CREDIT OPINION
22 September 2026

Update

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RATINGS

Council of Europe Development Bank

	Rating	Outlook
Long-term Issuer	Aaa	STA
Short-term Issuer	P-1	--

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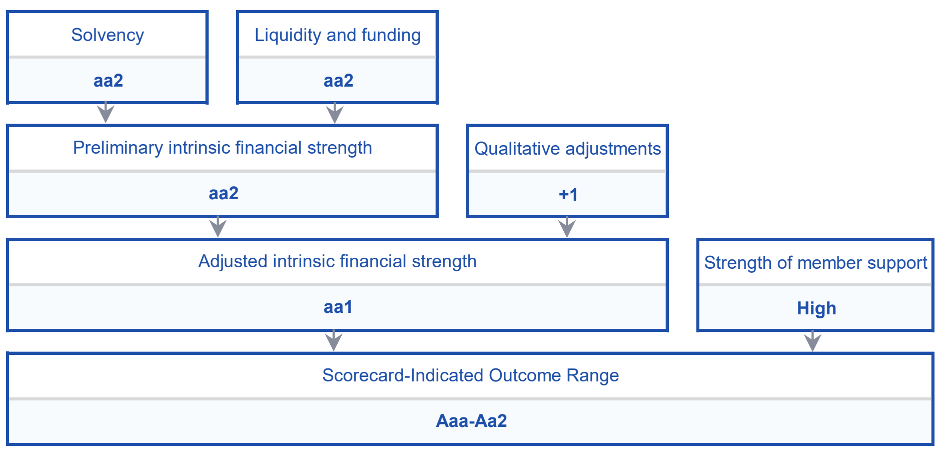
Council of Europe Development Bank – Aaa stable

Regular update

Summary

The credit profile of the Council of Europe Development Bank (CEB) reflects its strong solvency position, very strong liquidity and funding profile, prudent and robust risk management practices, as well as strong shareholder support. CEB has an instrumental role in addressing social demands across Europe, including a prominent role in supporting Ukraine (Ca stable), for which shareholders have provided significant additional paid-in capital throgh a general capital increase, the first since inception of CEB in 1956.

Exhibit 1
CEB's credit profile is determined by three factors



Source: Moody's Ratings

Credit strengths

» Strong solvency position, supported by exceptionally strong asset performance

» A consistently very strong liquidity profile and access to funding

» Strong shareholder support given CEB's instrumental role in addressing social issues

Credit challenges

» A capital adequacy metric that, while strengthened by the 2024 capital increase, remains comparatively moderate relative to some Aaa-rated peers

» Low level of callable capital compared to highly-rated peers

Rating outlook

The stable outlook reflects our view that CEB's ongoing credit strengths, including its very strong liquidity and funding profile, strong solvency position, as well as prudent and robust risk management, will offset somewhat rising risks to its asset portfolio because of the ongoing increase in operations in Ukraine. It also reflects our view that the level of shareholder support will remain strong, as exemplified by the capital increase that concluded successfully at the end of 2024.

Factors that could lead to a downgrade

An upgrade of CEB's Aaa ratings is not possible as they are at the highest level of our rating scale.

Downward pressure on the ratings would build if there was a material deterioration of asset performance, most likely as a result of its increasing exposure to Ukraine. While unlikely, downward pressure could also build if the growth of CEB's loan portfolio significantly exceeded the plans laid out in its strategic framework, potentially leading to a material deterioration in CEB's capital adequacy in the coming years. Material rating downgrades of key shareholders, or evidence of materially lower shareholders' willingness to support, would also likely have negative implications for the ratings.

