



**European Bank**  
for Reconstruction and Development

BEOGRADSKA BERZA  
a.d. BEOGRAD

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07 June 2017

Belgrade Stock Exchange A.D.  
Omladinskih brigada no. 1  
Belgrade  
Republic of Serbia

Dear Sir or Madam

I have pleasure in enclosing for your records two copies of the unaudited interim financial report of the European Bank for Reconstruction and Development for the quarter to 31 March 2017.

Yours faithfully

**Gordon Jones**  
**Acting Director, Financial Control**

Enc

**DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

**INTERIM FINANCIAL REPORT**

**At 31 March 2017**

**(UNAUDITED)**

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## Income statement

For the quarter ended 31 March 2017 (unaudited) and 31 March 2016 (unaudited)

	Quarter 1 2017 € million	Quarter 1 2016 € million
Interest and similar income		
From Banking loans	278	249
From fixed-income debt securities and other interest	39	20
Interest expense and similar charges	(94)	(52)
Net interest income/(expense) on derivatives	7	(14)
<b>Net interest income</b>	<b>230</b>	<b>203</b>
Fee and commission income	7	5
Fee and commission expense	(2)	-
<b>Net fee and commission income</b>	<b>5</b>	<b>5</b>
Dividend income	59	1
Net gains/(losses) from share investments at fair value through profit or loss	209	(100)
Net gains from loans at fair value through profit or loss	8	1
Net gains from loans at amortised cost	4	-
Net gains from Treasury investments held at amortised cost	2	1
Net gains from Treasury activities at fair value through profit or loss and foreign exchange	19	25
Fair value movement on non-qualifying and ineffective hedges	(1)	61
Impairment provisions on Banking loan investments	3	(22)
General administrative expenses	(90)	(95)
Depreciation and amortisation	(6)	(4)
<b>Net profit for the period</b>	<b>442</b>	<b>76</b>

**Statement of comprehensive income**

**For the quarter ended 31 March 2017 (unaudited) and 31 March 2016 (unaudited)**

	Quarter 1 2017 € million	Quarter 1 2016 € million
<b>Net profit</b>	<b>442</b>	76
<b>Other comprehensive income</b>		
Share investment designated as fair value through other comprehensive income	1	(5)
Cash flow hedges	3	(21)
<b>Total comprehensive income</b>	<b>446</b>	50
Attributable to:		
<b>Equity holders</b>	<b>446</b>	50

**Balance Sheet****At 31 March 2017 (unaudited) and 31 December 2016 (audited)**

	31 March 2017 € million	31 December 2016 € million
<b>Assets</b>		
Placements with and advances to credit institutions	14,143	14,110
Debt securities		
At fair value through profit or loss	1,087	926
At amortised cost	<u>10,296</u>	<u>8,981</u>
	11,383	9,907
	<u>25,526</u>	<u>24,017</u>
Other financial assets		
Derivative financial instruments	4,415	4,319
Other financial assets	<u>260</u>	<u>214</u>
	4,675	4,533
Loan investments		
<i>Banking portfolio</i>		
Loans at amortised cost	22,298	22,885
Less: Provisions for impairment	(1,014)	(1,044)
Loans at fair value through profit or loss	<u>318</u>	<u>313</u>
	21,602	22,154
Share investments		
<i>Banking portfolio</i>		
Historic cost	6,008	6,134
Fair value adjustment	<u>(575)</u>	<u>(869)</u>
Share investments at fair value through profit or loss	5,433	5,265
<i>Treasury portfolio</i>		
Share investments at fair value through other comprehensive income	<u>76</u>	<u>75</u>
	5,509	5,340
Intangible assets	63	63
Property, technology and office equipment	41	43
<b>Total assets</b>	<b>57,416</b>	<b>56,150</b>
<b>Liabilities</b>		
Borrowings		
Amounts owed to credit institutions	2,893	2,478
Debts evidenced by certificates	<u>35,880</u>	<u>35,531</u>
	38,773	38,009
Other financial liabilities		
Derivative financial instruments	2,015	2,170
Other financial liabilities	<u>750</u>	<u>540</u>
	2,765	2,710
<b>Total liabilities</b>	<b>41,538</b>	<b>40,719</b>
<b>Members' equity</b>		
Paid-in capital	6,207	6,207
Reserves and retained earnings	<u>9,671</u>	<u>9,224</u>
<b>Total members' equity</b>	<b>15,878</b>	<b>15,431</b>
<b>Total liabilities and members' equity</b>	<b>57,416</b>	<b>56,150</b>
<b>Memorandum items</b>		
Undrawn commitments	10,982	12,075

