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-2022	End-2023
Total assets (USDm)	26,082	28,413
Equity/assets (%)	40.8	39.8
Fitch's usable capital/risk-weighted assets (FRA, %)	86.1	78.9
Average rating of loans & guarantees	BB+	BB+
Impaired loans (% of total loans)	0.0	0.2
5 largest exposures to total exposure (%)	83.7	88.8
Share of non-sovereign exposure (%)	17.0	11.2
Net income/equity (%)	1.0	5.4
Average rating of key shareholders	BB-	BB

Source: Fitch Ratings, NDB

Applicable Criteria

Supranationals Rating Criteria (April 2023)

Related Research

Fitch Affirms New Development Bank at 'AA'; Outlook Stable (May 2024)

Click here for more Fitch Ratings content on New Development Bank

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Key Rating Drivers

SCP Drives Rating: New Development Bank's (NDB) 'AA' rating is driven by its Standalone Credit Profile (SCP) of 'aa'. The SCP reflects our solvency (aa) and liquidity (aa) assessments, and 'Medium Risk' business environment. Fitch Ratings expects NDB to be able to implement its medium-term strategy, including continuing to grow its balance sheet and attract new shareholders despite the negative impact of geopolitics on its operations. This view is underpinned by excellent capitalisation buffers based on Fitch's longer-term projections.

'Excellent' Capitalisation Underpins Solvency: NDB's leverage remained stable in 2023, with an equity/assets (E/A) ratio at 40% (2022: 41%). Fitch's usable capital/risk-weighted assets (FRA) ratio declined to 79% at end-2023 from 86% at end-2022, due to stronger growth in loans (23%) than in usable capital. Fitch expects the E/A and FRA ratios to remain above their respective 25% and 35% 'Excellent' thresholds by 2027.

'Low' Credit Risk: The weighted average rating of loans (WARL) has remained at 'BB+', despite the 2023 upgrade of Brazil (12% of loans at end-2023) to 'BB'/Stable. The WARL would be resilient to a one-notch downgrade of China's rating (A+/Negative; 30% of loans). NDB's 'Strong' preferred creditor status (PCS), based on the bank's focus on sovereign loans and a record of sovereign loan performance, leads to a two-notch adjustment over the WARL to 'BBB'.

Russian Loan Performance Remains Risk: The long-term performance of Russian exposures (11% of loans) remains uncertain. Over the past two years, NDB has used an international financial institution to receive payments in Russian roubles and execute an FX transaction to credit the US dollars to NDB. We assume repayments from Russian borrowers will persist. Non-performance of these exposures could markedly affect our assessment of NDB's risk profile.

Fitch expects non-performing loans (NPLs) to account for around 2% of gross loans, within the 'Low Risk' threshold, at end-2027. As of end-2023, one non-sovereign exposure was classified as non-performing, which accounted for 0.25% of total loans. The exposure was to an international bank that failed to meet its financial obligations in hard currencies due to western sanctions.

High Concentration to BRICS: Higher concentration of loans to a limited number of borrowers constitute a rating weakness. The suspension of disbursements to Russian entities, due to the Russia-Ukraine war, has led to increased lending in other BRICS countries. As a result, the share of five largest exposures increased to 89% at end-2023 from 84% at end-2022. The recent accession of new member states will broaden NDB's importance and ease concentration risk.

Strong but Weakening Liquidity Profile: Fitch expects NDB's liquidity buffer (2023: 157%) to remain above 150%, an 'Excellent' threshold, over the forecast horizon. Nevertheless, the share of 'AAA'/'AA'/'F1+' rated assets in the treasury portfolio declined to 55% at end-2023 from 67% at end-2022, still in line with a 'Strong' liquidity buffer assessment. The fall was driven by increased exposure to lower-rated entities through investments and deposit holdings.

