Multilateral Development Banks
COMPARISON REPORT
2025

Global Risk and Finance Forum (GRaFF)

The *Multilateral Development Banks (MDBs) Comparison Report* is published by the Council of Europe Development Bank (CEB) on behalf of the Global Risk and Financial Forum (GRaFF); see Introduction for more detail. It was coordinated by the CEB and the European Bank for Reconstruction and Development (EBRD), and validated by the MDBs that contributed to the report. Questions on rights and licensing should be addressed to info@coebank.org.

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1. Introduction

The Comparison Report is an exercise carried out by the Global Risk and Financial Forum (GRaFF), which brings together Chief Risk Officers (CROs) and Chief Financial Officers (CFOs) from Multilateral Development Banks (MDBs). The exercise was launched in 2024, under the lead of the European Bank for Reconstruction and Development (EBRD) and the World Bank Group (WBG), with a first pilot iteration shared with the Boards of participating MDBs.

The aim of the Comparison Report is to provide shareholders and G20 members with critical components, metrics and data relating to MDBs' financial positions in a standardized manner. Where possible, it incorporates harmonized definitions, ensuring consistency and comparability across institutions of the information presented.

The report is a concrete step in implementation of recommendation 5b from the G20 Independent Review of MDB Capital Adequacy Frameworks (CAF)[1], which called for MDBs to work together on establishing yearly capital benchmarking reports.

This year's report was coordinated by the Council of Europe Development Bank (CEB) and EBRD, and is the result of a collaborative effort from all GRaFF members. The banks participating in the report are: African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), Caribbean Development Bank (CDB), Council of Europe Development Bank (CEB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), InterAmerican Development Bank (IDB), IDB Invest, International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Islamic Development Bank (IsDB), New Development Bank (NDB), Nordic Investment Bank (NIB). The data used throughout this report is based on 2024 figures, reflecting the most recent available information across institutions. Reporting periods have been aligned where possible, but still reflect variation in year-end reporting timelines.

The Comparison Report covers a range of metrics that describe the business profile and financial position of the MDBs, covering client and product exposure, portfolio characteristics, capital structure, liquidity profile as well as risk transfers and credit rating agency assessments. Participating banks agreed to a relatively broad selection of metrics to provide a rounded perspective of financial health. However, capital adequacy interacts with all these measures and cannot be viewed in isolation. Point-in-time metrics fail to capture the trend and expected business performance. For these reasons, we would discourage comparing a single parameter to assess the financial strength of an institution relative to its peers.

Note:

All figures are compiled by the CEB based on MDB data from Annex I, except Figures 6 and 12-15, which are provided by the respective credit rating agencies. Please also consider reading Annex II.

[1] Boosting MDB's investing capacity. (2022). An independent Review of Review of Multilateral Development Bank's Capital Adequacy Framework.

2. Executive summary

The MDBs as a group provide a powerful platform to multiply the impact of shareholder capital for the global community and are uniquely positioned to contribute to the international development agenda.

MDBs provide excellent leverage for shareholder contributions. Shareholders have collectively contributed US$150 billion of paid-in capital to MDBs participating in this exercise; this has been leveraged by these MDBs to over US$1.4 trillion of development assets [2]outstanding through mobilization of capital market financing towards development.[3] Meanwhile, the MDBs have generated healthy income which not only covered their full operating costs but also added approximately US$230 billion to reserves to grow overall equity capital to nearly US$380 billion, 2.6 times shareholders' paid-in capital. Some MDBs have also transferred income to their concessional financing window or other grant-making facilities.

The majority of MDBs taking part in the exercise target and achieve a AAA rating, with very few exceptions. **A strong credit rating is critical to MDBs' ability to provide low-cost and/or stable financing to clients, particularly during crises and market downturns.**

Despite common features shared by MDBs, specific mandates and business models will be reflected in balance sheet structures and leveraging capacity. In particular:

- **Some MDBs focus primarily on the public sector, some lend exclusively to the private sector, others lend to both.** Financing to private sector clients tends to carry higher risk and allow for lower leverage than financing to sovereign governments. Equity investments tend to be more capital intensive than loans and guarantees, often restricted to a one for one relationship between investments and required capital.
- **There is significant variation within the capital structures across MDBs,** with some institutions relying more on paid-in capital from shareholders, compared to organic capital growth from retained earnings. Further, **not all MDBs have callable capital**, and among those that do the proportions between paid-in and callable capital differ significantly. In addition, some MDBs have issued hybrid capital instruments with the objective of increasing lending capacity while maintaining strong financial positions. All else equal, the presence of callable capital will support greater leverage.
- A small number of MDBs have a **global mandate**, whereas the majority have either a **regional or sub-regional scope** for operations. The portfolios of the banks that do not have a global mandate will reflect regional specificities. In particular, MDBs that have a large share of exposure to advanced economies, which have lower credit risk, will be able to leverage their capital more than those lending predominantly to middle or low-income countries.
- Relatedly, MDBs that operate in smaller regions will have a lower number of borrowing members, and higher **concentration** within their portfolios, together with some correlation in their borrowers' risk profiles. This will often increase capital requirements and therefore reduce their leverage capacity.

[2] Development assets are generally defined as net disbursed loans and investments plus guarantees.
[3] This excludes IDA which provides predominantly grant and concessional loans and just started accessing capital markets in recent years.

- Individual MDBs are at different stages of their evolution. MDBs that have relatively higher capital utilization would show higher balance sheet leverage ratios than those with lower capital utilization, including MDBs that were established or started accessing capital markets only in recent years and are still in ramp-up stage.
- MDBs have made significant efforts to increase the use of risk transfers in recent years, including through the creation of innovative instruments. Risk transfers, such as guarantees supported by highly-rated shareholders or by private insurance companies reduce portfolio risk, free up capital and can potentially enable higher balance sheet leverage. MDB's ability to deploy these tools varies considerably depending on their shareholding and business model.

Differences in the MDB business models, as outlined above, lead to divergent CAF metrics and definitions, limiting direct comparability across institutions. As a result, while this comparison report is a useful starting point to facilitate enhanced understanding of capital and liquidity related matters, peer groups for meaningful comparison can be very small; direct comparison, particularly across a single indicator, can be misleading and readers should exercise caution in drawing conclusions. Despite these differences, **most MDBs maintain strong capital and liquidity positions, consistent with their high credit ratings,** with modest variations on a yearly basis.

