DOCUMENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERIM FINANCIAL REPORT

At 30 June 2012

(UNAUDITED)

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Income statement

For the quarter ended 30 June 2012 (unaudited) and 30 June 2011 (unaudited)

| | Quarter to | Actual | Quarter to | Actual |
|--|------------|--------------|------------|--------------|
| | 30 June | Year to date | 30 June | Year to date |
| | 2012 | 2012 | 2011 | 2011 |
| | € million | € million | € million | € million |
| Interest and similar income | | | | |
| From Banking loans | 259 | 522 | 198 | 387 |
| From fixed-income debt securities and other interest | 35 | 46 | 36 | 62 |
| Interest expense and similar charges | (79) | (132) | (41) | (74) |
| Net interest income | 215 | 436 | 193 | 375 |
| Net fee and commission income | 2 | 4 | 1 | 6 |
| Dividend income | 49 | 58 | 36 | 36 |
| Net (losses)/gains from share investments at fair value through profit or loss | (331) | 66 | 97 | 262 |
| Net gains/(losses) from loans at fair value through profit or loss | 8 | 17 | (6) | (4) |
| Net gains from loans at amortised cost | - | 4 | - | - |
| Net losses from Treasury investments held at amortised cost | - | - | (3) | - |
| Net gains from dealing activities at fair value through profit or loss and | | | 1.7 | 20 |
| foreign exchange | 16 | 57 | 17 | 28 |
| Fair value movement on non-qualifying and ineffective hedges | 61 | 77 | (4) | (9) |
| Provisions for impairment of Banking loan investments | (8) | (7) | (89) | (62) |
| General administrative expenses | (67) | (124) | (62) | (117) |
| Depreciation and amortisation | (6) | (12) | (5) | (10) |
| Net (loss)/profit for the period | (61) | 576 | 175 | 505 |

Statement of comprehensive income

For the quarter ended 30 June 2012 (unaudited) and 30 June 2011 (unaudited)

| | Quarter to 30 June 2012 € million | Actual Year to date 2012 € million | Quarter to 30 June 2011 € million | Actual Year to date 2011 € million |
|--|--|---|--|---|
| Net (loss)/profit Other comprehensive income/(loss) | (61) | 576 | 175 | 505 |
| Share investment designated as fair value through other comprehensive income Cash flow hedges | 2 4 | 4 3 | (1) (1) | (3) (10) |
| Total comprehensive (loss)/income | (55) | 583 | 173 | 492 |
| Attributable to: Equity holders | (55) | 583 | 173 | 492 |

Balance Sheet

At 30 June 2012 (unaudited) and 31 December 2011 (audited)

