

**EUROPEAN
INVESTMENT BANK**

ANNUAL REPORT 1959

**EUROPEAN
INVESTMENT BANK**

For its accounts and balance sheet, the European Investment Bank uses the unit of account as defined in Art. 4, para. 1 of its Statutes. The value of this unit of account is 0.88867088 gramme of fine gold.

In this report, conversions into units of account are made at the following par values :

1 unit of account =	{	50 Belgian francs
		4.20 Deutsche Mark
		4.93706 New French francs
		625 Italian liras
		50 Luxemburg francs
		3.80 Netherlands guilders
		1 United States dollar

**EUROPEAN
INVESTMENT BANK**

ANNUAL REPORT 1959

BOARD OF GOVERNORS

Belgium : JEAN VAN HOUTTE, Minister of Finance; Brussels.

Germany : FRANZ ETZEL, Minister of Finance, Chairman until 25th April 1959; Bonn.

France : ANTOINE PINAY, Minister of Finance and of Economic Affairs until 12th January 1960; Chairman as from 26th April 1959 until 12th January 1960; Paris.

WILFRID BAUMGARTNER, Minister of Finance and of Economic Affairs, Chairman as from 13th January 1960; Paris.

Italy : FERNANDO TAMBRONI, Minister of the Budget, Minister of the Treasury ad interim; Rome.

Luxemburg : PIERRE WERNER, State Minister, President of the Government, Minister of Finance; Luxemburg.

Netherlands : JELLE ZIJLSTRA, Minister of Finance; The Hague.

BOARD OF DIRECTORS

Chairman : PARIDE FORMENTINI *

* Mr. PIETRO CAMPILLI held the office of President until 31st May 1959.

Directors

LÉO DE BLOCK, Director General at the Ministry of Economic Affairs; The Hague; Director until 2nd September 1959,

succeeded by:

SJOERD BOOMSTRA, Director at the Ministry of Finance; The Hague.

FRANCO BOBBA, Director General at the Commission of the European Economic Community; Brussels.

JEAN-PAUL DELCOURT, Head of the Financing Department at the Commissariat Général du Plan; Paris.

RAYMOND DENUCÉ, Financial Adviser of the Crédit Communal de Belgique; Brussels.

Alternates

SJOERD BOOMSTRA, Director at the Ministry of Finance; The Hague; Alternate Director until 2nd September 1959,

succeeded by:

OTTO WILLEM VOS, Director at the Ministry of Finance; The Hague.

LOUIS DUQUESNE DE LA VINELLE, Director at the Commission of the European Economic Community; Brussels.

ROGER BOYER, Member of the Board of the Banque Française du Commerce Extérieur, Member of the Conseil National du Crédit; Paris.

RENÉ FRANCK, Commissary to the Government; Luxemburg; Alternate Director until 23rd November 1959,

succeeded by:

PIERRE GUILL, Counsellor of the Government; Luxemburg.

ROBERTO DUCCI, Minister Plenipotentiary, Ambassador of Italy at Helsinki.

RENÉ LARRE, Executive Director of the International Bank for Reconstruction and Development; Washington D.C.

HERBERT MARTINI, Member of the Managing Committee of the Kreditanstalt für Wiederaufbau; Frankfurt on Main.

ALFRED MUELLER-ARMACK, Secretary of State at the Federal Ministry of Economic Affairs; Bonn-Duisdorf.

PASQUALE SARACENO, Central Manager of the Istituto per la Ricostruzione Industriale; Rome.

PIERRE-PAUL SCHWEITZER, Vice-Governor of the Banque de France; Paris.

STEFANO SIGLIENTI, Chairman of the Istituto Mobiliare Italiano, Chairman of the Associazione Bancaria Italiana; Rome.

JOACHIM VON SPINDLER, Ministerialdirektor at the Federal Ministry of Finance; Bonn.

MARIO PENNACHIO, Delegate of the Banca d'Italia, Representative of the Ufficio Italiano dei Cambi at Paris and at Brussels.

FRANÇOIS BLOCH-LAINÉ, General Manager of the Caisse des Dépôts et Consignations; Paris.

WALTER DUDEK, Honorary Senator der Finanzen; Hamburg-Harburg.

ERNST VOM HOFE, Ministerialrat at the Federal Ministry of Economic Affairs; Bonn-Duisdorf.

ALBERTO CAPANNA, Vice-General Manager of Finsider; Rome.