3. Comparison metrics

The report identifies selected metrics, which, taken together, can provide insight into MDBs' financial positions and capital management at a point in time. It is organized as follows:

- Section a provides useful context to assess MDBs' financial performance, outlining the key features of their **types of client and product exposure** as well as geographies of operation;
- Sections b, c, d and e respectively set out key metrics relevant to b**alance sheet leverage and capitalization, MDB liquidity policies, capital structures and the use of risk transfers**;
- Section f outlines the **assessment of MDBs' financial strength** on the part of the three main Credit Rating Agencies (Fitch, Moody's and Standard & Poor).

This narrative overview is intended as an introduction to the full comparison tables, which are included as Annex I. Annex II provides additional institution-by-institution context to assist in the interpretation of the data.

a. Types of client and product exposure

The types of exposures in MDBs' lending portfolios present significant heterogeneity. Some MDBs lend exclusively to the public sector, while others lend mainly to the private sector. The range of products offered by MDBs reflects these differences.

- While most of the MDBs participating in this exercise serve developing economies, several MDBs also serve advanced economies (primarily in the European Union) which, *ceteris paribus*, would carry lower risk. Among developing and emerging countries, there can also be very different levels of credit risk. As a result, each MDB's country coverage will drive different capital requirements, with lower credit risk among borrowing members enabling higher overall leverage and vice versa.
- Exposures to private sector clients tend to carry higher risk compared to their sovereign governments, but also provide for a higher return on equity and assets. Equity investment to private sector clients, in particular, is the most capital intensive of all products. MDBs whose balance sheets are predominantly private/non-sovereign sector exposure therefore tend to be more capital intensive and less leveraged in nominal terms.
- The majority of MDBs provide predominantly non-concessional financing that does not require subsidy and can operate on a self-sustainable basis without the need for regular shareholder capital injections. There is one MDB in this group – IDA – that provides predominantly grants and concessional financing to low income countries. While IDA started accessing capital markets in 2018 to expand its development financing, its concessional financing nature limits its leverage and requires regular replenishment of donor contributions.

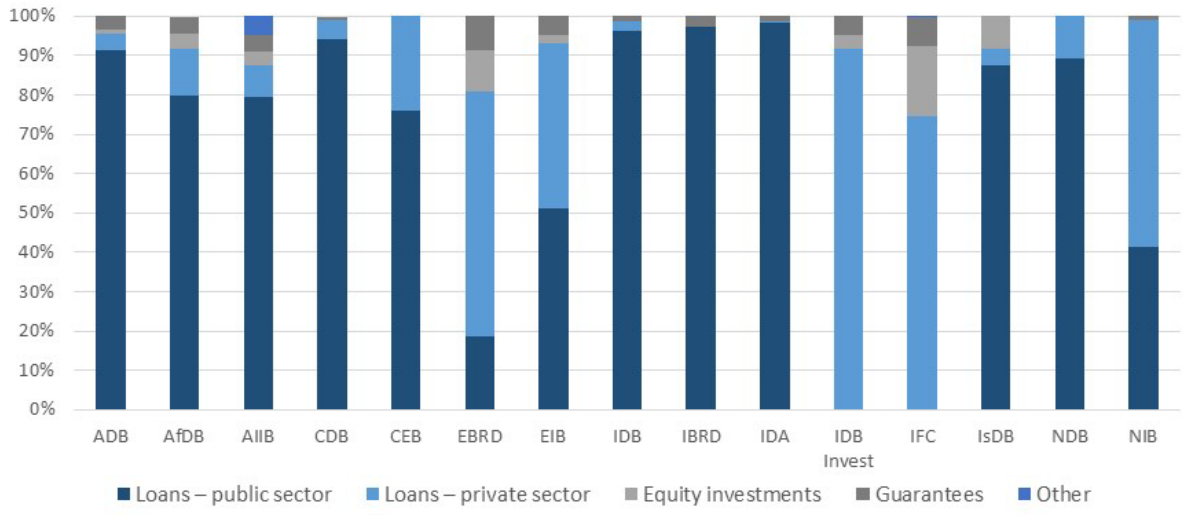
The table and chart below summarize the different types of clients and product exposure of the MDBs. Please note that while Figure 1 provides a snapshot of MDB exposures at a specific point in time, Table 1 presents a more qualitative assessment that also reflects forward-looking institutional strategies and activities that may not be directly reflected in exposures.

Table 1 : MDBs' focus by type of clients (sovereign/non sovereign)

Types of clients	
Sovereign*	IBRD
Predominantly sovereign*	ADB CDB IDA (concessional) IDB IsDB NDB
Mixed sovereign* and non-sovereign	AfDB AIIB CEB (also serves in developed economies) EIB (also serves developed economies) NIB (also serves developed economies)
Predominantly non-sovereign	EBRD
Non-sovereign	IFC IDB Invest

**Includes sovereign-guaranteed*

Figure 1: Types of exposures as % of developments assets



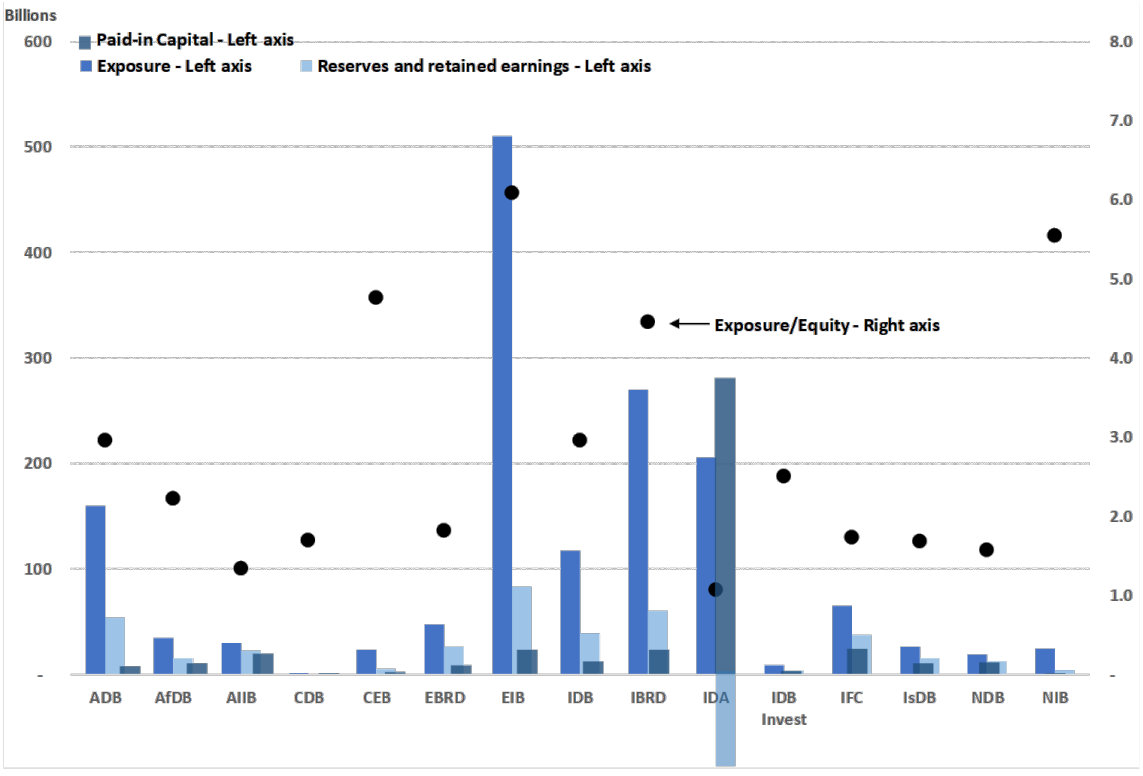
Furthermore, MDBs' geographical presence is significantly diverse. The World Bank Group is the only MDB operating across all regional areas. AIIB and EIB also have a global mandate and are active in all regions, but the majority of their lending is currently to regional borrowing members. Most MDBs operate in a specific region or sub-region. Figure 2 below indicates presence in different regions.

