Supranational Outlook 2022

Europe's supranationals resilient to Covid-19 shock, fostering a sustainable recovery, enhancing ESG impact and climate risk management

Sovereign and Public Sector, Scope Ratings GmbH, 6 December 2021

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Executive summary

Europe's supranational institutions, having proved their resilience during Covid-19, are shifting their focus to a sustainable recovery from the crisis, continuing to lend conservatively in line with capital adequacy frameworks and enhancing their role of crowding in the private sector to maximise the impact of their ESG-linked activities.

Intent on delivering on the long-term goals of the Paris Agreement and the Sustainable Development Goals, institutions will develop 'best practices' for climate risk assessments in 2022 with potentially far-reaching implications for the private sector. As fiscal and monetary policy support is gradually withdrawn next year, balance sheets will remain robust as indicated in our Stable Outlooks.

Paris alignment

- Over the coming years, we expect meaningful strategic and operational changes from supranationals that will contribute to the global and European policy objective of carbon neutrality by 2050.
- We expect the alignment of supranationals' activities to the Paris Agreement to become the new standard. This will have important implications given their pioneering role in setting industry standards and their engagement with investors and the private sector, and thus potentially global supply chains.

Climate risk assessments

- Supranationals are developing tools to assess their portfolios' transition and physical risks. As methodologies evolve, minimum standards for assesing climate-related risks will emerge.
- Approaches and standards will also vary, for example, on the use and level of carbon prices for project selection and eventual capital allocation. Different approches will necessarily reflect supranational shareholder preferences and countries of operation, given governments' far from uniform ambitions regarding carbon-neutrality, economic development and energy policy.

Green issuance led by EU

- The European Union with its Next Generation EU programme is set to increase the supply of safe assets given its overall funding envelope of about EUR 800bn over the coming years. The leading role of the euro for funding green projects will likely continue in the absence of green US Treasuries.

Capital adequacy frameworks

- Given the global challenges to finance the transition towards net zero and help countries achieve the SDGs, the G-20 want to further leverage the resources of supranationals. Some headroom exists to increase operations without affecting credit ratings, but caution must be excercised as to how additional resources would be used such that other credit-relevant metrics are not adversely affected.
- We expect only slow progress of discussions around the potential use of SDRs to support multilateral development banks (MDBs). Conflicting objectives to maintain the SDR's reserve asset status and supranationals taking on additional risks to leverage these resources need to be resolved first.

Scope's supranational ratings vis-a-vis US competitors, as of 6 December 2021

	Scope	Moody's	S&P	Fitch
EIB	AAA/Stable	Aaa/Stable	AAA/Stable	AAA/Stable
EBRD	AAA/Stable	Aaa/Stable	AAA/Stable	AAA/Stable
CEB	AAA/Stable	Aa1/Stable	AAA/Stable	AA+/Positive
BSTDB	A/Stable	A2/Stable	A/Stable	--
EU	AAA/Stable	Aaa/Stable	AA/Positive	AAA/Stable
ESM	AAA/Stable	Aa1/Stable	AAA/Stable	AAA/Stable
EFSF	AA+/Stable	Aa1/Stable	AA/Stable	AA/Stable

Source: Scope Ratings GmbH

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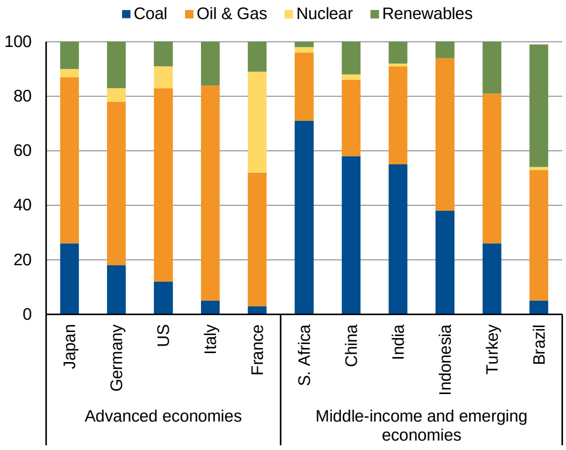
Key themes for 2022

Global but asymmetric post-pandemic challenges: testing multilateralism?

As the economic and social recovery from the Covid-19 crisis continues next year, the focus will revert towards delivering on the long-term goals of the Paris Agreement and the Sustainable Development Goals.

The shared priorities of supranationals related to financing the green transition, social inclusion and sustainable development, are interrelated as the green transition needs the full commitment to social inclusion and sustainable development. However, while climate change is a common challenge, it is not a symmetrical one: If measures to transition to a greener economy are not introduced, physical risks rise over time, but only in some locations. Similarly, governments' willingness to support policies to reduce the financing of fossil fuels and GHG emissions-intensive economic activities often depend on their energy mix.

