Strategy Implementation Plan

2026-28

PRESIDENT'S RECOMMENDATION

I **recommend** that the Board of Directors approve together:

- a total administrative expenses budget of £638.3 million (€734.0 million), comprising a:
    - general administrative expense budget of £574.2 million (€660.4 million) and
    - one extraordinary budget item of £64.1 million (€73.6 million)
- the parameters and objectives contained in the 2026 corporate scorecard.

I also **recommend** the Board of Directors approve that the Bank maintains for the duration of the SCF the ratio of cost to development related exposure at or below 1.43 per cent for the period 2026-28, coming down to 1.42 per cent in 2029 and 2030.

Odile Renaud-Basso

Executive summary

This Strategy Implementation Plan, SIP 2026-28, delivers an ambitious agenda for the Bank in the spirit of the new five-year Strategic Capital Framework, SCF2026-30. It continues support for Ukraine, deepens its impact with new SCF priorities and strengthens delivery capacity. It increases EBRD's local presence and supports the Bank's gradual expansion into sub-Saharan Africa and Iraq.

The overall macroeconomic backdrop is one of lacklustre growth with moderate but persistent inflation. Although emerging markets are faring better than advanced economies, all are affected by the current fragile global economic and political situation, one that is beset by greater protectionism and fragmentation. Business conditions in the EBRD regions are clouded by trade uncertainties and supply chain disruptions although, overall, moderate growth in 2026 is expected.

Russia's continuing war on Ukraine is taking its toll, with daily attacks on its citizens and infrastructure. Support for Ukraine remains the Bank's highest priority. As the largest institutional investor in Ukraine, the EBRD has deployed over €8.5 billion since the war began, including €2.3 billion in the first three quarters of 2025, also thanks to unwavering donor support. This provided emergency assistance and repairs to Ukraine's energy sector, railways and several municipalities, such as Dnipro and Kharkiv. Although significant challenges remain, the Bank aims to deliver **annual business investment (ABI) in Ukraine of €1.8 billion in 2026.**

The EBRD is a dynamically growing bank with strong focus on impact. ABI reached a record €16.5 billion in 2024, increasing by more than half in three years, and is likely to exceed this level in 2025. It was accompanied by a record number (584) of project signings. Annual direct mobilisation has risen sharply, and the Bank has regularly met its promise of 50 per cent green finance ABI. This performance was complemented by a notable rise in productivity, with resources used per project falling 14 per cent between 2020 and 2024.

Under SCF2026-30 **the EBRD is expanding its activities and geographic reach further, aiming to deepen its impact in its countries of operations.** The Bank has been preparing for initial activities in sub-Saharan Africa (SSA) and Iraq by conducting technical assessment missions, opening resident offices and recruiting local staff. With EBRD's first investments expected to be signed shortly, the Bank will ramp up activities gradually in the coming year before aiming to invest more than €1 billion in SSA annually by 2027.

The Bank will continue to invest heavily in its existing countries of operations, responding to high demand. The current dynamic pace of annual investment will continue with total ABI projected to reach €18 billion during the SIP 2026-28 period, surpassing the base case capital capacity projections set out in SCF2026-30. After an exceptional year in 2025, where investment was boosted by several unusually large public sector projects, including in Ukraine, a scorecard range for **ABI of €16 billion to €17 billion is set for 2026.**

Mobilisation of private sector capital by the EBRD further supports the transition of its countries of operations. The Bank's syndicated loans and risk-sharing programmes added €3.7 billion of private sector finance in 2024 and will again supplement ABI by a large amount in 2025. **A new AMI target, focused on the private sector, is set at €4 billion for 2026,** working towards the strategic aspiration as stated in the SCF2026-30 to establish a floor for private AMI of €5 billion during the SCF period. Taken together, projected ABI and private AMI for 2026 will again surpass the €20 billion mark in 2026.

The EBRD's mission to make markets function well and sustainably applies to all its countries of operations. Among these, however, the least advanced countries (LACs) face the most significant structural and institutional challenges. The SCF2026–30 proposed a targeted approach towards countries least advanced in transition. The Bank will enhance its delivery in LACs in 2026 by strategically allocating resources, including donor support, to deliver a **minimum ABI of €7.7 billion and a minimum of 350 signed projects.** An **increase in the ETI range to 63-70** also supports this objective.

Access to grants and concessional finance plays an important role in the Bank's operations, especially in less advanced countries. The EBRD has benefitted significantly from the support of donors, especially in Ukraine. A new donor strategy aims to position the Bank as the 'partner of choice' for donors supporting private sector development.

Sound economic governance is crucial for ensuring the sustainability of market economies and a key element in delivering EBRD's distinct development and transition mandate. The SCF2026-30 recognised this by making governance a strategic priority for the Bank. A first economic governance strategy, currently under preparation, will be an important milestone that builds on the Bank's long-standing work in this area. A new indicator, measuring **the share of state sector projects with an economic governance component, is set in the corporate scorecard with an initial target of 65 per cent for 2026.** The preliminary target will be revisited as experience is gained with the strategy's implementation, with the aim of introducing a more complete target that incudes governance initiatives in the private sector. The target will be complemented by qualitative reporting on key policy initiatives on an annual basis.

Two further key SCF priorities that will be implemented under this SIP through new strategies are green transition and human capital (including gender equality). Under the proposed GET 2030 Strategy, currently undergoing public consultations, the Bank sets goals of cumulative green financing of at least €150 billion and higher policy engagement during the SCF2026-30 period. To achieve this, the Bank will **maintain its commitment of at least 50 per cent of ABI being GET finance** and strive to increase the number of projects with an adaptation finance component, work to triple renewable energy capacity financed by Bank projects (to 35 GW) and seek to increase the number of cities covered by urban-related green transition strategies.

A forthcoming strategy to address human capital, gender and equality of opportunity will drive impact through client engagement to deliver behavioural change and equip people with green and digital skills. The Bank will support women's economic empowerment by ensuring that **at least 40 per cent of projects annually involve interventions aligned with the Bank's Gender SMART process.** There will also be a new ambition for 50 per cent of the Bank's annual operations to support human capital development objectives.

Financial projections[1] show that members' equity after income allocations grows steadily over the SIP 2026-28 period while capital utilisation (under the Bank's capital adequacy policy) remains stable. Financial metrics remain well above (or within) key rating agency thresholds, and the Bank is within financial loss tolerance thresholds under simulated downside scenarios. The **EBRD's finances are sustainable over the SIP period.**

After substantial recent gains, the EBRD is expected to show a healthy rise in net income in 2025 (estimated at €1.4 billion) with a similar level projected for 2026. The organic capital growth ratio is also predicted to show a good performance in these years (a return of 5.2 per cent is estimated for 2025) with the **three-year rolling average rate for the organic capital growth ratio projected to be 5.9 per cent in 2026** before dropping back a little in 2027 and 2028. These figures are **above the long-run average minimum return of 3.0 per cent set in the corporate scorecard**. The target for the debt return on required capital, which focuses on the more stable part of Bank income, is set at a minimum of 9.0 per cent for 2026.

Based on planned activity levels in this year's business plan, a **Borrowing Programme Authority of up to €16.0 billion net new issuance is set for 2026.** This represents a €1.5 billion increase on the €14.5 billion Borrowing Programme in 2025. Additional borrowing is designed to address increased business needs and ensure that a liquidity cushion is consistently maintained above key policy ratios.

Besides the expansion to SSA and Iraq and the completion of the Bank's ambitious information technology investment agenda (MYIP), this SIP's budget request is affected by two special factors: the need to address shortfalls in the medical insurance budget and the introduction of revised mobility arrangements as an important enabler to create Regional Hubs and strengthen the Bank's presence in its countries of operations.

The current medical plan has seen significantly higher claim rates and medical cost inflation, leaving a premium funding gap, and there has been

[1] None of the projections beyond 2026 in SIP 2026-28 prejudice any decision to be made by the Board of Directors in future SIPs.

a similar trend increase (and budget gap) in working incapacity claims. A budget of **£7.6 million for 2026 aims to close the medical and incapacity insurance deficit,** while a dedicated working group will consider and implement cost containment initiatives and report back to the Board of Directors. It will also undertake a full review of the benefits of the existing medical insurance plans against industry standards.

Deep local market knowledge and a strong local workforce have long been at the core of the Bank's business model. A redesigned mobility framework will strengthen this further by increasing the presence of experienced staff on the ground through a regional hub system. The transition to this **new mobility framework is estimated to cost £3.8 million** in 2026, with costs per mobility assignment expected to decline over the SCF 2026-30 period.

Inflation in the UK and elsewhere has been rising, putting pressure on the Bank's running costs and attenuating the fall in growth of market-based salaries. As a result, in 2026 **non-discretionary expenses increase by £4.3 million, reduced by £1.3 million from favourable FX movements**, and the **compensation proposal costs £13.8 million**.

As well as **a net request for Ukraine activities of £1.2 million** and **£1.5 million for governance and oversight functions,** the Bank's ambition to deepen its impact in SCF priority areas requires a significant investment in human resources. A phased approach is being taken throughout the SCF period, starting with **a net incremental request of £2.4 million in 2026** with the largest amount allocated to the governance theme.

Management is committed to the efficient and effective use of resources and allocates staff and budgets to where they are most needed. Reallocations and efficiencies in this SIP have **reduced budget asks by £6.6 million.** However, to uphold strong delivery and maintain a robust operating framework, resources cannot remain overstretched without increasing the Bank's operational risk profile. To sustain higher rates of delivery across the Bank's activities over the SIP period, a **net resource budget of £5.2 million for 2026** is required.

The Bank is starting operations in its new region of sub-Saharan Africa and Iraq, guided by the institutional processes and shareholder decisions. Recognising the scale and complexity of the start-up phase, as well as reflecting the gradual roll-out of new positions in 2025, the **net cost increase for SSA and Iraq in 2026 stands at £14.0 million**, in line with the business plan presented in the last year's SIP.

Transformation initiatives delivered through the multi-year investment plan (MYIP) have reduced the operating risks the Bank faces and improved the efficiency of many core functions and processes, generating benefits of over £8 million in 2025 and £30 million so far. The scale of these investments to date means that MYIP operating expenses and depreciation rise throughout the SIP 2026-28 period, including a **£15.5 million MYIP related cost increase in 2026,** before subsequently falling back.

To deliver SIP 2026-28's ambitious agenda and deepen the EBRD's impact the following budget increase is requested. **For 2026, the Board is asked to approve a total administrative expense budget of £638.3 million (€734.0 million)**, comprising a:

- **General administrative expense budget (including SSA and Iraq) of £574.2 million,**
  and one extraordinary budget item,
- **MYIP implementation, amounting to £64.1 million.**

The Bank remains committed to an efficient use of resources and strict budgetary controls. The Bank's new **cost management framework** provides a view of the sustainability of the path of costs. It is anchored in the 80 per cent cost to debt income control parameter set in the SCF 2026-30 and further operationalised based on the ratio of cost to development related exposure (operating assets plus guarantees, DRE). Amid expected growth in policy and investment activities the Bank will **maintain the ratio of cost to development related exposure at or below the agreed limit of 1.43 per cent in 2026-28 and 1.42 per cent in 2029 and 2030**. The Bank is also projected to remain within the control parameters set in SCF2026-30 throughout SIP 2026-28.

The EBRD's overall financial picture is strong, and the growth in costs measured against the expansion of business assets is well within prudent limits. The budget requested for 2026 will enable the Bank to deliver SIP 2026-28's ambitious agenda and put the EBRD on the path to meet the objectives of the SCF2026-30.

1. The External Environment

1.1 Lacklustre growth, persistent inflation and tariff concerns

Global economic developments in 2025 have been overshadowed by uncertainties over trade and international economic relations. After a series of tariff increases in the first half of the year, effective US tariff rates for the most part have risen less sharply than originally advertised. Nonetheless, uncertainties over trade conditions persist, and are having a dampening effect on investment.

Growth in advanced economies has been lacklustre – IMF projections for 2025 are a below par 1.4 per cent - while predicted falls in interest rates have been held back by persistent inflation. Public debt as a share of GDP remains elevated in most countries, restricting the room for policy manoeuvre.

In EBRD regions (excluding six economies in sub-Saharan Africa and Iraq) growth averaged 2.8 per cent in 2024. A slightly stronger increase than anticipated in the first half of 2025 was driven by higher growth in the southern and eastern Mediterranean, Central Asia and Türkiye. Elsewhere, outturns were weaker than expected, as trade policy uncertainty weighed on external demand and Russia's military invasion of Ukraine entered its fourth year.

Growth of 3.1 per cent is predicted in 2025, rising to 3.3 per cent in 2026. Economies in EBRD regions face pressure from continued global geopolitical tensions, export competition from China and limited fiscal space. The overall picture is similar if the six EBRD countries in sub-Saharan Africa (Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal) and Iraq are included.

China's share of global manufacturing exports has increased sharply in recent decades, reaching 25 per cent in 2024, more than those of the United States and Germany combined. As China's exports have grown and become more diversified, China has been increasingly competing with economies in emerging Europe and Türkiye, while China's imports are now more complementary to the exports of economies specialising in commodities.

Forecasts mark a further divergence in growth trajectories between emerging Europe, where downward revisions reflect weak external demand, the need for fiscal consolidation and the effects of higher US import tariffs, and the rest of EBRD regions.

Figure 1.1 Average CPI Inflation in EBRD countries

Source: September 2025 and May 2023 Regional Economic Prospects based on IMF, national authorities via CEIC, World Bank Global Inflation database and authors' calculations.[2]

Inflation in EBRD regions continued to pick up from its low point in September 2024, exceeding expectations. It was one percentage point higher by August at 6.3 per cent (Figure 1.1) and increasingly reflects expansionary fiscal stances and other demand-side factors. Persistent inflation reduces the scope for monetary easing and imposes a fiscal burden. Several countries in EBRD regions face high interest payments on government debt obligations as a share of GDP and/or high public debt - in particular Egypt, Ukraine and Jordan, as well as Ghana, Kenya and Senegal.

1.2 The Struggle in Ukraine

Russia's ongoing war of aggression remains Ukraine's defining challenge as it struggles to repair its economy and sustain normal activities. Despite superior manpower and resources and a grinding offensive, Russia has not made a decisive breakthrough on the battlefield. Ukraine has shown resilience, but the road ahead is uncertain. Russia rejected a US proposal of an unconditional ceasefire and continues with its

[2] Note: Simple average across 33 economies in the EBRD regions (excluding sub-Saharan Africa and Iraq). Dashed line denotes a month-to-month curve fitted based on end of-year and annual average April 2023 IMF inflation forecasts. Grey line denotes data releases after the May 2023 Regional Economic Prospects.

war of attrition, including heavy and repeated bombardments of Ukrainian cities and civilian infrastructure. Ukraine remains determined to defend itself, with diplomatic efforts ongoing.

In mid-July, President Zelensky reshuffled the government, appointing Yulia Svyrydenko as prime minister, who set 12 priorities for 2025-26, including defence, EU accession and anti-corruption. However, early attempts to weaken anti-corruption agencies (NABU and SAPO) triggered protests and an international backlash and were quickly reversed. EU accession remains the main reform driver, but Hungary's reservations have slowed progress on opening the first negotiation clusters, affecting Kyiv's ambition to open all six in 2025.

Ukraine faces slowing growth and rising inflation, with GDP 0.9 per cent higher in the first half of 2025 and CPI inflation reaching 14.1 per cent in July. A projected budget deficit of 21.3 per cent of GDP this year will rely on around $40 billion in external financing, mainly from the EU, USA and IMF. Public debt is expected to reach 109 per cent of GDP by year-end. Debt sustainability remains a concern, and securing at least a further $40 billion for 2026, preferably in the form of grants, is critical.

The Ukraine Plan 2024-27, which is tied to a €50 billion EU Facility, is the framework for reform delivery. In 2025, the EU withheld funds due to delays in reforms. Progress also stalled on judicial integrity, enforcement of court decisions, vocational education and critical raw materials mining tenders. The situation has since improved and while institutional gaps persist reform momentum continues.

1.3 Risks and uncertainties ahead

Wars in Ukraine and the Middle East create particular uncertainties for projections covering EBRD regions. More generally, economic and trade policy volatility and potential escalation of trade wars and geopolitical tensions present major risks to the outlook. Slowdowns affecting key trading partners such as Germany - which may face its third year of recession for the first time in post-war history - and China would have significant spillover effects on many economies in EBRD regions. Renewed inflationary pressures and extreme weather events also continue to pose significant risks for many economies.

2 The Strategic Framework

2.1 Meeting the Bank's Mandate

The mandate of the Bank is to support the transition of its countries of operations to a sustainable market economy. In delivering transition impact, the Agreement Establishing the Bank (AEB) provides for two further principles: that the EBRD should pursue sound banking at the project and institutional level, in keeping with the objective of financial sustainability, and be additional by providing finance on commercial terms not otherwise available from the market.

The EBRD's overarching transition goal is made operational through its investments which are designed to improve the qualities that drive a sustainable market economy. The application of the transition concept and associated transition qualities (TQs) to the Bank's activities supports its countries of operations develop as economies which are competitive, well-governed, green, inclusive, resilient and integrated.

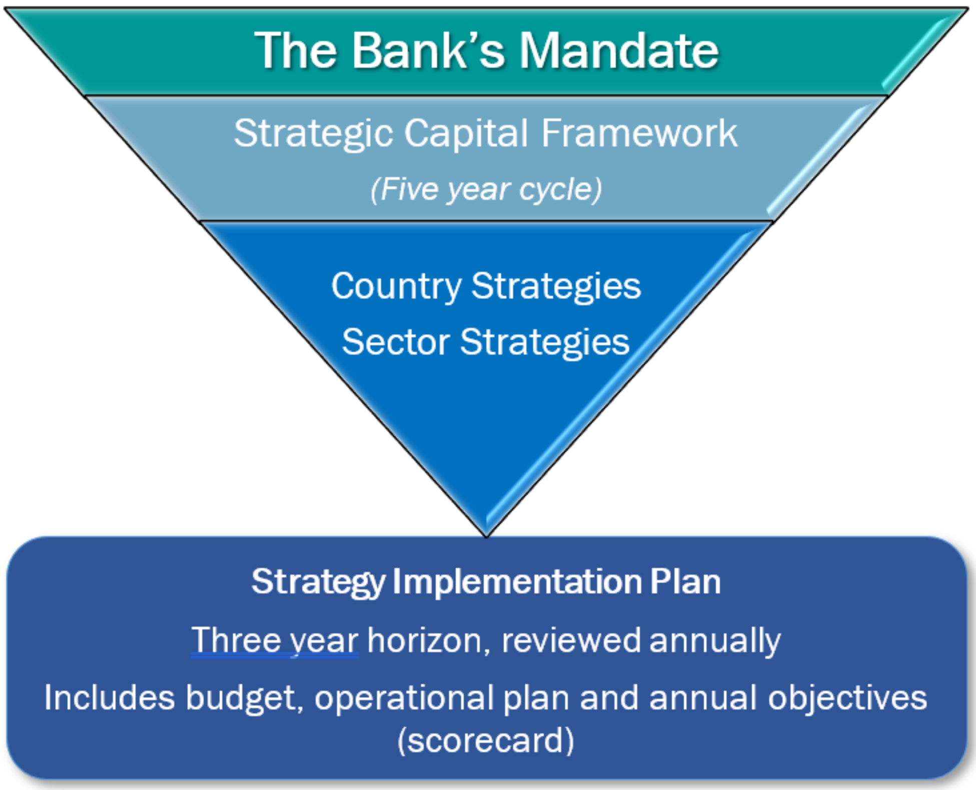
2.2 The Strategic Goals

The fulfilment of the Bank's transition mandate is supported by a comprehensive strategic planning structure and a complementary set of strategic documents.

The medium-term foundation of the Bank's strategic approach is encompassed in the Strategic and Capital Framework (SCF), which is anchored in an analysis of capital resources and the Bank's value added. This is approved by the EBRD's Board of Governors and sets the Bank's strategic orientation for the subsequent five years.

Country and sector strategies operationalise the directions provided by the SCF by translating them into specific sets of actions and priorities tailored to the individual country or sector context. They are complemented by cross-cutting thematic initiatives. Finally, the SIP sets out on an annual basis how the EBRD will implement these guiding tools in terms of specific business plans and the financial, resource and budgetary requirements to meet them. The SIP also defines Management's accountability to the Board for

Figure 2.1 Strategic Planning: Building Blocks



the year ahead, which is measured by a set of scorecard performance objectives.

The EBRD's Board of Governors approved the Bank's current SCF at the Bank's 2025 Annual Meeting, setting the strategic direction for the five years between 2026 and 2030. Through this approval shareholders reaffirmed the importance and relevance of the Bank's transition mandate and welcomed the commitment of the Bank to strengthen further its systemic impact to support countries of operations in their progress against all six transition qualities. Within this framework, the Bank has identified three strategic themes where it has the skills and experience to achieve deeper impact in the SCF period, namely:

- Supporting countries of operations to realise the opportunities from the **transition to green economies**.
- Advancing **stronger economic governance** by systematically exploiting the opportunities and the leverage which the Bank is able to gain through its investments, especially in the public sector, and policy activity.
- Enabling individuals and society to realise the potential of all through **strengthened human capital and equality of opportunity**.

The SCF also envisages the Bank's systemic impact being amplified through two strategic enablers:

- Boosting **the mobilisation of private sector capital** both directly and indirectly to increase impact through high levels of finance flowing to countries of operations.
- Developing and deploying **digital technology** to increase opportunities for achieving transition with an increased focus on cyber-related risks.

The SCF2026-30 also confirmed that across the period, in the context of increasing its impact in all countries of operations, the Bank's work in Ukraine will remain its highest priority. As a growing Bank, the SCF also sets the aspiration that the Bank's activities and investment will increase in those countries which are least advanced in transition, as well as successfully launching and developing activities in countries of operations in the Bank's expanded geographic scope of sub-Saharan Africa and Iraq. Taken together the expectation is that by 2030 the EBRD will have a significantly larger portfolio across a wider geographic area than ever before. Annex 1 sets out specific strategic aspirations for the Bank in the period to 2030.

The **Strategy Implementation Plan (SIP)** translates the SCF's medium term aspirations into near term priorities, sequencing delivery of the SCF as appropriate based on country demand and institutional readiness. Approved by the Board of Directors, the SIP provides a three-year rolling perspective on the implementation of the SCF and the context for the EBRD's proposed annual Budget and Corporate Scorecard.

The achievement of transition is only fully realised at the individual country level. Accordingly, country strategies are integral to the Bank's planning and delivery. Country strategy objectives are set for five years through a rigorous and structured process that includes systematic analysis of:

- The **needs** of the country to progress towards the achievement of the qualities of a market economy (via an assessment of transition qualities and subsequent in-country diagnostic work).
- The **opportunities** which may exist for making progress in fulfilling those needs, including the scope for investment and the availability of committed partners in both the private and public sectors.
- The **capacity** of the Bank to take advantage of those opportunities, based on its areas of expertise, business model and complementarity to other development finance institutions.

Country Strategy Delivery Reviews assess progress against country strategy objectives annually in accordance with Article 11.2 of the AEB and highlight challenges and opportunities for future delivery of transition. Country strategies are complemented by sector and thematic strategies. These dovetail with country strategies by outlining the ways in which the Bank will achieve transition impact, reflecting sector developments and transition challenges across countries of operations.

2.3 Capital Needs

A core component of each SCF is the assessment of the adequacy Bank's capital in line with Article 5.3 of the AEB which stipulates that the Board of Governors review the Bank's capital stock at least every five years. The SCF concluded that – following the approval of the

2023 paid-in capital increase by shareholders – the current capital of the Bank would be sufficient to support the achievement of the aspirations set for the SCF2026-30 period. As seen in shareholders' response to the war on Ukraine, there remains scope for the Bank's capital needs to be reappraised between regular reviews to respond to unexpected developments as necessary.

2.4 Contributing to regional stability and growth

2.4.1 Policy reform, investments and market development

Policy engagements are activities that aim to improve the enabling environment, including legal, regulatory and institutional frameworks, removing uncertainty and barriers, or improving elements of regulations and market structures. They can be transactional engagements that are delivered in concert with an EBRD investment or non-transactional engagements that are delivered outside of the investment improvement cycle. These include some upstream policy engagement which aims to improve the environment for future investments by EBRD, but more importantly long-term and more sustainably for private investors.

One of the Bank's defining strengths lies in its ability to combine investments with policy engagement, consisting of technical assistance and policy dialogue. This two-pronged approach is instrumental in fostering transition impact and is highly relevant in the Bank's engagement in Ukraine, efforts in the least advanced countries, but also as the Bank starts operations in sub-Saharan Africa and Iraq. By combining finance and policy dialogue, working with the private sector and public authorities and offering targeted expertise to support reform agendas that complement its investment portfolio, the Bank helps shape more conducive environments for business and unlocks new areas for investment.

The SCF2026–2030 places renewed emphasis on strengthening this integration, with a particular focus on improving how the Bank tracks and evaluates the outcomes of its policy work. Recent internal changes have enhanced coordination across policy functions, enabling more strategic prioritisation and sharper alignment with country-level objectives. Country strategies developed over the past year reflect this shift, showing a stronger link between policy dialogue and investments. A key priority going forward is to refine how policy outcomes are measured, supported by a new impact assessment framework that will be fully operational from 2026. This system will offer more consistent and actionable data, helping the Bank better design interventions and communicate their impact through tools such as the annual Impact Report.

In parallel, the Bank is intensifying its efforts to mobilise private sector financing by strengthening capital markets across its regions, recognising their role in mobilising resources and enhancing financial resilience. Through a combination of investment and policy support, the Bank is helping to deepen local currency markets, improve regulatory frameworks and foster investor confidence. These efforts are complemented by the Legal Transition Team's work to advance legal reforms that underpin market development, including initiatives to improve insolvency regimes, corporate governance and financial sector legislation. Together, these activities aim to create more robust financial ecosystems that support private sector growth and long-term transition impact.

2.4.2 Country and sector strategies

Country strategies serve as the cornerstone of the Bank's engagement in each country of operations, offering a structured five-year roadmap that integrates investment priorities with policy ambitions. These strategies are shaped by a detailed understanding of transition gaps and institutional dynamics described in country diagnostics and are aligned with the Bank's Results Framework to ensure coherence across activities. Recent strategies have placed emphasis on resilience, economic governance, inclusion, green transition and digitalisation, while also factoring in the evolving geopolitical and economic landscape.

