moodys.com

Ariane Ortiz-Bollin +1.212.553.4872
Associate Managing Director
ariane.ortiz-bollin@moodys.com

Marie Diron +44.20.7772.1968
MD-Global Sovereign Risk
marie.diron@moodys.com

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

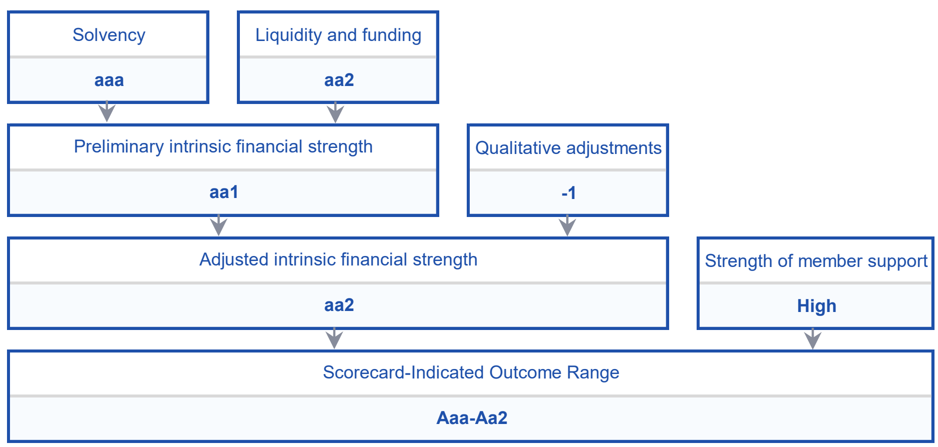
Caribbean Development Bank – Aa1 stable

Regular update

Summary

The credit profile of the Caribbean Development Bank (CDB, Aa1 stable) reflects its strong solvency, high liquidity and sound asset performance, supported by its preferred creditor status. The bank also benefits from strong financial support from its borrowing and non-borrowing members. Although borrower concentration and the weak average credit quality of its borrowers remain credit constraints, the Exposure Exchange Agreement (EEA) has improved portfolio diversification. The broader balance sheet optimization program should further mitigate these risks.

Exhibit 1
The CDB's credit profile is determined by three factors



Source: Moody's Ratings

Credit strengths

» Strong solvency

» Strong financial support from BMCs and non-BMCs

» Robust liquidity and moderate leverage

Credit challenges

» High concentration of loans among a limited number of borrowers

This report was republished on 24 July 2026 to correct certain descriptions of CDB's balance-sheet optimization initiatives and development financing role.

- Weak average borrower credit quality and difficult operating environment
- High vulnerability of BMCs to external shocks

Rating outlook

The stable outlook on the CDB's rating captures the relatively weak credit quality of the bank's borrowing members, balanced against its efforts to reduce portfolio concentration and diversify its credit exposure. The bank has taken important steps through Exchange Exposure Agreements (EEA) to reduce its portfolio concentration and the credit risk associated with its development assets.

Institutionally, the CDB has enhanced its enterprise risk management framework (ERMF), which introduces reforms across capital adequacy, concentration, market, liquidity and operational risks. This framework aligns the bank with international best practices and multilateral development bank (MDB) standards, while also strengthening its strategic planning, resource allocation and risk culture. These reforms will mitigate the risks associated with the bank's operating environment and increase its ability to respond to various shocks.

Factors that could lead to an upgrade

We could upgrade the CDB's rating if the implementation of its balance-sheet optimization (BSO) proceeds, providing a longer track record of portfolio diversification, and leads to higher asset quality. Efforts to strengthen risk management and implementation of the ERMF to maintain the CDB's liquidity and capital buffers in line with similarly rated peers would also support a rating upgrade. Evidence of stronger member support, potentially through actions that make the capital structure more robust would further support its ability to scale up its operations and increase its ability to withstand to shocks.

Factors that could lead to a downgrade

We could downgrade the CDB's rating if its capitalization or liquidity metrics deteriorate significantly on a sustained basis. This deterioration could result from significant losses or impairments on the bank's loan portfolio; or from a failure to comply with, or a weakening of, its prudent financial policies. Evidence of waning support from non-regional members and donors is also likely to exert downward pressure on the bank's rating.

