Council of Europe Development Bank

STABLE OUTLOOK
AAA

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. During the past few years, the bank has reported lower but still comfortable annual net profit, allowing it to strengthen its capital base with retained earnings. The main rating challenge is the CEB's high leverage, although this is expected to ease 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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Bloomberg: SCOP

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 in the longer run.

Mandated activities

Promoting social cohesion and strengthening social integration

Established in 1956 and owned by 42 shareholders, the CEB is the only European multilateral development bank with an entirely social purpose. 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 22 countries of central, eastern and southeastern Europe. The bank's total assets amounted to nearly EUR 31.5bn at end-2022.

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 key areas including social housing, education and healthcare. In its Strategic Framework for 2023-27, the bank plans to respond to social development and inclusion challenges, invest in the assistance and integration of refugees and migrants, and support the reconstruction of Ukraine. It will promote social cohesion by investing in people and enhancing human capital, promoting inclusive and resilient living environments, and supporting jobs, economic inclusion and financial inclusion. The bank's activities have been fully aligned with the United Nations' 2030 Sustainable Development Goals since 2020. The CEB cemented its unique social mandate in early 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 and support its development strategy.

Swift response to Covid-19 and Ukraine crisis

Recent crises have bolstered the importance of the bank's social mandate as it supported EU member states in dealing with emergency situations. Between 2020 and 2021, the CEB approved loans totalling EUR 3.8bn to support pandemic-related projects. In addition, following the formal adhesion of Ukraine in the coming months, the bank is expected to continue playing a critical role in the European response, both in terms of crisis management (notably in access to housing and healthcare) and, in the longer run, the reconstruction of social infrastructure, in line with the Council of Europe's Revised Action Plan for Ukraine for 2023-26.

In line with its core mandate, the CEB proved equally supportive in responding to the large flows of refugees resulting from Russia's invasion of Ukraine. The bank has allocated EUR 10m for assistance to refugees via its Migrant and Refugee Fund (established in 2015) and its Ukraine Solidarity Fund (established in 2022) to support the most impacted members in their immediate response to the high flows of refugees.

As of December 2022, the bank had approved EUR 1.3bn in loans to meet the long-term needs of the refugees and the countries hosting displaced persons from Ukraine and issued two social bonds totalling about EUR 2bn in April and June 2022 to support this effort. Overall, social factors, which are strongly incorporated into the CEB's statutory priorities, have been reaffirmed in the Strategic Framework for 2023-27.

Finally, the bank demonstrated its reactiveness following the 2023 earthquake in Turkey 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). This follows the EU Facility for Refugees in Turkey (FRiT).

Environmental factors

Progressive alignment with Paris Agreement

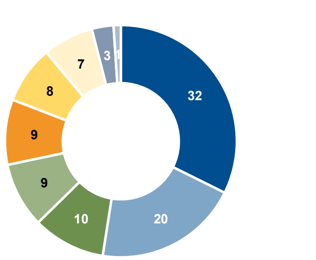
Environmental concerns have grown in importance to the CEB's activities over recent years. The bank carries out annual reviews of its investments and activities to prevent funding of projects that contradict its environmental objectives. As part of its Strategic Framework for 2023-27, the bank is committed to aligning its activities with the Paris Agreement and ensuring compatibility with climate goals. Making good on this strategy 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 transition and physical 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. Transition and physical risks are low in comparison with similar institutions. The CEB is relatively less exposed to counterparties vulnerable to climate change.

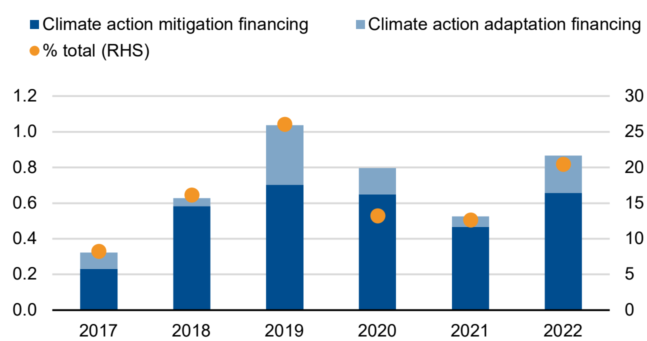
In a second step, we assess mitigating factors, including risk-management policies. Relatively low transition risks are further offset by the gradual enhancement of the CEB's policies to better align its activities with climate change objectives.

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)



Source: CEB, Scope Ratings

Tackling the social inclusion-climate change nexus

The CEB has taken action to define a dedicated approach to align its social mandate and business model with the Paris Agreement as climate change has disproportionate consequences for lower income and vulnerable groups. The bank has also included natural or ecological disasters and environmental protection as new sectors of operation as of January 2023.

Direct lending fully aligned with climate objectives

The CEB approved a Paris Alignment Approach and Roadmap in November 2021 to strengthen due diligence during the screening of projects and progressively align its operations with its climate objectives. The bank already assesses the environmental impact of the projects it finances to determine their degree of alignment with the Paris Agreement throughout the project cycle via its Environmental and Social Sustainability-Climate Change unit. Climate considerations were further mainstreamed within project approval processes in 2022. From January 2023 onwards, projects that are not aligned with the Paris Agreement will not be eligible for direct funding, and this policy is expected to be extended to other instruments in 2024.

