

CREDIT OPINION

29 August 2025

Update



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RATINGS

EBRD

	Rating	Outlook
Long-term Issuer	Aaa	Stable
Short-term Issuer	P-1	--

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EBRD – Aaa stable

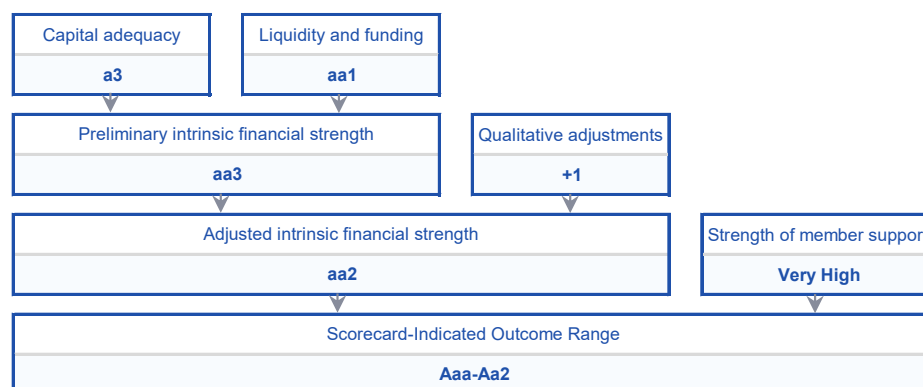
Update following rating affirmation, outlook unchanged

Summary

The credit profile of the [European Bank for Reconstruction and Development](#) (EBRD) reflects moderate leverage as well as a strong liquidity profile, prudent risk management and solid shareholder support. The EBRD is a large and established issuer with secure market access. The size and quality of the bank's liquid asset base provide a solid cushion against macroeconomic and financial shocks. Shareholders' strong ability and willingness to provide support provides a three-notch uplift to EBRD's already solid intrinsic financial strength. The EBRD also stands out for the high share of callable capital committed by Aaa and Aa-rated shareholders.

Exhibit 1

The EBRD's credit profile is determined by three factors



Source: Moody's Ratings

Credit strengths

- » High cushion of paid-in capital and relatively moderate leverage
- » Strong liquidity levels and unquestioned market access, supported by conservative internal requirements
- » Solid support of shareholders evidenced by recent agreement to raise capital

Credit challenges

- » Comparatively weak asset quality and volatile asset performance, exacerbated by the impact of Russia's invasion of [Ukraine](#) (Ca stable).

Rating outlook

The stable outlook reflects our view that, as the bank continues to expand, the EBRD will be able to maintain its solid capital adequacy and achieve a continued gradual improvement in its asset performance. Importantly, we expect the stable outlook to be resilient to the [US](#) (Aa1 stable) not participating in the general capital increase, as the bank will be able to meet its baseline growth projections irrespective of the US contributing. Finally, we expect that the bank will continue to generate profits to support its capital buffer.

Factors that could lead to a downgrade

Downward pressure on the EBRD's rating would emerge in the unlikely event that the bank experienced a significant deterioration in asset quality and losses over several years, eroding its capital buffer. This could arise in the context of a broadening of the current Russia-Ukraine conflict or a faster than expected expansion to new regions, combined with a lack of shareholder response. The withdrawal or financial disengagement of one or more shareholders which is not compensated by other member states and constrains EBRD's capacity to meet its strategic objectives would signal weaker than expected member support and also be negative for the rating.

Key indicators

Exhibit 2

EBRD	2019	2020	2021	2022	2023	2024
Total Assets (USD million)	76,617	85,617	84,688	76,395	81,684	89,830
Leverage Ratio [1]	205.8	210.7	192.6	212.9	204.7	198.5
Weighted Average Borrower Rating (WABR)	B2	B2	B2	B2	B2	B3
Sovereign exposure / Loans and Guarantees, %	18%	18%	19%	22%	23%	23%
Equity Investments / DRA	15.5	14.2	16.4	12.8	13.3	14.0
Non-Performing Assets / DRA %	3.7	4.5	3.9	6.6	6.3	5.0
Return On Equity	8.4	1.6	13.1	-5.6	10.1	7.3
Availability of Liquid Resources Ratio (ALR %) [2]	160.3	218.2	239.5	178.1	139.9	145.1
Weighted Average Shareholder Rating (WASR)	A2	A2	A2	A3	A3	A3
Callable Capital / Gross Debt %	49.6	48.8	47.0	53.5	52.1	42.6

[1] Development-related assets (DRA) + Treasury assets rated A3 or lower / Usable equity

[2] Liquid assets / Projected net cash outflows during upcoming 18 months

Source: Moody's Ratings

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Profile

The EBRD was established in 1991 to assist the economies of Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS) in their transition from centrally planned to market economies. Unlike many of its peers, the EBRD focuses on lending to the private sector. It also invests in equity participations and provides various technical assistance programmes to its recipients, most notably in the development of private enterprise. The EBRD's mandate stipulates that it must only work in countries that are committed to democratic principles. Over the years, the EBRD has progressively extended its operations, including to [Turkiye](#) (Ba3 stable) in 2009 and to the Southern and Eastern Mediterranean (SEMED) region in 2011.

We capture the bank's development mandate and focus on strengthening private enterprise in transition economies, often acting as anchor investor or lender, in our positive social risk assessment.

The bank ceased approving new loans in the Russian Federation since the annexation of Crimea in 2014 and later also stopped its activities in [Belarus](#) (C stable). Following Russia's invasion of Ukraine in February 2022, the EBRD's Board of Governors approved the formal suspension of access by both countries to the resources of the Bank. This has meant that further disbursements under existing projects have been stopped, as have technical assistance projects. The combined exposure to both countries has been reduced to around 0.8% of development-related assets as of December 2024. The EBRD's exposure to Ukraine stands at 6.6%, while the single-largest country exposure is to Turkiye with a share of 14.3%. The bank's total development-related loans and equity investments stood at just over €48 billion as of December 2024.