Key indicators

Exhibit 2

CDB (Caribbean Development Bank)	2020	2021	2022	2023	2024	2025
Total Assets (USD million)	2,121.3	2,220.6	2,066.1	2,031.9	2,017.3	2,221.8
Total Risk-Adjusted Assets (USD million)	0.0	0.0	0.0	0.0	1,057.7	729.5
Usable Equity (USD million)[1]	968.4	949.4	846.1	877.9	908.4	969.1
MAC Ratio [2]	0.0	0.0	0.0	0.0	85.9	132.8
Non-Performing Assets / DRA (%)	0.1	0.2	0.1	0.1	0.1	0.1
Liquid Assets / ST Debt + CMLTD	399.7	5,608.4	337.9	301.7	249.8	394.9
Liquid Assets / Total Assets	29.9	35.6	31.9	26.7	25.1	27.2
Availability of Liquid Resources [3]	348.8	633.8	207.3	533.4	438.1	515.9
Weighted-Average Shareholder Rating	Ba2	Ba2	Ba3	Ba2	Ba2	Ba2
Callable Capital / Gross Debt	125.7	115.5	130.9	135.6	142.2	121.4

[1] Usable equity is total shareholder's equity and excludes callable capital
[2] Usable equity/ risk-adjusted assets
[3] Liquid Assets/ Net Cash Outflows (Upcoming 18 months)

Source: Moody's Ratings

Profile

Profile

The Caribbean Development Bank (CDB) is a multilateral lending institution founded in 1969 and headquartered in Barbados (B2 stable). The CDB aims to contribute to the economic growth and development of its Caribbean member countries and promote their economic cooperation and integration. The bank has developed a niche in assisting less-developed Caribbean members, often serving as a key source of development financing for some smaller Caribbean member countries. Because of its small resources under ORC, the CDB partners with other donors and MDBs to channel funding to the region, in addition to its own resources. CDB also raises concessional funding under other facilities, increasing its development impact. It provides loans to its BMCs from its ordinary capital resources (OCR) and from various other concessional funds that make up its special funds resources, which were established to provide financing on concessional terms, primarily for poverty reduction and climate shock response.

Detailed credit considerations

Our determination of a supranational's rating is based on three rating factors: solvency, liquidity and funding, and strength of member support. For Multilateral financial institutions (MFIs), the first two factors combine to form the assessment of intrinsic financial strength, as shown on the cover page graphic. Additional factors that can affect the intrinsic financial strength include risks stemming from the operating environment or the quality of management. The strength of member support is then incorporated to yield a rating range. For more information, please see our methodology for Multilateral Financial Institutions.