Energy mix likely to matter for MDBs' activities
% of total energy consumption, 2019



Source: Our World in Data, Scope Ratings GmbH

As supranationals serve their shareholders, mandates and operating guidelines are likely to change in line with their respective government's priorities. European supranationals will continue to develop stringent climate risk management standards, in line with the EU's sustainable finance agenda, but we do not expect a swift convergence towards those standards by others.

Instead, addressing the post-pandemic challenges of climate change and sustainable development is likely to result in distinct and evolving climate risk management best practices among supranationals. While it is desirable and likely that regional approaches to dealing with political and economic challenges persist, support for multilateral-based co-operation, which underpins the credibility and functioning of supranationals, will continue, despite the emergence of a more multi-polar world. This assumption informs our credit assessments.

Resilient credit profiles

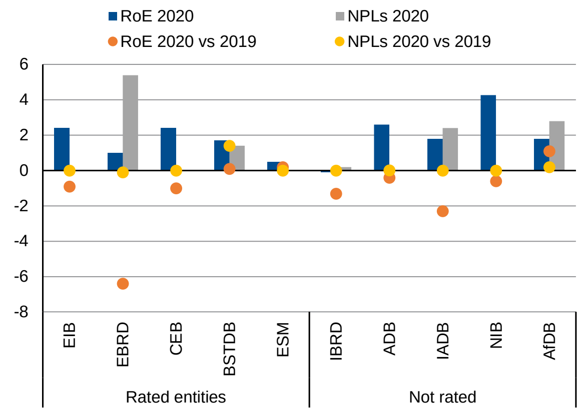
The credit profiles of our AAA rated issuers – the EU, the EIB, the EBRD, the ESM and the CEB – benefit from exceptional intrinsic strengths and strong shareholder support. This reflects significant buffers to withstand external shocks, allowing them to step up their activities in a crisis as they have in response to the Covid shock.

European supranational issuers enjoy a *de facto* safe-haven status. This reflects our assessment of their high capital adequacy, excellent liquidity and funding profiles, as well as their strong mandates resulting in politically committed shareholders, mostly highly-rated EU sovereigns.

The impact of the Covid-19 pandemic was overall moderate, and mostly transitory on supranationals' balance sheets. While profitability declined across-the board, driven by provisioning among other effects, all rated entities remained profitable in 2020 and are expected to continue to record and retain income during 2021 as well. NPLs increased only somewhat in 2020 for some supranationals and economic recoveries recorded in most countries of operation during 2021 have eased asset quality pressures.

As fiscal and monetary support is gradually withdrawn next year – albeit to different degrees – a belated, meaningful increase in NPLs looks unlikely. Supranationals started reducing their provisioning buffers during 2021 as potentially vulnerable clients started repaying their deferred loans.

Net income and NPLs
%, pp change



Source: Issuers, Scope Ratings GmbH

Overall, we observe sturdy credit profiles of European supranationals, able to withstand higher leverage and temporarily weaker asset quality as sizeable fiscal and monetary support is expected to be withdrawn next year.

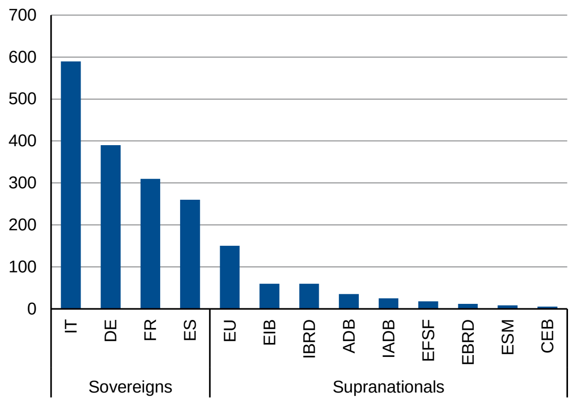
For a detailed overview of credit profiles, see Annex I.

The EU as quasi-sovereign issuer: safe, liquid and green

The EU's response to the Covid-19 pandemic is visible via the significant issuance from the European Commission to fund the 'Next Generation EU' (NGEU) recovery plan (EUR 750bn) and the 'Support to mitigate Unemployment Risks in an Emergency' (SURE) unemployment scheme (EUR 100bn).

Despite the expected almost 10-fold increase in liabilities over the coming years, our AAA/Stable rating on the EU reflects its highly-rated shareholders and excellent operational framework with significant liquidity buffers to absorb the expected increase in activities. To fulfil its enhanced mandate, the EU adopted a diversified funding strategy, akin to that of the largest European sovereigns to meet liquidity needs, centered around a funding schedule, a bill programme and issuance via auctions and syndications.