Sector strategies complement this country-level approach by focusing on thematic and industry-specific challenges, such as those in energy, mining, and telecommunications. Newly adopted sector strategies reflect SCF priorities and cross-cutting themes, and put strong emphasis on improving economic governance, promoting inclusion and skills upgrades, and accelerating

Box 2.1 Improving the Qualities of Markets in Countries of Operations

Competitive

- The Bank is enhancing private sector productivity and integration into regional and global markets by providing tailored financial instruments, advisory services and policy engagement to promote innovation, digitalisation, and operational efficiency.
- It is strengthening the performance and governance of state-owned enterprises, particularly in economies where public sector dominance hinders competition, and expanding support for commercialisation and reform roadmaps to unlock private sector participation.
- Capital market development is being scaled up, with new instruments and platforms. The Bank is also deepening its work on fintech and digital finance, aligning with broader efforts to modernise financial ecosystems.
- Digital transformation is now embedded across country strategies, with investments targeting infrastructure upgrades, cybersecurity and data governance. Advisory support is helping clients adapt to emerging technologies and build resilience in the face of digital disruption.

Well-governed

- The Bank is improving institutional quality through targeted reforms in areas such as public procurement, insolvency regimes and digital governance, integrating them with investment operations to maximise impact.
- Flagship programmes like the Legal Transition Programme and SMART initiative for SOEs are being expanded to address governance gaps at national and sub-sovereign levels, supported by donor-funded technical assistance.
- Enhancing the investment climate remains a priority, with a focus on legal certainty, transparency and regulatory predictability.

Green

- The Bank remains committed to supporting country and client strategies focused on detailed pathways for achieving climate goals, adaptation and nature-based solutions. This demand-led approach will allow the Bank to meet or exceed its target of 50 per cent of ABI to be green finance.
- Investment areas include renewable energy, energy efficiency and climate resilience, with expanded use of blended finance and innovative instruments. Programmes like GEFF are being adapted to local contexts.
- The Green Cities initiative continues to evolve as technology improves and client ambitions increase, integrating climate adaptation, biodiversity and circular economy principles into urban development plans, and supporting local governments with financing and policy tools.
- In more advanced economies, the Bank is promoting green innovation through instruments such as sustainability-linked bonds, underpinned by market development strategies and monitoring frameworks.

Inclusive

- The Bank is increasingly prioritising inclusive growth in country strategies, focusing on expanding access to finance, employment and services for underserved groups. It is tailoring its support to reflect local needs, including gender, youth and regional disparities.
- The Bank is also scaling up the reintegration of refugees and internally displaced persons in conflict-affected regions. This includes vocational training, access to finance and inclusive infrastructure.
- Inclusion is being mainstreamed into sector strategies, with cross-cutting initiatives that promote equitable participation in value chains and digital transformation.

Resilient

- Building infrastructure that can withstand climate and other shocks is a cross-cutting priority and includes investments in water, transport, and energy systems with embedded resilience features.
- In conflict-affected regions, the Bank is focusing on energy security and supply chain stability, with support for decentralised energy systems and emergency financing tools.
- Financial resilience is being addressed through trade finance, liquidity support and risk-sharing mechanisms.

Integrated

- The Bank continues to invest in infrastructure to improve connectivity and trade, including transport corridors, logistics hubs and cross-border energy networks. Technical assistance helps implement complex projects.
- Digital integration is supported with investments in broadband, cloud infrastructure and secure data systems.
- In rural and underserved areas, the Bank is promoting digital inclusion in rural and underserved areas through targeted investments and partnerships, including e-government services and digital skills development.

green transition and climate resilience.[3] They also respond to emerging risks, including financial volatility and climate-induced disruptions, by promoting innovation, digitalisation and mobilisation of private investments, in close cooperation with other IFIs and donors.

2.5 Collaboration with other DFIs

The EBRD operates as part of a wider international system dedicated to achieving shared objectives. Its ability to maximise transition impact depends on forging effective partnerships, particularly with other development finance institutions (DFIs) and especially other MDBs. By collaborating, these institutions can finance larger projects and jointly advance reform agendas that would be beyond the scope of any single organisation.

Building on the 'Viewpoint Note: MDBs Working as a System for Impact and Scale' and the 'G20 Roadmap Towards Better, Bigger and More Effective MDBs',[4] the EBRD has turned ambition into tangible results. Notably, the Bank has made significant progress in mutual reliance initiatives with two of its closest partners: the International Finance Corporation (IFC) and the European Investment Bank (EIB). Placing the emphasis now on their implementation, these agreements are enhancing client experiences and improving institutional efficiency.

The EBRD is also a leading advocate for coordination among IFIs through country-led platforms for climate action and has driven efforts to harmonise procurement practices among MDBs, such as in Ukraine. The Bank continues to work closely with other DFIs, cofinancing projects in its countries of operation and developing partnerships to expand the availability of local currency financing. Seeking greater alignment across MDBs, EBRD is also actively engaging in efforts to develop joint impact methodologies, including for climate finance.

The Bank has also played a substantive role in taking forward G20 Capital Adequacy Framework reform agenda, contributing both technical expertise and seeking to enhance system coherence. Through the MDB Global Risk and Finance Forum – which the Bank helped initiate in 2024 – the EBRD has co-led the development and publication of the MDBs Comparison Report 2025,[5] providing a comparison of institutional capital metrics. Equally the recently published joint-MDB report on engagement with Credit Rating Agencies outlines the depth of the dialogue and the significant improvements achieved over time in the rating criteria.

The EBRD is a strong proponent of data transparency, championing the MDB default and recovery GEMs database and increasing the granularity of published statistics by disclosing its own default and recovery statistics alongside its annual Financial Statement. Additionally, the EBRD plays an active role in revising the joint MDB definitions of mobilisation to promote transparent and comparable reporting. Close coordination with other IFIs on private sector engagement - notably through the World Bank's Private Sector Investment Lab and the EBRD's Public-Private Roundtable - will support the development of harmonised mobilisation instruments and help with the medium-term ambition to position MDBs as a recognised asset class.

These actions are indicative of the Bank's broader drive for enhanced collaboration across the system of international financial institutions, leveraging the EBRD's comparative advantage, including in new geographies, in partnership with MDBs and DFIs.

[3] Since SIP 2025-27 these include strategies on infrastructure (December 2024), real estate (January 2025), telecommunications, media and technology (February2025) and the financial sector (pending approval later in 2025).
[4] https://coebank.org/documents/1495/Heads_of_MDBs_Viewpoint_Note_20_April_2024_lixFobs.pdf; https://www.bu.edu/gdp/files/2024/12/G20_MDB_Roadmap.pdf
[5] Published by Council of Europe Development Bank on behalf of the Global Risk and Financial Forum (GRaFF), Paris, 2025.

Box 2.2 The Bank's support for Trade Finance

The EBRD's Trade Facilitation Programme (TFP), launched in 1999, is a cornerstone of the Bank's efforts to promote international trade, particularly in high-risk and underserved markets. It plays a vital role in delivering the Bank's transition mandate by enabling access to trade finance, supporting economic resilience and fostering sustainable development.

Scale and Reach

TFP has supported access to trade finance in over 36,000 transactions worth more than €41 billion, benefitting over 200 partner banks and thousands of their clients. Demand has been increasing. In 2024 alone, the programme facilitated 1,813 transactions totalling €4.6 billion in turnover, of which €2.6 billion were outstanding at the end of the year and accounted for some 15 per cent of the Bank's Annual Business Investment (ABI). Figures to the end of September 2025 were 1,222 transactions for more than €2.8 billion and €1.3 billion ABI. The TFP model is widely recognised for efficiency and value addition, with only three claims made since inception, underscoring its low-risk profile and strong operational performance.

Supporting Fragile and Crisis-Affected Regions

TFP's additionality is most evident in response to crises and market disruptions. In Ukraine, since the onset of war, the programme has supported 530 transactions worth €1.4 billion, ensuring the flow of essential goods such as food, medical supplies, and energy. In neighbouring countries like Moldova, Armenia, and Georgia, TFP stepped in to fill the gap left by retreating foreign banks, facilitating over 200 transactions worth €287 million in 2024. In Türkiye and SEMED, TFP helped maintain trade flows amid constrained commercial bank risk appetite, especially for food imports. In Central Asia, business volumes in Kyrgyz Republic and Tajikistan have risen sharply, driven by capacity-building efforts.

Capacity Building and Technical Assistance

Beyond financing, TFP invests in institutional development via technical cooperation, delivering online training, workshops and advisory services on topics such as trade certification, factoring, compliance, and digitalisation. These initiatives strengthen partner banks' ability to deliver trade finance responsibly. In 2025 TFP also supported local currency factoring in Armenia, Georgia and Türkiye and helped expand correspondent banking networks in Mongolia and Kyrgyz Republic.

Leadership in Green Trade Finance

TFP is a leader in green trade finance, aligning with the EBRD's sustainability goals. In 2024, there were 277 green transactions for €1.1 billion in turnover and €0.8 billion in GET-eligible ABI, almost one-third of TFP's total ABI (a record). One deal involved €69 million for gas turbines to replace coal-fired power in Romania, cutting CO_2 emissions by 3.2 million tonnes annually. Other transactions supported climate adaptation and mitigation in Serbia, Uzbekistan, Egypt, Armenia, and Georgia. In 2025 (to end-Q3) TFP has supported 115 green transactions for €429 million.

Innovation and Risk Sharing

TFP continues to evolve through innovative risk-sharing mechanisms. Partnerships with MIGA, Proparco and BII have been expanded, particularly in Egypt and Ukraine, and TFP's insurance policy has been scaled up to widen underwriting capacity. These innovations allow TFP to absorb more risk and mobilise private sector participation, extending its reach into new markets.

2.6 Balancing risks, Impact and Profitability

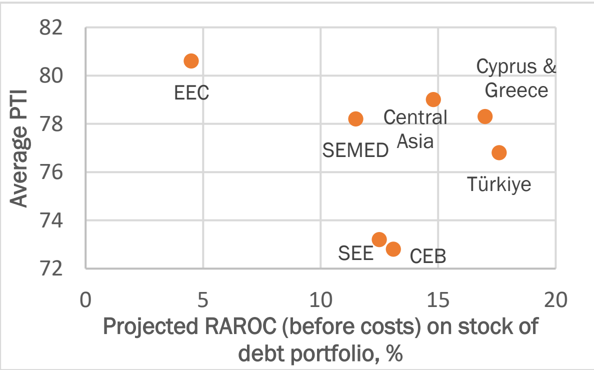
The EBRD is a development institution with a private sector focus. It is quintessentially an impact investor, taking on risks with its partners and making profitable investments that deliver transition impact and are additional. Sound banking in its projects underpins medium term financial sustainability, ensuring that the Bank's administrative costs are covered and that it can gradually expand its operations based on its capital accumulation capacity. The SCF2026-30 sets for the first time the aspiration to maintain the real value of the Bank's capital base over the medium term,

This section illustrates how the dual objectives of impact and financial sustainability are balanced in the Bank's portfolio. The geographical pattern of the Bank's activity in some important strategic dimensions is also presented.

A balanced portfolio

The SIP proposes the Bank's annual objectives for a specific year in the context of a medium-term projection of the Bank's activity. This planning is informed by the state and performance of the Bank's current stock of activities – both investment and policy work – contained in its portfolio. This stock of activities determines the Bank's achievement of transition impact and its financial sustainability. The SCF also provides thematic objectives for the Bank to pursue in its delivery of transition impact. Reconciling this multiplicity of goals requires the Bank to maintain a balanced portfolio.

Figure 2.2 Transition impact and financial performance: full portfolio, Q3 2025



The charts in this section provide two views of the relationship between transition impact and financial performance and its distribution by region. Figure 2.2 presents the relationship between transition impact and financial returns for the Bank's current debt portfolio, as measured by Portfolio Transition Impact (PTI)[6] and projected portfolio Risk Adjusted Return on Capital (RAROC) before costs.

The distribution in the chart illustrates the balancing of the Bank's objectives at the portfolio level. It shows that a high level of PTI in the EEC region is accompanied by a low RAROC, reflecting the recent war on Ukraine. Notably high levels of return in the Cyprus and Greece portfolio - where there is a large share of low risk transactions in the financial sector – are accompanied by PTI levels towards the upper end of the range. In other regions, the moderately high RAROC level in CEB reflects the lower level of risk in that portfolio (see Figure 2.4) while higher levels of PTI in SEMED are associated with a relatively lower RAROC.

Figure 2.3 Transition impact (ETI)[7] and financial performance: new projects, up to Q3 2025

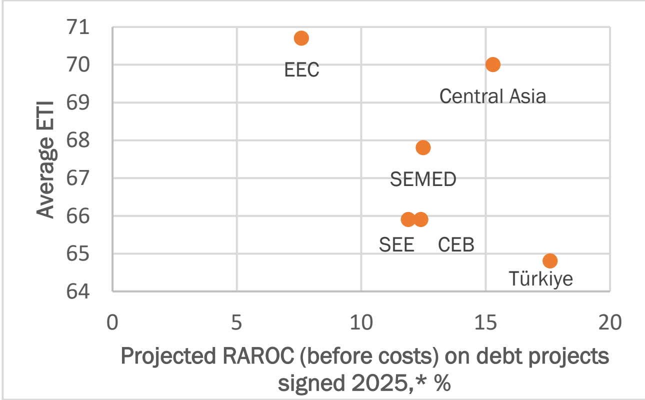
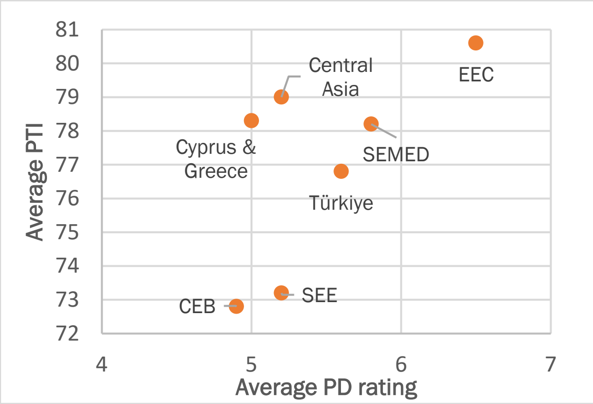


Figure 2.3 offers a more contemporary view of the dynamics of transition impact and financial performance from investment over the first three quarters of 2025. Overall, the picture is consistent with that shown at the portfolio level although the level of RAROC in EEC is somewhat higher on the flow of investment, if still low. RAROC levels remain high in CEB and SEE but are lower than the exceptionally high returns in recent years suggesting a reduction in the level of market risk aversion in these regions.

As a complement to this analysis, Figure 2.4 shows the distribution of probability of default (PD) risk ratings and portfolio transition impact (PTI) by region, to assess the relationship between risk and impact, as opposed to financial return. It shows some evidence that where the Bank takes on more risks transition impact tends to be higher. Analysis at the individual project level reveals that better financial risk ratings and commercially strong clients are typically associated with a higher likelihood of transition success. This reflects the strong connection between good commercial outcomes and client alignment with positive changes supported under transition objectives.

[6] The PTI score measures the performance of projects against transition ambitions set at the beginning of the project.
[7] ETI, Expected transition impact score. * to Q3 2025.

Figure 2.4 Transition impact and client probability of default by region, Q3 2025



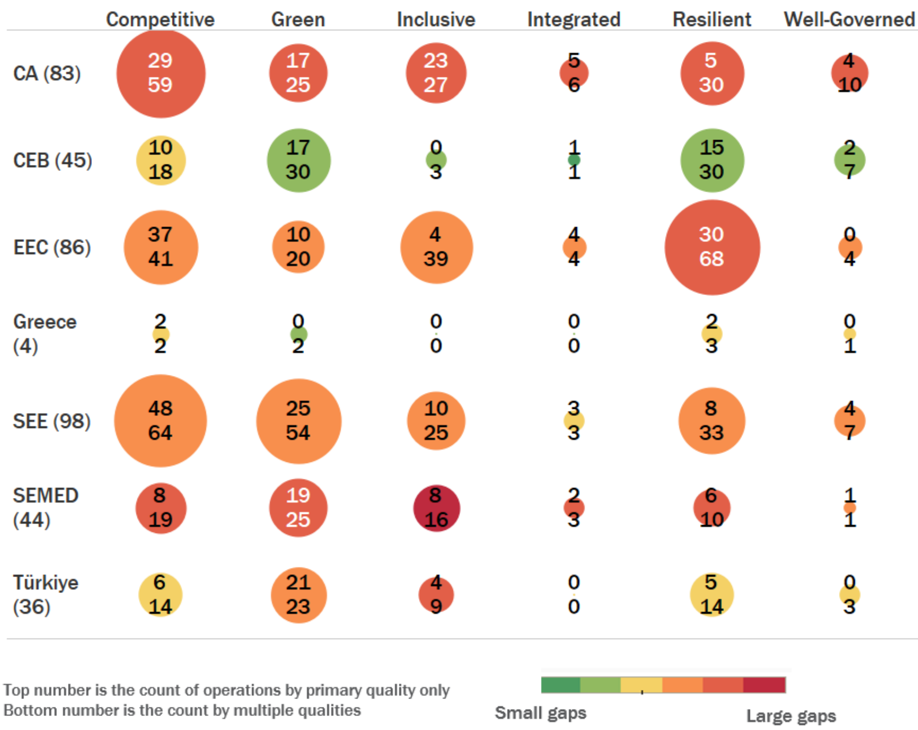
The chart shows how the Bank delivers on its transition mandate across regions, especially when it comes to boosting competitiveness and enhancing resilience during crises such as the war on Ukraine. Relative to the same period in 2024, there has been an increase in the number of commitments signed across all transition qualities. While the number of investment projects supporting the well-governed quality (beyond improved corporate and public governance under other qualities) has remained relatively small, the Bank has pursued important policy initiatives under this objective and elsewhere, including competitive- and resilience-enhancing reforms.

Delivering on multiple objectives and where it matters most

Figure 2.5 shows how the Bank's projects are distributed across transition qualities and regions. The bubble's size represents the number of projects committed in the first three quarters of 2025 and the colour represents the size of transition gaps.[8]

The Bank continues to invest in areas with larger transition gaps, with 93 per cent of investments having primary or secondary objectives which targeted areas with larger gaps in the first three quarters of 2025 (52 per cent of investments had at least one objective targeting the largest gaps).[9] On average, Central Asia has the largest transition gaps, while also receiving an above average number of signed projects.

Figure 2.5 Annual investment by transition quality (primary and all qualities) and region, Q3 2025[10]



[8] Transition gaps are calculated using the average assessment of transition qualities (ATQ) index score for each transition quality and economy relative to top performers. ATQ index scores are derived from a wide range of internal and external indicators.
[9] Note that while a region/transition quality may have medium gaps on average, individual countries within that region or sectors within that transition quality may still have large gaps.
[10] In addition to signed projects in ABI, this figure also includes new trade finance lines with partner banks and investments in West Bank and Gaza. 30 projects which span multiple regions are excluded.

Table 2.1 GET and Private Sector Shares, per cent

	GET Share in ABI		Private Share in ABI	
	2024	Q3 2025	2024	Q3 2025
Central Asia	58%	43%	55%	56%
Central Europe and Baltics	75%	75%	94%	87%
Cyprus and Greece	52%	76%	100%	100%
Eastern Europe and Caucasus	43%	22%	62%	46%
South-Eastern Europe	69%	65%	61%	79%
Southern and Eastern Mediterranean	49%	59%	85%	66%
Türkiye	60%	57%	93%	88%
EBRD	58%	53%	76%	71%

The majority of projects signed in the first three quarters of 2025 were rated 'Good' (ETI 60-69), while 37% were rated 'Strong' (ETI 70-79) and 7% were rated 'Excellent' (ETI 80+), reflecting the Bank's high transition relevance and ambition.

In addition to the foundational goals of achieving high levels of transition impact and maintaining the Bank's strong financial position, the SIP and the proposed plan for 2026 include specific objectives for the shares of green and private sector investment in ABI. These reflect the continuing commitments reiterated in the SCF2026-30.

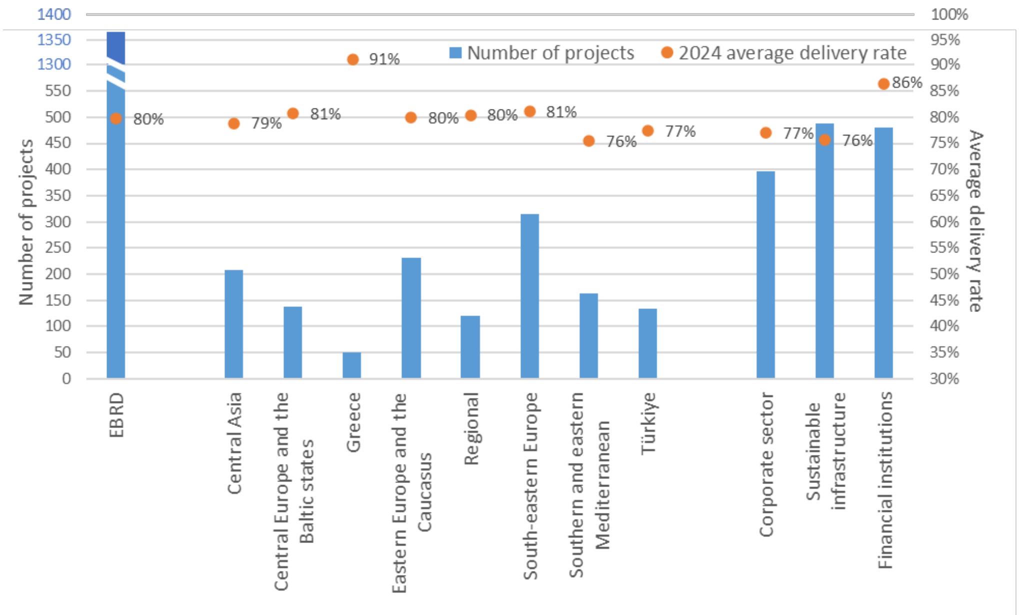
Table 2.1 shows the shares of each in ABI by region for 2024 and the year to date in 2025. It shows that the GET share exceeded the objective set for 2024 and remains above 50 per cent in 2025. In 2024, the Bank's private sector share exceeded the SCF's aim of 75 per cent in ABI. In the year to date the share of the private sector in 2025 is currently below the scorecard target having been affected by some unusually large public sector projects.

Well-performing projects make up the majority of the EBRD's portfolio. This gives the Bank confidence in its capital allocation decisions and transition impact mandate. Figure 2.6 shows that, on average, projects in the Bank's portfolio are delivering 80 per cent of their targets within the envisaged timeframe. Projects are performing well in CEB, SEE (which has the largest actively monitored portfolio) and Greece. Delivery is weaker in SEMED, which may be expected given the generally higher transition challenges in this region.

Of the 1,365 projects recently monitored in the Bank's portfolio, only 24 (under 2 per cent) were delivering 25 per cent or less of their targets within the envisaged timeframe. There are a variety of reasons why projects may struggle to deliver impact objectives, the most obvious being the effects of war. More broadly, macroeconomic and political economy risks, institutional capacity and strategic pivots by clients can also affect timeframes and targets. The Bank always aims to use its experiences to improve project design and implementation in the future.

Overall, the Bank's goals and portfolio balance are achieved by a combination of factors and diligent planning. The EBRD works hard to maximise its transition and financial success while balancing its objectives, taking into account the SCF's geographic, thematic and sectoral aspirations, as well as lessons learned from past performance. The SIP reflects the balance of these forces.

Figure 2.6 Average delivery rate of investment portfolio, 2024[11]



[11] For additional information on EBRD's transition performance in 2024, please refer to the Impact Report 2024. Cyprus is not displayed in the chart as it only has two projects that are actively monitored.

3. Supporting Market Transition: the Operational Plan

Introduction

The EBRD is a rapidly growing bank that is expanding its activities and geographic reach, aiming to deepen its impact in countries of operations as they transition towards sustainable market-oriented economies. As described in Chapter 2, SCF2026-30 establishes the Bank's priorities for the coming five-year period. SIP 2026-28 begins its implementation. The operational plan detailed in this chapter explains how the Bank will support the goals of the new SCF over the next few years. In doing so, the plan maintains the momentum of the previous SCF and builds on its accomplishments to deliver an ambitious agenda.

Despite the severe interruptions caused by Russia's military invasion of Ukraine, the EBRD delivered an impressive series of results during the SCF2021-25 period in line with its objectives. Annual business volume (ABI) increased by around 60 per cent from 2021 to reach a record level of €16.5 billion in 2024 and is on course to exceed this in 2025. It was accompanied by a record number (584) of project signings, 40 per cent higher than in the immediate pre-Covid-19 period. Annual direct mobilisation rose fourfold to €4.8 billion, and the Bank met its promise of 50 per cent green finance ABI in each year of the SCF. This performance was complemented by a threefold increase in projects with a gender component, which now account for more than 40 per cent of the total.

These achievements were underpinned by expanded policy and advisory work, helping to strengthen markets by raising standards and improving laws and regulations. In fostering strong partnerships with donors, the Bank ensured many riskier and more difficult projects were able to go ahead, especially in less advanced and fragile countries. Least advanced countries remain an important focus of the Bank's activities. Furthermore, significant investment in replacing outdated processes and updating IT infrastructure improved the Bank's efficiency and service quality while strengthening cybersecurity.

Above all, the EBRD maintained its role as the largest institutional investor in Ukraine despite the difficulties. Since the beginning of the invasion the Bank has deployed more than €8 billion, where the Bank's investments and policy support have helped Ukraine cope with the onslaught of Russia's war and the havoc it has wrought on its economy and infrastructure.

Many of these themes are reinforced under SIP 2026-28. The sections below on Ukraine, green transition, human capital and gender equality and mobilisation illustrate this. The first significant impact of the Bank's expansion into SSA and Iraq, where the new SCF theme of economic governance is especially pertinent, will also occur in the SIP 2026-28 period. Delivering the SCF2026-30 priority objectives - KPIs for 2026 are set out in detail in Chapter 6 - will be challenging but achievable with the budget resources proposed in Chapter 5 and further hard work by staff.

Projections for ABI and private direct mobilisation suggest in sum the EBRD will consolidate its status as a €20 billion bank in 2026. The scale of EBRD business, combined with its policy work, has the power to transform markets and develop the private sector. That the Bank's impact improves the lives of people in countries where it operates is increasingly well understood. This chapter shows how the Bank's ambitious SIP agenda, which aligns with the aspirations of SCF2026-30, aims to amplify this impact.

