Council of Europe Development Bank

SCOPE AAA STABLE OUTLOOK

Credit strengths

- Excellent asset quality
- Very high liquidity buffers
- Strong shareholders
- Increasing strategic importance

Credit challenges

- High leverage compared to peers

Rating rationale and Outlook:

The Council of Europe Development Bank (CEB)'s AAA rating reflects its 'excellent' intrinsic strength and 'very high' shareholder support. In detail:

- **Institutional profile:** The CEB benefits from the increasingly strategic role it plays for its shareholder governments and from excellent governance. The bank's social mandate – unique among European supranational institutions – has served shareholders well in helping finance their responses to the Covid-19 pandemic and the Ukraine crisis, the latter being part of the Strategic Framework for 2023-27.
- **Financial profile:** The CEB benefits from excellent asset quality with no non-performing loans and high average borrower quality. It also benefits from preferred creditor status for its sovereign exposure and good geographical diversification. The CEB's liquidity profile is exceptionally strong, and its funding profile benefits from strong market access with benchmark issuances and expansion into new currencies. Net annual profits have increased in 2023 after a slowdown in 2020-2022. Continuously comfortable net profit levels allow the bank to strengthen its capital base with retained earnings. The main rating challenge is the CEB's high leverage, although this is expected to improve following the capital increase approved in December 2022.
- **Shareholder support:** The CEB benefits from highly rated key shareholders (A average) and a record of timely shareholder support. Coverage of assets by callable capital of highly rated shareholders is moderate.
- **Outlook and triggers:** The Stable Outlook reflects a balanced set of risks over the next 12 to 18 months. The ratings/Outlooks could be downgraded if, individually or collectively: i) the CEB recorded sustained losses, leading to a marked deterioration in its capital base; ii) its liquidity buffers were significantly reduced; and/or iii) key shareholders were downgraded.

Figure 1: Our assessment of the CEB's rating drivers

Positive rating-change drivers

- N/A

Negative rating-change drivers

- Losses that reduce the capital base
- Significant reduction in liquidity buffers
- Downgrades of key shareholders

Ratings and Outlook

Foreign currency

Long-term issuer rating	AAA/Stable
Senior unsecured debt	AAA/Stable
Short-term issuer rating	S-1+/Stable

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Credit profile

We determine a capitalised supranational's rating by assessing its intrinsic strength based on its institutional and financial profiles and its 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 strength – Institutional profile: Very Strong

Scale	**Very Strong**	Strong	Moderate	Weak	Very Weak

When assessing the credit risk of supranationals, we place significant emphasis on the importance of their mandate for their shareholders and associated environmental, social and governance (ESG) considerations.

The CEB's institutional profile is assessed as 'Very Strong'. This reflects its excellent governance and its social development mandate, putting the bank at the forefront of promoting social cohesion and integration in Europe. The bank has made important contributions to shouldering the costs of the war in Ukraine and is set to participate in the reconstruction of the country's social infrastructure.

Mandated activities

Promoting social cohesion and strengthening social integration

Established in 1956 and owned by 43 shareholders, the CEB is the only European multilateral development bank with an exclusively social mandate. In line with this mission, the bank's activity consists of granting loans to co-finance economically and socially viable projects that promote social cohesion across Europe, including in a target group of 23 countries of central, eastern and southeastern Europe. The bank's total assets amounted to EUR 34.4bn at end-2023.

Environmental factors

Tackling social inclusion-climate change nexus

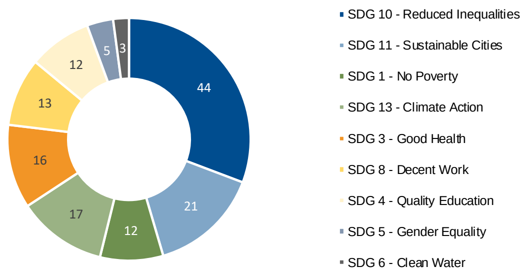
Environmental concerns have grown in importance to the CEB's activities as climate change has disproportionate consequences for lower income and vulnerable groups. The bank has defined a dedicated approach to align all its activities with the Paris Agreement, effective since January 2024. Ensuring compatibility with climate goals will gradually reduce the risk of stranded assets and the reputational risk of pursuing activities, directly or through counterparties, that are contradictory to its environmental objectives. The starting point of our analysis is a high-level assessment of its potential environmental risk exposure versus that of peers.

Low to moderate physical and transition risks in line with social mandate

Our assessment looks at the CEB's top 10 countries of operation and uses our transition and physical risk scores at the country level to compare the potential risks across MDBs. Physical risk is low in comparison with similar institutions while transition risk is assessed as moderate. Overall, the CEB is relatively less exposed to counterparties vulnerable to climate change.

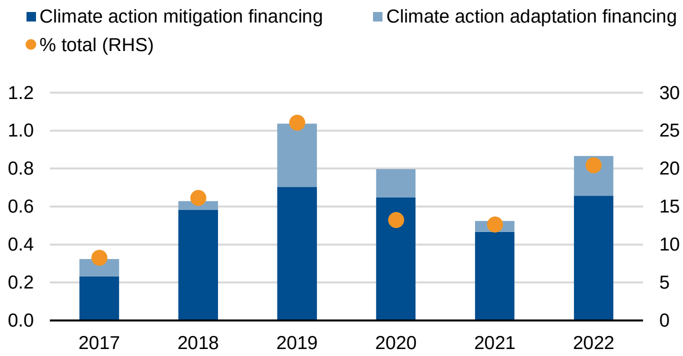
In a second step, we assess mitigating factors, including risk-management policies. Transition risks are further offset by the gradual enhancement of the CEB's policies to better align its activities with climate change objectives.

Figure 2: Sustainable Development Goals
Number of projects approved for each SDG



Source: CEB, Scope Ratings

Figure 3: Climate finance lending
USD bn (LHS); % of total approved that year (RHS)



Note: 2022, latest available data point. Source: CEB, Scope Ratings

Effective, comprehensive alignment with Paris Agreement

The CEB approved a Paris Alignment Roadmap in 2021 to strengthen climate change due diligence and progressively align its operations with its climate objectives. The bank assesses the environmental impact of the projects it finances to determine their degree of alignment with the Paris Agreement throughout the project cycle and by carrying out annual reviews of its investments and activities. Climate considerations were further mainstreamed within project approval processes in 2022. Since January 2023, projects that are not aligned with the Paris Agreement are not eligible for direct funding. This policy has been extended to other instruments with all lending activities aligned with the Paris Agreement since January 2024.

Close coordination with other MDBs on climate change

The CEB fully endorses the MDB's collective climate ambitions, as reiterated during COP28. The phased incorporation of climate change commitments into the bank's internal policies and procedures has taken place in close cooperation with international partners and other MDBs, including on climate finance. The CEB relies on the MDB joint methodology for reporting climate change mitigation and adaptation finance as well as widely accepted principles to identify green projects, such as those developed by the European Union taxonomy.

Climate finance still accounts for a modest share of activities

Despite the incorporation of climate change considerations into the bank's due diligence and activities, environmental projects are not at the core of the CEB's lending strategy and mandate. In 2022, the CEB approved 36 projects for total loans amounting to EUR 4.2bn, of which EUR 0.9bn were for climate mitigation and adaptation (about 20% of the total volume of approved financing). Among those projects, 76% contributed to climate change mitigation and 24% contributed to climate change adaptation. Moreover, around 16% of loans outstanding related to environmental protection and natural or ecological disasters. Still, around 50% of projects approved in 2023 had climate benefits in addition to their social impact.

Alignment with Paris Agreement supports high environmental credibility

Overall, the CEB has demonstrated very strong and continuous efforts to operationalise climate change commitments. The bank is expected to pursue those efforts under the Strategic Framework for 2023-27 as climate change can erode social development and inclusion gains. Alignment of all activities of the bank with the Paris Agreement, based on management of transition and physical risks at an operational level, supports our positive assessment of environmental factors and the institutional profile.

Social factors

Activities contribute to 10 "social" SDGs out of 17

The CEB's mandate is to support social cohesion in Europe through the implementation of socially oriented investments. The bank provides funding and expertise for projects with high social impact in its member states. In its Strategic Framework for 2023-27, the bank plans to i- respond to challenges of European social development and inclusion, ii- assist and integrate refugees and migrants within their host communities, and iii- support the reconstruction and rehabilitation needs of Ukraine's social sector. The bank's activities have been fully aligned with the United Nations' 2030 Sustainable Development Goals since 2020. Moreover, the CEB cemented its unique social mandate in end-2022 when it became an implementing partner of the European Commission's InvestEU Programme for 2021-27, which should allow the bank to reach new clients with up to EUR 500m in loan financing. The bank kickstarted investments in highly social projects in 2023 and commissioned in January 2024 a study to assess the social sector infrastructure investment needs in EU countries.