Gross issuance, estimated avg. 2021-22
EUR bn



Source: Respective issuers, Scope Ratings GmbH

Green bond issuance driven in euro

In line with its target to fund 30% of NGEU via green bonds, the EU is set to become the world's largest green bond issuer. With its AAA-rated, long-maturity bonds, the EU is supplying euro-denominated safe-assets, boosting the euros global standing and facilitating investors' and central banks' ambitions of 'greening' their portfolios. Still, actual NGEU issuance may be lower, as member states may only be willing to take up grants rather than loans (the latter amounting to up to EUR 390bn). So far, EU member states have requested EUR 166bn loans and EUR 338bn in grants.

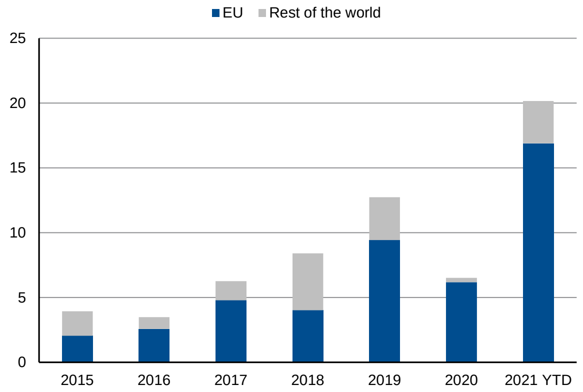
Overview EU funding instruments
EUR bn

Instrument	Social	Green	Conventional
SURE	91.4		
NGEU		12	54
EUR bn (max.)	100	225	525

Estimates relate to maximum issuance; NGEU in 2018 prices. SURE and NGEU latest figures. Source: Scope Ratings GmbH

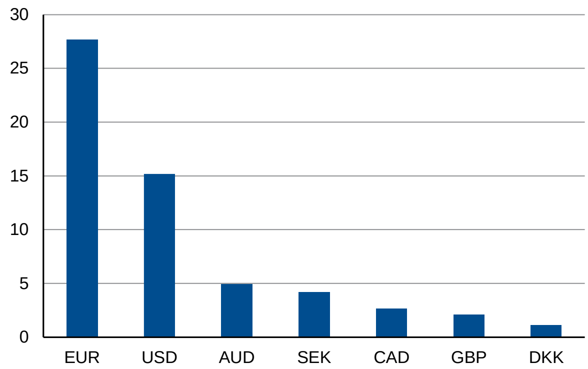
Still, we expect the global green bond market to continue to grow in coming years. Since 2007, the global green bond market has grown steadily to around USD 430bn in 2021 and cumulative issuance crossed the USD 1.5trn threshold, according to the Climate Bond Initiative. The arrival of the European Union as quasi-sovereign issuer will set a new global standard and, in the absence of green US Treasuries, underline the dominance of the euro as the main funding currency of green activities.

Supranational annual green bond issuance
EUR bn, 2015-21



Note: European issuers are EU, EIB, EBRD. Rest of the world are AfDB, ADB, IBRD. Source: Bloomberg, Scope Ratings GmbH

Currency composition of green bonds issued by major supranationals
EUR bn, cumulative 2015-21



Source: Bloomberg, Scope Ratings GmbH

Paris alignment: the new standard

We expect most supranationals to adapt their activities for a full alignment to the Paris Agreement framework over the coming years. In fact, most European supranationals have already done so.

As a result, financing green projects will become a key priority and success metric for most supranationals, with the EIB and EBRD, for example, targeting the share of green financing to exceed 50% of annual business volume by 2025.

Similarly, supranationals will continue working on the dynamic and evolving "good practice" of climate risk management frameworks and disclosures. We expect additional criteria for project and counterparty selection to include their contribution to climate mitigation and adaptation. In addition, projects will also be screened for their physical and transition risks going forward.

Alignment with Paris Agreement

Supranational		Alignment	Date
EIB		Yes	2020
EBRD		Yes	2023
CEB		Yes	2022
NIB		No	-
ADB		Yes	2023/25
AFDB		No	-
IBRD		Yes	2023
AIIB		Yes	2023
BSTDB		No	-
NDB		No	-

Source: Issuers, Scope Ratings GmbH

While project screening is a widespread practice already, it remains unclear at what point in time credit allocations will be affected by borrowers' climate risk scores. This is because the associated PD and LGD risk metrics are not yet known. Still, we expect the integration of climate risk scores into financial reporting to gradually affect credit allocations going forward.