Limited US Dollar Market Issuance: Since the beginning of the Russia-Ukraine war, NDB has only issued once (USD1.25 billion in April 2023) in the long-term US dollar market. In line with similarly rated multilateral development banks (MDBs), Fitch considers that continued issuance of benchmark bonds is important for NDB to maintain its strategy and business model. In addition to US dollar benchmark bond issuance, the bank secured USD5.7 billion in US dollars, Chinese yuan and other regional currencies by engaging in various financial instruments.

Strong Shareholders' Support: Fitch has revised its assessment of shareholders' support to 'bb' from 'bb-' due to an improvement in the average rating of key shareholders to 'BB' following the upgrade of Brazil to 'BB'/Stable in July 2023. The shareholders' 'Strong' support propensity reflects a higher share of paid-in capital in subscribed capital (20%) and Fitch's expectation that NDB's founding members would continue to provide high level support to the bank.

Rating Derivation Summary

	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

- **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.
- **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 exposures to Russia become non-performing, leading to significant losses and a potential revision of our assessment of PCS.
- **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):** Evidence that the bank has sustained access to the long-term US dollar market at rates that are consistent with those of rated peers could put upwards pressure on our liquidity assessment.
- **Solvency (Risk):** Stronger confidence that Russian exposures 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

Overall, Fitch's assesses NDB's business environment as 'medium' risk, translating into a '0' notch adjustment to the solvency and liquidity assessments (aa).

Brief Issuer Profile

NDB is an MDB headquartered in Shanghai and was established in 2015 by Brazil, Russia (not rated), India (BBB-/Stable), China and South Africa (BB-/Stable) to "mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries".

Since its inception, three countries have joined the bank (Bangladesh; B+/Stable, Egypt; B-/Positive, United Arab Emirates; AA-/Stable) and one more (Uruguay; BBB/Stable) is finalising the legal process to join.

Each BRICS country now accounts for 19% of NDB's subscribed capital, down from 20% following the accession of new members.

Business Profile

Our 'Medium Risk' assessment of NDB's business profile reflect the following factors:

NDB's total banking exposure (TBE) grew to USD17.9 billion at end-2023 from USD14.6 billion at end-2022. Fitch forecasts the TBE to grow further and close to USD30 billion, within a 'Medium Risk' threshold, over the forecast period to end-2027.

Fitch considers NDB's governance structure as 'Medium Risk'. The structure is in line with that of 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 in March 2023. The leadership transition took place in a mutually agreed manner and in accordance with the bank's governance and internal procedures. Fitch's assessment also considers the unique ownership composition of the bank, with each BRICS country holding 19% of the bank's capital. While the BRICS countries have shown a strong commitment to work together, Fitch believes the concentrated shareholding structure of the five countries exposes NDB to external geopolitical shocks, relative to peers.

Fitch deems NDB's strategy risk as 'High', relative to rated peers. NDB's business and operating model relies on access to US dollar markets and an inability to access these markets in 2022 coupled with infrequent benchmark issuance weigh 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.

Non-sovereign sector financing totalled USD2 billion or 11% of TBE at the end-2023. Fitch expects NDB's non-sovereign sector exposures to grow reaching close to 18% of TBE, consistent with a 'Medium Risk' assessment, by 2027.

Fitch's 'Medium Risk' assessment of NDB's importance of its public mandate 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.

Operating Environment

Fitch's 'Medium Risk' assessment of NDB's operating environment reflects the following factors:

Credit quality of NDB's countries of operations, on a non-weighted average rating basis, weakened to 'BB-' from 'BB', consistent with a 'Medium Risk' assessment, following the downgrade of Bangladesh to 'B+' in May 2024. This metric would remain resilient to a one-notch downgrade to China's rating, which has a Negative Outlook.

Fitch assesses the income per capita in NDB's countries of operations (USD7,590) as 'Medium Risk', using the World Bank classification. 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 WBGI show an average score of 34.1 (based on percentile rank), which is close to that of AIIB (35.7), also assessed as a 'Medium Risk'.

The political risk in China, where NDB is headquartered, is considered as 'Medium Risk' based on WBGI.

Operational support from member states is assessed as 'Low Risk', highlighting NDB's PCS and privileges common to all MDBs.

