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COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

Report from the Commission to the European Parliament and the Council
on the common provisioning fund in 2024

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1. INTRODUCTION

This staff working document (SWD) accompanies the annual report on the common provisioning fund (CPF) for 2024 and presents the financial statements of the fund.

2. EVOLUTION OF THE CPF PORTFOLIO IN 2024

CPF is the largest of the Commission managed portfolios with asset value of EUR 23.26 billion at year-end. In 2024, the CPF received EUR 3.653 billion net contributions (2023: EUR 3.526 billion).

The CPF comprises eighteen compartments, corresponding to provisions established by different EU legislative instruments, out of which two were opened in 2024. Fifteen compartments are currently fully active and contain funds. The remaining three non-active compartments will be activated upon reception of corresponding first inflows.

3. FINANCIAL STATEMENTS

Assets of the CPF

The net assets of the CPF stood at EUR 23.18 billion on 31 December 2024. The main assets were debt securities and investment funds, classified as fair value through surplus or deficit (EUR 23.17 billion).

Balance sheet

ASSETS (in EUR)

	31 December 2024	31 December 2023
NON-CURRENT ASSETS	20 433 409 181	15 162 667 146
Financial assets at fair value through surplus or deficit		
Securities	20 433 409 181	15 162 667 146
Derivatives	-	-
Financial assets at fair value through surplus or deficit		
Securities	2 740 175 712	3 535 639 678
Derivatives	-	38 900 368
Receivables	394 758	337 689
Cash and cash equivalents	88 700 711	59 319 185
Current accounts	84 309 101	23 034 850
Cash equivalents	4 138 993	36 018 100
Accrued interest on cash and cash equivalents	252 617	266 235
TOTAL ASSETS	23 262 680 362	18 796 864 066

NET ASSETS AND LIABILITIES (in EUR)

	31 December 2024	31 December 2023
(A) NET ASSETS	23 180 569 085	18 796 615 295
Contribution from EU Budget	22 849 573 929	19 221 060 781
Retained earnings	-424 445 486	-1 300 007 519
Economic result of the year	755 440 642	875 562 033
(B) CURRENT LIABILITIES	82 111 277	248 771
Financial liabilities at fair value through surplus or deficit		
Derivatives	21 526 134	-
Payables	248 771	248 771
Payables to the EU budget (intracompany)	60 299 149	-
Other payables	285 994	248 771
(A+B) TOTAL NET ASSETS AND LIABILITIES	23 262 680 362	18 796 864 066

Asset structure and value of compartments

Top (AAA) rated securities correspond to 40.7% of total assets. Cash and cash equivalents represent 0.6% of the total portfolio value. The average credit quality of CPF at the end of 2024 was A, while the average one year default probability was 0.04%. The sensitivity of the portfolio to interest rate changes (i.e. the “modified duration”) was slightly lower than that of the benchmark; in particular, the modified duration of the portfolio was 3.42, while the duration of the benchmark stood at 3.49 at the end of December 2024.