Exhibit 2

Key indicators

(1) Usable equity is total shareholder's equity and excludes callable capital (2) Usable equity / risk adjusted assets (3) Liquid assets / net cash outflows (upcoming 18 month)

Council of Europe Development Bank	2020	2021	2022	2023	2024	2025
Total Assets (USD million)	34,308.8	33,655.2	33,627.9	38,032.2	40,115.2	45,870.2
Total Assets (EUR million)	27,959.3	29,714.9	31,528.1	34,418.4	38,613.3	39,038.3
Total Risk-Adjusted Assets (EUR million)	--	--	--	--	--	8,898.3
Usable Equity (EUR million) [1]	3,132.2	3,233.7	3,442.4	3,519.1	4,719.4	4,874.2
MAC Ratio [2]	--	--	--	--	--	54.8
Non-Performing Assets / DRA	0.0	0.0	0.0	0.0	0.0	0.0
Liquid Assets / ST Debt + CMLTD	255.2	235.0	255.7	278.1	295.3	248.5
Liquid Assets / Total Assets	30.0	31.7	30.9	32.3	34.0	34.6
Availability of Liquid Resources [3]	126.8	113.5	163.8	301.7	352.0	334.6
Weighted-Average Shareholder Rating	Baa1	Baa1	Baa1	Baa2	Baa1	A3
Callable Capital / Gross Debt	21.4	19.7	20.2	17.9	25.6	25.3

Source: Moody's Ratings

Profile

Established in 1956, the Council of Europe Development Bank was originally founded by eight members – Belgium (A1 stable), France (Aa3 negative), Germany (Aaa stable), Greece (Baa3 stable), Iceland (A1 stable), Italy (Baa2 stable), Luxembourg (Aaa stable) and Turkiye (Ba3 stable) – as the Council of Europe Resettlement Fund for National Refugees and Over-Population in Europe. In 1999, the institution adopted its current name and broadened its mandate to strengthen social cohesion and promote inclusive growth across Europe. With the accession of Ukraine in June 2023, CEB now counts 43 member states. The bank's 2023-2027 Strategic Framework is anchored by three overarching goals: responding to evolving social development and inclusion challenges; assisting and integrating refugees and migrants; and supporting the reconstruction and rehabilitation of Ukraine's social sectors.

CEB provides loans to projects that are socially and economically viable in member states, lending directly to sovereigns, regional and local governments, as well as other public and private entities. The bank also grants guarantees and offers technical assistance, further enhancing its impact on social development across Europe.

Detailed credit considerations

Our determination of a supranational's rating is based on three rating factors: (i) solvency, (ii) liquidity and funding and (iii) strength of member support. For Multilateral Development Banks (MDBs), the first two factors combine to form the assessment of intrinsic financial strength, as shown on the cover page graphic. Additional factors can affect the intrinsic financial strength, such as risks stemming from the operating environment or the quality of management. The strength of member support is then incorporated to yield a rating range. For more information please see our methodology for Multilateral Financial Institutions (MFIs).

FACTOR 1: Solvency score: aa2

We score CEB's solvency at "aa2" reflecting its strong asset quality and very strong asset performance, with only one non performing loan recorded since CEB's inception in 1956.

CEB's capital adequacy is supported by preferred creditor status and credit enhancements

Our MFI adjusted capital (MAC) ratio, which puts useable equity in relation to risk-adjusted assets, stood at 54.8% in 2025, which translates into a "aa3" score for capital adequacy. In 2025, CEB's MAC ratio was supported by upgrades to several of CEB's largest borrowing member states, notably Spain (from Baa1 to A3), which country-exposure represents around 10% of the lending portfolio, alongside the continued build-out of usable equity following the bank's landmark 2024 capital increase. Nevertheless, CEB's MAC ratio remains moderate, reflecting its comparatively high stock of development-related assets relative to usable equity, though this is mitigated by the large share of exposures that are sovereign-guaranteed or otherwise benefit from preferential risk-adjustment treatment.

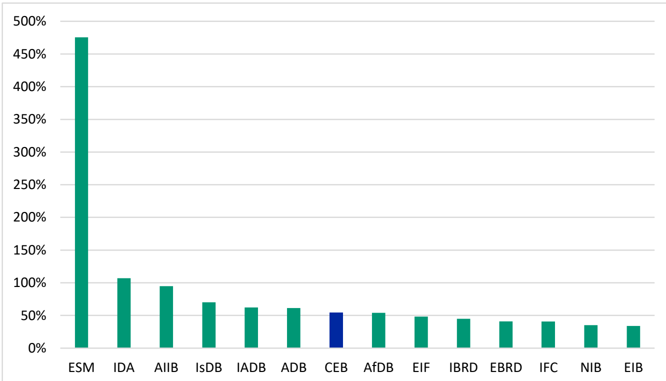
We calculate a risk-adjusted asset metric that incorporates CEB's preferred creditor status (PCS) vis-à-vis its sovereign borrowers, as well as material credit risk mitigation, mainly guarantee schemes, including under the European Union (EU, Aaa stable) InvestEU Program. In November 2022, CEB signed a guarantee agreement whereby CEB would provide €500 million in loans to be guaranteed by the EU with €159 million, on a first-loss piece (FLP) basis. At the end of 2025, the CEB InvestEU outstanding loan portfolio was €417.4 million, with a €132.8 million EU guarantee.

