

## CREDIT OPINION

6 August 2024

### Update



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### RATINGS

#### EIF

	Rating	Outlook
Long-term Issuer	Aaa	STA
Short-term Issuer	--	--

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## European Investment Fund – Aaa stable

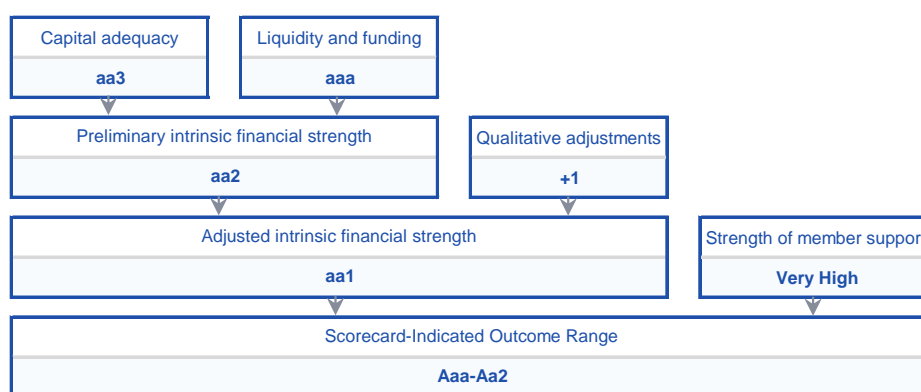
Update following rating affirmation, outlook unchanged

### Summary

The [European Investment Fund's](#) (EIF) credit profile reflects its robust capitalisation, very strong liquidity and funding position and the very high ability and willingness to support by its key shareholders, the [European Investment Bank](#) (EIB, Aaa stable) and the [EU](#) (Aaa stable), which together account for 89.4% of authorised and subscribed capital. EIF's business is inherently risky, which is, however, balanced by a strong track record of low impairments on equity investments and limited guarantee calls.

Exhibit 1

EIF's credit profile is determined by three factors



Source: Moody's Ratings

### Credit strengths

- » Very strong liquidity position coupled with no debt outstanding
- » Track record of low impairments on equity investments and limited guarantee calls
- » Very high ability and willingness of key shareholders (EIB and EU) to provide support

### Credit challenges

- » Focus on inherently risky equity participations in small- and medium-sized enterprises
- » Potential risks stemming from periods of rapid business expansion

### Rating outlook

The stable outlook on the EIF reflects our view that the institution's fundamental credit strengths will be maintained throughout the outlook period. We expect that the EIF's asset quality and performance will persistently be strong, offsetting the high leverage ratio, which we expect to remain more or less unchanged over the outlook period. Furthermore, the EIF's

alignment with and effectiveness in achieving, the EU's policy goals strengthen our view that shareholder support will continue to be very high.

### Factors that could lead to a downgrade

The Aaa rating of the EIF would come under pressure in the event of a substantial reduction in member support. This could result from factors such as substantial downgrades of the EIF's key shareholders, which is an unlikely scenario or a reduced willingness to support the EIF. However, we consider the latter a remote scenario, too. A severe multiyear deterioration in the credit quality of EIF's treasury or equity portfolios and a substantial increase in called guarantees with no indication of correction by the EIF would also be credit negative. Additionally, a significant, prolonged weakening of the EIF's liquidity buffers could exert downward pressure on the EIF's rating.

### Key indicators

Exhibit 2

European Investment Fund	2018	2019	2020	2021	2022	2023
Total Assets (USD million)	3,051.1	3,331.1	3,995.5	5,874.4	5,862.0	7,242.1
Development-related Assets (DRA) / Usable Equity [1]	457.4	577.9	329.0	312.3	254.1	243.0
Non-Performing Assets / DRA	0.0	0.0	0.0	0.1	0.1	0.1
Return on Average Assets	4.9	6.2	4.1	13.4	1.3	3.9
Liquid Assets / ST Debt + CMLTD	--	--	--	--	--	--
Liquid Assets / Total Assets	19.3	15.1	27.1	25.1	29.7	33.4
Callable Capital / Gross Debt	--	--	--	--	--	--

[1] Usable equity is total shareholder's equity and excludes callable capital

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 EIF was founded in 1994 as an EU body owned by the EIB, the European Community (now the EU) – represented by the European Commission (EC) – and a group of mainly European financial institutions.<sup>1</sup> The EIF's mandate is to bolster the creation, development and growth of small and medium-sized enterprises (SMEs). While its regional focus is primarily on EU member countries, it also includes countries in the European Free Trade Association (EFTA), as well as EU candidate and potential candidate countries.

