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

2016

REPORT OF THE GOVERNOR





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Dedicated website

About the CEB

The Council of Europe Development Bank (CEB) is a multilateral financial institution with a social mandate.

Founded by eight member states of the Council of Europe in 1956 in order to bring solutions to the problems of refugees, it is the oldest multilateral development institution in Europe.

The CEB invests in social projects that foster inclusion and contribute to improving the living conditions of the most vulnerable populations across Europe.

The CEB provides loans and guarantees to its 41 member states to finance projects meeting a certain number of criteria. Potential borrowers include governments, local or regional authorities, and financial institutions. Loan applications are rigorously reviewed and related projects are designed and implemented within national sectoral policies, when applicable.

The CEB is based on a Partial Agreement among member states of the Council of Europe, but has its own legal personality and is financially independent from the Council of Europe. The Bank supports the principles and values of the Council of Europe, which stands for the defence and promotion of human rights, democracy and the rule of law.

Our projects and loans

The CEB pays particular attention to the quality of the projects it finances, with a view to enhancing their social impact. Technical assistance and monitoring throughout the whole project cycle constitute key factors in the effective preparation and implementation of all its projects.

Once a project's financing has started, the Bank carries out rigorous monitoring and on-site visits in order to verify the physical progress of the works, compliance with cost estimates and procurement procedures, and the attainment of the anticipated social objectives. A final report is drawn up when the project is concluded. Selected projects are independently evaluated after completion.

Our resources

The CEB raises its funds on the international capital markets for its financing. It also receives resources entrusted to it by various member and non-member donors.

Thanks to its excellent rating (Aa1 with Moody's, outlook stable, AA+ with Standard & Poor's, outlook stable and AA+ with Fitch Ratings, outlook stable), the Bank raises its funds on competitive terms, thus enabling its borrowers to significantly reduce the cost of the loans they take out to finance social projects.

Member countries

(year of accession)



- Albania (1999)
- Belgium (1956)
- Bosnia and Herzegovina (2003)
- Bulgaria (1994)
- Croatia (1997)
- Cyprus (1962)
- Czech Republic (1999)
- Denmark (1978)
- Estonia (1998)
- Finland (1991)
- France (1956)
- Georgia (2007)
- Germany (1956)
- Greece (1956)
- Holy See (1973)
- Hungary (1998)
- Iceland (1956)
- Ireland (2004)
- Italy (1956)
- Kosovo (2013)
- Latvia (1998)
- Liechtenstein (1976)
- Lithuania (1996)
- Luxembourg (1956)
- Malta (1973)
- Republic of Moldova (1998)
- Montenegro (2007)
- Netherlands (1978)
- Norway (1978)
- Poland (1998)
- Portugal (1976)
- Romania (1996)
- San Marino (1989)
- Serbia (2004)
- Slovak Republic (1998)
- Slovenia (1994)
- Spain (1978)
- Sweden (1977)
- Switzerland (1974)
- "the former Yugoslav Republic of Macedonia" (1997)
- Turkey (1956)





Highlights

+ 50%
Projects approved
€ 3.5 billion*

€ 2 billion
Loans disbursed
+10.6%*

€ 3.2 billion
Financing commitments
+43.8%*

*compared to 2015

Message from the Governor

2016 was an important year for the Council of Europe Development Bank (CEB). Not only did the Bank mark its 60th anniversary, but also reaffirmed its focus on its core activity area of supporting refugees and displaced persons, which was an integral part of its mandate when the CEB was established in 1956.

The Migrant and Refugee Fund (MRF) proved to be a very useful instrument for channelling grants to countries receiving migrants and refugees, enabling them to equip reception and transit centres in order to provide refugees with food, shelter, and medical care. In a demonstration of European solidarity, contributions from numerous donors made possible the approval of 14 grants for refugee projects. The MRF, which enjoys the full backing of CEB member countries, is continuing its efforts in the same direction and with the same fervour. Meanwhile, the Bank also supports the social integration of migrants and refugees with its lending instruments.

2016 saw an almost 50% increase in the overall volume of projects approved. The CEB's annual investment in social projects reached close to € 3.5 billion and focused on areas where there is currently a particular need for support in Europe, namely job creation and preservation, social housing, and public infrastructure.

The Bank remained financially strong through challenging times and the healthy figures for 2016 attest to this. The CEB's loan portfolio, worth over € 13 billion, and the stock of projects, amounting to € 5.6 billion, were both higher than the previous year. The Bank raised more than € 3.1 billion in the international capital markets and, at the end of 2016, the net profit stood at almost € 105 million.

In 2016, the year of its 60th anniversary, the Bank successfully reached the objectives of its 2014-2016 Development Plan and adopted a new roadmap for action.

In 2016, the CEB maintained and reinforced its partnerships. The European Commission, already a valued partner within the framework of the Regional Housing Programme (RHP), confirmed its endorsement of the programme by committing further funds. Meanwhile, the RHP continued to yield tangible results in 2016. By the end of the year, it had delivered housing solutions to 1 000 vulnerable families in partner countries Bosnia and Herzegovina, Croatia, Montenegro and Serbia, with over three times more housing units expected to be completed in 2017.



To mark its 60th anniversary, in December 2016, the CEB organised an international conference on the premises of the Caisse des Dépôts Group in Paris on the theme "Challenges to More Sustainable and Inclusive Growth in Europe". Increasing cooperation with the OECD had resulted a few months earlier in another high-level event, a joint seminar on "The Refugee Crisis: Challenges and Responses for Social Investment", which was hosted on the Bank's premises in May 2016.

Thanks to its excellent overall performance, the result of a truly collective effort on the part of all CEB services, the Bank successfully reached the objectives of its 2014-2016 Development Plan and, in 2016, adopted a new roadmap for action, the Development Plan for the period 2017-2019. The focus remains on promoting sustainable and inclusive growth in key activity areas, such as public infrastructure, job creation through support to micro, small and medium-sized businesses, assistance to vulnerable groups, and the integration of migrants, refugees and displaced persons.

The new Plan, along with the revised Environmental and Social Safeguards Policy, will ensure active CEB participation in the global efforts to protect the environment and act on climate change. The revised Loan and Project Financing Policy and the recently introduced Financial and Risk Policy will further support the Bank's strategic priorities.

With these instruments in place and building on the Bank's particularly strong performance in 2016, we can look forward to a productive, successful year ahead, counting, as always, on the support of our shareholders and the commitment and hard work of CEB staff and senior management.

Paris, 2 March 2017 - Rolf WENZEL



60 years
of European solidarity



> **"An organisation for human solidarity on a banking basis"**
>
> René Plas,
> the first Governor of the CEB

In response to the plight of people driven from their homes by the upheavals of the 20th century, the "Council of Europe Resettlement Fund for National Refugees and Overpopulation in Europe" was established in April 1956 and tasked with aiding the integration of refugees and migrants. In 2016, the CEB marked its 60th anniversary.

Growing membership

Established as a Partial Agreement of the Council of Europe, the CEB was founded by eight member states, thus reflecting very diverse horizons: Belgium, France, Germany, Greece, Iceland, Italy, Luxembourg, and Turkey.

Today, the CEB has 41 members and its membership reflects Europe's own geographical and cultural diversity. The CEB is the only multilateral development bank with an exclusively social vocation and constitutes a major instrument of the policy of solidarity in Europe.

The CEB today

60 years after the establishment of the CEB, Europe is once again confronted with serious challenges.

The CEB's investments in key social fields such as housing, health and education, coupled with its continued support for job creation and climate action, represent an important contribution to inclusive development.

Through the provision of financing and technical expertise for projects with a high social impact, the CEB actively promotes social cohesion and strengthens social integration in Europe.

Firmly committed to its social mandate and well prepared to tackle present and future challenges, the CEB is determined to work towards building a better Europe.

Key moments

1956
The CEB was created in the form of a Resettlement Fund to contribute to financing projects for the resettlement of refugees from World War II and its aftermath.