Internal procedures incorporate Paris Alignment Framework

The bank has screened all its operations for physical climate risk since 2017 and has developed a range of policies and procedures to promote social responsibility and sustainable development. The first among these is its Environmental and Social Safeguards Policy, which includes the first climate risk-related methodologies at both the project and counterparty level. Guidance notes were also developed in 2022 to assess alignment with the Paris Agreement and the physical climate risks of operations, including by assessing climate risk for sovereign counterparties.

Close coordination with other MDBs on climate change

The phased incorporation of climate change commitments into the bank's internal policies and procedures takes place in close cooperation with international partners and other MDBs. An example of the various initiatives pursued by the bank is the joint statement signed with other MDBs ahead of the UN Climate Change Conference COP27 in Egypt, committing "to address the challenges of sustainable development, climate change and biodiversity loss in an integrated way". In addition, the CEB relies on widely accepted principles to identify green projects, such as those developed by the European Union taxonomy and the MDB joint methodology for reporting climate change mitigation and adaptation finance.

Climate finance still accounts for a modest share of funding

Despite initiatives and proactive policies to incorporate climate change considerations, and the climate-social nexus approach to be developed under the Strategic Framework for 2023-27, 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, out of EUR 19.8bn in loans outstanding, around 16% relate to environmental protection and natural or ecological disasters.

Concrete policies support high environmental credibility

Overall, the CEB has demonstrated very strong and continuous efforts to climate change commitment, which are expected to be pursued in the context of the Strategic Framework for 2023-27. The bank is currently in the process of adjusting its policies and procedures to better manage transition and physical risks at an operational level, supporting our positive assessment of its environmental factors and institutional profile.

Governance

Relatively diversified, mostly European shareholder base

The CEB is owned by 42 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 more than half (50.2%, or 16.7% each) of the subscribed capital. Overall, the shareholder structure is titled towards the largest European economies, with Spain (10.9% of capital), the Netherlands (3.6%) and Belgium (3.0%) also among the key shareholders. Apart from Turkey (7.1%), other members hold a relatively small share of the subscribed capital. We do not expect material changes in the context of the capital increase approved in December 2022.

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 42 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 2.5 times subscribed capital, reserves and net profit.

Strong capitalisation; high and increasing leverage ratio …

For the numerator, we include paid-in capital (EUR 613m), accumulated reserves and retained earnings (EUR 2.7bn), net profits (EUR 79.7m) and add gains recognised directly in equity (EUR 27.0m) at end-2022. The sum of these resources is EUR 3.4bn. For the denominator, we use the bank's total capitalisation (or potential mandated assets), which amounted to EUR 20.7bn at end-2022.

The resulting capitalisation ratio of about 17% 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 19%, based on total disbursed, mandated assets of about EUR 18bn. After a period of steady increases beginning in 2012, 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 its full capacity. This high leverage ratio represents a key credit challenge, although it improved slightly in 2022 thanks to a normalisation in the level of disbursements – closer to pre-pandemic levels, gains recognised directly in equity, and retained profits.

… set to improve in line with the expected rise in paid-in capital

Furthermore, 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 is likely to exceed that of disbursements. We expect an average annual volume of loan approvals set at EUR 4.3bn on average between 2023 and 2027. That is moderately above the three-year average of EUR 3.7bn and in line with the Development Plan for 2020-22 (EUR 4.2bn). 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 vs peers
%, latest figure

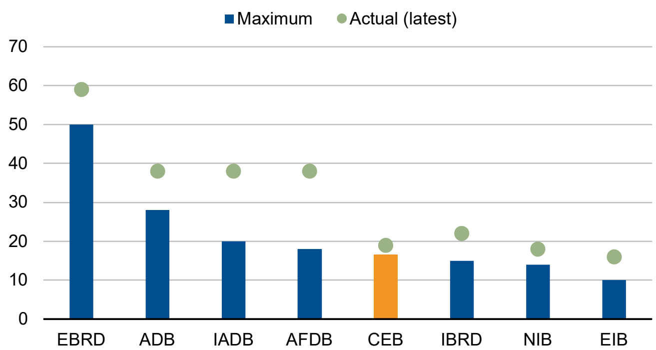
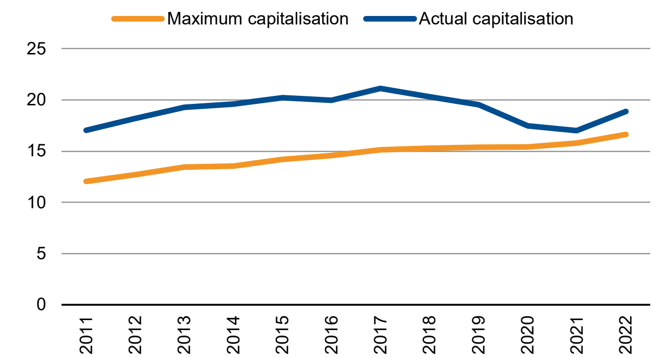


Figure 5: Capitalisation over time
%



Maximum refers to capitalisation under full capacity. 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 at 2.41 at end-2022. This represents a significant increase over 2014 (1.67), although it remains below the bank's ceiling of 2.5. Similarly, the bank's self-reported risk-based capital adequacy ratio rose to about 30% in 2022, up from 25.5% in 2014. This figure is significantly above the prudential floor of 10.5% and the bank's target of maintaining a ratio of above 20%.

