IGUAKO CAPITAL · Case study

Windward Row Receivables

A US$24 million warehouse against veterinary and agricultural distributor receivables in nine Caribbean territories, with cumulative losses of 0.4 per cent.

YEAR	SECTOR	DIVISION
2023	Structured Credit	Commercial Finance

JURISDICTION

Barbados

Situation

Distributors of veterinary and agricultural products across the eastern and southern Caribbean sell on ninety day terms and buy on thirty. The gap is funded locally at rates set by the size of the borrower rather than by the quality of the receivable. Several of those distributors carry products made by companies the firm owns.

No warehouse existed for this paper. Local banks lent to distributors as small businesses against property. Regional funders wanted a rating and a servicer with a record. The receivables themselves performed well, because a distributor that stops paying loses the product line its own customers depend on.

Approach

Commercial Finance established a US$24 million warehouse in Barbados in 2023, funded from the committed lines held in George Town and administered from Bridgetown. The vehicle buys receivables from qualifying distributors at a discount, with recourse to the seller for dilution and no recourse for credit loss above an agreed first loss piece.

Eligibility does the work in a structure of this kind. A receivable qualifies if the obligor has traded with the seller for two years, if the invoice is for registered product, and if the concentration limits per obligor and per country are respected. Nine territories are open. Three were declined on the enforceability of local security.

Servicing sits with the sellers under a written standard, with a back-up servicer appointed at the outset rather than after a default. The Risk and Valuation Committee reviews the pool every month. Eligibility has been tightened twice since inception, once on concentration and once on the definition of registered product.

Outcome

The warehouse held 214 obligors at 30 June 2026, with US$19 million outstanding against the US$24 million commitment and US$210 million of receivables purchased since inception. Cumulative losses are 0.4 per cent. Dilution has run at 1.1 per cent, most of it seasonal returns rather than disputed invoices, and no seller has been removed.

The structure earns a margin over the cost of the capital behind it and gives the sector desks a monthly view of what is actually moving through the region. It is the largest single exposure booked on the Barbados lender, and the documents have been drafted again for a programme covering the Central American distributors from Panama City.

Figures

Measure	Value
Warehouse commitment	US$24 million
Obligors at 30 June 2026	214
Cumulative losses	0.4 per cent

Colophon