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REPORT FROM THE COMMISSION

FINANCIAL REPORT ECSC IN LIQUIDATION AT 31 DECEMBER 2011

{C(2012) 4925 final}

FINANCIAL STATEMENTS
ECSC IN LIQUIDATION
AT 31 DECEMBER 2011

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Report of the réviseur d'entreprises agréé

Report on the financial statements

We have audited the accompanying financial statements of European Coal and Steel Community in liquidation ("ECSC in liquidation") managed by the Economic and Financial Affairs DG (DG ECFIN) on behalf of the European Commission (the "Commission"), which comprise the balance sheet as at December 31, 2011, and the economic outturn account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

DG ECFIN's Management responsibility for the financial statements

DG ECFIN's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting rules applicable to the European Communities set out in note 2, and for such internal control as DG ECFIN's Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

We have not performed any audit work for the accounts that are managed by DB Budget relating to the loans to officials disclosed in Loans and advances to customers and in other assets, the interests received on loans to officials disclosed in Interests and similar income from bank accounts and loans.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by DG ECFIN's Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, except for the matter noted above, the financial statements give a true and fair view of the financial position of ECSC in liquidation as of December 31, 2011, and its financial performance and its cash flows for the year then ended, in accordance with the accounting rules applicable to the European Communities set out in note 2.

Without qualifying our opinion, we emphasize that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of the International Financial Reporting Standards.

For Deloitte Audit., *Cabinet de révision agréé*

Martin Flaunet, *Réviseur d'entreprises agréé*
Partner

April 10, 2012

Balance sheet at 31 December 2011

(amounts in EUR) - before allocation of surplus

	Notes	31 December 2011	31 December 2010
Assets			
Cash and deposits with credit institutions	B.3.3.		
- Repayable on demand		5 287 834	4 067 253
- With agreed maturity dates or period of notice		205 043 255	297 203 923
Loans and advances to credit institutions	B.3.1., D.1.	236 106 208	333 099 910
Loans and advances to customers	B.3.1., D.1.	56 428 741	58 636 060
Available-for-sale securities	B.3.2., C.5, D.2.	1 462 949 855	1 282 873 754
New Member States' contribution	D.3.	14 640 500	26 686 416
Other assets	D.4.	1 619 562	1 320 373
Total assets		**1 982 075 955**	**2 003 887 689**
Liabilities			
Debts evidenced by certificates	B.3.4., D.5.	235 804 851	230 316 830
Other liabilities	D.6.	239 503 377	241 459 693
Total liabilities		**475 308 228**	**471 776 523**
Equity			
Profit for the year		6 340 376	3 878 880
Reserves	D.7.	1 500 427 351	1 528 232 286
Total equity		**1 506 767 727**	**1 532 111 166**
Total equity and liabilities		**1 982 075 955**	**2 003 887 689**

The accompanying notes form an integral part of these financial statements.

Income statement for the year ended 31 December 2011

(amounts in EUR)

	Notes	31 December 2011		31 December 2010	
Income					
Interest and similar income :					
From bank accounts and loans		18 032 732		18 101 505	
From fixed income debt securities					
and other interest		43 300 275		46 569 126	
Total	B.4.1., E.1.		61 333 007		64 670 631
Fees and commissions income		129 789		38 235	
Net gain on sale of securities	E.2.	0		6 585 189	
Net profit on foreign exchange	E.3.	908 788		1 203 052	
Other financial income	E.4.	503 084		1 038 397	
Total			1 541 661		8 864 873
Other operating income	E.5.		6 661 798		2 756 847
Total income			**69 536 466**		**76 292 351**
Charges					
Interest and similar charges	B.4.1., E.6.		15 092 090		16 166 139
Fees and commissions charges	E.7.		227 330		239 125
Financial operations :					
Net loss on sale of securities	E.2.	2 873 840		-	
Total			2 873 840		-
Provision for Research financing	E.8.	45 000 000		56 000 000	
Other operating charges		2 830		8 207	
Total			45 002 830		56 008 207
Total charges			**63 196 090**		**72 413 471**
Net profit for the year			**6 340 376**		**3 878 880**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2011

(amounts in thousands EUR)

	Assets of the Coal and Steel Research Fund (B.5.2.)	**Member States' Contribution not yet called**	**Special Reserves**	**General Reserves**	**Fair value Reserve**	**Profit for the year**	**Total**
Previously reported balance at 01 January 2011	1 370 960	14 641	86 290	59 589	(3 247)	3 879	1 532 112
Allocation of retained earnings	3 879	-	-	-	-	(3 879)	-
Net change in fair value reserve	-	-	-	-	(24 951)	-	(24 951)
Use of reserves	-	-	-	-	-	-	-
Call for Member States' Contribution	14 641	(14 641)	-	-	-	-	-
Transfer of reserves on 31 December 2011	8 000	-	(8 000)	(6 733)	-	-	(6 733)
Net profit 2011	-	-	-	-	-	6 340	6 340
At 31 December 2011	**1 397 480**	**-**	**78 290**	**52 856**	**(28 198)**	**6 340**	**1 506 768**

The accompanying notes form an integral part of these financial statements.