According to CEB's internal measures, at the end of 2025, 21% of the development asset portfolio was rated Aaa-Aa after credit risk mitigation, with another 65% in the A-Baa category. 14% of the portfolio was non-investment grade. The bank's lending portfolio is well diversified geographically within Europe. The top country recipients of loans, after credit risk mitigation and exposure exchange agreement, are Spain, which accounts for 10.4% of the loan portfolio at the end of 2025, followed by Poland (A2 negative, 9.6%), France (9.3%), Italy (7.8%), Germany (7.8%) and Türkiye (5.0%).

The growth in CEB's loan portfolio, down to 2.1% in 2025 after an 8.4% rise in 2024, remains fully aligned with the targets set in the bank's 2023-27 Strategic Framework. CEB approved 54 new loan projects worth €4.5 billion across 26 countries. Notably, 2025 marked the second year of CEB's operations in Ukraine, with €150 million approved for a project supporting the Government of Ukraine's assistance program for internally displaced persons.

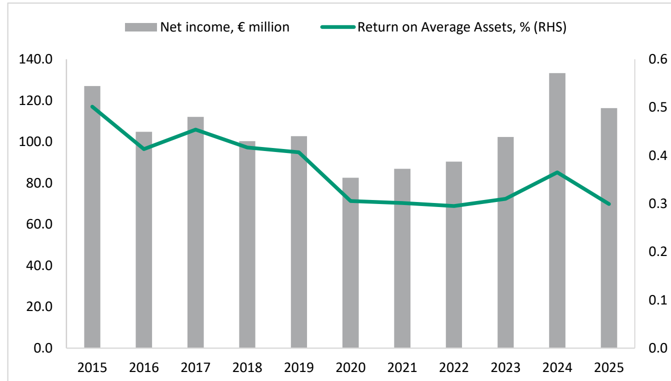
At the same time, our measure of CEB's usable equity, which constitutes the denominator of the MAC ratio, increased by 3.3% in 2025 compared with the previous year. Following the material increase in CEB's equity at the end of 2024 thanks to the €1.1 billion general capital increase, the 2025 increase was primarily driven by the bank's continued earnings generation. The equity increase to €4.9 billion at year-end 2025 from €4.7 billion at year-end 2024 was driven by net profit of €122 million in 2025, and by positive valuation and actuarial adjustments recognized directly in equity of €44.6 million.

Exhibit 3
CEB's MAC ratio is moderate but in line with the average ratio for Aaa-rated peers
MAC Ratio



Source: CEB and Moody's Ratings

Exhibit 4
CEB's net profits have been supported by higher interest rate environment



Source: CEB and Moody's Ratings

Asset performance is exceptionally strong and superior to most peers
We assess CEB's asset performance as “aaa”. Since its inception in 1956, the bank has recorded only one impaired loan : in 2009, an Icelandic counterparty failed to meet its commitment on principal and interest, for which CEB had provisioned the total outstanding loan amount of €1.8 million. Of the MDBs we rate, only Eurofima (Aa2 stable), the European Stability Mechanism (ESM, Aaa stable), the European Financial Stability Facility (EFSF, Aaa negative) and FONPLATA (A1 stable) have a similar asset quality track record.

For CEB's asset performance, the main risk is the increased exposure to Ukraine. Nevertheless, the bank's exceptionally strong track record of asset performance even in times of crisis supports our expectation that asset performance will remain robust for the foreseeable future.

