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## Fitch Affirms EBRD at 'AAA'; Outlook Stable

Fitch Ratings - London - 03 Nov 2025: Fitch Ratings has affirmed European Bank for Reconstruction and Development's (EBRD) Long-Term Issuer Default Rating (IDR) at 'AAA' with a Stable Outlook.

### Key Rating Drivers

**SCP Drives Rating:** EBRD's Long-Term IDR reflects its Standalone Credit Profile (SCP) of 'aaa'. The SCP is based on the solvency assessment of 'aa+' and EBRD's 'low' risk business environment, which leads to a notching of '+1' over the lower of the solvency and liquidity assessments. The Stable Outlook reflects our expectation that EBRD's 'excellent' capital buffers will offset rising credit risks.

**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 4.3% at end-2024 from 5.6% at end-2023, mainly driven by repayments of Ukrainian exposures, the sale of a Russian exposure and two Turkish exposures resuming payments. In 1H25, the NPL ratio improved further to 4.0%, reflecting the repayment of a Ukrainian exposure. We expect the NPL ratio to return to above 6% again due to the increasing exposure to Ukraine.

The average rating of loans and guarantees before preferred creditor status (PCS) was 'BB-' at end-1H25, up from 'B+' the previous year driven by sovereign upgrades in EBRD's countries of operation, particularly Egypt (B/Stable, 7% of total banking exposure - TBE - at end-1H25). However, we expect the average rating of loans and guarantees to return to 'B+' over the forecast horizon, mainly reflecting the increasing exposure to Ukraine.

**Capital Increase Supportive:** In December 2023, EBRD's shareholders approved a EUR4 billion general capital increase (GCI) to further support Ukraine (RD). Paid-in capital payments started at end-2024 and EBRD had received EUR544 million of new paid-in capital by end-1H25. The GCI and EBRD's role in providing support to Ukraine highlight the bank's high policy importance.

**Excellent Capitalisation:** The overall capitalisation assessment remains 'excellent' considering Fitch's usable capital to risk-weighted assets (FRA) ratio of 46% at end-1H25 (end-24: 44%) and an equity-to-assets ratio of 29% at end-1H25 (end-2024: 29%). Fitch expects the two ratios to remain above its 'excellent' thresholds of 35% and 25%, respectively, over the medium term. Our forecasts assume EBRD remains profitable in 2026 and 2027 and management of the leverage remains prudent. The increase in the bank's paid-in capital due to the GCI should further support capital ratios.

**Increasing Exposure to Ukraine:** EBRD committed EUR4.8 billion new investments in Ukraine in 2022, 2023 and 2024, reflecting the strong commitment from shareholders to supporting the country. In recognition of the heightened level of risk in Ukraine, the EUR4.9 billion of new investments benefits

from either pari passu or first-loss guarantees by shareholders covering 50% on average. EBRD continued to receive guarantees for new Ukraine exposures until new paid-in capital started to come in at end-2024.

EBRD's exposure to the country net of shareholder guarantees increased to EUR3.7 billion or 9.3% of the bank's TBE at end-1H25, up from EUR3.1 billion (7.0% of TBE) at end-1H24. On top of guarantees, Ukrainian credit exposure is covered by a EUR0.8 billion loss provision. In 1H25, 47% of loans to Ukrainian counterparties were non-performing. A further marked increase in Ukrainian NPLs is a vulnerability for EBRD's risk profile.

**Prudent Provisioning Against Ukraine Crisis:** EBRD reported a profit of EUR0.5 billion in 1H25 (FY24: EUR1.7 billion). It had returned to profitability in 2023 (EUR2.1 billion) after a EUR1.1 billion loss in 2022, mainly driven by EUR1.4 billion impairment losses, primarily on loans based in Ukraine, Russia and Belarus., and EUR1.1 billion equity losses, reflecting a significant fall in the value of the bank's legacy equity investments in Russia. At end-1H25, exposure to Russia and Belarus was EUR79 million and EUR217 million, respectively. Fitch expects EBRD's prudent reserving and valuation approach to reduce the risk of significant further losses arising from the war in Ukraine.