3.1 Delivering on Ukraine and SCF Priorities

3.1.1. Ukraine

Supporting Ukraine has been the Bank's highest priority since the start of Russia's illegal full-scale military invasion in February 2022 and will remain so during the SCF2026-30 period. The Bank will continue to support the real economy through investment in the private sector and in vital infrastructure, notably in transport and energy.

In the first three quarters of 2025, the Bank has deployed €2.3 billion in Ukraine (including €1.8

billion in ABI) across 46 private sector and 7 public sector projects, bringing the total since the start of the war to more than €8.5 billion. Investment volume has been balanced between the public and private sectors (€4.2 billion apiece) with the vast majority of projects (85 per cent) implemented in the private sector. Projects have focused on energy security (€3 billion), vital infrastructure, food security, private sector resilience and trade facilitation.

In March 2025, the EBRD Resilience and Livelihoods Framework (RLF) to support Ukraine and neighbouring countries affected by the conflict was increased to €6.0 billion. By September, RLF utilisation was close to 70 per cent (€4.2 billion), including almost €3 billion deployed in Ukraine.

EBRD financing in the public sector supports SOEs in energy, natural resources, transport, and municipal infrastructure. In 2025, this includes a €770 million loan to NAK (the Ukrainian oil and gas company) for emergency gas purchases; repairing power facilities for Ukrenergo and Ukrhydroenergo; providing critical assistance to Ukrainian Railways; liquidity support to key municipalities (including Lviv, Dnipro, Kharkiv) and financing essential municipal services, such as Kyiv metro, public transport in Zhytomyr and Cherkassy, district heating in Vinnitsia and solid waste management in Lytsk.

In the private sector, the Bank provides finance both directly and via local Partner Financial Institutions (PFIs).

- Since the invasion, the Bank has invested €1.2 billion across 60 projects with private sector companies, focusing on working capital and essential capex for local companies, mid-caps and multinationals. Corporate and logistics projects have promoted regional diversification, co-investments with foreign sponsors and equity in niche projects. In 2025, by end-September, the Bank had committed €196 million for 12 projects.
- In the financial sector, the Bank works with 12 active PFIs (market share, 72 per cent), including the largest state-owned banks, and holds significant equity stakes in Raiffeisen Ukraine and UkrSibBank. Portfolio risk sharing (PRS), where the Bank accounts for 67 per cent of the market outside government guarantee programmes, has enabled €3.1 billion of financing to Ukrainian borrowers since 2022, with €1.2 billion in 2025 by end-Q3. While banks' high liquidity has tempered demand for senior unsecured credit lines, TFP turnover stands at €1.7 billion, with €0.4 billion in 2025 to date.

The Bank's business delivery ahead is heavily reliant on political and economic developments, with many transactions requiring donor funding or guarantees. Significant challenges include ensuring sound banking and managing war-related equity risks, all in a very difficult fundraising environment. Nevertheless, the Bank aims to deliver ABI of €1.8 billion in Ukraine in 2026. Among public sector priorities are further repairs to power facilities, support for Ukrainian railways and municipalities, and developing municipal services. Private sector priorities include EU integration, financing for hard-to-abate sectors and resilience-building. In the financial sector the EBRD will strengthen banks' risk-taking capacity.

The EBRD supports Ukraine's reform agenda through a combination of strategic investments and policy engagement. Across all areas, the Bank aims to build resilience, foster sustainability and maintain momentum on Ukraine's EU integration. Activities in 2025 have included corporate governance, institutional capacity building, human capital recovery, cybersecurity, and sector reforms in energy, finance, SMEs, agribusiness and infrastructure.

The Bank's Ukraine Recovery and Reform Architecture (URA) continues to advance SOE corporate governance, although challenges persist. Recent changes in the government's reform priorities may lead to some adjustments. The Bank is also addressing labour market needs, with nearly all current projects incorporating human capital components, and is working on Ukraine's green transition and digitalisation.

Donor funding is vital to the success of the Bank's efforts in Ukraine. Since 2022, more than €3 billion of new funds, as well as €0.2 billion of reallocated concessional resources, have been mobilised to support Ukraine, with over half the total in funds managed by the EBRD and the rest in the form of unfunded guarantees. Major contributors include the EU (over €1.1 billion), Norway and the USA (more than €0.5 billion

Box 3.1 Achievements in wartime Ukraine

The EBRD has been the largest institutional investor in Ukraine since Russia launched its illegal military invasion in 2022, with investments focused on energy security, vital infrastructure, food security, private sector resilience and trade facilitation. During this time, the Bank has:

- Deployed more than €8.5 billion across 187 projects, 85 per cent of which are in the private sector.
- Mobilised over €3.2 billion of new donor funds to support Ukraine.
- Supported 723 trade finance transactions worth €1.8 billion.
- Created a Resilience and Livelihoods Framework (RLF) under which 93 projects for around €3 billion have been signed in Ukraine.
- Launched a number of innovative instruments, including:
  - New financing windows under Portfolio Risk Sharing Facilities, such as Veterans Reintegration and Enterprise Renaissance, which supports MSMEs that suffered war damage and provides incentives for the reconstruction of their businesses as part of the EU4Business initiative.
  - Energy Security Support Facility (ESSF), a €700 million dedicated programme to improve Ukraine's energy security through intermediated finance. The Facility supports energy projects undertaken by MSMEs, corporates, SOEs and households through partner financial institutions (PFIs), which provide funding, technical assistance and incentives for vulnerable borrowers.
- Driven forward policy reform objectives, including:
  - SOE Corporate Governance Law.
  - The URA Programme, which delivers critical support to public administration and facilitates international assistance and reform prioritisation.
  - Human Capital Resilience Programmes.
  - Ukraine's green transition and digitalisation.
- Implemented important donor funded activities, including the Ukraine Investment Framework (UIF), Ukraine Recovery and Reconstruction Guarantee Facility (URGF) and Ukraine FIRST Project Preparation Facility (in partnership with EIB and the EC).

each), France (€0.4 billion) and the Netherlands (€0.2 billion).

This funding enables important project support activities, including in 2025:

- **Ukraine Investment Framework (UIF).** The EBRD is deploying a €1 billion EU allocation under the UIF, including guarantees, grants, and technical assistance. Over 60 per cent of the allocation has been utilised, including a €500 million revolving working capital facility with a 90 per cent guarantee for Naftogaz, the first project under the 'EU guarantees for SOEs' scheme. The Commission also approved an additional €0.6 billion for EBRD programmes under the UIF, where the contracting process is still ongoing.
- **Ukraine Recovery and Reconstruction Guarantee Facility (URGF).** The Bank launched this €110 million Facility to mitigate war-related risks and sustain economic activity. It allows Ukrainian insurers UNIQA, INGO, and Colonnade to offer war risk coverage backed by an EBRD guarantee. The scheme has already deployed €30 million of insurance capacity, helping businesses operate and invest with greater confidence.
- **Ukraine FIRST.** The Bank established the Ukraine FIRST Project Preparation Facility in partnership with the EIB and European Commission, together with the Government of Ukraine. It provides a long-term support framework to prepare public investment projects for financing under the UIF and is open to both donors and IFIs. Launched at the Ukraine Recovery Conference in Rome in July 2025, the facility is now supporting its first project, Ukrnafta, under the Ukraine FIRST Cooperation Fund managed by the EBRD. To date, €24 million has been secured from the EU, Netherlands, Italy, Ireland and the EBRD SSF, with a target of reaching €40 million by end-2025.

The Bank continues to enhance human capital resilience, governance, financial capacity and provide finance to preserve livelihoods and enable the government to meet policy reform deadlines as, for example under the EU-Ukraine Plan. The effectiveness of the Bank's contribution is affected by factors like security, workforce depletion, reform willingness and partner support. In 2025, regular Bank missions to Ukraine increased, with activity being maintained at a high level despite the ongoing conflict. A better security situation and progress towards peace would allow the Bank to focus on reconstruction and economic regeneration in Ukraine.

3.1.2 Economic Governance

Sound economic governance is crucial for ensuring the sustainability of market economies. It encompasses rules, policies and institutions that shape and regulate economic activity at corporate, sector and economy levels. Its promotion is a key element in delivering EBRD's distinct development and transition mandate in countries where it operates.

The Bank's first **Economic Governance Strategy**, currently under preparation, will be an important milestone which builds on the Bank's long-standing work in this area. It reflects shareholders' desire to promote economic governance as one of the Bank's strategic themes for the SCF2026-30 period. The strategy aims to improve economic governance by fostering competitive markets across EBRD's countries of operations through collaboration with public and private sectors, supported by sound institutional frameworks and policies. The Bank will facilitate creation or protection of effective market economies by supporting:

- Well-managed and innovative private enterprises and financial institutions that are domestically and internationally competitive.
- Well-managed public sector enterprises and financial institutions that fulfil their public mandates in the context of competitive markets.
- Well-governed institutions that create and enable a policy environment conducive to economic growth and investment.

The EBRD is introducing a systematic approach to promote sound economic governance at client and policy levels. Starting in 2026, EBRD operations will be screened for economic governance potential and, where meaningful and viable opportunities are identified, the Bank will design and deliver context-specific engagements with transformative potential, linked into longer-term policy reform agendas. In select areas where the Bank identifies material economic governance reform potential and client commitment, the Bank will also develop **Sector Reform Roadmaps (SRR)** as a management tool to deepen the impact of its activities through long term engagement with clients, policy makers and other partners.

The Bank will combine advisory, capacity building and policy reform support with investments to implement a distinctive approach and ensure governance reforms are leveraged by investments. National and sectoral policy reform dialogue will be implemented with other support to create an enabling environment for investment and private sector development.

In covering both public and private sectors, the focus in the near term will be on deepening the impact of what it already does rather than expanding the breadth of its activities. This aligns with an economic governance roadmap approach. For the first year of implementation, **a corporate scorecard target of a 65 per cent share of state sector projects with an economic governance component** is being established,[12] to be piloted in 2026 and then the methodology will be reviewed and adjusted as necessary. Key policy dialogue, capacity building and reform support measures will be reported through case studies and the Bank's annual Impact Report.

The Bank's focus on economic governance will significantly benefit its clients and countries. Private sector clients will have better access to finance and markets, enabling them to compete and grow. Public sector clients will see improved institutional performance, allowing them to deliver quality services and recover costs more effectively. This will have the potential to reduce the fiscal burden on government finances and increase access to commercial financing and public private partnership arrangements. Partner governments will benefit from stronger public institutions, enabling them to design and implement effective policy reforms, increase trade, attract investment and implement

[12] The definition of the state sector for the purpose of the scorecard target includes national and local governments, their agencies, and enterprises owned or controlled by any of them. It includes any state-owned enterprise implementing a programme to achieve private ownership and control but excludes loans to a state-owned financial intermediary for on-lending to the private sector.

complex public infrastructure projects more efficiently.

3.1.3 Green Transition

The Bank supports open, market-oriented economies that deliver green transition by reducing greenhouse gas emissions, deal with the impacts of climate change and restore nature. Green transition is consistent with building competitive markets and strengthening economic resilience, for example by preparing for future shocks and enhancing energy and food security.

Advancing the green transition is a priority for the Bank’s countries of operations, which overall are more emission intensive than average, and where demand for EBRD support is increasing as many countries are seeing an acceleration in climate change, air and water pollution and nature degradation.

To harness momentum towards the green transition, the Bank's countries of operations must raise investment significantly to address extensive market failures and severe environmental stresses. This will need to be complemented by deep-rooted policy reform and an integrated approach to climate mitigation, adaptation and nature.

The Bank's longstanding work to deliver green transition has made it the leading green finance provider in its regions, underpinned by an intimate knowledge of investment needs, policy and the market environment. Meanwhile, technological advances have made renewable energy the most cost-effective source of energy supply in many countries.

Responding to the needs and demands of clients, the Bank will continue to build on recent achievements in delivering green transition:

- **Green finance.** The Bank's green finance commitments have exceeded 50 per cent of ABI since 2021, with a record €9.7 billion of green finance delivered in 2024, accompanied by levels of direct and indirect private capital mobilisation totalling €18.3 billion. Green finance ABI in 2025 was approaching €6 billion by end-September.
- **Paris alignment determination.** EBRD operations have supported the goals of the Paris Agreement, to which all countries of operations are signatories, since the end of 2022. Every Bank investment is screened to be consistent with the mitigation and adaptation goals of the Agreement. This has allowed the Bank to identify adaptation needs and related commercial opportunities. In 2024 this contributed to both record adaptation finance commitments (€1.1 billion) and number of projects with a climate resilience component (88). Comparable figures by end-September 2025 were €0.5 billion ABI and 61 projects.
- **Policy support.** The Bank has created enabling frameworks that attract private-sector investment. For example, the EBRD has supported renewable energy auctions for 7.5 GW of generation capacity in eight countries (Albania, Azerbaijan, Bulgaria, Kazakhstan, Moldova, Romania, Serbia and Uzbekistan), with a further 4 GW in the pipeline in these countries and others (Moldova, Montenegro and North Macedonia).
- **Country platforms**. Towards the end of 2024, the EBRD supported the launch of the Türkiye Industrial Decarbonisation Investment Platform in a significant step towards achieving the country’s net-zero goal. This followed earlier platforms such as the Just Energy Transition Investment Platform (JETIP) in North Macedonia and energy pillar of Egypt’s Nexus on Water, Food and Energy (NWFE).
- **Green Cities**. Investment and policy reform under the Green Cities programme brought forward 13 new projects under the programme in 2024, taking cumulative Green Cities investment to €2.8 billion, and benefitting an estimated 76 million citizens across the 54 participating municipalities.
- **Capital market instruments.** The Bank has expanded its participation in the market for green, social and sustainability-linked bonds and other green capital market instruments, and in 2024 supported around €1.4 billion of new investments in 42 transactions. Momentum continued into 2025 with the Bank signing a €300 million sustainability-linked loan with ONEE in Morocco – the first in the region’s energy sector – which will improve their financial resilience and introduce ambitious climate-related goals.

Detailed operational, finance and activity targets are being established in a new Green Economy

Transition (GET) 2030 Strategy due to be finalised by the end of 2025. The Bank's ambition to scale up activities, strengthen impact and build the market conditions for green investment will be advanced through two mutually reinforcing areas that facilitate systemic change through investments, advice designed to transform client business models and policy reforms:

- **Scaling financial flows** to match country demand through own account green finance and resources mobilised by the private sector. Under the proposed GET 2030 Strategy, currently undergoing public consultations, the Bank sets a goal of cumulative green financing of at least €150 billion during the SCF2026-30 period. To achieve this, the Bank will **maintain its commitment of at least 50 per cent of ABI being GET finance.** In addition, the Bank will increase the number of projects with an adaptation finance component by at least 50 per cent relative to SCF2021-25, triple renewable energy capacity financed by Bank projects (to 35 GW) and increase the number of cities covered by urban-related green transition strategies and plans by 25 per cent. It will also explore new opportunities to generate nature investments by making systematic assessments of nature and biodiversity conditions.
- **Improving the quality of finance** by adopting an integrated approach to policy engagement and financing in six core areas: energy, industrial, agri-food, transport, urban and financial intermediation. Progress will be linked to specific goals with regular monitoring and reporting. Donor resources, including through global vertical funds, will help overcome barriers to green investment. These areas have been chosen as they are especially relevant to scale of the green investment challenge in countries of operations and the Bank's operating model.

Implementation of the GET 2030 Strategy will require additional technical expertise in many areas, including among banking staff, and extensive in-country engagement. The Bank will simplify internal green transition processes through expanding its risk-based approach, focusing resources and due diligence activities on interventions associated with environmental risks or high transition impact. Using digitalised IT infrastructure, replicable models and framework approaches costs will be reduced and save time, ultimately improving the experience of the Bank's clients while engaging with the EBRD.

3.1.4 Human Capital and Equality of Opportunity for all

Building sustainable market economies demands the full empowerment and engagement of their populations. However, according to the World Bank only 62 per cent of human capital potential is currently realised in EBRD regions, well below advanced comparator economies.[13] Failing to unlock this potential hinders growth and resilience and limits the chance to fully embrace the abilities and aspirations of underserved groups, particularly women and young people, who face disproportionate barriers to economic participation.

The EBRD achieved significant results in supporting human capital and gender equality during the SCF2021-25 period, with the annual number of projects signed with 'inclusive transition impact' doubling from 2021 to 26 per cent of all projects in 2025 (as measured over the first three quarters of the year), while the number of Gender SMART projects increased threefold over the same period to stand at 44 per cent of all projects in 2025 (also measured over the first three quarters of the year). Behind this growth were factors such as the war on Ukraine, the Armenian refugee crisis and earthquakes in Morocco and Türkiye, which emphasised the centrality of human capital in the Bank's crisis response across its regions.

The Bank has also worked on climate change initiatives, such as Just Transition plans in countries like North Macedonia and Egypt, to protect workers, communities and regions from stranded skills and livelihoods as they transition to a green economy. Similarly, by promoting responsible approaches to AI and digital technologies, and equipping people with the skills and access to digital infrastructure, the EBRD is addressing growing human capital demands caused by technological change, a key factor in ensuring an inclusive digital transition.

[13] See 'Human Capital Index', World Bank (2020).

The Bank has prioritised improving access to finance, with the expansion of Women in Business programmes (amounting to more than €1.3 billion by H1 2025), and integrating gender measures into the Green Economy Financing Facility.

The SCF2026-30 highlighted the importance of human capital development and equality of opportunity for all in EBRD regions. In response, a new strategy in preparation builds on insights gained from the two predecessor strategies, the Equality of Opportunity Strategy (EOS 2021-2025) and the Strategy for the Promotion of Gender Equality (SPGE 2021-2025),[14] and aims to deepen the impact of EBRD's interventions by addressing the challenges faced by clients as employers, providers of goods and services and procurers.

Priority areas under the new strategy include:

- Preserving human capital by sustaining and expanding ongoing support as part of the Bank's Ukraine response.
- Operational agility by readying the Bank to deal with evolving situations such as war, crisis and fragility.
- Enhanced synergies between SCF priorities and enablers, with a focus on green and digital skills and just transition.
- Establishing a robust operational offer in new EBRD countries in SSA and Iraq.
- Improved monitoring, reporting and results management, including through dedicated resources for impact measurement and outcome-based indicators.
- Investing in institutional capacity to improve EBRD-wide learning culture and facilitate gender mainstreaming.

Advancing gender equality will remain a central commitment. The Bank will support women's economic empowerment by ensuring that **at least 40 per cent of projects annually involve interventions aligned with the Gender SMART process**. Gender SMART 2.0, an updated version of the gender mainstreaming framework, introduces a structured 'women's empowerment journey' tailored to client maturity. It strengthens capacity building, simplifies design tools and enhances outcome-level monitoring. Investments in the Bank's internal capacity and expertise through the Gender Academy, the Gender Champions Network and knowledge platforms will also be extended to clients.

3.2 Enablers

3.2.1 Digital Technology

The SCF2026-30 identified the development and deployment of digital technology as a strategic enabler to widen and deepen the scope of the Bank's impact by unlocking new pathways for economic transition in countries of operations and improving their transition qualities.

The EBRD Digital Approach 2021-25 mainstreamed digitalisation across the Bank's operations, helping to establish foundations of the digital economy and adapt digital technologies in various sectors to enhance innovation. It was underpinned by a focus on cybersecurity. Since its implementation, the Bank has delivered tangible results through new digital initiatives that combine investment, policy engagement and advisory support. EBRD-supported investments in 2024 alone are believed to have improved digital coverage for 4.1 million people and enhanced connectivity for 676,000 individuals.

In keeping with SCF2026-30, the Bank has developed a new **Digital Approach 2026-30** that builds on the previous architecture and seeks to harness digital technology as a strategic enabler of systemic impact. To achieve this goal, the Bank will prioritise three areas to build competitive and resilient digital systems:

- Investment to drive digitalisation across sectors and economies.
- Strengthened digital awareness, skills and expertise.
- Promotion of good digital governance at national and client level.

In addition, as a cross-cutting priority, the Bank will take measures to ensure digital transformation is safe, responsible and cybersecure.

To meet these objectives and strengthen their impact, the Bank plans to enhance its partnerships with donors and peer institutions and improve delivery mechanisms. The Digital

[14] https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/gender---economic-inclusion/hceo/ebrd-equality-of-opportunity-2021-25.pdf and https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/gender---economic-inclusion/gender-equality/ebrd-promotion-of-gender-equality-2021-25.pdf

Hub will continue to act as a central platform for coordinating and amplifying digital initiatives across the Bank, while fostering knowledge sharing and measuring impact.

3.2.2 Mobilisation

The mobilisation and effective deployment of private capital for development purposes magnifies EBRD's impact and its ability to achieve systemic change. By mobilising capital from other investors, both domestic and foreign, the EBRD can increase the finance available for its clients, expand private sector participation in countries where it operates and thereby support the creation and expansion of new markets.

EBRD develops markets to make them investable for private sponsors and lenders. The Bank mobilises private capital directly through sales, risk-transfers and advisory work and indirectly via own account investment where there is no auditable evidence of active and direct mobilisation.

The EBRD's first Mobilisation Approach introduced a comprehensive framework for the mobilisation of third-party capital and set an ambition to double the level of Annual Mobilised Investment (AMI) to at least €2 billion by the end of the SCF2021-25 period. This was exceeded substantially in 2024, with AMI reaching €4.8 billion, and is on course to do so again in 2025 with AMI at €3.9 billion by end-September 2025.

The Bank is currently developing the next iteration of its Mobilisation Approach, MA2030, aligned with the ambitions set out in SCF2026-20. MA2030 will involve three interrelated trends:

- Greater use of programmatic and platform-based mobilisation to access the large liquidity pool of private institutional investors.
- Embracing the emergence of 'originate to share' operating models to adapt and increase distribution and mobilisation capabilities over time.
- Exploiting linkages between policy reforms and mobilisation more intensively.

Enhancing the Bank's mobilisation toolkit creates opportunities to work with new investors and scale mobilisation. Innovation and deployment of new mobilisation products is ongoing, focusing on portfolio-based and programmatic instruments which offer diversified and scalable investment opportunities.

In particular, the Bank is progressing towards an inaugural Significant Risk Transfer issuance in early 2026 and evaluating the development of a B loan debt fund which would raise capital from institutional investors with pre-specified investment criteria, supporting larger originations and streamlining sourcing, approval and execution. The Bank is also growing its advisory activities on mobilisation and will soon sign its first programmatic insurer framework, which is expected to mobilise €150 million of insurer capacity on a similar basis as the B loan fund.

From 2026, while both public and private AMI will be tracked and reported to the Board, only private AMI will count towards the corporate scorecard. The current definition of AMI is shown in Annex 2. The Bank's ambition under MA2030 is for private sector AMI to exceed €5 billion annually by 2030, starting with a **private sector AMI target of €4 billion in 2026**. In parallel, as per the goal of the proposed GET 2030 Strategy referred to above, it is intended that mobilised green finance together with EBRD own account GET investment will amount cumulatively to at least €150 billion over the SCF2026-30 period.

The EBRD delivered €22 billion of Private Indirect Mobilisation (PIM), the harmonised MDB indicator, in 2024, of which €16.6 billion was estimated as GET PIM. Comparable figures at end-September 2025 were €13.0 billion and €10.0 billion respectively.

AMI closely mirrors joint-MDB mobilisation definitions, which are agreed by the MDB Task Force on Mobilisation. These definitions are currently under review, with revised guidelines expected to be published by the end of 2025.

3.3 Expansion into sub-Saharan Africa and Iraq

While Ukraine remains the overarching priority, there has been significant progress in the EBRD's expansion into sub-Saharan Africa (SSA) and Iraq. The Bank's presence illustrates the importance the region holds for the international community's geopolitical and development priorities, the growing links between these countries and the Bank's current countries of operations, and the relevance of its mandate, business model and competencies in this region.

In preparation for the start of operations, management has undertaken technical assessment missions to identify transition challenges, operational priorities and investment opportunities that are aligned with national priorities and the Bank's strategic direction. This structured approach is based on an analysis of transition qualities, economic and political factors, complementarities with other IFIs and donor funding requirements. The SCF2026-30 priorities of green transition, financial and economic inclusion and governance are highly relevant to these countries, and donor support is crucial.

Transition gaps in SSA countries and Iraq are large. There are many investment opportunities and untapped areas, including in mining and critical minerals, renewables, local currency, trade and SME financing, agriculture value chains, digitalisation and more. The Bank is developing a healthy project pipeline, leveraging its private-sector-led business model and demand-driven approach. Early engagements show a strong demand for EBRD products across sectors, notably in:

- SME and trade finance, where there is scope to develop financial intermediaries' lending skills and capacity.
- Enhancing productivity, value chain integration and digital transformation.
- Support for green transition, enhanced private sector participation and finance for key municipal infrastructure.

The Bank plans to support clients from existing countries of operations seeking investment opportunities in SSA countries and Iraq, as well as fill financing gaps for priority projects led by other IFIs and DFIs. The Bank will collaborate closely with these institutions to maximise impact and mitigate risk, learn from their experiences, co-finance investments and work together on policy reforms, project preparation and technical assistance.

The EBRD's transition mandate and business model is particularly valuable in SSA countries and Iraq due to the Bank's:

- Deep knowledge of countries in transition, founded on a strong and locally staffed presence.
- Ability to combine policy work, technical assistance and finance for project preparation.
- Strong capacity to support capital market development and access to local currency financing.
- Demonstrated ability to design, structure and manage small projects. More than half of EBRD projects have a value of less than €10 million whereas existing development actors favour investments over €20 million.
- Wide range of SME support instruments, including advisory services, which are vital in these economies.

The initial investment in staff and non-staff resources is significant, driven by opening of resident offices, mobilising local talent, understanding local conditions and creating an enabling environment for investment operations. This includes legal and integrity work, market mapping and project preparation to unlock bankable private sector investments and priority projects.

ABI in this new EBRD region is projected to exceed €1 billion by 2027 (see section 3.8) and be more than €1.8 billion by 2030.

3.4 Supporting Least Advanced Economies

The SCF2026–30 proposed a targeted approach to supporting countries least advanced in transition, which face the most significant structural and institutional challenges in EBRD regions. These countries typically have large transition gaps, weak governance, limited private sector development and fragile institutional frameworks.