| Final part Fi | Pacements with and advances to credit institutions | | | 30 June 2012 | | 31 December 2011 |
|--|---|--|--------------|-----------------|-----------|---------------------|
| Placements with and advances to credit institutions 8,306 5,172 | Placements with and advances to credit institutions 8,366 5,172 | | € million | | € million | |
| Debt securities | Debt securities | Assets | | | | |
| At fair value through profit or loss 118.44 11.1.61 | At far value through profit or loss 11,844 11,161 | Placements with and advances to credit institutions | 8,306 | | 5,172 | |
| At amortised cost | At amortised cost | Debt securities | | | | |
| 1,00 1,34 1,55 | Less: Provisions for impairment 100 134 12,166 11,538 12,166 11,538 17,560 11,538 17,560 11,538 17,560 11,538 17,560 13,175 | At fair value through profit or loss | 332 | | 411 | |
| 12,166 | 12,166 | At amortised cost | 11,844 | | 11,161 | |
| Solitateralised placements | Collateralised placements | Less: Provisions for impairment | (10) | | (34) | |
| Designation Section | 1,333 17,56 Deliver financial assets | | 12,166 | | 11,538 | |
| Debr financial assets 5,291 5,111 Other financial instruments 5,291 5,067 | Other financial assets 5,291 5,111 5.62 Debrivative financial instruments 676 5,967 5,62 Loan investments 800 ftm. 5,967 5,62 Loans at amortised cost 18,515 18,088 1672 Less: Provisions for impairment (681) (672) 239 Loans at fair value through profit or loss 4,54 6,037 6,037 Treasury portfolio Share investments at fair value through profit or loss 6,454 6,037 6,037 Treasury portfolio 5 5 6 6,09 Share investments at fair value through profit or loss 6,454 6,037 6,09 Intensity portfolio 5 5 6 6,09 Share investments at fair value through profit or loss 5 5,00 47, | Collateralised placements | 861 | | 851 | |
| Derivative financial instruments | Derivative financial instruments | | _ | 21,333 | | 17,561 |
| Color Financial assets 676 5,967 5,628 1,0 | Color Financial assets 676 5,967 5,62 Coan investments | | 5.291 | | 5.111 | |
| System S | Special Coal investments Special Coal Coal Coal Coal Coal Coal Coal Co | | | | | |
| Banking portfolio 18,515 18,088 18,088 18,093 18,093 18,093 17,655 18,093 18,093 17,655 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 18,095 | Banking portfolio 18,515 18,088 18,088 18,088 18,088 18,088 18,088 18,083 17,65 239 17,65 18,093 17,65 18,093 17,65 18,093 17,65 18,093 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 18,093 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 17,65 18,093 17,65 18,093 17,65 18,093 17,65 17,65 17,65 17,65 17,65 17,65 17,65 17,65 17,65 17,65 17,65 18,093 17,65 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 18,093 19,093 19,093 19,093 19,093 | <u></u> | | 5,967 | | 5,628 |
| Loans at amortised cost 18,515 18,088 Less: Provisions for impairment (681) (672) Loans at fair value through profit or loss 18,093 17,655 Share investments 18,093 17,655 Share investments 8 18,093 17,655 Share investments at fair value through profit or loss 6,454 6,037 6,037 Treasury portfolio Share investments at fair value through other comprehensive income 62 58 6,095 Intangible assets 43 44 44 38 44 44 70 38 20 58 6,095 47,036 43 44 44 44 38 44 | Loans at amortised cost 18,515 18,088 Less: Provisions for impairment (681) (672) (239) | | _ | | | |
| Less Provisions for impairment (681) (672) 239 17,655 Share investments Banking portfolio 18,003 17,655 18,003 17,655 Share investments Banking portfolio 5 454 6,037 6,035 6,095 | Less: Provisions for impairment 1,000 | | 40 =4= | | 10.000 | |
| Loans at fair value through profit or loss | Loans at fair value through profit or loss 259 239 17.65 Share investments 8.8093 17.65 Share investments 6.454 6.037 Treasury portfolio Share investments at fair value through other comprehensive income 62 58 Share investments at fair value through other comprehensive income 62 58 Share investments at fair value through other comprehensive income 62 58 Share investments at fair value through profit or loss 43 4 Property, technology and office equipment 40 3 Paid-in capital receivable 15 1 Total assets 52,007 47,03 Total assets 2,610 3 Amounts owed to credit institutions 3,758 2,610 2 Debts evidenced by certificates 31,946 29,195 31,80 Other financial liabilities 35,704 31,80 31,80 Other financial liabilities 35,704 415 2,05 Total liabilities 38,248 33,86 33,86 | | | | | |
| 18,093 17,655 17,655 18,093 17,655 17,655 18,095 17,655 18,095 17,655 18,095 17,655 18,095 17,655 18,095 1 | 18,093 17,65 | | | | | |
| Share investments Banking portfolio Share investments at fair value through other comprehensive income 62 58 6,095 6,516 6,095 6,516 6,095 6,516 6,095 6,516 6,095 6,516 6,095 6,516 6,095 6,516 6,095 6,516 6,095 6,095 6,100 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 6,095 | Share investments Banking portfolio Share investments at fair value through profit or loss 6,454 6,037 | Loans at fair value through profit or loss | 259 | 18 003 | 239 | 17 655 |
| Share investments at fair value through profit or loss 6,454 6,037 Treasury portfolio 58 58 Share investments at fair value through other comprehensive income 62 58 Share investments at fair value through other comprehensive income 62 58 Intangible assets 43 44 Property, technology and office equipment 40 38 Paid-in capital receivable 15 15 Total assets 52,007 47,036 Liabilities Borrowings 2,610 29,195 Amounts owed to credit institutions 3,758 2,610 29,195 Debts evidenced by certificates 31,946 29,195 31,805 Other financial liabilities 1,957 1,643 1,643 Other financial liabilities 587 415 2,584 2,058 Total liabilities 38,248 33,863 33,863 Members' equity 13,759 13,173 Total members' equity 13,759 13,173 Memorandum items | Share investments at fair value through profit or loss 6,454 6,037 Treasury portfolio Share investments at fair value through other comprehensive income 62 58 Share investments at fair value through other comprehensive income 62 58 6,099 6,516 6,09 Intangible assets 43 4 Property, technology and office equipment 40 3 Paid-in capital receivable 15 1 Total assets 52,007 47,03 Liabilities 8 2,610 Borrowings 3,758 2,610 Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,80 Other financial liabilities 1,957 1,643 Other financial liabilities 2,544 2,05 Total liabilities 38,248 33,86 Members' equity 38,248 33,86 Members' equity 13,759 13,17 Total liabilities and members' equit | Share investments | _ | 10,073 | | 17,033 |
