FitchRatings

Supranational
China

New Development Bank

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

Ratings

Foreign Currency

Long-Term IDR	AA
Short-Term IDR	F1+

Outlook

Long-Term Foreign-Currency IDR	Stable

Financial Data

	End-2021	End-2022
Total assets (m)	24,553	26,082
Equity to assets (%)	42.6	40.8
Fitch's usable capital to risk-weighted assets (%)	79.8	86.1
Average rating of loans	BBB-	BB+
Impaired loans (% of TBE)	0.0	0.0
Five largest exposures/TBE (%)	81.6	83.7
Share of non-sovereign exposure (%)	18.3	17.0
Net income/equity (%)	0.9	1.0
Average rating of key shareholders	BB	BB-

Source: Fitch Ratings, NDB

Applicable Criteria

Supranationals Rating Criteria (April 2023)

Related Research

Fitch Revises New Development Bank's Outlook to Stable; Affirms at 'AA' (May 2023)

Click here for more Fitch Ratings content on New Development Bank

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Key Rating Drivers

Reduced Strategy Risk Drives Outlook: The revision of the Outlook on New Development Bank's (NDB) Long-Term Issuer Default Rating (IDR) principally reflects Fitch Ratings' view that the bank is more likely to execute its medium-term strategy, including continuing to expand its balance sheet and attract shareholders, despite the impact of the Russia-Ukraine war on its operations. Our assessment follows steps by the management to adjust strategy and reduce the bank's Russian nexus and ultimately enable it to restore its capital market access in April 2023.

US Dollar Benchmark Issuance Resumes: On 19 April 2023, NDB issued a USD1.25 billion, three-year green bond; its first benchmark issuance since the Russia-Ukraine war began. In doing so, the bank has demonstrated its ability to issue on the US dollar long-term market at rates slightly above (SOFR + 120bp) but close to rated peers. The bond documentation included a 'use of proceeds' clause stipulating that any funds raised would be used to fund loans in Brazil, China, India and South Africa only.

Although 32% of investors were domiciled in BRICS countries (Brazil, Russia, India, China and South Africa) and a further 2.4% are based in NDB's other member states of Bangladesh, UAE, Egypt and Uruguay, the bond attracted investors from diverse jurisdictions. Similarly, commercial banks underwriting the issuance included institutions from the US and the EU.

Diversified Funding Mix Supports Rating: We expect NDB's renewed funding mix will help it access resources at a low cost in the medium term. A greater share of its resources will be issued in Chinese yuan, other local currencies, private placements and bilateral or syndicated loans. In 2020 and 2021, US dollar public issuance accounted for about 75% of NDB's funding mix and we expect this to decrease to around 45% in the medium term.

NDB's ability to issue in greater volume in local currency (then swapped into US dollars) is supported by the approval of the Chinese authority to raise up to CNY40 billion (around USD5.8 billion) over the next two years.

Russian Loan Performance Remains Risk: The long-term performance of Russian and Russia-related exposure (13% of the loan portfolio at end-2022) is uncertain. NDB relies on a mechanism with an international financial institution to receive payments in rubles from Russia and execute a foreign-exchange transaction to credit the US dollar value to NDB. We assume that loans to Russia and Russia-related entities will remain current. Non-performance of these exposures could lead to a marked downward revision in our assessment of NDB's risk profile.

High Concentration to BRICS: One critical weakness in NDB's risk profile is the concentration of its loan book in the BRICS countries. The bank has an ESG Relevance Score of '5' for policy status and mandate effectiveness to reflect this. In the short term, the suspension of new disbursements to Russia could increase the concentration of the loan book. We believe the bank's ability to attract new Western countries as shareholders is affected by the Russia-Ukraine war, but we still expect new countries to join the bank in the medium term.

Sensitivity to Geopolitical Risk: NDB's concentrated shareholder structure among BRICS countries exposes the bank's operations and business model to geopolitical tensions involving one of its founding members, as evidenced by the impact of the Russia-Ukraine conflict on the bank in 2022. Fitch assigns an ESG score of '5' to governance structure to reflect the risks related to the concentration of the capital ownership among BRICS countries.

