



**European Investment Bank Group**

Unaudited condensed interim financial statements

as at 30 June 2008

**EIB GROUP**  
**CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008 (in EUR '000)**

<b>ASSETS</b>	<b>30.06.2008</b> <i>(Unaudited)</i>	<b>31.12.2007</b>	<b>LIABILITIES</b>	<b>30.06.2008</b> <i>(Unaudited)</i>	<b>31.12.2007</b>
<b>1. Cash in hand, balances with central banks and post office banks .....</b>	<b>512</b>	<b>27 318</b>	<b>1. Amounts owed to credit institutions</b>		
			a) with agreed maturity dates or periods of notice .....	<b>419 165</b>	<b>341 757</b>
<b>2. Treasury bills eligible for refinancing with central banks .....</b>	<b>2 131 394</b>	<b>2 273 135</b>	<b>2. Debts evidenced by certificates (Note C)</b>		
			a) debt securities in issue .....	<b>261 242 241</b>	<b>259 280 003</b>
<b>3. Loans and advances to credit institutions</b>			b) others .....	<b>846 173</b>	<b>892 400</b>
a) repayable on demand .....	<b>318 617</b>	<b>286 263</b>	<b>3. Other liabilities</b>		
b) other loans and advances .....	<b>22 188 932</b>	<b>15 816 580</b>	a) sundry creditors .....	<b>1 645 627</b>	<b>1 429 085</b>
c) loans (Note B) .....	<b>110 571 068</b>	<b>112 323 909</b>	b) sundry liabilities .....	<b>30 357</b>	<b>37 457</b>
			c) negative replacement values .....	<b>19 275 186</b>	<b>12 945 900</b>
<b>4. Loans and advances to customers</b>			<b>4. Accruals and deferred income.....</b>		
a) loans (Note B) .....	<b>160 169 832</b>	<b>156 435 308</b>		<b>257 851</b>	<b>270 724</b>
b) specific provisions .....	<b>- 17 500</b>	<b>- 37 050</b>	<b>5. Provisions</b>		
			a) pension plans and health insurance scheme.....	<b>994 871</b>	<b>1 038 545</b>
<b>5. Debt securities including fixed-income securities</b>					
a) issued by public bodies .....	<b>578 851</b>	<b>580 386</b>	<b>TOTAL LIABILITIES</b>	<b>284 711 471</b>	<b>276 235 871</b>
b) issued by other borrowers .....	<b>13 257 726</b>	<b>10 435 661</b>	<b>6. Capital</b>		
			- Subscribed .....	<b>164 808 169</b>	<b>164 808 169</b>
	<b>13 836 577</b>	<b>11 016 047</b>	- Uncalled .....	<b>- 156 567 760</b>	<b>- 156 567 760</b>
<b>6. Shares and other variable-yield securities .....</b>	<b>2 105 570</b>	<b>2 078 830</b>	<b>7. Consolidated reserves</b>		
<b>7. Intangible assets .....</b>	<b>4 241</b>	<b>3 972</b>	a) reserve fund .....	<b>16 480 817</b>	<b>16 480 817</b>
<b>8. Property, furniture and equipment .....</b>	<b>307 647</b>	<b>285 720</b>	b) additional reserves .....	<b>5 359 907</b>	<b>6 067 178</b>
<b>9. Other assets</b>			<b>8. Funds allocated to structured finance facility .....</b>		
a) sundry debtors.....	<b>120 457</b>	<b>145 445</b>		<b>2 750 000</b>	<b>1 250 000</b>
b) positive replacement values.....	<b>8 364 566</b>	<b>9 060 783</b>	<b>9. Funds allocated to venture capital operations .....</b>		
				<b>1 764 305</b>	<b>1 690 940</b>
	<b>8 485 023</b>	<b>9 206 228</b>	<b>10. Profit for the period</b>	<b>1 565 737</b>	<b>843 206</b>
<b>10. Subscribed capital and receivable reserves, called but not paid</b>	<b>748 539</b>	<b>1 061 503</b>	<b>TOTAL EQUITY</b>	<b>36 161 175</b>	<b>34 572 550</b>
<b>11. Prepayments and accrued income.....</b>	<b>22 194</b>	<b>30 658</b>	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>320 872 646</b>	<b>310 808 421</b>
<b>TOTAL ASSETS</b>	<b>320 872 646</b>	<b>310 808 421</b>			

