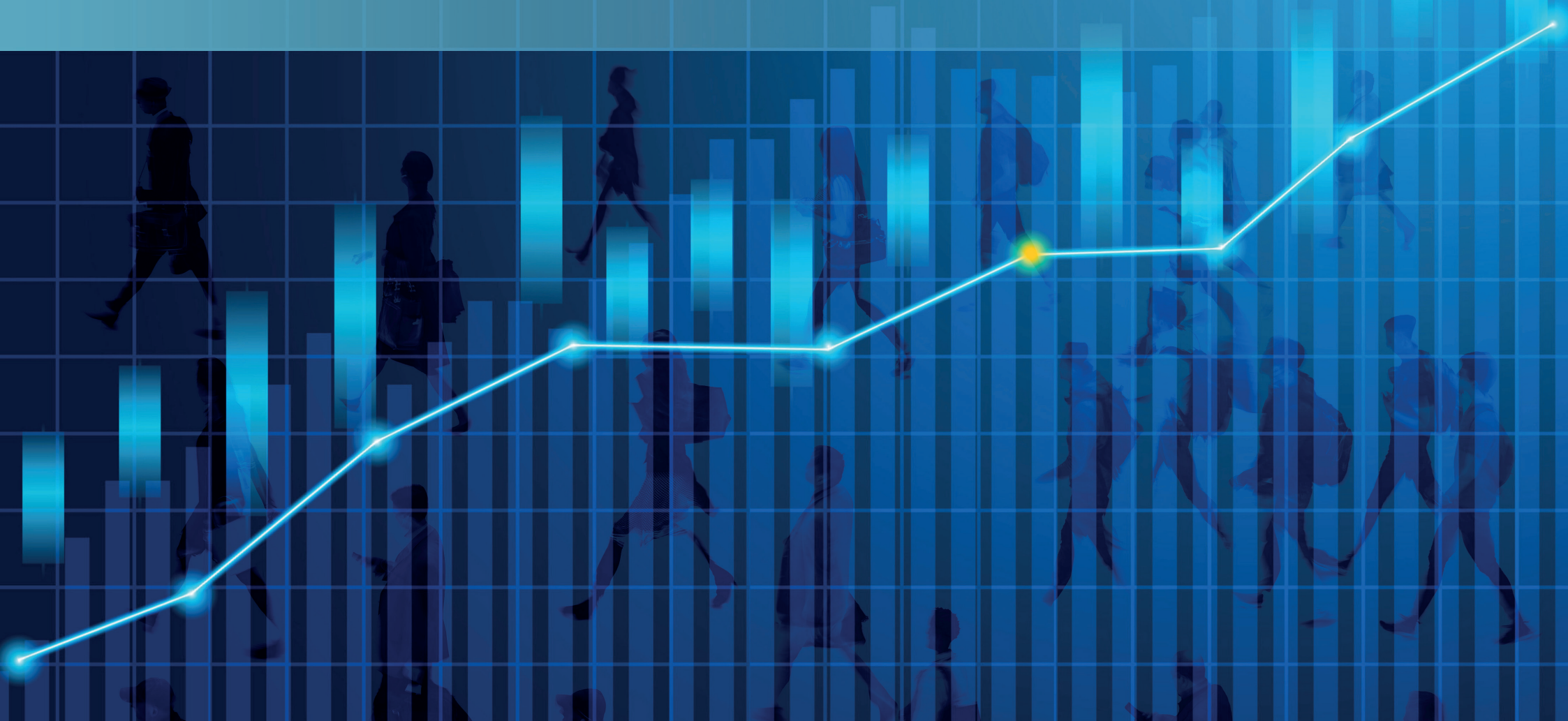
CEB

COUNCIL OF EUROPE DEVELOPMENT BANK
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

Social Inclusion Bond Report 2024



The social development bank for Europe

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mandate from its 43 member countries. The CEB finances investment and provides technical assistance in social sectors such as education, health and affordable housing, while focusing on the needs of vulnerable people, as well as on the social dimensions of climate change and the environment. Borrowers include governments, local and regional authorities, public and private banks, non-profit organisations and others. The CEB, which has a triple-A credit rating, funds itself through international capital markets. In addition, the CEB receives funds from donors to complement its activities.

