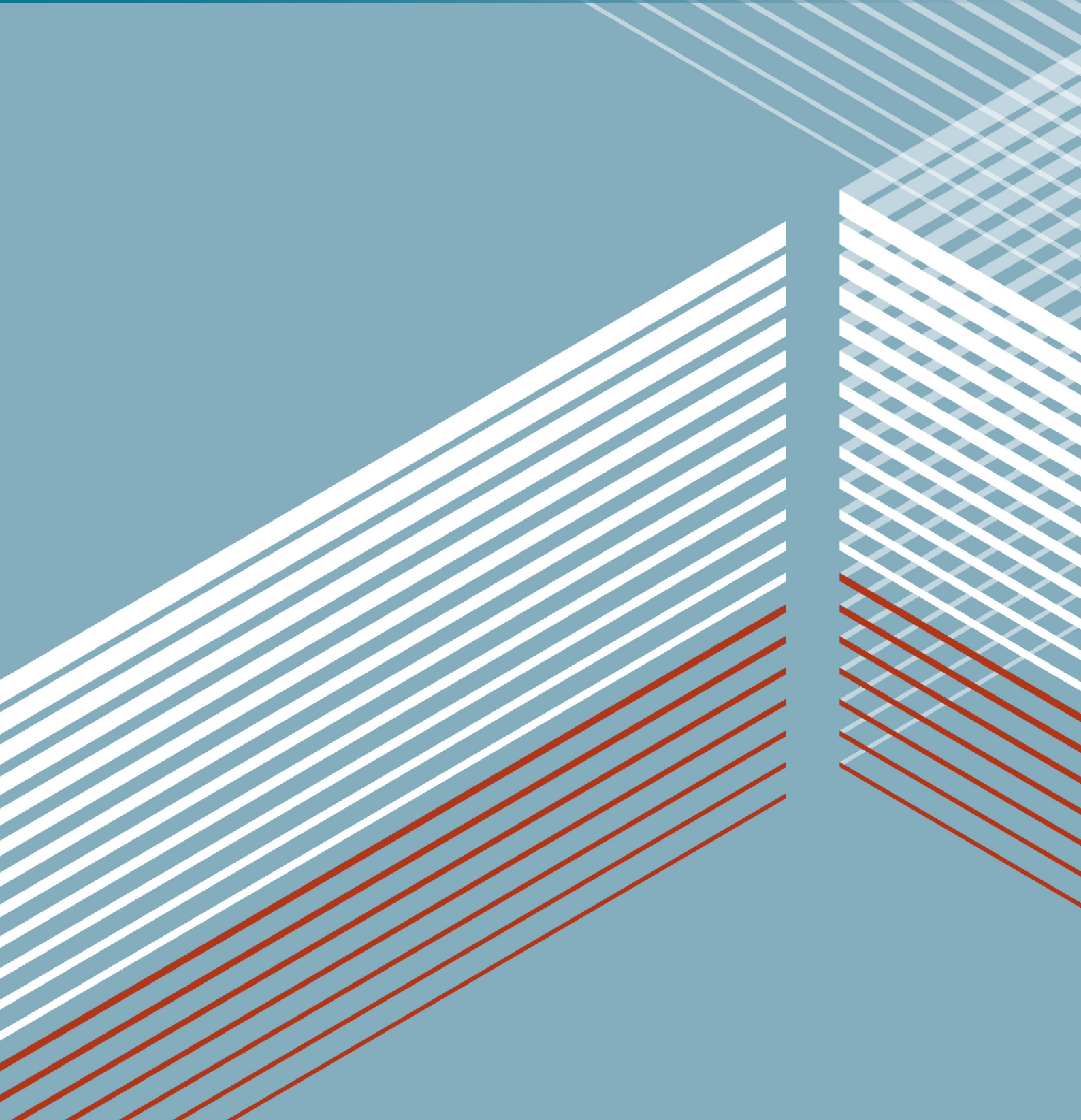




Risk Management Disclosure Report **2025**



Risk Management Disclosure Report 2025

About the CEB

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mandate from its 43 member states. The CEB finances investment projects in social sectors, including education, health and affordable housing, with a focus on the needs of vulnerable people. Borrowers include governments, local and regional authorities, public and private banks, non-profit organisations and others. As a multilateral bank with a triple-A credit rating, the CEB funds itself on the international capital markets. It approves projects according to strict social, environmental and governance criteria, and provides technical assistance. In addition, the CEB receives funds from donors to complement its activities.

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

For more about CEB, visit coebank.org/en/about/

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EXECUTIVE SUMMARY

The Council of Europe Development Bank (“the CEB” or “the Bank”) Risk Management Disclosure Report provides further information on the Bank’s approach to risk management and the assessment of its capital adequacy.

To implement its Strategic Framework, the Bank takes credit, market and liquidity risks to a level compatible with its risk appetite and public mission.¹

The CEB’s financial strength, as reflected by its Triple-A credit rating, is key to the Bank’s business model as it enables favourable access to the capital markets and low funding costs. Solid key risk measures are essential to sustaining the CEB’s financial strength.

The CEB follows a prudent risk management framework serving the primary purpose of ensuring the Bank’s long-term financial sustainability and operational resilience while enabling it to fulfil its social mandate. Being a multilateral development bank (MDB), the CEB does not fall within the scope of application of the EU legislation on credit institutions. However, the CEB applies international best banking practices that are anchored in the EU directives on banking regulation, the Basel Committee on Banking Supervision recommendations and its status as an MDB.

The CEB has a prudent liquidity management approach, maintaining a strong liquidity position to ensure flexibility in the execution of its funding programme. In terms of market risk, the Bank has no trading activities and uses derivatives only to hedge against interest and foreign exchange risks. The CEB also possesses the required operational resilience as proven by its strong capacity to face challenging financial environments.

In 2025, the CEB increased its lending activity while retaining a sound risk profile and an adequate capital buffer. Loan outstanding reached €23.6 billion (an increase of 2.8% compared to year-end 2024) with new disbursements over the year reaching €3.4 billion.

The credit quality of the CEB’s loan portfolio remains sound, supported by adequate security, guarantees and standard protective contractual clauses. Thus far, no counterparty in the portfolio presents signs of distress and all counterparties are up to date in their payment obligations towards the Bank. Nevertheless, a deterioration in the risk profile could materialise because of geopolitical events or adverse developments in the financial markets, even though current stress test results show that the CEB is in an adequate position to cope with such events. The CEB continues to monitor the situation of its borrowers closely.

Following the CEB’s historic first-ever capital increase with paid-in capital in 2022, the Bank enjoys a strong capital position and the shareholders’ abiding support and confidence in the exclusively social mandate that distinguishes the CEB from other multilateral development banks.

1. DISCLAIMER: The information presented in this report has not been subject to external audit.

The CEB remains committed to supporting Ukraine in line with the Bank's Strategic Framework 2023-2027. In 2025, the Bank approved €150 million of new loans to support internally displaced persons (IDP)s, families and households across Ukraine. For an overview of the Bank's cooperation with Ukraine over the last financial year, please refer to the Annual Report 2025 and to the CEB's dedicated web pages at coebank.org/en/project-financing/ceb-and-ukraine/our-projects-in-ukraine/.

As a social development bank, the CEB addresses the social impacts of climate change and seeks to achieve climate co-benefits in social projects, notably for the most vulnerable. For more information on climate risk management, please refer to the 2025 Task Force on Climate-Related Financial Disclosure Report.

Despite the challenging financial environment, the CEB's triple-A credit rating (stable outlook) was reaffirmed by the leading rating agencies Fitch, Moody's, S&P Global and Scope (unsolicited rating) in 2025. This rating reflects the CEB's strong capital base, solid asset quality, the excellent track record of asset performance and the solidified institutional profile as a socially focused bank in Europe.

Risk highlights at year-end 2025

⇒ High-quality Assets

- **88.7%** of the Bank's risk portfolio was rated at **Investment Grade** level (at least BBB-/Baa3 equivalent rating) after Credit Risk Mitigation (CRM):
 - 85.3% for the loan portfolio
 - 77.5% for the financing commitments
 - 100.0% for the Treasury portfolio (deposits, securities and derivatives).
- The **average rating** of the **loan portfolio** was 6.98, close to **A-** (7.0), after CRM (6.99 at year-end 2024).
- **27.1%** of the Bank's **loan portfolio** benefits from **credit enhancement**.

⇒ Strong capital adequacy

The **Capital Adequacy Ratio** (EU CRR²) reached **29.2%**, within the 25%-30% comfort zone targeted by CEB to maintain a Triple-A rating by the major credit rating agencies.

⇒ Prudent leverage

The **Leverage Ratio** (EU CRR) reached **11.2%**, well above the regulatory floor of 3%, and the CEB's Risk Appetite Framework conservative floor of 7%.

⇒ Ample liquidity

The **high level of liquidity** indicators and ratios protect the Bank from the risks generated by its intrinsic characteristics of absence of collecting deposits and no access to the central bank refinancing.

2. EU CRR: European Union - Capital Requirements Regulation and delegated acts.

Table 1: Key risk metrics

<i>In € million</i>	2025	2024
Loan outstanding*	23 530	22 894
Financial assets*	13 878	12 782
High-Quality Liquid Assets (HQLA)	4 628	4 166
Risk-Weighted Assets of Lending activity	11 119	9 846
Risk-Weighted Assets of Treasury activity	3 920	3 575
Outstanding Debt*	32 471	31 112
Own funds	12 733	12 622
Balance sheet	39 038	38 613
Prudential Equity	4 574	4 128

* After swap, i.e. considering the impact of exchange rate fluctuations on hedging currency swaps

	2025	2024
Capital Adequacy Ratio (EU CRR)	29.2%	29.3%
Gearing Ratio	1.85	1.81
Leverage Ratio (EU CRR)	11.2%	10.4%
Treasury Asset Ratio	3.03	3.10
Survival Horizon (months)	17	20
LCR* (EU CRR)	672%	606%
NSFR (EU CRR)	138%	134%
Sensitivity of Economic Value of Equity (EVE)	-13.3%	-10.7%

* Average of the last twelve month-end LCR

RISK MANAGEMENT FRAMEWORK

The primary purpose of risk management is to ensure the Bank's long-term financial sustainability and operational resilience while enabling the CEB to fulfil its social mandate. The Bank implements international best banking practices and promotes a sound and prudent risk culture across its business lines.

Risk Management objective and principles

The CEB's risk policies observe the following principles:

- **Prudent risk approach:** As a Multilateral Development Bank (MDB), the CEB sets its financial risk tolerance at a prudent level as defined by approved limits and has established a cautious financial and risk management framework. Therefore, the Bank aims to mitigate all material financial risks and does not engage in speculative exposures to financial risks.
- **Robust financial position:** The CEB gears its financial policies to ensure a robust financial position to support its core lending activity. This objective translates into the preservation of the Bank's capital base.
- **Adherence to best practice methods:** The Bank applies best practices for financial risk management. The objective is to obtain the strongest protection for its assets, its financial results and, consequently, its capital. While the Bank, as an MDB, is not subject to prudential regulation, it nevertheless considers the relevant Basel Committee on Banking Supervision (BCBS) recommendations as transposed into EU banking directives (Basel/EU regulation), notably the EU Capital Requirement Directives and the guidelines of the European Banking Authority (EBA), adapting these, when necessary, to its MDB status.
- **Segregation of duties:** Following the "four eyes" principle of internal controls, the Bank adopts a system of checks and balances whereby the risk management function exercises independent control and supervision of the operational departments' activity.
- **Control framework:** The Bank's Risk Management Framework includes policies, procedures, limits and controls that provide adequate identification, measurement and mitigation of the risks arising from the Bank's activities and allows for their appropriate monitoring and reporting.

Risk culture and Appetite

The CEB develops and fosters a sound risk culture across the organisation.

- The CEB is consistent in building appropriate risk awareness and in promoting behaviours and judgements about risk-taking.
- The CEB develops effective risk management, promotes sound risk-taking and ensures that risks are identified, assessed, monitored, reported and managed.
- The risk management function is independent of the business and support functions. It constitutes the point of reference in spreading a high-quality risk culture throughout the organisation.

The CEB establishes its Risk Appetite Framework as a strategic decision tool for monitoring its risk profile.

- Risk appetite is the aggregate level and types of risk that the CEB is willing to assume to fulfil its mandate and objectives and successfully execute its Strategic Framework.

- The CEB establishes its risk appetite to maximise the fulfilment of its mandate, taking the Bank's capital endowment and risk capacity into account. The Bank finances projects with high social impact while preserving a financial profile that enables it to raise funds in the capital markets to provide loans at advantageous conditions for the final beneficiaries.
- The Risk appetite cascades down through the organisation and is translated into operational limits that are adhered to at origination and monitored throughout the life cycle of operations.
- Risk appetite is an essential pillar in the CEB's Strategic Framework, aligning business objectives with risk objectives and feeding into the capital planning process. The definition of risk appetite covers, inter alia, the following items:
 - capital, which aims to absorb unexpected losses in line with best banking practices. The higher the available capital, the stronger the Bank's financial standing, as assessed by the different stakeholders, including the rating agencies.
 - liquidity risk, which is managed prudently to ensure the regular functioning of the institution's core activities.
 - leverage and gearing, which allow achievement of an adequate balance-sheet size for the Bank commensurate with the Strategic Framework objectives.
- The CEB's large exposures, as defined by EU regulation and the BCBS recommendations, are monitored according to core activity (loans) and treasury activity guidelines.

Risk policies and reports

The decision-making processes are supported by a set of policies defining the governance framework, business activities and risk management to comply with all applicable best banking practices.

The Bank's risk management architecture is set out as follows:

- **The Risk Management Charter** codifies the core risk management principles and defines the CEB's Risk Management Framework, ensuring appropriate consistency with international best banking practices and prudential requirements. The Charter enshrines the prudent approach that has always characterised the CEB and ensures that its shareholders' resources are safeguarded while the Bank fulfils its social mandate, always managing risks effectively and consistently across its products and activities. The Charter is approved by the CEB's Administrative Council.
- **The Financial and Risk Policy (FRP)** sets out the general principles guiding the CEB's financial and risk policies within the context of the Bank's mission, taking its capacity to manage the risks inherent in its operations into account. While containing elements of flexibility in financial management, the Financial and Risk Policy is guided by a prudent approach that has always characterised the Bank's business model and management strategy. The FRP is approved by the CEB's Administrative Council.
- **The Financial and Risk Policy Guidelines (FRPG)** develop the orientations and principles set out in the FRP relating to the identification, measurement and monitoring of its financial risks. The FRPG are presented to the Administrative Council for information.
- **The Financial and Risk Policy Handbook (FRPH)** ensures that the Bank's operations comply with the FRP. The FRPH is a living document that translates the FRP into operational details and is regularly presented to the Credit Risk Committee for approval.

The Risk & Control Directorate (R&C) submits a quarterly Report on Risk Management to the Administrative Council and the Governing Board providing information to the shareholders about the changes in the CEB's exposure to the main types of risk: credit, market, liquidity, operational risk and compliance with the Risk Appetite Framework as defined internally.

Finally, the annual Financial Report takes stock of the risk management processes and practices, thus contributing to external risk reporting.

Risk processes

The CEB identifies, understands and assesses all material risks inherent to its activities, products, funding sources and transactions on an ongoing basis.

- The CEB establishes policies supported by appropriate control procedures and processes.
- The processes and procedures ensure that the Bank's risk identification, aggregation, mitigation and monitoring capabilities are commensurate with its size, complexity and risk profile.
- Risk guidelines for the main types of risk (credit, market, liquidity and operational risk) are developed in line with the principles set out in the Risk Management Charter.
- Internal risk models correctly identify, assess and report the risks incurred by the CEB.
- The risk profile is assessed according to the relevant governance framework, enabling the organisation's smooth functioning under a range of adverse conditions.