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

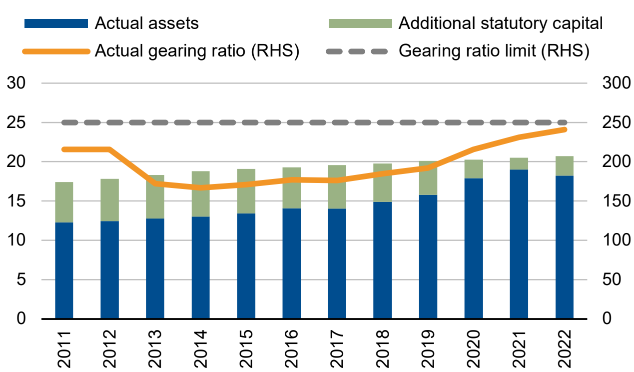
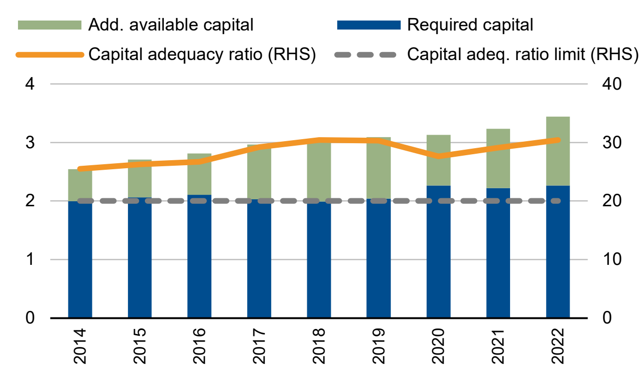


Figure 7: Risk-based capital utilisation
EUR bn (LHS); % (RHS)



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

Robust, albeit declining, profit-generating capacity

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 member states and the low interest rate environment. Robust and steady net profits averaging EUR 103m 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 79.7m in 2022, down from EUR 94.8m in 2021, mainly because of higher provisioning for credit risk because of the adverse operating environment resulting from the Ukraine crisis.

The CEB's profitability, as measured by its return on equity, has been trending downwards in recent years. It declined from 5.1% in 2011 to 2.3% in 2022, largely related to the low interest-rate environment. Looking ahead, the increase in interest rates in the near term is likely to support profit-generating capacity, although the latter could be negatively impacted by the challenging macroeconomic environment in Europe and possible pressures on asset quality and provisioning needs.

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

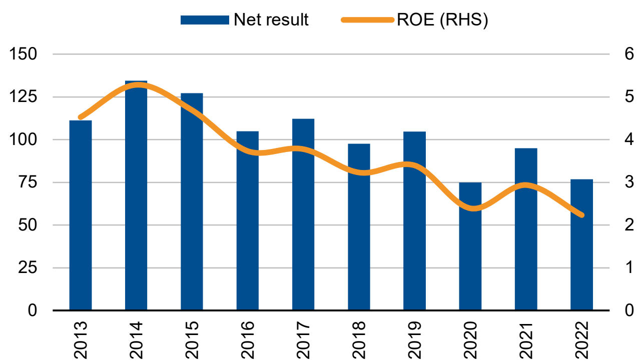
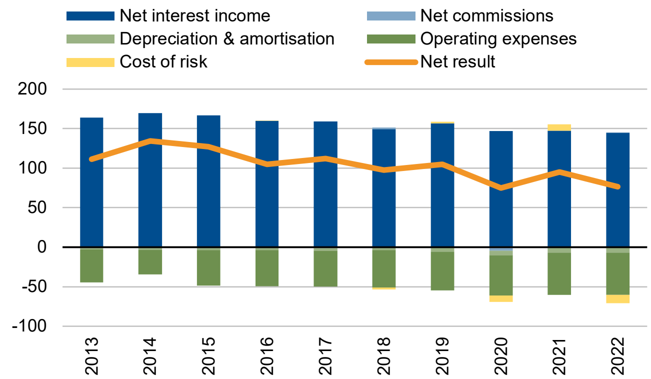


Figure 9: CEB's retained net result
EUR m



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 and 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 any non-performing loans. We also consider its relatively diversified portfolio across geographies, sectors, and counterparties to be a positive factor.

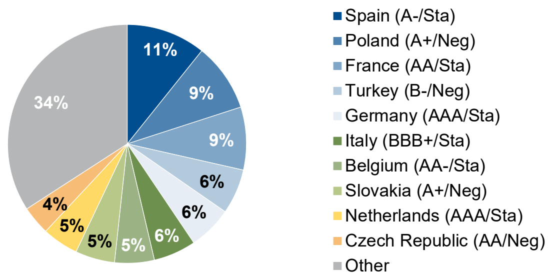
Portfolio quality

Loans to European countries and limited private sector exposure

The CEB's total signed loan portfolio increased to about EUR 19.9bn at end-2022, up from EUR 18.9bn at end-2021. The bank's loan portfolio expanded markedly over the past six years, growing by 45% since 2016, 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 17% 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 approach to Ukraine, lending exclusively to the sovereign.