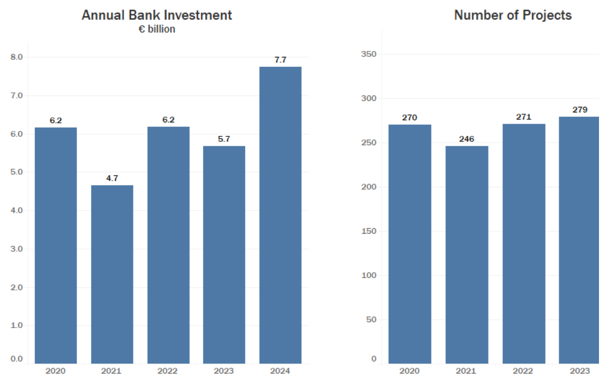
The least advanced transition countries (LACs) grouping covers all countries of operations outside the EU and Türkiye. It is defined based on the EBRD's 2024 Assessment of Transition Qualities (ATQs),[15] and includes all economies with transition quality rankings equivalent to or below Montenegro. Given its strategic importance, for the purpose of scorecard target setting, Ukraine is excluded from LACs and dealt with separately. The narrower historical Early Transition Country (ETC) label is discontinued, as it lost its relevance in light of the Bank's

[15] See Annex 3. Strategic and Capital Framework 2026-30.

geographical expansion, as well as geopolitical and economic developments in the recent years.

The least advanced transition countries are at the centre of the Bank's operations, with 15 of the 18 countries where EBRD investment as a share of GDP is highest falling within this group. In the past three years, annual activity in LACs averaged around €6.5 billion and 300 projects, representing 45 per cent of the Bank's total ABI and over 60 per cent by number of projects. Figure 3.1 also shows a record level of investment and new projects for this set of countries achieved in 2024. Activity to date in 2025 is showing an equally strong trend.

Figure 3.1 Annual activity in Least Advanced Countries 2020-2024



The Bank will enhance delivery in LACs in 2026 by strategically allocating resources and operational support, including deploying staff to resident offices and expanding local currency financing options. It will invest in financial institutions, infrastructure and SMEs, engage with policymakers to strengthen governance and the business climate, and use donor resources to address market failures and for crisis response. Country-specific strategies will reflect transition gaps, reform willingness, investment opportunities and complementarity with other development institutions.

The Review of the Corporate Scorecard, approved in July 2025,[16] introduced specific objectives for ABI and the number of projects signed in LACs. The shift to quantitative scorecard metrics targeting a specific minimum level of activity (rather than a share) reinforces the Bank's commitment to deliver strong regional support without constraining impact delivery in other regions.

Through increased investment and policy activity, the Bank aims to catalyse systemic reforms and enhance transition impact in all least advanced transition countries. Progress will be monitored through structured impact assessments and annual reporting, including in the corporate scorecard, ensuring accountability and transparency in delivery.

3.5 The Role of Donors

3.5.1 Donor funds

Donor funds are a key financing source for the EBRD, enabling the Bank to sign record-breaking volumes of investment, deliver its strategic priorities and respond to crises. The value of donor funds (including allocations of the Bank's own net income to donor related purposes) to the Bank's business is seen in annual inflows averaging €1.7 billion in the past four years, an active donor funds' portfolio of some €6 billion, and donor support for two-thirds of active investment projects and nearly all policy reform and advisory work.

The Bank will secure additional donor resources for its transition mandate in 2026 and SCF2026-30 period, driven by the objectives of the new donor strategy (see Box 3.1).[17] The strategy aims to position the Bank as the 'partner of choice' for donors supporting economic transition and private sector development in its countries of operations. 2026 will be the first year of its implementation. The Bank will continue to cultivate donor relationships in a challenging international cooperation environment. Next year will also see the first deployment of the reformed SSF, with a paper set for Board approval later in 2025.

3.5.1 Donor resources and their uses

Access to grants and concessional finance plays an important role in the Bank's operations, especially in less advanced countries and sectors such as sustainable infrastructure, a factor that is compounded by volatile geopolitical and macroeconomic circumstances. Slow growth and high interest rates are affecting borrowers

[16] SCF2026-30 – 'Review of the Corporate Scorecard'.
[17] To be approved in late 2025.

and clients, stretching their ability to repay debt. Development aid budgets are tightening, donor priorities are shifting and there may be less headroom in the coming years for donor countries to support the Bank and other IFIs through donor funds, particularly via grants. A close partnership with donors is essential for the EBRD's 2026 business plan, transition objectives and success of the new donor strategy. The Bank will work with donors to ensure that their funding can be used flexibly across sectors and regions over multiple years.

In the current tight fiscal environment, it is incumbent on the Bank to use donor funds efficiently and prioritise areas of greatest need, tailored to the transition challenges faced by each country and sector. Greater use of concessional instruments such as loans and guarantees may lead to a rise in donor funds intensity (donor funds/ABI). However, better targeting and careful use of donor resources should result in lower levels of concessionality.

Overall, EBRD's teams have estimated needs of around €3 billion of concessional finance and technical cooperation (TC) grants to effectively support the Bank's projects in 2026, of which €1.2 billion is for unfunded guarantees. The estimates shown in Table 3.1 include support for initial preparations and new operations in sub-Saharan Africa and Iraq, along with the Bank's important work in Ukraine.

Table 3.1 Estimated Use of Donor Funds in 2026 (including SSF)

Financial instrument	€ million
Concessional finance	
Concessional loans	519
Risk-sharing, including guarantees	1,215
Grants (incl. capex and incentives)	888
Concessional finance total	2,622
Technical cooperation	413
Total	**3,035**

To make a good start under SCF2026-30, build investment volumes and deepen impact, the Bank's projects will need guarantees to mitigate most acute effects of the on-going crisis in Ukraine (see below), enable continued delivery in SEMED (€0.1 billion) and support the launch of operations in SSA (€0.3 billion). On sectoral basis, projects in sustainable infrastructure alone are expected to require around €1.9 billion in donor support. Currently available donor funds are below these requirements in 2026, highlighting the Bank's continuing need to access important donor funds and SSF resources.

Donors are pivoting away from grants towards unfunded guarantees. This is likely to leave a shortfall in grant instruments. Although the Bank has a solid pipeline of potential new donor contributions, their timing and access modalities are uncertain. Against this background, the SSF remains a vital tool for supporting specific regions

Box 3.2 The EBRD Donor Strategy 2026-30

The launch of SCF2026-30, in the context of a world facing multiple challenges, marked the need for a new direction in the Bank's relationship with donors. The EBRD Donor Strategy 2026-30 aims to establish a mutually beneficial partnership with donors over the next five years that reinforces the Bank's strategic priorities and creates an effective operating model for donor relations and support. The Strategy is guided by the vision of the EBRD remaining the 'partner of choice' for donors and development actors, delivering transition impact for clients and countries, leveraging donor funds, mobilising private capital, and managing donor resources with agility and effectiveness.

The Strategy's four core objectives support:(i) implementation of SCF2026-30 objectives through donor-supported policy work, investments and capacity building; (ii) continued help for Ukraine and other crisis countries; (iii) expansion into sub-Saharan Africa and Iraq; and (iv) scaling up private capital mobilisation. Priority areas for donor funds will be based on likely future demands from user teams and various sector strategies, and in response to the strategic evolution of the EBRD over the coming years.

The Strategy will be implemented via three pillars:

- Sourcing funds more widely, including from a broader range of partners, to raise funding in a radically changed development finance landscape.
- Using available donor resources better to maximise impact.
- Organising the business internally for effective and agile delivery.

Tracking indicators under the strategy, aligned with SCF priorities, will be reported annually to the Board.

and instruments in an efficient and flexible manner. The proposed SSF workplan for 2026 is €233 million (including existing reflows), with a request for a new net income allocation of €195 million.

Ukraine

The Bank's work continues to deliver in Ukraine thanks to the strong and steady support from donor partners. Donor funds will be crucial to address residual bankability constraints and mitigate risk in high-impact projects, channelling grants and concessional instruments to enhance the impact of projects beyond what EBRD can deliver through its own-account financing. In total, €0.9 billion of concessional finance and TC grants will be needed to support clients and enable the planned ABI in Ukraine of €1.8 billion in 2026.

Risk-sharing instruments, such as guarantees, will continue to be the most important donor funded tools (€0.5 billion), providing vital risk coverage for EBRD clients - either directly to corporates or via financial institutions. Capital investment grants of €0.3 billion will support public sector clients for emergency liquidity financing needed to address substantial infrastructure damage and maintain energy supply. Concessional loans of €49 million will be required to support projects in sustainable infrastructure (€37 million), financial institutions (€7.5 million) and corporate sectors (€4.5 million); while important policy work such as legal reform for SOEs, anti-corruption efforts and support for Ukraine's EU accession process will make use of TC grants of €45 million.

3.5.2 Donor fund management fees

The Bank manages over 275 funds on behalf of donors, for which it receives income and incurs costs. Whereas the costs are incurred over a long period (the life of the fund), the income is received mainly up front. Based on the applicable accounting principles, the Bank each year releases an amount of fees to cover the anticipated costs to be incurred in that year.

In line with the Bank's donor fee policy, the following key principles are applied when planning for the use of these fees:

- Relevance. Resources and costs covered from donor fund management fees should be relevant for donor activities. They must be related to and generated by projects implemented, or facilities managed, by the EBRD.
- Eligibility. Agreed resources and costs must meet the eligibility criteria of donors.
- Time-bound. Since fees are received in connection with donor funds/projects that follow a specific timeline, all costs covered by the fees must be time-bound.

As part of the annual business planning process, teams needing donor funds are invited to request access to donor fees, which are assessed against the above criteria and prioritised on the basis of business needs and annual fee availability, as determined by the Bank's fee income release model. This model uses assumptions which are subject to some uncertainty leading to some volatility in annual fee releases. The release for 2026 is set at £23.9 million.

Given the need for the Bank to deliver on its core priorities, including support for Ukraine and the green economy transition, and with a profit recorded on this line in previous years, the Bank plans to run a deficit in 2026, with expenses exceeding income by £1.7 million. This partially offsets the substantial surpluses recorded in 2022 and 2023. See Table 3.2.

Of the total fee budget for 2026, over 85 per cent will cover the costs of existing staff (including extensions to positions) and ongoing non-staff costs, such as audit fees, bank charges and some costs related to communications. The remainder of the budget will be spent on:

- A limited number of new fee-funded staff positions, covering high priority needs to

Table 3.2 Donor Fees 2022 – 2026 (£ million)

	2022 Actual	2023 Actual	2024 Actual	2025 Estimate	2026 Estimate
Income	17.9	26.0	19.7	25.0	23.9
Expenses	12.8	17.2	20.0	22.9	25.6
Net impact	5.1	8.8	(0.3)	2.1	(1.7)

support the Bank's work on sustainable infrastructure, climate and blended finance and resources to address the greater complexity of administering new instruments such as unfunded guarantees.

- Non-staff costs related to important internal functions such as legal counsel, reporting and donor communications.

3.6 Operational Effectiveness

3.6.1 The Transformation Agenda

The Bank's Multi-Year Investment Plan (MYIP), approved in 2020 with a capital budget of £204 million, is delivering significant operational and financial benefits and is a pre-requisite to support the Bank's growth ambition as outlined in SCF2026-30. Portfolio activity under the Transformation Agenda reached a peak in 2025 with 31 concurrent projects implementing a host of technology upgrades and improvements across multiple business areas. By H1 2025, some 80 per cent of the budget had been approved and 60 per cent spent.

In 2025, the EBRD achieved notable milestones such as launching a new website and digital travel expense system, improved client screening and implementation of critical cybersecurity upgrades, resulting in lower cybersecurity and technology risk profiles, enhanced operational efficiency and reduced workload pressures. Initiatives this year have generated over £8 million of new financial benefits to the Bank, bringing the total to more than £30 million to date.

The transformation agenda is being delivered in four phases:

Phase 1. Fixing outdated systems through essential technology, including leveraging the move to the new HQ

- This foundational phase is nearly complete, with the move to Bank Street HQ, two new data centres and infrastructure upgrades in place. A new corporate website and intranet, underpinned by an improved content management system, were introduced and a suite of next generation cybersecurity upgrades completed.
- The phase has been extended into 2026 to improve cloud access security and finish critical upgrades in Resident Offices.

Phase 2. Investing in client-centric initiatives and frontline functions

- This phase focuses on business processes from origination to portfolio services across investment and policy activities. 2025 saw the third round of upgrades to Monarch, the Bank's proprietary digital platform for investment projects, including green assessments, a new client screening tool and reforms to donor fund administration.
- Priorities for next year include upgrading the Bank's impact assessment framework, developing a new small business advice platform and strengthening systems that underpin the Bank's environment and social capabilities.

Phase 3. Future proofing corporate processes and platforms

- Compass, a major transformation initiative spanning Finance, Treasury, Operations, Procurement and HROD, has begun to deliver with the rollout of Concur, the Bank's new expense management application for all staff. This will save time by simplifying processes and reduce manual effort.
- Priorities for 2026 include the deployment of a new enterprise resource planning (ERP) system, payroll and HR self-service solutions and a new legal case management capability.

Phase 4. Innovation through digital propositions, collaboration and knowledge management

- The goal of this phase is to strengthen the Bank's interactions with its clients and partners and improve their experience with the EBRD. The first projects under this phase commenced in 2025 with work on modernising client-led procurement and laying the foundation for AI implementation.
- In 2026, the Bank aims to deliver AI solutions securely to improve productivity, examine its approach to client interactions and manage information flows more strategically.

The Bank's Transformation Agenda is raising efficiency and resilience, helping the Bank meet its strategic objectives. Further implementation of MYIP through 2027 is expected with completion due in the SCF2026-30 period. Its legacy will be secured by harnessing the potential of technology to foster innovation and drive efficiency, underpinned by in-house technology expertise.

3.6.2 Operational Sustainability

The Bank's operational effectiveness depends on the strength of its systems, processes and people. Continued investment in this foundation is essential for growth and resilience against disruptions, with management of material risks regarded as a core business priority by several stakeholders. A structured operational risk framework, performance tracking and accountability in senior management processes supports these efforts.

The Bank is committed to enhancing efficiency, resilience and agility through investment in processes and systems (while also reducing risk), addressing challenges both locally and across departments. Recent initiatives have strengthened resilience, modernised core systems and advanced cybersecurity. Nonetheless, sustained efforts are needed to resolve existing risks and pressures, particularly in relation to manual remediation and workaround activities.

Key areas include:

- **Cyber and Information Security risk**. The EBRD is facing increasing frequency and sophistication of cybersecurity and information security threats, including those emerging from the evolving AI-driven landscape. Despite improved threat detection, external digital risk monitoring and additional second-line risk identification and remediation activities, the threat landscape continues to develop rapidly making further strengthening of EBRD's cyber and information security capabilities across people, technology and processes essential.
- **Technology risk**. The Bank remains focused on resolving legacy issues and strengthening long-term capability and operational resilience. Modernisation and improvements to infrastructure and core applications are progressing, but a sustainable maintenance framework is needed to support future upgrades and mitigate legacy risks.
- **Process risk.** Several core processes across the Bank require system changes to improve efficiency and meet growing compliance demands. A number of programmes are underway which aim to streamline operations and reduce operational risks arising from legacy systems and manual workarounds.
- **Workload pressures**. Pressures persist due to high transaction volumes, complex manual processes and ongoing transformational change, and are likely to continue with many projects scheduled for delivery in 2026. Proactive measures to cope include forward planning, cross-functional collaboration and regular resourcing reviews. Role coverage and team continuity have helped to maintain operational stability during periods of change.
- **Complexities due to war and geopolitical tensions.** The Ukraine conflict, regional developments in SEMED and other geopolitical tensions are bringing urgency and complexity to the Bank's operations, through restructurings, sanctions compliance and integrity issues. The Bank monitors developments closely in conflict situations and provides physical security for its personnel.
- **Expansion to sub-Saharan Africa and Iraq.** Heads of office have been selected for each of the SSA countries, with technical assessment missions taking place in most countries and early project pipeline assessments under way. Resident Offices are being opened in Benin, Cote d'Ivoire, Nigeria, Kenya and Senegal, with the first local staff expected to start shortly. Resources to cater for the new workload and security environment will be allocated, with additional measures in place for high-risk locations like Iraq and Nigeria.

Solid progress has been made in modernising the Bank's infrastructure and network capabilities and in developing client-focused, frontline and corporate platforms. While there is an improving trend in operational sustainability and less reliance on manual processes risks remain. Continued investment will support this transformation and embed long-term resilience.

3.7 Communicating the Bank's Impact and Sustainability Profile

3.7.1 Impact

A milestone in communicating the EBRD's impact was achieved in 2025 with the release of the Bank's inaugural **Impact Report**,[18] which highlights the results of its work on SCF priorities and financial markets. It also explains the definition and assessment of transition impact. This flagship annual publication presents aggregate impact data in a form accessible to non-specialist audiences and demonstrates how the Bank's activities lead to systemic change.

Future editions will aim to deepen the narrative by:

- Providing clear connections between inputs, outputs, outcomes and impacts through defined theories of change for each transition quality and strategic priority.
- Improvements in data collection and processing, leading to a more comprehensive aggregation and complete picture of results.
- Increasing the focus on lessons learned through dedicated impact assessments and analysis of the new Summary Performance Assessments (SPAs), which evaluate the performance of completed operations.

The Bank has prepared impact assessments for initiatives like Green Cities, Women in Business and debt mobilisation that contribute to a stronger understanding of the Bank's work and impact. To advance its analytical capabilities, the Bank is developing new methodologies and tools to support investments such as the Urban Sustainability Index and Affordable Housing Index, applied to the infrastructure and housing sectors respectively. The Bank will reinforce its impact through economic complexity analysis to meet country specific needs and update its approach to the resilience quality to encompass fragility and climate adaptation.

Collaborations are underway with space agencies like NASA and ESA to leverage earth observation data for tracking investment results. Moreover, the Bank is exploring artificial intelligence tools and foresight methodologies to generate fresh insights, with ongoing analysis of supply chain finance and clean hydrogen helping to shape sector strategies.

The revamped Transition Objectives Measurement System (TOMS) will be implemented to ensure alignment with best practices in impact management, featuring updated theories of change for the six transition qualities, and revised indicators for improved results reporting in the future The system for producing impact assessments and project monitoring and reporting (including on systemic impacts) is also being updated. These advances will improve the Bank's ability to monitor and assess systemic impacts effectively, contributing to lessons identification and continuous project improvement.

3.7.2 Sustainability Risks and Opportunities (ISSB)

In September 2025 the Bank published its sustainability disclosures that fully comply with International Sustainability Standards Board (ISSB) standards.

These new disclosures expand on the Bank's previous climate reporting, covering its governance, strategy, risk management and performance metrics. The ISSB Report is a major step forward in the Bank's sustainability journey, increasing transparency regarding its climate-related financial risks and opportunities.

This report also incorporates the Bank's first materiality assessment under the ISSB, reflecting the growing importance of integrating climate-related risks and opportunities into strategic decision-making and considering the potential financial impact on the Bank's prospects. The EBRD has thus strengthened the connection between climate-related risks/opportunities and their financial consequences, and is developing a more holistic approach to climate risk management

With EBRD being the first MDB having published the ISSB report, it demonstrates the Bank's leadership in driving the MDB's agenda when it comes to climate-related financial disclosures.

For the 2025 ISSB Report, it is intended to take the next step by moving from external 'assurance' of limited scope to an external audit with the full ISSB scope, disclosing information

[18] Impact Report, 2025.

Table 3.3 Number of Projects and Annual Bank Investment 2024-2028 (€ billion at plan rate €/$1.15)

	2024 Actual	2025 Business Plan	2026 Projected	2027 Projected	2028 Projected
Annual Bank Investment	16.0	14.0-15.0	16.0–17.0	17.5	18.0
Number of Projects	584	430 - 480	Up to 580	up to 600	up to 640

on all sustainability-related risks and opportunities.

3.8 The Pace and Pattern of Investment Activity

This section presents the Bank's projected activity and portfolio for the period 2026 to 2028 in line with its operating principles and the strategic directions set out in SCF2026-30.

The value of the dollar relative to the euro has declined by more than 10 per cent since the end of 2024, from €/$1.035 to €/$1.17 by end-September 2025, reducing the value of the Bank's dollar-denominated assets reported in euros significantly. To reflect the new situation, the Bank's internal planning rate has been adjusted from €/$1.05 to €/$1.15 for the SIP period. All values in this section, including historical values, use this updated planning rate.

Demand for the Bank's financing across its regions of operations has risen substantially, with ABI increasing by more than 50 per cent in the past three years. In 2024, the volume and number of investment projects signed reached a record €16.5 billion and 584 projects, driven by continuing support for Ukraine and other countries affected by the conflict and sustainable infrastructure projects across all regions of operations. This trend continued in 2025 with investment volume close to €11 billion for more than 410 projects by the end of September, 20 per cent and 10 per cent higher respectively than the same period in 2024. Both ABI and the number of projects are expected to be well above the 2025 business plan and may surpass the 2024 level.

Projected levels of activity for the period 2026 to 2028 take account of the economic challenges and financial environment faced by countries of operations (see chapter 1) and an assessment of business opportunities in line with the EBRD's strategic objectives. Planned investment for 2026 and beyond assumes significant continuing support to Ukraine, a gradual expansion of business in sub-Saharan Africa and Iraq, and termination of the Bank's mandate in Greece. The Bank will continue to respond to client demands across all EBRD regions and will focus specifically on least advanced countries. **For 2026, ABI is projected in a range of up to €17 billion**, rising to €17.5 billion in 2027 and €18.0 billion in 2028 (Table 3.3). These projections are based on the following assumptions:

- Annual volume in Ukraine of around €1.8 billion in 2026 but rising towards €2.4 billion in 2027 and €3.0 billion in 2028, in line with volumes anticipated in the GCI paper[19], with the pace of growth dictated by reconstruction needs.
- The Bank began operations in the sub-Saharan Africa region in 2025. It is expected that the volume of activity in this region will rise to €0.5 billion in 2026.
- The equity share of ABI returns gradually to pre-crisis levels of around 6 per cent over the SIP period, reflecting ongoing economic pressures and limited investment opportunities in EBRD regions.
- Sovereign lending of around 18 per cent of ABI, similar to the average between 2022 to 2024 (18 per cent) and in line with a private share ABI objective of 75 per cent.
- An ABI share of trade facilitation at around 15 per cent, echoing recent strong delivery and reflecting the importance of this instrument in delivering trade support across the Bank's regions.

Table 3.4 Annual Disbursements 2024-2028 (€ billion at plan rate €/$1.15)

	2024 Actual	2025 Business Plan	2026 Projected	2027 Projected	2028 Projected
Disbursements	10.3	9.0-10.0	10.0-11.0	up to 11.5	Up to 12.5

[19] 'Report of the Board of Directors to the Board of Governors: Proposal for a paid-in Capital Increase'.

Table 3.5 Portfolio Reflows 2024-2028 (€ billion at plan rate €/$1.15)

	2024 Actual	2025 Estimated	2026 Projected	2027 Projected	2028 Projected
Portfolio Reflows	8.4	8.8	up to 9.0	up to 10.8	Up to 11.4

- The development of the Bank's portfolio and operating assets is driven by a range of parameters, including ABI and disbursements on the inflow side and portfolio reflows (repayments, pre-payments, divestments and cancellations) on the outflow side.

Annual disbursements reached a record level of €10.3 billion at the revised planning rate in 2024, up from €9.7 billion in 2023. By the end of the third quarter of 2025, annual disbursements had increased by 12 per cent on the same period the previous year. This relative slowdown in the pace of disbursements compared to investment levels reflects a rising share of sustainable infrastructure projects with longer implementation timelines. The share of non-disbursing guarantees in ABI has also increased, from 12 per cent in 2020 to 17 per cent in 2024, exerting downward pressure on annual disbursements. Taking account of these factors and In line with expected investment levels, disbursements are projected to be in a range from €10.0 billion to €11.0 billion in 2026, rising to up to €11.5 billion and €12.5 billion in 2027 and 2028 respectively.

Higher investment activity has resulted in rising levels of operating assets over the past five years. Consequently, portfolio reflows increased steadily during the same period. The Bank's response to the Covid-19 crisis, which led to a substantially higher share of short-term finance in 2020, amplified this trend. Analysis of individual reflow parameters based on actual information (e.g. scheduled repayments on existing operating assets), estimated ratios to operating assets (for prepayments, divestments and write-offs) and cancellations leads to projections of reflows over the SIP period continuing at an average of 15 per cent of the opening portfolio stock (Table 3.5). The following assumptions are used:

- Annual repayments of around 16 per cent of the unimpaired loan operating stock, reflecting the scheduled repayment of the Bank's current assets and expected impact of new signings. At the end of the third quarter 2025, repayments totalled €4.7 billion, broadly similar to the same period in 2024.
- Annual prepayments at 5 per cent of unimpaired loan operating assets. This prudent level reflects the slowdown in prepayments observed in 2023 and 2024 to an annual rate of around 3 to 4 per cent for these two years combined with a strong rebound in 2025 where prepayments totalled €1.1 billion by the end of the third quarter, driven by a few large prepayments in the sustainable infrastructure sector.
- A divestment level of 12 per cent of the opening equity stock. Annual divestments accounted for around 12 per cent of opening equity stock in the past four years and remain broadly constant at this level in 2025 with €0.5 billion already divested by the end of the third quarter of 2025.
- Cancellations at an annual rate of around 5 per cent of undrawn commitments. This is in line with the largely stable rate of cancellations of 5 per cent seen since 2021. At the end of the third quarter of 2025, cancellations amounted to €0.3 billion, a level similar to the same period in 2024.

Based on these projections of annual disbursements, portfolio reflows and investment activity levels, the Bank's portfolio and operating assets are projected to increase by up to 32 per cent and 33 per cent respectively between 2024 and end-2028 (Table 3.6). Taking account of projected portfolio growth, historic trends and the anticipated average project size and projected reflows, the number of active projects in the Bank's portfolio is projected to increase by around

Table 3.6 Portfolio and Operating Assets 2024-2028 (€ billion at plan rate €/$1.15)

	2024 Actual	2025 Estimated	2026 Projected	2027 Projected	2028 Projected
Portfolio	60.3	up to 66.6	up to 71.9	up to 75.8	up to 77.7
Operating Assets	40.9	up to 45.2	up to 49.4	up to 52.0	up to 54.3
Active Portfolio Operations, number	2,455	2,590	2,700.0	2,820.00	2,950

Table 3.7 Development Related Exposure 2024-2028 (€ billion at plan rate €/$1.15)

	2024	2025	2026	2027	2028
	Actual	Estimated	Projected	Projected	Projected
Operating Assets	40.9	up to 45.2	up to 49.4	up to 52.0	up to 54.3
Guarantee Portfolio	3.8	up to 4.2	up to 4.5	up to 4.6	up to 4.8
Development Related Exposure	44.7	up to 49.4	up to 53.9	up to 56.6	up to 59.1

20 per cent over the SIP period from 2,455 at end-2024 to up to 2,950 by the end of 2028.