Table 2: Risk processes at the CEB

	Risk Identification, Assessment and Measurement	Risk Monitoring	Risk Controls
Capital Adequacy and Stress Testing	<ul style="list-style-type: none"> Capital adequacy assessment ICAAP Economic capital Stress testing 	<ul style="list-style-type: none"> Quarterly Report on Risk Management Capital Adequacy Review Report ICAAP Report 	<ul style="list-style-type: none"> Financial and Risk Policy (FRP) Risk Appetite Framework (RAF) FRP Guidelines FRP Handbook
Loss Provisioning	<ul style="list-style-type: none"> Credit Impairment model 	<ul style="list-style-type: none"> Report on credit impairment provisions 	
Credit Risk	<ul style="list-style-type: none"> Sovereign rating model Local and regional government rating model Financial institution rating model Corporate rating model GRE rating Transaction credit rating 	<ul style="list-style-type: none"> Annual counterparty reviews Credit Risk Limits Quarterly Report on Risk Management Collateral Management Report Clauses and Covenants Report Large Exposures and Concentration Report Credit Valuation Adjustment Report 	
Counterparty Credit Risk	<ul style="list-style-type: none"> Counterparty credit risk Exposure at default model Credit valuation adjustment model 		
Market Risk	<ul style="list-style-type: none"> EVE and NII Value at risk model Valuation model (derivatives) 	<ul style="list-style-type: none"> ALCO reports Report on the impact of fair value instruments Report on Collateral Requirements on Derivatives Report on the Risk Appetite Framework Regulatory Liquidity Ratios Report (LCR & NSFR) Quarterly Report on Risk Management 	
Liquidity Risk	<ul style="list-style-type: none"> Liquidity risk assessment Survival Horizon, Self Sufficiency Period Regulatory liquidity ratios (LCR&NSFR) Short term liquidity ratios ILAAP Liquidity risk modelling (collateral requirements on derivatives) 		
Operational Risk	<ul style="list-style-type: none"> Risk and Control Assessment Internal Control Framework Operational Risk Event collection Business Continuity Management 	<ul style="list-style-type: none"> Internal Control Annual Assertion Report Half-year Operational Risk Management Report 	

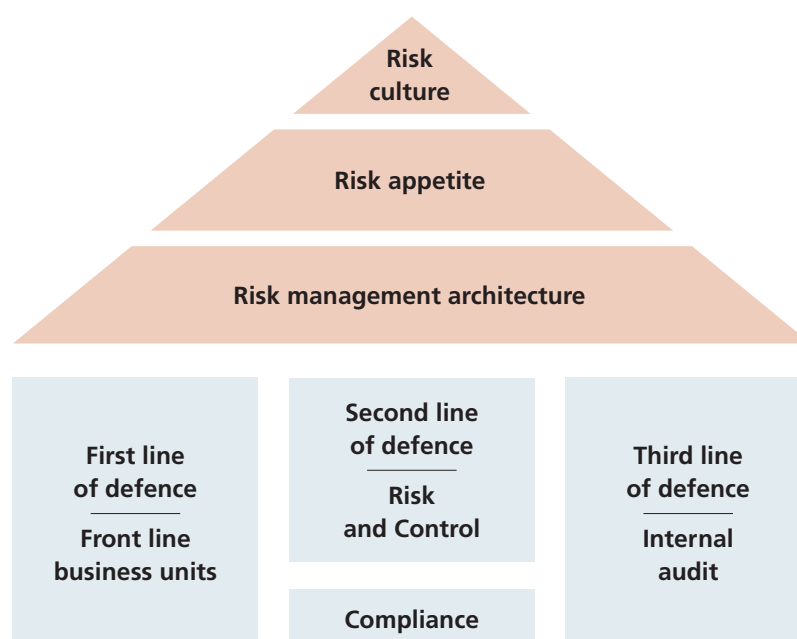
Risk organisation and governance

The risk management function is independent of the business and other support functions.

Risk governance within the CEB is established on the ‘Three Lines of Defence’ concept, setting out lines of responsibility and appropriate segregation of powers and duties:

1. The first line of defence lies with **business or activity functions** performed by staff. Risk arising from operations must not exceed the Bank’s pre-defined risk appetite.
2. The second line of defence consists of the **risk supervision and control function** in line with applicable policies and rules. This includes the R&C, Legal and Compliance functions. R&C ensures that risks are controlled effectively and are managed in line with the risk appetite.
3. The third line of defence consists of the independent **Internal Audit**, which regularly assesses the adequacy of the Bank’s policies, methods and procedures and examines their effective implementation.

Table 3: The three lines of defence



R&C is responsible for implementing the risk management framework. It makes proposals for risk policies and methodologies, supervises their implementation and undertakes risk reporting. It is independent of other operational and business directorates and reports directly to the Governor. The different R&C units address specific risk areas such as credit risk, market risk (including asset and liability management from a risk perspective) and operational risk.

Credit risk assessment is conducted by the Credit Risk Unit (CRU) independently of lending or treasury officers with the aim of providing (i) appropriate checks and balances to ensure that credit is extended in accordance with risk principles, and (ii) an independent judgment, uninfluenced by relationships with the borrower or intermediaries. Credit exposure is measured, monitored and controlled daily. Breach of limits, if any, is reported to senior management.

Market and liquidity risk and ALM are a shared responsibility between the Asset & Liability Management Unit (ALM Unit) and the Market Risk and Capital Management Unit (MRC). The ALM Unit acts as the first line of defence and carries out the asset and liability management and day-to-day management of market and liquidity risks. The MRC Unit acts as a second line of defence and has the overall responsibility for identifying, measuring, assessing, monitoring and providing an independent oversight of market and liquidity risks to the Administrative Council.

The following decision-making committees, chaired by the Governor, are responsible for establishing and overseeing risk management policies:

- The Credit Risk Committee (CRC) meets weekly to approve credit risk decisions concerning lending and treasury exposure, based on internal credit risk assessments and recommendations.
- The Asset & Liability Committee (ALCO) meets monthly - or more frequently when necessary - to formulate strategic orientations and address, on a forward-looking basis, interest rate, foreign exchange and liquidity risk.
- The Committee for Operational Risks & Organisation (CORO) discusses operational risk issues on a semi-annual basis. It ensures that adequate measures are taken to mitigate, monitor and control these risks.

Controlling Bodies

- Internal Audit is a permanent, autonomous body within the CEB's internal control system. It provides independent and objective assurance of effective and controlled businesses, operational activities and performance in compliance with existing policies, procedures and best practices. It also proposes recommendations for potential improvements in the Bank's operations.
- The Office of the Chief Compliance Officer (OCCO) addresses money laundering/financing of terrorism and tax evasion risks and integrity, corruption and fraud issues. OCCO safeguards the CEB's integrity in its financial and loan operations, prevents reputational risks and promotes ethical business standards.
- The Chief Information Security Officer (CISO) defines the Bank's security policy by designing the security framework and developing processes across the CEB to reduce information technology (IT) risks.
- The Auditing Board certifies that the Bank is managed according to sound financial management principles, examines the Bank's accounts, and checks their accuracy. The Governing Board appoints three representatives from the member states on a rotating basis for a three-year term (outgoing members act as advisors for an additional year). The Auditing Board's report, an excerpt of which is appended to the financial statements, is presented to the CEB's governing bodies when the annual financial statements are submitted for approval.
- The External Audit is responsible for auditing the Bank's financial statements according to International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB), and for reviewing its internal control and risk management processes. The External Audit drafts various reports, including the Opinion Report. The External Audit is appointed by the Governing Board for a four-year term - renewable once for three years following a tender procedure - based on the Auditing Board's opinion and recommendations by the Administrative Council.

Risk Appetite Framework

While the CEB, as an MDB, is not formally subject to legislation applicable to credit institutions, it nevertheless aims to comply with relevant EU banking regulation ("CRD/CRR package") and Basel Committee on Banking Supervision (BCBS) recommendations, adapting them, when necessary, to its MDB business model and status.

CEB's risk policy is defined in the Risk Appetite Framework, which summarises a set of risk indicators and ratios with their associated limits with regards to credit risk (capital and leverage), liquidity risk, interest rate risk, foreign exchange risk, and market credit risk. The ratios and indicators are as follows and are presented in this document in the relevant section.

Table 4: Risk Appetite framework

Purposes	Indicators / Ratios
Capital	Regulatory Capital Adequacy Ratio (CAR) - EU CRR Gearing Ratio (GR)
Leverage	Regulatory Leverage Ratio (LR) - EU CRR Treasury Assets Ratio (TAR)
Liquidity Risk	Survival Horizon (SH) Regulatory Liquidity Coverage Ratio (LCR) - EU CRR Regulatory Net Stable Funding Ratio (NSFR) - EU CRR
Interest Rate Risk	Regulatory Sensitivity of the Economic Value of Equity (EVE)
Foreign Exchange Risk	Spot Net Open Position
Market Credit Risk	Minimum Internal Rating

EU CRR : Regulatory Ratio - European Union Capital Requirements Regulation and delegated acts.

CAPITAL MANAGEMENT AND CAPITAL ADEQUACY

Although not subject to international banking supervision and regulatory capital requirements, the Bank actively manages its capital to ensure that capital adequacy standards are met, which is essential to maintaining the confidence of external stakeholders.

Capital management is conducted in line with the Bank's statutory obligations, its risk profile and the macroeconomic environment, with the objective of ensuring that its solvency remains compatible with:

- compliance with the limits defined in the RAF.
- the achievement of the objectives set out in the Strategic Framework.
- the preservation of financial strength and resilience, including under crisis scenarios.

Capital management is managed through the RAF, approved by the Administrative Council, and monitored using three key ratios:

- Capital Adequacy Ratio (CAR), calculated under the Basel Standardised approach.
- Basel Leverage Ratio.
- Gearing Ratio, which is not a regulatory requirement, but a benchmark commonly used by MDBs.

In addition, the CEB has implemented an Internal Capital Adequacy Assessment Process (ICAAP) to ensure that it holds sufficient capital to cover all material risks. The ICAAP covers capital adequacy assessment under Internal Ratings-Based (IRB) Approach, economic capital, and capital planning and stress testing.

Capital Adequacy under the Risk Appetite Framework (Basel Standardised Approach)

Capital Adequacy under Basel Standardised Approach

The CAR measures the Bank's capacity to absorb unexpected losses arising from its activities. It is calculated as the ratio of Prudential Equity (paid-in capital, reserves and net profit for the year) to total Risk-Weighted Assets (RWAs) for credit, market, counterparty and operational risks.

The Risk Appetite Framework sets a minimum level for the CAR at 10.5%. However, the Bank aims to maintain a ratio above 20% to ensure strong financial fundamentals. In addition, a level above 25% is considered a comfort zone, consistent with maintaining a AAA credit rating from the main rating agencies.

As at end-December 2025, the CAR stood at 29.2%, broadly stable compared with end-2024 (29.3%). While Prudential Equity increased following CEB capital increase, RWAs also rose because of higher activity. Credit risk remains the predominant contributor to RWAs, representing 96% of total RWAs at end-December 2025.

Table 5: Capital Adequacy Ratio (Basel Standardised Approach)

<i>In € million</i>	2025	2024
Capital Adequacy Ratio = A/B	29.2%	29.3%
A - Prudential Equity	4 574	4 128
Credit Risk Weighted Loans & Stock	11 119	9 846
Credit Risk Weighted Treasury	3 920	3 575
Other RWA*	619	655
B - Total Risk Weighted Assets	15 658	14 076

* Other assets, Operational Risk and Credit Value Adjustment

Prudential Equity

Prudential Equity corresponds to Common Prudential Equity Tier 1 (CET1) capital and includes paid-in capital, accumulated reserves, profit for the year to be allocated, and unrealised gains/losses on instruments at fair value through equity.

Table 6: Prudential Equity

<i>In € million</i>	2025	2024
Prudential Equity	4 574	4 128
Called-up and paid-up capital	1 466	1 175
Reserves	2 988	2 875
Current year net profit	122	124
Unrealised gain/losses on instruments at fair value through equity	-2	-46

Risk-Weighted Assets

Risk-weighted assets (RWAs) are determined in accordance with Basel and EU regulations by applying prescribed risk weights to exposures for credit, market, counterparty and operational risks.

Credit risk RWAs are calculated under the **Pillar I Standardised Approach**. For each exposure, the applicable risk weight is determined based on predefined regulatory tables derived from Basel/EU regulations and depends on the counterparty's external credit ratings.

In line with regulatory requirements, the CEB applies the second-best external rating of the counterparty after considering credit risk mitigation (CRM). Also, credit exposures reflect the effect of eligible credit risk mitigation measures, including guarantees and collateral. Finally, off-balance-sheet credit exposures related to financing commitments are converted into credit-equivalent amounts using a Credit Conversion Factor (CCF) of 50%.

Table 7 shows the breakdown of risk-weighted assets by risk type under the standardised approach.

Table 7: RWA by Risk Type

	2025	2024	Change
Credit Risk	14 916	13 271	12.4%
Loans and financing commitments	11 119	9 846	12.9%
Treasury	3 798	3 425	10.9%
Counterparty Credit Risk (CCR)	329	427	-23.0%
Derivatives CCR (SA-CCR approach)	123	150	-18.0%
Credit Valuation Adjustment (CVA)	206	277	-25.6%
Operational Risk	342	320	6.9%
Other	71	58	22.4%
TOTAL	15 658	14 076	11.2%

Tables 8, 9 and 10 below present a breakdown of RWA relating to the Credit Risk and Derivatives Counterparty Credit Risk components described above.

Table 8 shows the effect of credit risk mitigation (before and after CRM) on the risk-weighted assets of the overall CEB portfolio at the end of 2024 and 2025.

Table 8: RWA before and after CRM

RWA (€ million)	2025			2024		
	Before	After	Change	Before	After	Change
Sovereign*	8 115	7 637	-5.9%	6 897	6 364	-7.7%
Sub-sovereign**	2 143	1 866	-13.0%	1 766	1 488	-15.8%
Banks and Financial Institutions	5 525	4 832	-12.5%	5 879	5 119	-12.9%
Other	729	705	-3.4%	468	450	-3.8%
TOTAL	16 513	15 039	-8.9%	15 010	13 421	-10.6%

* "Sovereign" class includes Public Sector Entities and national promotional banks, i.e. financial institutions set up and sponsored by a central government.

** "Sub-sovereign" class includes regional governments, local authorities and regional promotional financial institutions.

Table 9 shows the sectoral breakdown of risk-weighted assets at end of December 2025, with the distribution between Finance activity (FIN) and Loans & Social Development activity (L&D).

Table 9: RWA by Counterparty Type and Product

RWA (€ million)	FIN			Total FIN	L&D		Total L&D	Total
	Bonds	Deposits	FX & Swaps		Loans	Stock		
Sovereign	398			398	5 925	1 313	7 239	6 364
Sub-sovereign	231			231	1 408	227	1 635	1 488
Banks and Financial Institutions	528	2 534	123	3 185	1 534	113	1 647	5 119
Other	106			106	501	98	599	450
TOTAL	1 263	2 534	123	3 920	9 368	1 751	11 119	15 039
Share of total	8.4%	16.8%	0.8%	26.1%	62.3%	11.6%	73.9%	100.0%

Table 10 shows the geographical breakdown of risk-weighted assets as of December 2025, with the distinction between FIN and L&D, by type of product.

