European Investment Bank

Rating report

The AAA/Stable rating of the European Investment Bank (EIB) reflects: i) its 'Excellent' institutional and financial profiles, which drive our 'aaa' assessment of the bank's intrinsic credit profile, and ii) 'Excellent' shareholder support. In detail:

- **Institutional profile:** The EIB has a proven track record of excellent governance and an irreplaceable mandate from its EU members. It is critical for supporting EU policies including the response to the Covid-19 crisis and Russia's war in Ukraine, closing investment gaps by leveraging member states' Next Generation EU funds and the InvestEU programme, as well as catalysing Europe's transition to carbon neutrality. The evolving mandate of the bank, in line with the shifting political priorities of the EU, will step up the support to the EU security and defence industry, underpinning its very high importance to its shareholders.
- **Financial profile:** The EIB has generated capital every year since 1958, including during the Covid-19 and energy crises. Its excellent asset quality with negligible non-performing loans is driven by its prudent risk management, conservative lending policies, low climate-related risks, high asset protection, and its widely diversified portfolio across geographies, sectors and counterparties. The EIB's strong liquidity profile is driven by its high, prudently managed liquid assets, excellent market access given its global benchmark issuer status, diversified funding base and unique access to the ECB's liquidity facilities. Challenges, which are marginal at the AAA level, relate to its high leverage and moderate liquidity buffers compared to peers.
- **Shareholder support**: The EIB benefits from highly rated key members (AA- or above) that are very likely to provide financial support and additional financial resources if ever needed. The bank benefits from a solid track record of timely capital increases and a strong legal framework underpinning its capital call mechanism.
- **Outlook and triggers:** The Stable Outlook reflects our assessment of the EIB's financial buffers to withstand external and balance sheet-driven shocks. The rating could be downgraded if: i) the EIB records sustained losses; ii) its liquidity buffers are significantly reduced; and/or iii) highly rated key members were downgraded.

Figure 1: Scope's assessment of the EIB's rating drivers

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

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Credit strengths and challenges

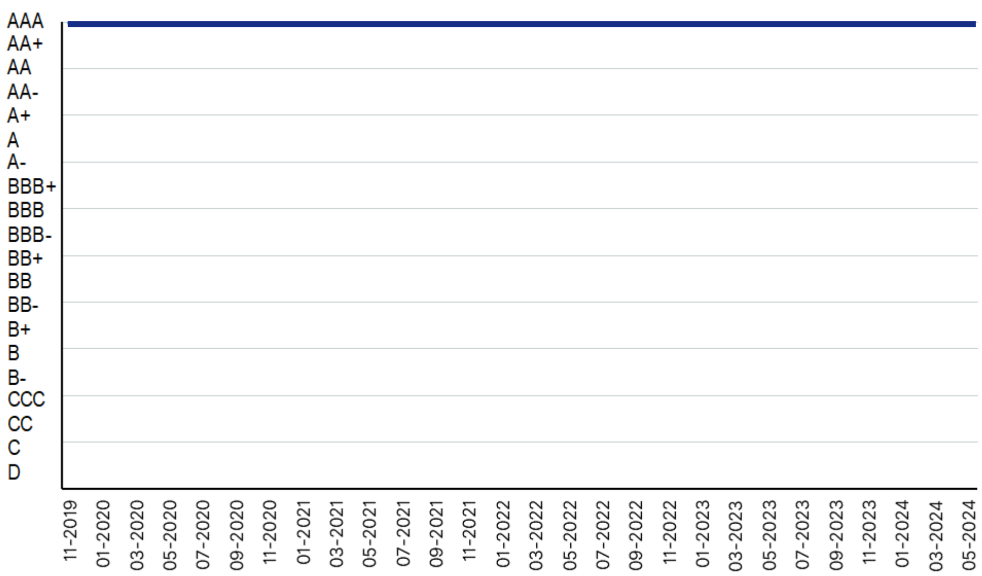
Credit strengths	Credit challenges
• Very strong mandate; ESG pioneer • Excellent asset quality • Excellent capital markets access • Unique access to ECB's refinancing operations • High retained earnings • Highly rated members	• High leverage compared to peers

Outlook and rating triggers

The Stable Outlook reflects Scope's view that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
• Not applicable	• Losses that reduce capital base • Reduction in liquidity buffers • Downgrades of key members

Figure 2: Rating history



Note. Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings

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Credit profile

We determine a capitalised supranational's rating by assessing its intrinsic credit profile based on its institutional and financial profiles, which is complemented with an assessment of shareholder support. We map these two assessments to determine an indicative rating range that can be adjusted by up to one notch to determine the final rating. For details, please see our methodology.

Intrinsic credit profile – Institutional profile: Excellent

Notches	2	1	0	-1	-2
Assessment	**Excellent**	Strong	Adequate	Moderate	Weak

We assess the credit risk of supranationals, placing a significant emphasis on the importance of their mandate to their members and associated environmental, social and governance (ESG) considerations.

The EIB's institutional profile is assessed as 'Excellent', reflecting its excellent governance and irreplaceable mandate from its EU members. The EIB is at the forefront of supporting EU policies, including its response to the Covid-19 pandemic and Ukraine crisis. Its mandate is decisive to closing investment gaps by leveraging the impact of member states' Next-Generation-EU funds and the InvestEU programme, including its support to the European security and defence industry, and by catalysing Europe's transition to carbon neutrality.

Mandated activities

Importance of the mandate

Mandate is to support EU policies on non-profit making basis, mostly in the EU

The EIB raises funds on the capital markets to provide loans to public and private entities 'to contribute [...] to the balanced and steady development of the internal market in the interest of the [European] Union'[1]. The EIB also grants financing and supports EU programmes with developing countries. In this context, the EIB finances projects in the EU and beyond (blending its loans with other EU funds to increase impact) to promote EU social and economic cohesion, climate action and environmental sustainability. The evolving mandate of the bank, in line with the shifting political priorities of the EU, will step up the support to the EU security and defence industry, underpinning its very high importance to its shareholders and our 'strong' assessment.

Environmental factors

Key to facilitate the transition towards a carbon neutral and climate-resilient economy

The EIB is at the centre of the EU's climate agenda to support the transition to a carbon-neutral and climate-resilient economy. The Group Climate Bank Roadmap 2021-25 aims to: i) align all new financing with Paris Agreement starting 2021; ii) allocate at least 50% of annual financing from 2025 onwards to climate action and environmental sustainability; and iii) mobilise EUR 1trn in investment for climate action and environmental sustainability by 2030.

Strong performance on the implementation of climate roadmap

In November 2023, the EIB approved the mid-term review of the Group Climate Bank Roadmap. The review concludes that the bank: i) aligned all new operations with the Paris Agreement; ii) is on track to deliver its 2030 agenda; and iii) has reached targets ahead of schedule when it comes to financing climate action and environmental sustainability. The goal of allocating more than 50% of financing to climate action and environmental sustainability from 2025 onwards was already achieved in 2021 (51%) and grew further in 2022 (58%) and 2023 (60%). Climate action and environmental sustainability financing reached EUR 44.3bn in 2023, up from EUR 36.6bn in 2022.

[1] Treaty on the Functioning of the European Union. Articles 309 and 209 and Article 16.1 of the EIB Statute.

Furthermore, the EIB Group approved in May 2023 the mid-term review of the energy lending policy that confirmed consistency of climate objectives. In line with the 2019 energy lending policy, the EIB also raised the financing targets to support the goals of the initial REPowerEU plan, from EUR 30bn until 2027 to EUR 45bn (REPowerEU+), expanding eligibilities to finance manufacturing state-of-the-art strategic net zero technologies. This financing, which complements the EIB's lending to the energy sector, is expected to mobilise over EUR 150bn of new investment for the targeted sectors and accelerate the green transition towards decarbonising Europe by 2050.

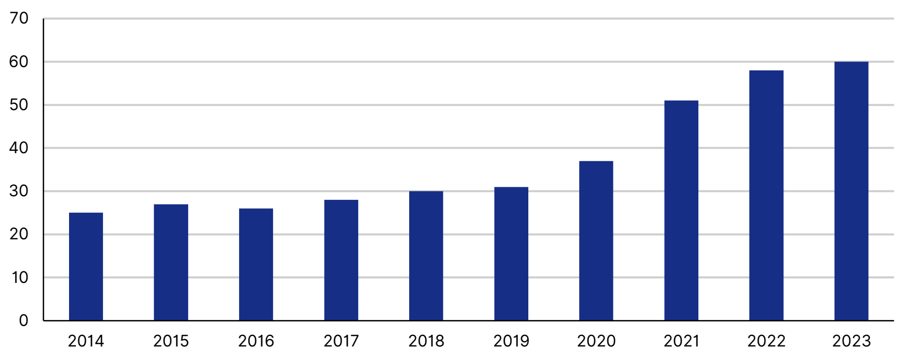
Phasing out of carbon intensive projects support Paris-aligned operations

With the adoption of the EIB's new energy lending policy in 2019, the EIB decided to phase out financing of energy projects reliant on unabated fossil-fuel energy, while a target was introduced in 2021 to increase the share of adaptation support to 15% of the bank's overall climate action financing by 2025. It has also revised its transport lending policy, which aims to support the rollout of new innovative technologies, as well as mature Paris-aligned projects to enable the transition of the transport sector to decarbonisation and depollution.