Figure 2: Geographical coverage of MDBs

b. Balance sheet leveraging and capitalization

MDBs in general present a moderate level of leverage. This is higher for those operating both in developed and emerging markets, and for those making greater use of risk transfer instruments. The graph below presents each MDB's exposure against its equity capital. It illustrates the MDBs' exposure (dark blue columns) alongside their equity levels (light blue columns), all measured on the left-hand scale. The leverage indicator is shown as black dots and reflect total exposure relative to equity.

Figure 3: MDB exposure vs equity (paid-in capital plus retained earnings, US$)



Notes:

- As outlined in the Executive summary, MDB's business models, including the markets in which they operate will impact their ability to leverage.

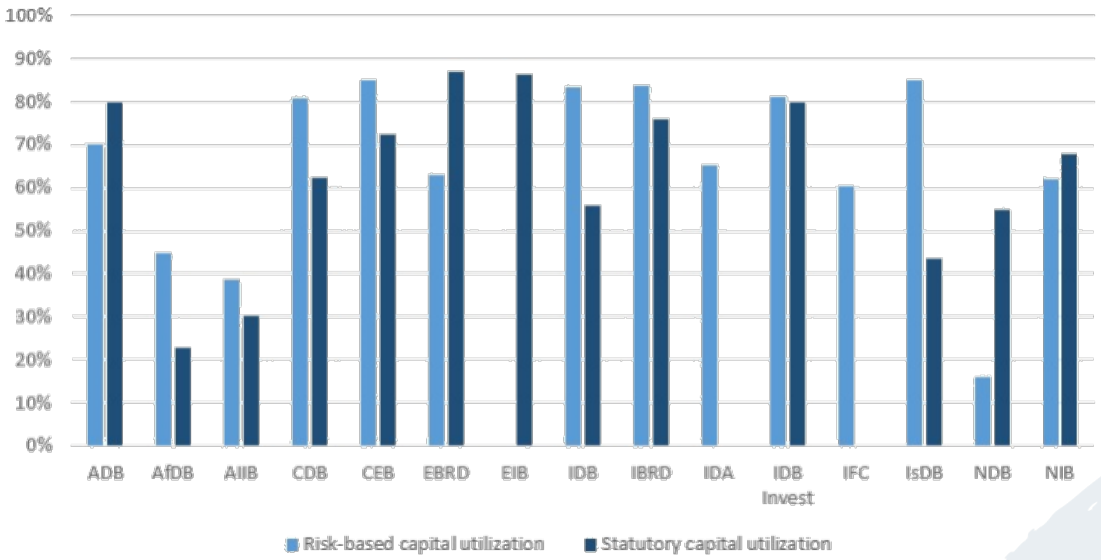
- ADB's Ordinary Reserve includes about US$31 billion from the 2017 transfer of the Asian Development Fund assets.
- IDA has provided significant development grants which is reflected in the negative figure for "accumulated" reserves and retained earnings.
- IFC's Paid-in capital includes about US$17 billion that was converted from the reserves as part of the 2018 capital increase package agreement.

MDBs' lending, investing and guarantees have generated healthy income which not only covered their full operating costs but also added approximately US$230 billion to reserves to grow overall equity capital to nearly US$380 billion, 2.6 times shareholders' paid-in capital. Some MDBs have also transferred income to their concessional financing windows or other grant-making facilities. Sound equity accumulation is critical to (a) continue to provide for loan portfolio growth, (b) offset credit rating downturn scenarios and remain resilient to support member countries through economic cycles and (c) provide for concessional financing and other grant-driven mandates that rely on net income.

The majority of MDBs are not subject to regulation and have therefore developed internal capital policies and frameworks, which are benchmarked to the highest standards. Financial requirements determined by credit rating agencies (CRA) can play a role in the calibration of internal capital policies, since most MDBs have shareholder mandates to retain a certain credit rating. Such rating assessments are a consolidation of factors relating to capital, liquidity, risks, and perception of shareholder support, among others. Therefore, from a CRA perspective, each MDB can have a different capital requirement to retain a given rating overall (for example AAA), as strength or weakness in the plethora of other factors plays an important role. Additionally, CRAs will consider recent and projected trends in key indicators to assess ratings and outlook. Therefore, reading across MDBs and comparing capital adequacy results is challenging.

The following graph compares capital utilization, expressed as a percentage of available capital, under risk-adjusted and statutory lending limits. The majority of MDBs present a high capital utilization.

