
Responsibility for external financial reporting

Statement of management's responsibilities in respect of the financial statements

The management of the European Bank for Reconstruction and Development (the Bank) is responsible for preparing the non-statutory financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB for the purposes of compliance with the requirements of Articles 24, 27 and 35 of the Agreement Establishing the Bank and Section 13 of the By-Laws of the European Bank for Reconstruction and Development.

Management must not approve the financial statements unless they are satisfied that the financial statements give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing the financial statements, management is responsible for:

- safeguarding the assets of the Bank and preventing and detecting fraud and error and non-compliance with the Bank's internal policies and procedures
- ensuring that the Bank maintains accounting records which disclose with reasonable accuracy, at any time, its financial position
- such internal control as management determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and
- preparing financial statements which give a true and fair view of the Bank's state of affairs and profit or loss and, when applicable, the cash flows, in accordance with IFRSs as issued by the IASB.

Statement of management's responsibilities in respect of the effectiveness of internal controls over external financial reporting

Management is responsible for establishing and maintaining effective internal controls over external financial reporting for financial presentation and measurement in conformity with IFRS. The system of internal controls contains monitoring mechanisms, and actions are taken to correct deficiencies identified. Management believes that internal controls for external financial reporting – which are subject to scrutiny and testing by management and are revised, as considered necessary, taking account of any related internal audit recommendations – support the integrity and reliability of the financial statements.

Because of their inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements. In addition, any projections of evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Bank's Board of Directors has appointed an Audit Committee, which assists the Board in its responsibility to ensure the soundness of the Bank's accounting practices and the effective implementation of the internal controls that management has established relating to finance and accounting matters. The Audit Committee is comprised entirely of members of the Board of Directors. The Audit Committee meets periodically with management in order to review and monitor the financial, accounting and auditing procedures of the Bank and related financial reports. The external auditor and the internal auditor regularly meet with the Audit Committee, with and without other members of management being present, to discuss the adequacy of internal controls over financial reporting and any other matters that they believe should be brought to the attention of the Audit Committee.

Management's assertion in respect of the effectiveness of internal controls over external financial reporting

The management of the Bank has assessed its internal controls over external financial reporting for 2020. Management's assessment was based on the criteria for effective internal controls over financial reporting described in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework). Based upon this assessment, management asserts that as of 31 December 2020 the Bank maintained effective internal controls over its financial reporting as contained in the *Financial Report 2020*.

This assessment includes evaluating controls over external financial reporting in respect of the Special Funds and other fund agreements referred to in notes 30 and 31 of the *Financial Report 2020*, and the retirement plans. The assessment is restricted to the controls over the reporting and disclosure of these funds/plans within the Bank's financial statements, rather than the operational, accounting and administration controls in place for each fund.



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President

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London
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