Table 10: RWA by Geography and Product

RWA (€ million)	FIN			Total FIN	L&D		Total L&D	Total
	Deposits	Bonds	Fx&Swap		Loans	Stock		
Member countries	1 073	888	34	1 995	9 315	1 740	11 055	13 051
France	204	638	25	868	931	220	1 151	2 019
Türkiye	0			0	1 537	303	1 839	1 839
Italy					1 074	183	1 257	1 257
Serbia					823	206	1 029	1 029
Spain	224	8	1	233	611	20	631	863
Ukraine					688	68	757	757
Poland	0			0	750	6	756	756
Netherlands	195	68	7	270	318	15	333	603
Germany	241	78	1	319	220	21	242	560
Hungary					384	31	415	415
Romania					266	144	410	410
Slovak Republic					305	39	344	344
Switzerland	200	27		227				227
Bulgaria					154	68	222	222
Lithuania					194	8	203	203
Moldova (Republic of)					50	91	142	142
Greece					109	33	142	142
Croatia					117	25	142	142
Montenegro					70	44	114	114
North Macedonia					71	35	106	106
Albania					91	14	105	105
Bosnia and Herzegovina					78	10	88	88
Iceland					55	28	83	83
Belgium		1		1	38	44	81	83
Slovenia					67	4	70	70
Cyprus					53	8	62	62
Estonia					49	12	62	62
Portugal					34	26	59	59
Kosovo					44	13	56	56
Finland	10	13		23	31		31	53
Czech Republic	0			0	37	12	49	49
Denmark	0	40		40				40
Latvia					19	10	29	29
Sweden		14		14	12		12	26
Malta					14		14	14
Georgia					14		14	14
San Marino					3		3	3
Ireland					2		2	2
Andorra					2		2	2
Norway		1		1				1
Luxembourg	0			0				0

continued

RWA (€ million)	FIN			Total FIN	L&D		Total L&D	Total
	Deposits	Bonds	Fx&Swap		Loans	Stock		
Other countries	1 461	375	89	1 925	19		19	1 944
Great Britain	515	175	21	711				711
Canada	308	116	30	454				454
Japan	374			374				374
United States of America	100	25	37	162				162
Singapore	113			113				113
South Korea	25	31		56				56
Australia	26	12	0	38				38
Austria					19		19	19
New Zealand		16		16				16
Hong Kong	0			0				0
Supra					34	11	45	45
Supranational					34	11	45	45
TOTAL	2 534	1 263	123	3 920	9 368	1 751	11 119	15 039

Basel Leverage Ratio

The **Leverage Ratio** is defined under Basel and EU regulations. It compares regulatory capital (paid-in capital, reserves and net profit for the year) to total exposure, including on-balance-sheet assets and off-balance-sheet loan financing commitments.

The Leverage Ratio serves as a non-risk-based indicator designed to limit excessive balance-sheet leverage. It complements the Capital Adequacy Ratio by providing a metric that does not rely on risk-weighting according to the nature or rating of counterparties. Under the CEB's Risk Appetite Framework, a minimum floor of 7% is set for the Leverage Ratio to ensure strong financial fundamentals.

As at end-December 2025, the Leverage Ratio stood at 11.2%, compared with 10.4% at end-2024.

Table 11: Leverage Ratio

In € million	2025	2024
Leverage Ratio = A/B	11.2%	10.4%
A - Prudential Equity	4 574	4 128
L&D exposures	27 018	26 219
Loans (before swap)	23 562	22 915
Commitments (50% of gross amount)	3 456	3 304
FIN exposures	13 939	13 512
Securities	6 080	13 512
Nostro & Money Market	7 544	5 706
FX & Derivatives	315	403
B - Total Exposures	40 956	39 731

Gearing Ratio

The **Gearing Ratio** is not a regulatory indicator, but a benchmark commonly used by Multilateral Development Banks (MDBs). It compares total loan exposure to own funds¹ and thus sets an overall volume ceiling on the Bank's lending activity. Under the Risk Appetite Framework, the historical ceiling for the Gearing Ratio is set at 2.5. The Gearing Ratio was 1.81 at end-December 2024 and increased slightly to 1.85 at end-December 2025.

Table 12: Gearing Ratio

<i>In € million</i>	2025	2024
Gearing Ratio = A/B	1.85	1.81
A - Total Loans & Guarantees	23 530	22 894
Loan outstanding (after swap)	23 530	22 894
Guarantees given	0	0
B - Own Funds	12 733	12 622

Capital Adequacy under 'Internal Ratings-Based' Approach

For monitoring and peer comparison purposes, the CEB calculates a Capital Adequacy Ratio using Basel Internal Ratings-Based (IRB) approach. This approach provides a more risk-sensitive assessment, as risk weights are based on counterparties' credit risk characteristics and the Bank's internal credit ratings.

As at end-December 2025, the Capital Adequacy Ratio calculated under the Internal Ratings-Based Foundation (IRBF) approach stood at 32.8%.

Table 13: Capital Adequacy Ratio under the "Internal Ratings-Based Foundation" Approach

<i>In € million</i>	2025	2024
Capital Adequacy Ratio = A/B	32.8%	30.2%
A - Prudential Equity	4 574	4 128
Credit Risk Weighted Loans & Stock	10 745	10 447
Credit Risk Weighted Treasury	2 581	2 590
Other RWA*	619	655
B - Total Risk Weighted Assets	13 946	13 691

* Other assets, Operational Risk and Credit Value Adjustment

Internal Capital Adequacy Assessment Process (ICAAP)

CEB's ICAAP framework includes economic capital assessment, capital planning, and capital stress testing.

Economic Capital

As part of its ICAAP, the CEB assesses its capital requirements for credit and market risk using an economic capital approach. This approach ensures that available capital is sufficient to cover all material risks, including those not fully captured under Pillar I, such as credit concentration risk and market risk.

To support this assessment, the CEB has developed internal economic capital models for both credit and market risk. These models estimate potential losses over a specified time horizon and confidence level and are calibrated to maintain the CEB's AAA credit rating.

1. Own funds: subscribed capital, reserves and net profit.

Capital Planning

Within the ICAAP framework, the CEB performs a capital planning exercise to ensure it can continue its activity over the Strategic Framework horizon, including under adverse conditions.

This exercise involves projecting capital adequacy based on Strategic Framework assumptions, using multiple lending scenarios that reflect variations in lending volumes, risk profiles, and maturities.

Capital Stress Testing

The ICAAP framework also incorporates capital stress testing based on the European Central Bank (ECB) regulatory methodology. These stress tests evaluate the impact of severe but plausible macrofinancial scenarios and ensure that the CEB can maintain its capital ratios within the defined comfort range throughout the Strategic Framework horizon, including under stressed conditions.

CREDIT RISK

Credit risk is defined as the potential loss arising from a bank borrower or counterparty failing to meet its obligations in accordance with agreed terms. The Bank is exposed to credit risk in both its lending and treasury activities, as borrowers and treasury counterparties could default on their contractual obligations, or the value of the Bank's investments could become impaired. Credit risk may also materialise in the form of a rating downgrade that may negatively affect the Bank's capital or provisioning against credit losses. Credit risk also covers settlement and pre-settlement risk. Similarly, the collateral risk is considered as part of credit risk (collateral is essentially a credit risk mitigation technique). Overall, credit risk is a function of the amount of credit exposure and the credit quality of the borrower or transaction.

Credit Risk identification and assessment

Credit risk management identifies all potential sources of credit risk inherent in all products and activities arising from the Bank's lending and treasury activities across its balance sheet and off-balance sheet operations. The Bank ensures that the risk of new products and activities is subject to adequate risk management procedures and controls before being introduced or undertaken. Credit risk may materialise in the form of rating downgrades, (cross-) default on payment obligations or during the transaction settlement process.

Internal ratings

Internal credit ratings are the result of the Bank's independent internal credit risk assessment. They constitute an opinion on the borrower's ability and willingness to pay its obligations in full and in a timely manner. They are generally based on a qualitative and quantitative assessment of risk factors and potential scenarios that may ultimately lead to a default situation. Internal credit ratings are assigned to all counterparties at the Finance Directorate (FIN) and at the Loans & Social Development Directorate (L&D). The Bank may use external ratings for specific transactions, products or counterparties while ensuring a sound understanding of the underlying risk incurred. The defined limits for monitoring credit risk arising from lending and treasury operations are regularly reviewed. The internal rating methodologies are regularly reviewed and calibrated. Internal ratings are mapped to the rating scale of international credit rating agencies, and thus, each internal rating corresponds to a rating on the scale, as described in Table 14:

Table 14: Internal rating classification

	Internal rating	Long Term		Short Term	
		Moody's	S&P / Fitch	Moody's	S&P / Fitch
Investment Grade (I.G.)	10	Aaa	AAA	P-1	A-1+
	9.5	Aa1	AA+	P-1	A-1+
	9	Aa2	AA	P-1	A-1+
	8.5	Aa3	AA-	P-1	A-1+
	8	A1	A+	P-1	A-1
	7.5	A2	A	P-1	A-1
	7	A3	A-	P-1/P-2	A-2
	6.5	Baa1	BBB+	P-2	A-2
	6	Baa2	BBB	P-2/P-3	A-3
Non-Investment Grade (Non-I.G.)	5.5	Baa3	BBB-	P-3	A-3
	5	Ba1	BB+	N-P	B
	4.5	Ba2	BB	N-P	B
	4	Ba3	BB-	N-P	B
	3.5	B1	B+	N-P	B
	3	B2	B	N-P	B
	2.5	B3	B-	N-P	B
	2	Caa1	CCC+	N-P	C
	1.5	Caa2	CCC	N-P	C
	1	Caa3	CCC-	N-P	C
	0.5	Ca	CC	N-P	C
0.25	C	C	N-P	C	
Default	0	D	D	D	C

The Bank uses the standardised method to calculate its RWA. The Bank also calculates RWA using the "internal ratings- based" (IRB) foundation approach for internal benchmarking purposes. The IRB foundation approach allows internal ratings to be used for assigning the risk weight, whereas the standardised method imposes external ratings for risk weights.

To ensure consistency and quality of ratings, internal ratings are scored with rating models each adapted to the type of borrower (sovereigns, banks, local and regional governments and others) and subject to a specific governance framework. The rating methodologies follow the generally accepted principles for through-the-cycle ratings whereby the rating is a function of both a qualitative and a quantitative assessment.

The risk model is based on a qualitative and quantitative risk assessment of risk factors typically considered as driving the creditworthiness of the counterparty. The risk assessment is the result of analysis of the counterparty's financial and economic information, governance and management structure.

Currently, the CEB uses internal rating models for the following instrument/counterparty categories:

- Sovereigns
- Local and regional governments
- Financial institutions
- Corporates
- Government-related entities (GREs)
- Covered bonds

All internal rating models at the CEB follow an expert system approach, meaning the ratings are primarily based on scorecards, which rely on quantitative factors and an analyst's opinion for qualitative factors, but also allow adjustments to the rating based on judgmental factors to an explicitly limited degree.

The internal rating model for **sovereign counterparties** evaluates the economic, institutional and fiscal strength as well as the external position of the sovereign to assess the risk profile of each of the four risk components. The risk profiles of the four risk components are then used by the model to perform three intermediate horizontal calculations to arrive at a final score and assign a sovereign credit rating. The resulting score for each calculation step falls within a bucket (three-notch range) and the actual score is subject to the expert judgement of the model user.

The rating methodology for **local and regional governments (LRGs)** evaluates 11 intrinsic risk factors that are deemed relevant for assessing the intrinsic creditworthiness of the LRG. The relevant risk factors included in the model are scored on either a quantitative or a qualitative basis and relate to the economic fundamentals, institutional framework, governance and management, budgetary performance and indebtedness of a given local or regional government. The resulting rating is scaled to the sovereign rating and, finally, extraordinary support from the central government, if any, is factored in, and any necessary analyst overrides are applied.

The internal rating model for **corporate counterparties** assesses business and financial risk factors (including industry risks, company specifics, corporate governance, capital structure and debt service capacity) on a quantitative and qualitative basis by taking into account country specific factors to determine an initial rating. Expert adjustments are made by considering each legal entity's shareholder or government support.

Most **financial institution counterparties** are rated by external credit rating agencies. Nevertheless, an internal rating will be derived for all such counterparties. The internal rating process is very similar to that for corporates, although the rating criteria used differ and, on the one hand, measure qualitative criteria such as management experience and the effectiveness of internal controls, the robustness of information systems, the quality of bank supervision, the bank's franchise and diversification, its systemic importance, and potential shareholder or state support while, on the other hand, financial criteria are assessed to evaluate the institution's financial soundness (asset quality, profitability, capitalisation and liquidity and funding based on nine financial ratios). The final rating allows for judgemental overrides.

A **government-related entity ('GRE')** is an entity with full or partial government ownership or control, a special charter, or a public policy mandate from the national, regional or local government. There are two approaches for rating GREs, the bottom-up and the top-down. Under the bottom-up approach, the borrower's 'standalone' rating is first computed, and then a rating uplift is added to account for the probability of extraordinary government support. Under the top-down approach, the borrower's rating is derived directly from the supporting government rating, by notching down to account for different factors indicating the strength of the linkages between the two entities.

The **covered bond** rating model uses a notching-up approach. The starting point is the internal rating of the issuer, which can be notched up based on several steps and assessments. The overall possible uplift is a maximum 6 notches. It considers factors such as each jurisdiction's resolution framework, the probability of government support in the jurisdiction, legal aspects of over-collateralisation, as well as the presence of a secondary market for the assets of the cover pool.

Credit Risk Mitigation

The CEB actively uses credit risk mitigation (CRM) techniques to monitor and mitigate credit risk during the life of its transactions. CRM techniques can take the form of a guarantee, collateral, or contractual safeguards (contractual covenants).

CRM techniques for new transactions are proposed by the CRU and are subject to the approval of the Credit Risk Committee (CRC). Credit risk mitigation techniques for existing transactions are presented to the CRC at the annual counterparty review.

The credit risk of a new project is assessed during the appraisal process and requires approval from the relevant internal committees. All projects are submitted to the Administrative Council for approval, which in turn establishes an overall framework for financial operations through the Bank's Financial and Risk Policy. Within this framework, treasury transactions are assessed by the CRU and submitted to the CRC for approval.

Finally, large exposure and concentration limits are also defined and reported to the CRC.

Credit Risk Exposure overview

Throughout the report, data sorted by rating category is presented using the second-best rating or, when an entity is not rated by international credit rating agencies, using the internal rating. Exposure after CRM is presented unless specified otherwise.

The **Bank's total credit risk exposure** is presented in Table 15 below displayed by type of product and rating category, and in Table 16 by counterparty type and activity (loan and treasury).

Table 15: Overall exposure by product and rating category (after CRM)

In € million	2025				2024			
	AAA/AA	A/BBB	Non-IG	Total	AAA/AA	A/BBB	Non-IG	Total
Loans	4 313	15 775	3 474	23 562	4 897	15 020	2 998	22 915
Financing commitments	928	4 427	1 557	6 912	1 357	3 880	1 371	6 609
Nostro & Money Market	2 463	5 081	0	7 544	2 158	5 245	0	7 403
Securities	3 076	3 003		6 079	4 275	1 430		5 705
Swap & FX Forward	113	202		315	169	235		403
TOTAL	10 893	28 488	5 031	44 411	12 855	25 811	4 369	43 034

- Loans, deposits and securities are reported at nominal value and excluding accrued interest.

Table 16: Credit risk exposure by activity and type of counterparty

In € million	2025			2024		
	Loan	Finance	Total	Loan	Finance	Total
Sovereign *	16 711	3 868	20 579	15 647	3 152	18 799
Sub-sovereign **	8 797	916	9 713	8 574	903	9 476
Banks and Financial Institutions	3 191	8 832	12 023	3 617	9 180	12 798
Other	1 775	320	2 095	1 685	275	1 960
TOTAL	30 474	13 937	44 411	29 523	13 510	43 034

* "Sovereign" class includes Public Sector Entities and national promotional banks, i.e. financial institutions set up and sponsored by a central government.

