

European Investment Bank



AAA
STABLE
OUTLOOK

Credit strengths

- Very strong mandate; ESG pioneer
- Excellent asset quality
- Excellent access to capital markets and ECB's refinancing operations
- High retained earnings
- Highly rated shareholders

Credit challenges

- High leverage and moderate liquidity buffers compared to peers

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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Rating rationale and Outlook: The European Investment Bank (EIB) AAA rating reflects its 'excellent' intrinsic strength and 'very high' shareholder support. In detail:

- **Institutional profile:** The EIB has a proven track record of excellent governance and an irreplaceable mandate for its EU shareholders. It is at the forefront of implementing the European Fund for Strategic Investments (EFSI) and its successor programme, InvestEU. In addition, it is catalysing Europe's move to carbon neutrality and playing a critical role in the EU's response to the Covid-19 crisis.
- **Financial profile:** The EIB benefits from a persistent ability to generate capital every year since 1958, including in 2020-21 during the Covid-19 crisis. The EIB's excellent asset quality with negligible non-performing loans is driven by its conservative lending policies, high asset protection and its widely diversified portfolio across geographies, sectors and counterparties. The EIB's strong liquidity profile is driven by high, prudently managed liquid assets, excellent market access given its global benchmark issuer status, a diversified funding base and unique access to the ECB liquidity facilities. Challenges, which are marginal at the AAA level, relate to its high leverage and relatively moderate liquidity buffers compared to peers.
- **Shareholder support:** The EIB benefits from highly rated key shareholders (AA-), a track record and solid legal basis for receiving extraordinary support when needed.
- **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 shareholders are downgraded.

Scope's assessment of the EIB's rating drivers

Institutional Profile	Very Strong	+	Financial Profile	Very Strong (+)	
Intrinsic Strength		+	Shareholder Support		
Excellent		+	Very High		
Indicative Rating				AAA	Add. Consid.: Positive
Final Rating				AAA/ Stable	

Positive rating-change drivers

- Not applicable

Negative rating-change drivers

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

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Bloomberg: RESP SCOP

I Indicative Rating: European Investment Bank

Indicative rating: AAA

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

Intrinsic Strength: Mapping institutional and financial profiles for the EIB

	Intrinsic Strength	Institutional Profile				
		Very Strong	Strong	Moderate	Weak	Very Weak
Financial Profile	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 (-)

Source: Scope Ratings GmbH

Indicative Rating: Mapping intrinsic strength and shareholder support for the EIB

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

Source: Scope Ratings GmbH



II Shareholders: European Investment Bank

EUR m

EIB shareholders	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-	
Netherlands	1,155.1	11,796.0	12,951.1	5.2	AAA	11,796.0
Belgium	1,155.1	11,796.0	12,951.1	5.2	AA-	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	AAA	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	BB+	
Portugal	201.9	2,062.0	2,263.9	0.9	BBB+	
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	AA-	187.9
Malta	10.9	111.5	122.4	0.0	A+	
Total	22,190.7	226,604.9	248,795.6	100.0		135,709.8

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

III Scope's supranational scorecard: European Investment Bank

Risk factors	Variables	Unit									EIB			
			+4	+3	+2	+1	0	-1	-2	Value	Assessment	Notches		
Institutional Profile	Mandate & ESG (-2; +2)	Importance of mandate	Qualitative	--	--	--	Very High	High	Declining	--	--	Very High		
		Social factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong	1	
		Environmental factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong		
	Governance	Shareholder concentration	HHI	--	--	--	--	≤ 1500	> 1500	--	1300.0	Strong		
		Shareholder control	%	--	--	--	--	≤ 25	> 25	--	19.0	Strong	1	
		Strategy and internal controls	Qualitative	--	--	--	Strong	Medium	Weak	--	--	Strong		
Institutional Profile											Very Strong			
Intrinsic Strength	Capitalisation (-3; +6)	Capital/ Potential assets	%	≥ 30	< 30; ≥ 20	< 20; ≥ 15	< 15; ≥ 10	< 10; ≥ 7.5	< 7.5; ≥ 5	< 5	10.0	Adequate	1	
		Capital/ Actual assets*	%	--	--	--	≥ 40	< 40	--	--	16.0	Adequate/ No uplift	0	
		Profitability (Return on equity)	%	--	--	--	≥ 3	< 3; ≥ 0	< 0	--	3.0	Adequate	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
	Liquidity & funding (-4; +8)	Liquid assets ratio		%	> 100	≤ 100; > 75	≤ 75; > 50	≤ 50; > 25	≤ 25; > 15	≤ 15; > 10	≤ 10	60.0	Strong	2
		Maturity gap		Multiple	--	--	--	≥ 0.75	< 0.75; ≥ 0.50	< 0.50	--	0.8	Strong	1
		Funding	Funding volume	EUR or USD bn	--	--	≥ 25	< 25; ≥ 5	< 5; ≥ 2	< 2	--	63.0	Very Strong	2
		Currency diversification		Top 1 share	--	--	--	≤ 70	> 70	--	--	55.0	Strong	1
Financial Profile											Very Strong (+)			
Intrinsic Strength											Excellent			
Shareholder Support	Shareholder strength (0; +3)	Weighted average rating of key shareholders	Avg. rating	--	≥ AA-	≥ A-	≥ BBB-	< BBB-	--	--	--	AA-		
		Share of portfolio related to key shareholders	%	--	--	--	--	≤ 50	> 50	--	27.0	Low / No adjustment	3	
		Adjusted key shareholder rating	Avg. rating	--	--	--	--	--	--	--	--	AA-		
	Extraordinary Support (0; +2)	Callable capital [rated ≥ AA-]/ Actual assets	%	--	--	≥ 100	< 100; ≥ 20	< 20	--	--	30.0	Strong	1	
Additional support mechanisms		Qualitative	--	--	Very Strong	Strong	N/A	--	--	N/A	Strong	1		
Shareholder Support											Very High			
Indicative Rating											AAA			
Additional considerations (-1; +1)											Positive			
Final Rating											AAA			