**Statement of changes in equity for the quarter ended 31 March 2017 (unaudited) and 31 March 2016 (unaudited)**

	Subscribed capital € million	Callable capital € million	Fair value through other comprehensive income reserve € million	Cash flow reserves € million	Actuarial remeasurements € million	Retained earnings € million	Total equity € million
At 31 December 2015	29,674	(23,472)	7	-	(14)	8,391	14,586
Total comprehensive income for the period	-	-	(4)	(21)	-	76	51
Internal tax for the period	-	-	-	-	-	1	1
<b>At 31 March 2016</b>	<b>29,703</b>	<b>(23,496)</b>	<b>3</b>	<b>(21)</b>	<b>(14)</b>	<b>8,468</b>	<b>14,643</b>
At 31 December 2016	29,703	(23,496)	19	(2)	6	9,201	15,431
Total comprehensive income for the period	-	-	1	3	-	442	446
Internal tax for the period	-	-	-	-	-	1	1
Capital subscriptions	-	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>29,703</b>	<b>(23,496)</b>	<b>20</b>	<b>1</b>	<b>6</b>	<b>9,644</b>	<b>15,878</b>

### Statement of cash flows for the period to 31 March 2017 (unaudited) and 31 March 2016 (unaudited)

	Year to 31 March 2017 € million	Year to 31 March 2016 € million
<b>Cash flows from operating activities</b>		
Net profit for the period	442	76
Adjustments for:		
Unwinding of the discount relating to impaired identified assets	(6)	(7)
Interest income	(311)	(262)
Interest expense and similar charges	87	66
Net deferral of fees and direct costs	21	18
Dividend income	(59)	(1)
Internal tax	2	2
Realised gains on share investments and equity derivatives	(17)	(21)
Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss	(192)	118
Unrealised (gains) from loans at fair value through profit or loss	(8)	(1)
Realised gains on Banking loans	(2)	-
Realised gains on Treasury investments	(4)	(1)
Fair value movement on hedges	1	(61)
Unrealised fair value movement	(31)	(172)
Foreign exchange gains	(1)	(1)
Depreciation and amortisation	6	4
Gross provisions (release)/charge for Banking loan losses and guarantees	(3)	22
	(75)	(222)
Interest income received	283	251
Interest expense and similar charges paid	(53)	(96)
Dividend income received	59	3
Increase in operating assets:		
Prepaid expenses	107	46
Proceeds from repayments of Banking loans	2,232	1,964
Funds advanced for Banking loans	(1,641)	(1,937)
Proceeds from sale of Banking share investments and equity derivatives	338	172
Funds advanced for Banking share investments	(195)	(112)
Net placements from credit institutions	969	993
Net proceeds from settlement of derivatives	(163)	325
Increase in operating liabilities:		
Accrued expenses	(24)	(54)
<b>Net cash from operating activities</b>	<b>1,837</b>	<b>1,333</b>
<b>Cash flows (used in)/from investing activities</b>		
Proceeds from debt securities at amortised cost	2,951	4,727
Purchases of debt securities at amortised cost	(4,113)	(3,378)
Proceeds from sale of debt securities held at fair value through profit or loss	1,092	169
Purchases of debt securities held at fair value through profit or loss	(1,202)	(358)
Proceeds from sale of property, technology and office equipment	6	-
Purchase of intangible assets, property, technology and office equipment	(4)	(6)
<b>Net cash (used in)/from investing activities</b>	<b>(1,270)</b>	<b>1,154</b>
<b>Cash flows from/(used in) financing activities</b>		
Capital received	1	
Issue of debts evidenced by certificates	6,624	3,117
Redemption of debts evidenced by certificates	(6,606)	(5,602)
<b>Net cash (used in)/from financing activities</b>	<b>19</b>	<b>(2,480)</b>
<b>Net increase in cash and cash equivalents</b>	<b>587</b>	<b>7</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>8,517</b>	<b>7,533</b>
<b>Cash and cash equivalents at 31 March<sup>1</sup></b>	<b>9,105</b>	<b>7,540</b>

