REPORT OF THE **GOVERNOR**

2017



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

TABLE OF CONTENTS

3 ABOUT THE CEB
4 Message from the Governor
6 Key figures

8 PROJECT FINANCING
10 Supporting inclusive growth
16 Long-term integration of migrants and refugees
17 Climate change: developing mitigation and adaptation measures
18 Measuring impact
19 Financing for social impact

20 PARTNERSHIPS
22 UNDP
22 Climate action in financial institutions
23 Conference on "Financing social infrastructure"

24 DONORS
26 Migrants and refugees
26 Long-term integration of refugees
26 Support to bilateral trust funds

28 FINANCIAL ACTIVITIES IN 2017
30 Treasury portfolios
30 Derivatives
31 Funding in 2017

32 GOVERNANCE
34 Governing structure
35 Organisation chart
36 Compliance
37 Internal Audit
37 Evaluation
38 Corporate social responsibility
38 Human resources
40 Procurement
40 Information Technology

42 APPENDICES: LOANS AND PROJECTS

46 NOTES FOR THE READER





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 a separate 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.

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 projects.

Rigorous monitoring and on-site visits, once a project's financing has started, serve 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.

RESOURCES

The CEB raises the funds for its financing on the international capital markets. 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 positive* 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.

** In June 2017, Standard & Poor's revised the CEB's rating outlook from 'stable' to 'positive'.*

MESSAGE FROM **THE GOVERNOR**



In 2017, the CEB proved once again capable of delivering strong results supporting social investments in its member countries.

For yet another year the CEB did well in navigating a challenging global environment and maintained its financial strength. At 31 December 2017, the CEB's loan portfolio worth close to €14 billion, and its stock of projects, worth almost €7 billion, were both higher than the year before. The Bank raised €3 billion in the international capital markets, and the net profit for 2017 amounted to €112 million.

During the first year of implementation of its Development Plan 2017-2019, the CEB made an excellent start, with robust lending activity that reached a new record high. A total amount of €3.9 billion was approved for 41 social projects.

As many European countries continued to find themselves under pressure from ongoing refugee inflows, the Bank lent its full support to them, not least through its Migrant and Refugee Fund (MRF), which received several new contributions in the course of the year. In addition, the establishment of new trust funds at the Bank along with the replenishment of existing ones enabled the CEB to remain highly responsive to the needs of its members.

The integration of migrants and refugees is still a priority area of operation for the CEB, as are other sectors where there is an increased need for social investments in Europe, such as housing, public infrastructure development, and job creation. Regarding the latter, the CEB remains focused on the provision of credit lines to micro-, small and medium-sized businesses as a means of promoting entrepreneurship and boosting employment. Moreover, the CEB continues to be engaged in global efforts to tackle climate change, through the adoption of climate mitigation and adaptation measures.

The Regional Housing Programme (RHP), which is a grant-based programme managed by the CEB, has been yielding excellent results. By the end of 2017, the Programme had brought a positive change in the lives of over 2,600 vulnerable families, or some 8,000 persons, in the four partner countries (Bosnia and Herzegovina, Croatia, Montenegro, and Serbia). International donors reaffirmed their support by pledging additional contributions in 2017, thanks to which several thousand new homes are expected to be delivered to beneficiaries in the course of 2018.

The CEB has time and again proved its flexibility, continuously adapting to a demanding and changing environment and sharpening the focus of its activities. In 2017, the Bank started concentrating more on cross-sectoral themes, such as that of "sustainable cities", which promotes inclusive growth through loan instruments specially designed for municipalities and with their specific investment needs in mind. In 2017 the Bank also introduced a new financial instrument, the Cross-Sectoral Loan (CSL), aimed at giving local authorities greater flexibility when seeking financing for social infrastructure projects in overlapping sectors.

In 2017 the CEB also issued its very first Social Inclusion Bond, the proceeds of which are reserved for the financing of projects with a particularly high social added value. The Social Inclusion Bond attracted strong interest from socially responsible investors, which demonstrates the solid confidence that investors have in the CEB's expertise and activity in the social sector.

Promoting sustainable, inclusive growth continues to inform our strategy and drive our activities. This, combined with our unfailing resolve to strengthen social cohesion in our member countries, and backed by our strong partnerships and the support of our shareholders, will enable us to weather the challenges lying ahead and continue to fulfil our social mission.

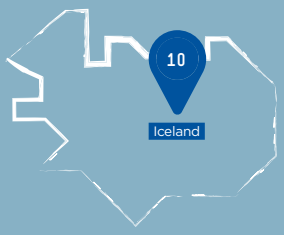
Paris, 28 February 2018
Rolf WENZEL

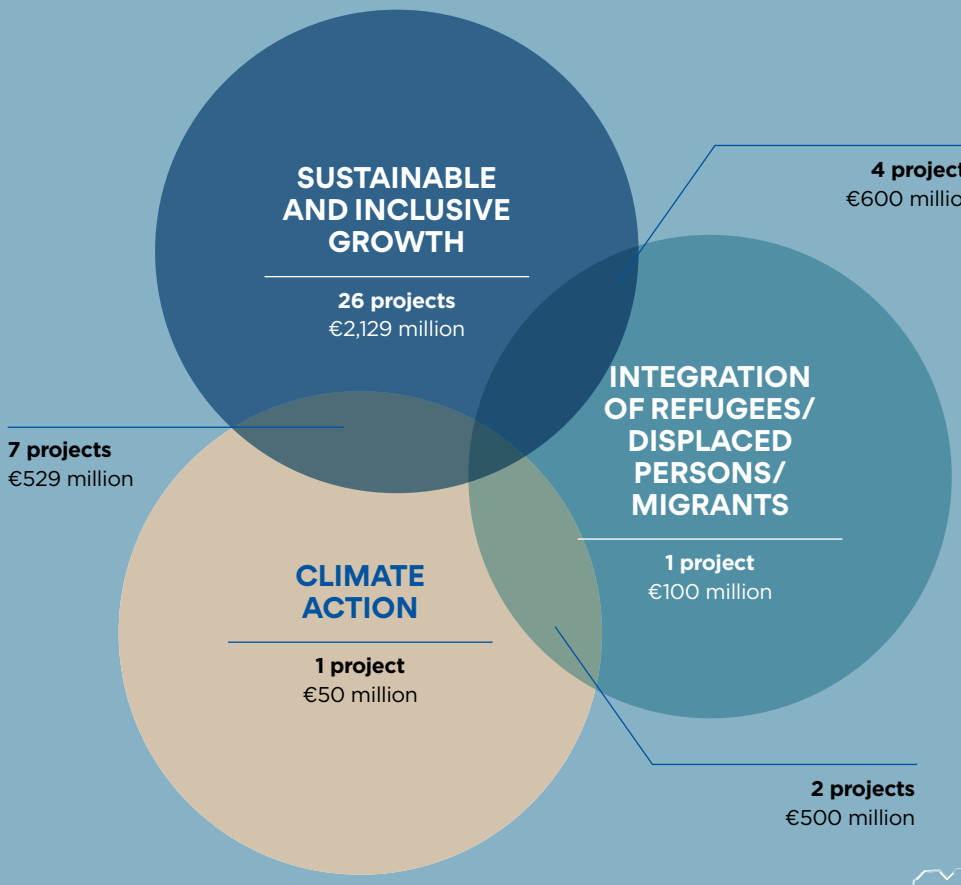


Promoting sustainable, inclusive growth continues to inform our strategy and drive our activities.

KEY **FIGURES**

PROJECTS APPROVED PER COUNTRY AND PER LINE OF ACTION





4 projects
€600 million

7 projects
€529 million

2 projects
€500 million



41 PROJECTS FUNDED IN 22 COUNTRIES
€3.9 BILLION IN LOANS APPROVED



Amounts in milion euros



PROJECT **FINANCING**



In 2017, CEB lending reached new heights, with €3.9 billion in loans approved for 22 member countries. The Bank financed 41 projects in support of social investments across Europe, directly impacting the quality of life of many European citizens.

Guided by the Development Plan 2017-2019, which highlights the CEB's social mandate, the CEB works closely with member countries and regional and local authorities to help address their social infrastructure needs. The current strategy focuses the work of the CEB on three areas: supporting inclusive growth, long-term integration of migrants and refugees, and climate change.

SUPPORTING INCLUSIVE GROWTH

€1.5
billion for MSMEs in 2017 alone

€5
billion since 2013

Support to MSMEs in **10** countries

The CEB's investments in European countries – both within and outside the European Union – provide strong support for inclusive growth and equitable sharing of economic gains among all citizens. The projects funded by the CEB place particular emphasis on vulnerable groups and on the importance of reducing inequality and poverty.