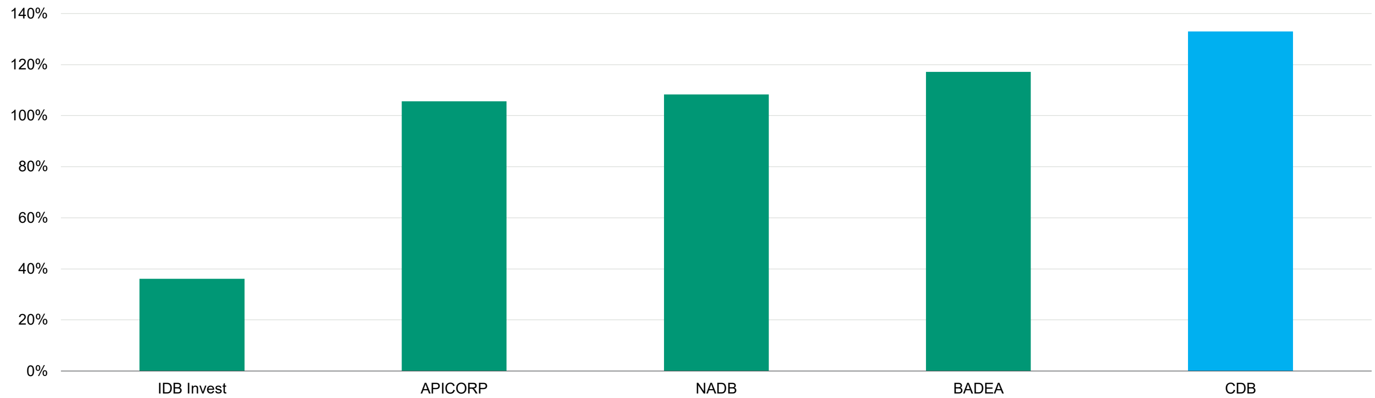
FACTOR 1: Solvency: aaa

The CDB's "aaa" solvency assessment reflects a very strong capital position and strong asset performance. The bank's capital adequacy is assessed at "aaa", supported by a MFI Adjusted Capital (MAC) Ratio of 132.8%, indicating that the bank has a very large equity buffer relative to the risks in its developments assets. In addition, asset performance remains a clear strength, with non-performing assets representing only 0.13% of development assets on a three-year average basis.

Strong capital position supports the capital adequacy

The MAC Ratio indicates that its useable equity exceeds its risk-adjusted development assets and is an indicator of how much capital is available to cover assets from which risk typically arises. The CDB's ratio of 132.8% represents a substantial capital buffer against potential losses arising from its development activities (see Exhibit 3). The ratio benefits from the bank's conservative leverage profile and the risk-reducing effects of preferred creditor treatment on sovereign exposures, which lowers the risk-adjusted value of borrowing member country assets under our MFI methodology.

Exhibit 3
CDB's capital position is substantially stronger than that of Aa-rated peers
MAC ratio, 2025



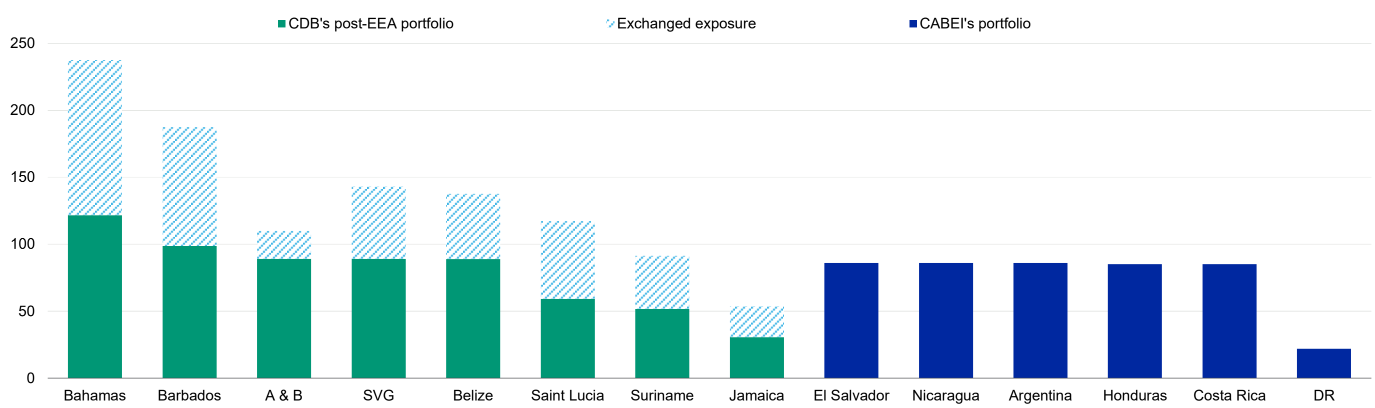
Sources: MFIs and Moody's Ratings

CDB's capital adequacy also benefits from measures to diversify its portfolio and preserve lending capacity. In 2025, the CDB entered into a $450 million Exposure Exchange Agreement (EEA) with Central American Bank for Eonomic Integration (CABEI, Aa3 positive), under which the two institutions exchange portions of their sovereign credit exposures. The transaction reduces CDB's concentration in its largest borrowing members, with its five largest exposures declining to less than 40% of total exposure (see Exhibit 4).

CDB's portfolio nevertheless remains more concentrated by borrower and geography than those of globally diversified MFIs, reflecting its regional mandate in the Caribbean. We do not apply a separate concentration adjustment to capital adequacy because the EEA materially reduces CDB's concentration and its largest individual exposure remains manageable relative to useable equity. Residual risks from CDB's concentrated Caribbean mandate are reflected in the operating environment adjustment rather than in a separate capital adequacy concentration notch.

