



Credit strengths

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

Credit weaknesses

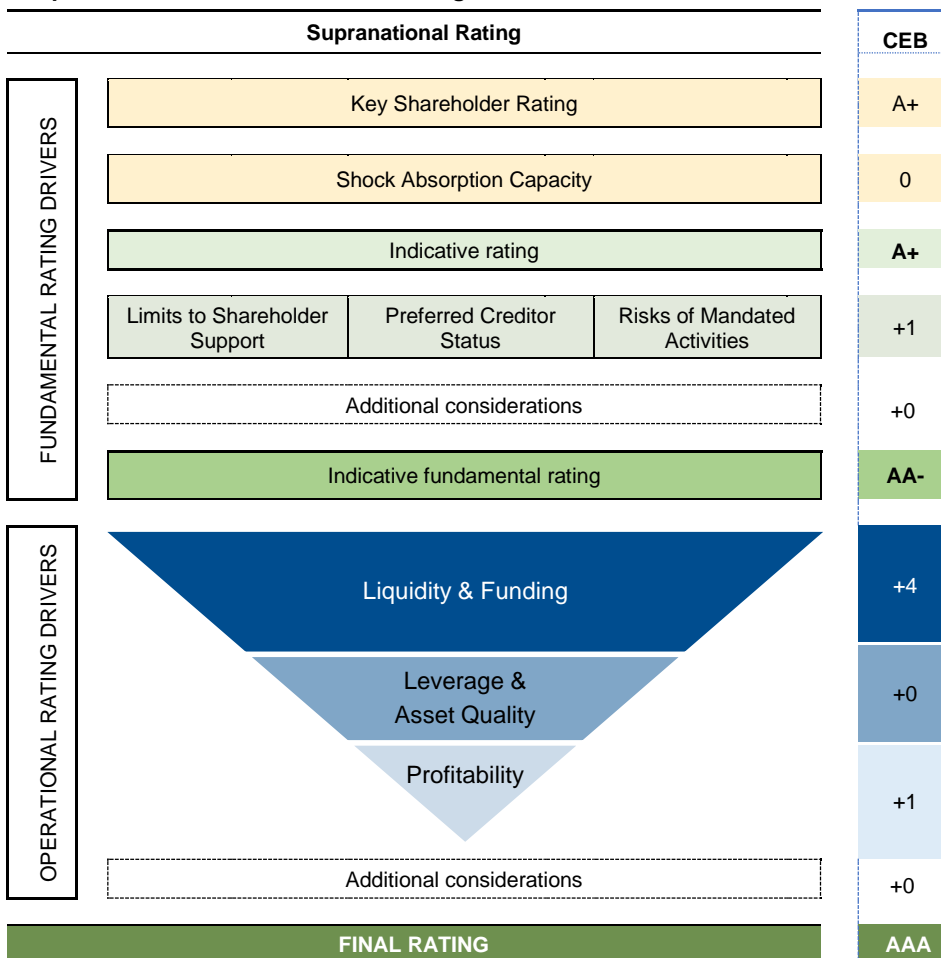
- High leverage
- High shareholder concentration

Ratings and Outlook

Foreign currency

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

Scope's assessment of the CEB's rating drivers



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Bloomberg: SCOP

Positive rating-change drivers

- N/A

Negative rating-change drivers

- Downgrades of key shareholders
- Significant reduction in liquidity buffers
- Marked deterioration of capital base relative to lending activities

Scope's supranational scorecard: Council of Europe Development Bank

Risk factors	Variables	Unit	Risk assessment			CEB			
			Low (+1)	Medium (0)	High (-1)	Value	Risk assessment	Notches	
Key shareholder rating	Weighted average rating of key shareholders	Avg. rating				A+	--	--	
Shock-absorption capacity (-1; +2)	Equity + callable capital/potential liabilities*	%	≥ 20	< 20; ≥ 10	< 10	17.3	+0 Notches	0	
Indicative rating									
Limits to shareholder support (-1; 0)	Shareholder concentration	HHI	--	--	> 2,000	2400.0	Medium/High	-1	
	Paid-in/callable capital	%	--	--	< 10	12.6	Low		
	Preferred creditor status (0; +1)	Mandate	Description	LOLR	--	--	Development	N/A	1
		Exposure to own shareholders	% total loans	≥ 75	--	--	100.0	N/A	
Private sector exposure	% total loans	≤ 25	--	--	25.0	N/A			
History/track record			--	--	--	Yes	1		
Risks from mandated activities (+/- 1)	Weighted average borrower quality (top 10)	Rating	≥ A-	≥ BBB-	< BBB-	A+	Low	1	
	Max. equity investments	% equity	≤ 50	--	--	--	Low		
Additional considerations									
Indicative fundamental rating									
AA-									
Operational rating drivers	Liquid assets ratio**	%	≥ 30	< 30; ≥ 20	< 20	102.8	Very Low	3	
	WAM issuance (latest)	Years	≥ 5	< 5; ≥ 2	< 2	5.7	Low	1	
	Liquidity & funding (-2; +7)	Funding volume	EUR or USD bn	≥ 10	--	--	4.5	Medium/High	0
		Currency diversification	Top 1 share	≤ 70	--	--	52.1	Low	
		ESG issuance	% issuance	≥ 15	--	--	< 15.0	Medium/High	
	Adjustments					0.0		0	
	Leverage & asset quality (-2; +4)	Leverage ratio***	% equity	≤ 300	> 300; ≤ 600	> 600	669.9	High	-1
		NPLs****	% total loans	≤ 2	> 2; ≤ 4	> 4	0.0	Low	0
		Actual equity participation****	% equity	≤ 50	--	--	N/A	--	
		Portfolio concentration*****	Geographical concentration	HHI	≤ 2,000	--	--	600.0	Low
Industry concentration	HHI		≤ 2,000	--	--	3400.0	Medium/High		
Profitability (+/- 1)	Return on equity	%	≥ 3	< 3; ≥ 0	< 0	3.4	Low	1	
Additional considerations									
FINAL RATING									
AAA									

