

Council of Europe Development Bank

Rating Annex

The AAA/Stable rating of the Council of Europe Development Bank (CEB or the Bank) reflects: i) its 'Excellent' institutional and financial profiles, which drive our 'aaa' assessment of the Bank's intrinsic credit profile, and ii) 'Very High' shareholder support. In detail:

- **Institutional profile:** The CEB benefits from the increasingly strategic role it plays for its shareholder governments and from its 'excellent' governance. The Bank's social mandate – unique among European supranational institutions – has helped shareholders finance their responses to the Covid-19 pandemic and the war in Ukraine. The completion of the 2022 capital increase supports the Bank's ability to deliver on its Strategic Framework for 2023-27, amid rising demand for social investments across Europe.
- **Financial profile:** The CEB's leverage improved substantially following the completion of the 2022 capital increase in December 2024. This has helped mitigate a key credit challenge relative to rating peers and gives the Bank some headroom to increase its operations. In addition, sustained, albeit moderate profits, strengthen its capital base with retained earnings. The CEB's excellent asset quality with zero non-performing loans reflects its low-business risk profile, high average borrower quality, preferred creditor status for its sovereign exposure, and diversified portfolio across geographies. Climate risks are low and carefully managed with all activities aligned with the Paris Agreement since January 2024. Finally, the Bank's liquidity profile is exceptionally strong, while its funding profile benefits from excellent market access.
- **Shareholder support:** The CEB benefits from highly rated key shareholders (with a weighted average rating of 'A+') and a record of timely shareholder support, as reflected in the capital increase completed in 2024, subscribed by 95% of eligible member states. It was also the first time a capital increase included a paid-in portion, demonstrating the shareholder's strong financial commitment to the Bank.
- **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; and/or ii) its liquidity buffers were significantly reduced.

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating

S-1+

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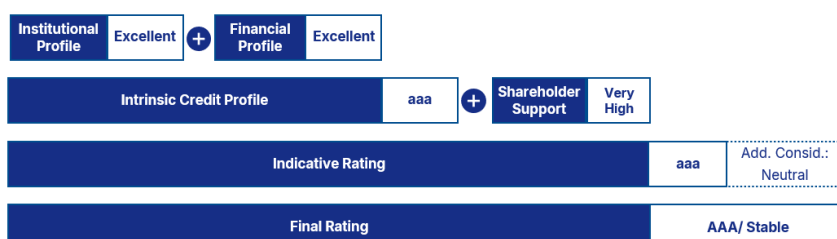
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Figure 1: Scope's assessment of the CEB's rating drivers



Source: Scope Ratings

Credit strengths and challenges

Credit strengths	Credit challenges
<ul style="list-style-type: none"> Excellent asset quality Very high liquidity buffers Strong shareholders Increasing strategic importance 	<ul style="list-style-type: none"> High leverage compared with rating peers

Table of contents

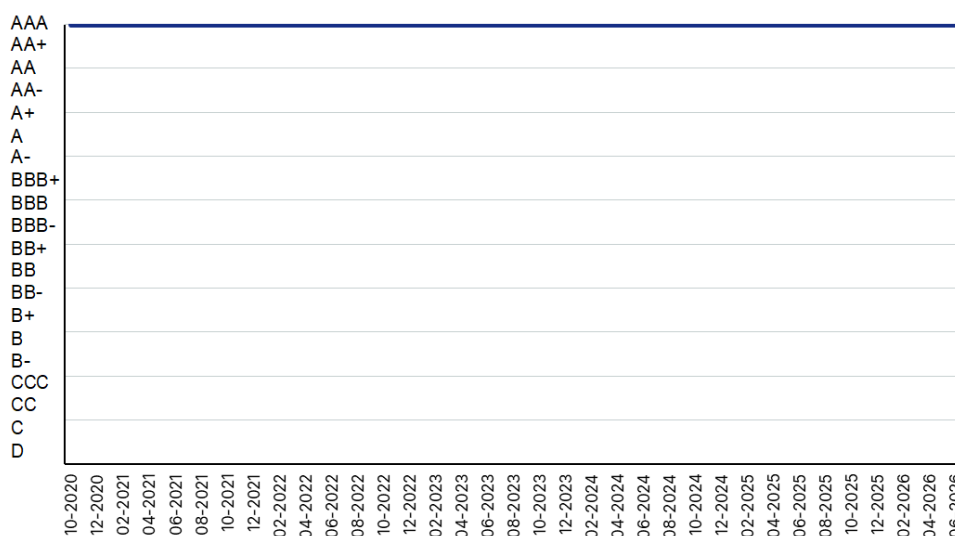
- [Annex I: Shareholders](#)
- [Annex II: Supranational scorecard](#)
- [Annex III: Climate risk assessment](#)
- [Annex IV: Portfolio quality assessment](#)
- [Annex V: Statistical table](#)