The EIF managed the SME Window of the EU's European Fund for Strategic Investments (EFSI, or the "Juncker Plan"), and now plays a key role in the implementation of InvestEU, the successor to the EFSI. The EIF was also part of the EU's coronavirus crisis response through the Pan-European Guarantee Fund (EGF), which was mainly deployed in 2021. Since then EIF is a key enabler for EU policy objectives supporting important EU-level initiatives like InvestEU, REPowerEU and the European Tech Champions Initiative (ETCI). Almost 50% of the EIF's planned operations in 2024 will be directly or indirectly linked to InvestEU.

The EIF designs and implements financial instruments to provide market-based finance to SMEs such as (1) guarantees on tranches of securitisations of SME loans, leases and other debt financings and guarantees on a portion of SME loan portfolios made by financial institutions; and (2) stakes in private equity funds oriented toward investments in SMEs. For this type of funding, the EIF requires private investors to contribute at least 50% of the capital (on average the private-sector contribution is 70%-75%).

The EIF considers itself to be an alternative asset manager, as an increasing share of the financing is done on behalf and at the risk of the EIB and the EU, as well as individual EU member states and their national promotional/development banks (so-called "mandate" resources). As of the end of 2023, 89% of the EIF's committed operations, with a total volume of €96.5 billion, were performed under mandate, providing the EIF with management commission income, without the EIF incurring credit or investment risk.

## 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 [Supranational Rating Methodology](#).

### FACTOR 1: Capital adequacy score: aa3

The "aa3" capital adequacy score of the EIF balances a high leverage ratio with excellent asset quality and performance. Unlike most rated MDBs, the EIF does not extend loans but has significant off-balance-sheet ("own-risk") guarantee exposure of €9.0 billion and €1.5 billion in equity investments as of year-end 2023. This exposure is considered in our credit analysis and key ratios. The EIF's portfolio presents an unusual combination of large, relatively low-risk guarantee exposures and inherently high-risk private equity funds, including venture capital investments.

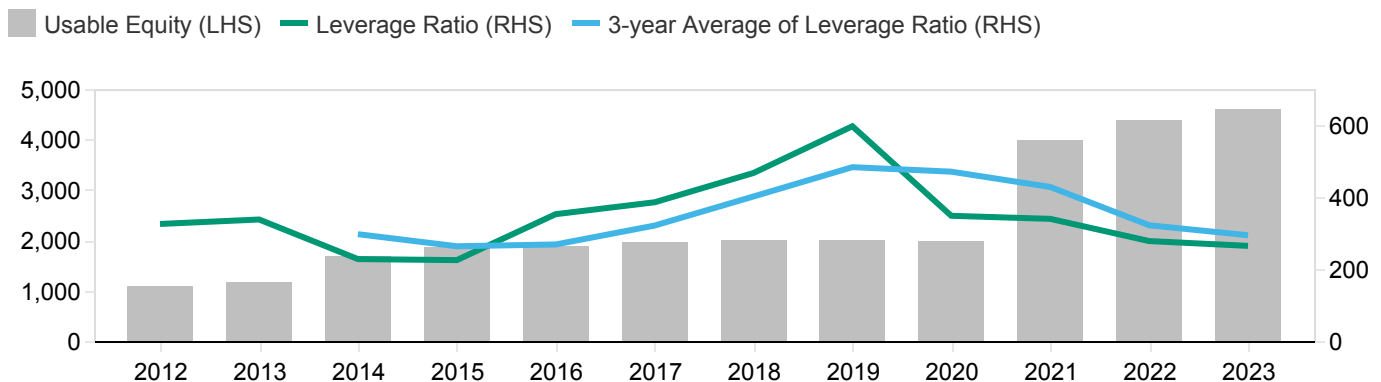
#### Large share of mandate business and absence of debt mitigate high leverage