<sup>1</sup> 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 31 March 2017 balance is €9 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 31 March 2017 the Bank's shareholders comprised 65 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 therewith 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 2016.

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. The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2017.

**3. Banking loan investments at amortised cost**

	31 March 2017	31 March 2017 Non- sovereign loans	31 March 2017 Total loans	31 December 2016 Sovereign loans	31 December 2016 Non- sovereign loans	31 December 2016 Total loans
	€ million	€ million	€ million	€ million	€ million	€ million
<b>Book Value</b>						
At 1 January	3,998	18,887	22,885	3,033	18,784	21,817
Movement in fair value revaluation <sup>1</sup>	-	-	-	-	21	21
Disbursements	307	1,330	1,637	2,185	7,561	9,746
Repayments and prepayments	(378)	(1,847)	(2,225)	(1,230)	(7,646)	(8,876)
Remeasurement of previously impaired loans	-	25	25	-	-	-
Reclassification	-	-	-	-	(7)	(7)
Foreign exchange movements	(7)	(1)	(8)	23	262	285
Movement in net deferral of front end fees and related direct costs	-	-	-	(13)	(9)	(22)
Written off	-	(16)	(16)	-	(79)	(79)
<b>Total</b>	<b>3,920</b>	<b>18,378</b>	<b>22,298</b>	<b>3,998</b>	<b>18,887</b>	<b>22,885</b>
Portfolio provisions for the unidentified impairment of loan investments	(27)	(245)	(272)	(29)	(250)	(279)
Specific provisions for the identified impairment of loan investments	-	(742)	(742)	-	(765)	(765)
<b>Net Book Value</b>	<b>3,893</b>	<b>17,391</b>	<b>21,284</b>	<b>3,969</b>	<b>17,872</b>	<b>21,841</b>

<sup>1</sup> The movement in fair value revaluation relates to those fixed rate loans that form part of a qualifying hedge relationship with a derivative position and as such are re-measured to fair value in respect of interest rate risk.

At 31 March 2017 the Bank categorised 98 amortised cost loans as non-performing, with operating assets totalling €1.0 billion (31 December 2016: 101 loans totalling €1.2 billion). Specific provisions on these assets amounted to €742 million (31 December 2016: €765 million).

### Banking loan investments at fair value through profit or loss

<b>Non-sovereign loans</b>	<b>31 March 2017 € million</b>	<b>31 December 2016 € million</b>
At 1 January	313	339
Movement in fair value revaluation	8	13
Disbursements	4	108
Repayments and prepayments	(5)	(233)
Foreign exchange movements	(2)	35
Reclassification	-	51
<b>Fair value</b>	<b>318</b>	<b>313</b>

At 31 March 2017 the Bank categorised nine fair value through profit or loss loans as non-performing, with operating assets totalling €73 million (31 December 2016: Eight loans totalling €75 million). Net fair value losses on these assets amounted to €67 million (31 December 2016: €69 million).