Figure 1: CPF portfolio in 2024 – split by credit rating

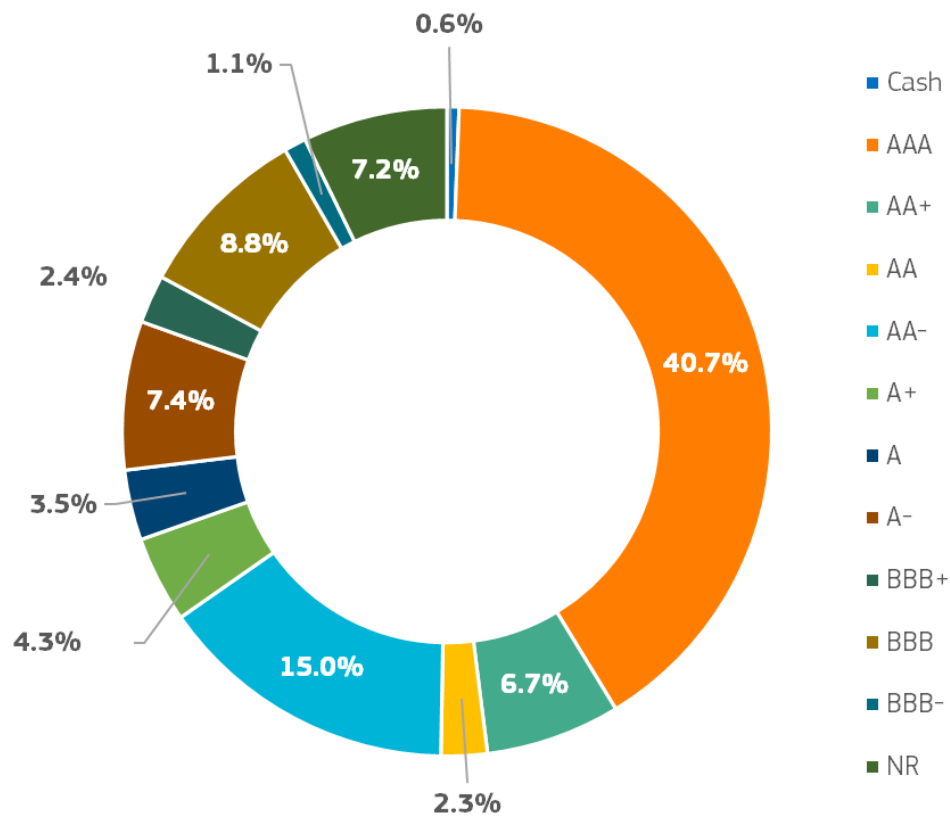
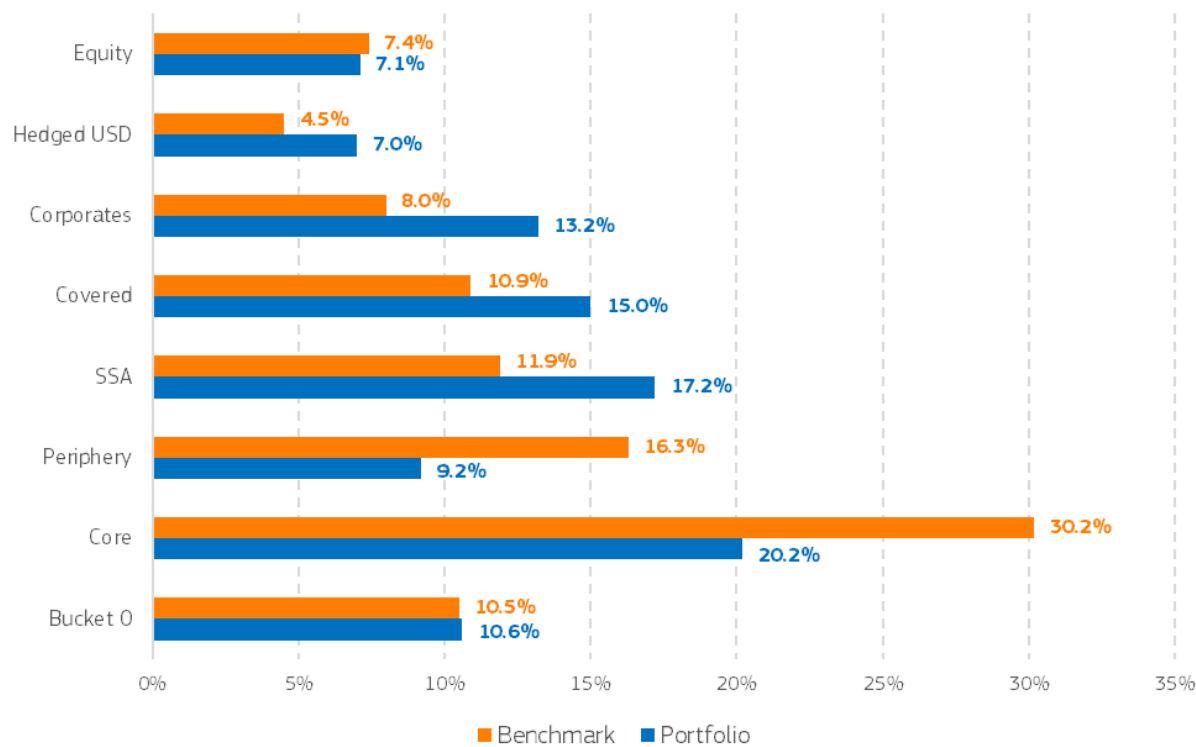


Figure 2: CPF portfolio allocation by asset class vs. benchmark ⁽¹⁾



At the end of 2024, the CPF consisted of eighteen compartments (with three non-active compartments). Each active compartment holds a number of CPF units or shares in the CPF of a standard size. Changes in the market valuation of the CPF are reflected in the price of the units referred to as the Net Asset Valuation, reflecting the market valuation of the assets belonging to each compartment at the end of each month.