Detailed credit considerations

Our determination of a supranational's rating is based on three rating factors: capital adequacy, liquidity and funding, and strength of member support. For Multilateral Development Banks (MDBs), the first two factors combine to form the assessment of intrinsic financial strength, as shown on the cover page graphic. Additional factors can affect the intrinsic financial strength, such as risks stemming from the operating environment or the quality of management. The strength of member support is then incorporated to yield a rating range. For more information, please see our [Multilateral Development Banks and Other Supranational Entities Methodology](#), published in February 2024.

FACTOR 1: Capital adequacy score: a3

We score the EBRD's capital adequacy at "a3", which balances the Bank's moderate leverage against a stable but relatively low development asset credit quality and comparatively weak and volatile asset performance.

The assigned score is set one notch higher than the adjusted score to reflect that EBRD's non-performing loans include a significant portion of its exposure which is performing and therefore would not usually be included in our definition of non-performing assets. As such, the upward adjustment reflects that the non-performing asset ratio included in our scorecard overstates the degree of risk to EBRD's capital base.

Moderate leverage based on high level of paid-in capital and retained earnings and supported by prudent capital management...

The EBRD has a high level of paid-in capital of €7.4 billion as at end 2024, augmented by significant retained earnings and reserves of around €17.9 billion accumulated up to 2024, which provides the bank with a large cushion to absorb losses. Following the continued recovery in profitability in the last two years, the EBRD's leverage – defined as development-related assets and treasury assets rated A3 or lower in relation to useable equity – declined from 205% in 2023 to 199% in 2024, and stands below its leverage in 2019-2020. This compares to a median leverage ratio of 295% for Aaa-rated MDBs. The leverage score of "a1" incorporates a one-notch uplift for EBRD's strong profitability.

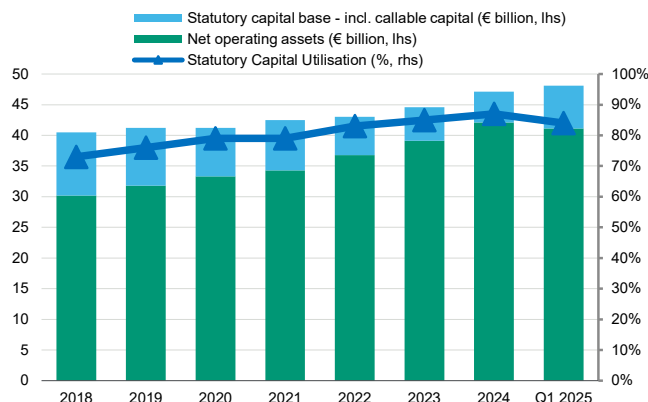
The high capital level provides a solid buffer against the higher credit risks from its private sector focus and its sizeable equity investments which are prone to volatility in mark-to-market valuations. Until July 2025, the EBRD has also operated within a range of prudential limits, including a maximum gearing ratio of 92% of subscribed capital and reserves while also setting limits to risk-weighted economic capital usage at 90% of available economic capital. Actual capital usage has historically been materially lower than the thresholds. The statutory capital utilization was 87% in 2024, higher than the 83% level in 2022 and 79% in 2021 but comfortably below the ceiling. Economic capital utilization stood at 63% in 2024, broadly similar to the previous three years but lower than in prior years when the ratio was generally at or above 70%.

Going forward, the statutory 1:1 gearing ratio has been replaced by a requirement for the Board of Directors to define suitable capital adequacy thresholds. EBRD removed the statutory requirement from its articles in June 2025, in line with the G20 initiative for MDBs to become more innovative with their capital. The removal of the statutory constraint will increase EBRD's maximum operational capacity by €2.7 billion annually without any threat to its capital strength. The clear delegation of capital management responsibilities to the Board is consistent with market practice and modern regulatory standards.

Exhibit 3

Capital utilisation is well within the 92% statutory capital...*

Statutory capital base in EUR billion and capital utilisation in %



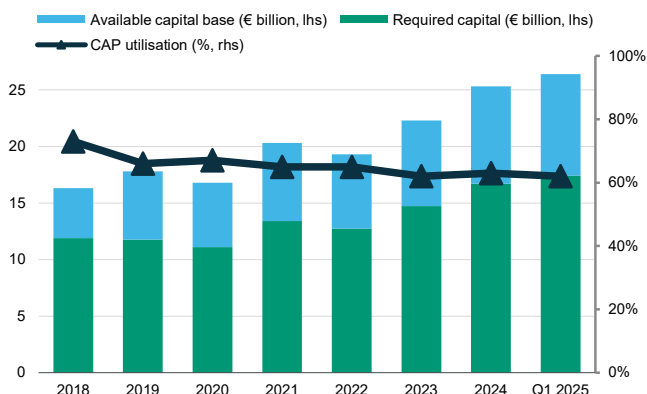
* Governors have given approval to relocate the Bank's Statutory capital limitation on ordinary operations (Article 12.1 Agreement Establishing the Bank) to Board level policy. The statutory constraint will be removed in June 2025.

Sources: EBRD, Moody's Ratings

Exhibit 4

...and also below the limit of 90% for economic capital

Available economic capital (EUR billion), CAP utilisation (%)**



** Paid-in capital excludes capital subscribed, but not yet received.

Sources: EBRD, Moody's Ratings

...helps to mitigate risks from EBRD's relatively risky business profile

Strong capitalization, moderate leverage and prudential capital management are key mitigating factors for EBRD's comparatively risky business profile given its focus on private-sector lending and equity investments. In Q1 2025, 59.1% of operating assets were private-sector loans and 11.6% were equity investments, with the remainder sovereign and other public-sector loans.