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
NDB	aa	aa	aa	0	aa	BB-	0	0	AA

Source: Fitch Ratings

Rating Sensitivities

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

- **Solvency (risk):** The ratings are sensitive to a deterioration in the bank's risk profile or capitalisation metrics. This could stem from a marked deterioration in its credit risk profile, for example, in case the exposures to Russia become non-performing leading to significant losses and a potential revision to our assessment of PCS.
- **Liquidity (access to capital markets):** A failure to demonstrate continued access to the long-term US dollar market at improving rates compatible with its business model would put pressure on our assessment of liquidity.
- **Business Environment:** Geopolitical developments involving one of NDB's large shareholders that affect the bank's ability to execute its strategy and attract new shareholders.

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

- **Liquidity (access to capital markets):** Sustained evidence that the bank has access to the long-term US dollar market at rates that are consistent with that of rated peers could put upwards pressure on our liquidity assessment.
- **Solvency (risks):** Stronger confidence that the Russian exposure will remain performing over the medium term. A substantial improvement in projected concentration risk metrics, which could stem from the incorporation of additional borrowing member states or from evidence that NDB would benefit substantially from exposure swaps with peers.
- **Business Environment:** A record of operations under the renewed business model, including ability to attract new shareholders, reduce the concentration in the loan portfolio and access to ample and low-cost funding base over the medium term.

Business Environment

Fitch's overall assessment of NDB's business environment risk is 'moderate', which translates into a '0' notch adjustment to the solvency and liquidity assessment ('aa').

Brief Issuer Profile

NDB, which has its headquarters in Shanghai in China, was established in 2015 by Brazil (BB/Stable), Russia (NR), India (BBB-/Stable), China (A+/Stable) and South Africa (BB-/Stable), with the objective to "mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries." NDB is the most concrete achievement of this five-country coalition.

Since NDB's inception, three other countries have joined the bank (Bangladesh, UAE and Egypt) and one more (Uruguay) is finalising the legal processes to join.

NDB is 19.4%-owned by Russia, which accounted for around 13% of the bank's outstanding loan portfolio at end-2022.

Business Profile

Fitch assesses NDB's business profile risk as 'medium', reflecting the following factors:

The forecast size of NDB's total banking portfolio is USD27.6 billion by 2027 (below the USD30 billion 'low' risk threshold). Fitch revised its assessment at the rating committee in May to 'medium risk' from 'low risk' in 2022, reflecting this revision.

We assess NDB's governance structure as 'medium risk'. The structure is the same as other highly rated peers, with a two-tier board of governors and board of directors. The integrity of NDB's governance structures was recently tested with the change of president. When NDB announced the leadership transition, it said that this would occur "in a mutually agreed manner and in accordance with the bank's governance and procedures". Former Brazilian leader Dilma Rousseff was unanimously elected as NDB president by the bank's board of governors on 24 March.

Strategy is deemed 'high risk' by Fitch, relative to peers. NDB's business and operating model relies on access to US dollar markets and its inability to access dollars in 2022 weighs on our assessment of the bank's ability to maintain its strategy.

For NDB to remain attractive to prospective borrowers, the bank needs continued access to long-term US dollar markets at competitive rates, which can then be passed through to borrowers. NDB's premium on the cost of funding, given Russia affiliation, as demonstrated in the recent issue in the US dollar markets, means we assess the sustainability of NDB's business model as 'high risk'. US dollar benchmark issues at more competitive rates could lead us to revise this assessment back to 'moderate'.

Non-sovereign exposures are projected to account for around 17% of banking exposures, which is a 'medium' risk.

Our 'medium risk' assessment of the bank's importance balances its limited role in the financing of the BRICS economies, relative to their size and to their large infrastructure needs, and the strong relationship we expect NDB to maintain with the authorities of its five founding-member countries of operations, in particular China.