FACTOR 2: Liquidity and funding score: aa2

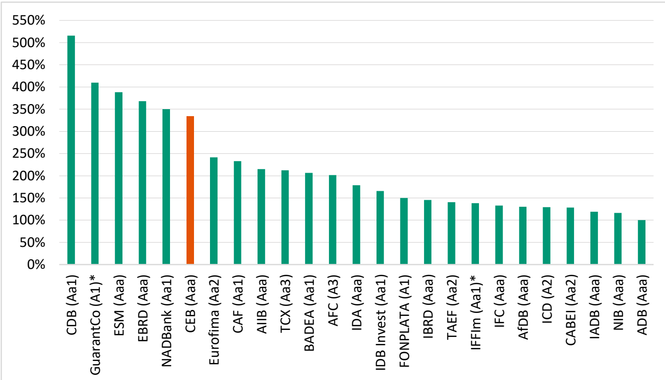
We consider CEB's liquidity and funding position to be very strong with a score of “aaa” for its availability of liquid resources and a score of “aa” for the quality of its funding, which results in an overall score for liquidity and funding of “aa2”.

CEB maintains a very strong liquidity position
For the purpose of calculating our liquid resources ratio, we consider only highly liquid assets such as cash and cash equivalents, as well as securities rated A2 or higher, as we believe only those would be available in a stress scenario at short notice and with minimal loss. At the end of 2025, CEB had a large portfolio of liquid assets, standing at €13.5 billion - this marks a +3% increase from the €13.1 billion recorded in 2024 - of which €13.4 billion is eligible for inclusion in our liquid resources ratio, the rest being rated at A3.

We consider the size of the available liquid assets relative to cash outflows in a stressed scenario over the coming 18 months, in which the bank has no access to external financing but continues its normal business operations. CEB's availability of liquid resources ratio stood at 334.6% in 2025, resulting in a score of “aaa”. This is significantly above the Aaa median of 139.1% (Exhibit 6).

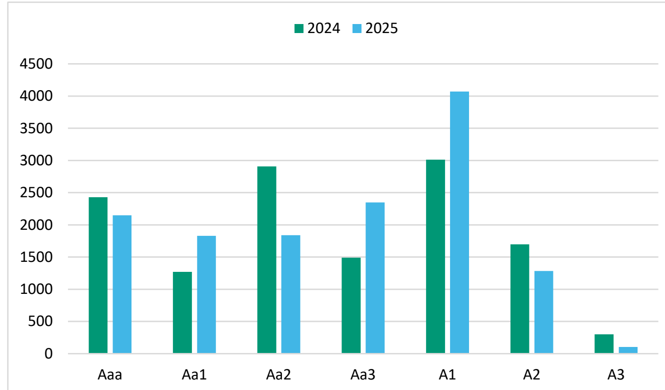
CEB's treasury assets are maintained in a highly conservative investment portfolio. Treasury assets are allocated across four liquidity portfolios: a monetary portfolio (€7.5 billion at the end of 2025), a short-term liquidity securities portfolio (€1.6 billion), a medium-term liquidity securities portfolio (€1.4 billion) and a long-term liquidity securities portfolio (€3.1 billion). Investment guidelines require minimum ratings at purchase ranging from Baa/BBB for certain short-dated sovereign and money market exposures to A/A+ for longer-dated securities. As a result, the credit quality of the treasury portfolio remains very strong. At year-end 2025, around 90% of treasury assets were rated A1 or higher and all assets were investment grade. Furthermore, in both 2024 and 2025, all treasury assets were rated above A3, with no exposure in the Baa category, underscoring the bank's prudent liquidity and investment management practices.

Exhibit 5
CEB's liquid resources ratio is stronger than many Aaa peers
Liquid Assets/Net Cash Outflows, latest available



*based on 2024 financials
Sources: CEB and Moody's Ratings

Exhibit 6
Liquid assets shifted into higher rating levels in 2025
CEB treasury assets by Moody's rating, EUR bil.



