

European Union and Euratom

Rating report

The AAA/Stable rating of the European Union (EU) reflects its 'High' Member support and its 'Excellent' intrinsic strength underpinned by its 'Excellent' institutional and financial profiles. In detail:

- **Shareholder support:** The EU benefits from: i) the largest European economies being its highly rated key Member States, with a weighted average rating of AA-; ii) a track record of and solid legal basis for receiving timely financial support; iii) extraordinary support mechanisms, ensuring de facto joint and several support; and iv) a legally enshrined debt service priority combined with significant budgetary flexibility.
- **Institutional profile:** The EU has a proven record of excellent governance and an irreplaceable mandate for its Member States. It was at the heart of Europe's Covid-19 response via the SURE and NGEU programmes and continues to coordinate Member States' response to Russia's ongoing war of aggression against Ukraine, including direct support for Ukraine and driving increased defence spending among Members via the SAFE instrument. The EU also leads the joint response of Member States to an increasingly volatile global trade environment and is leading the continent's transition towards a carbon-neutral and climate-resilient economy.
- **Financial profile:** The EU benefits from an excellent liquidity profile, driven by high, prudently managed liquid assets, excellent market access given its global benchmark issuer status, and a diversified funding base. The EU's excellent asset quality reflects its preferred creditor status. Challenges relate to the approximately tenfold increase in its outstanding liabilities from 2020 levels over the coming years, which will result in higher debt repayments going forward.
- **Outlook and triggers:** The Stable Outlook reflects our assessment of the EU's financial buffers to withstand shocks. The rating could be downgraded if: i) highly rated key Member States were downgraded; ii) the EU's institutional setup weakened; and/or iii) the EU's liquidity buffers declined.

Foreign currency

Long-term issuer rating/Outlook

AAA/Stable

Senior unsecured debt/Outlook

AAA/Stable

Short-term issuer rating/Outlook

S-1+/Stable

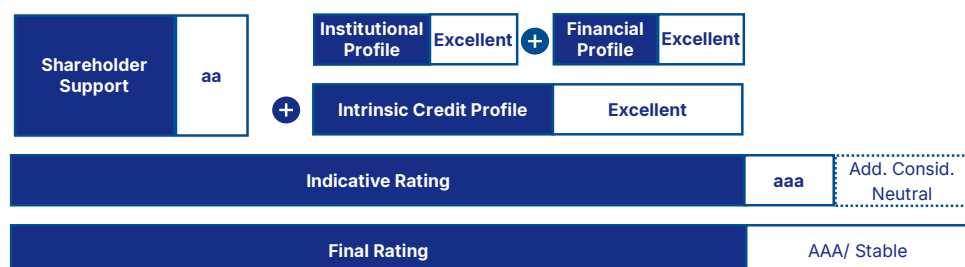
Lead Analyst

Eiko Sievert
 +49 69 6677389-79
e.sievert@scoperatings.com

Team Leader

Alvise Lennkh-Yunus
 +49 69 6677389-85
a.lennkh@scoperatings.com

Figure 1: SCOPE's assessment of rating drivers



Source: Scope Ratings

Credit strengths and challenges

Credit strengths	Credit weaknesses
<ul style="list-style-type: none"> Highly rated Member States, providing de facto joint and several support High liquidity buffers, excellent market access, budgetary flexibility Preferred creditor status 	<ul style="list-style-type: none"> Significant increase in debt High guarantees, mostly to European Investment Bank