Critical support to reduce Europe's carbon footprint

Overall, we expect the EIB to continue playing a critical role as the EU climate bank, mobilising private capital and further dedicating financing to climate action and sustainability.

Figure 3: EIB climate action and environmental sustainability financing
% total financing



Source: EIB, Scope Ratings

Social factors

The EIB's activities are driven by the EU's policy agenda and are primarily focused on EU member states. The EIB's project appraisals assess the contribution to EU priorities and country development objectives, conducted in conjunction with the European Commission. Thus, as the EU's policy agenda changes, so too does the EIB's loan exposure. Signature targets for projects in 2024 are: i) sustainable energy and natural resources (EUR 22.8bn); ii) sustainable cities and regions (EUR 18.6bn); iii) SMEs and mid-caps (EUR 14.8bn); and iv) innovation, digital and human capital (EUR 17.3bn). Beyond Europe, a new arm for international partnerships and development finance (EIB Global) was launched in 2022 to increase activities in digitalisation, climate change, clean energy, healthcare, education and transport (EUR 8.4bn in 2023).

Loan exposure in line with EU policy

The EIB Group is the key implementing partner of the InvestEU programme, which provides the EU with long-term funding for investments to support sustainable growth and address market failures and/or investment gaps. The EIB Group, which includes the European Investment Fund (EIF), will implement 75% of the EU guarantee of EUR 26.2bn, which should mobilise EUR 372bn of financing by 2027. The first projects under the programme were approved in March 2022 and reached EUR 9.1bn by end-2023.

Activities aim to increase investment in Europe…

The EIB has also been at the forefront of the EU's response to the Covid-19 crisis by providing a safety net for businesses. It set up the EUR 24.4bn European Guarantee Fund in May 2020, of which, by end-2022, EUR 23.5bn were approved to mobilise about EUR 186.8bn of financing,

…support the EU's recovery from the Covid-19 crisis…

mostly for SMEs and mid-caps. The EIB is also working with EU member states to strengthen the impact of new investment in the context of the national recovery plans.

…and help Ukraine and countries affected by the war…

Since the start of Russia's full-scale invasion of Ukraine in early 2022, the EIB has disbursed EUR 2bn in emergency relief and project support to Ukraine. The EIB also helped cities and regions in EU member states to welcome and integrate war refugees from Ukraine with EUR 4bn in 2022-23. In March 2023, the EIB announced the EU for Ukraine Fund, demonstrating the bank's commitment to assist Ukraine and support its long-term goal of acceding to the EU.

…including by strengthening Europe's defence industry

The EIB also announced in April 2024 an action plan and taskforce to streamline financial support for Europe's security and defence industry. This required an update to the definition of dual-use projects for financing in the area of security and defence, by waiving the minimum threshold (previously 50%) of expected revenues derived from civilian use. This follows the Defence Equity Facility of the European Investment Fund (EIF), established in January 2024, to provide EUR 175m equity investment and mobilise up to EUR 500m for European companies. Finally, in June 2023, the security investment financing under the Strategic European Security Initiative (SESI), launched in 2022, has been raised from EUR 6bn to EUR 8bn by 2027.

Overall, we expect the EIB to continue playing a critical role in supporting EU policy priorities around climate transition, cohesion and competitiveness, Ukraine, and EU defence.

Governance

Proven track record of excellent governance

The EIB is among the largest multilateral development bank in the world, with total assets of EUR 547.3bn. The Board of Governors, its highest decision-making body, is composed of ministers designated by each of the 27 EU member states, whose voting rights correspond to their country's respective share of the EIB's subscribed capital (see Annex I).

While Germany, France and Italy have each a high share, at 18.8% of the subscribed capital, the member base is broadly diversified, and no member dominates the EIB's strategic and operational activities. Most decisions require a majority of voting members representing 50% of subscribed capital.

While it is generally not subject to EU legislative acts and guidelines applicable to commercial banks, the bank voluntarily applies these to the extent determined by the Best Banking Practice Guiding Principles. The independent audit committee also verifies that the EIB's activities conform with best banking practices and confirms the validity of the bank's accounts.

Intrinsic credit profile – Financial profile: Excellent

We assess a capitalised institution's financial profile along three rating factors: i) capitalisation; ii) asset quality; and iii) liquidity and funding.

	Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak
Rating notches	**≥ +16**	< 16; ≥ +13	< 13; ≥ +10	< 10; ≥ +7	< 7; ≥ +4	< 4; ≥ 1	< 1

The EIB's financial profile is assessed as 'Excellent'. This reflects its: i) 'Strong' capitalisation, sustained ability to generate profits and retain capital; ii) 'Excellent' portfolio quality and asset performance; and iii) 'Strong' liquidity coverage and 'Excellent' funding profile (see Annex II).

Capitalisation

Notches	≥ 5	4	3	2	1	0	-1	≤ -2
Assessment	Excellent	Very Strong	**Strong**	Strong	Adequate	Adequate	Moderate	Weak

Our analysis focuses on the supranational's capacity to absorb losses, taking into account the long-term and counter-cyclical nature of its operations and its ability to generate and retain capital.

Statute allows for significant leverage compared to peers

Our assessment balances the EIB's high statutory and actual leverage with its record of generating and retaining capital. An implied leverage ratio forms the cornerstone of our capitalisation assessment, which assumes that the EIB operates at the maximum leverage per its statute. This ratio thus acknowledges the possibility of counter-cyclical activities per its mandate.

The numerator aggregates paid-in capital (EUR 22.2bn as of end-2023), accumulated reserves and retained earnings (EUR 56.2bn) and retained profits in 2023 (EUR 2.3bn). We also include 10% of the callable capital of highly rated shareholders (AA- or above), which we estimate at EUR 12.9bn and 25% of the callable capital that highly rated shareholders have already authorised and appropriated (the only one being Denmark for EUR 1.6bn)[2], resulting in a total of EUR 14.5bn. As the EIB has not issued hybrid debt securities to date, we estimate total capital at EUR 93.0bn.

High leverage but very strong and stable CET 1 ratio

For the denominator, we rely on the EIB's statute[3], which allows for maximum leverage at 2.5 times its subscribed capital, accumulated reserves and profit, i.e. roughly EUR 768.3bn. The resulting capitalisation ratio of about 12% is below that of peers but above the 9% level before the EUR 10bn capital increase in 2012. Moreover, the Strategic Roadmap increased the Gearing Ratio limit to 2.9 times, subject to the statute being changed, which will not change our assessment all else equal.

Figure 4: Capitalisation over time
% 3Y weighted average, pps

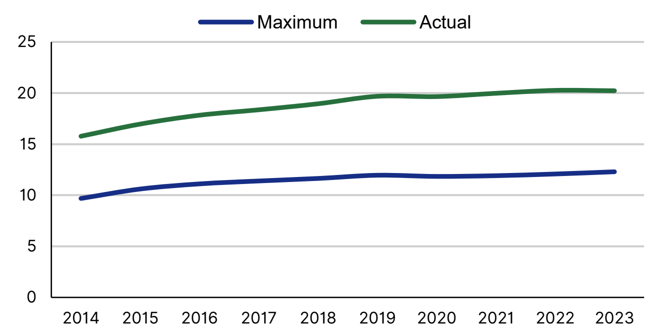
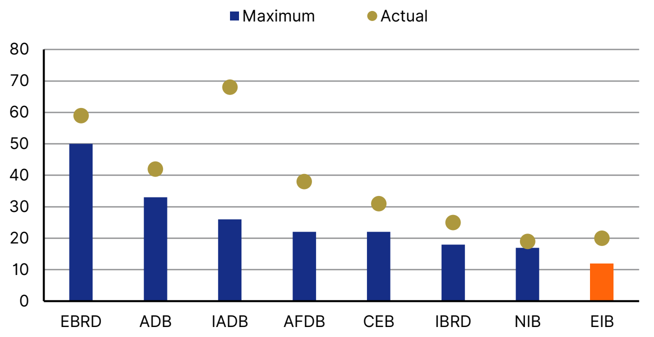


Figure 5: Capitalisation vs peers
% 3Y weighted average, YE 2023



Source: EIB, Scope Ratings

[2] For the EIB, shareholder willingness to provide support is assessed as 'High', enabling the inclusion of callable capital into our capitalisation metrics.

[3] Article 16, paragraph 5: 'The aggregate amount outstanding at any time of loans and guarantees granted by the Bank shall not exceed 250% of its subscribed capital, reserves, non-allocated provisions and profit and loss account surplus. Maximum assets per Statute = 2.5 x (EUR 248.8bn + EUR 56.2bn + EUR 2.3bn) = EUR 768.3bn.

We also note that the EIB operates at a higher actual capitalisation of around 20%, based on disbursed (EUR 335.3bn) and undisbursed loans (EUR 99.3bn) to customers (EUR 434.7bn in total), contingent liabilities and guarantees (EUR 26.9bn), and equity participations (EUR 11.5bn). We acknowledge the headroom of about 8pps (weighted three-year average 2021-23) between the actual capitalisation and the capitalisation level assuming maximum mandated assets with a one notch uplift. Moreover, counter-balancing the bank's elevated leverage, the self-reported CET1 ratio, which is based on risk-weighted as opposed to risk-insensitive exposure, has been on average above 30% since 2018 and stood at 33.1% at end-2023.

