FitchRatings

Supranational
United Kingdom

European Bank for Reconstruction and Development

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Foreign Currency

Long-Term IDR	AAA
Short-Term IDR	F1+

Outlooks

Long-Term Foreign-Currency IDR	Stable

	End 2023	Jun 2024
Total assets (EURbn)	73.6	82.1
Equity to assets (%)	31	29
Fitch's usable capital to risk-weighted assets (FRA, %)	44	43
Average rating of loans & guarantees	B+	B+
Impaired loans (% of total loans)	5.6	4.5
Five largest exposures to total exposure (%)	12	12
Share of non-sovereign exposure (%)	81	82
Internal capital generation (%)	9.9	11.1
Average rating of key shareholders	AA-	AA-

Source: Fitch Ratings, EBRD

Key Rating Drivers

SCP Drives Rating: European Bank for Reconstruction and Development's (EBRD) rating reflects its Standalone Credit Profile (SCP) of 'aaa'. The SCP is based on the 'aa+' solvency assessment and EBRD's 'Low' risk business environment, which leads to a notching of '+1' over the lower of the solvency and liquidity assessments. Fitch Ratings expects EBRD's capital buffers will offset rising credit risks.

Excellent Capitalisation: The overall capitalisation assessment remains 'Excellent' considering Fitch's usable capital to risk-weighted assets (FRA) ratio of 43% and an equity-to-assets (E/A) ratio of 29% at end-1H24. Fitch expects EBRD's capitalisation to remain 'Excellent' in the medium term. Our forecasts assume EBRD remains profitable in 2025 and 2026. The increase in the bank's paid-in capital due to the approved general capital increase (GCI) should further support capital ratios.

Credit Risks Constrain Solvency: EBRD's non-performing loan (NPL) ratio was over 6% in 2022 primarily due to the impact of the Russia-Ukraine war. The NPL ratio, as adjusted by Fitch, improved to 4.5% in 1H24 from 5.6% at end-2023. We expect the NPL ratio to rise above 6% again due to heightened risk from increasing exposure to Ukraine. The average rating of loans and guarantees before preferred creditor status (PCS) was 'B+' at end-1H24, unchanged from the previous year. We expect the average rating of loans to remain at 'B+'.

Capital Increase Supportive: In December 2023, EBRD's shareholders approved a EUR4 billion GCI to further support Ukraine (RD). Paid-in capital payments will start in 2025 and will be paid annually via five equal instalments. The GCI and EBRD's role in providing support to Ukraine highlight the bank's high policy importance.

Increased Ukraine Exposure: EBRD has committed EUR3 billion in new investments in Ukraine in 2022 and 2023. Recognising the heightened risk level in Ukraine, these new commitments benefit from guarantees by some shareholders covering 50% on average. Exposure to Ukraine net of shareholder guarantees remains significant at EUR3.1 billion at end-1H24, but is covered by a EUR0.9 billion expected loss provision. In 1H24, 46% of loans to Ukrainian counterparties were NPLs. A further marked rise in Ukrainian NPLs is a downside risk to EBRD's risk profile.

Prudent Provisioning Against Ukraine Crisis: In 1H24, EBRD reported a net profit of EUR1.3 billion (FY23: EUR2.1 billion profit) that was supported by strong underlying operating income in all business segments. In 2022, EBRD reported a EUR1.1 billion loss (2021: EUR2.5 billion net profit) mainly due to impairment losses on loans based in Ukraine, Russia and Belarus as well a large fall in value of the bank's legacy equity investments in Russia. We expect EBRD's prudent reserving and valuation approach to reduce the risk of significant further losses from the war.

Low-Risk Business Environment: EBRD's business profile balances the high share of non-sovereign financing and an increased focus on less advanced economies with the high quality of governance and the importance of its public mandate. The risk in EBRD's countries of operations has increased, but this is offset by rising policy importance, given the bank's role in supporting Ukraine. The operating environment reflects the moderate credit quality and political risk in countries of operations and strong operational support from member states.