Figure 4: Risk-adjusted and statutory capital utilization



Notes:

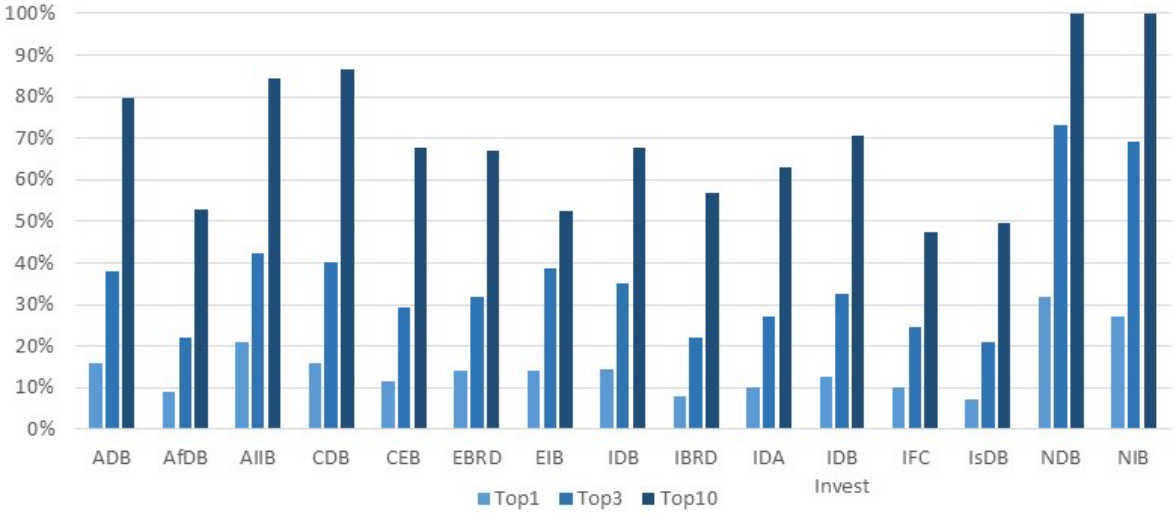
- ADB's Board of Directors approved in 2025 the move to the last stage of the Charter amendment process to remove the charter lending limit (CLL) from the Charter with a Board of Governors vote under way. A new non-risk-based capital-to-exposure ratio will replace the CLL upon effectiveness.

- Since 2020, the AfDB has implemented changes to its internal capital adequacy framework models to better account for Preferred Creditor Treatment and concentration leading to a significant decrease in its internal risk capital utilization rate. The Bank's internal risk capital utilization is not the most constraining factor to its lending capacity; other metrics such as the Fitch FRA ratio for example are more constraining.
- EBRD's shareholders have now approved the removal of the statutory constraint from the Agreement Establishing the Bank, effective on the 26th June 2025.
- EIB's shareholders approved a reform of EIB's statutory lending limit on 15 March 2025 (see Council Decision (EU) 2025/504), increasing EIB's available lending headroom. EIB does not disclose its risk-adjusted utilization.
- IBRD is in the process of amending its Articles of Agreement to remove the Statutory Lending Limit (SLL) as its capital adequacy framework has moved to a more appropriate risk-based approach since the introduction of the SLL. The Board of Governors has approved a Resolution to remove the SLL. IBRD is now going through the final stage of the amendment process, which requires acceptance by three-fifths of the members having eighty-five percent of the voting power.
- IDA, IDB Invest and IFC do not have a statutory lending constraint. IFC has a constraint on total borrowings, at four times (4x) members' equity. IDB Invest also has a statutory borrowing limit, which has been used to calculate statutory capital utilization.

Country-level concentration

The majority of MDBs are concentrated at the country level and present large exposures to a small number of countries. On average, one-third of sovereign exposures come from the three most important countries of operation and two-thirds from the ten most important countries. MDBs operating in smaller regions have fewer borrowing members and higher concentration within their portfolios.

Figure 5: Country level concentration

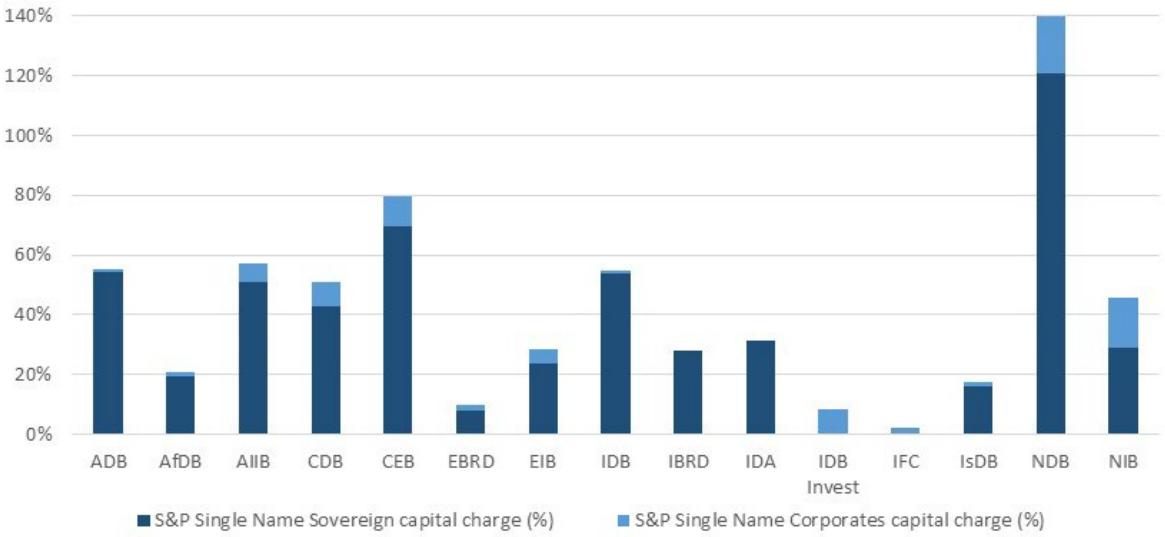


Single name concentration

MDBs present significant heterogeneity in the capital charge for Single Name Concentration (SNC) calculated under the Standard and Poor (S&P)'s rating criteria. This charge, which is a concentration adjustment as a percentage of non-adjusted Risk Weighted Assets, depends on the concentration level and the credit quality of large borrowers. SNC increases when an MDB has large credit risk exposure of low credit quality. It can be significant for MDBs that operate on a regional level or in smaller geographical areas with borrowers of low credit performance, although there are exceptions. For this reason, reviewing CRA assessments of SNC has been one of the priority areas identified and addressed in the CFO/CRO roundtables with CRAs. MDBs have provided different alternatives for S&P to reassess

SNC. In June 2025, S&P issued a Request for Comments on proposed changes to its rating methodology for supranationals, including a recalibration to the adjustments for single name concentration.

