

DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT



European Bank
for Reconstruction and Development

INTERIM FINANCIAL REPORT

At 30 September 2021

(UNAUDITED)

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Income statement

For the quarter ended 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	Quarter 3 2021 € million	YTD 2021 € million	Quarter 3 2020 € million	YTD 2020 € million
Interest and similar income				
From Banking loans	305	788	266	820
From fixed-income debt securities and other interest	46	129	46	229
Interest expense and similar charges	(54)	(201)	(64)	(403)
Net interest income on derivatives	(29)	(87)	(41)	(54)
Net interest income	268	629	207	592
Fee and commission income	25	78	26	78
Fee and commission expense	(9)	(25)	(8)	(22)
Net fee and commission income	16	53	18	56
Dividend income	59	99	28	59
Net gains/(losses) from share investments	100	1,250	(79)	(649)
Net gains/(losses) from loans	10	42	(3)	(38)
Net gains from Treasury assets held at amortised cost	1	2	-	1
Net gains from Treasury activities at fair value through profit or loss and foreign exchange	9	60	21	105
Fair value movement on non-qualifying and ineffective hedges	(2)	68	28	(77)
Impairment provisions on Banking loan investments	99	106	17	(445)
Impairment provisions on guarantees	1	2	(2)	(1)
General administrative expenses	(100)	(282)	(97)	(292)
Depreciation and amortisation	(16)	(43)	(12)	(38)
Net profit/(loss) for the period	445	1,986	126	(727)
Attributable to:				
Equity holders	365	1,906	126	(727)
Memorandum items				
Transfers of net income approved by the Board of Governors	(80)	(80)	-	-
Net profit/(loss) after transfers of net income approved by the Board of Governors	365	1,906	126	(727)

Statement of comprehensive income

For the quarter ended 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	Quarter 3 2021 € million	YTD 2021 € million	Quarter 3 2020 € million	YTD 2020 € million
Net profit/(loss)	445	1,986	126	(727)
Other comprehensive income/(expense)				
1. Items that will not be reclassified subsequently to profit or loss				
– Gains/(losses) on share investments designated as fair value through other comprehensive income	10	20	2	(7)
2. Items that may be reclassified subsequently to profit or loss				
– (Losses)/gains on cash flow hedges	(5)	5	6	(6)
– (Losses)/gains on fair value hedges	(14)	(56)	74	(33)
– (Losses)/gains on loans designated as fair value through other comprehensive income	(13)	(5)	9	(43)
Total comprehensive income	423	1,950	217	(816)
Attributable to:				
Equity holders	423	1,950	217	(816)

Balance sheet

At 30 September 2021 (unaudited) and 31 December 2020 (audited)

At 30 September 2021	€ million	30 Sep 2021 € million	€ million	31 Dec 2020 € million
Assets				
Placements with and advances to credit institutions	23,334		18,690	
Debt securities				
At fair value through profit or loss	1,336		1,741	
At amortised cost	10,184		11,243	
		34,854		31,674
Other financial assets				
Derivative financial instruments	4,709		5,030	
Other financial assets	636		444	
		5,345		5,474
Loan investments				
Loans at amortised cost	27,113		26,016	
Less: Provisions for impairment	(1,037)		(1,141)	
Loans at fair value through other comprehensive income	2,075		2,280	
Loans at fair value through profit or loss	393		319	
		28,544		27,474
Share investments				
Banking Portfolio:				
At fair value through profit or loss	5,803		4,872	
Treasury Portfolio:				
Share investments at fair value through other comprehensive income	125		105	
		5,928		4,977
Intangible assets		102		77
Property, technology and equipment		374		96
Total assets		75,147		69,772
Liabilities				
Borrowings				
Amounts owed to credit institutions and other third parties	1,043		1,353	
Debts evidenced by certificates	50,444		46,926	
		51,487		48,279
Other financial liabilities				
Derivative financial instruments	2,525		2,733	
Other financial liabilities	1,374		869	
		3,899		3,602
Total liabilities		55,386		51,881
Members' equity attributable to equity holders				
Paid-in capital	6,217		6,217	
Reserves and retained earnings	13,544		11,674	
Total members' equity		19,761		17,891
Total liabilities and members' equity		75,147		69,772
Memorandum items				
Undrawn commitments		14,910		15,081