Conservative operations relative to the bank's statute

The EIB's ability to generate and retain profits, with stable annual earning since inception, further supports our capitalisation assessment. These are fully retained and contribute to the EIB's accumulated reserves. We assess the ability to retain earnings by net income adjusted for unrealised, interim fair value net gains (losses) from equity investments or fair value changes of derivative financial instruments. For the EIB, this adjustment is not material. Adjusted net income[4] was EUR 2.27bn in 2023 (down from EUR 2.37bn in 2022), very close to unadjusted net income (EUR 2.28bn) and broadly in line with the past few years, resulting in a three-year weighted average return on equity of 3%[5].

Sustained profit retention since inception in 1958

Figure 6: EIB's common equity tier 1 ratio
%

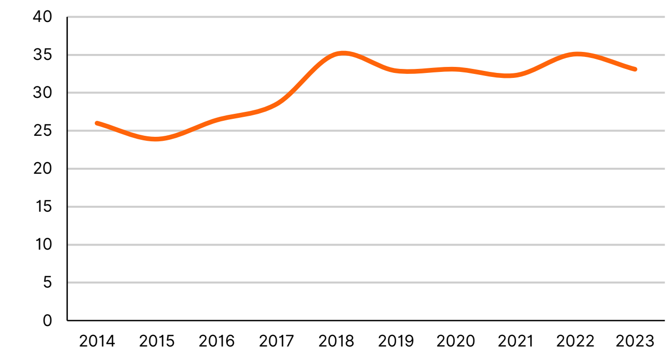
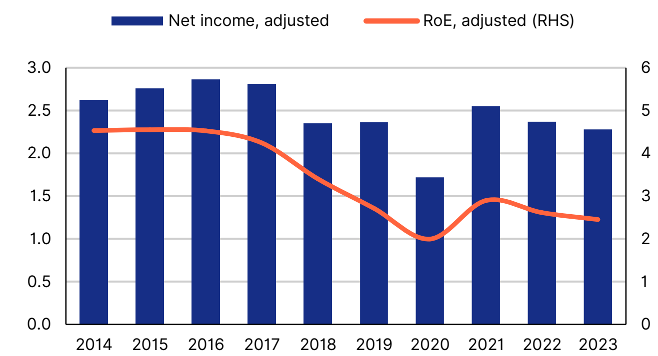


Figure 7: EIB's retained result and return on equity
EUR bn; %



Source: EIB, Scope Ratings

Asset quality

Notches	≥ 5	4	3	2	1	0	-1	≤ -2
Assessment	**Excellent**	Very Strong	Strong	Strong	Adequate	Adequate	Moderate	Weak

Our analysis is structured around a forward-looking qualitative assessment of the supranational's portfolio quality, including an evaluation of climate risks and of possible credit enhancements, as well as a quantitative assessment of the portfolio's past asset performance.

The EIB's excellent asset quality including risk mitigants reflects its conservative lending policies, low climate risks, high asset protection, and third-party credit enhancements provided by the EU and its member states – including for non-EU exposures and exposures related to the European Fund for Strategic Investments (EFSI) and its successor programme InvestEU. Its widely diversified portfolio across geographies, sectors and counterparties and its strong collateralisation also play an important role. Equity participations, while growing, remain moderate.

Excellent asset quality reflects conservative lending and strong credit enhancements

[4] We adjust reported net income, netting out volatile and unrealised items, which are unrealised net gains (losses) due to equity investments or fair value changes of derivative financial instruments.

[5] Rounded to full number.

Portfolio quality

Loan portfolio skewed towards the private sector

The EIB Group has disbursed EUR 395.8bn as of end-2023. Of this, about 59% relates to loans to the private sector (banks and corporates), 30% to public institutions, and around 11% to sovereigns directly. In terms of geographic exposures, we note that the EIB's top 10 country exposures, based on aggregate loans granted, collectively constitute around 71% of its total loans (EUR 576bn), with the four largest EU economies comprising about 46% of the loan book. Based on our sovereign ratings, the weighted average rating of these sovereign exposures is assessed as 'A+'.

Negligible exposure to Ukraine and Belarus; no exposure to Russia

At end-2023, the disbursed lending exposure to Ukraine (incl. guarantees) was about EUR 3.1bn (unchanged compared to end-2022) and EUR 6.7m in Belarus (EUR 45.2m in 2022). Still, except for about EUR 34.8m, specifically related to its lending exposure to Ukraine, this exposure is covered by EU guarantees, mostly under the external lending mandate. Moreover, the bank has no disbursed lending exposure to Russia as of end-2023 (against EUR 13.8m in 2022).

We estimate the average borrower quality of the overall portfolio at around 'bbb+', which corresponds to an 'Adequate' assessment per our methodology. We use the average sovereign rating of the top 10 country exposures as our starting point. We then adjust the average borrower quality for the other asset classes downwards, by two notches for public institutions as the main countries of operation refer to advanced economies, three notches for banks and, conservatively, six notches for corporates.

Figure 8: EIB's portfolio by type
EUR bn, %, YE 2023

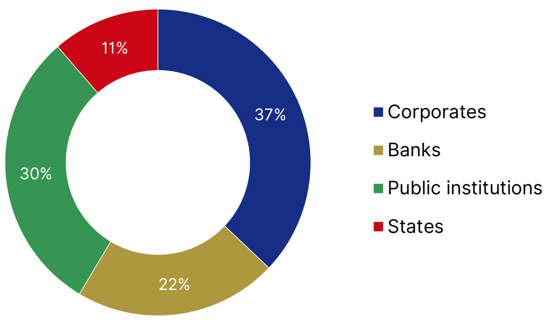
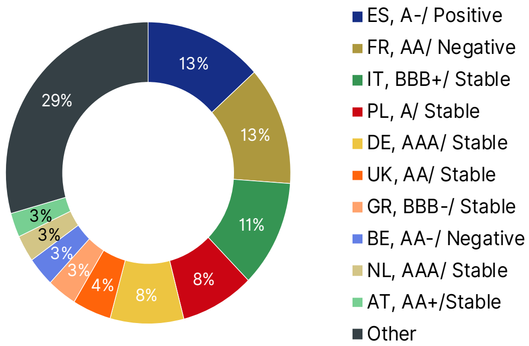


Figure 9: EIB's portfolio by geographic exposure
EUR bn, YE 2023



Figures may not add up due to rounding. Source: EIB, Scope Ratings

Figure 10: EIB's estimated average borrower quality at EIB Group level

Portfolio	EUR bn	%	Estimated average quality
Corporates	146.7	37.1	bb+
Banks	85.1	21.5	bbb+
Public institutions	118.9	30.0	a-
States	45.0	11.4	A+
Overall estimated portfolio quality	**395.8**	**100.0**	**bbb+**

Estimated borrower qualities in lower case. Figures may not add up due to rounding. Source: EIB, Scope Ratings

Climate risks

We assess climate-related credit risks by adjusting our estimates of the borrower quality for each asset class on an aggregate basis. We aim to identify climate-related credit risks that exceed those already captured under our initial borrower quality assessment and consider mitigating factors and specific policies that reduce or eliminate identified risks.

Low exposure to physical and transition climate risks

We use our sovereign ratings as inputs when approximating the credit quality of: i) sovereign and sovereign-guaranteed exposures (11% of the EIB's portfolio, average borrower quality of 'A+'), ii) other public sector borrowers (30%, 'a-'), and iii) financial institutions exposures (22%, 'bbb+'). For these exposures, we do not adjust further our estimate of the borrower quality for climate risks[6].

High and unmitigated climate risks do not impact asset quality

For non-financial corporates (NFC) exposures (37%, 'bb+'), we may adjust our initial estimate of the borrower quality at the portfolio level depending on the share of the portfolio that we identify as having high and unmitigated physical and transition risks.

For **physical risks**, we use the top 20 country exposures (accounting for 87% of EIB's loan portfolio) and the ND-GAIN index to estimate the share that may be exposed to high risks. On this basis, we estimate that 49% of exposures are in countries assessed as having 'low' risks, 36% with 'very low' risks, and only 2% in countries with 'moderate' risks. Since we assume that private sector exposures to physical risks are correlated with physical risks at the country level, we estimate that the share of the NFC portfolio having 'high' physical risks is around 3.4%[7]. This mostly relates to non-EU countries[8] and is broadly consistent with the EIB self-assessment of 3% (see TCFD Report 2022).