The EEA has also improved concentration metrics at the borrower level. Following the transaction, the three largest sovereign exposures are Bahamas (Ba3 stable, 9.0% of total exposures), Barbados (7.3%) and Antigua and Barbuda (6.6%), which together account for approximately 23% of the portfolio, down materially from nearly 40% prior to the exchange. While the portfolio remains more concentrated than those of larger globally diversified MFIs, the transaction has reduced single-borrower risk and broadened the institution's exposure across a more diversified set of sovereign borrowers.

Exhibit 4
Exposure Exchange Agreement materially reduces CDB's largest sovereign exposure
Sovereign exposures, $ million



A & B = Antigua and Barbuda, DR = Dominican Republic, SVG = Saint Vincent and the Grenadines
Sources: CDB and Moody's Ratings

Asset performance remains exceptionally strong

Asset performance is a key strength and scores “aaa”. Non-performing assets stood at only 0.13% of development assets, based on the three-year average metric, remaining well within the strongest category. The bank's NPA ratio alignes with median Aa-peers of 0.1% and faborably to Aaa-rated MFI median of 0.4%. The bank's non-performing assets (NPAs) are limited and continue to compare favorably with those of peer MFIs. The low level of NPAs highlights the resilience of the CDB's portfolio despite its exposure to sovereigns that generally carry below-investment-grade credit ratings. Several borrowing member countries have undergone debt restructurings or experienced periods of financial stress in recent decades, yet the bank has historically remained current on its sovereign exposures[1]. This performance reflects both the bank's prudent risk management practices and the benefits associated with its preferred creditor status, which support continued debt service even during periods of borrower distress. Historically, the bank's small stock of NPAs has stemmed from a limited number of private sector exposures, with associated losses fully provisioned and gradually recovered over time

FACTOR 2: Liquidity and funding score: aa2

The CDB’s “aa2” liquidity and funding assessment reflects exceptionally strong liquidity resources and a sound funding profile supported by access to international capital markets and long-standing relationships with MFIs. The bank benefits from a “aaa” assessment for Availability of Liquid Resources (ALR) and a “aa” assessment for Funding Stability and Diversification (FSD).

The CDB maintains exceptionally strong liquidity buffers

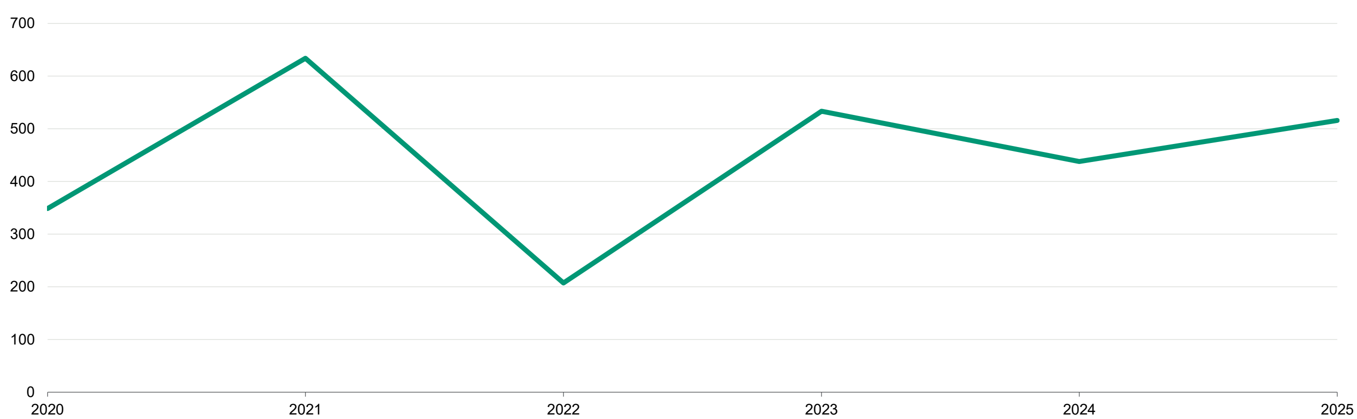
The CDB’s ALR is assessed at “aaa”, reflecting liquid assets equal to 515.9% of projected net cash outflows (see Exhibit 5). This buffer would allow the bank to meet projected loan disbursements, debt-service obligations and administrative expenses without raising new market funding. We make no adjustments for either liquidity coverage trends or access to extraordinary liquidity facilities.

