



European Investment Bank Group

Unaudited Condensed Semi Annual Financial Statements
as at June 30, 2011 - SEC Filing

EIB Group
CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011 UNDER IFRS
(in EUR '000)

ASSETS	30.06.2011 (Unaudited)	31.12.2010	LIABILITIES AND EQUITY	30.06.2011 (Unaudited)	31.12.2010
1. Cash in hand, balances with central banks and post office banks	256 975	253 692	1. Amounts owed to credit institutions		
2. Treasury bills and other bills eligible for refinancing with central banks	7 951 979	5 456 695	a) repayable on demand	5 036 179	5 675 399
3. Loans and advances to credit institutions			b) with agreed maturity dates or periods of notice	<u>281 765</u>	<u>127 881</u>
a) repayable on demand	213 137	491 476	2. Amounts owed to customers		
b) other loans and advances	39 495 869	31 651 842	a) repayable on demand	1 538 965	1 524 466
c) loans (Note B)	<u>125 289 898</u>	<u>125 222 957</u>	b) with agreed maturity dates or periods of notice	<u>689 255</u>	<u>976 419</u>
	164 998 904	157 366 275	3. Debts evidenced by certificates (Note C)		
4. Loans and advances to customers			a) debt securities in issue	370 954 482	356 569 667
a) loans (Note B)	241 084 551	232 955 365	b) others	<u>23 041 408</u>	<u>24 016 098</u>
b) Impairment on loans and advances, net of reversals	<u>- 86 403</u>	<u>- 87 108</u>	4. Derivatives liabilities		
	240 998 148	232 868 257	5. Other liabilities	17 438 286	14 097 951
5. Debt securities including fixed-income securities			6. Deferred income	595 656	767 474
a) issued by public bodies	2 542 365	1 818 977	7. Provisions		
b) issued by other borrowers	<u>17 003 887</u>	<u>14 587 786</u>	a) pension plans and health insurance scheme	1 384 621	1 316 574
	19 546 252	16 406 763	b) provision for guarantees	<u>109 752</u>	<u>107 469</u>
6. Shares and other variable-yield securities	2 552 658	2 315 023	TOTAL LIABILITIES	<u>421 232 813</u>	<u>405 350 137</u>
7. Derivative Assets	27 457 374	31 353 400	8. Capital		
8. Property, furniture and equipment	310 112	316 513	- Subscribed	232 392 989	232 392 989
9. Investment property	2 909	3 024	- Uncalled	<u>- 220 773 340</u>	<u>- 220 773 340</u>
10. Intangible assets	9 389	8 266	9. Consolidated reserves		
11. Other assets	102 099	83 657	a) reserve fund	20 972 343	20 082 400
12. Subscribed capital and reserves, called but not paid	28 292	55 945	b) additional reserves	2 195 060	1 601 274
13. Prepayments	55 019	34 016	c) special activities reserve	4 108 940	3 299 370
			d) general loan reserve	<u>2 340 863</u>	<u>1 923 734</u>
			10. Profit for the period	1 800 442	2 644 962
			TOTAL EQUITY	<u>43 037 297</u>	<u>41 171 389</u>
TOTAL ASSETS	<u>464 270 110</u>	<u>446 521 526</u>	TOTAL LIABILITIES AND EQUITY	<u>464 270 110</u>	<u>446 521 526</u>

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2011 UNDER IFRS
(in EUR '000)

	H1 2011 (Unaudited)	H1 2010 (Unaudited)	2010
1. Interest and similar income	11 132 917	9 072 757	19 354 614
2. Interest expense and similar charges	- 9 755 465	- 7 912 518	- 16 665 960
3. Income from shares and other variable-yield securities	40 062	35 574	67 310
4. Fee and commission income	91 537	97 432	236 025
5. Fee and commission expense	490	- 58	- 204
6. Result on financial operations	586 210	1 001 850	200 789
7. Other operating income	11 820	1 597	10 501
8. Change in impairment on loans and advances and provisions for guarantees, net of reversals	- 44 772	16 580	- 28 623
9. Change in impairment on shares and other variable-yield securities, net of reversals	- 8 991	- 14 670	- 57 497
10. General administrative expenses	- 241 022	- 228 761	- 441 602
a) staff costs	- 193 163	- 186 899	- 323 646
b) other administrative costs	- 47 859	- 41 862	- 117 956
11. Depreciation and amortisation: property, furniture and equipment, investment property and intangible assets	- 12 344	- 13 447	- 30 391
a) property, furniture and equipment	- 10 974	- 12 189	- 26 860
b) investment property	- 186	0	- 161
c) intangible assets	- 1 184	- 1 258	- 3 370
12. Profit for the period	<u>1 800 442</u>	<u>2 056 336</u>	<u>2 644 962</u>
13. Attributable to: Equity holders of the Bank	<u>1 800 442</u>	<u>2 056 336</u>	<u>2 644 962</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2011 UNDER IFRS
(in EUR '000)

	H1 2011 (Unaudited)	H1 2010 (Unaudited)	2010
Profit for the period	1 800 442	2 056 336	2 644 962
Other comprehensive income			
Available for sale financial assets - fair value reserve			
1. Net unrealised gains and losses on financial assets available for sale	77 953	- 32 240	- 65 059
2. Impairment charges transferred to the consolidated income statement	8 173	0	48 624
3. Realised gains and losses transferred to the consolidated income statement	- 23 298	- 290	1 807
Total available for sale financial assets	62 828	- 32 530	- 14 628
Total other comprehensive income / loss	62 828	- 32 530	- 14 628
Total comprehensive income	<u>1 863 270</u>	<u>2 023 806</u>	<u>2 630 334</u>
Attributable to: Equity holders of the Bank	<u>1 863 270</u>	<u>2 023 806</u>	<u>2 630 334</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY UNDER IFRS (in EUR '000)

For the half year ended June 30, 2011	Subscribed capital	Callable capital	Reserve fund	Special activities reserve	General loan reserve	Additional reserves		Profit/loss for the period before appropriation	Total consolidated own funds
						Other	Fair value reserve		
As at December 31, 2009	232 392 989	- 220 773 340	18 205 506	3 299 370	1 923 734	5 237 091	540 378	- 2 280 614	38 545 114
Appropriation of prior year's loss	0	0	1 876 894	0	0	- 4 157 508	0	2 280 614	0
Total comprehensive income for the period	0	0	0	0	0	0	- 14 628	2 644 962	2 630 334
Changes in ownership interests in subsidiaries that do not result in a loss of control	0	0	0	0	0	- 4 059	0	0	- 4 059
As at December 31, 2010	232 392 989	- 220 773 340	20 082 400	3 299 370	1 923 734	1 075 524	525 750	2 644 962	41 171 389
Appropriation of prior year's profit	0	0	889 943	809 570	417 129	528 320	0	- 2 644 962	0
Total comprehensive income for the period	0	0	0	0	0	0	62 828	1 800 442	1 863 270
Changes in ownership interests in subsidiaries that do not result in a loss of control	0	0	0	0	0	2 638	0	0	2 638
As at June 30, 2011 (Unaudited)	232 392 989	- 220 773 340	20 972 343	4 108 940	2 340 863	1 606 482	588 578	1 800 442	43 037 297