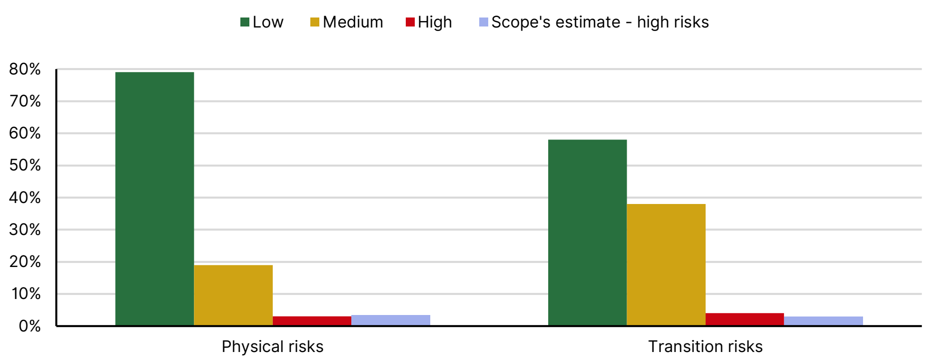
For **transition risks**, we estimate exposures to the oil and gas sector (accounting for 1.7% of the EIB's loan portfolio), alongside regulated networks (1.7%)[9]. This results in 'high' transition risks of around 3.5%, which is consistent with the EIB self-assessment of 4%. As a first step, we thus estimate high climate risks for 6.9% of the EIB's NFC loan portfolio[10].

Medium-term loan maturity mitigates climate risks

In a second step, we consider **climate risk management** and specific policies that mitigate or eliminate identified risks, which are marginal for the EIB. This includes the average loan maturity, which we estimate at around six years for the EIB, which reduces the risks from long-term climate change. As we adjust exposures with a remaining tenor of over one year and up to seven years for 50%, we estimate that the adjusted high climate risk exposure is around 3.4%.

On this basis, we do not adjust our estimate of the borrower quality for NFCs ('bb+') since the share of the NFC portfolio assessed as having high climate risks is below the 25% threshold defined in our methodology (see Annex III).

Figure 11: EIB physical and transition risks
% non-financial corporates loan portfolio



Source: EIB, Scope Ratings

[6] This is because: i) climate risks are already included in our assessment of sovereign ratings, ii) climate factors are sufficiently captured on aggregate given our top-down, framework-driven approach for rating government-related entities and sub-sovereigns, and iii) banks typically exhibit widely diversified portfolios across geographies and sectors, resulting in climate risks that can be approximated via the sovereign rating input. For details, please see our methodology.

[7] We usually rely on the top 20 country exposures and extrapolate physical risks for the remainder of the portfolio. See Annex III for details.

[8] Top 20 (25) country exposure captures about 87% (90%) of the portfolio.

[9] According to the TCFD report 2022, 4% of the EIB Group's exposure is classified as 'high' risk, among which 16% for the 'oil and gas' sector and 16% for regulated networks. Our assessment is thus computed as follows for both sectors: 16% x 4% (1 x (1/37%) = 1.7%, with 37% reflecting the share of NFC in the EIB's total exposure.

[10] Adding the two risk classifications may result in double-counting, as some underlying assets may be exposed to both types of climate risk.

Moreover, we note that the EIB has established strong management and reporting practices, which further mitigate climate risks. The EIB's Paris Alignment of Counterparties (PATH) framework includes a monthly screening of treasury portfolios, further mitigating exposure to climate related risks. For financed projects, transition risk is assessed using a shadow price of carbon in the economic appraisal of EUR 80 per tonne of CO2 emissions, which will be raised to EUR 250 by 2030. We note that projects directly financed by the EIB undergo detailed sustainability due diligence, screening projects and counterparties, to exclude incompatible activities and sectors as well as counterparties that do not comply with the EIB's PATH framework and its environmental and social principles and standards. The framework is applied to all new operations being considered for appraisal from January 2022 for corporates and financial intermediaries.

Marginal climate risks are further mitigated strong risk management and project selection policies, including shadow carbon price

The PATH framework also requires counterparties to develop and disclose plans towards decarbonising business activity and/or improving resilience to physical risks, including via dedicated technical assistance from the EIB. The focus on wider activities of borrowers mitigates reputational risk as it decreases the likelihood that the EIB finances projects of counterparties whose activities are incompatible with the Paris Agreement.

PATH framework: counterparties need to disclose decarbonisation and/or resilience plans

Finally, we note positively that the EIB updated its PATH framework in 2023 to extend the timelines to meet the PATH framework's reporting requirements for counterparties, the REPowerEU exemption to countries outside the EU, and clarification of the scope of corporate counterparties not to engage in incompatible activities.

Adjustment of framework support policy effectiveness

Portfolio quality – credit enhancements

We provide a three-notch uplift to our initial estimate of the portfolio quality ('bbb+'), given the EIB's credit enhancements, which improve our final assessment of the portfolio quality from 'Adequate' to 'Excellent' (see Annex IV). This reflects the EIB's strong initial borrower quality, preferred creditor status, protection of its private sector exposures, widely diversified exposures across regions, sectors and individual counterparties, and very small equity exposures.

For the EIB's EU sovereign exposures, which comprise about 11% of the portfolio, we acknowledge the EIB's record of being exempt from debt restructuring. This was seen during the debt restructurings in Greece (BBB-/Stable), in which the EIB's portfolios of government bonds were exempt from haircuts to principal or interest. We thus assess the EIB's EU sovereign exposures as benefiting from preferred creditor status and, similarly, its public sector exposures as being well-protected.

EIB has a clear record of benefiting from preferred creditor status

Figure 12: EIB's portfolio by type, incl. guarantees
%, YE 2023

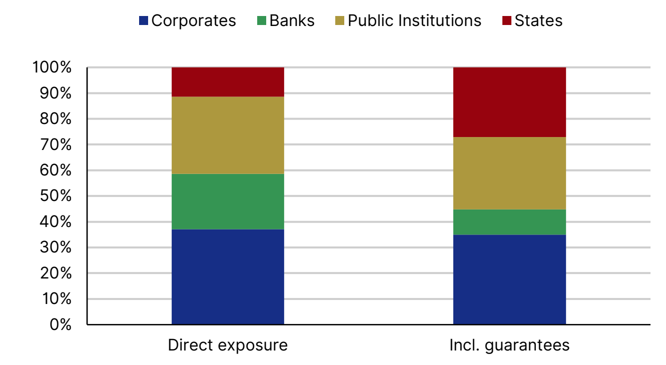
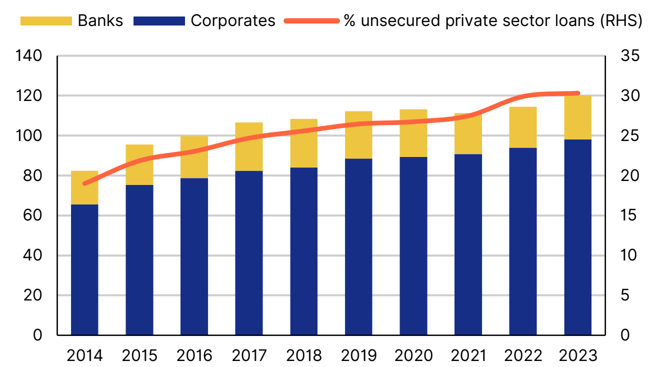


Figure 13: EIB's unsecured private sector exposures
EUR bn; % of total loans (RHS)



Source: EIB, Scope Ratings

In addition, the EIB's final exposure to the four asset classes alters once guarantees are included: at EIB Group level, the share of exposures to sovereigns increases to about 27% from 11%, while the bank exposure declines to about 10% from 22%. As such, final exposures to the private sector

Guarantees further strengthens asset quality constitute about 45% of the EIB Group's loan book. Moreover, 33% of the EIB Group's corporate exposure and 74% of its banking exposure are secured. Collateral from borrowers provides further protection, although it has decreased since 2015, albeit slightly recovered to EUR 9.0bn in 2023 (of which 92% was either in cash, sovereign bonds or rated A+ or higher).

60%-80% of EIB's portfolio is well-protected

Of the EUR 395.8bn in disbursements at EIB Group level, EUR 218.6bn was ultimately lent to or backed by sovereigns or public institutions, or about 55%. Of the remaining EUR 177.2bn, about EUR 120bn or 30.3% of the total portfolio relates to unsecured private sector exposures. We thus estimate that 60%-80% of the EIB's portfolio is well-protected. This estimate is supported by the EIB's internal grading system, according to which about 87% of its exposures – based on the better of the borrower's and the guarantor's ratings – are investment grade, while, at consolidated level, less than 2.3% are 'High Risk' ('b') or worse.

Higher-risk activities to increase

Looking ahead, we note that the EIB's higher-risk activities will increase from EUR 13.6bn in 2023 to EUR 16bn in 2024 and EUR 18bn in 2025 and 2026, above the levels in 2022 (EUR 11bn) and 2021 (EUR 7bn). This will be driven by projects on own higher-risk activities and the InvestEU programme. These activities generate higher additionality, reaching new clients and sectors and developing innovative financing structures and products that address market needs. Similarly, EIB investments outside of the EU are set to increase slightly to an average EUR 10bn over 2024-26, from an average EUR 8.2bn over 2021-23, mostly under its own resources.

Non-EU exposures benefit from EU and member state guarantees

Finally, we note that EUR 31bn of the EIB Group's disbursements outside of the EU – which are excluded from the EUR 395.8bn total – benefits directly from guarantees either by the European Union (AAA/Stable) under its external lending mandate or by EU member states under the Cotonou Agreement. These exposures are therefore not a source of risk for the EIB.

Equity-type exposure

EIB's equity exposure is increasing but still moderate

The EIB also provides certain types of equity financing, especially indirect equity in funds and quasi-equity financing to corporates. The EIB's equity-type exposure, excluding its shares in the European Bank for Reconstruction and Development (EBRD), has grown steadily since 2010 from EUR 2.0bn to EUR 11.4bn, or 12% of its total equity (equity, reserves and callable capital included in capitalisation ratios).