We assess the EIF's capital position as "baa1", determined by the EIF's leverage ratio, which evaluates the available capital buffer in relation to the entity's development-related assets, as well as liquid treasury assets rated A3 and lower. The three-year average of this ratio over 2021-23 is 294%, a decrease from an average of 322% over 2020-22 (see Exhibit 3). The leverage ratio experienced a significant reduction from 597% in 2019, a peak reached because of the rapid business expansion between 2014 and 2019, associated with the EU's multiyear strategic investment program, the European Fund for Strategic Investments (EFSI). This decrease is primarily because of the substantial increase of subscribed capital to €7.3 billion from €4.5 billion that occurred in 2021. This capital increase has enabled the EIF to structurally deploy more resources in alignment with EU policy goals, especially relating to the rollout of InvestEU, the successor to the Investment Plan for Europe, which also leveraged the successful implementation of the EFSI.

The leverage ratio decreased to 264% in 2023, down from 339% in 2021 (see Exhibit 3). This reduction resulted from a slight decrease in development-related assets and liquid treasury assets rated A3 and lower, which fell to €12.1 billion in 2023 from €13.5 billion in 2021. This decrease coincided with an increase in usable equity to €4.6 billion in 2023 from €4.0 billion in 2021, primarily because of retained earnings. The EIF disbursed 10% of its net operating income to its shareholders, after fully retaining all earnings in 2020-21 which was in line with the ECB's call to the financial sector. The 10% dividend distribution rate of net operating income was enshrined in the Board policy in 2018.

Exhibit 3

#### EIF's leverage ratio declined further in 2023 € million and in %



Source: EIF and Moody's Ratings

The EIF's Corporate Operation Plan (COP) for 2024 essentially extends the 2023 plan, maintaining similar operational volumes and therefore a roughly unchanged leverage ratio. The activity priorities align with EU policy objectives, advancing European energy sovereignty (REPowerEU), continuation of developing member states funds, addressing the scale-up gap of European enterprises and fostering innovation via the European Tech Champions Initiative (ETCI) that was launched in 2023 and is a fund of fund channelling late state growth capital to European innovators. The share of equity operations in new business volume is likely to increase to approximately 50% in 2024, up from 37.8% in 2023.

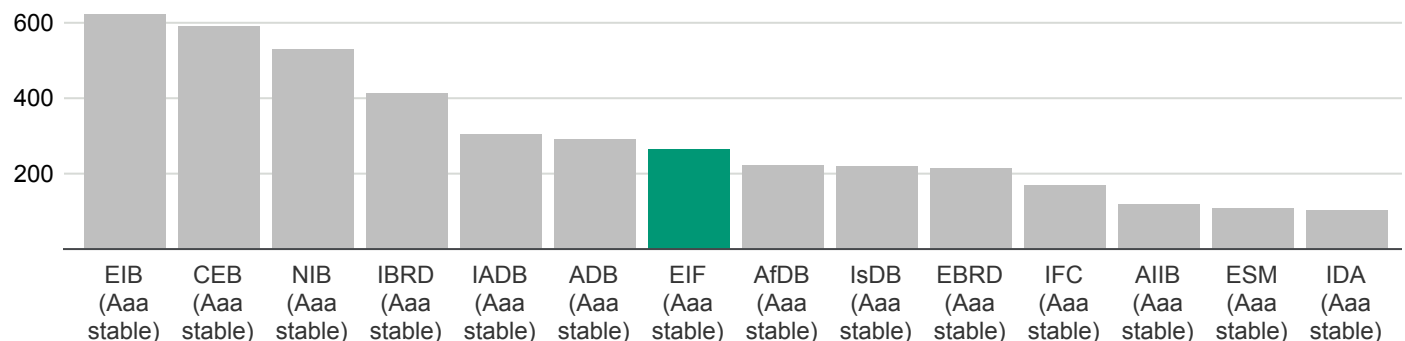
The risks associated with business growth are mitigated by the fact that the vast majority of the EIF's business is conducted under the mandate from and at the risk of either the EIB, the EU or individual member states. In 2023, out of €15 billion in signatures, almost €13.7 billion or approximately 92% were performed under mandate. Moreover, the absence of outstanding debt liabilities ensures that the EIF's usable equity is entirely available to absorb potential losses from business activities.