Applicable Criteria

Supranationals Rating Criteria (October 2024)

Related Research

Fitch Affirms EBRD at 'AAA'; Outlook Stable (November 2024)

Click here for more Fitch Ratings content on European Bank for Reconstruction and Development

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Rating Derivation Summary

	Standalone Credit Profile (SCP)					Support			
	Solvency	Liquidity	Lower of solvency and liquidity	Business environment (+3/-3 notches)	Final SCP	Capacity	Propensity (+1/-3 notches)	Support adjustment (up to 3 notches)	Final rating
EBRD	aa+	aaa	aa+	+1	aaa	AA-	0	0	AAA

Source: Fitch Ratings

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Solvency (Capitalisation): A decline in capitalisation metrics with an FRA ratio below 35% on a sustained basis or an equity-to-assets and guarantees ratio below 15%. This would affect our 'Excellent' capitalisation assessment. This could be driven by significant losses, faster-than expected growth, and/or a significant increase in risk-weighted assets.

Solvency (Risk): A revision of our assessment of the bank's credit risk to 'High', which could be driven by a decline in the average rating of loans and guarantees below 'B+' and/or an increase of the NPL ratio markedly above the 6% threshold for 'High' risk over the medium term. This would, for example, be the case if EBRD's entire exposure to Ukraine (including to the sovereign) went into default.

Business Environment (Operating Environment Risk): Rapid expansion into 'High' risk countries in sub-Saharan Africa or a larger number of sovereign downgrades of EBRD's countries of operations that affect our assessment of the bank's operating environment.

Solvency (Capitalisation) /Business Profile: In the unlikely event that a major shareholder withdrew from EBRD in a way that significantly affects its capitalisation and/or business profile.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

The rating is at the highest level on Fitch's scale and cannot be upgraded.

Business Environment

Fitch considers EBRD's business environment as 'Low' risk, an assessment that combines its 'Low' risk business profile and 'Medium' risk operating environment, and includes a one-notch upward rating adjustment over the lower of the bank's solvency and liquidity assessments.

Brief Issuer Profile

EBRD is a multilateral development bank (MDB) established in 1991, with a mandate to provide financing to the economies of central and eastern Europe (CEE), and the Commonwealth of Independent States (CIS). It has also expanded its operations into Mongolia (in 2006), Turkiye (in 2009) and the southern and eastern Mediterranean (SEMED) region (in 2012). From 2014, EBRD disbursed financing to Greece and Cyprus, albeit on a temporary basis until 2020. In December 2018, the bank's board of governors approved the extension of its mandate in Greece to 2025.

In 2014, following the invasion of Crimea, it halted all new investments in Russia, then the largest recipient of EBRD's resources, and stopped disbursing existing commitments to Russia in April 2022, following the directives of its shareholders. EBRD stopped approving new public-sector projects in Belarus in 2020, new private-sector commitments in 2021, and disbursements for existing commitments in April 2022.

The bank is based in London, United Kingdom, and has more than 40 offices worldwide. As a supranational institution, it is exempt from direct taxes and benefits from immunities and privileges in its member countries.

Business Profile

The 'Low' risk business profile mainly reflects the factors outlined below.

Fitch considers the size of the banking portfolio as a 'Low' risk, reflecting EBRD's total banking exposure of EUR45 billion, exceeding the USD30 billion threshold outlined in the criteria.

EBRD's quality of governance is considered a 'Low' risk. The bank's governing body is the board of governors, which includes a representative from each shareholder. It retains overarching responsibility for the bank, including changes in capital structure, the admission or suspension of member countries, and the approval of financial statements. EBRD's board of governors has delegated most supervisory responsibilities to the board of directors and the president then conducts the business of the bank under the direction of the board of directors. Fitch expects the bank to preserve its long-standing culture of conservative risk management and underwriting.

In our view, risks associated with the strategy followed by EBRD are 'Medium', reflecting the share of its exposures to countries with medium credit quality and given the political risk in some of its countries of operation, such as Turkiye and SEMED, and the heightened level of risk in Ukraine. These risks are in part offset by EBRD's conservative risk-management policies, including prudent underwriting and reserving practices, and large capital buffers.

Fitch assesses the involvement of EBRD in private-sector financing as 'High' risk, reflecting non-sovereign exposures totalling 82% of EBRD's total banking exposure at end-1H24.

We consider the importance of the public mandate a 'Low' risk. EBRD's policy response to the war in Ukraine and the Covid-19 crisis provided evidence of its role as a counter-cyclical lender and highlighted its institutional importance within its countries of operations and for its shareholders. The planned capital increase further highlights the increasing policy importance of EBRD for its shareholders.