The CEB was originally established as a resettlement fund in 1956 by eight of the 15 member states that made up the Council of Europe at the time. The CEB is Europe's oldest multilateral development bank, and is a legally and financially separate entity from the Council of Europe.

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For additional information concerning the CEB and its Social Inclusion Bonds, please refer to https://coebank.org/en/investor-relations/funding/.

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CEB 2024 highlights

Global uncertainty and successive crises – Russia's war against Ukraine, climate emergencies and migration – have underlined the importance of the Council of Europe Development Bank's (CEB) social mission, which promotes social cohesion in Europe through the financing of social investment that bolsters inclusiveness and serves vulnerable people.

Since the onset of the full-scale invasion of Ukraine in 2022, the CEB has been providing support to refugees from the country, hosted in CEB member states. Following Ukraine's accession as the Bank's 43rd member in June 2023, CEB began financing operations in Ukraine itself through grants, then loans, starting in July 2023. This support included the approval of the following loans in 2024:

- €100 million loan to the Ukraine's compensation mechanism for destroyed residential housing (HOME) (March 2024), marking the second loan contribution to this project.
- €200 million loan to the Government of Ukraine to assist internally displaced persons (IDPs) through social assistance and livelihood support systems (November 2024).

By the end of 2024, €116 million of loans approved in 2023 had already been disbursed in Ukraine.

The CEB successfully completed its 7th capital increase on 31 December 2024, a first-ever capital increase with paid-in capital, bringing CEB's subscribed capital to €9.623 billion and paid-in capital to €1.766 billion.

CEB's triple-A credit rating has been reaffirmed for 2024 by leading rating agencies Fitch, Moody's, S&P Global, and Scope. The ratings reflect strong shareholder support, improved capitalisation, low credit risk through stringent risk management, and its well-established public policy mission.



Moody's	S&P Global Ratings	FitchRatings	Scope Ratings
Aaa (Stable)	**AAA (Stable)**	**AAA (Stable)**	**AAA* (Stable)**

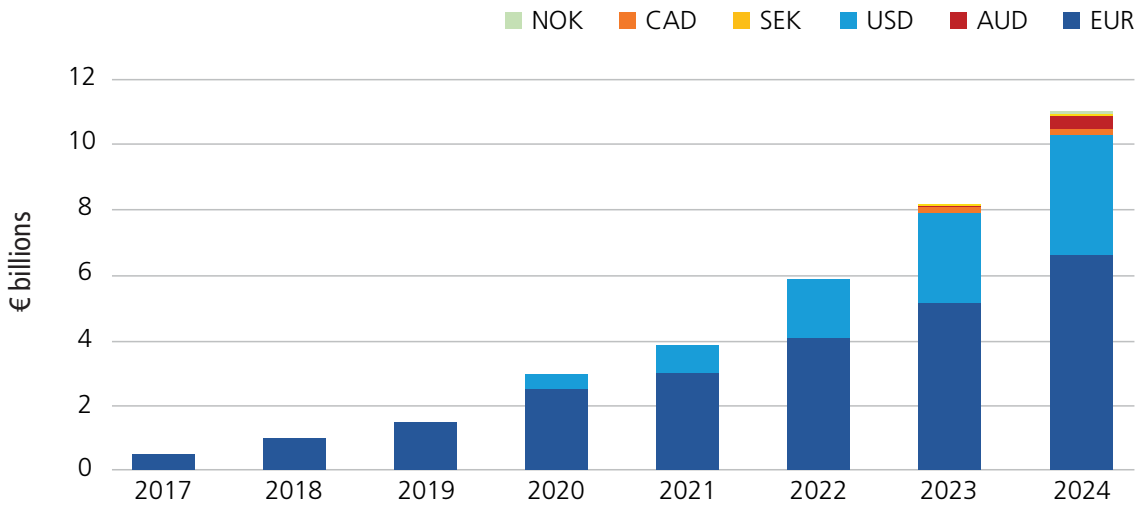
Sources available at: https://coebank.org/en/investor-relations/credit-rating/