** "Sub-sovereign" class includes regional governments, local authorities and regional promotional financial institutions.

Table 17 below presents the Bank's overall credit risk exposure (all products) as of 31 December 2025 per counterparty type and per country.

Table 17: Geographical distribution of credit risk exposures (in M€)

Country	Sovereign	Sub-sovereign	Banks	Other	Total
Member countries	18 869	9 383	7 546	2 050	37 848
France	2 054	1 431	1 936	735	6 156
Germany	207	1 603	1 197	724	3 731
Spain	353	2 020	985		3 358
Italy	1 734	177	458	237	2 606
Poland	1 414	349	560	4	2 327
Türkiye	2 142				2 142
Belgium	286	1 542			1 828
Netherlands	781		917		1 699
Slovak Republic	826	172	181	80	1 259
Serbia	1 235				1 235
Switzerland			983		983
Finland	114	809	53		975
Lithuania	638	267	17	27	949
Romania	750	176	17		943
Hungary	892				892
Croatia	833				833
Sweden		613	37	23	672
Bulgaria	580				580
Ukraine	550				550
Czech Republic	386		88	59	533
Ireland	519	11			530
Portugal	394	12			406
Cyprus	352				352
Greece	350				350
Estonia	260	19		25	304
Moldova (Republic of)	233				233
Iceland		125		95	221
Slovenia	199		5		205
Montenegro	158				158
North Macedonia	141				141
Denmark		55	80		136
Luxembourg	131				131
Albania	118				118
Bosnia and Herzegovina	98				98
Latvia	38			40	78
Kosovo	69				69
Malta			29		29
Georgia	14				14
Andorra	12				12
San Marino	7				7
Norway			5		5

continued

Country	Sovereign	Sub-sovereign	Banks	Other	Total
Non-member countries	288	330	4 477	45	5 141
Great Britain			1 423		1 423
Canada		249	1 115	45	1 409
Japan			749		749
Singapore			565		565
United States of America			346		346
South Korea	156		50		206
Australia	1		190		191
Austria	131		38		169
New Zealand		82			82
Supranational	1 423				1 423
TOTAL	20 579	9 713	12 023	2 095	44 411

Loan portfolio

Credit risk profile of loan portfolio

At year-end 2025, loans outstanding reached **€23.6 billion**, increasing by **2.8%** compared to year-end 2024.

The **credit quality** of the loan portfolio remains **robust**, with exposures **Investment Grade¹** of **78.5% before CRM** and **85.2% after CRM** (79.6% and 86.8% respectively at year-end 2024).

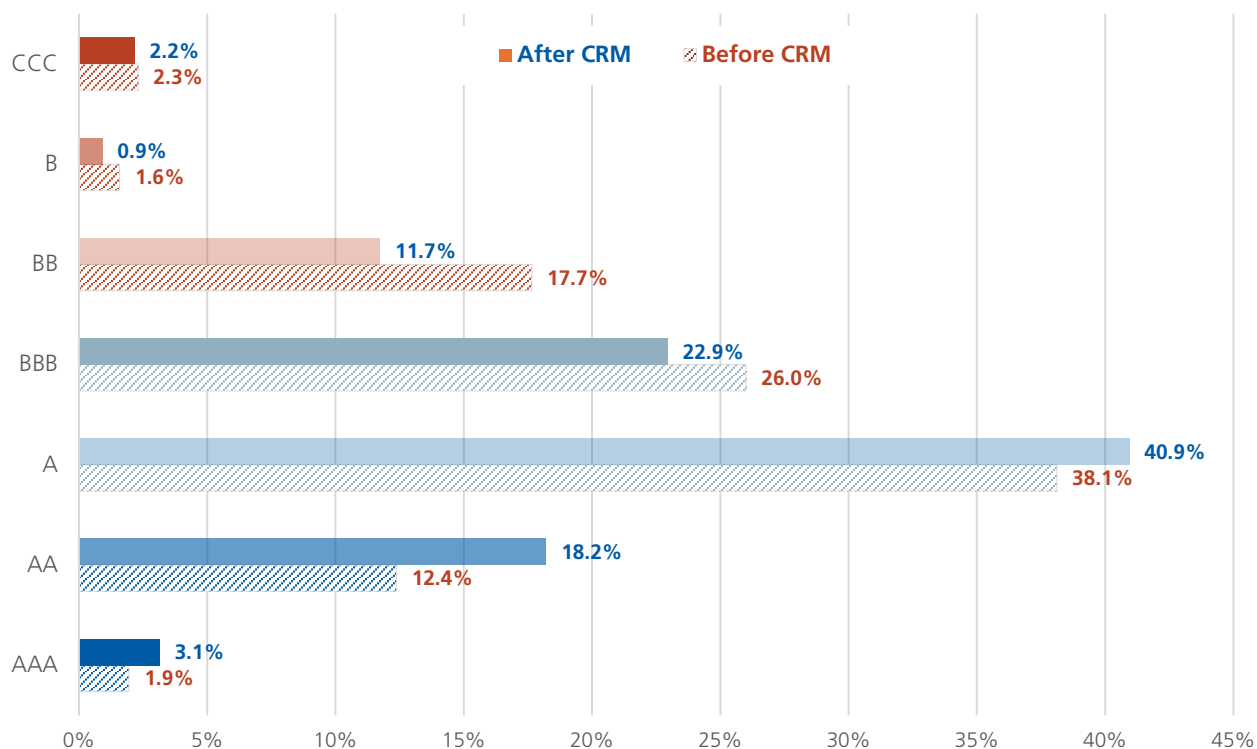
Table 18: Credit risk profile of loan portfolio after credit enhancement

<i>In € million</i>	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	17 427	18 916	19 887	21 530	22 915	23 562	2.8%
Investment Grade	15 104	16 295	17 175	18 743	19 889	20 076	0.9%
AAA/AA	3 109	3 760	4 357	4 433	5 140	5 026	-2.2%
A/BBB	11 995	12 535	12 818	14 310	14 749	15 050	2.0%
Non-I.G.	2 323	2 621	2 712	2 787	3 026	3 486	15.2%
% I.G.	86.7%	86.1%	86.4%	87.1%	86.8%	85.2%	

Table 19 below shows the detailed breakdown of the loan portfolio by rating, with the **A/BBB class** representing **64.1% before CRM** and **63.9% after CRM**.

1. At least BBB- (S&P) or Baa3 (Moody's) ratings. See rating scale in the Appendix.

Table 19: Credit risk profile of loan portfolio by rating

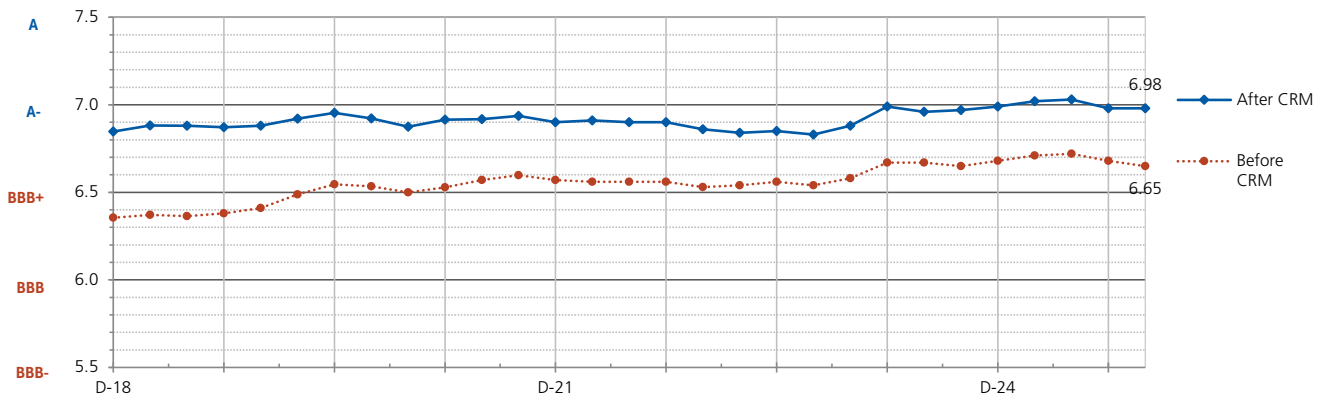


It is worth recalling that the credit quality of the loan portfolio may be subject to sudden changes in the event of counterparties with sizeable exposure being downgraded or upgraded. The Bank manages such concentrations by defining guidelines to monitor them at different levels: counterparties, groups of counterparties, country/geographic distribution and portfolios of activity (loans and treasury). Consequently, **€998 million** of outstanding loans was rated **BBB-** after CRM (5.5 on the internal rating scale), potentially impacting the capital adequacy ratio if downgraded to "Non-Investment Grade". However, there is reasonable diversification with **13 counterparties** rated **BBB-** (after CRM) representing a limited **share of the portfolio of 4.2%**.

The weighted **average rating of the loan portfolio** was at the **6.65 before CRM** (above BBB+ in S&P equivalent) and **6.98 after CRM** (nearly A-) at the end of 2025, compared to respectively 6.68 and 6.99 at year-end 2024.

Table 20 below presents the evolution of the **loan portfolio's average ratings** and the historical impact of credit risk mitigation.

Table 20: Average rating development of the loan portfolio



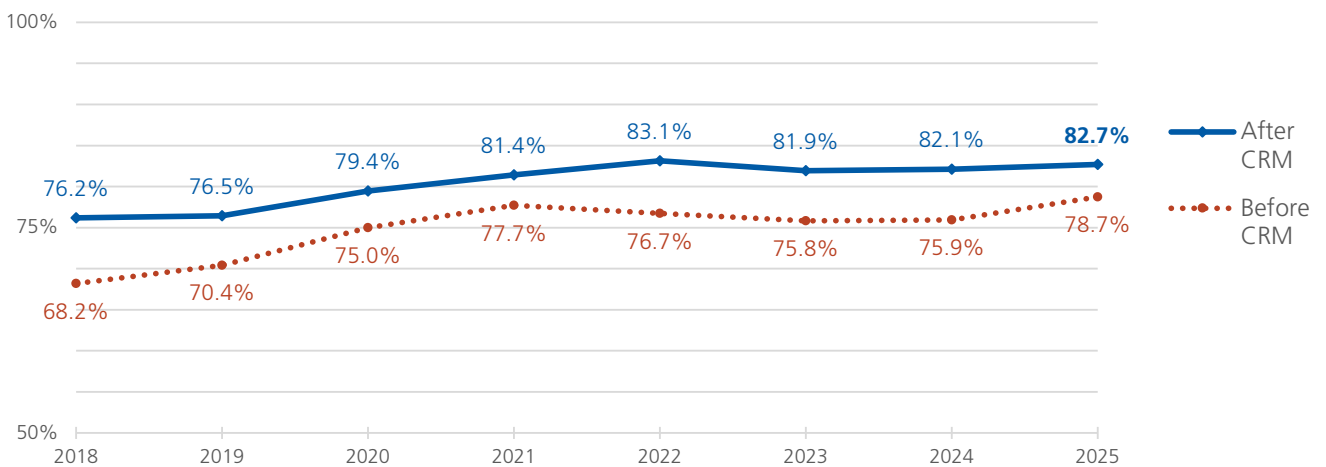
The loan portfolio breakdown by **counterparty type** in Table 21 below reflects the **predominance** of “**Public Sector**”²-related exposures: at the end of December 2025, **78.7% before CRM** and **82.7% after CRM**.

Table 21: Credit risk exposure of the loan portfolio by type of counterparty (after CRM)

In € million	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	17 427	18 916	19 887	21 530	22 915	23 562	2.8%
Sovereign	9 107	9 956	10 623	11 090	11 896	12 210	2.6%
Sub-Sovereign	4 738	5 443	5 911	6 546	6 920	7 277	5.2%
Banks	3 268	3 190	2 834	3 178	3 153	2 765	-12.3%
Other	313	327	519	715	946	1 310	38.5%
<i>Public Sector's share</i>	<i>79.4%</i>	<i>81.4%</i>	<i>83.1%</i>	<i>81.9%</i>	<i>82.1%</i>	82.7%	

Table 22 presents the evolution of the loan portfolio’s “**Public sector**” share and the historical impact of credit risk mitigation on it.

Table 22: Development of the public sector’s share in the loan portfolio



2. Defined here as Sovereigns, Regional and Local Authorities, Public Agencies and Promotional Financial Institutions.

Credit enhancement

Tables 20 and 22 above have already illustrated the **important role of credit risk mitigation** in defining the risk profile of the loan portfolio and thus in improving its credit quality.

At the end of December 2025, the CEB benefited from **€6.3 billion in guarantees** and **€49 million in collateral** consisting of bonds pledged (the two types of credit risk enhancements used by the Bank to mitigate risk in its loan activities), **covering 27.1%** of the loan portfolio.

In particular, the Bank manages a portfolio of loans partially covered by the **European Commission InvestEU guarantee**. At the end of December 2025, the CEB's InvestEU portfolio amounted to €417.4 million³, and the guarantee covered by the European Commission amounted to **€132.8 million**. The InvestEU loan portfolio is set to grow to €1.0 billion, with a guarantee of €318.25 million.

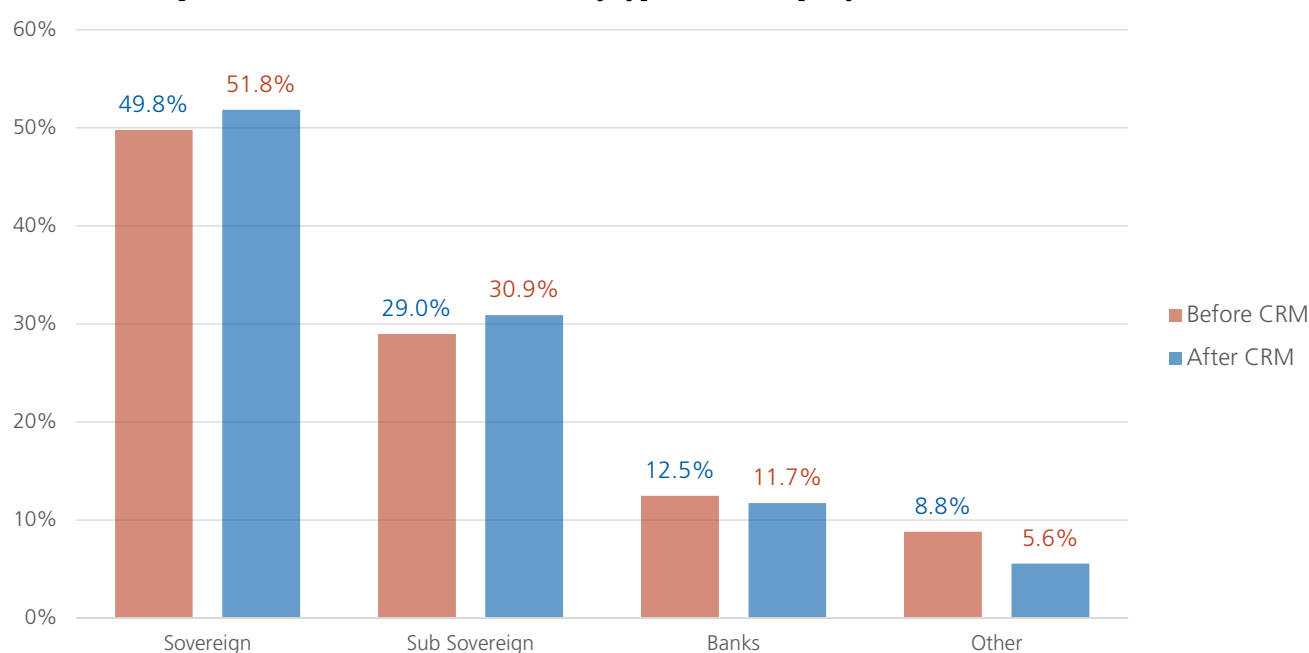
- **Impact on rating** (Table 23 below): at the end of December 2025, **6.8% of the portfolio shifted** from Non-I.G. to the Investment Grade category when applying credit risk mitigation techniques.