Table of content

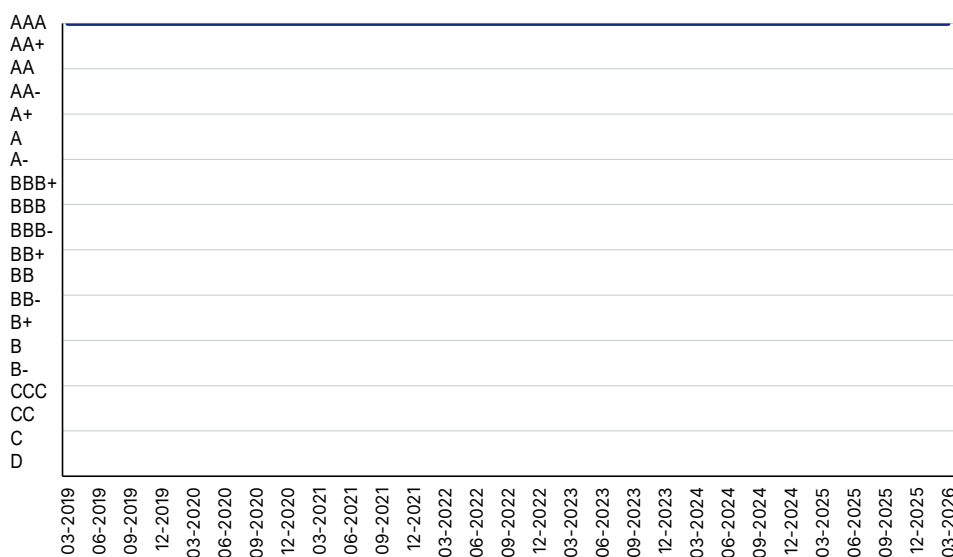
1. Indicative rating: 'aaa'
2. Member States: European Union
3. Scope's supranational scorecard
4. Climate credit risks
5. Asset quality assessment
6. Statistical table

Outlook and rating triggers

The Stable Outlook reflects Scope's view that risks to the ratings are balanced.

Positive rating-change drivers	Negative rating-change drivers
<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Downgrades of key Member States Weakening in institutional setup Reduction in liquidity buffers

Figure 2: Rating history



Foreign-currency long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment. Source: Scope Ratings.

1. Indicative rating: 'aaa'

We first map the assessments for the institutional and financial profiles to determine the supranational's intrinsic credit profile. In a second step, we complement this assessment with our assessment of the strength of shareholder support to determine the indicative rating.

Mapping institutional and financial profiles for the EU

Intrinsic Credit Profile		Institutional Profile				
		Excellent	Strong	Adequate	Moderate	Weak
Financial Profile	Excellent	Excellent	Excellent	Excellent	Very Strong	Very Strong
	Very Strong	Excellent	Very Strong	Very Strong	Very Strong	Strong
	Strong	Very Strong	Strong	Strong	Strong	Adequate
	Adequate	Strong	Adequate	Adequate	Adequate	Moderate
	Moderate	Adequate	Moderate	Moderate	Moderate	Weak
	Weak	Moderate	Weak	Weak	Weak	Very Weak
	Very Weak	Weak	Very Weak	Very Weak	Very Weak	Very Weak

Mapping intrinsic strength and shareholder support for the EU

Indicative Rating		Intrinsic Credit Profile						
		Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak
Shareholder Support	aaa	aaa	aaa	aaa	aaa	aaa	aaa / aa+	aa+ / a+
	aa+	aaa	aaa	aaa	aaa	aaa	aaa / aa	aa / a
	aa	aaa	aaa	aaa	aaa	aaa / aa+	aa+ / aa-	aa- / a-
	aa-	aaa	aaa	aaa	aaa	aaa / aa	aa / a+	a+ / bbb+
	a+	aaa	aaa	aaa	aaa / aa+	aa+ / aa-	aa- / a	a / bbb
	a	aaa	aaa	aaa	aaa / aa	aa / a+	a+ / a-	a- / bbb-
	a-	aaa	aaa	aaa / aa+	aa+ / aa-	aa- / a	a / bbb+	bbb+ / bb+
	bbb+	aaa	aaa	aaa / aa	aa / a+	a+ / a-	a- / bbb	bbb / bb
	bbb	aaa	aaa / aa+	aa+ / aa-	aa- / a	a / bbb+	bbb+ / bbb-	bbb- / bb-
	bbb-	aaa	aaa / aa	aa / a+	a+ / a-	a- / bbb	bbb / bb+	bb+ / b+
	bb+	aaa / aa+	aa+ / aa-	aa- / a	a / bbb+	bbb+ / bbb-	bbb- / bb	bb / b
	bb	aaa / aa	aa / a+	a+ / a-	a- / bbb	bbb / bb+	bb+ / bb-	bb- / b-
	bb-	aa+ / aa-	aa- / a	a / bbb+	bbb+ / bbb-	bbb- / bb	bb / b+	b+ / ccc
	b+	aa / a+	a+ / a-	a- / bbb	bbb / bb+	bb+ / bb-	bb- / b	b / ccc
	b	aa- / a	a / bbb+	bbb+ / bbb-	bbb- / bb	bb / b+	b+ / b-	b- / ccc
	b-	a+ / a-	a- / bbb	bbb / bb+	bb+ / bb-	bb- / b	b / ccc	ccc
ccc	a / bbb+	bbb+ / bbb-	bbb- / bb	bb / b+	b+ / b-	b- / ccc	ccc	