MAURICE PÉROUSE, Director of the Treasury at the Ministry of Finance and Economic Affairs; Paris.

GIUSEPPE DI NARDI, Professor of Economics and Finance at the University of Rome.

HANS SKRIBANOWITZ, Director General at the High Authority of the European Coal and Steel Community; Luxemburg.

MANAGEMENT COMMITTEE

PARIDE FORMENTINI, *President* *

HANS KARL VON MANGOLDT-REIBOLDT, *Vice-President*

CLAUDE TIXIER, *Vice-President*

* Mr. PIETRO CAMPILLI held the office of President until 31st May 1959.

DEPARTMENTS

Secretary's Office

JEAN FRÈRE, General Secretary.

ARNOLD RIETZ, Head of Personnel and Administration.

Loan Department

GÜNTHER BERGAN, Manager.

JUAN DE LIEDEKERKE, Deputy Manager.

Technical Adviser : HENRI JEANDET.

Finance and

Treasury Department

JEAN-MAXIME LÉVÊQUE, Manager*.

GIANDOMENICO SERTOLI, Deputy Manager.

Research Department

ALBERTO CAMPOLONGO, Manager.

Legal Department

CAREL DE VOS VAN STEENWIJK, Manager.

* until 1st March 1960.

AUDIT COMMITTEE

Chairman

RENÉ BRESSON Président de Chambre Honoraire à la Cour des Comptes, Former President of the Commission de Vérification des Comptes des Entreprises Publiques; Paris.

Members

KARL BERNARD Former Chairman of the Central Board of the Bank deutscher Länder; Frankfort on Main.

ADRIAAN M. DE JONG Former Secretary of the Governing Board and Vice-President of the Nederlandsche Bank; Amsterdam.

ANNUAL REPORT 1959

I

1959, the second financial year of the European Investment Bank, saw the first steps taken under the Rome Treaty to reduce customs duties and extend quotas within the Common Market. In addition, the Commission of the European Economic Community began to set out the lines of action, based on the necessarily abstract terms of the Treaty, for the economic integration of the six countries. The preparation of a common foreign tariff together with a thorough examination of sectors susceptible to the abolition of customs barriers, the search for basic principles for a common agricultural policy, the definition of top investment priorities in the vast transport field, and the preparations for the progressive freeing of capital movements are the principal items of this work. Besides this, a thorough study was undertaken of weak, backward or declining regions of the Community, in order to determine their boundaries, analyse and compare the causes of their weakness, and so draw up the accurate inventory indispensable to any realistic regional development policy. There is no doubt that the Bank will find therein concrete data which will assist it in choosing among the projects submitted to it.

From a point of view closer to the Bank's activity, the return to almost complete convertibility of their currencies, decided by the six governments at the end of 1958, represents an appreciable progress towards the same goals. Various consequences can be traced to this: bigger and more frequent transactions between financial markets, reduction in the differences which existed in long term rates, and agreements reached between commercial banks of different nationalities to examine and carry out financing in the six countries. Within these countries and within the framework of a larger competitive field, other

agreements of specialization or participation, have been reached by industrial enterprises. Numerous foreign interests have taken the initiative of investing within the Community, either by participating in existing industries or by creating new means of production. It would be difficult not to see in such endeavours the indication of a favourable judgement and a sign of confidence, on the part of leading personalities of the business world, with regard to expansion possibilities in the common market. These favourable circumstances have even made it possible to envisage the acceleration, in relation with the initial schedule, of various measures to be taken in conformity with the Treaty.

The remarkable development in foreign trade and the renewed economic activity, after the less favourable year 1958, were at the origin of the abundance of available funds and of the increased savings which resulted in great liquidity for most of the year. It was therefore easier for firms to satisfy their current credit requirements from the banks and to find on the financial markets, either directly or through specialized institutions, the funds necessary for their programmes.

* * *

In the course of the year the Bank was approached regarding numerous projects. The objects assigned it under the Treaty made it necessary for a careful selection to be made among these projects. Regardless of their intrinsic value, many of them did not comply with the conditions governing the Bank's activities: either to be situated in under-developed areas, to promote the development of the common market, or to be of interest to several of the member-countries. Still others concerned sectors about which the studies undertaken by the Community, were not sufficiently advanced.