Statement of changes in equity

For the quarter ended 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	Subscribed capital € million	Callable capital € million	Revaluation reserve € million	Hedging reserve € million	Actuarial remeasurement € million	Retained earnings € million	Total equity € million
At 31 December 2019	29,755	(23,538)	145	41	22	11,405	17,830
Total comprehensive income for the year	-	-	(50)	(39)	-	(727)	(816)
At 30 September 2020	29,755	(23,538)	95	2	22	10,678	17,014
At 31 December 2020	29,755	(23,538)	111	(29)	12	11,580	17,891
Total comprehensive income for the year	-	-	15	(51)	-	1,986	1,950
Capital subscriptions	2	(2)	-	-	-	-	-
Transfers of net income approved by the Board of Governors	-	-	-	-	-	(80)	(80)
At 30 September 2021	29,757	(23,540)	126	(80)	12	13,486	19,761

Statement of cash flows

For the period to 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	€ million	Year to 30 Sep 2021 € million	€ million	Year to 30 Sep 2020 € million
Cash flows from operating activities				
Net profit/(loss) for the year	1,986		(727)	
Adjustments to reconcile net profit to net cash flows:				
<i>Non-cash items in the income statement</i>				
Depreciation and amortisation	43		38	
Net provisions (release)/charge for Banking loan losses and guarantees	(108)		446	
Fair value movement on share investments	1,250		649	
Fair value movement on loans held at fair value through profit or loss	(42)		39	
Fair value movement on Treasury investments	(57)		(104)	
Other unrealised fair value movements	(68)		77	
Cash flows from the sale and purchase of operating assets				
Proceeds from repayments of Banking loans	5,456		4,203	
Funds advanced for Banking loans	(5,880)		(7,045)	
Proceeds from sale of Banking share investments	706		627	
Funds advanced for Banking share investments	(318)		(191)	
Net cash flows from Treasury derivative settlements	(548)		(76)	
Net placements to credit institutions	(3,446)		(703)	
Working capital adjustment:				
Movement in interest income	50		6	
Movement in interest expense	79		(29)	
Movement in net fee and commission income	(2)		3	
Movement in accrued expenses	32		(1)	
Net cash used in operating activities		(3,367)		(2,788)
Cash flows from investing activities				
Proceeds from debt securities at amortised cost	5,746		4,788	
Purchases of debt securities at amortised cost	(4,602)		(3,589)	
Proceeds from sale of debt securities at fair value through profit or loss	3,959		1,991	
Purchases of debt securities at fair value through profit or loss	(3,469)		(1,481)	
Purchase of intangible assets, property, technology and equipment	(44)		(23)	
Cash flows from/(used in) investing activities		1,590		1,686
Cash flows from financing activities				
Capital received	1		-	
Net income allocation payments	(65)		-	
Lease liability payments	(23)		(26)	
Issue of debts evidenced by certificates	13,917		19,408	
Redemption of debts evidenced by certificates	(11,178)		(19,454)	
Net cash from financing activities		2,652		(72)
Net (decrease)/increase in cash and cash equivalents		875		(1,174)
Cash and cash equivalents at beginning of the year		3,942		5,108
Cash and cash equivalents at 30 September²		4,817		3,934

² Cash and cash equivalents are amounts with less than three months to maturity from the date of the transactions, which are available for use at short notice and are subject to insignificant risk of change in value. Within the 30 September 2021 balance is €5 million restricted for technical assistance to be provided to member countries in the SEMED region.

Explanatory notes

1. *Establishment of the Bank*

i **Agreement Establishing the Bank**

The European Bank for Reconstruction and Development ("the Bank"), whose principal office is located in London, is an international organisation formed under the Agreement Establishing the Bank dated 29 May 1990 ("the Agreement"). At 30 September 2021 the Bank's shareholders comprised 72 countries, together with the European Union and the European Investment Bank.

ii **Headquarters Agreement**

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

2. *A summary of significant accounting policies*

i **Basis of preparation**

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

ii **Financial statements presentation**

The financial statements are presented in a manner consistent with the Bank's audited financial statements for the year ended 31 December 2020.

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

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2021.

