FitchRatings

Supranationals
United States

Inter-American Investment Corporation (IDB Invest)

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Ratings

Foreign Currency

Long-Term IDR	AAA
Short-Term IDR	F1+

Outlooks

Long-Term Foreign-Currency IDR	Stable

Financial Data

	Sep 2022	Sep 2023
Total assets (USDm)	8.5	11.0
Equity to assets (%)	33.2	29.7
Fitch's usable capital to risk-weighted assets (FRA, %)	42.7	42.0
Average rating of loans & guarantees	BB	BB
Impaired loans (% of total loans)	0.5	2.3
Five largest exposures to total exposure (%)	10.8	11.4
Share of non-sovereign exposure (%)	100.0	100.0
Net income/equity (%)	4.1	6.1
Average rating of key shareholders	BBB	BBB

Source: Fitch Ratings, IDB Invest

Applicable Criteria

Supranationals Rating Criteria (April 2023)

National Scale Rating Criteria (December 2020)

Related Research

Fitch Affirms IDB Invest at 'AAA'; Outlook Stable (January 2024)

Click here for more Fitch Ratings content on Inter-American Investment Corporation (IDB Invest)

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Key Rating Drivers

SCP Drives Rating: Inter-American Investment Corporation's (IDB Invest) 'AAA' Long-Term Issuer Default Rating (IDR) reflects its Standalone Credit Profile (SCP; aaa), underpinned by its solvency and liquidity assessments of 'aaa' and a 'medium' risk business environment. The Stable Outlook reflects Fitch Ratings' view that IDB Invest's SCP will remain consistent with its 'AAA' rating in the medium term.

Moderation of growth in banking exposures and capital transfers from Inter-American Development Bank (AAA/Stable) will support the bank's 'excellent' capitalisation assessment.

Excellent Capitalisation, Reduced Buffers: IDB Invest's 'excellent' capitalisation reflects its 'excellent' Fitch's usable capital to risk-weighted assets (FRA) ratio (42.0% at end-September 2023) and 'excellent' equity/assets ratio (E/A; 29.7%). Both capital ratios have declined significantly since 2020. Fitch expects them to further decline but remain above the 'excellent' thresholds of 35% and 25%, respectively.

Capital Increase to Support Growth: IDB Invest is seeking additional capital from its shareholders in 2024, with plans to be submitted for the governor's approval in early 2024, to support the bank's transition to its new business model. The previous, ongoing capital increase (approved in 2015) is almost 90% paid. Non-paid shares of Venezuela have been reallocated to other shareholders, with a premium over the original price, for a total of USD123 million.

NPLs Increase but Remain 'Low': Non-performing loans (NPLs) increased to 2.3% as of end-September 2023 (versus 0.5% at end-September 2022). IDB Invest's NPL rate is still 'low' and the increase relative to last year reflects two NPLs from Chile (A-/Stable) and Brazil (BB/Stable). Given the weaker macroeconomic and financial conditions in the region, Fitch expects NPLs to stay higher than historical level but to remain in the 'low' threshold (defined as 1%-3% of total loans).

Risk Transfers Support Credit Risk: IDB Invest has had recourse to unfunded credit protection (UCP) to transfer the credit risk on a portion of the bank's loan portfolio (17% as of end-September 2023). When assessing the credit risk of IDB Invest's operations, Fitch applies a six-notch uplift to the credit quality of the exposures covered by UCP. The bank's weighted average rating of loans and guarantees is at 'BB' as of end-September 2023, unchanged from 2022.

'Low' Risks: Fitch assesses IDB Invest's risk as 'low'. This is supported by the bank's 'very low' equity (3.7% of total banking exposure; TBE) and market risks, as well as its 'excellent' risk-management policies. Comprehensive limits on countries, sectors and obligors are conservative and well managed. As of end-September 2023, the five largest banking exposures accounted for 11.4% of TBE, consistent with a 'very low' risk assessment.

