FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms North American Development Bank at 'AA'; Outlook Stable

Fri 27 Feb, 2026 - 10:02 AM ET

Fitch Ratings - London - 27 Feb 2026: Fitch Ratings has affirmed North American Development Bank's (NADB) Long-Term Issuer Default Rating (IDR) at 'AA' with a Stable Outlook. A full list of rating actions is at the end of this rating action commentary.

NADB's 'AA' rating is driven by its Standalone Credit Profile (SCP) and shareholder support, both assessed at 'aa'. The 'aa' SCP reflects the lower of our solvency (aa+) and liquidity (aaa) assessments, adjusted down by one notch due to the 'medium risk' business environment. Our 'aa' support assessment considers the coverage of net debt by callable capital subscribed by the US (AA+/Stable), along with a 'moderate' propensity to support the bank.

KEY RATING DRIVERS

Capital Payments Continue: In 2025, NADB received USD209 million in paid-in capital from its two shareholders, Mexico (BBB-/Stable) and the US. This included USD89 million from Mexico, covering its scheduled 2025 payment and arrears from prior years, and USD120 million released by the US. NADB expects both shareholders to meet ongoing payment obligations consistent with the General Capital Increase schedule.

'Excellent' Capitalisation Underpins Solvency: NADB's excellent capitalisation remains a key rating strength. Fitch's usable capital-to-risk-weighted assets (FRA) ratio increased to 104% at end-2025 from 90% at end-2024, among the highest levels for rated multilateral development banks (MDBs). The rise reflects higher usable capital after the capital payments. NADB's leverage stayed low, with the equity-to-assets ratio rising to 44% at end-2025 from 37% at end-2024. Fitch forecasts the FRA and equity-to-assets ratios to remain well above their respective 35% and 25% 'excellent' thresholds through 2028.

US Risk Eased: Fitch considers the risk associated with the US Executive Order from February 2025, mandating a review of US membership in international organisations, including MDBs, to have eased. Continued US commitment is evident through the capital releases after Mexico cleared its arrears in 2025. NADB's relevance is reflected in its participation in funding cross-border projects in sectors facing challenges. A shareholder withdrawal, while not Fitch's expectation, would lead to winding down NADB's operations under its statues.

'Moderate' Credit Risk: The weighted average rating of loans was at 'BB+' at end-2025, unchanged from the prior year. Loan performance remained strong, with the non-performing loans ratio falling to 0.1% at end-2025 from 0.9% at end-2024, with one exposure classified as non-performing. NADB's focus on non-sovereign operations (private, public-private and sub-national loans) means that its credit risk assessment does not benefit from an uplift for preferred creditor status.

'Low' Solvency Risks: Fitch assesses NADB's risk management policies as 'strong'. This reflects its conservative risk management based on its policies and record, balanced against its sectoral and geographical concentration, which is a relative weakness compared with other MDBs. The equity risk is 'very low', as NADB has no equity participations.

The five largest exposures accounted for 34% of the portfolio at end-2025 (2024: 31%), consistent with a 'low' concentration risk assessment. Sectorial and geographic concentration is high, with more than half of exposures to sustainable energy sectors in the US and Mexico. NADB reduced its exposure to Mexico's electricity sector to 24% of loans at end-2025, from 46% in 2020, by expanding lending beyond the energy sector, including in the US, under its 2024-2028 Strategic Plan.

'Excellent' Liquidity Profile: NADB's 'aaa' liquidity assessment reflects its 'excellent' liquidity buffers and high credit quality of its treasury assets. Liquidity buffers, measured as liquid assets to short-term debt, stood at 7.3x at end-2025, down from 7.8x, well above the 1.5x 'excellent' threshold. The credit quality of NADB's treasury assets remained stable, with 83% rated 'AAA'/'AA'/'F1' at end-2025, up from 82% at end-2024 and above the 70% 'excellent' threshold. Fitch expects both liquidity metrics to remain consistent with an 'excellent' assessment over the medium term.

'Medium Risk' Business Environment: Fitch assesses NADB's business environment as 'medium risk', resulting in a one-notch negative adjustment from its solvency assessment. The business environment balances i) a 'high risk' business profile assessment (-2 notches), which is largely a product of the bank's small size, focus on non-sovereign loans and minor policy role relative to similarly rated peers, partly offset by sound governance standards; and ii) a 'low risk' operating environment assessment (+1 notch). NADB maintains good relations with local governments and municipalities, which have been the key beneficiaries of its lending programmes.