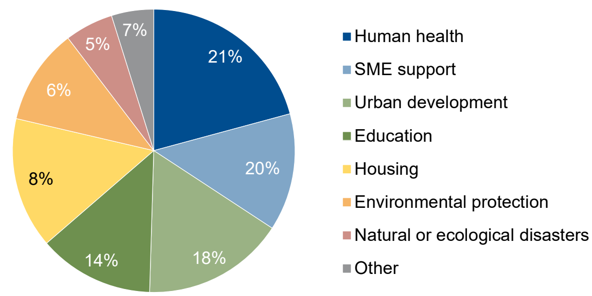
With respect to geographical exposure, we note that the CEB's top 10 country exposures constituted around two thirds of total loans at end-2022, with exposures in Spain, Poland, France, Italy, and Germany together accounting for more than 40% of total loans. Turkey (B-/Negative) is the sixth largest exposure, and its share of total loans declined from around 10% in 2016 to 6% in 2022. 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-2022



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 ten 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.

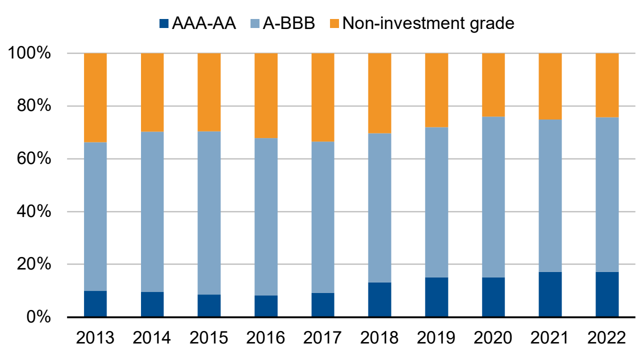
Figure 11: CEB's estimated average borrower quality before credit enhancements

Portfolio	EUR bn	%	Est. avg. quality
Sovereign	9.7	53.4	a
Sub-sovereign	5.4	29.7	bbb
Banks	2.6	14.3	bbb
Other	0.5	2.6	bb
Overall estimated portfolio quality	18.2	100.0	bbb

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

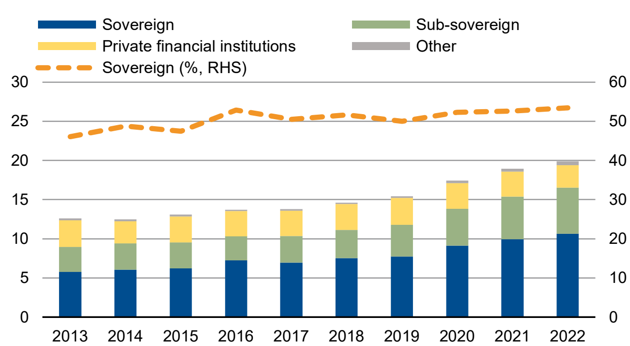
This conservative estimate is supported by the CEB's internal grading system, according to which less than a quarter of its exposure is considered non-investment grade. This is before considering credit enhancements, such as guarantees and collateralised loans.

Figure 12: CEB's portfolio by credit risk profile
%



Source: CEB, Scope Ratings

Figure 13: CEB's loan portfolio split by sector
EUR bn (LHS), % total (RHS)



Source: CEB, Scope Ratings

Portfolio quality – credit enhancements

We provide some uplift to our initial estimate given credit enhancements, which improve our final assessment of the portfolio quality to 'very strong' from 'adequate' (see Annex III). This balances the CEB's Preferred Creditor Status (PCS) for its public sector exposures, additional protections for more than one third of its total exposure 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 83% 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 public sector exposure is well protected.

About 80% of the loan portfolio assessed as well protected

In addition, the CEB has security arrangements for about EUR 6.3bn (or 34% of its total loan exposure). These consist mainly of guarantees (EUR 6.1bn) and collateralised loans (EUR 0.2bn), which enable the CEB to transfer around 10% of its portfolio from non-investment grade to investment grade. Overall, after credit enhancements, the CEB's asset quality improves markedly, with about 86% 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, with a steady decline in the share of the portfolio related to its top 10 country exposure to 66% in 2022, down from 79% in 2016. 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-2022 (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 one third of the portfolio. Finally, given its 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 (almost all in stage 1) is relatively low, standing at EUR 10.8m at end-2022.

Tail risk relates to high exposure to Turkey

The CEB's exposure to entities domiciliated in Turkey (B-/Negative) is material, at about 6% of total loans in 2022. Turkey's steadily deteriorating credit rating and the negative outlook on the sovereign ratings signal a heightened risk of possible impairments. However, the share of loans to Turkish entities has decreased, down to 6% from about 10% in 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 this exposure is manageable.