**Low Risk Business Environment:** EBRD's business environment leads to a +1 uplift over the solvency assessment. Our assessment of the business profile reflects the high quality of governance and the importance of its public mandate, as demonstrated by the bank's role in supporting Ukraine in line with the objectives of its shareholders, overcompensating for the high share of non-sovereign financing and an increased focus on less advanced economies. We assess the operating environment as 'medium' risk, reflecting the moderate average credit quality and political risk in most countries of operations.

**Excellent Liquidity and Market Access:** We assess EBRD's liquidity at 'aaa'. The bank's coverage of short-term debt by liquid assets was 2.7x at end-1H25. EBRD operates with a higher level of treasury assets (44% of total assets at end-1H25) than comparable peers and this weighs positively on our assessment of liquidity. The quality of treasury assets is 'excellent', with the share of treasury assets rated 'AAA' or 'AA' at 70% at end-1H25. Fitch expects the liquidity ratio to remain above the 1.5x 'excellent' threshold. In our view, EBRD has 'excellent' access to capital markets.

**No Support Uplift:** Fitch assesses shareholders' support at 'aa-', which is based on the weighted average rating of key shareholders as its coverage of net debt by callable capital is at lower (full coverage from shareholders rated at least 'BBB+' at end-1H25). Fitch views shareholders' propensity to support the bank as 'strong'.

## RATING SENSITIVITIES

**Factors that could, individually or collectively, lead to negative rating action/ downgrade:**

**Solvency (Risk):** A decline in the average rating of loans and guarantees below 'B+' or an increase of the NPL ratio markedly above the 6% threshold for 'high' risk over the medium term. This would be the

case, for example, if EBRD's entire exposure to Ukraine (including to the sovereign) defaulted.

**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.

**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:** Withdrawal of a major shareholder from EBRD in a way that significantly affects its capitalisation or business profile, although this seems unlikely.

**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.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG Considerations

EBRD has an ESG Relevance Score of '4' for 'Exposure to Social Impacts'. To provide temporary liquidity support, the bank has allowed payment deferral for some of its borrowers affected by the coronavirus crisis but that had not experienced payment delays before the deferral was granted. This has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

EBRD has an ESG Relevance Score of '4' for 'Rule of Law, Institutional and Regulatory Quality'. All supranationals attract a score of '4' as they are neither subject to bank regulation nor supervised by an external authority. Instead, supranationals comply with their own set of prudential limits. Fitch pays particular attention to these internal prudential policies, including the bank's compliance with them. This has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/topics/esg/products#esg-relevance-scores](http://www.fitchratings.com/topics/esg/products#esg-relevance-scores).

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**Rating Actions**

| ENTITY/DEBT                                      | RATING |                                                                                         | RECOVERY |  | PRIOR                                                                                     |
|--------------------------------------------------|--------|-----------------------------------------------------------------------------------------|----------|--|-------------------------------------------------------------------------------------------|
| European Bank for Reconstruction and Development | LT IDR | AAA  | Affirmed |  | AAA  |
|                                                  | ST IDR | F1+                                                                                     | Affirmed |  | F1+                                                                                       |
| • senior unsecured <sup>LT</sup>                 |        | AAA                                                                                     | Affirmed |  | AAA                                                                                       |
| • senior unsecured <sup>ST</sup>                 |        | F1+                                                                                     | Affirmed |  | F1+                                                                                       |

**RATINGS KEY   OUTLOOK   WATCH**

|                 |                                                                                   |                                                                                   |
|-----------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>POSITIVE</b> |  |  |
| <b>NEGATIVE</b> |  |  |
| <b>EVOLVING</b> |  |  |
| <b>STABLE</b>   |  |                                                                                   |

**Applicable Criteria**

[Supranationals Rating Criteria \(pub.03 Oct 2024\) \(including rating assumption sensitivity\)](#)

**Additional Disclosures**

[Solicitation Status](#)

**Endorsement Status**

European Bank for Reconstruction and Development      UK Issued, EU Endorsed

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