Table 23: Loan portfolio before versus after CRM by rating

<i>In € million</i>	Before CRM		After CRM		Change
TOTAL	23 562		23 562		
Investment Grade	18 485	78.5%	20 076	85.2%	6.8%
AAA/AA	3 375	14.3%	5 026	21.3%	7.0%
A/BBB	15 109	64.1%	15 050	63.9%	-0.3%
Non-Investment Grade	5 077	21.5%	3 486	14.8%	-6.8%

- **Impact on counterparty type** (Table 24 below): the total share of exposure to sovereign and sub-sovereign counterparties (including public financial and supranational institutions) increases from 78.7% to 82.7%.

Table 24: Loan portfolio before versus after CRM by type of counterparty



3. This amount is the outstanding loan approved and for which a Framework Loan Agreement has been signed with the counterparty.

Loan portfolio breakdown by country and by rating class

The loan portfolio breakdown by country and by rating class of counterparty is described below in Table 25.

Table 25: Credit risk exposure of the loan portfolio by country and rating class (after CRM)

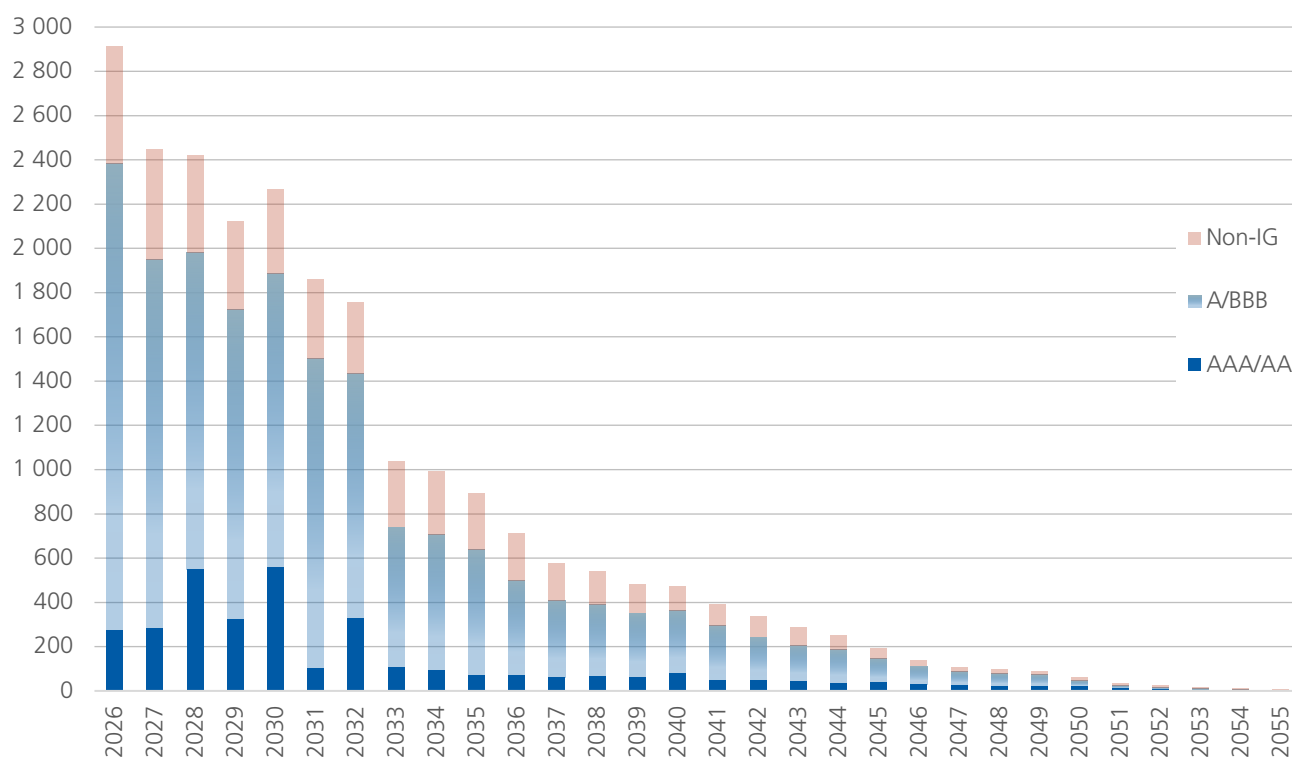
<i>In € million</i>	AAA/AA	A/BBB	Non-IG	Total	share
Member countries	4 753.0	15 012.0	3 486.0	23 250.0	
Spain		2 410.0	35.0	2 445.0	10.4%
Poland		2 267.0		2 267.0	9.6%
France	828.0	1 319.0	43.0	2 191.0	9.3%
Germany	1 168.0	680.0		1 848.0	7.8%
Italy		1 847.0		1 847.0	7.8%
Türkiye			1 537.0	1 537.0	6.5%
Belgium	161.0	1 049.0		1 210.0	5.1%
Slovak Republic		1 013.0		1 013.0	4.3%
Lithuania		848.0	17.0	865.0	3.7%
Netherlands	735.0	87.0	3.0	826.0	3.5%
Serbia			823.0	823.0	3.5%
Hungary		767.0		767.0	3.3%
Finland	444.0	248.0		692.0	2.9%
Croatia		583.0		583.0	2.5%
Sweden	520.0	23.0		543.0	2.3%
Ireland	513.0	12.0		525.0	2.2%
Ukraine			459.0	459.0	1.9%
Czech Republic	383.0	74.0		456.0	1.9%
Romania		246.0	143.0	389.0	1.6%
Bulgaria		308.0		308.0	1.3%
Cyprus		267.0		267.0	1.1%
Estonia		219.0		219.0	0.9%
Greece		218.0		218.0	0.9%
Slovenia		190.0		190.0	0.8%
Portugal		149.0		149.0	0.6%
Iceland		110.0		110.0	0.5%
Albania			91.0	91.0	0.4%
Bosnia and Herzegovina			78.0	78.0	0.3%
North Macedonia			71.0	71.0	0.3%
Montenegro			70.0	70.0	0.3%
Moldova (Republic of)			50.0	50.0	0.2%
Kosovo			44.0	44.0	0.2%
Latvia		37.0		37.0	0.2%
Malta		29.0		29.0	0.1%
Georgia			14.0	14.0	0.1%
Andorra		12.0		12.0	0.1%
San Marino			7.0	7.0	0.0%
Other	274.0	38.0		312.0	
Supranational	274.0			274.0	1.2%
Austria		38.0		38.0	0.2%
TOTAL	5 026.0	15 050.0	3 486.0	23 562.0	
	21.3%	63.9%	14.8%	100.0%	

Loan portfolio scheduled reimbursements

To assess the future development of the loan portfolio, the credit risk profile of scheduled reimbursements is compared with potential inflows arising from new loans. The current stock of projects is used as a proxy for new loans.

The residual **average life** of the loan portfolio is **6.4 years** at year-end 2025.

Table 26: Loan portfolio reimbursements by rating



Stock of projects

Credit risk of the overall stock

The stock of projects encompasses all projects approved by the Administrative Council awaiting financing.

At end of December 2025, the stock of projects amounted to **€9.4 billion**, up +1.8% compared to year-end 2024.

- The Investment Grade category was down by -7.9% before CRM (-€499 million) and down by 5.1% after CRM (-€359 million).
- The non-I.G. category was up by +22.8% before CRM (+€665 million), and up by 23.5% after CRM (€524 million).

Table 27: Credit risk profile of the stock of projects (after CRM)

<i>In € million</i>	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	9 514	8 915	9 093	9 251	9 221	9 387	1.8%
Investment Grade	7 320	7 277	7 323	6 959	6 989	6 630	-5.1%
AAA/AA	1 611	1 453	1 382	1 342	1 127	1 435	27.3%
A/BBB	5 709	5 824	5 941	5 616	5 862	5 195	-11.4%
Non-I.G.	2 194	1 638	1 770	2 292	2 232	2 756	23.5%
% Investment Grade	76.9%	81.6%	80.5%	75.2%	75.8%	70.6%	
% Committed	88.8%	70.8%	71.8%	70.4%	71.7%	73.6%	

Credit risk of the financing commitments

Financing commitments are projects still awaiting financing, and for which a framework loan agreement has been signed.

At the end of 2025, the financing commitments reached **€6.9 billion (73.6%** of the total stock of projects), increasing by **+4.6%** compared to year-end 2024.

The credit quality of the financing commitments, with a weighted average rating of 6.49 (after CRM), is lower than that of the loan portfolio (6.98). The share of Investment Grade counterparties was at 76.8% (after CRM), compared to the 85.2% share of Investment Grade counterparties in the loan portfolio.

Table 28: Credit risk profile of the financing commitments (after CRM)

<i>In € million</i>	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	8 453	6 316	6 532	6 513	6 609	6 912	4.6%
Investment Grade	6 438	4 503	4 803	4 546	4 559	5 305	1.3%
AAA/AA	1 286	1 238	894	768	811	1 085	-3.7%
A/BBB	5 152	3 264	3 908	3 777	3 748	4 220	2.7%
Non-I.G.	2 015	1 813	1 730	1 967	2 050	1 607	17.2%
% Investment Grade	76.2%	71.3%	73.5%	69.8%	69.0%	76.8%	

Table 29 below presents the geographical breakdown before CRM, and by rating class.

Table 29: Financing commitments by country and by rating class (before CRM)

<i>In € million</i>	AAA/AA	A/BBB	Non-IG	Total	share
France	422.0	247.3	43.4	712.7	10.3%
Romania		564.5	116.1	680.7	9.8%
Italy		636.3	5.0	641.3	9.3%
Türkiye			605.0	605.0	8.8%
Serbia			412.2	412.2	6.0%
Germany	235.0	85.0	45.7	365.7	5.3%
Belgium		275.0	64.0	339.0	4.9%
Bulgaria		272.5	1.5	274.0	4.0%
Portugal		55.0	201.7	256.7	3.7%
Croatia		250.0		250.0	3.6%
Slovak Republic		246.0		246.0	3.6%
Czech Republic		76.5	150.0	226.5	3.3%
Spain		145.0	74.0	219.0	3.2%
Poland		60.0	128.2	188.2	2.7%
Moldova (Republic of)			182.9	182.9	2.6%
Netherlands	150.0			150.0	2.2%
Greece		132.5		132.5	1.9%
Hungary		125.0		125.0	1.8%
Iceland		110.5		110.5	1.6%
Montenegro			93.0	93.0	1.3%
Ukraine			92.8	92.8	1.3%
Lithuania		84.5	7.0	91.5	1.3%
Estonia		85.0		85.0	1.2%
Cyprus		50.4	34.0	84.4	1.2%
North Macedonia			70.7	70.7	1.0%
Finland		65.0		65.0	0.9%
Sweden	57.3			57.3	0.8%
Latvia		41.0		41.0	0.6%
Albania			34.5	34.5	0.5%
Bosnia and Herzegovina			28.6	28.6	0.4%
Kosovo			25.0	25.0	0.4%
Slovenia		15.0		15.0	0.2%
Ireland			6.5	6.5	0.1%
Georgia			4.0	4.0	0.1%
TOTAL	864.3	3 622.1	2 425.9	6 912.3	100.0%
	12.5%	52.4%	35.1%	100.0%	

Finance portfolio

Global overview of credit risk

Credit risk exposure in Finance operations arises from positions in **securities**, **deposits** either with commercial banks via the interbank market or with central banks (**nostro**), and positions in **hedging derivatives**.

The Treasury and ALM Division (TALM) manages the treasury activity of the Bank through the following portfolios:

- The **Treasury Monetary portfolio** (TM) of short-term **interbank deposits and nostro**,
- Three **Securities portfolios**, namely the Amortised Cost Portfolio (ACP), the Fair-value through Equity (FVOCI) portfolio and the Short-Term Liquidity (STL) portfolio.

At the end of December 2025, the credit risk arising from **finance operations** amounted to **€13.9 billion**, increasing by **3.2%** compared to €13.5 billion at year-end 2024.

Table 30: Credit risk profile of Finance operations

In € million	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	8 733	9 524	10 139	11 467	13 510	13 937	3.2%
AAA	1 203	991	1 254	1 493	1 839	1 912	4.0%
AA	3 697	4 425	4 163	5 429	4 701	5 601	19.1%
A	3 372	3 389	4 572	4 545	6 971	6 424	-7.8%
BBB	460	721	150				
% AAA/AA	56.1%	56.9%	53.4%	60.4%	48.4%	53.9%	

The overall credit quality in finance operations remained sound, with exposure to counterparties **rated AAA/AA representing 53.9% of the total**. This portion of the portfolio can be volatile in some years due to the scarcity of highly rated counterparties and the increase in lower-rated counterparties for short-term activity, namely deposits and short-term bonds. In contrast to long-term activity, which mainly involves investments in highly-rated sovereign or quasi-sovereign counterparties, shorter-term transactions, essentially liquidity management and hedging via derivatives, are carried out through lower-rated banks.

At end of 2025, **deposits** accounted for **54.1%** and **securities** for **43.6%** of the total exposure in finance operations.

Table 31: Finance operations by type of transaction

In € million	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	8 733	9 524	10 139	11 467	13 510	13 937	3.2%
Deposits	2 629	4 146	5 352	6 365	7 403	7 544	1.9%
Securities	5 579	5 085	4 493	4 771	5 705	6 079	6.6%
Swaps & FX Forward	516	294	294	331	403	315	-22.0%

Credit risk profile of the deposit portfolios

The Treasury monetary portfolio (TM) consists of short-term placements: "Nostro" accounts, interbank deposits up to one year, cash received as collateral from derivatives, and repos.

The portfolio's objective is to manage day-to-day cash-flow in different currencies. Counterparties must have a minimum internal rating defined in the CEB's Risk Appetite Framework. Exposure development over time fluctuates with business activity, optimising return while maintaining an adequate credit risk profile.

At the end of 2025, the nominal value of Money Market and "Nostro" deposits was €7.5 billion (€7.0 billion in Money Market deposits and €510 million in "Nostro" accounts) compared to €7.4 billion at the end of 2024.

Table 32: Money Market transactions by rating

In € million	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	1 562	2 094	4 195	5 328	6 789	7 034	3.6%
AAA			50	159	446	446	-0.1%
AA	80		623	1 921	1 091	1 225	12.3%
A	1 482	2 044	3 522	3 248	5 252	5 364	2.1%
BBB		50					
% AAA/AA	5.1%	0.0%	16.0%	39.0%	22.6%	23.8%	

Table 33: Nostro exposure by rating

In € million	2020	2021	2022	2023	2024	2025	/ End 2024
TOTAL	1 067	2 052	1 157	1 037	614	510	-17.0%
AAA	291	280	406	306	237	244	3.0%
AA	521	1 457	335	315	186	98	-47.0%
A	254	315	416	416	191	167	-12.6%
BBB	2						
% AAA/AA	76.0%	84.6%	64.0%	59.9%	68.8%	67.2%	

Credit risk profile of the securities portfolios

The CEB manages three bond portfolios according to the initial holding intention and subsequent arbitrages, whose total nominal value at the end of December 2025 was €6.1 billion, increasing by +6.6% from year-end 2024.