*Unsolicited

Social Inclusion Bonds in review

- In 2024 the CEB's Social Inclusion Bond (SIB) issuances had another record-breaking year, marking the largest amount issued in a financial year with €2.8 billion equivalent or over 40% of the borrowing authorisation in 2024.
- Since the pioneering SIB in 2017, the CEB has issued 23 SIBs, for an aggregate volume of over €11 billion (see Figure 1) and now offers SIBs across a broad range of currencies.
- Starting initially with EUR and expanding into the USD market in June 2020, the CEB extended its SIB franchise in 2023 to include three new currencies (SEK, CAD, AUD) and further added NOK in 2024, now offering SIBs across six currencies.
- This diversification strategy allows the CEB to meet specific investor requests in different regions, while providing further growth to the social bond market.

Cumulative SIB issuances



SIB transaction details*							
Amount	NOK 1BN	AUD 600M	EUR 1.25BN	EUR 125M tap	EUR 50M tap	USD 1BN	EUR 50M tap
Issue date	17 January 2024	03 April 2024	16 April 2024	23 April 2024	25 April 2024	11 June 2024	17 October 2024
Maturity	17 January 2029	03 April 2029	16 April 2031	09 April 2027	09 April 2027	11 June 2027	15 April 2028
Coupon	3.700%	4.300%	2.750%	3.750%	0.000%	4.625%	0.000%

* Issued in 2024 under CEB's Social Inclusion Bond Framework (last updated in March 2022). Second Party Opinion from Sustainalytics (March 2022) and SIB Framework, available here, together with previous SIB reports.

Allocation report

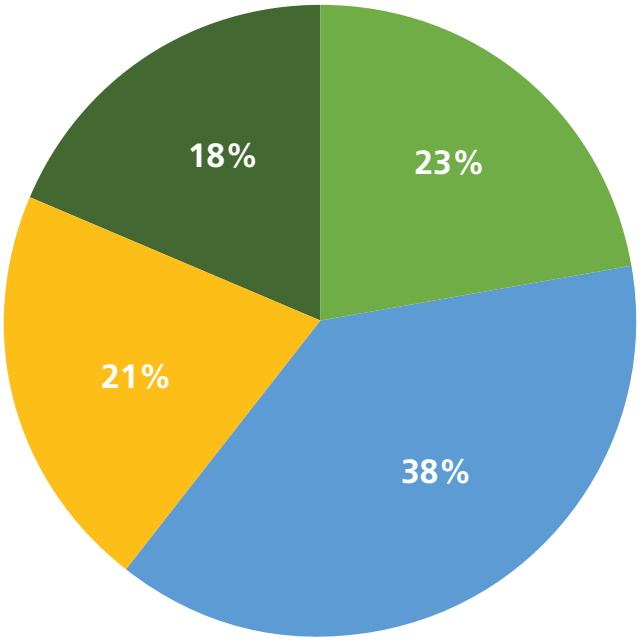
Eligible social loan portfolio		Social Inclusion Bond portfolio					
Eligible sectors of action	**Outstanding amount (€ M eq.)***	**ISIN**	**Issue year**	**Maturity**	**Currency**	**Outstanding amount (local CCY, M)**	**Outstanding amount (€ M eq.)***
Social and affordable housing	2 280	XS1799045197	2018	March-25	EUR	500	500
Education and vocational training	2 785	US222213BA75	2022	June-25	USD	1 000	937
Health and social care	4 753	XS1979512578	2019	April-26	EUR	500	500
Supporting MSMEs *(incl. Microfinance)*	2 598	US222213BC32	2023	May-26	USD	1 000	918
		US222213BD15	2023	January-27	CAD	300	207
		XS2154343623	2020	April-27	EUR	1 250	1 250
		US222213BF62	2024	June-27	USD	1 000	919
		XS2332184212	2021	April-28	EUR	550	550
		XS2619353092	2023	May-28	SEK	650	57
		XS2750331030	2024	January-29	NOK	1 000	89
		AU3CB0308187	2024	April-29	AUD	600	364
		XS2468525451	2022	April-29	EUR	1 100	1 100
		XS2610236528	2023	April-30	EUR	1 000	1 000
		XS2803760359	2024	April-31	EUR	1 250	1 250
		AU3CB0303055	2023	October-38	AUD	40	24
Total amount	**12 416**	**Total amount**					**9 665**