Operating Environment

Fitch assesses EBRD's operating environment as 'Medium' risk, considering the credit quality, political risk, and business climate of the countries in which it operates.

The credit quality of the countries of operations is a 'High' risk reflecting the fairly low ratings of some of the countries EBRD operates in.

Income per capita in the countries of operations is a 'Medium' risk. The average GDP per capita in EBRD's countries of operations was about USD11,900 under the World Bank's Development's Indicators released in March 2024.

Fitch assesses political risk in EBRD's countries of operations as a 'Medium' risk based on the World Bank's Governance Indicators.

Fitch regards the operating environment in the UK, where the bank is headquartered, as a 'Low' risk.

Business Environment: Peer Comparison

SAsDB: Asian Development Bank; CEB: Council of Europe Development Bank.; EBRD: European Bank for Reconstruction and Development; ESM: European Stability Mechanism; IaDB: Inter American Development Bank; IBRD: International Bank for Reconstruction and Development
Source: Fitch Ratings

Solvency

EBRD's 'aa+' solvency is driven by the bank's 'Excellent' capitalisation and 'Low' risk profile.

Capitalisation

The 'Excellent' assessment of capitalisation is driven by the 'Excellent' FRA and E/A ratios.

EBRD's E/A ratio remained 'Excellent' at 29% at end-1H24, down from 31% at end-2023 (end-2022: 29%). The reduction in 1H24 was mostly driven by an increase in outstanding debt while the improvement in 2023 reflected strong internal capital generation.

The bank's FRA ratio is also 'Excellent' and weakened in 1H24 to 43% from 44% at end-2023 due to increased risk-weighted assets.

We expect the two ratios to remain above our 'Excellent' thresholds of 35% and 25%, respectively, over the medium term. Fitch's forecasts assume EBRD will remain profitable in 2025 and 2026, and prudent management of the bank's leverage. The increase in the banks paid-in capital due to the approved GCI should further support capital ratios.

In 1H24, EBRD reported a net profit of EUR1.3 billion (FY23: EUR2.1 billion profit) that was supported by strong underlying operating income across all business segments. In 2022, EBRD had reported a EUR1.1 billion loss (2021: EUR2.5 billion net profit) mainly driven by EUR1.4 billion impairment losses, primarily on loans based in Ukraine, Russia and Belarus. The war in Ukraine also led to a significant fall in the value of the bank's legacy equity investments in Russia resulting in overall equity losses of EUR1.1 billion in 2022.

Peer Comparison: Capital Ratios and Profitability

	EBRD (AAA)		EIB (AAA)	IDB Invest (AAA)	IsDB (AAA)
	Jun 2024	Projection[a]	End 2023	Sep 2023	End 2023
Equity/adjusted assets (%)	29	29-31	14	30	37
Usable capital/risk-weighted assets (FRA, %)	43	41-43	41	42	44
Internal capital generation (%)	11.1	4-6	2.9	6.1	3.0

[a] Medium-term projections, forecast range
Source: Fitch Ratings, MDBs

Risks

Risks Assessment

Indicative value	Risk level
Credit risk	Moderate
Concentration	Very low
Equity risks	Moderate
Risk management policies	Excellent

Source: Fitch Ratings

Fitch assesses the overall risk profile of the bank as 'Low'. The assessment reflects the following factors.

The average rating of loans and guarantees before PCS was 'B+' at end-1H24, unchanged from the previous year. The share of loan exposures in countries with a Negative Outlook decreased to 1% of the total at end-1H24 from 3% at end-1H23 (end-1H22: 32%). This reflects stabilised macroeconomic conditions in the bank's countries of operations. Overall, we expect the average rating of loans to remain at 'B+' over the forecast horizon.

EBRD benefits from 'Moderate' PCS given the limited size of its sovereign exposures (18% of the total banking portfolio, based on disbursed amounts, at end-1H24) and various episodes when the bank benefitted from preferred creditor treatment, including when it was excluded from the debt restructuring of a Ukrainian government-related bank in 2015. The default by the Belarusian sovereign (0.6% of total banking exposure at end-1H24) in 2022 was the first sovereign default of the bank's history. EBRD also benefits from PCS on its non-sovereign exposure with its charter protecting loan repayments against foreign-currency embargo. The PCS adjustment provides a one-notch uplift to the average rating of the loans to 'BB-'.