Cash flow statement for the year ended 31 December 2011

(amounts in thousands EUR)

	2011	2010
Operating activities		
New Member States' contribution	12 549	8 366
Repayment of loans	5 594	5 205
Interest received - loans	15 625	16 035
Interest expenses - borrowings	(15 325)	(15 662)
Proceeds from other assets	61	15
Net advance to the General Budget of the EU	(45 240)	(49 312)
Operating (cost) / income	(2)	1
Net cash flow from operating activities	**(26 738)**	**(35 352)**
Investing activities		
Interest received - cash and cash equivalents	4 518	3 527
Net increase of deposits (maturity 4-12 m)	96 000	78 500
Purchase of investments available-for-sale portfolio	(713 518)	(276 640)
Proceeds from sales of investments available-for-sale portfolio	494 995	456 309
Interest received - available-for-sale portfolio	54 030	55 706
Investing cost and other	(227)	(238)
Net cash flow from investing activities	**(64 202)**	**317 164**
Net (decrease)/increase in cash and cash equivalents	(90 940)	281 812
Cash and cash equivalents at 1 January	**301 271**	**19 459**
Cash and cash equivalents at 31 December	**210 331**	**301 271**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2011

NOTE A - GENERAL INFORMATION

The European Coal and Steel Community (ECSC), established by the Treaty signed in Paris on 18 April 1951, expired on 23 July 2002. The Nice European Council decided to annex to the Treaty of Nice of 26 February 2001[1] a protocol on the financial consequences of the expiry of the ECSC Treaty and on the creation and management of the Research Fund for Coal and Steel. It was decided that, on the expiry of the Treaty, all assets and liabilities of the ECSC would be transferred to the European Union with effect from 24 July 2002.

Subject to any increase or decrease resulting from the liquidation operations, the net worth of all the ECSC's assets and liabilities, as they appear in the ECSC balance sheet at 23 July 2002, is regarded as assets earmarked for research in the sectors associated with the coal and steel industries. After the end of the liquidation process, these assets will be known as the "Assets of the Research Fund for Coal and Steel".

The Commission is responsible for winding-up the financial operations of the ECSC that were still in progress at the moment of the expiry of the ECSC Treaty. The winding-up is conducted in accordance with the rules and procedures applying to these operations, with the Community institutions enjoying the existing powers and prerogatives provided for by the ECSC Treaty and the secondary legislation in force on 23 July 2002. The assets of the ECSC in liquidation, including its loans portfolio and its investments, are used as necessary to meet the ECSC's remaining obligations in terms of outstanding borrowings resulting from previous operating budgets and other contingencies.

Where the ECSC's assets are not needed to meet these obligations, they are invested so as to ensure long-term profitability. The objective in placing the available assets must be to obtain the highest possible yield that is securely attainable, as defined by Council Decision 2003/76/EC of 1 February 2003. The net revenue from these investments, known as the "Research Fund for Coal and Steel", constitutes revenue in the general budget of the European Union and will be used exclusively for research in the sectors associated with the coal and steel industries, in accordance with "Council Decision 2003/76/EC of 1 February 2003 establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel"[2].

[1] OJ C 80, 10.03.2001.
[2] OJ L 29, 5.2.2003, p.22.

The net revenue available for financing research projects in year n+2 appears in the balance sheet of the ECSC in liquidation for year n, and after the liquidation process has been completed will appear as assets in the balance sheet of the Research Fund for Coal and Steel. In order to reduce as far as possible the fluctuations that movements in the financial markets could cause in the financing of research, a smoothing arrangement is applied and a reserve for contingencies has been created. The algorithms for smoothing are set out in Annex 1 to the abovementioned Council Decision. The identified revenue is divided between research relating to coal and that relating to steel in proportions of 27.2 % and 72.8 % respectively.

The ECSC in liquidation is considered as a controlled entity by the European Union and consequently, forms part of its consolidation scope.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B.1. Basis of presentation

The financial statements are drawn up in accordance with the Council Decisions of 1 February 2003 n° 2003/76/EC and 2003/77/EC (as amended) and the Commission Decision of 9 August 2005 (C/2005/2992). The annual accounts shall be based upon and presented in accordance with the EC Accounting Rules as adopted by the Commission's Accounting officer, taking into account the specific nature of the ECSC in liquidation[3]. EC Accounting Rules are in line with the principles described in Part One Title VII of the Council Regulation n° 1605/2002 of 25 June 2002 on the Financial Regulations applicable to the general budget of the European Communities. Article 133 of the Financial Regulations provides that the accounting rules shall be guided by the internationally accepted accounting standards for the public sector but may depart from them where justified by the specific nature of the Union’s activities. The accrual-based accounting policy is inspired by International Public Sector Accounting Standards (IPSAS) or by default, International Financial Reporting Standards (IFRS) as respectively issued by the International Public Sector Accounting Standard Board and the International Accounting Standard Board (IASB).

The accounting principles and evaluation methods used for the items in the financial statements take into account the constraints and resolutions applicable to the ECSC in liquidation under the treaties and other decisions adopted by the institutions of the European Union as well as the fact that, except for the asset management and the financial investments, the ECSC in liquidation does no longer represent a going concern after 23 July 2002, when the ECSC Treaty expired.

[3] In order to better reflect the nature of the activity of the ECSC in liquidation which corresponds to a high degree to an entity in the financial services sector, the layout of the balance sheet, established in line with article 3 of the Council Decision 2003/76/EC of 1 February 2003, departs from the presentation laid out in the EC Accounting Rules 2 Financial statements (page 9). Furthermore, the presentation of the cash flow statement is established using the direct method compared to the indirect method laid out in the EC Accounting Rules (page 16). However, these discrepancies are eliminated through the consolidation process with the financial statements of the European Communities.

B.2. Currency and basis for conversion

B.2.1. Functional and reporting currency

The financial statements are presented in EURO (EUR), which is the ECSC in liquidation's functional and reporting currency.

B.2.2. Transactions and balances

Foreign currency transactions are translated into Euro using the exchange rates prevailing at the month of the transactions.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are converted into Euros on the basis of the exchange rates (reference rates communicated by the European Central Bank) applying on 31 December.