In our view, Aaa-rated MDBs can sustain much higher leverage than their lower-rated counterparts because of the strength of their other core credit metrics. Elevated leverage is common among highly rated MDBs, and the EIF's leverage ratio is roughly in line with the Aaa-rated median in 2023 (see Exhibit 4). Furthermore, the EIF's increasing leverage between 2015 and 2019, primarily driven by the nearly threefold increase in development-related assets over that period, clearly demonstrates the EIF's relevance and success in accomplishing the EU's policy goals. In this context, the EIF has effectively channelled financial resources to SMEs within EU member states.

Exhibit 4

#### EIF's leverage ratio is roughly in line with the Aaa-rated median

Leverage ratio: Development-related assets and liquid assets rated A3 and lower over usable equity (2023 or latest available)



EFSF is not shown

Source: Respective MDBs' financial statements and Moody's Ratings

The statutes of the EIF restrict the size of the guarantee and securitization (G&S) portfolio to five times the amount of subscribed capital, indicating a headroom of €36.85 billion at the end of 2023. Similarly, own-risk Private Equity (PE) commitments are subject to a statutory ceiling of 70% of own funds. The board also limits the risk appetite (including treasury assets, operational risks and other assets besides core assets) to 100% of the EIF's own funds.

#### Development asset credit quality and performance is very high

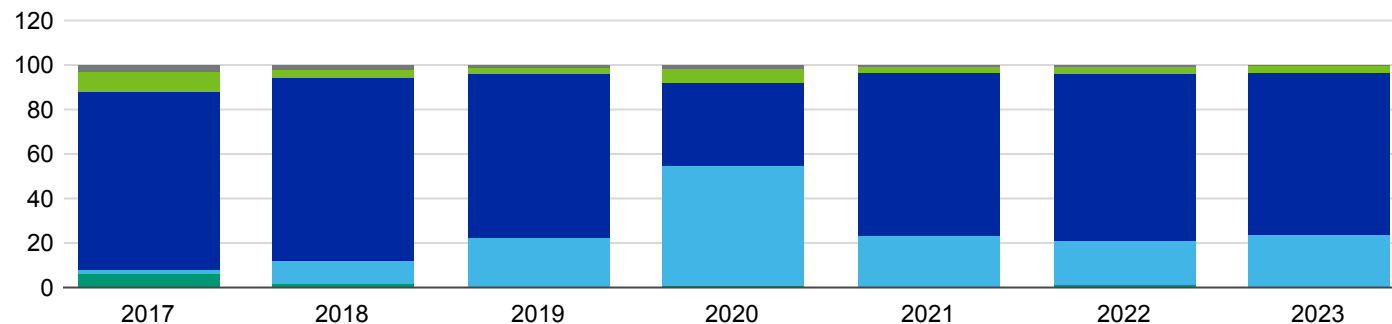
Our "aa" assessment of the EIF's development asset credit quality primarily centres on the entity's guarantee portfolio, which constitutes over 88% of the own-risk exposure. The guarantee portfolio itself has high credit quality and benefits from credit protections provided by the EU (see Exhibit 5). Portfolio diversification is another strength. The proportion of the top-10 exposures in the EIF's portfolio has continued to decrease, falling to 20.7% in 2023 from 20.8% in 2022, 23.6% in 2021 and a significant 46% in 2020.

Exhibit 5

**Over 96% of the EIF's guarantee commitments were rated in the A-category or above in 2023**

EIF's own-risk guarantee portfolio exposure by retained rating, % share

■ Aaa ■ Aa1-Aa3 ■ A1-A3 ■ Baa1-Baa3 ■ Non-IG



\*Non-IG: Ba1-C,.

Source: EIF and Moody's Ratings

The key ratio we consider for asset performance assessment is the level of nonperforming assets, which we score at an “aaa”. The EIF has a long track record of very strong asset performance, reflecting sound governance and prudent risk management. The EIF has seen minimal calls on guarantees and impairments on the equity portfolio in recent years. In 2023, the guarantee calls for the EIF's own risk portfolio amounted to around €73,000 in 2023, following roughly €42,000 in 2022. This figure is insignificant compared with the size of development-related assets. Even at their peak in 2015-2016, nonperforming assets accounted for a mere 1.3% of disbursed development-related assets. The ratio was 0.1% at the end of 2023.<sup>2</sup>

Based on the EIF's internal grading system, 99.8% of the EIF's guarantee and securitization exposure were rated investment grade according to our mapping by the end of 2023. Additionally, 96.1% of the total guarantee and securitization exposure was performing. The riskier equity exposure also benefits from reasonable diversification, although the focus on illiquid and unlisted investments makes the assessment more challenging. Downside risks are further mitigated by the low proportion of equities of the own-risk exposure. Most equities are managed on behalf of the EIF's shareholders.

