DOCUMENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERIM FINANCIAL REPORT

At 31 March 2015

(UNAUDITED)

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Income statement

For the quarter ended 31 March 2015 (unaudited) and 31 March 2014 (unaudited)

	Quarter to 31 March 2015 €million	Quarter to 31 March 2014 €million
Interest and similar income		
From Banking loans	277	243
From fixed-income debt securities and other interest	21	25
Interest expense and similar charges	(28)	(21)
Net interest expense on derivatives	(59)	(42)
Net interest income	211	205
Net fee and commission income	4	1
Dividend income	4	7
Net gains/(losses) from share investments at fair value through profit or loss	564	(122)
Net losses from loans at fair value through profit or loss	(28)	(4)
Net gains from loans at amortised cost	-	3
Net gains from Treasury investments held at amortised cost	3	-
Net gains from Treasury activities at fair value through profit or loss and		
foreign exchange	45	10
Fair value movement on non-qualifying and ineffective hedges	10	(25)
Impairment provisions on Banking loan investments	(45)	(104)
Impairment provisions on guarantees	-	
General administrative expenses	(92)	(73)
Depreciation and amortisation	(7)	(7)
Net profit/(loss) for the period	669	(109)

Statement of comprehensive income

For the quarter ended 31 March 2015 (unaudited) and 31 March 2014 (unaudited)

	Quarter to 31 March 2015 €million	Quarter to 31 March 2014 €million
Net profit/(loss) Other comprehensive income	669	(109)
Share investment designated as fair value through other comprehensive income Cash flow hedges	4 13	2
Total comprehensive income/(loss)	686	(107)
Attributable to: Equity holders	686	(107)

Assets 14,450 10,612 Placements with and advances to credit institutions 11,71 106 At fair value through profit or loss 11,857 11,688 At fair value through profit or loss 11,857 11,688 At fair value through profit or loss 11,857 22,463 Collateralised placements 57 26,781 22,463 Other financial assets 5,727 4,978 345 Other financial assets 6,271 5,323 5,323 Loan investments 6,271 5,323 5,323 Loan standing portfolio Loans at anortised cost 11,348 11,949 Loans at anortised cost 21,558 20,358 19,487 Share investments 20,561 19,487 19,487 Share investments 20,561 19,487 19,487 Share investments at fair value through profit or loss 5,650 5,069 5,069 Treasury portfolio 5 5,5716 62 5,131 Share investments at fair value through other comprehensive income 66 5,716 5,131 Intagible assets 59,414 52,487 33,385 Property, technology and office equipment 40 40 Other financial liabilities <th></th> <th>A 111</th> <th>31 March 2015</th> <th>6 . HH</th> <th>31 December 2014</th>		A 111	31 March 2015	6 . HH	31 December 2014
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Reserves and retained earnings8,6357,947Total members' equity14,83714,149Total liabilities and members' equity59,41452,487Memorandum items59,41452,487	Callable capital				
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Total liabilities and members' equity59,41452,487Memorandum items				-	
Memorandum items	Total members' equity	_	14,837		14,149
	Total liabilities and members' equity		59,414		52,487
	Memorandum items				
	Undrawn commitments		11,535		11,531

Balance Sheet At 31 March 2015 (unaudited) and 31 December 2014 (audited)

Statement of changes in equity for the quarter ended 31 March 2015 (unaudited) and 31 March 2015 (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 2013	29,673	(23,471)	15	4	(3)	8,658	14,876
Total comprehensive income for the period	, -	-	2	-	-	(109)	(107)
Internal tax for the period	-	-	-	-	-	(2)	(2)
At 31 March 2014	29,673	(23,471)	17	4	(3)	8,547	14,767
At 31 December 2014	29,674	(23,472)	14	-	(8)	7,941	14,149
Total comprehensive income for the period	-	-	4	13	-	669	686
Internal tax for the period	-	-	-	-	-	2	2
At 31 March 2015	29,674	(23,472)	18	13	(8)	8,612	14,837

Statement of cash flows for the period to 31 March 2015 (unaudited) and 31 March 2014 (unaudited)