In April 2023, NDB chaired the first meeting of the Group of Heads of Multilateral Development Banks in Washington, a forum that included representatives from the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, Islamic Development Bank, the International Financial Corporation, the New Development Bank, and the World Bank, plus the International Monetary Fund.

Operating Environment

Fitch assesses NDB's operating environment risk as 'medium', reflecting the following factors:

Credit quality of NDB's countries of operations, on a non-weighted average basis, is 'BB-', which Fitch assesses as commensurate with a 'medium' risk.

Following Fitch's withdrawal of Russia's sovereign rating in 2022, and coupled with the addition of Bangladesh (BB-) and Egypt (B) to this calculation, the average rating has fallen from 'BB' at end-2021.

We assess income per capita in the NDB countries of operations as 'medium risk', using World Bank classification, and the majority of NDB's countries of operations fall in the upper middle-income category.

Based on World Bank governance indicators (WBGI), we assess NDB's political risk and business climate in its countries of operations as 'medium risk'. The average WBGI show a score of 37.4 (based on percentile rank), which is similar to that of AIIB (37.1) which is also assessed as a 'medium' risk.

We assess the political risk in China (A+/Stable), where NDB is headquartered, as 'medium risk'.

Operational support from member states is assessed as 'low' risk, highlighting NDB's preferred creditor status (PCS) and privileges common to all MDBs.

We expect NDB to receive strong backing from its member countries, primarily from China, despite its lacking a long record of operations. NDB's 36 storey headquarters that was built by the Chinese is evidence of tangible support from China.

Solvency

Fitch assesses NDB's solvency at 'aa' based on the following factors:

Capitalisation

Our overall assessment of capitalisation is 'excellent'. This reflects our view that NDB's equity/assets ratio will exceed 25% and its usable capital/weighted assets ratio (FRAR) will exceed 35% by 2027, in line with the bank's stringent capitalisation limits.

Relative to last year, our forecast of NDB's equity/assets ratio has increased to just below 30% from around 25%. This is due to the bank's expectation of operating a smaller balance sheet over the short-to-medium term, while having already received in excess of USD10 billion of paid-in capital from its shareholders.

In terms of the FRA ratio, given NDB has no 'AAA' or 'AA' shareholders, nor does it participate in concessional lending, no adjustments are made for NDB's usable capital from its equity. The FRAR projection for 2027 exceeds 50%.

The bank has an internal risk management limit of an equity/assets ratio in excess of 25%, which is an important backstop for our capitalisation assessment.

Peer Comparison: Capital Ratios and Profitability

	NDB (AA)		AIIB (AAA)	AsDB (AAA)	CAF (AA-)
	End-2022	Projection[a]	End-2022	End-2022	End-9M22
Equity/adjusted assets (%)	40.8	28-33	45.0	28.5	30.3
Usable capital/risk-weighted assets (FRA, %)	86.1	55-60	114.3	59.3	48.1
Net income/average equity	1.0	1 – 2	1.3	3.1	0.7

[a] Medium-term projections, forecast range

Source: Fitch Ratings, MDBs

Risks

Risks Assessment

Indicative value	Risk level
Credit risk	Low
Concentration	High
Equity risks	Very low
Market risks	Very low
Risk management policies	Strong

Source: Fitch Ratings

Overall Solvency Risk Is Assessed as 'Low'

The average rating of loans is 'BB+' before any PCS adjustments, which is one notch lower than at end-2021 ('BBB-').

We assess strength of PCS as 'strong', which leads to a '+2' notch adjustment over the average rating of loans to 'BBB'. This assessment reflects the following assumptions:

- NDB's sovereign loans priority
- Russian loan portfolio will continue to perform
- Our view that the share of non-sovereign exposure will stabilise at around 20%-25% at YE27.

Fitch expects non-performing loans to account for around 2% of gross loans at YE27. All loans are currently performing. Fitch continues to expect the Russia exposure (12.5% of the loan portfolio) to remain performing in its base-line scenario.

NDB's operations are limited to its member states, which structurally entails maximum country-concentration risks. Without recourse to swap instruments, NDB's top-five exposures in 2027 would reach about 75% of its total exposures, which is very high compared to peers.