**FACTOR 2: Liquidity and funding score: aaa**

We assess the EIF's liquidity and funding position to be very strong and score it at “aaa” on both of the key indicators that we consider. We also recognise that the EIF carries no outstanding debt and thus does not face any refinancing risks. It also maintains good visibility over its cash flow needs, because it fulfills called guarantees according to the original payment schedule (non-acceleration clause), resulting in distributed payments over several years. Furthermore, the EIF potentially has access to the European Central Bank's (ECB) refinancing operations via the EIB.

**Large liquid resources**

The EIF has a large, high-quality treasury portfolio at its disposal, which stood at approximately €2.2 billion at the end of 2023. This is slightly higher than the €1.9 billion at the end of 2022 and significantly higher than the €1.1 billion at the end of 2020. The portfolio solely consists of investment grade-rated assets. We only consider highly liquid assets such as cash, short-term bank deposits and securities rated A2 or higher, as we believe these assets would be readily available in a stress scenario with minimal loss and short notice.<sup>3</sup>

The EIB manages the EIF's long-term bond portfolio, which had a market value of €2.2 billion at the end of 2023. Meanwhile, the EIF holds and directly manages the majority of its cash and short-term treasury assets (€412 million, consisting of short-term deposits of €108 million and overnight cash balances at banks of €304 million) to meet its operational liquidity needs. There is no currency risk in the EIF's treasury portfolio, as all assets are invested in euro-denominated securities. The treasury portfolio also boasts a good diversification across countries and sectors.

We evaluate the size of the available liquid assets relative to cash outflows in a stress scenario over the forthcoming 18 months. In this scenario, the MDB has no market access but continues its standard business operations. Securities rated A2 or higher and cash equivalents held by the EIF amount to approximately €2.2 billion at the end of 2023. The projected sum of net inflows for 2024 and the first half of 2025 is estimated at about €4.9 billion. The EIF currently anticipates more inflows than outflows during this period. Negative cash outflows from credit guarantees only occur if the guarantee is called, which, in conjunction with the EIF's very robust asset performance, explains the projected net inflows. The EIF's metric for the availability of liquid resources ultimately stands at -452%.

#### **No debt outstanding and no issuance planned, but market access would likely be solid**

We also score the EIF at "aaa" on our second key liquidity indicator, the quality and structure of funding. As the EIF carries no outstanding debt and has no plans to borrow in capital markets, assessing the EIF's potential breadth and depth of market access becomes a theoretical exercise. However, we view the EIF's robust liquidity position and the strength and track record of support from its key shareholders as strong indications of its potential solid market access. Additionally, the EIB's long-standing role as anchor shareholder gives us comfort that the EIB would provide liquidity in the unlikely event it was ever needed.

Another positive attribute is the EIF's potential access to the ECB's liquidity operations via the EIB, considering that the EIB already manages a significant part of the EIF's treasury portfolio. We account for this potential access (which remains untested) by applying an upward adjustment to the EIF's liquidity score.

### **Qualitative adjustments to intrinsic financial strength**

#### **Operating environment**

We do not apply any adjustment for the operating environment. The EIF primarily operates within EU countries, with exposures outside the EU accounting for 10.8% of total development-related assets. While the coronavirus pandemic incited an unprecedented recession in the region, the support measures implemented by national governments and European institutions have helped to keep the supply-side of the economies largely intact. Similarly, considering the EIF's negligible direct exposure to the war in [Ukraine](#) (Ca stable) and the absence of signs of a negative impact from the weaker macroeconomic environment in Europe, we anticipate that the EIF's business model will remain resilient.

#### **Quality of management**

The EIF's risk management policies are prudent and robust, and its governance principles are of a high standard, as we would expect from a highly rated entity. The risk management department is involved at an early stage in the origination of transactions, and it monitors the performance of existing transactions and the portfolio as a whole on a quarterly basis. We are therefore applying a +1 upward adjustment for the quality of management.