Swift response to Covid-19, Ukraine crisis, Türkiye earthquake

The importance of the CEB's social mandate has been bolstered by multiple crises in the recent past. Between 2020 and 2021, the bank approved loans totalling EUR 3.8bn to support pandemic-related projects.

Following the formal adhesion of Ukraine in June 2023, the CEB approved its first loan to Ukraine amounting to EUR100m in November 2023, co-financed with the World Bank. The CEB is expected to continue playing a critical role in the European response, both in terms of crisis management and the reconstruction of social infrastructure, in line with the Council of Europe's Revised Action Plan for Ukraine for 2023-26.

The CEB proved equally supportive in responding to the large flows of refugees resulting from Russia's invasion of Ukraine via its Migrant and Refugee Fund (established in 2015) and Ukraine Solidarity Fund (established in 2022) to support the most impacted members states in their immediate response to the high flows of refugees.

Finally, the bank demonstrated its reactiveness following the 2023 earthquake in Türkiye by approving a EUR 250m loan to assist the health sector and by establishing a Disaster Prevention and Recovery Fund (EUR 3m transfer from the Social Dividend Account).

Governance

Relatively diversified, mostly European shareholder base

The CEB is owned by 43 countries, and all 46 countries in the Council of Europe can become members. Voting rights correspond to each shareholder's respective share of the CEB's subscribed capital. Shareholder concentration is moderate, with no member state being able to dominate the decision-making process on its own, thus resulting in no negative adjustment per our methodology. Most voting shares are held by G7 countries; France, Germany and Italy hold around half (49.2%, or 16.4% each) of the subscribed capital. Overall, the shareholder structure is titled towards the largest European economies, with Spain (10.7% of capital), the Netherlands (3.6%) and Belgium (2.9%) also among the key shareholders. Apart from Türkiye (7.0%), other members hold a relatively small share of the subscribed capital. Following an agreement by the CEB's governing bodies in July 2022, Ukraine became the 43rd member state in June 2023 with 1.8% of the subscribed capital.

Strong governance, with internal and external controls

Each member state has an individual representative on the CEB's governing board that has full authority over the bank's strategic decisions. The board has 43 members that appoint the governor and the chair of the administrative council. The secretary general of the Council of Europe may participate in meetings. Beyond strategic considerations, the governing board delegates all its powers to the administrative council, which is tasked with giving its opinion on decisions that have financial consequences. Most decisions require a qualified majority of more than half of members holding two thirds of votes cast, with a quorum of two thirds of votes cast. The governing board and administrative council are assisted by an independent auditing board in charge of certifying the balance sheet and the operational accounts, which are also reviewed by an external auditor.

Intrinsic strength – 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.

Scale	Excellent	Very Strong			Strong			Adequate			Moderate			Weak			Very Weak		
		+		-	+		-	+		-	+		-	+		-	+		-

The CEB's financial profile is assessed as 'Excellent'. This reflects its: i) 'high' capitalisation and ability to generate and retain capital; ii) 'very strong' portfolio quality, 'excellent' asset performance and low equity exposure compared to peers; and iii) 'excellent' liquidity coverage and funding profile.

Capitalisation

Scale	+6	+5	**+4**	+3	+2	+1	0	-1	-2	-3

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

Our assessment reflects the CEB's conservative capital framework and its track record of generating and retaining capital. We use an implied leverage ratio as the cornerstone of our capitalisation assessment, which assumes that the bank operates at maximum capacity as defined in its prudential framework. This sets a maximum gearing ratio limiting the amount of outstanding loans to 2.6 times subscribed capital, reserves and net profit as of end-2023.

Strong capitalisation but high leverage ratio vs rating peers

For the numerator, we include paid-in capital (EUR 624m), accumulated reserves and retained earnings (EUR 2.8bn), net profits (EUR 109.2m) and add gains recognised directly in equity (EUR 0.5m) at end-2023. The sum of these resources is EUR 3.5bn. For the denominator, we use the bank's total capitalisation (or potential mandated assets), which amounted to EUR 22.0bn at end-2023.

The resulting capitalisation ratio of about 16% is high and has increased markedly since 2012 (13%), driving our positive assessment. The CEB operates at a slightly higher actual capitalisation level of around 18% based on mandated assets of EUR 20.6bn. The capitalisation ratio has moderated in recent years, down from a peak of 21% in 2017, reflecting a steady increase in loan disbursements over the same period. This has led to a narrower gap between the actual and floor levels of capitalisation, implying the bank is operating close to full capacity. Although it improved slightly in 2022 (around 19%), in line with the moderation of mandated assets, this high leverage ratio represents a key credit challenge compared to rating peers.

Headroom to improve in line with increase in paid-in capital

However, the capital increase approved in December 2022 should increase headroom to the bank's internal leverage limits. The CEB's leverage ratio is expected to improve by 2026 as the rise in paid-in capital (up to EUR 1.2bn) is likely to exceed that of future disbursements. In line with the Strategic Framework 2023-27, the average annual volume of loan approvals is expected to stand at EUR 4.3bn in the coming years. The expected rise in loan disbursements, given growing demand from the membership, is balanced by the gradual start of direct lending activities in Ukraine. Therefore, the expected greater headroom of operations to leverage limits in coming years drives our one-notch positive adjustment under the trend adjustment.

Figure 4: Capitalisation over time
%, latest figure

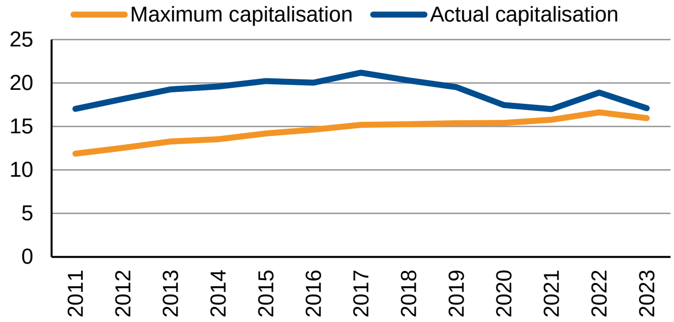
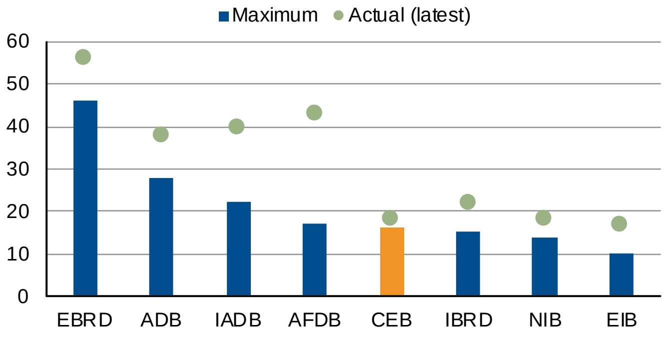


Figure 5: Capitalisation vs peers
%



Maximum refers to capitalisation under full capacity. 2023 figures for the CEB, 2022 otherwise. Source: CEB, Scope Ratings

Capitalisation levels in line with CEB's own targets and policies

The CEB's self-reported gearing ratio, based on total loans outstanding (after swaps and guarantees) relative to capital stands at 2.54 as of end-2023, up from 2.41 as of end-2022. This represents a steady and significant increase since 2014 (1.67), which has led the bank to temporarily increase, in April 2023, its internal ceiling from 2.5 to 2.6 until end-2023. Similarly, the bank's self-reported risk-based capital adequacy ratio moderated at 29.0% in 2023, down from 30.4% in 2022, although it remains high relative to a 10-year period (25.5% in 2014). Yet, this figure is significantly above the bank's prudential floor of 10.5% and the target of maintaining a ratio of above 20% as per the CEB's risk management framework.