Fitch expects NDB to receive strong backing from its member states, primarily from China, even though the bank lacks a long record of operations. NDB's headquarters was built by the Chinese and the Chinese regulator's approval for yuan to US dollar swap arrangement (for up to CNY40 billion domestic issuance) demonstrate tangible support from China.

Solvency

Fitch assesses NDB's solvency at 'aa', reflecting its 'Excellent' capitalisation and 'Low' risk profile.

Capitalisation

The 'Excellent' capitalisation assessment reflects Fitch's expectation that NDB's capital ratios, E/A and FRA, will remain above their respective 25% and 35% 'Excellent' thresholds over our forecast period.

In 2023, NDB's leverage remained relatively stable, with E/A ratio of 40%, from 41% in 2022. The bank's loan portfolio expanded by 23% in 2023, and this growth was financed through a combination of equity capital and borrowings.

The bank adheres its internal risk management limit of an E/A ratio in excess of 25%, which has been an important backstop for our capitalisation assessment. We therefore expect the E/A ratio to remain above our 'Excellent' threshold (25%).

Fitch's FRA ratio weakened in 2023 to 79% from 86% in 2022. This weakening was due to a stronger growth in risk-weighted assets (by USD2 billion to USD14.3 billion at end-2023) compared to a modest growth in the usable capital (by USD650 million to USD11.3 billion). Given NDB does not have 'AAA'-'AA' rated callable capital and does not engage in concessional lending activities, we have not made any adjustments to the bank's usable capital. Fitch expects the FRA ratio to continue to exceed 50% level, consistent with its 'excellent' assessment, by 2027.

In 2023, NDB recorded stronger financial performance, which resulted in a significant boost in internal capital generation (ICG), climbing to 5.4% from 1.0% at end-2022. This was driven by stronger interest income derived from the bank's loan portfolio and treasury assets.

Peer Comparison: Capital Ratios and Profitability

	NDB (AA)		AIIB (AAA)	CAF (AA-)	CDB (AA+)
	End-2023	Projection[a]	End-2022	Sep 2023	Sep 2023
Equity/adjusted assets (%)	39.8	28-33	45.4	29.6	44.8
Usable capital/risk-weighted assets (%)	78.9	55-60	114.3	45.3	65.0
Net income/average equity	5.4	2-3	1.3	3.7	2.5

[a] Medium-term projections, forecast range
AIIB: Asian Infrastructure Investment Bank; CAF: Corporacion Andina de Fomento; CDB: Caribbean Development Bank
Source: Fitch Ratings, MDBs

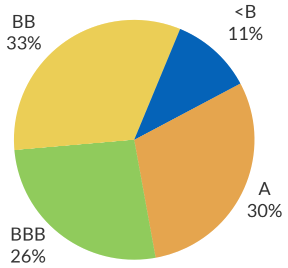
Risks

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

Loans by Ratings
(as of end-2023)



Source: Fitch Ratings, NDB

Fitch's 'Low' assessment of NDB's solvency risk balances its 'High' concentration with 'Low' credit risks, 'Strong' risk management policies and 'Very Low' market and equity risks.

The WARL is 'BB+', unchanged from previous review. This would remain resilient to a one-notch downgrade to China's rating, which has a Negative Outlook.

Fitch assesses NDB's PCS as 'Strong', reflecting its focus on sovereign loans, continued performance of Russian sovereign exposure and our view that the share of non-sovereign exposure will remain below 25% by 2027. The 'Strong' PCS leads to a two-notch uplift over the WARL to 'BBB'.

In 2023, NDB recorded its first instance of an NPL accounting for 0.25% of total loans. The exposure was to an international bank that failed to meet its financial obligations in hard currencies due to western sanctions. Fitch conservatively expects NDB's NPL ratio to grow from current levels but remain below 2% at end-2027. This is based on our assumption that non-sovereign loans constitute around 20% of the loan book and Russian entities will maintain timely payments to the bank.