The projects to which the Bank has agreed so far, belong to the category of development investments intended for increasing basic productions which, in turn, contribute to increased demand, production and investment in many related fields. They are nearly all situated in the less developed areas of the Community, require fairly large amounts and are by their very nature, highly capital-intensive.

As regards development projects, especially in less favoured regions, it is becoming increasingly evident that the initiative of creating new industries can, in practice, come only from fairly large concerns or groups of concerns. These are better able to cope with the difficulties arising in carrying out such projects, particularly regarding physical facilities and labour. Also, with the wider territorial and financial scope they have, they can appreciate the economy of an investment in an under-development area.

As prescribed by its statutes, the Bank's contribution has been for only a fraction of the total amount needed for each project. In each case, loans were made jointly with other sources of financing: the borrowers' own funds or contributions by third parties.

In granting its loans, the Bank worked in full agreement with the existing organization in each country for the financing or co-ordination of development projects. It was in this way that in Italy the Bank granted its loans to the Cassa per il Mezzogiorno in order to finance projects which the Bank had chosen. In all its operations it worked in close contact with the banks of the country concerned. In Italy, three of its operations were carried out jointly with the International Bank for Reconstruction and Development.

By its very nature, the Bank has to give full attention to the objects defined by the European Economic Community and to the trend of its economic policy. It is also prepared to make every useful contribution called for by the evolution of the tasks of the Community.

* * *

As regards the preliminary study and the granting of its loans, it is the rule of the Bank to follow the banking practices that are common to the six countries for comparable operations.

The loan amortization has, so far, been harmonized with the industrial amortization according to the equipment involved. For the loans made up to the present, this amortization has ranged between 12 and 20 years; according to the kind of project, there is an interval of 3 to 4 years between the date of the loan contract and the beginning of the repayment.

Since its Statutes do not require a Government guarantee for each loan, the Bank has accepted from its borrowers either such a Government guarantee or the customary collateral asked for by banks.

As regards the monetary regime of the loans — a problem which arises from the fact that the Bank has resources in different currencies and loan applicants in different countries — the Bank at present offers its clients the choice between two clauses. According to the first one, the borrower receives the currencies chosen by the Bank, which may even be those of third countries, but not his own national currency, and he repays in the same ones as he received. Under the second clause, the borrower receives the currency of whichever of the six member-countries he chooses, but then the Bank has the right to decide in which one of the currencies of member-countries each instalment has to be repaid. These repayments have to be made according to the par values existing at the time the loan was paid out. Of the seven loans mentioned below, six have been made under the first clause and one under to the second.

The rate of interest follows market conditions; the same rate is applied to all borrowers at any given moment. It varies only according to the monetary clause chosen by the borrower. For loans granted up to the present, the rate of interest has been $5 \frac{5}{8} \%$ when the first clause was adopted and $5 \frac{1}{4} \%$ when the second one was chosen.

LOANS

The Board of Directors approved seven loans in 1959, to a total amount of 52.1 million units of account. It was already stated in the last report that some of these were under consideration.

These loans are divided per country as follows: 32 millions in Italy, 16.1 millions in France, 4 millions in Luxemburg.

Of the seven loans, four, to a total of 35.1 millions, concern power projects; the other three, amounting to 17 millions, relate to chemical projects. Six of the projects, totaling 48.1 millions, are located in under-developed regions of the Community (Art. 130 a of the Treaty), while the seventh, of 4 millions, was of common European interest (Art. 130c).

The total amount paid out by the Bank for these loans, as at the end of February 1960, was 13.5 millions. Payments will be spread over the whole period of implementation of the projects.

The total cost of the projects to which the Bank has contributed by its loans is estimated at 288 millions. The fraction of this amount covered by the 52.1 millions lent by the Bank was, therefore, 18 % on an average, varying between 9 % and 38 % according to each project.

The projects concern :

- the exploitation of a bed of lignite in Southern Italy and the construction of a thermo-electric power-station utilizing this lignite. Loan by the Bank: 9 million units of account.
- the construction in Sicily of two plants forming part of a petro-chemical industrial group. Loans by the Bank: 7 millions and 4 millions respectively.
- the construction in the Grand Duchy of Luxemburg of a hydro-electric power station feeding the interconnected European network. Loan by the Bank: 4 millions.
- the construction in the South of France of a hydro-electric power station. Loan by the Bank: 10.1 millions.
- the construction in the South of France of a petro-chemical works. Loan by the Bank: 6 millions.
- the construction in Sardinia of three combined hydro-electric power stations. Loan by the Bank: 12 millions.