CONSOLIDATED CASH FLOW STATEMENT FOR PERIOD ENDED JUNE 30, 2011 UNDER IFRS
(In EUR '000)

	H1 2011 (Unaudited)	2010
A. Cash flows from operating activities :		
Profit for the period	1 800 442	2 644 962
Adjustments for:		
Change in impairment on loans and advances, net of reversals	- 705	- 19 192
Net change in provisions for pension plans and health insurance scheme	68 047	74 282
Unwinding of the discount relating to capital and reserves called, but not paid in	- 1 178	- 5 972
Change in provision for guarantees	- 4 523	47 815
Depreciation/amortisation on property, furniture and equipment and intangible assets	12 344	30 391
Change in impairment of shares and other variable-yield securities	9 842	57 497
Investment portfolio amortisation and accrued interest	- 6 155	- 386
Net results on loans under the fair value option and associated hedges	- 64 614	- 875 420
Net results on borrowings under the fair value option and associated hedges	5 268 556	- 4 937 698
Change in fair value of derivatives	- 6 648 504	5 800 520
Effects of exchange rate changes	- 1 821 681	1 298 879
Disbursements of loans and advances to credit institutions and customers	- 24 713 432	- 57 523 013
Repayments of loans and advances to credit institutions and customers	11 533 362	27 713 767
Change in deposits with central banks	- 3 104	- 26 456
Change in Available for sale and trading debt securities	- 34 215	- 942 879
Change in Available for sale venture capital operations	- 91 989	- 188 672
Change in Available for sale shares and other variable-yield securities	- 85 808	- 101 096
Change in amounts owed to credit institutions and customers	- 758 001	1 460 443
Change in interest accrued on cash and cash equivalents	- 40 401	- 5 032
Change in prepayments	- 21 003	1 463
Change in other assets	- 18 442	23 257
Change in deferred income	- 8 295	- 6 488
Change in other liabilities	- 171 818	54 171
Net cash used in operating activities	- 15 801 275	- 25 424 857
B. Cash flows from investing activities :		
Sale of securities from investment portfolio during the period	73 025	266 581
Change in asset backed securities	- 1 568 644	- 2 906 619
Redemption of loan substitutes included in the treasury portfolios	333 900	1 582 002
Change in property, furniture and equipment and intangible assets	- 6 952	- 42 873
Net cash used in investing activities	- 1 168 671	- 1 100 909
C. Cash flows from financing activities :		
Issuance of debts evidenced by certificates	83 902 194	129 855 314
Redemption of debts evidenced by certificates	- 55 144 256	- 92 619 273
Member States contributions	28 831	57 664
Net cash from financing activities	28 786 769	37 293 705
Summary statement of cash flows		
Cash and cash equivalents at the beginning of the year	37 214 294	27 232 501
Net cash from :		
(1) operating activities	- 15 801 275	- 25 424 857
(2) investing activities	- 1 168 671	- 1 100 909
(3) financing activities	28 786 769	37 293 705
(4) effects of exchange rate changes on cash held	135 319	- 786 146
Cash and cash equivalents at the end of the period	49 166 436	37 214 294
Cash and cash equivalents are composed of:		
Cash in hand, balances with central banks and post office banks	271	92
Bills maturing within three months of issue	9 509 503	5 086 491
Loans and advances to credit institutions :		
Accounts repayable on demand	213 137	491 476
Term deposits accounts (excluding accrued interest)	39 443 525	31 636 235
	49 166 436	37 214 294
Supplementary disclosures of operating cash flow:		
Interest received	10 846 275	19 244 954
Dividends received	9 509	67 081
Interest paid	- 3 192 014	- 3 315 342

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS UNDER IFRS

NOTE A Basis of presentation

The unaudited condensed consolidated financial statements of the European Investment Bank (“the Bank”) as at June 30, 2011 do not include all of the information and footnotes required for complete financial statements.

In the opinion of management, all adjustments, normal recurring accruals and adjustments for the impairment of venture capital operations and loans considered necessary for a fair presentation have been recorded. The profit for the six-month period ended June 30, 2011 is not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The audited financial statements as at and for the year ended December 31, 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The unaudited condensed consolidated financial statements as at and for the period ended June 30, 2011 were based on the same principles.

For further information, refer to the financial statements and footnotes thereto included in the Bank’s annual report for the year ended December 31, 2010.

NOTE B Summary statement of loans (in Eur '000)

<u>Analysis of aggregate loans granted (before specific provisions)</u>	Loans granted		
	to intermediary credit institutions	directly to final beneficiaries	Total
- Disbursed portion	124,229,671	235,783,477	360,013,148
- Undisbursed portion	15,639,466	69,758,157	85,397,623
Aggregate loans granted	139,869,137	305,541,634	445,410,771

NOTE C Debts evidenced by certificates

[See following pages for summary statement of debts evidenced by certificates.]

NOTE D Commitment to purchase the remaining EIF shares at a fixed price

As at June 30, 2011, the Bank holds 61.91% of the EIF's subscribed capital (61.40% as at June 30, 2010).

Under the terms of the Replacement Share Purchase Undertaking, the EIB is offering to buy the remaining subscribed shares from the EIF's other shareholders for a price of EUR 337,864.26 per share as at June 30, 2011. The latter corresponds to the part of each share in the called capital of EIF, increased by the share premium account, the statutory reserves, the disclosed unrealised gains in venture capital operations, the profit brought forward and the profit of the year. The agreed formula is being applied to the approved and audited annual accounts of the EIF for the financial year in which the option is exercised.

NOTE E Commitments, contingent liabilities and other memorandum items

[See following pages for summary statement of commitments and contingent liabilities.]

Note C - Summary statement of debts evidenced by certificates as at June 30, 2011 (in EUR' 000)

PAYABLE IN	OUTSTANDING AS AT 30.06.2011	AVERAGE RATE 30.06.2011	DUE DATES	OUTSTANDING AS AT 31.12.2010	AVERAGE RATE 2010
EUR	166 364 674	3.49	2011/2057	148 194 630	3.56
GBP	53 756 138	4.26	2011/2054	52 122 801	4.54
DKK	549 694	2.55	2024/2026	550 077	2.55
SEK	3 658 531	3.73	2011/2039	3 241 649	3.68
CZK	570 781	4.08	2013/2030	635 750	4.15
HUF	350 419	6.37	2012/2016	371 470	6.29
PLN	445 204	6.34	2011/2026	445 658	6.33
BGN	117 599	5.22	2012/2013	171 285	5.52
RON	106 045	8.88	2014/2016	105 584	8.88
USD	97 757 986	2.69	2011/2058	104 067 249	2.75
CHF	7 727 489	2.47	2011/2036	7 499 881	2.38
JPY	12 948 413	0.72	2011/2047	13 946 268	0.85
NOK	4 703 692	3.98	2012/2025	3 386 667	4.16
CAD	713 443	4.61	2037/2045	781 727	4.68
AUD	16 421 640	5.69	2012/2021	14 628 590	5.93
HKD	208 049	0.96	2012/2019	225 315	1.05
NZD	2 261 278	6.57	2012/2021	2 180 233	6.75
ZAR	2 012 515	8.12	2012/2021	1 990 653	8.21
MXN	37 307	6.07	2015/2015	38 275	6.07
TWD	23 964	5.04	2013/2013	25 667	4.75
TRY	2 826 561	9.85	2011/2022	2 831 379	10.63
ISK	-	-	-	48 182	7.91
RUB	661 139	6.70	2011/2019	519 598	6.82
Change in fair value on borrowings	19 773 329			22 577 177	
TOTAL	393 995 890			380 585 765	

The redemption of certain borrowings is indexed to stock exchange indexes (historical value: EUR 843 million).