| Treasury portfolio Share investments at fair value through other comprehensive income 62 | Treasury portfolio Share investments at fair value through other comprehensive income 62 58 6,09 Intangible assets 43 4 40 3 Property, technology and office equipment 40 3 Paid-in capital receivable 15 1 Total assets 52,007 47,03 Total assets 52,007 47,03 Total assets 52,007 47,03 Total section 52,007 47,03 Total assets 52,007 47,03 Total liabilities 52,007 47,03 Total liabilities and members' equity 52,007 47,03 Memorandum items | Banking portfolio | | | | |
| Share investments at fair value through other comprehensive income 62 58 6,516 6,095 Intangible assets 43 44 Property, technology and office equipment 40 38 Paid-in capital receivable 15 15 Total assets 52,007 47,036 Liabilities 8 2,610 Borrowings 3,758 2,610 Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,805 Other financial liabilities 1,957 1,643 Other financial liabilities 2,544 2,058 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total liabilities and members' equity 52,007 47,036 Memorandum items 40,036 40,036 | Share investments at fair value through other comprehensive income 62 | Share investments at fair value through profit or loss | 6,454 | | 6,037 | |
| Share investments at fair value through other comprehensive income 62 58 6,516 6,095 Intangible assets 43 44 Property, technology and office equipment 40 38 Paid-in capital receivable 15 15 Total assets 52,007 47,036 Liabilities 8 2,610 Borrowings 3,758 2,610 Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,805 Other financial liabilities 1,957 1,643 Other financial liabilities 2,544 2,058 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total liabilities and members' equity 52,007 47,036 Memorandum items 40,036 40,036 | Share investments at fair value through other comprehensive income 62 58 6,516 6,09 Intangible assets 43 4 Property, technology and office equipment 40 3 Paid-in capital receivable 52,007 47,03 Total assets 52,007 47,03 Liabilities 5000 47,03 Borrowings 2,610 20,195 Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,80 Other financial liabilities 1,957 1,643 Other financial liabilities 2,544 2,05 Total liabilities 38,248 33,86 Members' equity 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 | Treasury portfolio | | | | |
| Intangible assets | Intangible assets | | 62 | | 58 | |
| Property, technology and office equipment Paid-in capital receivable 40 38 Paid-in capital receivable 15 15 Total assets 52,007 47,036 Liabilities Borrowings Amounts owed to credit institutions Debts evidenced by certificates 3,758 29,195 2,610 29,195 Other financial liabilities Derivative financial liabilities 1,957 1,643 415 1,643 415 Other financial liabilities 2,544 2,058 415 2,058 415 Total liabilities 38,248 33,863 33,863 Members' equity Paid-in capital Reserves and retained earnings 6,199 6,199 6,974 6,197 60 Total members' equity 13,759 13,173 13,173 Memorandum items 52,007 47,036 | Property, technology and office equipment Paid-in capital receivable 40 15 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | | 6,516 | _ | 6,095 |
| Property, technology and office equipment Paid-in capital receivable 40 38 Paid-in capital receivable 15 15 Total assets 52,007 47,036 Liabilities Borrowings Amounts owed to credit institutions Debts evidenced by certificates 3,758 29,195 2,610 29,195 Other financial liabilities Derivative financial liabilities 1,957 1,643 415 1,643 415 Other financial liabilities 2,544 2,058 415 2,058 415 Total liabilities 38,248 33,863 33,863 Members' equity Paid-in capital Reserves and retained earnings 6,199 6,199 6,974 6,197 60 Total members' equity 13,759 13,173 13,173 Memorandum items 52,007 47,036 | Property, technology and office equipment Paid-in capital receivable 40 15 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Intangible assets | | 13 | | 44 |
| Paid-in capital receivable 15 15 Total assets 52,007 47,036 Liabilities Borrowings Amounts owed to credit institutions Debts evidenced by certificates 3,758 31,946 2,610 29,195 31,805 Other financial liabilities Derivative financial instruments Other financial liabilities 1,957 587 1,643 415 Other financial liabilities 2,544 415 2,058 415 Total liabilities 38,248 33,863 Members' equity Paid-in capital Reserves and retained earnings 6,199 6,199 6,199 6,974 6,199 6,974 Total members' equity 13,759 13,173 Memorandum items 52,007 47,036 | Paid-in capital receivable 15 1 Total assets 52,007 47,03 Liabilities Borrowings Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,80 Other financial liabilities 1,957 1,643 Other financial liabilities 587 415 Total liabilities 38,248 33,86 Members' equity 6,199 6,19 Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Memorandum items 52,007 47,03 | | | | | |
| Claim Claim Company Company | Total assets | | | | | |
| Liabilities Borrowings 3,758 2,610 Amounts owed to credit institutions 31,946 29,195 Debts evidenced by certificates 31,805 Other financial liabilities 1,957 1,643 Derivative financial instruments 1,957 1,643 Other financial liabilities 2,544 2,058 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 6,199 6,994 Total members' equity 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items | Liabilities Borrowings 3,758 2,610 Amounts owed to credit institutions 31,946 29,195 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 1,957 1,643 Derivative financial instruments 1,957 415 Other financial liabilities 2,544 2,05 Total liabilities 38,248 33,86 Members' equity 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items | r and-in capital receivable | | 13 | | 13 |
