

DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT



European Bank
for Reconstruction and Development

FINANCIAL REPORT

At 31 December 2018

The financial statements for the Bank for the year ended 31 December 2018 were audited on 27 March 2019 and reviewed by the Board of Directors on 27 March 2019 and have been transmitted to the Board of Governors for approval at the Annual Meeting on 8-9 May 2019

Income statement

For the year ended 31 December 2018	Year to 31 Dec 2018 € million	Year to 31 Dec 2017 € million
Interest and similar income		
<i>From Banking loans</i>	1,064	974
<i>From fixed-income debt securities and other interest</i>	348	173
Interest expense and similar charges	(831)	(429)
Net interest income on derivatives	170	36
Net interest income	751	754
Fee and commission income	101	80
Fee and commission expense	(8)	(6)
Net fee and commission income	93	74
Dividend income	204	185
Net (losses)/gains from share investments at fair value through profit or loss	(176)	147
Net gains from loans	25	5
Net gains from Treasury assets held at amortised cost	-	2
Net gains from Treasury activities at fair value through profit or loss and foreign exchange	34	47
Fair value movement on non-qualifying and ineffective hedges	21	(20)
Impairment provisions on Banking loan investments	(192)	(3)
Impairment provisions on guarantees	-	2
General administrative expenses	(391)	(395)
Depreciation and amortisation	(29)	(26)
Net profit for the year from continuing operations	340	772
Transfers of net income approved by the Board of Governors	(130)	(180)
Net profit after transfers of net income approved by the Board of Governors	210	592
Attributable to:		
Equity holders	210	592

Statement of comprehensive income

For the year ended 31 December 2018	Year to 31 December 2018 € million	Year to 31 December 2017 € million
Net profit after transfers of net income approved by the Board of Governors	210	592
Other comprehensive income/(expense)		
1: Items that will not be reclassified subsequently to profit or loss		
– (Losses)/gains on share investments designated as fair value through other comprehensive income	(1)	1
– Actuarial (losses)/gains on defined benefit scheme	(10)	8
2: Items that may be reclassified subsequently to profit or loss		
– Gains on cash flow hedges	1	3
– Losses on fair value hedges	(46)	-
– Losses on loans designated as fair value through other comprehensive income	(17)	-
Total comprehensive income	137	604
Attributable to:		
Equity holders	137	604

Balance sheet

At 31 December 2018	€ million	31 Dec 2018 € million	€ million	31 Dec 2017 € million
Assets				
Placements with and advances to credit institutions	16,014		14,605	
Debt securities				
At fair value through profit or loss	1,604		916	
At amortised cost	11,343		9,465	
	12,947		10,381	
		28,961		24,986
Other financial assets				
Derivative financial instruments	3,948		3,677	
Other financial assets	381		352	
		4,329		4,029
Loan investments				
<i>Banking portfolio:</i>				
Loans at amortised cost	22,413		22,630	
Less: Provisions for impairment	(981)		(850)	
Loans at fair value through other comprehensive income	1,737		-	
Loans at fair value through profit or loss	460		372	
		23,629		22,152
Share investments				
<i>Banking portfolio:</i>				
At fair value through profit or loss	4,745		4,834	
<i>Treasury portfolio:</i>				
Share investments at fair value through other comprehensive income	75		76	
		4,820		4,910
Intangible assets		62		62
Property, technology and equipment		50		54
Total assets		61,851		56,193
Liabilities				
Borrowings				
Amounts owed to credit institutions and other third parties	2,107		2,650	
Debts evidenced by certificates	40,729		35,116	
		42,836		37,766
Other financial liabilities				
Derivative financial instruments	2,079		1,824	
Other financial liabilities	653		431	
		2,732		2,255
Total liabilities		45,568		40,021
Members' equity attributable to equity holders				
Paid-in capital	6,215		6,211	
Reserves and retained earnings	10,068		9,961	
Total members' equity		16,283		16,172
Total liabilities and members' equity		61,851		56,193
Memorandum items				
Undrawn commitments		13,068		12,770