Cash flows from operating activities Net profit/(loss) for the period Adjustments for: Unwinding of the discount relating to impaired identified assets Interest income Interest expense and similar charges Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Interest expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Funds advanced for Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share inve	million 669 (7) (291) 87 19 (4) 2 (18) (544) 28 - (3) (10) 195	€million	€million (109) (3) (265) 63 18 (21) 2 (241) 2 (241) 370 4	€million
Net profit/(loss) for the period Adjustments for: Unwinding of the discount relating to impaired identified assets Interest income Interest expense and similar charges Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Interest expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(7) (291) 87 19 (4) 2 (18) (544) 28 - (3) (10)		(3) (265) 63 18 (21) 2 (241) 370	
Adjustments for: Unwinding of the discount relating to impaired identified assets Interest income Interest expense and similar charges Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Interest on perating assets: Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from repayments of Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(7) (291) 87 19 (4) 2 (18) (544) 28 - (3) (10)		(3) (265) 63 18 (21) 2 (241) 370	
Unwinding of the discount relating to impaired identified assets Interest income Interest expense and similar charges Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised gains on Banking loans Realised (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(291) 87 19 (4) 2 (18) (544) 28 - (3) (10)		(265) 63 18 (21) 2 (241) 370	
Interest income Interest expense and similar charges Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Urrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Interest on perating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(291) 87 19 (4) 2 (18) (544) 28 - (3) (10)		(265) 63 18 (21) 2 (241) 370	
Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	87 19 (4) 2 (18) (544) 28 - (3) (10)		63 18 (21) 2 (241) 370	
Net deferral of fees and direct costs Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	19 (4) 2 (18) (544) 28 - (3) (10)		18 (21) 2 (241) 370	
Dividend Income Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(4) 2 (18) (544) 28 - (3) (10)		(21) 2 (241) 370	
Internal tax Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	2 (18) (544) 28 - (3) (10)		2 (241) 370	
Realised gains on share investments and equity derivatives Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(18) (544) 28 - (3) (10)		(241) 370	
Unrealised (gains)/losses on share investments and equity derivatives at fair value through profit or loss Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(544) 28 - (3) (10)		370	
Unrealised losses from loans at fair value through profit or loss Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	28 (3) (10)		4	
Realised gains on Banking loans Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(3) (10)			
Realised (gains)/losses on Treasury investments Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(10)		(3)	
Fair value movement on hedges Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(10)		4	
Unrealised mark-to-market movement Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions			25	
Foreign exchange (gains)/losses Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions			(111)	
Depreciation and amortisation Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(3)		2	
Gross provisions charge for Banking loan losses and guarantees Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	7		7	
Interest income received Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	45		104	
Interest expense and similar charges paid Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	172		(154)	
Dividend income received Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	249		236	
Increase in operating assets: Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(34)		(40)	
Prepaid expenses Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	4		21	
Proceeds from repayments of Banking loans Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions				
Funds advanced for Banking loans Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	(10)		(12)	
Proceeds from sale of Banking share investments and equity derivatives Funds advanced for Banking share investments Net placements from credit institutions	1,804		1,737	
Funds advanced for Banking share investments Net placements from credit institutions	(1,833)		(1,732)	
Net placements from credit institutions	155		471	
Net placements from credit institutions	(194)		(210)	
Not proceeds from settlement of derivatives	10		(1,416)	
Net proceeds from settlement of derivatives	851		139	
Increase in operating liabilities:				
Accrued expenses	(23)		(22)	
Net cash used in operating activities		1,151		(982)
		<u> </u>	—	
Cash flows from/(used in) investing activities	1 2 4 2		4 409	
	4,342		4,498	
	5,550)		(2,977)	
Proceeds from sale of debt securities held at fair value through profit or loss	137		134	
Purchases of debt securities held at fair value through profit or loss	(265)		(46)	
Purchase of intangible assets, property, technology and office equipment	(9)		(5)	
Net cash from investing activities		655	-	1,604
Cash flows from financing activities			1 500	
•	4,553		1,730	
	,164)		(1,718)	
Net cash from financing activities		1,389	_	12
Net increase in cash and cash equivalents		3,195		634
Cash and cash equivalents at beginning of the year		6,435		4,147

 Cash and cash equivalents at 31 March¹
 9,630

 ¹ 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 2015 balance is €758 million restricted for signed projects and operational costs for the SEMED Investment Special Fund (ISF), and €4 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 2015 the Bank's shareholders comprised 64 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 2014.