The EBRD's business profile is captured by our assessment of the credit quality of its development-related assets. The Development Asset Credit Quality (DACQ) score of "baa" is primarily anchored by the EBRD's stable but low weighted average borrower rating of "b3", which reflects the higher credit risk inherent in the bank's private-sector focus. However, we also take account of the EBRD's high-quality exposures in its markets of operation and its significant experience in operating within transition economies. The high degree of country and sector diversification is a further strength, with only the energy and banking sectors accounting for more than 20% of development-related exposure in 2024. Other concentration metrics such as the share of the top 10 exposures and single largest exposures are also strong.

Our assessment of asset performance at "baa3" reflects the bank's relatively high share of non-performing assets (NPAs) which includes non-performing loans (NPLs), losses on equity investments and called guarantees, with most of the NPAs resulting from the loan portfolio. Following the increase in the NPA ratio driven by Russia's invasion of Ukraine in 2022, the NPA ratio is now on a gradual downward trend. The overall NPA ratio, according to our definition, was 5% of total development-related assets in 2024, down from 6.3% in 2023 and 6.6% in 2022 with the elevated level of NPLs predominantly driven by the war in Ukraine. At the same time, non-performing exposures in other large countries of operation have declined, such as Türkiye (Ba3 stable) where NPLs have continued to fall since 2022.

We follow the EBRD's audited financials for the amount of non-performing loans which we incorporate in our NPA ratio. The EBRD takes a more conservative approach than our methodology by including current and less than 90 day exposures, including €758 million of sovereign and sovereign guaranteed loans related to Ukraine at the end of 2024 which are performing. Without these performing loans in Ukraine, the NPA ratio in 2024 under our definition would be lower at 3.4%. As a result, we consider that the NPA metric in our scorecard overstates the degree of risk posed to capital from asset performance. To account for this, the EBRD's assigned score for capital adequacy is set at "a3", which is one notch above the initial score of "baa1".

Moreover, the reported NPA numbers do not incorporate the impact of the substantial guarantees and donor commitments related to Ukraine, even though those will materially reduce any losses that the EBRD might incur on its lending to Ukraine. The bank committed up to €3 billion of new investments in 2022-2023 to help Ukraine's economy continue to function. In 2024, the Bank committed €1.9 billion to Ukraine, with total finance deployed reaching €2.4 billion. Around €2.5 billion of donor support has been signed as at

May 2025, including €1.7 billion in guarantees and €715 million in grants, such that the new investments prudently include support at an average of 50% of the commitment. The US, the [EU](#) (Aaa stable) and [Norway](#) (Aaa stable) have provided over half of this signed commitment.

In addition, EBRD's strong risk management and prudent provisioning policies should help to limit the impact of its volatile asset performance on the overall credit profile. Provisions for impairments and loan loss reserves stood at 6.6% of total loan operating assets as of Q1 2025 equivalent to 1.2x gross value of impaired assets.

Underlying profitability has remained relatively stable, despite volatility in equity valuations

We assign a positive adjustment to the leverage ratio due to EBRD's strong underlying profitability. Headline financial results are heavily affected by valuation changes in its equity portfolio. At the same time, underlying realised income – excluding valuation changes – has been robust and much more stable in recent years.

In 2024, according to its audited financial accounts, the EBRD recorded a net profit of €1.7 billion, the second year when it returned to profitability after posting a €2.1 billion profit in 2023, supported by strong underlying income across all business segments. Net interest income decreased by around €0.3 billion to €1.5 billion, while fair value gains on equity investments once again made a sizeable positive contribution to financial performance. This follows the EBRD recording a loss of €1.1 billion in 2022 driven by a revaluation of equity investments in Russia, Ukraine and Belarus and an increase in provisions for expected credit losses in these countries. Despite the volatility in headline profits, reserves and retained earnings continue to grow, standing at around €17.9 billion at year end 2024, up from around €16.1 billion in end 2023 and €11.7 billion at the end of 2020, adding to the already sizeable capital buffer.

While profitability considerations are generally not a key determinant of MDB ratings, the EBRD's financial performance matters more than is the case for most peers. Shareholders have provided a solid buffer of paid-in capital, with the expectation that the bank will manage to grow its operations through retained earnings. The bank works with a Net Income Allocation Framework under which aggregate allocations from net income on an annual basis are not expected to exceed 1.2%±0.2% of EBRD's accumulated reserves (retained earnings). In end 2024, EBRD's paid-in capital of €7.4 billion helps to supplement cumulative retained earnings.

FACTOR 2: Liquidity and funding score: aa1

The EBRD's liquidity and funding score of "aa1" incorporates its very strong and lengthy track record of access to market funding, as well as the strong liquidity levels supported by conservative internal requirements.

EBRD benefits from a sizeable liquid asset buffer which helps to absorb shocks

We score the EBRD's liquid resources sub-factor at "aa3", reflecting the size and quality of its liquid asset base, which provides a substantial cushion to cope with macroeconomic and financial shocks. The bank's liquid assets stood at around €36 billion in 2024. The credit quality of the treasury portfolio is high, with the vast majority of the assets rated single A or higher. Asset holdings are well diversified across mostly advanced economies. As a rule, the EBRD targets an average credit rating of its treasury investment portfolio (greater than 1 year) of Aa2 or better. The average maturity has declined somewhat since 2018, standing at 1.1 years as of December 2024.

Our assessment of EBRD's liquidity is also supported by its prudent liquidity policies, with operational targets set comfortably above the policy minimum. Under its internal guidelines, net liquid assets must cover a minimum of 75% of projected net cash requirements over the next two years, and the bank must be able to meet its obligations for at least 12 months under an extreme stress test scenario (1 in 100-year event based on EBRD stress tests). As of December 2024, net liquid assets represented 143% (2023: 117%) of requirements, significantly above the 75% limit.