EMPOWERING SMALL BUSINESSES THROUGHOUT EUROPE

Micro, small and medium-sized enterprises (MSMEs) represent around 99% of all enterprises across Europe and play an important role in contributing to social inclusion in their local communities. To remain competitive in today's business environment, MSMEs need to be continuously engaged in new technology investment, process optimisation and innovation. They require stable longer-term finance that is often not supported by local financial intermediaries.

Recognising the potential of MSMEs as drivers of economic growth, net employment generators and promoters of social cohesion, the CEB responds to their limited access to finance by providing them with medium- and long-term financing. In 2017, the CEB approved €1.5 billion for MSME financing, compared to €1.18 billion in 2016.

The CEB's operations span the width and breadth of geographical Europe – in 2017, the CEB provided a financial boost to the MSME sector in 10 countries, namely Bulgaria, Croatia, Czech Republic, Montenegro, Netherlands, Poland, Romania, Slovak Republic, Spain and Turkey.

Vital support

The CEB aims not only to reach a broad range of MSMEs, whose access to financing is constrained, but also whenever possible to target the smaller segment of the sector.

While bank loans are the most widespread financing mechanism for MSMEs, alternative sources such as leasing are also important, in particular for smaller enterprises. In 2017, the CEB approved seven loans to leasing institutions in Europe.

Case study

PROMOTING POLISH ENTREPRENEURSHIP

In 2017, the CEB approved a €100 million loan to Poland's BZ WBK Leasing, a subsidiary of Bank Zachodni WBK, to finance MSMEs through leasing operations.

Thanks to the CEB, small local producers who would like to open a new production line or renew their delivery vehicle fleet will have more options and more flexibility and safety in managing their current level of capital and indebtedness. The funds will create permanent and seasonal jobs, particularly in the less developed regions of Poland.



While the CEB has been investing in MSMEs since the 1970s, its support intensified in the aftermath of the economic crisis in Europe.



The CEB recognises the vital role that microfinance plays in fostering labour market integration.

MICROFINANCE: CREATING OPPORTUNITY, SUPPORTING INCLUSION

In many of the CEB's member countries, microfinance offers a new chance for employment, opening the door to entrepreneurship for some of Europe's most disadvantaged groups, including young people, refugees and people of migrant origin.

The CEB recognises the vital role that microfinance plays in fostering labour market integration, and has for years been financing microcredit institutions or banks providing special lines to marginalised population groups. Since 2008, the CEB has approved loans amounting to more than €300 million to microfinance providers in six countries.

In 2017, the CEB approved a €100 million loan to MicroBank in Spain to fund an ambitious and highly socially inclusive initiative designed to promote entrepreneurship, foster economic growth, create employment and help individuals and their families to overcome temporary financial difficulties and to access the formal banking system.

The CEB also extended a €16.6 million loan to Qredits, a major Dutch microfinance provider. The CEB funds will be used to provide microloans for entrepreneurs from disadvantaged groups, including persons of migrant background, thus contributing to job creation in the Netherlands.

€300
million

6
countries

Case study

DIVING IN AT THE DEEP END

Having recently completed their studies in biology, Edgar Hazas and Ángeles García had no luck finding jobs. With nothing more than a business idea, they applied for a €25,000 microloan from MicroBank – a long-time client of the CEB - and created Laboratorios Edyma, a biotechnological centre focused on food safety and the production of in vitro cultures. Three years later they serve the food processing industry and small and medium enterprises in the sector and have become a benchmark at European level.

€460
million in loans

6
projects funded

€1.5
billion in the past 10 years for loans directly contracted by cities

INVESTING FOR INCLUSIVE CITIES AND REGIONS

Cities are on the frontline of social cohesion, as they design and deliver services for all, including the most vulnerable citizens. In recent years, however, cities have faced numerous challenges, including rapid urbanisation, ageing population and the need to adapt to climate change, while, at the same time, bearing the burden of austerity policies.

Promoting inclusive growth through the financing of social infrastructure projects is one of the CEB's priority areas of operation. In recent years, the Bank has stepped up its cooperation with cities and municipalities in its member countries in order to lend its full support to their social investments.

In 2017, the CEB partnered with the cities of Barcelona (Spain), Gothenburg (Sweden), Vilnius (Lithuania) and Limerick (Republic of Ireland) as well as with the Trnava region in the Slovak Republic and Castilla y Leon in Spain to facilitate implementation of their investments spanning social housing, education, urban renewal and sustainable development programmes.

A total of €460 million was approved in 2017 alone for cities and regions. In the last ten years the CEB has invested €1.5 billion for municipal social infrastructure through loans directly contracted and implemented by cities.

Many European cities have welcomed significant numbers of refugee and migrant arrivals, resulting in additional pressures on local services. A €200 million loan from the CEB to the City of Gothenburg will help the city enhance its capacity to integrate migrants by further developing its educational facilities.

In 2017, the CEB also extended a €12 million EU Co-Financing Facility (ECF) to the self-governing region of Trnava, which contributes approximately 11% of the Slovak Republic's GDP. The programme financed by the CEB will play an important role in the promotion of inclusive growth and will help to improve the living conditions of the region's half a million inhabitants.



EU Co-Financing Facility (ECF) loans allow for the co-financing and/or ex-ante financing of EU-funded investment activities.

They are developed in conjunction with different EU financing instruments directly supporting current EU objectives and facilitate better absorption of EU funds in the CEB's priority sectors.

This type of loan is particularly suited to regions and cities seeking to take advantage of relevant EU funds.



Case study

INNOVATIVE INFRASTRUCTURE FOR VILNIUS

In 2017 the CEB approved a €35 million loan to the City of Vilnius, Lithuania's fast-growing capital, considered one of the most innovative, dynamic and competitive cities in the Baltic region. The CEB loan responds to the city's urban development ambition by providing financing for municipal projects under the city's investment plan. The financing is expected to make an important contribution to improving the living conditions of Vilnius residents who will benefit from innovations in urban transport and mobility, energy efficiency measures and biodiversity conservation.

The CEB's unique mandate - promoting social cohesion in Europe - makes it a natural partner for inclusive cities seeking to diversify their financing.

LOCAL INFRASTRUCTURE

In response to severely curtailed public investment following the global financial crisis in 2008, the CEB has redoubled its efforts to promote social investment at local level across all its member countries. By working with regional authorities and municipalities in addition to central governments the CEB is able to meet the social needs of its members in the best possible way.

Whether through direct lending to governments, cities and municipal utility companies or via on-lending operations with commercial banks and specialised municipal lending institutions, the CEB is a provider of tailored support to local communities, filling the funding gaps for the successful implementation of socially oriented investments.

In 2017, the CEB invested €752 million to improve the living conditions of citizens across Europe, making communities stronger and more resilient.

With a €50 million loan to the Slovene Export and Development Bank the CEB is financing the modernisation of local infrastructure and investments in energy efficiency in Slovenia. A €100 million loan to Komerční Banka will help finance investment projects undertaken by Czech municipalities and also by public, mixed (public/private) and private companies providing public services.

The CEB's investments in local infrastructure cover a wide range of projects such as the construction or rehabilitation of schools, social housing, medical and social care facilities, social aid centres, and local roads and transport systems. All of these contribute to delivering affordable and sustainable essential services to local populations. The CEB's long-term investments at local level ultimately support sustainable growth and prosperity in Europe as a whole.

Case study

SUPPORTING MUNICIPALITIES IN THE NETHERLANDS

The CEB joined forces with Bank Nederlandse Gemeenten (BNG), one of the leading lenders to public authorities in the Netherlands, in order to finance the construction and modernisation of local infrastructure as well as projects involving social housing and energy efficiency improvement. The €300 million loan from the CEB will support the Dutch government's policy to finance sustainable public housing projects. The partnership with BNG will allow the CEB to reach a maximum number of beneficiaries, such as municipalities, housing associations and healthcare, education, and environmental institutions.





The CEB's long-term investments at local level ultimately support sustainable growth and prosperity in Europe as a whole.

HOUSING

Despite robust economic recovery in most of Europe, housing remains a major factor of inequality among citizens, with growing housing prices disproportionately affecting the most vulnerable. In addition, many cities are experiencing housing shortages as a result of the unprecedented influx of migrants and refugees in recent years.

Access to decent housing is not only a human right, but it can also help to prevent social exclusion and its damaging effects on social cohesion. For this reason the CEB attaches particular importance to the financing of social housing projects in its member countries.

In 2017, the CEB invested €301 million to support social housing programmes in its member countries.

In Spain, a €59 million CEB loan to Patronat Municipal de l'Habitatge de Barcelona will part-finance the construction of social housing for low-income persons in the Barcelona region.