Table 1: Value of compartments

Compartment as of 31.12.2024	Contributions less redemptions ⁽²⁾ in EUR	Number of units	Market Value in EUR
EFSD	774 451 444	77 607	761 545 053
EFSD+	2 771 418 744	299 829	2 942 175 755
EFSI	8 971 173 661	904 968	8 880 303 796
GFEA	3 250 591 203	328 722	3 225 691 236
INVESTEU	5 315 295 489	563 562	5 530 142 834
INVESTEU - Bulgaria	75 800 000	8 119	79 674 707
INVESTEU - Blending	636 733 472	67 977	667 045 123
INVESTEU - Czech R.	41 660 974	4 494	44 099 187
INVESTEU - Finland	28 771 000	3 124	30 657 774
INVESTEU - Greece	244 700 000	25 702	252 204 112
INVESTEU - Malta	7 444 814	809	7 939 418
INVESTEU - Romania	179 000 000	19 156	187 974 119
MFA post-2020	118 800 000	13 112	128 662 218
MFA Ukraine	233 733 128	24 516	240 575 443
Ukraine Guarantee	200 000 000	20 573	201 878 310
Total CPF	22 849 573 929	2 362 270	23 180 569 085

⁽¹⁾ Benchmark: expresses strategic asset allocation for the CPF based on the CPF investment horizon and CPF risk appetite. It provides long-term investment guidance to the CPF portfolio managers.

Bucket 0: short-term assets with maturities comprised between 0 and 1 year.

⁽²⁾ Outflows from the CPF.

Table 2: Annual performance and NAV per unit

NAV per unit in EUR	
31.12.2023	9 475.55849
31.12.2024	9 812.83371
Annual performance in %	
since 31.12.2023:	3.559

Financial performance

The CPF ended the year with a financial result of EUR 778.8 million and an economic result (financial result minus net operating expenses) of EUR 755.4 million.

The bulk of the financial revenue was generated by a gain on securities of EUR 867.4 million, which consists of EUR 773.0 million positive market value changes increased by a net gain EUR 94.4 million from the foreign exchange valuation of the USD investments. Together with interest received on cash holdings (EUR 4.8 million) and sundry items of EUR 3.2 million (e.g., securities lending) the financial revenue amounted to EUR 875.4 million. From this must be subtracted the financial expenses and the operating result: (a) negative fair value changes of derivatives used for hedging the currency risk of the USD investments (EUR 93.6 million), (b) financial expenses (EUR 3.0 million), mainly custody fees for securities holdings, and (c) net operating expenses (EUR 23.4 million) reflecting net losses and costs linked to holding USD-denominated assets ⁽³⁾.

⁽³⁾ USD-denominated assets are hedged against currency risk. Accordingly, foreign exchange gains of EUR 94.4 million are partially offset by: (a) EUR 116.9 million losses resulting from the transactions for hedging the currency risk of USD-denominated holdings (EUR -93.6 million from FX forwards and EUR -23.3 million from factors such as the settlement of associated FX spot transactions), as well as (b) other gains (e.g. higher yield) from holding USD-denominated assets.

Statement of financial performance

The table below presents the statement of financial performance for the year ending at 31 December 2024 (amounts expressed in EUR).

	2024	2023
Revenue from operating activities	6 209 827	16 220 758
Foreign exchange gains	6 209 827	16 220 758
Other revenue from operating activities	-	-
Expenses from operating activities	(29 581 290)	(24 881 660)
Foreign exchange losses	(29 562 115)	(24 865 685)
Other expenses from operating activities	(19 175)	(15 975)
Audit fees	(19 175)	(15 975)
RESULT FROM OPERATING ACTIVITIES	(23 371 463)	(8 660 902)
Financial revenue	875 414 887	887 583 340
Interest revenue on cash and cash equivalents	4 826 437	4 182 105
Other financial income - fair value changes of securities	867 422 026	856 713 839
Other financial income - fair value changes of derivatives	-	21 688 217
Dividend income	136	-
Security lending income	3 117 000	4 942 301
Settlement penalties received	49 288	56 878
Financial expenses	(96 602 782)	(3 360 405)
Interest expenses on cash and cash equivalents	(34 838)	-
Other financial expenses - fair value changes of securities	-	-
Other financial expenses - fair value changes of derivatives	(93 600 193)	-
Custody fees and other financial expenses	(2 967 751)	(3 360 405)
FINANCIAL RESULT	778 812 105	884 222 935
ECONOMIC RESULT OF THE YEAR	755 440 642	875 562 033