#### 4. Share investments

	<b>31 March 2017 Fair value Unlisted € million</b>	<b>31 March 2017 Fair value Listed € million</b>	<b>31 March 2017 Fair value Total € million</b>	<b>31 December 2016 Fair value Unlisted € million</b>	<b>31 December 2016 Fair value Listed € million</b>	<b>31 December 2016 Fair value Total € million</b>
<b>Outstanding disbursements</b>						
At 1 January	4,238	1,896	6,134	4,162	1,966	6,128
Transfer between unlisted and listed	-	-	-	(179)	179	-
Disbursements	136	59	195	709	65	774
Disposals	(214)	(107)	(321)	(421)	(314)	(735)
Reclassification	-	-	-	(25)	-	(25)
Written off	-	-	-	(8)	-	(8)
<b>Total</b>	<b>4,160</b>	<b>1,848</b>	<b>6,008</b>	<b>4,238</b>	<b>1,896</b>	<b>6,134</b>
<b>Fair value adjustment</b>						
At 1 January	(1,080)	211	(869)	(1,068)	(27)	(1,095)
Transfer between unlisted and listed	-	-	-	63	(63)	-
Movement in fair value revaluation	260	34	294	(75)	301	226
<b>Total</b>	<b>(820)</b>	<b>245</b>	<b>(575)</b>	<b>(1,080)</b>	<b>211</b>	<b>(869)</b>
<b>Fair value</b>	<b>3,340</b>	<b>2,093</b>	<b>5,433</b>	<b>3,158</b>	<b>2,107</b>	<b>5,265</b>
<b>Equity derivatives</b>	<b>351</b>	<b>64</b>	<b>415</b>	<b>454</b>	<b>63</b>	<b>517</b>

## 5. Primary segment analysis

### Business segments

For management purposes the business of the Bank is comprised primarily of Banking and Treasury operations. Banking activities represent investment in projects which, in accordance with the Agreement, are made for the purpose of assisting the Bank's countries of operations in their transition to a market economy, while 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.

### Primary reporting format - business segment

	At 31 March 2017			At 31 March 2016		
	Banking € million	Treasury € million	Aggregated € million	Banking € million	Treasury € million	Aggregated € million
Interest income	278	39	317	249	20	269
Other income	285	21	306	(93)	26	(67)
<b>Total segment revenue</b>	<b>563</b>	<b>60</b>	<b>623</b>	<b>156</b>	<b>46</b>	<b>202</b>
Less interest expense and similar charges	(65)	(29)	(94)	(63)	11	(52)
Net interest income / (expense) on derivatives	-	7	7	-	(14)	(14)
Less general administrative expenses	(84)	(6)	(90)	(89)	(6)	(95)
Less depreciation and amortisation	(6)	-	(6)	(4)	-	(4)
<b>Segment result before provisions and hedges</b>	<b>408</b>	<b>32</b>	<b>440</b>	<b>-</b>	<b>37</b>	<b>37</b>
Fair value movement on non-qualifying and ineffective hedges	-	(1)	(1)	-	61	61
Provision for impairment of loan investments	3	-	3	(22)	-	(22)
<b>Net(loss)/profit for the year</b>	<b>411</b>	<b>31</b>	<b>442</b>	<b>(22)</b>	<b>98</b>	<b>76</b>
<b>Segment assets</b>	<b>27,745</b>	<b>29,671</b>	<b>57,416</b>	<b>26,276</b>	<b>25,366</b>	<b>51,642</b>
<b>Segment liabilities</b>	<b>410</b>	<b>41,128</b>	<b>41,538</b>	<b>315</b>	<b>36,684</b>	<b>36,999</b>

**6. Fair value of financial assets and liabilities****Classification and fair value of financial assets and liabilities**

