

ACRA AFFIRMS A- TO EURASIAN DEVELOPMENT BANK, OUTLOOK STABLE, UNDER THE INTERNATIONAL SCALE, AAA(RU), OUTLOOK STABLE, UNDER THE NATIONAL SCALE, AND AAA(RU) TO BOND ISSUES

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The credit rating of **Eurasian Development Bank** (hereinafter, EDB or the Bank) is A- under the international scale based on the standalone creditworthiness assessment (SCA) of EDB (a-), which stems from the strong capital adequacy, satisfactory risk profile, and adequate funding and liquidity position.

EDB's credit rating is AAA(RU), outlook Stable, under the national scale for the Russian Federation as per the **Methodology for Mapping Credit Ratings Assigned under ACRA's International Scale to Credit Ratings Assigned under ACRA's National Scales**.

The credit ratings of the bond issues (RU000A101PK9, RU000A104TQ2, RU000A1050H0, RU000A1057B8, RU000A105EV1, RU000A105KW6, RU000A105V90, RU000A1064L3, RU000A106JX4, RU000A107EA1), which are senior unsecured debt instruments of EDB, have been affirmed at AAA(RU).

EDB is an international financial institution established to promote the economic growth, expansion of trade, and economic relations between some of the member states of the Commonwealth of Independent States (CIS) that established the Eurasian Economic Union (hereinafter, the EAEU).

KEY ASSESSMENT FACTORS

Satisfactory business profile assessment. EDB's organizational structure and corporate governance are in line with the scope of its mandate. The strategy for 2022–2026 aims to further expand investment activities, with a special focus on transport infrastructure, the energy sector (including green energy), and digital transformation. In addition, EDB intends to develop settlement operations (letters of credit and clearing services) between EAEU member states, as well as increase the size of the guarantee business (in particular, in the areas of customs guarantees and guarantees for the fulfillment of state orders), thus strengthening its position as the leading international development institution in the EAEU. EDB's performance in 2022–2023 shows that it is successfully carrying out the current strategy.

Strong capital position. EDB has a significant amount of capital (USD 1.5 bln of paid-in capital, and USD 5.5 bln of callable capital), which provides a comfortable absorption buffer against potential losses (as per ACRA's calculations, the total capital adequacy ratio stood at 37.6% as of December 31, 2023, and paid-in capital adequacy was 28.7%). EDB's current strategy approved by the shareholders stipulates consequent capital injections to a total of USD 1 bln by 2026. EDB's operational efficiency is still assessed as adequate (the return on total capital, which is calculated based on the efficiency of operations over the past three years, grew from 1.8% to 4.2%), including taking into account the continued growth in net profit in 2023.

EDB's risk profile is assessed taking into account the satisfactory risk management quality assessment and exhibits low country diversification, which was practically unchanged in H2 2023. According to EDB, as of December 31, 2023, Russia's share in the Bank's total assets was 57.5% (about 44% in cash and equivalents held mostly with the Bank of Russia), and the Republic of Kazakhstan's share was 25.5%. At the same time, according to EDB, 21% of the Bank's investment portfolio amounted to projects being implemented in the Russian Federation and 58% totaled projects being implemented in the Republic of Kazakhstan.

The quality of financial assets and contingent liabilities subject to credit risk is generally assessed as adequate, taking into account the very low level of non-performing loans (in H2 2023, the share of IFRS 9 Stage 3 loans continued to decline and amounted to 0.3% as of December 31, 2023). ACRA also notes a slight decrease in the concentration of EDB's financial assets and contingent liabilities on the 10 largest groups of clients (from 1.14x to 1.05x of total capital, including securities of majority shareholders). The loan portfolio is mostly covered by guarantees and collaterals, including those issued by governments.

Adequate funding and liquidity position. EDB consistently maintains a substantial amount of highly liquid assets on its balance sheet, however, their ratio to the volume of short-term (up to 30 days) liabilities, according to ACRA's methodology, is still low at 1.7. There were no liquidity gaps in 2023. The diversification of EDB's resource base by funding sources is still acceptable (the Herfindahl-Hirschman Index amounted to 0.31 as of December 31, 2023). Liabilities included loans and deposits (mostly denominated in rubles) from financial institutions (50%) and bonds (about 43%). The diversification of EDB's resource base by currencies is assessed as moderate.

KEY ASSUMPTIONS

- Maintaining EDB's systemic importance for the Eurasian region;
- Pursuing the current strategy within the 12 to 18-month horizon;
- Maintaining adequate capital adequacy levels within the 12 to 18-month horizon.

POTENTIAL OUTLOOK OR RATING CHANGE FACTORS UNDER THE INTERNATIONAL SCALE

The **Stable outlook** assumes that the rating will highly likely stay unchanged within the 12 to 18-month horizon.

A positive rating action may be prompted by:

- Significant improvement of asset quality in terms of country diversification, risk concentration and much better liquidity position amid a stable funding structure.

A negative rating action may be prompted by:

- Deterioration in the funding and liquidity position;
- Lower asset quality, including further decline in the coverage of credit assets by sovereign guarantees and sureties;
- Significant decline in capital adequacy.

POTENTIAL OUTLOOK OR RATING CHANGE FACTORS UNDER THE NATIONAL SCALE FOR THE RUSSIAN FEDERATION

The **Stable outlook** assumes that the rating will highly likely stay unchanged within the 12 to 18-month horizon.

