

DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT



European Bank
for Reconstruction and Development

INTERIM FINANCIAL REPORT

At 30 September 2022

(UNAUDITED)

Table of contents

European Bank for Reconstruction and Development: Interim Financial Report at 30 September 2022	
Income statement	2
Statement of comprehensive income	3
Balance sheet	4
Statement of changes in equity	5
Statement of cash flows	6
Explanatory notes	7
EBRD Shareholder Special Fund: Interim Financial Report at 30 September 2022	14

Income statement

For the quarter ended 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	Quarter 3 2022 € million	YTD 2022 € million	Quarter 3 2021 € million	YTD 2021 € million
Interest and similar income				
From Banking loans	496	1,176	305	788
From fixed-income debt securities and other interest	146	292	46	129
Interest expense and similar charges	(268)	(639)	(54)	(201)
Net interest expense on derivatives	19	(33)	(29)	(87)
Net interest income	393	796	268	629
Fee and commission income	30	63	21	68
Fee and commission expense	(1)	(11)	(8)	(20)
Net fee and commission income	29	52	13	48
Donor related income	1	15	4	10
Donor related expense	(7)	(11)	(1)	(5)
Net donor-related income	(6)	4	3	5
Dividend income	16	91	59	99
Net (losses)/gains from share investments	(70)	(1,519)	100	1,250
Net gains/(losses) from loans	3	(71)	10	42
Net gains from Treasury assets held at amortised cost	3	3	1	2
Net gains from Treasury activities at fair value through profit or loss and foreign exchange	97	182	9	60
Fair value movement on non-qualifying and ineffective hedges	120	525	(2)	68
Impairment release/(charge) on Banking loan investments	87	(1,294)	99	106
Impairment (charge)/release on guarantees	(12)	(41)	1	2
General administrative expenses	(116)	(336)	(100)	(282)
Depreciation and amortisation	(16)	(50)	(16)	(43)
Net profit/(loss) for the period	528	(1,658)	445	1,986
Attributable to:				
Equity holders	528	(1,658)	365	1,906
Memorandum items				
Transfers of net income approved by the Board of Governors	-	(1)	(80)	(80)
Net profit/(loss) after transfers of net income approved by the Board of Governors	528	(1,659)	365	1,906

Statement of comprehensive income

For the quarter ended 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	Quarter 3 2022 € million	YTD 2022 € million	Quarter 3 2021 € million	YTD 2021 € million
Net profit/(loss)	528	(1,658)	445	1,986
Other comprehensive income/(expense)				
1. Items that will not be reclassified subsequently to profit or loss				
– Gains on share investments designated as fair value through other comprehensive income	12	14	10	20
2. Items that may be reclassified subsequently to profit or loss				
– (Losses)/gains on cash flow hedges	(2)	(3)	(5)	5
– Gains/(losses) on fair value hedges	41	(396)	(14)	(56)
– Losses on loans designated as fair value through other comprehensive income	(47)	(204)	(13)	(5)
Total comprehensive income	532	(2,247)	423	1,950
Attributable to:				
Equity holders	532	(2,247)	423	1,950

Balance sheet

At 30 September 2022 (unaudited) and 31 December 2021 (audited)