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2008**  
in EUR '000

	<u>30.06.2008</u> <i>(Unaudited)</i>	<u>30.06.2007</u> <i>(Unaudited)</i>	<u>31.12.2007</u>
1. Interest and similar income	7 249 293	6 598 367	14 051 950
2. Interest expense and similar charges	- 6 215 062	- 5 703 265	- 12 188 607
3. Income from shares and other variable-yield securities	12 171	11 950	68 247
4. Fee and commission income	37 780	34 047	85 924
5. Fee and commission expense	- 83	- 896	- 1 842
6. Result on financial operations	699 211	- 337 430	- 676 792
7. Other operating income	15 328	11 903	26 526
8. General administrative expenses	- 171 306	- 159 518	- 365 980
a) staff costs	- 135 479	- 125 302	- 280 100
b) other administrative costs	<u>- 35 827</u>	<u>- 34 216</u>	<u>- 85 880</u>
9. Depreciation and amortisation	- 10 873	- 10 329	- 20 027
a) intangible assets	- 604	- 1 799	- 2 984
b) tangible assets	<u>- 10 269</u>	<u>- 8 530</u>	<u>- 17 043</u>
10. Credit loss expense	3 139	292	- 17 465
11. Reversal of impairment losses / (Impairment losses) on shares and other variable-yield securities	- 53 861	26 365	- 118 728
<b>12. Profit for the period / year</b>	<u><u>1 565 737</u></u>	<u><u>471 486</u></u>	<u><u>843 206</u></u>

Statement of movements in consolidated own funds (in EUR '000)

	Subscribed capital	Callable capital	Fund for general banking risks (**)	Funds allocated to Structured Finance Facility	Funds allocated to venture capital operations	Reserve fund	Additional Reserves		Profit for the period before appropriation	Total consolidated own funds
							Other	AFS reserve		
<b>For the half year ended 30 June 2008</b>										
<b>At 31 December 2006</b>	<b>163 653 737</b>	<b>-155 471 050</b>	<b>975 000</b>	<b>1 250 000</b>	<b>1 663 824</b>	<b>16 365 374</b>	<b>2 153 816</b>	<b>357 526</b>	<b>2 259 612</b>	<b>33 207 839</b>
Contribution of Bulgaria and Romania on 01.01.07 (***)	1 154 432	-1 096 710	0	0	0	115 443	57 489	0	0	230 654
Appropriation of prior year's profit	0	0	- 975 000	0	0	0	3 234 612	0	-2 259 612	0
Transfer from additional reserves	0	0	0	0	27 116	0	- 27 116	0	0	0
Changes in fair value during the year	0	0	0	0	0	0	0	290 851	0	290 851
Net profit for the year	0	0	0	0	0	0	0	0	843 206	843 206
<b>At 31 December 2007</b>	<b>164 808 169</b>	<b>-156 567 760</b>	<b>0</b>	<b>1 250 000</b>	<b>1 690 940</b>	<b>16 480 817</b>	<b>5 418 801</b>	<b>648 377</b>	<b>843 206</b>	<b>34 572 550</b>
Appropriation of prior year's profit	0	0	0	1 500 000	0	0	- 656 794	0	- 843 206	0
Transfer from additional reserves (*)	0	0	0	0	73 365	0	- 73 365	0	0	0
Changes in fair value during the half year	0	0	0	0	0	0	0	22 888	0	22 888
Net profit for the half year	0	0	0	0	0	0	0	0	1 565 737	1 565 737
<b>At 30 June 2008</b>	<b>164 808 169</b>	<b>-156 567 760</b>	<b>0</b>	<b>2 750 000</b>	<b>1 764 305</b>	<b>16 480 817</b>	<b>4 688 642</b>	<b>671 265</b>	<b>1 565 737</b>	<b>36 161 175</b>

(\*) An amount of EUR'000 73 365 resulting from the value adjustments on venture capital operations at 31 December 2007 has been transferred from the Additional Reserves to the Funds allocated to venture capital operations.

(\*\*) Before appropriation of current year profit.

(\*\*\*) As at 1 January 2007, the subscribed capital increased from EUR'000 163 653 737 to EUR'000 164 808 169, by virtue of the contributions of two new Member States: Bulgaria and Romania. As a consequence of this capital increase, the two new Member States contributed to their share of Paid-in capital (EUR'000 57 722), and also their share of the Reserves and General Provisions (EUR'000 172 932) for the amounts outstanding as of 31 December 2006.

**CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2008**

in EUR '000

	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>A. Cash flows from operating activities :</b>		
Profit for the half year	1 565 737	471 486
Adjustments :		
Unwinding of the discount relating to capital and reserve called, but not paid in	- 16 863	- 23 726
Depreciation and amortisation on tangible and intangible assets	10 873	10 329
Impairment losses on venture capital operations	53 861	- 5 308
Decrease/Increase in accruals and deferred income	- 12 873	184
Decrease/Increase in prepayments and accrued income	14 283	- 4 456
Investment portfolio amortisation	- 3 423	- 6 916
Changes in replacement values on derivatives others than those associated with borrowings and loans	- 1 703 382	2 283 163
Profit on operating activities :	<b>- 91 787</b>	<b>2 724 756</b>
Net loans disbursements	- 17 652 542	- 16 355 429
Repayments	10 251 638	7 571 882
Effects of exchange rate changes on loans	4 680 934	1 432 612
Increase in prepayments and accrued income on loans	- 34 903	- 158 380
Adjustment of loans (fair value option)	773 191	1 766 571
Changes in replacement values on derivatives associated with loans	- 702 893	- 1 668 202
Increase/Decrease in operational portfolio	- 87 035	1 023 071
Increase in venture capital operations	- 35 716	- 78 724
Impairment losses on loans and advances	- 19 550	- 61 603
Increase in shares and other variable-yield securities	- 8 711	- 52 903
Decrease/Increase in other assets	24 988	- 20 805
Increase in other liabilities	161 509	196 920
<b>Net cash from operating activities</b>	<b>- 2 740 877</b>	<b>- 3 680 234</b>
<b>B. Cash flows from investing activities :</b>		
Securities matured during the period	172 483	165 370
Purchases of securities	0	- 2 086
Increase in asset backed securities	- 377 028	- 538 605
Purchase of property, furniture and equipment	- 32 196	- 32 119
Purchase of intangible fixed assets	- 873	- 502
<b>Net cash from investing activities</b>	<b>- 237 614</b>	<b>- 407 942</b>
<b>C. Cash flows from financing activities :</b>		
Issue of borrowings	40 291 873	26 738 094
Redemption of borrowings	- 19 614 876	- 18 950 734
Effects of exchange rate changes on borrowings and swaps	- 5 243 671	- 3 831 661
Adjustment of borrowings (fair value option)	- 5 579 786	- 6 972 046
Changes in replacement values on derivatives associated with borrowings	6 323 483	6 309 397
Decrease in accrual and deferred income on borrowings and swaps	112 337	61 821
Paid in by Member States	329 827	83 813
Decrease/Increase in commercial paper	- 4 941 569	2 159 786
Increase in amounts owed to credit institutions	77 408	371 958
<b>Net cash from financing activities</b>	<b>11 755 026</b>	<b>5 970 428</b>
<b>Summary statement of cash flows</b>		
Cash and cash equivalents at 1st January	18,322,348	18 296 391
Net cash from :		
(1) operating activities	- 2 740 877	- 3 680 234
(2) investing activities	- 237 614	- 407 942
(3) financing activities	11 755 026	5 970 428
Cash and cash equivalents at 30th June	<b>27 098 883</b>	<b>20 178 643</b>
<b>Cash analysis</b>		
Cash in hand, balances with central banks and post office banks	512	10 148
Bills maturing within three months of issue	4 590 822	6 360 149
Loans and advances to credit institutions :		
-accounts repayable on demand	318 617	287 576
-term deposit accounts	22 188 932	13 520 770
	<b>27 098 883</b>	<b>20 178 643</b>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**NOTE A Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of the European Investment Bank (the “Bank”) as at June 30, 2008 do not include all of the information and footnotes required for complete financial statements. The financial statements as at and for the periods ended June 30, 2008 and December 31, 2007 are prepared on a consolidated basis.

In the opinion of management, all adjustments, normal recurring accruals and adjustments for the impairment of venture capital operations and loans considered necessary for a fair presentation have been recorded. The profit for the six-month period ended June 30, 2008 is not necessarily indicative of the results that may be expected for the year ended December 31, 2008.

The unaudited condensed consolidated financial statements as at and for the periods ended June 30, 2008 and the financial statements as at and for the year ended December 31, 2007 were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU.

For further information, refer to the financial statements and footnotes thereto included in the Bank’s annual report for the year ended December 31, 2007.

**NOTE B Summary Statement of Loans (in Eur '000)**

<u>Analysis of aggregate loans granted (before specific provisions)</u>	Loans granted		Total
	to intermediary credit institutions	directly to final beneficiaries	
- Disbursed portion	110,571,068	160,169,832	270,740,900
- Undisbursed portion	12,350,550	42,339,703	54,690,253
Aggregate loans granted	122,921,618	202,509,535	325,431,153

**NOTE C Debts evidenced by certificates**

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

**NOTE D      EIF capital increase and commitment to purchase the remaining EIF shares at a fixed price**

**EIF capital increase**

As at 30 June 2008, the subscribed capital of the EIF has increased from EUR 2.77 billion to EUR 2.865 billion. The percentage holding of the Bank in the EIF has decreased from 65.78% at the end of December 2007 to 63.60% at the end of June 2008.

At the EIF Annual General Meeting of Shareholders held on the 7 May 2007, it was decided to issue 1000 new shares, identical to the 2000 existing ones (nominal value EUR 1 million each, paid in ratio of 20%) between the 30 June 2007 and 30th June 2010. Out of the 1000 new shares, 865 were subscribed as at the 30th of June 2008. The Bank has decided to subscribe 609 new shares on the 30 June 2007.

By the 30th June 2010, all shares not subscribed by the other shareholders will be subscribed by the Bank.

