



THE EUROPEAN INVESTMENT BANK
IN 1990

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FINANCIAL HIGHLIGHTS (million ecus)

| | 1990 | 1989 |
|---|----------------|----------------|
| Total lending during the year | 13 393.4 | 12 246.1 |
| Loans within the Community | 12 680.5 | 11 634.2 |
| Loans outside the Community | 712.9 | 611.9 |
| Amount outstanding on loans from own resources and guarantees | 61 944.8 | 53 630.3 |
| Borrowings | 10 995.6 | 9 034.5 |
| Short, medium and long-term borrowings outstanding | 48 858.3 | 42 329.8 |
| Subscribed capital (at 1.1.1991 : 57 600) | 28 800.0 | 28 800.0 |
| <i>of which paid in and to be paid in (at 1.1.1991 : 4 321)</i> | <i>2 595.9</i> | <i>2 595.9</i> |
| Reserves, provisions and operating income | 6 860.4 | 5 966.3 |
| Balance sheet total | 63 456.5 | 55 010.0 |

OPERATING HIGHLIGHTS

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FOREWORD

The fundamental changes in the world's political landscape in 1990 call for fresh efforts to move ahead with European economic integration. As the EC's financial institution, the European Investment Bank again made an effective contribution last year to this end.

The Board of Governors' decision to double the Bank's subscribed capital to 57.6 billion ecus took effect on 1 January 1991. Drawing on this potential and its own know-how, the EIB provides long-term financing for capital investment contributing towards the balanced development of the Community and attainment of the Single Market.

The EIB's lending policy is determined by qualitative investment criteria. The Bank selects projects after a rigorous appraisal of their economic benefits and technical and financial viability. Indeed, the Bank not only provides loans but also assists promoters in constructing an optimum investment financing package. The EIB frequently acts as a catalyst in bringing together promoters and lenders and mobilising resources, in addition to its own loans, for worthwhile projects.

Outside the EC, the EIB supports the Community's policy of cooperation with over eighty countries directed towards fulfilling Europe's responsibilities overseas and corresponding expectations. Under the Lomé Conventions and the "Redirected Mediterranean Policy", the EIB will be stepping up its action in favour of development in the ACP States and non-member Mediterranean countries.

Finally, following its first loans in Poland and Hungary in 1990, the EIB's contribution towards Community support for the countries of Eastern Europe has been broadened to encompass Czechoslovakia, Bulgaria and Romania.

By virtue of its excellent position on the capital markets and over thirty years' experience of long-term project financing, the European Investment Bank is well equipped to steer a growing volume of capital towards attainment of the Community's priority policy objectives.

Ernst-Günther BRÖDER
President

THE EIB : THE EUROPEAN COMMUNITY'S FINANCIAL INSTITUTION

Bank lending in 1990 totalled 13.4 billion ecus ⁽¹⁾. The bulk of credit was made available from resources borrowed by the EIB on the capital markets. The balance corresponded to operations conducted under mandate from the Community, drawing on other resources (67.5 million).

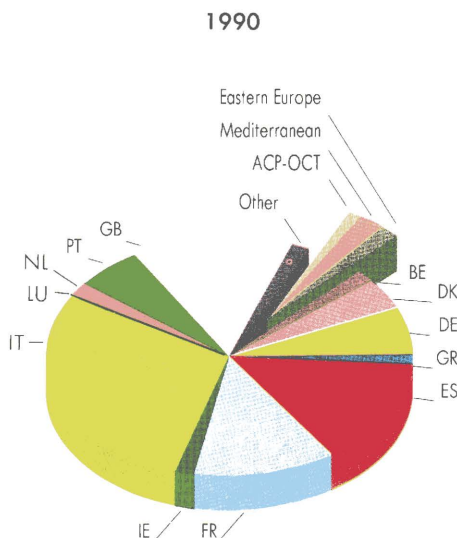
EIB loans **within the Community** came to 12 681 million, reflecting an upturn of 9% compared with 1989. Lending for projects in the less developed regions and, for the first time, in the new German länder accounted for a major share of activity. The EIB's contribution towards strengthening the economic and social fabric of the Com-

munity is also highlighted by the large volume of lending for communications infrastructure as well as by increased support for projects in the productive sector aimed at bolstering the competitiveness of undertakings, particularly small and medium-sized enterprises (SMEs). Finally, further substantial growth was recorded in financing designed to protect the environment and to improve the quality of life.

Outside the Community, financing totalled 713 million and encompassed projects in three geographical areas : the African, Caribbean and Pacific States associated with the Community under the Lomé Convention plus the Overseas Countries and Territories; the Mediterranean Countries with which the Community has concluded financial protocols; and the countries of Central and Eastern Europe where the Bank provided loans for the first time.

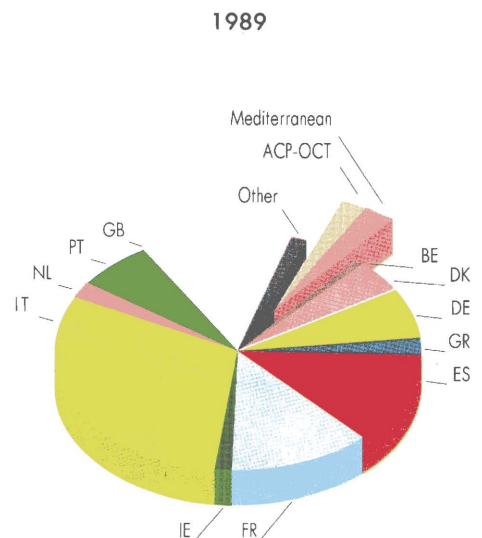
The EIB raised the **resources** needed to finance its lending activity by tapping close on 11 billion ecus from the capital markets, chiefly in the form of fixed-rate borrowings. Over 70% of aggregate borrowings were raised in Community currencies, led by the ecu.