1993
The Council of Europe Vienna Summit signalled a wave of new member countries from Central, Eastern and then South-Eastern Europe joining the CEB.

1997
The Strasbourg Summit widened the CEB's mandate to include strengthening social cohesion, alongside the statutory priorities set out in its Articles of Agreement.

2005
The Warsaw Summit invited the CEB to contribute in its own way to the development of a free, democratic and more inclusive European society.

Roadmap for action

The CEB's new three-year strategy brings renewed impetus to the Bank's social mission.

In December 2016, the CEB's Governing Board adopted the Bank's new Development Plan for 2017-2019. Taking into account the numerous challenges with which Europe and CEB member countries are currently confronted, the new Development Plan aims to enhance the Bank's effectiveness in response to the needs of its members while also reaffirming the institution's relevance in a fast-changing environment.

The new Plan is a roadmap for action during the next three years and will enable the CEB to build on its strong performance and increase efficiency in order to continue to give full support to the social policies of our members.

In the new Plan, the focus is put on promoting sustainable and inclusive growth in key CEB activity areas, including public infrastructure, job creation and preservation, and assistance to vulnerable groups. Particular attention is given to providing access to housing and the labour market as a way of facilitating the social integration of migrants, refugees, and displaced persons. Gender inequality will also be addressed by the Bank as a cross-cutting structural theme and will be considered within the framework of the social aspects of all the projects it finances.

In addition, the new Plan ensures that the CEB plays its part in global efforts to protect the environment through climate change mitigation and adaptation measures.

The Plan foresees the further strengthening of cooperation between the CEB and its partners, enhancing the quality and social added value of the projects financed, and ensuring the sustainability of financing through the use of innovative instruments.

To align its policies with the new strategic framework, the CEB has approved a revised Environmental and Social Safeguards Policy, which is closely related to the new Development Plan and will be part of its implementation.

The Loan and Project Financing Policy, which defines the basic conditions for the selection and implementation of projects funded by the CEB, has been amended to reflect the three new strategic priorities for the CEB: sustainable and inclusive growth; integration of refugees, displaced persons and migrants; and climate change action – developing mitigation and adaptation measures. The policy introduces cross-sectoral loans, a new financial instrument to help the Bank adapt to funding increasingly complex projects spanning different but inter-related fields.





Project financing

In 2016, the volume of operations surged, reaching a record € 3.5 billion in loan applications approved, representing a 50% increase over the previous year. In total, 35 projects were approved, many of them substantial in both size and scope. This exceptional development stems in part from the additional demand from the countries of Western and Northern Europe as a result of the current immigration situation.

In other countries, as the economic environment shows signs of improvement, governments have begun to invest more in social sectors such as education, health and local infrastructure, and have turned to the CEB for support.



Baby Ivan was born in the Adaševci reception centre, in northern Serbia. His parents, who fled Iraq, are among thousands of refugees and migrants left stranded in Serbia when the route to the European Union closed last year. With € 3.5 million in grants provided to Serbia from the MRF, the CEB's funding was absolutely critical in providing safe and secure shelter to vulnerable migrants in the country. The Bank's ability to rapidly respond to countries struggling to cope with record levels of migrants and refugees was recognised by an award from the Government of Serbia.

More info

Migrants and refugees

In 2016, the migrant and refugee crisis continued to be one of the biggest challenges facing Europe. From providing emergency aid to funding long-term integration, the CEB was at the forefront of support to migrants and refugees and the communities that host them across the continent.

Migrant and Refugee Fund (MRF)

The CEB provided more than € 18 million for emergency projects, in particular in Croatia, Greece, Serbia, Slovenia and "the former Yugoslav Republic of Macedonia", through the Migrant and Refugee Fund, a grant-based facility established by the CEB in 2015 to help its member countries deal with migrant and refugee flows. This CEB assistance was used primarily to increase shelter capacity and improve conditions in reception centres, as well as to provide food, health care, and legal advice to migrants and refugees.

The closing of the Western Balkan route in early 2016 resulted in thousands of migrants being stranded along the way, followed by a steady resumption of arrivals later in the year. The CEB was able to adapt quickly to this changed operational context and direct funding to measures facilitating a longer stay of migrants in the transit countries, including building inter-cultural competencies for frontline public service providers. The Bank also started providing funding to public authorities dealing with increased levels of long-term migrant integration.

Long-term integration

The CEB aims to facilitate the long-term integration of migrants and refugees on a truly comprehensive, cross-sectoral basis, encompassing access to decent housing, jobs, health and education. In 2016, the Bank invested an additional € 1 billion for projects to support long-term integration and a genuine increase in social cohesion in the host communities.

In 2016, the CEB approved a total of € 652 million in loans to help different German Federal States deal with migration pressures. The CEB funding will make an important contribution to the integration of migrants and refugees by substituting sub-standard, temporary housing with decent long-term accommodation. It will also enable the municipalities to support other vulnerable groups such as young families and the elderly, integrate migrants and avoid segregation.

In Sweden, the third largest city, Malmö, is expected to host more than 8 000 asylum seekers under the age of 15 over the next three years. In light of the important role that education plays in the successful integration of refugees, the CEB's € 160 million loan to the city is intended to finance the refurbishment of existing compulsory education buildings and the construction of new school facilities.

€ 652 million

in loans to help different German Federal States deal with migration pressures

Resettlement of displaced persons

More than twenty years after the war ended in the former Yugoslavia, tens of thousands of people still remain displaced throughout the region, many of them in precarious conditions and with no permanent housing. The CEB plays a major role in the Regional Housing Programme (RHP), a joint initiative endorsed by the international community that aims to resolve this protracted displacement situation. In 2016, the RHP delivered almost 1 000 housing solutions to families in the four partner countries: Bosnia and Herzegovina, Croatia, Montenegro and Serbia.



Job creation

The micro, small and medium-sized enterprises (MSME) sector makes an important contribution to job creation across Europe, but the lack of access to finance remains the greatest impediment to growth. Job creation and preservation is one of the CEB's main sectoral lines of action and a priority in the current economic context in Europe. In 2016, the CEB approved € 1.18 billion for MSME financing, or more than half of all loans approved. This resonates with wider European efforts to boost economic growth in Europe, such as the "Investment Plan for Europe" ("Juncker Plan").

€ 1.18 billion

for MSME financing



The microfinance sector serves clients who cannot access regular banking channels. These clients are often not able to meet banking requirements and microcredit is practically the only source of financing available to them. Many of them are self-employed entrepreneurs. To emphasise the importance of fostering labour market integration for vulnerable groups, including people of migrant/refugee origin, the CEB has modified its Social Dividend Account Policy to allow micro-credit projects access to its risk-sharing window.

More info

Supporting growth in every corner of Europe

The CEB's financing of the MSME sector consists of multiple operations across Europe, further proof of the Bank's ability to respond to needs wherever they arise. In 2016, the CEB supported MSMEs in the Czech Republic, Georgia, Ireland, Italy, Netherlands, Poland, Slovak Republic, Spain, "the former Yugoslav Republic of Macedonia" and Turkey.

The funds provided by the CEB are primarily used to finance productive investment projects for the acquisition of machinery, equipment, vehicles, office and manufacturing premises, and production installations.

Tackling persistent unemployment

In Italy, the CEB is supporting small businesses through a € 150 million loan to *Cassa depositi e prestiti* (a national financial institution that supports the country's economy through public-sector investment), thereby contributing to the MSME sector's pivotal role in job creation and economic growth, as recognised and backed by the Italian Ministry of Economic Development.

In "the former Yugoslav Republic of Macedonia", where high unemployment persists, a CEB loan, which follows two prior loans approved in 2008 and 2011, will contribute to the country's efforts to create sustainable growth by strengthening the competitiveness of MSMEs and by fostering the creation of new permanent and seasonal jobs.

€ 1 billion

to provide decent housing at an affordable price to socially vulnerable groups such as low-income households



Environment and climate action

Climate change is one of the major risk drivers for social inequality. While affecting all, the poorest are likely to suffer most. Protecting vulnerable populations, whether from climate disruptions, urban sprawl or other environmental pressures, is at the core of the CEB's mandate.