### **FACTOR 3: Strength of member support score: Very High**

We assess the strength of the EIF's member support as "Very High", which provides a +3 notch uplift from its intrinsic financial strength profile of "aa1". This assessment reflects the shareholders' strong ability and willingness to support the EIF, as shown by the 2021 capital increase and extension of the EIF's mandate, among other features. In addition, the EIB has granted a put option to financial institutions that want to exit their shareholdings at a predetermined price. The EIF and EIB together form the EIB Group, with the EIF's financial accounts consolidated into the Group's accounts. Aaa-rated shareholders account for more than 90% of the EIF's subscribed capital.

#### **Very strong shareholder ability to provide support**

Our assessment of the ability to provide support is based on the weighted average shareholder rating. In the case of the EIF, this stands at Aa1, one of the highest in our rated MDB universe. The EIB is the EIF's largest shareholder, holding 59.7% of the EIF's authorised capital of €7.37 billion. It is followed by the EU, represented by the European Commission, with a 29.7% share and 39 public and private financial institutions from the EU, the [UK](#) (Aa3 stable), and [Turkiye](#) (B1 positive), collectively holding 10.6%.

#### **Large callable capital buffer, strong capital call mechanism and non-contractual commitment by shareholders**

Our score for EIF shareholders' contractual willingness to provide support is "a3". This reflects the size of the callable capital buffer relative to the EIF's asset base and also takes into account the put option offered by the EIB to any private financial institution shareholders should they wish to exit the EIF.

The EIB offers to buy back the shares at a predetermined price, and has done so repeatedly in the past. This Replacement Share Purchase Undertaking (RSPU) has been maintained, also for new shares, for financial institutions shareholders following the 2021 capital increase. The RSPU has been terminated with the EC, reflecting the EC's strong commitment to support the EIF.

In addition, the EIF statutes have an EU law status, superseding national law and hence providing a stronger-than-usual legal basis for the capital call mechanism. The mechanism to call capital is robust and transparent; a capital call has to be honoured within 90 days.

Beyond callable capital we consider the shareholders' non-contractual willingness to provide support to be very high, given the EIF's importance for and expertise in financing SMEs in Europe. The EIF's participation in the EU response to the coronavirus crisis further demonstrates the importance of its mandate for its shareholders. Since then EIF is a key enabler for EU policy objectives supporting important EU-level initiatives like InvestEU, REPowerEU and ETCl. Almost 50% of the EIF's planned operations in 2024 will be directly or indirectly linked to InvestEU.