The Amortised Cost Portfolio (ACP), whose investments have a maturity of up to 30 years, aims to:

- establish a liquidity reserve of high-quality liquid assets as defined by Basel/EU regulation for LCR.
- enhance profitability by collecting contractual cash flows (principal and interest) until maturity.
- contribute to managing the Bank's interest rate risk position in line with the applicable ALM strategy.

It accounts for **50.3%** of total securities portfolio. Its credit quality is robust, with 98.7% in the AAA/AA category. Its average residual life is **7.8 years**.

The Fair Value through Equity (FVOCI) Portfolio has objectives close to ACP, but with the difference of being able to generate capital gains by selling before maturity, hence its accounting differentiation. It accounts for **32.9%** of total securities portfolio. Its credit quality is very strong, with 100.0% in the AAA/AA category. Its average residual life is **5.6 years**.

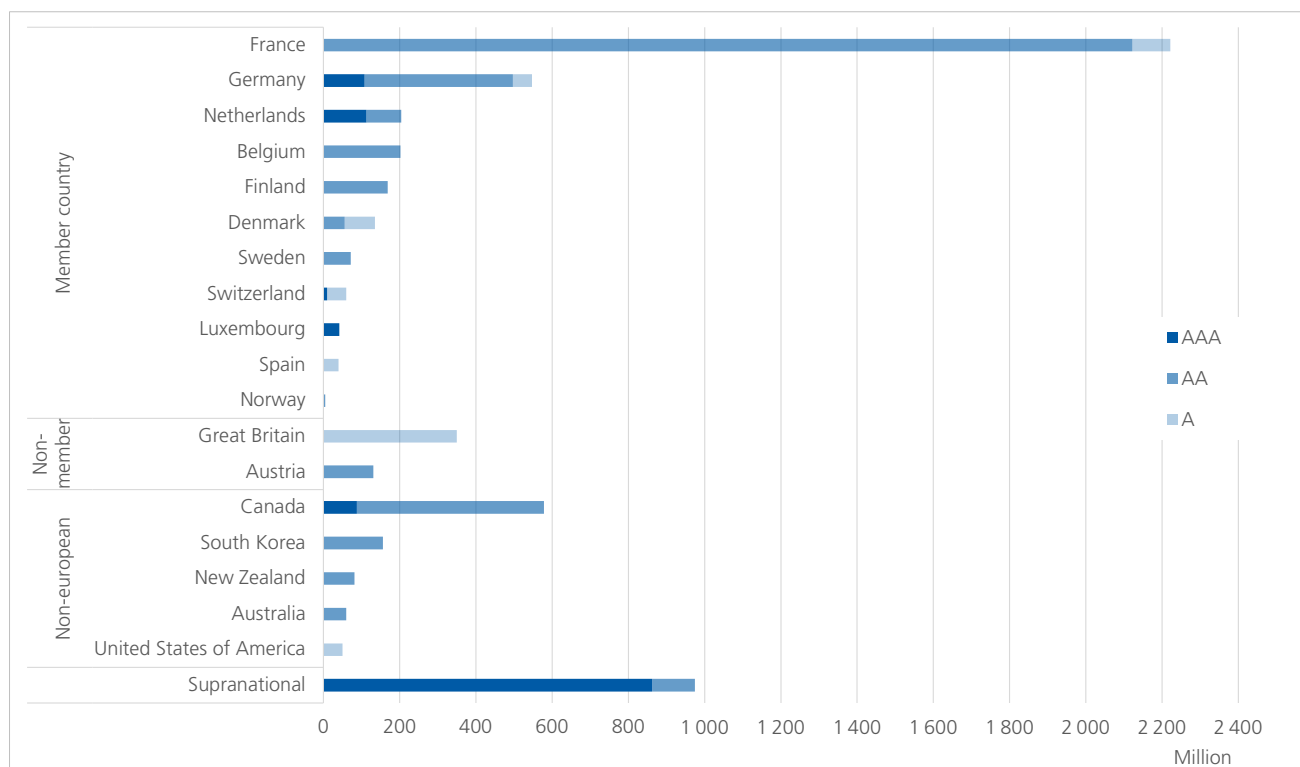
The Short-Term Liquidity Portfolio (STL), consisting of securities with a maturity up to 370 days, is managed with the Treasury Monetary Portfolio to strengthen the short-term liquidity position and optimise its profitability. It accounts for **16.8%** of total securities portfolio. Its credit quality is in line with its liquidity management purposes (majority of A). Its average residual life is **0.4 year**.

Table 34: Securities portfolio by type and rating

<i>In € million</i>	2020	2021	2022	2023	2024	2025	/ End 2024
ACP TOTAL	1 703	1 499	1 550	1 781	2 341	3 059	30.7%
AAA	615	514	652	890	1 036	1 098	6.0%
AA	998	945	857	851	1 305	1 921	47.2%
A	40	40	40	40		40	
BBB	50						
% AAA/AA	94.7%	97.3%	97.4%	97.8%	100.0%	98.7%	
FVOCI TOTAL	1 975	2 000	1 991	1 840	2 039	1 998	-2.0%
AAA	267	197	145	131	120	124	3.6%
AA	1 595	1 730	1 846	1 615	1 918	1 874	-2.3%
A	113	74		95			
% AAA/AA	94.3%	96.3%	100.0%	94.8%	100.0%	100.0%	
STL TOTAL	1 900	1 586	952	1 150	1 325	1 021	-22.9%
AAA							
AA	150	111	317	554		341	
A	1 345	805	485	596	1 325	680	-48.7%
BBB	405	670	150				
% AAA/AA	7.9%	7.0%	33.3%	48.2%		33.4%	
TOTAL	5 579	5 085	4 493	4 771	5 705	6 079	6.6%

A **breakdown by country and rating** of issuer is presented in Table 35 below (all portfolios).

Table 35: Securities, nominal by issuer country and by rating



Concentration risk - large exposures

Large Exposure is defined as the overall exposure (Loans, Securities, Deposits and Derivatives) to a single counterparty or a group of connected counterparties, exceeding the **threshold of 10% of prudential equity**.

In line with Basel Committee recommendations and EU directives, the CEB ensures that no exposure to a counterparty or group of connected counterparties exceeds the **limit of 25% of prudential equity**, and that the cumulative total of large exposures does not exceed 800% of prudential equity.

Sovereign exposure is excluded from the large exposure calculation.

The risk concentration criteria used are as follows:

- Direct exposure: within a group of connected counterparties by a control relationship (subsidiaries and branches), even when there is no guarantee,
- Indirect exposure: when an entity has provided its guarantee to another, even if they are not connected by a control relationship.

As of 31 December 2025:

- Prudential equity amounted to **€4 574 million** (compared to €4 128 million at year-end 2024).
- **Eight** counterparties or groups of counterparties were considered as Large Exposures (thirteen at end-2024).
- No counterparty or group of linked counterparties exceeded the limit of 25% of the prudential equity (as in 2024).
- The total amount outstanding to these counterparties stood at **€4.8 billion, i.e. 105%** of the CEB's prudential equity, well below the 800% limit (at year-end 2024: €6.9 billion, i.e. 167% of the CEB's prudential equity).
- 39.0% of the total large exposures stem from Finance activities.

Table 36: Large Exposures after Credit Risk Mitigation

	2025	2024
Number of counterparties in Large Exposure	8	13
Total Large Exposures in % of Equity	105%	167%
Total Large Exposures (In € million)	4 784	6 886
of which Loans (In € million)	2 921	3 334
of which Finance (In € million)	1 863	3 552

The CEB and the IDB (Inter-American Development Bank) have implemented from July 2025 a €500 million **Exposure Exchange Agreement (EEA)**. This synthetic financial instrument does not transfer loans from balance sheet and does not change the relationship between the original lender and the borrower.

EEA allows MDBs to **diversify risks** by exchanging their exposures across regions and to **reduce risk concentration**.

Social Impact Account Guarantee Window

The Social Impact Account (SIA) guarantee is an internal credit risk mitigation mechanism that secures a pool of CEB loan exposures with part of the funds deposited on the CEB's SIA.

The SIA Guarantee Window is monitored through three prudential limits:

- Leverage: **€72.6 million**, below the €131.7 million limit (300% of endowment).
- 1-year Expected Shortfall (ES): **€26.9 million**, under the €35.1 million limit (80% of endowment).
- Individual marginal ES limits: **€4.3 million**, under the €6.6 million limit (15% of endowment).

Table 37: SIA Guarantee Window Risk Limits and current values (in € million)

Limit type	Limit value	Current value
Leverage - 300% Endowment	131.7	72.6
Portfolio risk - 80% Endowment	35.1	26.9
Individual loan risk - 15% Endowment	6.6	4.3

Table 38: SIA guarantees by country

Country	2025	2024
Existing Loans	47.7	29.6
Bosnia And Herzegovina	15.1	8.9
Serbia	6.0	6.0
Lithuania	5.1	5.8
Montenegro	5.0	0.0
Georgia	3.9	0.2
Italy	2.7	2.9
Luxembourg	2.5	2.6
Albania	2.5	0.0
Ukraine	1.5	0.0
North Macedonia	1.2	1.5
Romania	0.9	0.7
Ireland	0.6	0.3
Spain	0.4	0.1
Greece	0.3	0.7
Bulgaria	0.1	0.0
Belgium	0.1	0.0
Committed Loans	31.5	8.5
Bosnia And Herzegovina	9.0	2.5
Albania	7.5	0.0
Montenegro	5.0	0.0
Georgia	4.0	0.0
Ukraine	1.5	0.0
Spain	1.2	2.5
Romania	0.9	0.3
North Macedonia	0.7	0.7
Belgium	0.7	0.8
Lithuania	0.4	0.0
Ireland	0.3	0.6
Italy	0.3	0.8
Bulgaria	0.1	0.1
Uncommitted Loans	16.1	6.0
Moldova (Republic Of)	8.0	0.0
Luxembourg	5.0	0.0
Spain	1.3	0.0
Lithuania	0.8	0.0
Greece	0.5	0.0
Belgium	0.5	0.0
TOTAL	95.3	44.2

At year-end 2025:

- the total endowment of the SIA was €43.9 million
- the current amount of loans outstanding was €47.7 million
- the stock of projects committed awaiting disbursement was €31.5 million
- the stock of projects uncommitted was €16.1 million
- the pipeline of projects approved under SIA guarantee is €66 million.

The expected shortfall (ES), with a 99% confidence level and a one-year time horizon, reached €26.9 million at year-end 2025. The ES level is well below the threshold of 80% of the endowment, i.e. €35.1 million. The risk borne under the SIA guarantee window is monitored on a regular basis and reported to the CRC.

Credit Impairment and ECL Framework

The CEB calculates expected credit losses (ECL) provisions and impairment of financial assets and commitments in accordance with IFRS 9. The calculation of ECL computation is given by the following formula:

$$ECL = Exposure\ at\ Default\ (EAD) \times Probability\ of\ Default\ (PD) \times Loss\ Given\ Default\ (LGD)$$

The IFRS 9 impairment model requires recognition of an impairment amount of 12-month expected credit losses for all relevant financial instruments from their origination or acquisition day. Then, at subsequent remeasurement dates, lifetime credit losses are then recognised if there has been a significant increase in a financial instrument's credit risk.

At each reporting date, the financial assets under scope are allocated into three categories (stages):

- Stage 1: Financial assets which are performing and for which no significant increase in credit risk has been identified since initial recognition. The ECL is calculated over a one-year time horizon.
- Stage 2: Financial assets which are performing but include exposures having experienced "credit deterioration"⁴ since origination. The ECL is calculated over the full life of the exposure (until maturity date).
- Stage 3: Exposures in default (90 days past due). The provision is set to EAD•LGD, using a 100% PD.

Consistent with IFRS 9, ECLs are calculated using different forward-looking scenarios based on potential macro-economic scenarios. Three scenarios are considered: best, base and worst. These three scenarios are defined by two macroeconomic variables: the gross domestic product (GDP) and the stock market performance in the eurozone. ECLs are calculated as a weighted average of ECLs in each scenario with respective weighting of 20%, 60% and 20%. For this ECL calculation, the CEB uses the internal credit ratings.

4. Credit deterioration is assessed by the downgrade of the internal rating to a level equal to or below 3.5 from origination to reporting date.

At year-end 2025, the **amount of provision** (ECL) reached **€21.76 million**, down from €27.76 million at year-end 2024.

Table 39: IFRS provisioning overview

In € million		2021	2022	2023	2024	2025	/ End 2024
		TOTAL	14.90	25.47	18.69	27.76	21.76
Weighted scenario ECL	Stage 1	14.90	25.32	18.56	27.76	21.76	-21.6%
	Stage 2	-	0.15	0.14	-	-	-

By product type, the main source of provision stemmed from L&D activity, representing 86.4% (loans 72.6% and financing commitments 13.8%). Meanwhile, Finance activity accounted for 13.6% (see Table 40 below).

Table 40: IFRS provisioning by product type at 31.12.2025

In € million		Outstanding	Provision	% of total
Loan	Stage 1	23 562	15.79	72.6%
Financing commitments	Stage 1	3 456	3.00	13.8%
Bond	Stage 1	5 957	1.45	6.7%
Money Market	Stage 1	7 054	1.09	5.0%
Collateral Cash given	Stage 1	686	0.37	1.4%
Nostro	Stage 1	510	0.13	0.6%
Other assets	Stage 1	1	0.002	0.0%
TOTAL		41 225	21.76	100.0%

The 20 largest ECL account for 57.3% of the total provision. Total outstanding (EAD) increased by 3.6% over the year 2025 while the **provision decreased by -21.6%**. By product type, loans represent the major changes in ECL (-€3.9 million).

Table 41: ECL by product type as at 31.12.2025

In € million		ECL				Outstanding			
		2025	2024	Change in M€	Change in %	2025	2024	Change in M€	Change in %
Loan	Stage 1	15.79	19.69	-3.90	-19.8%	23 562	22 915	647	2.8%
Financing commitments	Stage 1	3.00	3.25	-0.25	-7.6%	3 456	3 304	152	4.6%
Bond	Stage 1	1.45	2.51	-1.06	-42.1%	5 957	5 734	222	3.9%
Money Market	Stage 1	1.09	1.74	-0.65	-37.3%	7 054	6 789	266	3.9%
Collateral Cash given	Stage 1	0.30	0.37	-0.07	-20.1%	686	441	245	55.5%
Nostro	Stage 1	0.13	0.20	-0.08	-37.5%	510	614	-104	-17.0%
Other assets	Stage 1	0.002	0.005	-0.003	-69.3%	1	1	0	0.0%
TOTAL		21.76	27.76	-6.00	-21.6%	41 225	39 798	1 427	3.6%

The table below further elaborates on the breakdown by product and provides some insight into the average rating of each product. It also adds the lifetime ECL which is a good proxy for the provision that would be required if all exposures moved to Stage 2.

Table 42: Product type stage allocation and average rating as at 31.12.2025

<i>In € million</i>		Provision	One Year ECL	Lifetime ECL	Outstanding	Weighted average rating	Average PD*LGD
Loan	Stage 1	15.79	15.79	142.73	23 562	6.94	0.067%
Financing commitments	Stage 1	3.00	3.00	3.00	3 456	6.41	0.087%
Bond	Stage 1	1.45	1.45	30.17	5 957	9.03	0.024%
Money Market	Stage 1	1.09	1.09	1.09	7 054	7.97	0.015%
Collateral Cash given	Stage 1	0.30	0.30	0.30	686	8.11	0.043%
Nostro	Stage 1	0.13	0.13	0.13	510	8.92	0.025%
Other assets	Stage 1	0.00	0.00	0.00	1	6.00	0.112%
TOTAL		21.76	21.76	177.41	41 225	7.42	0.053%

Table 43 shows the main drivers impacting the change in provisions since the end of last year with their relative weights. It can be observed that the new deals and the update of macroeconomic scenarios is the main driver of the change.