**Commitment to purchase the remaining EIF shares at a fixed price**

Under the terms of the Replacement Share Purchase Undertaking, the EIB is offering to buy the remaining subscribed shares from the EIF's other shareholders on the June 30, 2008 for a price of EUR 348,449.56 per share. The latter corresponds to the part of each share in the called capital of EIF, increased by the share premium account, the statutory reserves, the disclosed unrealised gains in venture capital operations, the profit brought forward and the profit of the year. Given that the dividend for the year will still be due to the other shareholders, the dividend decided will be deducted from the, thus obtained, price. The agreed formula is being applied to the approved and audited annual accounts of the EIF for the financial year in which the option is exercised.

**NOTE E      Commitments, Contingent Liabilities and other memorandum items**

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

**NOTE C - SUMMARY STATEMENT OF DEBTS EVIDENCED BY CERTIFICATES AS AT 30 JUNE 2008 (IN EUR '000)**

	BORROWINGS					CURRENCY SWAPS		NET AMOUNT		
	PAYABLE IN	OUTSTANDING AT 31.12.2007	AVERAGE RATE	OUTSTANDING AT 30.06.2008	AVERAGE RATE	DUE DATES	RECEIVABLE		OUTSTANDING AT 31.12.2007	OUTSTANDING AT 30.06.2008
							31.12.2007	30.06.2008		
EUR	106 548 588	4.04	105 648 325	3.96	2008/2057	1 667 912 -	1 691 205 -	104 880 676	103 957 120	
GBP	59 387 205	5.21	61 248 744	5.17	2008/2054	18 302 492 -	20 034 247 -	41 084 713	41 214 497	
DKK	536 315	2.86	536 344	2.86	2010/2026	0	0	536 315	536 344	
SEK	1 851 401	4.24	1 975 122	4.27	2008/2028	636 175 -	634 240 -	1 215 226	1 340 882	
CZK	952 562	5.09	1 042 991	5.02	2008/2030	159 606 -	0	792 956	1 042 991	
HUF	1 062 153	7.17	868 623	7.27	2008/2015	648 327 -	426 878 -	413 826	441 745	
PLN	662 295	6.05	711 435	5.80	2008/2026	107 854 -	115 649 -	554 441	595 786	
BGN	181 511	5.35	255 650	6.07	2009/2013	181 511 -	255 650 -	0	0	
MTL	23 294	3.80	0	0.00		23 294 -	0	0	0	
SKK	121 261	4.79	142 196	4.81	2012/2028	0	0	121 261	142 196	
RON	83 155	7.00	82 384	7.00	2014/2014	83 155 -	82 384 -	0	0	
USD	58 410 692	4.52	60 971 538	4.14	2008/2045	25 074 313 -	33 293 358 -	33 336 379	27 678 180	
CHF	2 955 218	2.75	3 408 695	2.71	2009/2036	1 525 956 -	2 058 421 -	1 429 262	1 350 274	
JPY	6 982 434	1.51	7 588 565	1.14	2008/2047	6 814 744 -	7 456 385 -	167 690	132 180	
NOK	760 241	4.67	973 904	4.39	2008/2025	508 922 -	786 615 -	251 319	187 289	
CAD	976 045	4.92	896 320	4.88	2008/2045	906 836 -	824 184 -	69 209	72 136	
AUD	4 026 888	5.61	6 011 171	5.86	2009/2021	4 026 888 -	6 011 171 -	0	0	
HKD	334 498	5.09	149 666	5.40	2008/2019	203 836 -	149 666 -	130 662	0	
NZD	3 369 954	6.62	3 366 130	6.89	2008/2017	3 369 954 -	3 366 130 -	0	0	
ZAR	1 167 340	8.53	1 236 221	8.67	2008/2018	726 625 -	837 579 -	440 715	398 642	
MXN	61 772	8.63	91 260	8.84	2009/2015	61 772 -	91 260 -	0	0	
TWD	255 830	0.33	190 297	1.42	2008/2013	255 830 -	190 297 -	0	0	
TRY	2 659 580	14.14	2 690 782	14.22	2008/2022	2 659 580 -	2 651 968 -	0	38 814	
ISK	739 935	8.38	518 259	8.46	2008/2011	739 935 -	518 259 -	0	0	
RUB	111 154	6.50	142 093	6.60	2011/2017	111 154 -	142 093 -	0	0	
Fair value option adjustment (IAS 39)	5 951 082		1 341 699							
<b>TOTAL</b>	<b>260 172 403</b>		<b>262 088 414</b>							

The redemption of certain borrowings is indexed to stock exchange indexes (historical value : EUR 828 million as at 30.06.08 and EUR 600 million as at 31.12.07). All such borrowings are hedged in full through swap operations.



