

DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT



European Bank
for Reconstruction and Development

INTERIM FINANCIAL REPORT

At 30 September 2019

(UNAUDITED)

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Income statement

For the quarter ended 30 September 2019 (unaudited) and 30 September 2018 (unaudited)

	Quarter 3 2019 € million	Quarter 2 2019 € million	YTD 2019 € million	Quarter 3 2018 € million	YTD 2018 € million
Interest and similar income					
From Banking loans	331	305	934	274	785
From fixed-income debt securities and other interest	113	133	369	97	233
Interest expense and similar charges	(245)	(268)	(776)	(221)	(577)
Net interest income on derivatives	24	27	85	42	114
Net interest income	223	197	612	192	555
Fee and commission income	25	23	69	34	88
Fee and commission expense	(6)	(4)	(14)	(2)	(7)
Net fee and commission income	19	19	55	32	81
Dividend income	41	163	209	66	181
Net gains/(losses) from share investments at fair value through profit or loss	123	242	612	(307)	(159)
Net gains/(losses) from loans	15	7	29	(6)	9
Net gains from Treasury assets held at amortised cost	-	-	1	-	1
Net gains from Treasury activities at fair value through profit or loss and foreign exchange	26	26	68	13	34
Fair value movement on non-qualifying and ineffective hedges	(88)	(158)	(281)	84	147
Impairment provisions on Banking loan investments	(21)	(18)	(18)	(32)	(95)
Impairment provisions on guarantees	(1)	1	(2)	-	-
General administrative expenses	(97)	(93)	(275)	(95)	(276)
Depreciation and amortisation	(14)	(13)	(40)	(8)	(21)
Net profit for the period	226	373	970	(61)	457
Transfers of net income approved by the Board of Governors	-	(117)	(117)	-	(130)
Net profit after transfers of net income approved by the Board of Governors	226	256	853	(61)	327
Attributable to:					
Equity holders	226	256	853	(61)	327

Statement of comprehensive income

For the quarter ended 30 September 2019 (unaudited) and 30 September 2018 (unaudited)

	Quarter 3 2019 € million	Quarter 2 2019 € million	YTD 2019 € million	Quarter 3 2018 € million	YTD 2018 € million
Net profit after transfers of net income approved by the Board of Governors	226	256	853	(61)	327
Other comprehensive income/(expense)					
1. Items that will not be reclassified subsequently to profit or loss					
– Gains on share investments designated as fair value through other comprehensive income	5	-	11	(8)	(5)
2. Items that may be reclassified subsequently to profit or loss					
– Gains/(Losses) on cash flow hedges	2	(10)	(1)	-	(2)
– Gains/(losses) on fair value hedges	25	75	91	(56)	(142)
– Gains on loans designated as fair value through other comprehensive income	54	29	98	-	-
Total comprehensive income	312	350	1,052	(125)	178
Attributable to:					
Equity holders	312	350	1,052	(125)	178

Balance sheet

At 30 September 2019 (unaudited) and 31 December 2018 (audited)

At 31 December 2018	€ million	30 Sep 2019 € million	€ million	31 Dec 2018 € million
Assets				
Placements with and advances to credit institutions	17,068		16,014	
Debt securities				
At fair value through profit or loss	2,298		1,604	
At amortised cost	11,771		11,343	
		31,137		28,961
Other financial assets				
Derivative financial instruments	5,187		3,948	
Other financial assets	669		381	
		5,856		4,329
Loan investments				
<i>Banking portfolio:</i>				
Loans at amortised cost	23,448		22,413	
Less: Provisions for impairment	(981)		(981)	
Loans at fair value through other comprehensive income	2,435		1,737	
Loans at fair value through profit or loss	470		460	
		25,372		23,629
Share investments				
<i>Banking portfolio:</i>				
At fair value through profit or loss	5,051		4,745	
<i>Treasury portfolio:</i>				
Share investments at fair value through other comprehensive income	113		75	
		5,164		4,820
Intangible assets		64		62
Property, technology and equipment		113		50
Total assets		67,706		61,851
Liabilities				
Borrowings				
Amounts owed to credit institutions and other third parties	1,667		2,107	
Debts evidenced by certificates	45,353		40,729	
		47,030		42,836
Other financial liabilities				
Derivative financial instruments	2,288		2,079	
Other financial liabilities	1,046		653	
		3,334		2,732
Total liabilities		50,364		45,568
Members' equity attributable to equity holders				
Paid-in capital	6,217		6,215	
Reserves and retained earnings	11,125		10,068	
Total members' equity		17,342		16,283
Total liabilities and members' equity		67,706		61,851
Memorandum items				
Undrawn commitments		12,977		13,068