⁽¹⁾ All amounts in this brochure are expressed in ecus, the unit of account used by the EIB.



| 1990 | | 1989 |
|----------|----------------|----------|
| 206.3 | Belgium | 91.1 |
| 564.7 | Denmark | 545.8 |
| 863.5 | Germany | 856.5 |
| 176.3 | Greece | 271.4 |
| 1 942.0 | Spain | 1 541.7 |
| 1 684.6 | France | 1 512.8 |
| 217.7 | Ireland | 186.8 |
| 3 855.7 | Italy | 3 734.4 |
| 11.8 | Luxembourg | |
| 245.3 | Netherlands | 320.3 |
| 794.7 | Portugal | 755.7 |
| 1 892.8 | United Kingdom | 1 652.2 |
| 225.1 | Other (1) | 165.5 |
| 12 680.5 | Community | 11 634.2 |
| 153.4 | ACP-OCT | 269.1 |
| 344.5 | Mediterranean | 342.8 |
| 215.0 | Eastern Europe | |
| 13 393.4 | Total | 12 246.1 |

(1) Financing akin to operations within the Community



NINETEEN NINETY

DOUBLING OF THE EIB'S CAPITAL

At its annual meeting on 11 June 1990, the EIB's Board of Governors decided to double the Bank's capital with effect from 1 January 1991. As a result, the subscribed capital now stands at 57.6 billion ecus. This increase was achieved by capitalising part of the Bank's reserves and by means of new subscriptions.

The Bank's Statute stipulates that total loans and guarantees outstanding may not exceed 250% of subscribed capital. This ceiling thus rises from 72 billion to 144 billion ecus. With the amount outstanding at the end of 1990 running to approximately 62 billion, the Board of Governors' Decision should give the EIB sufficient headroom to develop its lending activity until the end of 1995.

This doubling of the Bank's capital demonstrates the continued support of the EIB's shareholders, the Member States. It also serves as added endorsement of the Bank's first-class credit rating. The EIB will thus be able to expand its financing of projects furthering European integration, particularly in the context of the Single Market.

EIB OPERATIONS IN CENTRAL AND EASTERN EUROPE

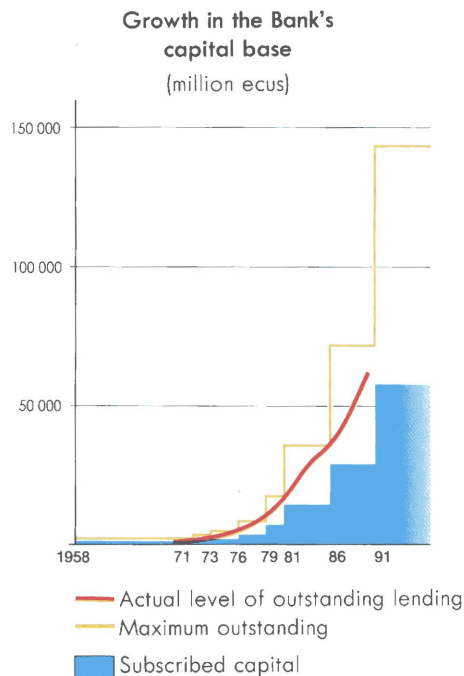
The EIB can now lend in five countries in Central and Eastern Europe.

- In summer 1990, it granted its first loans in Hungary and Poland, thereby giving practical expression to the authorisation provided at the end of 1989 by its Board of Governors.

- In spring 1991, the Bank's Governors authorised it to provide loans in the Czech and Slovak Federal Republic, Bulgaria and Romania.

This support follows on from decisions aimed at helping the countries concerned to establish a market economy. It forms part of a concerted approach in conjunction with the Commission of the European Communities, the World Bank, the International Monetary Fund and the European Bank for Reconstruction and Development (EBRD) of which the EIB is a founder member and shareholder.

The EIB is directing its support towards investment designed to establish basic infrastructure, help correct environmental degradation and promote industrial reorganisation.



REGIONAL DEVELOPMENT

Fostering balanced regional development represents the EIB's priority objective. Bank lending over the past five years in less privileged areas has amounted to more than 27 billion, contributing towards strengthening the Community's economic and social fabric.

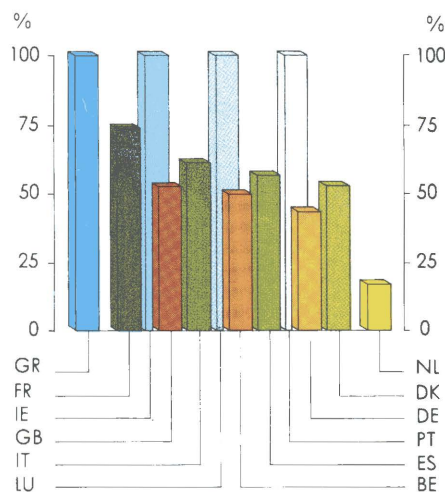
In 1990, financing for capital projects in less developed areas or in those confronted with declining industrial activity came to almost 7.5 billion, equivalent to about 60% of EIB financing within the Community.

90% of lending centred on projects in regions targeted for support under the Community's structural funds; about half of this related to investment in regions whose development is lagging behind : Portugal, Greece and Ireland, as a whole, certain parts of Spain and Italy as well as Northern Ireland; some 40% went to projects in various parts of the Community beset with problems of industrial decline.

In the less favoured regions, over 4 billion was advanced for basic infrastructure, particularly where this strengthened telecommunications, road, motorway and rail networks; some one billion went towards improv-

ing the environment and the quality of life. Finally, the EIB continued its support for industry and the service sector with lending totalling 2.5 billion, half of which was earmarked for more than 4 800 SMEs funded through global loans concluded with numerous partners in the banking community.

Lending for regional development as a proportion of lending by country in 1990



ENVIRONMENTAL PROTECTION

Financing for investment aimed specifically at protecting or improving the environment and the quality of life totalled 2.2 billion in 1990, i.e. 25% more than in 1989. Half of this was devoted to projects in the Community's less privileged areas.

The bulk of financing centred on sewerage and sewage disposal schemes or projects aimed at improving water quality. Funds were also lent for reducing atmospheric pollution and processing urban and industrial waste - a rapidly growing sector - as well as for land conservation works.

With a view to enhancing the quality of town life, the EIB financed various public transport and urban renovation schemes. In addition to their significant impact on the environment, these foster the growth and competitive profile of areas playing host to industry and services.

Capital investment furthering the attainment of other Community policies can also benefit the environment. More generally, when appraising projects submitted to it for funding, the Bank systematically ensures that they are in no way detrimental to the environment.