At 30 September 2022	€ million	30 Sep 2022 € million	€ million	31 Dec 2021 € million
Assets				
Placements with and advances to credit institutions	24,213		22,619	
Debt securities				
At fair value through profit or loss	919		1,050	
At amortised cost	9,033		10,304	
		34,165		33,973
Other financial assets				
Derivative financial instruments	6,100		4,960	
Other financial assets	670		470	
		6,770		5,430
Loan investments				
Loans at amortised cost	29,653		27,208	
Less: Impairment	(2,087)		(963)	
Loans at fair value through other comprehensive income	1,202		1,907	
Loans at fair value through profit or loss	454		575	
		29,222		28,727
Share investments				
Banking Portfolio:				
At fair value through profit or loss	4,350		6,010	
Treasury Portfolio:				
Share investments at fair value through other comprehensive income	146		131	
		4,496		6,141
Intangible assets		135		110
Property, technology and equipment		436		392
Total assets		75,224		74,773
Liabilities				
Borrowings				
Amounts owed to credit institutions and other third parties	871		1,000	
Debts evidenced by certificates	47,165		49,126	
		48,036		50,126
Other financial liabilities				
Derivative financial instruments	7,757		3,133	
Other financial liabilities	1,334		1,169	
		9,091		4,302
Total liabilities		57,127		54,428
Members' equity attributable to equity holders				
Paid-in capital	6,217		6,217	
Reserves and retained earnings	11,880		14,128	
Total members' equity		18,097		20,345
Total liabilities and members' equity		75,224		74,773
Memorandum items				
Undrawn commitments		15,820		15,867

Statement of changes in equity

For the quarter ended 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	Subscribed capital € million	Callable capital € million	Revaluation reserve € million	Hedging reserve € million	Actuarial remeasurement € million	Retained earnings € million	Total equity € million
At 31 December 2020	29,755	(23,538)	111	(29)	12	11,580	17,891
Total comprehensive income for the year	2	(2)	15	(51)	-	1,906	1,870
At 30 September 2021	29,757	(23,540)	126	(80)	12	13,486	19,761
At 31 December 2021	29,759	(23,542)	98	(54)	82	14,002	20,345
Total comprehensive income for the year to date	-	-	(190)	(399)	-	(1,658)	(2,247)
Transfers of net income approved by the Board of Governors	-	-	-	-	-	(1)	(1)
At 30 September 2022	29,759	(23,542)	(92)	(453)	82	12,343	18,097

Statement of cash flows

For the period to 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	€ million	Quarter 3 2022 € million	€ million	Quarter 3 2021 € million
Cash flows from operating activities				
Net (loss)/profit for the year	(1,659)		1,986	
<i>Adjustments to reconcile net (loss)/profit to net cash flows:</i>				
<i>Non-cash items in the income statement</i>				
Depreciation and amortisation	50		43	
Net impairment charge/(release) for Banking loan losses and guarantees	1,335		(108)	
Fair value movement on share investments	1,519		1,250	
Fair value movement on loans held at fair value through profit or loss	71		(42)	
Fair value movement on Treasury investments	(182)		(57)	
Other unrealised fair value movements	(525)		(68)	
<i>Cash flows from the sale and purchase of operating assets</i>				
Proceeds from repayments of Banking loans	6,261		5,456	
Funds advanced for Banking loans	(6,703)		(5,880)	
Proceeds from sale of Banking share investments	372		706	
Funds advanced for Banking share investments	(391)		(318)	
Net cash flows from Treasury derivative settlements	919		(548)	
Net placements to credit institutions	2,209		(3,446)	
<i>Working capital adjustment:</i>				
Movement in interest income	108		50	
Movement in interest expense	144		79	
Movement in net fee and commission income	6		(2)	
Movement in accrued expenses	(64)		32	
Net cash used in operating activities		3,466		(3,367)
Cash flows from investing activities				
Proceeds from debt securities at amortised cost	8,257		5,746	
Purchases of debt securities at amortised cost	(6,574)		(4,602)	
Proceeds from sale of debt securities at fair value through profit or loss	3,041		3,959	
Purchases of debt securities at fair value through profit or loss	(2,896)		(3,469)	
Purchase of intangible assets, property, technology and equipment	(116)		(44)	
Cash flows from/(used in) investing activities		1,712		1,590
Cash flows from financing activities				
Capital received	-		1	
Net income allocation payments	(1)		(65)	
Lease liability payments	(14)		(23)	
Issue of debts evidenced by certificates	7,652		13,917	
Redemption of debts evidenced by certificates	(10,267)		(11,178)	
Net cash from financing activities		(2,630)		2,652
Net increase in cash and cash equivalents		2,548		875
Cash and cash equivalents at beginning of the year		5,176		3,942
Cash and cash equivalents at 30 September¹		7,724		4,817

¹ Cash and cash equivalents are amounts with less than three months to maturity from the date of the transactions, which are available for use at short notice and are subject to insignificant risk of change in value. Within the 30 September 2022 balance is €4 million restricted for technical assistance to be provided to member countries in the SEMED region.