Building resilience to climate change into project design

The CEB systematically looks at the possibilities for reducing the carbon footprint for the projects it funds. Together with the borrower, the Bank explores ways of improving the project's design and implementation to optimise resilience and minimise climate change impacts. By integrating climate change considerations into the design and implementation of projects, the



CEB aims to provide beneficiaries with access to infrastructure that is safer, more robust and entails lower operational costs.

In 2016, the CEB adopted a new Environmental and Social Safeguards Policy that integrates lessons learned during the past five years of operational experience, accommodates new CEB lending instruments, clarifies the ways in which social safeguard issues are addressed, and ensures consistency with international best practices.

Energy-efficiency

By reducing energy consumption and CO_2 emissions, energy efficiency measures constitute an important part of climate change mitigation. In 2016, the CEB continued to make investments in energy-efficiency projects through direct loans to municipalities and regions or intermediary banks, a large portion of which goes to greening residential buildings.

The CEB blended its € 14 million sovereign loan to Georgia with a grant from the Eastern Europe Energy Efficiency and Environment Partnership (E5P) to assist the authorities in their objective to introduce energy efficiency into the national social sector infrastructure. With this CEB funding, approximately 25 public school buildings will be renovated to include energy efficiency measures, benefitting at least 15 000 school children.

While millions of Europeans still face a stark choice between "heating or eating", the CEB's financial support for improving energy efficiency in households also helps fight energy poverty and increase the resilience of the most vulnerable segments of society.

Sustainable development and social integration

The CEB's investments in key social fields, such as affordable housing, health, and education, significantly contribute to inclusive development in the member countries. At a time when cuts in public spending exacerbate rising inequalities, CEB funding ensures that vital public services continue to be provided.

Housing

European citizens spend an increasing amount of their income on housing, a trend that disproportionately affect people at risk of poverty. At the same time, governments across the continent are struggling to provide affordable housing solutions.

Improving access to social and affordable housing represents a significant share of the CEB's lending activity. In 2016, the Bank invested almost € 1 billion to provide decent housing at an affordable price to socially vulnerable groups such as low-income households, migrants, the elderly, single families, people with disabilities and other Europeans living in precarious conditions.



Education

Education plays a crucial role in helping people acquire basic skills and preparing them for the job market. It also promotes common values and contributes to building cohesive societies. The arrival of large numbers of refugees and migrants in Europe makes inclusive education more important than ever.

Against the backdrop of increasing needs for public investment in education across the continent, the CEB continues to provide support to the sector. In 2016, the CEB invested € 719 million in education and vocational training projects across Europe. Bulgaria, Cyprus, Finland, France, Hungary and Sweden all benefited from funds to improve the quality and inclusiveness of education.

The CEB sees its role as a provider of "downstream" support to local communities

Investing in local infrastructure

The CEB's investments in local infrastructure – including the construction of day-care centres, playgrounds, green areas, social care facilities and local transport – improve living conditions for millions of Europeans and contribute to the social inclusion of the most vulnerable.

Whether through direct lending to governments and municipalities or on-lending operations with commercial banks, the CEB sees its role as a provider of "downstream" support to local communities in order to fill the funding gaps for the successful implementation of socially-oriented investments corresponding to national priorities.

Flexible financing for greater impact

To better respond to borrower needs, the CEB's Development Plan 2014-2016 introduced two flexible financial instruments: Public Sector Financing Facility and EU Co-financing Facility. Since 2014 the Bank approved more than € 1 billion in loans using these two instruments.

Loans granted under the CEB's EU Co-financing Facility (ECF) facilitate better absorption of EU funds in the CEB's member countries, helping countries, regions and municipalities address social investment needs, advance economic development, and reduce regional imbalances. They maximise the benefits of the European Structural and Investment Funds and enable the CEB to augment the impact of its funding.

In 2016, the CEB extended a € 200 million ECF loan to Bulgaria, to partially finance the investment priorities of the EU Partnership Agreement with Bulgaria. The CEB funds will help to ensure the smooth implementation of national operational programmes and make a significant contribution to promoting regional development and strengthening Bulgaria's economic and social cohesion.

Measuring social and environmental impacts

The Bank works to enhance the technical assessment and monitoring of social and environmental impact of investment projects. For around one-fourth of the projects approved in 2016, the Directorate for Technical Assessment and Monitoring of the Bank has provided additional support to the Borrower at the conceptual stage to enhance social value, optimise resilience and minimise climate change impacts.

With around 80 on-site visits per year, projects are followed throughout their implementation, in order to measure results and address technical, institutional, governance and financial issues. The Bank uses an implementation assessment framework that tracks the project progress and expected results, including the environmental and social effects.



Partnerships



In 2016, the CEB further intensified its European and international cooperation, thus enabling the Bank to reinforce its operational capacity, boost expertise and enhance visibility among development stakeholders globally.

Donors

Partnerships with donors are key to the Bank's operations. Funds raised from bilateral donors and the European Union enable the CEB to better support highly social projects by financing technical assistance. In 2016, donors demonstrated their support for the Bank's use of their funds by making substantial contributions.

The Slovak Republic set up the Slovak Inclusive Growth Account (SIGA), providing € 2 million to the CEB to finance technical assistance for highly social projects. SIGA funds will be used to finance various activities related to the preparation and implementation of projects, such as feasibility studies, environmental and social impact assessments, business plans, tender documentation, contractual arrangements, and advisory services.

Funding for migrants and refugees

In 2016, donors pledged large amounts to the CEB in favour of migrants and refugees.

As at December 2016, € 16 million were pledged to the Migrant and Refugee Fund, bringing the total amount committed to the MRF to € 21 million. The grant-based facility was established by the CEB in 2015 to help its member countries deal with migrant and refugee flows. The CEB endowed it with € 5 million, targeting an additional € 15 to 20 million in grant contributions from member countries and other donors.

The European Union also earmarked € 40 million to the CEB to finance the construction of a state hospital in Turkey in an area of the country severely affected by the influx of refugees from Syria.

Regional Housing Programme (RHP)

The European Commission strongly endorsed the RHP by announcing its intention to contribute an additional € 84 million to this CEB-managed initiative. The new funds should allow for the financing of up to 3 000 additional housing units by 2021. At the same time, Germany committed an additional € 1 million to the RHP. Other donors to the Programme include Italy, the United States, Norway, Switzerland, Denmark, Turkey, Luxembourg, Cyprus, Romania, the Slovak Republic, the Czech Republic and Hungary.

Marko and Dušica Uzelac are among an estimated three million refugees displaced both within and beyond the borders of the former Yugoslavia as a consequence of armed conflicts in the 1990s. After more than twenty years without a home, in 2016 they moved into their own house thanks to the RHP. By the end of 2016, about 1 000 housing units were delivered to RHP beneficiaries in Bosnia and Herzegovina, Croatia, Montenegro and Serbia. In 2017, this figure is expected to triple.

More info





External partnerships

In 2016, the CEB collaborated with other European financing institutions on a note entitled "Integrating Climate Change Information and Adaptation in Project Development: Emerging Experience from Practitioners." This document helps practitioners assess climate change risks and vulnerabilities and integrate adaptation measures into project planning, design and implementation.

Along with other international financing institutions and national governments, the CEB participated as a stakeholder in the formulation of the new Methodology for Assessment of Procurement Systems (MAPS). MAPS is a new, universal tool that aims to catalyse and accelerate the implementation of modern, efficient, sustainable and more inclusive public procurement systems in all countries.

High-level events

The challenges brought on by the refugee crisis have shown the potential for synergies between the CEB's practical experience in funding integration projects over the past six decades and the OECD's expertise in comparative analysis and policy advice in the field of migration. In 2016, the two institutions jointly organised a high-level seminar on "The Refugee Crisis: Challenges and Responses for Social Investment" at the CEB's headquarters in Paris. Meeting on the sidelines of this joint event, CEB Governor Rolf Wenzel and OECD Secretary-General Angel Gurría expressed their intention to enhance the collaboration between the two organisations.