Source: Scope Ratings

2. Member States: European Union

EU member states	Population (m)	GDP (EUR bn)	2025 Budgetary Contribution (EUR bn)*	ECB capital key (%)**	Rating (latest)	Share ≥ AA-
Germany	83.6	4,469.9	33.8	21.8	AAA	21.8
France	68.6	2,979.1	25.8	16.4	AA-	16.4
Italy	58.9	2,258.0	19.4	13.1	BBB+	
Spain	49.1	1,685.8	15.1	9.7	A	
Poland	36.5	918.5	8.1	6.1	A	
Netherlands	18.0	1,179.7	9.9	4.8	AAA	4.8
Sweden	10.6	593.7	3.8	2.9	AAA	2.9
Belgium	11.9	641.9	7.3	3.0	A+	
Romania	19.0	378.9	3.2	2.9	BBB-	
Austria	9.2	512.8	3.4	2.4	AA+	2.4
Greece	10.4	248.4	2.2	1.8	BBB	
Portugal	10.7	306.7	2.7	1.9	A	
Czech Republic	10.9	346.0	2.8	2.0	AA-	2.0
Denmark	6.0	409.7	3.1	1.8	AAA	1.8
Hungary	9.5	218.5	1.9	1.6	BBB	
Finland	5.6	280.6	2.3	1.5	AA	1.5
Ireland	5.4	638.7	3.5	1.8	AA	1.8
Bulgaria	6.4	116.0	1.0	1.0	A-	
Slovakia	5.4	136.8	1.2	0.9	A	
Croatia	3.9	92.7	0.8	0.6	A-	
Lithuania	2.9	84.1	0.7	0.5	A+	
Slovenia	2.1	70.5	0.7	0.4	A+	
Latvia	1.9	43.0	0.4	0.3	A-	
Luxembourg	0.7	89.5	0.5	0.3	AAA	0.3
Estonia	1.4	41.6	0.4	0.2	A+	
Cyprus	1.0	36.3	0.3	0.2	A	
Malta	0.6	24.6	0.2	0.1	A+	
Total (All Member States)	450.4	18,801.7	154.3	100.0	-	55.6

*Refers to total own resources contribution according to Amending Budget No 3 of the European Union for the financial year 2025. **Weighted by GDP and population.

Source: EU, Scope Ratings

3. Scope's supranational scorecard

Analytical Pillar	Variables	Unit	EU								Value	Assessment	Notches		
			+4	+3	+2	+1	0	-1	-2						
Shareholder Support (*,**) (15%)	Key shareholder rating (90%)	Weighted average rating of key shareholders	AAA - CCC	--	--	--	--	--	--	--	--		AA-		
	Key shareholders & exposures	Share of portfolio related to key shareholders	%	--	--	--	--	≤ 50	> 50	--	54	High / Negative adjustment	-1	aa	
	Extraordinary support (10%)	Additional support mechanisms	Qualitative	--	--	Very Strong	Strong	N/A	--	--	--	Very Strong		2	
	Shareholder Support (*, **)												aa		
Institutional Profile (15%)	Mandate & ESG	Importance of mandate	Qualitative	--	--	--	Very High	High	Declining	--	--	Very High			
		Mandate (50%)	Social factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong	1	Strong
		Environmental factors	Qualitative	--	--	--	Strong	Medium/ N/A	Weak	--	--	Strong			
	Governance (50%)	Shareholder concentration	HHI	--	--	--	--	≤ 1500	> 1500	--	1100	Strong			
		Shareholder control	%	--	--	--	--	≤ 25	> 25	--	22	Strong	1	Strong	
		Strategy and internal controls	Qualitative	--	--	--	Strong	Medium	Weak	--	--	Strong			
Institutional Profile (15%)												Excellent			
Financial Profile (85%)	Liquidity & funding (55%)	Liquid assets ratio	%	> 100	≤ 100; > 75	≤ 75; > 50	≤ 50; > 25	≤ 25; > 15	≤ 15; > 10	≤ 10	105	Excellent	4		
		Funding access, flexibility and profile	Qualitative	Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Very Weak	Excellent	Excellent	4	Excellent	
	Trend (-1; +1)												1		
	Asset quality (45%)	Portfolio quality	Incl. risk mitigants	Qualitative	--	Excellent	Very Strong	Strong	Adequate	Moderate	Weak	Very Strong	Very Strong	2	
Asset performance		NPLs	% total loans	--	≤ 1	> 1; ≤ 3	> 3; ≤ 5	> 5; ≤ 7	> 7; ≤ 10	> 10	0.0	Excellent	3	Excellent	
Trend (-1; +1)												0			
Financial Profile (85%)												Excellent			
Intrinsic Credit Profile (*, **)												Excellent			
Indicative Rating												aaa			
Additional considerations (-1; +1)												Neutral			
Final Rating												AAA			