Portfolio diversification

Highly diversified loan portfolio

The EIB's portfolio is highly diversified as it lends to sovereigns, public institutions, financial institutions and corporates across several sectors and jurisdictions. Its lending policies establish counterparty and sector limits to ensure sufficient diversification of loans. As a result, the top 10 nominal exposures at consolidated level constitute only 9.7% of the EIB's portfolio, excluding exposures to sovereigns and those covered by sovereign guarantees.

Figure 14: EIB's equity-type exposure
EUR bn; % of total capital

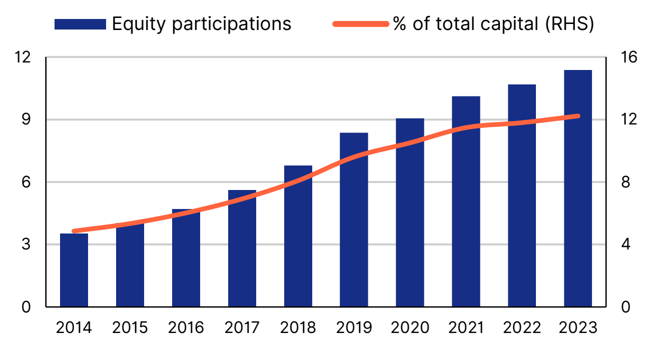
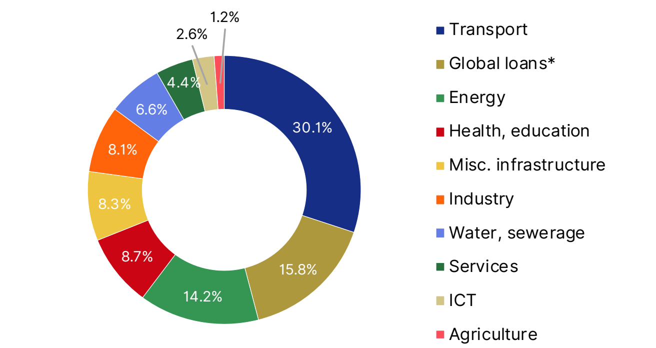


Figure 15: EIB's loan portfolio split by sector
% total, YE 2023



Source: EIB, Scope Ratings

*Line of credit to an intermediary financing institution or a bank, which subsequently lends the proceeds.

Asset performance

Negligible non-performing loans

The EIB benefits from an exceptionally strong asset performance ('Excellent'). Overdue payments beyond 90 days amounted to EUR 82.4m in 2023, down from a peak of EUR 180m in 2017. This represents just 0.02% of the EIB's portfolio, one of the lowest ratios among peers. Looking at the wider definition of impaired exposures – i.e. amounts unlikely to be collected in full – the EIB's record is also exceptional, with around EUR 1.8bn of impaired exposures as of end-2023, or about 0.4% of the loan book. For this reason, provisions remain low at EUR 559.8m, up from EUR 402.5m as of end-2022, or about 0.1% of disbursed loans despite the increase of the collective provision of EUR 87.2m for Ukraine exposures (up from EUR 76m in 2022) to reflect the wider economic implications of the Russian invasion of Ukraine on EIB's loan portfolio.

Figure 16: Extremely low NPL ratio
% of total loans, 3Y average

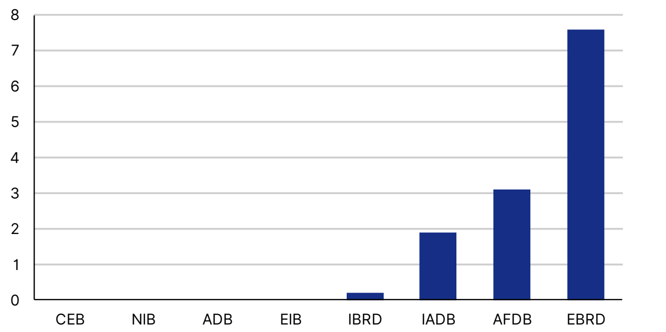
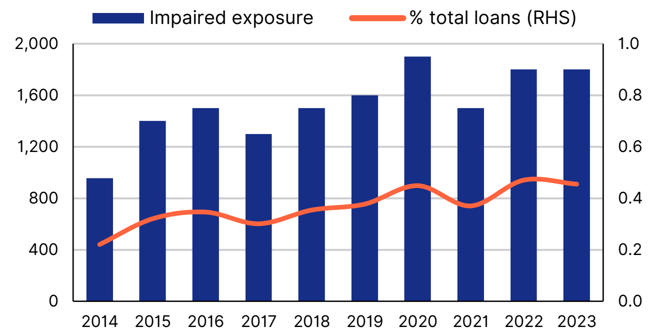


Figure 17: Impaired loan exposure
EUR m; % of total loans



Source: EIB, Scope Ratings

Liquidity and funding

Notches	≥ 6	≥ 4	≥ 2	1	≥ 0	-1	≤ -2
Assessment	**Excellent**	Very Strong	Strong	Adequate	Adequate	Moderate	Weak

Our analysis focuses on the supranational's: i) available liquid assets to meet financial obligations and expected disbursements over an extended period; and ii) funding operations, including the stability and diversification of its market access.

Our assessment balances the EIB's 'Strong' liquid assets coverage, which is, however, lower than that of its peers, with its 'Excellent' market access, given its global benchmark issuer status, diversified funding base, and unique access to the liquidity facilities of a central bank (the ECB) issuing a reserve currency.

Liquidity coverage

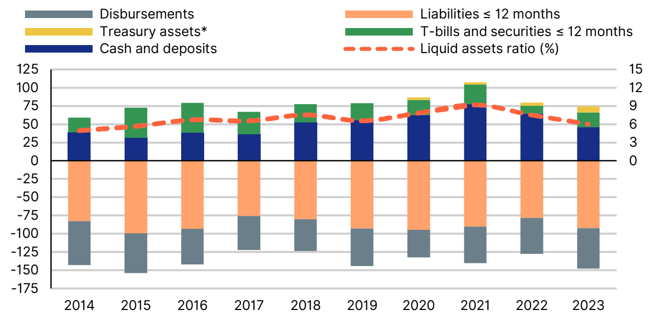
High and stable liquid assets

The EIB's conservative liquidity management results in stable liquid assets, which we estimate at around EUR 74.4bn as of end-2023, below the EUR 79.7bn recorded in 2022 and EUR 107.3bn figure for 2021. We include assets that are the least sensitive to sudden market or interest rate changes, specifically, cash and deposits (EUR 45.3bn), treasury bills and securities with a maturity of less than or equal to 12 months (EUR 10.8bn) and treasury assets with a maturity above 12 months rated AA- or above (EUR 8.2bn).

Elevated liabilities due within 12 months

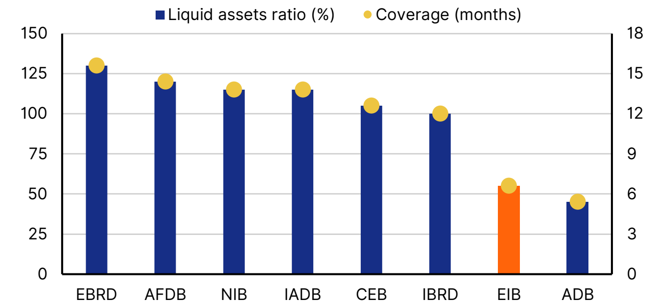
Conversely, EIB liabilities maturing within 12 months are elevated and amount to EUR 92.4bn in 2023 (up from EUR 78.4bn in 2022 albeit in line with a 10-year average of EUR 87.9bn), while we estimate expected disbursements of loans and advances to credit institutions and customers for 2024 at around EUR 55.5bn, above the EUR 49bn in 2023. This brings our proxy of 'total liabilities due within one year' to around EUR 148bn for 2023. We include expected disbursements to reflect the EIB's mandate to continue activities when economic and financial circumstances deteriorate.

Figure 18: EIB liquid assets, liabilities and disbursements
EUR bn, %



*Treasury assets above 12 months with a minimum rating of AA-. Available for 2020-2023.

Figure 19: Liquid assets ratio and coverage of obligations
%, coverage without capital market access in months (RHS)



NB. 3Y weighted average. A 50% liquid assets ratio implies coverage of obligations for a period of six months without capital markets access. Source: EIB, Scope Ratings

Liquid assets coverage lower than that of peers…

On this basis, reflecting the EIB's conservative liquidity management, we calculate a three-year weighted average liquid assets ratio of around 55%[11] for 2021-23, markedly above the 2014 level of 41%. This liquid asset ratio implies that all outstanding liabilities and all committed disbursements due within a year can be financed for almost seven months using available liquid assets, without needing to access capital markets.

…but significantly above internal limits and regulatory requirements for commercial banks

Moreover, we note the EIB's own liquidity policies require its total liquidity ratio – defined as total treasury assets relative to projected net cash outflows over the next 12 months – to be at least 25%. As of end-2023, the total liquidity ratio was 62.6%, down from 95.4% recorded at the end of 2022 and 117.2% in 2021. Finally, the bank's liquidity coverage ratio, computed daily in line with EU regulation for commercial banks, stood at 424% as of end-2023 (2022: 348%) while its net stable funding ratio was 118.3% (2022: 124.6%), above the regulatory minimum of 100%.