Currently there are six eligible borrowing member countries (BRICS countries + Bangladesh). Given that lending to Russia has been frozen (and our base-line assumes no new lending to Russia), it is likely that NDB's sovereign exposure to Bangladesh will become the fifth-largest exposure when calculating this metric. In the continued absence of a wider membership base (and therefore eligible borrowers) we would expect the bank's top-five exposures to represent the total sovereign operations, which will be about 75% by the end of the forecast period.

NDB expects to maintain very limited equity participations (less than 1% of total banking exposure (TBE) by 2027), which represents a 'very low' risk level – below the 5% threshold. As of end-2022, equity participations accounted for 0.4% of TBE.

The bank has minimal FX risk exposure and negligible interest-rate risk.

NDB's net open position (exchange rate) and duration gap (interest rate) are well within limits, as observed over 24 months, with significant headroom. NDB's internal policies limit net open position to USD20 million (end-2022: USD9.3 million) and duration gap to five years (end-2022: 0.5 year).

The bank's market risks policies are unchanged from 2022 and in line with MDB peers.

Our assessment of NDB's risk management is chiefly driven by the bank's capitalisation and liquidity rules, which are in line with 'AAA' rated MDBs. NDB's equity/assets minimum threshold at 25% ensures NDB will maintain 'excellent' capitalisation levels. Its requirement to maintain 100% of 12-month cash requirement is also a stringent rule that protects its liquidity profile, as well as its capitalisation. The risk management framework is strong, and risk policies are conservative relative to peers. The bank has a limited record of implementing risk policies given the bank was only formed in 2015.

Peer Comparison: Risks

	NDB (AA)		AIIB (AAA)	AsDB (AAA)	CAF (AA-)
	End-2022	Projection[a]	End-2022	End-2022	End-9M22
Estimated average rating of loans & guarantees	BB+	BB+	BB	BB	B+
Impaired loans/gross loans (%)	0.0	1.5 – 2.5	0.5	0.5	9.3
Five largest exposures/total banking exposure (%)	83.7	70 – 75	61.8	54.5	57.6
Equity stakes/total banking exposure (%)	0.4	0 – 5	3.4	1.0	1.3

[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	Strong
Access to capital markets & alternative sources of liquidity	Moderate

Source: Fitch Ratings

Fitch's assessment of NDB's overall liquidity is 'aa', unchanged from the previous review.

Liquid Assets to Short-Term Debt

We expect NDB to maintain a significant treasury asset portfolio (about 30% of total assets in 2027). We expect NDB's short-term debt coverage to remain above 150%, due to its projected balance-sheet structure and to its ample liquidity.

Quality of Treasury Assets

As of end-2022, the share of 'AAA'/'AA'/'F1+' rated treasury assets was 67%.

NDB has hired a global custodian to help the bank access more investment instruments, such as highly rated US dollar bonds.

When managing the treasury portfolio, NDB expects to focus on credit quality and diversification, rather income generation.

Access to Capital Market, Alternative Source of Liquidity

In 2022, Fitch revised its assessment of NDB's access to capital markets to 'moderate' from 'strong'. We affirmed this 'moderate' assessment in this year's review.

NDB issued its USD1.25 billion green bond in April 2023, but this came with a number of delays and obstacles that the bank has faced in the past 14 months. The bank has included a 'Use of Proceeds' clause in this benchmark, stipulating that the funds raised through this issuance would fund projects in Brazil, India, China and South Africa., to help negate a number of these hurdles.

NDB's broader access to the Chinese yuan market also will be helpful for the bank and will enable it to issue up to CNY40 billion over the next two years.

Fitch's previous baseline since the start of the Russia–Ukraine war was that NDB would regain access to the capital markets, but that there would be challenges in doing so, and this has played out over the past 18 months. NDB expects to execute a further two benchmark issuances over the next six months, totalling approximately USD1.75 billion.