Our own liquidity coverage calculations differ somewhat from the EBRD's internal guidelines but equally show very prudent levels of liquidity. We compare the size of the available liquid assets to cash outflows in a stressed scenario over the coming 18 months, in which the EBRD has no access to markets but continues its normal business operations. EBRD's liquid assets ratio stands at close to 145% of net cash outflows as of end-2024, up from 140% at end-2023. This was driven by an increase in the levels of treasury liquid assets from 2023 to 2024, bringing the ratio in line with 2018 values and constituting a comfortable buffer to absorb shocks.

Strong market access provides a consistent and stable source of funding

The EBRD's quality and structure of funding is assessed at "aaa", given its strong market access which provides a consistent and stable source of funding for its operations, as reflected by the frequency and diversity of issuances. The EBRD has a long-established presence in international bond markets. It issues in a variety of markets and currencies, as well as in diverse formats and at consistently low costs. Its investor base is very diversified across both regions and types of investors, including a large share of buy-and-hold investors and central banks. The majority (71% as of end-2024) of its investor base is located in EMEA, with a further 16% and 13% in the Americas and Asia respectively as of end-2024, demonstrating the EBRD's ability to obtain funding in different markets.

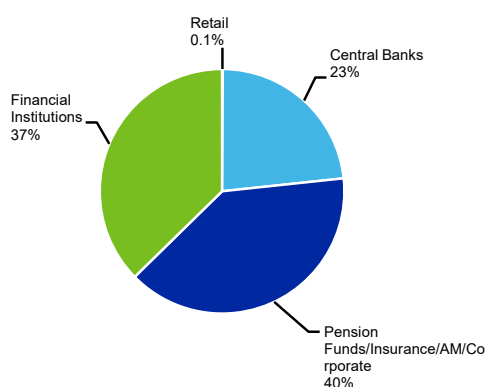
Apart from benchmark issuances in core currency markets, the EBRD also focuses on developing capital markets in its countries of operations, issuing regularly in their local currencies. In addition, the EBRD actively uses buybacks to offer its investors a secondary market bid for all its bonds. The bank also uses private placements and innovative structures to meet specific investor demands, including exotic currencies and equity-linked structures, and the frequency of issuance allows the bank to tap existing issuances.

In 2024, the bank issued €15 billion. The 2025 borrowing programme envisages up to €14.5 billion, with around €10.4 billion of issuance already in the first half of 2025. The borrowing programme has risen in recent years, up from €6-€8 billion, and is expected to remain at similar levels going forward with the higher borrowing levels in line with the planned growth in its operating assets. As of June 2025, total outstanding debt stands at €49.5 billion, of which around half is denominated in US dollars (before swaps).

In addition to maintaining a conservative debt maturity profile, the EBRD matches its assets and liabilities by: (1) hedging foreign-currency and interest-rate risks through swaps and derivatives; and (2) borrowing and lending in a wide range of currencies and interest-rate structures. Its local-currency issuances also support its efforts to develop the private sector and capital markets in emerging and recipient economies. As of June 2025, around 23% of the EBRD's outstanding bonds were denominated in emerging market currencies, most significantly in Turkish lira and Indian rupee. After swaps, the exposure to emerging market currencies is typically considerably smaller. Currently, EBRD has several Russian rouble-denominated bonds outstanding, accounting for less than 1% of outstanding bonds. According to the bonds' terms & conditions EBRD would repay in US dollars in the event of a settlement disruption event. There is therefore no risk of an EBRD default because the bank cannot obtain rouble.

Exhibit 5

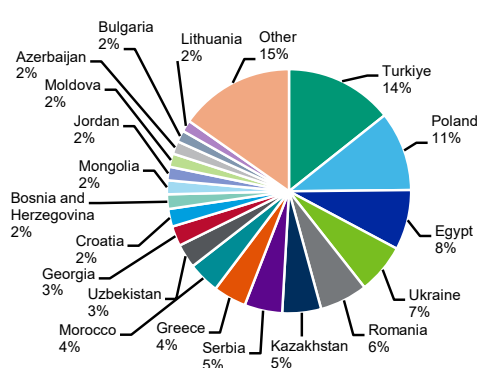
EBRD's investor base is diversified in terms of type Issuance by investor type (2024, % of total)



Sources: EBRD and Moody's Ratings

Exhibit 6

EBRD's portfolio is well diversified geographically Available country exposure, % of total loans + equities, 2024



Sources: EBRD and Moody's Ratings

Qualitative adjustments to intrinsic financial strength

Quality of management

We apply a "+1" adjustment to the EBRD's intrinsic financial strength on account of the high quality of management and particularly risk management, consistent with assessments for other large, well-established MDBs, including the [International Bank for Reconstruction and Development](#) (IBRD, Aaa stable). The adjustment reflects the EBRD's very prudent risk management framework and practices, as well as conservative treasury management policies, which have allowed the institution to successfully navigate periods

of acute stress in large countries of operation and respond swiftly to shocks, as seen during the pandemic and currently in the Russia-Ukraine conflict. The framework will also support the bank in minimizing risk as it expands into new regions of operation.

More specifically, capital and liquidity are managed such that the bank preserves at all times some distance between its actual operational targets and minimum policy requirements. Its governance structures are solid and include a dedicated chief risk officer. The EBRD's policies have also been enhanced in recent years, including changes to the bank's liquidity policies in 2015 which linked liquidity requirements to the bank's own severe stress tests. Furthermore, the decision to change from a statutory gearing constraint to instead allowing the Board of Directors to define suitable capital adequacy thresholds reflects the maturation of the risk management framework.

Operating environment

We do not assign a qualitative adjustment for the EBRD's operating environment. While several of its countries of operation are heavily affected by the conflict, EBRD's wide portfolio diversification across countries and sectors is an important mitigant. Also, the bank benefits from substantial guarantees and donor support for its lending to Ukraine, which is and will remain its highest-risk large exposure.