* The indicative rating from the 'Shareholder support' assessment ranging from aaa - ccc is mapped non-linearly to the intrinsic credit profile assessment. ** Weights are approximated and for illustrative purposes. Source: Scope Ratings

4. Climate credit risks

Methodology input / assumptions		EU	Output / calculations		
Initial portfolio quality			% of lending portfolio		Weighted average borrower quality
Sovereigns			100%		BBB
Non-financial Corporates			0%		
Financial Institutions			0%		
Public Sector			0%		
Total			100%		BBB
1. Transition risks: NFC					
Sectors with high transition risks			% of NFC	o/w aligned with Paris Agreement	% of NFC with high transition risk
Oil & gas			0.0%	0.0%	0.0%
Power generation (oil, coal)			0.0%	0.0%	0.0%
Metals & mining (coal & steel)			0.0%	0.0%	0.0%
Petrochemicals, cement & concrete manufacture			0.0%	0.0%	0.0%
Total			0.0%	0.0%	0.0%
2. Physical risks: NFC					
<u>Countries: ND-GAIN percentile</u>					
			Physical risk assessment	% portfolio in countries	Assumed share of NFC with high physical risk*
0.00			Very High	0%	100%
0.10			High	0%	75%
0.25			Medium	0%	50%
0.50			Moderate	0%	25%
0.75			Low	0%	5%
0.90			Very Low	0%	0%
*This share is assumed and fixed.			Portfolio coverage	0%	0.0%
3. 'High' climate risks (NFC portfolio)					
			% of NFC		
Transition risks			0.0%		
Physical risks			0.0%		
			0.0%		
4. Adjustment for maturity					
<u>Avg. maturity of portfolio</u>			Adjustment		
< 1Y			100%		
> 1Y; < 7Y			50%		
> 7Y			0%		
Average maturity of NFC loan portfolio*			N/A		
*If unavailable, proxied with total loan portfolio.					
Adj. high climate risk exposure, % of NFC			0.0%		
5. Notches adjustment to avg. NFC borrower quality					
<u>Notches</u>				% of NFC with high climate risks	
0				≤ 25%	
-1				> 25%; ≤ 50%	
-2				> 50%	
Adjustment (notches)				0	
6. Final portfolio quality (climate risk adjusted)					
			% of total exposure	Before climate credit risk	Adjusted for climate credit risk
Sovereigns			100%	BBB	bbb
Non-financial Corporates			0%	0	0
Financial Institutions			0%	0	0
Public Sector			0%	0	0
Total			100%	BBB	BBB

Source: EU, Scope Ratings

5. Asset quality assessment

Portfolio quality (initial assessment)			Excellent	Very Strong	Strong	Adequate	Moderate	Weak			
Indicative borrower quality			aaa	aa	a	bbb	bb	b			
Points	Adjustments	Indicator	Assessment/ Thresholds								
			+5	+4	+3	+2	+1	0	-1	-2	-3
Credit Protection	Sovereign PCS	% of gross loans									
	Private sector secured		100	≥ 80	≥ 60	≥ 40	≥ 20	< 20			
Diversification	Geography	HHI				≤ 1000	≤ 2000	> 2000			
	Sector	HHI					≤ 2000	> 2000			
	Top 10 exposures	% of gross loans				≤ 25	≤ 75	> 75			
Equity Exposure		% of capital						≤ 25	> 25	> 50	> 75
Total points			+5								
Adjustments			+2 categories								
Portfolio quality (final assessment)			Excellent	Very Strong	Strong	Adequate	Moderate	Weak			
Notches			3	2	1	0	-1	-2			