Explanatory notes

1. *Establishment of the Bank*

i **Agreement Establishing the Bank**

The European Bank for Reconstruction and Development ("the Bank"), whose principal office is located in London, is an international organisation formed under the Agreement Establishing the Bank dated 29 May 1990 ("the Agreement"). At 30 September 2022 the Bank's shareholders comprised 71 countries, together with the European Union and the European Investment Bank.

ii **Headquarters Agreement**

The status, privileges and immunities of the Bank and persons connected with the Bank in the United Kingdom are defined in the Agreement and in the Headquarters Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Bank ("Headquarters Agreement"). The Headquarters Agreement was signed in London upon the commencement of the Bank's operations on 15 April 1991.

2. *A summary of significant accounting policies*

i **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts. In addition, financial assets and liabilities subject to amortised cost measurement which form part of a qualifying hedge relationship have been accounted for in accordance with hedge accounting rules.

ii **Financial statements presentation**

The financial statements are presented in a manner consistent with the Bank's audited financial statements for the year ended 31 December 2021.

The financial statements have been prepared on a going concern basis. In the opinion of management, all adjustments necessary for a fair presentation of the financial position and the results of operations for the period have been made, and the significant assumptions used in making accounting estimates are reasonable. The estimates made in these interim financial statements consider all known relevant and material information available at the time of their issuance as required by IFRS, and any contingent assets and liabilities have been disclosed in accordance with IFRS requirements. Management are not aware of any material deficiencies in either the design or operation of internal controls over financial reporting.

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2022.

3. Banking loan investments at amortised cost

	30 Sep 2022 Sovereign € million	30 Sep 2022 Non-sovereign € million	30 Sep 2022 Total loans € million	31 Dec 2021 Sovereign € million	31 Dec 2021 Non-sovereign € million	31 Dec 2021 Total loans € million
At 1 January	5,524	21,684	27,208	5,133	20,883	26,016
Disbursements	1,027	5,678	6,705	1,160	7,062	8,222
Repayments and prepayments	(583)	(5,614)	(5,747)	(860)	(6,623)	(7,483)
Remeasurement of previously impaired loans	-	-	-	-	5	5
Foreign exchange movements	378	923	1,301	117	407	524
Movement in net deferred fee, direct costs and effective interest rate adjustments	126	60	186	(26)	29	3
Reclassification	-	-	-	-	(53)	(53)
Written off	-	-	-	-	(26)	(26)
At period end	6,472	23,181	29,653	5,524	21,684	27,208
Impairment period end	(345)	(1,742)	(2,087)	(17)	(946)	(963)
Total net of impairment at period end	6,127	21,439	27,566	5,507	20,738	26,245

At 30 September 2022, the Bank categorised 152 loan investments at amortised cost as Stage 3 credit-impaired, with operating assets totalling €2,025 million (2021: 95 loans totalling €1,437 million). Stage 3 Impairment on these assets amounted to €1,230 million (2021: €733 million).

4. Banking loan investments at fair value through profit or loss

	30 Sep 2022 Sovereign € million	30 Sep 2022 Non-sovereign € million	30 Sep 2022 Total loans € million	31 Dec 2021 Sovereign € million	31 Dec 2021 Non-sovereign € million	31 Dec 2021 Total loans € million
At 1 January	58	517	575	-	319	319
Movement in fair value revaluation	(55)	(60)	(115)	(8)	35	27
Disbursements	-	3	3	65	175	240
Repayments and prepayments	-	(41)	(41)	-	(80)	(80)
Reclassification	-	-	-	-	53	53
Foreign exchange movements	11	20	31	1	15	16
Written Off	-	1	1	-	-	-
At period end	14	440	454	58	517	575

At 30 September 2022, the Bank categorised seven fair value through profit or loss loans as non-performing, with operating assets of €48 million (2021: five loans with operating assets of €30 million). Net fair value losses on these assets amounted to €31 million (2021: €17 million).