**NOTE E - Commitments, Contingent Liabilities and other memorandum items (in EUR '000)**

	<u>30.06.2008</u>	<u>31.12.2007</u>
<b>Commitments</b>		
- EBRD capital		
. uncalled	442 500	442 500
- Undisbursed loans		
. credit institutions (Note B)	12 350 550	12 341 869
. customers (Note B)	<u>42 339 703</u>	<u>41 264 752</u>
	<b>54 690 253</b>	<b>53 606 621</b>
- Undisbursed venture capital operations	1 279 127	1 420 516
- Undisbursed infrastructure funds	209 122	233 620
- Undisbursed investment funds	152 929	95 000
<b>Guarantees:</b>		
- In respect of loans granted by third parties	3 847 415	3 757 557
- In respect of venture capital operations	20 224	15 463
<b>Fiduciary operations</b>	<b>7 782 955</b>	<b>7 700 241</b>
<b>Assets held on behalf of third parties</b>		
- CIP/SMEG 2007	93 295	35 255
- CIP/GIF 2007	81 217	36 448
- SME Guarantee Facility	72 285	71 886
- European Technology Facility	28 207	28 510
- Map Equity	80 134	91 773
- Guarantee Fund treasury management	1 030 172	1 152 974
- Investment Facility - Cotonou	1 064 418	1 077 418
- Map Guarantee	99 224	118 671
- Seed Capital Action	185	185
- Preparatory Action	0	17
- Special Section	1 667 559	1 785 151
- RSFF	120 848	132 154
- EU-Africa	90 147	41 549
- HIPC	93 708	43 221
- FEMIP	32 880	32 911
- LGTT	45 569	0
- FP7 Guarantee Fund	109 368	0
- BWMi	<u>5</u>	<u>19</u>
	<b>4 709 221</b>	<b>4 648 142</b>
<b>Special deposits for service of borrowings</b>	<b>118 605</b>	<b>129 428</b>
<b>Interest-rate swap and deferred rate-setting contracts</b>	<b>268 824 113</b>	<b>249 510 574</b>
<b>Currency swap contracts payable</b>	<b>101 614 873</b>	<b>80 992 893</b>
<b>Currency swap contracts receivable</b>	<b>92 477 359</b>	<b>75 549 044</b>
<b>Credit default swaps</b>	<b>136 355</b>	<b>97 843</b>
<b>Put option granted to EIF minority shareholders (Note D)</b>	<b>363 433</b>	<b>319 045</b>
<b>Borrowings arranged but not yet signed</b>	<b>388 583</b>	<b>401 574</b>
<b>Swaps arranged but not yet signed</b>	<b>4 693</b>	<b>94</b>
<b>Securities lent</b>	<b>651 747</b>	<b>936 629</b>
<b>Future contracts</b>	<b>415 175</b>	<b>419 307</b>
<b>FX Forwards</b>	<b>291 555</b>	<b>245 330</b>
<b>Overnight indexed swaps</b>	<b>0</b>	<b>6 000 000</b>

EIB  
BALANCE SHEET AS AT 30 JUNE 2008 (in EUR '000)

