

RESOLUTION NO.254**NET INCOME REALLOCATION AND A CHANGE TO THE RULES OF
THE SHAREHOLDER SPECIAL FUND****THE BOARD OF GOVERNORS**

Having considered and being in agreement with the ‘Report of the Board of Directors to the Board of Governors: Net Income Reallocation and a change to the Rules of the Shareholder Special Fund’ (the “Report”);

Recalling Resolution No.252 by which the Board of Governors approved the allocation of EUR 750,000 of the Bank’s net income of 2021 as a contribution to the EBRD Community Special Fund with the balance of the net income for 2021 allocated to surplus without prejudice to any future decisions to allocate such net income for other purposes;

Acknowledging that the net income allocation proposals are made in due consideration of the framework of a set of principles approved by the Board of Directors that aim to balance the demands on the Bank’s net income with the importance of the Bank retaining capital to support financial sustainability and to pursue its strategic objectives;

Recognising that the impact of the Bank’s operational activity on the transition process in its countries of operations has been substantial and that it was achieved with the aid of technical assistance and other support;

Further recognising the importance of the EBRD Shareholder Special Fund in supporting the Bank’s strategic priorities;

Recalling the adoption by the Board of Directors of the Ukraine Resilience and Livelihoods Framework, which has enabled the Bank, with essential donor support, to efficiently and effectively respond, in Ukraine and the Affected Countries, to the significant challenges caused by the war;

Further recognising the important role that the EBRD Shareholder Special Fund can play in supporting the Bank’s interventions in Ukraine and the Affected Countries, alongside the donor financial support that the Bank is able to mobilise for this aim;

Further acknowledging the importance of the Bank’s engagement to the West Bank and Gaza, a net income allocation to the EBRD Trust Fund for West Bank and Gaza is necessary in order to provide the resources required for financing operations and activities of the Bank in West Bank and Gaza;

Further recognising the importance of the EBRD Community Initiative;

Noting that the Bank’s reserves and capital adequacy, as of the date of this Resolution, would allow the Bank to allocate to other purposes, from income previously allocated to surplus, in accordance with Article 36.1 of the Agreement Establishing the Bank;

Having noted from the Report that the Board of Directors recommends that changing the rules of the Shareholder Special Fund would afford transfer of the net resources of the fund, upon termination, to EBRD and have a positive impact on capital adequacy ratios;

RESOLVES THAT:

1. In accordance with Article 36.1 of the EBRD Agreement, an amount of EUR 122.25 million previously allocated to surplus shall be reallocated to other purposes, namely as a contribution of:
 - (a) EUR 100 million to the EBRD Shareholder Special Fund, out of which up to EUR 20 million is expected to be allocated to support activities in Ukraine. From the overall amount allocated to the EBRD Shareholder Special Fund and any returns, recoveries, reflows, reimbursements, and income deriving from such allocated amount, not less than 95% shall be used to support ODA countries;
 - (b) EUR 20 million to the EBRD Trust Fund for West Bank and Gaza; and
 - (c) EUR 2.25 million to the EBRD Community Special Fund.
2. The Board of Directors is hereby authorised to amend Section 4.02 of the Rules of the Shareholder Special Fund so that, following termination of the EBRD Shareholder Special Fund, any net resources remaining in the Fund having taken account of all actual or contingent losses or liabilities of the Fund, shall be transferred to the Bank for inclusion in its ordinary capital resources, instead of being distributed to shareholders.

(Adopted 2 December 2022)