Figure 6 : Capitalisation vs self-imposed limits
EUR bn (LHS); % (RHS)

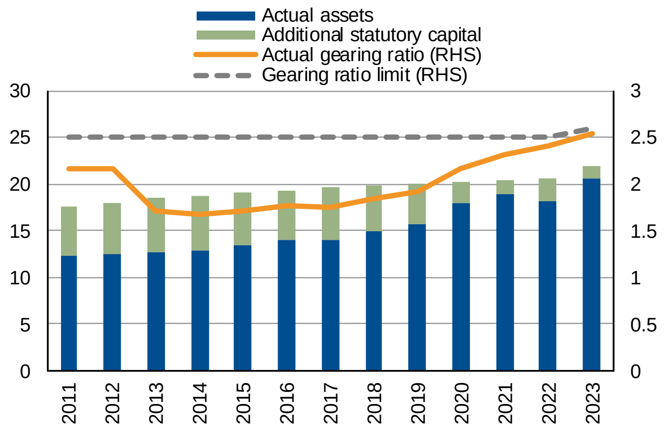
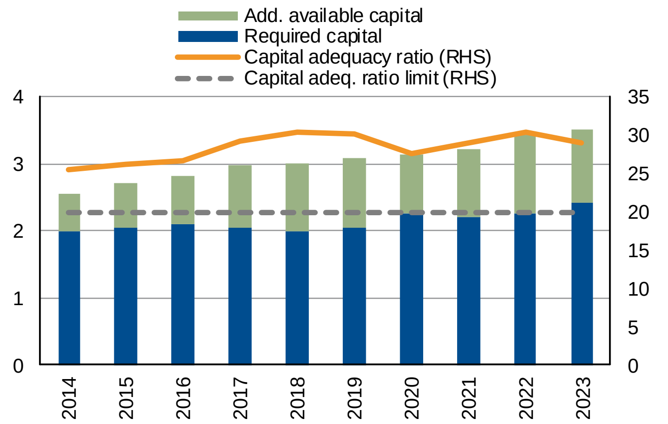


Figure 7: Risk-based capital utilisation
EUR bn (LHS); % (RHS)



Note: The bank's capital adequacy ratio was computed differently pre-2014.
Source: CEB, Scope Ratings

Robust profit-generating capacity, bolstered by higher interest rates

Additionally, we have a positive view of the CEB's proven ability to generate and retain profits, with the bank remaining profitable in recent decades despite multiple economic crises affecting its membership and the low interest rate environment. Robust and steady net profits averaging EUR 104m over the past 10 years supported a stable build-up of equity as profits are allocated to reserves. The CEB recorded a net profit of EUR 109.2m in 2023, up from EUR 79.7m in 2022, thanks to the rise in interest income and the positive evolution in the interest margin, enabling the bank to continue strengthening its capital base, despite provisioning (EUR 303.4m in 2023) exceeding its 10-year average (less than EUR 280m).

The CEB's profitability, as measured by return on equity, has been trending downwards, from 5.3% in 2014 to 2.3% in 2022, largely related to the low interest-rate environment.

Nonetheless, return on equity increased to 3.1% in 2023 with the three-year weighted average rising from 2.5% to 2.9%. Going forward, higher interest rates are likely to support profit-generating capacity, although the latter could be negatively impacted by the challenging economic environment in Europe and possible pressures on provisioning.

Figure 8: CEB's return on equity
EUR m (LHS); % (RHS)

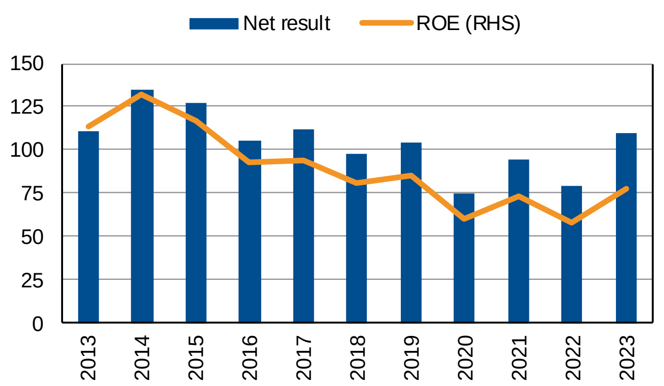
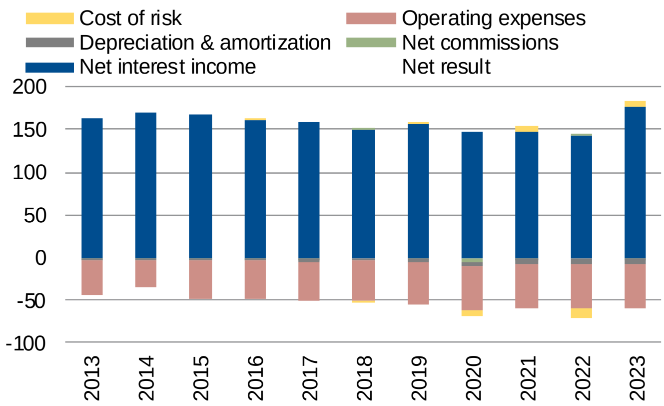


Figure 9: CEB's retained net result
EUR m



Source: CEB, Scope Ratings

Asset quality

Scale	+5	+4	+3	+2	+1	0	-1	-2	-3

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

Excellent asset quality reflects conservative lending, preferred creditor status

The CEB's 'very strong' asset quality reflects its low-risk business profile, underpinned by its focus on highly rated public sector borrowers, a moderate share of private sector exposure and an absence of equity exposure. The bank has never recorded credit default, credit risk event or late payment. We also consider its relatively diversified portfolio across geographies, sectors, and counterparties to be a positive factor.

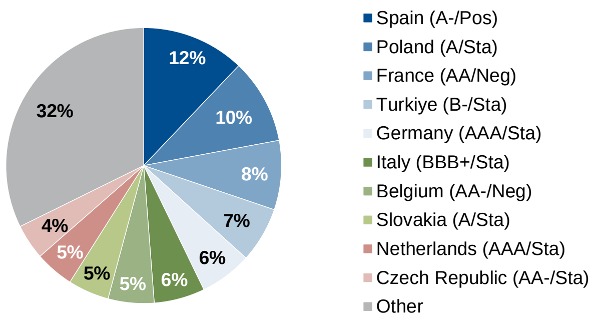
Portfolio quality

Loans to European countries, limited private sector exposure

The CEB's total signed loan portfolio increased to about EUR 21.5bn at end-2023, up from EUR 19.9bn at end-2022. The bank's loan portfolio expanded markedly over the past 10-years, growing by more than 70% since 2014, although it remains moderate relative to peers. More than 80% of the CEB's loans relate to public sector institutions, including sovereign and sub-sovereign entities, as well as to their promotional financial institutions. Private sector exposure is low and represents around 18% of the total loan portfolio. Looking ahead, we expect the CEB's activities and split between sovereign and non-sovereign exposure to remain broadly unchanged under the Strategic Framework for 2023-27. This is illustrated by the bank's selective and very gradual approach to Ukraine, lending exclusively to the sovereign.

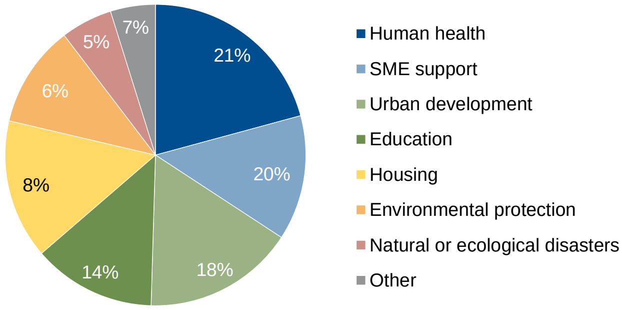
With respect to geographical exposure, we note that the CEB's top 10 country exposures constituted around two thirds of total loans at end-2023, with exposures in Spain, Poland, France, Türkiye and Germany together accounting for more than 40% of total loans. Türkiye (B-/Stable) is the fourth largest exposure, and its share of total loans slightly increased from 6% in 2022 to 6.5% in 2023 but is still below the level of 10% recorded in 2016. Based on our sovereign ratings and aggregate geographic exposure, the weighted average rating of the top 10 countries of operation is assessed at 'a', which is in line with previous years and remains one of the highest levels among similar institutions.

Figure 10: CEB's portfolio by geographic exposure
EUR bn, end-2023



Source: CEB, Scope Ratings

Figure 11: CEB's loan portfolio split by sector
% total, end-2022



Source: CEB, Scope Ratings

We estimate the average borrower quality of the overall portfolio in the high 'bbb' range, which corresponds to an 'adequate' assessment per our methodology. We use the weighted average sovereign rating of largest 10 country exposures as a starting point. We then adjust the average borrower quality downwards by one category for sub-sovereigns and banks in the same country and, conservatively, two categories for corporates and others.