To mark its 60th anniversary, the CEB also brought together world-renowned economists, policymakers and academics to discuss ways of ensuring that Europe's social and economic model remains sustainable. The conference entitled "Challenges to More Sustainable and Inclusive Growth in Europe" attracted more than 150 participants. The French Minister for the Economy and Finance, Michel Sapin, delivered the closing address in which he emphasised the relevance of the CEB's work in the service of European cooperation and solidarity through concrete projects and answers to the concerns of European citizens.



Finance

In 2016, the CEB's Administrative Council approved a new Financial and Risk Policy, the outcome of a thorough analysis of the Bank's existing financial and risk framework as well as an in-depth benchmarking exercise with the CEB's multilateral development bank peers.

While maintaining the prudent approach which has proved efficient in the past, the new policy introduces a balance sheet management approach that aims to optimise the use of the Bank's financial resources, allow greater flexibility in interest risk management and, at the same time, maintain a strong liquidity position.

New indicators have been added to the Bank's prudential framework to help ensure enhanced monitoring of these risks.

Financial activities in 2016

Treasury portfolios

The Bank's balance sheet assets include four Treasury Portfolios, including one Monetary Portfolio and three Securities Portfolios:

The Treasury Monetary Portfolio consists of short-term placements with maturities of up to 1 year.

The strategic objective of this portfolio is to manage day-to-day cash flows in all required currencies.

Short term placements with maturities of up to three months must have a minimum rating at the time of purchase of BBB+. Short term placements with maturities between three months and one year must have at least an A- rating at the time of purchase.

At 31 December 2016, the total value of short-term placements in this portfolio amounted to € 2 423 million.

The Short Term Liquidity Securities Portfolio consists of short term securities with maturities of up to 1 year.

These securities represent an alternative to bank deposits and complement the Treasury Monetary Portfolio in strengthening the short term liquidity position of the Bank.

At the time of purchase, short term sovereign bonds with maturities of up to three months must have a minimum rating of BBB, and short term securities with maturities between three months and one year must have a minimum rating of A-.

At 31 December 2016, the total value of short term securities in this portfolio amounted to € 1 754 million.

The Medium Term Liquidity Securities Portfolio consists of securities investments with maturities from 1 year up to 15 years.

The strategic objective of this portfolio is to strengthen the Bank's liquidity position, while achieving a satisfactory return.

Medium Term Securities must have a minimum rating of A+ at the time of purchase.

At 31 December 2016, the total value of securities in this portfolio amounted to € 1 646 million.

The Long Term Liquidity Securities Portfolio consists of securities investments with maturities from 1 year up to 30 years.

Securities in this portfolio are required to have a minimum rating of A+ at the time of purchase.

At 31 December 2016, the total value of securities in this portfolio amounted to € 2 313 million.

Derivatives

In accordance with the Financial and Risk Policy adopted by the Administrative Council, the Bank uses derivatives in an effort to systematically hedge market risks resulting from its lending, investment and financing transactions. As an end user, the Bank employs derivatives solely for hedging purposes.

At 31 December 2016, the breakdown of derivatives by type of hedge was 72% for bond issuances, 21% for loans and 6% for securities held by the Bank.

To guard against the risks inherent in these financial instruments, the Bank implements a strict management policy, the principles of which are described in the note B of the financial statements 2016.

To limit credit risk, the Bank has signed collateral agreements with all of its counterparties. Thus, at 31 December 2016, all the CEB's swap contracts were collateralised. The residual credit risk, calculated as the amount of the positive market values not covered by collateral received, remains marginal.

Funding in 2016

1. Debt issuance

Subject to the annual borrowing authorisation set by the Administrative Council, the CEB issues debt in the international capital markets. In 2016, the Bank borrowed a total of € 3.14 billion in six financing operations, including two new re-opening transactions of existing lines with maturities of one year or more. This amount is similar to the volume of financing in 2015, which stood at € 3.05 billion, and consisted also of six funding operations including two re-openings of existing issues. The 2016 funding programme fulfilled three main objectives:

- to cover the requirements arising from the Bank's lending activity;
- to enable the Bank to honour its debt maturities; and
- to enable the Bank to maintain liquidity at the level set by the Administrative Council.

To ensure the necessary funding to finance its activities, the Bank continues to combine benchmark operations in major currencies targeting a broad range of institutional investors with debt issues in a given currency or with a more specific structure designed to meet specific investor demands.

In 2016, 43.2% of the funds raised by the Bank were denominated in US dollars, 39.9% in Euros and 16.9% in British pounds. These transactions enabled the Bank to diversify the markets in which its activities are financed while at the same time allowing for a broadening of its investor base.

In USD, two transactions were priced under a Global format for a total amount of USD 1.5 billion: a USD 1 billion benchmark with a five-year maturity in March and a USD 500 million transaction with a three-year maturity in September. The USD market was the CEB's most important market in terms of financing volumes in 2016.

In EUR, two transactions were priced: in January, a EUR 250 million re-opening of the October 2022 line and in June, a EUR 1 billion benchmark with a 10-year maturity, making the EUR market the second largest in terms of funding volume.

In other currencies, one new three-year GBP 300 million issue was priced and the outstanding December 2019 line was re-opened for an amount of GBP 100 million, to bring the total combined amount to GBP 400 million.

All the financing operations carried out in 2016 were hedged with swaps to eliminate both interest rate and currency risks. After such swaps, the total amount of funds borrowed was converted into Euros.

The average maturity of the issues launched in 2016 was 6.1 years, compared with 7.1 years in 2015. The table below shows funds raised in their original currencies.

In 2016, 68.8% of the issues carried out under the borrowing programme had final maturities of close to five years or more, compared with 100% in 2015, in order to ensure the refinancing of the Bank's loans and avoid cash gaps in the coming years.

The multi-currency EMTN programme was updated in November 2016. In September 2015 it was decided to update the Australian and New Zealand Dollar MTN (Australian programme) to adapt the legal framework of the Bank's issues to changes in financial market regulations; and the CEB's Euro-Commercial Paper Programme was updated in December 2014.

Debt issued in 2016

Payment	Maturity Date	Currency	Term	Nominal amount	Lead manager
18/01/2016	07/03/2019	GBP	3.1 years	300 million	Barclays/JP Morgan/TD Securities
21/01/2016	27/10/2022	EUR	6.8 years(*)	250 million	Citi/Goldman Sachs
27/01/2016	23/12/2019	GBP	3.9 years(*)	100 million	HSBC/Nomura
16/03/2016	16/03/2021	USD	5.0 years	1 000 million	Barclays/Crédit Agricole CIB/HSBC/TD Securities
08/06/2016	08/06/2026	EUR	10.0 years	1 000 million	Citi/Goldman Sachs/HSBC/Société Générale
04/10/2016	04/02/2019	USD	2.34 years	500 million	Deutsche Bank/JP Morgan

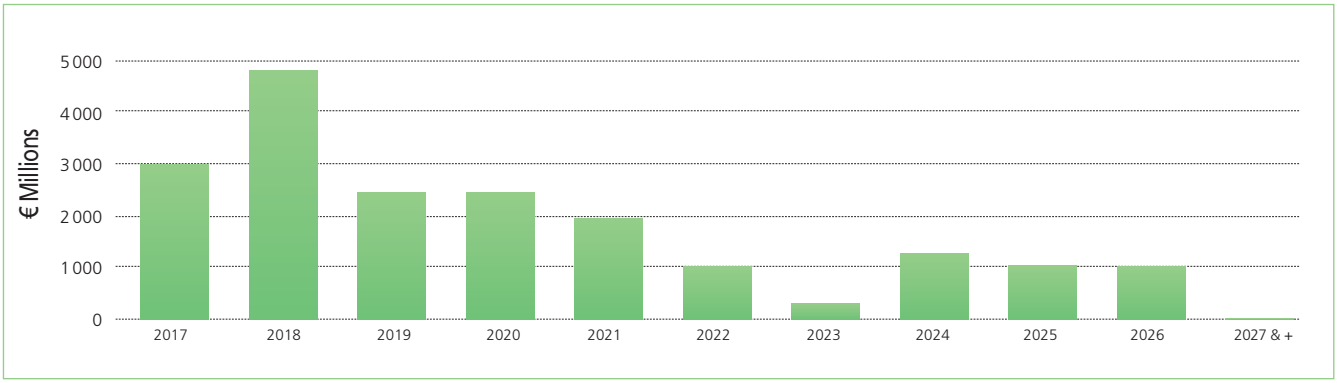
(*)Re-opening of existing bonds

2. Trends in debt position

At 31 December 2016, the outstanding debt represented by securities, excluding interest payable, amounted to € 19.3 billion, up from € 18.7 billion in the previous year.