The following rates have been used for converting balance sheet amounts expressed in national currency into Euros:

	31 December 2011	**31 December 2010**
Pound sterling	0.83530	0.86075

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items classified as available-for-sale financial assets are included in the fair value reserve in equity.

B.3. Balance Sheet

B.3.1. Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the ECSC in liquidation provides money to a debtor with no intention of trading the receivable. Term deposits with banks with an initial maturity of more than 90 days are considered as loans. Loans with financial maturities less than 12 months after the balance sheet date are considered as short-term loans.

Loans are recognised when cash is advanced to the borrowers. They are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate method.

The fair value of a financial asset on initial recognition is normally the transaction price (i.e. the fair value of the consideration received). However, when a long-term loan that carries no interest or an interest below market conditions is granted, its fair value can be estimated as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating.

If there is objective evidence that an impairment loss on loans carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement.

The ECSC in liquidation does not use hedge accounting.

B.3.2. Available-for-sale securities

Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in the following other categories: financial assets through profit or loss, loans and receivables and held-to-maturity investments.

Purchases and sales of available-for-sale financial assets are recognised on trade date – the date on which the ECSC in liquidation commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value, which is normally the transaction price (i.e. the fair value of the consideration received) plus transaction costs and are subsequently re-measured at their fair value.

In accordance with the accounting rules, the adjustment to fair value of available-for-sale assets is accounted for through the fair value equity reserve.

When financial assets classified as available-for-sale are sold or impaired, the cumulative fair value adjustments previously recognised in equity are recognised in the income statement.

Interest on available-for-sale financial assets calculated using the effective interest rate method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised when the ECSC in liquidation's right to receive payment is established.

Fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the ECSC in liquidation establishes a fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The ECSC in liquidation assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement.

B.3.3. Cash and cash deposit

Cash and cash equivalents are defined as short term. They include cash in hand, deposits held at call with banks (maximum duration 90 days), other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within financial liabilities under current liabilities on the balance sheet.

Deposits held at call with banks having a longer duration than 90 days are shown under short term loans.

B.3.4. Borrowings and debts evidenced by certificates

Borrowings and debts evidenced by certificates are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings and debts evidenced by certificates are subsequently stated at amortised cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognised in the income statement over the period of the borrowings and debts evidenced by certificates using the effective interest rate method. They are considered as long-term liabilities, except for maturities less than 12 months after the balance sheet date.

B.4. Income statement

B.4.1. Interest income and expenses

Interest income and expenses are recognised in the income statement using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the ECSC in liquidation estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and margins paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

B.5. Cash flow statement

Cash flow information is used to provide a basis for assessing the ability of the ECSC in liquidation to generate cash and cash equivalents, and its need to utilise those cash flows.

The cash flow statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash flows arising from transactions in a foreign currency are recorded in the ECSC in liquidation's reporting currency (euro), by applying to the foreign currency amount the exchange rate between the euro and the foreign currency at the date of the cash flow.

The cash flow statement reports cash flows during the year classified by operating, investing and financing activities.

B.5.1. Operating activities

Operating activities are the activities of the ECSC in liquidation that are not investing or financing activities. These are the majority of the activities performed. Loans granted to beneficiaries (and the related borrowings) are not considered as investing (and financing activities) as they are part of the general objectives and thus daily operations of the ECSC in liquidation. Indeed, the objective of these activities is to participate in the achievement of policy targeted outcomes.

Operating activities cover the activities linked to the winding-up of the financial operations of the ECSC in liquidation which were still in progress when the ECSC Treaty expired (Council decision N° 2003/76/2003 from 1 February 2003).

B.5.2. Investing activities

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

Investing activities cover the asset management of the ECSC in liquidation and, on completion of liquidation, of the Research Fund for Coal and Steel (Council Decision N° 2003/77/EC from 1 February 2003 amended by Council Decision N° 2008/750/EC of 15 September 2008). They do not include loans granted to beneficiaries.

B.5.3. Financing activities

Financing activities are activities that result in changes in the size and composition of the contributed capital and borrowings of the entity.

Borrowings do not include the borrowings related to loans granted to beneficiaries. Consequently, the ECSC in liquidation does not have financing activities.

B.6. Special feature of the ECSC in liquidation financial statements

B.6.1. Budget for financing coal and steel research

Under "Council Decision of 1 February 2003 establishing the measures necessary for the implementation of the Protocol, annexed to the Treaty establishing the European Community, on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel (2003/76/EC)", the income from managing the assets of the ECSC in liquidation should be allocated to the general budget of the European Union[4]. This income is earmarked for a research programme relating to the coal and steel industries, as stated in Note A to this report.

In order to reduce fluctuations in research funding resulting from movements on the financial markets, a smoothing formula is applied. The ECSC in liquidation has constituted reserves in order to provide this mechanism.

NOTE C - FINANCIAL RISK MANAGEMENT

C.1. Risk management policies and hedging activities

Following the expiry of the ECSC Treaty on 23 July 2002, in accordance with Decision 2003/76/EC the assets and liabilities of the ECSC were passed to the European Union and the liquidation of the liabilities of the ECSC is managed by the Commission. Thus, no new loans and no corresponding funding are foreseen for the ECSC in liquidation. New ECSC borrowings are restricted to refinancing with the aim to reduce the cost of funds.

The asset and liability management is carried out by the Commission in accordance with internal guidelines. Written procedures manuals covering specific areas such as borrowings, loans and treasury management have been developed and are used by the relevant operating units. Financial and operational risks are identified and evaluated and compliance with internal guidelines and procedures is checked regularly.