A negative rating action may be prompted by:

- Downgrade of EDB's credit rating under the international scale.

RATING COMPONENTS UNDER THE INTERNATIONAL SCALE

SCA: a-.

Adjustments: none.

ISSUE RATINGS

Eurasian Development Bank, exchange-traded bond, series 001P-07 (RU000A101PK9), maturity date: May 23, 2024, issue volume: RUB 10 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 001P-08 (RU000A104TQ2), maturity date: November 27, 2024, issue volume: RUB 7 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-001 (RU000A1050H0), maturity date: July 29, 2025, issue volume: RUB 10 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-003 (RU000A1057B8), maturity date: September 14, 2026, issue volume: USD 700 mln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-004 (RU000A105EV1), maturity date: November 7, 2025, issue volume: CNY 1.9 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-005 (RU000A105KW6), maturity date: December 3, 2025, issue volume: RUB 5 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-006 (RU000A105V90), maturity date: February 13, 2026, issue volume: RUB 8 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-007 (RU000A1064L3), maturity date: April 20, 2028, issue volume: RUB 15 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-008 (RU000A106JX4), maturity date: July 7, 2028, issue volume: RUB 6 bln — **AAA(RU)**.

Eurasian Development Bank, exchange-traded bond, series 003P-009 (RU000A107EA1), maturity date: December 13, 2028, issue volume: RUB 10 bln — **AAA(RU)**.

Rationale. The credit ratings of the bond issues series 001P-07 (RU000A101PK9), 001P-08 (RU000A104TQ2), 003P-001 (RU000A1050H0), 003P-003 (RU000A1057B8), 003P-004 (RU000A105EV1), 003P-005 (RU000A105KW6), 003P-006 (RU000A105V90), 003P-007 (RU000A1064L3), 003P-008 (RU000A106JX4), and 003P-009 (RU000A107EA1) are equal to the credit rating of EDB.

The bond issues listed above are senior unsecured debt instruments of EDB. Due to the absence of either structural or contractual subordination of the issues, ACRA ranks bonds as equal to other existing and future unsecured and unsubordinated debt obligations of EDB.

REGULATORY DISCLOSURE

The credit rating has been assigned to Eurasian Development Bank under the international scale based on the [Methodology for Assigning Credit Ratings under the International Scale to International Financial Institutions](#). The credit ratings have been assigned to Eurasian Development Bank and the bond issues of Eurasian Development Bank (RU000A101PK9, RU000A104TQ2, RU000A1050H0, RU000A1057B8, RU000A105EV1, RU000A105KW6, RU000A105V90, RU000A1064L3, RU000A106JX4, RU000A107EA1) under the national scale for the Russian Federation based on the [Methodology for Mapping Credit Ratings Assigned under ACRA's International Scale to Credit Ratings Assigned under ACRA's National Scales](#). The [Methodology for Assigning Credit Ratings to Financial Instruments under the National Scale for the Russian Federation](#) was also applied to assign credit ratings to the bond issues (RU000A101PK9, RU000A104TQ2, RU000A1050H0, RU000A1057B8, RU000A105EV1, RU000A105KW6, RU000A105V90, RU000A1064L3, RU000A106JX4, RU000A107EA1). The [Key Concepts Used by the Analytical Credit Rating Agency within the Scope of Its Rating Activities](#) were also applied to assign all of the aforementioned credit ratings.

The credit ratings under the international scale and the national scale for the Russian Federation for Eurasian Development Bank were published by ACRA for the first time on September 30, 2019. The credit ratings assigned under the national scale for the Russian Federation to the bond issues series 001P-07 (RU000A101PK9), 001P-08 (RU000A104TQ2), 003P-001 (RU000A1050H0), 003P-003 (RU000A1057B8), 003P-004 (RU000A105EV1), 003P-005 (RU000A105KW6), 003P-006 (RU000A105V90), 003P-007 (RU000A1064L3), 003P-008 (RU000A106JX4), and 003P-009 (RU000A107EA1) were published by ACRA for the first time on May 27, 2020, May 30, 2022, August 2, 2022, September 19, 2022, November 11, 2022, December 7, 2022, February 17, 2023, April 27, 2023, July 14, 2023, and December 20, 2023, respectively.

Disclosure of deviations from the approved methodologies. Despite an increase in the risk concentration caused by a significant amount of funds held with national/central banks of the shareholder countries of Eurasian Development Bank, ACRA has maintained Eurasian Development Bank's risk profile assessment, given the currency structure of such funds and the temporary nature of relevant accounts, which is a deviation from the [Methodology for Assigning Credit Ratings under the International Scale to International Financial Institutions](#).

The credit rating of Eurasian Development Bank and its outlook, and the credit ratings of the bond issues listed above are expected to be revised within 182 days following the publication date of this press release as per the [Calendar of sovereign credit rating revisions and publications](#).

The credit ratings were assigned based on data provided by Eurasian Development Bank, information from publicly available sources, and ACRA's own databases. The rating analysis was performed using the IFRS financing statements of Eurasian Development Bank. The credit ratings are solicited and Eurasian Development Bank participated in their assignment.

In assigning the credit ratings, ACRA used only information, the quality and reliability of which were, in ACRA's opinion, appropriate and sufficient to apply the methodologies.

ACRA provided additional services to Eurasian Development Bank. No conflicts of interest were discovered in the course of the credit rating assignment.

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