Figure 14: A history of zero NPLs
% total loans, three-year average

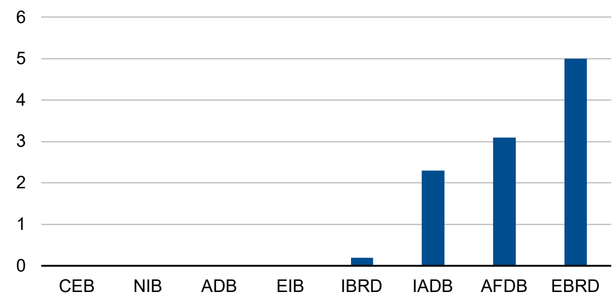
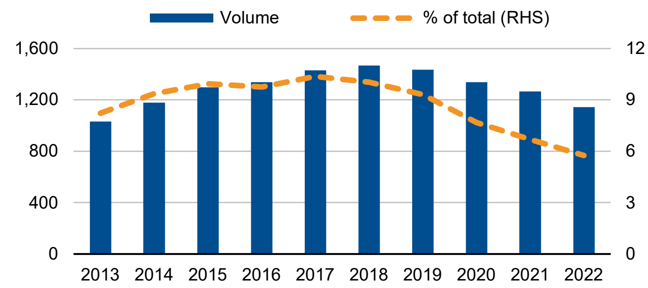


Figure 15: Evolution of exposure to Turkey
EUR m (LHS); % total (RHS)



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 operation planned for the second half of 2023 at the earliest, 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', 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', 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 2022, both metrics were comfortably above their limits, at nine and 12 months respectively.

The CEB's conservative liquidity management results in a stable, high level of liquid assets, which we estimate at about EUR 9.8bn at end-2022, up from EUR 9.1bn in 2021. We include those assets that are least sensitive to sudden market or interest changes, specifically cash and deposits (EUR 1.2bn), debt securities maturing within one year (EUR 5.6bn) and longer-term, highly rated debt securities with a minimum rating of AA- (EUR 3.0bn).

… compared to liabilities due within the next 12 months

Conversely, liabilities maturing within a 12-month period amounted to EUR 5.3bn in 2022 (EUR 5.2bn in 2021), while gross disbursements for 2023 are estimated at EUR 3.8bn. This represents a decrease from the elevated disbursement levels registered during the Covid crisis, at EUR 4.0bn and EUR 4.5bn in 2021 and 2020 respectively. This brings our proxy of total liabilities due within one year to around EUR 9.0bn at end-2022. We include disbursements over the next 12 months to reflect the CEB's social mandate to continue its activities when economic and financial circumstances deteriorate.

Figure 16: Liquid assets, liabilities and disbursements

EUR bn, %

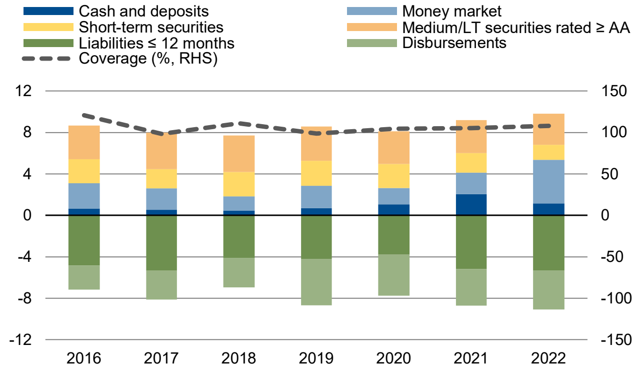
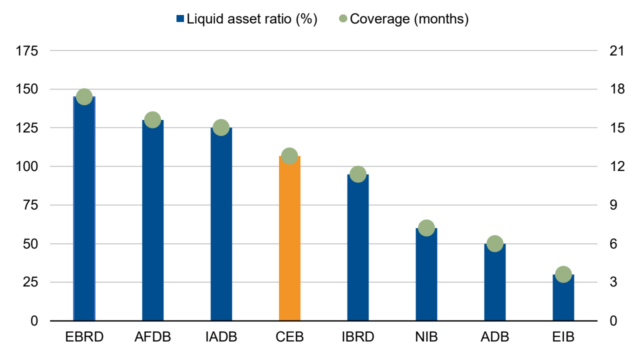


Figure 17: Liquid asset ratio and coverage of obligations

% (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. Weighted three-year average.
Source: CEB, Scope Ratings

Excellent liquidity coverage

On this basis, we calculate a three-year weighted average liquid asset ratio of about 107% for 2020-22. 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 – a key strength given a rising interest rate environment and higher market volatility. This ratio is elevated, even compared with similar lenders, having stood above 100% in four of the past five years, the only exceptions being 2019 (98.7%). However, over the long term, this ratio has declined from 121% at end-2016, driven mainly by recent high disbursements.

Funding

Regulatory preference and inclusion in ECB's bond purchase programmes

The CEB benefits from excellent market access, reflecting its frequent issuer status, with 21 funding operations in 2022. 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 low relative to peers. In 2022, the volume issued reached EUR 6.0bn, up from EUR 5.5bn in 2021. The CEB's borrowing authorisation for 2023 has been set at up to EUR 7.0bn, versus EUR 6.5bn in 2022 (EUR 5.5bn in 2021) to meet strong demand from shareholders. As of end-March 2023, more than 40% of the authorisation has been used.