3. Banking loan investments at amortised cost

	30 Sep 2021 Sovereign € million	30 Sep 2021 Non-sovereign € million	30 Sep 2021 Total loans € million	31 Dec 2020 Sovereign € million	31 Dec 2020 Non-sovereign € million	31 Dec 2020 Total loans € million
At 1 January	5,133	20,883	26,016	4,770	19,348	24,118
Disbursements	733	5,096	5,829	1,131	8,491	9,622
Repayments and prepayments	(478)	(4,751)	(5,229)	(610)	(5,524)	(6,134)
Remeasurement of previously impaired loans	-	-	-	-	2	2
Foreign exchange movements	88	419	507	(126)	(1,232)	(1,358)
Movement in net deferred fee, direct costs and effective interest rate adjustments	(24)	16	(8)	(32)	(47)	(79)
Written off	-	(4)	(4)	-	(155)	(155)
At period end	5,452	21,661	27,113	5,133	20,883	26,016
Impairment period end	(23)	(1,014)	(1,037)	(20)	(1,121)	(1,141)
Total net of impairment at period end	5,429	20,647	26,076	5,113	19,762	24,875

At 30 September 2021 the Bank categorised 105 amortised cost loans as non-performing, with operating assets total €1,540 million (31 December 2020: 106 loans totalling €1,564 million). Specific provisions on these assets amounted to €762 million (31 December 2020: €806 million).

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

	30 Sep 2021 € million	31 Dec 2020 € million
Non-sovereign loans		
At 1 January	319	409
Movement in fair value revaluation	21	(29)
Disbursements	50	38
Repayments and prepayments	(8)	(77)
Foreign exchange movements	11	(22)
At period end	393	319

At 30 September 2021, the Bank categorised five fair value through profit or loss loans as non-performing, with operating assets total €33 million (31 December 2020: four loans totalling €33 million). Net fair value losses on these assets amounted to €22 million (31 December 2020: €22 million).

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

	30 Sep 2021 € million	31 Dec 2020 € million
Non-sovereign loans		
At 1 January	2,280	2,494
Movement in fair value revaluation	(15)	(23)
Movement in expected credit loss	6	-
Repayments and prepayments	(205)	(143)
Foreign exchange movements	7	(51)
Movement in effective interest rate adjustment	2	3
At period end	2,075	2,280

At 30 September 2021, the Bank categorised no fair value through other comprehensive income loans as non-performing (31 December 2020: none).

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

	30 Sep 2021 Fair value Unlisted € million	30 Sep 2021 Fair value Listed € million	30 Sep 2021 Fair value Total € million	31 Dec 2020 Fair value Unlisted € million	31 Dec 2020 Fair value Listed € million	31 Dec 2020 Fair value Total € million
Outstanding disbursements						
At 1 January	3,154	1,552	4,706	3,274	1,544	4,818
Transfer between unlisted and listed	-	-	-	(31)	31	-
Disbursements	305	26	331	277	124	401
Disposals	(350)	(146)	(496)	(364)	(147)	(511)
Written off	-	-	-	(2)	-	(2)
At period end	3,109	1,432	4,541	3,154	1,552	4,706
Fair value adjustment						
At 1 January	71	95	166	(9)	(243)	(252)
Transfer between unlisted and listed	-	-	-	(12)	12	-
Movement in fair value revaluation	794	302	1,096	74	(160)	(86)
At period end	865	397	1,262	71	95	166
Fair value at period end	3,974	1,829	5,803	3,225	1,647	4,872
Equity Derivatives	96	(65)	31	139	(41)	98

7. Primary segment analysis

Business segments

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

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

Segment performance

The segment information for the operating segments for the years ended 30 September 2021 and 30 September 2020 is as follows:

	Banking 30 Sep 2021 € million	Treasury 30 Sep 2021 € million	Aggregated 30 Sep 2021 € million	Banking 30 Sep 2020 € million	Treasury 30 Sep 2020 € million	Aggregated 30 Sep 2020 € million
Interest income	788	129	917	820	229	1,049
Other income/(expense)	1,444	62	1,506	(572)	106	(466)
Total segment revenue	2,232	191	2,423	248	335	583
Interest expense and similar charges	(212)	11	(201)	(287)	(116)	(403)
Net interest expense on derivatives	-	(87)	(87)	-	(54)	(54)
General administrative expenses	(265)	(17)	(282)	(274)	(18)	(292)
Depreciation and amortisation	(40)	(3)	(43)	(36)	(2)	(38)
Segment result before provisions and hedges	1,715	95	1,810	(349)	145	(204)
Fair value movement on non-qualifying and ineffective hedges	-	68	68	-	(77)	(77)
Provisions for impairment of loan investments and guarantees	108	-	108	(446)	-	(446)
Net profit/(loss) for the period	1,823	163	1,986	(795)	68	(727)
Transfers of net income approved by the Board of Governors			(80)			-
Net profit/(loss) after transfers approved by the Board of Governors			1,906			(727)
Segment assets	35,267	39,880	75,147	32,163	33,097	65,260
Segment liabilities	1,071	54,315	55,386	618	47,628	48,279