PAID IN CAPITAL AND INVESTMENTS

The third and fourth instalments of the capital were paid by member countries in the course of the financial year. Including the two previous instalments, payments made by the different member countries as at 31st December 1959 amount to (units of account):

<i>Country</i>	<i>Gold or U.S. \$</i>	<i>National currencies</i>	<i>Total</i>
Germany	15,000,000	45,000,000	60,000,000
France	15,000,000	45,000,000	60,000,000
Italy	12,000,000	36,000,000	48,000,000
Belgium	4,325,000	12,975,000	17,300,000
Netherlands	3,575,000	10,725,000	14,300,000
Luxemburg	100,000	300,000	400,000
Total	50,000,000	150,000,000	200,000,000

The fifth and last capital instalment is due on 30th June 1960.

In investing its cash, the Bank has, as a matter of course, acted in accordance with the monetary and financial policy of each of the member countries.

II

The balance sheet and profit and loss account of the Bank, as at 31st December 1959, are enclosed with the present report. Their main items are analysed below.

BALANCE SHEET

The total of the balance sheet as at 31st December 1959 amounts to 287,467,751.08 u.a.

ASSETS

Owing by the member countries on capital account

The amount shown under this heading, i.e. 50 million u.a., represents the amount of the payment remaining to be made on the 30th June 1960, following which the paid-in capital will thus be 250 million u.a.

Cash and banks, gold assets and investments

As at 31 st December 1959, the current assets of the Bank were made up as follows:

1. Cash and banks:	106,519,180.68 u.a.
Cash on hand	2,864.13 u.a.
Banks	106,516,316.55 u.a.

2. Gold assets : 8,486,513.88 u.a.

Metal 1,115,956.21 u.a.

Treasury bills repayable
in gold 7,370,557.67 u.a.

3. Investments : 87,461,925.16 u.a.

The investments are made up of 72,346,347.13 u.a. in Treasury bills or notes issued by public bodies, and of 15,115,578.03 u.a. in other money market paper.

As regards currencies, the total of these three items, viz. 202,467,619.72 u.a. is made up as follows :

Belgian francs	650,679,667.— = 13,013,593.34 u.a.
Deutsche Mark	189,018,421.66 = 45,004,386.10 u.a.
New French francs	228,703,412.84 = 46,323,806.64 u.a.
Italian liras	23,347,727,427.— = 37,356,363.88 u.a.
Luxemburg francs	17,288,312.07 = 345,766.24 u.a.
Netherlands guilders	33,680,856.80 = 8,863,383.35 u.a.
U.S. dollars	43,073,806.29 = 43,073,806.29 u.a.
Gold	— 8,486,513.88 u.a.

As regards maturities, the amount breaks down as follows :

At call	23,946,360.25 u.a.
Not exceeding 3 months	51,689,763.34 u.a.
Exceeding 3 months but not exceeding 6 months	48,175,862.99 u.a.
Exceeding 6 months but not exceeding 1 year	58,092,370.13 u.a.
Exceeding 1 year but not exceeding 18 months	6,395,797.69 u.a.
Exceeding 18 months	14,167,465.32 u.a.

Effective loans

The amount of 34,127,484.78 u.a. represents the total amount of loans the contracts of which were in force as at 31st December 1959. The amount actually paid-out to borrowers is 3,690,000.— u.a. These

payments having been made under loans stipulating the first monetary clause, the Bank's claims are divided by currencies in the same way as the payments, i.e.:

Deutsche Mark	7,098,000.— = 1,690,000.— u.a.
Netherlands guilders	7,600,000.— = 2,000,000.— u.a.

The amount remaining to be paid out, viz. 30,437,484.78 u.a., is shown under Liabilities as: „Undisbursed balance of effective loans”.

Furniture and equipment

Furniture and equipment expenditure during the financial year, to an amount of 49,465.28 u.a., has been amortized entirely by debiting the profit and loss account.

Accrued interest and commission.

Under this heading are shown interest and commission, accrued but not yet collected as at 31st December 1959, and amounting to 848,984.36 u.a.

LIABILITIES

Subscribed capital

The subscribed capital is 1,000,000,000.— u.a., of which 750,000,000.— is guarantee capital.