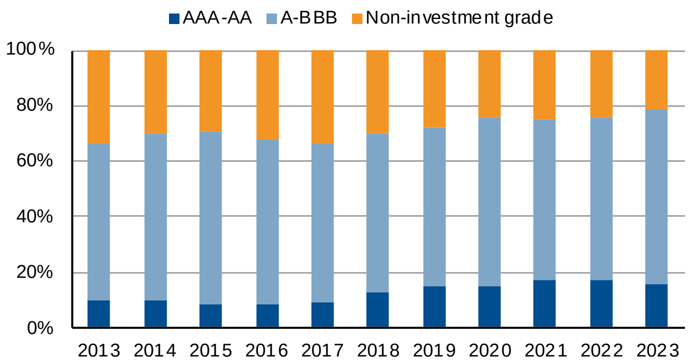
Figure 12: CEB's estimated average borrower quality before credit enhancements

Portfolio	EUR bn	%	Est. avg. quality
Sovereign	10.6	51.5	a
Sub-sovereign	6.3	30.4	bbb
Banks	3.0	14.8	bbb
Other	0.7	3.3	bb
Overall estimated portfolio quality	20.6	100.0	bbb

Source: CEB, Scope Ratings. Estimated borrower qualities in lowercase.

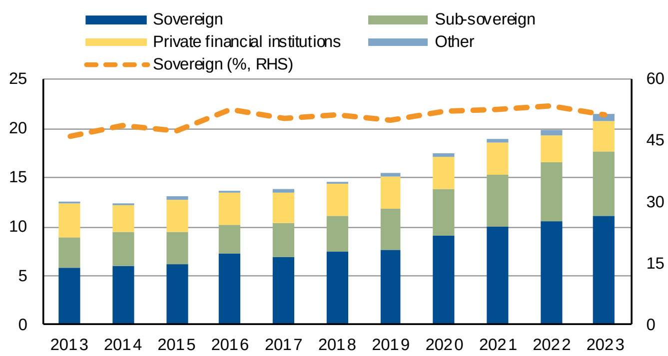
This conservative estimate is supported by the CEB's internal grading system, according to which about 20% of its exposure is considered non-investment grade. This is before considering credit enhancements, such as guarantees and collateralised loans.

Figure 13: CEB's portfolio by credit risk profile
%



Source: CEB, Scope Ratings

Figure 14: CEB's loan portfolio split by sector
EUR bn (LHS), % total (RHS)



Source: CEB, Scope Ratings

Portfolio quality – credit enhancements

We provide uplift to our initial estimate given credit enhancements, which improve our final assessment of the portfolio quality to 'very strong' from 'adequate' (**Annex III**). This balances the CEB's Preferred Creditor Status (PCS) for its sovereign and public sector exposures, additional protections for about 30% of its total loan outstanding through security arrangements, and its relatively well-diversified portfolio across countries and sectors, with a relatively limited share of non-investment grade exposure.

Consistent record of benefiting from preferred creditor status

Specifically, for the CEB's sovereign and public sector exposure, which constitutes about 82% of the portfolio, we acknowledge the bank's record of being exempt from sovereign debt restructurings. This was most recently the case during Greece's default episode. In addition, following the 1992 resolution of Yugoslavia, the bank was able to fully recover the debt it was owed, thus demonstrating the *de facto* PCS granted to the CEB by the international financial community. The CEB's sovereign exposure clearly benefits from preferred creditor status and, similarly, its non-public sector exposure are well protected.

About 80% of the loan portfolio assessed as well protected

In addition, the CEB has security arrangements for EUR 6.4bn (or 30% of its total loan outstanding). These consist mainly of guarantees (EUR 6.4bn) and collateralised loans (EUR 0.1bn), which enable the CEB to transfer around 8% of its portfolio from non-investment grade to investment grade. Overall, after credit enhancements, the CEB's asset quality improves markedly, with about 87% of its portfolio at investment grade.

Portfolio diversification

High portfolio diversification across regions, more limited across sectors and counterparties

The CEB's loan portfolio is well diversified across regions. After a steady decline in the share of the portfolio related to its top 10 country exposure from 79% in 2016 to 66% in 2022, it broadly stabilized at 64% in 2023, in line with the 10-year average. In addition, internal lending policies set counterparty limits to ensure sufficient diversification of the loan portfolio. Among the 12 counterparties or groups of counterparties viewed as large exposures as of end-2023 (excluding sovereign exposure), none exceeded the 25% limit on the CEB's prudential equity (or the 800% limit when considering counterparties collectively). Overall, top 10 individual nominal exposure amounts to less than 30% of the portfolio. Finally, given its social mandate, the portfolio is more concentrated across sectors when compared with similar lenders.

Equity exposure

No equity exposure

The absence of equity exposure in line with the CEB's mandate results in no negative adjustment to our asset quality estimate.

Asset performance

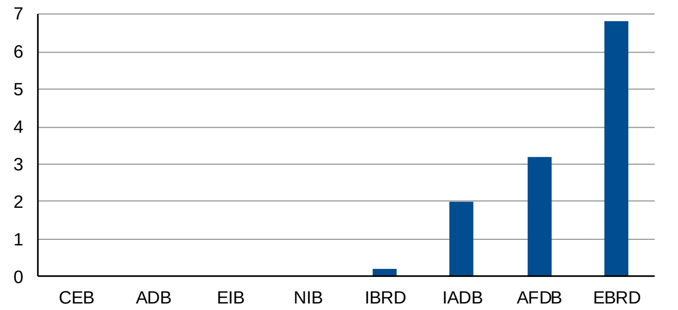
Excellent asset quality record as most exposure refers to sovereigns

The CEB benefits from strong asset quality. It has only registered one non-performing loan – defined as amounts more than 90 days in arrears (stage 3) – since its inception in 1956. This related to the failure of an Icelandic counterparty to meet its commitments on capital and interest in 2009, representing a total amount of EUR 0.2m. During that year, the CEB passed provisions covering the entire loan, amounting to EUR 1.8m. In addition, the portfolio has been remarkably resilient through adverse economic conditions, and it weathered the Covid-19 and Ukraine crises without any material implications for asset quality. This reflects the strong credit profile of the bank's main counterparties (mostly sovereign and sovereign-related entities), recognition of PCS, as well as effective risk management and monitoring practices. Accordingly, the level of provisions for credit risk is relatively low albeit rising, standing at EUR 6.9m at end-2023.

Tail risk relates to high exposure to Türkiye

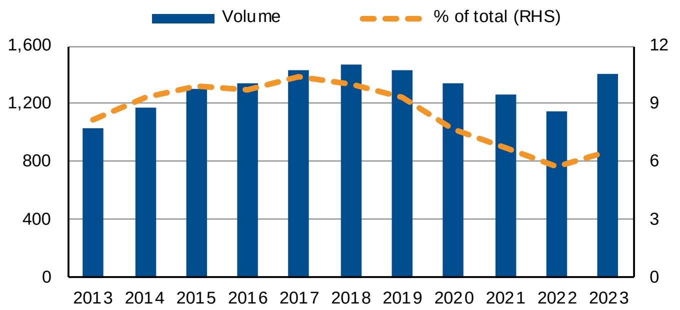
The CEB's exposure to entities domiciliated in Türkiye (B-/Stable) is material, at about 6.5% of total loans in 2023. Türkiye highly speculative investment grade signals a heightened risk of possible impairments, although risks have been mitigated by more conventional economic policies. However, the share of loans to Turkish entities has slightly increased to 6.5% from 5.7% last year but is still below previous highs of over 10% in 2017 and 2018. Additionally, the entirety of this exposure – which includes state-owned banks – relates to the Turkish sovereign due to credit enhancement mechanisms and thus benefits from the bank's PCS. Finally, the CEB has never recorded an impairment on loans related to Turkish entities during past domestic financial crises. All these factors support our view that the bank's exposure to Türkiye is manageable.

Figure 15: A history of zero NPLs
% total loans, three-year average



Note: weighted three-year average 2021-23 for the CEB, otherwise 2020-22.
Source: CEB, Scope Ratings

Figure 16: Evolution of exposure to Türkiye
EUR m (LHS); % total (RHS)



Source: CEB, Scope

Excellent financial management to help navigate Ukraine risk

Finally, the Strategic Framework for 2023-27 sets out a cautious and gradual path for the bank's activities in Ukraine, with the first direct lending operation of EUR 100m approved in November 2023, and the strengthening of its focus on Target Group Countries, mainly in Central and Eastern Europe. We expect this strategy to have a limited impact on asset quality given the bank's excellent risk management practices.