<b>Financial assets at 31 March 2017</b>	<b>Carrying amount € million</b>	<b>Fair value € million</b>
<b>Financial assets measured at fair value:</b>		
Debt securities	1,087	1,087
Derivative financial instruments	4,415	4,415
Banking share investments	5,433	5,433
Treasury share investments	76	76
Banking loan investments	318	318
	11,329	11,329
<b>Financial assets measured at amortised cost:</b>		
Placements with and advances to credit institutions	14,143	14,143
Collateralised placements	-	-
Debt securities	10,296	10,326
Other financial assets	260	260
Banking loan investments	21,284	21,977
	45,983	46,706
<b>Total financial assets</b>	<b>57,312</b>	<b>58,035</b>

<b>Financial liabilities at 31 March 2017</b>	<b>Carrying amount € million</b>	<b>Fair value € million</b>
Amounts owed to credit institutions	(2,893)	(2,893)
Debts evidenced by certificates	(35,880)	(35,810)
Derivative financial instruments	(2,015)	(2,015)
Other liabilities	(750)	(750)
<b>Total financial liabilities</b>	<b>(41,538)</b>	<b>(41,468)</b>

**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 primarily simple, short-term instruments. They are classified as having Level 2 inputs as the Bank's assessment of their fair value is based on the observable market valuation of similar assets and liabilities.

Amortised cost debt securities are valued using Level 2 inputs. The basis of their fair value is determined using valuation techniques appropriate to the market and industry of each investment. The primary valuation techniques used are quotes from brokerage services.

The Bank's collateralised placements are valued using discounted cash flows and are therefore based on Level 3 inputs.

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 borrowing activities executed 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.
- **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 and most derivative products. The sources of inputs include prices available from screen-based services such as Reuters 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 31 March 2017 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 31 March 2017			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Debt securities	-	1,087	-	1,087
Derivative financial instruments	-	3,940	475	4,415
Banking loans	-	-	318	318
Share investments (Banking portfolio)	1,754	-	3,679	5,433
Share investments (Treasury portfolio)	-	76	-	76
<b>Total financial assets at fair value</b>	<b>1,754</b>	<b>5,103</b>	<b>4,472</b>	<b>11,329</b>
Derivative financial instruments	-	(1,963)	(52)	(2,015)
<b>Total financial liabilities at fair value</b>	<b>-</b>	<b>(1,963)</b>	<b>(52)</b>	<b>(2,015)</b>

There have been no transfers between level 1 and level 2 during the year.

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 31 March 2017.

	Level 3 financial assets and financial liabilities Period ended 31 March 2017					
	Derivative financial instruments € million	Banking loans € million	Banking share investments € million	Total level 3 assets € million	Derivative financial instruments € million	Total liabilities € million
Balance as at 31 December 2016	577	313	3,455	4,345	(51)	(51)
Total (losses)/gains for the quarter ended 31 March 2017 in:						
Net (loss)/profit	(57)	6	243	192	(1)	(1)
Purchases/issues	-	4	171	175	-	-
Sales/settlements	(38)	(5)	(190)	(233)	-	-
Day 1 deferral	(7)	-	-	(7)	-	-
Balance as at 31 March 2017	475	318	3,679	4,472	(52)	(52)
Unrealised fair value changes on assets and liabilities held at 31 March 2017 included in net (loss)/profit above	(51)	9	225	183	(1)	(1)

The transfers into and out of level 3 for Banking share investments relates to a decline in market activity for certain listed investments which have resulted in their valuations now being based on unobservable inputs.

### Level 3 – sensitivity analysis

The table below presents the level 3 financial instruments carried at fair value at 31 March 2017, the main valuation models/techniques<sup>1</sup> used in the valuation of these financial instruments and the estimated increases or decreases in fair value based on reasonably possible alternative assumptions:

		Impact on net profit in 2017		
		Carrying amount € million	Favourable change € million	Unfavourable change € million
	<b>Main valuation models/techniques</b>			
Treasury derivative financial instruments	Discounted cash flow models	8	-	-
Banking loans	Discount cash flow and option pricing models	318	11	(20)
Banking share investments & associated derivatives	NAV and EBITDA multiples, discount cash flow models, compounded interest and option pricing models	4,094	510	(396)
<b>At 31 March 2017</b>		<b>4,420</b>	<b>521</b>	<b>(415)</b>