With a €29 million loan to Malita Investments, a housing company whose main shareholder is the Maltese state, the CEB will finance affordable housing for the most vulnerable population groups in Malta and will also help to regulate the social housing market.

In Montenegro, a €10 million loan to the government will finance a subsidised mortgage loan scheme that was established in order to provide access to affordable housing for 500 vulnerable, low-income households. This is the third CEB operation in Montenegro in the sector of social housing for low-income persons.

Furthermore, on 23 November 2017 the CEB co-organised, in partnership with Friends of Europe, Housing Europe and FEANTSA, a roundtable on "Financing innovative housing solutions."

SOCIAL CARE

All across Europe the provision and financing of social care are evolving in the light of changing welfare states, technological adaptations and changing societal norms. In the coming years, given the significant pressures arising from demographic changes and fiscal constraints, social care will become a major issue in social policies and investments across CEB member countries.

The CEB can help to address some of the funding needs in the sector. Since 1997 it has been investing in multiple projects and programmes that support social care across Europe, in the sectors of health, education or housing.

In 2017, CEB approved a €80 million loan in the social care sector in France, bringing the total investment in the country in this sector to €930 million for the financing of vital services to people with disabilities and those of all ages who are experiencing difficulties day-to-day.

Case study

BRINGING NEIGHBOURS TOGETHER

Mujo Hamzić and Esmudin Rizvanović used to live next door to each other in Zvornik, Serbia, their two houses sharing the same wall. The war that broke out in 1992 turned their lives upside down, forcing them to flee their homes for good. In the tumult of the war years the two men lost touch. In 2017, Mujo and his wife, beneficiaries of the Regional Housing Programme, received the keys to their new apartment in Tuzla, Bosnia and Herzegovina, thus ending 25 years of displacement. When they stepped out onto their new balcony, there was a familiar face on the other side of the wall – their old neighbour Esmudin.



LONG-TERM INTEGRATION OF MIGRANTS AND REFUGEES

Over and above the recent migrant and refugee crisis, migratory pressures across CEB member countries are expected to increase over the coming decades, with countries facing the complex, multi-dimensional challenge of long-term integration.

The CEB provides financing for local infrastructure, decent housing, skills development and job creation to help those entitled to stay to integrate as quickly and effectively as possible. This integrated project approach – combining services across diverse sectors, such as education, health and social welfare – also takes into account the needs of local communities and provides more focused support for long-term social cohesion.

In 2017, the CEB approved €200 million for German development banks to fund urgently needed accommodation and other social infrastructure following the massive inflow of refugees since 2015. Importantly, the social housing units and public infrastructure improvements will benefit both the host communities and the new arrivals.

Similarly, a €100 million loan to Hémisphère will finance a programme for the French government aimed at providing housing and social support to persons in precarious situations. The CEB funds will be used to create new emergency reception and accommodation facilities for refugees, asylum-seekers and other vulnerable persons.

REGIONAL HOUSING PROGRAMME (RHP)

The CEB's flagship grant-based project aims to help resolve the situation of the most vulnerable refugees in Bosnia and Herzegovina, Croatia, Montenegro and Serbia (the "Partner Countries") who were displaced following the conflicts in the former Yugoslavia.

The programme gathered considerable momentum in 2017. Overall, by end-2017, some 2,600 housing units had been delivered to RHP beneficiaries, providing permanent housing to almost 8,000 people. The peak of delivery is expected in 2018, when over 3,500 additional housing units are planned to be completed.

The RHP has a significant positive impact on fostering reconciliation and improving regional cooperation. The programme, which is part of the larger Sarajevo Process, is endorsed by the international community and receives substantial donor support.

CLIMATE CHANGE: DEVELOPING MITIGATION AND ADAPTATION MEASURES

The CEB plays an active part in the global efforts to fight against climate change. Building on its long history of addressing environmental challenges, the CEB accompanies the member countries in the transition to low-carbon economy

The CEB's loans in this area finance a broad range of projects comprising environmental protection, greening the built environment, strengthening resilience to climate events and disaster risk management. Moreover, the CEB strives to systematically integrate climate mitigation and adaptation measures in all projects it considers financing.

The CEB's €10 million loan to Municipality Credit Iceland will promote the country's ambitious policy to strive for carbon neutrality. It will finance municipal investments aimed at lowering greenhouse gas emissions and increasing energy efficiency, thus contributing to Iceland's efforts to achieve its 2020 national renewable energy and climate change targets.

Aid to victims of natural disasters is part of the CEB's historical mandate. In 2017, the CEB was quick to react by extending assistance to the victims of central Italy's recent earthquakes with a €350 million loan to Cassa Depositi e Prestiti Società per Azioni to finance modernisation, rehabilitation and reconstruction projects in the affected areas.

€1

billion for climate-change related projects in 2017

The CEB accompanies its member countries in the transition to low-carbon economy.



Case study

FIGHTING DESERTIFICATION IN PORTUGAL

In 2017, the CEB approved a €80 million loan to the government of Portugal to finance the rehabilitation and extension of Portugal's irrigation system, with a view to supporting the development of sustainable agriculture in the country and improving living conditions in rural areas. The funds will also be used to create green zones, thus contributing to the fight against natural and ecological disasters such as desertification and wildfires, which have recently ravaged the country.



Addressing risks and opportunities in a systematic, transparent manner underpins the CEB's commitment to support projects with social impact and facilitates timely and cost-effective project implementation.

MEASURING IMPACT

The CEB finances bankable projects which are thoroughly assessed at inception against social, environmental, technical, and governance criteria. This assessment typically covers design and engineering aspects, conformity with the relevant technical standards, sector-specific costs and financing aspects.

With on-site visits, projects are followed throughout their implementation, to review and help steer their development and measure results. The CEB uses an implementation assessment framework that tracks the projects' technical progress and expected results. The socio-economic, environmental effects of the project and, if needed, the mitigation measures introduced to reduce and manage risks are compared to the expected benefits and risks identified during the initial appraisal.

In 2017, the Bank scaled up the way it measures and reports on environmental, social and climate change issues throughout the project cycle, starting with project identification.

An in-house methodology was developed to screen for climate change risks and identify climate-related opportunities in the projects considered for financing, in line with multilateral development bank best practices and consistent with the "Five Voluntary Principles for Mainstreaming Climate Action within Financial Institutions", which the CEB adopted in 2017. All projects are systematically screened on the basis of four indicators; these comprise climate change mitigation and adaptation potential as well carbon footprint and climate change sensitivity.

Introduction of the new Environmental and Social Safeguards Policy (ESSP) in 2016 has facilitated the shift towards a more structured approach for considering social safeguard issues and establishing a better connection with the principles enshrined in the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms and the European Social Charter endorsed by the Bank.

The CEB has therefore developed an environmental and social screening matrix which is applied to each CEB project at entry and which encompasses the following principles: protection of vulnerable groups, labour conditions, gender equality, protection of livelihoods and housing, community health and safety, and stakeholder information. The screening matrix is designed as a practical tool for ensuring that the due-diligence scope and project preparation efforts are proportionate to the magnitude and specific risks of the project.

FINANCING FOR SOCIAL IMPACT

In order to maximise the Bank's contribution to strengthening social cohesion in its member countries, the CEB finances bankable projects through a range of financing instruments that allow flexibility to its borrowers and best address their needs. In 2017, the CEB piloted the Cross-Sectoral Loan (CSL) and launched its first social inclusion bond.

SOCIAL INCLUSION BOND

CEB's first social inclusion bond creates an innovative new way for the Bank to finance its projects. The launch has enabled the CEB to demonstrate its leading role in the social bond market, with plans to issue a social inclusion bond on an annual basis.

In line with the Social Inclusion Bond Framework, the proceeds are reserved for financing eligible loans to support social housing, education and vocational training, as well as job creation and preservation in micro, small and medium-sized enterprises.

The CEB is a member of the International Capital Market Association (ICMA), an umbrella organisation that includes issuers, intermediaries, investors and capital market infrastructure providers from 60 countries worldwide. The Bank has been part of ICMA's social bond working group since its inception in early 2016.

CROSS-SECTORAL LOAN

The CEB's current three-year strategy introduced a Cross-sectoral Loan (CSL) to give public authorities greater flexibility to finance social infrastructure in overlapping sectors.

The CSL provides flexibility in the use of funds for all purposes, which can represent a significant advantage, especially for smaller municipalities. This type of loan is a particularly good match for urban renewal projects with many interdependent components that are not easily boxed into neatly defined sectors.

In 2017, the CEB approved €154 million in cross-sectoral loans to cities and regions.