In 2016, the Bank did not repurchase any of its long term debt and did not make any early repayments. The breakdown of debt by maturity is as shown in the chart below.

Debt outstanding by maturity at 31 December 2016





Governance and organisation

Governing structure

The Bank is organised, administered and controlled by the following organs: Governing Board, Administrative Council, Governor, and Auditing Board.

Governing Board

The Governing Board consists of a Chairperson (Dominique Lamiot) and one representative from each member state.

The Governing Board sets out the general direction for the Bank's activity, lays down the conditions for Bank membership, decides on capital increases and approves the annual report, the accounts and the Bank's general balance sheet. It elects its own Chairperson and the Chairperson of the Administrative Council and appoints the Governor and the members of the Auditing Board.

Administrative Council

The Administrative Council consists of a Chairperson (Joseph Licari) and one representative from each member state.

The Administrative Council exercises the powers delegated to it by the Governing Board, including establishing and supervising operational policies and approving investment projects submitted by the governments of the Bank's member states. It also votes on the Bank's operating budget.

Governor

The Governor is the Bank's legal representative. He is the head of the Bank's operations and responsible for the Bank's staff (under the general supervision of the Administrative Council).

The Governor directs the Bank's financial policy, in accordance with Administrative Council guidelines, and represents the Bank in all its transactions. He examines the technical and financial aspects of the requests for financing submitted to the Bank and refers them to the Administrative Council.

The Governor is Mr Rolf Wenzel. As of 31 December 2016, he is assisted by two Vice-Governors: Carlo Monticelli (Financial Strategy) and Rosa María Sánchez-Yebra Alonso (Social Development Strategy).

Auditing Board

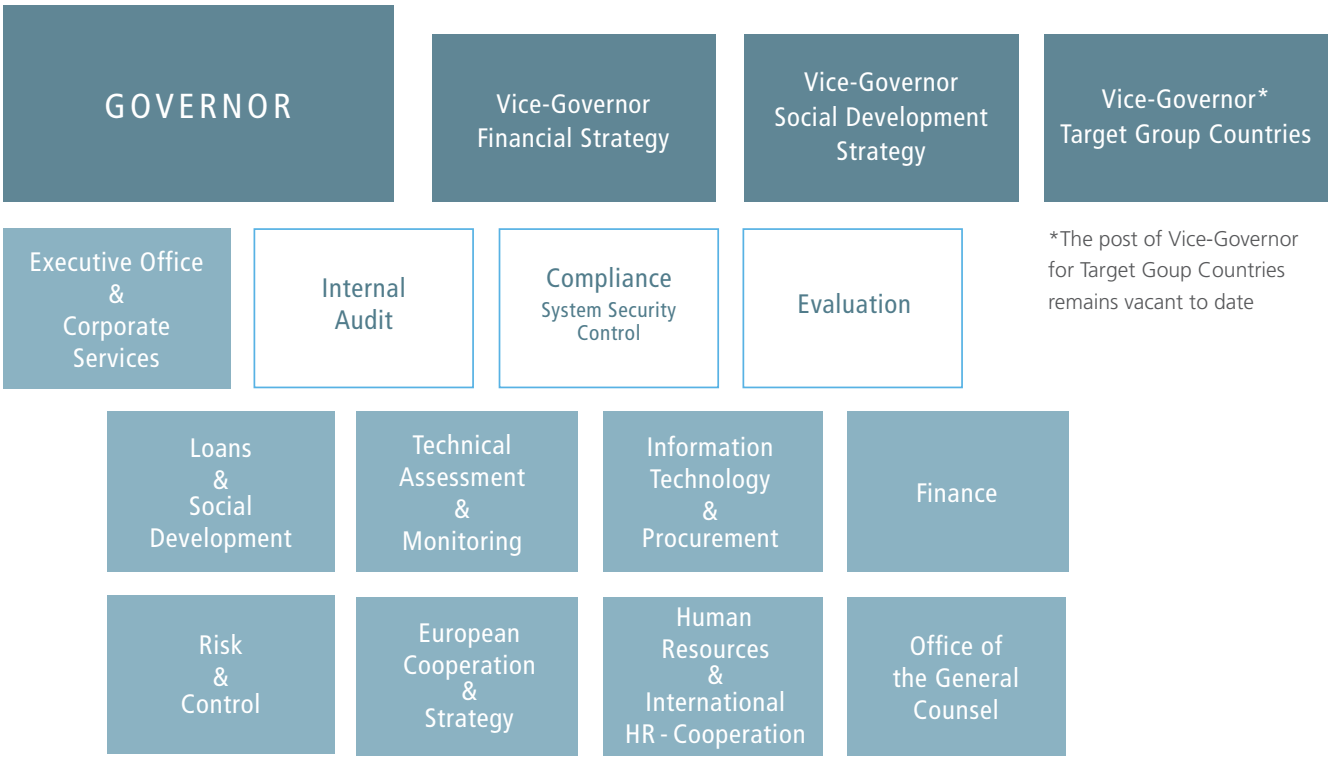
The Auditing Board is composed of three members appointed by the Governing Board. It checks the accuracy of the annual accounts after they have been examined by an external auditor.

Membership of the Bank's organs is available on the CEB's website.



The secretariat of the CEB's governing, administrative and control organs is provided by the **Secretariat of the Partial Agreement** of the Council of Europe Development Bank (Head of the Secretariat of the Partial Agreement: Giusi Pajardi; Executive Secretary to the Organs: György Bergou).

Organisation chart



*The post of Vice-Governor for Target Goup Countries remains vacant to date



From left to right
First row: Johannes M. BÖHMER, Executive Director; Frédéric de DINECHIN, Director for Information Technology & Procurement; Rosa María SÁNCHEZ-YEBRA ALONSO, Vice-Governor Social Development Strategy; Rolf WENZEL, Governor; Carlo MONTICELLI, Vice-Governor Financial Strategy; Rachel MEGHIR, Director for Evaluation.

Second row: Carlo MANGOSI, Director for Internal Audit; Jacques MIRANTE-PÉRÉ, Chief Financial Officer; Éric VANHEE, Deputy Director for Human Development & International HR – Cooperation; Katherine DELIKOURA, Chief Compliance Officer; Arnaud VIOLETTE, Central Director for Risk & Control; Jérôme HAMILIUS, Director for European Cooperation & Strategy; Monica BREZZI, Director for Technical Assessment & Monitoring; Thierry POIREL, Director General for Loans & Social Development; Jan DE BEL, General Counsel.

Compliance

In 2016, the Office of the Chief Compliance Officer (OCCO) continued to focus on the compliance risk assessment of counterparty money laundering (AML), financing of terrorism and related integrity risks in CEB operations for lending, borrowing and treasury activities through Integrity Due Diligence checks and active participation in CEB Project Cycle Committees, in both the approval and review stages.

These activities are complemented by regular training and awareness-building initiatives, as well as a standard induction compliance course for newcomers. In 2016, OCCO training sessions were devoted in particular to the topic of "Business Ethics and Whistleblowing".

OCCO is responsible for investigating cases of staff misconduct, as well as cases of fraud and corruption in relation to Bank projects and counterparties. In 2016, the CEB's compliance function continued to ensure that the compliance rules were effectively respected and took action in the case of presumed non-respect by performing formal investigations either with its own resources or on an outsourcing basis.