The higher concentration of loans to a limited number of borrowers from BRICS constitutes a rating weakness when compared to 'AAA'-'AA' rated peers. NDB's operations are limited to its member states, which structurally entails country-concentration risks. The suspension of disbursements to Russian entities, due to the Russia-Ukraine war, has led to increased lending activity in other BRICS countries. As a result, the share of five largest exposures in NDB's TBE increased to 89% at end-2023 from 84% at end-2022.

In Fitch's view, the recent accession of Bangladesh, Egypt and the UAE (non-borrowing member state) will broaden the bank's importance and ease concentration risk. We still expect other new countries to join the bank over the medium term following the recent expansion of the BRICS group, although this has not been factored in our forecasts. We also expect the share of five largest sovereign exposures falling to close to 80% by the end of the forecast period.

NDB expects to maintain very limited equity participations (less than 1% of TBE by 2027), which represents a 'Very Low Risk' level – below the 5% threshold. As of end-2023, NDB had equity participation in a few infrastructure investment funds based in member states, accounting for 0.5% of TBE.

Fitch assesses NDB's market risk as 'Very Low' owing to 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 a period of 24 months, with significant headroom. The bank's internal policies limit net open position to USD20 million (end-2023: USD5 million) and duration gap to five years (end-2023: 0.4 years).

The bank's market risks policies remain unchanged from last year's review.

Fitch's 'Strong' assessment of NDB's risk management framework (RMF) primarily reflects the bank's capitalisation and liquidity rules, which are in line with 'AAA' rated MDBs. NDB's E/A 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 which protects its liquidity profile, as well as its capitalisation. The RMF is strong, risk policies are conservative relative to peers. Our assessment takes into account a limited track record of implementing risk policies given the bank was only established in 2015.

Peer Comparison: Risks

	NDB (AA)		AIIB (AAA)	CAF (AA-)	CDB (AA+)
	End-2023	Projection[a]	End-2022	Sep 2023	Sep 2023
Estimated average rating of loans & guarantees	BB+	BB+	BB	B	B-
Impaired loans/gross loans (%)	0.2	1-2	0.5	7.4	0.1
Five largest exposures/total banking exposure (%)	88.8	75-80	51.3	55.2	56.6
Equity stakes/total banking exposure (%)	0.5	0-5	3.4	1.2	0

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

Liquidity Analysis

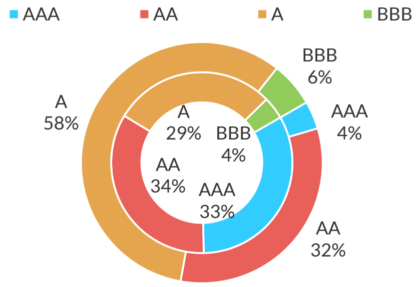
Liquidity Assessment

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

Source: Fitch Ratings

Treasury Assets by Ratings

(Outer 2023, Inner 2022)



Source: Fitch Ratings, NDB

Fitch assesses NDB's liquidity profile at 'aa', reflecting its 'Excellent' liquidity buffers and 'Strong' quality of treasury assets.

Liquid Assets to Short-Term Debt

Liquidity buffer, defined as liquid assets to short-term debt, declined to 157% at end-2023 from 211% the previous year. This reduction is attributed to a growth in the volume of short-term funding coupled with a decrease in the size of liquid assets (by USD1 billion to USD10.3 billion at end-2023) compared to 2022. Fitch expects NDB's liquidity buffer to remain above the 'Excellent' threshold (150%) throughout the forecast period. This expectation is based on anticipated balance sheet structure, the bank's ample liquid assets and its compliance with stringent liquidity rules.

Quality of Treasury Assets

The share of 'AAA'/'AA'/'F1' rated treasury assets also declined to 55% at end-2023 from 67% at end-2022, owing to increased exposure to lower rated entities through investments and deposit holdings. Treasury assets (accounting for 37% of total assets at end-2023) comprise cash, deposits, investments into debt securities. About two-thirds of liquid assets form deposits that are held at financial institutions, primarily based in east Asia. Fitch expects the share of 'AAA'/'AA'/'F1+' assets in treasury portfolio to remain well above the threshold (40%) for 'Strong' assessment by end-2027.