'Medium' Risk Business Environment: IDB Invest's is assessed as 'medium' risk, which does not translate into an adjustment from Fitch's solvency or liquidity assessments of 'aaa'. The assessment is affected by its 'high' risk strategy and private-sector focus for its business profile and its 'medium' risk operating environment.

Mexico National Scale Rating: IDB Invest's Long-Term IDR is materially above Mexico's sovereign rating (BBB-/Stable), therefore the bank's rating on the Mexican National Rating scale is 'AAA(mex)'.

Rating Derivation Summary

	Standalone Credit Profile (SCP)					Support			
	Solvency	Liquidity	Lower of solvency and liquidity	Business environment (+3/-3 notches)	Final SCP	Capacity	Propensity (+1/-3 notches)	Support adjustment (up to 3 notches)	Final rating
IDB Invest	aaa	aaa	aaa	0	aaa	BBB	0	0	AAA

Source: Fitch Ratings

Rating Sensitivities

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

- **Solvency (Credit Risk):** Increased credit risk, potentially driven by sustained higher levels of NPLs (above 3%) and/or a decline in the average rating of loans and guarantees below the 'BB' category.
- **Solvency (Capitalisation):** Decline in capitalisation metrics beyond Fitch's current expectations; with an FRA ratio close to or below 35% and/or an equity to assets and guarantees ratio sustained at a level close to or below 25%. This could be driven by losses, rapid growth in banking operations, and/or a significant increase in risk-weighted assets.
- **Business Environment (Operating Environment):** Significant deterioration in the macroeconomic and political environment in the bank's countries of operations in Latin America, which affected Fitch's 'medium' risk operating environment assessment.

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

- The ratings are at the highest level on Fitch's scale and cannot be upgraded.

Business Environment

We assess IDB Invest's business environment as 'medium' risk, reflecting a combination of its 'medium' risk operating environment and 'medium' risk business profile. This translates into no notching adjustment to the SCP assessment.

Brief Issuer Profile

The Inter-American Investment Corporation (IIC or IDB Invest) is an international organisation established in 1986. Headquartereds are in Washington, D.C., it has operations in Latin America and the Caribbean. The purpose of IDB Invest is to promote the economic development of its 26 regional developing member countries (RDMC) from Latin America and the Caribbean by encouraging the establishment, expansion, and modernisation of private enterprises to supplement the activities of the IADB. IDB Invest is a legally separate and distinct member of the IADB Group, which also includes the IABD and the Multilateral Investment Fund (MIF; now commercially known as IDB Lab).

Endowed with an initial capital of USD200 million, IIC started lending and investing in the region in 1989, targeting small and medium-sized companies in the private sector. IDB Invest provides financing through loans, investments in debt securities, guarantees, and equity and mezzanine investments.

In November 2017, the IIC adopted a new brand and now refers to itself as IDB Invest. This rebranding did not entail a change in the legal name.

IDB Invest's original authorised share capital was increased to USD705.9 million, equivalent to 70,590 shares, through a USD500 million general capital increase approved in 1999 (GCI-I), and several special increases.

In 2015, the boards of governors of the IADB and IIC passed a resolution to consolidate the IADB Group's private-sector activities under IIC. The operations of IADB's structured and corporate finance department and opportunities for the majority department have since been consolidated into IDB Invest. From 2023, all new private-sector operation of the IADB Group will be booked to IDB Invest. The merge-out will eventually shift IDB Invest's focus towards infrastructure, agriculture and energy projects. In Fitch's view, the merge-out has been neutral for IDB Invest's financial profile as it also incorporated a comprehensive capitalisation plan, and has strengthened its mandate in private-sector development and its importance to shareholders.