Outlook and rating triggers

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

Positive rating divers	Negative rating drivers
<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Losses that reduce capital base Reduction in liquidity buffers

Figure 2: Rating history¹



¹Foreign-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.

Indicative rating: 'aaa'

Intrinsic credit profile

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

Mapping intrinsic credit profile and shareholder support

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.

We have not made an adjustment to our indicative rating.

Annex I: Shareholders

Shareholders	Paid-in capital	Callable capital	Subscribed capital	Subscribed capital % of total	Rating	Callable capital rated ≥ AA-
France	302.3	1,324.0	1,626.4	16.9	AA-/Negative	1,324.0
Germany	302.3	1,324.0	1,626.4	16.9	AAA/Stable	1,324.0
Italy	302.3	1,324.0	1,626.4	16.9	BBB+/Positive	-
Spain	197.2	863.5	1,060.7	11.0	A/Positive	-
Türkiye	128.2	561.4	689.6	7.2	BB-/Stable	-
Netherlands	65.6	287.4	353.1	3.7	AAA/Stable	287.4
Belgium	54.2	237.6	291.8	3.0	A+/Stable	-
Greece	54.2	237.6	291.8	3.0	BBB/Positive	-
Key shareholders	1,406.5	6,159.7	7,566.1	78.6	A+	2,935.5
Other shareholders	359.8	1,697.0	2,056.7	21.4	-	529.2
Total	1,766.2	7,856.6	9,622.9	100.0	-	3,464.7

Note: 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: Scope Ratings

Annex II: Supranational scorecard

Analytical Pillar		Variables	Unit	+4	+3	+2	+1	0	-1	-2	Value	CEB Assessment	Notches		
Institutional Profile (10%)	Mandate & ESG	Importance of mandate	Qualitative	--	--	--	Very High	High	Declining	--	--	Very High			
		Mandate (50%)	Social factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong	1	Strong
		Environmental factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Medium/ N/A			
	Governance (50%)	Shareholder concentration	HHI	--	--	--	--	≤ 1500	> 1500	--	--	1100	Strong		
		Shareholder control	%	--	--	--	--	≤ 25	> 25	--	--	17	Strong	1	Strong
		Strategy and internal controls	Qualitative	--	--	--	Strong	Medium	Weak	--	--	Strong			
Institutional Profile (10%)												Excellent			
Intrinsic Credit Profile (90%*)	Capitalisation (30%)	Capital/ Potential assets	%	≥ 30	< 30; ≥ 20	< 20; ≥ 15	< 15; ≥ 10	< 10; ≥ 7.5	< 7.5; ≥ 5	< 5	17	High	2		
		(Capital/ Actual assets) - (Capital/ Potential assets)	pps	--	--	--	≥ 7.5	< 7.5	--	--	--	6	Adequate/ No uplift	0	Strong
		Profitability (Adjusted return on equity)	%	--	--	--	≥ 3	< 3; ≥ 0	< 0	--	--	3	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	
		Asset performance	NPLs	% total loans	--	≤ 1	> 1; ≤ 3	> 3; ≤ 5	> 5; ≤ 7	> 7; ≤ 10	> 10	0.0	Excellent	3	Excellent
Trend (-1; +1)												0			
Liquidity & funding (40%)	Liquid assets ratio		%	> 100	≤ 100; > 75	≤ 75; > 50	≤ 50; > 25	≤ 25; > 15	≤ 15; > 10	≤ 10	120	Excellent	4		
	Funding access, flexibility and profile		Qualitative	Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak	Very Strong	Very Strong	3	Excellent	
	Trend (-1; +1)												0		
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-	--	--	--	--	A+			
		Share of portfolio related to key shareholders	%	--	--	--	--	≤ 50	> 50	--	30	Low / No adjustment			
		Adjusted key shareholder rating	Avg. rating	--	--	--	--	--	--	--	--	A+			
	Willingness to support	Willingness to support	Qualitative	--	--	High	Medium	Low	--	--	High	High			
Shareholder Support (10%)												Very High			
Indicative Rating												aaa			
Additional considerations (-1; +1)												Neutral			
Final Rating												AAA			