The OCCO Internal Procedures and Terms of Reference were finalised in 2016, including a major upgrading of OCCO's internal forms and information technology systems.

Internal audit

Internal Audit (IA) is a permanent, autonomous high-level function in the CEB's internal control system. IA aims to provide the Governor and the CEB's controlling bodies with the assurance of effective and controlled businesses and operations.

The Internal Audit Charter articulates the purpose, standing and authority of the IA function. IA does not take part in any of the Bank's operational activities, in an effort to ensure that its reviews are carried out independently and objectively.

IA examines whether the CEB's activities are performed in conformity with existing policies, procedures and best practices, and assesses their associated risks. It also proposes recommendations for potential improvements.

Audit missions are conducted according to an annual work programme that is derived from a rolling multi-year risk-based audit plan.

Corporate Social Responsibility

As a social development bank, the CEB embeds corporate social responsibility (CSR) into its core missions and activities. In 2016, this was further demonstrated at a strategic level by the new Development Plan for 2017-2019, which reasserted the Bank's social purpose. In particular, priority was given to promoting sustainable and inclusive growth, as well as to mainstreaming climate action considerations into all the Bank's operations. In line with this approach, the CEB also approved a revised Environmental and Social Safeguards Policy, thus aligning the Bank's standards with those of other international financial institutions.

At an operational level, the CEB's teams are committed to ensuring that day-to-day activities are carried out in a responsible and sustainable manner: this applies to the projects financed by the CEB, as well as to its financial and risk management as a banking organisation, and to its internal functioning through the attention paid to the Bank's own carbon footprint and the importance attached to human resources. The CEB's overall contribution to socially and environmentally sustainable development is reflected in the 2016 CSR Report and the Index of GRI (Global Reporting Initiative) indicators.

Evaluation

In 2016 – a challenging and fruitful year for the Evaluation Department (EVD) - independent evaluations covered various countries and sectors with the objective of providing the Bank with solid and credible knowledge of the social development results achieved on the ground. In-depth reviews and assessments of individual projects and programmes were combined with the drafting of higher-level synthesis reports focused on corporate-level and strategic issues. Evaluation at the CEB is conducted under the principles of adherence to institutional priorities and cost-effectiveness in handling the evaluation processes.

The EVD's achievements in 2016 included the successful outreach and dissemination of evaluative lessons learned. Internal knowledge-sharing events sensitised the Bank to recurrent themes and recommendations stemming from the evaluations. Comments were regularly provided regarding project development and appraisal processes for the purpose of improving new CEB lending activities by making use of evaluation lessons. At the same time, participation in external events and conferences was used by the EVD as an opportunity for partnership and dialogue with other CEB directorates to effectively contribute to enhancing corporate-level visibility and to promoting the positioning of the CEB as an open and committed organisation in international fora.

Human resources

In 2016, significant efforts were made to shorten the average length of the recruitment process, which was halved to 3.2 months from the closing of the vacancy notice to the offer of employment. The CEB renewed its talent pool with a turnover rate of 5.2%, with 15 new staff members from 10 countries.

The Bank also kicked off an induction programme for newcomers to accelerate their integration, give them a quick overview of the institution and familiarise them with practical information on HR policies, including the Bank's internal values.

Although women are generally well represented at the Bank, efforts were undertaken to improve gender equality, particularly through higher representation of women in senior level and management positions. In 2016, out of the 1 295 applicants for CEB vacancies, 47% were women.

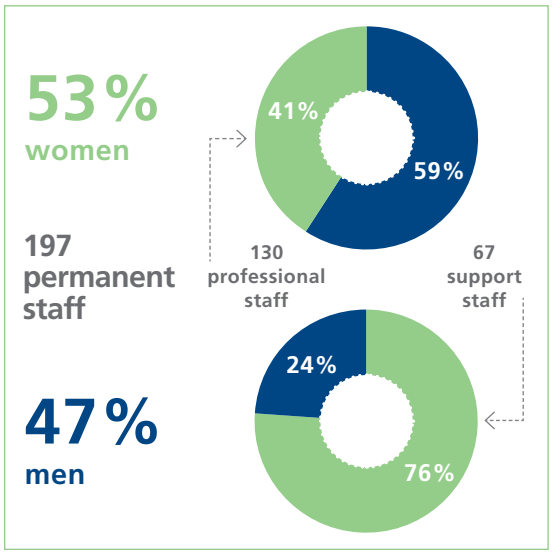
Currently, 31 out of 41 CEB member countries are represented among staff.

Main projects

In 2016, the new contractual policy adopted by the Administrative Council enabled the CEB to adapt its institutional, technical and financial skills and to better align its human resources practices with those of other comparable international financial institutions (IFIs).

Within this new framework, the CEB is committed to keeping its staff employable and flexible through developmental tools such as newly introduced development reviews that complement the traditional performance appraisals. These new tools enable Human Resources to move towards a more strategic partnership with both managers and staff by keeping abreast of needed skillsets, identifying job bridges and building more customised and efficient training paths.

The CEB's workforce at 31 December 2016



Procurement

The Procurement Department performed ex-ante reviews and in-depth country missions in order to ensure that goods, works and services were procured in an accountable and transparent manner, with an emphasis on equal treatment, economy and efficiency. With regards to strengthening the borrower capacity to manage CEB funds, two on-site training events dedicated to tender selection, evaluation and contract award were designed and provided to a member country.

Regarding procurement carried out by Bank, the Procurement Department successfully implemented E-procurement and Competitive Dialogue, introducing the most up-to-date and transparent procurement practices to the CEB.

Information Technology

In 2016, the CEB's IT backup infrastructure was upgraded to support extended retention of up to 10 years. The backup systems were integrated with IT disaster recovery and business continuity, while IT security was also enhanced to deal with new advanced threats.

IT implemented a portfolio and project management system to support key IT core business projects. The system provides support for IT governance bodies, with an aim of ensuring that IT-related decisions are properly aligned with business stakes and priorities. Key banking IT projects were tackled through this governance process.

Projects approved

per country and per sectoral line of action

In thousand euros

Country	2016		2015		Accumulated total 2012-2016	
	Amounts	%	Amounts	%	Amounts	%
Albania					44 630	0.4
Belgium			206 400	9.0	721 400	6.1
Bosnia and Herzegovina	11 000	0.3			149 500	1.3
Bulgaria	200 000	5.8	150 000	6.5	425 000	3.6
Croatia					190 000	1.6
Cyprus	32 000	0.9			32 000	0.3
Czech Republic	50 000	1.5	100 000	4.3	420 000	3.5
Finland	140 000	4.1			310 000	2.6
France	515 600	14.9	200 000	8.7	1 513 300	12.7
Georgia	16 500	0.5			59 161	0.5
Germany	652 000	18.9			942 000	7.9
Greece			2 000	0.1	2 000	0.01
Hungary	65 700	1.9			192 200	1.6
Ireland	200 000	5.8	233 000	10.1	474 000	4.0
Italy	150 000	4.3			156 000	1.3
Latvia			50 000	2.2	50 000	0.4
Lithuania					100 000	0.8
Moldova (Republic of)					49 000	0.4
Montenegro			10 000	0.4	28 000	0.2
Netherlands	100 000	2.9			100 000	0.8
Poland	486 047	14.1	450 000	19.6	1 662 713	14.0
Portugal	80 000	2.3			95 000	0.8
Romania			175 000	7.6	380 000	3.2
Serbia					63 000	0.5
Slovak Republic	73 000	2.1	464 500	20.2	902 500	7.6
Slovenia					95 000	0.8
Spain	309 000	9.0	160 000	7.0	1 447 000	12.2
Sweden	160 000	4.6			160 000	1.3
"the former Yugoslav Republic of Macedonia"	10 000	0.3			115 000	1.0
Turkey	200 000	5.8	100 000	4.3	1 010 000	8.5
Total	**3 450 847**	**100.0**	**2 300 900**	**100.0**	**11 888 405**	**100.0**

Sectoral line of action*	2016		2015		Accumulated total 2012-2016	
**	Amounts	%	Amounts	%	Amounts	%
Strengthening social integration	1 325 747	38.4	877 250	38.1	3 770 014	31.7
Managing the environment	138 900	4.0	700 450	30.5	1 356 950	11.4
Supporting public infrastructure with a social vocation	797 700	23.1	396 800	17.2	2 523 580	21.2
Supporting micro, small and medium-size entreprises for the creation and preservation of viable jobs	1 188 500	34.5	326 400	14.2	4 237 861	35.7
Total	**3 450 847**	**100.0**	**2 300 900**	**100.0**	**11 888 405**	**100.0**

* In accordance with Administrative Council Resolution 1562 (2013).