WATER: CONSERVING A VALUABLE NATURAL RESOURCE

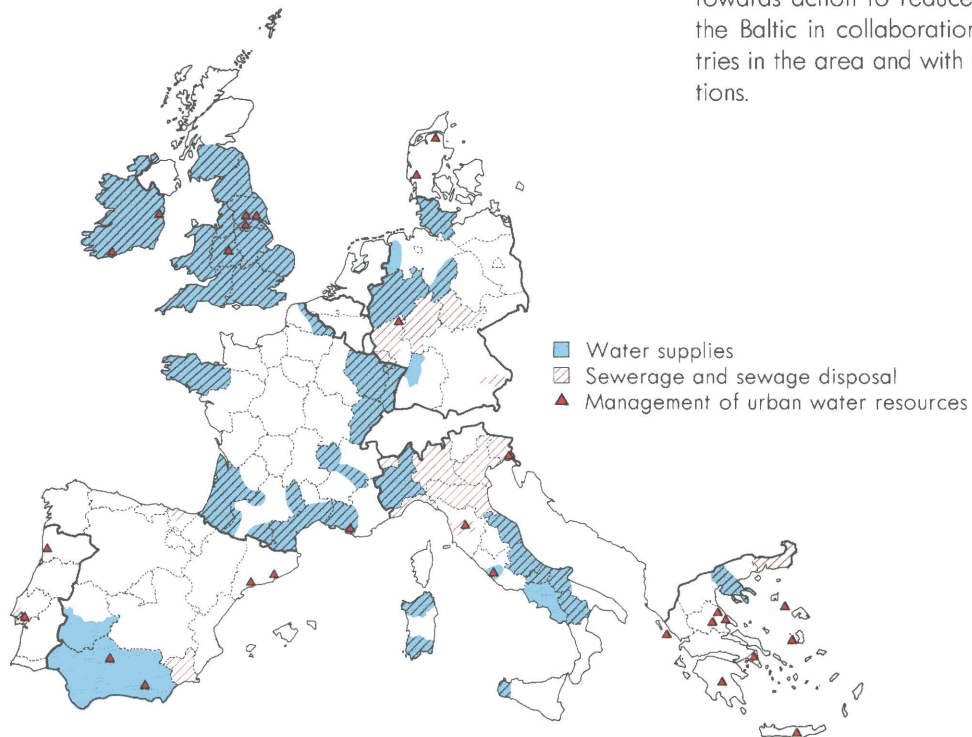
Now that most regions of Europe have experienced two years of below-average rainfall with hot and dry summers, there is increasing awareness of drinking water supply problems, sometimes high levels of pollution and mounting treatment costs.

For many years, substantial capital investment has been undertaken with a view to ensuring satisfactory supplies of water and quality in keeping with Community standards, depending on end usage. Consequently, the EIB has appreciably stepped up its lending in this sector, advancing more than 4.2 billion over five years. Support has focused on major projects, often

regional in scope but also on a local basis, to harness, monitor, treat and distribute surface or underground water resources. It has also embraced sewerage networks and treatment plants covering major river systems in the United Kingdom, Spain, Italy and several urban areas.

In the Mediterranean region special efforts are needed to take account of climatic conditions, peak tourist periods and protection of the marine ecosystem. The EIB is participating in measures to safeguard and improve the environment here in close cooperation with several international institutions (notably through the METAP programme). Similarly, it is contributing towards action to reduce pollution in the Baltic in collaboration with countries in the area and with other institutions.

Water supply, sewerage and sewage disposal: financing provided from 1986 to 1990



ENERGY RESOURCES

The EIB actively supports the Community's energy policy drawn up in the wake of the first oil crises. In 1990, Bank lending in the energy sector amounted to 1.5 billion and was given over primarily to developing the Community's indigenous resources (oil and natural gas deposits and hydroelectric potential) and helping to diversify coal and natural gas imports. Some 500 million was also provided for projects fostering efficient use of energy.

Community policy is currently geared to broadening Europe's supply base and further interconnecting both power and, more especially, gas grids. Over the past five years, the EIB has made available close on 2.6 billion for investment according with these objectives, almost half of this for improving gas supplies (see hereafter).

In addition, the Bank has contributed towards financing a wide range of energy-saving projects involving rationalisation of energy generation and industrial production processes, optimum operation of power, gas and heating networks, harnessing of renew-

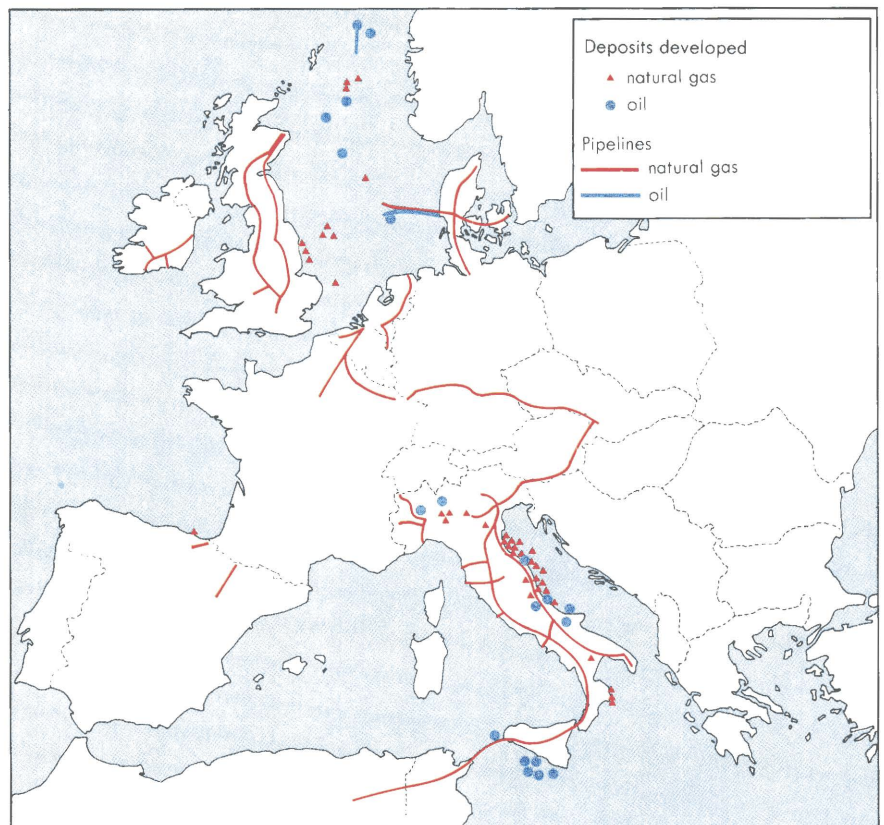
able energy (geothermal, solar and wind power) and recycling (biomass, waste incineration).

Many projects backed by the EIB in this sector incorporate a high proportion of environmental protection equipment.