Sources: CEB and Moody's Ratings

CEB has a strong track record of stable access to market funding at competitive rates

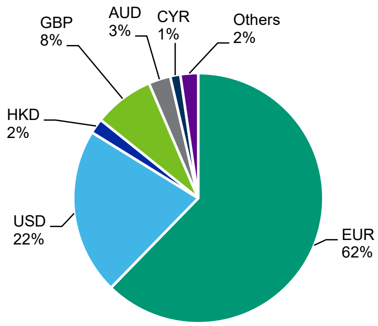
CEB has a “aa” score for our assessment of funding stability and diversification. Having demonstrated the strength of its market access during the pandemic and despite challenging market conditions in 2025, marked by geopolitical uncertainty and heightened market volatility, the bank successfully secured the funding required to finance its operations, meet debt maturities and maintain strong liquidity. CEB's investor base is diversified, both in terms of institution type and geography, and the bank's access to funding is supported by the zero-risk weight of its bonds and eligibility as collateral for central bank purposes, but also by its status as a flagship issuer in the social inclusion bond (SIB) market.

The bank borrowed €5.9 billion in 2025, compared with €6.2 billion in 2024, representing 78.7% of its €7.5 billion annual borrowing authorization. Funding was raised through 18 bond issuances across six currencies, reflecting the bank's diversified funding strategy. EUR- and USD-denominated transactions remained the core funding sources, accounting for 83.9% of total issuance volume, although the bank also accessed the offshore Chinese yuan (CNY), British pound (GBP), Australian dollar (AUD) and Hong Kong dollar (HKD) markets.

CEB continues to benefit from its established position in the Social Inclusion Bond (SIB) market. In 2025, the bank issued €2.6 billion of SIBs, representing more than 40% of annual borrowing volume, in line with 2024 levels. During the year, the bank issued its inaugural £300 million Social Inclusion Bond (SIB) benchmark and further expanded its AUD SIB curve. As a result, cumulative SIB issuance exceeded €13.5 billion at end-2025, up from the programme's launch in 2017.

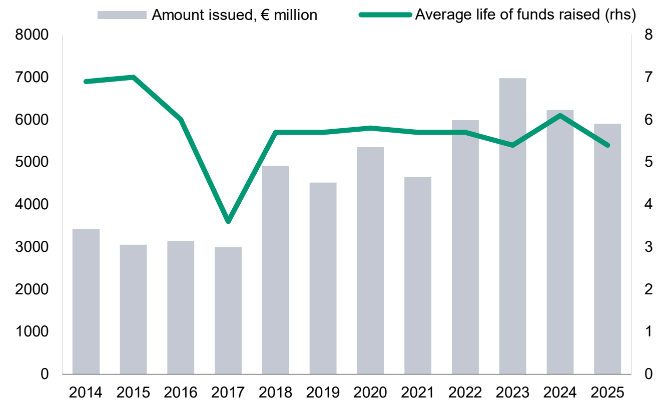
The bank's funding profile remains well balanced across maturities and currencies. The average maturity of debt issued in 2025 was 5.4 years, only slightly below 2024 levels (6.1 years), while outstanding nominal debt increased modestly to €31.6 billion at year-end 2025 (€32.4 billion after swaps) from €31.4 billion a year earlier. The bank did not repurchase or make any early repayments of long-term debt during the year.

Exhibit 7
CEB issues in a diverse set of currencies
2025 borrowing by currency



Sources: CEB and Moody's Ratings

Exhibit 8
Bond issuances increased to around or above €6 billion since 2022 while average maturity of funding is fairly stable since 2018



Sources: CEB and Moody's Ratings

Qualitative adjustments to intrinsic financial strength

Operating environment

We do not apply any adjustment for CEB's operating environment While exposure to Ukraine will grow fast, its share of CEB's total portfolio will remain manageable, representing 1.95% of CEB's outstanding loans at the end of 2025.

Governance

Our "+1" adjustment for management reflects our long-standing view that CEB's management, including its risk management practices, is among the best in the sector. This is demonstrated by the bank's consistent ability to fulfil its mandate through multiple crises while recording only one non-performing loan since its inception in 1956, in 2009.

FACTOR 3: Strength of member support score: High

We assess the strength of CEB's member support as "High", which combines a "a1" ability to support, "ba2" contractual willingness to support and "Very High" track record of support and policy relevance.

Strong ordinary support is underpinned by highly rated shareholders and policy relevance

We use the weighted average shareholder rating (WASR) to assess shareholders' ability to support an MDB. In the case of CEB, the WASR stands at "a3", in line with Aaa median of "a3" (see Exhibit 10), and up from the previous 'baa1' thanks to the upgrade of several shareholders. As of year-end 2025, France, Germany and Italy are the largest shareholders, each accounting for 17% of subscribed capital. They are followed by Spain (11%) and Türkiye (7%).