** Amounts as estimated at the time of project approval.

Loans disbursed*

per country and per sectoral line of action

In thousand euros

Country	2016		2015		Accumulated total 2012-2016	
	Amounts	%	Amounts	%	Amounts	%
Albania	1 500	0.1	1 491	0.1	14 458	0.2
Belgium	30 000	1.5	100 000	5.4	735 000	8.1
Bosnia and Herzegovina	5 850	0.3	21 250	1.2	49 061	0.5
Bulgaria	45 000	2.2	32 500	1.8	140 500	1.6
Croatia	88 456	4.3	45 152	2.5	274 249	3.0
Cyprus	18 000	0.9			108 000	1.2
Czech Republic	140 012	6.9	119 988	6.5	433 405	4.8
Estonia					7 258	0.1
Finland	20 000	0.98	80 000	4.3	160 000	1.8
France	263 570	12.9	183 000	9.9	1 075 411	11.9
Georgia			15 599	0.8	21 210	0.2
Germany			130 000	7.1	255 400	2.8
Hungary	25 000	1.2	25 680	1.4	274 402	3.0
Ireland	65 000	3.2	21 000	1.1	156 000	1.7
Italy	75 000	3.7	3 150	0.2	181 000	2.0
Lithuania	10 000	0.5	30 000	1.6	142 000	1.6
Moldova (Republic of)	3 028	0.15	2 828	0.2	19 199	0.2
Montenegro	5 150	0.3	5 750	0.3	10 900	0.1
Poland	203 054	10.0	367 634	20.0	1 375 621	15.2
Portugal	31 000	1.5			31 000	0.3
Romania	48 400	2.4	53 891	2.9	231 241	2.6
Serbia	20 750	1.02	3 250	0.2	85 047	0.9
Slovak Republic	295 000	14.5	150 000	8.1	652 500	7.2
Slovenia			30 000	1.6	50 000	0.6
Spain	380 000	18.7	200 000	10.9	1 415 000	15.6
"the former Yugoslav Republic of Macedonia"	9 697	0.5	13 397	0.7	64 070	0.7
Turkey	253 500	12.4	207 000	11.2	1 092 782	12.1
Total	**2 036 967**	**100.0**	**1 842 560**	**100.0**	**9 054 714**	**100.0**

Sectoral line of action	2016		2015		Accumulated total 2012-2016	
	Amounts	%	Amounts	%	Amounts	%
Strengthening social integration	326 905	16.1	406 003	22.0	2 205 332	24.3
Managing the environment	351 207	17.2	229 291	12.4	1 518 664	16.8
Supporting the public infrastructure with a social vocation	439 417	21.6	323 522	17.6	1 656 206	18.3
Supporting micro, small and medium-size entreprises for the creation and preservation of viable jobs	919 438	45.1	883 744	48.0	3 674 512	40.6
Total	**2 036 967**	**100.0**	**1 842 560**	**100.0**	**9 054 714**	**100.0**

* After 1 January 2012, the loans in currencies other than euro are converted at the exchange rate at the disbursement date rather than the exchange rate at the financial statement date. For comparison purposes, historical data have been recalculated and can differ from previously published data.

NB - Information regarding amounts disbursed reflects the location of the registered office of the borrower and not that of the ultimate beneficiary, who may be based in another country. Consequently, the figures provide information on the risk profile of the Bank's borrowers and not that of the ultimate beneficiaries of its lending operations.

Projects approved
by counterparty

In thousand euros

Country	Counterparty	Project description	Sector	Amounts
Bosnia and Herzegovina	Government	Using water from the Plava Voda spring (in Travnik Municipality) to supply water to other municipalities in two different regions, by creating a Regional Water Supply System, increasing efficiency and reducing long-term costs	Improving living conditions in urban and rural areas	11 000
Bulgaria	Government	Providing assistance to take full advantage of EU financing instruments for the 2014-2020 programming period to address the country's social investment needs and support EU objectives	Aid to refugees, migrants, displaced persons and other vulnerable groups	20 000
			Education and vocational training	90 000
			Protection of the environment	12 000
			Improving living conditions in urban and rural areas	70 000
			Protection and rehabilitation of the historic and cultural heritage	8 000
Cyprus	Government	Supporting the extension and modernisation of the University of Cyprus	Education and vocational training	32 000
Czech Republic	SG Equipment Finance Czech Republic s.r.o.	Fostering the creation and preservation of viable jobs by part-financing fixed productive assets in SMEs; part-financing public, private or mixed public transportation entities	Improving living conditions in urban and rural areas	10 000
			Supporting micro, small and medium-sized enterprises	40 000
Finland	City of Espoo	Part-financing education investments for the period 2016-2019 with a focus on day-care centres and comprehensive schools	Education and vocational training	80 000
	City of Tampere	Part-financing municipal investments for the period 2016-2018 with a focus on facilities for children, pupils, young persons and elderly people	Education and vocational training	30 000
			Improving living conditions in urban and rural area	30 000
France	Caisse des Dépôts et Consignations	Renovating homes for young workers	Social housing for low-income persons	150 000
	Crédit Agricole	Constructing and / or rehabilitating housing for dependent elderly, shelter homes and other medical and social infrastructure, and infrastructure related to education and training	Education and vocational training	30 000
			Health	70 000
	Société Générale, Paris	Contributing to the Campus Condorcet-Aubervilliers project	Education and vocational training	65 600
	City of Paris	Providing education and aid to refugees	Aid to refugees, migrants, displaced persons and other vulnerable groups	18 000
			Education and vocational training	182 000
Georgia	Government	Rehabilitating public schools in Tbilisi and introducing of energy efficiency in education sector infrastructure	Protection of the environment	14 000
	LLC MFO Credo	Contributing to strengthening SMEs' competitive position and fostering the creation of new permanent and seasonal jobs, and the preservation of existing ones	Supporting micro, small and medium-sized enterprises	2 500
Germany	Investitionsbank des Landes Brandenburg (ILB)	Contributing to a multi-project programme for the partial financing of projects in the sectors of social housing and local infrastructure throughout the Federal State of Brandenburg	Improving living conditions in urban and rural areas	60 000
			Social housing for low-income persons	240 000
	Investitions- Und Förderbank Niedersachsen - NBANK	Reinforcing social cohesion in the German Federal State of Lower Saxony by part-financing sub-projects within the framework of Lower Saxony's Housing Development Programme	Social housing for low-income persons	72 000
	NRW Bank	Part-financing rental-based social housing investment programme with NRW.Bank, the State development bank of North Rhine-Westphalia	Social housing for low-income persons	50 000
	WI BANK	Contributing to a municipal infrastructure programme in Hesse	Social housing for low-income persons	230 000