€500
million bond

7
year maturity

€1
billion+ investor interest

0.125%
annual coupon

€154
million in cross-sectoral loans to cities and regions



Case study

BREATHING LIFE INTO THE CENTRE OF LIMERICK

Limerick, the third largest city in the Republic of Ireland, is implementing an ambitious urban development scheme to bring back business and people to its city centre. The CEB's €85 million loan to Limerick City and County Council will finance urban development, including the construction of an employment campus and the renovation of heritage buildings. The project, which is co-financed by the CEB and the EIB, is expected to contribute to the sustainable development of the city and also strengthen social cohesion and boost job creation.



PARTNERSHIPS





In 2017, the CEB intensified its partnerships, thus enabling the Bank to reinforce its operational capacity, boost expertise and enhance visibility among development stakeholders globally. The **European Union** remained a privileged partner for the CEB as well as its main donor.

UNDP

The CEB and the United Nations Development Program (UNDP) agreed to extend their cooperation for another five years, aiming to scale up their support for achieving the Sustainable Development Goals (SDGs) in South-Eastern Europe, Turkey, Republic of Moldova and Georgia. The agreement will help to address climate change and energy efficiency, respond to challenges such as the migrant and refugee crisis, and promote inclusive social and economic development in the region.

Within the framework of the initial Memorandum of Understanding, UNDP, with CEB funds, helped build the largest wastewater treatment plant in Cyprus for the benefit of 270,000 inhabitants, rehabilitated public infrastructure in Georgia's Shida Kartli region, provided emergency food aid to "the former Yugoslav Republic of Macedonia" and promoted the social inclusion of the Roma community.

The five voluntary Principles for Mainstreaming Climate Action within Financial Institutions provide a statement of leadership and a framework for collaboration and exchanges of lessons learned as financial institutions develop and mainstream their approaches to addressing climate change.

The principles outline how financial institutions can:

- Commit to climate strategies
- Manage climate risks
- Promote climate smart objectives
- Improve climate performance
- Account for climate action



CLIMATE ACTION IN FINANCIAL INSTITUTIONS

In 2017, the CEB adopted the Five Voluntary Principles for Mainstreaming Climate Action within Financial Institutions. The Principles, agreed on the sidelines of the COP 21 climate talks in Paris in 2015, highlight a number of practical operational approaches for integrating climate change considerations into the core investments and advisory functions of a financial institution.

The CEB joined the coalition as part of the multilateral development bank (MDB) group. Other participating MDBs include: African Development Bank, Inter-American Development Bank, Asian Development Bank, EIB, EBRD and WBG, as well as Development Bank of Latin America – CAF and the Nordic Development Fund.



CONFERENCE ON 'FINANCING SOCIAL INFRASTRUCTURE'

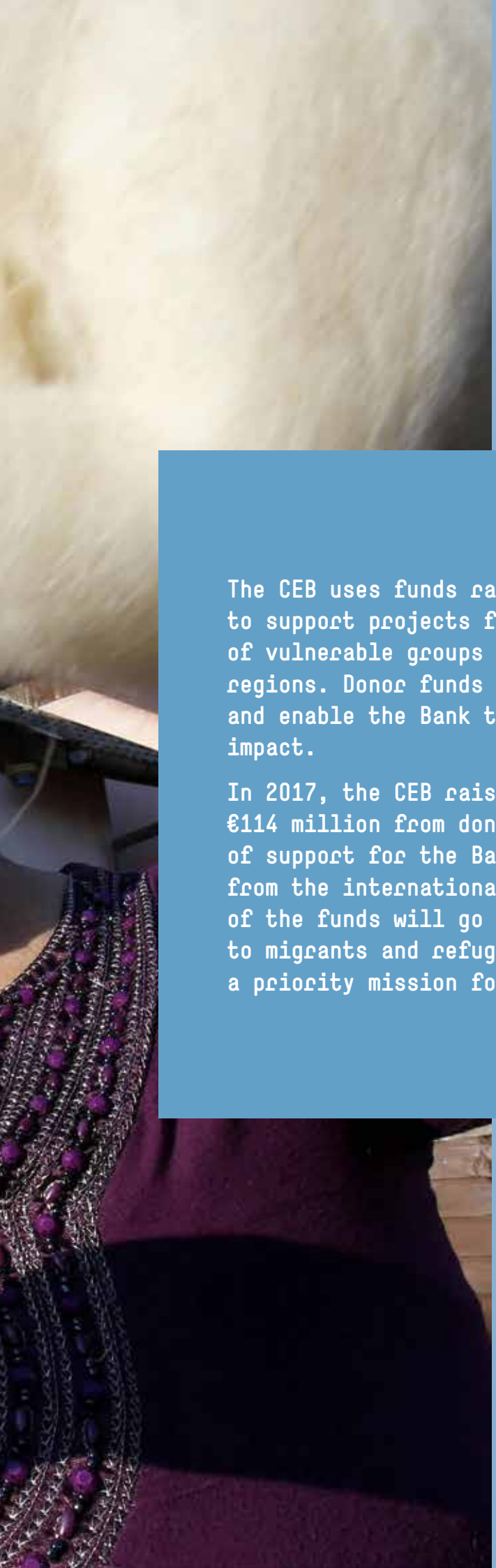
Under the auspices of the European Association of Long-Term Investors (ELTI), where the CEB has the status of associate member, the CEB and Caisse des Dépôts (CDC) organised a conference on "Financing social infrastructure", bringing together more than a hundred participants. The high-ranking speakers included former President of the European Commission, Romano Prodi, and former French Minister of Economy and Finance, Christian Sautter.

The conference stressed the importance of finding innovative ways of financing social infrastructure facilities that have a strong impact on the daily lives of European citizens. Hospitals, universities and social housing ensure both the attractiveness of the regions and the well-being of citizens.





DONORS



The CEB uses funds raised from donors to support projects for the benefit of vulnerable groups and disadvantaged regions. Donor funds act as a catalyst and enable the Bank to increase its impact.

In 2017, the CEB raised a record €114 million from donors, a clear sign of support for the Bank's social mandate from the international community. Most of the funds will go towards assistance to migrants and refugees, which is a priority mission for the CEB.

€114

million raised from donors in 2017

MRF contributions per donor

Germany €5 million

France €3 million

Italy €3 million

Spain €1.5 million

Sweden €540k

Luxembourg €500k

Norway €500k

Slovak Republic €300k

Ireland €250k

Lithuania €150k

Poland €101k

Cyprus €100k

Albania €100k

Hungary €100k

Czech Republic €92k

Malta €50k

Holy See €50k

Bosnia and Herzegovina €31k

San Marino €20k

Iceland €15k

Liechtenstein €6k

CEB €5 million

EIB €5 million

Total contributed €25.4 million

MIGRANTS AND REFUGEES

The CEB raised €4.5 million to help its member states address challenges related to the large number of migrants and refugees that have recently crossed into Europe. Funding from Italy, Spain and Bosnia and Herzegovina brings the total amount raised by the Bank for this purpose to more than €25 million. These funds are held in a dedicated trust fund, the Migrant and Refugee Fund. The CEB has already approved €22 million in grants from this Fund for projects benefitting migrants and refugees.

The CEB also raised €50 million from the European Union to help Turkey address the unprecedented influx of refugees stemming from the conflict in Syria. This contribution will finance the construction of a state hospital in Kilis, a Turkish city located close to the Syrian border. The new hospital will increase the healthcare capacity of the city, whose population has doubled due to the influx of Syrian refugees.

LONG-TERM INTEGRATION OF REFUGEES

The CEB also obtained €56 million to help countries of the former Yugoslavia address the legacy of displacement stemming from the conflicts of the 1990s. The funds will support the Regional Housing Programme, an initiative that provides housing to vulnerable persons displaced by the war. The Programme, which is managed by the CEB, has already provided homes to almost 8,000 beneficiaries. More homes will be delivered in the coming years: donors have pledged a total of €284 million to the initiative. The European Union is the largest contributor, having pledged €232 million.

SUPPORT TO BILATERAL TRUST FUNDS

Other funds secured in 2017 will support the development of the Bank's operations in the target countries. **Spain** contributed an additional €2 million to the Spanish Social Cohesion Account, a trust fund it established in 2009. **Italy** set up the Italian Fund for Innovative Projects and endowed it with €1 million. Both contributions will enable the CEB to support more social projects in those member states that have limited capacity to implement them.





2,600
housing units built in 2017

€284
million pledged from donors

28,000
estimated beneficiaries

RHP pledges per donor

EU €232 million

US €24 million

Germany €7.5 million

Norway €7 million

Switzerland €5 million

Italy €5 million

Denmark €1.3 million

Turkey €1 million

Luxembourg €0.5 million



FINANCIAL ACTIVITIES IN 2017





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 of BBB+ at the time of purchase. 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 2017, the total value of short-term placements in this portfolio amounted to €2,051 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 Bank's short-term liquidity position.