One of the leading issuers of social bonds …

The CEB is a leading supranational social bond issuer with ten funding operations for a total issuance of around EUR 7bn since 2017, including EUR 1bn in April 2023, building on its social inclusion bond framework that is aligned with the ICMA Social Bond Principles. The CEB's social framework sets categories for the use of proceeds around: i) affordable housing; ii) access to essential services (including healthcare); and iii) education and vocational training.

…covering about one third of own funding requirements

The CEB issued two social inclusion bonds in 2022 (April, June) equivalent to around EUR 2bn, funding about one third of its funding requirement. In addition, the bank published its latest social inclusion bonds report in March 2023 under its new portfolio approach for the management of proceeds, as released in March 2022 (Social Inclusion Bond Framework), including assessments of projects by external auditors. Given rising demand for social investment in Europe and the unique mandate of the CEB, we expect the size and frequency of social inclusion bonds issued by the bank to rise further.

Figure 18: Annual funding volume vs peers
EUR bn, three-year average 2019-21

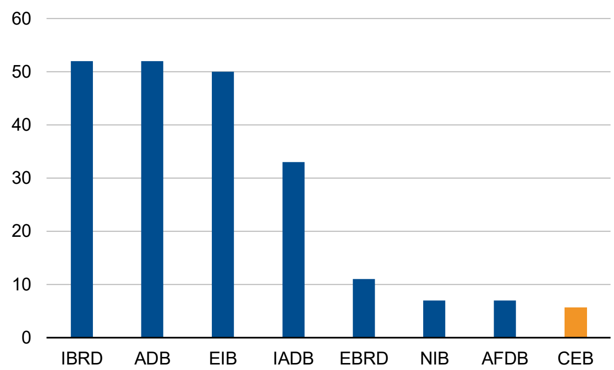
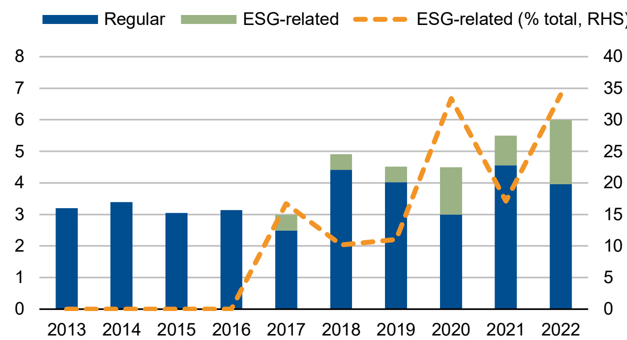


Figure 19: Rising funding volume, including ESG-related
EUR bn (RHS); % total (LHS)



Source: Bloomberg, Scope Ratings, respective supranationals

Diversified investor base but 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 (central banks, international organisations). Increasing bond issuance tends to enlarge the CEB's investor base, especially with socially responsible investors (SRI) 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. The latest social inclusion bond issued by the CEB in April 2023 (EUR 1bn, seven-year) was met with strong demand, being almost two times oversubscribed. Participation was well diversified across geographies and investor types, and around 60% of the issue was allocated to SRIs.

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 six used in 2022, up from three on average over 2012-16. Total debt outstanding amounted to EUR 24.2bn at end-2022 (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 15.7bn) are largely covered by assets with the same maturity (EUR 11.0bn), resulting in moderate funding risk. The resulting coverage ratio at end-2022 (70%) is adequate and in line with similar lenders but has declined from a peak of 89% in 2017.

Figure 20: Distribution by currency
% total outstanding

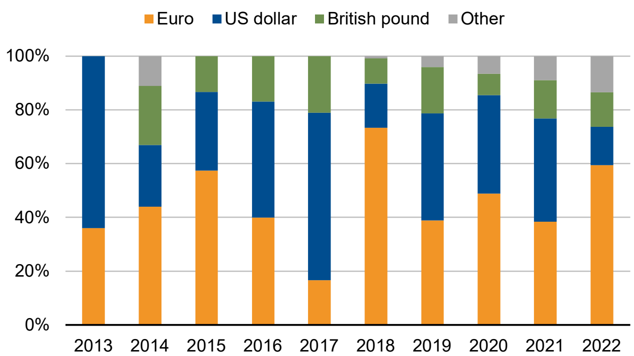
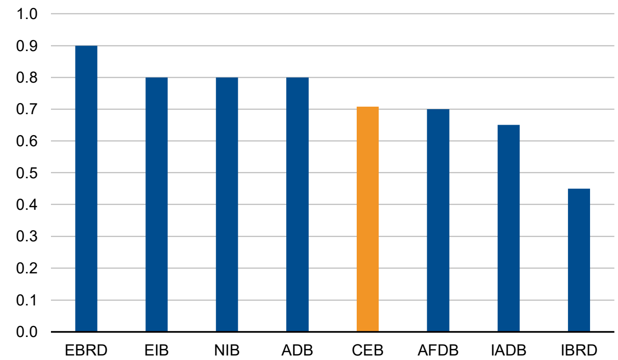


Figure 21: Coverage of medium-term liabilities
%, three-year average



Source: CEB, Scope Ratings, respective supranationals

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 – mostly 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 raised EUR 39m in contributions for the fund in 2022. Outstanding guarantees on loans are very low at EUR 18.8m, while guarantees for subsidised interest rates amount to EUR 8.7m.