Funding

Regulatory preference and inclusion in ECB bond purchase programmes

The EIB's funding activities combine the issuance of large liquid benchmarks in core currencies – the euro (60% of total outstanding) and US dollar (22%) – with issuances targeted in further currencies. EIB bonds are designated high-quality liquid assets under the Basel framework and included in the ECB's asset purchase programmes, supporting the bank's market access. The Eurosystem may hold EUR 134.8bn in EIB Euro-denominated debt since March 2015, about 33% of its outstanding debt securities (Excluding Commercial Paper).

Global benchmark issuer in euros, US dollars and British pounds

The EIB's annual funding volume of around EUR 45bn-70bn over the past decade is, cumulatively, by far the largest among peers and set to remain elevated at EUR 60bn in 2024, with a borrowing authorisation of up to EUR 65bn, and around EUR 50-55bn in 2025-26 in line with its Operational Plan 2024-26. This, along with its highly diversified funding strategy in terms of non-core currencies (9 YTD as of early May 2024) and instruments (including EUR 14.6bn of green and sustainability bonds), underlines the EIB's status as a global benchmark issuer. As of early May 2024, the EIB had funded EUR 41.3bn or around 69% of the announced borrowing target.

Limited risks from longer-term liabilities coming due

We also note positively that the EIB has a stable redemption profile over the medium term, with EUR 185.2bn of liabilities due within one to five years, broadly in line with previous years' levels and down from their peak of EUR 229.8bn in 2016. These medium-term liabilities are about 93% covered by assets with the same maturity, reducing sudden funding needs over the medium term. This coverage is among the highest of its peers.

[11] Rounded to nearest fifth.

Figure 20: Green and sustainability supranational issuance
EUR bn; % total outstanding

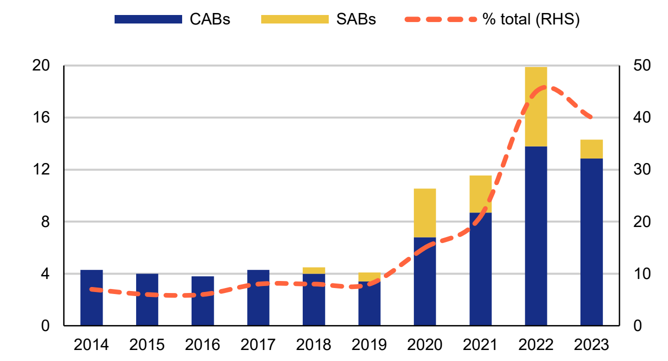
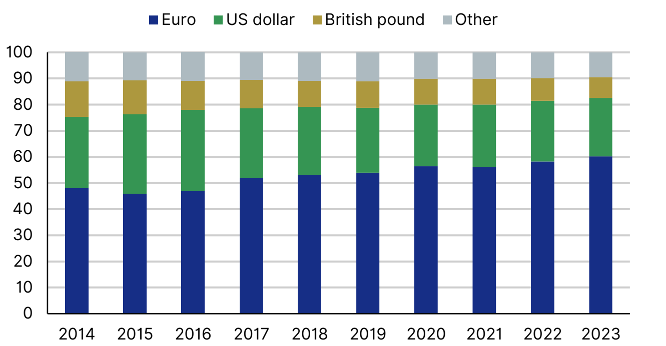


Figure 21: Distribution by currency
% of total



Source: EIB, Scope Ratings

Globally diversified investor base and leading green and sustainable bond issuer

In addition, reflecting its appeal to global investors, the EIB benefits from a broad and very diversified investor base led by those in Europe (64% in 2024 YTD), followed by the Americas (21%), and Asia (14%). Bank treasuries (54% in 2024 YTD), fund managers, pension and insurance funds (20%), and central banks and official institutions (26%) account for most of investors.

Growing green and sustainability bond issuance

The EIB is also the largest multilateral development bank issuer of green and sustainability bonds with dedicated use-of-proceeds, reflecting its inauguration of this segment in 2007 and its ability to pursue EU policy objectives also via capital market activities. It has raised more than EUR 90bn in green and sustainability bonds across 23 currencies for an outstanding amount of about EUR 80bn as of early May 2024. In 2023, the EIB issued EUR 13.1bn in Climate Awareness Bonds (CABs) and around EUR 1.5bn in Sustainability Awareness Bonds (SABs), about 29% of its total issuance.

CAB and SAB proceeds are allocated to lending activities that contribute substantially to EU sustainability objectives: CABs focus on climate change mitigation and SABs focus on other environmental and social sustainability objectives. The EIB is gradually aligning its CABs and SABs with the upcoming EU Green Bond Standard, which requires alignment of the use of proceeds with the EU Taxonomy. Progress on this path of gradual alignment is presented in CAB- and SAB Frameworks. The volume of CAB and SAB issuance and their share in total funding reflect the different timing and size of issuance and disbursement flows.

Pioneering digital bond issuance

The EIB increased its digital issuance by issuing two new blockchain transactions in 2023, the first ever GBP and floating-rate instrument blockchain bond ever. The EIB has also issued a two-year SEK 1bn digital CAB in June 2023.

Additional liquidity considerations

Unique access to ECB facilities

As noted previously, the EIB is the only supranational worldwide with access to the refinancing operations of a central bank that issues a reserve currency[12]. We acknowledge this unique funding capacity with a positive adjustment to our liquidity assessment.

No adjustment for rising contingent liabilities

The potential risk from contingent liabilities and guarantees, which have grown to EUR 26.9bn in 2023 (or about 36% of estimated liquid assets), is curtailed by the strong credit quality of the positions. High diversification and lack of substantial guarantee calls to date support our decision to not make a negative adjustment for risk from contingent liabilities and guarantees exposures.

No adjustments for interest rate, foreign exchange of derivatives exposures

The EIB's main source of interest rate risk stems from movements in funding or lending spreads although these risks are comprehensively managed through hedging. Derivatives instruments are mainly used for the EIB's asset and liability management of these exposures, and not for trading.

[12] Defined as a currency included in the IMF's basket of currencies to determine the value of its Special Drawing Rights.

Shareholder support: Excellent

We assess an institution's shareholder support through the ability and willingness of supranational shareholders to provide timely financial support.

Notches	3	2	1	0
Assessment	**Excellent**	Very High	High	Moderate

The EIB's shareholder support is assessed as 'Excellent'. This reflects primarily the 'High' ability and willingness of key members to provide financial support, if ever needed.

Key shareholder rating

Highly rated key members

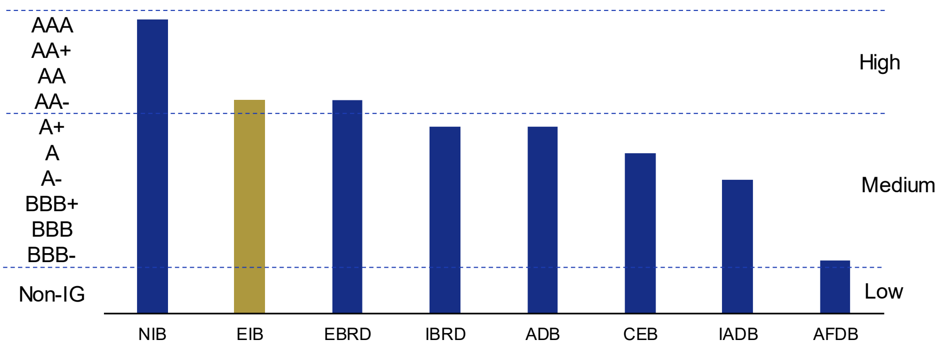
In line with its governance, the six largest EU economies constitute the EIB's key members, whose weighted average rating is AA- ('High'). This is one of the highest key member ratings among supranationals. This drives our assessment of the EIB members' ability to provide support if ever needed. Here, we also note that 12 of the EIB's 27 members are rated AA- or above, constituting around 59.9% of its capital subscription, providing further assurance of the members' ability to provide support. Should we downgrade France or Belgium by one notch per the respective Negative Outlooks, our key shareholder rating would remain AA-.

Figure 22: Key members

Key members	Rating	Capital subscription (%)	
		Original	Adjusted
Germany	AAA/Stable	18.8	24.1
France	AA/Negative	18.8	24.1
Italy	BBB+/Stable	18.8	24.1
Spain	A-/Positive	11.3	14.4
Belgium	AA-/Negative	5.2	6.7
Netherlands	AAA/Stable	5.2	6.7
		78.0	**100.0**
Key member rating			**AA-**

Figures may not add up due to rounding. Source: EIB, Scope Ratings

Figure 23: EIB's key member rating vs peers



Average key shareholder rating drives our assessment of shareholders's ability to provide support. Source: Scope Ratings

Some overlap between key members and countries of operation

While the EIB's operations in the jurisdictions of its key members constitute more than 50% of its operations, we exclude the operations in countries rated AA- or above. We do this because the credit quality of such highly rated members is unlikely to deteriorate materially, even in times of financial distress. On this basis, the EIB's operations in Italy and Spain together account for about 26% of its total operations. This reflects 'Low' overlap between the key shareholders providing support and the countries of operation, and therefore no adjustment to key shareholder rating.