ASSETS	30.06.2008 (Unaudited)	31.12.2007	LIABILITIES	30.06.2008 (Unaudited)	31.12.2007
<b>1. Cash in hand, balances with central banks and post office banks</b>	512	27 318	<b>1. Amounts owed to credit institutions</b>		
			a) with agreed maturity dates or periods of notice	418 920	341 718
<b>2. Treasury bills eligible for refinancing with central banks</b>	2 007 042	2 126 591		418 920	341 718
<b>3. Loans and advances to credit institutions</b>			<b>2. Debts evidenced by certificates (Note D)</b>		
a) repayable on demand	246 538	264 388	a) debt securities in issue	259 900 542	253 328 921
b) other loans and advances	21 801 673	15 476 020	b) others	846 173	892 400
c) loans (Note B)	109 704 979	111 215 441		260 746 715	254 221 321
<b>4. Loans and advances to customers</b>	131 753 190	126 955 849	<b>3. Other liabilities</b>		
a) loans (Note B)	159 452 830	155 222 398	a) sundry creditors	1 329 096	1 141 002
b) specific provisions	- 22 000	- 41 550	b) sundry liabilities	13 894	16 838
	159 430 830	155 180 848	c) foreign exchange neutralization on currency swap contracts	9 160 694	5 458 234
<b>5. Debt securities including fixed-income securities</b>			<b>4. Accruals and deferred income</b>	4 586 502	5 030 476
a) issued by public bodies	451 588	451 974	<b>5. Provisions for liabilities and charges</b>		
b) issued by other borrowers	12 914 864	10 068 851	a) pension plans and health insurance scheme	1 047 196	1 097 574
	13 366 452	10 520 825	b) provision for guarantees issued in respect of venture capital operations	5 781	5 781
<b>6. Shares and other variable-yield securities</b>	1 395 993	1 395 666		1 052 977	1 103 355
<b>7. Participating Interests (Note C)</b>	479 272	479 272	<b>6. Capital</b>		
<b>8. Intangible assets</b>	4 241	3 972	- Subscribed	164 808 169	164 808 169
<b>9. Property, furniture and equipment</b>	301 844	280 257	- Uncalled	- 156 567 760	- 156 567 760
<b>10. Other assets</b>				8 240 409	8 240 409
a) sundry debtors	106 121	125 211	<b>7. Reserves</b>		
	106 121	125 211	a) reserve fund	16 480 817	16 480 817
<b>11. Subscribed capital and receivable reserves, called but not paid</b>	774 982	1 104 809	b) additional reserves	5 305 876	5 245 781
<b>12. Prepayments and accrued income</b>	3 134 413	3 653 733		21 786 693	21 726 598
	312 754 892	301 854 351	<b>8. Funds allocated to structured finance facility</b>	2 750 000	1 250 000
<b>OFF-BALANCE-SHEET ITEMS</b>	<b>30.06.2008</b>	<b>31.12.2007</b>	<b>9. Funds allocated to venture capital operations</b>	1 764 305	1 690 940
<b>Commitments</b>	<b>(Unaudited)</b>		<b>10. Profit for the period</b>	904 687	1 633 460
- EBRD capital				312 754 892	301 854 351
- uncalled	442 500	442 500	<b>OFF-BALANCE-SHEET ITEMS</b>	<b>30.06.2008</b>	<b>31.12.2007</b>
- EIF capital			<b>(Unaudited)</b>		
- uncalled	1 457 600	1 457 600	Special deposits for service of borrowings	118 605	129 428
- Undisbursed loans			Nominal value of interest rate swap contracts	268 824 113	249 510 574
- credit institutions (Note B)	12 350 550	12 341 869	Nominal value of currency swap contracts payable	101 614 873	80 992 893
- customers (Note B)	42 339 703	41 264 752	Nominal value of currency swap contracts receivable	92 477 359	75 549 044
	54 690 253	53 606 621	Nominal value of credit default swaps	136 355	97 843
- Undisbursed venture capital operations	1 130 318	1 252 992	Nominal value of put option granted to EIF minority shareholders (Note C)	363 433	319 045
- Undisbursed infrastructure funds	209 122	233 620	Borrowings arranged but not yet signed	388 583	401 574
- Undisbursed investment funds	152 929	95 000	Swaps arranged but not yet signed	4 693	94
<b>Guarantees</b>			Securities lending	604 229	858 762
- In respect of loans granted by third parties	373 765	149 779	Futures contracts	415 175	419 307
- In respect of venture capital operations	20 224	15 463	FX forward	291 555	245 330
<b>EIF treasury management</b>	785 673	799 946	Nominal value of overnight indexed swaps	0	6 000 000
<b>Guarantee Fund treasury management</b>	1 030 172	1 152 974			

**PROFIT AND LOSS ACCOUNT FOR  
THE PERIOD ENDED 30TH JUNE 2008  
in EUR '000**

	<u>30.06.2008</u> <i>(Unaudited)</i>	<u>30.06.2007</u> <i>(Unaudited)</i>	<u>31.12.2007</u>
1. Interest and similar income	7 343 999	6 726 170	14 271 925
2. Interest and similar charges	- 6 327 171	- 5 816 152	- 12 400 153
3. Income from securities with variable-yield	24 303	21 443	73 552
a) income from participating interests	12 788	11 980	11 980
b) income from shares and variable-yield securities	<u>11 515</u>	<u>9 463</u>	<u>61 572</u>
4. Commission income	30 401	24 397	64 487
5. Commission expense	- 5 111	- 5 753	- 10 382
6. Result on financial operations	18 300	969	- 9 835
7. Other operating income	16 014	9 815	27 616
8. General administrative expense	- 153 033	- 139 860	- 359 916
a) staff costs	- 119 689	- 107 965	- 279 255
b) other administrative costs	<u>- 33 344</u>	<u>- 31 895</u>	<u>- 80 661</u>
9. Depreciation and amortization	- 10 494	- 9 611	- 19 021
a) intangible assets	- 604	- 1 799	- 2 984
b) tangible assets	<u>- 9 890</u>	<u>- 7 812</u>	<u>- 16 037</u>
10. Result on sale of loans and advances	- 15 862	- 61 490	- 61 490
11. Value adjustments on loans and advances	18 736	61 490	44 244
12. Value adjustments on shares and other variable-yield securities and participative interests	- 35 660	32 767	11 530
13. Release from provision for guarantees issued	265	292	903
<b>14. Profit for the period / year</b>	<b><u>904 687</u></b>	<b><u>844 477</u></b>	<b><u>1 633 460</u></b>