The bank has historically maintained a prudent liquidity management framework designed to ensure uninterrupted support to borrowing member countries during periods of market volatility or economic stress. In line with this conservative approach, liquid resources significantly exceed minimum operational requirements and provide substantial flexibility to absorb unexpected funding disruptions or increases in disbursement needs. The CDB's strong liquidity position remains an important source of financial resilience given its development mandate and concentrated regional focus. CDB's liquidity management framework is supported by internal minimum liquidity requirements, including maintaining liquid assets equivalent to at least 40% of undisbursed loan balances and 100% of projected three-year net funding needs. At year-end 2025, the bank remained comfortably above both thresholds, highlighting its conservative liquidity management approach.

Exhibit 5

Strong liquidity is one of the most important drivers of the CDB's intrinsic financial strength

Liquid assets/net cash outflow, in percentage terms



Sources: CDB and Moody's Ratings

Stable funding sources support the bank’s development activities

FSD is assessed at “aa” based on CDB’s demonstrated stable access to international capital markets through periods of volatility, its ability to issue medium- and long-term debt at competitive cost, a diversified investor base across jurisdictions and investor types.

Although CDB is smaller and less frequent in benchmark markets than the largest MDBs, its funding access has remained stable and diversified, comparable to peers at this rating level. The bank complements periodic bond issuances with funding arrangements from institutions such as the Inter-American Development Bank (IADB, Aaa stable) and the European Investment Bank (EIB, Aaa stable), supporting stable access to long-term funding while limiting refinancing risk.

The CDB's funding profile benefits from its strong credit standing, prudent balance-sheet management and established presence in international funding markets. While its scale, issuance frequency and investor base are more limited than those of the largest global multilateral development banks, the institution has consistently demonstrated the capacity to obtain financing at competitive terms and maintain access to diversified funding sources when needed. These characteristics support the “aa” assessment for FSD and underpin the overall “aa2” Liquidity and Funding assessment.

Qualitative adjustments to intrinsic financial strength

Operating environment

We apply a “-1” operating environment adjustment because CDB's geographically mandate creates material exposure to regional vulnerability to climate shocks or global shock. Many borrowing members share vulnerabilities to tourism cycles, macro-fiscal pressures and physical climate shocks. A severe external shock could therefore weaken several borrowers simultaneously, while also increasing demand for CDB financing and liquidity. This portfolio-wide risk is not fully captured by individual borrower credit assessments, which measures each borrower's credit risk; historical non-performing asset ratio, which reflect performance to date; or quantitative borrower-concentration measures, which do not fully capture common regional risk drivers.

Quality of management

We make no adjustment for quality of management. Overall, the CDB's management practices are consistent with its rating level. The CDB operates a formal risk appetite framework with a board-monitored scorecard of capital, credit, investment and liquidity limits; at the end of 2025, the bank was compliant with all internal thresholds, most with significant headroom. Its internal rating system supports an active strategy of shifting lending toward higher-rated borrowers.

FACTOR 3: Strength of member support score: High

We assess the CDB's Strength of Member Support as "High", providing a two-notch uplift from the bank's adjusted intrinsic financial strength assessment. The assessment reflects the institution's strong policy relevance to its members, a solid record of shareholder support, and substantial contractual support through callable capital that exceeds the bank's total debt stock.

Shareholders demonstrate a strong record of support and the bank remains highly policy relevant

Ordinary Support is assessed at "a3". The assessment reflects a weighted average shareholder rating of Ba2, which balances the relatively weak credit quality of several regional borrowing members against the participation of highly rated non-regional shareholders, including Canada (Aaa stable) and the United Kingdom (Aa3 stable). These shareholders strengthen the institution's support framework and provide an important anchor for the overall shareholder credit profile.

The CDB remains a highly relevant policy institution for the Caribbean. The bank plays a central role in financing economic development, supporting climate resilience, strengthening regional infrastructure and providing countercyclical financing during periods of economic stress. Its importance to member countries is reflected in the continued willingness of shareholders to provide financial resources to support the institution's mandate and long-term strategic objectives.