The positive additional consideration captures the benefit from accessing the ECB's liquidity facilities.

Source: EIB, Scope Ratings GmbH

IV Asset quality assessment

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

Adjustments		Indicator	Assessment/ Thresholds								
Points			+5	+4	+3	+2	+1	0	-1	-2	-3
Credit Protection	Sovereign PCS	% of loan portfolio	100	≥ 80	≥ 60	≥ 40	≥ 20	< 20			
	Private sector secured										
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	+8
Adjustments	+3 categories

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

Source: Scope Ratings GmbH. 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.



V Statistical Tables

	2015	2016	2017	2018	2019	2020
Capitalisation (EUR bn)						
Mandated potential assets	712.3	719.4	726.4	732.3	738.2	750.3
Mandated (disbursed) assets	448.7	446.2	450.0	447.5	445.7	450.5
Capitalisation ratio, potential (%)	8.9	9.2	9.5	9.7	10.0	9.8
Capitalisation ratio, actual (%)	14.1	14.8	15.3	15.9	16.5	16.3
Profitability (EUR bn)						
Net income	2.8	2.9	2.8	2.3	2.4	1.7
Return on equity (%)	4.6	4.5	4.2	3.4	3.3	2.4
Asset quality (EUR bn)						
Total (signed) loans	563.6	568.7	568.2	557.0	560.4	558.9
Unsecured private sector loans (%)	21.9	23.0	24.7	25.6	26.4	26.7
Impaired loans	1.4	1.5	1.3	1.5	1.6	1.9
Non-performing loans (EUR m)	120.1	93.6	182.2	178.7	148.3	121.1
Direct equity participations	4.3	4.9	5.8	6.9	8.5	9.2
% of total equity and reserves	7.1	7.8	8.8	10.0	11.9	12.8
Liquidity (EUR bn)						
Cash & deposits	31.5	38.4	36.4	52.6	56.1	62.4
T-bills & securities ≤ 12 months	41.1	41.1	30.4	24.9	22.9	20.7
Liabilities ≤ 12 months	99.6	93.4	75.7	80.0	92.8	94.7
Disbursements	60.2	54.3	48.6	46.7	43.6	51.0
Liquid assets ratio (%)	45.4	53.8	53.7	61.2	57.9	56.8
Funding (EUR bn)						
Volume	62.4	66.4	56.4	60.0	50.3	70.0
<i>Share of outstanding total (%)</i>						
EUR	46.0	46.9	51.9	53.2	53.9	56.4
USD	30.3	31.1	26.7	26.0	24.9	23.7
GBP	13.1	11.0	11.0	10.0	10.2	9.8
ESG issuance	4.0	3.8	4.3	4.5	4.1	10.5
% total	6.4	5.7	7.6	7.5	8.2	15.0
Equity (EUR bn)						
Paid-in capital	21.7	21.7	21.7	21.7	21.7	22.2
Reserves	38.9	41.6	44.5	47.3	49.6	49.6
Total equity and reserves	60.6	63.3	66.2	69.0	71.3	71.8
Key shareholders						
Average capital-key weighted rating	AA-	AA-	AA-	AA-	AA-	AA-
Shareholders rated at least AA- (%)	66.9	66.9	66.9	66.9	66.9	59.2
Callable capital [rated ≥ AA-] / Mandated assets	33.0	33.2	32.9	33.1	33.2	29.8

Source: EIB, Scope Ratings



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