EMPHASIS ON DIVERSIFICATION OF SUPPLIES

Tension on oil markets during the Gulf crisis renewed concern over the cost and reliability of the Community's energy supplies.

Lending to the oil and natural gas sector from 1973 to 1990



INFRASTRUCTURE

Even so, the situation in 1990 was not the same as in 1973 on the eve of the first oil crisis. Production of electricity from nuclear sources now meets 15% of Community consumption. The oil riches of the North Sea have been put to good use and currently supply about 30% of Member States' oil needs. Major gasline networks have been laid to pipe in supplies from distant sources. Finally, there have been endeavours to promote energy savings in all sectors. Thus in 1989, after a period of vigorous economic growth, energy consumption was just below 1 100 million tonnes oil equivalent, hardly more than in 1973.

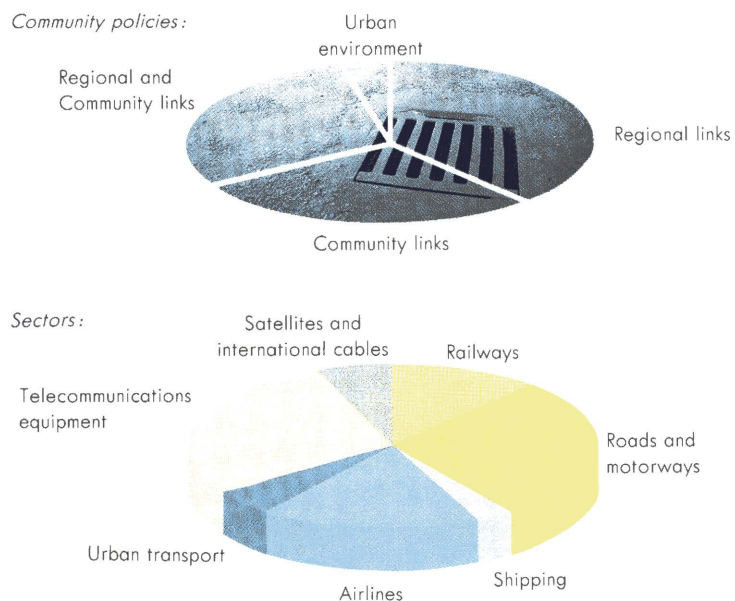
The EIB has given extensive support to investment designed to reduce Community dependence on imported oil. Numerous loans have been provided for tapping oil and natural gas deposits in Italy (both on- and off-shore) and in the British, Danish and Norwegian sectors of the North Sea as well as for establishing a major system for the transmission, storage and distribution of natural gas from the North Sea, the Soviet Union and Algeria. The map on page 6 outlines the main projects financed in the oil and natural gas sectors.

EIB financing for infrastructural schemes represents some 45% of Bank activity in Member Countries. Recent loans have centred on key transport and telecommunications systems, implementation of which has grown apace in recent years with completion of the Single Market in prospect (7.5 billion over three years): major projects financed include the High-Speed Train network, the Channel Tunnel, the Great Belt Link, upgrading airport capacity and renewal of airline fleets in many countries, as well as satellite programmes. Loans under this heading also embrace equipment assisting

development of the Community's less privileged areas and designed in particular to strengthen telecommunications and improve access to outlying regions.

Infrastructural projects absorbed in excess of six billion in 1990 alone, three billion of which was devoted to the road, motorway, rail and air transport sectors; telecommunications schemes, including satellite systems, attracted over 1.7 billion. Lending for water catchment, treatment and supply works amounted to about 1.3 billion.

Financing for communications infrastructure from 1986 to 1990 (million ecus)



INDUSTRIAL COMPETITIVENESS

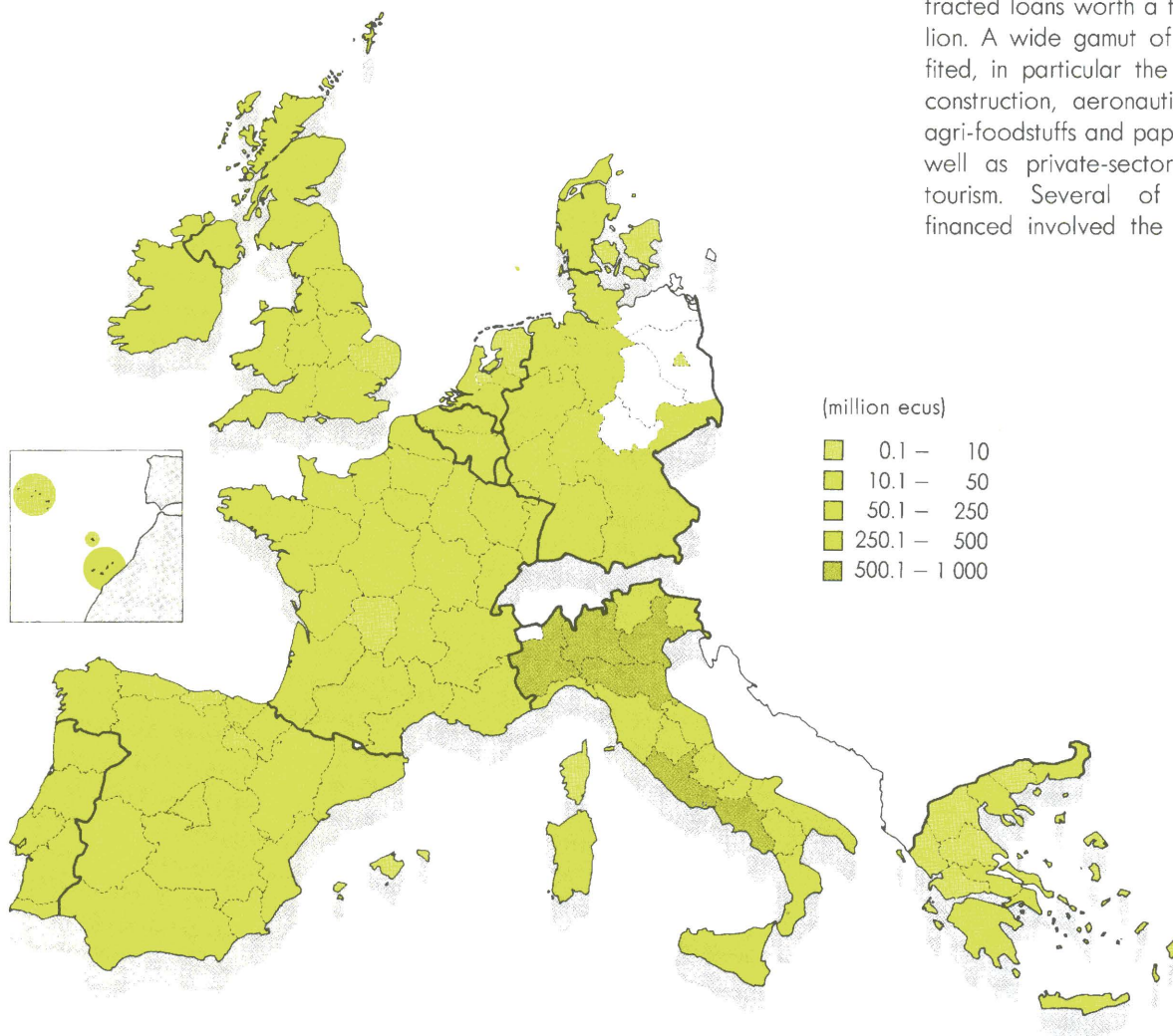
Enhancing the competitiveness of European industry in the international market-place and encouraging Communitywide industrial integration is vital for Europe's future. Continued strong