** EUR equivalent amount based on FX rates prevalent at issuance date*

% of eligible social loan portfolio financed by net proceeds of Social Inclusion Bond funding (usage):	77.8%
% of net proceeds of Social Inclusion Bond funding allocated to eligible social loan portfolio:	100%
Ratio of 2024 new eligible social loans to net proceeds of 2024 Social Inclusion Bond funding:	66%
Ratio of 2024 new eligible social loans to total eligible loan portfolio:	15%

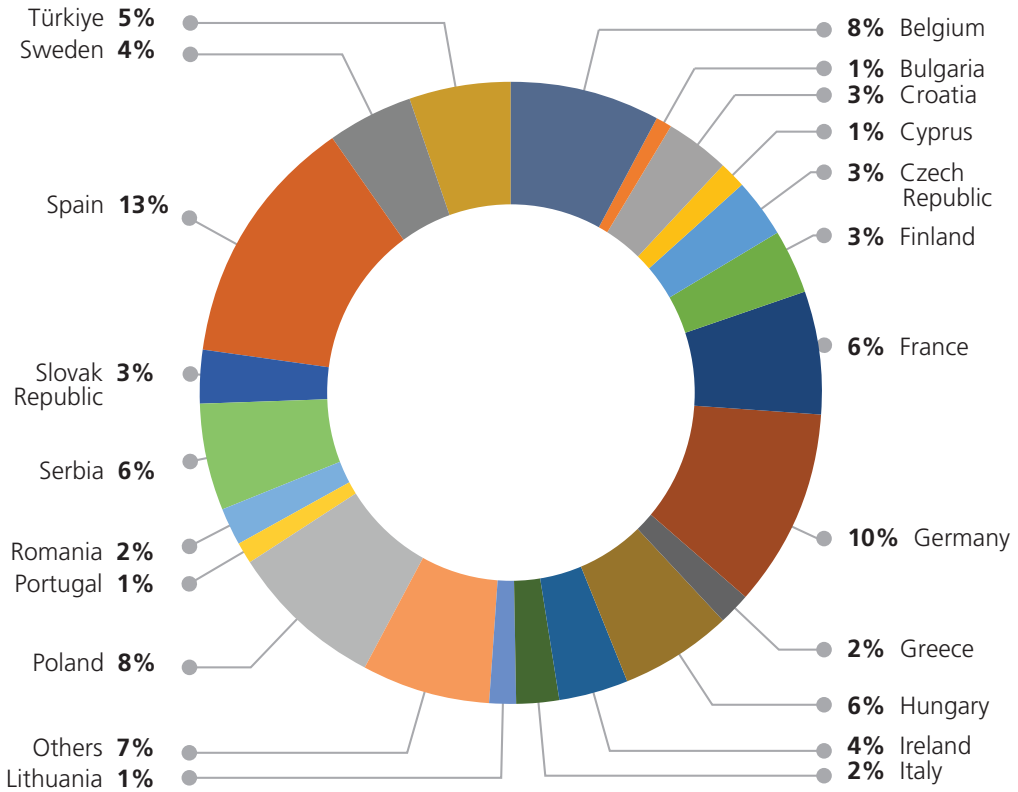
Eligible social loan portfolio

Eligible social loan portfolio by sector of action (by volume)



- Social and affordable housing
- Education and vocational training
- Health and social care
- MSME financing (incl. Microfinance)

Eligible social loan portfolio by country (by volume)



Data as at 31 December 2024

Reporting principles

Methodology

The CEB's Social Inclusion Bond Report strives to adhere to the principles and guidelines of the 2024 edition of the Harmonised Framework for Impact Reporting for Social Bonds issued by the International Capital Markets Association (ICMA).