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 2017, the total value of short-term securities in this portfolio amounted to €1,688 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 2017, the total value of securities in this portfolio amounted to €1,804 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 2017, the total value of securities in this portfolio amounted to €2,083 million.

DERIVATIVES

In accordance with the Financial and Risk Policy adopted by the Administrative Council of the CEB, 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 2017, the breakdown of derivatives by type of hedge was 69% for bond issuances, 26% for loans and 5% 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 Note B to the 2017 financial statements.

To limit credit risk, the Bank has signed collateral agreements with all of its counterparties. Thus, at 31 December 2017, all the CEB's swap contracts were collateralised. The residual credit risk, calculated as the amount of positive market values not covered by collateral received, remains marginal.

FUNDING IN 2017

DEBT ISSUANCE

Subject to the annual borrowing authorisation set by the Administrative Council, the CEB issues debt in the international capital markets. In 2017, the Bank borrowed a total of €2.99 billion in five financing operations, including one new re-opening transaction of an existing line, with maturities of one year or more. This amount is similar to the volume of financing in 2016, which stood at €3.14 billion and consisted of six funding operations including two re-openings of existing issues. The 2017 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
- 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 on 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 2017, 62.2% of the funds raised by the Bank were denominated in US dollars, 16.7% in Euros and 21.1% 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 2 billion: a USD 1 billion benchmark with a three-year maturity in January and another USD 1 billion benchmark with a two-year maturity in May. The USD market was thus the CEB's most important market in terms of financing volumes in 2017.

In EUR, the Bank's inaugural Social Inclusion Bond, a EUR 500 million benchmark with a seven-year maturity, was priced in April, making the EUR market the second largest in terms of funding volume.

In other currencies, one new five-year GBP 500 million issue was priced and subsequently re-opened for an amount of GBP 75 million, to bring the total combined amount to GBP 575 million. The new 2022 line represents the largest British pound transaction that the Bank has ever issued.

Debt issued in 2017

Payment	Maturity Date	Currency	Term	Nominal amount (in millions)	Lead manager
27/01/2017	27/01/2020	USD	3.0 years	1,000	Barc/JPM/ RBC/TD
10/04/2017	10/04/2024	EUR	7.0 years(*)	500	CA/Rabo/ GS/DZ
17/05/2017	17/05/2019	USD	2.0 years(*)	1,000	BNPP/MS/ NOMURA/ SG
15/09/2017	30/06/2022	GBP	4.79 years	500	Barc/RBC/ TD
30/10/2017	30/06/2022	GBP	4.67 years	75	DB/Nomura

(*) Re-opening of existing bonds

After taking swaps into account, the total amount of funds borrowed was denominated in euros.

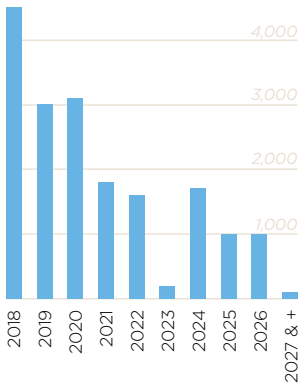
The average maturity of the issues launched in 2017 was 3.7 years, compared with 6.1 years in 2016. The table above shows funds raised in their original currencies.

In 2017, 37.8% of the issues carried out under the borrowing programme had final maturities of close to five years or more, compared with 68.8% in 2016, 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. The Australian and New Zealand Dollar MTN (Australian programme) was updated in September 2015 to adapt the legal framework of the Bank's issues to changes in financial market regulations. The CEB's Euro-Commercial Paper Programme was updated in December 2017.

Debt outstanding by maturity as at 31 December 2017

in million euros



TREND IN DEBT POSITION

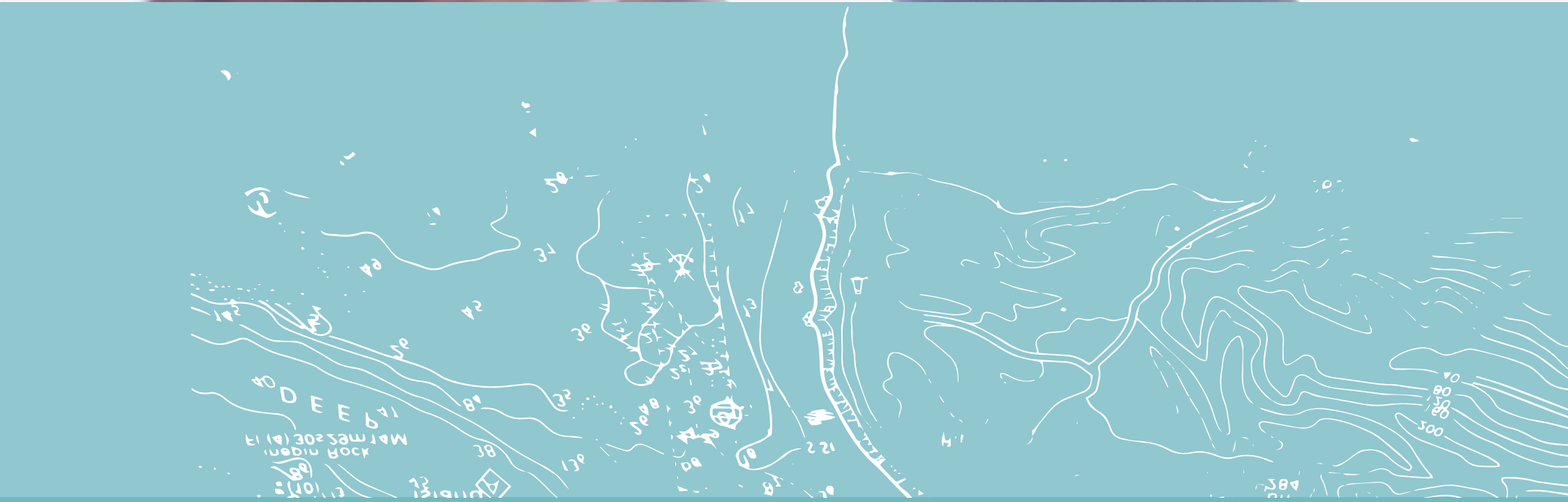
At 31 December 2017, the outstanding debt represented by securities, excluding interest payable, amounted to €18.2 billion, down from €19.3 billion in the previous year.

In 2017, 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 graph below.



GOVERNANCE







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 (as of 1 December 2017: Miglė Tuskienė; until 30 November 2017: 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.

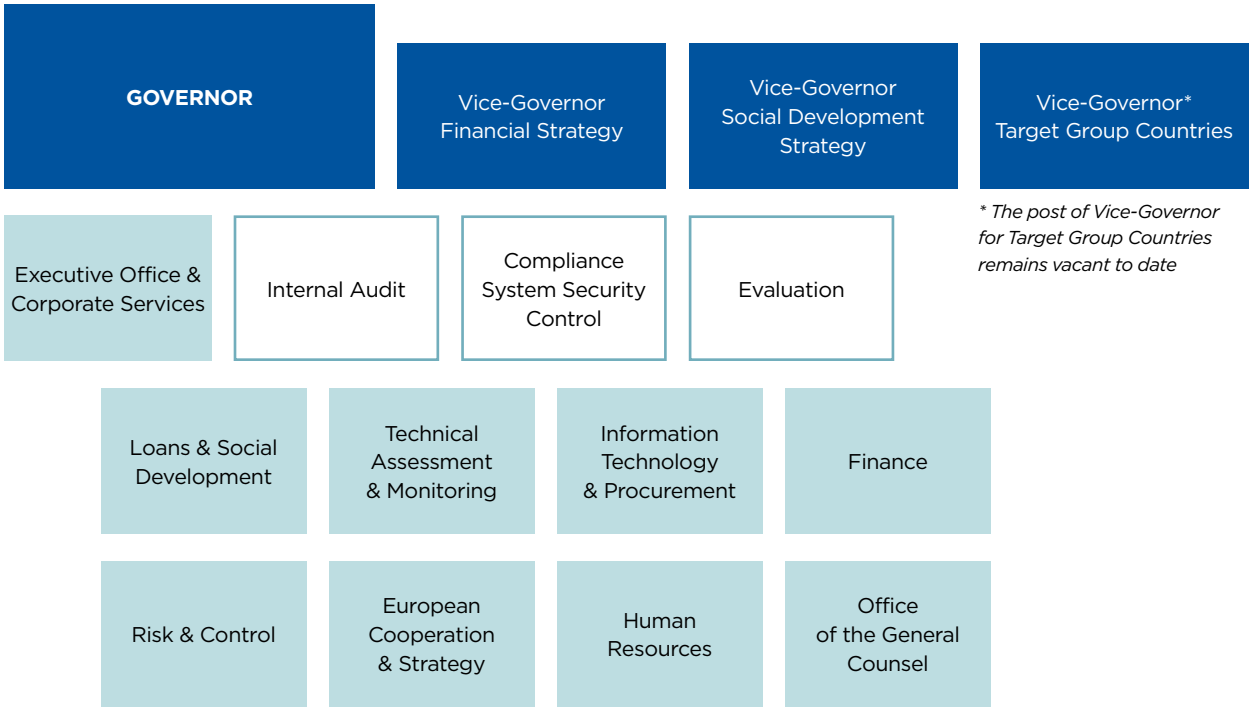
The Governor is Mr Rolf Wenzel. He is assisted by two Vice-Governors: Carlo Monticelli (Financial Strategy) and Rosa María Sánchez-Yebra Alonso (Social Development Strategy).