The revision of the Bank's scorecard, approved in July 2025, introduced a new measure of cost to development related exposure. The denominator of this ratio is defined as the Bank's operating assets plus outstanding guarantee portfolio. Table 3.7 shows the projected development related exposure over the SIP period in line with the portfolio projections above.

The private sector portfolio share increased to 64 per cent at end-2023 (from 62 per cent at end-2022), driven by a focus on private sector operations and a relative shortening of public sector tenors, and has remained broadly constant at this level since. Assuming a continuing 75 per cent share of private sector ABI, the Bank's private sector portfolio share is expected to stabilise at around 65 per cent during the SIP period.

The regional portfolio composition is a function of region-specific activity levels reflecting transition opportunities and the Bank's additionality, product composition, reflow rates and the maturity of the portfolio. Allowing for these factors, illustrative portfolio projections covering the SIP period are presented in Table 3.8, using the Bank's organisational regions. They show that:

- The **Central Asia** portfolio is expected to grow by 23 per cent from €7.5 billion at end-2024 to €9.2 billion at end-2028 reflecting projected activity levels in the region for the remainder of the SIP period.
- The portfolio in **Central Europe and Baltics** is projected to rise to €12.9 billion by 2028, up from €10.7 billion in 2024, following growth of over 50 per cent since end-2021 as a result of increased investment to support countries affected by the war in Ukraine.
- With new activities in Greece ending in 2025, the Bank's portfolio in **Cyprus and Greece** is projected to decrease from €2.4 billion to €1.5 billion by end-2028 reflecting the amortisation of the current exposure.
- A combination of new investment activity and mature assets results in projections of the portfolio in **South-Eastern Europe** reaching €13.4 billion by end-2028.
- The **Southern and Eastern Mediterranean** portfolio is projected to increase by more than one-third from its end-2024 level to reach €12.9 billion by the end of the SIP period.
- Strong activity in the last two years, but also large portfolio reflow pressure, has meant rapid growth in the **Türkiye and Caucasus** portfolio, increasing by 10 per cent in 2024. Solid growth is expected to continue over the SIP period, with a €15.8 billion portfolio projected for end-2028.
- The portfolio in **Ukraine and Moldova** is projected to increase by 58 per cent to €11.4 billion by end-2028. This increase assumes continued Bank's support to Ukraine as set out in the General Capital Increase and reconstruction in Ukraine starting before the end of the SIP period.
- The Bank's portfolio in **Russia** is expected to decrease further over the SIP period as efforts are made to divest the remaining equity assets.

Table 3.8 Indicative Regional Portfolio Composition 2024-2028 (€ billion at plan rate €/$1.15)

Volume	2024 Actual	2025 Estimated (up to)	2026 Projected (up to)	2027 Projected (up to)	2028 Projected (up to)
Central Asia	7.5	8.2	8.7	8.8	9.2
Central Europe and Baltics	10.7	12.1	13.0	13.2	12.9
Cyprus and Greece	2.4	2.4	2.1	1.8	1.5
Russia and Belarus	0.8	0.7	0.6	0.5	0.4
South-Eastern Europe	11.6	12.6	13.1	13.3	13.4
Southern and Eastern Mediterranean	9.3	10.6	11.6	12.3	12.9
Sub-Saharan Africa	-	0.1	0.5	1.2	2.3
Türkiye and Caucasus	10.7	11.9	13.9	15.0	15.9
Ukraine and Moldova	7.2	8.0	8.5	9.7	11.4
Total	**60.3**	**66.6**	**71.9**	**75.8**	**79.7**

Share, per cent	2024 Actual	2025 Estimated	2026 Projected	2027 Projected	2028 Projected
Central Asia	12%	12%	12%	12%	12%
Central Europe and Baltics	18%	18%	18%	17%	16%
Cyprus and Greece	4%	4%	3%	2%	2%
Russia and Belarus	1%	1%	1%	1%	1%
South-Eastern Europe	19%	19%	18%	18%	17%
Southern and Eastern Mediterranean	15%	16%	16%	16%	16%
Sub-Saharan Africa	0%	0%	1%	2%	3%
Türkiye and Caucasus	18%	18%	19%	20%	20%
Ukraine and Moldova	12%	12%	12%	13%	14%

Table 3.9 Indicative New Investment (ABI) Composition in 2026 (€ million at plan rate €/$1.15)

	BP2025 Indicative Share per cent	BP2026 Indicative Share per cent	BP2025 Indicative Lower End ABI	BP2025 Indicative Upper End ABI	BP2026 Indicative Lower End ABI	BP2026 Indicative Upper End ABI
Central Asia	12%	11-12%	1,700	1,800	1,850	1,950
Central Europe and Baltics	17%	17%	2,400	2,600	2,700	2,900
Cyprus and Greece	2%	n/a	250	300	n/a	n/a
South-Eastern Europe	18%	17%	2,450	2,650	2,750	2,900
Southern and Eastern Mediterranean	18%	17%	2,450	2,650	2,750	2,900
Sub-Saharan Africa	0-1%	3%	-	100	400	500
Türkiye and Caucasus	22%	22%	3,100	3,300	3,550	3,750
Ukraine and Moldova	11-12%	12-13%	1,650	1,700	2,000	2,100
Corporate	26%	27%	3,700	3,920	4,300	4,600
Financial Institutions	44%	44%	6,100	6,630	7,000	7,400
Sustainable infrastructure	30%	29%	4,200	4,550	4,700	5,000

4. Maintaining Financial Sustainability

4.1 Financial Sustainability

Financial sustainability is an integral element of the EBRD's business model, securing a robust sustainable banking platform and enabling strong impact delivery across a range of activities. It supports the following three objectives:

I. Ensuring organic growth of the Bank's capital base to enable the EBRD to expand its mandate in countries of operations.
II. Attracting capital market financing at the lowest possible costs so that the benefits can be passed on to borrowers.
III. Keeping the Bank financially resilient, preserving adequate levels of capital and liquidity to withstand unexpected events and negative financial consequences from potential vulnerabilities in its portfolio.

To achieve this, the Bank follows a three-pronged approach, namely to (i) target a profitability level commensurate with risks it takes, (ii) ensure capital adequacy and (iii) maintain a strong liquidity position. To make these objectives both quantifiable and measurable, the Bank uses a set of tools to assess, monitor and manage returns against risk, as well as ratios to determine if adequate liquidity is in place. These may be summarised as follows:

(i) Profitability

Project specific metric:

- **Investment Profitability Model (IPM)** allows assessment of projected risk-adjusted returns (before costs) on new debt transactions at the point of origination.

Corporate scorecard metrics:

- **Organic Capital Growth**, which captures the overall financial return of the Bank (including debt, equity and Treasury activities).
- **The Debt Return on Required Capital** (before costs) assesses risk-adjusted financial returns at the level of the debt portfolio.

(ii) Capital management

In line with the capital control parameters set out in SCF2026-20, the Bank manages its capital adequacy based on its:

- **Capital Adequacy Policy (CAP)**, which provides an internal assessment of the Bank's capital adequacy. The risk-based element of the policy is monitored using a utilisation ratio, defined as required capital divided by available capital. A 90 per cent prudential limit is set to give a buffer above minimum requirements, providing shock absorption capacity. In July 2025, a revised nominal ratio[20] was implemented in the CAP that ensures total development related exposure (operating assets plus guarantees extended by the Bank) does not exceed a limit of four times members' equity.[21]
- The Bank also monitors a wider set of capital ratios and related financial metrics - primarily defined by credit rating agencies - to ensure the highest standard and strength of capital adequacy is retained.

The Bank's existing capital policies are supplemented by forward-looking macroeconomic stress testing. High level financial and risk management objectives are articulated in a Risk Appetite Statement, including a quantification of the risks associated with the Bank's business plan through Financial Loss Tolerance Thresholds (FLTTs). Stress test results are measured against these thresholds.

Finally, a **Framework for Net Income Allocation Proposals** guides the financial assessment underpinning net income allocation decisions, balancing the need to support delivery of the Bank's objectives with commitment to sustained growth in members' equity.

(iii) Liquidity management

Along with effective capital management, the Bank's liquidity management is another key element in safeguarding financial stability in the medium term and supports the Bank's 'triple-A'

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[20] https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/strategies-and-policies/capital-adequacy-policy-and-procedures/Capital-Adequacy-Policy.pdf
[21] Excludes callable capital and paid-in capital subscribed but not yet received.

rating.[22] The Bank also ensures that at any time it is able to meet each of the minimum liquidity requirements set out in the Bank's **Treasury Asset and Liquidity Policy (TALP).**

4.2 Profitability

4.2.1 2025 Financial Performance Estimate

In the first nine months of 2025, the Bank's **capital base** showed a gain of €0.9 billion (excluding any paid-in capital received in the year), mainly driven by a strong equity performance and the net release of provisions for impairment:

- **Equity gains** of €0.6 billion were ahead of the plan, continuing the positive trend in equity valuations since 2024. This is supported by the current strong performance in global equity markets.
- **Treasury operations** of €0.2 billion outperformed the plan by €83 million due to better than expected gains in Asset & Liability Management (ALM) and Funding desks.
- **Capital benefit** of €0.5 billion.
- A relatively low net **impairment charge** of €26 million, largely thanks to releases due to repayments during the year.
- Additional stage 3 impairments are assumed in the fourth quarter for prudential reasons, resulting in an estimated net profit before net income allocations **of €1.4 billion for full-year 2025**. Including other reserves movements and the GCI, the **Bank's capital base is expected to increase by €3.9 billion to €29.2 billion by the end of 2025.**

Table 4.1 Profitability

Profitability (€ billion)	2024 Actual	2025 Estimate	2026 Projected	2027 Projected	2028 Projected
Operating income:					
Debt portfolio	1.05	0.97	1.07	1.12	1.16
Effective interest rate adjustments (EIR)	(0.21)	(0.35)	(0.11)	(0.06)	(0.07)
Debt operating income including EIR	**0.84**	**0.62**	**0.96**	**1.07**	**1.09**
Equity portfolio	0.86	0.57	0.53	0.55	0.57
Treasury activities	0.26	0.23	0.17	0.20	0.22
Operating income by segment	**1.96**	**1.42**	**1.66**	**1.82**	**1.87**
Return on 'free' capital	0.58	0.64	0.56	0.47	0.43
Financial reporting adjustments	(0.25)	(0.02)	0.01	0.00	0.00
Total operating income	**2.30**	**2.04**	**2.23**	**2.29**	**2.31**
Provisions for impairment	0.05	(0.09)	(0.23)	(0.25)	(0.28)
Post model adjustment (PMA)	0.05	0.10	0.05	0.05	0.05
Administrative costs	(0.59)	(0.68)	(0.74)	(0.81)	(0.84)
Total net profit before NIA	**1.81**	**1.37**	**1.31**	**1.29**	**1.24**
Net income allocations	(0.18)	(0.21)	(0.22)	(0.23)	(0.24)
General capital increase*	1.22	2.78	0.00	0.00	0.00
Other reserve movements	0.26	(0.04)	(0.09)	(0.05)	0.00
Net growth in capital base	**3.12**	**3.91**	**1.00**	**1.01**	**1.00**
Total members' equity	**25.32**	**29.15**	**30.15**	**31.16**	**32.16**

* From a financial reporting perspective, the capital increase is recognised after the effective date (31st Dec 2024) and when subscriptions are received. It is assumed that the third capital increase is fully subscribed by end of 2025. It is expected that rating agencies will recognise capital when payments are received so capital ratios (with the exception of the statutory ratio) reflect the GCI in line with the payment schedule.

[22] Each year the Bank conducts a comprehensive assessment of its liquidity adequacy with the last assessment based on the position at end-2024. See 2025 EBRD Liquidity Assessment.

4.2.2 SIP 2026-28 Outlook

Net aggregate organic capital growth[23] from operations of €3.8 billion over the three-year period of SIP 2026-28 is 30 per cent higher than the €2.9 billion in last year's SIP projections. This is supplemented by remaining subscriptions of €1.2 billion from eligible shareholders who have not yet subscribed to the third capital increase.

The primary financial variables behind the projections are as follows:

Debt

- Margins on new non-sovereign debt have declined from 2.4 per cent in 2024 to 2.2 per cent in the first nine months of 2025 (2023: 3.0 per cent), with an average margin on new signings over the past three years of 2.6 per cent. As annual business investment replaces a portion of operating assets each year, margins on new signings gradually impact margins on performing exposure stock. Taking into consideration historical trends together with the outlook on interest rates, the average margin on performing non-sovereign debt is assumed to be 2.6 per cent in 2026 and 2.5 per cent in 2027 and 2028 (SIP 2025-27, 2.75 per cent across the planning period),
- Including sovereign exposure, which attracts a uniform 1 per cent margin, the weighted average margin on the performing loan portfolio is projected at around 2.3 per cent in 2026 and 2.2 per cent in 2027 and 2028 (slightly lower than 2.4 per cent in SIP 2025-27). In absolute terms, net interest income on the total loan portfolio including sovereign exposure is expected to increase over the period as banking loan assets rise by 20 per cent (SIP 2025-27, 15 per cent) from €39.5 billion in 2025 to €47.6 billion by the end of 2028.
- Stage 3 impairment charges are assumed to be €0.08 billion for 2025, rising over the planning period as exposure to Ukraine increases. A €50 million annual benefit to the income statement is due to post model adjustment (PMA) release. PD and LGD rates are based on current risk ratings. The resulting net impairment charge outside Ukraine broadly corresponds to the one-year expected credit loss, modelled in accordance with the IFRS 9 framework and subject to downside GDP growth sensitivity.

Equity

- Overall equity returns (dividends received, realised and unrealised gains) are assumed at 8 per cent per annum across the planning period and projections remain in line with historic longer-term average reported returns. Forecasting equity returns is challenging, particularly during periods of economic turbulence, so average annual nominal returns are set uniformly across the planning period.

Return on own funds (members' equity)

- The Bank funds its assets through a combination of borrowings (bonds and other short-term securities) and its own funds (members' equity). When interest rates are zero, there is no material difference between the cost of these funding sources. However, as rates rise, members' equity becomes an important source of zero cost funding. This effect drives a benefit to the income statement as the Bank's invested assets typically generate a return via an underlying reference rate (e.g. Euribor) plus credit margin.
- The calculated return on own funds is modelled with reference to the market forward yield curve for Euribor,[24] with a 25bps discount applied to 2026 and 50bps in 2027 and 2028. The projection of market rates is broadly unchanged relative to the previous SIP with accumulated interest income across the SIP planning period similar to last year's SIP.
- The Bank will continue to hedge its capital to lock-in the most favourable market rates.

Treasury activity

- Treasury assets are projected to increase from €33 billion by end-2025 to €46 billion in 2028. The increase is in response to a strong operational plan and increasing debt obligations whilst maintaining a sufficient liquidity buffer under the 1-year stressed ratio.

[23] Before considering net income allocations and GCI subscriptions.
[24] The Bank's capital base is denominated in euro.

- Treasury operating income before accounting adjustments is projected to be €170 million for 2026 and is expected to increase above this level as the Treasury balance sheet expands to the end of the planning period. Historically, profits have been supported by significant gains from the Asset & Liability Management (ALM) desk, particularly from local currency activities. However, due to their unpredictable nature, ALM gains are set at prudent levels in this SIP. Despite reducing market interest rates, returns on short term assets are expected to be maintained supported by a larger pool of assets under management. Returns from the long-term portfolio are expected to be marginally lower due to tightening market conditions. The Funding contribution is planned to be larger, due to increasing borrowing volumes together with the favourable spread achieved between actual borrowing cost on all outstanding bond issuance and agreed Funds Transfer Pricing (FTP), supporting a higher overall contribution from Treasury operations.

Effective interest rate (EIR) adjustment

- By the end of 2023, following the sharp rise in interest rates since 2021, the combined size of EIR-related gains across both Banking and Treasury portfolios had accumulated to €0.9 billion. The majority of these gains have now been unwound and over the SIP period the cumulative impact of EIR is planned to be largely immaterial as a result of interest rates across the planning period stabilising.

Non-qualifying and ineffective hedges

- This category of the income statement mainly accounts for fair value movements on non-qualifying and ineffective hedges. At end-September 2025, the Bank had recorded a loss of €10 million adding to the €0.8 billion accumulated loss recorded in the preceding two years, reversing significant gains recognised prior to 2023. This was mainly due to rising interest rates, creating a mismatch between derivative liabilities measured at fair value and the assets (loans) held at amortised cost as hedge accounting is not applied. This mismatch causes a temporary gain/loss to the income statement. For planning purposes, the expected unwind of previously recorded gains is modelled using market interest rate expectations during the SIP period.

Banking portfolio FX planning rate

- The planning rate used for converting US dollar denominated banking assets into euros has been changed to €/$1.15 (from €/$1.05 for SIP 2025-27) to align with the current exchange rate trend.[25]

Other

- Administrative expenditure projections are based on the medium-term budget assumptions set out in Chapter 5.
- Net income allocations (NIA) for 2026-2028 are presented for illustrative purposes, with actual allocations subject to annual decisions guided by the Framework for Net Income Allocation Proposals, taken as a percentage of accumulated reserves (excluding paid-in capital). For planning purposes, annual allocations of approximately 1.2 per cent of accumulated reserves (excluding paid-in capital) are assumed.[26] This provides a more intuitive trajectory by increasing NIA amounts in line with an increasing capital base and overall balance sheet. Such illustrative amounts should not be seen as pre-empting any decisions on net income allocations that are taken by the Board of Governors on the basis of proposals from the Board of Directors.

4.3 Capital

4.3.1 Capital policy utilisation projections

The development of the Bank's actual and projected investment levels and capital utilisation is presented in Table 4.2.

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[25] See 'Information note – Financial Impact from Assets and Liabilities Arising Due to Movements in Foreign Exchange Rates', which explains the effects of foreign exchange rate fluctuations on key financial metrics and ratios.
[26] Note that the NIA Framework sets the maximum allocation under normal circumstances, but not the expected level each year.

Table 4.2 Internal Capital Policy Projections

Planning rate [1] **€ billion (other than percentages)**	**2024** Actual	**2025** Estimate	**2026** Projected	**2027** Projected	**2028** Projected
Annual Bank investment	16.6	17.0	17.0	17.5	18.0
Portfolio	62.0	66.6	71.9	75.8	79.7
Operating assets at cost	**42.1**	**45.2**	**49.4**	**52.0**	**54.3**
Deduct accumulated stage 3 impairment	(1.0)	n/a	n/a	n/a	n/a
Adjusted net operating assets (a)	41.1	n/a	n/a	n/a	n/a
Total statutory capital [2] (b)	47.1	n/a	n/a	n/a	n/a
Statutory capital utilisation (a/b)	**87%**	**n/a**	**n/a**	**n/a**	**n/a**
Capital adequacy under CAP:					
Development related exposure (DRE) [3]	n/a	51.1	55.8	58.6	61.3
Deduct total impairment	n/a	(1.4)	(1.4)	(1.4)	(1.4)
Adjusted DRE (c)	n/a	49.8	54.4	57.2	59.9
Available capital (d)	n/a	25.9	27.8	29.6	31.4
Nominal capital ratio (c/d)	n/a	**1.9**	**2.0**	**1.9**	**1.9**
Required capital	15.3	16.7	17.6	18.8	19.6
Available capital	24.3	25.9	27.8	29.6	31.4
Capital utilisation (under CAP)	**63%**	**64%**	**63%**	**63%**	**63%**
SIP 2025-27		*63%*	*63%*	*63%*	

(1) Actuals at reported rates; projections at planning rate of €/$1.15 for SIP 2026-28.
(2) Statutory capital is reduced by accumulated stage 3 impairments (see 'Review of the Gearing Ratio Interpretation', 2015).
(3) Includes loans at cost, equity at fair value and guarantees.

Governors' approval of an amendment[27] to Article 12.1 of the Agreement Establishing the EBRD (AEB) entered into force on 26 June 2025. The AEB no longer provides for a nominal limit but instead requires that the Board of Directors establish and maintain appropriate limits with respect to capital adequacy metrics to support the financial soundness and sustainability of the Bank. The nominal capital ratio was subsequently revised to make it more intuitive, aligned with market practice and current regulatory approaches. The nominal capital ratio is defined as development related exposure (net of impairment) divided by members' equity.[28] This revised metric has replaced the previous statutory requirement and is included in the Bank's Capital Adequacy Policy.

The nominal capital ratio is expected to reach 1.9 times members' equity by end-2028, well below the four times limit.

On a risk-adjusted basis, capital utilisation under the Bank's CAP is expected to reach 63 per cent by 2028 as the strong asset growth is mitigated by projected profitability and the receipt of GCI instalments from 2025 onwards.[29] For planning purposes, it is assumed the remaining members yet to subscribe, after taking into consideration non-participating members, will complete before the end of 2025.

4.3.2 External capital ratio projections

In addition to the development of the Bank's internal capital adequacy metrics, estimates of rating agency key capital assessment ratios are also projected for each year of the plan. (Table 4.3.)

The Bank remains well above key thresholds throughout the SIP 2026-28 period. Planned asset growth is supported by profitability and organic capital growth, together with received (first instalment 2025) and expected GCI receipts.

[27] Resolution 260.
[28] Excludes callable capital and paid-in capital subscribed but not yet received.
[29] Risk-adjusted capital requirements range from an average of 15 per cent of debt exposure to 100 per cent of exposure in the case of equity investments.

Table 4.3 External Capital Ratio Projections

	Boundary Threshold	2024 Actual	2025 Estimate	2026 Projection	2027 Projection	2028 Projection
Moody's NPA ratio *	<6%/10%	5.0%	5.2%	5.1%	5.0%	5.1%
Moody's asset coverage ratio	< 2.5x	2.11	2.10	2.14	2.13	2.10
Fitch key capital metrics:						
Useable equity to risk adjusted ratio (FRA)	35%	41.5%	40.7%	40.7%	40.5%	41.0%
Equity to assets ratio	15%	29.1%	30.5%	29.6%	28.3%	29.0%
S&P's RAC ratio**	> 23%	30%	31%	31%	30%	31%

* Non-performing assets divided by development related assets (incl. equity investments)
** A RAC ratio above 23% represents an 'Extremely Strong' standalone assessment.

As part of their comprehensive assessments, rating agencies also consider a range of non-financial factors when determining overall ratings, such as risk management practices, policy importance, business profile and the strength of shareholders' support.

4.3.3 The Bank's Organic Capital Growth

The organic capital growth ratio has replaced the 3-year rolling return on required capital metric in the scorecard. This new measure is a financial ratio that captures the Bank's overall financial performance and internal capital accumulation by presenting the percentage change in total members' equity, before net income allocations and newly paid-in capital contributions. Total members' equity corresponds to the sum of paid-in capital and reserves and retained earnings on the Bank's balance sheet. To mitigate volatility in the ratio, it is calculated on a 3-year rolling basis.

The baseline estimates of profitability indicate that the Bank will remain above the minimum 3 per cent level across the SIP horizon.

4.3.4 Financial resilience

The Bank conducts **stress tests** to better understand potential vulnerabilities in its overall portfolio and sub-portfolios. It also assesses the impact of stress scenarios on the Bank's projected capital capacity to understand if the operational plan is within an acceptable risk tolerance and the potential implications of stress events from a capital planning perspective.

Stress scenarios are translated into key drivers of financial impact on the Bank, including debt, equity and Treasury losses, as well as growth in capital requirements. Debt losses are calculated using stressed probabilities of default (PD) which are directly linked to country level GDP growth and other key macroeconomic variables projections, whereas equity losses are calculated based on a Value at Risk approach applied to relevant regional equity indices. Growth in debt capital requirements is driven by PD rating downgrade assumptions, as well as by the projected evolution of sovereign ratings (which act as a ceiling on non-sovereign PD ratings). Both capital requirements and losses also depend on SIP business growth assumptions.

For planning purposes, the Bank's main focus is on the Severe (1-in-25) scenario. The Bank aims to be sufficiently capitalised to withstand such a severe macroeconomic shock with resulting capital ratios consistent with retaining a 'triple-A' rating under rating agency methodologies, whilst relying on the recognition of shareholder support benefits and on other qualitative considerations.

Table 4.4 Organic capital growth

	2024 Actual	2025 Estimate	2026 Projection	2027 Projection	2028 Projection
Annual return basis (%)	7.9%	5.2%	4.8%	4.3%	4.0%
3 year rolling average return (%)	4.9%	9.0%	5.9%	4.8%	4.4%
Minimum requirement	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*

Table 4.5 Stress Test Results vs. Financial Loss Tolerance Thresholds

Scenario	Net Earnings 1 year (€m)	FLTT (€m)
Downturn	-1,146	-1,600
Severe (post-Institutional Actions)	-6,147	-6,200

Based on the Severe stress scenario (post institutional actions)[30] and maintaining planned investment levels outlined in the SIP operational plan, **peak risk adjusted capital utilisation during the planning period is projected at 79 per cent**, marking a 15 per cent increase relative to 64 per cent (estimated) at end-2025. While material, this level of loss remains well within the financial loss tolerance thresholds set out in the EBRD's Risk Appetite Statement.[31]

Whilst internal capital policies remain within current limits during the stress test, **some external rating agency metrics are expected to cross important threshold levels**. The Bank would, for example, exceed an important threshold under the Moody's asset coverage ratio. Other financial metrics monitored by rating agencies, such as the NPL ratio, would also rise well above boundary levels. This would likely be compensated for by the strong and unequivocal sign of shareholder support for the Bank, arising from the general capital increase.

Risk appetite

A framework has been established to transparently quantify the level of financial loss that could be experienced (and absorbed) against each operational plan.[32] Such losses are assessed under stressed conditions of differing severity. The results are then compared against boundaries, or financial loss tolerance thresholds (FLTTs), to ensure the risk associated with each plan is understood and within the expected appetite.

Under the FLTT framework, the Bank looks at Downturn and Severe stress scenarios to assess financial performance at different levels of severity. Considering more than one scenario widens the understanding of the Bank's exposure to more predictable downturn conditions but also against more severely correlated tail-risk shocks.

Results from these stress scenarios applied to the SIP 2026-28 plan are presented in Table 4.5 together with the FLTTs. The one-year impact on net earnings under both Downturn and Severe scenarios is within the defined FLTTs.