Table 43: Main drivers of ECL change in 2025

Source of ECL Change	M€
New transactions	6.6
Maturing/Amortising Transactions	-5.9
Change in PDs	-4.9
Change in LGDs	-1.1
Impact of the Exposure Exchange Agreement (EEA)	-0.8
Other	0.1
TOTAL	-6.0

COUNTERPARTY CREDIT RISK

Counterparty credit risk is the translation of the credit risk embedded in CEB financial transactions such as derivative contracts or (reverse) repurchase agreements. It materialises if a counterparty defaults on its obligations to pay the Bank the full present value of the flows relating to a transaction or a portfolio for which the Bank is a net receiver. It is linked to the replacement cost of a derivative or portfolio in the event of counterparty default. As this cost may vary over time in line with changing market parameters, counterparty risk can be seen as a market risk in case of a counterparty default.

Counterparty Credit Risk Mitigation

The CEB uses Interest Rate Swaps (IRS), Currency Interest Rate Swaps (CIRS) and Foreign Exchange (Forex) swaps to hedge market risk on its lending, investment and funding transactions.

The minimum rating required for swap counterparties at the trade date must be 6.5 (BBB+).

Derivatives transactions require prior credit clearance of the counterparty by the Credit Risk Committee and the signing of an ISDA¹ Master Agreement and a Credit Support Annex (CSA) collateral agreement with the counterparty. Thus, the CEB has signed ISDA agreements and CSA with all its derivative counterparties, of which twenty are two-way contracts that allow to adapt to market conditions and ensure the best possible funding cost. While the two-way contracts allow to mitigate the credit risk of the derivative positions in case of favourable variations in their market value, they may increase the potential liquidity needs in case of unfavourable changes. Eligible collateral identified in the CSA agreements may be cash-euro or debt securities whose market price is discounted by applying a haircut, and whose minimum rating must be 7.0 (A-). All swap transactions are valued at their net present value, and positions per counterparty are monitored daily so that additional collateral can be called according to the CSA margin call options ranging from daily to three times per month.

In accordance with CRR2-CRDV² regulation to assess the counterparty credit risk (CRR) on derivatives exposures, the CEB uses the SA-CCR method considering the nettings agreements and the collateral flows.

At the end of December 2025:

- The **derivatives' notional** amount reached **€56.3 billion** (down -4.6% compared to €59.0 billion at year-end 2024).
- Their **credit risk exposure** (Exposure at Default - EAD) was **€315 million** (down -22.0% compared to €403 million at year-end 2024).
- The Bank received €404 million and provided €686 million as cash collaterals, covering net present values (negative and positive) of the swaps' portfolio.

1. International Swaps and Derivatives Association.

2. Capital Requirements Regulation (EU) No. 2019-876 / Capital Requirements Directive (UE) No. 2018-878.

Table 44: Notional Derivatives outstanding by maturity and by derivative type as at 31.12.2025

In € million	< 1 year	1 to 5 Y	5 to 10 Y	> 10 years	Total
TOTAL	9 773	24 338	13 438	8 711	56 261
Interest Rate Swap	4 749	13 588	12 844	8 576	39 757
Currency Interest Rate Swap	3 585	10 750	594	136	15 065
FX Forward	1 439				1 439
% of Total	17.4%	43.3%	23.9%	15.5%	100.0%

Counterparty Credit Risk Assessment

The CEB applies the Standardised Approach to Counterparty Credit Risk (SA-CCR) published by the Basel Committee in 2014. Indeed, Basel requires the use of this method for exposures arising from OTC derivatives, exchange-traded derivatives, and long settlement transactions.

The SA-CCR method is a "risk-sensitive methodology", that differentiates between margined and non-margined trades and recognises netting benefits. Under the SA-CCR method, the counterparty credit risk exposure, or EAD, is calculated separately for each netting set, using the following formula:

$$EAD = \alpha \cdot (RC + PFE)$$

Where:

- $\alpha = 1.4$
- *RC* the Replacement Cost; it intends to capture the loss that would occur if a counterparty were to default at the present time or at a future time, assuming that the closeout and replacement of transactions occur instantaneously. However, there may be a period (the margin period of risk) between the last exchange of collateral before default and the replacement of the trades in the market. It is defined as the greatest exposure that would not trigger a call for variation margin, taking into account the mechanics of collateral exchanges in margining agreements.
- *PFE* is the Potential Future Exposure add-on; it represents the potential change in value of trades during this margin period of risk.

Credit Valuation Adjustment

Credit valuation adjustment

The CEB calculates a regulatory Credit Valuation Adjustment (CVA) for each counterparty to capture the risk of incurring expected credit losses on derivative transactions. The CVA amount is determined by assessing the potential credit exposure to each counterparty and considers collateral exchanged, the impact of netting agreements, the expected loss given default, and the counterparty's probability of default based on available market information. The Debit Valuation Adjustment (DVA) reflects the credit risk that CEB counterparties bear with respect to the CEB. It is calculated using a similar methodology, with the CEB probability of default.

At year-end 2025, the CVA amounted to €1.68 million, while the DVA stood at €0.13 million.

CVA capital charge

To protect banks against losses arising from changes in CVA, Regulation (EU) No 575/2013 introduced a dedicated capital requirement, the CVA Capital Charge. This charge aims to capitalise the risk of losses resulting from changes in counterparties' credit spreads, which are not covered by CVA provisions.

The CEB calculates the CVA capital charge using the standardised approach.

At year-end 2025, the CVA capital charge amounted to €16.5 million, corresponding to €206.5 million of risk-weighted assets (RWA).

MARKET RISK

At the CEB, market risk is limited to interest rate risk and foreign exchange risk, i.e., the risk of losses resulting from adverse movements in interest rates or exchange rates. The Bank does not operate a trading book and is exposed to only negligible foreign exchange risk. Interest rate risk is managed primarily through balance sheet hedging, within limits defined in the Risk Appetite Framework. Consequently, market risk is limited and does not give rise to a regulatory capital charge.

Interest Rate Risk in the Banking Book

Interest rate risk arises from adverse movements in interest rates that may affect the Bank's earnings or capital due to mismatches between the repricing profiles of assets and liabilities.

Interest rate risk is managed by the Finance Directorate, independently monitored monthly by the Risk & Control Directorate, and overseen by ALCO, which sets and reviews the Bank's overall interest rate position.

The CEB manages interest rate risk prudently at balance-sheet level, primarily through micro- and macro-hedging derivatives that convert assets and liabilities into euro-denominated variable-rate positions. Fixed-rate euro exposures may also be retained when appropriate to optimise funding costs.

The Bank is structurally exposed to interest rate risk on equity, as equity is not interest-rate sensitive. This exposure is managed through a conventional equity duration, reviewed regularly in line with risk appetite and market conditions. At end-2025, the target equity duration is six years, with equity invested in euro-denominated fixed-rate loans and securities.

Interest rate risk is measured in accordance with Basel/EU and EBA requirements, focusing on the impact of interest rate shocks on the Economic Value of Equity (EVE) and Net Interest Income (NII).

Sensitivity of Economic Value of Equity

The sensitivity of the Economic Value of Equity (EVE) to regulatory interest-rate shocks is the Bank's primary metric for measuring interest rate risk and a core element of the Risk Appetite Framework. It measures the impact of interest-rate shocks on the net present value of the balance sheet, excluding equity, and is calculated in accordance with Basel/EU and EBA methodologies.

The CEB limits the impact of the most severe regulatory shock on EVE to 20% of prudential equity.

Table 45: Sensitivity of the EVE to regulatory shocks

		Supervisory interest rate shock		Change in the EVE (% of Equity Tier 1)
		Overnight rate	10-year rate	
1	Parallel up	2.0%	2.0%	-13.3%
2	Parallel down	-2.0%	-2.0%	16.2%
3	Steeper (short term rates down, long term rates up)	-1.6%	0.7%	-2.1%
4	Flattener (short term rates up, long term rates down)	2.0%	-0.4%	0.9%
5	Short rates up	2.5%	0.2%	-3.3%
6	Short rates down	-2.5%	-0.2%	4.2%

Sensitivity of Net Interest Income

The CEB also monitors the Net Interest Income (NII) sensitivity to ensure that interest rate movements do not materially reduce the Bank's revenues. This metric is calculated in accordance with the EBA methodologies, and EBA interest rate shocks.

Table 46: Sensitivity of the NII to regulatory shocks

<i>In € million</i>	2025	2024
Parallel up (+200bp)	-45.1	-5.4
Parallel down (-200bp)	46.4	8.0

Interest Rate Duration of Equity Investments

The CEB monitors the interest rate duration of equity investments to assess deviations from the conventional equity duration target set by ALCO.

The table below shows the equity duration at end-2024 and end-2025, to be compared with the target duration of six years.

Table 47: Interest Rate Duration of Equity Investments

<i>In years</i>	2025	2024
Interest rate duration of equity investments	6.7	5.2

Sensitivity of Securities Portfolios to Market Risk

The CEB monitors the sensitivity of its securities portfolios to interest-rate and credit-spread shocks to ensure the preservation of market value and liquidity under stress conditions.

The sensitivities presented below relate to year-end 2025 and cover portfolios measured at amortised cost (ACP) as well as those measured at fair value through other comprehensive income (OCI), namely the Short-Term Liquidity (STL) and FVOCI portfolios.

Table 48: Interest Rate and Credit Spread Sensitivities of Securities Portfolios

<i>In € million</i>	ACP	FVOCI
+200bp interest rate shock	-355	-18
+200bp credit spread shock	-355	-199

Interest Rate Repricing Gap

The CEB monitors interest rate risk through static repricing gap analysis, which highlights mismatches in the timing of interest rate resets between assets and liabilities. The table below presents the interest rate repricing gaps as of 31 December 2025.

Table 49: Interest Rate Repricing Gap

31.12.2025	Up to 1 month	1 to 3 months	3 months up to 1 year	1 to 5 years	More than 5 years	Undefined	Net book value
<i>In € million</i>							
ASSETS							
Cash in hand, balances with central banks	505						505
Financial assets at fair value through equity*	565	1 953	531			-59	2 990
Financial assets at amortised cost							
Loans*	5 236	15 983	450	871	990	-758	22 772
Advances	2 069	3 094	1 871			58	7 093
Debt securities		20	299	897	1 844	-133	2 927
Deposits of guarantees paid	687						687
Other assets						2 065	2 065
Total of assets	9 062	21 050	3 151	1 767	2 834	1 174	39 038
LIABILITIES							
Financial assets at amortised cost							
Amounts owed to credit institutions and to customers	-58	-4	-1	(0)	(0)		-63
Debt securities in issue*	-19 838	-12 533	-38			1 037	-31 371
Deposits of guarantees received	-405						-405
Provisions	-1	-1	-6	-46	-259		-313
Other liabilities						-2 012	-2 012
Sub-total of liabilities	-20 302	-12 538	-44	-46	-260	-974	-34 164
Equity						-4 874	-4 874
Net during the period	-11 240	8 513	3 107	1 721	2 574	-4 675	
Cumulative net during the period	-11 240	-2 728	379	2 101	4 675		

*after hedging

Foreign Exchange (FX) Risk

Foreign exchange (FX) risk is the risk of losses arising from adverse movements in currency exchange rates. It is managed by the Finance Directorate and independently monitored by the Risk & Control Directorate.

The CEB's strategy is to avoid FX risk and to systematically hedge all non-euro assets and liabilities into euros using derivative instruments, FX exposures arise mainly from temporary net interest cash-flow mismatches and are measured through spot net open currency positions, including on- and off-balance-sheet items.

Net open positions are subject to a low limit of €1 million per currency, measured monthly, with a five-working-day period to hedge any excess.

LIQUIDITY RISK

Liquidity risk is the risk that the Bank cannot meet its payment obligations in full and on time. It primarily stems from maturity mismatches between assets and liabilities and is inherently higher for the CEB given the absence of customer deposits and access to central bank refinancing.

Liquidity risk comprises:

- Funding liquidity risk: inability to refinance obligations when due.
- Market liquidity risk: inability to liquidate assets without significant losses.

Liquidity Risk Management

Liquidity risk is managed conservatively to preserve financial flexibility, particularly under stressed market conditions. The Bank sets liquidity indicators across multiple time horizons and maintains a liquidity reserve sufficient to sustain operations even when access to funding is severely constrained.

The Finance Directorate manages the liquidity position, with daily monitoring by Risk & Control, while ALCO oversees liquidity and funding strategy. A core pillar of this strategy is diversification across issuance programmes, markets and investor base.

The liquidity reserve consists of highly rated, liquid securities, most of which qualify as High-Quality Liquid Assets (HQLA). At end-2025, HQLA-eligible assets amounted to €4.6 billion after haircuts (2024: €3.6 billion).

Finally, the Bank maintains an internal Contingency Funding Plan (CFP) defining escalation, governance and decision-making procedures in the event of severe liquidity stress.

Liquidity Risk Measurement

The Bank assesses liquidity risk using a combination of internal indicators and Basel/EU regulatory metrics.

Survival Horizon

The Survival Horizon (SH) is the Bank's primary liquidity risk metric and a core element of the Risk Appetite Framework. It measures the period during which the Bank can meet its payment obligations under a severe stress scenario, relying solely on available liquid assets and assuming no access to new funding, stressed loan repayments, reduced asset values, and stressed collateral requirements on derivatives.

The SH limit is set at 12 months. At end-2025, the Survival Horizon stood at 17 months (2024: 18 months).

Table 50: Survival Horizon (SH)

<i>In month</i>	Limit	2025	2024
Survival Horizon	12	17	18

Regulatory Liquidity Ratios

Although not subject to international liquidity regulation, the Bank voluntarily complies with Basel/EU liquidity ratios, namely the LCR and NSFR, both included in the Risk Appetite Framework with a minimum of 100%.

Liquidity Coverage Ratio (LCR)

The LCR ensures short-term resilience to liquidity risk by requiring sufficient HQLA to cover 30-day stressed net outflows. The CEB's LCR level remains comfortable, reflecting the Bank's business model, in particular the absence of customer deposits and access to central bank refinancing.

Table 51: Liquidity Coverage Ratio (LCR)

<i>End of December</i>	Limit	2025	2024
Liquidity Coverage Ratio (LCR)	100%	881%	860%
Annual average of month-end LCR		672%	606%

Table 52: LCR - Breakdown at Year-End 2025

<i>In € million</i>	Gross Amount	Weighted Amount
LEVEL 1 – Central bank deposits	503	503
LEVEL 1 – Securities portfolio	3 799	3 799
LEVEL 2A – Securities portfolio	382	325
Total HQLA	4 628	4 628
Deposits by financial customers	28	28
Deposits by other customers	35	14
Credit Facility to non-financial customers other than retail customers	5 405	541
Credit Facility to regulated credit institutions	1 429	571
Credit Facility with value date within 30 days	78	78
Loan MM (incl. FW)	40	40
Others Liabilities (Bond issued by CEB)	191	191
Outflows from derivatives	83	83
Additional outflow for adverse scenario on derivatives	555	555
Total Outflows	2 102	2 102
Due from other financial customers (Money Market)	1 540	1 540
Due from other financial customers (Nostro excl. Central Bank)	5	5
Due from SOV, MDB and public sector entities	136	68
Due from other financial customers (Loan Ord)	82	82
Due from securities maturing within 30 days	2	2
Inflows from derivatives	199	199
Total Inflows	1 896	1 896
Net Outflows after capping		526
Liquidity Coverage Ratio =		881%

Net Stable Funding Ratio (NSFR)

The Net Stable Funding Ratio (NSFR) measures the Bank's resilience to long-term liquidity risk by ensuring that activities are funded with sufficiently stable resources (ASF) relative to their required stable funding (RSF) over a one-year horizon. The CEB's NSFR remains comfortable, reflecting the Bank's stable funding profile. It is largely driven by the level and residual maturity of outstanding debt issuance, which constitutes the Bank's primary source of stable funding.