Statement of changes in equity

For the quarter ended 30 September 2019 (unaudited) and 30 September 2018 (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 2017	29,723	(23,512)	20	1	14	9,867	16,113
Total comprehensive income for the year	-	-	(5)	(144)	-	327	178
Internal tax for the year	-	-	-	-	-	5	5
Capital subscriptions	20	(16)	-	-	-	-	4
At 30 September 2018	29,743	(23,528)	15	(143)	14	10,199	16,300
At 31 December 2018	29,743	(23,528)	18	(44)	4	10,090	16,283
Total comprehensive income for the year	-	-	109	90	-	853	1,052
Internal tax for the year	-	-	-	-	-	5	5
Capital subscriptions	11	(9)	-	-	-	-	2
At 30 September 2019	29,754	(23,537)	127	46	4	10,948	17,342

Statement of cash flows

For the period to 30 September 2019 (unaudited) and 30 September 2018 (unaudited)

	€ million	Year to 30 Sep 2019 € million	€ million	Year to 30 Sep 2018 € million
Cash flows from operating activities				
Net profit for the year	853		327	
Adjustments to reconcile net profit to net cash flows:				
Non-cash items in the income statement				
Depreciation and amortisation	21		21	
Gross provisions charge for Banking loan losses and guarantees	20		95	
Fair value movement on share investments	(612)		142	
Fair value movement on loans held at fair value through profit or loss	(29)		(7)	
Fair value movement on Treasury investments	(68)		(16)	
Other unrealised fair value movements	281		21	
Cash flows from the sale and purchase of operating assets				
Proceeds from repayments of Banking loans	4,622		4,907	
Funds advanced for Banking loans	(5,743)		(5,446)	
Proceeds from sale of Banking share investments	645		417	
Funds advanced for Banking share investments	(253)		(409)	
Funds advanced for Treasury share investments	(27)		-	
Net cash flows from Treasury derivative settlements	51		16	
Net placements to credit institutions	(737)		(2,522)	
Working capital adjustment:				
Movement in net interest income	(242)		(56)	
Movement in net fee and commission income	(4)		(6)	
Movement in net income allocations payable	115		-	
Movement in accrued expenses	8		17	
Net cash used in operating activities		(1,099)		(2,499)
Cash flows from investing activities				
Proceeds from sale/maturity of debt securities at amortised cost	6,324		8,173	
Purchases of debt securities at amortised cost	(6,397)		(9,416)	
Proceeds from sale of debt securities at fair value through profit or loss	1,424		1,900	
Purchases of debt securities at fair value through profit or loss	(1,939)		(2,276)	
Purchase of intangible assets, property, technology and equipment	(16)		(19)	
Cash flows used in investing activities		(604)		(1,638)
Cash flows from financing activities				
Capital received	4		5	
Issue of debts evidenced by certificates	16,173		19,671	
Redemption of debts evidenced by certificates	(14,198)		(16,948)	
Net cash from financing activities		1,979		2,728
Net increase/(decrease) in cash and cash equivalents		276		(1,409)
Cash and cash equivalents at beginning of the year		5,544		6,271
Cash and cash equivalents at 30 September²		5,820		4,862

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 2019 balance is €8 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 2019 the Bank's shareholders comprised 69 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 2018.