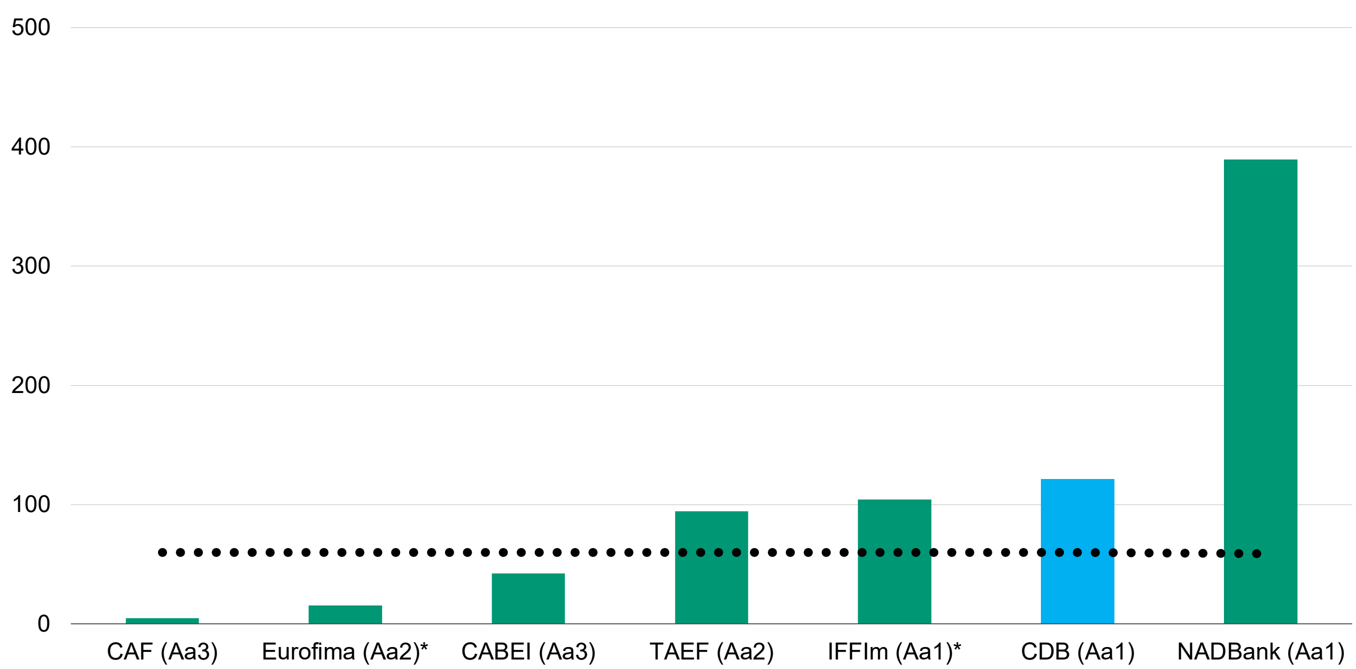
Recent support measures provide additional evidence of shareholder commitment. In particular, Canada's first-loss portfolio guarantee supports the bank's balance-sheet optimization efforts and demonstrates members' willingness to support initiatives aimed at expanding development impact while preserving financial strength. Continued replenishments of concessional resources and sustained engagement by shareholders further reinforce our assessment of the institution's policy relevance and support framework.

Callable capital provides substantial contractual support

Extraordinary Support is assessed at "aaa", reflecting callable capital equivalent to 121.4% of total debt. This level of coverage compares favorably with many rated multilateral financial institutions and provides a substantial contractual resource that can be called upon to service debt obligations in an extreme stress scenario (see Exhibit 6).

Exhibit 6

CDB's callable capital coverage compares favorably with peers
(callable capital as a percentage of gross debt, and dotted line shows the Aa-rated median, 2025 in %)