Willingness to provide support

We assess the willingness of EIB members to provide adequate financial support in a timely manner, if ever needed, as 'High'.

Strong legal basis for capital call

The EIB has a strong legal basis for significant and timely shareholder support. We assess positively the credibility of the EIB's callable capital, its guidelines and legal underpinnings with clear rules and mechanisms governing the capital call. An EIB capital call constitutes a statutory obligation (Art 5.3 of the Statute) which has the value of EU primary law superseding national law. A capital call is enforceable through the EU Court of Justice (Art 271.a TFEU). Also, the Board of Governors may suspend EIB operations in a member state which does not comply with a statutory obligation such as a capital call (Art 24 of the Statute). This provides a strong legal basis for a capital call and highlights members' willingness to provide financial resources when needed to enable the bank continuing to deliver on its mandate.

Record of regular and successful capital increases

Moreover, the EIB has a strong track record of receiving capital payments on time from all member states. This was highlighted in 2012 when a general capital increase of EUR 10bn was agreed and completed by 2015. A capital increase via additional financial resources from member states, rather than from converting previously accumulated reserves, further underlines the members' commitment to supporting the EIB.

Finally, the agreement to replace the UK's share in the subscribed and paid-in capital of the other members (with the conversion of reserves into paid-in capital) and the additional capital increase from Poland and Romania in March 2020 also confirm this.

Indicative rating: 'aaa'

We first map the assessments for the institutional and financial profiles to determine the supranational's intrinsic credit profile. In a second step, we complement this assessment with our assessment of the strength of shareholder support to determine the indicative rating.

Figure 24a: Intrinsic credit profile for the EIB

Intrinsic Credit Profile		Institutional Profile				
		Excellent	Strong	Adequate	Moderate	Weak
Financial Profile	Excellent	**aaa**	aaa	aaa	aa+	aa
	Very Strong (+)	aaa	aaa	aa+	aa	aa-
	Very Strong	aaa	aa+	aa	aa-	a+
	Very Strong (-)	aa+	aa	aa-	a+	a
	Strong (+)	aa	aa-	a+	a	a-
	Strong	aa-	a+	a	a-	bbb+
	Strong (-)	a+	a	a-	bbb+	bbb
	Adequate (+)	a	a-	bbb+	bbb	bbb-
	Adequate	a-	bbb+	bbb	bbb-	bb+
	Adequate (-)	bbb+	bbb	bbb-	bb+	bb
	Moderate (+)	bbb	bbb-	bb+	bb	bb-
	Moderate	bbb-	bb+	bb	bb-	b+
	Moderate (-)	bb+	bb	bb-	b+	b
	Weak (+)	bb	bb-	b+	b	b-
	Weak	bb-	b+	b	b-	ccc
	Weak (-)	b+	b	b-	ccc	ccc
	Very Weak (+)	b	b-	ccc	ccc	ccc
	Very Weak	b-	ccc	ccc	ccc	ccc
	Very Weak (-)	ccc	ccc	ccc	ccc	ccc

Source: Scope Ratings

Figure 24b: Mapping of intrinsic credit profile and shareholder support for the EIB

Indicative Rating		Shareholder Support			
		Excellent	Very High	High	Moderate
Intrinsic Credit Profile	aaa	**aaa**	aaa	aaa	aaa
	aa+	aaa	aaa	aaa	aaa / aa
	aa	aaa	aaa	aaa / aa	aa+ / aa-
	aa-	aaa	aaa / aa	aa+ / aa-	aa / a+
	a+	aaa / aa	aa+ / aa-	aa / a+	aa- / a
	a	aa+ / aa-	aa / a+	aa- / a	a+ / a-
	a-	aa / a+	aa- / a	a+ / a-	a / bbb+
	bbb+	aa- / a	a+ / a-	a / bbb+	a- / bbb
	bbb	a+ / a-	a / bbb+	a- / bbb	bbb+ / bbb-
	bbb-	a / bbb+	a- / bbb	bbb+ / bbb-	bbb / bb+
	bb+	a- / bbb	bbb+ / bbb-	bbb / bb+	bbb- / bb
	bb	bbb+ / bbb-	bbb / bb+	bbb- / bb	bb+ / bb-
	bb-	bbb / bb+	bbb- / bb	bb+ / bb-	bb / b+
	b+	bbb- / bb	bb+ / bb-	bb / b+	bb- / b
	b	bb+ / bb-	bb / b+	bb- / b	b+ / b-
	b-	bb / b+	bb- / b	b+ / b-	b / ccc
	ccc	bb- / b	b+ / b-	b / ccc	b- / ccc

Source: Scope Ratings

Additional considerations: Neutral

We acknowledge the heterogeneity of supranationals and include in our assessment idiosyncratic factors that may affect the creditworthiness of the supranational.

In the case of the EIB, we have made a positive adjustment to capture the fact that the EIB is the world's only supranational with access to the refinancing operations of a central bank that issues a reserve currency, namely, the ECB. This is reflected in our 'liquidity and funding' assessment.

Annex I: Members – European Investment Bank

EUR m

EIB members	Paid-in capital	Callable capital	Subscribed capital	Key (%)	Rating	Callable capital ≥ AA-
Germany	4,167.3	42,555.1	46,722.4	18.8	AAA	42,555.1
France	4,167.3	42,555.1	46,722.4	18.8	AA	42,555.1
Italy	4,167.3	42,555.1	46,722.4	18.8	BBB+	
Spain	2,500.4	25,533.0	28,033.4	11.3	A-	
Belgium	1,155.1	11,796.0	12,951.1	5.2	AA-	11,796.0
Netherlands	1,155.1	11,796.0	12,951.1	5.2	AAA	11,796.0
Poland	1,013.8	10,352.9	11,366.7	4.6	A	
Sweden	766.3	7,825.5	8,591.8	3.5	AAA	7,825.5
Denmark	584.9	5,972.6	6,557.5	2.6	AAA	5,972.6
Austria	573.4	5,855.6	6,429.0	2.6	AA+	5,855.6
Finland	329.5	3,364.3	3,693.7	1.5	AA+	3,364.3
Greece	313.3	3,199.6	3,513.0	1.4	BBB-	
Portugal	201.9	2,062.0	2,263.9	0.9	A-	
Czech Republic	196.8	2,010.1	2,206.9	0.9	AA-	2,010.1
Hungary	186.2	1,901.6	2,087.8	0.8	BBB	
Ireland	146.2	1,493.2	1,639.4	0.7	AA-	1,493.2
Romania	146.2	1,493.2	1,639.4	0.7	BBB-	
Croatia	94.8	967.6	1,062.3	0.4	BBB+	
Slovakia	67.0	684.2	751.2	0.3	A	
Slovenia	62.2	635.2	697.5	0.3	A	
Bulgaria	45.5	464.5	510.0	0.2	BBB+	
Lithuania	39.0	398.6	437.6	0.2	A	
Luxembourg	29.2	298.6	327.9	0.1	AAA	298.6
Cyprus	28.7	292.8	321.5	0.1	BBB+	
Latvia	23.8	243.3	267.1	0.1	A-	
Estonia	18.4	187.9	206.2	0.1	A+	
Malta	10.9	111.5	122.4	0.0	A+	
Total	**22,190.7**	**226,604.9**	**248,795.6**	**100.0**		**135,521**

Figures may not add up due to rounding. Rating of EIB members as of June 20, 2024. Source: EIB, Scope Ratings

Annex II: Scope's supranational scorecard – European Investment Bank

		Analytical Pillar	Variables		Unit	+4	+3	+2	+1	0	-1	-2	EIB Value	EIB Assessment	EIB Notches	
Intrinsic Credit Profile (90%*)	Institutional Profile (10%)	Mandate & ESG	Mandate (50%)	Importance of mandate	Qualitative	--	--	--	Very High	High	Declining	--	--	Very High	1	Strong
				Social factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong		
				Environmental factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong		
			Governance (50%)	Shareholder concentration	HHI	--	--	--	--	≤ 1500	> 1500	--	1300.0	Strong	1	Strong
				Shareholder control	%	--	--	--	--	≤ 25	> 25	--	19.0	Strong		
				Strategy and internal controls	Qualitative	--	--	--	Strong	Medium	Weak	--	--	Strong		
		Institutional Profile (10%)												Excellent		
	Financial Profile (90%)	Capitalisation (30%)	Capital/ Potential assets		%	≥ 30	< 30; ≥ 20	< 20; ≥ 15	< 15; ≥ 10	< 10; ≥ 7.5	< 7.5; ≥ 5	< 5	12.0	Adequate	1	Strong
			(Capital/ Actual assets) - (Capital/ Potential assets)		pps	--	--	--	≥ 7.5	< 7.5	--	--	8.0	Excellent	1	
			Profitability (Adjusted return on equity)		%	--	--	--	≥ 3	< 3; ≥ 0	< 0	--	3.0	Adequate	1	
			Trend (-1; +1)												0	
		Asset quality (30%)	Portfolio quality	Incl. risk mitigants	Qualitative	--	Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Excellent	Excellent	3	Excellent
			Asset performance	NPLs	% total loans	--	≤ 1	> 1; ≤ 3	> 3; ≤ 5	> 5; ≤ 7	> 7; ≤ 10	> 10	0.0	Excellent	3	
			Trend (-1; +1)												0	
		Liquidity & funding (40%)	Liquid assets ratio		%	> 100	≤ 100; > 75	≤ 75; > 50	≤ 50; > 25	≤ 25; > 15	≤ 15; > 10	≤ 10	55.0	Strong	2	Excellent
			Funding access, flexibility and profile		Qualitative	Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak	Excellent	Excellent	4	
			Trend (-1; +1)												1	
		Financial Profile (90%)												Excellent		
		Intrinsic Credit Profile (90%*)												aaa		
Shareholder Support (10%)		Shareholder Strength	Weighted average rating of key shareholders**		Avg. rating	--	≥ AA-	≥ BBB-	< BBB-	--	--	--	--	AA-	3	Excellent
			Share of portfolio related to key shareholders		%	--	--	--	--	≤ 50	> 50	--	25.0	Low / No adjustment		
			Adjusted key shareholder rating		Avg. rating	--	--	--	--	--	--	--	--	AA-		
		Willingness to support	Willingness to support		Qualitative	--	--	High	Medium	Low	--	--	High	High		
		Shareholder Support (10%)												Excellent		
Indicative Rating														aaa		
Additional considerations (-1; +1)														Neutral		
Final Rating														AAA		

