

# European Bank for Reconstruction and Development



**AAA**  
STABLE  
OUTLOOK

## Credit strengths

- Highly rated shareholders
- Substantial capital position
- Very high liquidity buffers
- Excellent access to capital markets

## Credit weaknesses

- Weak asset quality
- High earnings volatility through equity investments

## 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 EBRD's rating drivers

Supranational Rating		EBRD
FUNDAMENTAL RATING DRIVERS	Key Shareholder Rating	AA-
	Shock Absorption Capacity	+1
	Indicative rating	AA
	Limits to Shareholder Support   Preferred Creditor Status   Risks of Mandated Activities	0
	Additional considerations	+0
	Indicative fundamental rating	AA
OPERATIONAL RATING DRIVERS	Liquidity & Funding	+4
	Leverage & Asset Quality	+2
	Profitability	+1
	Additional considerations	+0
<b>FINAL RATING</b>		<b>AAA</b>

## Lead Analyst

Dr Bernhard Bartels  
+49 69 6677389-19  
[b.bartels@scoperatings.com](mailto:b.bartels@scoperatings.com)

## Team Leader

Dr Giacomo Barisone  
+49 69 6677389-22  
[g.barisone@scoperatings.com](mailto:g.barisone@scoperatings.com)

## Scope Ratings GmbH

Neue Mainzer Straße 66-68  
60311 Frankfurt am Main  
Phone +49 69 6677389-0

## Headquarters

Lennéstraße 5  
10785 Berlin  
Phone +49 30 27891-0  
Fax +49 30 27891-100

[info@scoperatings.com](mailto:info@scoperatings.com)  
[www.scoperatings.com](http://www.scoperatings.com)



Bloomberg: SCOP

## Positive rating-change drivers

- N/A

## Negative rating-change drivers

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



# European Bank for Reconstruction and Development

## Scope's supranational scorecard: European Bank for Reconstruction and Development

Risk factors	Variables	Unit	Risk assessment			Supranational			
			Low (+1)	Medium (0)	High (-1)	Value	Risk assessment	Notches	
Key shareholder rating	Weighted average rating of key shareholders	Avg. rating				AA-	--	--	
Shock-absorption capacity (-1; +2)	Equity + callable capital/potential liabilities*	%	≥ 20	< 20; ≥ 10	< 10	43.6	+1 Notches	--	
<b>Indicative rating</b>						<b>AA</b>			
Limits to shareholder support (-1; 0)	Shareholder concentration	HHI	--	--	> 2,000	900.0	Low	0.0	
	Paid-in/callable capital	%	--	--	< 10	26.0	Low		
Preferred creditor status (0; +1)	Mandate	Description	LOLR	--	--	Development	--	1.0	
	Exposure to own shareholders	% total loans	≥ 75	--	--	100.0	Low		
	Private sector exposure	% total loans	≤ 25	--	--	76.3	Medium/High		
	History/track record		--	--	--	Yes	1		
Risks from mandated activities (+/- 1)	Weighted average borrower quality (top 10)	Rating	≥ A-	≥ BBB-	< BBB-	B+	High	-1.0	
	Max. equity investments	% equity	≤ 50	--	--	100.0	High		
Additional considerations						0.0		0.0	
<b>Indicative fundamental rating</b>						<b>AA</b>			
Operational rating drivers	Liquid assets ratio**	%	≥ 30	< 30; ≥ 20	< 20	105.7	Very Low	3.0	
	WAM issuance (latest)	Years	≥ 5	< 5; ≥ 2	< 2	4.9	Low	1.0	
	Liquidity & funding (-2; +7)	Funding volume	EUR or USD bn	≥ 10	--	--	8.6	Medium/High	0.0
		Currency diversification	Top 1 share	≤ 70	--	--	79.0	Medium/High	
	ESG issuance	% issuance	≥ 15	--	--	0.0	--	0.0	
	Adjustments					0.0		0.0	
	Leverage & asset quality (-2; +4)	Leverage ratio***	% equity	≤ 300	> 300; ≤ 600	> 600	262.1	Low	1.0
		NPLs****	% total loans	≤ 2	> 2; ≤ 4	> 4	4.8	High	0.0
		Actual equity participation****	% equity	≤ 50	--	--	29.5	Low	0.0
		Portfolio concentration****	Geographical concentration	HHI	≤ 2,000	--	--	600.0	Low
Industry concentration	HHI		≤ 2,000	--	--	1800.0	Low		
Profitability (+/- 1)	Return on equity	%	≥ 3	< 3; ≥ 0	< 0	5.8	Low	1.0	
Additional considerations						0.0		0.0	
<b>FINAL RATING</b>						<b>AAA</b>			

\*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.