5. Banking loan investments at fair value through other comprehensive income

	30 Sep 2022 € million	31 Dec 2021 € million
Non-sovereign loans		
At 1 January	1,907	2,280
Movement in fair value revaluation	(234)	(46)
Movement in expected credit loss	(197)	8
Disbursements	-	-
Repayments and prepayments	(297)	(352)
Foreign exchange movements	11	9
Movement in effective interest rate adjustment	12	8
At period end	1,202	1,907

At 30 September 2022, the Bank categorised two fair value through other comprehensive income loans as non-performing, with operating assets totalling €246 million (31 December 2021: none). The fair value loss on this asset amounted to € 37million (2021: nil).

6. Banking share investments at fair value through profit or loss

	30 Sep 2022 Fair value Unlisted € million	30 Sep 2022 Fair value Listed € million	30 Sep 2022 Fair value Total € million	31 Dec 2021 Fair value Unlisted € million	31 Dec 2021 Fair value Listed € million	31 Dec 2021 Fair value Total € million
Outstanding disbursements						
At 1 January	3,131	1,448	4,579	3,154	1,552	4,706
Transfer between unlisted and listed	-	-	-	-	-	-
Disbursements	339	87	426	502	113	615
Disposals	(164)	(64)	(228)	(525)	(217)	(742)
Written off	(1)	-	(1)	-	-	-
At period end	3,305	1,471	4,776	3,131	1,448	4,579
Fair value adjustment						
At 1 January	1,020	411	1,431	71	95	166
Transfer between unlisted and listed	-	-	-	-	-	-
Movement in fair value revaluation	(1,034)	(823)	(1,857)	949	316	1,265
At period end	(14)	(412)	(426)	1,020	411	1,431
Fair value at period end	3,291	1,059	4,350	4,151	1,859	6,010
Equity Derivatives	190	27	217	125	(57)	68

7. Primary segment analysis

Business segments

The Bank's activities are primarily Banking and Treasury. Banking activities represent investments in projects that, in accordance with the Agreement, are made for the purpose of assisting the economies in which the Bank invests in their transition to open, market economies whilst fostering sustainable and inclusive growth and applying sound banking principles. The main investment products are loans, share investments and guarantees. Treasury activities include raising debt finance, investing surplus liquidity, managing the Bank's foreign exchange and interest rate risks and assisting clients in asset and liability management matters.

Information on the financial performance of Banking and Treasury operations is prepared regularly. On this basis, Banking and Treasury operations have been identified as the operating segments.

Segment performance

The segment information for the operating segments for the years ended 30 September 2022 and 30 September 2021 is as follows:

	Banking 30 Sep 2022 € million	Treasury 30 Sep 2022 € million	Aggregated 30 Sep 2022 € million	Banking 30 Sep 2021 € million	Treasury 30 Sep 2021 € million	Aggregated 30 Sep 2021 € million
Interest income	1,176	292	1,468	788	129	921
Other (expense)/income	(1,443)	185	(1,258)	1,444	62	1,506
Total segment (expense)/revenue	(267)	477	210	2,232	191	2,427
Interest expense and similar charges	(3)	(636)	(639)	(212)	11	(201)
Net interest expense on derivatives	-	(33)	(33)	-	(87)	(87)
Internal funding charge	(369)	369	-	(210)	210	-
General administrative expenses	(316)	(20)	(336)	(265)	(17)	(282)
Depreciation and amortisation	(47)	(3)	(50)	(40)	(3)	(43)
Segment result before impairment and hedges	(1,002)	154	(848)	1,715	95	1,814
Fair value movement on non-qualifying and ineffective hedges	-	525	525	-	68	68
Impairment of loan investments and guarantees	(1,335)	-	(1,335)	108	-	108
Net (loss)/profit for the period	(2,337)	679	(1,658)	1,823	163	1,986
Transfers of net income approved by the Board of Governors			(1)			(80)
Net (loss)/profit after transfers approved by the Board of Governors			(1,659)			1,906
Segment assets	34,856	40,368	75,224	35,267	39,880	75,147
Segment liabilities	942	56,186	57,128	1,071	54,315	55,386