investment and the mergers and partnerships of recent years attest to enterprises' awareness of the prospects offered by the Single Market.

The EIB has contributed to these developments by financing projects throughout most of industry and the service sector in all regions of the Community.

Bank lending under this heading in 1990 amounted to 4.6 billion, of which 2.4 billion was directed towards small and medium-scale projects promoted by SMEs. Larger-scale projects attracted loans worth a total of 2.2 billion. A wide gamut of sectors benefited, in particular the motor vehicle construction, aeronautical, chemicals, agri-foodstuffs and paper industries as well as private-sector services and tourism. Several of the projects financed involved the application of

Lending to industry from 1986 to 1990: regional breakdown





advanced technology or innovative processes. Many were undertaken in cooperation with firms from different Member Countries, sometimes in partnership with enterprises from outside the Community.

EIB lending to industry and the service sector from 1986 to 1990 ran to 15.4 billion, half of which went to smaller businesses.

Several projects financed by the Bank exemplify increasing integration between European enterprises. Based on financial and industrial cooperation between firms in different countries, they involve capital investment implemented in several EC Member States, as in the case of the Amadeus air travel information and reservation system which is to cover the whole of Europe, operating from computer centres principally in Munich, Nice and Madrid, and the Airbus jetliners, components for which are being manufactured at plants in several parts of the Community. A further case in point is development of the future A321 Airbus involving R&D investment by companies from the various Member States involved in the project.

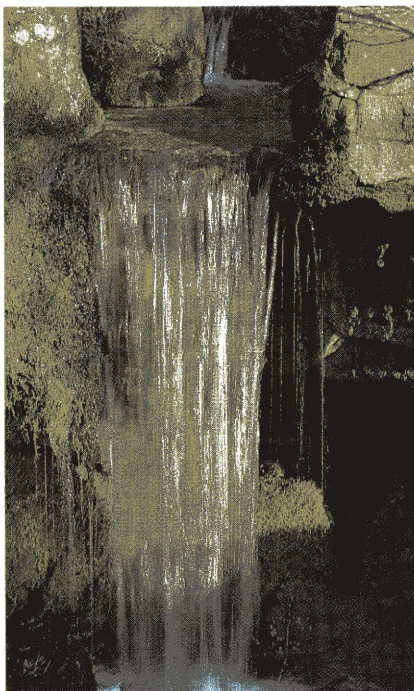
SMALL AND MEDIUM-SIZED ENTERPRISES

For more than twenty years, the EIB has been backing investment by SMEs in industry and the service sector, particularly tourism. This support has been decentralised through the medium of global loans concluded with almost one hundred partners in the banking community. SMEs represent a key component of Europe's productive appara-

tus within which two persons in three work in firms with less than 500 employees. The dynamism of SMEs and their capacity to adapt can constitute vital assets, especially in the less favoured regions where their economic input is particularly significant.

In 1990 some 7 500 ventures implemented by SMEs in eleven countries received a total of around two billion: 5 600 in industry, 1 600 in the service sector and about 300 in the agricultural and fisheries sectors. About two thirds of the funds went to firms located in the Community's less developed areas.

Over the past five years, more than 26 000 sub-loans have been granted to SMEs generally employing less than fifty persons : a total of 4.8 billion has been advanced for some 16 600 projects in the less developed areas and 2.6 billion for 10 000 others outside these areas.



FINANCIAL CO-OPERATION

Mounted as part of EC financial co-operation policy, EIB operations outside the Community now encompass three major geographical areas : the African, Caribbean and Pacific States and the Overseas Countries and Territories; the non-member Mediterranean countries and, since 1990, a number of countries in Central and Eastern Europe.

In 1990, EIB financing outside the Community amounted to 713 million, 669 million of this from the proceeds of the Bank's borrowings on the capital markets and 44 million from Member States' or Community budgetary resources.