The capitalisation plan is based on IDB Invest's adequate capitalisation and was designed to preserve the financial strength of the IADB Group. It includes a USD2.03 billion capital increase for IDB Invest, of which USD1.305 billion consists of new contributions by IDB Invest member countries payable over a seven-year period beginning in 2016

(Annex A) and the remaining USD725 million in capital has come from annual transfers from IADB (on behalf of its members) to IDB Invest from the ordinary income of the bank (Annex B), subject to annual approval by the IADB board of governors.

Business Profile

Fitch assesses IDB Invest's business profile as 'medium' risk.

Fitch assesses the size of the banking portfolio as 'medium' risk. As of end-September 2023, IDB Invest's total banking exposure (TBE) was USD8.0 billion, projected by Fitch to increase close to USD12.1 billion by end-2026, driven by the issuer's historical growth path and the increased role of multilateral development banks in the private sector.

We assess its quality of governance as 'low' risk, driven by its transparent organisational structure and comprehensive set of internal policies.

IDB Invest's strategy is assessed as 'high' risk, primarily reflecting its high growth trajectory and its operations in countries rated sub-investment grade.

Fitch assesses the size of IDB Invest's non-sovereign sector financing as 'high' risk. At end-September 2023, IDB Invest's TBE is exclusively to non-sovereign entities, as per Fitch's definition, and consistent with its private-sector mandate.

We assess the importance of its public mandate as 'medium' risk, considering IDB Invest's large and growing financing operations, though these are still relatively small size compared to multilateral development bank (MDB) peers.

Operating Environment

Fitch assesses IDB Invest's operating environment as 'medium' risk. The assessment reflects the credit quality, income per capita and political risk based on World Bank Worldwide Governance Indicators in IDB Invest's countries of operations.

We assess the average credit quality of IDB Invest's countries of operations as 'high' risk, given its large exposure in countries rated lower than 'B'.

Fitch assesses IDB Invest's average income per capita in its countries of operations as 'medium' risk. The bank has operations with 'lower middle income' such as Haiti, and at the same time that has operations with 'high income' countries such as Bahamas. In the end, the bank's average GDP per capital is lower than its regional peers.

We assess IDB Invest's overall political risk and business climate in its countries of operations as 'high' risk, based on World Bank Worldwide Governance Indicators.

The political risk and business climate in IDB Invest's country of head office was assessed as 'low' risk, based on the average score of the US' WBGIs.

Fitch assesses operational support provided by the authorities of the member states of IDB Invest as 'low' risk. IDB Invest has supranational status within the US and throughout member countries and, as such, receives tax immunities and other privileges.

Solvency

Solvency is assessed at 'aaa', driven the bank's 'excellent' capitalisation and 'low' risk profile.

Capitalisation

We expect the capitalisation profile to weaken slightly compared to end-September 2023, but for it to remain within the 'excellent' thresholds. This reflects continued loan expansion with an increase in risk-weighted exposures.

The equity/adjusted assets & guarantees ratio (E/A) was above the 'excellent' threshold of 25% as of end-September 2023 (9M23) at 29.7%, compared with 33.2% at end-September 2022. Leverage (debt/equity) is capped at 3x, with 2.1x as of end-September 2023, and we expect it to remain below 3x.

Fitch's FRA ratio was 42.0% at end-9M23, well above the 'excellent' threshold of 35%. In line with prior expectations of both Fitch and IDB Invest, the FRA ratio continues to decline relative to pre-pandemic levels. This is driven by the continued expansion of the loan portfolio following the bank's receipt of recent paid-in capital contributions from its members.

Capital contributions from IADB, on behalf of the shareholder, as well as the new capital increase being discussed, can support capital ratios while the bank continues to expand its operations.

IDB Invest's profitability improved to 6.1% for internal capital generation (against 4.1% as of September 2022). The high ratio is due to the nature of the bank's strategy, which focuses on private-sector lending and higher interest rates.