8. Fair value of financial assets and liabilities

Classification and fair value of financial assets and liabilities

	Carrying amount € million	Fair value € million
Financial assets at 30 September 2022		
Financial assets measured at fair value through profit or loss or fair value through other comprehensive income:		
Debt securities	919	919
Derivative financial instruments	6,100	6,100
Share investments (Banking portfolio)	4,350	4,350
Banking loans at fair value through other comprehensive income	1,202	1,202
Banking loans at fair value through profit or loss	454	454
Share investments (Treasury portfolio)	146	146
	13,171	13,171
Financial assets measured at amortised cost:		
Placements with and advances to credit institutions	24,213	24,213
Debt securities	9,033	8,980
Other financial assets	670	670
Banking loan investments at amortised cost	27,566	27,374
	61,482	61,237
Total	74,653	74,408
Financial liabilities at 30 September 2022		
Amounts owed to credit institutions	(871)	(871)
Debts evidenced by certificates	(47,165)	(47,371)
Derivative financial instruments	(7,757)	(7,757)
Equity Participation Fund	(188)	(188)
Other financial liabilities	(1,146)	(1,146)
Total	(57,127)	(57,333)

Fair Value Estimation Techniques

The Bank's balance sheet approximates to fair value in all financial asset and liability categories, with the exception of loan investments at amortised cost.

The amortised cost instruments held within placements with and advances to credit institutions, other financial assets, amounts owed to credit institutions and other financial liabilities are all deemed to have amortised cost values approximating their fair value, being primary simple, short-term instruments. They are classified as having Level 2 inputs (see fair value hierarchy, below) as the Bank's assessment of their fair value is based on the observable market valuation of similar assets and liabilities.

The fair value of amortised cost debt securities is determined using Level 2 inputs, employing valuation techniques appropriate to the market and industry of each investment. The primary valuation techniques used are quotes from brokerage services and discounted cash flows. Techniques used to support these valuations include industry valuation benchmarks and recent transaction prices.

Banking loan investments whereby the objective of the Bank's business model is to hold these investments to collect the contractual cash flow, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest, are recognised at amortised cost. The fair value of these loans was calculated using Level 3 inputs by discounting the cash flows at a year end interest rate applicable to each loan and further discounting the value by an internal measure of credit risk.

Debts evidenced by certificates represents the Bank's borrowings raised through the issuance of commercial paper and bonds. The fair value of the Bank's issued bonds is determined using discounted cash flow models and therefore relies on Level 3 inputs. Due to the short-tenor nature of commercial paper, amortised cost approximates fair value. The fair value of the Bank's issued commercial paper is determined based on the observable market valuation of similar assets and liabilities and therefore relies on Level 2 inputs.

Fair value hierarchy

IFRS 13 specifies classification of fair values on the basis of a three-level hierarchy of valuation methodologies. The classifications are determined based on whether the inputs used in the measurement of fair values are observable or unobservable. These inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices in active markets for identical assets or liabilities. This level includes listed share investments on stock exchanges and listed bonds classified as loans held at fair value through other comprehensive income.
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes debt securities, most derivative products and listed share and bond investments valued using a quoted price but where there is no market sufficiently active to be included in Level 1. The sources of inputs include prices available from screen-based services such as SuperDerivatives and Bloomberg, broker quotes and observable market data such as interest rates and foreign exchange rates which are used in deriving the valuations of derivative products.
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes share investments and debt securities or derivative products for which not all market data is observable.