In thousand euros

Country	Counterparty	Project description	Sector	Amounts
Hungary	Government	Covering the state contribution of the Aid for Deprived Operating Programme	Aid to refugees, migrants, displaced persons and other vulnerable groups	16 600
		Rehabilitating pre-schools, primary and secondary facilities throughout the country, including sport facilities	Education and vocational training	49 100
Ireland	Strategic Banking Corporation of Ireland (SBCI)	Fostering the creation and preservation of viable jobs in SMEs throughout the country	Supporting micro, small and medium-sized enterprises	200 000
Italy	Cassa Depositi e Prestiti S.p.A.	Providing MSME financing through accredited lending and leasing financial intermediaries under CDP's Capital Goods Apex Facility (CGAF)	Supporting micro, small and medium-sized enterprises	150 000
Netherlands	Coöperatieve Rabobank U.A.	Supporting job creation and preservation via sustainable loans in favour of selected SMEs active in the social sector	Supporting micro, small and medium-sized enterprises	100 000
Poland	Bank Gospodarstwa Krajowego	Facilitating the provision of affordable rental housing by intermediate, social housing operators	Social housing for low-income persons	186 047
	Bank Pekao s.a.	Contributing to improving living conditions in urban and rural areas by co-financing investments for the revitalisation, modernisation and energy efficiency improvement of urban and rural infrastructure	Protection of the environment	75 000
			Improving living conditions in urban and rural areas	75 000
	Bank Zachodni WBK	Strengthening social integration by fostering the creation and preservation of viable jobs	Supporting micro, small and medium-sized enterprises	100 000
	Europejski Fundusz Leasingowy S.A.	Promoting the creation and preservation of viable and seasonal jobs	Supporting micro, small and medium-sized enterprises	50 000
Portugal	Government	Financing investments in urban renewal and revitalisation	Protection of the environment	16 000
			Improving living conditions in urban and rural areas	64 000
Slovak Republic	Československá obchodná banka, a.s.	Strengthening social integration by supporting projects in the 'Creation and preservation of viable jobs' sector of action via the partial financing of investments undertaken by MSMEs	Supporting micro, small and medium-sized enterprises	20 000
	Slovenská sporiteľňa, a.s.	Part-financing projects in the 'Improving living conditions in urban and rural areas', 'Protection of the environment' and 'Supporting MSMEs' sectors by part-financing investments undertaken by MSMEs, and public, private or mixed entities	Protection of the environment	10 000
			Improving living conditions in urban and rural areas	14 000
			Supporting micro, small and medium-sized enterprises	16 000
	Trenčín Self-Governing Region	Supporting regional infrastructure in the Trenčín Self-Governing Region (TSK) by bridge financing sub-projects financed through the European Structural and Investment Funds (ESIF)	Protection of the environment	2 600
			Improving living conditions in urban and rural areas	9 100
			Protection and rehabilitation of the historic and cultural heritage	1 300
Spain	CaixaBank (ex La Caixa)	Part-financing reconstruction works and the acquisition of equipment for the new building of the Sant Pau Biomedical Research Institute	Health	9 000
	Instituto de Crédito Oficial	Supporting the creation and preservation of viable jobs. Financing the continuation of LD 1823 (2013) and LD 1848 (2014)	Supporting micro, small and medium-sized enterprises	300 000
Sweden	City of Malmö	Creating additional space in compulsory schools in the City of Malmö via the extension of existing facilities and the construction of new ones	Education and vocational training	160 000
"the former Yugoslav Republic of Macedonia"	ProCredit Bank Macedonia	Part-financing eligible sub-projects undertaken by SMEs located throughout the country	Supporting micro, small and medium-sized enterprises	10 000
Turkey	Türkiye Kalkınma Bankası	Supporting Turkish MSMEs with a view to creating and maintaining viable jobs	Supporting micro, small and medium-sized enterprises	100 000
	Türkiye Sinai Kalkınma Bankası	Supporting Turkish MSMEs through leasing with a view to creating and maintaining viable jobs	Supporting micro, small and medium-sized enterprises	100 000
Total				**3 450 847**

Notes for the reader

Title
Since its creation in 1956, the Bank has been known successively under three different measures. Since 1 November 1999, it is known as the CEB-Council of Europe Development Bank.

Member states
At 31 December 2015, the Bank had 41 member states: Albania, 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, Moldova (Republic of), Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, "the former Yugoslav Republic of Macedonia" and Turkey.

Articles of Agreement
The first Articles of Agreement were adopted by the Committee of Ministers of the Council of Europe on 16 April 1956 under Resolution (56)9. New Articles of Agreement, adopted by the Committee of Ministers on 16 June 1993 under Resolution (93)22, came into force on 18 March 1997 following their ratification by all the member states.

Target countries
Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Moldova (Republic of), Montenegro, Poland, Romania, Serbia, Slovak Republic, Slovenia, "the former Yugoslav Republic of Macedonia" and Turkey.

Project approved
A project that has been submitted to the Administrative Council and approved for funding.

Loan disbursed
A loan that has actually been disbursed to the borrower.

Loan tranche
Loans are disbursed in tranches, depending on the progress of the work, up to the maximum amount approved by the Administrative Council.

Financing commitment
Total amount of signed master agreements to be disbursed and of individual projects (not within master agreements) for which at least one disbursement has already been made.

Social Dividend Account (SDA)
Funded mainly by the earmarked portion of the Bank's shareholder approved annual results used to finance grants in favour of high social impact projects. These grants may take the form of interest rate subsidies, technical assistance grants, loan guarantees or grant contributions.

Loans outstanding
Total amount of loans disbursed and not yet repaid.

Subscribed capital
Participating certificates issued by the CEB and subscribed by its members.

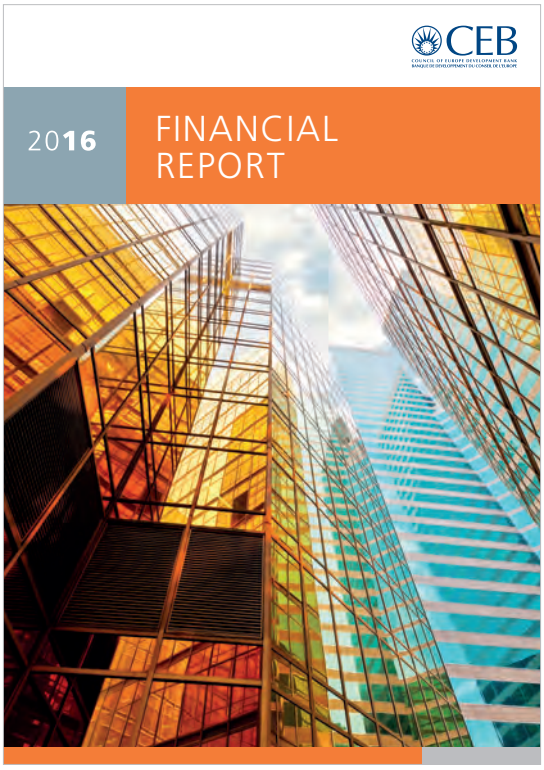
Called capital
Total capital paid in and to be paid in.

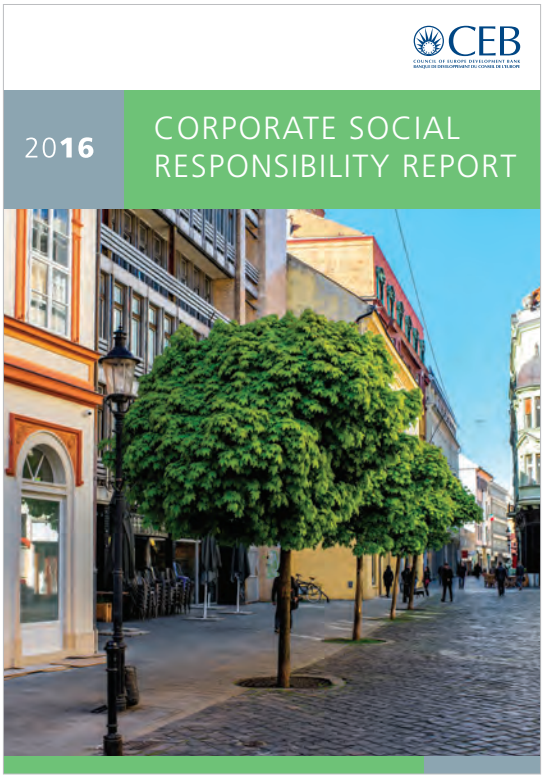
Uncalled capital
Difference between the subscribed capital and the called capital.

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