All such borrowings are hedged in full through swap operations.

Note E - Commitments, contingent liabilities and other memorandum items (in EUR '000)

	30.06.2011 (Unaudited)	31.12.2010
Commitments		
- EBRD capital		
· uncalled	442 500	442 500
- Undisbursed loans		
· credit institutions	15 639 466	17 562 869
· customers	<u>69 758 157</u>	<u>72 988 160</u>
	85 397 623	90 551 029
- Undisbursed venture capital operations	1 708 444	1 706 189
- Undisbursed investment funds	486 226	459 914
Contingent liabilities and guarantees		
- In respect of loans granted by third parties	3 197 527	3 015 621
- In respect of venture capital operations	18 617	17 385
Assets held on behalf of third parties		
- CIP/SMEG 2007	121 886	80 967
- CIP/GIF 2007	81 313	73 577
- SME Guarantee Facility	59 939	59 550
- European Technology Facility	10 669	9 896
- Map Equity	39 486	46 349
- Map guarantee	37 017	44 748
- Guarantee Fund treasury management	1 488 533	1 347 331
- Investment Facility - Cotonou	1 518 274	1 555 391
- Special Section	1 164 423	1 221 391
- RSFF	758 096	509 193
- Neighbourhood Investment Facility ("NIF") Fund	41 612	57 913
- EU-Africa	295 189	259 728
- HIPC	79 292	161 550
- FEMIP	28 302	29 588
- LGTT	153 028	152 348
- FP7 Guarantee Fund	989 872	859 620
- JASPERS	7 181	934
- JESSICA	1 381 578	1 382 955
- LFA-GV	140	114
- JEREMIE	832 577	928 876
- TTP	1 720	1 809
- GEEREF	1 555	1 633
- GEEREF Technical Support Facility	3 292	3 750
- EFSE	1	0
- Bundesministerium für Wirtschaft und Technologie	704	517
- EPMF	5 733	6 004
- EPPA	2 275	1 003
- GGF	5	5 000
- GAGF	<u>31 417</u>	<u>31 332</u>
	9 135 109	8 833 067
Other items		
- Special deposits for service of borrowings	54 007	34 568
- Securities receivable	617 042	0
- Nominal value of interest-rate swap contracts	382 465 463	359 402 781
- Nominal value of currency swap contracts payable	172 177 256	161 700 288
- Nominal value of currency swap contracts receivable	170 694 359	166 163 922
- Nominal value of put option granted to EIF minority shareholders	385 841	407 645
- Borrowings launched but not yet settled	1 658 661	44 044
- Swaps launched but not yet settled	4 383	3 327
- Securities lent	675 688	655 982
- Futures contracts	483 998	283 413
- FX Forward	371 898	287 518
- Nominal value of credit default swap	192 883	192 883

EIB GROUP - EU ACCOUNTING DIRECTIVES TO IFRS RECONCILIATION

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011 (in EUR '000)

<u>ASSETS</u>	EU Accounting Directives 30/06/2011	Adjustment Ref.	IFRS 30/06/2011
1. Cash in hand, balances with central banks and post office banks	256 975	0	256 975
2. Treasury bills and other bills eligible for refinancing with central banks	<u>7 871 533</u>	80 446	<u>7 951 979</u>
	7 871 533	A, B, 1	7 951 979
3. Loans and advances to credit institutions			
a) repayable on demand	213 137	0	213 137
b) other loans and advances	39 825 080	- 329 211	39 495 869
c) loans	<u>124 229 671</u>	1 060 227	<u>125 289 898</u>
	164 267 888	B.1, B.2 B.1, B.2	164 998 904
4. Loans and advances to customers			
a) loans	235 783 477	5 301 074	241 084 551
b) impairment on loans and advances, net of reversals	<u>- 90 903</u>	4 500	<u>- 86 403</u>
	235 692 574	B.1, B.2 B.1, B.2	240 998 148
5. Debt securities including fixed-income securities			
a) issued by public bodies	2 532 159	10 206	2 542 365
b) issued by other borrowers	<u>16 968 053</u>	35 834	<u>17 003 887</u>
	19 500 212	A A, B, 3	19 546 252
6. Shares and other variable-yield securities	2 039 898	512 760	2 552 658
		A	
7. Derivative assets		27 457 374	27 457 374
		B.1	
8. Property, furniture and equipment	313 021	- 2 909	310 112
		C	
9. Investment property	0	2 909	2 909
		C	
10. Intangible assets	9 389	0	9 389
11. Other assets	116 993	- 14 894	102 099
12. Subscribed capital and reserves, called but not paid	28 832	- 540	28 292
		G	
13. Prepayments	8 518 791	- 8 463 772	55 019
		B.2, B.3	
TOTAL ASSETS	<u>438 616 106</u>		<u>464 270 110</u>
LIABILITIES AND EQUITY	30/06/2011	Ref.	30/06/2011
1. Amounts owed to credit institutions			
a) repayable on demand	5 032 493	3 686	5 036 179
b) with agreed maturity dates or periods of notice	<u>1 698 083</u>	- 1 416 318	<u>281 765</u>
	6 730 576	B.3	5 317 944
2. Amounts owed to customers			
a) repayable on demand	1 538 963	2	1 538 965
b) with agreed maturity dates or periods of notice	<u>688 105</u>	1 150	<u>689 255</u>
	2 227 068	B.3	2 228 220
3. Debts evidenced by certificates			
a) debt securities in issue	350 982 190	19 972 292	370 954 482
b) others	<u>23 240 371</u>	- 198 963	<u>23 041 408</u>
	374 222 561	B.3 B.3	393 995 890
4. Derivatives liabilities		17 438 286	17 438 286
		B.1	
5. Other liabilities	270 285	325 371	595 656
		B.2, E	
6. Accruals and deferred income	11 659 717	- 11 497 273	162 444
		B.2, B.3	
7. Provisions			
a) pension plans and health insurance scheme	1 527 501	- 142 880	1 384 621
b) provision for guarantees	<u>109 752</u>	0	<u>109 752</u>
	1 637 253		1 494 373
TOTAL LIABILITIES	<u>396 747 460</u>		<u>421 232 813</u>
8. Capital			
- Subscribed	232 392 989	0	232 392 989
- Uncalled	<u>- 220 773 340</u>	0	<u>- 220 773 340</u>
	11 619 649		11 619 649
9. Consolidated reserves			
a) reserve fund	20 972 343	0	20 972 343
b) additional reserves	1 279 538	326 944	1 606 482
c) fair value reserve		588 578	588 578
d) special activities reserve	4 108 940	0	4 108 940
e) general loan reserve	<u>2 340 863</u>	0	<u>2 340 863</u>
	28 701 684	A, B, G A	29 617 206
10. Profit for the period attributable to the equity holders of the Bank	1 204 617	595 825	1 800 442
		A, B.1, B.2, B.3	
11. Equity attributable to minority interest	342 696	- 342 696	0
		E	
TOTAL EQUITY	<u>41 868 646</u>		<u>43 037 297</u>
TOTAL LIABILITIES AND EQUITY	<u>438 616 106</u>		<u>464 270 110</u>