ACP COUNTRIES

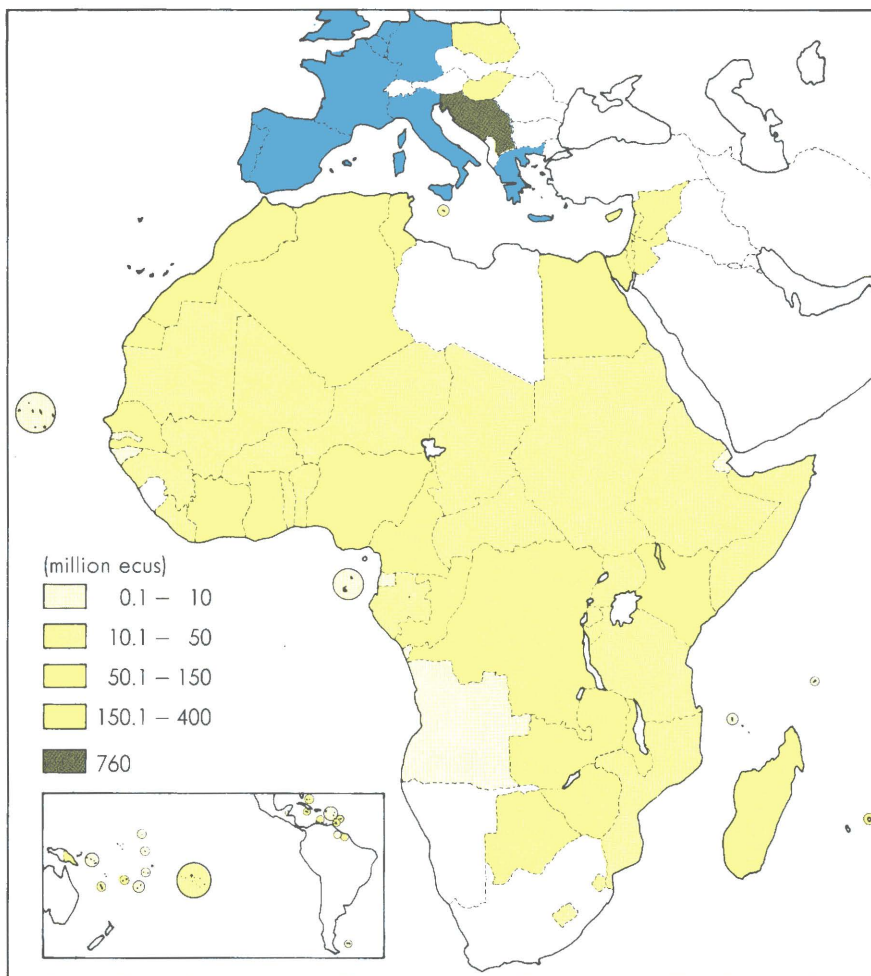
In the African, Caribbean and Pacific countries, the Bank operates under the provisions of the Lomé Conventions and in the Overseas Countries and Territories under the relevant Decisions of the Council of the European Communities.

In all, around 1.3 billion, i.e. three quarters of the amounts provided for under the Third Lomé Convention which came into force in May 1986, has already been deployed in support of projects in 58 ACP States and seven OCT as well as for regional projects embracing several of these countries.

In 1990, a persistently adverse economic situation combined with gradual depletion of amounts of risk capital still available limited scope for financing (117 million from EIB own resources and 36 million in risk capital from Member States' budgetary resources). Half of the funds advanced went to projects in industry or agricultural processing, 40% to energy schemes and some 10% to water supply and sewerage works.

The Fourth Lomé Convention, signed on 15 December 1989, is expected to enter into force during 1991.

Financing provided outside the Community from 1976 to 1990





MEDITERRANEAN COUNTRIES

In the Mediterranean countries, under the financial protocols forming part of the association agreements concluded between these countries and the Community, in 1990 the Bank made available 345 million, drawn chiefly from EIB own resources.

Financing centred on three areas: upgrading overland transport systems in Yugoslavia and Algeria; protecting the Mediterranean environment in Morocco, Tunisia and Malta in keeping with the objectives of the programme drawn up jointly by the World Bank and the EIB; promoting private enterprise in Egypt, Jordan, Israel, Tunisia

and Morocco. In these last two countries, the EIB fostered the development of joint ventures with firms in the Community, deploying risk capital drawn from EC budgetary resources (8 million) to fund private-sector equity.

CENTRAL AND EASTERN EUROPEAN COUNTRIES

An initial series of loans in **Hungary and Poland** totalling 215 million gave practical expression to the EIB's commitment to making a swift start to financing worthwhile and viable projects in these countries. Lending focused on energy schemes, with special heed paid to environmental protection, plus telecommunications and transport; rehabilitation and modernisation in all three of these areas constitute prerequisites for the development of a competitive industrial sector. Smaller ventures, again chiefly in industry, also attracted financing in the form of global loans which will help the banking system in these countries to adapt to the workings of a market economy.

TOWARDS A NEW POLICY FOR THE MEDITERRANEAN

Future financial and technical cooperation between the Community and non-member Mediterranean countries is to be geared to three objectives, with achievement of the first two involving key participation by the EIB as the Community's financial institution:

1) renewal of the association agreements will see a marked increase in the amount of funds available under the financial protocols with the Bank authorised to lend up to 1 300 million in the Maghreb and Mashreq countries and Israel. Risk capital from budgetary resources, amounting to 80 million, will enable the EIB to step up its activity in support of SMEs, particularly under joint ventures bringing together firms in these coun-

tries and the EEC. A decision has also been taken to raise the ceiling on EIB lending in Yugoslavia to 730 million, for financing mainly transport infrastructure designed largely to facilitate the flow of transit traffic;

2) additional financial support is in prospect in the form of "non-protocol" horizontal financial cooperation. This will comprise 230 million in EC budgetary resources plus loans from the Bank up to a ceiling amount of 1 800 million earmarked principally for regional and environmental protection projects;

3) lastly, the Community will furnish financial assistance for Maghreb and Mashreq countries implementing economic reform programmes.

SUMMARISED BALANCE SHEETS AT END-1990 AND END-1989
(million ecus)

| Assets | 1990 | 1989 | Liabilities | 1990 | 1989 |
|----------------------------------|-----------------|-----------------|---|-----------------|-----------------|
| Loans | 54 661.8 | 47 672.5 | Borrowings | 48 858.4 | 42 329.8 |
| <i>Total outstanding</i> | <i>61 551.0</i> | <i>53 288.4</i> | - <i>short-term</i> | <i>2 089.0</i> | <i>997.5</i> |
| <i>Less: undisbursed balance</i> | <i>-6 889.2</i> | <i>-5 615.9</i> | - <i>medium and long-term</i> | <i>46 769.4</i> | <i>41 332.3</i> |
| Cash and bank deposits | 3 486.3 | 2 585.8 | | | |
| Investments | 1 412.6 | 1 206.2 | | | |
| Accruals | 1 556.1 | 1 319.4 | Accruals | 1 875.2 | 1 537.0 |
| Other assets | 2 339.7 | 2 226.1 | Other liabilities | 3 266.5 | 2 580.9 |
| | | | Capital, reserves, provisions | 8 562.3 | 7 754.2 |
| | | | <i>at 1.1.1991, subscribed capital: 57 600</i> | | |
| | | | <i>capital paid in and to be paid in: 4 320.9</i> | | |
| | | | Balance of operating account | 894.1 | 808.1 |
| TOTAL | 63 456.5 | 55 010.0 | TOTAL | 63 456.5 | 55 010.0 |