EBRD's NPL ratio was over 6% in 2022, primarily due to the impact of the Russia-Ukraine war. The NPL ratio, as adjusted by Fitch (the agency excludes from the numerator of the ratio the Ukrainian exposures considered impaired by EBRD but that are still performing), improved to 4.5% in 1H24 from 5.6% at end-2023, mainly driven by repayments of Ukrainian exposures, the sale of a Russian exposure in 1Q24, and two Turkish exposures resuming payments in 2Q24.

We expect the NPL ratio to return to above 6% again due to heightened risk from increasing exposure to Ukraine. EBRD has committed EUR3 billion in new investments in Ukraine in 2022 and 2023, reflecting the strong commitment from its shareholders to support the country. In recognition of the heightened level of risk in Ukraine, the EUR3 billion of new commitments benefit from pari passu or first-loss guarantees by some shareholders covering 50% on average. EBRD reached the EUR3 billion target of new investment in Ukraine in October 2023. In December 2023, EBRD's shareholders approved a EUR4 billion GCI to further support Ukraine. Paid-in capital payments will start in 2025 and will be paid annually via five equal instalments.

Nevertheless, EBRD's exposure to the country net of shareholder guarantees remains significant, at EUR3.1 billion or 7.0% of the bank's total banking exposure at end-1H24. On top of the guarantees, the Ukrainian credit exposure is covered by a EUR0.9 billion loss provision. In 1H24, 46% of loans to Ukrainian counterparties were non-performing. A further marked increase in Ukrainian NPLs is a vulnerability to EBRD's risk profile.

Concentration risk is very low, in our view, with the five largest banking exposures accounting for 12% of the total at end-1H24.

Equity risk is 'Moderate', reflecting equity participations totalling 14% of EBRD's total banking exposure at end-1H24 (end-2023 and end-2022: 13%, end-2021: 16%), which is higher than for most regional MDBs. The decrease in 2022 was mainly driven by a EUR1.4 billion revaluation of equity investments based in Russia, Ukraine and Belarus.

We assess EBRD's risk management policies as 'Excellent', primarily based on the bank's record of prudent risk management. EBRD's self-calculated gearing ratio was well below its prudential maximum of 92%, at 85% at end-1H24. EBRD's Basel III-derived liquidity guidelines are very conservative: while the bank must maintain a minimum of 75% of its next two years' cash requirements, this coverage reached 132% at end-1H24. EBRD also monitors credit rating agency metrics and the bank's policies, and day-to-day management is informed by them, given EBRD's objective to maintain its 'AAA' rating.

Peer Comparison: Risks

	EBRD (AAA)		EIB (AAA)	IDB Invest (AAA)	IsDB (AAA)
	Jun 2024	Projection[a]	End 2023	Sep 2023	End 2023
Estimated average rating of loans & guarantees	B+	B+	A-	BB	B
Impaired loans/gross loans (%)	4.5	6-8	0.4	2.3	4.6
Five largest exposures/total banking exposure (%)	12	12-15	16	11	28
Equity stakes/total banking exposure (%)	14	13-15	2	4	8

[a] Medium-term projections, forecast range
Source: Fitch Ratings, MDBs

Liquidity Analysis

Liquidity Assessment

Indicative value	Risk level
Liquidity buffer	Excellent
Quality of Treasury Assets	Strong
Access to capital markets & alternative sources of liquidity	Excellent

Source: Fitch Ratings

EBRD's 'aaa' liquidity assessment reflects its 'Excellent' liquidity buffers, 'Strong' credit quality of its treasury portfolio and its 'Excellent' access to capital markets.

Liquid Assets to Short-Term Debt

Fitch estimates that 98% of EBRD's treasury assets (EUR34.6 billion at end-1H24) were investment grade. The bank's coverage of its short-term debt by liquid assets is substantially above the 1.5x threshold for an assessment as 'Excellent', at 2.6x at end-1H24. Fitch expects the liquidity ratio to remain above the 1.5x 'Excellent' threshold and to remain around the current level, reflecting projected growth of treasury assets in line with expected growth of the bank's loan portfolio.