## CASH FLOW STATEMENT AS AT 30 JUNE 2008

in EUR '000

	30.06.2008 (Unaudited)	30.06.2007 (Unaudited)
<b>A. Cash flows from operating activities :</b>		
Profit for the half year	904 687	844 477
Adjustments :		
Value adjustments on tangible and intangible assets	10 494	9 611
Value adjustment on shares and other variable-yield securities and participating interests	35 660	- 32 767
Decrease/Increase in accruals and deferred income	- 443 974	397 953
Decrease/Increase in prepayments and accrued income	519 320	- 333 962
Investment portfolio amortisation	- 2 904	- 6 511
 Profit on operating activities :	<b>1 023 283</b>	<b>878 801</b>
 Net loans disbursements	- 17 652 542	- 16 355 429
Repayments	10 251 638	7 571 882
Effects of exchange rate changes on loans	4 680 934	1 432 612
Increase/Decrease in treasury portfolios	- 81 548	1 015 548
Increase in venture capital operations	- 27 277	- 62 789
Specific provisions on loans and advances	- 19 550	- 61 603
Increase in shares and other variable-yield securities	- 8 711	- 31 846
Decrease in other assets	19 090	- 20 370
 <b>Net cash from operating activities</b>	<b>- 1 814 683</b>	<b>- 5 633 194</b>
 <b>B. Cash flows from investing activities :</b>		
Purchases/Sales of EIF shares	0	- 203 598
Securities matured during the period	145 166	142 138
Increase in asset backed securities	- 364 472	- 531 896
Purchase of property, furniture and equipment	- 31 477	- 31 749
Purchase of intangible fixed assets	- 873	- 502
 <b>Net cash from investing activities</b>	<b>- 251 656</b>	<b>- 625 607</b>
 <b>C. Cash flows from financing activities :</b>		
Issue of borrowings	40 291 873	26 738 094
Redemption of borrowings	- 19 614 876	- 18 950 734
Effects of exchange rate changes on borrowings and swaps	- 5 507 573	- 2 624 836
Paid in by Member States	329 827	329 828
Decrease/Increase in commercial paper	- 4 941 569	2 159 786
Increase in amounts owed to credit institutions	77 202	371 897
Increase in other liabilities	134 773	134 855
 <b>Net cash from financing activities</b>	<b>10 769 657</b>	<b>8 158 890</b>
 <b>Summary statement of cash flows</b>		
Cash and cash equivalents at 1st January	17 965 695	18 166 313
Net cash from :		
(1) operating activities	- 1 814 683	- 5 633 194
(2) investing activities	- 251 656	- 625 607
(3) financing activities	10 769 657	8 158 890
 Cash and cash equivalents at 30th June	<b>26 669 013</b>	<b>20 066 402</b>
 <b>Cash analysis</b> (excluding investment and hedging portfolios)		
Cash in hand, balances with central banks and post office banks	512	10 148
Bills maturing within three months of issue	4 620 290	6 374 056
Loans and advances to credit institutions :		
-accounts repayable on demand	246 538	247 068
-term deposit accounts	21 801 673	13 435 130
	<b>26 669 013</b>	<b>20 066 402</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**NOTE A Basis of Presentation**

The accompanying unaudited condensed financial statements of the European Investment Bank (the “Bank”) as at June 30, 2008 do not include all of the information and footnotes required for complete financial statements. These financial statements are prepared on an unconsolidated basis.

In the opinion of management, all adjustments, normal recurring accruals and adjustments for the impairment of venture capital operations and loans considered necessary for a fair presentation have been recorded. The profit for the six-month period ended June 30, 2008 is not necessarily indicative of the results that may be expected for the year ended December 31, 2008.

These unaudited condensed financial statements as at and for the periods ended June 30, 2008 and the financial statements as at and for the year ended December 31, 2007 were prepared in accordance with the general principles of the Directive of the Council of the European Communities of 8 December 1986 (as amended by the Directive of May 31, 2001) without making use of the option available to apply fair value accounting.

For further information, refer to the unconsolidated financial statements and footnotes thereto included in the Bank’s annual report for the year ended December 31, 2007.

**NOTE B Summary Statement of Loans (in Eur '000)**

<u>Analysis of aggregate loans granted (before specific provisions)</u>	Loans granted		Total
	to intermediary credit institutions	directly to final beneficiaries	
- Disbursed portion	109,704,979	159,452,830	269,157,809
- Undisbursed portion	12,350,550	42,339,703	54,690,253
Aggregate loans granted	122,055,529	201,792,533	323,848,062

**NOTE C Participating Interests**

### **EIF capital increase**

This item for EUR 479,271,824 corresponds to the capital paid in by the Bank in respect of its subscription (EUR 1,822,000,000) to the capital of the European Investment Fund (EIF), with its registered office in Luxembourg.

As at 30 June 2008, the subscribed capital of the EIF has increased from EUR 2.77 billion to EUR 2.865 billion. The percentage holding of the Bank in the EIF has decreased from 65.78% at the end of December 2007 to 63.60% at the end of June 2008.

At the EIF Annual General Meeting of Shareholders held on the 7 May 2007, it was decided to issue 1000 new shares, identical to the 2000 existing ones (nominal value EUR 1 million each, paid in ratio of 20%) between the 30 June 2007 and 30th June 2010. Out of the 1000 new shares, 865 were subscribed as at the 30th of June 2008. The Bank has decided to subscribe 609 new shares on the 30 June 2007.