The table below provides information at 30 September 2022 about the Bank's financial assets and financial liabilities measured at fair value. Financial assets and financial liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement.

	At 30 September 2022			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Debt securities	684	235	-	919
Derivative financial instruments	-	5,845	255	6,100
Banking loans	1,216	46	394	1,656
Share investments (Banking portfolio)	942	41	3,367	4,350
Share investments (Treasury portfolio)	-	146	-	146
Total financial assets at fair value	2,851	6,304	4,016	8,825
Derivative financial instruments	-	(7,718)	(39)	(7,757)
Other liabilities	-	-	(184)	(184)
Total financial liabilities at fair value	-	(7,718)	(223)	(7,941)

The table below provides a reconciliation of the fair values of the Bank's level 3 financial assets and financial liabilities for the period ended 30 September 2022.

	Derivative financial instrument s € million	Banking loans € million	Banking share investment s € million	Total assets € million	Other liabilities € million	Derivative financial instrument s € million	Total liabilities € million
Balance at 31 December 2021	216	348	4,289	4,853	(195)	(149)	(344)
<i>Net gains/(losses) recognised in:</i>							
- Net gains/(losses) from share investments at fair value through profit and loss	131		(1,046)	(915)	41	(6)	35
- Net losses from loans	-	(70)	-	(70)	-	-	-
Issuances	-	3	-	3	-	-	-
Purchases	-	-	419	419	(35)	-	(35)
Settlements	(92)	11	-	(81)	5	116	121
Sales	-	-	(217)	(217)	-	-	-
Transfers in/(out) of Level 3	-	-	(78)	(78)	-	-	-
Balance at 30 September 2022	255	292	3,367	3,914	(184)	(39)	(223)
<i>Net gains/(losses) for the period for Level 3 instruments held at 30 September 2022 recognised in:</i>							
- Net gains/(losses) from share investments at fair value through profit and loss	100		(1,166)	(1,066)	42	(6)	36
- Net (losses) from loans	-	(70)	-	(70)	-	-	-

Level 3 – sensitivity analysis

The table below presents the level 3 financial instruments carried at fair value at 30 September 2022, the main valuation models/techniques used in the valuation of these financial instruments and the estimated increases or decreases in fair value based on reasonably possible alternative assumptions:

	Main valuation models/techniques	Impact on net profit in Quarter 3 2022		
		Carrying amount € million	Favourable change € million	Unfavourable change € million
Banking loans	DCF and option pricing models	405	58	(30)
Banking share investments, EPF and associated derivatives	NAV and EBITDA multiples, DCF models, compounded interest and option pricing models*	3,399	633	(703)
At period end		3,804	691	(733)

* NAV = net asset value; EBITDA = earnings before interest, tax, depreciation and amortisation.

The EBRD Shareholder Special Fund

The Rules of the EBRD Shareholder Special Fund require submission of the financial statements to the Board on a quarterly basis.

Statement of comprehensive income

For the quarter ended 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	Quarter 3 2022 € million	YTD 2022 € million	Quarter 3 2021 € million	YTD 2021 € million
Technical cooperation expenses	(11)	(32)	(12)	(42)
Disbursements for investment grants	(7)	(14)	(1)	(6)
Disbursements for incentives	-	-	(1)	(1)
Net unrealised gains from share investments	1	6	1	7
Operating expenses	-	(1)	(2)	(3)
Foreign exchange movement	3	7	1	2
Net loss and comprehensive expense for the period	(14)	(34)	(14)	(43)
Total comprehensive expense attributable to:				
Contributors	(14)	(34)	(14)	(43)

Balance Sheet

At 30 September 2022 (unaudited) and 31 December 2021 (audited)

	30 September 2022 € million	31 December 2021 € million
Assets		
Placements with credit institutions	420	470
Local office advances	1	-
Contributions receivable	112	110
Share investments	57	51
Total assets	590	631
Liabilities and contributors' resources		
Accrued expenses	45	52
Financial guarantee liability	1	1
Total liabilities	46	53
Contributions	1,200	1,200
Reserves and accumulated loss	(656)	(622)
Total contributors' resources	544	578
Total liabilities and contributors' resources	590	631