* Weights are approximated and for illustrative purposes.

** Notches shown here correspond to Shareholder Support uplift given 'Willingness to Support' is assessed as 'High'.

Figures in the financial profile relate to a weighted three-year average for 2023-2025. Source: Scope Ratings

Annex III: Climate risk assessment

Methodology input / assumptions		Source: CEB	Output / calculations		
Initial portfolio quality		% of lending portfolio		Weighted average borrower quality	
Sovereign		52%		a	
Public sector		31%		bbb+	
Financial institutions		12%		bbb	
Non-financial corporates		6%		bb	
Total		100%		a-	
1. Transition risks: NFC					
Sectors with high transition risks		% of NFC		o/w aligned with Paris Agreement	% of NFC with high transition risk
Oil & gas		0%		0%	0%
Power generation (oil, coal)		0%		0%	0%
Metals & mining (coal & steel)		0%		0%	0%
Petrochemicals, cement & concrete manufacture		0%		0%	0%
Total		0%		0%	0%
2. Physical risks: NFC					
<u>Countries: ND-GAIN percentile</u>		Physical risk assessment		% portfolio in countries	Assumed share of NFC with high physical risk*
0.00		Very High		0%	100%
0.10		High		0%	75%
0.25		Medium		0%	50%
0.50		Moderate		15%	25%
0.75		Low		52%	5%
0.90		Very Low		25%	0%
*This share is assumed and fixed.		Portfolio coverage		93%	% of NFC with high physical risk
					6.4%
					6.9%
3. 'High' climate risks (NFC portfolio)					
		% of NFC			
Transition risks		0.0%			
Physical risks		6.9%			
		6.9%			
4. Adjustment for maturity					
Avg. maturity of portfolio		Adjustment			
< 1Y		100%			
> 1Y; < 7Y		50%			
> 7Y		0%			
Average maturity of NFC loan portfolio*		~ 6 years			
*If unavailable, proxied with total loan portfolio.					
Adj. high climate risk exposure, % of NFC		3.5%			
5. Notches adjustment to avg. NFC borrower quality					
Notches		% of NFC with high climate risks			
0		≤ 25%			
-1		> 25%; ≤ 50%			
-2		> 50%			
Adjustment (notches)		0			
6. Final portfolio quality (climate risk adjusted)					
		% of total exposure		Before climate credit risk	
Sovereign		52%		a	
Public sector		31%		bbb+	
Financial institutions		12%		bbb	
Non-financial corporates		6%		bb	
Total		100%		a-	
				Adjusted for climate credit risk	
				a	
				bbb+	
				bbb	
				bb	
				a-	

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

Annex IV: Portfolio 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			
Equity Exposure	Top 10 exposures	% of gross loans				≤ 25	≤ 75	> 75			
		% of capital					≤ 25	> 25	> 50	> 75	
Total points Adjustments			+7 +2 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 CEB, this implies up to higher categories from the initial portfolio quality assessment based on the estimated average borrower quality.
Source: Scope Ratings