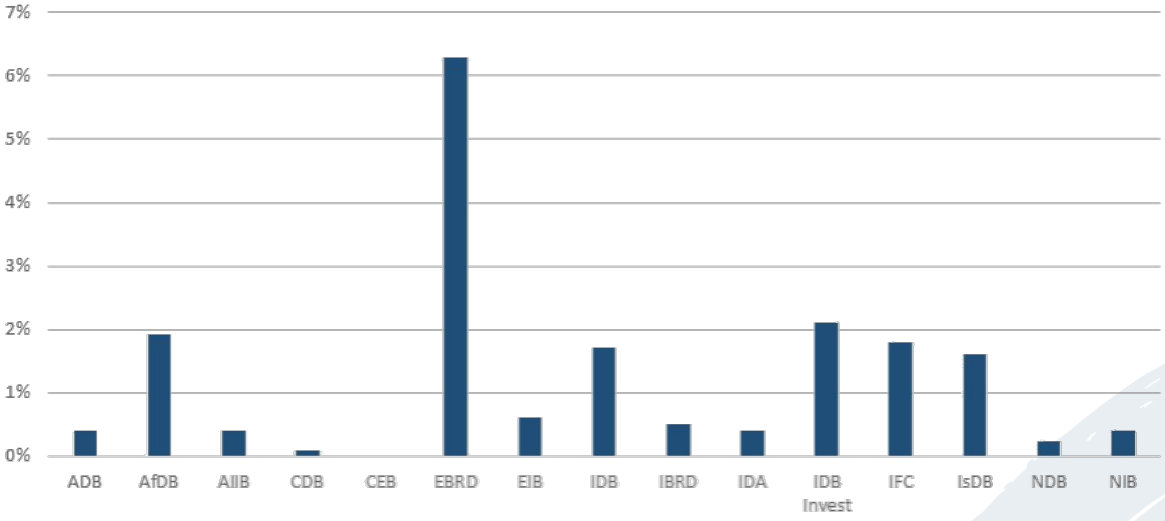
Figure 6: S&P Single Name Concentration capital charge as % of total capital charges



Non-performing loans

The majority of MDBs have a low non-performing loan (NPL) ratio. This distinguishes MDBs from commercial banks. This low ratio is due to the strong credit quality of the MDBs' loan portfolio after taking into account their Sovereign Preferred Creditor Status. MDBs that lend predominantly to the private sector, or with significant private sector activity, would be expected to have a higher share of non-performing loans. This reflects the impact of Preferred Creditor Treatment on MDBs' sovereign portfolios, as obligations to MDBs are excluded from sovereign debt restructurings, arrears on an MDB's sovereign portfolio are an extremely rare event, with positive effect on NPLs.

Figure 7: Non performing Loans (NPL) ratio %



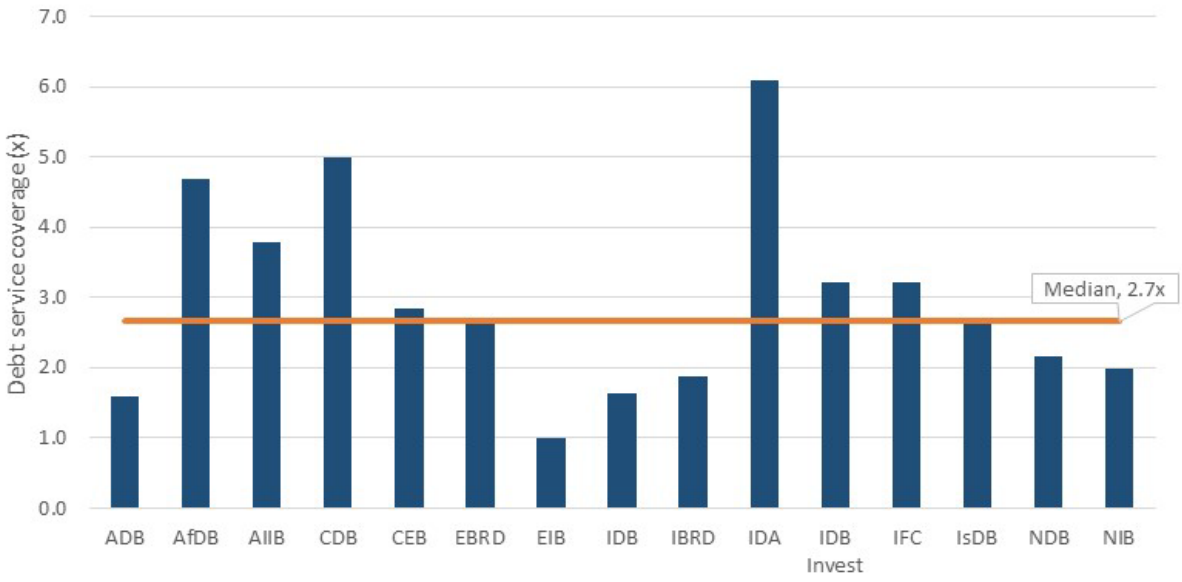
c. Internal liquidity policies

Unlike commercial banks, the majority of MDBs do not accept retail deposits and do not have access to central bank facilities or other types of specialized liquidity mechanisms. Consequently, the approach to liquidity risk management differs from that of a typical commercial bank. MDBs generally ensure the ability to meet their commitments in both normal and stressed markets for an agreed upon period (typically exceeding one year). Supported by strong credit ratings, capital market access for MDBs provides a consistent and stable sources of funding.

Each MDB has a distinct liquidity risk management framework, making it challenging to compare results. However, while many MDBs typically calculate a suite of liquidity risk ratios, the prevailing approach among most is to maintain a prudent level of Treasury liquid assets sufficient to cover projected net cash flows for at least twelve months, without access to new funding.

As depicted in the chart below, the median coverage ratio (liquid assets to current debt) across MDBs is greater than two, meaning that projected cash outflows (debt maturing within 1 year) are covered 2.7 times by liquid assets.

Figure 8: Treasury liquid assets coverage of current debt (maturity<1 year)

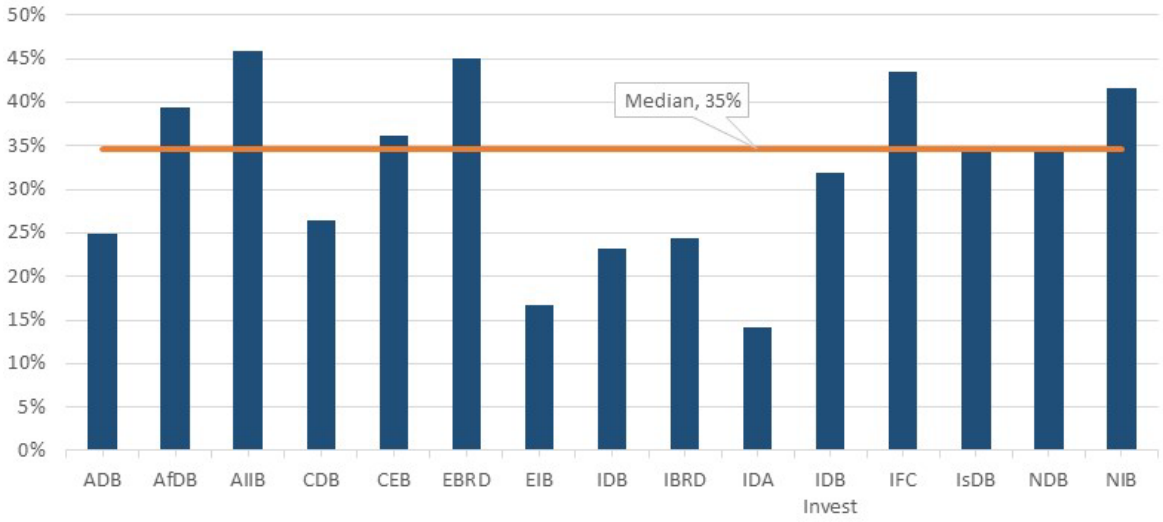


Notes:

- The AfDB's borrowing program is set to the maximum between (i) the borrowing necessary to meet its prudential liquidity requirements for the following year and (ii) the average of the borrowing requirements for the following 3 years; this rule is meant to smooth the size of borrowing program from one year to another. As the AfDB's funding needs in 2025/2026 are much larger than 2024, this leads to a temporary spike in the treasury liquidity coverage of current debt as shown in the chart.
- EIB have access to the European Central Bank as lender of last resort, reducing the requirement to maintain a larger pool of liquid assets.

In addition to internal policy requirements, the size and structure of the liquidity portfolios are primarily driven by the balance sheet maturity profile, projected cashflows (including projected debt redemptions), types of development asset exposures and credit scores achieved in other dimensions of the rating methodologies. As demonstrated in the chart below, MDBs hold substantial amounts of liquid assets on their balance sheets (median liquidity at hand relative to total balance sheet size is 35% across all MDBs).

Figure 9: Treasury liquid assets share of total balance sheet*

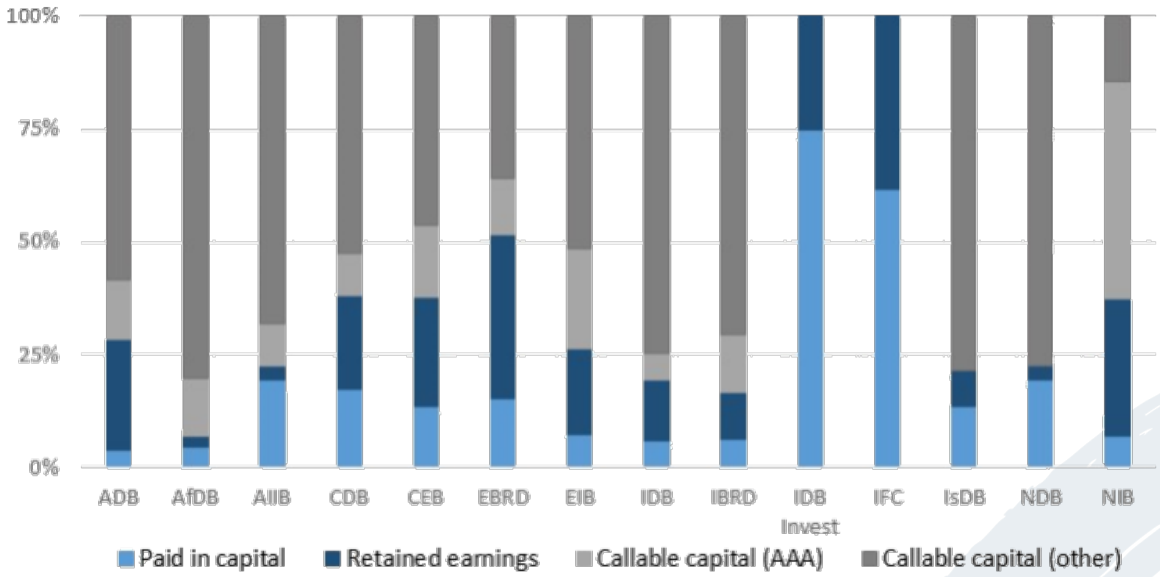


* Excluding other liabilities (Paid-in capital plus retained earnings plus total borrowing)

d. Capital structure

The majority of MDBs participating in the exercise have callable capital, in addition to paid-in capital. Several MDBs are also considering the introduction of enhanced callable capital and/or hybrid capital. MDBs present significant heterogeneity in the size of their equity and the proportion between paid-in and callable capital. For most MDBs, paid-in capital represents between 5% and 20% of subscribed capital, with the rest in callable capital. For a few MDBs, subscribed capital is almost fully paid in. The composition of callable capital differs considerably across MDBs with regard to the portion of callable capital from members with a triple-A rating, one of the key criteria taken into account in the CRA methodologies. The age of the institution and policies regarding the allocation of profits will also influence the share of retained earnings.

Figure 10: Paid-in Capital, retained earnings and callable capital (AAA and non-AAA) in %



Notes:

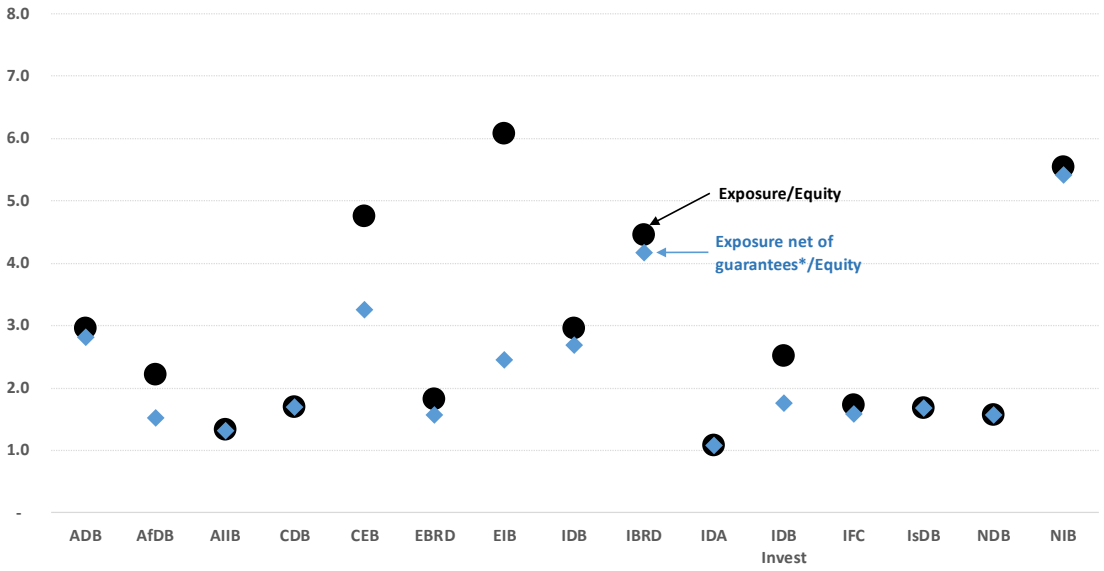
- ADB's Ordinary Reserve includes about US$31 billion from the 2017 transfer of the Asian Development Fund assets.