Source: Scope Ratings



## European Bank for Reconstruction and Development

### II Key Shareholders: European Bank for Reconstruction and Development

EUR m, latest figures

Key Shareholders	Rating	Capital Contribution		
		Callable Capital ≥ AA-	Subscribed (%)	Subscribed - Adjusted (%)
United States	AA /Stable	2,375.44	10.12	12.35
France	AA /Stable	2,023.28	8.62	10.52
Germany	AAA/Stable	2,023.28	8.62	10.52
Italy	BBB+ /Negative		8.62	10.52
Japan	A+ /Negative		8.62	10.52
United Kingdom	AA /Negative	2,023.28	8.62	10.52
Russia	BBB /Stable		4.05	4.94
Canada*	AA	807.64	3.43	4.19
Spain	A- /Stable		3.43	4.19
European Investment Bank	AAA /Stable	712.63	3.03	3.70
European Union	AAA /Stable	712.63	3.03	3.70
Netherlands	AAA /Stable	589.10	2.51	3.06
Austria	AAA /Stable	541.59	2.30	2.81
Belgium	AA /Negative	541.59	2.30	2.81
Sweden	AAA /Stable	541.59	2.30	2.81
Switzerland	AAA /Stable	541.59	2.30	2.81
<b>Total</b>		<b>13,433.64</b>	<b>81.88</b>	<b>100</b>
<b>Key Shareholder Rating</b>				<b>AA-</b>

\*Scope uses the indicative rating from its quantitative scorecard for non-rated sovereigns.

\*\*Scope includes Sweden and Switzerland in the key shareholder group with a share of subscribed capital equal to that of Austria and Belgium. Per its Supranational methodology, Scope includes shareholders whose cumulative capital share, starting from the largest shareholder, comprises at least 75% of the supranational's capital. Scope adds all marginal shareholders with identical capital subscription to calculate the key shareholder rating.

Source: EBRD, Scope Ratings

## III Statistical tables

	2017	2018	2019
<b>Key shareholders</b>			
Average capital-key weighted rating	AA-	AA-	AA-
Shareholders rated at least AA- (%)	63.94	63.94	64.04
<b>Liquidity (EUR bn)</b>			
Cash & deposits	6.3	5.5	5.1
Treasury assets ≤ 12 months	8.3	10.5	13.3
Liquid financial assets (rated at least AA-)	8.5	10.6	11.2
Liabilities ≤ 12 months	16.2	18.4	20.5
Disbursements	6.2	7.2	7.2
Liquid assets ratio (%)	103.1	103.9	107.0
<b>Funding (EUR bn)</b>			
Volume	8.2	8.7	8.6
<i>Share of total (%)</i>			
USD	77.8	81.4	78.0
EUR	16.1	10.4	13.7
GBP	3.2	4.5	3.5
ESG issuance	2.0	5.5	20.9
<b>Leverage (EUR bn)</b>			
Debts evidenced by certificates	37.8	42.8	47.5
Leverage ratio (%)	233.5	263.1	266.3
<b>Asset quality (EUR bn)</b>			
Total loans and undrawn commitments	34.5	36.3	39.9
Turkey	6.1	5.8	5.7
Egypt	2.5	3.3	4.0
Ukraine	3.7	3.4	3.8
Kazakhstan	2.4	2.2	2.6
Poland	2.1	2.0	2.3
Non-performing loans (EUR m)	898.0	1,176.0	1,209.0
% of total loans	3.9	4.8	4.5
<b>Profitability (EUR bn)</b>			
Net income	0.61	0.11	1.55
Return on equity (%)	3.8	0.7	8.7
<b>Capital (EUR bn)</b>			
Paid-in capital	6.2	6.2	6.2
Callable capital (shareholders rated at least AA-)	15.1	15.1	15.1
Retained earnings and reserves	10.0	10.1	11.6
<b>Total</b>	<b>31.3</b>	<b>31.4</b>	<b>32.9</b>

Source: EBRD, Scope Ratings