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 2015.

3. Banking loan investments at amortised cost

	31 March	31 March	31 March	31 December	31 December	31 Decembe
	2015	2015	2015	2014	2014	2014
	Sovereign	Non-sovereign	Total	Sovereign	Non-sovereign	Tota
	Loans	loans	loans	loans	loans	Loan
-	€million	€million	€million	€million	€million	€millio
Operating assets						
At 1 January	2,920	17,438	20,358	2,801	16,657	19,45
Movement in fair value revaluation ¹	-	12	12	-	17	1'
Disbursements	54	1,771	1,825	485	7,517	8,00
Repayments and prepayments	(86)	(1,715)	(1,801)	(455)	(6,879)	(7,334
Foreign exchange movements	80	1,065	1,145	83	165	24
Movement in net deferral of front end fees and						
related direct costs	3	16	19	6	34	4
Written off	-			-	(73)	(73
 Total	2,971	18,587	21,558	2,920	17,438	20,35
Portfolio provisions for the unidentified						
impairment of loan investments	(41)	(590)	(631)	(40)	(538)	(578
Specific provisions for the identified	()	(->0)	()	(-)	((2.1.5
impairment of loan investments	-	(717)	(717)	-	(631)	(631
Net book value	2,930	17,280	20,210	2,880	16,269	19,14

¹The 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 2015 the Bank categorised 83 amortised cost loans as non-performing, with operating assets totalling l.3 billion (31 December 2014: 86 loans totalling l.2 billion). Specific provisions on these assets amounted to l.1 million (31 December 2014: cost million).

Banking loan investments at fair value through profit or loss

Non coversign loops	31 March 2015 €million	31 December 2014 €million
Non-sovereign loans	Emmon	Emmon
At 1 January	338	223
Movement in fair value revaluation	(26)	9
Disbursements	8	248
Repayments and prepayments	(3)	(72)
Foreign exchange movements	34	(67)
Written off	-	(3)
Fair value	351	338

At 31 March 2015 the Bank categorised six fair value through profit or loss loans as nonperforming, with operating assets totalling \notin 74 million (31 December 2014: 3 loans totalling \notin 14 million). Fair value adjustments on these assets amounted to a negative \notin 38 million fair value adjusted (31 December 2014: \notin 1 million).

4. Share investments

	31 March	31 March	301March	31 December	31 December	31 December
	2015	2015	2015	2014	2014	2014
	Fair value	Fair value	Fair value	Fair value	Fair value	Fair Value
	Unlisted	Listed	Total	Unlisted	Listed	Total
	€million	€million	€million	€million	€million	€million
Outstanding disbursements						
At 1 January	4,120	2,065	6,185	4,410	1,949	6,359
Transfer between unlisted and listed	-	-	-	(296)	296	-
Disbursements	137	57	194	615	437	1,052
Disposals	(56)	(81)	(137)	(605)	(617)	(1,222)
Written off	-	-	-	(4)	-	(4)
Total	4,201	2,041	6,242	4,120	2,065	6,185
Fair value adjustment						
At 1 January	(1,165)	49	(1,116)	228	(97)	131
Transfer between unlisted and listed	-	-	-	(431)	431	-
Movement in fair value revaluation	288	236	524	(962)	(285)	(1,247)
Total	(877)	285	(592)	(1,165)	49	(1,116)
Fair value	3,324	2,326	5,650	2,955	2,114	5,069
Equity derivatives	398	48	446	389	36	425

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.