The Bank thus remains in compliance with internal capital policies and loss tolerance thresholds set within the Risk Appetite Statement for the Downturn and Severe scenario.

The stress testing analysis highlights the Bank's vulnerability to financial metrics considered by rating agencies. In adopting the operational plan set out in this document, the Bank accepts this elevated risk of rating downgrade in the current turbulent conditions in its countries of operations.

As in any modelling exercise, the stress results represent only one outcome from a multitude of possible adverse future paths. While any set of projected financial outcomes is subject to model risk, the risk of underestimation of losses is considered low due to the many conservative modelling assumptions applied.

4.3.5 Improving capital efficiency

The G20 commissioned an Independent Review of MDBs' Capital Adequacy Frameworks (CAF) in 2022 that made a range of recommendations designed to increase the financing capacity of MDBs individually and collectively.[33] Even though each MDB has its own approach to managing its capital and not all recommendations are universally applicable, the Bank has made excellent progress in implementing a number of the Review's recommendations that are particularly relevant to the EBRD.

[30] Reduction in net income allocations after the first year of loss.
[31] See https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/strategies-and-policies/risk-appetite-statement/Risk-Appetite-Statement-2024.pdf
[32] See 'Risk Appetite Statement' and '2023 Review of Financial Loss Tolerance Thresholds'.
[33] https://cdn.gihub.org/umbraco/media/5094/caf-review-report.pdf

In some areas, the EBRD anticipated the recommendations of the CAF Review. Most significantly, the Bank has long included within its risk-adjusted capital adequacy policy the benefit derived from its substantial holding of callable capital and the preferred creditor treatment of its lending. Taken together, they provide an uplift to the risk bearing capacity of the Bank's capital, providing a substantial potential increase to its lending capacity. If credit rating agencies accept a further CAF Review recommendation to increase the credit given for these two factors, the Bank would benefit more.

The EBRD also responded positively to the call by several shareholders to collaborate in analysing practical steps to be taken in enhancing the value of shareholder support through callable capital. As one of five participating development banks, the EBRD helped to illustrate the potential triggers, processes and shareholder responsibilities involved in making a call on the Bank's callable capital shares, publishing a report in 2024.[34] In addition, the recent implementation of the amendment to Article 12.1 of the AEB relocated the EBRD's statutory capital constraint from the AEB to a Board of Directors' policy, thus providing greater scope to optimise the Bank's available risk bearing capacity. The EBRD also took a leading role in a peer comparison of key financial data and metrics, following up a recommendation (5b) of the CAF Review, and (with the Council of Europe Development Bank) expanded the report, which was published in September 2025, to include commentary and narrative on the published financial metrics and ratios.[35]

On an ongoing basis, the Bank is committed to capital optimisation and financial innovations that support this agenda. The EBRD has a growing and active programme of using unfunded risk participations with private sector co-financiers to de-risk its balance sheet and mobilise private investment into its regions of operations. Building on experience with risk-transfers to the private sector, the Bank is also looking to execute its first Significant Risk Transfer transaction.

In terms of raising new capital, EBRD remains focused on completing the €4 billion paid-in capital increase, approved by the Governors in 2023 to enable and support the Bank's response in Ukraine. In parallel, the Bank is following peer institutions closely and may consider issuing hybrid capital to the private sector at some point in the future.

4.4 Liquidity and 2026 Borrowing Programme

The assessment of the Bank's liquidity requirements and the associated sizing of the borrowing programme are performed annually in the medium-term context provided by each SIP. In determining liquidity requirements for the following year, the Bank sets an operating target for liquidity above minimum policy requirements.

Based on planned activity levels in this year's business plan, a **Borrowing Programme Authority of up to €16 billion net new issuance is set for 2026**. This represents a €1.5 billion increase on the €14.5 billion borrowing programme in 2025. Additional borrowing is designed to address increased business needs, mainly requirements related to banking operations, whilst ensuring that a liquidity cushion is consistently maintained above key policy ratios over the medium term.

In 2025, the Bank had issued €13.8 billion of new debt by the end of September and expects to fully utilise its borrowing programme by the end of the year.

Treasury liquid assets[36] at end-2026 are expected to be €37 billion, €4.4 billion higher than the end-2025 position, and will support future balance sheet growth and maturing debt obligations.

With a borrowing level of up to €16 billion anticipated for 2026:

- Liquidity ratios maintain a comfortable buffer above minimum levels required by the Bank's internal policies; and the Bank's liquidity position is assessed to be in the strongest category on liquidity under external rating agency methodologies.
- There is flexibility in the implementation of the borrowing programme so that the Bank is not required to borrow funds in unfavourable market conditions.

[34] https://www.ebrd.com/home/news-and-events/news/2024/ebrd-publishes-a-report-on-callable-capital.html
[35] https://coebank.org/en/news-and-publications/ceb-publications/mdbs-comparison-report-2025/
[36] Excluding the consolidation of the EBRD Shareholder Special Fund.

Table 4.6 Projected One-Year Stressed Liquidity Coverage Ratio

€ billion	End 2024 Actual	End 2025 Estimate	End 2026 Projected	End 2027 Projected	End 2028 Projected
Borrowing level	14.3	14.5	16.0	16.5	17.0
Cash in					
Gross Treasury assets [(1)]	35.0	32.6	37.0	44.9	45.7
Less: associated liquidity haircuts	(6.7)	(7.4)	(8.3)	(8.9)	(8.9)
General capital increase instalments	0.2	0.9	0.8	0.8	0.7
Adjusted Treasury assets	**28.5**	**26.1**	**29.5**	**36.8**	**37.5**
Discounted maturing banking loans and gross interest income	8.0	8.6	10.0	10.6	11.6
Total discounted Treasury assets and maturing loans	**36.6**	**34.7**	**39.4**	**47.3**	**49.0**
Cash out					
Banking undrawn commitments (50%)	8.0	8.6	9.0	9.6	10.3
Guarantees (100%)	4.0	4.2	4.5	4.6	4.8
Total debt redemptions (short & long-term)	14.8	12.2	11.4	19.2	19.0
Other obligations [(2)]	3.8	3.9	4.4	4.5	4.8
Total obligations	**30.5**	**28.9**	**29.3**	**37.9**	**38.9**
1 year EBRD stressed ratio	**120%**	**120%**	**135%**	**125%**	**126%**
Liquidity buffer to 100% minimum requirement (€ bn)	*6.1*	*5.9*	*10.2*	*9.4*	*10.2*

[(1)] Includes the consolidation of the Shareholder Special Fund.
[(2)] Includes cost of borrowings, non-borrowed funds, administrative expenses and deferred net income allocations.

Table 4.6 presents the EBRD one-year stressed liquidity ratio over the medium term which broadly follows the approach considered by Standard & Poor's. At the end of 2026, it is estimated to be 135 per cent against a required ratio of 100 per cent (end-2025 estimate, 120 per cent). This level ensures that the Bank's liquid funds are sufficient to meet its cash requirements against a one-year debt service plus 50 per cent of undrawn commitments.

As reflected by the one-year EBRD stressed ratio, coverage is projected to further strengthen in 2026 (from 2025 levels) before reducing in the outer two years of the SIP period, primarily driven by increasing off-balance sheet commitments and debt obligations. The assumed borrowing levels beyond 2026 are reviewed annually in the context of each SIP along with the operating target the Bank sets for liquidity ratios.

In line with the second requirement under the Bank's Treasury Authority and Liquidity Policy (TALP), it is projected that at the end of 2026 the Bank will have 150 per cent coverage of the next two years' net cash requirements (to end-2028),

Table 4.7 Projected Two Years Net Cash Requirements Ratio

	End 2025 Estimate	End 2026 Projected
Gross Treasury Liquidity assets	32.6	37.0
Less short term borrowings [(1)]	(4.3)	(3.0)
Net Treasury Liquid assets	**28.3**	**34.0**
Net outflows	**Years 2026/2027**	**Years 2027/2028**
Net operational disbursements	(7.6)	(5.7)
Net profit (incl. Net income allocations)	2.4	2.3
General capital increase instalments	1.7	1.5
Debt redemptions [(2)]	(13.6)	(20.8)
Two years net cash requirements [(3)]	**(17.1)**	**(22.6)**
Net cash requirements ratio	**166%**	**150%**

[(1)] Includes non-borrowed funds.
[(2)] Represents total debt (incl. short term debt) maturing in the next 24 months. Assumes no new issuance in 2027 and 2028
[(3)] Estimate for 2025 based on SIP 2026-28 projections.

comfortably above the policy minimum of 75 per cent (Table 4.7.). The lower coverage compared with 2025 is mainly due to higher net cash requirements arising from increasing debt obligations.

Liquidity performance under a one-in-100 stressed scenario is the third requirement under the TALP. In this scenario, under the 2025 Bank-wide Stress Test, the EBRD has **sufficient liquidity resources to meet net cash requirements for a minimum of 12 months** as set out in the TALP.

Both the EBRD one-year stressed ratio and the two-year net cash requirements outlined in Tables 4.6 and 4.7 include the benefit of paid-in capital under the GCI and assume an extension to the GCI deadline beyond the current deadline of 31 December 2025. At 30 September 2025, 70.5 per cent of the Third General Capital increase of €4.0 billion had been subscribed.

5. Cost management, budget proposal and resourcing the plan

Introduction

The previous chapter emphasised the importance of financial stability for the EBRD and how the Bank meets market-based tests of financial health in assessing its business plan projections. This chapter focuses on how the Bank proposes to manage its overall costs under this SIP and the resources needed to deliver the operational plan outlined in Chapter 3, including new activities in SSA and Iraq.

The chapter first outlines the medium-term cost management framework that has informed SIP 2026-28, including new measurement metrics, and then presents the 2026 budget proposal. This is followed by a granular look at cost pressures and efficiencies before detailing resource needs to sustain higher business delivery and meet new SCF priorities, including in SSA and Iraq, and achieve an increased local presence. The multi-year investment plan and capital expenditure are discussed at the end of the chapter.

5.1 Medium-term cost management

In conjunction with the approval of the SCF by the Board of Governors and responding to a policy commitment made by the Bank in connection with the GCI in 2023, the Board of Directors approved a new medium-term cost management framework in April 2025 to assess and monitor the evolution of the Bank's costs over the SCF2026-30 period.[37] The framework establishes a set of principles and quantitative measures that support stakeholders in assessing whether the EBRD is managing its costs effectively and is on a financially sustainable path, and whether there is room to bring forward additional resources or if corrective action is required. Although the projections for such an exercise extend beyond the SIP's three-year timeframe, they can help prompt any early budgetary or other changes that may be required.

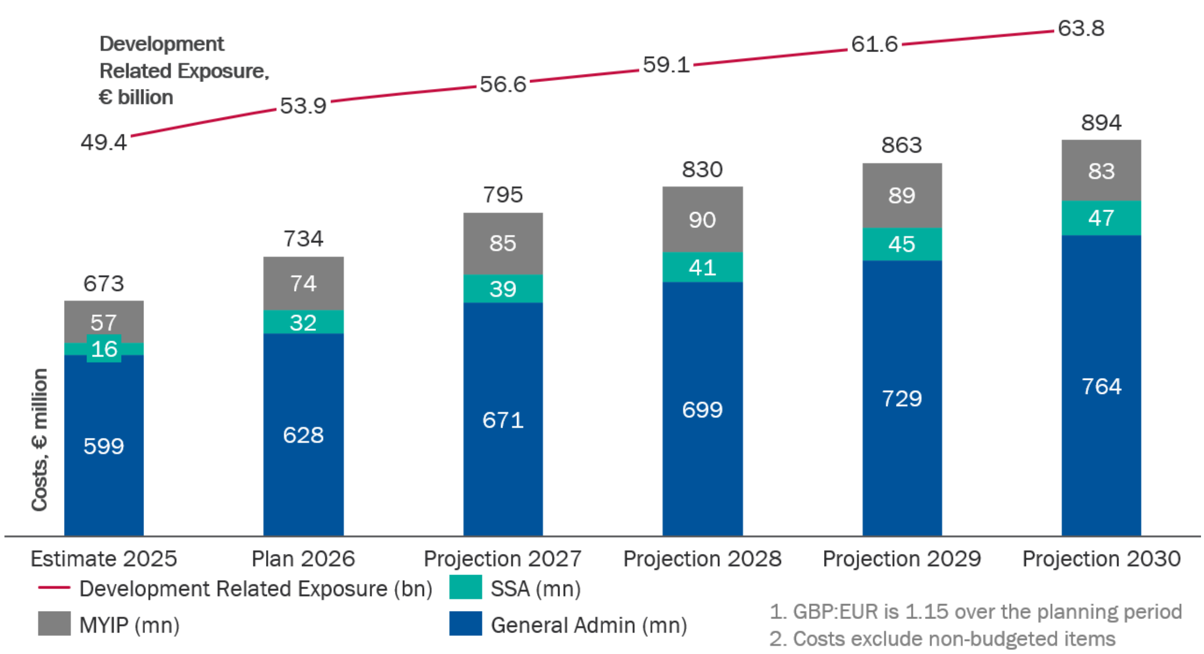
The Bank's medium-term cost management framework is underpinned by a limit on the ratio of costs to development related exposure (DRE, the sum of operating assets and guarantees extended by the Bank). This will provide an anchor which will ensure that cost growth is consistent with the planned expansion in investment activity across the SCF period. At the same time, a range of enhanced cost and financial metrics will be closely monitored over the period to inform operational and budgetary decisions and ensure a comprehensive and holistic approach.

Within this context, the Bank's cost management framework is anchored in the following set of guidelines:

- The **cost to debt income ratio** has been set as a control parameter for the SCF 2026-30 period, with the ratio required to remain below 80 per cent.
- Throughout the SCF period, the ratio of overall **cost to DRE** is expected to be maintained at a stable level with very limited volatility. This ratio is not being defined as a formal SCF control parameter and remains under the control of the Board of Directors.
- For the SIP 2025-27, the estimates pointed to a ratio of budgeted costs to projected development related exposure at around 1.4 per cent or below. Notwithstanding several material developments in the last 12 months (set out in preceding sections of this document), this projected ratio continues to remain within this range.
- It is recognised that, while this framework should remain stable in most likely scenarios, there are some extreme circumstances when the above levels might need to be re-opened. These include, for example, a material and prolonged spike in inflation, a substantial and sustained movement in the GBP-EUR exchange rate affecting the relationship between costs (mainly in GBP) and revenues (primarily in EUR), or unexpectedly large shifts in the

[37] See 'SCF 2026-30 Medium-term Cost Management'.

Figure 5.1 Costs and Development Related Exposure, 2025-2030



level of the Bank's assets due to large changes in the USD-EUR exchange rate.

- In addition, the Bank will continue to comprehensively monitor and discuss with the Board of Directors other important metrics of financial sustainability, critically including multi-year average cost to total income ratio and multi-year average organic capital growth, in an effort to adhere to its ambition of **real organic capital growth** over the SCF 2026-30 period.

In line with the above principles, as the first budget and business plan document under the SCF2026-30, SIP 2026-28 was tasked with setting a limit for the ratio for the SCF2026-30 period, taking account of the upfront costs associated with resources for SSA and Iraq, the ongoing multi-year investment programme (MYIP), the potential front-loading of the SCF policy delivery, as well as the growing shift of the Bank's activities towards more cost intensive regions, including Ukraine, SSA and Iraq.

Notwithstanding the above pressures, the ceiling for the **ratio of costs to DRE** over the SCF2026-30 period is set on a declining trajectory, starting at a level of **1.43 per cent for 2026 -28** and **coming down to 1.42 in 2029 and 2030.**[38] The decline in the limit in the outer years of the SCF2026-30 reflects the projected growth in DRE and signifies the Bank's **commitment to cost efficiency.** The projected cost to DRE trajectory remains at or below 1.40 per cent, which constitutes the projected budget planning rate for the ratio, and provides a buffer for temporary variations in the evolution of DRE.

Figure 5.1 shows the projected evolution of DRE. The expected rise in DRE reflects the growth in business volume that the Bank projects over the SCF period. Costs are driven by continued investment in countries of operations and SCF initiatives, partially offset by the commitment to resource efficiency and reinforced by the Bank's transformation agenda.

The projected path of costs to DRE is shown in Table 5.1. A ratio of 1.36 in 2026 increases initially to 1.40 in 2027, reflecting the investment required to deliver the ambitions of SCF2026-30, including resource needs for expansion into SSA and Iraq and to underpin the Bank's operational capabilities with a robust IT infrastructure. It then stabilises at 1.40 per cent as DRE expands while cost growth is kept under control, diminishing from 4.4 per cent in 2028 to 4.0 per cent in 2029 and 3.6 per cent in 2030. The projected level remains below the limit set for the ratio. Figures for the projected cost to debt income ratio are also shown for information.

[38] To eliminate spurious movements related to currency fluctuations, for the purpose of the ratio calculation, GBP:EUR exchange rate is fixed at 1.15 and EUR:USD exchange rate is fixed at 1.15 for the entire duration of the SCF 2026-30.

Table 5.1 Ratio of Cost to Debt Related Exposure and Cost to Debt Income, 2025-30

	2025 Estimate	2026 Plan	2027 Projection	2028 Projection	2029 Projection	2030 Projection
Cost to development related exposure, per cent	1.36	1.36	1.40	1.40	1.40	1.40
Cost to debt income*	65.0	64.3	67.0	68.0	66.9	67.2
Cost to development related exposure limit, per cent	-	*1.43*	*1.43*	*1.43*	*1.42*	*1.42*

* Cost to debt income excludes non-budgeted and exceptional items. Operating debt income includes Treasury income from the long term portfolio.

The Bank will deliver the agenda set by its shareholders while **maintaining the ratio of cost to development related exposure at or below the cost to DRE limit** throughout the SCF2026-30 period.

5.2 The 2026 budget proposal

This SIP covers three years to 2028 and has a multi-year perspective. It intends to lay the ground to meet the goals of SCF2026-30 and builds on the foundations laid in the previous SCF. The SIP 2026-28 budget incorporates considerations such as inflation and salaries, shortfalls in the staff healthcare budget, requirements arising from the conflict in Ukraine and wider operational needs. In particular, the proposed budget identifies additional resources needed to:

- Strengthen efforts in Ukraine and maintain robust delivery in challenging conditions.
- Sustain delivery of investments and policy priorities, especially in pursuing green transition, governance and human capital in all countries of operations.
- Expand into sub-Saharan Africa and Iraq, deploying resources for successful transactions in new member states.
- Increase the local presence of experienced staff to leverage proximity to clients and policy makers in order to strengthen origination capabilities ("quantity") and increase impact ("quality").
- Remunerate staff fairly in line with a market-based approach and adequately fund staff benefits, including healthcare insurance.
- Invest in IT infrastructure and core processes to reduce operational risks and maintain strong delivery.

All resource requests are underpinned by a sharp focus on resource efficiency and effectiveness, with resources reallocated to the most urgent priorities. Long-term resourcing of the MYIP is addressed in section 5.5 at the end of this chapter.

Figures used in the projections are based on prudent assumptions of cost growth and do not prejudge future budget proposals. Among other items, future budgets for general administrative expenses will need to address:

- Implementation of SCF2026-30 priorities to deliver desired results.
- Resources for growth in the Bank's operational capacity.
- Adjustments to compensation and benefits to ensure the Bank remains competitive in labour markets.

Budgets beyond 2026 will be approved by the Board of Directors in subsequent SIPs.

The Bank remains committed to an efficient use of resources and strict budgetary controls. To meet SCF2026-30 ambitions in this SIP and support increased business activity, address underinvestment in IT and other shortfalls, as well as grow operations in SSA and Iraq, a meaningful increase in the Bank's budget is requested.

For 2026, the Board is asked to approve a total administrative expense budget of £638.3 million (€734.0 million), comprising a:

- **General administrative expense budget of £574.2 million,** which includes a budget for SSA and Iraq of £27.9 million, and one extraordinary budget item,
- **MYIP implementation, amounting to £64.1 million.**

Table 5.2 summarises the budget proposal while Figure 5.5 presents its main components. The next section of this chapter looks at the drivers behind this request in more detail.

Table 5.2 Projected Total Administrative Expense Budget 2026-28 (£ million)

	2025 Budget	2026 Budget	2027 Projection	2028 Projection
General Administrative Expenses, GBP	507.8	546.3	583.4	607.9
SSA and Iraq, GBP	13.9	27.9	34.1	35.9
Extraordinary Budget Item, GBP				
MYIP (opex and depreciation)	48.6	64.1	73.8	78.2
Total Administrative Expense Budget, GBP	**570.3**	**638.3**	**691.3**	**722.0**
GBP/EUR rate	1.18	1.15	1.15	1.15
General Administrative Expenses, EUR	599.3	628.3	670.8	699.2
SSA and Iraq, EUR	16.4	32.1	39.2	41.3
Extraordinary Budget Item, EUR				
MYIP (opex and depreciation)	57.3	73.6	84.9	89.9
Total Administrative Expense Budget, EUR	**673.0**	**734.0**	**794.9**	**830.4**

5.3 Resourcing the plan

5.3.1 The impact of inflation

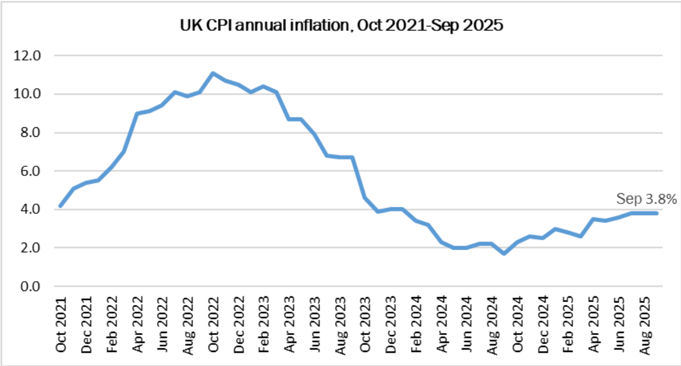
As noted in Chapter 1, inflation has remained persistent and is once again on the rise, including in the UK. Figure 5.2 shows the path of UK CPI inflation over the past four years with the latest ONS figure showing inflation at 3.8 per cent in September. From a Bank-wide perspective, inflation was higher at 4.3 per cent, reflecting the higher price growth in several countries of operations.

Inflation not only affects the cost of living faced by EBRD staff but also impacts the costs of various non-discretionary items the Bank needs to maintain a smooth operation. Furthermore, prices for essential IT, medical and travel services are rising at a faster rate than general inflation, putting pressure on Bank costs. The Bank strives to manage increases in costs as efficiently as possible, including by renegotiating contracts and finding alternative ways of operating. For example, an above average rate of inflation in travel costs in 2025 has been fully absorbed within the Bank's travel budget.

Increases resulting from unavoidable costs amount to £4.3 million in 2026, although favourable exchange rate movements help to reduce the rise by £1.3 million to £3.0 million or 0.6 per cent of the 2025 budget.

A rising cost of living also feeds through to market pay demands. Annual increases in UK private sector regular pay (excluding bonuses) in the three-month period to August were recorded as 4.4 per cent. Meeting employee expectations on earnings and cost of living increases are important factors behind the SIP request on staff compensation and benefits.

Figure 5.2 Annual UK CPI Inflation, October 2021-September 2025



Pay forms an important component of the administrative cost base. Based on market movement, the proposed increase of 4.47 per cent in the salary budget across the Bank (3.75 per cent in HQ, 8.0 per cent for Resident Offices), combined with the knock-on effects on benefits and other components, will cost £13.8 million in 2026. Detailed information on compensation and benefits proposals for next year is set out in a companion document.[39]

5.3.2 Medical and incapacity insurance

Medical and incapacity insurance are important aspects of staff benefits. costs of which are difficult to predict and manage. In 2026, the Bank will need to contribute an additional £7.6 million to mitigate the shortfall in

[39] '2026 Staff Compensation and Benefits Proposals'.

reimbursements over various insurance premiums.

Medical insurance for the Bank's staff, their dependents and a defined group of retirees is administered by Cigna. The scheme provides coverage for approximately 3,700 employees and a total of 8,600 individuals, including dependents and retirees. Medical premiums are reviewed annually on the contract anniversary in accordance with an agreed formula.

Since the commencement of the current medical contract in July 2023, the plan has experienced significantly higher claim rates and increased medical cost inflation, consistent with trends observed among peer institutions. To address the premium funding gap, expected medical inflation and further claims growth, a budget increase of approximately £6.5 million for medical insurance is proposed.

Working incapacity insurance, which commenced in April 2018, safeguards staff salaries when medical leave exceeds six months. Recent years have seen an increase in both the frequency and value of claims, particularly related to mental health conditions. During the last full insurance year, claims exceeded premiums by approximately £1.3 million. A proposed budget increase of £1.1 million aims to address this deficit.

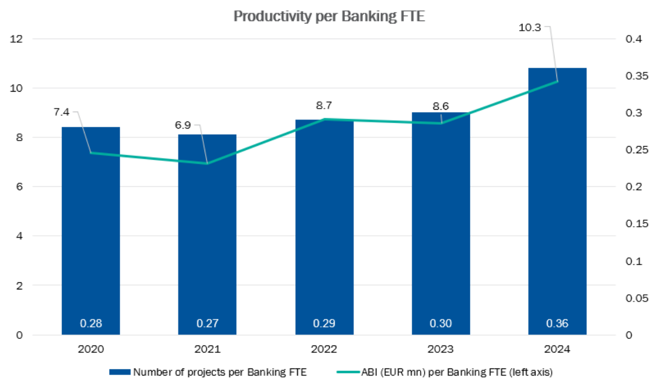
A dedicated working group has been established to consider both short- and medium-term cost containment initiatives, including scrutiny of current insurance coverage with the expectation of aligning member contributions and received benefits to an industry standard and improving the Bank's claims experience. The group will report its findings to the Board of Directors.

5.3.3 Driving efficiencies forward

The EBRD ensures that existing resources are allocated to best use and streamlined before requests are granted for new resources. A strong management culture, which emphasises resource efficiency and effectiveness, has enabled the redeployment of substantial resources across activities and departments. This helps the Bank manage unexpected developments and cost pressures, while ensuring that it continues to deliver its priorities without losing sight of the need to improve existing activities, skills, and processes. The Transformation Office continues to lead the drive on efficiencies throughout the Bank.

The EBRD has achieved notable improvements in operational efficiency and productivity. Between 2020 and 2024, cost efficiency improved by 19 per cent measured by euro of expenditure per euro of ABI delivered and productivity rose by 14 per cent measured by the average reduction in resources needed for each newly signed project, even as labour and other costs rose post-COVID. The Bank continues to drive efficiencies through process reengineering, strategic staff reallocations and technology investments.