Access to Capital Market, Alternative Source of Liquidity

Fitch continues to consider NDB's access to capital markets as 'moderate'.

In April 2023, NDB executed one benchmark US dollar issuance – a USD1.25 billion Green Bond. This came with a number of delays and obstacles the bank faced despite inclusion of a use of proceeds clause in this bond, stipulating that the funds raised through this issuance would only finance green projects in Brazil, China, India and South Africa. In line with similarly rated MDBs, Fitch considers that continued issuance of benchmark bonds is important for NDB to maintain its strategy and business model.

The bank also secured USD5.7 billion in US dollar, Chinese yuan and other regional currencies by engaging in various financial instruments, including private placements and loan facilities from bilateral and syndicated lenders. The approval from People's Bank of China on raising up to CNY40 billion (equivalent to USD5.4 billion) in 2023 and 2024 in Chinese domestic market and then swapping the proceeds into US dollars has reduced pressure on NDB's need and ability to issue in the long-term US dollar market.

As part of its a broader plan to maintain its liquidity and refinance maturing US dollar-denominated benchmark bonds, NDB plans to tap public US dollar market in 2024.

Peer Comparison: Liquidity

	NDB (AA)		AIIB (AAA)	CAF (AA-)	CDB (AA+)
	End-2023	Projection[a]	End-2022	Sep 2023	Sep 2023
Liquid assets/short-term debt (%)	156.8	150-180	466.8	116.6	797.3
Share of treasury assets rated 'AA-' & above (%)	54.8	50-60	62.6	47.9	73.8

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

Shareholder Support

NDB's rating does not benefit from a credit uplift for shareholder support. Fitch has revised its assessment of the extraordinary support from NDB's shareholders to 'bb' from 'bb-', owing to improvement in its assessment of the shareholders' capacity to support the bank.

Capacity to Provide Extraordinary Support

The shareholders' capacity to support was revised to 'bb' from 'bb-' previously. This reflects an improvement in the average rating of key shareholders to 'BB' following the upgrade of Brazil's rating to 'BB' from 'BB-' in July 2023. We continue to treat all five BRICS as key shareholders, and, as such take an average of all their ratings. The 'bb' capacity to support remains resilient to a potential one-notch downgrade of China's rating, the Outlook on which is Negative.

Coverage of net debt by callable capital is assessed at 'BB-' based on expected coverage of NDB's net debt in 2027 by 'BB-' rated callable capital.

Propensity to Provide Extraordinary Support

Propensity to support is considered as 'Strong'.

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

- Our expectation that China (the highest-rated member state and host of NDB's HQ) would provide high level of support to NDB as it does with AIIB.
- NDB's ratio of paid-in to subscribed capital of 20%, is similar to that of AIIB, but exceeds that of some 'AAA'-rated institutions, such as International Bank for Reconstruction and Development (7%), Inter-American Development Bank (7%), African Development Bank (4%).

Peer Comparison: Shareholder Support

	NDB (AA)		AIIB (AAA)	CAF (AA-)	CDB (AA+)
	End-2023	Projection[a]	End-2022	Sep 2023	Sep 2023
Coverage of net debt by callable capital	A+	BB-	AAA	NC	BBB
Average rating of key shareholders	BB	BB	A-	BB-	BBB-
Propensity to support	0	0	0	0	0

[a]Medium-term projections, forecast range
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 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