Quality of Treasury Assets

At end-1H24, the share of treasury assets rated 'AA-' and above totalled 63%, highlighting the bank's conservative investment management. When considering the robustness of its liquidity buffer and treasury assets credit quality, EBRD's liquidity profile is in line with other 'AAA' rated institutions.

The average rating of treasury assets was 'AA-' at end-1H24, and 78% had a maturity of less than one year.

Access to Capital Market, Alternative Source of Liquidity

Fitch considers the bank's access to capital markets or alternative sources of liquidity to be 'Excellent'. The bank raised EUR10 billion in 2023 after EUR7 billion in 2022 and EUR12 billion in 2021 and 2020. The reduced borrowing in 2022 was supported by EBRD's excellent liquidity position. For 2024 EBRD's borrowing programme is up to EUR13.5 billion, and the 2025 borrowing programme (expected to be approved by EBRD's board of directors on 4th December 2024) is anticipated to be up to EUR14.5 billion. EBRD has issued bonds in euros, sterling, US dollars and other currencies.

The bonds issued by EBRD are eligible for 0% risk-weight and Level 1 high-quality liquid assets for the liquidity coverage ratio calculation under the Basel framework.

Peer Comparison: Liquidity

	EBRD (AAA)		EIB (AAA)	IDB Invest (AAA)	IsDB (AAA)
	Jun 2024	Projection[a]	End 2023	Sep 2023	End 2023
Liquid assets/short-term debt (%)	256	220-290	81	488	198
Share of treasury assets rated AA- & above (%)	63	55-70	69	87	9

[a] Medium-term projections, forecast range
Source: Fitch Ratings, MDBs

Shareholder Support

Our assessment of members' extraordinary support is 'aa-', which results in no rating uplift to EBRD's SCP.

Capacity to Provide Extraordinary Support

The bank's members' capacity to support is 'aa-' based on the weighted average rating of key shareholders – the US (AA+/Stable, 10.1% shareholding), France (AA-/Negative), Germany, (AAA/Stable), Italy (BBB/Positive), Japan (A/Stable) and the UK (AA-/Stable), each with an 8.6% shareholding. The WARKS would remain 'AA-' if France was downgraded by one notch or Italy upgraded by one notch.

EBRD's callable capital (EUR23.5 billion) does not exceed the bank's total debt (EUR53.1 billion at end-1H24). However, taking into account eligible treasury assets rated at least 'A' reduces net debt to EUR19.1 billion. At end-1H24, EBRD's net debt was covered by its callable capital rated at least 'BBB'. We expect this coverage to reduce to 'BBB-' over the forecast period.

Propensity to Provide Extraordinary Support

Fitch views EBRD member states' propensity to provide support as 'Strong', given the important role played by EBRD in the financing of the private sector and for certain sovereigns.

EBRD's role in providing support to Ukraine and the guarantees from its member countries to mitigate the increase in risk highlight EBRD's policy importance for its shareholders. EBRD's shareholders agreed in May 2023 to provide the bank with additional paid-in capital to allow the bank to provide further support to Ukraine while maintaining its 'Excellent' capitalisation. This capital increase of EUR4 billion paid-in capital was then approved by EBRD's shareholders in December 2024. EBRD is the only MDB not to have received an injection of paid-in capital in the past 25 years because of historically strong profitability that has supported internal capital generation.

The 'Strong' support propensity means that the support capacity and the overall support rating are equalised (no notching up or down), translating into a support rating of 'AA-'.

Peer Comparison: Shareholder Support

	EBRD (AAA)		EIB (AAA)	IDB Invest (AAA)	IsDB (AAA)
	Jun 2024	Projection[a]	End 2023	Sep 2023	End 2023
Coverage of net debt by callable capital	BBB	BBB-	NC	NC	A+
Average rating of key shareholders	AA-	AA-	A+	BBB	BBB-
Propensity to support	0	0	0	0	0

[a] Medium-term projections.
Source: Fitch Ratings, MDBs

ESG Relevance Scores

FitchRatings

European Bank for Reconstruction and Development

Supranational ESG Navigator
Supranational

Credit-Relevant ESG Derivation

European Bank for Reconstruction and Development has 2 ESG rating drivers and 5 ESG potential rating drivers

- European Bank for Reconstruction and Development has exposure to social pressure to provide support at times of crisis which, in combination with other factors, impacts the rating.
- European Bank for Reconstruction and Development has exposure to lack of supervision by an external authority and is not subject to banking regulation which, in combination with other factors, impacts the rating.
- European Bank for Reconstruction and Development has exposure to borrowers with limited access to external funding sources and/or extend concessional loans but this has very low impact on the rating.
- European Bank for Reconstruction and Development has exposure to risk around the execution/predictability of its strategy but this has very low impact on the rating.
- European Bank for Reconstruction and Development has exposure to board independence and effectiveness, ownership composition but this has very low impact on the rating.
- European Bank for Reconstruction and Development has exposure to quality of financial reporting and medium-term financial forecasts but this has very low impact on the rating.