Note: Three points usually correspond to one assessment category. In the case of the EU, this implies up two categories higher from the initial portfolio quality assessment based on the estimated average borrower quality.
 Source: EU, Scope Ratings

6. Statistical table

	2019	2020	2021	2022	2023	2024
Shareholder support						
Key shareholder rating	AA-	AA-	AA-	AA-	AA-	AA-
Share of shareholders rated \geq AA- (%)*	62.7	56.8	58.1	58.1	58.1	58.6
Liquidity (EUR m)						
Cash & cash equivalents	28,092	21,750	21,783	37,800	31,933	27,683
NGEU – cash account			18,000	19,900	12,500	33,900
Adj. budgetary margin**	39,985	31,037	97,948	112,919	126,123	134,153
Bond repayments within 12 months	1,273	10,410	23,769	23,204	24,526	61,589
Disbursements	420	41,275	132,644	118,253	115,899	120,126
Liquid assets ratio (%)	4,021	102	93	132	122	96
Funding (EUR m)						
Volume	420	41,365	132,554	118,253	115,999	137,981
Share of total (%)						
EUR	100	100	100	100	100	100
ESG issuance (SURE and green NGEU)		95.5	46.9	28.1	10.7	14.0
Borrowings (EUR m)						
Debts evidenced by certificates	51,941	92,565	235,376	347,981	458,503	601,303
% EU GDP	0.3	0.7	1.6	2.2	2.7	3.3
% Total budget revenue	35.0	56.4	140.1	204.6	277.5	401.6
Loans (EUR m)						
Debts evidenced by certificates	51,941	92,565	162,394	205,301	254,101	296,391
MFA	4,729	5,787	7,438	14,963	15,193	15,738
Euratom	213	278	350	326	313	300
EFSM	46,800	46,800	46,800	46,300	42,800	42,000
BoP	200	200	200	200	200	200
SURE		39,500	89,637	98,355	98,355	98,355
NGEU			17,970	45,156	79,240	108,686
MFA+					18,000	18,000
Ukraine Facility						13,112
Guarantees (EUR m)						
Total	63,776	62,285	60,443	105,868	108,279	111,134
EIB – external lending mandate	37,929	35,372	33,026	30,599	27,729	27,786
EIB – EFSI	25,797	25,543	25,826	25,793	25,591	25,373
EFSD	50	1,370	1,391	1,176	1,077	760
InvestEU				21,280	25,767	27,042
EFSD+			200	27,020	28,115	30,173
Budget (EUR m)						
Total revenues	160,288	224,027	178,948	171,178	171,855	175,665
of which, GNI-based own resource	108,820	125,393	115,955	103,880	101,287	95,037
Total expenditures	155,493	166,612	221,046	263,128	243,292	272,873
Budgetary surplus from previous year	1,803	3,218	1,769	3,227	2,519	633
Other						
EU GNI (EUR trn)	16.7	13.6	14.9	16.1	17.2	17.9
EU GDP (EUR trn)	14.1	13.6	14.8	16.2	17.2	18.0
EU population (m)	446.1	447.0	445.9	446.0	447.7	449.3

*ECB capital key. **Difference between own resources ceiling and total payments, adj. for other revenues and AA- ratings. Figures may not add up due to rounding. Source: EU, Scope Ratings

Lead Analyst

Eiko Sievert
+49 69 6677389-79
e.sievert@scoperatings.com

Team Leader

Alvise Lennkh-Yunus
+49 69 6677389-85
a.lennkh@scoperatings.com

Applied methodologies

[Supranational Rating Methodology](#), May 2025

Scope Ratings GmbH

Lennéstraße 5, D-10785 Berlin
Phone: +49 30 27891-0
Fax: +49 30 27891-100
info@scoperatings.com

Scope Ratings UK Limited

1 King William Street
London, EC4N 7AF
Phone: +44 20 3059 1051
info@scoperatings.com



Bloomberg: RESP SCOP
[Scope contacts](#)
[scoperatings.com](https://www.scoperatings.com)

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