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.

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 Group Countries remains vacant to date*

COMPLIANCE

During the last three years, the Office of the Chief Compliance Officer (OCCO) has been implementing a reform master plan which includes designing and maintaining policies, systematising assessment of the anti-money laundering (AML) and counter terrorist financing (CFT) risk, upgrading Internal Procurement Procedures, pushing forward with OCCO internal procedures and forms, establishing an internal training programme, and organising integrity events jointly with other International Financial Institutions (IFIs) in order to enhance CEB visibility among peer institutions.

The activities in 2017 continued to be focused on the following main areas: the compliance risk assessment of counterparty money laundering (AML), financing of terrorism (CFT) and related integrity risks for all CEB lending, borrowing and treasury activities, through integrity due diligence (IDD) checks and active participation in CEB Project Cycle Committee meetings, at both approval and review stages.

These activities are complemented by regular training and awareness-building initiatives, and a standard compliance induction course for newcomers. In 2017 OCCO training was dedicated to market abuse risks with the participation of an external speaker.

OCCO Internal Procedures and Terms of Reference were successfully formalised, including a major upgrading of OCCO's internal forms and information technology systems. In 2017, the CEB was granted observer status at the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes.





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. In an effort to ensure that its reviews are carried out independently and objectively, IA does not take part in any of the Bank's operational activities.

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.

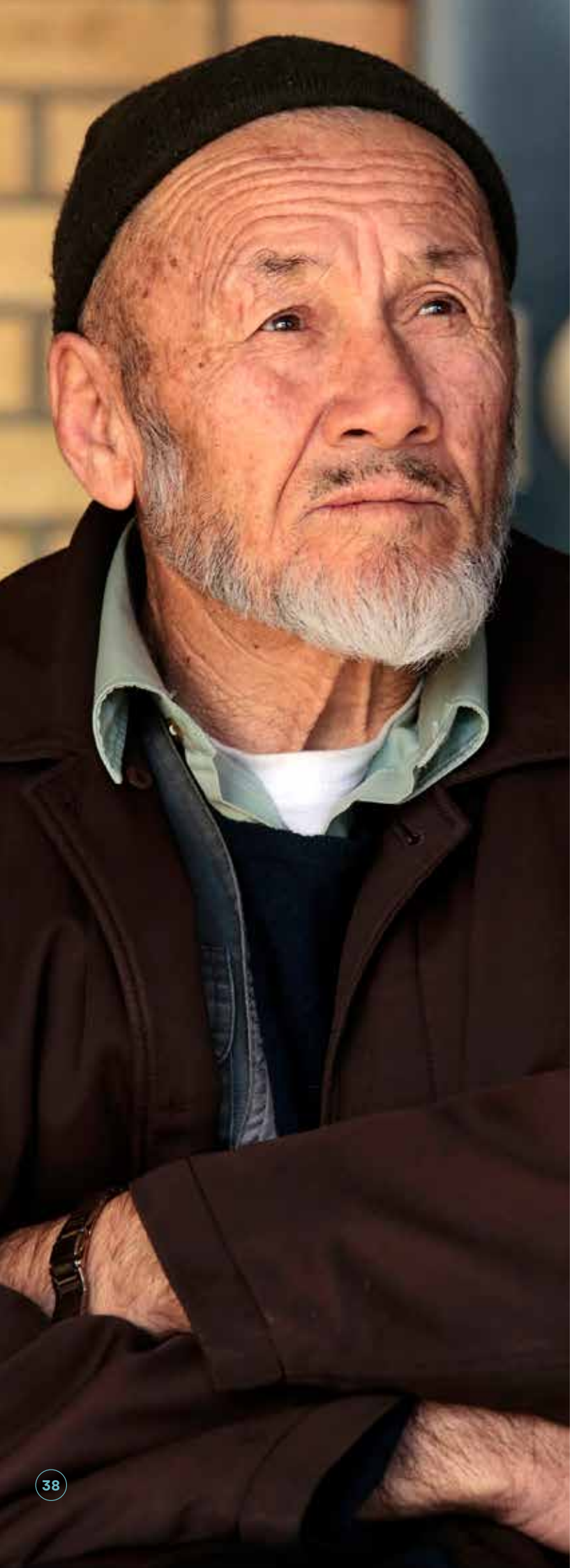
Audit missions are conducted according to an annual work programme that is derived from a rolling multi-year risk-based audit plan.

EVALUATION

The Evaluation Department (EVD) made significant headway on its work programme for 2017. A number of evaluation reports, in various sectors including housing and rural modernisation, were brought to closure. These reports provide the CEB with a credible and objective assessment of social performance, impact and sustainability of its operations.

The EVD has initiated the preparatory work for its first corporate-level evaluation. This will give the EVD the opportunity to make a contribution to the CEB's future strategy by drawing on available evidence from multiple projects and by examining the underlying institutional issues. Prospective high-level evaluation reports will strengthen the CEB's endowment of evaluation knowledge and will provide a basis for reflection on corporate-level and strategic issues.

Evaluation findings and knowledge have been regularly provided for the development and appraisal of new CEB-funded operations with the purpose of making use of evaluation lessons and improving applicable monitoring frameworks. Alongside its core evaluation work, the EVD has made significant achievements in terms of outreach, driven by the objective of improving CEB visibility and projecting the image of the CEB as a Bank that combines solid financial accounts and development practices with a commitment to learning and accountability through independent evaluation.



CORPORATE SOCIAL RESPONSIBILITY

"Sustainable finance", "positive impact finance": words matter. Increasingly, financial institutions are expected to support and incentivise the transition towards a sustainable economy, thereby making a lasting positive contribution to society. Against this backdrop, corporate social responsibility (CSR) acts like a compass.

As a social development bank, the CEB embeds CSR into all its activities. In 2017, it took further steps, including the issuance of a first social inclusion bond worth €500 million, with plans to bring more social responsibility to capital markets.

The CEB was also granted observer status at the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, acknowledging the Bank's commitment to transparency and integrity. In 2017, the CEB joined the landmark Climate Action in Financial Institutions Initiative and so endorsed the related principles to mainstreaming climate change considerations throughout its activity.

The CEB's overall contribution to socially and environmentally sustainable development is reflected in the 2017 CSR Report and the Index of GRI (Global Reporting Initiative) indicators.

HUMAN RESOURCES

To be effective in fulfilling its mandate, the CEB must recruit and retain a highly qualified and diverse international staff, in addition to remaining an employer of choice for very specialised professionals. At the same time, the CEB needs to adopt a forward-looking vision with regards to key competencies its workforce will need to have in the coming years. In 2017, as a follow-up to a corporate efficiency review conducted by an external consultant, the CEB initiated an analysis of its future Human Resources Strategy and continued to focus on training and leadership development for its current staff.



WORKFORCE

The CEB employs 200 permanent staff (91 men - 46%, and 109 women – 54%). Of this workforce, 136 or 68% were professional staff (76 men or 56% and 60 women or 44%) and 64 or 32% were support staff (15 men or 23% and 49 women or 77%). The average age is 48 years, with an average tenure of 12 years. The Bank continues to rely on high levels of expertise among its staff, which go beyond the traditional banking areas of finance, economics and risk management to include civil engineering, education, housing, and project management.

RECRUITMENT

The recruitment of 13 new staff members in 2017 was slightly lower than the 2016 level of 16. In 2017, 1 managerial staff, 11 professional staff and 1 support staff were hired from 10 different nationalities. Out of these 13 new hires, 10 or 77% were women and 3 were men. In terms of numbers of applications, the Bank received 1,472 applications compared to 1,295 in 2016. Of these applications, 57% or 838 were from men and 43% or 634 were from women. The percentage of applications from women at professional level has shown encouraging patterns of increase over the last three years.