Statutory reserve

The amount of the statutory reserve, which was 577,174.57 u.a. at the beginning of the financial year, has been increased to 1,533,856.58 u.a. by the allocation to this reserve of the balance of the profit and loss account, in accordance with the provisions of Article 24 of the Statutes.

*Provision for monetary risks not covered under
Art. 7 of the Statutes*

An amount of 200,000.— u.a. has been transferred to this provision, the object of which was set out in the last Annual Report. The amount of the reserve has thus been increased from 800,000.— u.a. to 1,000,000.— u.a.

*Provision for equalization of interest on borrowings and
for issuing charges*

This provision is intended for equalizing the differences which may exist in market rates between the date of signature of loan agreements and that of the Bank's borrowings. It is also intended to enable amortization of charges resulting from bond issues. The amount transferred to this provision is 3,100,000.— u.a.

Undisbursed balance of effective loans

The amount of 30,437,484.78 u.a. under this heading represents payments to be made by the Bank to its borrowers by virtue of loan contracts in force as at 31st December 1959.

Interest received in advance

Under this heading are shown interest on investments received in advance and to the extent that they refer to a period subsequent to 31st December 1959, amounting to 1,119,920.79 u.a.

Miscellaneous

The amount of 276,488.93 u.a. under this heading corresponds to various expenses and charges incurred, but not yet paid, and to sums which have been set aside for a possible group insurance fund.

PROFIT AND LOSS ACCOUNT

DEBIT

Administrative expenses

Administrative expenses for the financial year amounted to 974,540.79 u.a. as against 543,879.34 u.a. for the previous financial year, which consisted of only nine months, during which the various departments of the Bank were being progressively set up.

Expenses were divided between :

Expenses relating to the personnel and Overhead expenses	660,831.48 u.a. 313,709.31 u.a.
--	--

Financial expenses

The sum of 4,936.80 under this heading represents miscellaneous charges incurred in investing the Bank's available funds.

CREDIT

Interest and commission from loans

This item amounts to only 80,775.82 u.a. due to the fact that the first payments to borrowers did not take place until the last few weeks of the financial year.

Interest and commission from investments and deposits

The amount of interest and commission earned on the investment of the available funds is 5,206,491.08 u.a.

The balance of the profit and loss account is 956,682.01 u.a.

III

At the Annual Meeting of 25th April 1959, Mr. Pietro Campilli informed the governors of his intention to resign his office of President of the Bank.

Mr. Campilli's outstanding personality, vast experience and human qualities were of immense value to the Bank during the first phase of its activity leading up to the granting of the first loans in April 1959.

We would ask Mr. Campilli to be kind enough to accept these few words as an imperfect expression of our very friendly and sincere gratitude.

To succeed Mr. Campilli, the governors appointed Mr. Paride Formentini, formerly General Manager of the Banca d'Italia. Mr. Formentini took over the office of President on 1st June 1959.

In the course of the year, the Board of Governors of the Bank made three appointments following resignations by two members of the Board of Directors.

On 3rd September 1959, Mr. Sjoerd Boomstra was appointed Director in the place of Mr. Leo de Block, while Mr. Otto Willem Vos took the place of Mr. Boomstra as alternate-Director. Mr. Pierre Guill was appointed on 24th November in the place of Mr. René Franck as alternate-Director.

We thank Mr. de Block and Mr. Franck for their valuable and competent cooperation.

* * *

On 1st March 1960, Mr. Jean-Maxime Lévêque, Manager of the Finance and Treasury Department, left the Bank to assume important duties in the French Civil Service. We present to him our best wishes for a successful career and thank him for the highly appreciated contribution he has made to the Bank during the period of its organization.


No major change has been made in the internal organization of the Bank or its staff. As at 31st December 1959 the latter consisted of 80 persons.

* * *

Throughout the whole of the year 1959 the Bank's activities have been developed in close and friendly liaison with the Commission of the European Economic Community. Relations with national administrations, central banks, commercial banks and various international organizations have been extended and strengthened.

The Chairman
of the Board of Directors.

Brussels, 15th March 1960.



**BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT**

REPORT OF PRICE WATERHOUSE & Co.

**60, Rue Ravenstein
Brussels.**

**The President,
EUROPEAN INVESTMENT BANK
BRUSSELS**

In our opinion, the accompanying statements present fairly the financial position of the European Investment Bank at December 31, 1959 and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

March 3, 1960.