FACTOR 3: Strength of member support score: Very High

Our "Very High" assessment of the strength of member support provides three notches of uplift from the bank's "aa3" adjusted standalone intrinsic financial strength. The score reflects a combination of the strong ability of shareholders to provide support, a moderate buffer of callable capital and our assessment of "Very High" non-contractual willingness to support. The final score is one notch above the initial score, similar to other large Aaa-rated MDBs, to reflect our view that the support from highly rated shareholders is stronger than what the pure metrics would suggest.

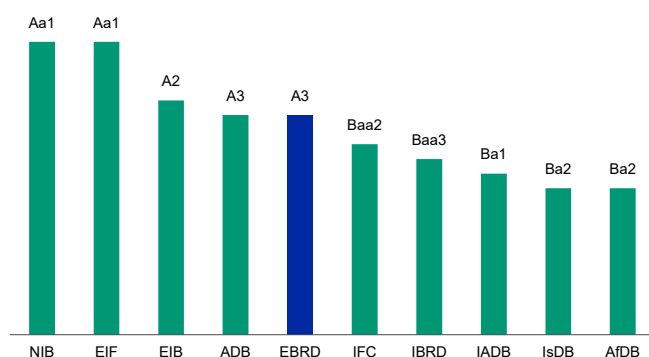
The ability of the bank's shareholders to provide support remains strong

We assess shareholder's ability to support at "a3" in line with the weighted average shareholder rating of A3. Around 90% of the shareholder capital is held by investment-grade issuers, while 39% of subscribed capital is provided by shareholders that are rated Aaa. Also, the shareholder base is broad and regionally diverse, limiting correlation between shareholders' creditworthiness. As of July 2025, the largest shareholder is the US) with 9.2%, followed by [Japan](#) (A1 stable), the [United Kingdom](#) (UK, Aa3 stable) and [Germany](#) (Aaa stable) and [France](#) (Aa3 stable) with 8.9% of total shareholding, and then [Italy](#) (Baa3 positive) with 7.9%, while borrowing members account for around 10% of the total¹. The EBRD continues to attract new shareholders as part of the Bank's planned gradual expansion into SSA. [Cote D'Ivoire](#) (Ba2 stable) and [Nigeria](#) (B3 stable) completed the membership process in December 2024 and February 2025 respectively, while [Kenya](#) (Caa1 positive) and [Senegal](#) (B3 negative) became the 78th and 79th members of the Bank in July 2025.

Exhibit 7

EBRD's shareholder base is highly-rated...

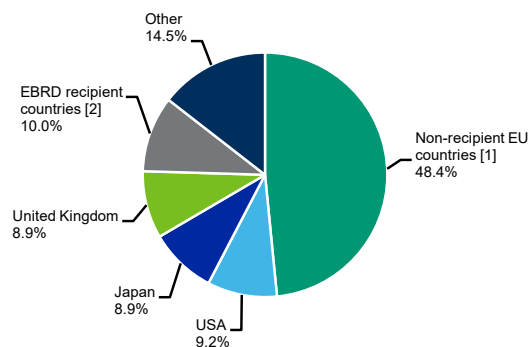
Weighted average shareholder rating by MDB (August 2025)



Source: **Moody's Ratings**

Exhibit 8

...with large shareholdings of EU countries and the US % of subscribed capital, July 2025



[1] Includes EU and European Investment Bank at 3.1% each, France and Germany both at 8.9% and Italy at 7.9%.

[2] Includes Russia at 3.8% and EU recipient countries at 6.3%.

Sources: EBRD, Moody's Ratings

Moderate callable capital buffer is balanced by high paid-in capital...

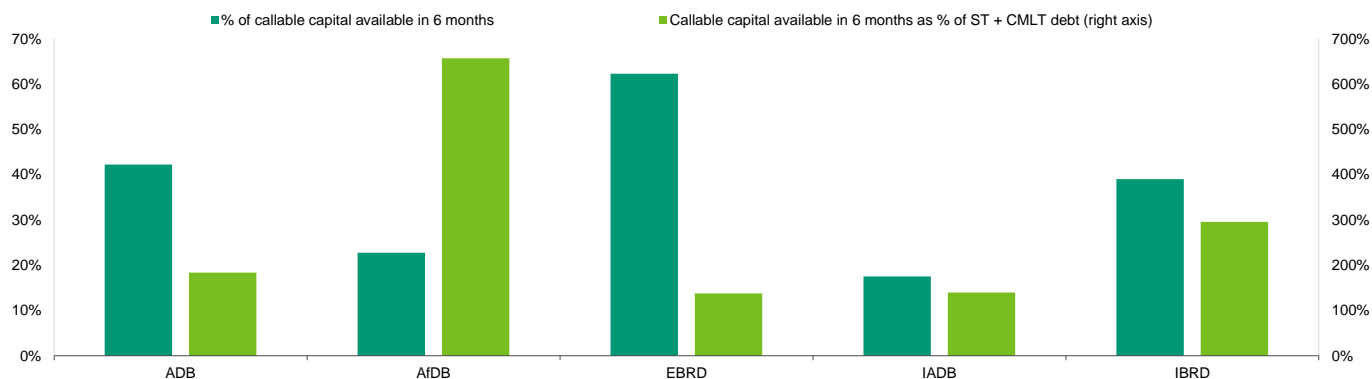
Our key metric for assessing contractual willingness to provide support is the ratio of callable capital to the stock of debt. The EBRD has €23.6 billion of callable capital, a contractual obligation of each shareholder to provide additional equity in the unlikely event that the EBRD encounters difficulties repaying its borrowings. The relatively low callable capital coverage reflects the EBRD's high level of paid-in capital, which is significantly higher than peers to buffer against the risks of the bank's private sector exposure.

We provide a one-notch uplift for strong enforcement mechanism to our assessment of shareholders' contractual willingness to support EBRD. In line with recommendations from the independent review of their capital adequacy frameworks, five of the world's largest MDBs, including the EBRD, published reports on their callable capital in April 2024 which set out (1) the legal and governance framework and the process for making a call; (2) reverse stress test analysis on how a situation could emerge in which the MDB needs to make a call; and (3) details on the shareholders' processes for responding to a capital call, including the share of callable capital that would be available on short notice.