Liquidity and funding

Scale	+8	+7	**+6**	+5	+4	+3	+2	+1	0	-1	-2	-3	-4

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 reflects the CEB's 'excellent' liquid asset coverage and market access, given its benchmark issuer status for social bonds and its diversified funding base.

Liquidity coverage

Conservative liquidity policies: liquid assets are high …

The CEB's prudent liquidity management relies on comprehensive risk indicators and the accumulation of liquid assets to face adverse market conditions. The bank follows two main liquidity indicators as part of its liquidity risk management. With the first, it aims to maintain a 'self-sufficiency period' (SSP), during which it can meet its cash outflows without accessing markets or selling assets for a six-month minimum. It also aims to maintain a 'survival horizon' (SH), a period during which it can meet its cash flows without accessing markets but can sell assets with a maturity of over 12 months. As of December 2023, both metrics were comfortably above their limits, at nine and seventeen months respectively (SSP unchanged from 2022 and SH up from fifteen months).

The CEB's conservative liquidity management results in a stable, high level of liquid assets, which we estimate at about EUR 11.0bn at end-2023, up from EUR 9.8bn in 2022. We include assets that are least sensitive to sudden market or interest changes, specifically cash and deposits (EUR 1.0bn), debt securities maturing within one year

(EUR 6.9bn) and longer-term, highly rated debt securities with a minimum rating of AA- (EUR 3.1bn).

… compared to liabilities due within the next 12 months

Conversely, liabilities maturing within a 12-month period amounted to EUR 5.2bn in 2023, while gross disbursements for 2024 are estimated at EUR 3.9bn in line with the annual average under the Strategic Framework 2023-27. This represents an increase from the disbursement levels registered in 2022 (EUR 3.7bn), although it remains consistent with that observed in 2019 (EUR 4.5bn) and 2020 (EUR 4.0bn). This brings our proxy of total liabilities due within one year to EUR 9.5bn as of end-2023. We include disbursements over the next 12 months to reflect the completion of the capital increase and the CEB's social mandate to continue, and even expand, its activities under challenging economic and financial circumstances.

Figure 17: Liquid assets, liabilities and disbursements

EUR bn, %

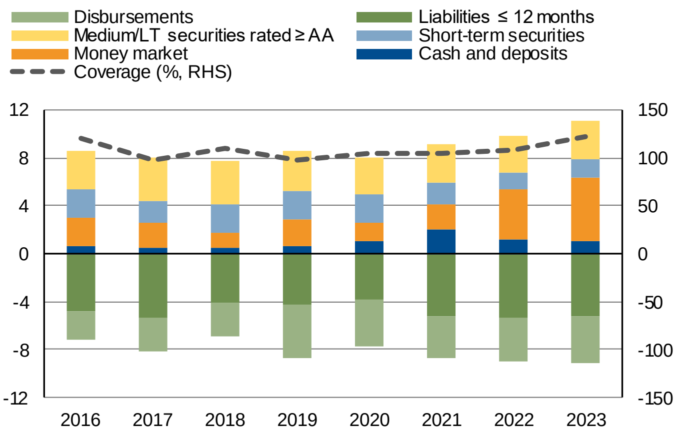
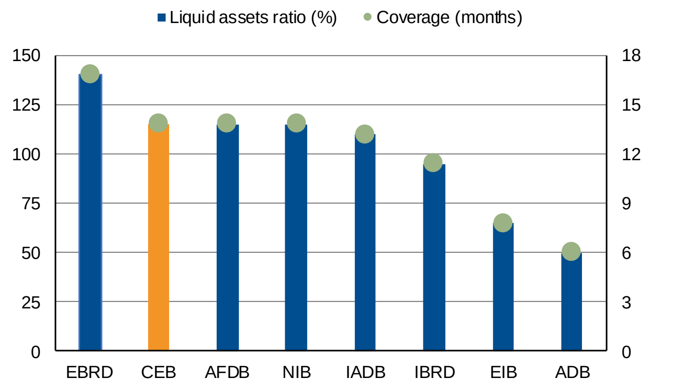


Figure 18: Liquid asset ratio and coverage of obligations

% (LHS); coverage without market access in months (RHS)



NB: 50% implies coverage of all obligations for a period of six months without the need to access capital markets. Note: weighted three-year average 2021-23 for the CEB, otherwise 2020-22. Source: CEB, Scope Ratings

Excellent and improving liquidity coverage

We calculate a three-year weighted average liquid asset ratio of 116% between 2021 and 2023. This ratio implies that all outstanding liabilities and all committed disbursements due within a year can be financed for 12 months using available liquid assets, without needing to access capital markets. This ratio is elevated, even compared with similar lenders, having increased and stood above 100% in four of the past five years, the only exceptions being 2019 (98.6%). Although this ratio declined from 121% at end-2016, driven mainly by higher disbursements, it was in 2023 (122%) significantly above its 10-year average (around 104%).

Funding

Regulatory preference, inclusion in ECB's bond purchase programmes

The CEB benefits from excellent market access, reflecting its frequent issuer status, with 29 funding operations in 2023 in 9 currencies. The bank pursues a diversified funding strategy in terms of currencies and instruments, providing it with a stable source of funding for its operations. Bonds issued by the CEB are designated as high-quality liquid assets under the Basel Framework and are therefore eligible for a 0% risk weight and the ECB's asset purchase programmes.

Regular market issuer with moderate authorised borrowing capacity

The CEB's annual funding volume has increased in recent years, although it remains m relative to peers. In 2023, the volume issued reached EUR 6.9bn, up from EUR 6.0bn in 2022. The CEB's borrowing authorisation for 2024 has been set at up to EUR 7.0bn, unchanged from 2023, versus less than EUR 4.5bn on average over the past 10-years.

Broadening access to capital markets with benchmark bonds

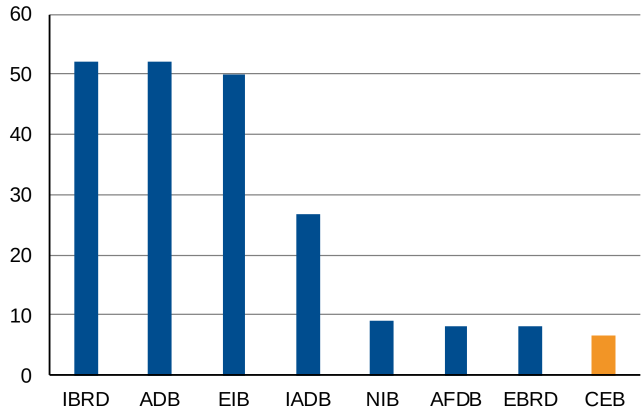
In January 2024, the CEB issued two benchmark bonds for a total amount of around EUR 3bn: i- a 10-year Euro benchmark of EUR 1.5bn (2.625%), or the largest syndicated trade ever completed; and ii- a 5-year USD global benchmark of USD 1.5bn (4.125%), or the highest ever amount for a USD transaction. Those transactions represent around half of total funding volume for 2024 projected around EUR 7bn. Those transactions received strong interest, especially from central banks and official institutions.

One of the leading issuers of social bonds covering one third of funding needs

The CEB is a leading supranational social bond issuer with a cumulative total issuance of EUR 8bn since 2017. In 2023, the CEB issued a record high of EUR 2.3bn equivalent in six Social Inclusion Bonds in five different currencies. This represented around one third of the bank's annual funding programme. The bank also diversifies issuance into three currencies (Swedish Krona, Canadian Dollar, Australian Dollar), providing further growth to the social bond market. Given rising demand for social investment and the unique mandate of the CEB, we expect the size and frequency of social inclusion bonds to rise further.