| Borrowings 3,758 2,610 29,195 Debts evidenced by certificates 31,946 29,195 31,805 Other financial liabilities 35,704 31,805 Derivative financial instruments 1,957 1,643 415 Other financial liabilities 2,544 2,058 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 47,036 | Amounts owed to credit institutions 3,758 2,610 29,195 | Total assets | | 52,007 | | 47,036 |
| Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,805 Other financial instruments 1,957 1,643 1,643 Other financial liabilities 587 415 2,058 Total liabilities 38,248 33,863 Members' equity 8 6,199 6,199 Paid-in capital 6,974 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items | Amounts owed to credit institutions 3,758 2,610 Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,80 Other financial instruments 1,957 1,643 Other financial liabilities 587 415 Total liabilities 38,244 2,05 Members' equity 6,199 6,19 Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 3,758 47,03 | Liabilities | | | | |
| Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,805 Derivative financial instruments 1,957 1,643 Other financial liabilities 587 415 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 Paid-in capital 6,199 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 | Debts evidenced by certificates 31,946 29,195 Other financial liabilities 35,704 31,80 Derivative financial instruments 1,957 1,643 Other financial liabilities 587 415 Total liabilities 38,248 33,86 Members' equity 6,199 6,19 Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 | 8 | | | | |
| Other financial liabilities 35,704 31,805 Derivative financial instruments 1,957 1,643 Other financial liabilities 587 415 Total liabilities 38,244 2,058 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 Paid-in capital 6,199 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 | Other financial liabilities 35,704 31,800 Derivative financial instruments 1,957 1,643 Other financial liabilities 587 415 Total liabilities 38,244 2,05 Members' equity 8 33,86 Members' equity 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 | | | | | |
| Other financial liabilities 1,957 1,643 Derivative financial instruments 587 415 Other financial liabilities 2,544 2,058 Total liabilities 38,248 33,863 Members' equity Paid-in capital 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 47,036 | Other financial liabilities 1,957 1,643 Derivative financial instruments 587 415 Other financial liabilities 2,544 2,05 Total liabilities 38,248 33,86 Members' equity Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 | Debts evidenced by certificates | 31,946 | 25 704 | 29,195 | 21 205 |
| Derivative financial instruments Other financial liabilities 1,957 415 1,643 415 Other financial liabilities 2,544 2,058 2,544 33,863 Total liabilities 38,248 33,863 Members' equity Paid-in capital Reserves and retained earnings 6,199 5,900 5,974 6,199 5,974 Total members' equity 13,759 13,173 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 | Derivative financial instruments Other financial liabilities 1,957 415 1,643 415 Other financial liabilities 2,544 2,05 2,05 Total liabilities 38,248 33,86 Members' equity 8 6,199 6,19 Paid-in capital Reserves and retained earnings 7,560 6,97 6,97 Total members' equity 13,759 13,17 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 | Other financial liabilities | _ | 35,/04 | _ | 31,803 |
| Other financial liabilities 587 415 Total liabilities 2,544 2,058 Total liabilities 38,248 33,863 Members' equity 6,199 6,199 Paid-in capital Reserves and retained earnings 7,560 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items | Other financial liabilities 587 415 Total liabilities 2,544 2,05 Members' equity 8 33,86 Paid-in capital (acquital) 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items | | 1 957 | | 1 643 | |
| Total liabilities 2,544 2,058 Members' equity 8 33,863 Members' equity 6,199 6,199 6,199 Reserves and retained earnings 7,560 6,974 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items | Total liabilities 2,544 2,05 2,05 Members' equity 8 33,86 Paid-in capital Reserves and retained earnings 6,19 6,19 6,19 Total members' equity 7,560 6,97 6,97 Total liabilities and members' equity 52,007 47,03 Memorandum items | | | | | |
| Total liabilities 38,248 33,863 Members' equity Paid-in capital 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 47,036 | Total liabilities 38,248 33,86 Members' equity Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 | | | 2,544 | | 2,058 |
| Paid-in capital 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 47,036 | Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items | Total liabilities | - | | _ | |
| Paid-in capital 6,199 6,199 Reserves and retained earnings 7,560 6,974 Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items 47,036 47,036 | Paid-in capital 6,199 6,19 Reserves and retained earnings 7,560 6,97 Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items 47,03 47,03 | Members' equity | | | | |
| Reserves and retained earnings Total members' equity Total liabilities and members' equity | Reserves and retained earnings Total members' equity Total liabilities and members' equity Total liabilities and members' equity Memorandum items | | | 6.199 | | 6.199 |
| Total members' equity 13,759 13,173 Total liabilities and members' equity 52,007 47,036 Memorandum items | Total members' equity 13,759 13,17 Total liabilities and members' equity 52,007 47,03 Memorandum items | | | | | |
| Memorandum items | Memorandum items | | _ | | _ | |
| Memorandum items | Memorandum items | | | 52,007 | | 47,036 |
| | | | | | | |
| | Chorann Communicacy 10277 10277 | | | 10 397 | | 10,034 |