8. Fair value of financial assets and liabilities

Classification and fair value of financial assets and liabilities

	Carrying amount € million	Fair value € million
Financial assets at 30 September 2021		
Financial assets measured at fair value through profit or loss or fair value through other comprehensive income:		
Debt securities	1,336	1,336
Derivative financial instruments	4,709	4,709
Share investments (Banking portfolio)	5,803	5,803
Banking loans	2,468	2,468
Share investments (Treasury portfolio)	125	125
	14,441	14,441
Financial assets measured at amortised cost:		
Placements with and advances to credit institutions	23,334	23,334
Debt securities	10,184	10,260
Other financial assets	636	636
Banking loan investments at amortised cost	26,076	26,699
	60,230	60,929
Total	74,671	75,370
Financial liabilities at 30 September 2021		
Financial liabilities measured at fair value through profit or loss or fair value through other comprehensive income:		
Amounts owed to credit institutions	(1,043)	(1,043)
Debts evidenced by certificates	(50,444)	(50,549)
Derivative financial instruments	(2,525)	(2,525)
Equity Participation Fund	(176)	(176)
Other financial liabilities	(1,198)	(1,198)
Total	(55,386)	(55,491)

Fair Value Estimation Techniques

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

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

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

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

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

Fair value hierarchy

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

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

The table below provides information at 30 September 2021 about the Bank's financial assets and financial liabilities measured at fair value. Financial assets and financial liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement.

	At 30 September 2021			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Debt securities	-	1,336	-	1,336
Derivative financial instruments	-	4,550	159	4,709
Banking loans	1,820	261	387	2,468
Share investments (Banking portfolio)	1,643	98	4,062	5,803
Share investments (Treasury portfolio)	-	125	-	125
Total financial assets at fair value	3,463	6,370	4,608	14,441
Derivative financial instruments	-	(2,397)	(128)	(2,525)
Equity Participation Fund	-	-	(176)	(176)
Total financial liabilities at fair value	-	(2,397)	(304)	(2,701)

The table below provides a reconciliation of the fair values of the Bank's level 3 financial assets and financial liabilities for the period ended 30 September 2021.

	Derivative financial instruments € million	Banking loans € million	Banking share investments € million	Total assets € million	Other liabilities € million	Derivative financial instruments € million	Total liabilities € million
Balance at 31 December 2020	200	313	3,217	3,730	(174)	(102)	(276)
<i>Net gains/(losses) recognised in:</i>							
- Net (losses)/gains from share investments at fair value through profit and loss	24	-	1,072	1,096	(8)	(58)	(66)
- Net gains from loans	-	38	-	38	-	-	-
Issuances	-	50	-	50	-	-	-
Purchases	-	-	306	306	(13)	-	(13)
Settlements	(65)	(14)	-	(79)	19	32	51
Sales	-	-	(555)	(555)	-	-	-
Transfers in/(out) of Level 3	-	-	22	22	-	-	-
Balance at 30 September 2021	159	387	4,062	4,608	(176)	(128)	(304)
<i>Net gains/(losses) for the period for Level 3 instruments held at 30 September 2021 recognised in:</i>							
- Net (losses)/gains from share investments at fair value through profit and loss	24	-	833	857	(12)	(40)	(52)
- Net gains from loans	-	37	-	37	-	-	-

Level 3 – sensitivity analysis

The table below presents the level 3 financial instruments carried at fair value at 30 September 2021, the main valuation models/techniques used in the valuation of these financial instruments and the estimated increases or decreases in fair value based on reasonably possible alternative assumptions:

	Main valuation models/techniques	Impact on net profit in Quarter 3 2021		
		Carrying amount € million	Favourable change € million	Unfavourable change € million
Banking loans	DCF and option pricing models	387	100	(79)
Banking share investments, EPF and associated derivatives	NAV and EBITDA multiples, DCF models, compounded interest and option pricing models*	3,917	1,401	(1,183)
At period end		4,304	1,501	(1,262)