Peer Comparison: Capital Ratios and Profitability

	IDB Invest (AAA)		APICORP (AA)	EBRD (AAA)	IADB (AAA)
	Sep 23	Projection[a]	End 22	Jun 23	Jun 23
Equity/adjusted assets (%)	29.7	25.0-30.0	32	30	26
Usable capital/risk-weighted assets (FRA, %)	42.0	35.0-40.0	52	46	51
Net income/average equity	6.1	3-4	4.1	6.3	1.2

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

Risks

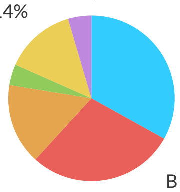
Risks Assessment

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

Source: Fitch Ratings

Loans, Debt Securities and Guarantees,

Breakdown by credit quality



Note : After accounting for credit risk mitigants
Source: Fitch Ratings, IDB Invest

Risks are assessed as 'low' risk, based on below the parameters.

Fitch estimates the bank's weighted average rating of loans and guarantees (WARLG) at 'BB' as of end-9M23 ('BB ' at end-September 2022) based on Fitch's ratings where available and IDB Invest's ratings on remaining exposures. This is partly driven by UCPs (17% of L&G) and highly rated financial institutions' exposure (about 52% of loans and guarantees). We expect the WARLG to maintain the 'BB' level, in line with previous years. This is also partly explained by exposure being in countries with higher ratings, such as Chile, Brazil and Colombia, as well exposure to some strong banking and corporate credits. IDB Invest does not benefit from a preferred creditor status (PCS) credit uplift given its pure private-sector focus (100% of TBE).

The bank's NPL ratio rose to 2.3% at end-9M23 from 0.5% at end-September 2022, driven by one-off cases related to loans in Chile and Brazil, from energy and customer support sectors.

The FI book is performing well, and supported the overall loan book's strong performance. We expect the absolute level of NPLs to increase as the loan portfolio continuous to grow, but for the NPL ratio to remain within the 'low' risk range (1%-3%).

Concentration is a 'very low' risk as measured by obligor metrics. The top-five and single largest exposure accounted for 11% and 3%, respectively, of TBE at end-September 2023. However, sectorial concentration is high, with about half of banking exposure to financial institutions. Country concentration is in line with regional MDBs.

Equity risk is 'very low' given the bank's target to limit equity investments to less than 5% of TBE (3.7% of TBE as of end-September 2023). Equity exposures primarily relate to minority stake and exposure to investment funds (two-thirds of total).

We assess market risks as a 'very low' risk. The bank aligns the currency composition of its assets and liabilities through recourse to swaps and maintains all equity in US dollars. Borrowings are swapped into floating rates to match interest-rate features of loans, or are on-lent directly in the same currency/at the same rate. However, equity price risk is exacerbated by FX risk that is inherent in investing equity capital in local currencies of member states.

We assess risk management policies as 'excellent'. The risk management function is independent and policies are assessed as 'excellent'. IDB Invest's operations are consistently well within its policy limits on capital adequacy, lending, borrowing and liquidity. However, growth targets have been elevated and were further increased as the bank's policy response to the COVID-19 crisis entailed accelerated growth in lending. This has significantly eroded capital buffers based on Fitch's computed metrics.

Peer Comparison: Risks

	IDB Invest (AAA)		APICORP (AA)	EBRD (AAA)	IADB (AAA)
	Sep 23	Projection[a]	End 22	Jun 23	Jun 23
Estimated average rating of loans & guarantees	BB	BB	BBB+	B+	B+
Impaired loans/gross loans (%)	2.3	2-3	1.2	6.3	1.9
Five largest exposures/total banking exposure (%)	11.4	10-15	23	12	51
Equity stakes/total banking exposure (%)	3.7	0-5	21	13	0

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

Liquidity Analysis

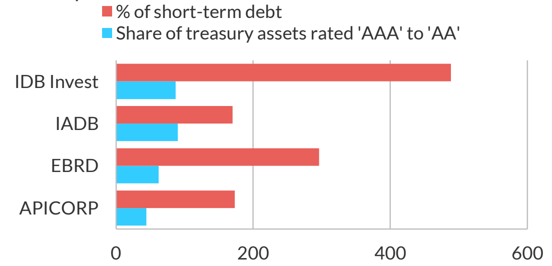
Liquidity Assessment

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

Source: Fitch Ratings

Liquidity Buffers

As of September 2023[a]



[a] EBRD and IADB: July 2023
Source: Fitch Ratings, MDBs

Fitch assesses IDB Invest's liquidity at 'aaa' driven by its 'excellent' liquidity buffers and 'excellent' credit quality of liquid assets.