Figure 5.3 Productivity: ABI (€ million) and number of projects per Banking FTE, 2020-24



While productivity increases have been evident in Banking (Figure 5.3), similar trends have also occurred in other teams. For instance, ABI projects per FTE rose by 20 per cent in legal units responsible for operational delivery, and transactions per FTE processes by the Operations and Service Management team increased by approximately 80 per cent over the period. However, the sustainability of this productivity growth is limited.

Currently, and looking ahead, the Bank faces multiple pressures on its resources, including from the ongoing war on Ukraine, increased business volumes and the desire to deliver more impact. While productivity has improved it is not without costs in terms of stretched resources, unsocial and extended staff work patterns, fatigue and impacts on health. The Bank seeks to balance higher productivity alongside staff wellbeing. (Information on current staff resources and wellbeing is available in Annex 3.)

In seeking to optimise output and allocate resources to where they are most needed, management makes top-down reallocations and adjustments to budgets, stops low value work, reprioritises activities, including by making use of staff turnover and vacancies, and creates structural opportunities to redesign and automate processes.

As part of the SIP procedure, which follows a strict prioritisation process, the Bank identified a gross resource need of £11.8 million to sustain increased delivery, consisting of 103 headcount positions at a cost of £8.4 million and non-staff costs of £3.4 million. Finance worked with departmental managers to reprioritise and reduce requests. Box 5.1 illustrates the outcome of this process.

After a thorough review, management identified £3.4 million of savings from staff cost efficiencies (42 FTEs) and another £3.2 million from non-staff efficiencies, making a total of £6.6 million in efficiency savings, which provided funding for 62 out of the overall 103 headcount FTEs.

5.3.4 Net resource needs

The Bank's business priorities for 2026 are outlined in the operational plan in Chapter 3. Together with the economic context set out in Chapter 1, they describe the many challenges the EBRD faces and how it is steering a path to deliver its objectives. This includes how the Bank plans to sustain its delivery and provide further support to its clients in Ukraine and other countries affected by the war, achieve impact through new SCF priorities and accelerate activities in SSA and Iraq.

Box 5.1 Efficiencies by Enabler and by Business Area

The Bank has maintained its focus on delivering efficiencies. By enabler, these include:

- **Reviewing organisational structures**, leading to adjustment in the balance of staff resources.
- **Reprioritising activities** (workload reallocations).
- Achieving **commercial savings** through provider or scope change.
- Exploring opportunities related to natural **staff turnover.**
- **Reviewing processes** with the aim of increasing efficiency, automating delivery or stopping an activity.
- **Additional efficiency** measures.

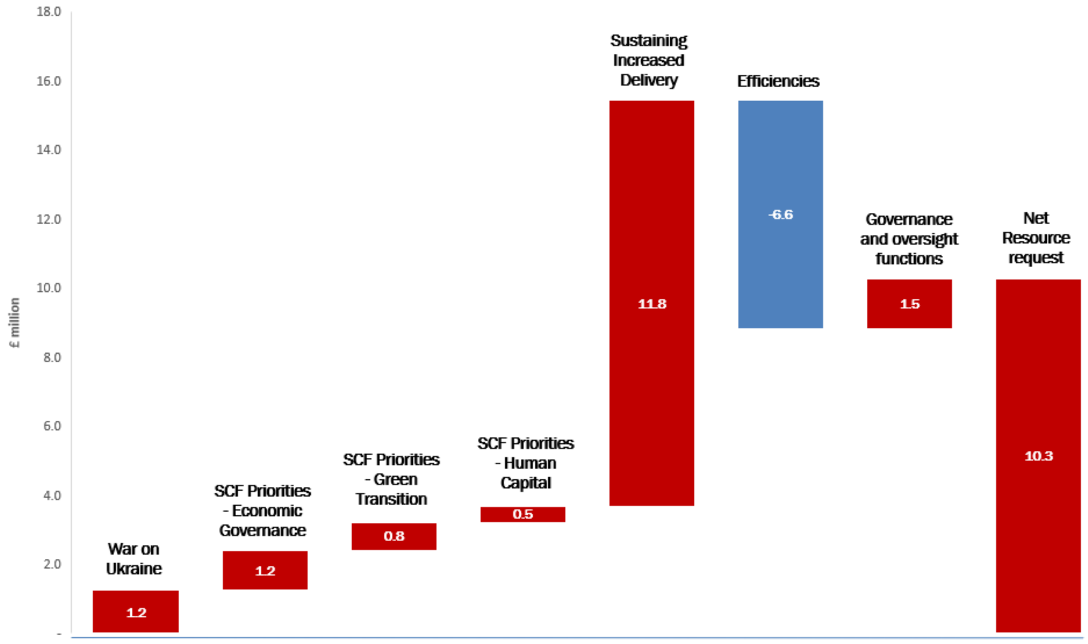
MYIP enabled £1.2 million of the overall £6.6 million efficiency gains.

Efficiencies by Enabler and by Business Area (£ million)

By:		Headcount*	Staff Cost	Non-Staff Costs	Total
Enabler	Commercial savings	-	-	(1.2)	(1.2)
	IT Decommissioning (H/W or S/W)	-	-	-	-
	Process re-engineering	(19)	(1.2)	(0.7)	(1.9)
	Stopping an activity	-	-	(0.4)	(0.4)
	Workload reallocation	(23)	(2.2)	-	(2.2)
	Additional efficiency measures			(1.0)	(1.0)
	Total by Enabler	(42)	(3.4)	(3.2)	(6.6)
Area	Banking Department	(38)	(2.8)	-	(2.8)
	VP Risk	(1)	(0.2)	-	(0.2)
	VP Finance	-	-	(0.3)	(0.3)
	Human Resources Department	(1)	(0.1)	(0.1)	(0.3)
	Office of Secretary General	(0)	(0.2)	(0.1)	(0.3)
	VP, Chief Transformation Office	(2)	(0.2)	(1.6)	(1.8)
	Board of Directors	-	-	(0.1)	(0.1)
	Central			(1.0)	(1.0)
	Total by Area	(42)	(3.4)	(3.2)	(6.6)

* Number Note: Figures in parentheses represent efficiencies and cost savings

Figure 5.4 Net resource requests for 2026



To meet these objectives, the Bank must be adequately resourced. In 2026, net of the £6.6 million efficiency savings above, resources to meet these objectives generate incremental costs of £8.8 million, a 1.7 per cent increase on the 2025 budget. A further £1.5 million, or 0.3 per cent, is envisaged for improvements to governance and oversight functions. The total **SIP 2026-28 net resource request is thus £10.3 million.** This is shown in Figure 5.4 along with the main components which are discussed below.

While the Bank is committed to continuous improvements in operational efficiency and productivity and to unlocking actual cost savings over the next three years and beyond, the Bank considers the net resource needs as vital investment to achieve the strategic aspirations outlined in SCF2026-30.

The Ukraine conflict

Ukraine remains a top strategic priority for the Bank, with a commitment to support the country throughout the ongoing conflict, facilitate recovery when it becomes possible and contribute to Ukraine's long-term reconstruction. This commitment is reflected in both the scale of financial deployment and the targeted allocation of resources across key business areas.

The 2026 plan calls for sustained investment, increased staff presence and enhanced operational support to ensure the Bank can deliver on its commitments during the conflict and be ready to scale up when reconstruction begins. This approach is underpinned by robust risk management, policy engagement and a focus on both immediate and long-term needs. It leads to **a net request of £1.2 million,** made up of £0.9 million (13 FTEs) and £0.3 million non-staff costs for business resilience and additional security.

Deepening Impact: SCF priorities

The SCF2026-30 set a clear mandate for the EBRD to strengthen policy delivery and resource allocation across the Bank with the explicit aim of deepening impact and policy engagement in three strategic areas - green transition, economic governance and human capital. To ensure the Bank makes progress on these initiatives and delivers the goals set in this SIP, funding needs to be appropriate and new resources allocated while maintaining robust financial and operational discipline.

The ambition to deepen the Bank's impact in these areas across the SCF2026-30 period requires a significant investment in human resources. A phased approach is being taken throughout the SCF period. This SIP starts this process with **a net incremental request of £2.4 million** for 32 FTEs, with the largest number (14 FTEs) allocated to the governance theme.

Table 5.3 General Administrative Expense Budget (excluding SSA and Iraq) for 2026 (£ million)

Administrative Expenses	2025 Budget	2026 Budget	2026 vs 2025 £ million	2026 vs 2025 Per cent
Operating Expenses	464.5	502.3	37.8	8.1%
Depreciation	43.3	44.0	0.7	1.7%
General Admininistrative Expenses	**507.8**	**546.3**	**38.5**	**7.6%**

It is intended that Banking will concentrate on client engagement and scaling thematic delivery as it pursues higher ABI and that VP Policy and Partnerships will focus on centralised project design, delivery support and policy engagements. To support these aims, a small number of the additional FTEs will be distributed across risk management, legal services, green mobilisation and other specialised functions.

Sustaining Higher Delivery

Chapter 3 shows the recent rapid pace of growth in the Bank's business activities and the expectation that this will continue. To uphold strong delivery and maintain a robust operating framework it is important to ensure resources are not unduly stretched and to prevent bottlenecks from arising. To date the Bank has been able to prioritise front-line banking and meet the increasing complexity of EBRD's operations through efficiencies and reallocations. But ultimately, further growth with the same resources can bring unacceptable strains and elevated risks. Management believes the Bank has reached this point.

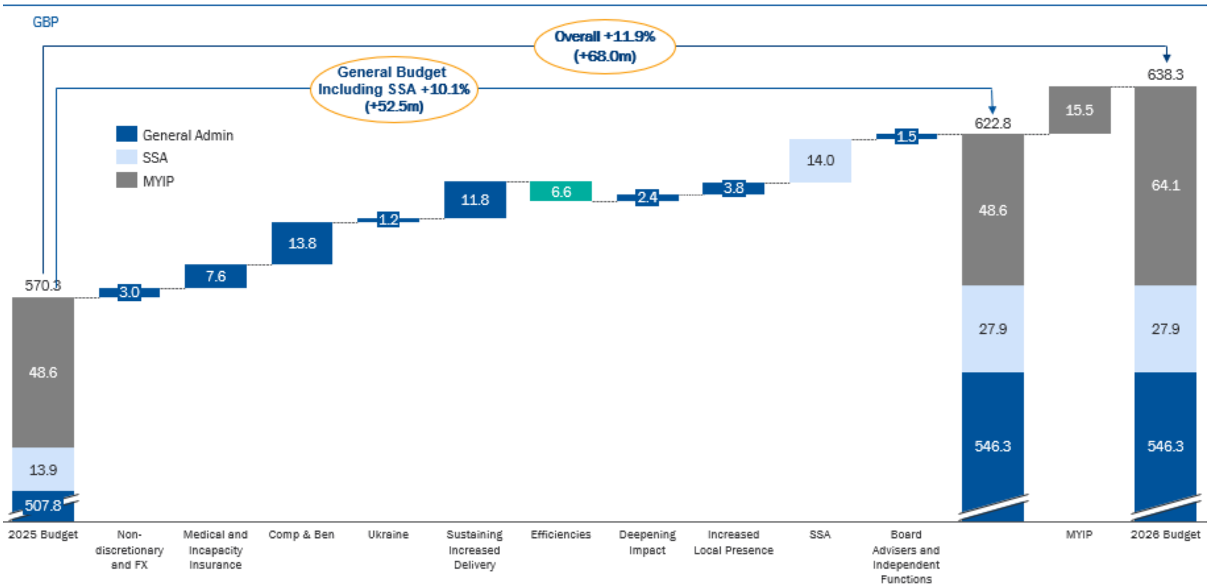
To sustain higher rates of delivery across the Bank's activities over the period of this SIP, a **net request of £5.2 million** is proposed to fund 41 incremental FTEs (with a further 62 FTEs funded through internally generated efficiencies and reallocations).

Banking has identified 15 new positions required to support higher workloads from increased business volumes. Elsewhere, the remaining positions are mostly for: the Office of the General Counsel for additional legal support, particularly on Ukraine; Risk Vice Presidency to strengthen critical processes and implement a revised, comprehensive procurement framework in target locations; and Finance Vice Presidency to expand local-currency activities across regions, drive green debt mobilisation and help operations service management handle rising transaction volumes and reporting demands. Pressing requirements for investment in data management, back-office capabilities and other support functions have been met through process efficiencies and resource redeployment.

Governance and Oversight Functions

As well as the Board, the EBRD's governance and oversight functions comprise the Independent Evaluation Department (IEvD), Internal Audit Department (IAD), and Independent Project

Figure 5.5 Total Administrative Expense Budget: from 2025 to 2026



Accountability Mechanism (IPAM). They are vital for enhancing transparency and trust and are strengthened in SIP 2026-28 with new resources consisting of 10 FTEs and £0.2 million in non-staff costs, at a **cost of £1.5 million.**

5.3.5 Mobility: Increased local presence

Deep local market knowledge and a strong local workforce have long been at the core of the Bank's business model. The Bank aims to strengthen further its impact and delivery capacity on the ground by increasing the local presence of experienced staff through a redesigned mobility framework anchored in a regional client delivery hub system. This strategic shift will improve staff proximity to clients and policy makers and thereby offer a more responsive engagement and effective delivery.

The transition to this **new mobility framework is estimated to cost £3.8 million** in 2026, reflecting mobility-related investments and organisational adjustments. The introduction of new mobility programmes replaces legacy schemes, aligning support with institutional priorities and fostering fluid movement between HQ, hubs and regional offices. This approach ensures the right expertise is embedded where it matters most, while strengthening the pipeline of future leaders.

5.3.6 General Administrative Expenses

A total of £546.3 million is proposed for the general administrative expense budget (excluding SSA and Iraq) in 2026, a 7.6 per cent nominal increase on the 2025 budget of £507.8 million (Table 5.3 and Figure 5.5).

Movements in general administrative expenses (excluding SSA and Iraq) are set out in Table 5.4. In summary, the 7.6 per cent nominal increase is made up as follows:

- 0.6 per cent related to price and volume increases and FX impacts (mostly linked to a weaker US dollar).
- 1.5 per cent to address underfunding of Cigna insurance premiums.
- 2.7 per cent to fund the 2026 compensation proposal, consisting of market movement, Board and VP increases and the impact of the benefit review.
- 2.5 per cent (net) for business needs linked to Ukraine, SCF priorities, increased delivery and local presence, after taking account of identified efficiencies and reallocations.
- 0.3 per cent to strengthen the Bank's governance and independent oversight functions.

In more detail:

- **£3.0 million additional budget for non-discretionary items** (factor A) includes**:**
    - **Price and volume changes.** This reflects an overall £4.3 million increase, including inflationary/contractual increases in centrally managed/technology costs (£0.9 million); higher costs of information services (£3.3 million) and increased RO occupancy costs (£0.2 million).
    - These are partially offset by a **favourable FX impact of £1.3 million**, which reflects a strengthening of sterling against US dollar.
- **£7.6 million additional budget for medical and incapacity insurance** (factor B), addressing underfunding in insurance premiums to Cigna.
- **£13.8 million additional budget for the 2026 compensation proposal** (factor C), including**:**
    - **£13.8 million for market movement** in staff costs, which is equivalent to a 4.47 per cent salary increase from January 2026 (3.75 per cent for HQ and 8.0 per cent across resident offices).
- **Gross staff and non-staff resource needs** of £15.5 million, partially funded through £6.6 million of efficiencies, **resulting in net £8.8 million incremental budget allocations** (factor D), comprising:
    - **£1.2 million** linked to the Bank's response to the **war on Ukraine.**
    - **£2.4 million** business lead requests linked to **SCF Priorities** (see section 5.3.4).
    - **£11.8 million to sustain increased delivery** by supporting ongoing business needs (funded partly through reallocation and efficiencies).
    - **£6.6 million of *savings* from efficiencies and reallocations** (see section 5.3.3).

Table 5.4: Key Movements in the 2026 Budget (£ million)

2025 Budget (General Administrative Expenses)		507.8			
	Changes	Proposed	Saving	Net	Increase
A.	**Non-discretionary**	**4.3**	**(1.3)**	**3.0**	**0.6%**
	FX impact		(1.3)	(1.3)	
	Corporate Services	0.4		0.4	
	IT	3.3		3.3	
	RO occupancy costs	0.2		0.2	
	MDM	0.5		0.5	
B.	**Medical Insurance**	**7.6**	**-**	**7.6**	**1.5%**
	Medical and Incapacity Insurance	7.6			
C.	**2026 Compensation Proposal**	**13.8**		**13.8**	**2.7%**
	Compensation & Benefit increase	13.8		13.8	
D.	**Other Movements and Efficiencies**	**15.5**	**(6.6)**	**8.8**	**1.7%**
	War on Ukraine	1.2		1.2	
	SCF Priorities - Economic Governance	1.2		1.2	
	SCF Priorities - Green Transition	0.8		0.8	
	SCF Priorities - Human Resilience and Gender Equality	0.5		0.5	
	Sustaining Increased Delivery	11.8	(5.6)	6.1	
	Additional efficiency measures		(1.0)	(1.0)	
E.	**Mobility**	**3.8**		**3.8**	**0.8%**
	Increased Local Presence	3.8		3.8	
F.	**Governance and oversight functions**	**1.5**	**-**	**1.5**	**0.3%**
	Board Advisors	0.7		0.7	
	Internal Audit	0.3		0.3	
	Independent Project Accountability Mechanism	0.3		0.3	
	Independent Evaluation Department	0.2		0.2	
G.	**Total Movements**	**46.5**	**(8.0)**	**38.5**	**7.6%**
2026 Budget (General Administrative Expenses)		546.3			

- **£3.8 million for mobility** (Factor E) to increase the Bank's local presence (see section 5.3.5).
- **£1.5 million to strengthen the Bank's oversight and governance functions** (factor F), including:
  - **£0.7 million** to fund additional advisers for the **Board of Directors.**
  - **£0.8 million** to strengthen **IAD, IPAM and IEvD** functions.

5.4 Resourcing activities in sub-Saharan Africa and Iraq

Delivery in Ukraine and other existing countries of operations remains the current primary focus of the EBRD. At the same time, the Bank is now starting operations in its new region of sub-Saharan Africa and Iraq, in line with institutional processes and shareholder decisions. A strong local presence will be established through Resident Offices in each new country of operations, supported by a regional hub and reinforced by HQ teams.

Recognising the scale and complexity of the start-up phase, the **net resource request for SSA and Iraq in 2026 stands at £27.9 million,** reflecting recalibrated delivery plans and benchmarking with stakeholders. The projected figure rises to £34.1 million in 2027 and £35.9 million in 2028 as expansion into the region progresses (Table 5.5). A headcount of 171 is

Table 5.5 Administrative Expense Budget for SSA and Iraq, 2026-28 (£ million

Administrative Expenses	2026	2027	2028
Staff Costs	18.5	23.7	25.1
Non-Staff Costs	4.7	5.1	5.3
Centrally Managed Costs	4.7	5.3	5.5
Total Costs	**27.9**	**34.1**	**35.9**

projected for 2026, with a significant regional component to ensure effective delivery and alignment with country-specific opportunities.

The operational plan leverages locally recruited talent and prioritises cost-effectiveness through tailored office configurations and will prioritise resources rigorously. Ongoing efforts focus on project preparation, donor coordination and policy engagement, with dedicated budgets for consultancy support, legal assessments and environmental and social due diligence.

From 2026, the SSA and Iraq budget will be incorporated within the general administrative budget, to give management added flexibility in prioritising resource deployment across activities and geographies.

5.5 Multi-Year Investment Plan

In July 2020 the Board acknowledged the need for a multi-year investment plan (MYIP) of approximately £200 million over the period 2020-25. It was agreed that budgets for each phase of the programme would be subject to discussion and agreement as part of the annual SIP process and would be held separately from the administrative budget until all projects in all phases went live. Each request for funding is presented to a management level Programme Steering Board (PSB) for approval.

The MYIP continues to be a priority for the Bank. Capex of £78.3 million for Phase 1, £47.1 million for Phase 2, £62.9 million for Phase 3 and £16.2 million for phase 4 were confirmed respectively in the relevant SIPs, along with the financial implications for operating expenditure and depreciation.

As noted in Chapter 3, these investments have delivered a series of successful initiatives, leading to an important reduction in the operating risks the Bank faces and improved efficiency in many core functions and processes. MYIP investments and initiatives in the pipeline will further reduce risks, improve resilience and enhance the Bank's operational capabilities to provide a robust business platform that supports clients, stakeholders and staff effectively across key processes, data management and technologies.

The **impact of MYIP on the 2026 budget (operating expenses and depreciation) is £64.1**

Table 5.6 MYIP Financial Implications, Phases 1-4 (£ million)

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating Expenses	10.9	11.9	11.9	12.0	12.0	12.1	12.1	-	-	-
Depreciation	11.1	9.6	10.6	10.8	11.2	9.8	4.3	2.4	1.7	0.6
Phase 1	**22.0**	**21.5**	**22.5**	**22.8**	**23.3**	**21.8**	**16.4**	**2.4**	**1.7**	**0.6**
Operating Expenses	10.1	7.9	10.0	10.1	10.1	10.1	10.1	-	-	-
Depreciation	1.1	4.2	4.9	6.3	6.7	6.7	6.7	5.7	3.2	1.8
Phase 2	**11.2**	**12.1**	**14.8**	**16.4**	**16.8**	**16.8**	**16.8**	**5.7**	**3.2**	**1.8**
Operating Expenses	1.9	13.1	21.3	22.9	23.2	22.9	22.9	-	-	-
Depreciation	0.2	0.7	2.8	6.9	9.0	9.0	9.0	8.8	8.2	6.1
Phase 3	**2.1**	**13.8**	**24.1**	**29.7**	**32.2**	**31.9**	**31.9**	**8.8**	**8.2**	**6.1**
Operating Expenses	1.3	0.9	1.9	3.7	3.8	4.2	5.1	-	-	-
Depreciation	-	0.3	0.7	1.2	2.1	2.3	2.3	2.3	2.0	1.6
Phase 4	**1.3**	**1.2**	**2.6**	**4.9**	**5.8**	**6.5**	**7.4**	**2.3**	**2.0**	**1.6**
Total	**36.6**	**48.6**	**64.1**	**73.8**	**78.2**	**77.0**	**72.5**	**19.1**	**15.2**	**10.2**

Table 5.7 Capital Expenditure (£ million)

Capital Expenditure	2025 Budget	2026 Budget	2027 Budget	2028 Budget
IT	17.2	16.4	TBC	TBC
HQ	0.8	0.7	TBC	TBC
Resident Offices	2.9	4.1	TBC	TBC
Business as usual	20.9	21.2	TBC	TBC
MYIP	27.6	13.5	0.9	-
SSA and Iraq	4.5	5.1	0.1	0.1
Extraordinary Budget Items	32.1	18.6	1.0	0.1
Total	53.0	39.8	1.0	0.1

million, rising to £73.8 million in 2027 and £78.2 million in 2028 (Table 5.6). In future years, costs will be partially offset by process efficiencies and reduced operational risk. The expected value of these offsets will be identified as initiatives are developed and included in relevant future SIPs.

5.6 Capital expenditure

A summary of planned capital expenditure under this SIP is presented in Table 5.8. This includes capital expenditure for business-as-usual activities, as well as for strategic investments and projects including expansion to SSA and Iraq.

5.6.1 IT capex – business as usual (BAU)

Planned IT capital expenditure in 2026, excluding carried forward budgets and investment related to the multi-year investment plan, is £16.4 million, including:

- Non-discretionary expenditure of £7.7 million primarily to cover the refresh of desktops and other devices in headquarters and ROs (£2.2 million) and upgrades of core infrastructure hardware (£5.5 million).
- Business-led expenditure of £4.0 million to manage the impact of new regulations, address demand in new countries of operations and opportunities for application enhancements.
- Technology-led expenditure of £4.7 million to increase the efficiency and effectiveness of existing technology platforms.

The business case, scope and budget requirements for pipeline projects are finalised and approved by management.

5.6.2 HQ and Resident Offices

Capital expenditure for offices is budgeted for and indirectly approved through its effect on depreciation, with a total of £4.8 million capital expenditure planned for HQ and ROs (BAU).

- **HQ.** £0.7 million for space reconfiguration and furniture upgrades to ensure a safe and comfortable working environment and audio-visual life cycle replacement.
- **ROs.** Planned capital expenditure for 2026 is £4.1 million and includes:
  - Relocation of offices in Cairo, Zagreb, Sofia and Skopje.
  - Furniture replacement in Tunis, Ashgabat and Brussels.
  - Replacement of 16 RO vehicles.

5.6.3 SSA and Iraq

Capital expenditure for SSA and Iraq is front-loaded in 2026 to allow for the initial impact of setting up resident offices. It is estimated at £5.1 million, comprising £3.6 million for Corporate Services and £1.5 million IT infrastructure costs. Subsequent capex is expected to be negligible.

6. Governance, incentives and accountability

Introduction

The EBRD's general direction, priorities and expected emphasis are set in the SCF2026-30. Equally, by design, the SCF is not prescriptive and allows the Bank to respond to opportunities and circumstances to deliver its objectives. This flexibility is exercised within a clear framework for accountability. Control parameters are set to provide assurance to shareholders that the Bank is pursuing its strategic objectives responsibly and management is held to account for the Bank's performance on the basis of an annual scorecard set out in the SIP and approved by the Board of Directors.

6.1 The control parameters

The SCF2026-30 establishes control parameters for the Bank's ongoing performance in three core areas:

- **Transition**. The transition parameters set minimum levels for the quality of the Bank's transition delivery through its projects at approval and throughout their life. As in SCF2021-25, the minimum average level of transition impact that should be met is set for the Bank's projects at their initial approval, Expected Transition Impact (ETI).

  For the SCF2026-30 period ongoing transition performance will be assessed through a new measure which specifies a minimum level for the share of Bank projects which are on track to meet their transition objectives.
- **Capital**. The capital parameter sets a maximum level of capital utilisation under the Bank's risk-based Capital Adequacy Policy (CAP).
- **Resources**. The resource parameter sets a ceiling for the ratio of costs to debt income annually.

Control levels and projections for the capital and resource parameters are presented for the SIP2026-28 period in Table 6.1. The table shows that the Bank is projected to comply with all control parameters.