Showing top 6 issues

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	2	issues	4
potential driver	5	issues	3
not a rating driver	2	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events and climate change on assets and corresponding risk appetite and management	Asset Quality; Risk Management	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	3	Lending to borrowers with limited or no access to other external sources of finance; extension of concessional loans or grants; credit protection schemes	Importance of the Public Mandate; Credit Risk; Propensity to Support	5
Privacy & Data Security	1	n.a.	n.a.	4
Labour Relations & Practices	2	Restriction on recruitment based on nationality and quotas	Governance	3
Employee Well-being	1	n.a.	n.a.	2
Exposure to Social Impacts	4	Counter-cyclical mandate and development role; social pressure to provide support at times of crisis	Credit Risk; NPLs; Capitalisation; Strategy	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy (Operational Execution)	3	Lack of predictability and/or risk around the execution of strategy	Business Profile; Strategy; Governance	5
Governance Structure	3	Board independence and effectiveness, ownership composition, degree of political or external influence, control of one member state over the management of the institution	Business Profile; Strategy; Governance	4
Rule of Law, Institutional & Regulatory Quality	4	Supranationals are neither subject to bank regulation nor supervised by an external authority; all supranationals attract a score of '4'	Risk Management Policies; Governance	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes, detail and scope of information, medium-term financial forecasts	Minimum Data Requirement	2
Policy Status and Mandate Effectiveness	3	Inherent obligor risk concentration; effectiveness of preferred creditor status; access to liquidity support from central bank	Concentration; Credit Risk; Access to Central Bank Refinancing	1

How to Read This Page
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.
The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.
The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.
Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Data Tables

European Bank for Reconstruction and Development
Balance Sheet

	30 Jun 24		31 Dec 23		31 Dec 22	
	6 months - interim (EURm) Original	As % of Assets Original	Year end (EURm) Original	As % of Assets Original	Year end (EURm) Original	As % of Assets Original
A. Loans						
1. To/guaranteed by sovereigns	8,131	9.9	8,090	10.9	6,797	9.5
2. To/guaranteed by public institutions	n.a.	-	n.a.	-	n.a.	-
3. To/guaranteed by private sector	27,309	33.1	26,725	36.2	25,065	35.0
4. Trade financing loans (memo)	n.a.	-	n.a.	-	n.a.	-
5. Other loans	n.a.	-	n.a.	-	n.a.	-
6. Loan loss reserves (deducted)	1,650	2.0	1,831	2.5	2,075	2.9
A. Loans, total	**33,790**	**41.0**	**32,984**	**44.6**	**29,787**	**41.6**
B. Other earning assets						
1. Deposits with banks	25,292	30.7	18,729	25.3	21,402	29.9
2. Securities held for sale & trading	1,067	1.3	962	1.3	854	1.2
3. Investment debt securities (including other investments)	9,052	11.0	8,549	11.6	8,415	11.7
4. Equity investments	6,506	7.9	5,620	7.6	4,885	6.8
5. Derivatives (including fair-value of guarantees)	5,073	6.2	5,561	7.5	5,069	7.1
B. Other earning assets, total	**46,990**	**57.0**	**39,421**	**53.3**	**40,625**	**56.7**
C. Total earning assets (A+B)	**80,780**	**98.0**	**72,405**	**97.9**	**70,412**	**98.3**
D. Fixed assets	**573**	**0.7**	**578**	**0.8**	**581**	**0.8**
E. Non-earning assets						
1. Cash and due from banks	n.a.	-	n.a.	-	n.a.	-
2. Other	1,116	1.4	939	1.3	632	0.9
F. Total assets	**82,469**	**100.0**	**73,922**	**100.0**	**71,625**	**100.0**
G. Short-term funding						
1. Bank borrowings (< 1 year)	779	0.9	911	1.2	571	0.8
2. Securities issues (< 1 year)	12,835	15.6	10,463	14.2	12,847	17.9
3. Other (including deposits)	n.a.	-	n.a.	-	n.a.	-
G. Short-term funding, total	**13,614**	**16.5**	**11,374**	15.4	**13,418**	**18.7**
H. Other funding						
1. Bank borrowings (> 1 year)	n.a.	-	n.a.	-	n.a.	-
2. Other borrowings (including securities issues)	39,494	47.9	33,835	45.8	30,571	42.7
3. Subordinated debt	n.a.	-	n.a.	-	n.a.	-
4. Hybrid capital	n.a.	-	n.a.	-	n.a.	-
H. Other funding, total	**39,494**	**47.9**	**33,835**	45.8	**30,571**	**42.7**
I. Other (non-interest bearing)						
1. Derivatives (including fair value of guarantees)	4,317	5.2	4,939	6.7	7,063	9.9
2. Fair value portion of debt	n.a.	-	n.a.	-	n.a.	-
3. Other (non-interest bearing)	1,710	2.1	1,506	2.0	1,237	1.7
I. Other (non-interest bearing), total	**6,027**	**7.3**	**6,445**	**8.7**	**8,300**	**11.6**
J. General provisions & reserves	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
L. Equity						
1. Preference shares	n.a.	-	n.a.	-	n.a.	-
2. Subscribed capital	29,763	36.1	29,761	40.3	29,759	41.5
3. Callable capital	-23,545	28.6	-23,543	31.8	-23,542	-32.9