<sup>1</sup> 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 31 March 2017 (unaudited) and 31 March 2016 (unaudited)

	Quarter to 31 March 2017 € million	Quarter to 31 March 2016 € million
Foreign exchange movement	-	(1)
Disbursements for technical cooperation	(12)	(12)
Disbursements for investment grants	(3)	(1)
<b>Net loss and comprehensive expense for the period</b>	<b>(15)</b>	<b>(14)</b>
Net loss attributable to:		
<b>Contributor</b>	<b>(15)</b>	<b>(14)</b>
<b>Total comprehensive expense for the period</b>	<b>(15)</b>	<b>(14)</b>
Net loss and comprehensive expense attributable to:		
<b>Contributor</b>	<b>(15)</b>	<b>(14)</b>

### Balance Sheet

At 31 March 2017 (unaudited) and 31 December 2016 (audited)

	31 March 2017 € million	31 December 2016 € million
<b>Assets</b>		
Placements with credit institutions	203	219
Contributions receivable	220	220
<b>Total assets</b>	<b>423</b>	<b>439</b>
<b>Liabilities and contributor's resources</b>		
Accrued expenses	39	40
<b>Total liabilities</b>	<b>39</b>	<b>40</b>
Contributions	680	680
Reserves and accumulated loss	(296)	(281)
Total contributor's resources	384	399
<b>Total liabilities and contributor's resources</b>	<b>423</b>	<b>439</b>

## The EBRD Shareholder Special Fund

### Statement of changes in contributor's resources

For the period ended 31 March 2017 (unaudited) and 31 March 2016 (unaudited)

	Contributions € million	Accumulated loss € million	Total € million
At 31 December 2015	540	(217)	323
Total comprehensive expense for the period	-	(14)	(14)
<b>At 31 March 2016</b>	<b>540</b>	<b>(231)</b>	<b>309</b>
At 31 December 2016	680	(281)	399
Total comprehensive expense for the period	-	(15)	(15)
<b>At March 31 2017</b>	<b>680</b>	<b>(296)</b>	<b>384</b>

### Statement of cash flows

For the period to 31 March 2017 (unaudited) and 31 March 2016 (unaudited)

	€ million	Quarter to 31 March 2017 € million	€ million	Quarter to 31 March 2016 € million
<b>Cash flows from operating activities</b>				
Net loss for the period	(15)		(14)	
Adjustments for:				
Foreign exchange	-	(15)	1	(13)
Increase in operating liabilities:				
Accrued expenses	(1)		5	
<b>Net cash used in operating activities</b>	<b>(1)</b>	<b>(1)</b>		<b>5</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(16)</b>		<b>(8)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>219</b>		<b>233</b>
Effect of foreign exchange rate changes		-		(1)
<b>Cash and cash equivalents at 31 March</b>		<b>203</b>		<b>224</b>

## 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 2016.

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2017.

#### 3 Disbursements for technical cooperation projects

	Commitments approved € million	Disbursements € million	Undrawn commitments € million
<b>Total projects</b>			
As at 31 December 2016	229	222	7
Movement in the period	14	12	2
<b>At 31 March 2017</b>	<b>243</b>	<b>234</b>	<b>9</b>

#### 4 Undrawn commitments

	31 March 2017 € million	31 December 2016 € million
Technical cooperation	9	7
Incentive payments	13	11
Risk sharing	4	4
Investment grants	50	41
<b>At period end</b>	<b>76</b>	<b>63</b>

#### 5 Accrued expenses

	31 March 2017 € million	31 December 2016 € million
Disbursements for technical cooperation payable	35	34
Disbursements payable to other funds	-	2
Management fees payable	4	4
<b>At period end</b>	<b>39</b>	<b>40</b>