As far as treasury operations are concerned, the principles of prudent management with a view to limit operational risk, counterparty risk and market risk are to be applied.

Investments are restricted basically to the following categories: term deposits with banks, money market instruments, fixed and floating rate bonds.

[4] OJ L 29, 1.2.2003, p.22.

The main investment limits per category are as follows**:**

- For term deposits, the lower of either EUR 100 million per bank or 5 % of the bank's own funds provided that the respective short-term rating is at least A-1 (S&P) or equivalent ;
- For bonds issued or guaranteed by Member States or institutions of the European Union, up to EUR 250 million per Member State or institution depending on its rating ;
- For bonds of other sovereign or supranational issuers with a long-term credit rating of not less than AA (S&P) or equivalent up to EUR 100 million per issuer or guarantor ;
- For bonds of other issuers having a minimum rating of AA or AAA (S&P) or equivalent, up to EUR 25 or 50 million respectively, depending on the rating and issuer status.

C.2. Market risk

C.2.1. Foreign exchange risk

The ECSC in liquidation is exposed to foreign exchange risk arising from currency exposures with respect to the UK pound (GBP).

The table below summarises the ECSC in liquidation's exposure to foreign currency exchange rate risk at 31 December 2011. The ECSC in liquidation's assets and liabilities at their EUR equivalent nominal values, categorised by currency are disclosed in the table.

(EUR million)

	GBP
Assets	180.26
Liabilities	178.96
Net exposure	***1.30***

The GBP assets and liabilities position is mainly composed of EUR equivalent 178.96 million (nominal value) unquoted debt securities issued by the European Investment Bank as substitute of a defaulted debtor (see point D.1.). Net exposure concerns EUR equivalent 1.26 million housing loans and EUR equivalent 0.04 million current account balances.

According to the procedures manual, buying EUR is the only foreign exchange operation authorised. All exceptions to this rule must be duly justified.

C.2.2. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Due to the nature of its activities, the ECSC in liquidation is exposed to the effect of fluctuations in the prevailing levels of market interest rate on both its fair value and cash flow risks.

C.2.2.1. Loans granted from borrowed funds

The interest rate risks that arise from borrowings are generally offset by equivalent loans in terms and conditions (back-to-back operations).

C.2.2.2. Debt securities

Debt securities issued at variable rates expose the ECSC in liquidation to cash flow interest rate risk whereas debt securities at fixed rates expose the ECSC in liquidation to fair value interest rate risk. Fixed rate bonds represent 100 % of the investment portfolio at the balance sheet date.

C.3. Sensitivity analysis

C.3.1. Interest Debt securities

The market price of a debt security depends on the timing of its cash flows and the prevailing market interest rates (yield curve). For the shock analysis, all debt securities of the portfolio (incl. floating rate instruments) are first priced using a current yield curve, then re-priced using a yield curve shifted upwards by 100 bps. The change in price is the reported hypothetical loss for the shock scenario. The 100 bps parallel shift is assumed to happen instantaneously, no time horizon is considered.

At 31 December 2011, this hypothetical loss was about EUR 36 million.

C.4. Credit risk of deposits with Credit Institutions

Deposits with credit institutions – profile of counterparties

At the balance sheet date, respectively 94 % and 6 % of deposits are placed with banks rated (Fitch) F1+ (or equivalent) and F1 (or equivalent), respectively. The book value of deposits amounts to EUR 205.0 million.

All deposits and current account balances are held with banks within the OECD.

C.5. Credit risk of the AFS portfolio

The ECSC in liquidation debt securities portfolio is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due and the risk of market price changes due to credit migrations and/or changing credit spreads. The credit risk is managed through the rating based system of investment limits.

Available-for-sale securities – profile of issuers

Details of the debt securities (expressed at their fair value) by issuer type and by rating (Standard & Poor's) at the balance sheet date are as follows:

Issuers	**31 December 2011 EUR**	**%**
Sovereign	1 112 327 133	76.0
Multinational Organisations	44 298 461	3.0
Banks & Financial Institutions	67 196 784	4.6
Other Public Issuer	239 127 477	16.4
Total	**1 462 949 855**	**100.0**

Rating (Standard and Poor's)	**31 December 2011 EUR**	**%**
AAA	728 582 478	49.8
AA+	161 986 937	11.1
AA	26 501 418	1.8
AA-	193 735 335	13.2
A+	186 920 990	12.8
A	5 141 606	0.4
BBB+	47 098 367	3.2
BBB	33 060 866	2.3
BBB-	44 448 709	3.0
BB+	11 057 314	0.7
CCC	24 415 835	1.7
Total	**1 462 949 855**	**100.0**

The ECSC did not participate in any private sector initiative for Greece and its bond holdings were not included on the list of eligible bonds. No impairment is recorded on the portfolio and more specifically on ECSC in liquidation's Greek available-for-sale sovereign and sovereign guaranteed bond holdings.

Geographical concentrations of the debt securities (expressed at their fair value) at the balance sheet date are as follows:

Country	31 December 2011 EUR million	%
Austria	97.7	6.7
Belgium	177.4	12.1
Bulgaria	5.6	0.4
Cyprus	27.4	1.9
Denmark	5.2	0.4
Finland	17.3	1.2
France	223.0	15.2
Germany	181.3	12.4
Greece	24.4	1.7
Hungary	11.1	0.8
Italy	230.6	15.8
Latvia	20.8	1.4
Lithuania	47.1	3.2
Luxembourg	20.8	1.4
Netherlands	72.3	4.9
Poland	5.1	0.4
Portugal	18.4	1.2
Romania	5.3	0.4
Slovak Republic	15.5	1.0
Spain	203.5	13.9
United Kingdom	8.8	0.6
Supranational	44.3	3.0
	1 462.9	**100.0**

C.6. Credit risk on the loan portfolio

The ECSC in liquidation takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Guidelines on the choice of counterparties must be applied. Accordingly, the operating unit will be able to place deposits only with eligible banks and having sufficient counterparty limits.

Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet interest and capital repayment obligations.

Exposure to credit risk is also managed by obtaining collateral as well as country and corporate guarantees.

At 31 December 2011, the total outstanding nominal amount of loans granted (from borrowed and own funds) by the ECSC in liquidation was EUR 77.33 million, broken down as follows (in million EUR):

	Nominal amount
Loans granted to credit institutions	20.34
Loans granted to customers	56.99
Total	**77.33**

Book value of loans is presented in note D.1..

60.60 % of the total amount outstanding loans is covered by guarantees from a Member State or equivalent bodies (public institutions or public-sector industrial groupings in the Member States). 30.20 % of loans outstanding were granted to banks of zone A or have been guaranteed by banks of zone A.

8.99 % of the outstanding loans (EUR 7 million) is made up of loans granted to European institutions' officials from the former ECSC in liquidation pension fund (in the summary table above, loans to officials are included in loans to customers - see also note D.2.), which are covered by life and disability insurance and the respective salaries and pensions.

The small remaining outstanding loans balance, i.e. 0.22 %, should be considered as presenting a higher degree of risk. It means that the guarantees received do not generally provide the same level of security.

From a liquidity perspective, loans granted on borrowed funds were fully covered by a specific provision for risks and charges called "Guarantee Fund". By applying the new accounting rules, this provision has been replaced as of 1 January 2005 by a dedicated reserve. This reserve amounts to EUR 46 million at 31 December 2011.

The loans granted on own funds were covered by another reserve, formerly called "ECSC Special Reserve". This special reserve amounts to EUR 25 million at 31 December 2011.

Loans and advances – profile of borrowers

At the balance sheet date, there is one **loan granted from borrowed funds** still outstanding, for a nominal amount of EUR 45.73 million. This loan was granted to a public-owned company based in France. The book value of this loan amounts to EUR 45.86 million (note D.1.).

Loans granted to the European Investment Bank

Following a restructuring of debts of a defaulting debtor, the Commission acquired in 2002 and 2007 EUR equivalent 179.0 million promissory notes from European Investment Bank (rated AAA) in order to re-establish the back-to-back character of the lending/borrowing transaction and thus cover interest rate and currency risks. At the balance sheet date, the book value of these promissory notes amounts to EUR 220.35 million (note D.1.). These promissory notes are not included in the items above.

Geographical concentrations of the **loans granted from own funds** - without loans to European Institutions officials - (expressed at their outstanding nominal amount) at the balance sheet date are as follows:

	31 December 2011 **EUR million**	**31 December 2011** **Number of loans**
Belgium	1.13	12
Germany	11.97	24
Greece	0.17	6
Spain	3.03	17
France	2.11	12
Italy	1.58	13
Luxembourg	0.23	4
Netherlands	0.17	4
Austria	2.31	2
Portugal	0.23	6
Finland	0.45	2
United Kingdom	1.27	16
Total	**24.65**	**118**

NB: These are loans for financing the construction of subsidised housing at an interest rate of 1 % p.a..

At the balance sheet date, the book value of these loans amounts to EUR 19.21 million. Loans granted to credit institutions and to customers amount to EUR 15.76 million and EUR 3.45 million, respectively (note D.1.).

These loans were classified as follows:

(EUR million)

Member States	Loans granted to a public sector entity	Loans guaranteed by banks	Loans granted to banks	Loans guaranteed by private company	Total
Belgium	1.13	-	-	-	1.13
Germany	-	-	11.97	-	11.97
Greece	-	-	0.17	-	0.17
Spain	-	-	3.03	-	3.03
France	-	-	2.11	-	2.11
Italy	-	-	1.58	-	1.58
Luxembourg			0.23	-	0.23
Netherlands	-	-	-	0.17	0.17
Austria	-	2.31	-	-	2.31
Portugal	-	-	0.23	-	0.23
Finland	-	0.45	-	-	0.45
United Kingdom	-	0.25	1.02	-	1.27
Total	**1.13**	**3.01**	**20.34**	**0.17**	**24.65**

C.7. Liquidity risk of the loan book

The liquidity risks that arise from borrowings are generally offset by equivalent loans in terms and conditions (back-to-back operations).

For the asset and liability management of the ECSC in liquidation, the Commission manages liquidity requirements based on disbursement forecast obtained through consultations with the responsible Commission services. Investments are carried out accordingly to meet respective annual requirements.

The maturity of the liabilities (expressed at their outstanding nominal amounts) has been analysed as follows:

In million euro

	Not later than 3 months	Later than 3 months and not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
Debts evidenced by certificate	-	45.7	-	178.96

The book value of these borrowings amounts to EUR 45.86 million and EUR 189.95 million, respectively.

C.8. Fair value

Cash and cash equivalents

The fair value of cash and cash equivalents including current accounts and short-term deposits (of less than three months) is their carrying amount.

Loans and borrowings

The estimated fair value of loans and borrowings is determined using a discounted cash flow model. According to this model, expected future cash flows are discounted by applying AAA yield curves appropriate for the remaining term of maturity.