New Development Bank

Balance Sheet

	31 Dec 23 Year end (USDm) Original	31 Dec 22 Year end (USDm) Original	31 Dec 21 Year end (USDm) Original
A. Loans			
1. To/guaranteed by sovereigns	15,930.0	12,068.0	11,436.0
2. To/guaranteed by public institutions	-	-	-
3. To/guaranteed by private sector	1,931.0	2,470.0	2,564.0
4. Trade financing loans (memo)	-	-	-
5. Other loans	-	-	-
6. Loan loss reserves (deducted)	94.0	133.0	35.0
A. Loans, total	**17,767.0**	**14,405.0**	**13,965.0**
B. Other earning assets			
1. Deposits with banks	6,335.0	4,023.0	4,916.0
2. Securities held for sale & trading	-	-	-
3. Investment debt securities (including other investments)	3,231.0	5,523.0	3,767.0
4. Equity investments	84.0	55.0	11.0
5. Derivatives (including fair-value of guarantees)	204.0	156.0	44.0
B. Other earning assets, total	**9,854.0**	**9,757.0**	**8,727.0**
C. Total earning assets (A+B)	**27,621.0**	**24,162.0**	**22,692.0**
D. Fixed assets	**2.0**	**2.0**	**2.0**
E. Non-earning assets			
1. Cash and due from banks	762.0	1,876.0	1,856.0
2. Other	28.0	42.0	3.0
F. Total assets	**28,413.0**	**26,082.0**	**24,553.0**
G. Short-term funding			
1. Bank borrowings (< 1 year)	-	-	-
2. Securities issues (< 1 year)	6,537.0	5,361.0	3,660.0
3. Other (including deposits)	-	-	-
G. Short-term funding, total	**6,537.0**	**5,361.0**	**3,660.0**
H. Other funding			
1. Bank borrowings (> 1 year)	-	-	-
2. Other borrowings (including securities issues)	10,034.0	9,420.0	10,275.0
3. Subordinated debt	-	-	-
4. Hybrid capital	-	-	-
H. Other funding, total	**10,034.0**	**9,420.0**	**10,275.0**
I. Other (non-interest bearing)			
1. Derivatives (including fair value of guarantees)	508.0	656.0	160.0
2. Fair value portion of debt	-	-	-
3. Other (non-interest bearing)	95.0	66.0	56.0
I. Other (non-interest bearing), total	**603.0**	**722.0**	**216.0**
J. General provisions & reserves	**24.0**	**33.0**	**4.0**
L. Equity			
1. Preference shares	-	-	-
2. Subscribed capital	52,694.0	51,498.0	51,498.0
3. Callable capital	-42,156.0	-41,199.0	-41,199.0
4. Arrears/advances on capital	-460.0	-276.0	-344.0
5. Paid in capital (memo)	10,538.0	10,299.0	10,299.0
6. Reserves (including net income for the year)	1,139.0	555.0	448.0
7. Fair-value revaluation reserve	-2.0	-32.0	-5.0
K. Equity, total	**11,215.0**	**10,546.0**	**10,398.0**
M. Total liabilities & equity	**28,413.0**	**26,082.0**	**24,553.0**

Source: Fitch Ratings, Fitch Solutions, NDB

New Development Bank
Income Statement

	31 Dec 23 Year end (USDm) Original	31 Dec 22 Year end (USDm) Original	31 Dec 21 Year end (USDm) Original
1. Interest received	1,284.0	569.0	271.0
2. Interest paid	425.0	206.0	123.0
3. Net interest revenue (1. - 2.)	**859.0**	**363.0**	**148.0**
4. Other operating income	-229.0	-54.0	22.0
5. Other income	-7.0	-2.0	-11.0
6. Personnel expenses	56.0	53.0	49.0
7. Other non-interest expenses	31.0	22.0	19.0
8. Impairment charge	-48.0	125.0	2.0
9. Other provisions	-	-	-
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**584.0**	**107.0**	**89.0**
11. Net gains/(losses) on non-trading derivative instruments	-	-	-
12. Post-derivative operating profit (10. + 11.)	**584.0**	**107.0**	**89.0**
13. Other income and expenses	9.0	2.0	21.0
14. Net income (12. + 13.)	**593.0**	**109.0**	**110.0**
15. Fair value revaluations recognised in equity	30.0	-27.0	-6.0
16. Fitch's comprehensive net income (14. + 15.)	**623.0**	**82.0**	**104.0**