Climate finance targets

Supranational	Target	Estimated volume
EIB	50% by 2025	EUR 25-30bn/year
EBRD	50% by 2025	EUR 5-6bn/year
CEB	No	
NIB	50% until 2030*	EUR 30bn until 2030
ADB	75% by 2030	USD 80bn until 2030
AFDB	40% for 2021	USD 25bn until 2025
IBRD	35% by 2025	
AIIB	50% by 2025	USD 50bn until 2030
BSTDB	30% by 2030	
NDB	-	

* Estimated from 30-by-30 commitment. Source: Issuers, Scope Ratings GmbH

Moreover, as supranationals increase the share of their portfolio that is assessed for climate risks, their ability to develop portfolio-wide climate stress tests will improve alongside it. In addition, climate-related risk governance will also change with the risk management departments responsible for verifying the alignment of projects with the Paris Agreement as well as each project's direct contribution to the environmental goals of the institution. Compensation frameworks for senior management are also likely to be linked to achieving these targets.

Overall, supranationals are overhauling their risk management practices and are aligning their activities with the Paris Agreement. This will have far-reaching consequences for the private sector – the entities they finance, and the counterparties they work with. Here, supranationals' practices may also affect supply chains as financing green energy projects, in particular solar modules, may carry social risks as the case of forced labour in the Uyghur region, which is responsible for approx. 45% of the world's solar-grade polysilicon supply used in about 95% of solar modules shows[1].

Use of carbon prices varies

Several supranationals already use a shadow price of carbon as part of their project selection criteria. This is important as in many countries carbon prices remain limited or non-existent. However, not all supranationals use carbon prices and those that do rely on very different estimates. As reference, the High-Level Commission on Carbon Prices (HLCCP), a World Bank initiative, has recommended carbon prices of at least USD 40-80 per ton of CO2 by 2020 and USD 50-100 per ton by 2030 to keep global warming below 2°C.

Varying carbon prices
USD / EUR

Supranational	2020/21	2030
EIB	80	250
EBRD	40-50	50-100
CEB	N/A	N/A
NIB	N/A	N/A
ADB	40	50
AFDB	N/A	N/A
IBRD	40-80	50-100
AIIB	40-80	50-100

Note. EIB in EUR, others USD. Source: Issuers, Scope Ratings GmbH

Among those supranationals that use carbon prices, some use them as a selection hurdle but others only for information purposes. Moreover, carbon prices are not yet used for screening all sectors and all investments, but often focus only on those that result in higher (net) emissions. Finally, since the carbon price is applied to project GHG emissions, the robustness of the GHG accounting methodologies is critical. Here, accounting for Scope 3 emissions is key if carbon prices are to aid decision-makers reach the Paris Agreement goals.

Nuanced approaches for dealing with the energy sector and legacy assets

A critical question is how to limit the engagement with fossil fuels in line with the Paris Agreement alignment. European supranationals are leading the way with excluding new direct investments in coal, oil and gas.

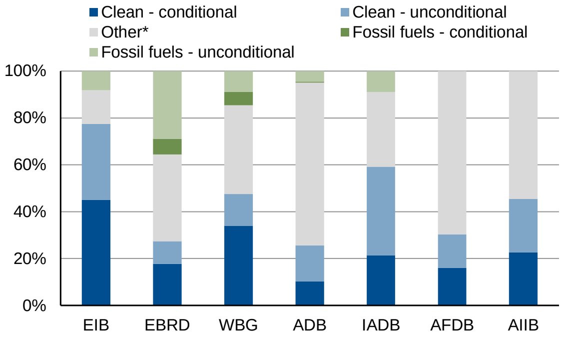
[1] Murphy, L. and Elimä, N. (2021). "In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains."

Existing loans to these industries will therefore mature over the coming years.

However, some supranationals also have indirect fossil exposure. Here supranationals support clients that may continue relying on coal, oil and gas activities in their transition to cleaner energy, including via energy-efficiency improvements, renewables and CO2 reductions. We expect these activities to continue for selected supranationals over the coming years.

Energy financing

% of total committed energy projects since 2020



*Other refers, among others, to nuclear, biomass and multiple energy sources (intertwined fossil and clean).

Source: Energy Policy Tracker, Scope Ratings GmbH

Simply divesting from non-green assets to de-risk or 'green' portfolios risks destabilising financial systems and the real economy, leaving firms underfunded in their low-carbon transition. This is particularly relevant for supranationals operating in emerging and developing economies. Consequently, approaches will vary reflecting, among other factors, different energy-mixes of shareholders and countries of operation.

A key question will thus be how to classify investments in areas that are not explicitly green. Here, an element of judgement will be needed to assess whether loans facilitate the de-carbonisation transition. Clear criteria to identify whether projects contribute to this transition path, which, in addition, ought to be mindful of divergent stages of countries' development, will be an important element for supranational's strategies going forward.

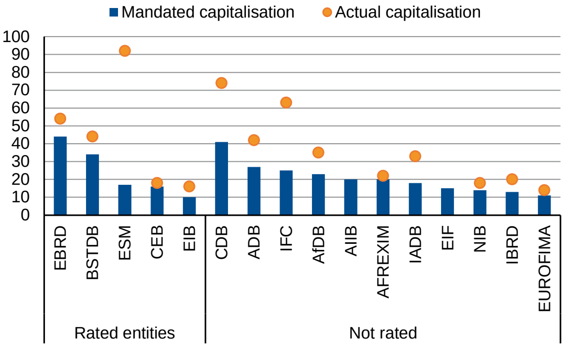
Limited resources: can balance sheets be optimised further?