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 on the duration of own funds (limit: 11Y; actual: 6.5Y), economic value sensitivity (limit: +/- EUR 18.5m; actual: negative EUR 6.3m) and earnings sensitivity (limit: +/- EUR 3m; actual: negative EUR 0.4m). 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

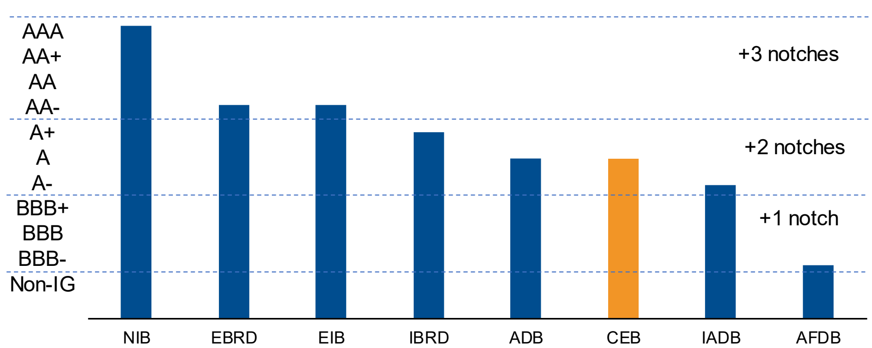
The CEB's key shareholder group comprises the largest European economies – Germany (AAA/Stable), France (AA/Stable), Italy (BBB+/Stable), Spain (A-/Stable), the Netherlands (AAA/Stable), Belgium (AA-/Stable) and Greece (BB+/Positive) – and Turkey (B-/Negative). This results in a weighted average rating of A based on Scope's sovereign ratings, slightly below similar supranational lenders, but still signalling robust shareholder capacity to support the CEB if needed. Of the bank's 42 member states, 15 are rated AA- or above[1], constituting more than 50% of its subscribed capital. This provides additional confidence about shareholders' ability to provide support.

Figure 22: Key shareholders

Key shareholders	Rating	Capital subscription (%)	
		Original	Adjusted
France	AA/Stable	16.7	21.5
Germany	AAA/Stable	16.7	21.5
Italy	BBB+/Stable	16.7	21.5
Spain	A-/Stable	10.9	14.0
Turkey	B-/Negative	7.1	9.1
Netherlands	AAA/Stable	3.6	4.7
Belgium	AA-/Stable	3.0	3.9
Greece	BB+/Positive	3.0	3.9
		77.8	**100.0**
Key shareholder rating			**A**

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

Figure 23: 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 about 48% of its total operations, we exclude the operations in countries rated AA- or above. The credit quality of such highly rated shareholders is unlikely to deteriorate materially even in times of financial distress. The CEB's operations in Spain, Turkey, Italy and Greece together account for about 24% of its total operations. This reflects a moderate risk of material credit deterioration arising simultaneously in countries that are expected to provide support if needed.

Limited risks related to highly speculative credit among key shareholders

The CEB includes Turkey (B-/Negative) among its main shareholders. Turkey is responsible for about 7% of subscribed capital and is the sixth most important country of operations, with outstanding loans of EUR 1.1bn in 2022. However, the share of loans granted to Turkey has declined over time, from 10% in 2018 to 6% in 2022. We also consider that other key shareholders will be willing and able to provide support and additional financial resources if needed.

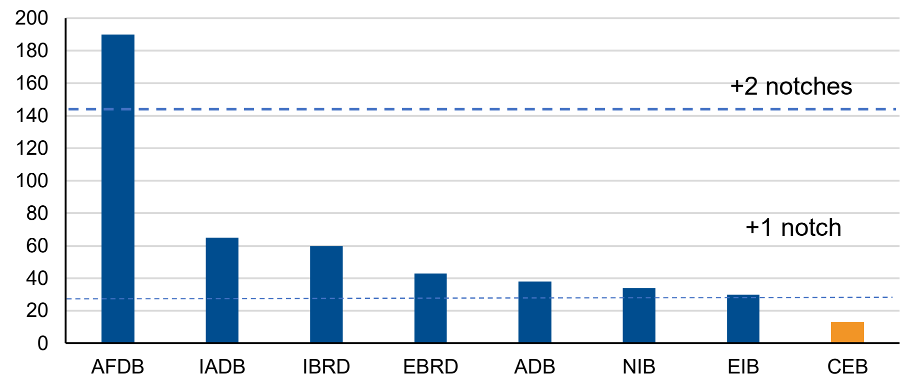
[1] We rely on internal estimates for sovereigns not publicly rated.

Extraordinary support

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

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 about 13.5% of the CEB's total mandated assets of EUR 18.2bn. This coverage is adequate in our methodology, although it is low in a peer-comparison context.