We assess CEB's track record of support and policy relevance as "Very High" given the track record of support the bank has received from shareholders since its creation. The magnitude of the 2024 capital increase is testament to shareholding member states' very strong support for CEB, as well as the bank's enhanced relevance in tackling key social challenges stemming from the conflict in Ukraine as well as in Europe more broadly. We also note that CEB is the only MDB besides European Bank for Reconstruction and Development (EBRD, Aaa stable) that received a capital increase in order to mitigate its growing exposure on Ukraine – instead of benefiting from guarantees

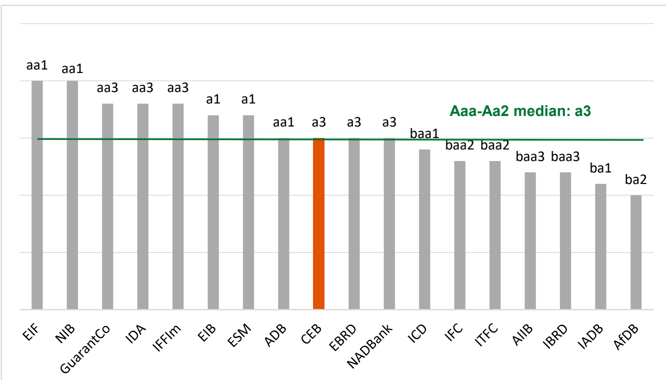
CEB's role as the social development bank in Europe has been strengthened by its response to the 2015 migrant crisis and the coronavirus pandemic. The war in Ukraine makes CEB's mandate increasingly important to its members in a context of renewed geopolitical instability in Europe with far-reaching economic and social consequences causing a large influx of refugees in Ukraine's neighboring countries.

Low level of callable capital compared to highly-rated peers

We use callable capital relative to the debt stock to assess the strength of contractual support. With a ratio of 25.3% in 2025, only the Nordic Investment Bank (Aaa stable), the Corporacion Andina de Fomento (Aa1 stable) and Eurofima (Aa2 stable)have a lower ratio of callable capital to total debt among Aaa-Aa2 rated peers (see Exhibit 10), although several peers do not have callable capital, including International Development Association (IDA, Aaa stable), International Finance Corporation (IFC, Aaa stable) and Inter-American Investment Corporation (IDB Invest, Aa1 stable). Despite having a relatively high level of callable capital relative to subscribed capital (81.6% in 2025 following the increase in callable capital by €2.902 billion in 2024, for a new total of €7.857 billion), CEB's high debt stock explains the weak performance on this metric.

Exhibit 9

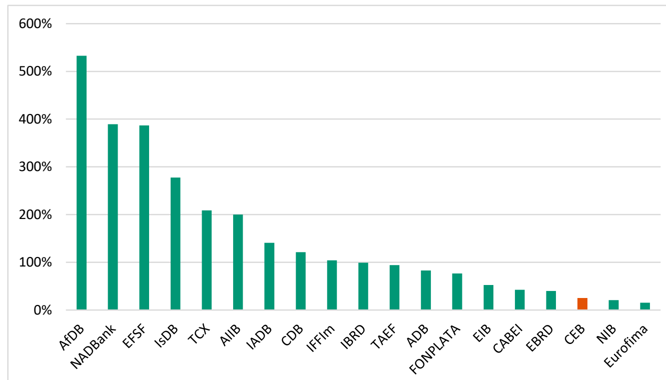
Weighted average shareholder rating is in line with the Aaa-Aa2 rated median
2025



Source: Moody's Ratings

Exhibit 10

CEB's callable capital is one the lowest compared to peers
Callable capital coverage of debt stock, 2025