Statement of changes in equity for the six months ended 30 June 2012 (unaudited) and 30 June 2011 (unaudited)

| | Subscribed capital € million | Callable capital € million | Fair value through other comprehensive income reserve € million | Cash flow reserves € million | Retained earnings € million | Total equity € million |
|---|------------------------------------|----------------------------------|--|------------------------------------|-----------------------------------|---------------------------|
| At 31 December 2010 | 20,793 | (14,596) | 8 | - | 6,772 | 12,977 |
| Total comprehensive income for the period | - | - | (3) | (10) | 505 | 492 |
| Internal tax for the period | - | - | - | - | 2 | 2 |
| 2011 Capital Increase | 6,858 | (6,858) | - | - | - | - |
| At 30 June 2011 | 27,651 | (21,454) | 5 | (10) | 7,279 | 13,471 |
| At 31 December 2011 | 28,380 | (22,181) | 10 | 15 | 6,949 | 13,173 |
| Total comprehensive income for the period | - | - | 4 | 3 | 576 | 583 |
| Internal tax for the period | - | - | - | - | - | 3 |
| Capital subscriptions | 1,120 | (1,120) | - | - | - | - |
| At 30 June 2012 | 29,500 | (23,301) | 14 | 18 | 7,525 | 13,759 |

Statement of cash flows for the six months ended 30 June 2012 (unaudited) and 30 June 2011 (unaudited)