Source: Fitch Ratings, Fitch Solutions, NDB

New Development Bank
Ratio Analysis

(%)	31 Dec 23 Year end Original	31 Dec 22 Year end Original	31 Dec 21 Year end Original
I. Profitability level			
1. Net income/equity (average)	5.4	1.0	1.2
2. Cost/income ratio	13.8	24.3	40.0
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	78.9	86.1	79.8
2. Equity/adjusted total assets + guarantees	39.8	40.8	42.6
3. Paid-in capital/subscribed capital	20.0	20.0	20.0
4. Internal capital generation after distributions	5.4	1.0	1.2
III. Liquidity			
1. Liquid assets/short-term debt	156.8	211.0	319.6
2. Share of treasury assets rated 'AAA'-'AA'	54.8	67.0	31.0
3. Treasury assets/total assets	36.3	43.6	42.9
4. Treasury assets investment grade + eligible non-investment-grade/total assets	36.3	43.6	42.9
5. Liquid assets/total assets	36.3	43.6	42.9
IV. Asset quality			
1. Impaired loans/gross loans	0.2	-	-
2. Loan loss reserves/gross loans	0.7	1.1	0.3
3. Loan loss reserves/Impaired loans	287.8	-	-
V. Leverage			
1. Debt/equity	147.8	140.2	134.0
2. Debt/callable capital	39.3	35.9	33.8

Source: Fitch Ratings, Fitch Solutions, NDB

New Development Bank
Annex

	31 Dec 23 (USDm) Original	31 Dec 22 (USDm) Original	31 Dec 21 (USDm) Original
1. Lending operations			
1. Loans outstanding	17,861.0	14,538.0	14,000.0
2. Disbursed loans	3,373.0	765.0	7,634.0
3. Loan repayments	154.0	331.0	305.0
4. Net disbursements	3,219.0	434.0	7,329.0
Memo: Loans to sovereigns	15,930.0	12,068.0	11,436.0
Memo: Loans to non-sovereigns	1,931.0	2,470.0	2,564.0
2. Other banking operations			
1. Equity participations	84.0	54.0	11.0
2. Guarantees (off balance sheet)	-	-	-
Memo: Guarantees to sovereigns	-	-	-
Memo: Guarantees to non-sovereigns	-	-	-
3. Total banking exposure (balance sheet and off balance sheet)			
1. Total banking exposure (loans + equity participations + guarantees (off balance sheet))	17,945.0	14,592.0	14,011.0
2. Growth in total banking exposure	23.0	4.1	110.7
Memo: Non-sovereign exposure	2,015.0	2,470.0	2,564.0
4. Support			
1. Share of 'AAA'/'AA' shareholders in callable capital	1.1	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-	BB
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	88.8	83.0	81.7
2. Loans to non-sovereigns total banking exposure	10.8	16.6	18.2
3. Equity participation/total banking exposure	0.5	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	11.2	17.0	18.3
6. Concentration measures			
1. Largest exposure/equity (%)	47.7	39.6	37.5
2. Five largest exposures/equity (%)	140.0	114.4	110.0
3. Largest exposure/total banking exposure (%)	29.8	28.7	27.8
4. Five largest exposures/total banking exposure (%)	88.8	83.7	81.7
7. Credit risk			
1. Average rating of loans & guarantees	BB+	BB+	BBB-
2. Loans to investment-grade borrowers/gross loans	56.0	58.0	70.0
3. Loans to sub-investment-grade borrowers/gross loans	44.0	42.0	30.0
8. Liquidity			
1. Treasury assets	10,328.0	11,477.0	10,539.0
2. Treasury assets of which investment grade + eligible non-investment grade	10,328.0	11,367.0	10,534.0
3. Unimpaired short-term trade financing loans	-	-	-
4. Unimpaired short-term trade financing loans - discounted 40%	-	-	-
5. Liquid assets (2. + 4.)	10,328.0	11,367.0	10,534.0

Source: Fitch Ratings, Fitch Solutions, NDB

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.