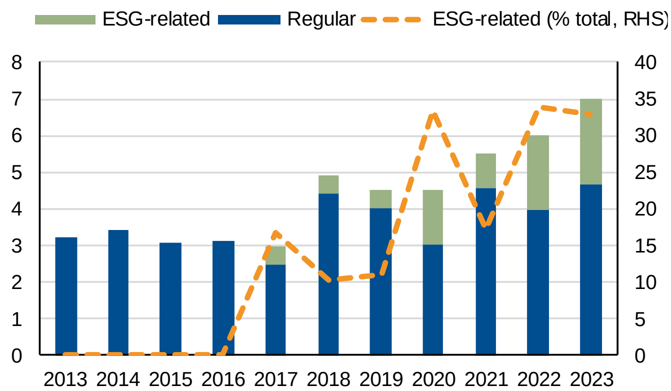
The CEB's updated its Social Inclusion Bond Framework in 2022 for loan selection, management of proceeds and reporting. It sets categories for the use of proceeds around: i) affordable housing; ii) access to essential services (including healthcare); and iii) education and vocational training. The bank published its latest Social Inclusion Bond Report in March 2024. Eligible social loan portfolio was focused on health and social care (38%), education and vocational training (23%) and social and affordable housing (21%).

Figure 19: Annual funding volume vs peers
EUR bn, weighted three-year average



Note: weighted three-year average 2021-23 for the CEB, otherwise 2020-22.
Source: CEB, Scope Ratings

Figure 20: Rising funding volume, including ESG-related
EUR bn (RHS); % total (LHS)



Source: respective supranationals, Bloomberg, Scope Ratings

Diversified investor base, mostly centred around Europe

The CEB benefits from a large and well-diversified investor base that includes asset managers and banks committed to environmental, social and governance factors and official institutions. Increasing bond issuance tends to enlarge the CEB's investor base, especially with socially responsible investors attracted by the enhancement of the CEB's social bond framework and impact assessments. The CEB has continued to enjoy favourable financing terms despite global tightening of funding conditions.

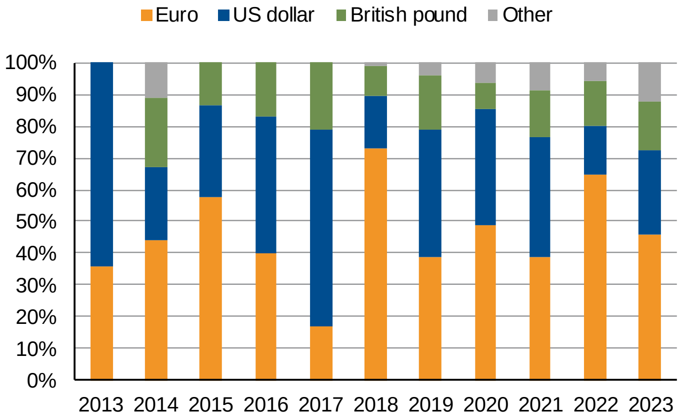
Increasingly diversified currency mix

The CEB's funding activities combine the issuance of large liquid benchmarks in US dollars and euros, with regular issuances in British pounds and several other currencies. The bank has also been issuing bonds denominated in a diverse set of currencies, with nine used in 2023, up from six in 2022 and three on average over 2012-16. Total debt outstanding amounted to EUR 27.9bn at end-2023 (amortised cost) and is exclusively denominated in euros, after accounting for currency swaps.

Limited risks from longer-term liabilities coming due

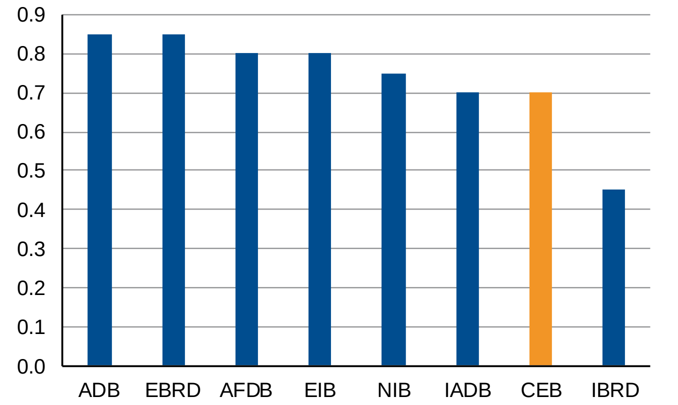
Finally, we note that the CEB has a stable redemption profile over the coming years. Liabilities due in one to five years (EUR 18.1bn) are largely covered by assets with the same maturity (EUR 12.2bn), resulting in moderate funding risk. The resulting coverage ratio of 70% as of end-2023 is adequate and in line with similar lenders, although it has steadily declined from a 10-year high of 89% in 2017.

Figure 21: Distribution by currency
% total outstanding



Source: CEB, Scope Ratings

Figure 22: Coverage of medium-term liabilities
%, three-year average



Note: weighted three-year average 2021-23 for the CEB, otherwise 2020-22.
Source: respective supranationals, CEB, Scope Ratings

Additional liquidity considerations

To complete our liquidity assessment, we look at contingent liabilities, interest rate and foreign exchange rate risks, derivatives, and collateral management practices.

No adjustment for rising contingent liabilities

The CEB uses its Social Dividend Account – exclusively funded by self-annual profit – to support projects with a high social impact. It does so via technical assistance, loan guarantees, interest-rate subsidies and investment grants, mainly in its target countries. The bank allocated EUR 15m to the Social Dividend Account in 2023. Outstanding guarantees on loans increased since the end of 2022 but are still low at EUR 21.3m (EUR 18.8m at end-2022), while interest rate subsidies remained broadly stable to EUR 11.0m (EUR 12.5m at end-2022).

No adjustments for interest rate, foreign exchange or derivatives exposure

The CEB's main source of interest rate risk stems from movements in funding or lending spreads. The bank has defined limits and regularly monitors different measures to manage the risk. The CEB's target duration of equity investments is 6 years, the actual duration stood at 5.8 years at end-2023. Additionally, the bank monitors potential changes in the economic value in equity and the net interest income, the interest rate and credit spread sensitivities of the Treasury Security Portfolios, and repricing gaps. The CEB provides most of its financing to member states and clients in euros, but it manages foreign exchange risk through a strict limit on the net open position for each currency (less than EUR 1m) and uses currency swaps to hedge market risk. Similarly, derivatives are used to manage interest rate and/or foreign exchange risk, but not for trading.

Shareholder support: Very High

We assess an institution's shareholder support primarily via the weighted average rating of its key shareholders. This may be adjusted in case of a meaningful overlap between the key shareholders providing support and the countries of operation, as well as for any extraordinary support measures.

Scale	**Very High**	**High**	Moderate	Weak

The CEB's shareholder support is assessed as 'Very High'. This reflects its key shareholders' ability and proven willingness to provide financial support in case of need.

Key shareholder rating

Highly rated key shareholders with one exception

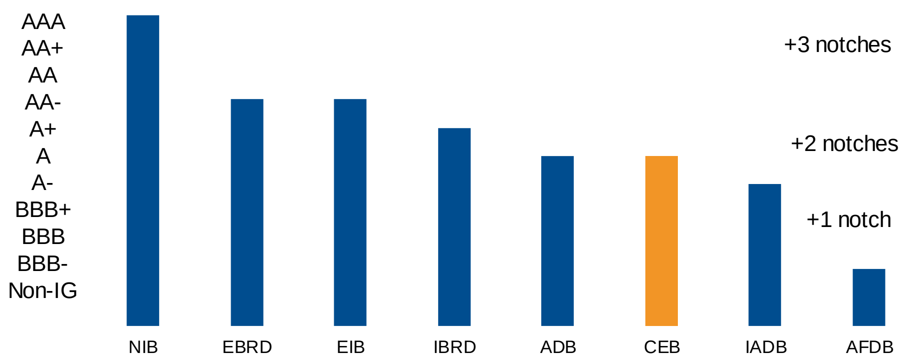
The CEB's key shareholder group comprises the largest European economies – Germany (AAA/Stable), France (AA/Negative), Italy (BBB+/Stable), Spain (A-/Positive), the Netherlands (AAA/Stable), Belgium (AA-/Negative) and Greece (BBB-/Stable) – and Türkiye (B-/Stable). This results in a weighted average rating of A, slightly below similar supranational lenders, but still signalling robust shareholder capacity to support the CEB if needed. Of the bank's 43 member states, 15 are rated AA- or above[1], constituting almost 50% of its subscribed capital. This provides additional confidence about shareholders' ability to provide timely support as appropriate. Among the key shareholders, the weighted average rating is resilient to any potential rating action on France and/or Belgium. Downside pressure is also balanced by Greece's upgrade to investment grade in August 2023 and Spain's outlook change to positive in March 2024.