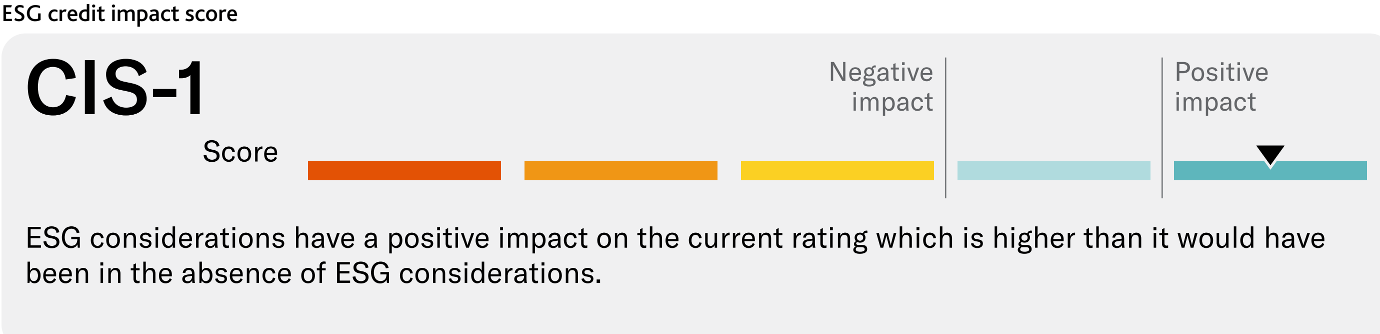
Sources: CEB's and other MDBs' financial statements, Moody's Ratings

ESG considerations

Council of Europe Development Bank's ESG credit impact score is CIS-1

Exhibit 11

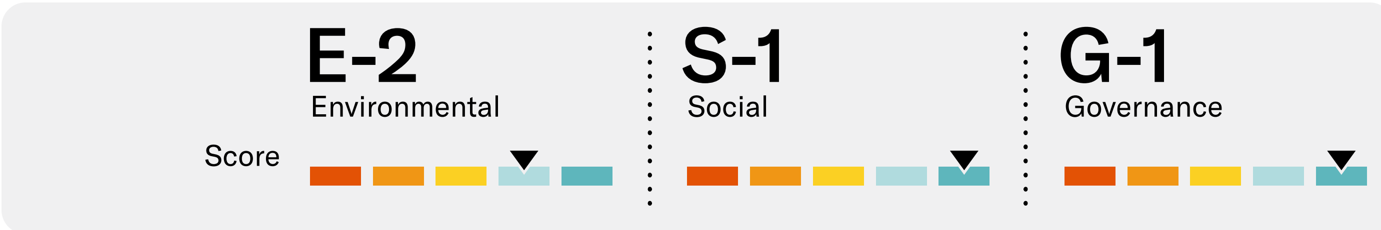
ESG credit impact score



Source: Moody's Ratings

CEB's credit impact score is **CIS-1**, indicating that the credit rating is higher than it would have been in the absence of ESG considerations. This reflects primarily the bank's very strong governance profile, a feature shared with most other Aaa-rated supranationals. More uniquely, CEB's role as a dedicated development bank for social policy objectives enhances its role and relevance in addressing common social challenges. Furthermore, CEB's exposure to environmental risks is generally low.

Exhibit 12
ESG issuer profile scores



Source: Moody's Ratings

Environmental
CEB's environmental issuer profile score is **E-2**, reflecting low exposure across the five environmental risk categories we monitor. CEB tracks the carbon footprint of projects approved, and since 2017 the emission savings from mitigation projects approved have mostly exceeded the emission levels from all other projects. In line with other MDBs, CEB has aligned its project portfolio with the Paris Agreement on Climate Change.

Social
CEB's social issuer profile score is **S-1**. CEB's explicit mandate is to be a social bank, and social policy objectives are central to its mission which positions it well to benefit from demographic and societal trends, and supports our assessment of responsible production. CEB has been an early adopter of Social inclusion bond (SIB) issuance and is now a key player in this market. Given its policy role and reputation, it has a strong relationship with its customers.