Peer Comparison: Liquidity

	NDB (AA)		AIIB (AAA)	AsDB (AAA)	CAF (AA-)
	End-2022	Projection[a]	End-2022	End-2022	End-9M22
Liquid assets/short-term debt (%)	211.0	150-200	467.0	182.4	106
Share of treasury assets rated AA- & above (%)	67.0	60-70	63.4	63.0	34

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

Shareholder Support

Fitch assesses NDB's support at 'BB-', based on the following factors:

Capacity to Provide Extraordinary Support

Coverage of net debt by callable capital: 'BB-'

This is driven by the expected coverage of NDB's net debt in 2027 by its callable capital. This assessment is higher than in 2022, following the revised projections we used and that net debt is now much lower; about USD16 billion at end-2027 compared with the previous forecast of about USD26 billion.

Weighted average rating of key shareholders: 'BB-'

We continue to treat all five BRICS as 'key shareholders' and, as such take an average of all of their ratings. This results in an average rating of the key shareholders of 'BB-'. All sovereign ratings of the bank's shareholders are on Stable Outlook. Fitch does not rate the Russian sovereign.

Propensity to Provide Extraordinary Support

Propensity to support is assessed as 'strong'.

The BRICS will continue to play a key role in the creation and management of NDB. In addition, our assessment reflects:

- Our expectation that China (the highest-rated member and host of NDB's HQ) would provide the level of support to NDB as it does with AIIB.
- NDB's ratio of paid-in to paid-in + callable capital of 20% is similar to that of AIIB, but exceeds that of some 'AAA' rated institutions, such as IBRD (7%), IaDB (4%), AfDB (4%).

Peer Comparison: Shareholder Support

	NDB (AA)		AIIB (AAA)	AsDB (AAA)	CAF (AA-)
	End-2022	Projection[a]	End-2022	End-2022	End-9M22
Coverage of net debt by callable capital	A+	BB-	AAA	BBB+	NC
Average rating of key shareholders	BB-	BB-	A-	A+	BB-
Propensity to support	0	0	0	0	0

a Medium-term projections
Source: Fitch Ratings, MDBs

ESG Relevance Scores

This Navigator report does not constitute a new rating action for this issuer. It provides a visual summary of the integrated scoring system that shows how environmental, social and governance (ESG) factors affect individual credit rating decisions. The most recent Rating Action Commentary can be found on www.fitchratings.com.

FitchRatings

New Development Bank

Supranational ESG Navigator
Supranational

Credit-Relevant ESG Derivation

New Development Bank has 2 ESG key rating drivers, 1 ESG rating driver and 4 ESG potential rating drivers

- New Development Bank has exposure to board independence and effectiveness, ownership composition which, on an individual basis, has a significant impact on the rating.
- New Development Bank has exposure to obligor concentration; access to central bank refinancing; effectiveness of preferred creditor status which, on an individual basis, has a significant impact on the rating.
- New Development Bank has exposure to lack of supervision by an external authority and is not subject to banking regulation which, in combination with other factors, impacts the rating.
- New Development Bank has exposure to borrowers with limited access to external funding sources and/or extend concessional loans but this has very low impact on the rating.
- New Development Bank has exposure to social pressure to provide support at times of crisis but this has very low impact on the rating.
- New Development Bank has exposure to risk around the execution/predictability of its strategy but this has very low impact on the rating.

Showing top 6 issues

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

Environmental (E) Relevance Scores

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

Social (S) Relevance Scores

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

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy (Operational Execution)	3	Lack of predictability and/or risk around the execution of strategy	Business Profile; Strategy; Governance	5
Governance Structure	5	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	5	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 result in 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