EIB GROUP - EU ACCOUNTING DIRECTIVES TO IFRS RECONCILIATION
Consolidated income statement for the period ended June 30, 2011 (in EUR '000)

	EU Accounting Directives	Adjustment		IFRS
	H1 2011 (Unaudited)		Ref.	H1 2011 (Unaudited)
1. Interest and similar income	11 134 498	- 1 581	A, B.2	11 132 917
2. Interest expense and similar charges	- 9 719 982	- 35 483	A, B.3	- 9 755 465
3. Income from shares and other variable-yield securities	40 062	0		40 062
4. Fee and commission income	91 862	- 325	F	91 537
5. Fee and commission expense	490	0		490
6. Result on financial operations	- 65 665	651 875	A, B.1, B.2, B.3	586 210
7. Other operating income	11 495	325	F	11 820
8. Change in impairment on loans and advances and provisions on guarantees, net of reversals	5 228	- 50 000	H	- 44 772
9. Change in impairment on shares and other variable yield securities, net of reversals	0	- 8 991	A	- 8 991
10. General administrative expenses				
a) staff costs	- 182 405			- 193 163
b) other administrative expenses	- 47 844			- 47 859
	- 230 249	- 10 773	D	- 241 022
11. Depreciation and amortisation: property, furniture and equipment, investment property and intangible assets				
a) Property, furniture and equipment	- 11 160	186	C	- 10 974
b) Investment property		- 186	C	- 186
b) Intangible assets	- 1 184	0		- 1 184
	- 12 344			- 12 344
12. Extraordinary charges	- 50 000	50 000	H	0
13. Profit for the period	<u>1 205 395</u>			<u>1 800 442</u>
14. Profit attributable to minority interest	- 778	778	E	0
15. Profit attributable to equity holders of the Bank	<u>1 204 617</u>			<u>1 800 442</u>

Valuation and income recognition differences between IFRS and EU Accounting Directives

A Financial assets classified as available-for-sale

Under EU Accounting Directives, available for sale instruments are recorded at the lower of acquisition price or market value. The value adjustments are reported under "Results on financial operations" in the profit and loss for the period in which they are made. Accrued interest is recorded under balance sheet items "Prepayments and accrued income" or "Accruals and deferred income".

Under IFRS, available for sale instruments are carried at fair value with changes in fair value reflected directly in equity.

Impairment is recognised in the profit and loss for the year when negative changes in the fair valuation are other than temporary. It is reported separately on the face of the income statement.

Accrued interest is reported on the balance sheet within the balance of the instrument to which it relates.

B Financial assets and liabilities designated at fair value through profit or loss

1 Derivative assets and liabilities

Under EU Accounting Directives, derivative assets and liabilities are not recognised on the balance sheet. They are carried off balance sheet at nominal amount.

Under IFRS, derivative assets and liabilities are recognised on balance sheet and carried at their replacement values.

Changes in fair values of derivatives are recognised in the profit and loss.

2 Loans and advances

Under EU Accounting Directives, all loans and advances are carried at amortised cost. Accrued interest is recorded under balance sheet items "Prepayments and accrued income" or "Accruals and deferred income".

Under IFRS certain loans are classified on initial recognition as "fair value loans" and valued at fair value through profit or loss. Accrued interest is reported on the balance sheet within the balance of the asset to which it relates.

Payments due are reclassified from other debtors to the loan balance to which they relate.

3 Borrowings

Under EU Accounting Directives, borrowings are recorded at amortised cost. Accrued interest is recorded under balance sheet items "Prepayments and accrued income" or "Accruals and deferred income".

Under IFRS, EIB applies the fair value option to a significant portion of its issued debt. Accrued interest is reported on the balance sheet within the balance of the debt instrument to which it relates.

C Investment property

This category is not used under EU Accounting Directives. Assets in this category under IFRS are reported in the "Tangible Assets" category under EU Accounting Directives. Under IFRS, assets in this category are held under the historical cost model.

D Pension funds

Under EU Accounting Directives, any actuarial deficits result in an additional specific pension plan provision.

Under IFRS, the corridor approach is adopted, resulting in a proportion only of the actuarial losses being recognised in the period.

E Minority interest adjustment

EIB granted a put option to the minority shareholders on their entire holding of the subsidiary.

Under EU Accounting Directives, this put option does not influence the accounting treatment of minority interest on consolidation.

Under IFRS, the put option results in the non-controlling interest balance being classified as liability rather than equity.

The non-controlling interest in the IFRS profit for the year is therefore included in the interest expense for the year.

F Reclassification of other operating income

Certain profit and loss items are reclassified between other operating income under EU Accounting Directives and commission income under IFRS.

G Receivable reserves called but not paid

Under EU Accounting Directives, the receivable reserves are carried at undiscounted amount. Under IFRS, the balance is discounted and amortised through equity.

H Extraordinary charges

Under IFRS, extraordinary charges are not allowed. The balance is reclassified into *Change in impairment on loans and advances and provisions on guarantees, net of reversals*.