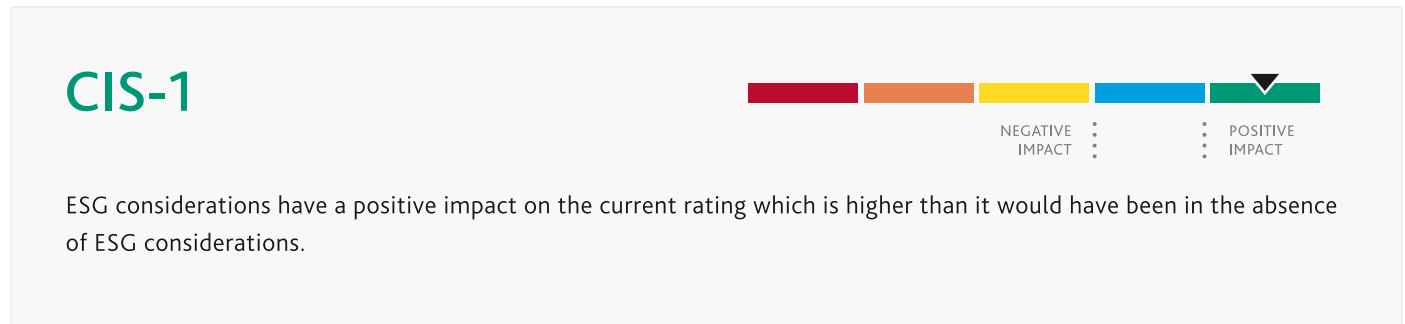


## ESG considerations

### European Investment Fund's ESG credit impact score is CIS-1

Exhibit 6

#### ESG credit impact score

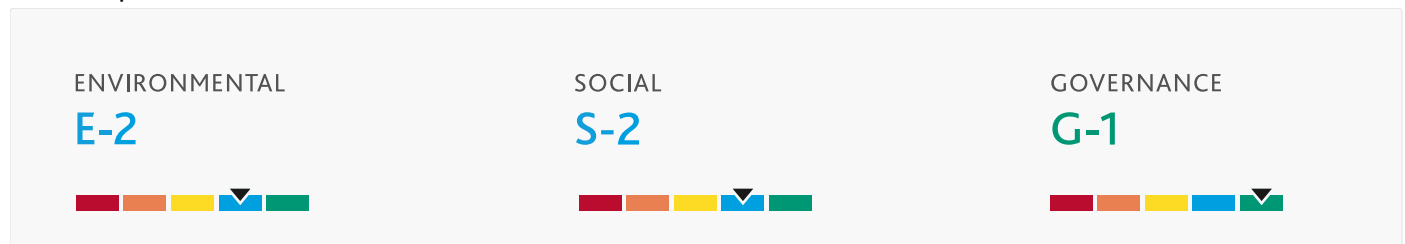


Source: Moody's Ratings

The EIF's **CIS-1** indicates that the credit rating is higher than it would have been in the absence of ESG considerations. This primarily reflects the Fund's very strong governance framework, specifically in terms of financial strategy and risk management, and credibility of management. Our assessment is also based on the very limited environmental and social risks EIF is faced with.

Exhibit 7

#### ESG issuer profile scores



Source: Moody's Ratings

### Environmental

The EIF's **E-2** issuer profile score reflects limited exposure to environmental risks across all five categories. The Fund's projects are mainly in European countries that face only limited environmental risks on the sovereign level. As part of the EIB Group, the EIF also plays a role in supporting the implementation of EU climate policies: for instance, Climate & Infrastructure Funds were transferred to EIF from EIB in early 2021.

### Social

The EIF's **S-2** issuer profile score reflects limited exposure to social risks. In particular, the EIF is benefitting from strengths in responsible production, while it is showing limited exposure to all other areas of social risk. Being a key financial vehicle to advance the development and growth of small and medium-sized enterprises (SME) across Europe the EIF provides products that support sustainable development.

### Governance

The EIF's **G-1** issuer profile score reflects the entity's very strong governance profile, benefitting from being part of the EIB Group. This is underpinned by its strong risk management and high quality of management, which is reflected in superior asset performance and profitability throughout most of its history. The risk management department is involved at an early stage in the origination of transactions, and it monitors the performance of existing transactions and the portfolio as a whole on a quarterly basis.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.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 Environmental, Social and Governance Risks](#). Additional information about our rating approach is provided in our [Supranational Rating Methodology](#).

## Recent developments

### Strong financial results in 2023 supported by high level of business volumes

The EIF's financial results showed marked improvement in 2023. Operating income rose to €226.2 million in 2023, up from €154.6 million in 2022, leading to an operating margin of 51.6% compared to 38.8% in the previous year. Net income saw a significant increase to €233.7 million in 2023, up from €70.4 million (see Exhibit 8). The larger growth in net income relative to the increase in operating income can be attributed to a small rise in the fair value of existing assets, which experienced an increase of €3.8 million in 2023, following write-downs of €61 million in 2022.

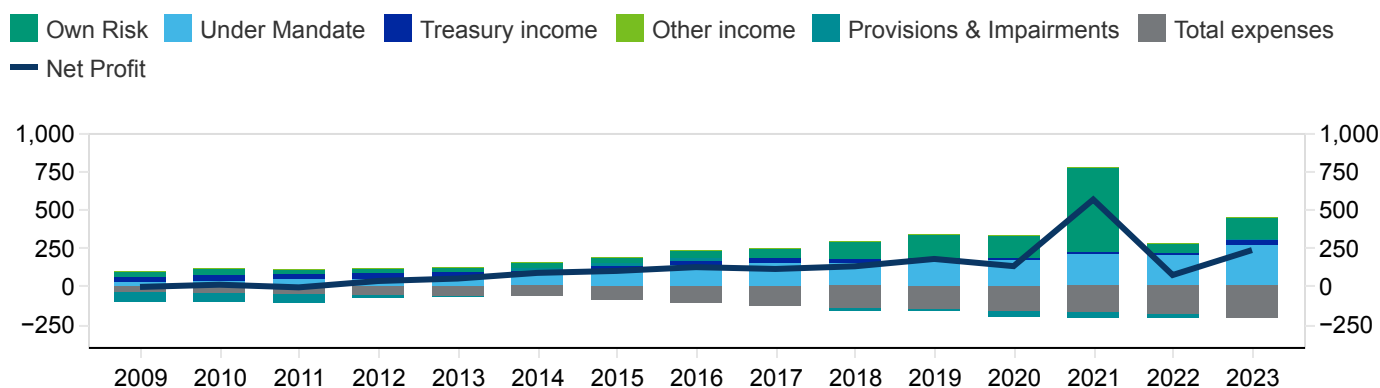
The increase in the operating margin was largely driven by robust revenue growth, excluding fair value changes, of 29%, which surpassed expenditure growth of 14% that started from a lower base. Revenues, excluding fair value changes, were primarily driven by management fees and guarantee income, reflecting the benefits of an overall higher business volume. Revenues, excluding fair value changes, amounted to €436.8 million, while expenses stood at €210.6 million.