| | | Year to 30 June | | Year to 30 June |
|--|--------------|--------------------|--------------|-----------------|
| | | 2012 | | 2011 |
| | € million | € million | € million | € million |
| | IIIIIIOII | € IIIIIIOII | € IIIIIIOII | € IIIIIIIOII |
| Cash flows from operating activities Net profit for the year | 576 | | 505 | |
| Adjustments for: | 370 | | 303 | |
| Unwinding of the discount relating to impaired identified assets | (6) | | (5) | |
| Interest income | (562) | | (444) | |
| Interest expense and similar charges | 132 | | 74 | |
| Net deferral of fees and direct costs | 38 | | 50 | |
| Internal tax | 3 | | 2 | |
| Realised gains on share investments and equity derivatives | (167) | | (130) | |
| Unrealised losses/(gains) on share investments and equity derivatives at fair value through profit or loss Unrealised (gains)/losses from loans at fair value through profit or loss | 101 (13) | | (132) | |
| Realised gains on Banking loans | (9) | | 4 | |
| Fair value movement on hedges | (77) | | 9 | |
| Unrealised mark-to-market movement | 57 | | (355) | |
| Foreign exchange gains | (1) | | (2) | |
| Depreciation and amortisation | 12 | | 10 | |
| Gross provisions release for Banking loan losses | 7 | | 62 | |
| | 91 | | (352) | |
| Interest income received | 540 | | 418 | |
| Interest expense and similar charges paid | (89) | | (67) | |
| Decrease/(increase) in operating assets: | | | | |
| Prepaid expenses | 84 | | (14) | |
| Proceeds from repayments of Banking loans | 2,923 | | 1,861 | |
| Funds advanced for Banking loans | (3,149) | | (2,864) | |
| Proceeds from sale of Banking share investments and equity derivatives | 360 | | 259 | |
| Funds advanced for Banking share investments | (714) | | (253) | |
| Net placements from credit institutions | (559) | | 22 | |
| Movement in amounts owed to credit institutions | 1,147 | | (166) | |
| Decrease in operating liabilities: | | | | |
| Accrued expenses | (12) | | (8) | |
| Net cash from/(used in) operating activities | | 622 | | (1,164) |
| Cash flows used in investing activities | | | | |
| Proceeds from debt securities at amortised cost | 6,225 | | 4,904 | |
| Purchases of debt securities at amortised cost | (6,683) | | (5,954) | |
| Proceeds from sale of debt securities held at fair value through profit or loss Purchases of debt securities held at fair value through profit or loss | 548 (462) | | 708 (883) | |
| Purchase of intangible assets, property, technology and office equipment | (13) | | (9) | |
| Net cash used in investing activities | (13) | (385) | (2) | (1,234) |
| Cash flows from financing activities | | | | |
| Issue of debts evidenced by certificates | 7,323 | | 9,386 | |
| Redemption of debts evidenced by certificates | (4,976) | | (5,868) | |
| Net cash from financing activities | | 2,347 | | 3,518 |
| Net increase in cash and cash equivalents | | 2,584 | | 1,120 |
| Cash and cash equivalents at beginning of the year | | 4,450 | | 3,316 |
| Cash and cash equivalents at 30 June | | 7,034 | | 4,436 |
| | | 30 June | | 30 June |
| | | 2012 | | 2011 |
| Cash and cash equivalents ¹ | | € million | | € million |
| Placements with and advances to credit institutions Collateralised placements | | 7,034 | | 4,445 |
| Cash and cash equivalents at 30 June | | 7,034 | | 4,436 |
| Cash and Cash equivalents at 50 June | | 7,034 | | +,430 |