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

The EBRD Shareholder Special Fund

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

Statement of comprehensive income

For the quarter ended 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	Quarter 3 2021 € million	YTD 2021 € million	Quarter 3 2020 € million	YTD 2020 € million
Fee Income	-	-	1	1
Technical cooperation expenses	(12)	(44)	(18)	(51)
Reimbursement for technical cooperation expenses	-	2	-	-
Net technical cooperation expenses	(12)	(42)	(17)	(50)
Disbursements for investment grants	(1)	(6)	(2)	(7)
Disbursements for investment incentives	(1)	(1)	-	-
Net unrealised gains/(losses) from share investments	1	7	(2)	(2)
Operating expenses	(2)	(3)	-	(2)
Foreign exchange movement	1	2	(1)	(1)
Net loss and comprehensive expense for the period	(14)	(43)	(22)	(61)
Total comprehensive expense attributable to:				
Contributors	(14)	(43)	(22)	(61)

Balance Sheet

At 30 September 2021 (unaudited) and 31 December 2020 (audited)

	30 September 2021 € million	30 December 2020 € million
Assets		
Placements with credit institutions	441	438
Local office advances	1	-
Contributions receivable	163	144
Share investments	53	46
Total assets	658	628
Liabilities and contributors' resources		
Accrued expenses	55	48
Financial guarantee liability	1	1
Total liabilities	56	49
Contributions	1,201	1,135
Reserves and accumulated loss	(599)	(556)
Total contributors' resources	602	579
Total liabilities and contributors' resources	658	628

The EBRD Shareholder Special Fund

Statement of changes in contributors' resources

For the period ended 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	Contributions € million	Accumulated loss € million	Total € million
At 31 December 2019	1,035	(474)	561
Total comprehensive expense for the period	-	(61)	(61)
At 30 September 2020	1,035	(535)	500
At 31 December 2020	1,135	(556)	579
Contributions receivable	66	-	66
Total comprehensive expense for the period	-	(43)	(43)
At 30 September 2021	1,201	(599)	602

Statement of cash flows

For the period to 30 September 2021 (unaudited) and 30 September 2020 (unaudited)

	€ million	Period to 30 September 2021 € million	€ million	Period to 30 September 2020 € million
Cash flows from operating activities				
Net loss for the period	(43)		(61)	
Adjustment to reconcile net loss to net cash flows:				
<i>Non-cash items in the statement of comprehensive income</i>				
Net unrealised (gains)/losses on share investments	(7)		2	
Foreign exchange movement	(2)		1	
		(52)		(58)
<i>Cash flows from the sale and purchase of operating assets</i>				
Net placements to credit institutions	-		110	
<i>Working capital adjustment</i>				
Funds advanced to local offices	(1)		(1)	
Movement in accrued expenses	7		7	
Net cash from operating activities		6		116
Net (decrease)/increase in cash and cash equivalents		(46)		58
Cash and cash equivalents at the beginning of the period		288		163
Effect of foreign exchange rate changes		(1)		(1)
Cash and cash equivalents at 30 September*		241		220

*Cash and cash equivalents are amounts with less than three months maturity from the date of transaction. The Fund also has €200 million on 3 to 6 months placements as at 30 September 2021.

The EBRD Shareholder Special Fund

Explanatory notes

1 Creation of the Special Fund

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

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

2 A summary of significant accounting policies

i. Basis of preparation

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

ii. Financial statement presentation

The financial statements are presented in a manner consistent with the Fund’s audited financial statements for the year ended 31 December 2020.

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2021.

3 Disbursements for technical cooperation projects

	Commitments approved € million	Disbursements € million	Undrawn commitments € million
Total projects			
As at 31 December 2020	508	(452)	56
Movement in the period	35	(44)	(9)
At 30 September 2021	543	(496)	47

4 Undrawn commitments

	30 September 2021 € million	31 December 2020 € million
Technical cooperation expenses	47	56
Incentive fees	7	9
First loss risk sharing guarantees	10	7
Investment grants	55	56
Co-financing	2	-
At period end	121	128

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

5 Share investments

	30 September 2021 € million	31 December 2020 € million
Outstanding disbursements		
At 1 January	48	38
Disbursements	-	10
Total	48	48
Fair value adjustment		
At 1 January	(2)	2
Movement in fair value revaluation	7	(4)
Total	5	(2)
Fair value at period end	53	46