Given the global challenges to finance the transition towards net zero and help countries achieve the SDGs, the G-20 have identified leveraging the resources of supranationals as a political priority. In addition to the ongoing work on optimising MDB balance sheets to increase the impact of existing capital and mobilise additional private financing[2], the G-20 review of the capital adequacy frameworks of MDBs will present its recommendations by mid-2022.

MDB statutory lending limits define how much they can lend usually relative to the amount of paid-in and callable capital on their balance sheets. Prudential limits are the capital adequacy polices that the MDBs themselves adopt, often meaningfully stricter.

Statutory and actual capitalisation

%



*Shows the three-year weighted average, from 2018-20.

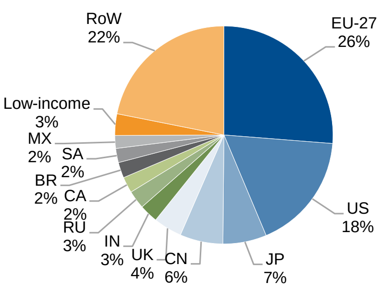
Source: Issuers, Scope Ratings GmbH

While some headroom is evident – the difference between the mandated and actual capitalisation – it is not clear that all supranationals would retain their current rating levels should they exhaust all statutory buffers. While decisions around risk appetite are ultimately political, a potential loosening of capital adequacy frameworks without, at the same time, strengthening other credit relevant drivers such as liquidity profiles and/or tangible instruments that demonstrate additional forms of shareholder support could be credit negative for select supranationals.

In this context, we expect the discussions around the potential use of SDR 456bn (around USD 650bn) as an instrument to support MDB activities to advance next year. Since about SDR 400bn was allocated to developed economies, and only SDR 21bn to low-income countries (about 3%) in line with the IMF quota, post-pandemic budget-constrained governments are seeking ways to increase the usability of this asset. This could be achieved, for example, via on-lending schemes or, more longer-term, capital injections.

Figure: SDR allocation

%



Source: IMF, Scope Ratings GmbH

[2] Via risk transfers including, for example, guarantees, exposure exchange agreements and synthetic securitization.

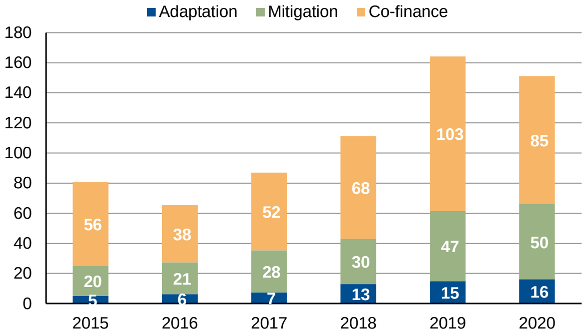
However, open questions remain around balancing conflicting objectives that entail the need to maintain the SDR's reserve asset status, which requires the near absence of credit and liquidity risks for the lent or pledged SDRs, and supranationals taking on additional risks to leverage these resources. In addition, the accounting and legal structures of supranationals vary, possibly allowing only a few select ones to use SDR loans or pledges to be considered capital[3].

Impact: direct & co-financing activities

In addition to direct financing that is furthermore compliant with green and social bond frameworks and can thus be labelled accordingly, supranational issuers mobilise private and public sector co-financing. Supranationals limit their financing to a portion of the project's total cost, usually around 50%. The remaining portion will be financed by co-investors, often public sector entities, commercial banks or other MDBs.

Over 2018-2020, co-financing for climate adaptation and mitigation projects by major MDBs amounted to USD 85bn on average, while MDBs' own activities amounted to USD 60bn. This highlights the growing importance of this pillar for MDBs to raise their impact.

Climate finance commitments of major MDBs
USD bn, 2015-20

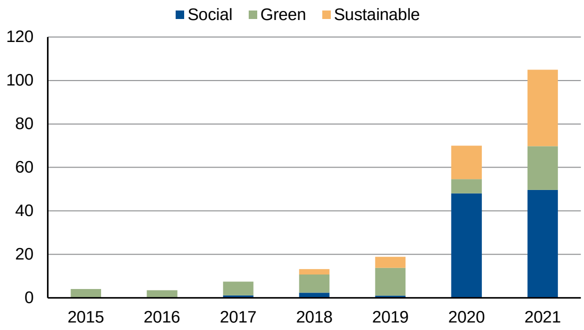


Source: Joint Report on MDB's Climate Finance, Scope Ratings GmbH

In addition to climate finance, social and sustainability aspects and funding are also growing in importance. Especially the social aspect of MDB mandates has been in the spotlight over the Covid-19 pandemic, as many supranationals accelerated and re-targeted their disbursements towards Covid-19 related projects with tangible, immediate impacts for their shareholder governments.