Key terms:

- Signed amount: Signed or budgeted amount committed by the issuer for the portfolio or portfolio components eligible for Social Inclusion Bond financing.
- Share of eligible social loan portfolio: Share of the total eligible social loan portfolio per Social Bond Principles (SBP) sub-category.
- Eligibility for Social Bond: Percentage of signed amount eligible for Social Inclusion Bond financing.
- Impact indicators: Indicators include number of jobs, people, schools, dwellings etc. benefiting from the entire project. Reporting is based on the aggregated impacts of the financed projects. The CEB usually finances up to 50% of such projects and therefore contributes financially to that share of the benefits.

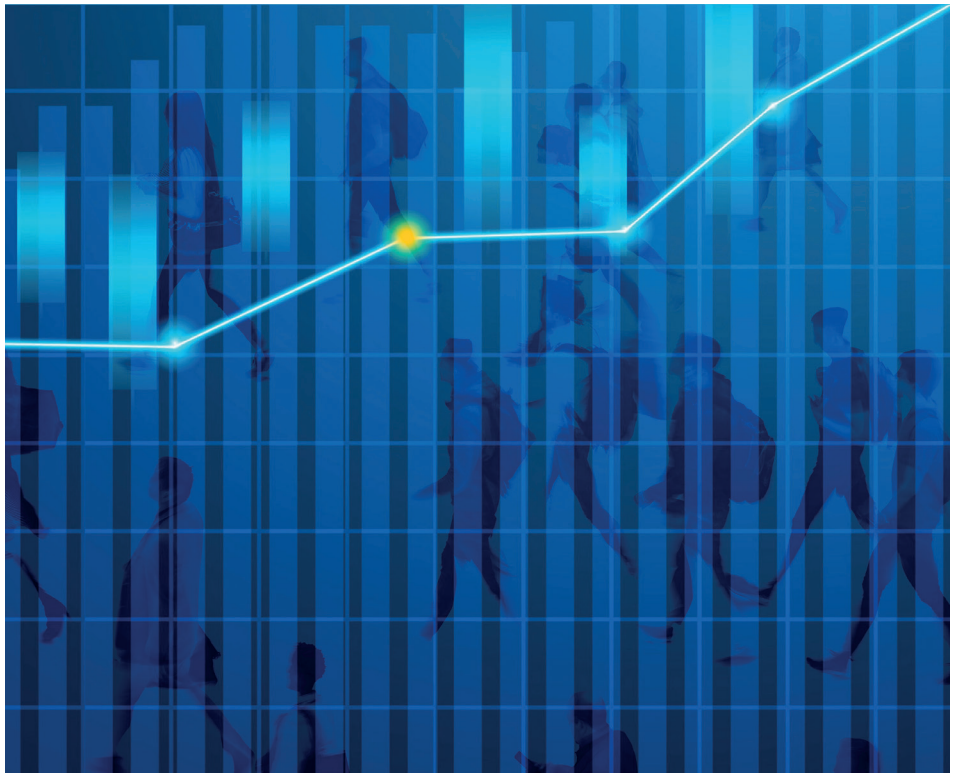
The CEB's reporting is based on ex-post impact data reported on the projects financed by the Social Inclusion Bonds on an aggregated basis per SBP category.

The impact data included above may be incomplete due to some data on recent loans not yet being available and therefore a conservative approach has been taken. The CEB intends to provide updated impact data, once available, in future impact reports.

External review

The CEB requested EY as external auditors to perform agreed procedures related to the disbursement of the amounts mentioned in this report to the relevant projects. EY was also requested to confirm the compliance of the projects with the relevant framework loan agreements.

EY reviewed disbursements from the Eligible Social Loan Portfolio in 2024, as included in the CEB Social Inclusion Bond Allocation Report as at 31 December 2024, and did not find any discrepancies.