European Bank for Reconstruction and Development
Balance Sheet

	30 Jun 24		31 Dec 23		31 Dec 22	
	6 months - interim (EURm) Original	As % of Assets Original	Year end (EURm) Original	As % of Assets Original	Year end (EURm) Original	As % of Assets Original
4. Arrears/advances on capital	0	0.0	0	0.0	0	0.0
5. Paid in capital (memo)	6,218	7.5	6,218	8.4	6,217	8.7
6. Reserves (including net income for the year)	17,011	20.6	15,982	21.6	13,221	18.5
7. Fair-value revaluation reserve	105	0.1	68	0.1	-102	-0.1
K. Equity, total	**23,334**	**28.3**	**22,268**	**30.1**	**19,336**	**27.0**
M. Total liabilities & equity	**82,469**	**100.0**	**73,922**	**100.0**	**71,625**	**100.0**

Source: Fitch Ratings, Fitch Solutions

European Bank for Reconstruction and Development

Income Statement

	30 Jun 24		31 Dec 23		31 Dec 22	
	6 months - Interim (EURm) Original	As % of Earning Assets	Year end (EURm) Original	As % of Earning Assets	Year end (EURm) Original	As % of Earning Assets
1. Interest received	2,095	5.2	4,125	5.7	2,270.0	3.2
2. Interest paid	1,361	3.4	2,291	3.2	1,131	1.6
3. Net interest revenue (1. - 2.)	**734**	1.8	**1,834**	2.5	**1,139.0**	1.6
4. Other operating income	507	1.3	635	0.9	-530	-0.8
5. Other income	365	0.9	81	0.1	229	0.3
6. Personnel expenses	246.0	0.6	358	0.5	339	0.5
7. Other non-interest expenses	278	0.7	180	0.2	199	0.3
8. Impairment charge	-176	-0.4	-100	-0.1	1,390	2.0
9. Other provisions	n.a.	-	-14	0.0	-27	0.0
10. Pre-derivative operating profit (3. + 4. + 5.) - (6. + 7. + 8. + 9.)	**1,260**	3.1	**2,098**	2.9	**-1,117**	-1.6
11. Net gains/(losses) on non-trading derivative instruments	n.a.	-	n.a.	-	n.a.	-
12. Post-derivative operating profit (10. + 11.)	**1,260**	3.1	**2,098**	2.9	**-1,117**	-1.6
13. Other income and expenses	n.a.	-	n.a.	-	n.a.	-
14. Net income (12. + 13.)	**1,260**	3.1	**2,098**	2.9	**-1,117**	-1.6
15. Fair value revaluations recognised in equity	-194	-0.5	856	1.2	-396	-0.6
16. Fitch's comprehensive net income (14. + 15.)	**1,066**	2.6	**2,954**	4.1	**-1,513**	-2.1