TRAINING AND DEVELOPMENT

The CEB strives to keep its staff employable and flexible through developmental tools. Broadly speaking, staff members have access to training in four areas of skills: language, technical, IT and management. In 2017, specific attention was paid to security awareness for staff that travel as well as collective inter-department training on technical topics.

DIVERSITY

While the concept of diversity covers a wide variety of individual and cultural characteristics, the Bank's main areas of focus are on national diversity and on gender. In terms of overall staff nationality representation, 32 out of the Bank's 41 member countries are represented among the staff, which shows the Bank continues to recruit its workforce from the widest possible geographical base. From a gender perspective, women are generally well represented at the Bank, although efforts are being undertaken to improve their representation in managerial positions.

1,472
applications

13
new staff
including 10 women

200
staff

46% men
54% women

12
years average tenure

PROCUREMENT

The Procurement Department performs 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. In 2017, with regards to strengthening the borrower capacity to manage CEB funds, on-site training events dedicated to tender selection, evaluation and contract awards were organised in Bosnia and Herzegovina and in Serbia. The Procurement Department was also advisor in preparation of the FIDIC 2017 Condition of Contract for Construction, and contributed in the preparation of the new Methodology for Assessment of Procurement Systems (MAPS).

In addition, the Internal Procurement Procedures were updated in 2017 to provide a stronger and efficient framework of procurement of goods services and supplies for CEB.

INFORMATION TECHNOLOGY

In 2017, IT delivered key banking and financial application for covering the CEBs IFRS9 requirements. This application was implemented thanks to close collaboration of multiple business stakeholders including IT, Risk and Accounting.

An IT Master Plan was prepared whose objectives are to ensure the alignment of IT with key CEB business imperatives, to provide visibility on IT directions up to 2020, and to share the vision with all IT stakeholders and users in the CEB.

In accordance with the IT Master Plan, IT implemented a Technology Management & Replacement program that covered the renewal of datacentre servers, the upgrade of mobile management, and the implementation of new application infrastructure.





APPENDICES: LOANS AND PROJECTS

PROJECTS APPROVED per country

In thousand euros

Country	2017		2016		Accumulated total 2013-2017	
	Amounts	%	Amounts	%	Amounts	%
Albania					44,630	0.3
Belgium	285,000	7.3			791,400	5.7
Bosnia and Herzegovina			11,000	0.3	88,500	0.6
Bulgaria	20,000	0.5	200,000	5.8	435,000	3.1
Croatia	100,000	2.6			240,000	1.7
Cyprus			32,000	0.9	32,000	0.2
Czech Republic	300,000	7.7	50,000	1.5	720,000	5.1
Finland			140,000	4.1	310,000	2.2
France	255,000	6.5	515,600	14.9	1,518,300	10.8
Georgia			16,500	0.5	47,443	0.3
Germany	200,000	5.1	652,000	18.9	952,000	6.8
Greece					2,000	0.01
Hungary			65,700	1.9	192,200	1.4
Iceland	10,000	0.3			10,000	0.1
Ireland	85,000	2.2	200,000	5.8	559,000	4.0
Italy	350,000	8.9	150,000	4.3	506,000	3.6
Latvia	12,000	0.3			62,000	0.4
Lithuania	35,000	0.9			135,000	1.0
Malta	29,000	0.7			29,000	0.2
Moldova (Republic of)					49,000	0.4
Montenegro	40,000	1.0			68,000	0.5
Netherlands	366,600	9.4	100,000	2.9	466,600	3.3
Poland	550,000	14.1	486,047	14.1	1,942,713	13.9
Portugal	80,000	2.0	80,000	2.3	175,000	1.3
Romania	50,000	1.3			350,000	2.5
Serbia					28,000	0.2
Slovak Republic	112,000	2.9	73,000	2.1	879,500	6.3
Slovenia	50,000	1.3			145,000	1.0
Spain	628,000	16.1	309,000	9.0	1,835,000	13.1
Sweden	200,000	5.1	160,000	4.6	360,000	2.6
"the former Yugoslav Republic of Macedonia"			10,000	0.3	115,000	0.8
Turkey	150,000	3.8	200,000	5.8	910,000	6.5
TOTAL	**3,907,600**	**100.0**	**3,450,847**	**100.0**	**13,998,286**	**100.0**

LOANS DISBURSED per country and per sector of action

In thousand euros

Country	2017		2016		Accumulated total 2013-2017	
	Amounts	%	Amounts	%	Amounts	%
Albania	8,600	0.4	1,500	0.1	14,380	0.1
Belgium	30,000	1.3	30,000	1.5	475,000	4.9
Bosnia and Herzegovina	10,500	0.5	5,850	0.3	59,500	0.6
Bulgaria	105,000	4.5	45,000	2.2	210,000	2.1
Croatia	39,266	1.7	88,456	4.3	254,248	2.6
Cyprus	23,000	1.0	18,000	0.9	109,000	1.1
Czech Republic	135,000	5.9	140,012	6.9	562,563	5.8
Finland	90,000	3.9	20,000	1.0	250,000	2.6
France	219,770	9.5	263,570	12.9	1,135,181	11.6
Georgia	1,178	0.1			22,387	0.2
Germany	333,151	14.4			588,551	6.0
Hungary	73,050	3.2	25,000	1.2	187,017	1.9
Iceland	5,000	0.2			5,000	0.1
Ireland	30,000	1.3	65,000	3.2	186,000	1.9
Italy	75,000	3.3	75,000	3.7	156,000	1.6
Lithuania	30,000	1.3	10,000	0.5	117,000	1.2
Moldova (Republic of)	6,616	0.3	3,028	0.1	22,511	0.2
Montenegro	10,850	0.4	5,150	0.3	21,750	0.2
Netherlands	50,000	2.2			50,000	0.5
Poland	335,933	14.6	203,054	10.0	1,507,617	15.4
Portugal	5,000	0.2	31,000	1.5	36,000	0.4
Romania	49,266	2.1	48,400	2.4	210,507	2.2
Serbia	37,000	1.6	20,750	1.0	116,595	1.2
Slovak Republic	70,500	3.1	295,000	14.5	673,000	6.9
Slovenia	30,000	1.3			60,000	0.6
Spain	314,500	13.7	380,000	18.7	1,584,500	16.2
"the former Yugoslav Republic of Macedonia"	24,722	1.1	9,697	0.5	75,104	0.8
Turkey	159,290	6.9	253,500	12.4	1,083,526	11.1
TOTAL	**2,302,192**	**100.0**	**2,036,967**	**100.0**	**9,772,937**	**100.0**

Sector of action	2017		2016		Accumulated total 2013-2017	
	Amounts	%	Amounts	%	Amounts	%
Aid to refugees, migrants, displaced persons and other vulnerable groups*	86,520	3.8	20,000	1.0	204,020	2.1
Social housing for low-income persons	301,642	13.1	101,759	5.0	1,038,320	10.6
Improving living conditions in urban and rural areas	236,258	10.3	205,146	10.1	1,062,222	10.9
Natural or ecological disasters	83,266	3.6	132,582	6.5	562,848	5.8
Protection of the environment	193,148	8.4	213,625	10.5	845,148	8.6
Protection and rehabilitation of the historic and cultural heritage	2,100	0.1	5,000	0.2	21,570	0.2
Health	79,700	3.5	207,412	10.2	745,927	7.6
Education and vocational training	276,572	12.0	227,885	11.2	972,809	10.0
Administrative and judicial infrastructure	36,365	1.6	4,120	0.2	113,488	1.2
Supporting MSMEs for the creation and preservation of viable jobs	1,006,621	43.7	919,438	45.1	4,206,585	43.0
TOTAL	**2,302,192**	**100.0**	**2,036,967**	**100.0**	**9,772,937**	**100.0**

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 beneficiairies of its lending operations

** Other sectors of action can also benefit both long-term integration of migrants and refugees – as well as other vunerable persons – and host communities.*