The additional transparency provides useful details on the time frame in which shareholders would honour a capital call, the precise amounts that have already been appropriated by shareholders and therefore need no further parliamentary approval as well as descriptions from other shareholders on their processes that give confidence that a call could be honoured within a short time frame. We consider such strong enforcement mechanisms to be particularly important, since - by definition - the environment under which capital has to be called is a highly disrupted one. According to our analysis in 2024, we expect around 62% of EBRD's callable capital would be available within 6 months, which is the highest share among the five MDBs covered in the report.

Exhibit 9

EBRD has callable capital that is available swiftly Coverage of callable capital available within 6 months



Sources: MDBs and Moody's Ratings

...and non-contractual willingness to support is very high

Our assessment of shareholders' non-contractual willingness to support the EBRD changed to "Very High" from "High" in early 2023, to reflect the clear evidence of strong shareholder support.

The EBRD's strategic importance for its shareholders is supported by its proven expertise in regions of political importance to shareholders. Around half of the EBRD's €2.4 billion financial support commitment to Ukraine in 2024 is covered by grants and guarantees from highly-rated shareholders, thus limiting the EBRD's own exposure and risk of losses, a very strong signal of support. Over half of donor funding comes from the EU alongside other highly rated donors such as the US and Norway. Furthermore, the planned gradual expansion of the Bank's operations to SSA and Iraq also reflects acknowledgment by shareholders of EBRD's effective role in supporting transition.

The Board of Governors have agreed to increase the bank's paid-in capital by €4 billion. The increase, which was approved in December 2023 and took effect at the end of 2024, is further evidence of the commitment by the bank's shareholders to its continued role in supporting Ukraine. The additional capital will strengthen the EBRD's already high level of paid-in capital which, along with its sizeable retained earnings, will provide a large buffer to absorb losses. The additional capital will allow the bank to continue providing support

to Ukraine, including an additional €1.9 billion committed in 2024, while also paving the way for a step-up in support to €3 billion annually once the reconstruction begins. Our view that the EBRD will remain one of the key financiers of Ukraine's reconstruction once hostilities end is supported by the bank's long-established presence in Ukraine and private-sector expertise in the region, which is also raising the bank's already high profile among key shareholders.

The support by shareholders for the capital raising has been strong, albeit allowing for lengthy domestic approval processes by individual country shareholders. Whilst the deadline for the payment of the capital increase has been extended, 38 out of 74 shareholders had already subscribed as of 4th July 2025, representing around 70% of total paid-in shares.

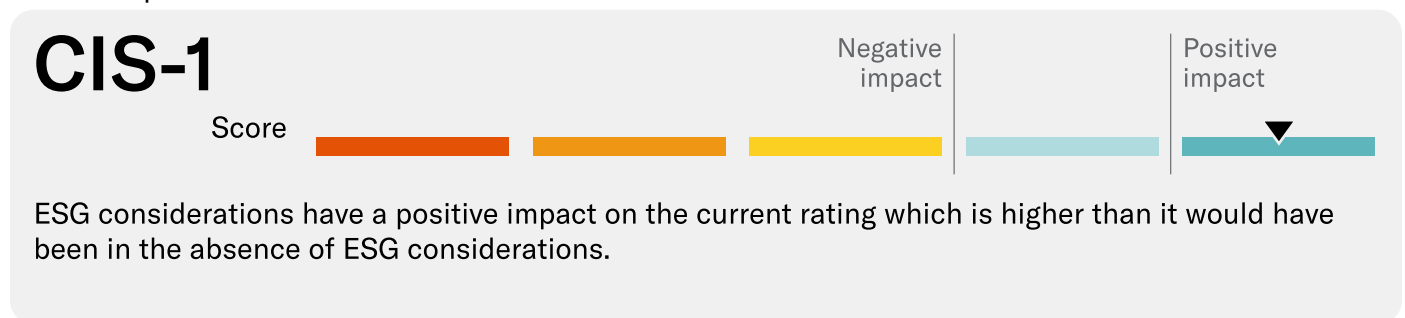
The uncertainty around the US administration's commitment to international financing institutions has placed in doubt the US participation in EBRD's capital raising. That said, while the single largest shareholder, a decision by the US to not subscribe would not, in our view, materially impact EBRD's ability to meet its baseline operational growth targets, and would likely spur increased commitments of support from other shareholders such as those in the EU.

ESG considerations

European Bank for Reconstruction & Devlpmnt.'s ESG credit impact score is CIS-1

Exhibit 10

ESG credit impact score



Source: Moody's Ratings

The EBRD's positive credit impact score (**CIS-1**) indicates that the credit rating is higher than it would have been in the absence of ESG considerations. EBRD has low exposure to environmental risks, a strong social profile which benefits from the EBRD's support for private enterprises in transition economies and a very strong governance profile as exemplified by conservative financial management and high management credibility, further supported by strong shareholder support.

Exhibit 11

ESG issuer profile scores



Source: Moody's Ratings

Environmental

EBRD's environmental issuer profile score (**E-2**) reflects that, while some of its countries of operation have high exposure to physical climate and carbon transition risk, the EBRD is one of the leaders in 'green' financings to date, with total green economy financing amounting to 50% of total business volumes in 2023. The EBRD has also achieved its commitment to align its new financings with the Paris Agreement by the end of 2022.

Social

The positive impact from social considerations on EBRD's issuer profile (**S-1**) reflects strengths in the area of responsible production as well as benefits from demographic & societal trends, supporting private enterprise in transition economies, often acting as anchor investor or lender. The EBRD has developed a comprehensive set of policies and strategies which steer investment towards socially beneficial projects, in areas such as economic inclusion and gender equality. Use of public consultation processes contributes to ensure buy-in from key stakeholders which supports the effectiveness of its operations. EBRD does not face any issues attracting highly skilled personnel and there are no health & safety considerations that would negatively or positively affect the issuer profile.