Figure 24: Adequate coverage of mandated assets by high-quality callable capital
%, callable capital rated ≥ AA-/mandated assets



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, one of the lowest ratios among development banks rated AAA. However, the CEB has a record of 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, conditional upon the subscription of at least 67% of participating certificates by end-2023. We expect the vast majority of member states to subscribe the capital over the course of the year, given the growing importance of the bank for its shareholders. At the end of the four-year payment period ending December 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 around 19%. The bank's callable capital is expected to rise by more than EUR 3.0bn, from EUR 4.8bn to EUR 7.9bn.

The last capital increase happened in 2011 and involved 38 member states, representing 98% of the CEB's capital.

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*			
	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 (-)

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

Shareholders: Council of Europe Development Bank

EUR m

CEB shareholders	Paid-in capital	Callable capital	Subscribed capital	Key (%)	Rating	Callable capital ≥ AA-
France	101.66	814.11	915.77	16.7	AA/Stable	814,114.0
Germany	101.66	814.11	915.77	16.7	AAA/Stable	814,114.0
Italy	101.66	814.11	915.77	16.7	BBB+/Stable	
Spain	66.30	530.96	597.26	10.9	A-/Stable	
Turkey	43.10	345.20	388.30	7.1	B-/Negative	
Netherlands	22.07	176.74	198.81	3.6	AAA/Stable	176,743.0
Belgium	18.24	146.08	164.32	3.0	AA-/Stable	146,083.0
Greece	18.24	146.08	164.32	3.0	BB+/Positive	
Key shareholders*	**472.92**	**3,787.41**	**4,260.31**	**77.8**	**A**	**1,951.1**
Other 34 shareholders	140.50	1,076.77	1,216.82	22.2		505.5
Total	**612.96**	**4,864.18**	**5,477.14**	**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.

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

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

Pillar	Profile	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	--	1100.0	Strong	1
				Shareholder control	%	--	--	--	--	≤ 25	> 25	--	17.0	Strong	
				Strategy and internal controls	Qualitative	--	--	--	Strong	Medium	Weak	--	--	Strong	
		Institutional Profile												**Very Strong**	
	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	105.0	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	--	6.0	Strong	1
				Currency diversification	Top 1 share	--	--	--	≤ 70	> 70	--	--	55.0	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	--	24.0	Low / No adjustment	
			Adjusted key shareholder rating		Avg. rating	--	--	--	--	--	--	--	--	A	
		Extraordinary Support (0; +2)	Callable capital [rated ≥ AA-]/ Actual assets		%	--	--	≥ 100	< 100; ≥ 20	< 20	--	--	13.0	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 2020-22.
The positive trend adjustment under capitalisation reflects the benefits of the agreed 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 Turkey 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

	2016	2017	2018	2019	2020	2021	2022
Capitalisation (EUR bn)							
Mandated potential assets	19.3	19.6	19.8	20.1	20.3	20.5	20.7
Mandated (disbursed) assets	14.1	14.1	14.9	15.8	17.9	19.0	18.2
Capitalisation ratio, potential (%)	14.6	15.1	15.3	15.4	15.4	15.8	16.6
Capitalisation ratio, disbursed (%)	20.0	21.1	20.3	19.5	17.5	17.0	18.9
Profitability (EUR m)							
Net profit	104.9	112.0	97.5	104.7	74.8	94.8	79.7
Return on equity (%)	3.7	3.8	3.2	3.4	2.4	2.9	2.3
Asset quality (EUR bn)							
Total loans (net)	13.7	13.8	14.6	15.4	17.4	18.9	19.9
Non-performing loans (EUR m)	-	-	-	-	-	-	-
Non-performing loans ratio, %	-	-	-	-	-	-	-
Liquidity (EUR bn)							
Assets ≤ 12 months	5.4	4.5	4.2	5.3	5.0	6.0	6.8
Treasury assets > 12 months (rated at least AA-)	3.2	3.5	3.5	3.3	3.1	3.2	3.0
Liabilities ≤ 12 months	4.9	5.3	4.1	4.2	3.8	5.2	5.3
Disbursements over the next 12 months	2.3	2.8	2.8	4.5	4.0	3.6	3.8
Liquid assets ratio (%)	120.8	98.3	110.7	98.6	104.4	105.2	107.7
Funding (EUR bn)							
Volume	3.1	3.0	4.9	4.5	4.5	5.0	6.0
Share of total (%)							
EUR	39.9	16.7	73.3	38.9	48.9	45.5	64.7
USD	43.2	62.2	16.4	39.8	36.6	27.0	15.6
GBP	16.9	21.1	9.4	17.2	7.9	16.9	13.9
ESG issuance	-	0.5	0.5	0.5	1.5	0.9	2.0
% total	-	16.7	10.2	11.1	33.3	17.2	34.0
Equity (EUR bn)							
Paid-in capital	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Reserves	2.1	2.3	2.4	2.5	2.6	2.6	2.7
Total equity	2.8	3.0	3.0	3.3	3.3	3.4	3.4
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	49.4	50.6	50.6	50.6
Callable capital [rated ≥ AA-] / Mandated assets	17.0	17.1	16.1	15.2	13.7	12.9	13.5

Source: Scope Ratings

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