Impact report

Eligible social loan portfolio as at 31 December 2024*

Project category			Target population	Allocation information			Social indicators	
ICMA SBP category	Sub-category	SDGs addressed	Target group**	Outstanding allocation amount	Share of eligible social loan portfolio	Eligibility for social bond	Social indicator 1	Social indicator 2
				€ M eq.	%	% of signed amount	# beneficiaries	Other
Affordable housing	Social housing		Living below poverty line Vulnerable groups	2 280	18%	100%	325 323 residents	141 445 dwellings
Access to essential services	Education and vocational training		Undereducated	2 785	23%	100%	3 598 824 students	7 066 establishments
	Health and social care		General public	4 753	38%	100%	68 236 beds	1 862 establishments
Employment generation including through the potential effect of SMEs financing and microfinance	Supporting MSMEs (incl. MSME financing and Microfinance)		Unemployed	2 598	21%	100%	1 396 205 jobs maintained 71 451 jobs created	163 506 MSMEs
				12 416	100%			

* In accordance with the ICMA Harmonised Framework for Impact Reporting (September 2024 edition)
** Further information on target population with regards to CEB's eligible social loan portfolio is available in CEB's Social Inclusion Bond Framework (March 2022).

Highlights of loans disbursed from the eligible social loans portfolio

CEB total loan	Project expenditure	CEB disbursements (% of expenditure)	# of beneficiaries	Main outputs	Implementation period
€110M	€293.7M	€110M (37%)	3 686	1 708 dwellings	2018-2024

CEB total loan	Project expenditure	CEB disbursements (% of expenditure)	# of beneficiaries	Total surface built	Implementation period
€15M	€55.6M	€15M (27%)	13 326 students 1 300 staff	21 667 sqm for research 11 590 sqm study infrastructure	2018-2023

Expansion of social and affordable housing in Nuremberg

In May 2019, the CEB signed a €110 million loan with wbg Nürnberg GmbH Immobilienunternehmen (WBG), the leading public housing company in the city of Nuremberg. The project's objective was to increase the supply of social, affordable and below-market rent housing in the city of Nuremberg. The main activities covered by the CEB loan included the construction of new social and affordable housing, the modernisation of existing low-income housing, and the acquisition of housing stock or land for the development of housing projects. The modernisation investments covered a wide range of measures, from basic improvements and energy efficiency measures to complete refurbishments.

Between 2018 and 2023, the CEB's loan to the WBG allowed for the provision of 1 708 new and improved affordable rental housing units that range from single- bedroom to family-sized apartments, totalling 132 500 square metres of living space. The approximately 3 700 final beneficiaries included low-income persons, elderly and disabled people, students, single parents, migrants and refugees. The project is estimated to have had a very positive impact on the quality of life of the beneficiaries and to have promoted social stability and integration.



Development of Riga Technical University campus

From 2018 to 2023, the CEB supported the second stage of modernisation of Riga Technical University's (RTU) Ķīpsala campus through the renovation, extension and equipping of faculties, with the goal of positioning itself among the internationally recognised leaders in science and innovation in the Baltic States. In November 2018, the CEB extended a €15 million loan, constituting 27% of the total project cost of €55.6 million, in conjunction with EU and State funds. These funds co-financed the renovation of several key faculties, namely (i) the Faculty of Mechanical Engineering, Transport and Aeronautics, (ii) Faculty of Computer Science and Information Technology, (iii) Faculty of Civil Engineering, including the Science and Innovation Centre, and (iv) Audience Centre.

The project renovated and modernised 21 667 square meters of faculty premises and research labs from 2019 to 2023. The collaboration between CEB, RTU and the EU resulted in the creation of renovated and new premises for the University, enhancing energy efficiency, reducing maintenance costs and attracting foreign students. The modern campus now accommodates more than 13 000 students and a teaching staff of 1 300.