EIB Group
CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES
(in EUR '000)

ASSETS	30.06.2011 (Unaudited)	31.12.2010	LIABILITIES	30.06.2011 (Unaudited)	31.12.2010
1. Cash in hand, balances with central banks and post office banks	256 975	253 692	1. Amounts owed to credit institutions		
2. Treasury bills and other bills eligible for refinancing with central banks	7 871 533	5 372 659	a) repayable on demand	5 032 493	5 675 399
3. Loans and advances to credit institutions			b) with agreed maturity dates or periods of notice	<u>1 698 083</u>	<u>1 620 420</u>
a) repayable on demand	213 137	491 476	2. Amounts owed to customers		
b) other loans and advances	39 825 080	32 052 923	a) repayable on demand	1 538 963	1 524 466
c) loans	<u>124 229 671</u>	<u>124 030 306</u>	b) with agreed maturity dates or periods of notice	<u>688 105</u>	<u>975 965</u>
4. Loans and advances to customers			3. Debts evidenced by certificates		
a) loans	235 783 477	226 989 482	a) debt securities in issue	350 982 190	334 378 114
b) specific value adjustments	<u>- 90 903</u>	<u>- 91 608</u>	b) others	<u>23 240 371</u>	<u>23 630 474</u>
5. Debt securities including fixed-income securities	235 692 574	226 897 874	4. Other liabilities		
a) issued by public bodies	2 532 159	1 806 794	5. Accruals and deferred income	11 659 717	9 988 253
b) issued by other borrowers	<u>16 968 053</u>	<u>14 551 747</u>	6. Provisions		
6. Shares and other variable-yield securities	2 039 898	1 849 503	a) pension plans and health insurance scheme	1 527 501	1 467 180
7. Intangible assets	9 389	8 266	b) provision for guarantees issued	<u>109 752</u>	<u>107 469</u>
8. Tangible assets	313 021	319 537	7. Subscribed capital		
9. Other assets	116 993	100 145	- Subscribed	232 392 989	232 392 989
10. Subscribed capital and reserves, called but not paid	28 832	57 663	- Uncalled	<u>- 220 773 340</u>	<u>- 220 773 340</u>
11. Prepayments and accrued income	8 518 791	12 665 073	8. Consolidated reserves		
			a) reserve fund	20 972 343	20 082 400
			b) additional reserves	1 279 538	1 297 986
			c) special activities reserve	4 108 940	3 299 370
			d) general loan reserve	<u>2 340 863</u>	<u>1 923 734</u>
			9. Profit for the period attributable to the equity holders of the Bank	1 204 617	2 097 717
			10. Equity attributable to minority interest	342 696	351 944
TOTAL ASSETS	<u>438 616 106</u>	<u>420 457 658</u>	TOTAL LIABILITIES	<u>438 616 106</u>	<u>420 457 658</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES (in EUR '000)

	H1 2011 (Unaudited)	H1 2010 (Unaudited)	2010
1. Interest receivable and similar income	11 134 498	9 092 141	19 206 051
2. Interest payable and similar charges	- 9 719 982	- 7 865 636	- 16 630 178
3. Income from securities	40 062	35 574	67 310
4. Commissions receivable	91 862	97 434	236 360
5. Commissions payable	490	- 58	- 204
6. Net loss on financial operations	- 65 665	- 103 155	- 267 683
7. Other operating income	11 495	1 596	9 063
8. General administrative expenses			
a) staff costs	- 182 405	- 168 840	- 356 567
b) other administrative costs	- 47 844	- 42 658	- 119 866
	<u>- 230 249</u>	<u>- 211 498</u>	<u>- 476 433</u>
9. Value adjustments in respect of intangible and tangible assets			
a) tangible assets	- 11 160	- 12 269	- 27 021
b) intangible assets	- 1 184	- 1 258	- 3 370
	<u>- 12 344</u>	<u>- 13 527</u>	<u>- 30 391</u>
10. Value (re-)adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	5 228	16 580	- 28 623
11. Extraordinary charges	- 50 000	0	0
12. Profit for the period	1 205 395	1 049 451	2 085 272
13. Profit / loss attributable to minority interest	- 778	- 4 673	12 445
14. Profit attributable to equity holders of the Bank	<u>1 204 617</u>	<u>1 044 778</u>	<u>2 097 717</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES
(in EUR '000)

	H1 2011 (Unaudited)	2010
A. Cash flows from operating activities:		
Profit for the period	1 205 395	2 085 272
Adjustments for:		
Change in specific value adjustments on loans and advances	- 705	- 19 192
Change in specific provisions on staff pension fund	60 321	137 177
Change in specific provisions for guarantees	- 4 523	47 815
Value adjustments in respect of tangible and intangible assets	12 344	30 391
Value adjustments in respect of shares and other variable-yield securities	- 12 598	58 574
Investment portfolio amortisation	2 399	3 193
Effects of exchange rate changes on loans, debts evidenced by certificates and swaps	- 1 821 486	1 358 426
Profit on operating activities	- 558 853	3 701 656
Disbursements of loans and advances to credit institutions and customers	- 24 713 432	- 57 523 013
Repayments of loans and advances to credit institutions and customers	11 533 362	27 713 767
Change in deposits with central banks	- 3 104	- 26 456
Change in treasury operational portfolios	- 58 213	- 889 236
Change in venture capital operations included in shares and other variable-yield securities	- 91 512	- 200 619
Change in shares and other variable-yield securities excluding venture capital operations	- 85 808	- 101 096
Change in amounts owed to credit institutions and customers	- 838 606	2 065 761
Change in prepayments and accrued income	- 2 492 893	3 949 856
Change in other assets	- 16 848	21 425
Change in accruals and deferred income	1 671 464	- 4 155 558
Change in other liabilities	- 146 833	18 656
Net cash from operating activities	- 15 801 276	- 25 424 857
B. Cash flows from investing activities:		
Sale of securities from investment portfolio during the period	73 025	266 581
Purchase of loan substitutes included in the treasury portfolios	- 1 568 644	- 2 906 619
Redemption of loan substitutes included in the treasury portfolios	333 900	1 582 002
Purchase of tangible and intangible assets	- 6 951	- 42 873
Net cash from investing activities	- 1 168 670	- 1 100 909
C. Cash flows from financing activities:		
Issuance of debts evidenced by certificates	83 902 194	129 855 314
Redemption of debts evidenced by certificates	- 55 144 256	- 92 619 273
Member States contribution	28 831	57 664
Net cash from financing activities	28 786 769	37 293 705
Summary statement of cash flows:		
Cash and cash equivalents at beginning of the year	37 214 294	27 232 501
Net cash from:		
Operating activities	- 15 801 276	- 25 424 857
Investing activities	- 1 168 670	- 1 100 909
Financing activities	28 786 769	37 293 705
Effect of exchange rate changes on cash held	135 319	- 786 146
Cash and cash equivalents at end of the period	49 166 436	37 214 294
Cash and cash equivalents are composed of:		
Cash in hand, balances with central banks and post office banks	271	92
Bills maturing within three months of issue	9 509 503	5 086 491
Loans and advances to credit institutions:		
Accounts repayable on demand	213 137	491 476
Term deposit accounts	39 443 525	31 636 235
	49 166 436	37 214 294

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
UNDER EU ACCOUNTING DIRECTIVES**

NOTE A Basis of presentation

The unaudited condensed consolidated financial statements of the European Investment Bank (the “Bank”) as at June 30, 2011 do not include all of the information and footnotes required for complete financial statements.

In the opinion of management, all adjustments, normal recurring accruals and adjustments for the impairment of venture capital operations and loans considered necessary for a fair presentation have been recorded. The profit for the six-month period ended June 30, 2011 is not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The audited financial statements as at and for the year ended December 31, 2010 were prepared in accordance with the general principles of the Directive 86/635/EEC of the Council of the European Communities of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions and insurance undertakings (as amended) without making use of the option available to apply fair value accounting. The unaudited condensed consolidated financial statements as at and for the period ended June 30, 2011 were based on the same principles.