Liquid Assets to Short-Term Debt

IDB Invest's liquidity buffers compare favourably with its peers.

Liquid assets / short-term debt is maintained as 'excellent', with expected short-term debt coverage by liquid assets of 2.6x in 2026 and coverage above 1.5x through the rating horizon. Liquidity buffers strengthened in 2023 driven by an increase in highly rated treasury assets; we expect the buffer to remain excellent over the medium term.

Quality of Treasury Assets

IDB Invest's quality of treasury assets compare favourably with its peers.

Fitch assesses the share of 'AAA'-'AA' rated treasury assets as 'excellent' due to projected share of 'AAA'-'AA' assets higher than 70%. Fitch expects the bank to maintain the high quality of its treasury assets, in line with the bank's conservative investment management guidelines.

Access to Capital Market, Alternative Source of Liquidity

Access to capital markets and alternative sources of liquidity is assessed as 'strong'.

The assessment reflects IDB Invest's increasing market presence and borrowing facility from IADB. Since 2022, they are being able to sell directly to US investors rather than only via the EUR programme. IDB Invest raised USD2.3 billion in medium- and long-term debt in 2023, of which 54% was in sustainable/thematic bond issuances.

Peer Comparison: Liquidity

	IDB Invest (AAA)		APICORP (AA)	EBRD (AAA)	IADB (AAA)
	Sep 23	Projection[a]	End 22	Jun 23	Jun 23
Liquid assets/short-term debt (%)	488.3	200-300	173	296	170
Share of treasury assets rated 'AA-' and above (%)	87.1	80-90	44	62	90

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

Shareholder Support

IDB Invest's rating does not benefit from credit uplift from shareholders' support. Fitch assesses extraordinary support from the shareholders at 'BBB', reflecting the average rating of key shareholders and their 'strong' propensity to support the bank. The ratings downgrade of the United States (AA+/Stable, 13.4% of capital) in August 2023 did not have a negative impact on IDB Invest's overall weighted average rating of key shareholders, due to Argentina's (CC, 11.9% of capital) and Brazil's (BB/Stable, 12.1% of capital) upgrades in the same year.

Capacity to Provide Extraordinary Support

IDB Invest's shareholder support capacity is based on the weighted average rating of key shareholders, as the entity does not benefit from callable capital. The key shareholders are defined as the largest shareholders owning at least 50% of the bank's shares. These are United States, Brazil, Argentina, Mexico (BBB-) and China (A+). Weighted average rating of key shareholders as of end-9M23 was unchanged at 'BBB'.

Propensity to Provide Extraordinary Support

Fitch views IDB Invest member states' propensity to provide support as 'strong', given the ongoing capital increase coupled with the growing lending mandate. A 'strong' support propensity means that support capacity and overall support rating are equalised (no notching up or down).