Source: Scope Ratings. Figures in the financial profile refer to three-year weighted averages for 2021-23. The positive 'trend' under liquidity & funding reflects the benefit from accessing the ECB's liquidity facilities.

Annex III: Climate risks

Legend:

- Methodology input / assumptions
- Supranational input
- Output / calculations

Average (initial) portfolio quality		% of total exposure	Before climate credit risk	Comment
	Sovereign	11%	A+	Based on country exposures / sovereign ratings
	Public Sector	30%	a-	Adjusted by 2 notches
	Financial Institutions	22%	bbb+	Adjusted by 3 notches
	Non-financial corporates	37%	bb+	Adjusted by 6 notches
	Total	**100%**	**bbb+**	

1. Transition risks: NFC	Sectors with high transition risks	% NFC Portfolio	Aligned with path towards Paris Agreement	High Risk (unmitigated)
	Oil & Gas	1.7%	0.0%	1.7%
	Power Generation (oil, coal)	1.7%	0.0%	1.7%
	Metals & Mining (coal & steel)	0.0%	0.0%	0.0%
	Petrochemicals, cement & concrete manufacture	0.0%	0.0%	0.0%
	Total	**3.5%**	**0.0%**	**3.5%**

2. Physical risks: NFC	ND-GAIN Percentile	Physical risk assessment	% portfolio in countries	% of NFC with high climate risks*	NFC portfolio with high climate risks
	0.00	Very High	0%	100%	0.0%
	0.10	High	0%	75%	0.0%
	0.25	Medium	0%	50%	0.0%
	0.50	Moderate	2%	25%	0.5%
	0.75	Low	49%	5%	2.5%
	0.90	Very Low	36%	0%	0.0%
	*This share is assumed and fixed.	Portfolio coverage	87%		**3.0%**
					3.4%

3. 'High' climate risks (NFC portfolio)		% NFC portfolio
	Transition risks	3.5%
	Physical risks	3.4%
		6.9%

4. Adjustment for maturity	Avg. Maturity of portfolio	Adjustment
	< 1Y	100%
	> 1Y; < 7Y	50%
	> 7Y	0%
	Maturity of NFC loan portfolio*	6 years
	*If unavailable, proxied with total loan portfolio.	
	Adj. high climate risk exposure	**3.4%**

5. Notches adjustment to NFC borrower quality	Notches	% portfolio high climate risks
	0 notch adjustment	≤ 25%
	-1 notch adjustment	> 25%; ≤ 50%
	-2 notch adjustment	> 50%
Adjustment (notches)	**0**	

6. Average portfolio quality (climate risk adjusted)		% of total exposure	Before climate credit risk	After climate credit risk	Comment
	Sovereign	11%	A+	A+	Climate risk incorporated via sovereign rating/estimates
	Public Sector	30%	a-	a-	Climate risk incorporated via sovereign rating (anchor for public sector)
	Financial Institutions	22%	bbb+	bbb+	Climate risk incorporated via sovereign rating and assumption of widely diversified portfolio
	Non-financial corporates	37%	bb+	bb+	No adjustment since share of physical and transition risks assessed as having 'high' climate risks < 25%
	Total	**100%**	**bbb+**	**bbb+**	

Figures may not add up due to rounding. Source: Scope Ratings

Annex IV: Asset quality assessment

Portfolio quality (initial assessment)	Excellent	Very Strong	Strong	Adequate	Moderate	Weak
Indicative borrower quality	aaa	aa	a	bbb	bb	b

Adjustments		Indicator	Assessment/ Thresholds								
Points			+5	+4	+3	+2	+1	0	-1	-2	-3
Credit Protection	Sovereign PCS Private sector secured	*% of gross loans*	100	≥ 80	≥ 60	≥ 40	≥ 20	< 20			
Diversification	Geography	*HHI*				≤ 1000	≤ 2000	> 2000			
	Sector	*HHI*					≤ 2000	> 2000			
	Top 10 exposures	*% of gross loans*				≤ 25	≤ 75	> 75			
Equity Exposure		*% of equity*						≤ 25	> 25	> 50	> 75

Total points	+8
Adjustments	+3 categories

Portfolio quality (final assessment)	Excellent	Very Strong	Strong	Adequate	Moderate	Weak
Notches	3	2	1	0	-1	-2

Note: Three points usually correspond to one assessment category. In the case of the EIB, this implies up to three higher categories from the initial portfolio quality assessment based on the estimated average borrower quality. Source: Scope Ratings

Annex V. Statistical table

	2017	2018	2019	2020	2021	2022	2023
Capitalisation (EUR bn)							
Mandated potential assets	726.4	732.3	738.2	750.3	756.7	762.6	768.3
Mandated assets (disbursed)	450.0	447.5	445.7	450.5	448.8	455.4	473.1
Capitalisation ratio, potential (%)	9.5	9.7	10.0	11.5	11.8	12.0	12.4
Capitalisation ratio, actual (%)	15.3	15.9	16.5	19.2	19.8	20.1	20.1
Profitability (EUR bn)							
Net income, adjusted	2.8	2.3	2.4	1.7	2.6	2.4	2.3
Return on equity, adjusted (%)	4.2	3.4	3.3	2.0	3.0	2.7	2.5
Asset quality (EUR bn)							
Total loans (signed)	568.2	557.0	560.4	558.9	556.8	562.2	575.8
Unsecured private sector loans (%)	24.7	25.6	26.4	26.7	27.5	29.9	30.3
Impaired loans	1.3	1.5	1.6	1.9	1.5	1.8	1.8
Arrears over 90 days (EUR m)	182.2	178.7	148.3	121.1	121.1	77.7	83.3
Equity participations	5.6	6.8	8.4	9.1	10.1	10.7	11.4
% of total equity, reserves and callable capital*	8.5	9.8	11.7	10.7	11.7	12.0	12.2
Liquidity (EUR bn)							
Cash & deposits	36.4	52.6	56.1	62.4	77.3	64.9	46.0
T-bills & securities ≤ 12 months	30.4	24.9	22.9	20.7	26.8	10.4	20.2
Treasury assets > 12 months rated ≥ AA-	-	-	-	3.4	3.2	4.4	8.2
Liabilities ≤ 12 months	75.7	80.0	92.8	94.7	90.1	78.4	92.4
Disbursements (of following year)	46.7	43.6	51.6	37.7	50.1	49.2	55.6
Liquid assets ratio (%)	54.6	62.7	57.0	65.3	76.5	62.5	50.3
Funding (EUR bn)							
Volume	56.4	60.0	50.3	70.0	55.3	44.3	49.8
Share of total outstanding (%)							
EUR	51.9	53.2	53.9	56.4	56.1	58.2	60.2
USD	26.7	26.0	24.9	23.7	23.9	23.3	22.3
GBP	11.0	10.0	10.2	9.8	9.9	8.6	8.0
ESG issuance	4.3	4.5	4.1	10.5	11.5	19.9	-
% total	7.6	7.5	8.2	15.0	20.8	44.9	-
Equity (EUR bn)							
Paid-in capital	21.7	21.7	21.7	22.2	22.2	22.2	22.2
Reserves	44.5	47.3	49.6	49.6	51.3	53.9	56.2
Callable capital, used in capitalisation ratios	14.8	14.8	15.8	14.4	14.6	14.5	14.5
10% of callable capital rated ≥ AA-	14.8	14.8	14.2	12.8	12.9	12.9	12.9
25% of callable capital authorized and appropriated**	0.0	0.0	1.6	1.6	1.6	1.6	1.6
Total equity, reserves, and callable capital	81.0	83.8	87.1	86.2	88.1	90.6	93.0

* Highly rated callable capital (≥ AA-) and callable capital authorized and appropriated. ** Callable capital authorized and appropriated by Denmark. Figures may not add up due to rounding. Source: EIB, Scope Ratings

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Applied methodology

Supranational Rating Methodology, 21 June 2024

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