Governance

The EBRD's positive issuer profile score for governance (**G-1**) reflects prudent and very strong risk management, including liquidity management. The EBRD has a very prudent risk management policy and governance structures, as demonstrated by its conservative treasury management policy and having a dedicated chief risk officer. Credibility of management and its track record are very strong, reflected among others in the continuing expansion of the bank's membership and successive endorsement by the board to extend the geographical remit of the bank to Sub-Saharan Africa. It has a very high level of transparency and quality of reporting on a timely basis, with financials published on a quarterly basis.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moody's.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

All of these considerations are further discussed in the "Detailed credit considerations" section above. Our approach to ESG is explained in our cross-sector methodology [General Principles for Assessing ESG risks](#). Additional information about our rating approach is provided in our [Supranational Rating Methodology](#).

Recent developments

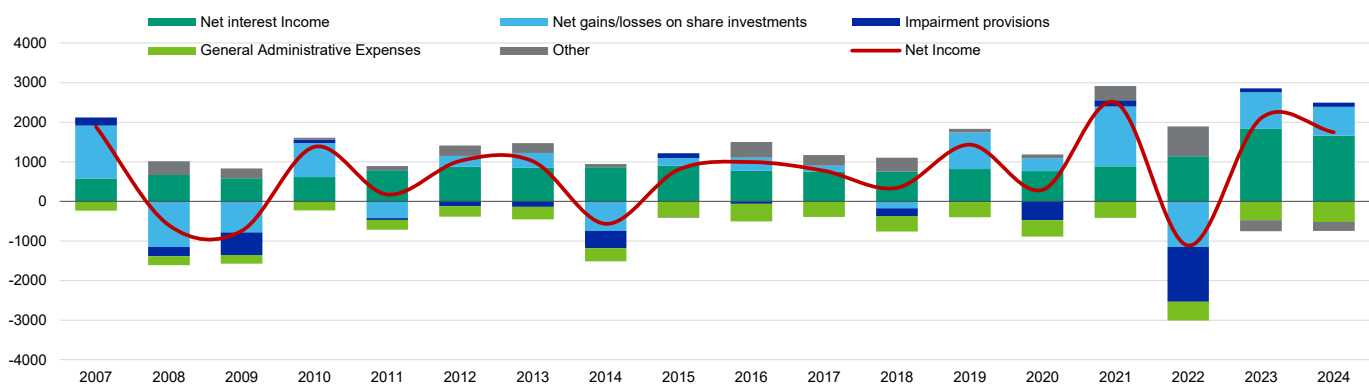
EBRD's solid financial metrics in 2024 continue to be a credit strength

The EBRD's financial metrics have remained strong in 2024, solidifying the recovery from the shock arising from Russia's invasion of Ukraine. Following the large loss in 2022, mostly associated with provisioning related to its exposure in Ukraine, the bank is now seeing a return to profits, having recorded net profits of €2.1 billion and €1.7 billion in 2023 and 2024 respectively, largely driven by strong net interest income and positive gains on equity investment valuations. Strong financial performance has carried on into 2025 with €0.4 billion in net profits in Q1 2025, as per the EBRD's unaudited quarterly financial statements, with ongoing profitability helping to boost retained earnings and reserves which stood at €18.1 billion in Q1 2025.

Exhibit 12

The EBRD's profitability remained strong in 2024

€ million



Sources: EBRD, Moody's Ratings

The EBRD has also continued to rebuild its capital base following the 2022 losses. Total members' equity has continued to grow in 2024 to €25.3 billion from €22.3 billion in 2023 and €19.3 billion in 2022. This strong and growing capital base continues to provide a solid buffer to absorb future losses and weather out shocks, particularly in Ukraine.

Asset performance also continues to recover from a large spike in 2022, when a large share of Ukraine exposure contributed to an increase in non-performing assets. The EBRD has one of the largest exposures to Ukraine among the MDBs we rate in relative terms and NPLs related to Ukraine account for just over 50% of total NPLs. The EBRD's reported NPL ratio fell to 6.3% in 2024 and 5.5% in Q1 2025, down from 7.9% at the end of 2023, with the decline supported by net write-offs amounting to €20 million in Q1 2025 and €184 million in end-2024.

Our definition of non-performing assets differs somewhat because we also take into account the equity investments of around €6.7 billion (14% of development-related assets) and €4 billion in guarantees (8.3% of development-related assets). According to our definition the NPA ratio stands at 5% as of end 2024, down from 6.3% in 2023. However, these ratios do not incorporate the benefit from the substantial shareholder guarantees and donor support provided for EBRD's Ukraine exposures which will materially reduce the EBRD's potential losses. Furthermore, EBRD includes current and less than 90 day exposures in their definition of non-performing loans, such that the NPA ratio which we include in our scorecard overstates the risk posed by asset performance to the capital base.

Exhibit 13

EBRD tends to have weaker asset performance than peers due to its private-sector focus

NPA ratio 3-year average or latest, %



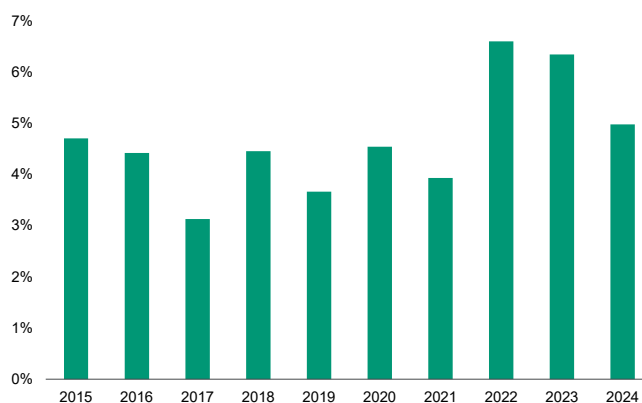
(1) The three-year average refers to the period 2022-2024, and is used for EBRD, AfDB, IFC and ADB. The NPA ratio includes non-performing loans, called guarantees and write-offs on equity investments.