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 2019.

3. Banking loan investments at amortised cost

	30 Sep 2019 Sovereign loans € million	30 Sep 2019 Non-sovereign loans € million	30 Sep 2019 Total loans € million	31 Dec 2018 Sovereign loans € million	31 Dec 2018 Non-sovereign loans € million	31 Dec 2018 Total loans € million
At 1 January	4,376	18,037	22,413	4,071	17,380	21,451
Disbursements	636	4,367	5,003	1,092	5,826	6,918
Repayments and prepayments	(380)	(4,063)	(4,443)	(795)	(5,236)	(6,031)
Remeasurement of previously impaired loans	-	-	-	-	9	9
Foreign exchange movements	64	369	433	53	76	129
Movement in effective interest rate adjustment	15	31	46	(45)	55	10
Reclassification	-	-	-	-	18	18
Written off	-	(4)	(4)	-	(91)	(91)
At period end	4,711	18,737	23,448	4,376	18,037	22,413
Impairment period end	(19)	(962)	(981)	(18)	(963)	(981)
Total net of impairment at period end	4,692	17,775	22,467	4,358	17,074	21,432

At 30 September 2019 the Bank categorised 81 amortised cost loans as non-performing, with operating assets total €1,166 million (31 December 2018: 82 loans totalling €1,135 million). Specific provisions on these assets amounted to €679 million (31 December 2018: €674 million).

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

	30 Sep 2019 € million	31 Dec 2018 € million
Non-sovereign loans		
At 1 January	460	372
Movement in fair value revaluation	12	19
Disbursements	16	132
Repayments and prepayments	(31)	(62)
Foreign exchange movements	13	15
Written off	-	(16)
At period end	470	460

At 30 September 2019, the Bank categorised four fair value through profit or loss loans as non-performing, with operating assets total €43 million (31 December 2018: Four loans totalling €41 million). Net fair value losses on these assets amounted to €36 million (31 December 2018: €35 million).

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

	30 Sep 2019 € million	31 Dec 2018 € million
Non-sovereign loans		
At 1 January	1,737	1,190
Movement in fair value revaluation	110	(17)
Movement in expected credit loss	(12)	(4)
Disbursements	734	792
Repayments and prepayments	(136)	(190)
Foreign exchange movements	2	(16)
Reclassification	-	(18)
At period end	2,435	1,737

At 30 September 2019, the Bank categorised no fair value through other comprehensive income loans as non-performing.

6. Share investments

	30 Sep 2019 Fair value Unlisted € million	30 Sep 2019 Fair value Listed € million	30 Sep 2019 Fair value Total € million	31 Dec 2018 Fair value Unlisted € million	31 Dec 2018 Fair value Listed € million	31 Dec 2018 Fair value Total € million
Outstanding disbursements						
At 1 January	3,568	1,959	5,527	3,826	1,680	5,506
Disbursements	184	86	270	319	412	731
Disposals	(243)	(334)	(577)	(577)	(124)	(701)
Written off	-	-	-	-	(9)	(9)
At period end	3,509	1,711	5,220	3,568	1,959	5,527
Fair value adjustment						
At 1 January	(596)	(186)	(782)	(761)	89	(672)
Movement in fair value revaluation	273	340	613	165	(275)	(110)
At period end	(323)	154	(169)	(596)	(186)	(782)
Fair value at period end	3,186	1,865	5,051	2,972	1,773	4,745
Equity Derivatives	276	55	331	300	100	400