New Development Bank
Balance Sheet

	31 Dec 22 Year end (USDm) Original	31 Dec 21 Year end (USDm) Original	31 Dec 20 Year end (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	12,068.0	11,436.0	4,776.0
2. To/guaranteed by public institutions	-	-	-
3. To/guaranteed by private sector	2,470.0	2,564.0	1,867.0
4. Trade financing loans (memo)	-	-	-
5. Other loans	-	-	-
6. Loan loss reserves (deducted)	133.0	35.0	31.0
A. Loans, total	**14,405.0**	**13,965.0**	**6,612.0**
B. Other earning assets			
1. Deposits with banks	4,023.0	4,916.0	6,762.0
2. Securities held for sale & trading	-	-	66.0
3. Investment debt securities (including other investments)	5,523.0	3,767.0	1,294.0
4. Equity investments	54.0	11.0	0.0
5. Derivatives (including fair-value of guarantees)	156.0	44.0	27.0
B. Other earning assets, total	**9,757.0**	**8,727.0**	**8,149.0**
C. Total earning assets (A+B)	**24,162.0**	**22,692.0**	**14,761.0**
D. Fixed assets	**2.0**	**2.0**	**2.0**
E. Non-earning assets			
1. Cash and due from banks	1,876.0	1,856.0	2,193.0
2. Other	42.0	3.0	3.0
F. Total assets	**26,082.0**	**24,553.0**	**16,959.0**
G. Short-term funding			
1. Bank borrowings (< 1 year)	-	-	-
2. Securities issues (< 1 year)	-	-	-
3. Other (including deposits)	-	-	-
G. Short-term funding, total	**5,387.0**	**3,296.0**	**339.0**
H. Other funding			
1. Bank borrowings (> 1 year)	0.0	0.0	0.0
2. Other borrowings (including securities issues)	11,740.0	10,639.0	5,217.0
3. Subordinated debt	-	-	-
4. Hybrid capital	-	-	-
H. Other funding, total	**11,740.0**	**10,639.0**	**5,217.0**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	656.0	160.0	98.0
2. Fair value portion of debt	n.a.	n.a.	n.a.
3. Other (non-interest bearing)	3,107.0	3,352.0	2,849.0
I. Other (non-interest bearing), total	**3,763.0**	**3,512.0**	**2,947.0**
J. General provisions & reserves	**33.0**	**4.0**	**8.0**
L. Equity			
1. Preference shares	-	-	-
2. Subscribed capital	51,498.0	51,498.0	50,000.0
3. Callable capital	-41,199.0	-41,199.0	-40,000.0
4. Arrears/advances on capital	-276.0	-344.0	-1,912.0
5. Paid in capital (memo)	10,299.0	10,299.0	10,000.0
6. Reserves (including net income for the year)	555.0	448.0	360.0
7. Fair-value revaluation reserve	-32.0	-5.0	n.a.
K. Equity, total	**10,546.0**	**10,398.0**	**8,448.0**
M. Total liabilities & equity	**26,082.0**	**24,553.0**	**16,959.0**

Source: Fitch Ratings, Fitch Solutions

New Development Bank
Income Statement

	31 Dec 22 Year end (USDm) Original	31 Dec 21 Year end (USDm) Original	31 Dec 20 Year end (USDm) Original
1. Interest received	569.0	271.0	254.0
2. Interest paid	206.0	123.0	73.0
3. Net interest revenue (1. - 2.)	**363.0**	**148.0**	**181.0**
4. Other operating income	-54.0	22.0	22.0
5. Other income	-2.0	-11.0	-9.0
6. Personnel expenses	53.0	49.0	41.0
7. Other non-interest expenses	22.0	19.0	14.0
8. Impairment charge	125.0	2.0	38.0
9. Other provisions	-	-	-
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**107.0**	**89.0**	**101.0**
11. Net gains/(losses) on non-trading derivative instruments	-	-	-
12. Post-derivative operating profit (10. + 11.)	**107.0**	**89.0**	**101.0**
13. Other income and expenses	2.0	21.0	49.0
14. Net income (12. + 13.)	**109.0**	**110.0**	**150.0**
15. Fair value revaluations recognised in equity	-27.0	-6.0	1.0
16. Fitch's comprehensive net income (14. + 15.)	**82.0**	**104.0**	**151.0**