The estimated fair value of floating rate loans are assumed to approximate their carrying amount since re-pricing at market interest rates takes place every 3 months.

The estimated fair value of fixed interest bearing loans granted on own funds amounts to EUR 23 561 929.24 (2010: EUR 30 218 639.86), compared to corresponding book value of EUR 19 209 280.50 (2010: EUR 23 014 536.01).

The estimated fair value of other fixed interest bearing loans and borrowings amount to EUR 264 479 756.89 (2010: EUR 247 990 797.55) and EUR 264 479 756.89 (2010: EUR 247 990 797.56), respectively, compared to corresponding book value of EUR 220 349 791.27 (2010: EUR 217 944 051.00) and EUR 189 947 569.57 (2010: EUR 184 536 444.33), respectively.

Available-for-sale securities

The available-for-sale securities are presented at fair value which is the market price plus accrued interest.

Receivables and payables

The nominal value less impairment losses of trade receivables and the nominal value of trade payables are assumed to approximate their fair values.

Financial instruments measured at fair value

There are no financial instruments measured at fair value using a valuation technique that is not supported by observable market prices or rates.

NOTE D - EXPLANATORY NOTES TO THE BALANCE SHEET

D.1. Loans and advances

(EUR)

	31 December 2011		31 December 2010	
	Nominal Amount	Book Value	Nominal Amount	Book Value
Loans and advances to credit institutions	**199 294 800**	**236 106 208**	**294 885 627**	**333 099 910**
Deposits with agreed maturity dates	*0*	*0*	*96 000 000*	*96 085 459*
Loans granted from own funds	*20 339 933*	*15 756 417*	*25 221 962*	*19 070 400*
Debt securities classified as loans and advances (European Investment Bank)	*178 954 867*	*220 349 791*	*173 663 665*	*217 944 051*
Loans and advances to customers	**57 165 633**	**56 428 741**	**59 649 827**	**58 636 060**
Loans granted from own funds	*4 312 374*	*3 452 863*	*5 003 561*	*3 944 136*
Loans granted from borrowed funds	*45 734 705*	*45 857 324*	*45 734 705*	*45 780 363*
Delayed payments	*164 827*	*164 827*	*144 962*	*144 962*
Loans granted to officials of the European Union	*6 953 727*	*6 953 727*	*8 766 599*	*8 766 599*
Total loans and advances	**256 460 433**	**292 534 949**	**354 535 454**	**391 735 970**

Loans granted from own funds

This item includes loans granted by the ECSC in liquidation from its own funds in accordance with article 54.2 of the ECSC Treaty. These loans are granted at a fixed rate of 1 % p.a. and, consequently, considered as loans at preferential rates. They are initially recognised at fair value which corresponds to the net present value of expected cash flows discounted at the market rate of interest prevailing for bonds with similar maturities issued by the member states where the borrowers are located, then subsequently measured at amortised cost. The provisions for impairment, if any, are based on the provisional or definitive write-offs as provided for under the respective finance contracts.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on loans granted from own funds

31.12.2011	31.12.2010
2.806 % - 22.643 %	2.806 % - 22.643 %

Loans granted from borrowed funds

This item includes one loan granted by the ECSC in liquidation from borrowed funds with variable rates in accordance with article 54 (2) of the ECSC Treaty. It matures on 7 July 2012.

The changes in carrying amount correspond to the change in accrued interests plus the amortization of the year of premiums paid and transaction costs incurred at inception, calculated according to the effective interest rate method.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on loans granted from borrowed funds

31.12.2011	31.12.2010
1.158%	0.556%

Loans granted to the European Investment Bank (EIB)

At 31 December 2011 this item included three unquoted debt securities issued by the European Investment Bank (EIB) as substitute of a defaulted debtor. These debt securities will be held till their final maturity (2017 and 2019) in order to cover the service of related borrowings.

The changes in carrying amount correspond to the change in accrued interests plus the amortization of the year of premiums paid and transaction costs incurred at inception, calculated according to the effective interest rate method.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on loans granted to the EIB

31.12.2011	31.12.2010
5.2354% - 5.8103%	5.2354 % - 5.8103 %

Loans granted from own funds

(EUR)

Loan type	Balance at 01.01.2011	Repayments	Exchange differences	Changes in carrying amount	Net value at 31.12.2011	Remaining maturity <1 year	Remaining maturity >1 year
Loans and advances to credit institutions	19 070 400	(4 915 941)	25 621	1 576 337	15 756 417	383 321,32	15 073 096
Loans and advances to customers	3 944 136	(699 464)	6 677	201 514	3 452 863	65 337	3 387 526
Total	**23 014 536**	**(5 815 405)**	**32 298**	**1 777 851**	**19 209 280**	**458 666**	**18 750 614**

Loans granted from borrowed funds

(EUR)

Loan type	Balance at 01.01.2011	Repayments	Exchange differences	Changes in carrying amount	Net Value at 31.12.2011	Remaining maturity <1 year	Remaining maturity >1 year
Loans granted to the EIB	217 944 051	-	6 640 340	(4 234 600)	220 349 791	-	220 349 791
Loans and advances to customers	45 780 363	-	-	76 961	45 857 324	45 857 324	-
Total	**263 724 414**	**-**	**6 640 340**	**(4 157 639)**	**266 207 115**	**45 857 324**	**220 349 791**

Loans granted to officials of the European Union

These loans are financed by the ECSC in liquidation from its own funds (the former pension fund of the ECSC). The loans were granted by a Loan Committee and are managed by the Commission (PMO). The last loans were granted in June 2002. The loan period is 20/25 years. The interest rate on the loans is 4 % p.a.. The death and invalidity insurance premium is 2 % p.a.. The capital reimbursement, interests and insurance premium are deducted monthly from the beneficiary's salary by the relevant European Institution. The Commission has decided not to apply the new accounting rules for these loans due to reason of non materiality of the amount outstanding.