Sources: EBRD and Moody's Ratings

Exhibit 14

EBRD's non-performing asset ratio has continued to decrease following the outbreak of the Russia-Ukraine conflict

Non-performing assets, % DRAs



Source: EBRD

Ongoing capital increase underscores strong member support amid continued operations in Ukraine

The EBRD has continued to exhibit very strong shareholder support. The bank's strategic importance for its shareholders is supported by its proven expertise in regions of political importance to shareholders, such as Ukraine, where €2,509 million of donor support has been signed as of May 2025, of which €1,733 million are guarantees and €715 million are grants. The shareholder's commitment to EBRD's ongoing support for Ukraine, including its eventual reconstruction, is reflected in the agreement by the Board of Governors at the end of 2023 to increase the bank's paid-in capital by €4 billion. This will bring the authorized subscribed capital base to €34 billion and highlights continued member support for the bank and its operations.

This additional capital will enable the bank to continue its operations in line with its target baseline growth in annual banking investments of €18bn by 2030. As of July 2025, 38/74 shareholders had already subscribed as of 4th July 2025, representing 70% of total paid-in shares. The subscriptions are payable by way of 5 equal annual installments, the first of which was due on 30 April 2025. That said, €189 million was received (early) by 31 December 2024. Among these, we can infer from EBRD's financial statements that the Netherlands provided up-front payments for the full capital increase in advance (€100 mil) and Japan has already paid 26% (€88.9 million out of €343.6 million) of its subscription into the bank, above the 20% initial required payment. While the process is

still ongoing and uncertainty remains with regards to the subscription of some shareholders, existing commitments already showcase the strong member support which underpins our assessment.

The EBRD is also continuing its plans for a gradual expansion to Sub-Saharan Africa and [Iraq](#) (Caa1 stable). In December 2024 Cote D'Ivoire became the 76th member of the EBRD, followed by Nigeria as the 77th member in February 2025, while Kenya and Senegal became the 78th and 79th members of the Bank in July 2025. [Ghana](#) (Caa2 positive) continues on track to become a member, following the approval of its applications in 2023. Iraq is already a member since November 2023.

We anticipate that the EBRD's expansion will continue at a measured pace, concentrating on countries that maintain strong ties with its existing operational footprint. A rapid and substantial increase in lending within higher-risk regions—particularly those where the bank lacks established expertise—would likely pose a credit concern. However, we consider such a scenario to be highly unlikely given EBRD's track record of moving into new regions and the conservative nature of its risk framework and processes.

Ukraine investments, green transition and private sector remain in focus

In the 2025 Annual Meetings, the EBRD's shareholders approved the 2026-30 Strategic and Capital Framework (SCF), which builds on the bank's momentum on Green Economy Transition (GET) plan and further solidifies the bank's focus on support for Ukraine and its private sector focus.

The 2026-30 (SCF) reaffirms the bank's objective for at least 50 per cent of Annual Bank Investment to be for green purposes by 2025. The EBRD is also expanding its focus on climate adaptation and nature finance. It will mainstream adaptation considerations across sectors, embed climate resilience into transition planning and Green Cities Action Plans, and develop innovative financing tools, particularly through capital markets.

The newly approved framework reiterates members' support for Ukraine, with the bank committing to provide €3 billion in annual investments in the country by 2030. The strategy also underscores the EBRD's private sector focus, with the bank setting the target for at least 75% of cumulative annual business investments to be in the private sector by 2030.

Rating methodology and scorecard factors: EBRD - Aaa stable

Factor / Subfactor	Metric	Initial score	Adjusted score	Assigned score
Factor 1: Capital adequacy (50%)			baa1	a3
Capital position (20%)			a1	
	Leverage ratio	a2		
	Trend	0		
	Impact of profit and loss on leverage	+1		
Development asset credit quality (10%)			baa	
	DACQ assessment	baa		
	Trend	0		
Asset performance (20%)			baa3	
	Non-performing assets	baa3		
	Trend	0		
	Excessive development asset growth	0		
Factor 2: Liquidity and funding (50%)			aa1	aa1
Liquid resources (10%)			aa3	
	Availability of liquid resources	aa3		
	Trend in coverage outflow	0		
	Access to extraordinary liquidity	0		
Quality of funding (40%)			aaa	
Preliminary intrinsic financial strength				aa3
Other adjustments				+1
Operating environment		0		
Quality of management		+1		
Adjusted intrinsic financial strength				aa2
Factor 3: Strength of member support (+3,+2,+1,0)			High	Very High
Ability to support (50%)			A3	
	Weighted average shareholder rating	A3		
Willingness to support (50%)				
	Contractual support (25%)	baa2	baa1	
	Strong enforcement mechanism	+1		
	Payment enhancements	0		
	Non-contractual support (25%)		Very High	
Scorecard-Indicated Outcome Range				Aaa-Aa2
Rating Assigned				Aaa

Note: Our ratings are forward-looking and reflect our expectations for future financial and operating performance. However, historical results are helpful in understanding patterns and trends of an issuer's performance as well as for peer comparisons. Additional considerations that may not be captured when historical metrics are used in the scorecard may be reflected in differences between the adjusted and assigned factor scores. Furthermore, in our ratings we often incorporate directional views of risks and mitigants in a qualitative way. For more information please see our Multilateral Development Banks and Other Supranational Entities rating methodology.

Related websites and information sources

- » [Moody's Supranational web page](#)
- » [Moody's Sovereign and supranational rating list](#)

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Endnotes

- 1 The exact shareholdings will continue to fluctuate through the general capital increase underway.

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