Source: Fitch Ratings, Fitch Solutions

European Bank for Reconstruction and Development
Ratio Analysis

(%)	30 Jun 24 6 months - interim Original	31 Dec 23 Year end Original	31 Dec 22 Year end Original
I. Profitability level			
1. Net income/equity (average)	11.1	10.1	-5.6
2. Cost/income ratio	20	18	105
II. Capital adequacy			
1. Usable capital/risk-weighted assets (FRA ratio)	43	44	45
2. Equity/adjusted total assets + guarantees	29	31	29
3. Paid-in capital/subscribed capital	21	21	21
4. Internal capital generation after distributions	11.1	9.9	-6.2
III. Liquidity			
1. Liquid assets/short-term debt	256	244	227
2. Share of treasury assets rated 'AAA'-'AA'	63	59	63
3. Treasury assets/total assets	43	38	50
4. Treasury assets investment grade + eligible non-investment grade/total assets	43	38	50
5. Liquid assets/total assets	43	38	50
IV. Asset quality			
1. Impaired loans/gross loans	4.5	5.6	7.2
2. Loan loss reserves/gross loans	5	5	7
3. Loan loss reserves/Impaired loans	79	77	95
V. Leverage			
1. Debt/equity	228	203	227
2. Debt/callable capital	226	192	187

Source: Fitch Ratings, Fitch Solutions

European Bank for Reconstruction and Development
Annex

	30 Jun 24 (EURm) Original	31 Dec 23 (EURm) Original	31 Dec 22 (EURm) Original
1. Lending operations			
1. Loans outstanding	35,440	34,815	31,862
2. Disbursed loans	3,746	9,404	8,215
3. Loan repayments	3,037	6,929	6,034
4. Net disbursements	709	2,475	2,181
Memo: Loans to sovereigns	8,172	8,132	6,797
Memo: Loans to non-sovereigns	27,268	26,683	25,065
2. Other banking operations			
1. Equity participations	6,358	5,495	4,885
2. Guarantees (off-balance sheet)	2,898	2,807	2,283
Memo: Guarantees to sovereigns	0	0	0
Memo: Guarantees to non-sovereigns	2,898	2,807	2,283
3. Total banking exposure (balance sheet and off-balance sheet)			
1. Total banking exposure (loans + equity participations + guarantees (off balance sheet))	44,696	43,117	39,030
2. Growth in total banking exposure	7	10	5
Memo: Non-sovereign exposure	36,524	34,985	32,233
4. Support			
1. Share of 'AAA'/'AA' shareholders in callable capital	64	64	64
2. Rating of callable capital ensuring full coverage of net debt	BBB	A-	A+
3. Weighted average rating of key shareholders	AA-	AA-	AA-
5. Breakdown of banking portfolio			
1. Loans to sovereigns/total banking exposure	18	19	17
2. Loans to non-sovereigns total banking exposure	61	62	64
3. Equity participation/total banking exposure	14	13	13
4. Guarantees covering sovereign risks/total banking exposure	0	0	0
5. Guarantees covering non-sovereign risks/total banking exposure	6	7	6
Memo: Non sovereign exposure (2. + 3. + 5.)/total banking exposure	82	81	83
6. Concentration measures			
1. Largest exposure/equity (%)	8	8	7
2. Five largest exposures/equity (%)	24	24	25
3. Largest exposure/total banking exposure (%)	4	4	3
4. Five largest exposures/total banking exposure (%)	12	12	12
7. Credit risk			
1. Average rating of loans & guarantees (after PCS)	BB-	BB-	BB-
2. Loans to investment-grade borrowers/gross loans	16	16	16
3. Loans to sub-investment grade borrowers/gross loans	84	84	84
8. Liquidity			
1. Treasury assets	35,237	28,082	30,531
2. Treasury assets of which investment grade + eligible non-investment grade	34,345	27,236	29,934
3. Unimpaired short-term trade financing loans	779	912	970
4. Unimpaired short-term trade financing loans - discounted 40%	467	547	582
5. Liquid assets (2. + 4.)	34,812	27,783	30,516

Source: Fitch Ratings, Fitch Solutions

SOLICITATION & PARTICIPATION STATUS

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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