Figure 23: Key shareholders

Key shareholders	Rating	Capital subscription (%)	
		Original	Adjusted
France	AA/Negative	16.4	21.5
Germany	AAA/Stable	16.4	21.5
Italy	BBB+/Stable	16.4	21.5
Spain	A-/Positive	10.7	14.0
Türkiye	B-/Stable	7.0	9.1
Netherlands	AAA/Stable	3.6	4.7
Belgium	AA-/Negative	2.9	3.9
Greece	BBB-/Stable	2.9	3.9
		76.4	**100.0**
Key shareholder rating			**A**

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

Figure 24: CEB's key shareholder rating vs peers



Source: Scope Ratings, respective supranationals

Some overlap between key shareholders and main countries of operation

While the CEB's operations in the jurisdictions of its key shareholders constitute 49.2% of its operations, we exclude the operations in countries rated AA- or above. The credit

[1] We rely on internal estimates for sovereigns not publicly rated.

quality of such highly rated shareholders is unlikely to deteriorate materially even in times of financial distress. The operations in Spain, Türkiye, Italy and Greece together account for about 26% of its total operations. This reflects a moderate risk of material credit deterioration arising simultaneously in countries expected to provide support if needed.

Limited risks related to highly speculative credit among key shareholders

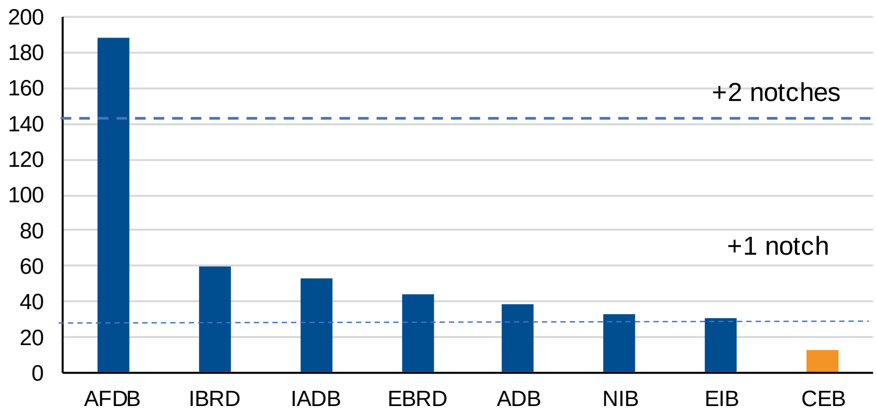
The CEB includes Türkiye (B-/Stable) among its main shareholders, for which the Outlook has been revised to Stable from Negative in January 2024 based on more conventional economic policies. Türkiye holds 7.0% of subscribed capital and is one of the most important country of operations, with outstanding loans of EUR 1.4bn in 2023. However, the share of loans granted to Türkiye has declined over time, from 10% in 2018 to 6.5% in 2023. We also consider that other key shareholders will be willing and able to provide timely support and additional financial resources if needed.

Extraordinary support

High-quality callable capital coverage of mandated assets is adequate, but lower than peers

To complement our assessment of shareholder support, we also look at the quality of the CEB's callable capital in relation to its mandated outstanding assets. Here, we note that around EUR 2.5bn of callable capital is provided by sovereigns rated AA- or above, which covers around 12% of the CEB's total mandated assets of EUR 20.6bn. The coverage of outstanding mandated assets by high-quality callable capital is moderate compared with similar institutions and has declined over the past decade. Still, Scope expects this ratio to improve with the increase in callable capital provided by highly rated shareholders.

Figure 25: Adequate coverage of mandated assets by high-quality callable capital
%, callable capital rated ≥ AA-/mandated assets



Note: weighted three-year average 2021-23 for the CEB, otherwise 2020-22. Source: Scope Ratings, respective supranationals

Moderate paid-in capital share mitigated by regular and successful capital increases

We also note that shareholders have paid in 11.2% of subscribed capital as of end-2023, one of the lowest ratios among development banks rated AAA. However, the CEB has a record of large and regular capital increases (seven since its inception), demonstrating shareholders' economic strength and political commitment to the bank's mandate.

In December 2022, the governing board approved a capital increase of EUR 4.25bn, of which up to EUR 1.2bn will be paid in. The capital increase became effective on 29 February 2024, crossing the 67% threshold of member states having subscribed to the capital increase. The subscription period will run until the 30 June 2024. At the end of the four-year payment period ending 2026, the CEB's paid-in capital would be multiplied by around three, increasing from EUR 0.6bn currently to EUR 1.8bn. This will bring the share of paid-in capital from 11.2% to 18.6% of subscribed capital. The bank's callable capital is expected to rise by about EUR 3.0bn, from EUR 5.0bn to EUR 8.0bn.

Indicative rating: AAA

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

Figure 25a: Mapping institutional and financial profiles for the CEB

Intrinsic Strength	*Institutional Profile*				
Financial Profile	Very Strong	Strong	Moderate	Weak	Very Weak
Excellent	Excellent	Excellent	Excellent	Very Strong (+)	Very Strong
Very Strong (+)	Excellent	Excellent	Very Strong (+)	Very Strong	Very Strong (-)
Very Strong	Excellent	Very Strong (+)	Very Strong	Very Strong (-)	Strong (+)
Very Strong (-)	Very Strong (+)	Very Strong	Very Strong (-)	Strong (+)	Strong
Strong (+)	Very Strong	Very Strong (-)	Strong (+)	Strong	Strong (-)
Strong	Very Strong (-)	Strong (+)	Strong	Strong (-)	Adequate (+)
Strong (-)	Strong (+)	Strong	Strong (-)	Adequate (+)	Adequate
Adequate (+)	Strong	Strong (-)	Adequate (+)	Adequate	Adequate (-)
Adequate	Strong (-)	Adequate (+)	Adequate	Adequate (-)	Moderate (+)
Adequate (-)	Adequate (+)	Adequate	Adequate (-)	Moderate (+)	Moderate
Moderate (+)	Adequate	Adequate (-)	Moderate (+)	Moderate	Moderate (-)
Moderate	Adequate (-)	Moderate (+)	Moderate	Moderate (-)	Weak (+)
Moderate (-)	Moderate (+)	Moderate	Moderate (-)	Weak (+)	Weak
Weak (+)	Moderate	Moderate (-)	Weak (+)	Weak	Weak (-)
Weak	Moderate (-)	Weak (+)	Weak	Weak (-)	Very Weak (+)
Weak (-)	Weak (+)	Weak	Weak (-)	Very Weak (+)	Very Weak
Very Weak (+)	Weak	Weak (-)	Very Weak (+)	Very Weak	Very Weak (-)
Very Weak	Weak (-)	Very Weak (+)	Very Weak	Very Weak (-)	Very Weak (-)
Very Weak (-)	Very Weak (+)	Very Weak	Very Weak (-)	Very Weak (-)	Very Weak (-)

Figure 25b: Mapping intrinsic strength and shareholder support for the CEB

Indicative Rating		*Shareholder Support*			
Intrinsic Strength		Excellent	Very High	High	Moderate
Excellent		AAA	AAA	AAA / AA	AA+ / AA-
Very strong	+	AAA	AAA / AA	AA+ / AA-	AA / A+
		AAA / AA	AA+ / AA-	AA / A+	AA- / A
	-	AA+ / AA-	AA / A+	AA- / A	A+ / A-
Strong	+	AA / A+	AA- / A	A+ / A-	A / BBB+
		AA- / A	A+ / A-	A / BBB+	A- / BBB
	-	A+ / A-	A / BBB+	A- / BBB	BBB+ / BBB-
Adequate	+	A / BBB+	A- / BBB	BBB+ / BBB-	BBB / BB+
		A- / BBB	BBB+ / BBB-	BBB / BB+	BBB- / BB
	-	BBB+ / BBB-	BBB / BB+	BBB- / BB	BB+ / BB-
Moderate	+	BBB / BB+	BBB- / BB	BB+ / BB-	BB / B+
		BBB- / BB	BB+ / BB-	BB / B+	BB- / B
	-	BB+ / BB-	BB / B+	BB- / B	B+ / B-
Weak	+	BB / B+	BB- / B	B+ / B-	B / CCC
		BB- / B	B+ / B-	B / CCC	B- / CCC
	-	B+ / B-	B / CCC	B- / CCC	CCC
Very Weak	+	B / CCC	B- / CCC		
		B- / CCC	CCC	CCC	
	-	CCC	CCC		

Source: Scope Ratings

Additional considerations

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 CEB, we have not made an adjustment to our indicative rating.