7. 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

	Banking 30 Sep 2019 € million	Treasury 30 Sep 2019 € million	Aggregated 30 Sep 2019 € million	Banking 30 Sep 2018 € million	Treasury 30 Sep 2018 € million	Aggregated 30 Sep 2018 € million
Interest income	934	369	1,303	785	233	1,018
Other income	905	69	974	112	35	147
Total segment revenue	1,839	438	2,277	897	268	1,165
Interest expense and similar charges	(375)	(401)	(776)	(283)	(294)	(577)
Net interest income on derivatives	-	85	85	-	114	114
General administrative expenses	(258)	(17)	(275)	(260)	(16)	(276)
Depreciation and amortisation	(38)	(2)	(40)	(20)	(1)	(21)
Segment result before provisions and hedges	1,168	103	1,271	334	71	405
Fair value movement on non-qualifying and ineffective hedges	-	(281)	(281)	-	147	147
Provisions for impairment of loan investments and guarantees	(20)	-	(20)	(95)	-	(95)
Net profit/(loss) for the period	1,148	(178)	970	239	218	457
Transfers of net income approved by the Board of Governors			(117)			(130)
Net profit after transfers approved by the Board of Governors			853			327
Segment assets	31,370	36,336	67,706	28,109	32,197	60,306
Segment liabilities	687	49,677	50,364	333	43,673	44,006

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 2019		
Financial assets measured at fair value through profit or loss or fair value through other comprehensive income:		
Debt securities	2,298	2,298
Derivative financial instruments	5,187	5,187
Share investments (Banking portfolio)	5,051	5,051
Banking loans	2,905	2,905
Share investments (Treasury portfolio)	113	113
	15,554	15,554
Financial assets measured at amortised cost:		
Placements with and advances to credit institutions	17,068	17,068
Debt securities	11,771	11,769
Other financial assets	669	669
Banking loan investments at amortised cost	22,467	23,161
	51,975	52,667
Total	67,529	68,221
Financial liabilities at 30 September 2019		
Financial liabilities measured at fair value through profit or loss or fair value through other comprehensive income:		
Amounts owed to credit institutions	(1,677)	(1,677)
Debts evidenced by certificates	(45,353)	(45,266)
Derivative financial instruments	(2,288)	(2,288)
Equity Participation Fund	(128)	(128)
Other financial liabilities	(918)	(918)
Total	(50,364)	(50,277)

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 30 September 2019 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 2019			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Debt securities	-	2,298	-	2,298
Derivative financial instruments	-	4,726	461	5,187
Banking loans	2,435	-	470	2,905
Share investments (Banking portfolio)	1,627	37	3,387	5,051
Share investments (Treasury portfolio)	-	113	-	113
Total financial assets at fair value	4,062	7,174	4,318	15,554
Derivative financial instruments	-	(2,159)	(129)	(2,288)
Equity Participation Fund	-	-	(127)	(127)
Total financial liabilities at fair value	-	(2,159)	(256)	(2,415)

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 2019.

	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 2018	499	460	3,174	4,133	(111)	(99)	(210)
Total gains/(losses) for the quarter ended 30 September 2019 in:							
Net gains/(losses)	1	27	357	385	(7)	(49)	(56)
Deferred loss	-	-	-	-	-	-	-
Purchases/issues	-	16	185	201	(17)	-	(17)
Sales/settlements	(39)	(33)	(329)	(401)	7	19	26
Balance at 30 September 2019	461	470	3,387	4,318	(128)	(129)	(257)
Unrealised fair value changes on assets and liabilities held at 30 September 2019 included in net profit	(1)	20	357	376	(7)	(49)	(56)

Level 3 – sensitivity analysis

The table below presents the level 3 financial instruments carried at fair value at 30 September 2019, the main valuation models/techniques⁴ 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 Quarter 3 2019		
		Carrying amount € million	Favourable change € million	Unfavourable change € million
Main valuation models/techniques				
Banking loans	DCF and option pricing models	470	23	(26)
Banking share investments, EPF and associated derivatives	NAV and EBITDA multiples, DCF models, compounded interest and option pricing models ⁵	3,591	541	(481)
At period end		4,061	564	(507)

⁵ 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 2019 (unaudited) and 30 September 2018 (unaudited)