The EIF significantly exceeded nearly all of its financial targets in 2023 when compared to the objectives of the Corporate Operation Plan (COP). The only indicator that matched rather than surpassed its set target was the return on assets, which came in at 6.8%. Nevertheless, this was an improvement from the 6.2% return on assets reported in 2022.

Exhibit 8

### Strong results in 2023 after a return to normal in 2022

€ million



Source: EIF and Moody's Ratings

### The priorities set for 2024 indicate a continuation of the existing strategic orientation

For 2024, the EIF maintains its role in supporting the EU's strategic policy objectives. As a risk-absorbing institution, it primarily serves small and medium-sized enterprises (SMEs). After a significant expansion over the past decade, with the volume of operations soaring from €14.8 billion in 2013 to €96.5 billion in 2023, the EIF aims to stabilise its operational volume.

The key business objectives for 2024 include advancing European cohesion and energy sovereignty through the REPowerEU initiative. The EIF also plans to continue developing the member states' compartments of InvestEU, an initiative that enables member states to access the EU guarantee and focus on their national priorities, through the deployment of existing products under the EU

compartment. Another key focus is the fostering of innovation through the European Tech Champions Initiative (ETCI). Launched in 2023, the ETCI is a fund of funds that channels late-stage growth capital to European innovators.

The range of the instruments employed by the EIF will continue to focus on providing credit enhancements and equity investments on behalf of other institutions or at their own risk to SMEs. The share of equity operations in new business volume is likely to increase to approximately 50% in 2024, up from 37.8% in 2023.

**Overall continuity in governance while the Belgian promotional bank PMV was onboarded as an additional shareholder**

In March 2024, Participatie Maatschappij Vlaanderen (PMV), a Belgian promotional bank, became the 39th financial institution shareholder of the European Investment Fund (EIF) by purchasing 5 shares, accounting for 0.07% of the outstanding shares, from the European Investment Bank (EIB).

On the 25th of April 2024, the newly constituted general meeting of the EIF, consisting of individual shareholders, reappointed all seven board members for a two-year term. This includes Nadia Calviño, the new president of the EIB, who had already been appointed as an alternate board member in February 2024. Typically, four board members are nominated by the EIB as the primary shareholder, while the European Commission and the financial institution shareholders nominate two and one candidate(s), respectively. The board of directors decides on all operational issues of the EIF and appoints the chief executive responsible for the day-to-day business.

The general meeting, on the same day, also appointed Edwin Croonen as a member of the audit board for a six-year term. The audit board, which was expanded from three to six members in 2022 to better accommodate the increasing complexity and scale of the EIF's activities, has the statutory responsibility of the audit of the accounts of the EIF. One audit board member is replaced each year.

## Rating methodology and scorecard factors:European Investment Fund - Aaa stable

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

Source: Moody's Ratings

## Related websites and information sources

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

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## Endnotes

- <sup>1</sup> See [EIF Register of members](#) as of 4 March 2024
- <sup>2</sup> For the calculation of this ratio, we only consider drawn guarantees, instead of total committed guarantees, as part of the denominator.
- <sup>3</sup> More precisely, we include cash and cash equivalents, deposits with a term of less than one year held at financial institutions rated Baa3 or higher, treasury assets rated A2 or higher and committed, unrestricted and undrawn credit lines with prime lenders with a maturity greater than two years in our calculation.

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