For further information, refer to the financial statements and footnotes thereto included in the Bank’s annual report for the year ended December 31, 2010.

NOTE B Summary statement of loans (in Eur '000)

<u>Analysis of aggregate loans granted (before specific provisions)</u>	Loans granted		Total
	to intermediary credit institutions	directly to final beneficiaries	
- Disbursed portion	124,229,671	235,783,477	360,013,148
- Undisbursed portion	15,639,466	69,758,157	85,397,623
Aggregate loans granted	<u>139,869,137</u>	<u>305,541,634</u>	<u>445,410,771</u>

NOTE C Debts evidenced by certificates

[See following page for summary statement of debts evidenced by certificates.]

NOTE D Commitment to purchase the remaining EIF shares at a fixed price

As at June 30, 2011, the Bank holds 61.91% of the EIF's subscribed capital (61.40% as at June 30, 2010).

Under the terms of the Replacement Share Purchase Undertaking, the EIB is offering to buy the remaining subscribed shares from the EIF's other shareholders for a price of EUR 337,864.26 per share as at June 30, 2011. The latter corresponds to the part of each share in the called capital of EIF, increased by the share premium account, the statutory reserves, the disclosed unrealised gains in venture capital operations, the profit brought forward and the profit of the year. The agreed formula is being applied to the approved and audited annual accounts of the EIF for the financial year in which the option is exercised.

NOTE E Commitments, contingent liabilities and other memorandum items

[See following pages for summary statement of commitments and contingent liabilities.]

Note C - Summary statement of debts evidenced by certificates as at June 30, 2011 (in EUR' 000)

PAYABLE IN	OUTSTANDING AS AT 30.06.2011	AVERAGE RATE 30.06.2011	DUE DATES	OUTSTANDING AS AT 31.12.2010	AVERAGE RATE 2010
EUR	166 364 674	3.49	2011/2057	148 194 630	3.56
GBP	53 756 138	4.26	2011/2054	52 122 801	4.54
DKK	549 694	2.55	2024/2026	550 077	2.55
SEK	3 658 531	3.73	2011/2039	3 241 649	3.68
CZK	570 781	4.08	2013/2030	635 750	4.15
HUF	350 419	6.37	2012/2016	371 470	6.29
PLN	445 204	6.34	2011/2026	445 658	6.33
BGN	117 599	5.22	2012/2013	171 285	5.52
RON	106 045	8.88	2014/2016	105 584	8.88
USD	97 757 986	2.69	2011/2058	104 067 249	2.75
CHF	7 727 489	2.47	2011/2036	7 499 881	2.38
JPY	12 948 413	0.72	2011/2047	13 946 268	0.85
NOK	4 703 692	3.98	2012/2025	3 386 667	4.16
CAD	713 443	4.61	2037/2045	781 727	4.68
AUD	16 421 640	5.69	2012/2021	14 628 590	5.93
HKD	208 049	0.96	2012/2019	225 315	1.05
NZD	2 261 278	6.57	2012/2021	2 180 233	6.75
ZAR	2 012 515	8.12	2012/2021	1 990 653	8.21
MXN	37 307	6.07	2015/2015	38 275	6.07
TWD	23 964	5.04	2013/2013	25 667	4.75
TRY	2 826 561	9.85	2011/2022	2 831 379	10.63
ISK	-	-	-	48 182	7.91
RUB	661 139	6.70	2011/2019	519 598	6.82
TOTAL	374 222 561			358 008 588	

The redemption of certain borrowings is indexed to stock exchange indexes (historical value: EUR 843 million).

All such borrowings are hedged in full through swap operations.

Note E - Commitments, contingent liabilities and other memorandum items (in EUR '000)

	30.06.2011 (Unaudited)	31.12.2010
Commitments		
- EBRD capital		
- uncalled	442 500	442 500
- Undisbursed loans		
- credit institutions	15 639 466	17 562 869
- customers	<u>69 758 157</u>	<u>72 988 160</u>
	85 397 623	90 551 029
- Undisbursed venture capital operations	1 708 444	1 706 189
- Undisbursed investment funds	486 226	459 914
Contingent liabilities and guarantees		
- In respect of loans granted by third parties	3 197 527	3 015 621
- In respect of venture capital operations	18 617	17 385
Assets held on behalf of third parties		
- CIP/SMEG 2007	121 886	80 967
- CIP/GIF 2007	81 313	73 577
- SME Guarantee Facility	59 939	59 550
- European Technology Facility	10 669	9 896
- Map Equity	39 486	46 349
- Map guarantee	37 017	44 748
- Guarantee Fund treasury management	1 488 533	1 347 331
- Investment Facility - Cotonou	1 518 274	1 555 391
- Special Section	1 164 423	1 221 391
- RSFF	758 096	509 193
- Neighbourhood Investment Facility ("NIF") Fund	41 612	57 913
- EU-Africa	295 189	259 728
- HIPC	79 292	161 550
- FEMIP	28 302	29 588
- LGTT	153 028	152 348
- FP7 Guarantee Fund	989 872	859 620
- JASPERS	7 181	934
- JESSICA	1 381 578	1 382 955
- LFA-GV	140	114
- JEREMIE	832 577	928 876
- TTP	1 720	1 809
- GEEREF	1 555	1 633
- GEEREF Technical Support Facility	3 292	3 750
- EFSE	1	0
- Bundesministerium für Wirtschaft und Technologie	704	517
- EPMF	5 733	6 004
- EPPA	2 275	1 003
- GGF	5	5 000
- GAGF	<u>31 417</u>	<u>31 332</u>
	9 135 109	8 833 067
Other items		
- Special deposits for service of borrowings	54 007	34 568
- Securities receivable	617 042	0
- Nominal value of interest-rate swap contracts	382 465 463	359 402 781
- Nominal value of currency swap contracts payable	172 177 256	161 700 288
- Nominal value of currency swap contracts receivable	170 694 359	166 163 922
- Nominal value of put option granted to EIF minority shareholders	385 841	407 645
- Borrowings launched but not yet settled	1 658 661	44 044
- Swaps launched but not yet settled	4 383	3 327
- Securities lent	675 688	655 982
- Futures contracts	483 998	283 413
- FX Forward	371 898	287 518
- Nominal value of credit default swap	192 883	192 883

EIB
BALANCE SHEET AS AT JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES
(in EUR '000)