6.2 Corporate Scorecard

The levels for each indicator in the scorecard are presented below according to the newly revised scorecard structure described in Box 6.1 in support of the Strategic Capital Framework 2026-2030. These parameters act as incentives for management and staff to deliver results and reflect the Bank's projections and ambitions for 2026, as set out in the rest of this document.

Table 6.1 Projected SCF Control Parameters 2023-2028

	Control Level	2023 Actual	2024 Actual	2025 Estimate	2026 Projected	2027 Projected	2028 Projected
Transition Parameters							
Expected Transition Impact	> 60	68.2	67.4	67.4^	> 60	> 60	> 60
Projects on track*	> 70%	77.5%	78.6%	78.2%	> 70%	> 70%	> 70%
Capital Parameter							
Capital Adequacy Utilisation	< 90%	62%	63%	64%	63%	63%	63%
Resource Parameter							
Cost to Debt Income ratio	< 80%	56%	53%	65%	64%	67%	68%

* Under SCF2021-25 the relevant parameter was average Portfolio Transition Impact (PTI) and set at a control level of >65. Figures for 2023-2025 reflect the retrofitted value of the new control parameter.

^ to end-Q3

Box 6.1 SCF2026-30 Corporate Scorecard

A revised corporate scorecard structure for the SCF2026-30 period was approved by the Board of Directors in July 2025.[1] The revision involved:

- A new indicator which measures the **share of projects on track** to deliver their transition impact objectives. This replaces Portfolio Transition Impact (PTI). A project's delivery rate is defined as the average level of progress its indicators have made against interim targets, weighted by primary, secondary or tertiary transition qualities.
- Retention of the **Expected Transition Impact (ETI)**, **Green Economy Transition share of ABI** and **Gender** parameters.
- Updated **Composite performance assessments** (CPAs) to include key outcome indicators across the six transition qualities, in line with the Impact Report. CPAs highlight outputs and outcomes of Bank activities via quantitative measures for investments and qualitative indicators for policy engagements.
- A measure of **Economic governance** is introduced, in line with the Bank's upcoming strategy.
- The overall number of projects is dropped while key existing operational parameters are retained: **ABI, Disbursements, Private sector investment share**.
- Annual Mobilised Investment (AMI) now reflects **Private Annual Mobilised Investment** in line with SCF2026-30.
- A specific objective for the Bank's **Investment in Ukraine** is introduced to reflect this central focus of Bank activity.
- The existing geographic measure is expanded to include two metrics - the number of projects and level of ABI – which capture the Bank's support for **Least Advanced Countries**. These are all countries of operations other than Türkiye, Ukraine and EU member states.
- A new **Organic capital growth** measure replaces the Return on required capital, to reflect recommendations on the measurement of financial sustainability in the SCF2026-30 Preparatory Financial Analysis. The **Debt Return on required capital before costs** indicator is retained.
- Existing indicators of **Operational risk** and **Staff engagement** are kept.
- Streamlined cost indicators with the decommissioning of productivity, cost to debt income and budget measures in favour of a **Cost to Development related exposure** ratio.

[1]'Review of the Corporate Scorecard'.

Transition Impact

- **Average ETI is set as a range of 63-70:** The upper end of the range for average ETI on all new projects rated in the course of the year is increased compared with the level in the 2025 scorecard reflecting the Bank's ambition to deliver a strong impact.
- A new metric on the **share of projects on track to deliver their transition impact objectives.** This replaces Portfolio Transition Impact (PTI). A project's delivery rate is defined as the average level of progress it has made against interim indicator targets, weighted by transition quality. Based on historical analysis and current levels, **a floor of 75 per cent** is proposed.
- **For each of the six Transition Qualities**, a quantitative and qualitative assessment is made via Composite Performance Assessments, which are rated either Very Good, Good or Requires Attention.
- **Green Economy Transition is set as a minimum percentage of ABI at 50 per cent.** This objective corresponds to the SCF2026-30 commitment that at least 50 per cent of the Bank's investments are dedicated to the Green Economy Transition.
- The **Gender-tagged operations target is set as a minimum share of 40 per cent of the total number of projects**, reflecting the Bank's ongoing commitment to promote gender equality.
- The new **Economic Governance** indicator, measuring the share of state sector projects with an economic governance component, is set with an initial target of 65 per cent for 2026.

Operational Performance

- **ABI is set as a range €16.0 to €17.0 billion,** an increase of €2 billion on the range in the 2025 Business Plan. The higher range reflects the Bank's ambition and expected transition opportunities across the Bank's regions, including support to Ukraine and other countries affected by the conflict and the build-up of operations in the sub-Saharan Africa region.

- The target for **ABI in Ukraine is set at €1.8 billion**, a higher level than the agreed financing amount in the General Capital Increase for the pre-reconstruction period.
- **Private Annual Mobilised Investment (AMI) is set at €4 billion,** a higher level to that achieved in 2024 for this new scorecard indicator. This reflects expected business opportunities for 2026 notwithstanding challenging market conditions and is in line with the SCF2026-30 ambition of reaching at least €5 billion of private AMI by 2030.
- **Annual disbursements are set as a range of €10.0 billion to €11.0 billion** reflecting expected investment levels in 2026 as well as the current profile of the stock of undrawn commitments at the end of the third quarter of 2025, a larger share of sustainable infrastructure projects and rising levels of non-disbursing guarantees.
- **The private sector share of ABI is set at a minimum of 75 per cent**, consistent with the Bank's focus on private sector whilst maintaining a suitable policy influence.
- **Activity in Least Advanced Countries is set at a minimum ABI of €7.7 billion,** reflecting the Bank's commitment in SCF2026-30 to continue to focus on countries of operations facing the greatest transition challenges. A **minimum of 350 signed projects** is also set as an objective for these countries in 2026.

Financial Performance

- The new **Organic Capital Growth objective** supports the Bank's operational ambitions. The scorecard indicator is calculated on a 3-year rolling average basis as the ratio can be volatile due to movements in valuations of the Bank's equity portfolio, impairments and market interest rates. Considering the SCF2026-30 ambition for real capital growth and projected (euro) inflation of 1.6 per cent in 2026, it is proposed to set this objective at a **floor value of 3 per cent**.
- **Debt Return on Required Capital is set at a minimum level of 9.0 per cent.** The target is at a similar level to the 2025 objective reflecting ongoing uncertainties in the economic environment.

Institutional Performance

- The new **Cost to Development Related Exposure ratio** in 2026 reflects the initial effects of the Bank's effort to deliver the ambitions of SCF2026-30, including in Ukraine and expansion into sub-Saharan Africa. Several cost pressures are expected to persist throughout the SCF2026-30 period. The Bank's cost base is expected to grow faster than banking exposure and the target ratio is set at 1.36 for 2026.
- **Operational Risk Assessment.** This measure is designed to assess the Bank's progress in achieving the goal of creating an organisation where management and staff show accountability and leadership in proactively identifying, mitigating and reporting risks to ensure the risk profile remains within adequate tolerance. The assessment is made annually through a mix of quantitative and qualitative measures, rated as either Very Good, Good or Needs Improvement, and is shared with the Board of Directors.
- **Staff Engagement** is a tracked indicator that has no specific target associated with it but informs the annual assessment of the performance of the Bank against the Scorecard.

Corporate Scorecard, 2026

	2026	2025 Q3		2025	2024	
	BP and Budget	Actual	Plan rate (€/$1.05)	BP and Budget	Actual	Plan rate (€/$1.05)
TRANSITION IMPACT						
Expected Transition Impact	**63 – 70**	67.4		63 - 69	67.4	
Share of portfolio projects with delivery on track	**Min 75%**	81%		n/a	80%	
Transition Qualities						
Competitive, innovative economies	**CPA***	CPA*		CPA*	Good	
Well-governed economies and firms	**CPA***	CPA*		CPA*	Good	
Environmentally sustainable, green economies	**CPA***	CPA*		CPA*	Very Good	
Inclusive, gender-equal economies	**CPA***	CPA*		CPA*	Very Good	
Resilient economies and firms	**CPA***	CPA*		CPA*	Good	
Well-integrated, connected markets	**CPA***	CPA*		CPA*	Good	
Green Economy Transition (% ABI)	**Min. 50%**	53%		50%	58%	
Gender-tagged Operations (% Number of projects)	**Min 40%**	44%		Min 40%	47%	
Economic Governance (% Number of projects)	**65%**	TBD		n/a	TBD	
OPERATIONAL PERFORMANCE						
Annual Bank investment (€ billion)	**16.0-17.0**	11.0	11.3	14.0 - 15.0	16.6	16.5
Annual Bank investment in Ukraine (€ billion)	**1.8**	1.8	1.8	n/a	1.9	1.9
Number of projects in Least Advanced Countries	**Min 350**	247		n/a	348	
ABI in Least Advanced Countries (€ billion)	**Min 7.7**	4.3	4.5	n/a	7.8	7.7
Private Annual Mobilised Investment (€ billion)	**Min 4.0**	3.0		n/a	3.7	
Private Sector Share (% ABI)	**Min 75%**	71%		Min 75%	76%	
Disbursements (€ billion)	**10.0 - 11.0**	7.5	7.7	9.0 - 10.0	10.6	10.6
FINANCIAL PERFORMANCE						
Organic Capital Growth (3-year rolling average)	**Min 3%**	Annual		n/a	5.1%	
Debt Return on Required Capital before Costs	**Min 9%**	12.3%		Min 9%	18.30%	
INSTITUTIONAL PERFORMANCE						
Cost to Development Related Exposure (%)	**1.36**	Annual		n/a	1.27	
Operational Risk	**Assessment**	Annual		Tracked	Adequate	
Staff Engagement Ratio	**7.3**	Annual		Tracked	7.3	

Annex 1: The EBRD in 2030

Strategic and Capital Framework 2026-30 – Strategic Aspirations

In the SCF2026-30 period, the Bank will maximise achievement of its overarching transition impact goal in its countries of operations by building on the strengths demonstrated in the SCF2021-25 period to support the systemic change necessary to deepen progress against the transition qualities. Specifically, based on the strategic directions in this SCF, by 2030, the Bank will have:

- Provided exceptional support to the real economy and livelihoods in Ukraine in wartime and reconstruction reaching a minimum of EUR3 billion in annual investment in a period of sustained stability.
- Driven transition impact in countries of operations which are less advanced in transition through increased levels of annual investment and policy activity in these countries over the SCF period.
- Achieved significant and distinctive impact in new countries of operations in sub-Saharan Africa and Iraq and have its work positively assessed by the review of the Bank's operations in 2028.
- Bolstered commitment to supporting by private sector enterprise and entrepreneurship by investing at least 75 per cent of cumulative ABI in the private sector.
- Enhanced its capacity to mobilise private finance through further product innovation and culture change to increase impact across all countries of operations including through establishing a floor for AMI of EUR5 billion.
- Supported countries of operations' requests to make progress with the climate transition and achieve energy security and resilience through investment and policy activity focused on achieving change in six core economic systems namely energy, urban, industrial, agrifood, transport and financial intermediation.
- Strengthened available support for any country which chooses to graduate from the use of the Bank's resources under the enhanced Post Graduation Operational Approach 2021 through replenishment of the Post Graduation Special Fund.
- Leveraged the ability to work across the private and public sectors to enhance the conditions for private sector development in countries of operations including through identifying reform opportunities with all public sector clients or in each sector in which they operate.
- Increased economic opportunity for people in countries of operations through enhanced human capital development and equality of opportunity between women and men in countries of operations.
- Used the potential of digital technology to support transition impact through deployment and development of a mature and focussed suite of financial, policy, and advisory products.
- Maintained the capacity to achieve meaningful impact in its countries of operations through self-generated growth in its capital stock through the ambition of maintaining the real value of the Bank's members' equity.

These aspirations will be implemented through future annual SIPs with continued efforts to manage both existing projects and new commitments to pursue transition impact whilst balancing, at the portfolio level, risks, returns and costs to ensure financial sustainability.

Annex 2. Definition of Annual Mobilised Investment

The definition of Annual Mobilised Investment (AMI) may be summarised as follows:

1. Annual mobilised investment automatically includes the following, provided a relevant and meaningful fee is earned or skimmed by EBRD:
    - All funds – public and private – mobilised through the B loan programme, parallel financing, secondary sales, or similar.
    - Unfunded mobilisation via Unfunded Risk Participations (URPs) and Non-Payment Insurance (NPI).
2. Annual mobilised investment automatically includes the following without the need for a fee:
    - Investments from partner financial institutions (PFIs) under the Risk Sharing Framework (RSF), Resilience and Livelihoods Framework (RLF) or similar risk-sharing frameworks.
    - Debt and bond frameworks and significant risk transfer (SRT) structures EBRD invests in where on-lending multiples are covenanted in the legal documentation.
    - All private funds mobilised in the Trade Facilitation Programme (TFP) on both funded and unfunded bases, as applicable.
    - Guarantee instruments provided on an unfunded basis, including those backed by concessional instruments, which trigger larger on-lending portfolios.
    - All private funds mobilised through a securitisation programme (or similar) issued by the EBRD.
3. Annual mobilised investment also includes, subject to certain conditions, commercial finance in the context of:
    - Equity and equity funds.
    - Bonds in certain circumstances where EBRD was instrumental in the facilitation or creation of the financial instrument.
    - All amounts (debt and equity) co-invested in projects supported through dedicated advisory services such as the Infrastructure Project Preparation Facility (IPPF) or the Renewable Auctions Programme.
    - Amounts triggered by EBRD-administered concessional finance instruments such as guarantees or other de-risking structures.
4. Mobilisation by Decision: activities not eligible above may receive recognition by decision of the Operations Committee (Ops Com), as advised by the director, Head of Debt Mobilisation and the associate director, Head of OSP and Data Analytics.

Note: From 2026, while both public and private AMI will be tracked and reported to the Board, only private AMI will count towards the EBRD corporate scorecard.

Annex 3. Staff and workforce planning

The Bank's workforce

The Bank's workforce increased by a headcount of 158 (net, including externally funded positions) during the year to the end of September 2025, an increase of 4.8 per cent on the prior year, which includes recruitment for the sub-Saharan Africa region. The staff mix among sub-groups remained broadly unchanged, with Banking accounting for 48 per cent of the total workforce (Table A3.1).

Table A3.1 The Bank's Workforce in 2025, end-September

	2023 Q3		2024 Q3		2025 Q3	
	Headcount	Per cent	Headcount	Per cent	Headcount	Per cent
Headquarters	2041	66%	2157	66%	2265	66%
Resident office	1046	34%	1104	34%	1154	34%
Banking	1620	52%	1579	48%	1639	48%
Non-Banking	1467	48%	1682	52%	1780	52%
Regular	2336	76%	2432	75%	2644	77%
Fixed-Term contract	612	20%	682	21%	603	18%
Short-Term contract	139	5%	147	5%	172	5%
Non-Overtime Eligible (male)	1285	42%	1349	41%	1419	42%
Non-Overtime Eligible (female)	1365	44%	1468	45%	1567	46%
Overtime Eligible (male)	82	3%	87	3%	86	3%
Overtime Eligible (female)	355	11%	357	11%	347	10%

Ukraine

To ensure staff affected by the Ukraine conflict remain safe and able to meet business requirements, financial support continued to be delivered to 55 employees in 2025. The Bank's package to ensure affected staff can plan for the longer term has been extended to August 2027.

Mobility

Mobility is a core strategic people priority that drives employee engagement and innovation. In-depth local market knowledge and a strong local workforce are integral to the Bank's business model. The Bank will gradually strengthen its regional hubs, with an emphasis on end-to-end client and transaction delivery, and explore a simpler, more transparent mobility framework, aligned with business needs. This will encourage regional development and career growth. It will be aided by embedding mobility more directly into career progression and talent management, focusing on cross-functional succession planning and helping managers develop staff and support mobility.

Wellbeing

The war in Ukraine and humanitarian crisis in Gaza has impacted the wellbeing of some 15 per cent of staff. Although the number of sick days increased by 5.6 per cent in 2025 (to the end of the third quarter) compared with the same period in 2024, stress-related absences are a little lower at around one quarter of the total, though the number of staff absent for this reason remains low. Mental health first aiders provide support, and the Bank is developing a Wellbeing Strategy, with implementation expected to start in 2026.

New Workplace Behaviours linking the Bank's mission, strategic objectives and how we deliver them were introduced in late 2024 and integrated into Bank processes in 2025. The focus in 2026 will be on understanding and deepening their impact, as well as communicating and embedding the Bank's Internal Values. The new director with responsibility for employee relations will provide specialist guidance and support on complex and/or high-risk HR matters concerning internal dispute resolution (both formal and informal alternatives such as mediation), the internal justice system and management of health-related issues and colleagues' performance.

Annex 4. Budget data disclosure reporting

Responding to the request by members of the Bank's Budget and Administrative Affairs Committee for enhanced budget data disclosure in the Strategy Implementation Plan document, this Annex provides the five-year trend of:

- Table A4.1 Detailed General Administrative Expense Budget 2022-26 (£ million), including a further breakdown of staff costs (benefits lines)
- Table A4.2 Direct Costs by Department 2022-26 (£ million)
- Table A4.3 HQ and RO occupancy

Board Online Information (BOI) reports this data and is updated also to reflect budget and actual costs for extraordinary items (MYIP).

- Table A4.4 Priority Investments for 2026 (£ million)

Table A.5 is included to show that efficiencies identified for 2026 are retained over the SIP 2026-28 period. It is expected that further efficiencies will be identified in future SIPs.

- Table A4.5 Efficiencies by Enablers 2026-28 (£ million)
- Table A4.6 Ratio of Staff Cost to Total Cost 2023-28

Table A4.1 General Administrative Expense Budget for 2026 (Detailed), 5-year view (£ million)

Administrative Expenses	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2026 vs 2025 £ million	2026 vs 2025 Per cent
Salaries	155.1	172.6	182.8	194.6	206.5	11.9	6.1%
Total Benefits	110.1	121.8	130.0	139.9	159.2	19.3	13.8%
Performance Based Compensation	20.7	23.3	24.9	26.3	28.3	2.0	7.4%
Other Staff Costs	1.5	1.5	1.5	2.7	2.5	(0.2)	(6.5%)
Staff Costs	**287.5**	**319.2**	**339.2**	**363.5**	**396.5**	**33.0**	**9.1%**
Consultancy/Legal	11.5	12.1	12.6	13.4	14.7	1.3	10.1%
Travel/Hospitality	10.1	10.1	11.4	11.5	11.5	0.0	0.4%
Other Direct Costs	13.8	14.6	15.0	16.4	17.4	1.0	6.3%
Non Staff Costs	**35.4**	**36.9**	**39.1**	**41.2**	**43.6**	**2.4**	**5.9%**
Direct Costs	**322.9**	**356.1**	**378.3**	**404.7**	**440.1**	**35.4**	**8.8%**
Occupancy Costs	10.1	13.3	15.5	16.0	17.0	1.1	6.6%
Technology (License, Hosting & Vendor)	24.0	25.6	28.6	29.4	30.7	1.4	4.6%
Annual Meeting	1.2	1.5	1.5	1.5	1.7	0.2	12.6%
Central Staff Expenses	5.9	7.2	8.4	8.7	8.6	(0.1)	(1.5%)
Institutional Fees	2.2	2.4	2.3	2.9	2.8	(0.1)	(4.1%)
Depreciation	43.6	41.8	43.3	43.3	44.0	0.7	1.7%
Contingency	0.3	0.3	1.3	1.3	1.3	-	-
Total Centrally Managed Costs	**87.2**	**92.1**	**101.0**	**103.1**	**106.2**	**3.1**	**3.0%**
General Admininistrative Expenses	**410.1**	**448.2**	**479.3**	**507.8**	**546.3**	**38.5**	**7.6%**

Note: Excludes sub-Saharan Africa and Iraq

Table A4.2 Direct Costs by Department, 5-year view (£ million)

Department	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget	Variance 26 vs 25
Client Services Group	155.2	171.6	178.0	187.8	192.7	4.9
Finance	28.0	32.1	35.1	38.4	40.5	2.1
VP CTO	15.9	17.5	19.8	23.3	24.6	1.3
VP CRO	30.2	33.6	35.6	38.2	39.4	1.2
Compliance Department	4.9	4.9	6.2	6.6	6.7	0.1
Office of the General Counsel	17.6	19.4	20.8	22.1	22.9	0.8
Office of the Chief Economist	2.8	3.4	4.4	4.5	4.7	0.1
Internal Audit	2.0	2.2	2.5	2.9	3.2	0.3
Corporate Strategy	1.9	2.1	2.2	2.2	2.2	0.0
Communications	4.5	4.0	4.4	4.5	4.7	0.2
Office of the Secretary General	4.7	5.0	5.5	5.9	6.0	0.1
President's Office	1.7	1.8	2.0	2.1	2.1	0.0
Human Resources Department	7.7	8.7	10.1	10.9	11.5	0.5
Indep. Project Account. Mechanism	1.2	1.4	1.6	2.1	2.4	0.3
Evaluation Department	3.4	3.7	4.3	4.5	4.7	0.2
Board of Directors	*14.1*	*15.2*	*16.5*	*16.9*	*17.9*	*0.9*
Unallocated	27.0	29.5	29.4	31.6	54.0	22.4
Total Direct Costs	**322.9**	**356.1**	**378.3**	**404.7**	**440.1**	**35.4**

Note: 2026 unallocated budget includes funding for the 2026 Compensation and Reward Review proposals, estimated Performance Based Compensation pool (including the impact of 2026 Compensation and Reward Review proposals), Centralised Geographical mobility budget and Market Premium. This table reflects the most recent structure of the Bank with restated historic data in case of reorganisations/restructuring, if applicable.

Table A4.3 HQ and RO Occupancy (£ million)

Administrative expenses	2025 Budget	2026 Budget	2026 vs 2025 £ million	2026 vs 2025 Per cent
HQ Occupancy	13.0	13.9	0.9	6.5%
HQ Lease Depreciation	12.2	12.0	(0.1)	(1.0%)
HQ Fixed Asset Depreciation	7.9	8.0	0.0	0.5%
Subtotal - HQ Occupancy	**33.1**	**33.9**	**0.8**	**2.3%**
RO Occupancy	2.9	3.7	0.8	27.6%
RO Lease Depreciation	6.1	6.2	0.0	0.7%
RO Fixed Asset Depreciation	2.1	2.2	0.1	5.3%
Subtotal - RO Occupancy	**11.2**	**12.1**	**1.0**	**8.6%**
Total HQ and RO Occupancy	**44.3**	**46.0**	**1.7**	**3.9%**

Table A4.4 Priority Investments for 2026 (£ million)

	2026 Request
War on Ukraine	
Admin Expenses (£ million)	1.2
FTE	13.0
Sustaining Increased Delivery	
Admin Expenses (£ million)	11.8
FTE	103.0
SCF Priorities - Green Transition	
Admin Expenses (£ million)	0.8
FTE	11.0
SCF Priorities - Economic Governance	
Admin Expenses (£ million)	1.2
FTE	14.0
SCF Priorities - Human Resilience and Gender Equality	
Admin Expenses (£ million)	0.5
FTE	7.0
Governance and oversight functions	
Admin Expenses (£ million)	1.5
FTE	10.0
Total Priorities	
Admin Expenses (£ million)	**16.9**
FTE	**158.0**

Table A4.5 Efficiencies by Enablers 2026 - 2028 (£ million)

	2026 Request	2027 Estimate	2028 Estimate	2026-28 Total
Commercial savings				
Admin Expenses (£ million)	(1.2)	(1.2)	(1.2)	**(3.5)**
Headcount (average)	-	-	-	-
Process re-engineering				
Admin Expenses (£ million)	(1.9)	(2.3)	(2.3)	**(6.5)**
Headcount (average)	(19)	(22)	(22)	**(21)**
Stopping an Activity				
Admin Expenses (£ million)	(0.4)	(0.7)	(0.7)	**(1.8)**
Headcount (average)	-	-	-	-
Workload reallocation				
Admin Expenses (£ million)	(2.2)	(2.2)	(2.2)	**(6.6)**
Headcount (average)	(23)	(23)	(23)	**(23)**
Additional efficiency measures				
Admin Expenses (£ million)	(1.0)	(1.0)	(1.0)	**(3.0)**
Headcount (average)	-	-	-	-
Total Efficiencies				
Admin Expenses (£ million)	**(6.6)**	**(7.4)**	**(7.4)**	**(21.4)**
Headcount (average)	**(42)**	**(45)**	**(45)**	**(44)**

Table A4.6 Ratio of Staff Cost to Total Cost, 2023-28

	2023 Actual	2024 Actual	2025 Budget	2026 Budget	2027 Projection	2028 Projection
Staff Cost to Total Cost Ratio (annual)	67.1%	67.3%	66.0%	65.8%	65.3%	65.1%

Glossary

ABI – Annual Business Investment
AMI – Annual Mobilised Investment
ATQ – Assessment of Transition Qualities
CAP – Capital Adequacy Policy
CPA – Composite Performance Assessment
DFIs – Development Finance Institutions
DRE – Development Related Exposure
EIR – Effective Interest Rate
EOS – Equality of Opportunity Strategy
ETC – Early Transition Country
ETI – Expected Transition Impact
GEMs – Global Emerging Markets database
GET – Green Economy Transition
GCI – General Capital Increase
HROD – Human Resources and Organisational Development
IAD – Internal Audit Department
IFIs – International Financial Institutions
IPAM – Independent Project Accountability Mechanism
IPM – Investment Profitability Model
ISSB – International Sustainability Standards Board
JETIP – Just Energy Transition Investment Platform
LACs – Least Advanced Countries
LGD – Loss Given Default
MDBs – Multilateral Development Banks
MYIP – Multi-Year Investment Plan
NABU – National Anti-Corruption Bureau of Ukraine
NIA – Net Income Allocation
NPL – Non-Performing Loan
PFIs – Partner Financial Institutions
PIM – Private Indirect Mobilisation
PMA – Post Model Adjustment
PRS – Portfolio Risk Sharing
PTI – Portfolio Transition Impact
RAROC – Risk Adjusted Return on Capital
RLF – Resilience and Livelihoods Framework
RO – Resident Office
SCF – Strategic and Capital Framework
SIP – Strategy Implementation Plan
SOEs – State-Owned Enterprises
SPGE – Strategy for the Promotion of Gender Equality
SSA – Sub-Saharan Africa
SSF – Shareholder Special Fund
TALP – Treasury Asset and Liquidity Policy
TC – Technical Cooperation
TFP – Trade Facilitation Programme
TOMS – Transition Objectives Measurement System
UIF – Ukraine Investment Framework
URA – Ukraine Recovery and Reform Architecture