To fund these activities, social bond issuance accelerated markedly over 2020/21, mainly driven by the EU's SURE programme, which was fully funded via social bonds. The notable uptick in sustainability bond issuance over the same period was mainly due to the IBRD's activities, but also the EIB's and AIIB's. For example, in 2021 YTD, the World Bank has issued around EUR 28bn of sustainable development bonds.

Supranational ESG-labelled bond issuance
EUR bn



Source: Bloomberg, Scope Ratings GmbH

Seeking further impact: a shift towards institution building?

Given the scale of the challenge, and the limits on further optimising balance sheets without requiring additional budgetary resources from shareholder governments, we expect the role of MDBs to evolve, away from a mostly financing and co-financing model to a comprehensive institutional capacity-building model, particularly for financial institutions.

Serving as role models and advising private sector banks will likely allow supranationals to scale up green financing beyond their balance sheets. Deploying their technical expertise to adjust climate risk management and disclosure practices at private sector banks will thus meaningfully accelerate the low-carbon transition, in line with their mandates without necessarily stretching their resource constraints.

However, here too, cooperation among supranationals will be critical to identify, agree and advise on best-practices of climate risk management to mobilise private sector capacities.

[3] CGD, Oct 2021: Rechanneling SDRs to MDBs: Urgent Action Is Needed to Jumpstart the Green Equitable Transition

Annex I: Scope's supranational rating scorecard

Risk factors			Variables	+4	+3	+2	+1	0	-1	-2	EU	EIB	EBRD	CEB	BSTDB
Intrinsic Strength	Institutional Profile	Mandate	Importance of mandate	--	--	--	Very High	High	Declining	--	Very High	Very High	Very High	Very High	High
			Social factors	--	--	--	Strong	Medium/ N/A	Weak	--	Strong	Strong	Strong	Strong	Strong
			Environmental factors	--	--	--	Strong	Medium/ N/A	Weak	--	Strong	Strong	Strong	Medium/ N/A	Medium/ N/A
		Governance	Shareholder concentration	--	--	--	--	≤ 1500	> 1500	--	1100	1300	600	1100	1400
			Shareholder control	--	--	--	--	≤ 25	> 25	--	21	19	10	17	17
			Strategy and internal controls	--	--	--	Strong	Medium	Weak	--	Strong	Strong	Strong	Strong	Strong
											Very Strong	**Very Strong**	**Very Strong**	**Very Strong**	**Strong**
	Financial Profile	Capital/ Potential assets		≥ 30	< 30; ≥ 20	< 20; ≥ 15	< 15; ≥ 10	< 10; ≥ 7.5	< 7.5; ≥ 5	< 5	N/A	10	44	16	34
		Capital/ Actual assets*		--	--	--	≥ 40	< 40	--	--	N/A	16	54	18	44
		Profitability (Return on equity)		--	--	--	≥ 3	< 3; ≥ 0	< 0	--	N/A	3	3	3	2
		Portfolio quality	Incl. risk mitigants	--	--	Very Strong	Strong	Adequate	Moderate	Weak	Very Strong	Very Strong	Adequate	Very Strong	Adequate
		Asset performance	NPLs	--	≤ 0.5	> 0.5; ≤ 1	> 1; ≤ 3	> 3; ≤ 5	> 5	--	0.0	0.0	5.1	0.0	0.8
		Liquid assets ratio		> 100	≤ 100; > 75	≤ 75; > 50	≤ 50; > 25	≤ 25; > 15	≤ 15; > 10	≤ 10	105	60	115	110	40
		Funding	Maturity gap	--	--	--	≥ 0.75	< 0.75; ≥ 0.50	< 0.50	--	0.9	0.8	1.0	0.8	0.8
			Funding volume	--	--	≥ 25	< 25; ≥ 5	< 5; ≥ 2	< 2	--	150	63	11	5	1
			Currency diversification	--	--	--	≤ 70	> 70	--	--	100	55	51	47	60
											Very Strong	**Very Strong (+)**	**Very Strong**	**Excellent**	**Strong**
											Excellent	**Excellent**	**Excellent**	**Excellent**	**Strong (+)**
Shareholder Support		Weighted average rating of key shareholders		--	≥ AA-	≥ A-	≥ BBB-	< BBB-	--	--	AA-	AA-	AA-	A	BB+
		Share of portfolio related to key shareholders		--	--	--	--	≤ 50	> 50	--	43	27	0	25	82
		Adjusted key shareholder rating		--	--	--	--	--	--	--	AA-	AA-	AA-	A	BB
		Callable capital [rated ≥ AA-]/ Actual assets		--	--	≥ 100	< 100; ≥ 20	< 20	--	--	N/A	30	44	14	0
		Additional support mechanisms		--	--	Very Strong	Strong	N/A	--	--	Very Strong	N/A	N/A	N/A	N/A
											AA+	**Very High**	**Very High**	**High**	**Weak**
Indicative Rating											**AAA**	**AAA**	**AAA**	**AAA**	**A / BBB+**
Additional considerations (-1; +1)											Neutral	Positive	Neutral	Neutral	Positive
Final Rating											**AAA**	**AAA**	**AAA**	**AAA**	**A**