D.2. Available-for-sale securities

(EUR)

	Debt securities
Amount at 01 January 2011	**1 282 873 754**
Acquisitions	705 405 881
Disposals and maturities	(493 311 071)
Change in carrying amount	(32 018 709)
Amount at 31 December 2011	**1 462 949 855**

Details of the available-for-sale portfolio (by type of securities) at the balance sheet date are as follows:

(EUR)

Type	31 December 2011	31 December 2010
Debt securities - at fair value		
Fixed rate bonds	1 219 790 099	1 169 755 997
Floating rate bonds	-	39 510 895
0 coupon - bonds	217 137 900	46 723 752
Total	**1 436 927 999**	**1 255 990 644**
Accruals	26 021 856	26 883 110
Total debt securities	**1 462 949 855**	**1 282 873 754**
Total available-for-sale portfolio	**1 462 949 855**	**1 282 873 754**

Debt securities

At 31 December 2011, all investments are denominated in EUR and quoted in an active market.

Structure by rating

See Note C.4.(c)

Maturities in 2012

Debt securities (expressed at their nominal value) reaching final maturity in the course of 2012 amount to EUR 491.6 million (2011: 293.5 million).

D.3. New Member States' contribution to the Coal and Steel Research Fund

(EUR)

	Contribution due 02/01/2012
Bulgaria	4 182 500
Romania	10 458 000
TOTAL	14 640 500

The fourth and last tranche of Bulgaria's and Romania's contribution matures on 2 January 2012.

D.4. Other assets

(EUR)

	31 December 2011	31 December 2010
Loans to officials	1 594 005	1 347 643
Miscellaneous	25 557	4 093
Sub-total	**1 619 562**	**1 351 736**
Value adjustments	-	(31 363)
Total	**1 619 562**	**1 320 373**

D.5. Borrowings

(EUR)

	31 December 2011		31 December 2010	
	Nominal amount	**Book value**	**Nominal amount**	**Book value**
Debts evidenced by certificates	224 689 572	235 804 851	219 398 371	230 316 830
Total	**224 689 572**	**235 804 851**	**219 398 371**	**230 316 830**

The detailed movements in borrowings during 2011 are as follows:

(EUR)

Balance at 1.01.2011	Repayments	Exchange differences	Changes in carrying amount	Balance at 31.12.2011	Remaining maturity < 1 year	Remaining maturity > 1 year
230 316 830	-	5 622 474	(134 453)	235 804 851	45 857 281	189 947 570

The changes in carrying amount correspond to the change in accrued interests plus the amortization of the year of transaction costs incurred at inception calculated according to the effective interest rate method.

The effective interest rates (expressed as a range of interest rates) were as follows:

Effective interest rates on borrowings

31.12.2011	31.12.2010
1.158 – 9.2714%	0.556– 9.2714%

D.6. Other liabilities

(EUR)

	31 December 2011	31 December 2010
Budget for financing coal and steel research	239 588 706	241 423 568
Other creditors	(85 329)	36 125
Total	**239 503 377**	**241 459 693**

D.7. Reserves

(EUR)

	31 December 2011	31 December 2010
Fair value reserve	(28 198 188)	(3 246 873)
Special reserves	78 290 485	86 290 485
Reserve to cover loans	*46 000 000*	*46 000 000*
Reserve to cover housing loans	*25 000 000*	*31 000 000*
Reserve to cover loans to officials	*7 000 000*	*9 000 000*
Other special reserves	*290 485*	*290 485*
General reserves	52 856 375	59 588 875
Smoothing reserve for RFCS (Research Fund for Coal and Steel	*52 856 375*	*59 588 875*
Assets of the Research Fund for Coal and Steel	1 397 478 679	1 370 959 299
Member States' Contribution not yet called	0	14 640 500
Total Reserves	**1 500 427 351**	**1 528 232 286**

The changes from 31 December 2010 to 31 December 2011 are shown in the statement of changes in equity.

Fair value reserve

In accordance with the accounting rules, the adjustment to fair value of available-for-sale assets is accounted for through the fair value equity reserve.

NOTE E - EXPLANATORY NOTES TO THE INCOME STATEMENT

E.1. Interest and similar income

(EUR)

	31 December 2011	31 December 2010
Interest on bank accounts	10 059	392 365
Interest on deposit accounts	4 423 341	2 777 117
Interest on loans from borrowed funds	11 238 818	12 467 585
Income on loans on own funds	2 045 587	2 077 754
Interest on loans granted to officials of the European Union	314 928	386 684
Total interest from bank accounts, deposits, loans and derivatives	**18 032 732**	**18 101 505**
Interest on available-for-sale portfolio	43 300 275	46 569 126
Total interest from fixed-income debt securities	**43 300 275**	**46 569 126**
Total interest and similar income	**61 333 007**	**64 670 631**

E.2. Net gain/loss on sales of securities

(EUR)

	31 December 2011	31 December 2010
Profit on sales of available-for-sale bonds	2 058 319	8 049 119
Loss on sales of available-for-sale bonds	(4 932 159)	(1 463 930)
Total	**(2 873 840)**	**6 585 189**

E.3. Net gain/loss on foreign exchange

The conversion of monetary assets and liabilities in foreign currencies is explained in note B2.

A net unrealized profit of 0.85 million EUR in 2011 is linked to the translation at year-end exchange rates of restructured debts of a defaulting debtor, for which the Commission acquired promissory notes from the European Investment Bank and the related borrowings.