*Data as of 2024
Sources: MFIs and Moody's Ratings

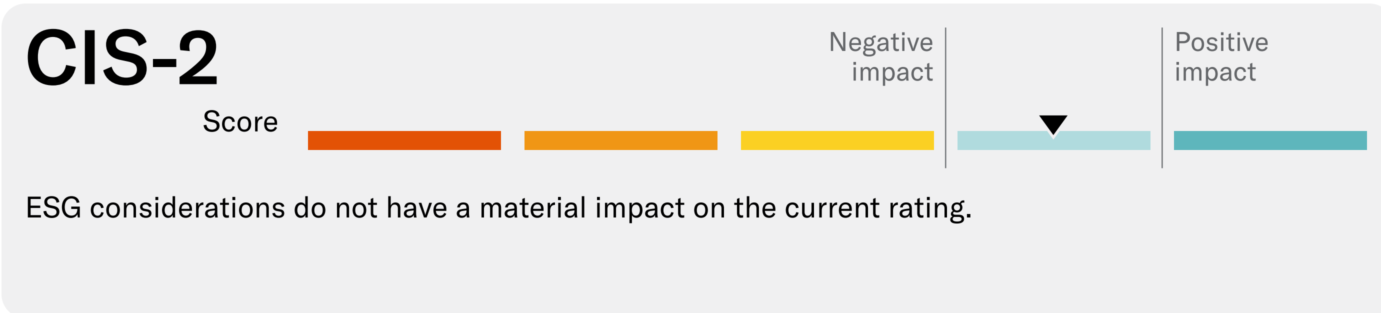
The large callable capital buffer enhances confidence that the institution would retain access to support from its shareholders in the event of severe financial distress. Although the CDB has never required such support, the existence of callable capital in excess of outstanding debt provides an important layer of protection for creditors and represents a key component of the institution's overall support framework. The scorecard incorporates no additional uplift for enforcement mechanisms or payment enhancements.

Recent actions provide further evidence of shareholder commitment. Notably, Canada provided a $200 million first-loss portfolio credit guarantee that supports the bank's balance sheet optimization efforts and broader strategy to expand development lending while maintaining financial strength.

ESG considerations

Caribbean Development Bank's ESG credit impact score is CIS-2

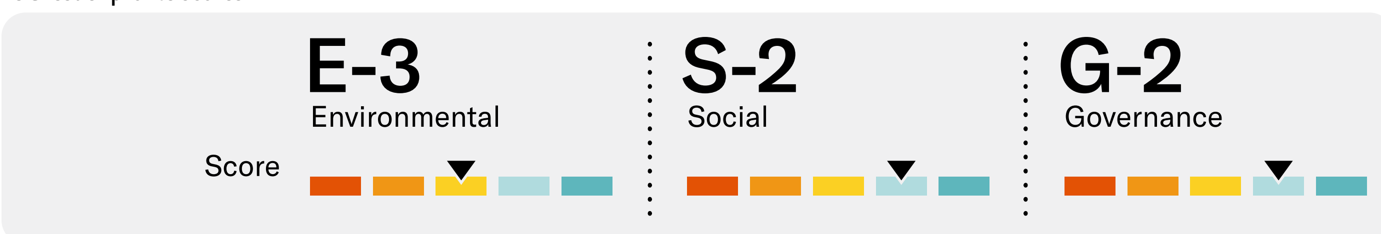
Exhibit 7
ESG credit impact score



Source: Moody's Ratings

CDB's credit impact score (**CIS-2**) reflects limited exposure to social and governance risks, but moderate exposure to environmental risks related to its portfolio concentration in the Caribbean region. Resilience is supported by CDB's committed shareholder base, in addition to financial support from non-regional members and other funding sources from non-regional DFIs, which is often channeled through the CDB as an active MDB in the region.

Exhibit 8
ESG issuer profile scores



Source: Moody's Ratings

Environmental

CDB's environmental exposure score (**E-3**) primarily reflects exposure to physical climate risk due to portfolio concentration in the Caribbean region, which is subject to extreme weather events, which may weaken the CDB's asset quality. CDB's top sovereign borrowers have high environmental risk scores denoting that they are prone to severe physical climate-related shocks.

Social

CDB's social impact score (**S-2**) reflects strong customer relations with its borrowers and its financial relevance in the region due its lending operations which provide material financial and technical assistance support to its borrowing members.