N.B. Overview of scorecards as communicated in the latest respective rating actions. Source: Scope Ratings GmbH

Annex II: Statistics

Rated entities	EU (AAA/Stable)*	EFSF (AA+/Stable)	EIB (AAA/Stable)	ESM (AAA/Stable)	EBRD (AAA/Stable)	CEB (AAA/Stable)	BSTDB (A/Stable)
Total assets (EUR bn)	280.0	193.7	554.3	204.4	75.1	28.0	2.8
Capitalisation (EUR bn)							
Mandated potential assets	N/A	N/A	750.0	500.0	41.4	20.0	2.4
Mandated (disbursed) assets	N/A	N/A	451.0	90.0	35.0	18.0	2.1
Capitalisation ratio, potential (%)	N/A	N/A	10.0	17.0	44.0	15.7	34.5
Capitalisation ratio, actual (%)	N/A	N/A	16.0	93.0	52.0	17.5	40.7
Profitability (EUR m)							
Net income	N/A	N/A	1,700.0	393.0	175.0	75.0	14.2
Return on equity (%)	N/A	N/A	2.4	0.5	1.0	2.4	1.7
Asset quality							
Non-performing loans / Gross loans (%)	-	-	-	-	5.5	-	1.4
Average borrower quality, before credit protection	a		bbb		b/ccc	bbb	b/ccc
Average borrower quality, after credit protection	aa/aaa		aa/aaa		bbb	aa/aaa	bbb
Liquidity (EUR bn)							
Liquid assets	53.0	8.6	83.1	71.1	27.9	8.1	0.6
Liabilities maturing within 12 months and disbursements	51.0	24.1	146.4	35.0	23.0	7.3	1.5
Liabilities ≤ 12 months	10.0	24.1	94.8	35.0	15.4	3.8	0.6
Disbursements over the next 12 months	41.0	-	51.6	-	7.6	3.5	0.9
Liquid assets ratio (%)	103.9	35.7	56.8	203.1	121.4	111.0	39.6
Funding (EUR bn)							
Volume	41.0	19.5	70.0	11.0	13.1	5.4	0.9
USD-denominated share of borrowings (%)	-	-	23.7	94.5	50.1	46.7	55.0
EUR-denominated share of borrowings (%)	100.0	100.0	56.4	5.5	13.0	41.1	18.0
Equity (EUR bn)							
Paid-in capital	N/A	N/A	22.2	81.0	6.2	0.6	0.7
Reserves	N/A	N/A	49.6	2.7	11.7	2.6	0.2
Total equity and reserves	N/A	N/A	71.8	83.2	17.9	3.2	0.8
Key shareholders							
Average capital-key weighted rating	AA-	AA-	AA-	AA-	AA-	A	BB+
Shareholders rated at least AA- (%)	58.2	66.3	59.2	62.6	64.0	50.6	-
Callable capital [rated ≥ AA-] / Mandated assets (%)	N/A	N/A	29.8	436.6	43.2	13.7	-

N.B. * Total assets as per latest annual account. These are predominantly financial assets related to the EU's lending programmes. Refers to the latest fiscal years with full data availability, usually end-2020. Source: Respective issuers, Scope Ratings GmbH