CEB total loan	Project expenditure	CEB disbursements (% of expenditure)	# of medical staff	# of patients treated (2018-2024)	Implementation period
€50M	€274M	€50M (18%)	1 162	1 000 people of which 120 children	2014-2024

CYCLHAD - A cancer-fighting proton therapy centre in France

Located in Caen, Normandy, the François Baclesse Centre is one of 18 cancer centres in France. With its 1 162 staff, the centre treats nearly 27 000 patients each year and hosts more than 600 medical and paramedical students. Since July 2018, patients have also been treated with proton therapy at the CYCLHAD (Cyclotron for Hadron Therapy) centre. CYCLHAD is a technical platform for proton therapy treatment, that currently is the most advanced form of radiotherapy, delivered using the most powerful medical equipment available. The Proteus ONE system and related investments were partly financed by a €50 million CEB loan signed in 2014.

Between July 2018 and July 2024 (1 558 working days), 1 000 patients, including 120 children, were treated and received 24 362 proton therapy sessions. Patients are also offered the opportunity to participate in clinical research studies as part of their proton therapy treatment.



CEB total loan	Project expenditure	CEB disbursements (% of expenditure)	# of beneficiaries	# of jobs created	Implementation period
€4M	€8.7M	€4M (46%)	4 156 of which 2 051 women entrepreneurs; 1 156 households	1 023	2022-2024

Supporting women's economic empowerment through microcredit in Bosnia and Herzegovina

In June 2022, the CEB approved a €4 million loan to Microcredit Foundation MI-BOSPO Tuzla, which has a long- standing commitment to women's economic empowerment and serves primarily low-income populations, especially in rural areas. The objective of the programme was to promote entrepreneurship, particularly among women, support jobs and address gender inequality in Bosnia and Herzegovina.

From 2022 to 2024, the CEB loan successfully co-financed 3 000 microbusinesses in agriculture and the rehabilitation of 1 156 dwellings for households. The programme created 1 023 new jobs and provided critical financial support to 2 051 businesses owned or managed by women and 441 business start-ups. Business loans accounted for 61% of the sub-projects financed, all of which were in the agricultural sector, while 39% were for housing improvements.

The programme contributed to women's economic empowerment, improving livelihoods, strengthening rural economies and providing financial stability to underserved populations.



Proposed EU Social Taxonomy (EUST): High-level alignment assessment*

SBP category	SBP sub-category	EUST core objective	EUST sub-objective	EUST substantial contribution	'AAAQ' analysis	Do No Significant Harm (DNSH) & Minimum Safeguards considerations
Social and affordable housing	**Social housing**	2. Adequate living standards and wellbeing for end-users 3. Inclusive and sustainable communities and societies	Improving access to good-quality housing Improving access for target populations and/or areas to basic economic infrastructure	1. Enhancing inherent positive impact of social goods and services and basic economic infrastructure 2. Avoiding and addressing negative impact	Availability ✓ Accessibility ✓ Acceptability ✓ Quality ✓	Environmental & Social Safeguards Policy: • Defines the principles and requirements that projects and borrowers are expected to meet • CEB draws upon the principles in the Convention for the Protection of Human Rights and Fundamental Freedoms and in the European Social Charter Social Inclusion Bond Framework: • Compliance with Social Inclusion Bond eligibility criteria • Social Inclusion Bond exclusion list • Robust governance procedure • Founding member of the ICMA Social Bond Working Group International and local norms & standards: • Compliance of borrowers/projects with official and international environmental and social standards and local laws and regulation CEB's Environmental considerations commitments: • Integrate climate action components in all project proposals, such as the potential for reducing greenhouse gas emissions or opportunities for improving climate change resilience • Continue to implement its stringent Environmental and Social Safeguards Policy • Progressively operationalise its commitment to align lending activities with the Paris Agreement on climate change as per the CEB's Paris Alignment framework and roadmap
Access to essential services (e.g. health, education and vocational training, healthcare financing)	**Health and social care**	2. Adequate living standards and wellbeing for end-users 3. Inclusive and sustainable communities and societies	Ensuring access to quality healthcare products and services including care services Inclusion of people with disabilities	1. Enhancing inherent positive impact 2. Avoiding and addressing negative impact	Availability ✓ Accessibility ✓ Acceptability ✓ Quality ✓	
	Education and vocational training	2. Adequate living standards and wellbeing for end-users	Improving access to education and lifelong learning	1. Enhancing inherent positive impact	Availability ✓ Accessibility ✓ Acceptability ✓ Quality ✓	
SME financing	**Supporting MSMEs**	1. Decent work 3. Inclusive and sustainable communities and societies	Living wages that guarantee decent lives to workers and their families Creating and preserving decent jobs Preserving employment levels and hiring local workers	1. Enhancing inherent positive impact 2. Avoiding and addressing negative impact	Availability ✓ Accessibility ✓ Acceptability ✓ Quality ✓	