Peer Comparison: Shareholder Support

	IDB Invest (AAA)		APICORP (AA)	EBRD (AAA)	IADB (AAA)
	Sep 23	Projection[a]	End-22	Jun 23	Jun 23
Coverage of net debt by callable capital	NC	NC	AA-	A+	A
Average rating of key shareholders	BBB	BBB	AA-	AA-	BBB+
Propensity to support	0	0	0	0	0

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

ESG Relevance Scores

FitchRatings

Inter-American Investment Corporation (IDB Invest)

Supranational ESG Navigator
Supranational

Credit-Relevant ESG Derivation

Inter-American Investment Corporation (IDB Invest) has 2 ESG rating drivers and 5 ESG potential rating drivers

- Inter-American Investment Corporation (IDB Invest) has exposure to social pressure to provide support at times of crisis which, in combination with other factors, impacts the rating.
- Inter-American Investment Corporation (IDB Invest) has exposure to lack of supervision by an external authority and is not subject to banking regulation which, in combination with other factors, impacts the rating.
- Inter-American Investment Corporation (IDB Invest) has exposure to borrowers with limited access to external funding sources and/or extend concessional loans but this has very low impact on the rating.
- Inter-American Investment Corporation (IDB Invest) has exposure to risk around the execution/predictability of its strategy but this has very low impact on the rating.
- Inter-American Investment Corporation (IDB Invest) has exposure to board independence and effectiveness, ownership composition but this has very low impact on the rating.
- Inter-American Investment Corporation (IDB Invest) has exposure to quality of financial reporting and medium-term financial forecasts but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	2	issues	4
potential driver	5	issues	3
not a rating driver	2	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events and climate change on assets and corresponding risk appetite and management	Asset Quality; Risk Management	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	3	Lending to borrowers with limited or no access to other external sources of finance; extension of concessional loans or grants; credit protection schemes	Importance of the Public Mandate; Credit Risk; Propensity to Support	5
Privacy & Data Security	1	n.a.	n.a.	4
Labour Relations & Practices	2	Restriction on recruitment based on nationality and quotas	Governance	3
Employee Well-being	1	n.a.	n.a.	2
Exposure to Social Impacts	4	Counter-cyclical mandate and development role; social pressure to provide support at times of crisis	Credit Risk; NPLs; Capitalisation; Strategy	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy (Operational Execution)	3	Lack of predictability and/or risk around the execution of strategy	Business Profile; Strategy; Governance	5
Governance Structure	3	Board independence and effectiveness, ownership composition, degree of political or external influence, control of one member state over the management of the institution	Business Profile; Strategy; Governance	4
Rule of Law, Institutional & Regulatory Quality	4	Supranationals are neither subject to bank regulation nor supervised by an external authority; all supranationals attract a score of '4'	Risk Management Policies; Governance	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes, detail and scope of information, medium-term financial forecasts	Minimum Data Requirement	2
Policy Status and Mandate Effectiveness	3	Inherent obligor risk concentration; effectiveness of preferred creditor status; access to liquidity support from central bank	Concentration; Credit Risk; Access to Central Bank Refinancing	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Data Tables

Balance Sheet

	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original	30 Sep 21 9 months - 3rd quarter (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	0.0	0.0	0.0
2. To/guaranteed by public institutions	n.a.	n.a.	n.a.
3. To/guaranteed by private sector	7,269.5	5,969.9	4,645.2
4. Trade financing loans (memo)	554.4	651.9	282.0
5. Other loans	n.a.	n.a.	n.a.
6. Loan loss reserves (deducted)	274.5	214.7	171.3
A. Loans, total	**6,995.0**	**5,755.2**	**4,473.9**
B. Other earning assets			
1. Deposits with banks	n.a.	n.a.	n.a.
2. Securities held for sale & trading	n.a.	n.a.	n.a.
3. Investment debt securities (including other investments)	2,838.1	1,882.7	3,268.0
4. Equity investments	297.6	295.3	221.3
5. Derivatives (including fair-value of guarantees)	201.0	138.3	15.2
B. Other earning assets, total	**3,336.7**	**2,316.3**	**3,504.5**
C. Total earning assets (A+B)	**10,331.7**	**8,071.5**	**7,978.4**
D. Fixed assets	**33.1**	**37.6**	**72.7**
E. Non-earning assets			
1. Cash and due from banks	73.8	47.1	59.3
2. Other	515.9	369.0	116.2
F. Total assets	**10,954.5**	**8,525.2**	**8,226.6**
G. Short-term funding			
1. Bank borrowings (< 1 year)	n.a.	n.a.	n.a.
2. Securities issues (< 1 year)	n.a.	n.a.	n.a.
3. Other (including deposits)	664.4	1,094.6	1,835.7
G. Short-term funding, total	**664.4**	**1,094.6**	**1,835.7**
H. Other funding			
1. Bank borrowings (> 1 year)	n.a.	n.a.	n.a.
2. Other borrowings (including securities issues)	6,217.8	3,894.5	3,521.4
3. Subordinated debt	n.a.	n.a.	n.a.
4. Hybrid capital	n.a.	n.a.	n.a.
H. Other funding, total	**6,217.8**	**3,894.5**	**3,521.4**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	452.4	383.7	48.3
2. Fair value portion of debt	n.a.	n.a.	n.a.
3. Other (non-interest bearing)	375.3	386.4	415.4
I. Other (non-interest bearing), total	**827.7**	**770.1**	**463.7**
J. General provisions & reserves	**n.a.**	**n.a.**	**n.a.**
L. Equity			
1. Preference shares	n.a.	n.a.	n.a.
2. Subscribed capital	2,501.0	2,542.6	2,388.2
3. Callable capital	0.0	0.0	0.0