Rating history

Date	Rating Action	Outlook
2 October 2020	AAA	Stable

Source: Scope Ratings

I Shareholders: Council of Europe Development Bank

EUR m

Key Shareholders	Paid-in capital	Callable capital	Subscribed capital	Key (%)	Rating	Callable capital ≥ AA-
France	101.7	814.1	915.8	16.4	AA/Negative	814.1
Germany	101.7	814.1	915.8	16.4	AAA/Stable	814.1
Italy	101.7	814.1	915.8	16.4	BBB+/Stable	
Spain	66.3	531.0	597.3	10.7	A-/Positive	
Türkiye	43.1	345.2	388.3	7.0	B-/Stable	
Netherlands	22.1	176.7	198.8	3.6	AAA/Stable	176.7
Belgium	18.2	146.1	164.3	2.9	AA-/Negative	146.1
Greece	18.2	146.1	164.3	2.9	BBB-/Stable	
Total key shareholders*	**472.9**	**3,787.4**	**4,260.3**	76.4	**A**	**1,951.1**
Other shareholders	151.4	1,167.4	1,318.7	23.6		505.5
Total	**624.3**	**4,954.8**	**5,579.0**	100.0		**2,456.6**

* We include shareholders whose cumulative capital share, starting from the largest shareholder, comprises at least 75% of the supranational's capital. We add all marginal shareholders with identical capital subscription to calculate the key shareholder rating. Figures may not add up due to rounding.

Source: CEB, Scope Ratings

II Scope's supranational scorecard: Council of Europe Development Bank

Pillar	Risk factors	Variables		Unit	+4	+3	+2	+1	0	-1	-2	CEB Value	CEB Assessment	CEB Notches
Intrinsic Strength – Institutional Profile	Mandate & ESG (-2; +2)	Mandate	Importance of mandate	Qualitative	--	--	--	Very High	High	Declining	--	--	Very High	1
			Social factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong	
			Environmental factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Medium/ N/A	
		Governance	Shareholder concentration	HHI	--	--	--	--	≤ 1500	> 1500	--	1000.0	Strong	1
			Shareholder control	%	--	--	--	--	≤ 25	> 25	--	16.0	Strong	
			Strategy and internal controls	Qualitative	--	--	--	Strong	Medium	Weak	--	--	Strong	
	Institutional Profile												**Very Strong**	
Intrinsic Strength – Financial Profile	Capitalisation (-3; +6)	Capital/ Potential assets		%	≥ 30	< 30; ≥ 20	< 20; ≥ 15	< 15; ≥ 10	< 10; ≥ 7.5	< 7.5; ≥ 5	< 5	16.0	High	2
		Capital/ Actual assets*		%	--	--	--	≥ 30	< 30	--	--	18.0	Adequate/ No uplift	0
		Profitability (Return on equity)		%	--	--	--	≥ 3	< 3; ≥ 0	< 0	--	3.0	Adequate	1
	Trend (-1; +1)													1
	Asset quality (-3; +5)	Portfolio quality	Incl. risk mitigants	Qualitative	--	--	Very Strong	Strong	Adequate	Moderate	Weak	Very Strong	Very Strong	2
		Asset performance	NPLs	% total loans	--	≤ 0.5	> 0.5; ≤ 1	> 1; ≤ 3	> 3; ≤ 5	> 5	--	0.0	Excellent	3
	Trend (-1; +1)													0
	Liquidity & funding (-4; +8)	Liquid assets ratio		%	> 100	≤ 100; > 75	≤ 75; > 50	≤ 50; > 25	≤ 25; > 15	≤ 15; > 10	≤ 10	115.0	Excellent	4
		Funding	Maturity gap	Multiple	--	--	--	≥ 0.75	< 0.75; ≥ 0.5	< 0.5	--	0.7	Adequate	0
			Funding volume	EUR or USD bn	--	--	≥ 25	< 25; ≥ 5	< 5; ≥ 2	< 2	--	7.0	Strong	1
			Currency diversification	Top 1 share	--	--	--	≤ 70	> 70	--	--	51.0	Strong	1
	Trend (-1; +1)													0
	Financial Profile												**Excellent**	
	Intrinsic Strength												**Excellent**	
Shareholder Support	Shareholder strength (0; +3)	Weighted average rating of key shareholders		Avg. rating	--	≥ AA-	≥ A-	≥ BBB-	< BBB-	--	--	--	A	2
		Share of portfolio related to key shareholders		%	--	--	--	--	≤ 50	> 50	--	26.0	Low / No adjustment	
		Adjusted key shareholder rating		Avg. rating	--	--	--	--	--	--	--	--	A	
	Extraordinary Support (0; +2)	Callable capital [rated ≥ AA-]/ Actual assets		%	--	--	≥ 100	< 100; ≥ 20	< 20	--	--	12.0	Adequate	0
		Additional support mechanisms		Qualitative	--	--	Very Strong	Strong	N/A	--	--	N/A		
	Shareholder Support												**Very High**	
	Indicative Rating												**AAA**	
	Additional considerations (-1; +1)												Neutral	
	Final Rating												**AAA**	

Figures in the financial profile relate to a weighted three-year average for 2021-23.
The positive trend adjustment under capitalisation reflects the benefits of the ongoing capital increase.
Source: Scope Ratings

III Asset quality assessment

Portfolio quality (initial assessment)*	Very Strong	Strong	Adequate	Moderate	Weak
Indicative borrower quality	aaa/aa	a	bbb	bb	b/ccc
Notches	+2	+1	0	-1	-2

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

Total points	+7
Adjustments	+2 categories

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

N.B. * Based on Scope's estimate of the geographical and sectoral distribution (sovereigns, sub-sovereigns, state-owned banks and commercial banks) of the CEB's loan portfolio before any credit enhancements via collateral or guarantees, and Scope's sovereign ratings. ** Taking into account the exposure to Türkiye and the largest non-sovereign loan exposure.

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

IV Statistical tables

	2017	2018	2019	2020	2021	2022	2023
Capitalisation (EUR bn)							
Mandated potential assets	19.6	19.8	20.1	20.3	20.5	20.7	22.0
Mandated (disbursed) assets	14.1	14.9	15.8	17.9	19.0	18.2	20.6
Capitalisation ratio, potential (%)	15.2	15.3	15.4	15.4	15.8	16.6	16.0
Capitalisation ratio, actual (%)	21.2	20.3	19.5	17.5	17.0	18.9	17.1
Profitability (EUR m)							
Net income	112.0	97.5	104.7	74.8	94.8	79.7	109.2
Return on equity (%)	3.8	3.2	3.4	2.4	2.9	2.3	3.1
Asset quality (EUR bn)							
Total loans (net)	13.8	14.6	15.4	17.4	18.9	19.9	21.5
Non-performing loans (EUR m)	-	-	-	-	-	-	-
Non-performing loans ratio, %	-	-	-	-	-	-	-
Liquidity (EUR bn)							
Assets ≤ 12 months	4.5	4.2	5.3	5.0	6.0	6.8	7.9
Treasury assets > 12 months (rated at least AA-)	3.5	3.5	3.3	3.1	3.2	3.0	3.1
Liabilities ≤ 12 months	5.3	4.1	4.2	3.8	5.2	5.3	5.2
Disbursements over the next 12 months	2.8	2.8	4.5	4.0	3.5	3.7	3.9
Liquid assets ratio (%)	98.3	110.7	98.6	104.4	105.2	108.7	121.6
Funding (EUR bn)							
Volume	3.0	4.9	4.5	4.5	5.5	6.0	7.0
Share of total (%)							
EUR	16.7	73.3	38.9	48.9	38.5	64.7	45.8
USD	62.2	16.4	39.8	36.6	38.3	15.6	26.4
GBP	21.1	9.4	17.2	7.9	14.3	13.9	15.6
ESG issuance	0.5	0.5	0.5	1.5	0.9	2.0	2.3
% total	16.7	10.2	11.1	33.3	17.1	34.0	32.9
Equity (EUR bn)							
Paid-in capital	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Reserves	2.3	2.4	2.5	2.6	2.6	2.7	2.8
Total equity	3.0	3.0	3.1	3.1	3.2	3.4	3.5
Shareholders							
Average capital-key weighted rating of key shareholders	A+	A+	A+	A	A	A	A
Shareholders rated at least AA- (% of subscribed capital)	49.4	49.4	49.4	50.6	50.6	50.6	49.6
Callable capital [rated ≥ AA-] / Mandated assets	17.1	16.1	15.2	13.7	12.9	13.5	11.9

Source: CEB, Scope Ratings

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