*Callable capital of potentially borrowing/benefiting shareholders rated ≥ AA-. If the value is above 50, we adjust the assessment positively by two notches.

**If the value is above 50 (80), we adjust the assessment positively by two (three) notches. Ratios above 120 receive a four-notch adjustment.

***If the value is below 100, we adjust the assessment positively by two notches.

****Adjusted taking 'risks from mandated activities' into account.

*****If either geographical or industry concentration is assessed as 'low' risk, we will adjust positively by one notch.

LOLR stands for lender of last resort. HHI refers to the Herfindahl-Hirschman Index. ESG-issuance can only provide positive uplift.

Operational rating drivers are calculated using a weighted three-year average.



II Key Shareholders: Council of Europe Development Bank

EUR '000s, latest figures

Key Shareholders	Rating	Capital Contribution		
		Callable Capital \geq AA-	Subscribed (%)	Subscribed - Adjusted (%)
France	AA/ Stable	814,114.00	16.73	21.50
Germany	AAA/ Stable	814,114.00	16.73	21.50
Italy	BBB+/ Negative		16.73	21.50
Spain	A-/ Negative		10.91	14.02
Turkey	B+/ Stable		7.10	9.11
Netherlands	AAA/ Stable	176,743.00	3.63	4.67
Belgium	AA/ Negative	146,083.00	3.00	3.86
Greece	BB/ Positive		3.00	3.86
Total			77.85	100.00
Key Shareholder Rating				A+

Per Scope's Supranational methodology, we include shareholders whose cumulative capital share, starting from the largest shareholder, comprises at least 75% of the supranational's capital.

Source: CEB, Scope Ratings GmbH

III Statistical tables

	2015	2016	2017	2018	2019
Key shareholders					
Average capital-key weighted rating	A+	A+	A+	A+	A+
Shareholders rated at least AA- (%)	49.3	49.3	49.3	49.3	49.5
Liquidity (EUR bn)					
Liquid assets	8.9	8.7	8.0	7.9	8.6
Assets ≤ 12 months	5.1	5.4	4.5	4.4	5.3
Treasury assets > 12 months (rated at least AA-)	3.9	3.2	3.5	3.5	3.3
Liabilities maturing within 12 months and disbursements	6.9	7.2	8.1	7.0	8.7
Liabilities ≤ 12 months	4.9	4.9	5.3	4.1	4.2
Disbursements over next 12 months	2.0	2.3	2.8	2.9	4.5
Liquid assets ratio (%)	129.4	120.9	98.5	113.7	98.2
Funding (EUR bn)					
Volume	3.0	3.1	3.0	4.9	4.5
<i>Share of total (%)</i>					
EUR	57.4	39.9	16.7	73.3	38.9
USD	29.3	43.2	62.2	16.4	39.8
GBP	13.3	16.9	21.1	9.4	17.2
ESG issuance	0.0	0.0	16.7	10.2	11.1
Leverage (EUR bn)					
Debt securities in issue	19.5	20.1	18.8	19.6	21.2
Leverage ratio (%)	720.3	713.5	634.9	646.9	687.3
Asset quality (EUR bn)					
Total loans	13.1	13.7	13.8	14.6	15.4
Poland	1.6	1.6	1.8	2.0	1.9
Spain	1.6	1.9	2.0	2.0	1.9
Turkey	1.2	1.3	1.4	1.5	1.4
France	1.5	1.8	1.3	1.3	1.2
Belgium	1.1	1.1	0.9	0.8	1.0
Non-performing loans ratio (% of gross loans)	0.0	0.0	0.0	0.0	0.0
Profitability (EUR m)					
Net income	127.0	104.9	112.0	97.5	104.7
Return on equity (%)	4.7	3.7	3.8	3.2	3.4
Capital (EUR bn)					
Paid-in capital	0.6	0.6	0.6	0.6	0.6
Callable capital (shareholders rated at least AA-)	2.4	2.4	2.4	2.4	2.4
Retained earnings and reserves	2.1	2.2	2.4	2.4	2.5
Total	5.1	5.2	5.4	5.4	5.5

Source: CEB, Scope Ratings GmbH