OPERATING ACCOUNTS
(million ecus)

| Expenditure | 1990 | 1989 | Income | 1990 | 1989 |
|---|---------|---------|--|---------|---------|
| Interest and charges on borrowings and amortisation of issuing charges | 4 220.4 | 3 589.5 | Interest and commission on loans | 4 774.8 | 4 207.8 |
| General expenses and depreciation | 91.0 | 81.4 | Interest and commission on investments | 408.7 | 319.6 |
| Other | 36.1 | 25.7 | Other | 57.0 | 40.5 |
| Operating surplus | 893.0 | 871.3 | | | |
| Increase/decrease resulting from conversion of assets and liabilities into ecus | + 1.1 | - 63.2 | | | |
| Balance of operating account | 894.1 | 808.1 | | | |

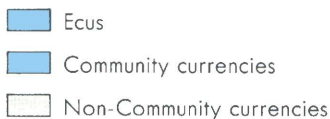
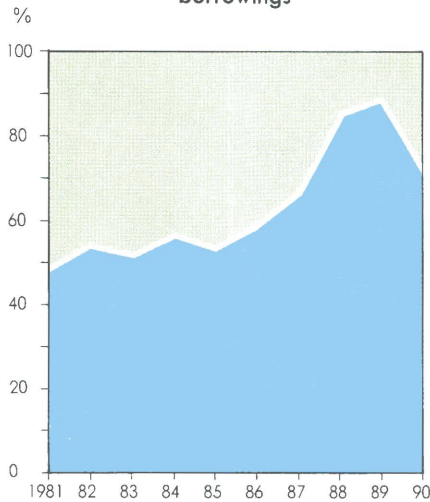
EIB RESOURCES

In 1990, the EIB borrowed the equivalent of 11 billion ecus (9 billion in 1989). With a view to catering for investors' requirements, almost 71% of these resources were raised in Community currencies, principally the ecu, sterling, Deutsche Mark and French franc. There was renewed interest in non-Community currencies, the dollar in particular (14%), which had lost in popularity over the previous two years.

The EIB features prominently among those institutions most actively engaged in promoting use of the ecu by virtue of its endeavours to open up further markets and attract new investors. It still heads the list of ecu issuers on the international capital markets (1.8 billion in 1990, as in 1989, and 6.6 billion over five years) and is the leading lender in the European currency. At the end of 1990, its outstanding ecu-denominated borrowings represented close on 15% of its aggregate portfolio of outstanding borrowings.

As in previous years, the Bank raised the bulk of its resources by means of fixed or variable-rate public loan issues (8.2 billion) and private placings (1.2 billion) on the national and international markets. The balance was tapped through short and medium-term operations in several currencies (1.5 billion in all).

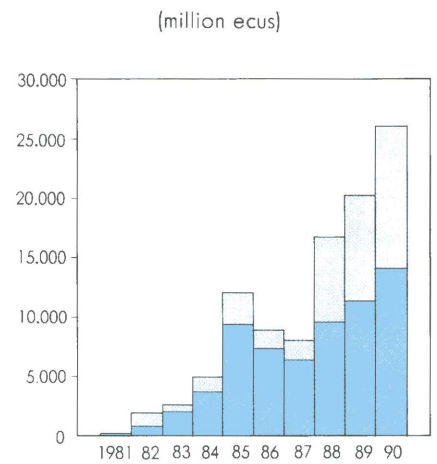
Breakdown of borrowings



VALUE OF THE ECU
AT 31.12.1990

| 1 Ecu = | | |
|----------------------|-----|----------|
| Belgian franc | BEF | 42.1839 |
| Danish krone | DKK | 7.88260 |
| Deutsche Mark | DEM | 2.04195 |
| Drachma | GRD | 214.065 |
| Peseta | ESP | 130.604 |
| French franc | FRF | 6.95010 |
| Irish pound | IEP | 0.767840 |
| Italian lira | ITL | 1 540.26 |
| Luxembourg franc | LUF | 42.1839 |
| Dutch guilder | NLG | 2.30384 |
| Escudo | PTE | 182.818 |
| Pound sterling | GBP | 0.707840 |
| United States dollar | USD | 1.36330 |

Pattern of aggregate ecu-denominated public issues on the markets, 1981-1990



THE EUROPEAN INVESTMENT BANK

Objectives

The Community's financial institution, the European Investment Bank was created by the Treaty of Rome establishing the European Economic Community.

Both a bank and a Community institution, the EIB grants loans, in keeping with the rules of strict banking management, to facilitate the long-term financing of projects contributing towards the balanced development of the Community.

As a bank, the EIB works in close collaboration with the banking community both in borrowing its resources and in providing financing.

As a Community institution, the Bank continuously adapts its activity to developments in Community policies and objectives and the needs of Member States.

Resources

Since 1 January 1991, the EIB's capital, subscribed by its shareholders, the twelve Member States of the Community, has stood at 57.6 billion.

Most of the EIB's lending activity is financed from the proceeds of borrowings launched on the national and international capital markets: together with its own funds, these constitute its own resources. As the Bank functions on a non-profit-making basis, it appropriates its annual operating income to reserves.

Activities

- *Within the Community*

In keeping with the guidelines set out in Article 130 of the Treaty of Rome and in the light of developments in Community policies, projects considered for EIB financing must contribute towards one or more of the following objectives:

- fostering the economic advancement of less favoured regions;
- improving transport and telecommunications infrastructure of benefit to the Community;
- protecting the environment, improving the quality of life, and promoting urban development;
- attaining Community energy policy objectives;
- enhancing the international competitiveness of industry and integrating it at Community level;
- supporting the activities of SMEs through global loans.

- *Outside the Community*

Pursuant to specific agreements, conventions and financial protocols, the EIB supports Europe's policy of co-operation with twelve countries in the Mediterranean basin and 69 African, Caribbean and Pacific States. Operations in these countries take the form of loans from the EIB's own resources and risk capital provided from Community (in the case of the Mediterranean countries) or Member States' (for the ACP countries) budgetary resources. Loans from own resources can be "softened" through interest subsidies from budgetary resources. The EIB is also helping to implement projects in the Central and Eastern European countries.

Special arrangements, tailored to the effective needs of the countries concerned, apply to financing made available outside the Community in accordance with the various financial co-operation agreements. The information provided hereafter, however, relates principally to projects within the Community.

Initial contacts

No particular formalities are required and initial contacts can be made by letter or telephone either directly to the EIB's head office in Luxembourg or to one of the Bank's other offices in Rome, Athens, Lisbon, London, Madrid or Brussels (for addresses, see inside back cover).