PROJECTS APPROVED IN 2017 per counterpacty

In thousand euros

Country	Borrower	Project description	Sector	Amount
Belgium	Belfius Bank SA/ NV	Sustainable investments in high quality public infrastructure in health, education and protection of the environment throughout Belgium	Education and vocational training	60,000
			Protection of the environment	40,000
			Health	100,000
	The Walloon Housing Association	Improving the energy performance of social housing under the Green Investment Program (PIVERT)	Social housing for low-income persons	85,000
Bulgaria	Raiffeisen Leasing Bulgaria	Promote the creation and preservation of viable jobs in Bulgaria by facilitating access to leasing for micro, small and medium-sized enterprises	Supporting MSMEs for the creation and preservation of viable jobs	20,000
Croatia	HBOR	HBOR VI - Investment projects undertaken by local authorities and SMEs	Improving living conditions in urban and rural areas	30,000
			Supporting MSMEs for the creation and preservation of viable jobs	70,000
Czech Republic	Československá Obchodni Banka, a.s.	Creation and preservation of viable jobs in the Czech Republic by partial financing of fixed productive assets in SMEs and improving living conditions in urban and rural sectors by partial financing of public, private or mixed-ownership entities which provide public services	Improving living conditions in urban and rural areas	70,000
			Supporting MSMEs for the creation and preservation of viable jobs	30,000
	Komerční Banka A.S.	Reconstruction of public infrastructure in the Czech Republic - Municipal financing KB no 4	Protection of the environment	20,000
			Improving living conditions in urban and rural areas	80,000
	SG Equipment Finance Czech Republic s.r.o.	Creation and preservation of viable jobs in Czech Republic and Slovak Republic by partial financing of fixed productive assets in MSEs and improving living conditions in urban and rural sectors by partial financing of public, private or mixed-ownership transportation entities	Improving living conditions in urban and rural areas	20,000
			Supporting MSMEs for the creation and preservation of viable jobs	80,000
France	Crédit Agricole SA	Regional territory development and energy transition	Protection of the environment	30,000
			Improving living conditions in urban and rural areas	45,000
	Hémisphère SCI	Emergency shelter and social support for migrants, refugees and homeless people	Aid to refugees, migrants, and displaced persons and other vulnerable groups	100,000
	Société Générale	Support for investments in the medico-social sector and education	Education and vocational training	26,400
			Health	53,600
Germany	Investitions-und Strukturbank Rheinland-Pfalz (ISB)	Improvement of social infrastructure throughout Rheinland-Pfalz with a focus on both social housing and municipal infrastructure	Improving living conditions in urban and rural areas	50,000
			Social housing for low-income persons	50,000
	Investitionsbank Berlin	Increase and improve the provision of temporary and/or permanent housing solutions for refugees, energy efficient dwellings for low-income persons according to Berlin's social housing legislation and student dormitories	Aid to refugees, migrants, and displaced persons and other vulnerable groups	32,000
			Social housing for low-income persons	68,000
Iceland	Municipality Credit Iceland	Partial financing of municipal infrastructure investments throughout Iceland	Protection of the environment	5,000
			Improving living conditions in urban and rural areas	5,000
Ireland	Limerick City and County Council	Urban regeneration project for rejuvenation of the city centre and economic development within the City of Limerick	Cross Sectoral Loan	85,000
Italy	Cassa Depositi e Prestiti S.p.A.	Private repair, restoration and reconstruction initiatives after earthquakes in central Italian regions of Abruzzo, Lazio, Marche and Umbria	Natural or ecological disasters	350,000
Latvia	University of Latvia	University of Latvia: Campus Development in Torņkalns, Riga, Phase II, House of Science and House of Letters	Education and vocational training	12,000
Lithuania	City of Vilnius	Financing of the City Investment Programme focusing on co-financing of its integrated territory development programme (ITDP) and related municipal investments for urban development	Improving living conditions in urban and rural areas	35,000
Malta	Malita Investment P.L.C.	Provision of social housing solutions for the most vulnerable segments of the Maltese population	Social housing for low-income persons	29,000
Montenegro	Investment and Development Fund of Montenegro	Partial financing of eligible investments of micro, small and medium enterprises (MSMEs) throughout Montenegro	Supporting MSMEs for the creation and preservation of viable jobs	30,000
	Government	Facilitate access to long-term affordable housing to some 55 low-to-medium income households in Montenegro	Social housing for low-income persons	10,000

Netherlands	Bank Nederlandse Gemeenten N.V.	Improving living conditions in urban and rural areas through public investments throughout the Netherlands	Improving living conditions in urban and rural areas	300,000
	Fund for Sustainable Foundation Rehabilitation	Provide support to home owners affected by rising water levels due to climate change	Protection of the environment	50,000
	QREDITS	Programme of microcredits in the Netherlands	Supporting MSMEs for the creation and preservation of viable jobs	16,600
Poland	Bank Ochrony Środowiska S.A. (BOS)	Investments undertaken by local governments, other public-sector entities and micro, small and medium-enterprises (MSMEs) in the field of the protection of the environment, as well as financing of productive investments in MSMEs aiming at creation and preservation of viable jobs	Protection of the environment	25,000
			Supporting MSMEs for the creation and preservation of viable jobs	25,000
	BZ WBK Leasing S.A.	Creation and preservation of viable and seasonal jobs	Supporting MSMEs for the creation and preservation of viable jobs	100,000
	Europejski Fundusz Leasingowy S.A.	Supporting Polish MSMEs for the creation and preservation of viable and seasonal jobs	Supporting MSMEs for the creation and preservation of viable jobs	100,000
	Pekao Leasing Sp. z.o.o.	Creation and preservation of viable and seasonal jobs	Supporting MSMEs for the creation and preservation of viable jobs	100,000
	PKO Leasing S.A.	PKO Leasing SME Programme III - Creation and preservation of viable jobs in Poland	Supporting MSMEs for the creation and preservation of viable jobs	100,000
	SG Equipment Leasing Polska	Creation and preservation of viable and seasonal jobs though strengthening the competitive position of end-beneficiary MSMEs	Supporting MSMEs for the creation and preservation of viable jobs	100,000
Portugal	Government	Supporting the development of agriculture and fighting desertification in Portugal through the rehabilitation and extension of irrigation systems	Natural or ecological disasters	16,000
			Improving living conditions in urban and rural areas	64,000
Romania	Raiffeisen Leasing Romania IFN SA	Promote the creation and preservation of viable jobs in Romania by facilitating access to leasing for micro, small and medium-sized enterprises (MSMEs) for productive investments to strengthen their competitive position	Supporting MSMEs for the creation and preservation of viable jobs	50,000
Slovak Republic	Trnava Self-Governing Region	Support of regional infrastructure in Trnava Self-Governing Region (TTSK) by partial financing of eligible investments, co-financing and bridge financing of sub-projects financed through EU Structural Funds and Cohesion Fund	Protection of the environment	1,800
			Improving living conditions in urban and rural areas	8,400
			Protection and rehabilitation of historic and cultural heritage	1,800
	UniCredit Leasing Slovakia	MSME support and investment projects undertaken by local authorities in the Slovak Republic	Improving living conditions in urban and rural areas	20,000
			Supporting MSMEs for the creation and preservation of viable jobs	80,000
Slovenia	SID Banka	Improve the living conditions of the Slovenian population through financing urban and rural modernization and environmental projects throughout Slovenia	Protection of the environment	25,000
			Improving living conditions in urban and rural areas	25,000
Spain	Banco Santander SA	Partial financing of eligible productive investment projects and related working capital requirements in micro, small and medium sized enterprises (MSMEs) located in Spain to promote job creation and preservation	Supporting MSMEs for the creation and preservation of viable jobs	100,000
	Instituto de Crédito Oficial	Programme, in continuation of three previous operations, for support to creation and preservation of viable jobs in Spain	Supporting MSMEs for the creation and preservation of viable jobs	300,000
	Nuevo Micro Bank	Partial financing of MicroBank's lending to microbusinesses and individuals, such as immigrants and other persons with limited access to credit, with the aim of job creation and enhancing social cohesion	Aid to refugees, migrants, and displaced persons and other vulnerable groups	20,000
			Supporting MSMEs for the creation and preservation of viable jobs	80,000
	Patronat Municipal de l'Habitatge de Barcelona	Partial financing of the construction and equipping of social housing for low-income and elderly persons in Barcelona	Social housing for low-income persons	59,000
	Sociedad de Infraestructuras y Medio Ambiente de Castilla y León S.A. (SOMACYL)	Partial financing of investments geared towards promoting sustainable mobility and the production of renewable energy, as well as supporting the development of sustainable rural tourism infrastructure in the AC of Castilla y León	Cross Sectoral Loan	69,000
Sweden	City of Gothenburg	Refurbishment and construction of new compulsory schools in the City of Gothenburg	Education and vocational training	200,000
Turkey	Türkiye İhracat Kredi Bankası A.Ş. (Türk Eximbank)	Supporting MSMEs for the creation and preservation of viable jobs	Supporting MSMEs for the creation and preservation of viable jobs	150,000
TOTAL				**3,907,600**

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 2017, 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

Projects still awaiting financing and for which a framework loan agreement has been signed.

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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