Balance Sheet

	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original	30 Sep 21 9 months - 3rd quarter (USDm) Original
4. Arrears/advances on capital	0.0	(158.0)	(207.9)
5. Paid in capital (memo)	2,501.0	2,384.6	2,180.3
6. Reserves (including net income for the year)	743.6	381.4	225.5
7. Fair-value revaluation reserve	n.a.	n.a.	n.a.
K. Equity, total	**3,244.6**	**2,766.0**	**2,405.8**
M. Total liabilities & equity	**10,954.5**	**8,525.2**	**8,226.6**
Exchange rate	USD1 = USD1	USD1 = USD1	USD1 = USD1

Source: Fitch Ratings, Fitch Solutions

Income Statement

	30 Sep 23 9 months - 3rd quarter (USDm) Original	30 Sep 22 9 months - 3rd quarter (USDm) Original	30 Sep 21 9 months - 3rd quarter (USDm) Original
1. Interest received	501.5	220.2	137.4
2. Interest paid	167.1	75.3	43.0
3. Net interest revenue (1. - 2.)	**334.4**	**144.9**	**94.4**
4. Other operating income	95.2	226.4	130.4
5. Other income	12.4	23.7	12.7
6. Personnel expenses	-13.2	2.4	5.4
7. Other non-interest expenses	127.6	123.1	113.7
8. Impairment charge	-21.9	-9.2	-50.0
9. Other provisions	n.a.	n.a.	n.a.
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**349.5**	**278.7**	**168.4**
11. Net gains/(losses) on non-trading derivative instruments	-159.6	-172.0	-30.8
12. Post-derivative operating profit (10. + 11.)	**189.9**	**106.7**	**137.6**
13. Other income and expenses	n.a.	n.a.	n.a.
14. Net income (12. + 13.)	**189.9**	**106.7**	**137.6**
15. Fair value revaluations recognised in equity	13.0	28.2	-3.1
16. Fitch's comprehensive net income (14. + 15.)	**208.6**	**134.9**	**134.5**