Table 53: Net Stable Funding Ratio (NSFR)

<i>End of December</i>	Limit	2025	2024
Net stable Funding Ratio (NSFR)	100%	138%	134%
Annual average of month-end NSFR		142%	143%

Table 54: NSFR - Breakdown at Year-End 2025

AVAILABLE STABLE FUNDING – ASF	< 6M	6-12M	> 12M	Weight	Weighted amount
Regulatory Capital Tier 1			4 574	100%	4 574
Bond issued > 1Y			26 066	100%	26 066
Bond issued 6M to 1Y		1 481		50%	741
Bond issued < 6M	0			0%	0
ECP issued 6M to 1Y				50%	0
ECP issued < 6M				0%	0
Term Deposit > 1Y				100%	0
Demand Deposit from non-financial entity < 1Y		35		50%	18
Demand Deposit from financial entity < 6M	28			0%	0
All other liabilities		2 796		0%	0
Net Derivative Liabilities		517		0%	0
Non-weighted total + Average weighting		39 555		79%	31 398
REQUIRED STABLE FUNDING – RSF	< 6M	6-12M	> 12M	Weight	Weighted amount
Central Bank reserves		504		0%	0
Unencumbered HQLA L1 assets with RW = 0%		3 799		0%	0
Unencumbered HQLA L1 assets with RW > 0%				5%	0
Unencumbered HQLA L2A assets with RW = 20%		382		15%	57
Unencumbered non HQLA assets < 12M	914			50%	457
Unencumbered non HQLA assets > 12M			771	85%	655
Unencumbered loans to financial customers < 6M with HQLA L1 (RR)	0			0%	0
Unencumbered loans to financial customers < 6M	6 530			15%	653
Unencumbered loans to financial customers 6M to 1Y		616		50%	308
Unencumbered loans to financial customers > 1Y			4 861	100%	4 861
Unencumbered loans to non-financial customers < 1Y		979		50%	489
Unencumbered loans to non-financial customers > 1Y with RW < 35%			10 974	65%	7 133
Unencumbered loans to non-financial customers > 1Y with RW > 35%			6 641	85%	5 644
All other assets		2 066		100%	2 066
Committed credit facilities		6 912		5%	346
Net Derivative Assets + Add-on		149		100%	149
Non-weighted total + Average weighting		46 099		50%	22 820
NET STABLE FUNDING RATIO =					137.6%

Liquidity Risk Assessment Using Rating Agency Methodology

For monitoring purposes, the CEB also calculates liquidity ratios based on Standard & Poor's (S&P) methodology. These indicators are not included in the Risk Appetite Framework. They assess the Bank's ability to meet its liquidity needs over a one- to twelve-month horizon under stressed conditions.

The metrics rely on S&P stress scenarios, which assume no access to new market funding, full disbursement of committed loans, disrupted loan repayments, valuation haircuts on liquid assets, and additional collateral calls on derivatives.

Under these S&P-based liquidity stress metrics, the Bank remains above 100% for horizons of up to one year.

Liquidity Gap

The CEB monitors static liquidity gaps to assess potential maturity mismatches between assets and liabilities. These gaps are derived from undiscounted principal and interest cash flows of financial instruments up to their contractual maturity.

Table 55: Liquidity Gap

	Up to 1 month	1 to 3 months	3 months up to 1 year	1 to 5 years	More than 5 years	TOTAL
Assets						
Cash in hand, balances with central banks	505					505
Financial assets at fair value through equity	5	417	871	886	1 200	3 379
Financial assets at amortised cost						
Loans	141	295	2 893	10 865	13 130	27 324
Advances	1 506	2 277	3 356			7 139
Debt securities	3	31	362	930	2 381	3 707
Deposits of guarantees paid	687					687
Sub-total of assets	2 846	3 021	7 482	12 682	16 710	42 741
Liabilities						
Financial liabilities at amortised cost						
Amounts owed to credit institutions and to customers	1	1	7	35	25	69
Debt securities in issue	191	947	5 053	19 701	8 425	34 317
Deposits of guarantees received	405					405
Social Impact Account	57					57
Sub-total of liabilities	654	948	5 059	19 736	8 450	34 848
Off-balance sheet						
Financing commitments	-200	-760	-2 059	-3 117	-778	-6 912
Term financial instruments						
To be received	893	1 569	3 760	13 240	3 235	22 697
To be paid	-778	-1 530	-3 924	-13 739	-2 694	-22 665
Sub-total of off-balance sheet	-84	-722	-2 222	-3 616	-237	-6 880
TOTAL	2 108	1 351	200	-10 670	8 023	1 013

PENSION RISK

Pension risks refer to the potential variability of the Bank's defined benefit obligations arising from changes in actuarial assumptions and demographic parameters.

These obligations primarily relate to postemployment benefits, including pension commitments and postretirement medical coverage, which are recognised on the balance sheet in accordance with applicable accounting standards.

The Bank does not operate segregated pension fund assets. Its exposure to pension risks mainly stems from adverse movements in key actuarial drivers, such as discount rates, inflation, salary evolution, and longevity assumptions.

The Bank monitors these risks on a regular basis through annual actuarial valuations, which measure accrued benefits based on their projected amount at the date of payment. These valuations are performed in line with recognised actuarial principles and accounting standards and include sensitivity analyses to the main underlying assumptions, ensuring a consistent assessment of the Bank's exposure under alternative scenarios.

Actuarial assumptions are reviewed periodically to reflect changes in economic conditions, demographic trends and the operating environment. Where appropriate, contribution parameters and benefit-related assumptions are adjusted over time with the objective of preserving the longterm sustainability of the schemes and limiting the risk of future imbalances.

Interest rate risk related to pension obligations is considered as part of the Bank's broader balancesheet risk profile, given the longterm nature of these commitments. Other actuarial risks, including those linked to inflation, salary growth, longevity and healthcare costs, are monitored through stress and sensitivity analyses, allowing the Bank to assess their potential impact on future obligations and capital needs.

OPERATIONAL RISK

The CEB implemented an Operational Risk Management Policy to codify its approach to identifying, measuring, controlling, and reporting operational risks. The policy lays out sound practices to ensure effective and consistent operational risk management across the CEB.

Operational risk is the risk of potential loss resulting from inadequate or failed internal processes, people and systems or external events. Moreover, the CEB also considers reputational and legal risks that may adversely impact its activities. Inspired by the Basel Committee on Banking Supervision principles and international best practices, the Bank is committed to continuously assessing its operational risk and implementing the appropriate mitigating measures.

The CEB's operational risk framework is reviewed and approved by the Committee for Operational Risks and Organisation (CORO) at their semi-annual meetings. Chaired by the Governor and composed of Senior Management, CORO sets acceptable levels for the operational risks faced by the CEB and ensures that directors take the necessary steps to monitor and control these risks within their respective directorates.

In close co-operation with business lines, the Operational Risk Unit (ORU) manages the implementation of the operational risk framework centrally and electronically: risks identification, evaluation and mitigation follow a predefined methodology and a targeted action plan. The operational risk incidents, including "near misses", are also integrated to ensure the control framework's effectiveness and completeness through risk mapping and assessment.

ORU ensures the adequate design and effectiveness of the internal control framework through regular testing of key controls covering the main risks in each business line. The results are reported to the CORO. Each business unit annually asserts the efficiency of its respective permanent control environment. To maintain a comprehensive procedure and control map, ORU is also responsible for modelling procedures in collaboration with the business lines. A dedicated intranet site provides all staff access to such procedures.

The CEB has a Business Continuity Plan (BCP) to hedge against disruptions in its business activities. The BCP comprises a crisis management plan and an underlying technical framework, including data centres, an emergency dealing room, user back-up positions, telecommuting solutions and business line-specific plans.

The operational risk **capital charge** is included in the Bank's Capital Adequacy Ratio under the risk appetite framework. The CEB applies the **Basic Indicator Approach**, which calculates the **requirement based on the average net banking income over the last three years**. As of 31 December 2025, the Risk-Weighted Assets (RWA) for operational risk amounted to €342 million (compared to €320 million at year-end 2024), i.e. a **capital charge** for operational risk of **€27.4 million**, compared to €25.6 million at year-end 2024.

CLIMATE RISK

The CEB views climate-related risks as an interconnected set of risks and opportunities with the potential to impact other risk categories, such as credit risk, interest rate risk, foreign exchange risk, liquidity risk, and operational risk, rather than as a stand-alone type of risk.

Climate-related risks are divided into two major categories:

- Physical risks which are related to the physical impacts of climate change. Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns.
- Transition risks which are related to the transition to a lower-carbon economy, transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change.

The CEB conducts risk mapping exercises to identify and assess how climate risk drivers impact its risk profile and development opportunities. Various risk categories for CEB such as credit risk, market risk, liquidity risk, operational risk and reputational risk, could be impacted in the following way:

- **Credit risk.** Impact on credit risk due to physical and transition risks could impact the Bank's clients' source of income/revenue, expenditure/cost of capital, asset value, business continuity/economic growth, resulting in reduced ability to pay and lower creditworthiness.
- **Market risk.** Severe physical events or a disorderly transitioning to a lower-carbon economy may lead to shifts in market expectations and could result in a sudden repricing of CEB's assets, liabilities, and off-balance sheet financial instruments, which would impact CEB's capital position and earnings.
- **Liquidity risk.** Impact on liquidity from climate risks can result in increased cash outflows, decreased liquidity buffers, increased demand for CEB's lending facilities and reduced access to stable funding sources.
- **Operational risk.** Physical acute events can affect the Bank's operations directly; Physical hazards may result in the disruption of business activities and may reduce the Bank's operational ability. Delay or loss of business might cause financial loss in addition to potential repair costs.
- **Reputational risk.** The risk arising from negative perception on the part of counterparties, shareholders, investors, debt-holders, market analysts, other relevant parties that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding. Negative perception from stakeholders may arise if the CEB is perceived as not adhering to its commitment on Paris alignment.

The CEB continues to strengthen its risk management approach including the progressive integration of climate-related risks into its overall risk framework. Key initiatives include the development of climate risk scorecards and, more recently, the completion of the Bank's first climate scenario analysis.

Given its mandate to finance social projects in member states, the Bank's loan portfolio is significantly exposed to sovereign and sub-sovereign counterparties across Europe. To systematically assess climate-related risks for these exposures, the CEB has developed dedicated climate scorecards for sovereign and local or regional government counterparties. These counterparties represent approximately 56% of the Bank's total credit exposure as of year-end 2025 (79.4% of the lending portfolio).

The sovereign climate scorecard evaluates three dimensions: readiness, physical risk, and transition risk. Each dimension is assigned a score on a scale from 1 (very high risk) to 5 (very low risk). Overall, the Bank's sovereign portfolio reflects a medium level of exposure-weighted climate risk across these dimensions as of year-end 2025.

The climate scorecard for local and regional government counterparties assesses physical and transition risks. Based on this methodology, the Bank's exposure-weighted average risk is assessed as medium for physical risk and low for transition risk.

In addition to the scorecards, the Bank has conducted its first climate scenario analysis, based on NGFS scenarios, to assess the potential impact of climate-related macroeconomic shocks on credit risk and capital adequacy, thereby supporting the forward-looking integration of climate risks into its risk management framework.

For further information on climate risk management, please refer to the 2025 Task Force on Climate-related Financial Disclosures (TCFD) Report.

APPENDIX

Glossary

Called capital

Total capital paid in and to be paid in.

Financing commitment

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

Loan disbursed

A loan that has been disbursed to the borrower.

Loan tranche

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

Loans outstanding

Total amount of loans disbursed and not yet repaid

Member countries

The 43 member countries are: Albania, Andorra, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Holy See, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova (Republic of), Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, Ukraine.

Own funds

Paid-in capital, reserves, net profit, amount on SIA, provisions for post-employment benefits.

Project approved

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

Social Impact Account (SIA)

Funded mainly by the earmarked portion of the Bank's shareholder approved annual results and 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.

Subscribed capital

Participating certificates issued by the CEB, subscribed by members.

Swap add-on

To obtain the potential future credit exposure, the swap notional amounts are multiplied by a percentage based on residual maturity and contract type.

Target Group countries

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Malta, Moldova (Republic of), Montenegro, North Macedonia, Poland, Romania, Serbia, Slovak Republic, Slovenia, Türkiye, Ukraine

Uncalled capital

Difference between the subscribed capital and the called capital.

Abbreviations

AC	Administrative Council	IFAC	International Federation of Accountants
AFS	Available for Sale	IFRS	International Financial Reporting Standard
ALCO	Asset & Liability Committee	ILAAP	Internal Liquidity Adequacy Assessment Process
ALM	Asset & Liability Management	IR	Interest Rate
BBB	Best Banking Practices	IRB	Internal Ratings based approach
BCBS	Basel Committee on Banking Supervision	IRRBB	Interest rate risk in the Banking Book
BIA	Basic Indicator Approach	IRS	Interest Rate Swaps
CAR	Capital Adequacy Ratio	ISDA	International Swaps and Derivatives Association
CCP	Central Counterparty	L&D	Loans & Social Development Directorate
CDS	Credit Default Swap	LCR	Liquidity Coverage Ratio
CEB	Council of Europe Development Bank	LGD	Loss Given Default
CET1	Common equity Tier 1 (Capital)	LRGs	Local and Regional Governments
CIRS	Currency Interest Rate Swaps	MDB	Multilateral Development Bank
CISO	The Chief Information Security Officer	MR	Market Risk
CORO	Committee for Operational Risks & Organisation	MRC	Market Risk and Capital Management Unit
CRC	Credit Risk Committee	MTM	Marked to Market
CRM	Credit Risk Mitigation	NII	Net Interest Income
CRU	Credit Risk Unit	NPV	Net Present Value
CSA	Credit Support Annex	NSFR	Net Stable Funding Ratio
CV	Countervalue	OBS	Off-balance sheet
CVA	Credit Valuation Adjustment	OCCO	Office of the Chief Compliance Officer
DF	Discount factor	OCI	Other Comprehensive Income
DVA	Debit Valuation Adjustment	OTC	Over-The-Counter
EAD	Exposure at Default	P&L	Profit and Loss account
ECAP	Economic Capital	PD	Probability of Default
ECL	Expected Credit Loss	PFE	Potential future exposure
ECP	European Commercial Paper	R&C	Risk & Control Directorate
EP	Prudential Equity	RAF	Risk appetite framework
EPE	Expected positive exposure	RC	Replacement cost
ES	Earnings Sensitivity	REPO	Repurchase Agreement Transaction
EVS	Economic Value of Equity Sensitivity	RR	Recovery rate
FIN	Finance Directorate	RWA	Risk-weighted Assets
FO	Front Office	S&PC	Settlements, Payments & Collateral
FRP	Financial & Risk Policy	SA-CCR	Standardised approach for counterparty credit
FRPG	Financial & Risk Policy Guidelines	SIA	Social Impact Account
FRPH	Financial & Risk Policy Handbook	SH	Survival Horizon
FX	Foreign exchange	SSP	Self-Sufficiency Period
GDP	Gross Domestic Product	STD	Standardised approach
GMC	General Management Committee	STLR	Short-Term Liquidity Ratios
GR	Gearing Ratio	TAR	Treasury Assets Ratio
GRE	Government-related entity	TDE	Target Duration of Equity
HQLA	High-Quality Liquid Assets	TM	Treasury monetary portfolio
HTM	Held to Maturity	UL	Unexpected Loss
ICAAP	Internal Capital Adequacy Assessment Process		

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Member countries

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

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

★ Target countries



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