* Based on the proposal contained in the Final Report on Social Taxonomy (February 2022) by the Platform on Sustainable Finance, addressed to the European Commission.

CEB's ESG ratings

The CEB's overall sustainability performance is periodically assessed by ESG rating agencies* (unsolicited ratings):

Corporate ESG Performance Prime RATED BY ISS ESG	**"Prime"; "B-"** Transparency Level: "**Very High**" **1st Decile** Rank within its industry July 2023	ISS ESG's Prime status being awarded to companies with an ESG performance above the sector-specific Prime threshold, which means that they fulfil ambitious absolute performance requirements.
MSCI ESG RATINGS AAA CCC B BB BBB A AA AAA	"**Leader**" Rating: **AAA** July 2024	MSCI ESG's assessment shows that CEB is leading in its industry in managing the most significant ESG risks and opportunities. MSCI assessed that CEB has strong financial inclusion initiatives and ESG due diligence mechanisms.
Rated MORNINGSTAR | SUSTAINALYTICS	"**Negligible ESG Risk**": Rank 5/95 in development banks November 2024	Sustainalytics concludes that CEB's overall management of material ESG issues is "Strong" with an overall exposure score considered as "Low".

* Moody's has closed its ESG Solutions business due to its MSCI tie-up, so the CEB will no longer reference its ESG ratings.

CEB at a glance

Strategic Framework 2023-2027

The CEB is committed to its mission while pursuing three overarching goals:

- Respond to challenges of European social development and inclusion
- Assist and integrate refugees and migrants within their host communities
- Support the reconstruction and rehabilitation needs of Ukraine's social sector

To achieve the goals of the Strategic Framework 2023-2027, the CEB also has cross-cutting considerations on climate action, gender equality and digital transition in addition to monitoring 17 Key Performance Indicators, of which 5 specifically underpin the CEB's strong commitment to sustainability:

Project financing sustainability KPIs		
Vulnerability Lens	Gender Tag	Climate Co-benefits
Internal operations sustainability KPIs		
Gender Balance Index	Women in Management	

Lines of action

The CEB invests in social projects that foster inclusion and improve the living conditions of the most vulnerable populations. The CEB finances projects that promote social cohesion by:

- Investing in people and enhancing human capital
- Promoting inclusive and resilient living environments
- Supporting jobs and economic and financial inclusion

CEB activities and key UN SDGs



Member countries

The CEB has 43 member states who are the Bank's shareholders. All countries that are members of the Council of Europe are eligible to join the CEB.

Albania ★
Andorra
Belgium
Bosnia and Herzegovina ★
Bulgaria ★
Croatia ★
Cyprus ★
Czech Republic ★
Denmark
Estonia ★
Finland
France
Georgia ★
Germany
Greece
Holy See
Hungary ★
Iceland
Ireland
Italy
Kosovo ★
Latvia ★
Liechtenstein
Lithuania ★
Luxembourg
Malta ★
Republic of Moldova ★
Montenegro ★
Netherlands
North Macedonia ★
Norway
Poland ★
Portugal
Romania ★
San Marino
Serbia ★
Slovak Republic ★
Slovenia ★
Spain
Sweden
Switzerland
Türkiye ★
Ukraine ★

★ Target countries

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