Governance

CDB's governance issuer profile score (**G-2**) reflects conservative risk management policies that have proven effective in limiting and managing risks associated with its lending portfolio. Risk management practices also mitigate some of the CDB's portfolio exposure to climate risk.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Recent developments

Approval of $200 million portfolio credit guarantee from Canada to support balance sheet optimization

On 2 June 2026, CDB's Board approved the advancement of a US$200 million first-loss portfolio credit guarantee with the Government of Canada. Under the structure, Canada will absorb the first losses on a defined portion of CDB's sovereign portfolio, substituting its Aaa credit rating for that of the underlying borrowers and reducing risk-weighted assets. The bank expects the facility to generate up to $400 million in additional lending capacity. Together with the $450 million exposure exchange agreement executed with CABEI, the guarantee advances CDB's balance sheet optimization program and its objective of de-risking up to half of its sovereign lending portfolio, while reinforcing the demonstrated support of a key non-regional shareholder. From a credit perspective, the transaction represents a meaningful credit enhancement for CDB's sovereign loan portfolio, which accounts for the majority of its exposures.

Expansion in lending capacity supported by balance sheet optimization and ongoing reforms

The balance sheet optimization program comes as the bank enters the implementation phase of its new 2026–2035 strategic plan and broader "CDB Forward" reform agenda. The strategy seeks to strengthen operational effectiveness, governance and institutional capacity while expanding support for climate resilience, infrastructure development and private sector growth across the Caribbean.

The bank has already demonstrated strong lending momentum, with more than $400 million in approvals and disbursements over the past year. Together, these initiatives position the CDB to scale development lending while maintaining financial strength and prudent risk management as external conditions become more challenging.

Strong financial results in 2025

CDB delivered strong financial results in 2025. Operating income rose 48% to $36 million, from $24.3 million, and total comprehensive income roughly doubled to $60.7 million, lifting the return on average assets to 1.7% from 1.0%. The improvement reflected loan portfolio growth, a $6.2 million decline in interest expense and a positive swing in foreign exchange translation. Loan income rose to $78.6 million on an average portfolio of $1,469.2 million while the cost of borrowing fell to 3.0% from 4.2%.

The balance sheet expanded while capital and asset quality remained strong. Total assets grew 10.1%, while the net loan portfolio grew 5.9%. Because equity grew slightly faster than the loan book, leverage was broadly flat at about 160% of equity. Asset performance remained strong, with no new non-performing loans and a single impaired non-sovereign exposure of $1.4 million that is fully provisioned.

Rating methodology and scorecard factors

Exhibit 9
CDB - Aa1 stable

Factor / Subfactor	Metric	Initial score	Adjusted score	Assigned score
Factor 1: Solvency (50%)			aaa	aaa
Capital adequacy (30%)			aaa	
	MFI Adjusted Capital (MAC) ratio	aaa		
	Trend	0		
	Concentration	0		
Asset performance (20%)			aaa	
	Non-performing assets	aaa		
	Trend	0		
	Excessive development asset growth	0		
Factor 2: Liquidity and funding (50%)			aa2	aa2
Liquid resources (10%)			aaa	
	Availability of liquid resources	aaa		
	Trend in coverage outflow	0		
	Access to extraordinary liquidity	0		
Quality of funding (40%)			aa	
Preliminary intrinsic financial strength				aa1
Other adjustments				-1
Operating environment		-1		
Governance		0		
Adjusted intrinsic financial strength				aa2
Factor 3: Strength of member support (+3,+2,+1,0)			High	High
Ordinary support (70%)			a3	
	Weighted average shareholder rating	Ba2		
	Track Record of Support and Policy Relevance	Very High		
	Large presence of highly-rated non-borrowing members	0		
	Diversification of shareholder base	0		
Extraordinary support (30%)				
	Contractual support	aaa	aaa	
	Strong enforcement mechanism	0		
	Payment enhancements	0		
Scorecard-Indicated Outcome Range				Aaa-Aa2
Rating Assigned				Aa1

Note: Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of an issuer's performance as well as for peer comparisons. Additional considerations that may not be captured when historical metrics are used in the scorecard may be reflected in differences between the adjusted and assigned factor scores. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way. For more information please see our Multilateral Financial Institutions rating methodology.

Source: Moody's Ratings

Related websites and information sources

» Moody's Supranational webpage

» Moody's Sovereign and supranational rating list

» Caribbean Development Bank

Endnotes

1 Countries that have restructured or defaulted on market debt within the last 10 years include Barbados, Belize (Caa1 stable), Suriname (Caa1 positive) and Argentina (Caa1 stable).

REPORT NUMBER 1487559

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454