BALANCE SHEET

(in units of account of 0.8886)

The conversion rates used in the account
50 Belg. fr = 4.20 DM = 4.93706 NF

ASSETS

OWING BY THE MEMBER COUNTRIES ON CAPITAL ACCOUNT		50,000,000.00
CASH AND BANKS		
Member countries' currencies		
At call or not exceeding one year 83,197,397.66	
Over one year 6,437,072.54	
		89,634,470.20
Other currencies		
At call or not exceeding one year 15,844,710.48	
Over one year 1,040,000.00	
		16,884,710.48
		106,519,180.68
GOLD ASSETS		8,486,513.88
INVESTMENTS		
Member countries' currencies		
Not exceeding one year 50,736,638.88	
Over one year 10,536,190.47	
		61,272,829.35
Other currencies		
Not exceeding one year 23,639,095.81	
Over one year 2,550,000.00	
		26,189,095.81
		87,461,925.16
EFFECTIVE LOANS		
Of which :		
Disbursed :		
In member countries' currencies	3,690,000.00	
In other currencies	0.00	
		3,690,000.00
Undisbursed balance 30,437,484.78	
		34,127,484.78
FURNITURE AND EQUIPMENT		1.00
ACCRUED INTEREST AND COMMISSION		848,984.36
MISCELLANEOUS		23,661.22
		287,467,751.08
	<i>Total assets u. a. :</i>	

DECEMBER 31, 1959

(Fine gold — Art. 4 of the Statutes)

the Bank are : 1 unit of account =

1 It. liras = 50 Lux. fr = 3.80 Fls = 1 US\$

LIABILITIES

SUBSCRIBED CAPITAL	<u>1,000,000,000.00</u>
of which paid up or to be paid up in accordance with Art. 5 para. 1 of the Statutes	250,000,000.00
STATUTORY RESERVE	1,533,856.58
PROVISION FOR MONETARY RISKS NOT COVERED UNDER ART. 7 OF THE STATUTES.	1,000,000.00
PROVISION FOR EQUALIZATION OF INTEREST ON BORROWINGS AND FOR ISSUING CHARGES	3,100,000.00
UNDISBURSED BALANCE OF EFFECTIVE LOANS	30,437,484.78
INTEREST RECEIVED IN ADVANCE	1,119,920.79
MISCELLANEOUS	276,488.93
<i>Total liabilities u. a. :</i>	<u>287,467,751.08</u>

PROFIT AND LOSS ACCOUNT FOR TH

(in units of account of 0.88867)

DEBIT

ADMINISTRATIVE EXPENSES	974,540.79
FINANCIAL EXPENSES	4,936.80
EXCHANGE DIFFERENCES	1,642.02
AMORTIZATION OF FURNITURE AND EQUIPMENT	49,465.28
PROVISION FOR MONETARY RISKS NOT COVERED UNDER ART. 7 OF THE STATUTES	200,000.00
PROVISION FOR EQUALIZATION OF INTEREST ON BORROWINGS AND FOR ISSUING CHARGES	3,100,000.00
BALANCE APPROPRIATED TO THE STATUTORY RESERVE	956,682.01
<i>Total u. a.:</i>	5,287,266.90

FINANCIAL YEAR ENDED DECEMBER 31, 1959

(in fine gold — Art. 4 of the Statutes)

	CREDIT
INTEREST AND COMMISSION FROM LOANS	80,775.82
INTEREST AND COMMISSION FROM INVESTMENTS AND DEPOSITS .	5,206,491.08
	<hr/>
<i>Total u. a. :</i>	5,287,266.90
	<hr/>

STATEMENT BY THE AUDIT COMMITTEE

The Committee instituted in pursuance of article 14 of the Statutes and article 25 of the Rules of Procedure of the European Investment Bank in order to verify the regularity of its operations and of its books,

considering the 1959 annual report and the balance sheet of the Bank as at December 31, 1959 and the profit and loss account for the financial year ending on that date, as drawn up by the Board of Directors at their meeting of March 15, 1960.

considering articles 22, 23 and 24 of the Rules of Procedure,

hereby certifies:

that the Bank's operations during the 1959 financial year were carried out in compliance with the formalities and the procedures laid down by the Statutes and the Rules of Procedure;

that the balance sheet and the profit and loss account correspond to the book entries and that they reflect exactly the situation of the Bank as regards both assets and liabilities.

Brussels, 16th March, 1960.

The Audit Committee,

R. BRESSON

K. BERNARD

A. M. DE JONG

