

ACRA AFFIRMS A- TO EURASIAN DEVELOPMENT BANK, OUTLOOK STABLE, UNDER THE INTERNATIONAL SCALE, AAA(RU), OUTLOOK STABLE, UNDER THE NATIONAL SCALE, AND AFFIRMS A- TO NOTE ISSUE 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 on ACRA's International Scale to Credit Ratings Assigned on ACRA's National Scale for the Russian Federation](#).

The credit ratings of the bond issues (RU000A101PK9, RU000A104TQ2, RU000A1050H0, RU000A1057B8, RU000A105EV1, RU000A105KW6, RU000A105V90, RU000A1064L3, RU000A106JX4), which are senior unsecured debt instruments of EDB, have been affirmed at AAA(RU). The credit rating of the note issue (KZX000001003), which is a senior unsecured debt instrument of EDB, has been affirmed at A-.

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

The business profile assessment is determined by satisfactory indicators for quality of strategy, corporate governance, organizational structure and transparency of operations. 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, 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 (including in the areas of customs guarantees and guarantees for the fulfillment of state orders), which should strengthen EDB's position as the leading international development institution in the EAEU.

Strong capital position. EDB has a significant amount of capital (including 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 (according to ACRA's calculations, the total capital adequacy ratio stood at 36.6% as of December 31, 2022, and paid-in capital adequacy was 30.2%). EDB's operational

efficiency is still assessed as adequate despite its continuing decline (the return on paid-in capital ratio, which takes into account the efficiency of operations over the past three years, amounted to 2.2%).

EDB's risk profile is assessed as satisfactory, including taking into account the satisfactory risk management quality assessment. The risk profile exhibits moderate country diversification. According to EDB, as of December 31, 2022, the largest shareholders, the Russian Federation and Kazakhstan each accounted for 27% of assets, while the US accounted for around 14% of assets.

The treasury securities portfolio (about 40% of EDB's assets as of December 31, 2022), was formed primarily by debt securities, including bonds from majority member states and their residents (about 8% of assets). The quality of financial assets and contingent liabilities is generally assessed as adequate, taking into account the low level of non-performing loans (in H2 2022, the share of IFRS 9 Stage 3 loans declined from 1.3% to 1.1% of financial assets and contingent liabilities). However, ACRA notes the high concentration of EDB's financial assets and contingent liabilities on the 10 largest groups of clients (1.5x paid-in 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 is still low. At the same time, in H2 2022, EDB actively worked on increasing the duration of its short-term liabilities, which contributed to a slight increase of this ratio. In addition, as of December 31, 2022, there were no cumulative liquidity gaps. The diversification of EDB's resource base by funding sources increased in H2 2022 (the Herfindahl-Hirschman Index declined from 0.43 to 0.32) thanks to a fall in the share of interbank funds in liabilities (from 72% to 48%). EDB was active in raising funds in local debt markets in various currencies (Russian ruble, US dollar, and Chinese yuan), which ACRA views as positive.

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 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 and liquidity position.

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, note (KZX000001003), maturity date: December 20, 2023, issue volume: USD 100 mln — **A-**.

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)**.

Rationale. The credit ratings of the note issue (KZX000001003) and 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), and 003P-008 (RU000A106JX4) are equal to the credit rating of EDB.

The note and bonds listed above are senior unsecured debt instruments of EDB. Due to the absence of either structural or contractual subordination of the issues, ACRA ranks the note and 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 rating has been assigned to the note issue of Eurasian Development Bank (KZX000001003) under the international scale based on the [Methodology for Assigning Credit Ratings to Financial Instruments under the International Scale](#). The credit ratings have been assigned to Eurasian Development Bank and the bonds issues of Eurasian Development Bank (RU000A101PK9, RU000A104TQ2, RU000A1050H0, RU000A1057B8, RU000A105EV1, RU000A105KW6, RU000A105V90, RU000A1064L3, RU000A106JX4) under the national scale for the Russian Federation based on the [Methodology for Mapping Credit Ratings Assigned on ACRA's International Scale to Credit Ratings Assigned on ACRA's National Scale for the Russian Federation](#). 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). 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) and 003P-008 (RU000A106JX4) 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, and July 14, 2023, respectively; the credit rating assigned under the international scale to the note issue (KZX000001003) of Eurasian Development Bank was published by ACRA for the first time on December 22, 2021.

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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