¹ Cash and cash equivalents are amounts with less than three months to maturity from the date of the transactions, which are available for use at short notice and are subject to insignificant risk of change in value. Within the 30 June 2012 balance is €19 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 June 2012 the Bank's shareholders comprised 63 countries, together with the European Union and the European Investment Bank.

ii Headquarters Agreement

The status, privileges and immunities of the Bank and persons connected therewith in the United Kingdom are defined in the Agreement and in the Headquarters Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Bank ("Headquarters Agreement"). The Headquarters Agreement was signed in London upon the commencement of the Bank's operations on 15 April 1991.

2. A summary of significant accounting policies

i Accounting convention

These 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 other comprehensive income and 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, where they form part of a qualifying hedge relationship, have been accounted for in accordance with hedge accounting rules. The financial statements have been prepared on a going concern basis.

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 2011. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

In the opinion of management, all adjustments necessary for a fair presentation of the financial position and the results of operations for the interim periods have been made. For further information please refer to the Bank's audited financial statements as at 31 December 2011. The results of operations for interim periods are not necessarily indicative of results to be expected for the year ending 31 December 2012.

3. Banking loan investments at amortised cost

| | 2012 | 2012 | 2012 | 2011 | 2011 | 201 |
|---|-----------|---------------|-----------|-----------|---------------|----------|
| | Sovereign | Non-sovereign | Total | Sovereign | Non-sovereign | Tota |
| | loans | loans | loans | loans | loans | loan |
| _ | € million | € million | € million | € million | € million | € millio |
| Operating assets | | | | | | |
| At 1 January | 2,440 | 15,648 | 18,088 | 2,341 | 12,902 | 15,24 |
| Movement in fair value revaluation ¹ | - | 2 | 2 | - | (2) | (2 |
| Disbursements | 216 | 2,909 | 3,125 | 138 | 2,691 | 2,82 |
| Repayments and prepayments | (182) | (2,712) | (2,894) | (169) | (1,667) | (1,836 |
| Foreign exchange movements | 16 | 174 | 190 | (68) | (424) | (492 |
| Movement in net deferral of front end fees | | | | | | |
| and related direct costs | 1 | 3 | 4 | (4) | (22) | (26 |
| Written off | - | - | - | - | (5) | (5 |
| At 30 June | 2,491 | 16,024 | 18,515 | 2,238 | 13,473 | 15,71 |
| Portfolio provisions for the unidentified | | | | | | |
| impairment of loan investments | (13) | (397) | (410) | (11) | (414) | (425 |
| Specific provisions for the identified | | | | | | |
| impairment of loan investments | - | (271) | (271) | - | (230) | (230 |
| Total operating assets net of provisions | | | | | | |
| for impairment at 30 June | 2,478 | 15,356 | 17,834 | 2,227 | 12,829 | 15,05 |

¹ The movement in fair value revaluation relates to those fixed rate loans that form part of a qualifying hedge relationship with a derivative position and as such are re-measured to fair value in respect of interest rate risk.

At 30 June 2012 the Bank categorised 58 loans as impaired, with operating assets totalling €512 million (31 December 2011: 58 loans totalling €484 million; 30 June 2011: 50 loans totalling €451 million). Specific provisions on these assets amounted to €271 million (31 December 2011: €250 million; 30 June 2011: €230 million).