- The AfDB callable capital includes subscriptions received so far to the General Callable Capital Increase that was approved by its Board of Governors in May 2024.
- IDA has been excluded from this chart, as the impact of the concessional nature of its operations and presence of replenishment cycles on retained earnings makes comparison not appropriate.
- IFC's Paid-in capital includes about US$17 billion that was converted from the reserves as part of the 2018 capital increase package agreement.

e. Risk transfers

Effective risk transfers can help MDBs reduce portfolio risks, mitigate concentration risks, free up capital, and potentially enhance balance sheet leveraging capacity. MDBs have significantly stepped up their effort on risk transfers in recent years, including building on recommendations of the G20 MDB CAF Panel. MDBs have deployed a wide range of risk transfer instruments, ranging from guarantees on individual loans and loans portfolio, to first-loss portfolio-wide guarantees and synthetic securitizations. Guarantees by shareholders provide an important boost to MDBs' financing capacity and are generally seen by credit rating agencies as demonstrations of shareholder support. A number of MDBs are also in the process of actively exploring and developing solutions to scale up private sector risk transfers. Risk transfer mechanisms free up capital by mobilizing private sector resources, the instrument design may vary significantly depending on which of these two is the primary objective of individual transactions, and as such looking at the nominal value alone may be misleading.

Figure 11: Leverage including risk transfers



* Including other risk transfer instruments such as securitizations

f. Credit ratings assessment

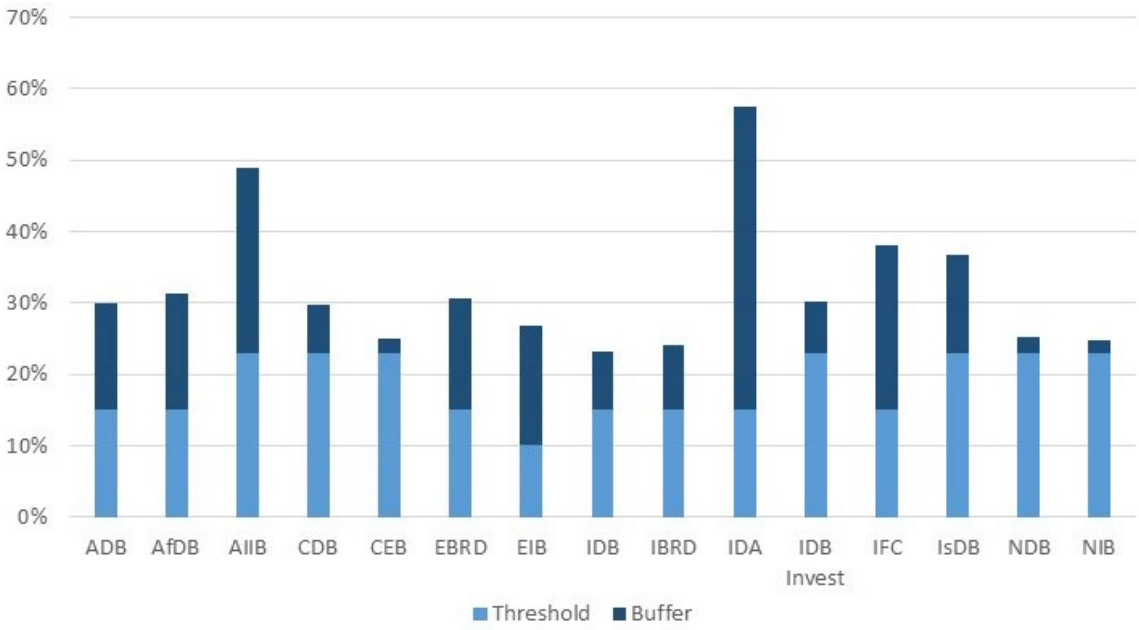
The majority of MDBs taking part in the exercise target and achieve a AAA rating with the three main CRAs, with very few exceptions including some MDBs that are only rated by two of the three main CRAs.

As noted in Section 3b, while commercial banks are mostly constrained by regulatory capital, MDBs develop policies and strategies based on their internal risk appetite and, for some, credit rating agency and investor perceptions of their capital adequacy. This is particularly challenging given the diversity of CRA methodologies and the varying degrees to which MDBs consider rating agency assessments alongside other financial and non-financial factors in their overall capital strategies.

S&P's Risk-Adjusted Capital (RAC) ratio

In response to the G20 CAF review in 2022, S&P published[4] details of the minimum RAC ratios required to preserve current MDB ratings (in most instances, AAA), all else being equal. The variance between MDBs is a function of the perceived strength/weakness of other factors that drive the overall credit rating. The chart below presents reported RAC ratios against the minimum requirements provided by S&P[5] (threshold). This is a point-in-time estimate, and needs to be considered in conjunction with forward-looking headroom estimates. In particular, those with most recent capital increases will show bigger buffers.

Figure 12: S&P RAC ratio (%), 2024



Notes:

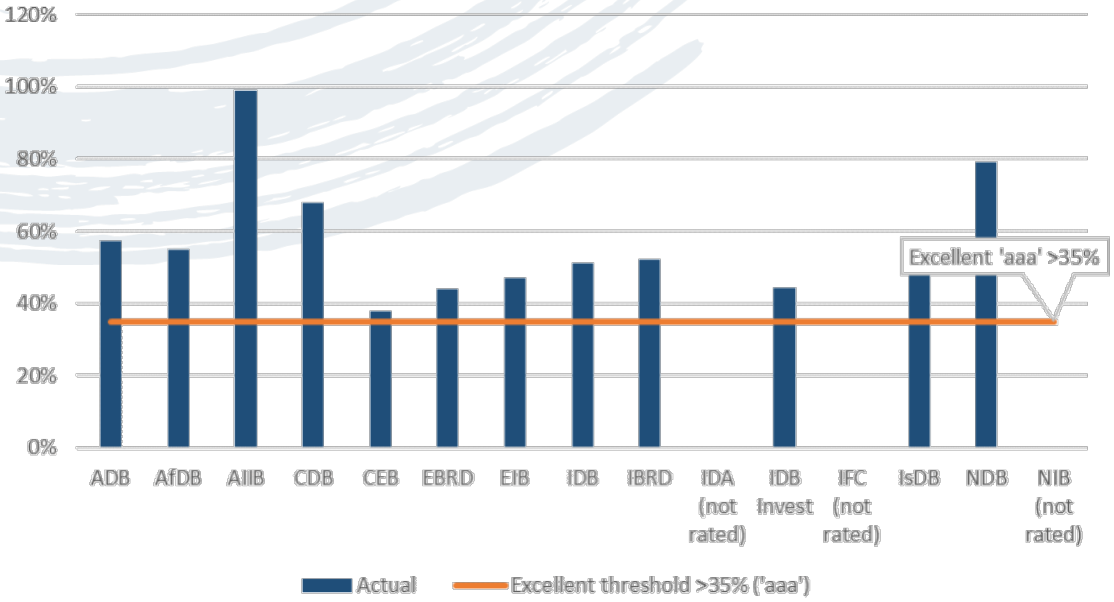
- While some MDBs appear to have sizeable headroom under the S&P RAC methodology, they appear to be more constrained under other CRA methodologies.
- The size of the buffer assumes all else to be equal. It is limited by other factors such as (i) portfolio concentration and sensitivity to rating downgrades, (ii) projected portfolio growth that is not captured by point-in-time metrics, and (iii) other factors that may arise when an MDB grows its balance sheet.
- Source: S&P rating reports for each institution, see Annex I for more detailed data

Fitch Risk-Adjusted Ratio (FRA)

Fitch's solvency assessment considers two sub-factors: "capitalization" and "risks". The Fitch risk-adjusted ratio (FRA) is the primary anchor for their capitalization assessment, however Fitch also considers a nominal capital ratio (equity to assets) and a measure of internal capital generation driven by profitability. While the FRA is the key driver, the level of the equity-to-asset ratio may be considered depending on the headroom of the FRA from the respective capital threshold. Fitch also assesses the risks to which an MDB is exposed, namely: credit risk, concentration risk, equity risk and risk management policies[6].

[4] A closer look at the G20 Expert Panel Review of MLIs Capital Adequacy Frameworks, October 2022.
[5] Note that the S&P report was published in 2022 and the minimum reported ratios may no longer be valid. In addition, actual RAC ratios reflect S&P reports from various points in time throughout 2024.
[6] Note that the FRA ratio is based on the Fitch Supranational Rating Criteria Methodology in place prior to the October 2024 update

Figure 13: Fitch FRA ratio (%)



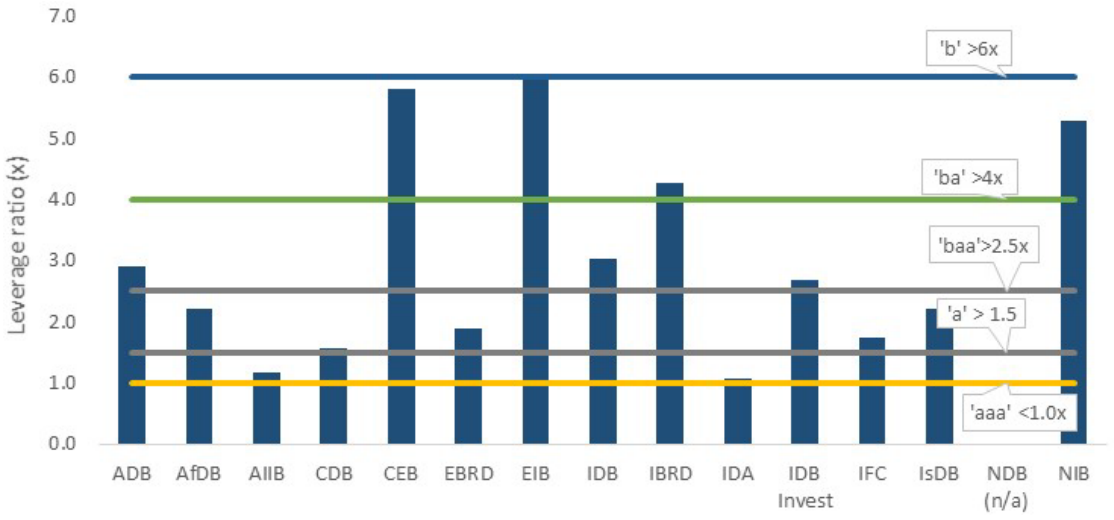
Notes:

- AfDB is rated aa+ on a standalone basis and granted extraordinary shareholder support (up to 3 notches on the capital assessment) due to coverage of net debt by "aaa"rated callable capital. It also seeks to maintain an FRA ratio above 45% in order to achieve a Standalone Credit Profile of "aaa".
- Source: Fitch ratings for individual institutions, see Annex I for additional details.

Moody's leverage ratio (assets to usable equity)[7]

The Moody's leverage ratio (40% of the capital adequacy assessment, 20% of the overall score) is an indicator of an MDB's capacity to absorb losses. As part of the overall capital adequacy assessment, Moody's also considers both development asset credit quality (DACQ) and asset performance (non-performing assets) as important drivers of potential credit losses that could place pressure on capital buffers. Together, these credit quality indicators represent 60% of the capital adequacy assessment (20% DACQ and 40% asset performance).

Figure 14: Moody's leverage ratio (multiple)



[7] The assets for calculation of this ratio are defined as Development-related assets + Treasury assets rated AAA or lower

Table 2: Moody's development asset credit quality (DACQ) and non-performing loans (NPL)

	AIIB	AfDB	ADB	CDB	CEB	EBRD	EIB	IDB	IDA	IBRD	IDB Invest	IsDB	IFC	NDB	NIB
DACQ	a	baa	a	ba	aa	baa	aa	baa	baa	aa	baa	ba	baa	n/a	a
NPL (%)	0.40	1.91	0.40	0.08	0.00	6.30	0.60	1.70	0.40	0.50	2.10	1.60	1.80	0.24	0.40

In principle, an MDB with lower leverage has a higher proportion of capital, relative to its loans and investments, to guard against potential losses. As may be expected, MDBs carrying higher leverage ratios often have comparatively stronger credit quality characteristics coupled with a lower proportion of non-performing loans. The presence of equity investments in an MDB's portfolio can also have a significant impact on leverage. In order to ease comparison using the Moody's rating scale, the chart below illustrates credit quality using an alpha score (in full rating steps) to indicate the distance from "aaa". For example, there is only one alpha category between "aaa" and "aa". The higher the number of alpha scores from "aaa", the weaker the credit quality.

Figure 15: Moody's: Asset credit quality vs Leverage ratio