ASSETS	30.06.2011 (Unaudited)	31.12.2010	LIABILITIES	30.06.2011 (Unaudited)	31.12.2010
1. Cash in hand, balances with central banks and post office banks	256 975	253 692	1. Amounts owed to credit institutions		
			a) repayable on demand	5 032 493	5 675 399
			b) with agreed maturity dates or periods of notice	<u>1 698 083</u>	<u>1 620 420</u>
2. Treasury bills and other bills eligible for refinancing with central banks	7 572 953	5 077 985		6 730 576	7 295 819
			2. Amounts owed to customers		
			a) repayable on demand	1 538 963	1 524 466
			b) with agreed maturity dates or periods of notice	<u>688 105</u>	<u>975 965</u>
3. Loans and advances to credit institutions				2 227 068	2 500 431
a) repayable on demand	174 692	460 293	3. Debts evidenced by certificates (Note D)		
b) other loans and advances	39 782 280	32 015 523	a) debt securities in issue	350 982 190	334 378 114
c) loans (Note B)	<u>124 229 671</u>	<u>124 030 306</u>	b) others	<u>23 240 371</u>	<u>23 630 474</u>
	164 186 643	156 506 122		374 222 561	358 008 588
4. Loans and advances to customers			4. Other liabilities	267 970	409 476
a) loans (Note B)	235 783 477	226 989 482	5. Accruals and deferred income	11 659 717	9 988 253
b) specific value adjustments	<u>- 90 903</u>	<u>- 91 608</u>	6. Provisions		
	235 692 574	226 897 874	a) pension plans and health insurance scheme	1 493 134	1 437 362
5. Debt securities including fixed-income securities				1 493 134	1 437 362
a) issued by public bodies	2 435 454	1 712 778	7. Capital		
b) issued by other borrowers	<u>16 532 479</u>	<u>14 090 885</u>	- Subscribed	232 392 989	232 392 989
	18 967 933	15 803 663	- Uncalled	<u>- 220 773 340</u>	<u>- 220 773 340</u>
6. Shares and other variable-yield securities	1 871 770	1 691 599		11 619 649	11 619 649
7. Shares in affiliated undertakings (Note C)	491 588	483 817	8. Reserves		
8. Intangible assets	9 389	8 266	a) reserve fund	20 972 343	20 082 400
9. Tangible assets	309 070	315 046	b) additional reserves	1 144 024	1 144 024
10. Other assets	80 746	60 562	c) special activities reserve	4 108 940	3 299 370
11. Subscribed capital and reserves, called but not paid	28 832	57 663	d) general loan reserve	<u>2 340 863</u>	<u>1 923 734</u>
12. Prepayments and accrued income	8 523 186	12 669 459		28 566 170	26 449 528
Total ASSETS	<u>437 991 659</u>	<u>419 825 748</u>	9. Profit for the financial period attributable to equity holders of the Bank	1 204 814	2 116 642
			Total LIABILITIES	<u>437 991 659</u>	<u>419 825 748</u>

EIB OFF BALANCE SHEET AS AT JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES (in EUR '000)

	30.06.2011 (Unaudited)	31.12.2010
Commitments		
- EBRD capital uncalled	442 500	442 500
- EIF capital uncalled	1 486 400	1 460 800
- Undisbursed loans credit institutions	15 639 466	17 562 869
customers	<u>69 758 157</u>	<u>72 988 160</u>
	85 397 623	90 551 029
- Undisbursed venture capital operations	1 545 269	1 536 618
- Undisbursed investment funds	486 226	459 914
Contingent liabilities and guarantees		
- In respect of loans granted by third parties	681 492	476 010
- In respect of venture capital operations	18 617	17 385
Assets held on behalf of third parties		
- EIF treasury management	892 434	907 246
- Guarantee Fund treasury management	1 488 533	1 347 331
- FP7 Guarantee Fund treasury management	989 872	859 620
- Investment Facility – Cotonou	1 518 274	1 555 391
- Special Section	1 164 423	1 221 391
- RSFF	758 096	509 193
- EU-Africa Infrastructure Trust Fund	295 189	259 728
- HIPC	79 292	161 550
- FEMIP Trust Fund	28 302	29 588
- LGTT	153 028	152 348
- JASPERS	7 181	934
- JESSICA (Contribution and Holding Fund)	1 381 578	1 382 955
- NIF	<u>41 612</u>	<u>57 913</u>
	8 797 814	8 445 188
Other items		
- Special deposits for service of borrowings	54 007	34 568
- Securities receivable	617 042	0
- Nominal value of interest-rate swap contracts	382 465 463	359 402 781
- Nominal value of currency swap contracts payable	172 177 256	161 700 288
- Nominal value of currency swap contracts receivable	170 694 359	166 163 922
- Nominal value of credit default swap	192 883	192 883
- Nominal value of put option granted to EIF minority shareholders	385 841	407 645
- Borrowings launched but not yet settled	1 658 661	44 044
- Swaps launched but not yet settled	4 383	3 327
- Securities lending	530 075	562 614
- Futures contracts	483 998	283 413
- FX Forward	371 898	287 518

EIB PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES
(in EUR '000)

	H1 2011 (Unaudited)	H1 2010 (Unaudited)	2010
1. Interest receivable and similar income	11 117 038	9 077 675	19 175 027
2. Interest payable and similar charges	- 9 719 982	- 7 865 636	- 16 630 178
3. Income from securities with variable-yield			
a) income from shares and variable-yield securities	8 902	30 363	56 432
b) income from shares in affiliated undertakings	<u>31 786</u>	<u>0</u>	<u>0</u>
	40 688	30 363	56 432
4. Commission receivable	74 548	73 772	183 044
5. Commission payable	- 6 455	- 6 635	- 12 286
6. Net loss on financial operations	- 46 419	- 95 148	- 227 777
7. Other operating income	11 894	2 307	12 018
8. General administrative expenses			
a) staff costs	- 162 504	- 151 718	- 322 562
b) other administrative costs	<u>- 43 162</u>	<u>- 40 871</u>	<u>- 112 951</u>
	- 205 666	- 192 589	- 435 513
9. Value adjustments in respect of tangible and intangible assets			
a) tangible assets	- 10 621	- 11 707	- 25 907
b) intangible assets	<u>- 1 184</u>	<u>- 1 258</u>	<u>- 3 370</u>
	- 11 805	- 12 965	- 29 277
10. Value (re-)adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	973	25 832	25 152
11. Extraordinary charges	- 50 000	0	0
12. Profit for the period	<u>1 204 814</u>	<u>1 036 976</u>	<u>2 116 642</u>

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2011 UNDER EU ACCOUNTING DIRECTIVES (in EUR '000)