Governance
CEB's governance issuer profile score is **G-1**. CEB adheres to very strong risk management processes, which has resulted in an exceptionally strong record of asset performance. The bank's management is highly credible and has a strong track record in implementing effectively its strategy. CEB's strong governance profile will be a key factor in helping the bank to manage the increase in risk of its loan portfolio which we expect will occur over coming years.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Recent developments

Lending activity continues to expand in line with the 2023-27 Strategic framework, supported by a growing role in Ukraine
In 2025, CEB approved 54 projects across 26 member countries totaling EUR 4.5 billion (the same amount as in 2024), maintaining a strong focus on social cohesion, housing, health and support for vulnerable populations. Ukraine has become an increasingly important area of operation since joining CEB in 2023. By end-August 2026, approved financing for Ukraine had reached EUR 813 million, supporting healthcare infrastructure, housing, microfinance and assistance to internally displaced persons. Disbursements amounted to EUR 344 million in 2025, while CEB also mobilized grants and technical assistance to support reconstruction and institutional capacity building. While this growing exposure remains a key area of analytical focus, we expect associated risks to remain manageable.

CEB maintained a consistent funding momentum
In 2025, CEB executed 18 funding transactions totaling EUR 5.9 billion, representing its fourth-largest annual funding programme to date. Funding activity benefited from continued investor demand across multiple currencies, including benchmark transactions in euro and US dollar markets and the inaugural issuance of a sterling-denominated Social Inclusion Bond. Social Inclusion Bonds remained a key funding instrument, accounting for around EUR 2.6 billion, or 45%, of annual issuance. CEB diversified investor base and currency mix continued to support favorable funding conditions and strong liquidity metrics.

Financial performance remained robust despite a modest decline in earnings
Total assets increased to EUR 39.0 billion in 2025, while the loan portfolio grew to a record EUR 23.6 billion. CEB reported net profit of €122.3 million in 2025, broadly stable compared with EUR 124.3 million in the previous year, despite higher operating expenses associated with expanding activities. Core earnings, excluding IFRS 9 valuation effects, declined modestly to EUR 129.9 million from

EUR 133.4 million in 2024, while the cost-to-income ratio increased to 35.1% from 33.2%. Nevertheless, profitability remained strong, supported by continued growth in the loan portfolio and recurring net interest income, enabling further organic capital generation.

Rating methodology and scorecard factors: Council of Europe Development Bank - Aaa stable

Factor / Subfactor	Metric	Initial score	Adjusted score	Assigned score
Factor 1: Solvency (50%)			aa2	aa2
Capital adequacy (30%)			aa3	
	MFI Adjusted Capital (MAC) ratio	aa3		
	Trend	0		
	Concentration	0		
Asset performance (20%)			aaa	
	Non-performing assets	aaa		
	Trend	0		
	Excessive development asset growth	0		
Factor 2: Liquidity and funding (50%)			aa2	aa2
Liquid resources (10%)			aaa	
	Availability of liquid resources	aaa		
	Trend in coverage outflow	0		
	Access to extraordinary liquidity	0		
Quality of funding (40%)			aa	
Preliminary intrinsic financial strength				aa2
Other adjustments				+1
Operating environment		0		
Governance		+1		
Adjusted intrinsic financial strength				aa1
Factor 3: Strength of member support (+3,+2,+1,0)			High	High
Ordinary support (70%)			a1	
	Weighted average shareholder rating	A3		
	Track Record of Support and Policy Relevance	Very High		
	Large presence of highly-rated non-borrowing memb	0		
	Diversification of shareholder base	0		
Extraordinary support (30%)				
	Contractual support	ba2	ba2	
	Strong enforcement mechanism	0		
	Payment enhancements	0		
Scorecard-Indicated Outcome Range				Aaa-Aa2
Rating Assigned				Aaa

Note: Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of an issuer's performance as well as for peer comparisons. Additional considerations that may not be captured when historical metrics are used in the scorecard may be reflected in differences between the adjusted and assigned factor scores. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way. For more information please see our Multilateral Financial Institutions rating methodology.

Source: Moody's Ratings

Related websites and information sources

» Moody's Supranational web page

» Moody's Sovereign and supranational rating list

» CEB web page

MOODY'S has provided links or references to third party World Wide Websites or URLs ("Links or References") solely for your convenience in locating related information and services. The websites reached through these Links or References have not necessarily been reviewed by MOODY'S, and are maintained by a third party over which MOODY'S exercises no control. Accordingly, MOODY'S expressly disclaims any responsibility or liability for the content, the accuracy of the information, and/or quality of products or services provided by or advertised on any third party web site accessed via a Link or Reference. Moreover, a Link or Reference does not imply an endorsement of any third party, any website, or the products or services provided by any third party.

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