_	At 31 March 2015			At	31 March 2014	4
	Banking	Treasury	Aggregated	Banking	Treasury	Aggregated
	€million	€million	€million	€million	€million	€million
Interest income	277	21	298	243	25	268
Other income	544	48	592	(115)	10	(105)
Total segment revenue	821	69	890	128	35	163
Less interest expense and similar charges	(82)	53	(29)	(68)	40	(28)
Net interest expense on derivatives	-	(59)	(59)	-	(42)	(42)
Allocation of the return on capital	1	-	1	6	1	7
Less general administrative expenses	(86)	(6)	(92)	(70)	(3)	(73
Less depreciation and amortisation	(7)	-	(7)	(7)	-	(7
Segment result before provisions and hedges Fair value movement on non-qualifying and	647	57	704	(11)	31	20
ineffective hedges	-	10	10	-	(25)	(25)
Provision for impairment of loan investments	(45)	-	(45)	(104)	-	(104)
Net profit/(loss) for the year	602	67	669	(115)	6	(109)
Segment assets	27,083	32,331	59,414	25,330	23,919	49,249
Segment liabilities	260	44,317	44,577	232	34,250	34,482

Primary reporting format - business segment

Interest expense and similar charges, net of the allocation of the return on capital, is 28 million (Q1 2014: 21 million). This is the Bank's "interest expense and similar charges" as reported in the income statement.

6. Fair value of financial assets and liabilities

Classification and fair value of financial assets and liabilities

Financial Assets at 31 March 2015	Carrying amount €million	Fair value €million
Financial assets measured at fair value through profit or loss:		
Debt securities	417	417
Derivative financial instruments	5,727	5,727
Banking share investments	5,650	5,650
Treasury share investments	66	66
Banking loan investments	351	351
	12,211	12,211
Financial assets measured at amortised cost:		
Placements with and advances to credit institutions	14,450	14,450
Collateralised placements	57	43
Debt securities	11,857	11,874
Other financial assets	544	544
Banking loan investments	20,210	21,312
	47,118	48,223
Total	59,329	60,434

	Carrying amount	Fair value
Financial Liabilities at 31 March 2015	€million	€million
Amounts owed to credit institutions	(2,621)	(2,621)
Debts evidenced by certificates	(38,003)	(37,859)
Derivative financial instruments	(3,257)	(3,257)
Other financial liabilities	(696)	(696)
Total financial liabilities	(44,577)	(44,433)

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 2015 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 2015						
	Level 1	Level 2	Level 3	Total				
	€million	€million	€million	€million				
Debt securities	-	417	-	417				
Derivative financial instruments	-	5,171	556	5,727				
Banking loans	-	-	351	351				
Share investments (Banking portfolio)	1,805	-	3,845	5,650				
Share investments (Treasury portfolio)		66	-	66				
Total financial assets at fair value	1,805	5,654	4,752	12,211				
Derivative financial instruments		(3,155)	(102)	(3,257)				
Total financial liabilities at fair value	-	(3,155)	(102)	(3,257)				

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 2015.

	Level 3 financial assets and financial liabilities Period ended 31 March 2015					
	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 2014	515	338	3,387	4,240	(82)	(82)
Total gains/(losses) for the quarter ended 31 March 2015 in:						
Net profit/(loss)	45	8	303	356	(20)	(20)
Purchases/issues	-	8	142	150	-	-
Sales/settlements	(4)	(3)	(60)	(67)	-	-
Net transfers in/(out) of Level 3	-	-	73	73	-	-
Balance as at 31 March 2015	556	351	3,845	4,752	(102)	(102)
Unrealised fair value changes on assets and liabilities held at 31 March 2015 included in net profit/(loss) above	41	9	287	337	(16)	(16)

The transfers into and out of level 3 for Banking share investments relates to the listing of a previously unlisted investment.

Level 3 – sensitivity analysis

The table below presents the level 3 financial instruments carried at fair value at 31 March 2015, the main valuation models/techniques¹ 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 2015			
		Carrying amount	Favourable change	Unfavourable change	
	Main valuation models/techniques	€million	€million	€million	
Treasury derivative financial instruments	Discounted cash flow models	8	-	-	
Banking loans	Discount cash flow and option pricing models	351	23	(24)	
Banking share investments & associated derivatives	NAV and EBITDA multiples, discount cash flow models, compounded interest and option pricing models	4,291	509	(556)	
At 31 March 2015		4,650	532	(580)	

 $^{^{1}}$ NAV = net asset value; EBITDA = earnings before interest, tax, depreciation and amortisation.