The EBRD Shareholder Special Fund

Statement of changes in contributors' resources

For the period ended 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	Contributions € million	Accumulated loss € million	Total € million
At 31 December 2020	1,135	(556)	579
Contributions receivable	66	0	66
Total comprehensive expense for the period	-	(43)	(43)
At 30 September 2021	1,135	(599)	602
At 31 December 2021	1,200	(622)	578
Total comprehensive expense for the period	-	(34)	(34)
At 30 September 2022	1,200	(656)	544

Statement of cash flows

For the period to 30 September 2022 (unaudited) and 30 September 2021 (unaudited)

	€ million	Period to 30 September 2022 € million	€ million	Period to 30 September 2021 € million
Cash flows from operating activities				
Net loss for the period	(34)		(43)	
Adjustment to reconcile net loss to net cash flows:				
<i>Non-cash items in the statement of comprehensive income</i>				
Net unrealised gains on share investments	(6)		(7)	
Foreign exchange movement	(7)		(2)	
		(47)		(52)
<i>Cash flows from the sale and purchase of operating assets</i>				
Net placements to credit institutions	(10)		-	
<i>Working capital adjustment</i>				
Funds advanced to local offices	(1)		(1)	
Movement in accrued expenses	(3)		7	
Management fees paid	(2)		-	
Net cash from/(used in) operating activities		(20)		6
<i>Cash flows from financing activities</i>				
Net increase /(decrease) in cash and cash equivalents		(67)		(46)
Cash and cash equivalents at the beginning of the period		280		288
Effect of foreign exchange rate changes		6		(1)
Cash and cash equivalents at 30 September*		219		241

*Cash and cash equivalents are amounts with less than three months maturity from the date of transaction. The Fund also has €200 million on 3 to 6 months placements as at 30 September 2022.

The EBRD Shareholder Special Fund

Explanatory notes

1 Creation of the Special Fund

The creation of the EBRD Shareholder Fund (“the Fund”) was approved by the Board of Directors (“the Board”) of the Bank on 15 April 2008 and is administered, inter alia, in accordance with the Agreement Establishing the Bank and under the terms of Rules and Regulations of the Fund. The Fund became operational after the Governors of the Bank adopted the 2007 Net Income Allocation Resolution during its Annual General Meeting on 18-19 May 2008.

The Fund was established in accordance with Article 18 of the Agreement Establishing the Bank. The Fund is not part of the ordinary capital resources of the Bank, but the privileges and immunities available to the Bank are extended to the Fund. The objective of the Fund is to broaden the scope and deepen the intensity of the Bank’s transition impact in support of the Bank’s key priorities.

2 A summary of significant accounting policies

i. Basis of preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The financial statements have been prepared on a going concern basis.

ii. Financial statement presentation

The financial statements are presented in a manner consistent with the Fund’s audited financial statements for the year ended 31 December 2021.

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2022.

3 Disbursements for technical cooperation projects

	Commitments approved € million	Disbursements € million	Undrawn commitments € million
Total projects			
As at 31 December 2021	566	(515)	51
Movement in the period	36	(32)	4
At 30 September 2022	602	(547)	55

4 Undrawn commitments

	30 September 2022 € million	31 December 2021 € million
Technical cooperation expenses	55	51
Incentive fees	7	9
First loss risk sharing guarantees	26	6
Investment grants	71	51
At period end	159	117

This represents amounts for which the Fund has contracted but for which the transaction or service was not performed at the period end.

5 Share investments

	30 September 2022 € million	31 December 2021 € million
Outstanding disbursements		
At 1 January	48	38
Disbursements	-	10
Total	48	48
Fair value adjustment		
At 1 January	3	(2)
Movement in fair value revaluation	6	5
Total	9	3
Fair value at period end	57	51