Annex V: Statistical table

EUR m, unless otherwise indicated	2019	2020	2021	2022	2023	2024	2025
Capitalisation							
Scope mandated potential assets	20,082.5	20,262.6	20,499.6	20,925.2	22,033.3	31,556.2	31,831.8
Scope mandated assets (disbursed)	15,807.3	17,919.7	19,019.8	18,222.4	20,577.0	22,301.6	22,771.8
Scope total capital	3,425.6	3,498.5	3,593.3	3,672.9	3,776.1	5,168.5	5,255.0
Capitalisation ratio, potential (%)	17.1%	17.3%	17.5%	17.6%	17.1%	16.4%	16.5%
Capitalisation ratio, actual (%)	21.7%	19.5%	18.9%	20.2%	18.4%	23.2%	23.1%
Profitability							
Reported net income	104.7	74.8	94.8	79.7	109.2	124.3	122.3
Scope adjusted net income	102.1	85.7	87.0	83.5	115.9	133.4	129.9
Scope adjusted return on equity (%)	3.0%	2.4%	2.4%	2.3%	3.1%	2.6%	2.5%
Asset quality							
Total gross loans	15,427.0	17,426.8	18,916.4	19,887.1	21,529.6	22,914.8	23,561.5
Non-performing loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-performing loans / gross loans (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Liquid assets	8,565.9	8,098.3	9,172.7	9,799.6	11,038.1	12,997.6	11,844.8
Cash & cash equivalents, short-term money market instruments	5,261.9	4,950.3	6,002.7	6,780.6	7,946.1	9,300.6	9,100.8
Debt securities rated ≥ AA-	3,304.0	3,148.0	3,170.0	3,019.0	3,092.0	3,697.0	2,744.0
Liabilities due within 12 months and disbursements	8,691.5	7,782.0	8,716.8	9,036.2	8,685.6	9,686.1	10,261.7
Financial liabilities due within 12 months	4,236.5	3,759.0	5,190.8	5,297.2	5,174.6	5,986.1	6,661.7
Disbursements over the next 12 months	4,455.0	4,023.0	3,526.0	3,739.0	3,511.0	3,700.0	3,600.0
Scope liquid assets ratio (%)	98.6	104.1	105.2	108.4	127.1	134.2	115.4
Funding							
Annual funding volume	4,520.0	4,499.0	5,500.0	5,988.0	6,981.0	6,230.0	5,880.0
o/w in ESG bonds	500.0	1,500.0	941.5	2,035.9	2,300.0	2,800.0	2,600.0
Top 3 currencies (% of annual funding)							
USD	38.9%	48.9%	38.5%	64.7%	45.8%	36.9%	39.6%
EUR	39.8%	36.6%	38.3%	15.6%	26.4%	51.8%	36.1%
GBP	17.2%	7.9%	14.3%	13.9%	15.6%	2.9%	6.2%
Equity							
Total equity	3,173.2	3,240.8	3,335.6	3,415.3	3,519.6	4,765.9	4,876.1
Paid-in capital	612.4	613.0	613.0	613.0	624.3	1,766.3	1,766.3
Reserves, risk funds and profit for the year	2,560.8	2,627.9	2,722.7	2,802.4	2,895.3	2,999.6	3,109.9
Callable capital counted towards capital	252.4	257.6	257.6	257.6	256.5	402.6	378.9
10% of callable capital rated ≥ AA-	232.5	237.7	237.7	237.7	236.6	370.2	346.5
25% of callable capital rated ≥ AA-, authorised & appropriated	19.9	19.9	19.9	19.9	19.9	32.4	32.4
Callable capital cap (set at 30% of total capital)	1,359.9	1,388.9	1,429.6	1,463.7	1,508.4	2,042.5	2,089.8
Total capital	3,425.6	3,498.5	3,593.3	3,672.9	3,776.1	5,168.5	5,255.0
Shareholder support							
Key shareholder rating	A+	A	A	A	A	A+	A+
Shareholders rated AAA (% of subscribed capital)	27.5%	27.5%	27.5%	27.0%	27.0%	26.2%	26.2%
Shareholders rated AA- or higher (% of subscribed capital)	49.5%	50.6%	50.6%	49.6%	49.4%	48.7%	45.7%
Shareholders rated BBB- or higher (% of subscribed capital)	88.7%	88.7%	88.9%	89.6%	90.0%	90.6%	90.6%

Source: CEB, Scope Ratings

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Applied methodology

[Supranational Rating Methodology](#), 23 May 2025

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