By the 30th June 2010, all shares not subscribed by the other shareholders will be subscribed by the Bank.

### **Commitment to purchase the remaining EIF shares at a fixed price**

Under the terms of the Replacement Share Purchase Undertaking, the EIB is offering to buy the remaining subscribed shares from the EIF's other shareholders on the June 30, 2008 for a price of EUR 348,449.56 per share. The latter corresponds to the part of each share in the called capital of EIF, increased by the share premium account, the statutory reserves, the disclosed unrealised gains in venture capital operations, the profit brought forward and the profit of the year. Given that the dividend for the year will still be due to the other shareholders, the dividend decided will be deducted from the, thus obtained, price. The agreed formula is being applied to the approved and audited annual accounts of the EIF for the financial year in which the option is exercised.

### **NOTE D Debts evidenced by certificates**

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

**NOTE D - SUMMARY STATEMENT OF DEBTS EVIDENCED BY CERTIFICATES AS AT 30 JUNE 2008 (IN EUR' 000)**

PAYABLE IN	BORROWINGS					CURRENCY SWAPS		NET AMOUNT	
	OUTSTANDING AT 31.12.2007	AVERAGE RATE	OUTSTANDING AT 30.06.2008	AVERAGE RATE	DUE DATES	RECEIVABLE		OUTSTANDING AT 31.12.2007	OUTSTANDING AT 30.06.2008
						31.12.2007	30.06.2008		
EUR	106 548 588	4.04	105 648 325	3.96	2008/2057	1 667 912 -	1 691 205 -	104 880 676	103 957 120
GBP	59 387 205	5.21	61 248 744	5.17	2008/2054	18 302 492 -	20 034 247 -	41 084 713	41 214 497
DKK	536 315	2.86	536 344	2.86	2010/2026	0	0	536 315	536 344
SEK	1 851 401	4.24	1 975 122	4.27	2008/2028	636 175 -	634 240 -	1 215 226	1 340 882
CZK	952 562	5.09	1 042 991	5.02	2008/2030	159 606 -	0	792 956	1 042 991
HUF	1 062 153	7.17	868 623	7.27	2008/2015	648 327 -	426 878 -	413 826	441 745
PLN	662 295	6.05	711 435	5.80	2008/2026	107 854 -	115 649 -	554 441	595 786
BGN	181 511	5.35	255 650	6.07	2009/2013	181 511 -	255 650 -	0	0
MTL	23 294	3.80	0	0.00		23 294 -	0	0	0
SKK	121 261	4.79	142 196	4.81	2012/2028	0	0	121 261	142 196
RON	83 155	7.00	82 384	7.00	2014/2014	83 155 -	82 384 -	0	0
USD	58 410 692	4.52	60 971 538	4.14	2008/2045	25 074 313 -	33 293 358 -	33 336 379	27 678 180
CHF	2 955 218	2.75	3 408 695	2.71	2009/2036	1 525 956 -	2 058 421 -	1 429 262	1 350 274
JPY	6 982 434	1.51	7 588 565	1.14	2008/2047	6 814 744 -	7 456 385 -	167 690	132 180
NOK	760 241	4.67	973 904	4.39	2008/2025	508 922 -	786 615 -	251 319	187 289
CAD	976 045	4.92	896 320	4.88	2008/2045	906 836 -	824 184 -	69 209	72 136
AUD	4 026 888	5.61	6 011 171	5.86	2009/2021	4 026 888 -	6 011 171 -	0	0
HKD	334 498	5.09	149 666	5.40	2008/2019	203 836 -	149 666 -	130 662	0
NZD	3 369 954	6.62	3 366 130	6.89	2008/2017	3 369 954 -	3 366 130 -	0	0
ZAR	1 167 340	8.53	1 236 221	8.67	2008/2018	726 625 -	837 579 -	440 715	398 642
MXN	61 772	8.63	91 260	8.84	2009/2015	61 772 -	91 260 -	0	0
TWD	255 830	0.33	190 297	1.42	2008/2013	255 830 -	190 297 -	0	0
TRY	2 659 580	14.14	2 690 782	14.22	2008/2022	2 659 580 -	2 651 968 -	0	38 814
ISK	739 935	8.38	518 259	8.46	2008/2011	739 935 -	518 259 -	0	0
RUB	111 154	6.50	142 093	6.60	2011/2017	111 154 -	142 093 -	0	0
<b>TOTAL</b>	<b>254 221 321</b>		<b>260 746 715</b>			<b>68 796 671 -</b>	<b>81 617 639 -</b>	<b>185 424 650</b>	<b>179 129 076</b>

The redemption of certain borrowings is indexed to stock exchange indexes (historical value : EUR 828 million as at 30.06.08 and EUR 600 million as at 31.12.07)  
All such borrowings are hedged in full through swap operations.