	H1 2011 (Unaudited)	2010
A. Cash flows from operating activities:		
Profit for the period	1 204 814	2 116 642
Adjustments for:		
Change in specific value adjustments on loans and advances	- 705	- 19 192
Change in specific provisions on staff pension fund	55 774	130 608
Change in provisions for guarantees issued in respect of venture capital operations	- 2	- 5 781
Value adjustments in respect of shares and other variable-yield securities	- 12 673	55 237
Value adjustments in respect of tangible and intangible assets	11 805	29 277
Investment portfolio amortisation	2 448	4 234
Effects of exchange rate changes on loans, debts evidenced by certificates and swaps	- 1 818 266	1 345 089
Profit on operating activities	- 556 805	3 656 114
Disbursements of loans and advances to credit institutions and customers	- 24 713 432	- 57 523 013
Repayments of loans and advances to credit institutions and customers	11 533 362	27 713 767
Change in deposits with central banks	- 3 104	- 26 456
Change in treasury operational portfolios	- 48 187	- 804 037
Change in venture capital operations included in shares and other variable-yield securities	- 81 690	- 166 335
Change in shares and other variable-yield securities excluding venture capital operations	- 85 808	- 101 096
Change in amounts owed to credit institutions and customers	- 838 606	2 065 761
Change in prepayments and accrued income	- 2 111 347	3 949 344
Change in other assets	- 20 184	28 937
Change in accruals and deferred income	1 671 464	- 4 155 558
Change in other liabilities	- 141 506	22 537
Net cash from operating activities	- 15 395 843	- 25 340 035
B. Cash flows from investing activities:		
Purchase of EIF shares	- 7 771	- 3 149
Sale of securities from investment portfolio during the period	44 257	222 518
Purchase of loan substitutes included in the treasury portfolios	- 1 568 644	- 2 906 619
Redemption of loan substitutes included in the treasury portfolios	333 900	1 582 002
Purchase of tangible and intangible assets	- 6 952	- 42 854
Net cash from investing activities	- 1 205 210	- 1 148 102
C. Cash flows from financing activities:		
Issuance of debts evidenced by certificates	83 902 194	129 855 314
Redemption of debts evidenced by certificates	- 55 144 256	- 92 619 273
Member States contribution	28 831	57 664
Net cash from financing activities	28 786 769	37 293 705
Summary statement of cash flows:		
Cash and cash equivalents at the beginning of the year	37 145 711	27 126 289
Net cash from:		
(1) operating activities	- 15 395 843	- 25 340 035
(2) investing activities	- 1 205 210	- 1 148 102
(3) financing activities	28 786 769	37 293 705
(4) effects of exchange rate changes on cash held	135 319	- 786 146
Cash and cash equivalents at the end of the period	49 466 746	37 145 711
Cash and cash equivalents are composed of:		
Cash in hand, balances with central banks and post office banks, excluding deposits with Central Bank of Luxembourg to cover minimum reserve requirement (Note B.1)	271	92
Bills maturing within three months of issue (Note B.2 : A1 portfolio)	9 509 503	5 086 491
Loans and advances to credit institutions:		
Accounts repayable on demand	174 692	460 293
Term deposit accounts (Note C)	39 782 280	31 598 835
	49 466 746	37 145 711

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS UNDER EU ACCOUNTING DIRECTIVES

NOTE A Basis of presentation

The unaudited condensed financial statements of the European Investment Bank (the “Bank”) as at June 30, 2011 do not include all of the information and footnotes required for complete financial statements.

In the opinion of management, all adjustments, normal recurring accruals and adjustments for the impairment of venture capital operations and loans considered necessary for a fair presentation have been recorded. The profit for the six-month period ended June 30, 2011 is not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The audited financial statements as at and for the year ended December 31, 2010 were prepared in accordance with the general principles of the Directive of the Council of the European Communities of 8 December 1986 (as amended) without making use of the option available to apply fair value accounting. The unaudited condensed financial statements as at and for the period ended June 30, 2011 were based on the same principles.

For further information, refer to the unconsolidated financial statements and footnotes thereto included in the Bank’s annual report for the year ended December 31, 2010.

NOTE B Summary statement of loans (in Eur '000)

<u>Analysis of aggregate loans granted (before specific provisions)</u>	Loans granted		Total
	to intermediary credit institutions	directly to final beneficiaries	
- Disbursed portion	124,229,671	235,783,477	360,013,148
- Undisbursed portion	15,639,466	69,758,157	85,397,623
Aggregate loans granted	<u>139,869,137</u>	<u>305,541,634</u>	<u>445,410,771</u>

NOTE C Shares in affiliated undertakings

This item for EUR'000 491,588 corresponds to the capital paid in by the Bank in respect of its subscription (EUR'000 1,858,000) to the capital of the European Investment Fund (EIF), with its registered office in Luxembourg.

As at June 30, 2011, the Bank holds 61.91% of the EIF's subscribed capital (61.40% as at June 30, 2010).

Commitment to purchase the remaining EIF shares at a fixed price

Under the terms of the Replacement Share Purchase Undertaking, the EIB is offering to buy the remaining subscribed shares from the EIF's other shareholders for a price of EUR 337,864.26 per share as at June 30, 2011. The latter corresponds to the part of each share in the called capital of EIF, increased by the share premium account, the statutory reserves, the disclosed unrealised gains in venture capital operations, the profit brought forward and the profit of the year. The agreed formula is being applied to the approved and audited annual accounts of the EIF for the financial year in which the option is exercised.

NOTE D Debts evidenced by certificates

[See following page for summary statement of debts evidenced by certificates]

Note D - Summary statement of debts evidenced by certificates as at June 30, 2011 (in EUR' 000)

PAYABLE IN	OUTSTANDING AS AT 30.06.2011	AVERAGE RATE 30.06.2011	DUE DATES	OUTSTANDING AS AT 31.12.2010	AVERAGE RATE 2010
EUR	166 364 674	3.49	2011/2057	148 194 630	3.56
GBP	53 756 138	4.26	2011/2054	52 122 801	4.54
DKK	549 694	2.55	2024/2026	550 077	2.55
SEK	3 658 531	3.73	2011/2039	3 241 649	3.68
CZK	570 781	4.08	2013/2030	635 750	4.15
HUF	350 419	6.37	2012/2016	371 470	6.29
PLN	445 204	6.34	2011/2026	445 658	6.33
BGN	117 599	5.22	2012/2013	171 285	5.52
RON	106 045	8.88	2014/2016	105 584	8.88
USD	97 757 986	2.69	2011/2058	104 067 249	2.75
CHF	7 727 489	2.47	2011/2036	7 499 881	2.38
JPY	12 948 413	0.72	2011/2047	13 946 268	0.85
NOK	4 703 692	3.98	2012/2025	3 386 667	4.16
CAD	713 443	4.61	2037/2045	781 727	4.68
AUD	16 421 640	5.69	2012/2021	14 628 590	5.93
HKD	208 049	0.96	2012/2019	225 315	1.05
NZD	2 261 278	6.57	2012/2021	2 180 233	6.75
ZAR	2 012 515	8.12	2012/2021	1 990 653	8.21
MXN	37 307	6.07	2015/2015	38 275	6.07
TWD	23 964	5.04	2013/2013	25 667	4.75
TRY	2 826 561	9.85	2011/2022	2 831 379	10.63
ISK	-	-	-	48 182	7.91
RUB	661 139	6.70	2011/2019	519 598	6.82
TOTAL	374 222 561			358 008 588	

The redemption of certain borrowings is indexed to stock exchange indexes (historical value: EUR 843 million).
All such borrowings are hedged in full through swap operations.