The Commission purchased in 2002 and 2007 GBP 201.6 million promissory notes in order to hedge the cash flows of the financing borrowings (nominal amount GBP 149.481 million). The book value of these notes amounted to
31.12.2010 187.60 million GBP
31.12.2011 184.06 million GBP

The book value of the corresponding borrowings amounted to
31.12.2010 158.84 million GBP
31.12.2011 158.66 million GBP

E.4. Other financial income

(EUR)

	31 December 2011	31 December 2010
Variation of net present value on new Member States contribution to the Coal and Steel Research Fund	503 084	1 038 397
Total other financial income	**503 084**	**1 038 397**

E.5. Other operating income

(EUR)

	31 December 2011	31 December 2010
Matured coupons and bonds	0	15 018
Income from levy, fines and interest subsidy reimbursements	3 172	0
Reversal of impairment losses for levy, interest subsidies and research	58 313	0
Miscellaneous income from lending activities	32 951	29
Cancellation of RFCS commitments	6 567 362	2 741 800
Total	**6 661 798**	**2 756 847**

E.6. Interest and similar charges

(EUR)

	31 December 2011	31 December 2010
Bank interest	14	119
Interest on borrowings	15 092 075	16 166 020
Total	**15 092 090**	**16 166 139**

E.7. Fees and commissions charges

(EUR)

	31 December 2011	31 December 2010
Bank charges	445	948
Portfolio charges	225 192	236 184
SWIFT charges	1 693	1 992
Total	**227 330**	**239 124**

E.8. Reconciliation of profit by activity

The overall performance of the ECSC in liquidation is affected by the result of winding-up of the ECSC's financial operations, net revenue on investments and the funding of Coal and Steel Research as detailed below:

(EUR)

	31 December 2011	31 December 2010
Winding-up of ECSC's financial operations	10 734	1 014 292
Net revenue on investments	44 762 280	56 122 788
Cancellation of RFCS commitments	6 567 362	2 741 800
Coal and Steel Research Fund	(45 000 000)	(56 000 000)
Net result	**6 340 376**	**3 878 880**

Winding-up of the ECSC's financial operations

(EUR)

	31 December 2011	31 December 2010
Lending/borrowing activities		
Net interest	(1 492 743)	(1 233 997)
Miscellaneous charges/income (net)	30 120	6 840
Sub-total	**(1 462 623)**	**(1 227 157)**
Winding-up other ECSC activities		
Levy, interest subsidies	61 485	0
Sub-total	**61 485**	**0**
Variation of Net Present Value	**503 084**	**1 038 397**
(Member States' contribution)		
Exchange rate differences	**908 788**	**1 203 052**
Total	**10 734**	**1 014 292**

Net revenue on investments

(EUR)

	31 December 2011	31 December 2010
INCOME		
Interest on nostro accounts	10 059	392 365
Interest on deposit accounts	4 423 341	2 777 117
Interest on securities available-for-sale	43 300 275	46 569 126
Profit on sales of available for sale portfolio	0	6 585 189
Fees and commissions income	129 789	38 235
Total income	**47 863 464**	**56 362 032**
CHARGES		
Debit interest on nostro accounts	(14)	119
Loss on sales of available for sale portfolio	(2 873 840)	
Bank and portfolio transaction charges	(227 330)	(239 125)
Total charges	**(3 101 184)**	**(239 244)**
Net revenue on investment	**44 762 280**	**56 122 788**

Net revenue on investments (rounded to the nearest million) is available to the general Budget of the European Union for financing research projects (see Note A).

Research Fund for Coal and Steel

(Application of Council Decision 2003/76/EC of 1 February 2003)

(EUR)

	31 December 2011	**31 December 2010**
Net revenue on investments	44 762 280	56 122 788
Rounded	45 000 000	56 000 000
Application of smoothing mechanism :		
Net revenue 2011/2010	45 000 000	56 000 000
Allocation decided for 2012/2011	58 464 875	60 929 750
Difference	(13 464 875)	(4 929 750)
Half of difference 2011/2010	(6 732 500)	2 464 875
Allocation for year 2013/2012		
Net revenue	45 000 000	56 000 000
Allocation of half of difference	6 732 500	2 464 875
Total allocation 2013/2012	**51 732 500**	**58 464 875**
Financing		
Provisioning net revenue	45 000 000	56 000 000
Increase / Diminution of Smoothing reserve	6 732 500	2 464 875
Total	**51 732 500**	**58 464 875**

NOTE F - OFF BALANCE SHEET

There are no off balance sheet items as of 31 December 2011 and 2010.

NOTE G - RELATED PARTY DISCLOSURES

The net cash flow between the ECSC in liquidation and the Commission amounts to EUR 45.24 million.

The ECSC paid to the Commission in 2011 (in million EUR):

– Payments for the Research Fund for Coal and Steel	47.00
Total	47.00

The Commission paid to the ECSC in liquidation (in million EUR):

Reimbursement of capital & interest of loans to officials of the European Communities	1.76
Total	1.76
Net advance to the Commission (million EUR)	45.24

The key management has no entitlement payable by the ECSC in liquidation.

NOTE H - EVENTS AFTER THE BALANCE SHEET DATE

At the time of issuance of the accounts on 10 April 2012, no material issues came to the attention of the Directorate General for Economic and Financial Affairs - Directorate Financial Operations, programme management and liaison with the EIB Group -, or were reported to it that would require separate disclosure under this section. The accounts and related notes were prepared using the most recently available information and this is reflected in the information presented above.