Source: Fitch Ratings, Fitch Solutions

New Development Bank
Ratio Analysis

(%)	31 Dec 22 Year end Original	31 Dec 21 Year end Original	31 Dec 20 Year end Original
I. Profitability level			
1. Net income/equity (average)	1.0	1.2	2.0
2. Cost/income ratio	24.3	40.0	27.1
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	86.1	79.8	-
2. Equity/adjusted total assets + guarantees	40.8	42.6	50.1
3. Paid-in capital/subscribed capital	20.0	20.0	20.0
4. Internal capital generation after distributions	-	-	-
III. Liquidity			
1. Liquid assets/short-term debt	211.0	319.6	-
2. Share of treasury assets rated 'AAA'-'AA'	66.4	31.0	16.5
3. Treasury assets/total assets	44.0	42.9	60.8
4. Treasury assets investment grade + eligible non-investment grade/total assets	43.6	42.9	60.4
5. Liquid assets/total assets	43.6	42.9	60.4
IV. Asset quality			
1. Impaired loans/gross loans	-	-	-
2. Loan loss reserves/gross loans	1.1	0.3	0.6
3. Loan loss reserves/Impaired loans	-	-	-
V. Leverage			
1. Debt/equity	111.3	102.3	65.8
2. Debt/callable capital	28.5	25.8	13.9

Source: Fitch Ratings, Fitch Solutions

New Development Bank
Appendix

	31 Dec 22 (USDm) Original	31 Dec 21 (USDm) Original	31 Dec 20 (USDm) Original
1. Loans outstanding	14,538.0	14,000.0	6,643.0
2. Disbursed loans	765.0	7,634.0	-
3. Loan repayments	331.0	305.0	-
4. Net disbursements	434.0	7,329.0	-
Memo: Loans to sovereigns	12,068.0	11,436.0	4,776.0
Memo: Loans to non-sovereigns	2,470.0	2,564.0	1,867.0
1. Equity participations	54.0	11.0	-
2. Guarantees (off-balance sheet)	-	-	-
Memo: Guarantees to sovereigns	-	-	-
Memo: Guarantees to non-sovereigns	-	-	-
1. Total banking exposure (loans + equity participations + guarantees (off-balance sheet))	14,592.0	14,011.0	6,643.0
2. Growth in total banking exposure	4.1	110.7	328.7
Memo: Non-sovereign exposure	2,470.0	2,564.0	1,867.0
1. Share of 'AAA'/'AA' shareholders in callable capital	1.1	1.1	-
2. Rating of callable capital ensuring full coverage of net debt	A+	A+	A+
3. Weighted average rating of key shareholders	BB-	BB	BBB-
1. Loans to sovereigns/total banking exposure	83.0	81.7	71.9
2. Loans to non-sovereigns total banking exposure	16.6	18.2	28.1
3. Equity participation/total banking exposure	0.4	0.1	-
4. Guarantees covering sovereign risks/total banking exposure	-	-	-
5. Guarantees covering non-sovereign risks/total banking exposure	-	-	-
Memo: Non-sovereign exposure (2. + 3. + 5.)/total banking exposure	17.0	18.3	28.1
1. Largest exposure/equity (%)	39.6	37.5	20.7
2. Five largest exposures/equity (%)	114.4	110.0	63.9
3. Largest exposure/total banking exposure (%)	28.7	27.8	26.3
4. Five largest exposures/total banking exposure (%)	83.7	81.7	81.3
1. Average rating of loans & guarantees	BB+	BBB-	BBB
2. Loans to investment-grade borrowers/gross loans	58.0	69.7	71.8
3. Loans to sub-investment-grade borrowers/gross loans	40.9	29.9	27.7
1. Treasury assets	11,477.0	10,539.0	10,315.0
2. Treasury assets, of which investment grade + eligible non-investment grade	11,367.0	10,534.0	10,235.0
3. Unimpaired short-term trade financing loans	-	-	-
4. Unimpaired short-term trade financing loans - discounted 40%	-	-	-
5. Liquid assets (2. + 4.)	11,367.0	10,534.0	10,235.0

Source: Fitch Ratings, Fitch Solutions

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.