	Quarter 3 2019 € million	Quarter 2 2019 € million	YTD 2019 € million	Quarter 3 2018 € million	YTD 2018 € million
Technical cooperation expenses	(18)	(12)	(49)	(21)	(39)
Disbursements for investment grants	(2)	(2)	(4)	(3)	(7)
Net unrealised gains from share investments	1	-	2	-	1
Incentive fees	-	-	-	-	(1)
Operating expenses	-	(1)	(2)	(1)	(6)
Foreign exchange movement	1	-	1	-	1
Net loss and comprehensive expense for the period	(18)	(15)	(52)	(25)	(51)
Total comprehensive expense attributable to:					
Contributor	(18)	(15)	(52)	(25)	(51)

Balance Sheet

At 30 September 2019 (unaudited) and 31 December 2018 (audited)

	30 Sep 2019 € million	31 December 2018 € million
Assets		
Placements with credit institutions	499	548
Contributions receivable	95	-
Share investments	41	39
Total assets	635	587
Liabilities and contributor's resources		
Accrued expenses	42	37
Financial guarantee liability	1	1
Total liabilities	43	38
Contributions	1,035	940
Reserves and accumulated loss	(443)	(391)
Total contributor's resources	592	549
Total liabilities and contributor's resources	635	587

The EBRD Shareholder Special Fund

Statement of changes in contributor's resources

For the period ended 30 September 2019 (unaudited) and 30 September 2018 (unaudited)

	Contributions € million	Accumulated loss € million	Total € million
At 31 December 2017	830	(319)	511
Contributions received	110	-	110
Total comprehensive expense for the period	-	(51)	(51)
At 30 September 2018	940	(370)	570
At 31 December 2018	940	(391)	549
Contributions receivable	95	-	95
Total comprehensive expense for the period	-	(52)	(52)
At 30 September 2019	1,035	(443)	592

Statement of cash flows

For the period to 30 September 2019 (unaudited) and 30 September 2018 (unaudited)

	€ million	Year to 30 September 2019 € million	€ million	Year to 30 September 2018 € million
Cash flows from operating activities				
Net loss for the period	(52)		(51)	
Adjustment for:				
Net unrealised gain on share investments	(2)		(1)	
Foreign exchange	(1)		(1)	
		(55)		(53)
Decrease in operating assets:				
Net placement to credit institutions	-		(215)	
Increase/(decrease) in operating liabilities:				
Accrued Expense	5		(3)	
Net cash used in operating activities		(50)		(271)
Cash flow from financing activities				
Contributions received	-		110	
Net cash from financing activities		-		110
Net decrease in cash and cash equivalents		(50)		(161)
Cash and cash equivalents at the beginning of the period		238		420
Effect of foreign exchange rate changes		1		1
Cash and cash equivalents at 30 September*		189		260

*Cash and cash equivalents are amounts with less than three months maturity from the date of transaction. The Fund also has €310 million on 6-12 months placements as at 30 September 2019.

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 2018.

The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2019.

3 Disbursements for technical cooperation projects

	Commitments approved € million	Disbursements € million	Undrawn commitments € million
Total projects			
As at 31 December 2018	368	(322)	46
Movement in the period	59	(49)	10
At 30 September 2019	427	(371)	56

4 Undrawn commitments

	30 September 2019 € million	31 December 2018 € million
Technical cooperation expenses	56	46
Incentive fee payments	10	10
First loss risk sharing guarantees	6	5
Investment grants	61	56
At period end	133	117

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

5 Accrued expenses

	30 September 2019 € million	31 December 2018 € million
Technical cooperation expenses payable	42	37
At period end	42	37

6 Share investments

	30 September 2019 € million	31 December 2018 € million
Outstanding disbursements		
At 1 January	38	35
Disbursements	-	3
Total	38	38
Fair value adjustment		
At 1 January	1	(2)
Movement in fair value revaluation	2	3
Total	3	1
Fair value at period end	41	39