Not rated	IBRD	IFC	EUROFIMA	EIF	NIB	AfDB	AFREXIM	IADB	CDB	AIIB
Total assets (EUR bn)	267.0	88.6	17.0	3.3	35.4	43.7	16.3	127.7	1.8	27.0
Capitalisation (EUR bn)										
Mandated potential assets	284.0	84.7	14.5	13.5	28.1	50.0	15.2	140.8	1.9	81.4
Mandated (disbursed) assets	187.0	34.6	11.0	1.3	21.6	27.0	13.7	77.7	1.1	7.0
Capitalisation ratio, potential (%)	10.0	25.1	10.7	14.7	13.2	19.0	19.0	17.8	41.4	20.2
Capitalisation ratio, actual (%)	20.0	61.5	14.2	147.2	17.2	35.0	21.0	32.2	73.0	238.0
Profitability (EUR m)										
Net income	0.0	481.3	24.5	129.0	164.0	165.0	296.3	513.6	30.3	143.0
Return on equity (%)	-0.1	2.3	1.6	6.5	4.3	1.8	10.4	1.8	3.7	0.9
Asset quality										
Non-performing loans / Gross loans (%)	0.2	7.3	-	0.3	-	2.8	3.2	2.4	-	-
Liquidity (EUR bn)										
Liquid assets	54.4	32.1	3.5	0.7	5.6	13.2	2.4	31.0	0.4	13.0
Liabilities maturing within 12 months and disbursements	64.0	18.7	6.1	0.5	11.2	13.4	18.4	26.2	0.2	5.3
Liabilities ≤ 12 months	18.1	11.8	3.4	0.4	6.2	9.4	7.1	13.9	0.0	0.3
Disbursements over the next 12 months	45.9	6.9	2.7	0.1	5.0	4.0	11.4	12.3	0.2	5.0
Liquid assets ratio (%)	85.0	171.6	57.4	140.0	50.0	98.5	12.8	118.3	250.0	245.3
Funding (EUR bn)										
Volume	67.0	45.0	3.2	-	7.5	5.1	7.7	30.6	-	7.0
USD-denominated share of borrowings (%)	63.2	46.1	13.0	-	34.3	50.1	-	74.6	41.3	78.0
EUR-denominated share of borrowings (%)	12.0	1.6	48.2	-	-	-	100.0	0.0	0.0	0.0
Equity (EUR bn)										
Paid-in capital	16.1	16.8	0.5	0.9	0.8	6.0	0.2	10.0	0.3	15.7
Reserves	25.7	6.1	1.1	1.1	2.9	3.4	1.3	18.4	0.4	0.6
Total equity and reserves	36.1	21.3	1.5	2.0	3.9	9.4	2.9	28.4	0.8	16.4
Key shareholders										
Average capital-key weighted rating	A+	A+	AA-	AAA	AAA	BBB	BB	A-	BBB	A
Shareholders rated at least AA- (%)	40.9	53.8	72.8	100.0	95.8	28.9	-	41.5	23.9	26.5
Callable capital [rated ≥ AA-] / Mandated assets (%)	57.5	-	13.0	237.0	33.4	120.0	-	74.0	24.6	264.5

N.B. Refers to the latest fiscal years with full data availability, usually end-2020. Source: Respective issuers, Scope Ratings GmbH

Annex III: Scope's 2021 supranational rating actions

Date		Supranational	Rating action	Rating & Outlook	Rating Report
Sep	17 Sep	EIB	Affirmation	AAA/Stable	Available here
	17 Sep	CEB	Affirmation	AAA/Stable	
Oct	1 Oct	EU	Affirmation	AAA/Stable	Available here
	8 Oct	BSTDB	Affirmation	A/Stable	
Dec	3 Dec	EBRD	Affirmation	AAA/Stable	Available here

Annex IV: Scope's sovereign ratings

Scope's global long-term foreign-currency issuer ratings, as of 6 December 2021

Europe						Other countries	
EU				EFTA			
Euro area		Non-euro area					
Austria	AAA/Stable	Bulgaria	BBB+/Stable	Norway	AAA/Stable	China	A+/Stable
Belgium	AA-/Stable	Croatia	BBB-/Stable	Switzerland	AAA/Stable	Georgia	BB/Stable
Cyprus	BBB-/Stable	Czech R.	AA/Stable			Japan	A/Stable
Estonia	AA-/Stable	Denmark	AAA/Stable			Russia	BBB+/Stable
Finland	AA+/Stable	Hungary	BBB+/Stable			Turkey	B/Negative
France	AA/Stable	Poland	A+/Stable			USA	AA/Stable
Germany	AAA/Stable	Romania	BBB-/Stable				
Greece	BB+/Stable	Sweden	AAA/Stable				
Ireland	AA-/Stable	UK	AA/Stable				
Italy	BBB+/Stable						
Latvia	A-/Stable						
Lithuania	A/Stable						
Luxembourg	AAA/Stable						
Malta	A+/Stable						
Netherlands	AAA/Stable						
Portugal	BBB+/Stable						
Slovakia	A+/Stable						
Slovenia	A/Stable						
Spain	A-/Stable						

Annex V: Related research

Research & Outlooks

"Supranational governance: do shareholder structures reflect shifts in global economic power?", published November 2021, available here

"Supranational bond issuance: green, social, sustainability deals surge, led by European institutions", published May 2021, available here

"Next Generation EU: The EU's revamped funding strategy to become the largest supranational", published April 2021, available here

"European supranational outlook 2021: path clears for euro-denominated green and social safe assets", published January 2021, available here

Methodology

"Supranational Rating Methodology", updated September 2021, available here

"Supranational Rating Methodology: Feedback Report", published September 2021, available here

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