Source: Fitch Ratings, Fitch Solutions

Ratio Analysis

	30 Sep 23 9 months - 3rd quarter (%) Original	30 Sep 22 9 months - 3rd quarter (%) Original	30 Sep 21 9 months - 3rd quarter (%) Original
I. Profitability level			
1. Net income/equity (average)	8.2	5.4	8.1
2. Cost/income ratio	26.6	33.8	53.0
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	42.0	42.7	45.9
2. Equity/adjusted total assets + guarantees	29.7	33.2	29.1
3. Paid-in capital/subscribed capital	100.0	93.8	91.3
4. Internal capital generation after distributions	6.1	4.1	6.0
III. Liquidity			
1. Liquid assets/short-term debt	488.3	212.0	190.5
2. Share of treasury assets rated 'AAA'-'AA'	87.1	85.8	91.5
3. Treasury assets/total assets	26.6	22.6	40.5
4. Treasury assets investment grade + eligible non-investment grade/total assets	26.6	22.6	40.5
5. Liquid assets/total assets	29.6	27.2	42.5
IV. Asset quality			
1. Impaired loans/gross loans	2.3	0.5	0.7
2. Loan loss reserves/gross loans	3.8	3.6	3.7
3. Loan loss reserves/Impaired loans	166.6	756.0	533.6
V. Leverage			
1. Debt/equity	212.1	180.4	222.7
2. Debt/callable capital	NC	NC	NC

Source: Fitch Ratings, Fitch Solutions

Appendix

	30 Sep 23 (USDm) Original	30 Sep 22 (USDm) Original	30 Sep 21 (USDm) Original
1. Lending operations			
1. Loans outstanding	7,269.5	5,969.9	4,645.2
2. Disbursed loans	3,741.2	2,822.3	2,236.4
3. Loan repayments	n.a.	n.a.	n.a.
4. Net disbursements	3,741.2	2,822.3	2,236.4
Memo: Loans to sovereigns	0.0	0.0	0.0
Memo: Loans to non-sovereigns	7,269.5	5,969.9	4,645.2
2. Other banking operations			
1. Equity participations	297.6	295.3	221.3
2. Guarantees (off balance sheet)	432.7	200.9	84.9
Memo: Guarantees to sovereigns	0.0	0.0	0.0
Memo: Guarantees to non-sovereigns	432.7	200.9	84.9
3. Total banking exposure (balance sheet and off-balance sheet)			
1. Total banking exposure (loans + equity participations + guarantees (off-balance sheet))	7,999.8	6,466.1	4,951.4
2. Growth in total banking exposure	23.7	30.6	31.5
Memo: Non-sovereign exposure	7,999.8	6,466.1	4,951.4
4. Support			
1. Share of 'AAA'/'AA' shareholders in callable capital	NC	NC	NC
2. Rating of callable capital ensuring full coverage of net debt	NC	NC	NC
3. Weighted average rating of key shareholders	BBB	BBB	BBB
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	0.0	0.0	0.0
2. Loans to non-sovereigns total banking exposure	90.9	92.3	93.8
3. Equity participation/total banking exposure	3.7	4.6	4.5
4. Guarantees covering sovereign risks/total banking exposure	0.0	0.0	0.0
5. Guarantees covering non-sovereign risks/total banking exposure	5.4	3.1	1.7
Memo: Non-sovereign exposure (2. + 3. + 5.)/total banking exposure	100.0	100.0	100.0
6. Concentration measures			
1. Largest exposure/equity (%)	7.8	6.8	4.2
2. Five largest exposures/equity (%)	28.1	25.3	20.3
3. Largest exposure/total banking exposure (%)	3.2	2.9	2.1
4. Five largest exposures/total banking exposure (%)	11.4	10.8	9.9
7. Credit risk			
1. Average rating of loans & guarantees	BB	BB	BB-
2. Loans to investment-grade borrowers/gross loans	32.5	32.7	20.5
3. Loans to sub-investment grade borrowers/gross loans	66.3	70.7	81.9
8. Liquidity			
1. Treasury assets	2,911.9	1,929.8	3,327.3
2. Treasury assets of which investment grade + eligible non-investment grade	2,911.9	1,929.8	3,327.3
3. Unimpaired short-term trade financing loans	554.4	651.9	282.0
4. Unimpaired short-term trade financing loans - discounted 40%	332.6	391.1	169.2
5. Liquid assets (2. + 4.)	3,244.5	2,320.9	3,496.5

Source: Fitch Ratings, Fitch Solutions

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