Shareholders' Support: Fitch assesses extraordinary support from NADB's shareholders at 'aa', reflecting 'aa+' capacity to support and a 'moderate' (-1 notch) propensity to support. The capacity to support assessment is anchored on the coverage of NADB's net debt by callable capital subscribed by the US. The 'moderate' propensity to support balances the ongoing capital increase and the limited size and geographical coverage of the bank relative to rated peers.

Mexican National Scale Rating Affirmed: NADB's Long-Term IDR is materially above Mexico's sovereign Long-Term IDR (BBB-/Stable). Consequently, the bank's rating on the Mexican National Rating Scale is 'AAA(mex)'. The Long-Term National Rating is sensitive to a change in NADB's Long-Term IDR if it was downgraded below Mexico's Long-Term IDR.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

Given that NADB's ratings are underpinned by the SCP and support, any negative rating action would require a deterioration in our assessment of both NADB's SCP and support assessments.

Shareholder Support: A downgrade of the US sovereign rating or weakening in shareholders' propensity to support due to delayed capital payments by Mexico or delayed release of US paid-in capital.

Solvency (Risks): Significantly higher non-performing loans or weakening in the average rating of loans affecting our assessment of the bank's SCP. This could be driven by changes affecting the bank's borrowers operating in Mexico's renewable energy sector.

Solvency/Business Profile: The withdrawal of a major shareholder that significantly affects NADB's capitalisation or business profile.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

Support (Capacity): An upgrade of the US sovereign rating to 'AAA'/Stable would lead to an improvement in our assessment of support and overall Long-Term IDR, provided the bank's SCP does not deteriorate by several notches, given the three-notch cap between SCP and shareholder support assessments.

Solvency (Risks): An improvement in the bank's SCP, stemming from a material improvement in the credit quality of the bank's loan portfolio, non-performing loans being at a 'very low' level on a sustained basis and reduced concentration.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

NADB's rating is linked to the US sovereign rating.

ESG CONSIDERATIONS

NADB has an ESG Relevance Score of '4' for Rule of Law, Institutional and Regulatory Quality. All supranationals have a score of '4'. Supranationals are neither subject to bank regulation nor supervised by an external authority. Instead, supranationals comply with their own set of rules. Fitch pays particular attention to internal prudential policies, including compliance with these policies.

NADB has an ESG Relevance Score of '4' for 'Policy Status and Mandate Effectiveness'. The bank only operates in the U.S. and Mexico as per its bylaws. Any sovereign rating action taken on Mexico or the US could affect our assessment of NADB's loan portfolio and/or support assessment.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT ⬍	RATING ⬍	PRIOR ⬍

North American Development Bank	LT IDR AA Rating Outlook Stable Affirmed	AA Rating Outlook Stable
	ST IDR F1+ Affirmed	F1+
	Natl LT AAA(mex) Rating Outlook Stable Affirmed	AAA(mex) Ratin Outlook Stable
senior unsecured	LT AA Affirmed	AA

VIEW ADDITIONAL RATING DETAILS

FITCH RATINGS ANALYSTS

Khamro Ruziev, CFA
Director
Primary Rating Analyst
+44 20 3530 1813
khamro.ruziev@fitchratings.com
Fitch Ratings Ltd
30 North Colonnade, Canary Wharf London E14 5GN

Carlos Masip
Senior Director
Secondary Rating Analyst
+34 91 702 5773
carlos.masip@fitchratings.com

Paul Gamble
Senior Director
Committee Chairperson
+44 20 3530 1623
paul.gamble@fitchratings.com

MEDIA CONTACTS

Peter Fitzpatrick
London
+44 20 3530 1103
peter.fitzpatrick@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

National Scale Rating Criteria (pub. 22 Dec 2020)

Metodología de Calificaciones en Escala Nacional (pub. 22 Dec 2020)

Supranationals Rating Criteria (pub. 03 Oct 2024) (including rating assumption sensitivity)

Metodología de Calificación de Supranacionales (pub. 12 Feb 2025)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

North American Development Bank	UK Issued, EU Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.fitchratings.com/understandingcreditratings. In addition, the following https://www.fitchratings.com/rating-definitions-document details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the

European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at https://www.fitchratings.com/site/regulatory. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

READ LESS

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be.

Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.