PROJECTS FINANCED

LOANS

Borrowers

EIB loans may be granted to public or private-sector borrowers for financing infrastructure, energy, industry, services and agriculture.

Projects

Large-scale projects are financed by means of **individual loans** concluded directly or through a financial intermediary. Ventures mounted by SMEs and smaller-scale schemes involving infrastructural works, more efficient use of energy or environmental protection are also funded by the Bank, via **global loans**. These are similar to temporary lines of credit opened with banks or financial institutions operating at national or regional level. The intermediaries draw on the proceeds, in accordance with EIB criteria, to provide sub-loans, i.e. global loan allocations, for ventures promoted by SMEs or local authorities.

In all cases, the EIB finances only part of the investment costs, supplementing the borrower's own funds and other sources of finance. Loans may not normally exceed 50% of investment costs.

Appraisal

Project appraisal, conducted by EIB staff, is designed to verify the viability and economic benefits of the scheme concerned. Appraisal also encompasses scrutiny of the project's compliance with the Bank's financing criteria and Community policy guidelines as well as with environmental protection and procurement regulations. The promoter's financial situation and cash flow projections along with security offered are also examined.

Decision

Once the appraisal is completed, the EIB's Board of Directors, acting on a proposal from the Management Committee, decides on the granting of a loan, taking account of the opinions of the Member State concerned and the Commission of the European Communities.

Maturity

The EIB grants medium and long-term loans, the maturity of which depends on the type of project concerned and its anticipated life. The maturity generally varies between 7 and 12 years for industrial projects and may extend to 20 years or more for infrastructural schemes.

Currencies

Loans are disbursed at par :
- in a single currency, particularly a Member State's currency or the ecu ;
- in several currencies, either in standard mixes, with maturity, composition and interest rate all fixed in advance, or in varying mixes tailored to borrowers' preferences and the EIB's holdings.

Interest rates

The EIB's first-class credit rating enables the Bank to raise funds on the keenest terms available at the time. By virtue of its non-profit-making status, funds borrowed on the markets are on-lent by the EIB at rates, continuously adapted, which reflect the market cost of each currency plus a margin designed to cover operating expenses.

These rates may be set either upon signature of the finance contract or on the occasion of each disbursement (open-rate contract). Loans are granted mostly at fixed rates, either revisable or non-revisable, although they may also carry variable rates, possibly convertible into fixed rates. The method adopted for setting rates is the same for all countries and sectors. The EIB does not grant interest subsidies, although these may be provided by third parties.

THE EIB: 1958-1990

EUR-6: 1958-1972
2 837 million



EUR-9: 1973-1980
14 341 million



EUR-10: 1981-1985
28 200 million

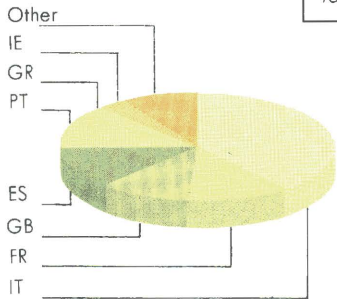


EUR-12: 1986-1990
50 969 million

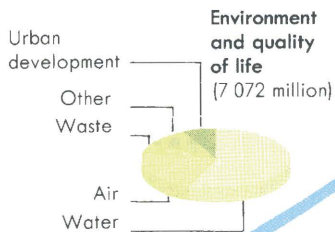


Over the period 1986-1990, the EIB provided financing totalling 50 969 million in support of investment furthering attainment of Community policies as illustrated hereunder. Given that many projects serve more than one policy objective, no meaningful totals can be obtained from adding together the figures below.

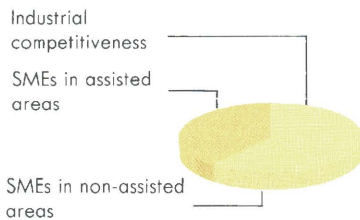
Regional development (27 040 million)



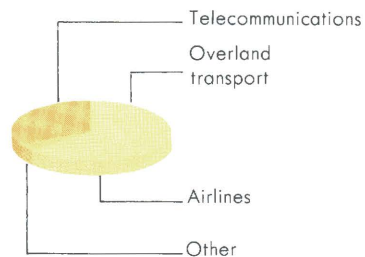
Financial cooperation (2 855 million)



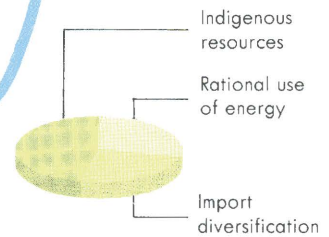
Industry (12 265 million)



Community infrastructure (8 764 million)



Energy objectives (9 568 million)



Annual activity
(million ecus)

15 000

10 000

5 000

0

1960

1970

1980

1990

THE EUROPEAN INVESTMENT BANK

BOARD OF GOVERNORS

Chairman
Carlos Solchaga Catalán (Spain)
until June 1990

Pierre Bérégovoy (France)
until June 1991

Albert Reynolds (Ireland)
from June 1991

MANAGEMENT COMMITTEE

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Vice-Presidents:
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Alain Prate

Miguel A. Arnedo Orbañanos
Ludovicus Meulemans
Roger Lavelle
Hans Duborg

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Secretary-General

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Pitt Treumann - FR, GR, BE,
LU, NL, GB, IE, PT

Operations outside the Community
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Finance and Treasury
Philippe Marchat

Research
Herbert Christie

Legal
Xavier Herlin

Technical Advisers
Jean-Jacques Schul

The EIB is a public financial institution enjoying its own legal personality and an administrative structure separate from that of the other Community institutions.

Its *Board of Governors* consists of twelve ministers designated by the Member States, usually Finance Ministers. It lays down general directives on credit policy, approves the balance sheet and annual report, decides on capital increases and appoints members of the Board of Directors, the Management Committee and the Audit Committee.

Its *Board of Directors*, 21 of whose members are nominated by the Member States and 1 by the Commission of the European Communities, has responsibility for deciding on loans and guarantees, raising funds and fixing lending rates.

Its *Management Committee* controls all current operations, recommends decisions to Directors and is then responsible for carrying them out; the Bank's President, or in his absence one of the six Vice-Presidents, chairs the meetings of the Board of Directors.

Its *Audit Committee*, on the basis of work carried out by internal/external monitoring and audit bodies, verifies that the operations of the Bank have been conducted and its books kept in a proper manner.

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DEN EUROPÆISKE INVESTERINGSBANK
EUROPÄISCHE INVESTITIONSBANK
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