Banking loan investments at fair value through profit or loss

| | 2012 | 2011 |
|------------------------------------|---------------|---------------|
| | Non-sovereign | Non-sovereign |
| | loans | loans |
| | € million | € million |
| Operating assets | | |
| At 1 January | 239 | 221 |
| Disbursements | 24 | 35 |
| Repayments and prepayments | (20) | (25) |
| Movement in fair value revaluation | 13 | (3) |
| Foreign exchange movements | 3 | 4 |
| At 30 June | 259 | 232 |

4. Share investments

| | 2012 | 2012 | 2012 | 2011 | 2011 | 2011 |
|------------------------------------|--------------------------|--------------------------|--------------------------|-----------------------|--------------------------|--------------------------|
| | Fair value | Fair value | Fair value | Fair value | Fair value | Fair value |
| | through | through | through | through | through | through |
| | profit or loss | profit or | profit or | profit or loss | profit or | profit o |
| | unlisted | loss listed | loss total | unlisted | loss listed | loss total |
| | share | share | share | share | share | share |
| | investments € million | investments € million | investments € million | investments € million | investments € million | investments € million |
| Outstand Programme Andrews | € IIIIIIOII | € IIIIIIIOII | € IIIIIIOII | € IIIIIIIOII | € IIIIIIIOII | € IIIIIIOI |
| Outstanding disbursements | 4 444 | 1 (25 | . OF1 | 2.000 | 1.530 | 5 405 |
| At 1 January | 4,444 | 1,627 | 6,071 | 3,908 | 1,529 | 5,437 |
| Disbursements | 659 | 55 | 714 | 178 | 51 | 229 |
| Disposals | (190) | (3) | (193) | (84) | (21) | (105) |
| Written off | (1) | - | (1) | - | - | - |
| At 30 June | 4,912 | 1,679 | 6,591 | 4,002 | 1,559 | 5,561 |
| Fair value adjustment | | | | | | |
| At 1 January | 141 | (175) | (34) | 12 | 349 | 361 |
| Movement in fair value revaluation | (118) | 15 | (103) | 329 | (148) | 181 |
| At 30 June | 23 | (160) | (137) | 341 | 201 | 542 |
| Fair value at 30 June | 4,935 | 1,519 | 6,454 | 4,343 | 1,760 | 6,103 |
| Equity derivatives at 30 June | 294 | 60 | 354 | 271 | 224 | 495 |

5. Primary segment analysis

Business segments

For management purposes the business of the Bank is comprised primarily of Banking and Treasury operations. Banking activities represent investment in projects which, in accordance with the Agreement, are made for the purpose of assisting the 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

| | Fi | rst 6 months | 2012 | Fi | rst 6 months | 2011 |
|--------------------------------------|----------------------|-----------------------|----------------------|-------------------|--------------------|----------------------|
| | Banking € million | Treasury € million | Aggregated € million | Banking € million | Treasury € million | Aggregated € million |
| Interest income | 522 | 46 | 568 | 387 | 62 | 449 |
| Other income | 149 | 57 | 206 | 300 | 28 | 328 |
| Total segment revenue | 671 | 103 | 774 | 687 | 90 | 777 |
| Less interest expense and similar | | | | | | |
| charges | (213) | 15 | (198) | (128) | (23) | (151) |
| Allocation of the return on capital | 59 | 7 | 66 | 69 | 8 | 77 |
| Less general administrative expenses | (116) | (8) | (124) | (110) | (7) | (117) |
| Less depreciation and amortisation | (12) | - | (12) | (9) | (1) | (10) |
| Segment result before provisions | | | <u>.</u> | | | |
| and hedges | 389 | 117 | 506 | 509 | 67 | 576 |
| Fair value movement on non- | | | | | | |
| qualifying and ineffective hedges | - | 77 | 77 | - | (9) | (9) |
| Provision for impairment of loan | | | | | | |
| investments | (7) | - | (7) | (62) | - | (62) |
| Net profit for the period | 382 | 194 | 576 | 447 | 58 | 505 |
| Segment assets | 25,416 | 26,591 | 52,007 | 22,340 | 20,005 | 42,345 |
| Segment liabilities | 257 | 37,991 | 38,248 | 200 | 28,674 | 28,874 |

Interest expense and similar charges, net of the allocation of the return on capital, is €132 million (H1 2011: €74 million). This is the Bank's "interest expense and similar charges" as reported in the income statement.